

(Equity Research Report)

NCC



About the Stock: NCC Limited is engaged in construction/project activities in the infrastructure sector. The Company is engaged in the infrastructure sector, primarily in the construction of industrial and commercial buildings, housing projects, roads, bridges and flyovers, water supply and environment projects, mining, power transmission lines, irrigation, and hydrothermal power projects, real estate development. Its geographic segments include Within India and Outside India. Its business divisions include buildings and housing, roads, electricity, water and environment, irrigation, railways, power, metals, mining, and international. Its portfolio includes housing projects, shopping malls, hospitals, highways, project electrification, river intake works, water treatment plants, pumping stations, electromechanical works, lift irrigation schemes, sewage pumping stations and treatment plants, water pipelines and transportation of coal.

Update: 5 fresh orders totaling 3601 Crore were placed with NCC Limited in December 2022. Out of these orders, there are two orders worth Rs. 8.71 billion related to the water division, two orders worth Rs. 9.93 billion related to the electrical division, and one order worth Rs. 7.38 billion related to the irrigation division. These orders are from state government agencies; internal orders are not included.

Recent Quarter Update: For the second quarter of this year, there was a turnover of 3405.00 Crore (including other income), compared to 2600.87 Crore for the same quarter last year. As opposed to Rs 266.45 Crore and Rs 113.91 Crore, respectively, in the equivalent quarter of the previous year, the company has reported EBIDTA of Rs 310.11 Crore and Net Profit attributable to Shareholders of the Company of Rs 131.00 Crore. In comparison to Basic EPS of 1.87 and Diluted EPS of 1.86 in the equivalent quarter of the prior year, the firm has announced Basic EPS of 2.08 and Diluted EPS of 2.09 for the second quarter.

What Should investors do?

In the month of December 2022, NCC Limited received 5 new orders totaling INR 36,010 million.

India Ratings & Research maintained NCC's short-term rating at A1 while raising its long-term rating for the provider of infrastructure services from A to A+.

And based on our estimation, we expect NCC LTD to trade at 117 throughout the course of the coming year.

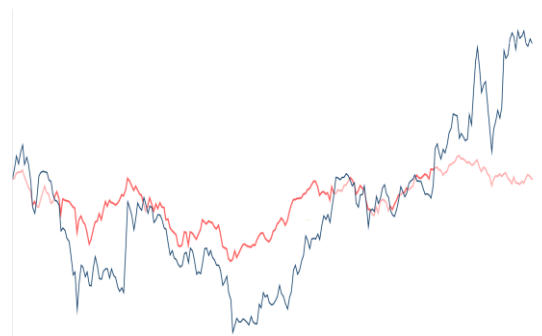


Particulars	Amount (Cr)
Market Capitalization	5930
Total Debt (FY22)	1302
Cash and Investments (FY22)	661
EV	7300
52-week H/L (Rs)	96.9 / 51
Equity capital	62,78,46,588
Face value (Rs)	2.0

Shareholding Pattern

	Dec'22	Mar'22	Jun'22	Sep'22
Promoters	21.99	21.99	21.99	21.11
FII's	15.76	12.8	9.66	9.77
DII's	9.2	9.75	11.15	11.28
Public	49.89	52.10	57.82	59.18

