ANANDRATHI

India I Equities

Infrastructure

Company Update

Change in Estimates ☑ Target ☑ Reco ☐

7 August 2024

NCC

Election-hit quarter, fundamentals sound; retaining a Hold

Rating: **Hold**
Target Price (12-mth): Rs.340
Share Price: Rs.311

Payment cycle lengthened, orders added were muted and profitability was soft for NCC in Q1. Although inspiring, revenue growth could have been better. With much of the aforementioned due to the recently concluded general elections and normalcy now returning, we see core operations to be better ahead. Guidance (across KPIs) held-to, too, is reassuring. On its continuing healthy pace of execution, ample assurance, strong L1s and sturdy prospects, we are sanguine. But on the limited potential, we retain our Hold rating with a higher TP of Rs340.

Soft orders added, sanguine of guidance. Partly impacted by the recently concluded elections, NCC's Q1 ~Rs4.1bn orders added were muted. However, its favoured position in orders of over Rs85bn (fytd) once firmed up would make it track FY25 inflow guidance of Rs200bn-220bn well. Prospects too are strong at ~Rs2trn and keep it sanguine of guidance. Q1 firm orders lagging the quarter's execution meant the consolidated OB declined ~Rs49bn q/q to ~Rs526bn; nevertheless, assurance is healthy at ~2.7x TTM revenue, and places it well to keep growing in the foreseeable future.

Payment cycle lengthened, leverage rise. The impact of the general trend of slow receipts in H1 was further accentuated by election-hit payment cycles. Consequently, receivable days rose to 86 (from 57 a quarter prior, 82 a year ago). This holds the key to ~Rs8.1bn q/q higher gross debt (to ~Rs18.2bn), and ~Rs11.6bn higher net debt (to ~Rs16.8bn, not considering margin money). With payment cycles normalising and management committed to exercising financial prudence, it looks to close FY25 with ~Rs5bn gross debt.

Varied progress at Smart metering orders. The Bihar project is moving well with test meters installed and client reviews underway. Progress at the two Maharashtra projects is slow and meaningful progress is likely by Q4 FY25. Efforts to rope in a partner in the Maharashtra projects continue, but finalisation is likely only after making some progress.

Valuation. Taking into account Q1 actuals, earnings estimates change a little (down ~2% for FY25, up ~1% for FY26). At the CMP, the stock (excl. investments) is available at a core-EPS PE of 16x FY26e. **Risk:** Slow orders.

Key financials (YE Mar)	FY22	FY23	FY24P	FY25e	FY26e
Sales (Rs m)	99,300	133,513	183,144	212,251	233,798
Adj. net profit (Rs m)	3,445	5,692	6,880	9,962	11,459
Adj. EPS (Rs)	5.6	9.1	11.0	15.9	18.3
Growth (%)	31.7	60.5	20.9	44.8	15.0
P/E (x)	10.6	11.7	21.2	19.6	17.0
EV / EBITDA (x)	4.3	5.2	8.8	9.6	8.4
P/BV (x)	0.6	1.1	2.1	2.5	2.3
RoE (%)	6.2	9.4	10.5	13.8	14.0
RoCE (%)	13.0	18.1	20.6	23.6	23.9
Net debt / equity (x)	0.1	0.1	-0.0	0.0	0.0

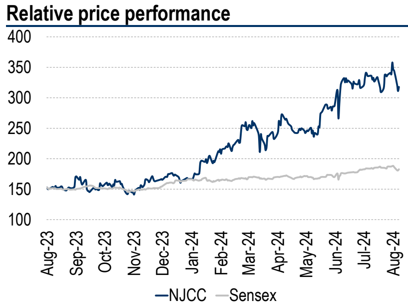
Source: Company, Anand Rathi Research P - Provisional

Key data	NJCC IN / NJCC.BO
52-week high / low	Rs.365 / 137
Sensex / Nifty	79,493 / 24,274
3-m average volume	$34.7m
Market cap	Rs.195bn / $2,340m
Shares outstanding	628m

Shareholding pattern (%)	Jun'24	Mar-24	Dec'23
Promoters	22.0	22.0	22.0
- of which, Pledged	-	-	-
Free float	78.0	78.0	78.0
- Foreign institutions	23.7	27.3	23.9
- Domestic institutions	11.4	10.6	10.5
- Public	43.0	40.0	43.6

