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## Muted FY25, growth to pick up in FY26...

**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 ₹62471 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

**Q4/FY25 Performance:** NCC on standalone basis, reported revenue at ₹5376 crore, down 1.3% YoY. Subdued revenues were due to slower execution and elongated billing cycles. EBITDA reported at ₹495 crore was down 2.8% YoY along with margins reported at 9.2%, down 20 bps YoY. PAT reported at ₹ 214 crore, was up 14.4% YoY. For FY25, revenues were reported at ₹19205 crore, up 4.9% YoY. EBITDA at ₹1746 crore was up 5.9% YoY along with margins at 9.1% were up 10 bps YoY. PAT was reported at ₹761 crore, up 20.5% YoY.

## Investment Rationale

- Healthy order book, Growth recovery in FY26:** The weak execution throughout FY25 was owing to an election led slowdown (both central as well as key states) which resulted in elongated billing cycles. The company's standalone orderbook at the end of the year stood at ₹62471 crore, 3.3x book to bill. The management has indicated a bid pipeline of ₹2.55 lakh crore for FY26. Given the healthy bid pipeline, it expects order inflows to the tune of ₹22000-25000 crore (L-1 positions worth ₹7000-8000 crore). Given the robust order backlog, healthy bid pipeline and improved execution pace, the management has guided for revenue growth of 10% for FY26. We expect healthy revenue CAGR of 12.9% over FY25-27E to ₹ 24,476 crore.
- Debt reduces QoQ, Margin to remain stable ahead:** Given the elongated billing cycles, gross debt had surged to ₹2415 crore in Q3. However, as execution picked up, debt as of Q4 stood at ₹1484 crore with net debt of ₹710 crore, implying a debt reduction of ₹931 crore and improved D/E ratio of 0.2x in FY25 vs. 0.33x. 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 9.2%/9.5% in FY26/FY27 vs. 9.1% in FY25.

## 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 14x FY27 P/E) and maintain our BUY rating on the stock

## Key Financial Summary

₹ crore	FY22	FY23	FY24E	FY25E	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%	1,964	2,337	15.7%
EBITDA Margin (%)	10.0	10.1	9.0	9.1		9.2	9.5	
Adj. PAT	344	569	837	800	14.0%	970	1,224	23.7%
Adj. EPS (₹)	5.6	9.1	10.1	12.1		15.4	19.5	
P/E (x)	29.0	25.7	23.2	19.2		15.1	12.0	
EV/EBITDA(x)	14.9	10.8	8.6	8.2		7.3	6.0	
RoNW (%)	5.9	9.0	12.3	10.8		11.8	13.2	
RoCE (%)	13.3	17.9	20.1	19.4		19.7	21.6	

Source: Company, ICICI Direct Research



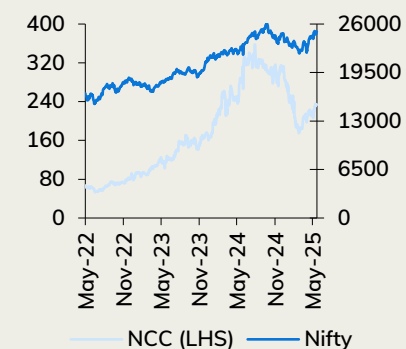
## Particulars

Particular	₹ crore
Market Capitalisation	14,692
Total Debt	1,484
Cash	1,338
EV	14,838
52 week H/L (₹)	364 / 170
Equity capital	125.6
Face value	2.0

## Shareholding pattern

	Jun-24	Sep-24	Dec-24	Mar-25
Promoters	22.0	22.0	22.0	22.1
DII	11.4	12.3	14.2	15.6
FII	23.7	20.9	18.1	13.8
Other	43.0	44.8	45.7	48.5

## Price Chart



## Key risks

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

## Research Analyst

Bhupendra Tiwary, CFA  
bhupendra.tiwary@icicisecurities.com

Hammaad Ahmed Ulde  
Hammaad.ulde@icicisecurities.com

## Performance highlights and outlook

- Orderbook and Order Pipeline** – The standalone orderbook stood at ₹62471 crore as of FY25, 3.3x TTM book to bill. For FY25, consolidated order inflows were ₹ 32888 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 ₹22440 crore (38% of total order book), the transportation division is worth ₹17929 crore (25% of total orderbook), the Water division is worth ₹4782 crore (7% of total orderbook) electrical T&D business is worth ₹16666 crore (23% of total orderbook), the irrigation and mining divisions are worth ₹4189 crore (6% of total orderbook) and ₹5555 crore (8% of total orderbook).
- Guidance** – The management has guided for revenue growth of 10% for FY26 given the healthy pipeline and robust order backlog, EBITDA margin guidance is maintained at 9-9.25% for the year. It has provided a healthy order inflow outlook at ₹22000-25000 crore for the year, it also indicated it has L1 positions worth ₹7000-8000 crore (inclusive of order inflow guidance).
- JJM Projects** – The management indicated that about 2/3<sup>rd</sup> of the Jal Jeevan projects was completed and about 1/3<sup>rd</sup> of the projects was pending. It indicated slow progress over the last 7-8 months owing to delay in payments by the client, the amount yet to be received stands at ₹1500 crore and the orderbook balance stood at ₹4300 crore.
- 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 on hand from the capital city amounts ₹9000-9500 crore. It indicated that projects are being executed at a fast pace on the sites. The total outstanding receivables from the capital city projects were ₹147 crore, out of which, ₹37 crore has been received leaving a balance of ₹110 crore yet to be received.
- Smart meters update** - Recall, the company had secured three Smart Meters projects valued close to ₹ 8000 crore, out of the three projects, the two projects in Maharashtra are worth approximately ₹ 5700 crore, and the third project is in the state of Bihar which is value at about ₹2300 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 mentioned investing ₹280 crore towards smart metering projects, with around ₹130 crore to be infused by Q2 and balance dependent on the financial closure.
- Vizag land deal** - The company has received the full payment for the equity portion of the project. On the loan front, it has received about ₹15 crore in the current year and expects to receive about ₹120 crore in the next year and remaining balance thereafter. The total outstanding balance including interest amounts to ₹375 crore.
- Debt** – The company's debt at the beginning of the year stood at ₹1005 crore with net debt after cash and cash equivalents at ₹517 crore. As of Q4, the debt stood at ₹1484 crore with net debt at ₹710 crore. At the end of Q3, the same debt was ₹2415 crore and net debt was 2344 crore, implying that debt has reduced by ₹931 crore. The debt-to-equity ratio stood at 0.2x at the end of Q4 as against 0.33x at the end of Q3.
- Capex** – The company incurred a total capex of ₹305 crore during FY25 as against the budgeted capex of ₹250 crore. It has guided for a total capex of ₹750 crore during FY26. It indicated the use of TBM machinery for tunnelling project in Mumbai, the capex to be incurred for it is around ₹300 crore, with balance to be used towards other projects.

