

## About the Company

A construction firm, NCC Ltd (NCC) was earlier known as Nagarjuna Construction Co Ltd. The company constructs flyovers, roads, business buildings, airport terminals, residential and commercial structures, shopping centers, hospitals, irrigation systems, mining operations, hydrothermal power plants, water supply systems, and environmental projects. It carries out a range of projects in the areas of real estate, transportation, power, water, agricultural, and residential and commercial construction. Through concessions, the corporation also undertakes significant infrastructure projects, such as power and transportation projects. It operates in several Indian states, including Madhya Pradesh, Uttar Pradesh, Maharashtra, Andhra Pradesh, Delhi, Kerala, Odisha, Tamil Nadu, and West Bengal. The company works on building projects in the United Arab Emirates, Kuwait, Oman, and India. The NCC's main office is located in Hyderabad, Telangana, India.

## Recent Quarter Highlights

- NCC Limited [INCC] has reported a revenue of Rs. 4746.0 Crore (including other income) for the 2nd quarter of the current year as against Rs.3405.00 Crore in the corresponding quarter of the previous year.
- The Company has reported EBIDTA of Rs.303.74 Crore and Net Profit attributable to shareholders of the company of Rs.77.34 Crore as against Rs. 310.11 Crore and Rs.131 .00 Crore respectively in the corresponding quarter of the previous year.
- The company has reported Basic EPS of Rs. 1.23 and Diluted EPS of Rs 1.23 for 2nd quarter as against Basic EPS of Rs.2.08 and Diluted EPS of Rs.2.09 in the corresponding quarter of the previous year.
- NCC Reported highest ever Turnover in 2nd Quarter Rs.4283 crs and Significant order inflow in 2nd quarter Rs. 12289 crs.

### Monthly Six period:

- Company reported revenue of Rs.9153.12 Crore (including other income) for six months of October as against Rs.6755.9,) Crore for six months over the previous year.
- The company reported EBIDTA of Rs.712.95 Crore and net profit attributable to its shareholders of Rs. 250.88 Crore for the year ended September 30, 2023, for the financial year ended at Rs.61, Rs.7.98 Crore and Rs.260.54 Crore were reported respectively during the respective six-month period of the previous year.
- The company reported Basic EPS and diluted EPS of Rs.4.00 for Basic EPS for the six-month period and diluted EPS of Rs.4.21 for the corresponding six-month period in the previous year.



## NCC'S BUSINESS DIVISIONS

### BUILDINGS

Industrial buildings, Commercial buildings, Housing projects, IT Parks, Shopping malls, Sports complexes, Hospitals & Medical colleges, Bridges, flyovers and elevated corridors and Metros.

### TRANSPORTATION

Highways, Highway realignment and Bypass, Carriageway widening and strengthening

### WATER & ENVIRONMENT

Water supply projects, Water treatment plants, Distribution networks, Underground drainages and Lift irrigation schemes.

### ELECTRICAL T&D

Transmission and distribution lines and substations, Project electrification etc

### IRRIGATION

Dams & Reservoirs, Canals, Tunnels, Spillways and Aqueducts

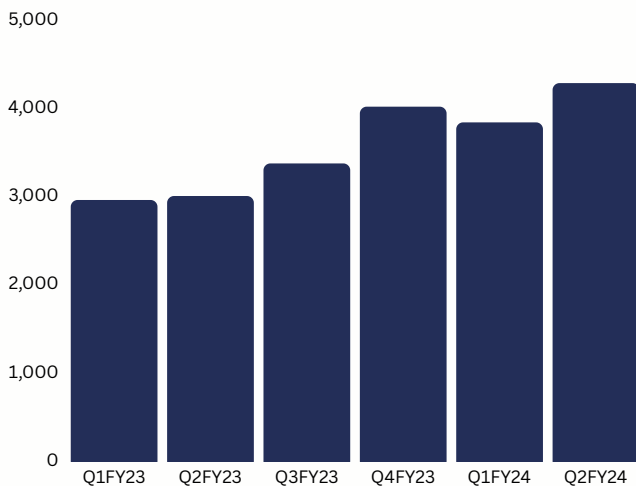
### MINING

Overburden removal, Coal excavation and MDO.

