



## KEY HIGHLIGHTS

### 1. RESULTS OVERVIEW:

- Consolidated revenue rose by 19.44% and 14.7% on YoY and QoQ basis respectively to ₹2,459 cr.
- Operating EBITDA came in at ₹ 100 cr, up by 4.16% and 8.7% on a YoY and QoQ basis respectively.
- EBITDA margins stood at 4.06% down by 60 bps and 23 bps on YoY and QoQ basis respectively.
- Net Profit stood at ₹ 125 cr. Up by 52% on a YoY basis and 17% on a QoQ basis.

### 2. MANAGEMENT COMMENTARY:

- Management has guided for ₹13000 crores revenue for FY25 and ₹16000 crores for FY26.
- The company aims to maintain a profit margin of 6%-7% in the future.
- The management expects order inflow of ₹1,00,000 crore in FY26.
- The company is focusing on increasing its contribution from the real estate sales in the coming period.

### 3. PRICE PERFORMANCE (%)

Particulars	3 M	1 Y
NBCC (India) Ltd	-18.63%	88%
Nifty 500	-7.75%	18.85%
Nifty 50	-8.54%	11.52%

### 4. CONCALL SUMMARY:

- As on 30th September 2024, their total consolidated order book stands at ₹84,400 crore with 55% in PMC and the remaining 45% in redevelopment projects.
- The company has a dedicated real estate segment that contributes to both its revenue and profit. They own 55 acres of land across India, with significant holdings in Ghaziabad, Gurugram and Dehradun. Going forward, they plan to award real estate projects worth ₹800 crore in FY25 and ₹2,000 crore in FY26, targeting a net profit margin of 20%-25%.
- The company is seeking opportunities in redevelopment projects, particularly those involving government colonies and stalled projects like Supertech.
- They are also aiming for opportunities in hospital and education infrastructure and are planning to partner with institutions like AIIMS (All India Institute of Medical Sciences), NIFT (National Institute of Fashion Technology) and various state & central universities.
- They have experience in handling large-scale infrastructure projects like Amrapali redevelopment project which positions them to secure substantial government contracts.
- During the quarter, revenue from PMC (Project Management Consultancy) stood at ₹2,178 crore.

### 5. VALUATION AND OUTLOOK:

We believe, company will continue to post robust numbers in the upcoming quarters on the back of rising demand led by real estate and infrastructure activities.

We give a "BUY" rating on the stock and value the stock at 40x of FY26E earnings to arrive at a target price of Rs. 110

## RECOMMENDATION – BUY

CMP – 94

TARGET – 110 (+17% UPSIDE)

Industry	Construction - Real Estate
NSE CODE	NBCC
BSE CODE	534309
Market Cap (₹ Cr)	26219.70
Shares outstanding (in Cr)	180.00
52 wk High/Low (₹)	139.83 / 48.33
P/E	55.37
P/BV	10.80
Face Value (₹)	1.00
Book Value (₹)	8.99
EPS (₹)	1.49
Dividend Yield (%)	0.53
Debt / Equity	0.00
Interest coverage	3.61

## SHAREHOLDING PATTERN

	Sept-24	Jun 24	Mar 24
Promoters	61.75	61.75	61.75
FIIs	4.11	4.43	4.33
DIIs	3.45	3.04	2.98
Public	25.05	24.35	23.98
Promoter Pledging	0.00	0.00	0.00

## FINANCIAL SNAPSHOT (₹ Cr)

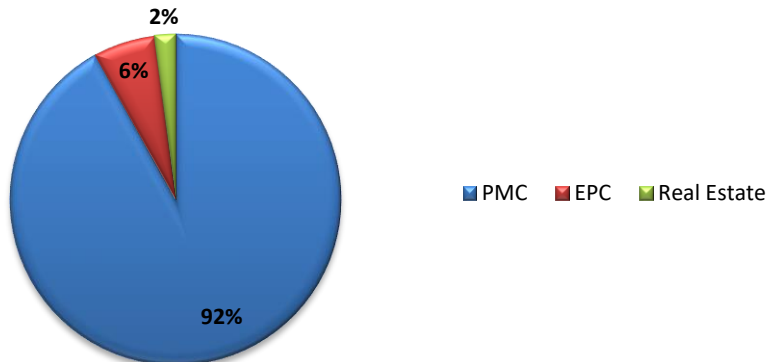
Y/E March	2024A	2025E	2026E
<b>Core</b>			
Sales	10432	13000	16000
Sales Gr. (%)	17.53	24.61	23
EBITDA	517	650	960
EBITDA mrg. (%)	5	5	6
PAT	414	562	757
EPS (₹)	1.49	2.08	2.8
EPS Gr. (%)	51	40	35
<b>Ratios</b>			
RoE (%)	24.8	21.5	24.3
RoCE (%)	32	30	33
<b>Valuation</b>			
P/E (x)	63	45	34
Net Debt/ equity	0.00	0.00	0.00

