

NCC – BUY

Result Update

Current Market Price (CMP) Rs.87	Target Price Rs.105
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Our fair value (FV) of Rs.105 offers upside of 20.7% from current levels.

Rationale:

- Mixed Q4 results; revenue beat estimates while margin was below estimates.
- Robust order backlog gives strong revenue growth visibility for the next 2-3 years.
- Optimistic on future order inflows based on positive outlook for infra capex.
- We have cut our FY22-23 earnings estimates in 6%-12% range.
- We arrive at sum of the parts (SoTP) based FV of Rs105, Upgrade to Buy from ADD.

Q4FY21 Earnings update:

👍 Positives:

- NCC reported 20%/4.6% YoY growth in standalone revenue/profit after tax.
- NCC's diverse presence, focus on deleveraging, robust order backlog & increased government capex gives us comfort to maintain positive view.
- Management aims to reduce debt further in FY22 by Rs100-200 cr.

👎 Negatives:

- Operating (EBITDA) margin declined 180bps yoy on higher input cost and Covid.
- Second wave of Covid-19 is expected to impact performance in Q1FY22.

[Click here](#)

For detailed report dated 31st May 2021. Note: CMP & valuation may differ due to difference in dates



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