Nifty Vs NCC



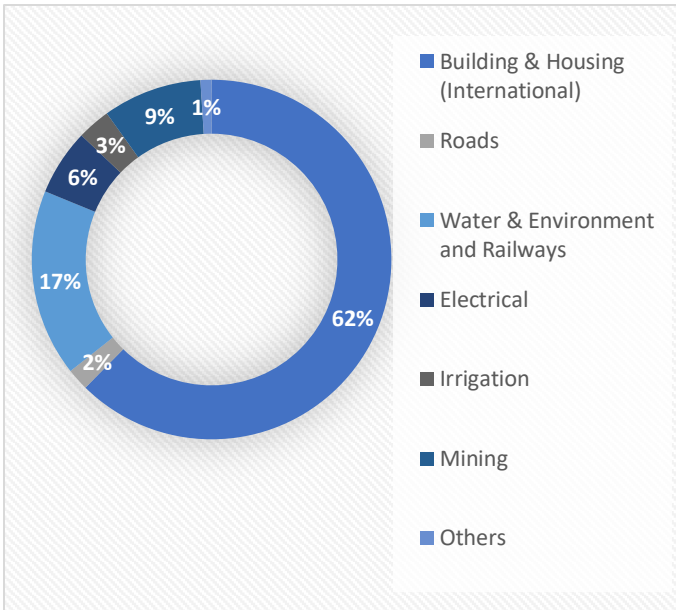
Key Risk

- o Poorer than anticipated performance.
- o Acute working capital shortage

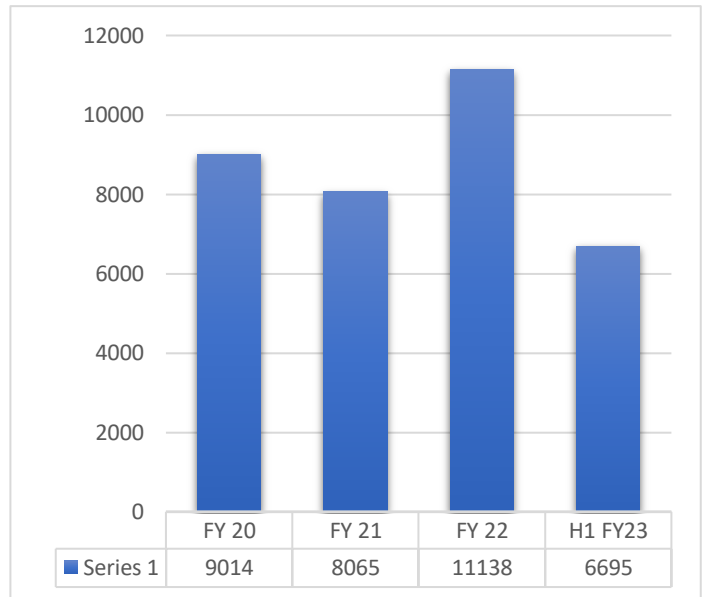


Growth Drivers

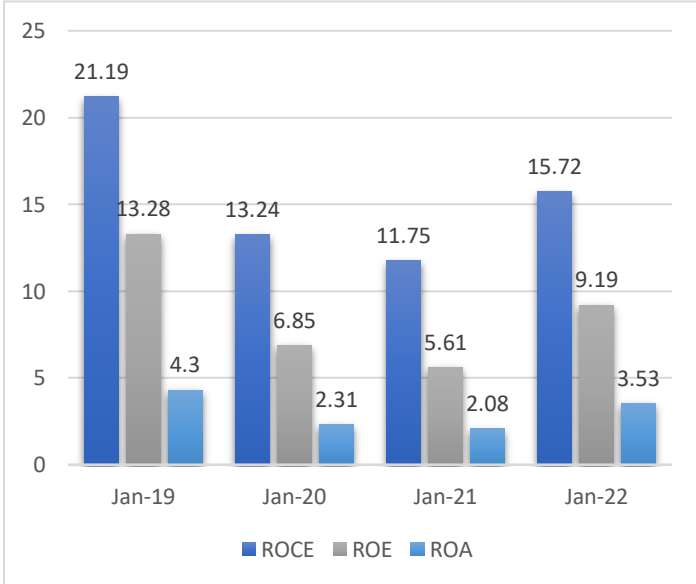
Operating Division



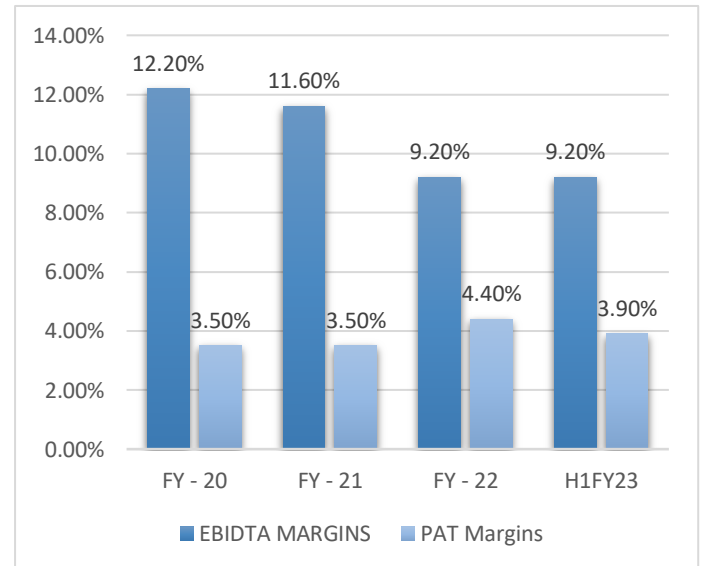
Annual Revenue



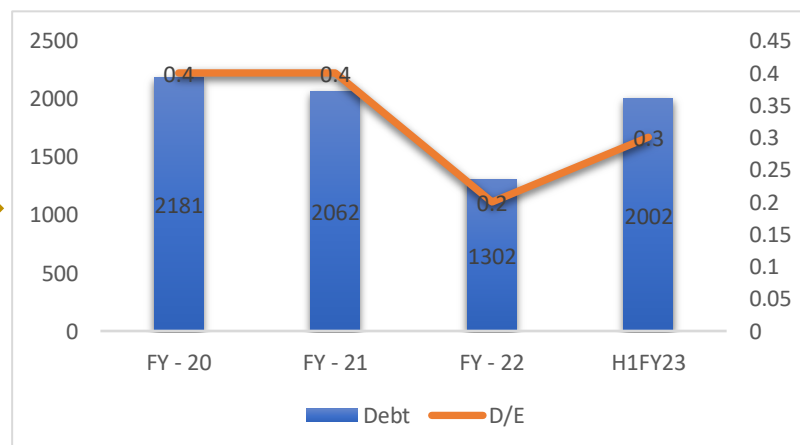
Profitability Ratios



Margins %



Debt vs D/E





Quarterly Results					
Particulars	30 September 2021	31 December 2021	31 March 2022	30 June 2022	30 September 2022
Revenue	2,581.37 (20%)	3,014.94 (14%)	3,477.35 -13%	3,321.35 (-5%)	3,373.43 -2%
Cost Of Revenue	2,146.14 (21%)	2,551.35 -16%	3,005.69 -15%	2,820.77 (-7%)	2,855.33 -1%
Gross Profit	435.23 -17%	463.59 -6%	471.66 -2%	500.58 -6%	518.1 -3%
EBITDA	309.71 -27%	286.93 (-8%)	464.27 -38%	332.26 (-40%)	335.81 -1%
Operating Income	219.2 -25%	229.3 -4%	223.22 (-3%)	259.64 -14%	260.43 0%
Income Before Tax	150.2 -50%	126.33 (-19%)	282.84 -55%	180.82 (-56%)	169.24 (-7%)
Net Income	113.91	76.42	242.13	129.64	131
EPS	63.96 (56%) ₹ 2	-37.49 (-49%) ₹ 1	165.71 (68%) ₹ 4	-112.49 (-87%) ₹ 2	1.36 (1%) ₹ 2

P&L Statement

Particulars (Income)	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Sales Turnover	8390.64	12895.64	8901.07	7949.42	11137.96	13978.14
Net Sales	8390.64	12895.64	8901.07	7949.42	11137.96	13978.14
Other Income	113.78	124.33	112.98	117.2	275.69	329.07
Stock Adjustments	107.02	-155.23	-30.42	-48.9	-105.49	-105.49