Particulars	TTM	5 Yr Avg
Historical P/E :	46	30.7
Industry P/E :	34	
Historical P/B :	10.8	4.75
Industry P/B :	5.93	



## Segmental Mix FY24

### Segmental Split (%)



## QUARTERLY PERFORMANCE (CONSOLIDATED)

(₹ Cr)

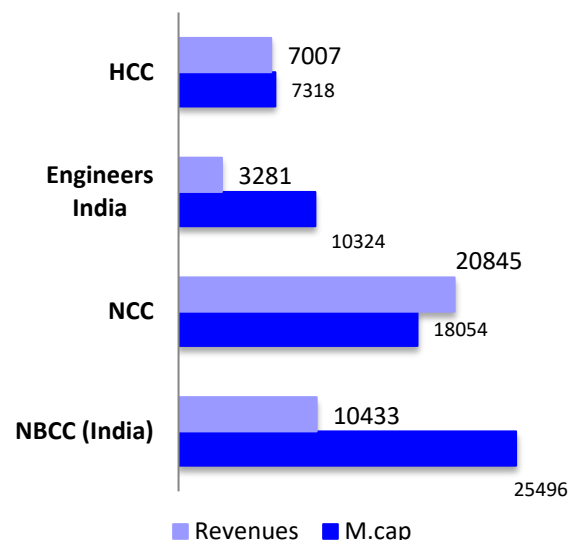
Y/E March	FY23		FY24				FY25			FY24	FY25E*
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3QE*		
<b>Net sales</b>	<b>2,136</b>	<b>2,813</b>	<b>1,918</b>	<b>2,059</b>	<b>2,424</b>	<b>4,024</b>	<b>2,144</b>	<b>2,459</b>	<b>3000</b>	<b>10,433</b>	<b>13000</b>
YoY change (%)	7.03%	15.25%	6.61%	1.42%	13.47%	43.05%	11.80%	19.44%	23.76	17.53	24.6
<b>Total Expenditure</b>	<b>2,041</b>	<b>2,709</b>	<b>1,861</b>	<b>1,963</b>	<b>2,306</b>	<b>3,781</b>	<b>2,053</b>	<b>2,359</b>	<b>2850</b>	9.916	<b>12350</b>
<b>EBITDA</b>	<b>95</b>	<b>104</b>	<b>57</b>	<b>96</b>	<b>117</b>	<b>243</b>	<b>92</b>	<b>100</b>	<b>150</b>	<b>517</b>	<b>650</b>
Margins (%)	4%	4%	3%	5%	5%	6%	4%	4%	5%	5%	5
Depreciation	1	2	1	1	1	1	1	1	1	5	6
Interest	0	0	0	0	0	0	0	0	1	4	5
Other income	1	48	48	11	36	-44	54	67	20	51	5
<b>PBT</b>	<b>95</b>	<b>151</b>	<b>104</b>	<b>105</b>	<b>152</b>	<b>198</b>	<b>144</b>	<b>166</b>	<b>168</b>	<b>559</b>	<b>644</b>
Tax	24	37	27	23	38	57	37	41	10.5	145	167
Rate (%)	25%	25%	26%	22%	25%	29%	26%	25%	26%	26%	26%
<b>Adjusted PAT</b>	<b>71</b>	<b>114</b>	<b>77</b>	<b>82</b>	<b>114</b>	<b>141</b>	<b>107</b>	<b>125</b>	<b>124</b>	<b>414</b>	<b>477</b>
YoY change (%)	-18%	178%	-	-16%	61%	24%	39%	52%	8.7	49%	15.2
<b>Key Performance Indicator</b>											
RM Cost (% of Sales)	90%	90%	91%	91%	90%	90%	90%	88%	88%	90%	72%
Staff Cost (% of Sales)	4%	3%	4%	4%	3%	2%	4%	4%	4%	3%	3%
EBITDA Margin (%)	4%	4%	3%	5%	5%	6%	4%	4%	5%	5%	14%
PAT Margin (%)	3%	4%	4%	4%	5%	4%	5%	5%	4%	4%	9.80

Source: Company, Hem Securities Research.