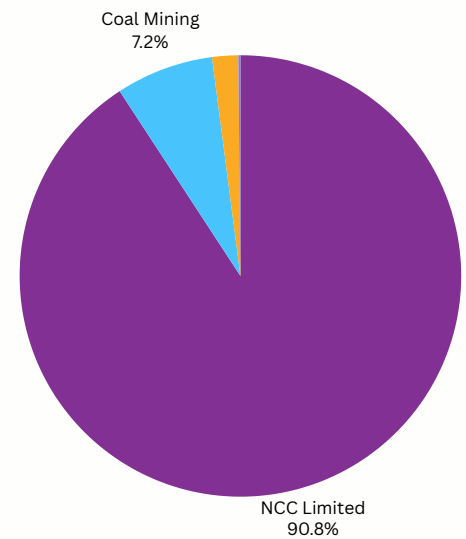
### RAILWAYS

Track Laying, Signaling and Communication and Railway Siding

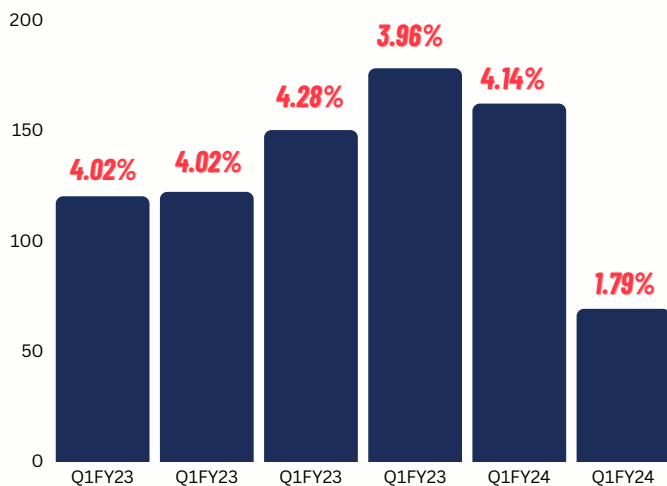
### TOTAL REVENUE



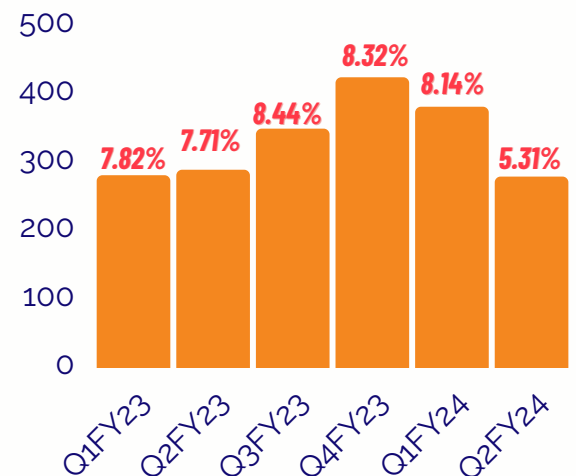
### Q2FY24 REVENUE MIX %



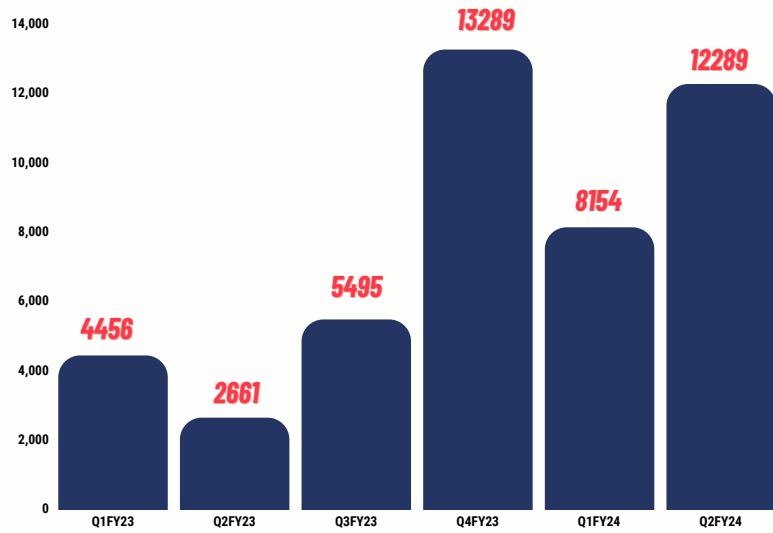
### NET PROFIT VS MARGINS



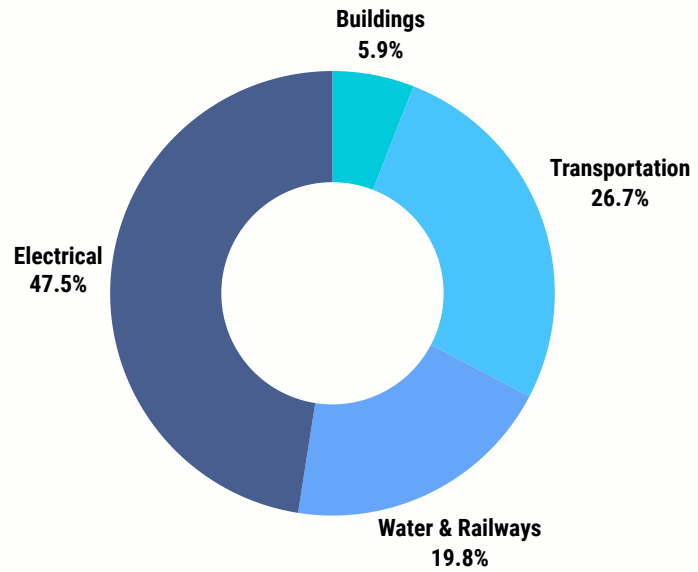
### EBITDA VS MARGINS



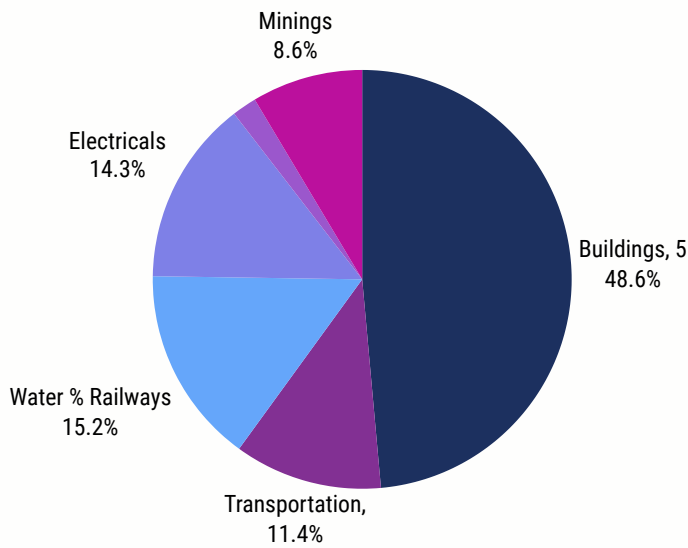
**ORDER INFLOW - QUARTER WISE**



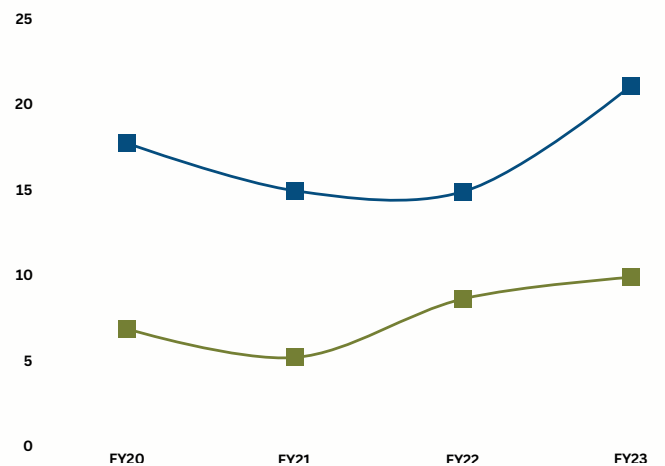
**ORDER INFLOW : RS 12,289 CRS**



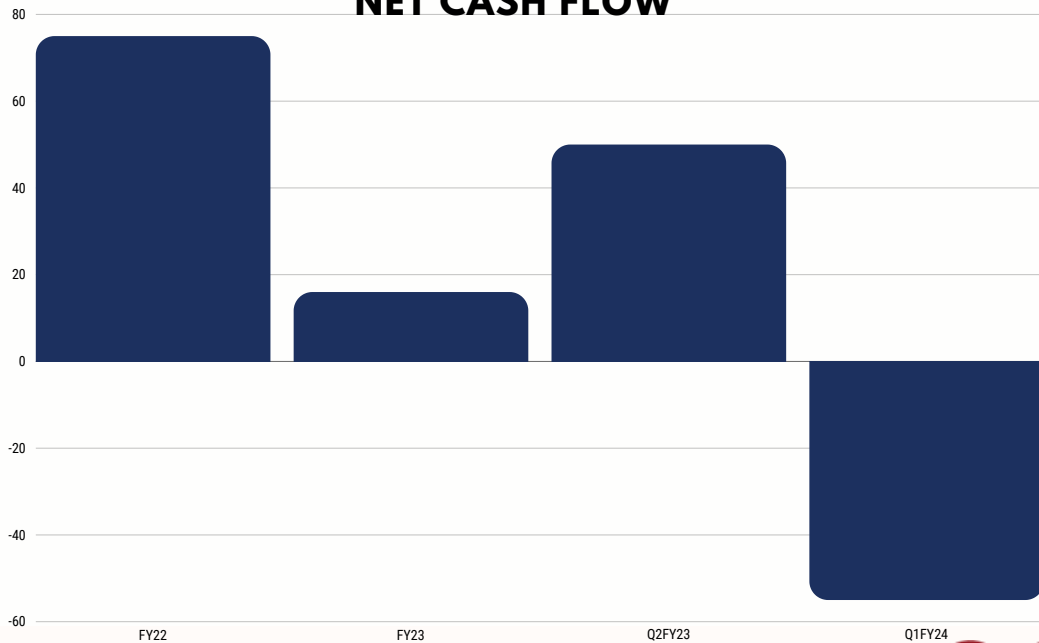
**ORDER EXECUTION : RS 4604 CRS**



**ROCE & ROE (%)**



**NET CASH FLOW**



## Historical Financial Statement - NCC LTD































Years	Mar-20	Mar-21	Mar-22	Mar-23	LTM