Estimates revision (%)	FY25	FY26
Sales	1.0	1.1
EBITDA	-1.2	0.4
EPS (Rs)	-1.9	0.5

Relative price performance



Source: Bloomberg

Prem Khurana
Research Analyst

Quick Glance – Financials and Valuations (standalone)

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY22	FY23	FY24P	FY25e	FY26e
Order backlog	363,030	458,450	518,430	528,990	575,517
Order inflows	95,520	227,328	244,207	221,755	279,162
Net revenues	**99,300**	**133,513**	**183,144**	**212,251**	**233,798**
Growth (%)	*36.9*	*34.5*	*37.2*	*15.9*	*10.2*
Direct costs	86,616	116,515	163,653	188,149	206,541
SG&A	2,723	3,573	3,010	3,488	3,843
EBITDA	**9,961**	**13,425**	**16,481**	**20,614**	**23,415**
EBITDA margins (%)	*10.0*	*10.1*	*9.0*	*9.7*	*10.0*
Depreciation	1,823	1,998	2,092	2,265	2,431
Other income	1,082	1,523	1,241	1,300	1,230
Finance costs	4,596	5,100	5,951	6,278	6,833
PBT	4,624	7,850	9,679	13,371	15,381
Effective tax rates (%)	*25.5*	*27.5*	*28.9*	*25.5*	*25.5*
+ Associates / (Minorities)	-	-	-	-	-
Net income	4,901	5,692	6,315	9,962	11,459
Adjusted net profit	3,445	5,692	6,880	9,962	11,459
WANS	610	628	628	628	628
FDEPS (Rs)	5.6	9.1	11.0	15.9	18.3

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY22	FY23	FY24P	FY25e	FY26e
Share capital	1,220	1,256	1,256	1,256	1,256
Net worth	58,032	63,219	68,127	76,707	86,785
Debt	11,841	9,867	10,050	10,746	10,592
Minority interest	-	-	-	-	-
DTL / (Assets)	-541	-475	-587	-587	-587
Capital employed	**69,331**	**72,611**	**77,590**	**86,866**	**96,790**
Net tangible assets	11,201	11,698	12,122	12,622	13,122
Net intangible assets	1,042	1,084	1,250	1,244	1,239
Goodwill	-	-	-	-	-
CWIP (tang. & intang.)	1,105	1,293	1,476	1,539	1,586
Investments (strategic)	8,934	8,734	10,334	11,589	12,844
Investments (financial)	11	11	-	-	-
Current assets (excl. cash)	109,847	126,245	137,152	159,263	177,435
Cash	5,585	6,456	10,441	8,742	8,801
Current liabilities	68,394	82,910	95,183	108,132	118,237
Working capital	41,453	43,334	41,969	51,131	59,199
Capital deployed	**69,331**	**72,611**	**77,590**	**86,866**	**96,790**
Contingent liabilities	4,567	3,617	-	-	-

Fig 3 – Cash-flow statement (Rs m)

Year-end: Mar	FY22	FY23	FY24P	FY25e	FY26e
PBT + Net interest expense	8,138	11,427	14,389	18,349	20,984
+ Non-cash items	1,823	1,998	2,092	2,265	2,431
Oper. prof. before WC	9,961	13,425	16,481	20,614	23,415
- Incr. / (decr.) in WC	-2,170	1,881	-1,366	9,162	8,068
Others incl. taxes	1,302	2,077	2,899	3,410	3,922
Operating cash-flow	10,829	9,466	14,948	8,042	11,425
- Capex (tang. + intang.)	2,047	2,726	2,863	2,823	2,973
Free cash-flow	8,782	6,741	12,084	5,219	8,452
Acquisitions	-	-	-	-	-
- Div. (incl. buyback & taxes)	488	1,256	1,381	1,381	1,381
+ Equity raised	-	797	-	-	-
+ Debt raised	-6,179	-1,907	71	696	-154
- Fin investments	-1,046	-200	1,588	1,255	1,255
- Net interest expense + misc.	1,963	3,703	5,201	4,978	5,603
Net cash-flow	1,199	871	3,985	-1,700	59