## INDUSTRY OVERVIEW

- NBCC operates within the **construction and real estate development** sector, which is a key contributor to the Indian economy. The construction industry in India has been expanding rapidly due to increased urbanization, government infrastructure development projects, and rising demand for residential and commercial spaces.
- The demand for infrastructure is driven by government spending on roads, smart cities, housing projects, airports, and railways. With increasing urbanization and population growth, there is a growing need for housing, commercial spaces, and urban infrastructure, which boosts the demand for services offered by NBCC.
- As part of India's smart city mission, NBCC has been involved in several smart city projects, leveraging technology and infrastructure to create sustainable and modern urban spaces. Being a public sector company, NBCC has strong ties with the Indian government, which remains a primary source of projects for the company.
- Government initiatives such as Pradhan Mantri Awas Yojana (PMAY) have opened up new opportunities for companies like NBCC in affordable housing.
- The rising demand for sustainable and eco-friendly construction practices is opening new avenues for NBCC, especially in green building certifications and sustainable construction practices.

## KEY PLAYERS



## PEER PERFORMANCE

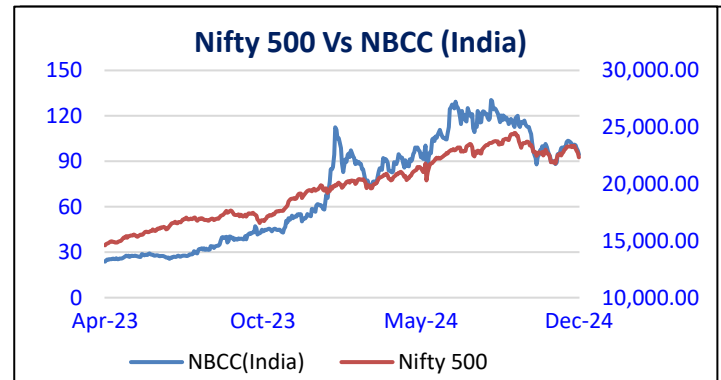
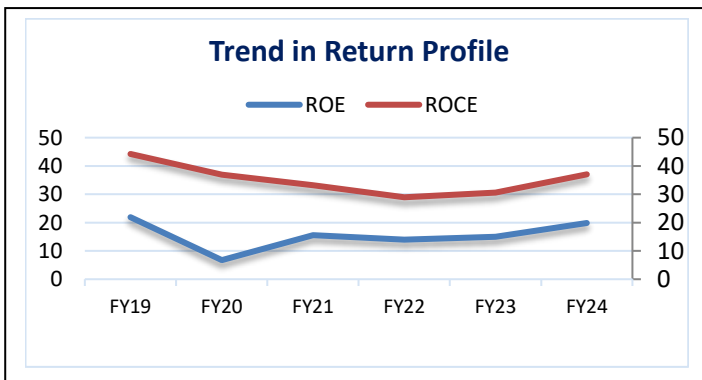
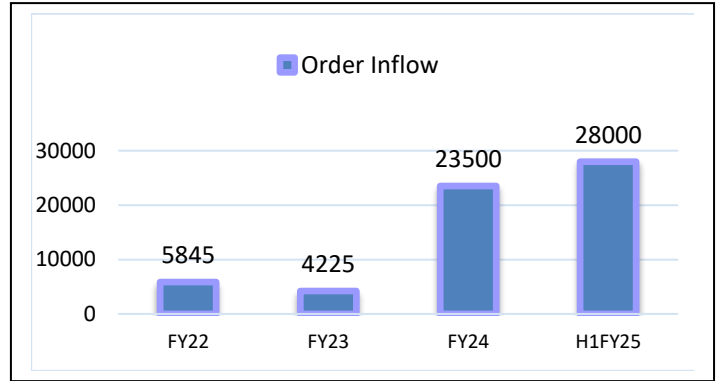
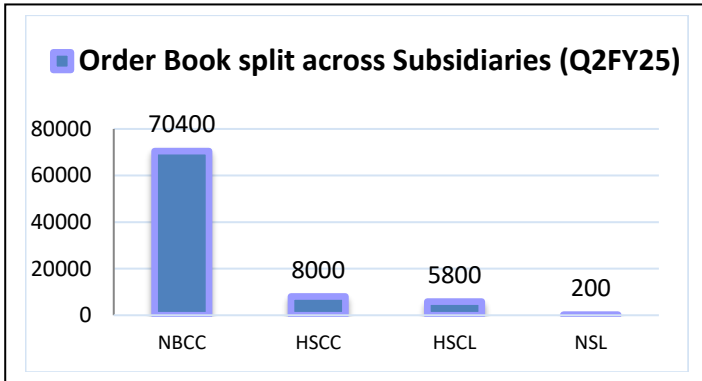
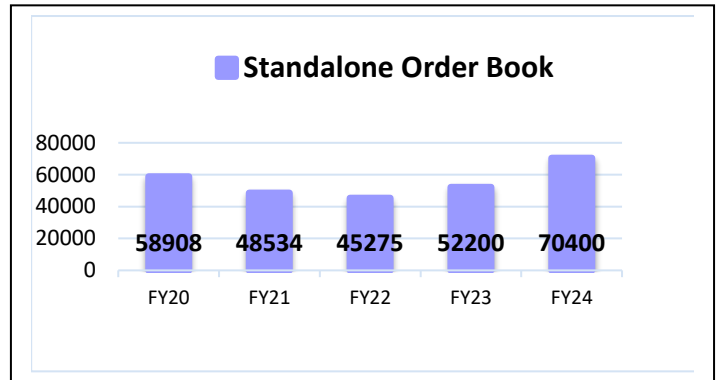
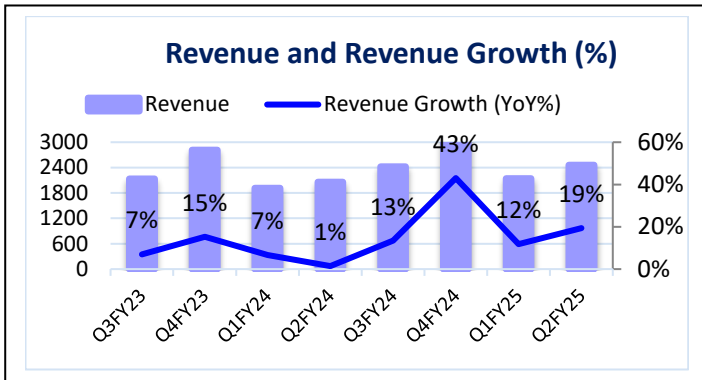
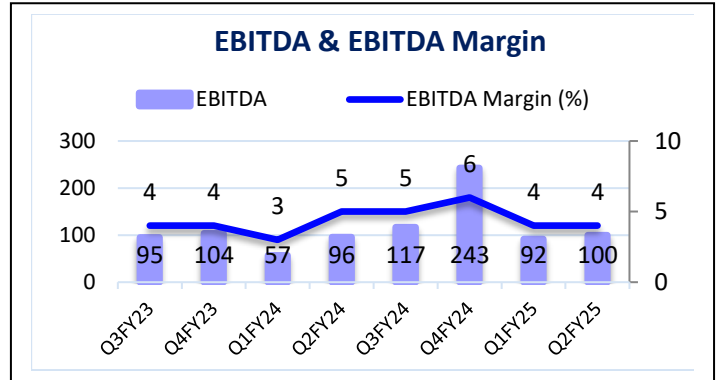
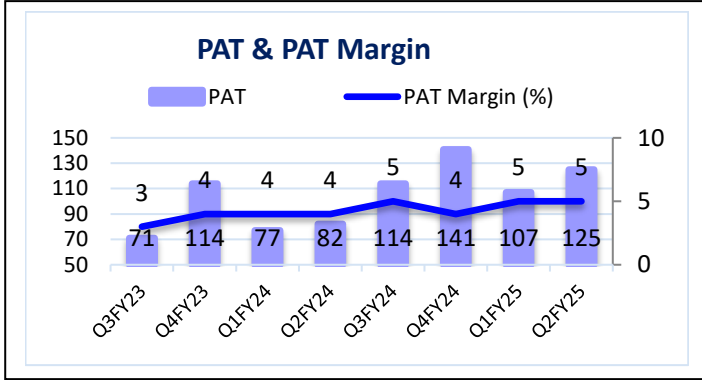
(₹ Cr)

