

August 7, 2025

## Growth to pick up in H2FY26...

**About the stock:** NCC is one of the leading infrastructure companies with presence across varied verticals such as building, roads, water, mining and electrical. The standalone order book stood at ₹61,779 crore, 3.3x TTM book to bill.

- Well-diversified order backlog, robust execution capabilities, and a strong focus on working capital to be key over next few years

**Q1FY26 Performance:** NCC on standalone basis, reported revenue from operations at ₹ 4430 crore, down 6.7% YoY. The weakness in revenues was owing to new orders, which are still in mobilisation stage and shall contribute from H2FY26, onwards. EBITDA reported at ₹395 crore was down 10.2% YoY along with margins at 9% YoY, down 31 bps YoY. PAT was reported at ₹190 crore, down 5.4% YoY, given the weak operating performance.

## Investment Rationale

- Healthy order book, Growth recovery in H2:** The company's standalone orderbook stood at ₹61,779 crore, 3.3x book to bill. The order inflow in FY26YTD stood at ~₹ 6700 crore. The management has indicated a bid pipeline of ₹2.5 lakh crore for FY26. Given the healthy bid pipeline, company expects order inflows to the tune of ₹22,000-25,000 crore (L-1 positions worth ₹5,000-6,000 crore). **The weak execution in Q1 was attributable to minimal contribution from March, 2025 orders (of ~₹ 20,000 crore) which were in mobilisation stage and are expected to ramp up from H2FY26, onwards. Despite the weak execution in Q1, the management maintained for revenue growth guidance of 10% for FY26, with recovery from H2FY26. This was driven by robust order backlog, healthy bid pipeline and likely improvement in execution pace in H2. We expect healthy revenue CAGR of 12.9% over FY25-27E to ₹ 24,476 crore.**
- Margin to remain stable ahead:** The EBITDA margin guidance has been maintained at 9-9.25% for FY26 amid steady execution, coupled with revenue growth of 10%. **We Bake in EBITDA margins at 9.1%/9.3% in FY26/FY27 vs. 9.1% in FY25.** The net debt at ₹1,497 in Q1, was up by ₹368 crore QoQ. **The company expects to close FY26 with debt at similar levels of ₹1,400-1,500 crore.**

## Rating and Target Price

- NCC is a key beneficiary of the tailwinds in the buildings, roads, water, mining and electrical segments. Given the strong order book visibility, execution is likely to improve ahead.
- We value NCC at ₹275 (at 15x FY27 P/E) and maintain our BUY rating on the stock



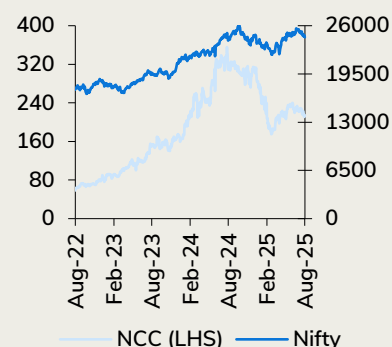
## Particulars

Particular	₹ crore
Market Capitalisation	13,436
Total Debt FY25	1,484
Cash FY25	1,338
EV	13,582
52 week H/L (₹)	330 / 170
Equity capital	125.6
Face value	2.0

## Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoters	22.0	22.0	22.1	22.1
DII	12.3	14.2	15.6	17.5
FII	20.9	18.1	13.8	12.7
Other	44.8	45.7	48.5	47.7

## Price Chart



## Key risks

- Lower than expected order inflows;
- Heightened competitive intensity impacting margins

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## Key Financial Summary

₹ crore	FY22	FY23	FY24	FY25	5 year CAGR (FY20-25)	FY26E	FY27E	2 year CAGR (FY25-27E)
Net Sales	9,930	13,351	18,314	19,205	18.5%	21,233	24,476	12.9%
EBITDA	996	1,343	1,648	1,746	11.1%	1,943	2,288	14.5%
EBITDA Margin (%)	10.0	10.1	9.0	9.1		9.1	9.3	
Adj. PAT	344	569	837	800	14.0%	934	1,161	20.5%
Adj. EPS (₹)	5.6	9.1	10.1	12.1		14.9	18.5	
P/E (x)	26.6	23.6	21.3	17.7		14.4	11.6	
EV/EBITDA(x)	13.7	10.0	7.9	7.6		6.8	5.6	
RoNW (%)	5.9	9.0	12.3	10.8		11.4	12.6	
RoCE (%)	13.3	17.9	20.1	19.4		19.5	21.3	