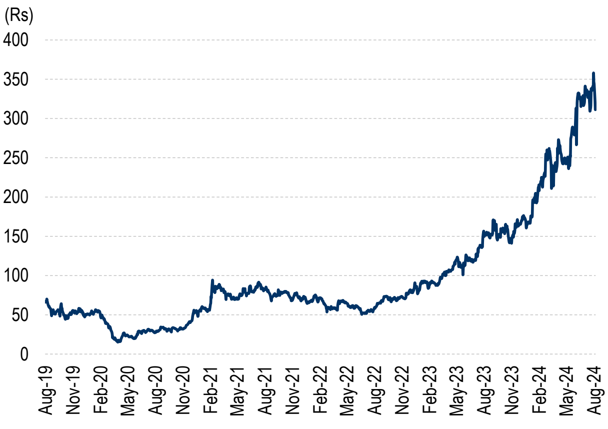
Source: Company, Anand Rathi Research P - Provisional

Fig 4 – Ratio analysis

Year-end: Mar	FY22	FY23	FY24P	FY25e	FY26e
P/E (x)	10.6	11.7	21.2	19.6	17.0
EV / EBITDA (x)	4.3	5.2	8.8	9.6	8.4
EV / Sales (x)	0.4	0.5	0.8	0.9	0.8
P/B (x)	0.6	1.1	2.1	2.5	2.3
RoE (%)	6.2	9.4	10.5	13.8	14.0
RoCE (%)	13.0	18.1	20.6	23.6	23.9
RoIC (%)	13.7	16.5	18.7	23.4	23.0
DPS (Rs)	0.8	2.0	2.2	2.2	2.2
Dividend yield (%)	1.3	1.9	0.9	0.7	0.7
Dividend payout (%) - incl. DDT	14.2	22.1	20.1	13.9	12.1
Net debt / equity (x)	0.1	0.1	-0.0	0.0	0.0
Receivables (days)	88	76	53	64	64
Inventory (days)	29	29	29	29	29
Payables (days)	157	131	121	120	119
CFO : PAT %	314.3	166.3	217.3	80.7	99.7

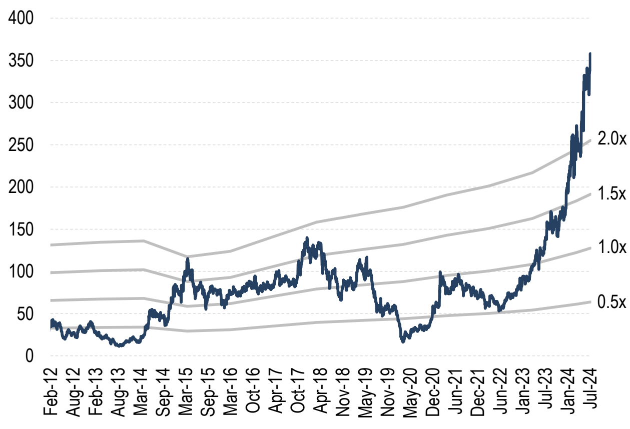
Source: Company, Anand Rathi Research P - Provisional

Fig 5 – Price movement



Source: Bloomberg

Fig 6 – P/BV band



Source: Company

Result / Concall Highlights

Income statement

- **Comforting revenue.** The election-impacted manpower availability and severe heat do not render this quarter as optimal. Nevertheless, revenue from operations rose ~23% to ~Rs47bn, largely led by the larger order backlog and more contributing orders. Sequentially, seasonality (Q1 generally tends to be softer than Q4) and the election impact led to revenue from operations declining ~13%.
  - Buildings stays as the single largest contributor, but the y/y growth in overall revenue was largely led by Electricals (up ~79% y/y, on the larger order backlog) and Roads (up ~26%).

Fig 7 – Financial highlights

(Rs m)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	% Y/Y	% Q/Q
Revenue from operations	38,383	42,832	47,469	54,460	47,133	*22.8*	*-13.5*
EBITDA	3,806	2,785	4,793	5,097	4,396	*15.5*	*-13.7*
EBITDA margins (%)	*9.9*	*6.5*	*10.1*	*9.4*	*9.3*	*-59bps*	*-3bps*
Finance costs	1,323	1,538	1,548	1,543	1,532	*15.8*	*-0.7*
Depreciation	521	525	528	518	531	*2.0*	*2.6*
Other income	277	285	263	417	341	*23.0*	*-18.2*
Exceptional Items	-	-	-	-566	-	-	-
PBT	2,239	1,007	2,980	2,888	2,674	*19.4*	*-7.4*
Tax	616	317	852	1,014	667	*8.2*	*-34.2*
PAT	1,623	690	2,128	1,874	2,007	*23.7*	*7.1*
Adj. PAT	1,623	690	2,128	2,439	2,007	*23.7*	*-17.7*