Particulars	NBCC (India)		HCC Ltd.	Engineers India Ltd.
	Ltd	NCC Ltd.		
Market Cap	26,219.7	18,844.8	7,406.6	10,824.9
Net Sales	10,432.6	20,845.0	7,006.7	3,282.2
EBITDA	516.9	1,768.9	671.2	281.3
PAT	401.6	710.7	478.2	445.3
EPS (Rs)	1.5	11.3	3.2	7.9
EBITDA MARGIN %	9.2	9.1	11.5	15.8
PAT MARGIN %	4.0	3.6	7.6	11.0
ROCE %	37.1	22.4	48.8	22.9
ROE %	19.9	11.6	-	17.1
P/E	55.4	22.6	15.1	29.2
P/B	10.8	2.7	28.1	4.5
EV/EBITDA	26.4	8.97	12.6	22.6
Dividend Yield	0.6	0.7	-	1.6
Mcap/Sales	2.4	0.8	1.1	3.6

Source: Company, Hem Securities Research.



**STORY IN CHARTS**





## INVESTMENT RATIONALE:

- NBCC(India) is one of the leading infrastructure and EPC company in India. Company has a robust order book of ₹84,400 crores on consolidated basis thus, providing a book-to-bill ratio of 7.63x, which is among the highest in the industry.
- Company has secured orders worth ₹28,000 crores in H1FY25. Management aims to bag ₹16,000 crores worth of orders in H2 and have guided to maintain 1 lakh crore of order book by year end.
- On the revenue front, management has guided for strong topline of 13,000 crores for FY25 signifying a growth of 24% over FY24. PAT margins will remain at around 6-7%.
- For FY26 management has guided for 20% revenue growth along with 6-7% PAT margins.
- NBCC along with its subsidiaries is eyeing projects in hospital and education space. India's prime institution like AIIMS, IITs, NITs, IIMs, state and central government universities, are presenting lot of attractive opportunities for the company.
- NBCC is also eyeing some large-sized projects specifically in government colonies for redevelopment as lot of them are not in proper condition and requires immediate attention.
- The Indian government's initiative under **Pradhan Mantri Awas Yojana (PMAY)** and other housing schemes is expected to boost demand for affordable housing projects. As a major player in this sector, NBCC is poised to benefit from increased government investments in housing.
- NBCC is involved in developing smart cities in India, benefiting from both government funding and the growing demand for modern, sustainable urban spaces.

## KEY RISKS:

- Slowdown in Real estate and infrastructure space.
- Rise in Competitive Intensity.

## COMPANY RECAP

- NBCC (India), formerly National Buildings Construction Corporation Ltd, is a blue-chip Government of India Navratna Enterprise under the Ministry of Housing and Urban Affairs. It was founded in 1960 with its Headquarter in Delhi, today, holds the status of Navratna CPSE, and has emerged as the undisputed leader in the Construction Sector on the back of its capabilities, innovative approach, adherence to highest standard of quality, timely delivery and a dedicated workforce.
- NBCC's areas of operation encompass three (03) Primary Segments namely: **(A) Project Management Consultancy (PMC)**: Executing landmark projects in diversified sectors as also Redevelopment Projects for Government. **(B) Engineering Procurement & Construction (EPC)**: Working in a niche market and constructing Chimneys, Cooling Towers for Power Sector. **(C) Real Estate Development**: Developing Residential and Commercial inventories for Governments and the Public at large.
- NBCC has been executing many Landmark Projects as a PMC which contributes to about 90% of its annual revenue. The segment being the company's core strength, the areas covered under its umbrella include Re-development of government properties, Roads, Hospitals & Medical Colleges, Institutions, Offices, Airports, Bridges, and Industrial & Environmental Structures etc.
- The Company completed major projects during the Financial Year 2022-23 like AIIMS, Bilaspur, Himachal Pradesh valuing Rs 1249.82 Crore, IIT- Mandi, Himachal Pradesh valuing Rs. 580.90 Crore, Regional Office Complex of NICL, Kolkata valuing Rs 327.62 Crore, NIT- Narela Works, Delhi valuing Rs 271.06 Crore etc.
- Key Personnel- Mr Shri K. P. Mahadevaswamy (Chairman & Managing director), Mr Saleem Ahmad (Director (Projects)), Mr Suman Kumar (Director (Commercial)) , Mr Anjeev Kumar Jain (Director (Finance)).