<b>Income Statement</b>					
Sales	₹ 8,901.1	₹ 7,949.4	₹ 11,138.0	₹ 15,553.4	₹ 17,958.6
Sales Growth	-30.98%	-10.69%	40.11%	39.64%	15.46%
COGS	₹ 7,565.5	₹ 6,854.3	₹ 9,902.1	₹ 13,818.9	₹ 16,404.7
COGS % Sales	85.00%	86.22%	88.90%	88.85%	91.35%
<b>Gross Profit</b>	<b>₹ 1,335.53</b>	<b>₹ 1,095.11</b>	<b>₹ 1,235.91</b>	<b>₹ 1,734.56</b>	<b>₹ 1,553.96</b>
Gross Margins	15.00%	13.78%	11.10%	11.15%	8.65%
Selling & General Expenses	₹ 258.90	₹ 176.03	₹ 208.14	₹ 275.57	
S&G Exp % Sales	2.91%	2.21%	1.87%	1.77%	0.00%
<b>EBITDA</b>	<b>₹ 1,076.63</b>	<b>₹ 919.08</b>	<b>₹ 1,027.77</b>	<b>₹ 1,458.99</b>	<b>₹ 1,647.25</b>
EBITDA Margins	12.10%	11.56%	9.23%	9.38%	9.17%
Interest	₹ 553.85	₹ 479.91	₹ 478.07	₹ 515.22	₹ 566.60
Interest % Sales	6.22%	6.04%	4.29%	3.31%	3.16%