Source: Company

  - Growth in the buildings category was ~10% y/y, attributable to the continuing healthy pace of execution at the rural drinking water-supply orders (in Uttar Pradesh, under the Jal-Jeevan Mission)
  - On the sturdy pace of execution at its rural drinking-water supply orders with ~Rs169bn aggregate potential, cumulative progress at end-Jun'24 was ~60%, against ~53% a quarter ago. Management expects to achieve ~95% completion by end-FY25, implying another ~Rs59bn revenue over the next three quarters.
  - Taking comfort from Q1's ~23% y/y higher revenue from operations, management retained its FY25 revenue guidance at ~15%. It does not rule out potential to this, but looks to review it as the year progresses and on targeted new additions starting to contribute.
- **Q1 EBITDA margin at ~9.3%.** The Q1 FY25 gross margin compressed ~54bps y/y and is key to the ~59bp lower EBITDA margin. Sequentially, the gross margin expanded ~63bps, but negative operating leverage kept the EBITDA margin largely flat. Management attributes this to a combination of the mix and inherent margin with the current order backlog.
  - With the EBITDA margin at ~9.3% in Q1, management is now targeting to deliver at least 9.5% in FY25. However, it still held to the guided-to 9.5-10% and would strive to deliver better than the lower-end of the guided-to range.

- It had earlier said that its size now necessitates some compromise in margins to stay competitive. Nevertheless, this is partly being made good by efficient working-capital management and enhanced asset-turns.

■ **Earnings take a cue from revenue.** The compressed EBITDA margin and higher finance costs notwithstanding, y/y earnings growth was inspiring at ~24%, and yielded ~Rs2bn PAT. Sequentially, reported PAT is not truly comparable due to an exceptional loss in Q4 FY24. Adjusted for this, PAT was down ~18%.

- Besides revenue growth, higher other income, restrained depreciation and the lower effective tax rate were responsible for the inspiring y/y earnings growth.
- PAT is not comparable sequentially, as Q4 included the exceptional loss that largely pertained to the recently settled litigation with the Taqa Group toward the Himachal Sorang Hydro-Power project as well as profit on account of share buyback by a subsidiary. On an adjusted basis, lower revenue and other income are key to the lower adjusted PAT.

Order inflows / backlog

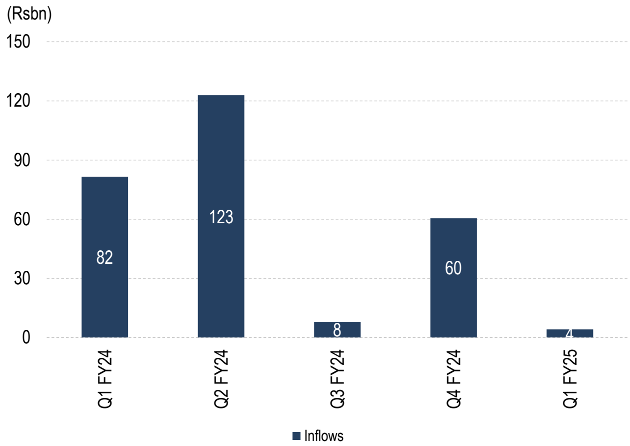
■ Q1 orders added of ~Rs4.1bn (incl. change-in-scope) were muted. However, the disappointment is likely to be short-lived as the company holds L1 statuses in orders of over Rs85bn, and its pipeline prospects is strong.

- With an ~82% share, Q1 firm orders were largely led by the Buildings category. The rest mostly is on change-in-scope at earlier orders.

■ As Q1 orders added meaningfully lagged the quarter's execution, the consolidated firm order backlog was down ~Rs49.1bn q/q to ~Rs526.3bn. Nevertheless, the order backlog provides healthy, ~2.7x TTM revenue, assurance, and NCC looks well placed to keep growing.