## ANNUAL PERFORMANCE

### Financials & Valuations

#### Income Statement

	2019	2020	2021	2022	2023	2024	2025E	2026E
							(₹ Cr)	
<b>March</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025E</b>	<b>2026E</b>
Revenue from operations	9943	8,087	6,953	7,690	8,876	10,432	13000	16000
Growth YoY (%)	17.71	-18.67	-14.02	10.60	15.42	17.53	24.61	23
Total Expenditure	9574	7,986	6,820	7,483	8,531	9,915	12350	15040
(%) of sales	96.52	98.75	98.09	97.30	96.12	95.05	95	94
EBITDA	369	100.90	132.87	207.44	344.65	516.91	650	960
EBITDA Growth (%)	-19%	-73%	32%	56%	66%	50%	25.7	47.7
EBITDA Margin (%)	4%	1%	2%	3%	4%	5%	5%	6%
Depreciation	4	6.50	5.57	4.57	5.22	5.30	6	6
EBIT	365	99	127	202	340	512	644	954
Growth (%)	-19%	-73%	28%	59%	68%	51%	25.7%	48%
Interest Expenses	3	8	15	9	6	4	5	6
Other Income	207	207	180	121	38	51	120	75
<b>Earnings before Taxes</b>	<b>569</b>	<b>297</b>	<b>292</b>	<b>315</b>	<b>372</b>	<b>559</b>	<b>759</b>	<b>1023</b>
Growth (%)	-3%	-48%	-2%	8%	18%	50%	35.77	34.7
EBT Margin (%)	6%	4%	4%	4%	4%	5%	5.8%	6.4%
Tax-Total	177	197	52	77	94	145	197	266
Rate of tax (%)	31%	66%	18%	24%	25%	26%	26%	26%
<b>Net Profit</b>	<b>392</b>	<b>100</b>	<b>240</b>	<b>238</b>	<b>278</b>	<b>414</b>	<b>562</b>	<b>757</b>
Growth (%)	-1%	-74%	140%	-1%	17%	49%	35.7	34.7
PAT Margin (%)	4%	1%	3%	3%	3%	4%	4.32%	4.7%
<b>EPS</b>	<b>1.39</b>	<b>0.29</b>	<b>0.84</b>	<b>0.83</b>	<b>0.99</b>	<b>1.49</b>	<b>2.08</b>	<b>2.8</b>
EPS Growth (%)	-1%	-79%	190%	-1%	19%	51%	39.59	34.6