Depreciation	₹ 199.22	₹ 181.25	₹ 186.74	₹ 202.61	₹ 210.72
Depreciation%Sales	2.24%	2.28%	1.68%	1.30%	1.17%
<b>Earnings Before Tax</b>	<b>₹ 323.6</b>	<b>₹ 257.9</b>	<b>₹ 363.0</b>	<b>₹ 741.2</b>	<b>₹ 869.9</b>
EBT % Sales	3.64%	3.24%	3.26%	4.77%	4.84%
Tax	₹ 72.8	₹ 79.5	₹ 140.7	₹ 238.6	₹ 270.5
Effective Tax Rate	22.50%	30.82%	38.75%	32.20%	31.09%
<b>Net Profit</b>	<b>₹ 250.8</b>	<b>₹ 178.4</b>	<b>₹ 222.3</b>	<b>₹ 502.5</b>	<b>₹ 599.4</b>
Net Margins	2.82%	2.24%	2.00%	3.23%	3.34%
No of Equity Shares	60.98	60.98	60.98	62.78	62.78
Earnings per Share	₹ 4.11	₹ 2.93	₹ 3.65	₹ 8.00	₹ 9.55
EPS Growth %	-55.18%	-28.84%	24.59%	119.56%	19.29%
Dividend per Share	₹ 0.2	₹ 0.8	₹ 2.0	₹ 2.2	-
Dividend payout ratio	4.87%	27.34%	54.86%	27.49%	0.00%