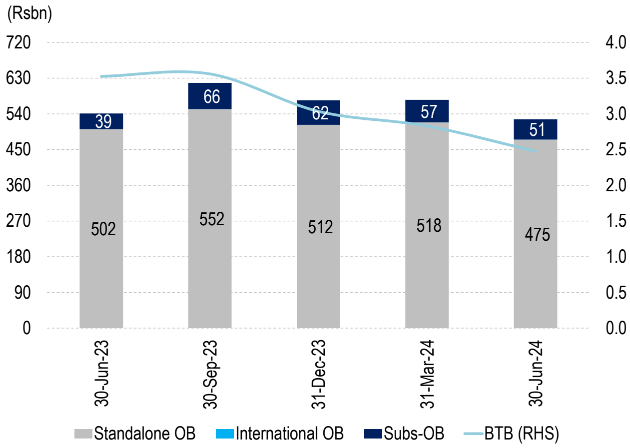
- The consolidated OB is estimated to comprise ~Rs475bn of the standalone-entity-attributed OB, and ~Rs51bn of subsidiaries' potential. The standalone-entity-attributed OB implies ample assurance of ~2.5x TTM standalone revenue from operations.

Fig 8 – Q1 additions muted; Rs200bn-220bn targeted in FY25



Source: Company, Anand Rathi Research Note: Incl. change-in-scope / variation orders

Fig 9 – End-Q1 consolidated OB ~Rs526bn; BtB ~2.7x



Source: Company, Anand Rathi Research

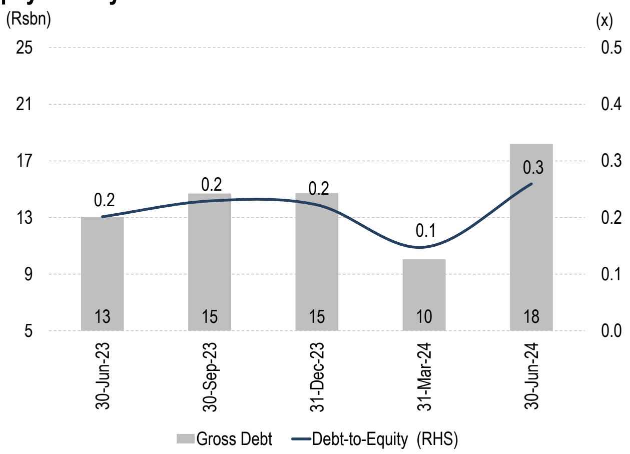
  - The potential from subsidiaries included the Pacchwara MDO and two of the three recent "Advance Metering Infrastructure" projects (held through SPVs)
  - With no meaningful orders during the quarter, the change in OB composition was led by quarter's execution. Buildings, helped by a new order, sustained its share at ~39% (the same as the last quarter). The Transportation category's share rose to ~18%, from ~17% a quarter back. Water and Environment was flat q/q, at ~12%. Electricals now account for ~21% of the total consolidated OB (against ~20% the previous quarter). Mining and Others saw a q/q decline, from ~11% to ~8%.
  - Geographically, Maharashtra's share rose to ~34% (from ~32% at end-Q4) and retained the first spot. Uttar Pradesh's share declined to ~20% (from ~22% the prior quarter on sturdy execution at the rural drinking water-supply orders) but held the second spot. Jharkhand held its share at ~11% and, with ~9%, Karnataka held the fourth place. Andhra Pradesh and Bihar tied at the fifth with ~5% each.
- Not bogged down by the muted Q1 orders added, management iterated its FY25 inflow guidance of Rs200bn-220bn. L1 statuses in orders of over Rs85bn and the strong prospects pipeline of ~Rs2trn keep it sanguine of adding in time to keep growing. Its diversified-segment operations would help.
  - Buildings, Electricals, Transportation and Water are focus categories for the targeted new orders.
  - It sees enough opportunities domestically and does not see any need to explore opportunities outside India at this juncture.
  - On the recent change in the Andhra Pradesh regime, management sees potential for infrastructure activity to pick up; the allocation made under the Union Budget, too, makes it hopeful of heightened activity. Its long presence and understanding of the region place it well to benefit from any uptick in infrastructure activity. Any meaningful pick-up in awarding (and successes), management highlights, would make the guidance hold potential.
  - It sees Bihar, too, to benefit from the healthy allocation under the recent Union Budget. It would look to explore any lucrative growth opportunities here.