Total Income	8611.44	12864.74	8983.63	8017.72	11308.16	14201.72
EXPENDITURE :						0.00
Raw Materials	3162.22	4875.1	3032.17	2426.56	3484.62	4495.16
Power & Fuel Cost	11.13	9.18	9.19	9.28	8.75	8.34
Employee Cost	453.32	495.16	483.69	380.5	452.66	583.93
Other Manufacturing Expenses	3745.12	5498.53	4009.55	3988.53	5850.12	7546.65
Selling & Administrative Expenses	158.85	161.42	152.23	119.95	154	153.05
Miscellaneous Expenses	230.84	216.53	156.82	69.22	58.52	75.49
Less : Pre-operative Expenses Capitalised	0	0	0	0	0	0.00
Total Expenditure	7761.48	11255.92	7843.65	6994.04	10008.67	12862.62
Operating Profit	849.96	1608.82	1139.98	1023.68	1299.49	1339.10
Interest	459.56	521.95	553.85	479.91	478.07	481.86
Gross Profit	390.4	1086.87	586.13	543.77	821.42	857.24
Depreciation	171.51	192.53	199.22	181.25	186.74	189.94
Minority Interest (before tax)	0	0	0	0	0	0.00
Profit Before Tax	218.89	894.34	386.91	362.52	634.68	667.29
Tax	99.36	315.07	101.73	16.9	146.58	158.43
Fringe Benefit Tax	0	0	0	0	0	0.00
Deferred Tax	-19.2	11.7	-28.93	62.58	-5.93	-4.69
Reported Net Profit	138.73	567.57	314.11	283.04	494.03	513.55
Minority Interest (after tax)	-29.9	-11.12	-22.42	14.73	11.62	11.62
Profit/Loss of Associate Company	0	0	0	0	0	0.00
Net Profit after Minority Interest & P/L Asso.Co.	168.63	578.69	336.53	268.31	482.41	525.17
Extraordinary Items	-63.31	-52.2	-27.9	10.12	155.09	-155.09
Adjusted Net Profit	231.94	630.89	364.43	258.19	327.32	370.08