Source: Company, ICICI Direct Research

## Performance highlights and outlook

- **Orderbook and Order Pipeline** – The standalone orderbook stood at ₹61,779 crore as of Q1FY26, 3.3x TTM book to bill. In Q1, company booked orders worth ₹3658 crore. The management has indicated a prospective bidding pipeline of ₹2.55 lakh crore for FY26. The consolidated order book break up is as follows – the building division is worth ₹23,577 crore (34% of total order book), the transportation division is worth ₹17,957 crore (26% of total orderbook), the Water division is worth ₹4,215 crore (6% of total orderbook), electrical T&D business is worth ₹15,737 crore (22% of total orderbook), the irrigation and mining divisions are worth ₹3,863 crore (6% of total orderbook) and ₹4,733 crore (7% of total orderbook), respectively.
- **Guidance** – The management maintained the guidance for revenue growth of 10% for FY26, given the healthy pipeline and robust order backlog, EBITDA margin guidance is maintained at above 9-9.25% for FY26. It has provided a healthy order inflow outlook at ₹22,000-25,000 crore L1 positions worth ₹5,000-6,000 crore for the year.
- **JJM Projects** – Out of the total orders of ~₹16,000 crore, 3/4<sup>th</sup> of the projects was completed and about 1/4<sup>th</sup> of the projects is pending. The company expects ramp up in execution from Q2/Q3 and expects majority of outstanding projects to be completed in the current year. The receivables from these projects stands at ~₹286 crore.
- **Project-level updates** –
  - **Andhra Pradesh projects** – The company has received orders from the state capital for the construction of some residential blocks and the high court. The total orders from the capital city is at ₹9,000-9,500 crore. These orders constitute ~14% of total orderbook. It indicated that the project is under design, engineering and pre-development stage; the mobilization of assets is under process. The total outstanding receivables from the capital city projects were ₹104 crore.
  - **Smart meters update** – Recall, the company had secured three Smart Meters projects valued close to ₹ 8,000 crore, out of the three projects, the two projects in Maharashtra are worth approximately ₹ 5,700 crore, and the third project is in the state of Bihar which is value at about ₹2,300 crore. As for Maharashtra, execution had slowed down owing to the state elections with government deferring the projects for a few months. It has now received all the necessary clearances to execute the projects and are witnessing good progress for the same, the management expects healthy turnover in FY26. It also expects to infuse ₹150 crore in FY26, out of ₹450 crore towards smart metering projects around.
  - **Ken Betwa Project**: The project is in initial phase. The project is expected to be executed in six years' time.
  - **Goregaon-Mulund Link Road (GMLR) Tunnel Project**: The management indicated that it has received all the clearances. Pre-cutting permissions are awaited. The required machinery for the project is being imported. It expects higher revenue once tunnel boring machine (TBM) starts working.
  - **Versova-Dahisar Link Road (VDLR)**: The project is in initial phase. A few crucial permissions are yet to be cleared.
  - **BSNL Project**: The management expects billing to start from H2FY26. Currently ground work is under progress and the design clearances are yet to be received.

- **Debt** – The company's debt at the beginning of the year stood at ₹1484 crore with net debt after cash and cash equivalents at ₹695 crore. As of Q1, the debt stood at ₹1852 crore with net debt at ₹1497 crore implying that debt has increased by ₹368 crore. The debt-to-equity ratio stood at 0.24x at the end of Q1 as against 0.20x at the end of FY25. **The company expects to close FY26 with debt at similar levels of ₹1400-1500 crore**
- **Capex** – The company incurred a total capex of ₹92 crore during Q1FY26. It has guided for a total capex of ₹750 crore during FY26.
- **Working Capital** – The working capital excluding cash and margin money deposit stood at ₹5314 crore (30% of turnover) as of Q1, along with working capital days which stood at 102 days.

**Exhibit 1: Quarter Performance**

	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Comments
Net Sales	4,378.2	4,713.3	-7.1	5,376.1	-18.6	The weakness in revenues was owing to new orders, which are still in mobilisation stage and shall contribute from H2FY26, onwards.
Other Income	51.4	34.1	50.9	69.1	-25.6	
Total Construction Expenses	2,207.3	2,300.2	-4.0	2,706.6	-18.4	
Employee cost	195.1	176.4	10.6	200.2	-2.6	
Other expenditure	1,580.9	1,797.0	-12.0	1,974.0	-19.9	
EBITDA	394.9	439.6	-10.2	495.3	-20.3	
EBITDA Margin (%)	9.0	9.3	-31 bps	9.2	-19 bps	
Depreciation	54.2	53.1	1.9	53.0	2.2	
Interest	151.4	153.2	-1.2	174.0	-13.0	
Exceptional items	0.0	0.0	NA	-38.6	0.0	
PBT	240.8	267.4	-10.0	298.7	-19.4	
Taxes	50.7	66.7	-24.0	84.3	-39.9	
Adjusted PAT	190.1	200.7	-5.3	253.0	-24.9	

