

**NBCC : Invest for long term : Good Issue**  
**IPO Note: Diversified Infrastructure Company with Good Order Book**  
**Positions (Govt. Company)**  
**Ranking:\*\*\***



### Issue details

Price band (Rs)	Rs.90-Rs.106
IPO Opening Date	22/03/2012
IPO Closing Date	27/03/2012
Issue Size	Rs.108-127 Crore

### Valuations & Recommendation

NBCC is one of the few public sector companies engaged in the business of PMC, Civil infrastructure for power sector and real estate development.

The EPS for the year ended March 31, 2011 is Rs.11.70. The book value stands at Rs. 72 and the issue is being offered at 1.5 times the book value. At the higher end of the offer price band of Rs.90-Rs.106, the P/E ratio is 7 times, where most of the infra and construction companies are available. Currently, similar companies under the sector are reeling under pressure. Though the sector offers substantial growth, the company itself growing at 20%, there are concerns and risk factors which could affect the company's earnings.

Looking to its sector operations, future growth, and 5% discount to the retail investors can take exposure in this issue for long term gain.

## Highlights

- Operations in diverse sectors with strong Order Book position. NBCC has an order book of Rs 10,622 crore
- CARE has assigned an IPO Grade 4 to NBCC IPO
- 5% discount to the retail investors
- Significant experience and track record
- The company's revenues are significantly dependent on PMC business. Any decline in PMC business, could adversely affect the company's business prospects, financial condition and results of operations.
- Certain board of directors are involved in a number of legal proceedings, which may adversely impact the company's business reputation.
- There could be cyclical risks associated with this industry.

## Company Introduction

### Company Profile

NBCC is one of the few public sector companies engaged in the business of (i) project management consultancy services for civil construction projects ("PMC") (ii) civil infrastructure for power sector and (iii) real estate development. NBCC is headquartered in New Delhi and in addition has 10 regional / zonal offices across India. The projects undertaken by our Company are spread across 23 states and 1 union territory in India. In addition, NBCC has also have also undertaken projects overseas.

### PMC Business

NBCC's PMC business segment includes providing management and consultancy services for a range of civil construction projects including residential and commercial complexes, redevelopment of



[www.nbccindia.gov.in](http://www.nbccindia.gov.in)

## Financial Summary

Particulars	FY2011	FY2010	FY2009
Sales	2982.47	2860.66	2025.65
OPM (%)	7.28	6.45	12.18
Net Profit	140.34	116.5	159.16
EPS (Rs)	11.7	9.9	13.5

## RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

buildings and colonies, hospitals, educational institutions; infrastructure works for security personnel, border fencing as well as infrastructure projects such as roads, water supply systems, storm water systems and water storage solutions.

## Civil Infrastructure for power sector

NBCC's civil Infrastructure for power sector segment includes providing engineering and construction services for power projects, including design and execution of (i) civil and structural works for power projects (ii) Cooling towers (iii) Chimneys.

## Real Estate development

NBCC's real estate development segment focuses on principally two types of projects, namely, (i) residential projects, such as apartments and townships and (ii) commercial projects, such as corporate office buildings and shopping malls.

## Completed Projects

Completed key projects, during the period April 01, 2006 till September 30, 2011 based on the total contract value, include construction of civil, structural and architectural works for 2x250 MW at Korba, Chattisgarh; Rihand Main Plant ? Civil Works in Uttar Pradesh; Site levelling work at Barh, Patna, Bihar and 220M/275M Twin Steel Flue with RCC Chimney Elevator at (i) Dadri, Uttar Pradesh, (ii) Mejia, West Bengal, (iii) Kadappa, Andhra Pradesh. Further, our key On-going PMC Projects, based on the total outstanding contract value, include cooling tower, chimney at Farakka Super Thermal Power Project, West Bengal, Koderma Thermal Power Project at Jharkhand, Durgapur, Thermal Power Project at West Bengal, Rihand Super Thermal Power Project, Uttar Pradesh, Barh Super Thermal Power Project, Patna, Mauda and Vindhyachal Super Thermal Project at Maharashtra & Madhya Pradesh respectively.

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