Balance Sheet

Particulars (Sources Of Funds)	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar-23
Share Capital	120.13	120.13	121.97	121.97	121.97	121.97
Reserves Total	3962.39	4447.79	4784.48	5022.78	5454.22	5868.95
Equity Share Warrants	0	27.45	0	26.55	26.55	26.55
Equity Application Money	0	0	0	0	0	0.00
Total Shareholders Funds	4082.52	4595.37	4906.45	5171.3	5602.74	6017.47
Minority Interest	300.25	277.1	252.84	298.11	293.41	293.41
Total Debt	2060.89	2691.4	2181.47	2062.04	1302.43	1701.23
Policy Holders Fund	0	0	0	0	0	
Other Liabilities	306.71	314.33	251.9	76.67	83.52	83.52
Total Liabilities	6750.37	7878.2	7592.66	7608.12	7282.1	8095.64
APPLICATION OF FUNDS :						
Gross Block	2415.73	2694.47	2522.71	2632.34	2694.27	2920.59
Less: Accumulated Depreciation	1257.69	1143.73	1109.42	1215.35	1251.72	1251.72
Net Block	1158.04	1550.74	1413.29	1416.99	1442.55	1668.87
Capital Work in Progress	23.26	13.49	15.16	21.86	7.35	7.35
Investments	619.46	475.49	448.24	439.63	345.82	345.82
Current Assets, Loans & Advances						
Inventories	2830.44	1425.41	1391.29	1222.21	1153.34	1384.01
Sundry Debtors	4969.44	3428.68	2728.28	2739.62	2545.16	3130.55
Cash and Bank Balance	117.69	361.71	388.74	504.58	600.53	180.16
Loans and Advances	1606.09	6204.16	6242.41	6198.52	7134.84	8561.81
Total Current Assets	9523.66	11419.96	10750.72	10664.93	11433.87	13256.52
Less : Current Liabilities and Provisions						
Current Liabilities	5628.44	6678.8	6108.68	5806.18	7094.51	8513.41
Provisions	29.56	103.37	110.55	125.58	81.38	100.10
Total Current Liabilities & Provisions	5658	6782.17	6219.23	5931.76	7175.89	8613.51
Net Current Assets	3865.66	4637.79	4531.49	4733.17	4257.98	4643.01
Deferred Tax Assets	190.9	181.68	214.84	57.61	64.26	64.26
Net Deferred Tax	190.9	181.68	214.84	57.61	64.26	64.26
Other Assets	893.05	1019.01	969.64	938.86	1164.14	1373.69
Total Assets	6727.11	7864.71	7577.5	7586.26	7274.75	8095.65
Contingent Liabilities	376.12	464.57	424.8	425.11	427.82	438.99

Cash Flow Statement

Particulars	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22
Cash From Operating Activities	585.81	673.13	931.39	841.84	1,415.55
Cash Flow from Investing Activities	-188.33	-618.91	10.55	-206.56	-66.04
Cash from Financing Activities	-453.45	89.15	-1,046.93	-558.08	-1,274.61
Net Cash Inflow / Outflow	-55.97	143.37	-104.99	77.2	74.9



Ratios

	Mar-19	Mar-20	Mar-21	Mar-22
Debt To Equity	0.59	0.44	0.4	0.23
Price to Book value	1.48	0.23	0.94	0.64
Current Ratio	1.27	1.28	1.32	1.36
Inventory	10.91	15.99	13.93	15.11
Interest Coverage Ratio	2.73	1.72	1.75	2.32
Asset Turnover Ratio	0.97	0.63	0.59	0.8
EV/EBITDA	5.27	2.45	6.16	3.9

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