## Historical Financial Statement - NCC LTD

	Mar-20	Mar-21	Mar-22	Mar-23
<b>Cash Flow Statements</b>				
Cash from Operating Activities	₹ 931.4	₹ 841.8	₹ 1,415.6	₹ 1,100.1
Cash from Investing Activities	₹ 10.6	(₹ 206.6)	(₹ 66.0)	(₹ 191.6)
Cash from Financing Activities	(₹ 1,046.9)	(₹ 558.1)	(₹ 1,274.6)	(₹ 892.7)
<b>Net Cash Flow</b>	<b>(₹ 105.0)</b>	<b>₹ 77.2</b>	<b>₹ 74.9</b>	<b>₹ 15.8</b>

Particulars	Mar-20	Mar-21	Mar-22	Mar-23
<b>Equity Capital</b>	122.0	122.0	122.0	126
<b>Reserves</b>	4,784	5,023	5,454	6,154
<b>Borrowings -</b>				
Long term Borrowings	240	170	120	73
Short term Borrowings	1,633	1,892	1,182	1,366
Lease Liabilities	-	-	-	-
Other Borrowings	309	-	-	-
<b>Other Liabilities -</b>				
Non controlling int	253	298	293	329
Trade Payables	4,120	3,829	4,398	5,364
Advance from Customers	1,737	1,732	2,436	0
Other liability items	614	474	452	4,156
<b>Total Liabilities</b>	<b>13,812.0</b>	<b>13,540.0</b>	<b>14,457.0</b>	<b>17,568.0</b>
<b>Fixed Assets -</b>				
Land	62.61	67.74	74.99	1491
Building	79.39	85.49	97.05	
Plant Machinery	928.01	956.58	928.97	
Equipments	869.04	879.56	920.39	
Furniture n fittings	14.79	15.43	15.31	
Vehicles	280.28	322.46	335.41	
Intangible Assets	0.63	0.63	0.63	12.4
Other fixed assets	287.96	304.45	321.52	
<b>Gross Block</b>	<b>2,522.7</b>	<b>2,632.3</b>	<b>2,694.3</b>	<b>1,503.4</b>
<b>Accumulated Depreciation</b>	<b>1,109.4</b>	<b>1,215.4</b>	<b>1,251.7</b>	<b>10.4</b>
<b>Net Block</b>	<b>1,413.3</b>	<b>1,417.0</b>	<b>1,442.6</b>	<b>1,493.0</b>
<b>CWIP</b>	<b>15</b>	<b>22</b>	<b>7</b>	<b>19</b>
<b>Investments</b>	<b>448</b>	<b>440</b>	<b>346</b>	<b>360</b>
<b>Other Assets -</b>				
Inventories	1,391.0	1,222.0	1,153.0	1641
Trade receivables	2,728.0	2,740.0	2,545.0	3456
Cash Equivalent	389.0	505.0	601.0	774
Loans n Advances	28.0	52.0	217.0	221
Other asset items	7,399.0	7,143.0	8,146.0	9605
<b>Total Assets</b>	<b>13,811.3</b>	<b>13,541.0</b>	<b>14,457.6</b>	<b>17,569.0</b>