- **Working Capital** – The working capital excluding cash and margin money deposit stood at ₹4374 crore (17% of turnover) as of Q4, along with working capital days which stood at 77 days.

**Exhibit 1: Quarter Performance**

	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ(%)	Comments
Net Sales	5,376.1	5,446.0	-1.3	4,670.9	15.1	Topline declined given slower pace of execution due to elections and extended rainfall which led to elongated billing cycles
Other Income	69.1	41.7	65.9	48.8	41.7	
Total Construction Expenses	2,706.6	2,577.9	5.0	2,343.0	15.5	
Employee cost	200.2	178.5	12.2	193.2	3.6	
Other expenditure	1,974.0	2,179.9	-9.4	1,725.3	14.4	
EBITDA	495.3	509.7	-2.8	409.4	21.0	
EBITDA Margin (%)	9.2	9.4	-15 bps	8.8	45 bps	Margin decline was owing to negative operating leverage
Depreciation	53.0	51.8	2.4	52.9	0.2	
Interest	174.0	154.3	12.8	161.0	8.1	
Exceptional items	-38.6	-56.6	NA	0.0	0.0	
PBT	298.7	288.7	3.5	244.3	22.3	
Taxes	84.3	101.4	-16.9	59.0	42.9	
Adjusted PAT	253.0	243.9	3.7	185.3	36.6	

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	168	194
Total revenues	18,439	19,392	21,401	24,670
RM Exp.	7,277	7,778	8,281	9,472
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	19,269	22,139
EBITDA	1,648	1,746	1,964	2,337
Interest	595	653	577	602
Depreciation	209	213	245	275
PBT	911	1,028	1,311	1,654
Taxes	280	267	341	430
PAT	631	761	970	1,224
Adjusted PAT	837	800	970	1,224
EPS	10.1	12.1	15.4	19.5

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	8,124	9,160
Shareholders funds	6,813	7,437	8,250	9,285
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	9,593	10,429
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	1,300	1,437
Other Current Assets	8,382	10,141	11,211	12,924
Total Current Assets	14,019	16,436	18,095	20,799
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	6,030	6,890
Application of Funds	7,759	8,880	9,593	10,429

Source: Company, ICICI Direct Research

### Exhibit 3: Cash flow statement ₹ crore

₹ crore	FY24	FY25	FY26E	FY27E
Profit after Tax	631	761	970	1,224
Depreciation	209	213	245	275
Prov for Taxes	71	78	118	216
CF before wc changes	1,198	1,436	1,673	2,021
Change in WC	231	(181)	130	(721)
Taxes Paid	(131)	(209)	(291)	(249)
Net CF from op. activities	960	271	669	776
(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	(38)	138
Opening Cash	646	1,044	1,338	1,300
Closing Cash	1,044	1,338	1,300	1,437

Source: Company, ICICI Direct Research

### Exhibit 5: Key ratios

	FY24	FY25	FY26E	FY27E
Per Share Data				
Reported EPS	10.1	12.1	15.4	19.5
BVPS	108.5	118.4	131.4	147.9
Operating Ratios				
EBITDA / Net Sales	9.0	9.1	9.2	9.5
PAT / Net Sales	4.6	4.2	4.6	5.0
Return Ratios				
RoE	12.3	10.8	11.8	13.2
RoCE	20.1	19.4	19.7	21.6
RoIC	21.6	20.4	20.8	23.0
Valuation Ratios				
EV / EBITDA	8.6	8.2	7.3	6.0
P/E	23.2	19.2	15.1	12.0
EV / Net Sales	0.8	0.7	0.7	0.6
Market Cap / Sales	0.8	0.7	0.7	0.6
Price to Book Value	2.1	2.0	1.8	1.6
Turnover Ratios				
Asset turnover	2.4	2.2	2.2	2.3
Debtors Turnover Ratio	4.5	6.6	6.2	6.1
Creditors Turnover Rati	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%



Pankaj Pandey

Head – Research

[pankaj.pandey@icicisecurities.com](mailto:pankaj.pandey@icicisecurities.com)

ICICI Direct Research Desk,  
ICICI Securities Limited,  
Third Floor, Brillanto House,  
Road No 13, MIDC,  
Andheri (East)  
Mumbai – 400 093  
[research@icicidirect.com](mailto:research@icicidirect.com)

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: Mr. Bhavesh Soni Email address: [headsservicequality@icicidirect.com](mailto:headsservicequality@icicidirect.com) Contact Number: 18601231122

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