Balance sheet

- The impact of the general trend of slow payments was further accentuated by election-hit payment cycles. Consequently, net debt rose ~Rs11.6bn q/q to ~Rs16.8bn (not considering margin monies), and net D/E was ~0.24x at end-Q1 FY25 (up from ~0.08x).
  - Besides seasonality and election-hit payment cycles, ~5% q/q higher TTM revenue from operations and Q1 capex of ~Rs0.5bn were responsible for q/q higher net debt.
  - On slow receipts, debtor days rose to 86, against 57 at end-Mar'24. But the expansion was contained at four days y/y (from 82), and indicative of continuing effort to exercise financial prudence.
  - As for the various constituents of the working capital, inventories were down ~Rs1bn q/q to ~Rs13bn, unbilled revenue rose

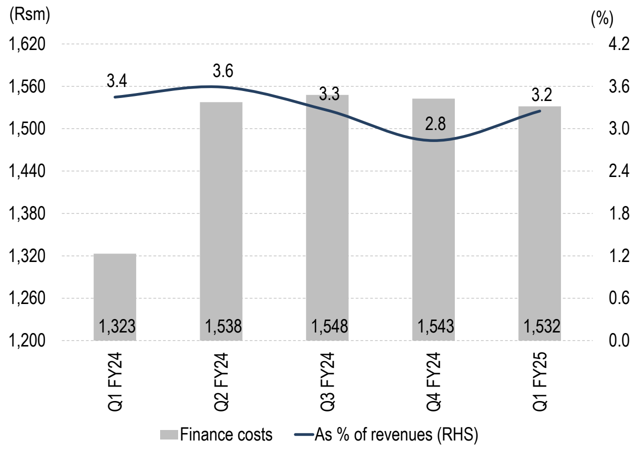
~Rs8.6bn q/q to ~Rs47.2bn, trade receivables, at ~Rs36.5bn, were ~Rs8.6bn higher q/q and retention receivables rose from ~Rs15.1bn to ~Rs15.3bn. This was partly covered by ~Rs1.1bn q/q higher mobilisation advances (to ~Rs24.2bn) and ~Rs6.2bn higher trade payables (~Rs54.8bn). The gap is mostly responsible for the q/q higher net debt.

Fig 10 – Gross debt up q/q, on seasonality and election-hit payment cycle



Source: Company

Fig 11 – Finance cost: incidence, 30-40bp reduction envisaged over FY24's ~3.2%



Source: Company

- With the payment cycle returning to normal and sensing healthy internal accruals, management yet sees gross debt at end-FY25 at ~Rs5bn, from ~Rs18.2bn on 30th Jun'24. This is notwithstanding capex needed for the new orders and any equity infusion for the "Advance Metering Infrastructure" orders.

- For the Andhra Pradesh orders, receivables from the capital-city projects were pegged at ~Rs1.5bn (against ~Rs1.47bn a quarter ago). Another Rs3.5bn-4bn is due from other running projects. With the new government in place, management expects recoveries to start in a phased manner, and overall exposure to come down progressively.

- For its Vishakhapatnam land monetised in FY22, management has cumulatively received equity of ~Rs1.7bn (incl. ~Rs0.67bn in Q1), with the balance ~Rs0.33bn expected in a couple of months. The recoverable loan amount was pegged at ~Rs3.77bn and is likely to be recovered over the next two years.
  - In Q4 FY22, NCC entered into a share-purchase agreement with GRPL Housing Pvt. Ltd. (the acquirer) to monetise its entire 95% stake in its subsidiary, NCC Vizag Urban Infrastructure, which had ~98 acres in Vishakhapatnam.
  - Cumulative exposure to the subsidiary was ~Rs3.6bn, comprising ~Rs0.5bn equity and ~Rs3.1bn loans extended.
  - According to the share-purchase agreement, the acquirer has to pay ~Rs2bn toward the ~Rs0.5bn equity invested. Besides, it is required to repay ~Rs3.1bn of the loans extended to the subsidiary along with interest (10% effectively until recovered).
  - The equity consideration was to be paid in four tranches. The first of Rs475m was received in Mar'22; the second in Q3 FY24) and the third and fourth (~Rs523m each) were originally due on 30th Sep and 31st Dec'22.

- On the recently settled arbitration with the Taqa Group, NCC agreed to pay ~Rs1.75bn to the counter-party. In Q4 FY24, it duly paid ~Rs0.9bn; another ~Rs0.45bn was paid in Jun'24. The balance is due in Dec'24.