#### Balance Sheet

Y/E March	2019	2020	2021	2022	2023	2024
Equity Share Capital	180	180	180	180	180	180
Reserves & Surplus	1,328	1,270	1,463	1,588	1,764	2,046
<b>Total Shareholder's Funds (A)</b>	<b>1,508</b>	<b>1,450</b>	<b>1,643</b>	<b>1,768</b>	<b>1,944</b>	<b>2,226</b>
Borrowings	0	0	1	0	0	1
Non-Controlling Interest	148	156	160	170	180	187
<b>Total Non-Current Liabilities (B)</b>	<b>148</b>	<b>156</b>	<b>161</b>	<b>170</b>	<b>180</b>	<b>188</b>
Advance from customers	4,180	4,528	5,385	5,294	4,245	3,088
Trade Payables	4,234	3,552	3,265	3,269	3,497	4,121
Other Liability Items	3,030	2,845	2,968	2,982	3,046	3,192
<b>Total Current Liabilities (C)</b>	<b>11,444</b>	<b>10,925</b>	<b>11,618</b>	<b>11,545</b>	<b>10,788</b>	<b>10,401</b>
<b>Total Equity and Liabilities (A+B+C)</b>	<b>13,100</b>	<b>12,531</b>	<b>13,422</b>	<b>13,483</b>	<b>12,912</b>	<b>12,815</b>
Property, Plant & Equipment	182	165	159	175	182	185
Capital Work in progress	0	0	16	2	4	12
Investments	42	28	20	18	21	276
<b>Total Non-Current Assets (A)</b>	<b>224</b>	<b>193</b>	<b>195</b>	<b>195</b>	<b>207</b>	<b>473</b>
Inventory	1,838	1,791	1,742	1,558	1,442	1,236
Debtors	2,449	1,856	2,071	2,021	1,994	2,902
Cash and Bank Balance	5,093	5,206	5,678	5,647	4,918	402
Loans and advances	94	137	177	134	137	85
Other Current Assets	3,403	3,347	3,559	3,928	4,215	2,927
<b>Total Current Assets (B)</b>	<b>12,877</b>	<b>12,337</b>	<b>13,227</b>	<b>13,288</b>	<b>12,706</b>	<b>7,552</b>
<b>Total Assets(A+B)</b>	<b>13,100</b>	<b>12,531</b>	<b>13,422</b>	<b>13,483</b>	<b>12,912</b>	<b>12,815</b>

Source: Company, Hem Securities Research.



<b>Ratios</b>						
<b>Y/E March</b> (Basic (INR))	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Profitability and return ratios</b>						
Net profit margin (%)	3.94	1.23	3.45	3.09	3.13	3.97
EBITDA margin (%)	7.99	6.82	7.46	7.43	8.35	9.22
EBIT margin (%)	7.95	6.75	7.38	6.42	6.40	7.41
ROE (%)	21.91	6.75	15.52	13.95	14.98	19.87
ROCE (%)	44.24	36.90	33.18	28.95	30.59	37.07
<b>Working Capital &amp; liquidity ratios</b>						
Payables (Days)	0.00	0.00	0.00	0.00	0.00	0.00
Inventory (Days)	64.08	81.26	90.84	76.16	60.11	45.65
Receivables (Days)	93.64	97.14	103.06	97.10	82.53	85.64
Current Ratio (x)	1.09	1.00	1.02	1.05	1.02	1.17
<b>Valuations Ratios</b>						
EV/sales (x)	0.69	-0.28	0.39	0.12	0.16	1.56
EV/EBITDA (x)	8.61	-4.10	5.22	1.55	1.96	16.88
P/E (x)	31.81	37.62	37.17	29.13	23.89	53.36
P/BV (x)	7.91	2.03	5.10	3.70	3.28	9.63
Dividend Yield (%)	0.98	0.83	1.01	1.38	1.53	0.53
Return on Assets (%)	3.07	0.81	1.91	1.82	2.17	3.31
<b>Leverage Ratio</b>						
Debt/Equity (x)	0.00	0.00	0.00	0.00	0.00	0.00

<b>Cash Flow Statement</b>						
<b>Y/E March</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>CF from Operating activities (A)</b>	<b>638</b>	<b>113</b>	<b>456</b>	<b>80</b>	<b>-374</b>	<b>73</b>
<b>CF from Investing Activities (B)</b>	<b>-209</b>	<b>88</b>	<b>151</b>	<b>33</b>	<b>272</b>	<b>-218</b>
<b>CF from Financing Activities (C)</b>	<b>-150</b>	<b>-160</b>	<b>-41</b>	<b>-95</b>	<b>-90</b>	<b>-103</b>
Net Cash Flow	279	41	567	19	-192	-249

Source: Company, Hem Securities Research.

## RATING CRITERIA

INVESTMENT RATING	EXPECTED RETURN
BUY	>=15%
ACCUMULATE	5% to 15%
HOLD	0 to 5%
REDUCE	-5% to 0
SELL	<-5%

## RECOMMENDATION SUMMARY

DATE	RATING	TARGET
21 <sup>ST</sup> December 2024	BUY	110

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