Source: Company, ICICI Direct Research

## Financial Summary

### Exhibit 2: Profit and loss statement ₹ crore

₹ crore	FY24	FY25	FY26E	FY27E
Net Sales	18,314	19,205	21,233	24,476
Other Income	124	187	166	183
Total revenues	18,439	19,392	21,399	24,659
RM Exp.	7,277	7,778	8,302	9,521
Employee exp	641	759	839	967
Constr. exp	8,448	8,579	9,767	11,259
Other Exp	301	344	382	441
Total op exp.	16,666	17,460	19,290	22,188
EBITDA	1,648	1,746	1,943	2,288
Interest	595	653	603	628
Depreciation	209	213	245	275
PBT	911	1,028	1,262	1,568
Taxes	280	267	328	408
PAT	631	761	934	1,161
Adjusted PAT	837	800	934	1,161
EPS	10.1	12.1	14.9	18.5

Source: Company, ICICI Direct Research

### Exhibit 4: Balance Sheet ₹ crore

₹ crore	FY24	FY25	FY26E	FY27E
Equity Capital	126	126	126	126
Reserve and Surplus	6,687	7,311	8,088	9,060
Shareholders funds	6,813	7,437	8,213	9,186
Total Debt	1,005	1,484	1,384	1,184
Other Non-curr. Liab.	-	-	-	-
Def.Tax Liability	(59)	(41)	(41)	(41)
Source of Funds	7,759	8,880	9,557	10,329
Gross Block	2,712	3,013	3,463	3,713
Less: Acc. Dep	1,537	1,750	1,994	2,269
Net Block	1,175	1,263	1,468	1,443
Capital WIP	40	37	37	37
Total Fixed Assets	1,215	1,300	1,505	1,481
Investments	1,286	1,304	1,304	1,304
Inventory	1,434	1,392	1,571	1,811
Sundry Debtors	2,791	3,098	3,490	4,023
Loans & Advances	369	468	524	604
Cash & Bank	1,044	1,338	1,263	1,338
Other Current Assets	8,382	10,141	11,211	12,924
Total Current Assets	14,019	16,436	18,059	20,699
Trade Payable	6,117	7,643	8,450	9,741
Provisions	150	167	185	213
Other Curr.Liabilities	3,251	3,103	3,430	3,954
Total Curr. Liabilities	9,518	10,913	12,065	13,908
Net Current Assets	4,501	5,522	5,994	6,791
Application of Funds	7,759	8,880	9,557	10,329

Source: Company, ICICI Direct Research

### Exhibit 3: Cash flow statement ₹ crore

₹ crore	FY24	FY25	FY26E	FY27E
Profit after Tax	631	761	934	1,161
Depreciation	209	213	245	275
Prov for Taxes	71	78	118	216
CF before wc changes	1,198	1,436	1,650	1,961
Change in WC	231	(181)	130	(721)
Taxes Paid	(131)	(209)	(291)	(249)
Net CF from op. activities	960	271	633	713
(Purchase)/Sale of FA	(256)	(302)	(450)	(250)
(Purchase)/Sale of Inv.	(190)	(18)	-	-
Net CF from inv. activities	(446)	(320)	(450)	(250)
Change in Debt	25	479	(100)	(200)
Other	-	-	-	-
Net CF from fin. activities	(115)	342	(257)	(388)
Net Cash flow	399	293	(74)	75
Opening Cash	646	1,044	1,338	1,263
Closing Cash	1,044	1,338	1,263	1,338

Source: Company, ICICI Direct Research

### Exhibit 5: Key ratios

	FY24	FY25	FY26E	FY27E
Per Share Data				
Reported EPS	10.1	12.1	14.9	18.5
BVPS	108.5	118.4	130.8	146.3
Operating Ratios				
EBITDA / Net Sales	9.0	9.1	9.1	9.3
PAT / Net Sales	4.6	4.2	4.4	4.7
Return Ratios				
RoE	12.3	10.8	11.4	12.6
RoCE	20.1	19.4	19.5	21.3
RoIC	21.6	20.4	20.6	22.5
Valuation Ratios				
EV / EBITDA	7.9	7.6	6.8	5.6
P/E	21.3	17.7	14.4	11.6
EV / Net Sales	0.7	0.7	0.6	0.5
Market Cap / Sales	0.7	0.7	0.6	0.5
Price to Book Value	2.0	1.8	1.6	1.5
Turnover Ratios				
Asset turnover	2.4	2.2	2.2	2.4
Debtors Turnover Ratio	4.5	6.6	6.2	6.1
Creditors Turnover Ratio	2.8	3.0	2.5	2.5
Solvency Ratios				
Net Debt / Equity	(0.0)	0.0	0.0	(0.0)
Current Ratio	1.4	1.4	1.4	1.4
Quick Ratio	1.2	1.3	1.3	1.3

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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