Guidance/ Outlook

- Notwithstanding Q1's muted orders added, management retained its FY25 inflow guidance of Rs200bn-220bn. L1 statuses in orders of over Rs85bn and strong prospects of ~Rs2trn keep it sanguine of its guidance.
  - With the recent change in the Andhra Pradesh state government and citing the recent budgetary allocation for the state in the Union Budget, management sees any sharp uptick in awarding in infrastructure in Andhra Pradesh to make the guidance hold potential. It sees its long presence in this region to help.
- Taking comfort from Q1's ~23% y/y higher revenue from operations and citing its continuing healthy pace of execution, management retained its FY25 revenue growth guidance at ~15%.
  - It does not rule out potential to this, but looks to review this as the year progresses, and targeted new additions start contributing.
- With the EBITDA margin at ~9.3% in Q1, management spoke of targeting at least 9.5% in FY25. However, it still held to the guided-to 9.5-10% and would strive to deliver better than the lower end of the guided-to range.
  - Management had earlier said that its size now necessitates some compromise in margins to remain competitive.
  - Though it guided to the margin being lower than the past average, it had earlier talked of the PBT margin to keep rising due to efficient working-capital management and enhanced asset turns.
- Finance cost as percent of revenue from operations was ~3.2% in FY24 and Q1 FY25. Though no new comment was offered during Q1, management earlier envisaged to prune the FY25 figure by 30-40bps in FY25.
- During Q1, NCC incurred ~Rs0.51bn capex, and its overall FY25 guidance was retained at ~Rs2.5bn.
  - FY25 capex guidance does not include TBMs required for the recent Goregaon-Mulund Link Road (GMLR) tunnelling order, as this is expected either in Mar or early Apr'25.
- Not bogged down by the rise in gross debt in Q1, management, on the continuing healthy pace of execution and prudent financial management, sees operations to generate cash-flows that would not only suffice for growth (~15% y/y higher revenue) but also reduce gross debt. Given this, it sees closing FY25 with ~Rs5bn gross debt, vs ~Rs18.2bn at end-Q1 FY25 and ~Rs10.1bn at end-FY24.

Other Highlights

- **"Advance Metering Infrastructure" projects.** Added in Q2 FY24, the three projects have had varying degree of progress. As per the contract with clients, the company first needs to demonstrate successful connectivity of the meters it intends to use with clients' billing systems and integration with their IT architecture.

- Work has already begun with sample meter testing (55,000 installed) by the client for the Bihar project. Once approved (expected in a month), it would pave the way for the company to take up the project in entirety.
- For the two Maharashtra projects, the client's approach has changed. Instead of starting with villages, it now looks to start installing meters in offices. With offices scattered, management sees progress to be slow for the first 2-3 months. It sees the project to gather pace once the client approves installing meters in villages. On this basis, it expects meaningful progress to start reflecting only by Q4 FY25.
- Equity for the two SPV projects (Maharashtra) was earlier pegged at ~Rs5bn, and management had talked of ~Rs1.2bn working capital in the Bihar project, to be held directly (not through any SPV).
- To reduce capital intensity, de-risk and further augment returns, management looks to rope in a partner for the two Maharashtra projects. Such efforts are ongoing and discussions have been initiated with a couple of potential investors. However, given the expected slow progress initially at the two Maharashtra projects, a partner is likely to be finalised only after some progress is seen.
- The duration of these orders is ten years, and the first 2-3 years would be used to put in place infrastructure. O&M would start subsequently.

- **The Sembcorp arbitration.** In the Sep'23 outcome of the long-pending arbitration with Sembcorp, the Arbitration Tribunal rendered a decision requiring Sembcorp to pay ~Rs1.98bn. Of this, ~1.47bn was received in FY24, and the balance challenged. This is the status quo.

- **Jal-Jeevan Mission orders, status update.** Of the ~Rs169bn of gross orders in Uttar Pradesh, the company has executed ~60% by end-Q1 FY25 (up from ~53% at end-FY24). Management looks to attain a cumulative progress of ~95% by end-FY25 (implying another ~Rs59bn revenue in FY25; ~Rs12bn recognised in Q1, against ~Rs60bn in FY24) and the balance in FY26. It is open to look at more such opportunities.

Earnings revision, Valuation

We slightly revise our estimates to account for Q1 FY24 actuals. Consequently, FY25e and FY26e revenue rise ~1% each. EBITDA has been pruned keeping in mind the potential with the present order backlog and considering that the scale of operations could require some compromise for success with the new orders in the current (competitive) context. However, prudent financial management and contained capex are likely to make good for the slightly pruned margin. Consequently, the FY25e earnings-cut is contained at ~2% and FY26e, up ~1%.