**Ratio Analysis of - TATA MOTORS LTD**

Years	Mar-20	Mar-21	Mar-22	Mar-23	Trend	Mean	Median
SalesGrowth	-30.98%	-10.69%	40.11%	39.64%		12.27%	0.15%
EBITDA Growth	-32.39%	-14.63%	11.83%	41.96%		13.06%	11.83%
EBIT Growth	-63.14%	-20.29%	40.73%	104.20%		-153.74%	-63.14%
Net Profit Growth	-54.49%	-28.84%	24.59%	126.04%		-111.61%	-30.79%
Dividend Growth	-86.66%	299.92%	149.99%	10.00%		102.60%	50.02%
Gross Margin	15.00%	13.78%	11.10%	11.15%		13.06%	13.46%
EBITDA Margin	12.10%	11.56%	9.23%	9.38%		10.38%	10.41%
EBIT Margin	8.46%	8.32%	5.97%	4.62%		8.06%	8.14%
EBT Margin	3.64%	3.24%	3.26%	4.77%		2.32%	3.06%
Net Profit Margin	2.82%	2.24%	2.00%	3.23%		1.37%	1.96%
SalesExpenses%Sales	2.91%	2.21%	1.87%	1.77%		2.68%	2.87%
Depreciation%Sales	2.24%	2.28%	1.68%	1.30%		2.20%	2.24%
OperatingIncome%Sales	8.46%	8.32%	5.97%	4.62%		8.06%	8.14%
Return on Capital Employed	12.38%	10.24%	12.23%	17.59%		12.06%	11.30%
Retained Earnings%	95.13%	72.66%	45.14%	72.51%		43.19%	53.97%
Return on Equity%	5.11%	3.47%	3.99%	8.15%		2.94%	3.71%
Self Sustained Growth Rate	4.86%	2.52%	1.80%	5.91%		2.77%	2.14%
Interest Coverage Ratio	1.58x	1.54x	1.76x	2.44x		1.54x	1.53x
Debtor Turnover Ratio	3.26x	2.90x	4.38x	4.90x		3.55x	3.51x
Creditor Turnover Ratio	1.32x	1.26x	1.47x	1.65x		1.52x	1.56x
Inventory Turnover	6.40x	6.50x	9.66x	11.32x		5.89x	4.92x
Fixed Asset Turnover	6.30x	5.61x	7.72x	10.35x		6.61x	6.77x
Capital Turnover Ratio	1.81x	1.55x	2.00x	2.52x		2.36x	2.57x
Debtor Days	112	126	83	75		117	104
Payable Days	276	291	248	221		244	235
Inventory Days	57	56	38	32		80	81
Cash Conversion Cycle (in days)	-107	-109	-127	-114		-47	-66
CFO/Sales	6.26%	10.20%	11.61%	5.13%		10.42%	10.70%
CFO/Total Assets	6.74%	6.22%	9.79%	6.65%		5.69%	5.73%
CFO/Total Debt	42.70%	40.83%	108.69%	9.75%		32.17%	25.29%

## WHAT SHOULD INVESTORS DO?

The largest order book ever received by NCCL is Rs. 61796 Crs. NCCL reported its highest-ever Q2 revenue of Rs 4283 Crs, and its Q2FY24 revenue surpassed that of the Q4 of the prior year, demonstrating a robust growth trajectory.

NCCL has been awarded important contracts in two new areas of high growth. Using tunnel boring machines (TBM) for a road project in collaboration with a partner; two smart metering projects in Maharashtra and one in Bihar; Additionally, the Arbitration Tribunal awarded NCCL Rs. 198 Cr. as payment. This award has put an end to a significant amount of uncertainty for the corporation, while it still plans to explore all legal avenues. The impact of the aforementioned arbitration award was somewhat mitigated by the Company's receipt of the Rs. 152 Cr. Settlement Agreement of the EPC contract. In a few months, a cash inflow of Rs. 152 crs is anticipated as a result of this award.

NCCL's strategic plan calls for it to penetrate new verticals in order to secure significant orders and sustain annual growth of 20%. enhancing internal skills in areas such as digitalization, planning, engineering, design process, quality, safety, and governance. Keeping debt levels low to preserve enough breathing room for expansion plans. Thus, a sustainable business model driven by top line growth, a strong operating margin, and a healthy order volume.

we are maintaining our Upgrade rating on NCC LTd.For the **225–230** target range,



**Rohit Kumar Sharma (Equity Research Analyst)**

[Research@ganeshstock.com](mailto:Research@ganeshstock.com)

[www.Ganeshstock.com](http://www.Ganeshstock.com)

122 Vinoba Puri, Lajpat Nagar Part II,  
New Delhi 110 024

8448899576

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