Our sum-of-parts TP is Rs340, derived using 18x FY26e core construction EPS of ~Rs18.3, the Dubai exposure at a 50% discount to the book value, domestic real-estate exposure at a 20% discount to the invested value, the MDO investment at 1x invested value, "Advance Metering Infrastructure" projects at ~1x and the balance assets at 0.5x invested value. The construction business brings Rs324 to the TP; the rest is attributable to the exposure to subsidiaries and Associates.

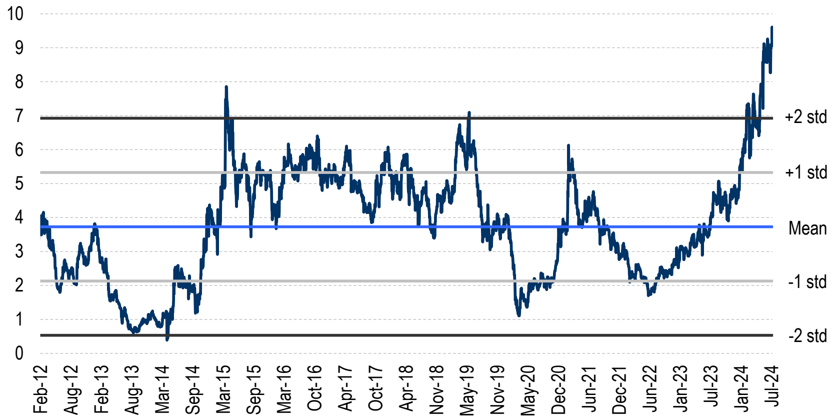
Fig 12 – Change in estimates

(Rs m)	Original		Revised		Change (%)	
	FY25e	FY26e	FY25e	FY26e	FY25	FY26
Revenue	210,155	231,336	212,251	233,798	*1.0*	*1.1*
EBITDA	20,863	23,317	20,614	23,415	*-1.2*	*0.4*
Adj. PAT	10,155	11,407	9,962	11,459	*-1.9*	*0.5*

Source: Anand Rathi Research

At the ruling price. the stock (excl. investments) trades at core-construction PEs of 19x FY25e and 16.5x FY26e. On EV/EBITDA, the stock (excl. investments) trades at 8.9x FY25e and 7.8x FY26e.

Fig 13 – EV / EBIDTA band



Source: Company, Bloomberg, Anand Rathi Research

Risks

- Failure to exercise financial prudence.
- Slower-than-expected pace of execution or order additions.

Appendix

Analyst Certification

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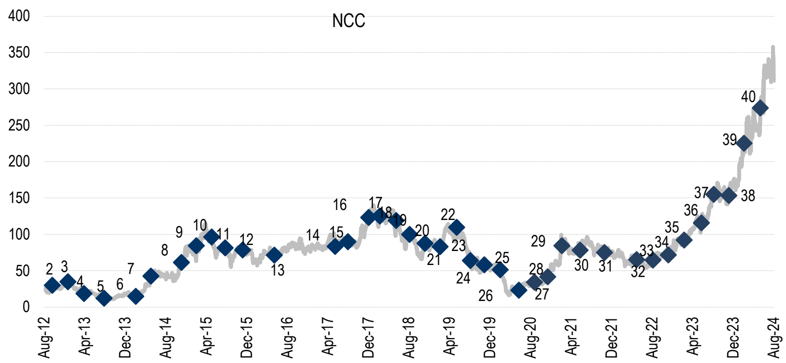

	Date	Rating	TP (Rs)	Share Price (Rs)
27	13-Aug-20	**Buy**	50	31
28	11-Nov-20	**Buy**	53	36
29	12-Feb-21	**Hold**	96	84
30	30-May-21	**Hold**	94	83
31	10-Nov-21	**Buy**	105	81
32	12-May-22	**Buy**	95	63
33	11-Aug-22	**Buy**	96	66
34	10-Nov-22	**Buy**	102	72
35	9-Feb-23	**Buy**	116	93
36	29-May-23	**Buy**	143	116
37	13-Aug-23	**Hold**	164	155
38	11-Nov-23	**Hold**	180	139
39	10-Feb-24	**Hold**	239	225
40	16-May-24	**Hold**	284	251

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Ratings Guide (12 months)

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Mid Caps (101st-250th company)	>20%	0-20%	<0%
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