NCC Ltd. (NAGCON)

CMP: ₹ 195 | Target: ₹ 235 (20%) | Target Period: 12 months | BUY

November 9, 2025

Weak Quarter; Most of the pain priced in!

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 ₹64,326 crore as of Q2FY26, 3.5x 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

Q2FY26 Performance: NCC on standalone basis, reported a weak set of numbers for Q2FY26, with revenue at ₹3,726 crore, down 16.2% YoY, impacted by sluggish execution owing to extended monsoon. EBITDA declined 30.8% YoY to ₹277.5 crore, while margins contracted by 158 bps YoY to 7.4%. PAT stood at ₹101 crore, down 37.1% YoY, reflecting weak operating performance.

Investment Rationale

- **Healthy order book, Guidance withdrawn:** The company's **standalone orderbook stood at ₹64,326 crore, 3.5x book to bill. The order inflow in FY26YTD stood at ~₹17,420 crore.** The management stated that bid pipeline of ₹2.5 lakh crore for FY26. Given the healthy bid pipeline, company expects order inflows to the tune of ₹22000-25000 crore (L-1 positions worth ~₹1500 crore). **The weak execution in Q2 was attributable to prolonged monsoons, elongated payment cycles and delays in pickup of projects received in fag end of FY25. While robust executable orderbook is likely improve in execution pace in H2 in our view, the management refrained from providing formal revenue or margin guidance for FY26, citing limited visibility on execution and payment timelines. We expect revenue CAGR of 8.9% over FY25-27E to ₹22,797 crore, with major growth recovery from Q4FY25, onwards.**

- **Margin to gradually improve ahead:** The management **refrained from giving formal guidance for FY26, albeit hoped that lower band of 9% margin is achievable. We bake in EBITDA margins at 8.5%/9% in FY26/FY27 vs. 9.1% in FY25.** Healthy orderbook and improved execution over medium term is likely to drive earning CAGR of 11.4% over FY25-FY27.

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, despite interim weakness as seen currently

- We value NCC at ₹235 (vs. ₹275, earlier, on account of earnings downgrade – refer to exhibit 2)), at 15x FY27 P/E and maintain our BUY rating on the stock

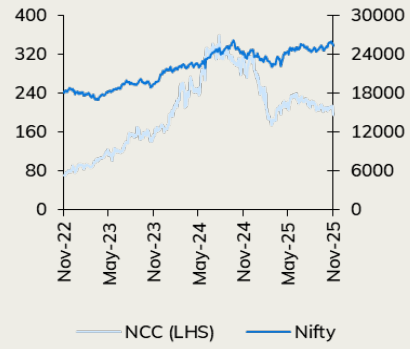
Particulars

Particular	₹ crore
Market Capitalisation	12,263
Total Debt FY25	1,484
Cash FY25	1,338
EV	12,409
52 week H/L (₹)	326 / 170
Equity capital	125.6
Face value	2.0

Shareholding pattern

	Dec-24	Mar-25	Jun-25	Sep-25
Promoters	22.0	22.1	22.1	22.1
DII	14.2	15.6	17.5	16.7
FIIs	18.1	13.8	12.7	12.9
Other	45.7	48.5	47.7	48.4

Price Chart



Key risks

- Continued weak execution.
- 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%	19,464	22,797	8.9%
EBITDA	996	1,343	1,648	1,746	11.1%	1,654	2,052	8.4%
EBITDA Margin (%)	10.0	10.1	9.0	9.1		8.5	9.0	
Adj. PAT	344	569	837	800	14.0%	720	992	11.4%
Adj. EPS (₹)	5.6	9.1	10.1	12.1		11.5	15.8	
P/E (x)	24.3	21.5	19.4	16.1		17.0	12.4	
EV/EBITDA(x)	12.6	9.1	7.2	6.9		7.5	5.9	
RoNW (%)	5.9	9.0	12.3	10.8		9.0	11.2	
RoCE (%)	13.3	17.9	20.1	19.4		16.2	19.0	

Source: Company, ICICI Direct Research

Performance highlights and outlook

- **Orderbook and Order Pipeline -** The standalone orderbook stood at ₹64,326 crore as of Q2FY26, 3.5x TTM book to bill. **The consolidated orderbook stood at ₹71,957 crore as of Q2FY26, 3.4x TTM book to bill**. The management has indicated a prospective bidding pipeline of ₹2.50 lakh crore for FY26. The consolidated order book break up is as follows - the building division is worth ₹22,492 crore (31% of total order book), the transportation division is worth ₹17,361 crore (24% of total orderbook), the Water and railways division is worth ₹7915 crore (11% of total orderbook), electrical T&D business is worth ₹15,013 crore (21% of total orderbook), the irrigation is worth ₹5037 crore (7% of total orderbook) and mining divisions are worth ₹4317 crore (6% of total orderbook).
- **Guidance:** The management **refrained from providing formal revenue or margin guidance for FY26, citing limited visibility on execution and payment timelines and expects to revisit and issue formal guidance post FY26.** Order inflows during H1 were broadly in line with internal expectations, and the company currently holds L1 positions aggregating to approximately ₹1,500 crore.
- **JJM Projects**: Management **highlighted that the Jal Jeevan Mission (JJM) projects are facing elongated payment cycles**. The pending JJM order book stands at ~₹7,000 crore (part of the ₹7,553 crore water and railway division), with ₹3,840 crore from Uttar Pradesh and the balance from Odisha, Jharkhand, and Karnataka. The company recognized ₹600 crore revenue in Q2FY26 and ₹1,082 crore in H1FY26 from these projects. Outstanding receivables of around ₹1,700 crore reflect slower collections, which have begun to impact execution and cash flow. Management expects payments to improve in November-December, 2025
- Project-level updates:
    - **Smart meters update** - Management highlighted that execution of the smart meters project is progressing well, with NCC acting as the EPC (Engineering, Procurement, and Construction) contractor. The profit from the project is recognized both at the SPV level and at the NCC level, contributing to the consolidated earnings. **As of H1FY26, the company has invested ₹300 crore in the project, including ₹70 crore up to March 2025 and an additional ₹230 crore during H1FY26**. Management indicated that a further ₹280 crore investment will be required over the next one to two-and-a-half years to complete the project. 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
    - **Goregaon-Mulund Link Road (GMLR) Tunnel Project and Versova-Dahisar Link Road (VDLR):** These projects have witnessed limited progress over the past two to three quarters due to pending regulatory clearances. With all necessary approvals now in place, management expects execution activity to resume, providing incremental momentum to the overall order book and revenue visibility in the coming quarters.
- **Debt -** As of Q2, the debt stood at ₹2115 crore (₹1852 crore in Q1) with net debt at ₹1890 crore (₹1497 crore in Q1), implying that net debt has increased by ₹393 crore QoQ. The debt-to-equity ratio stood at 0.28x at the end of Q2 as against 0.24x at the end of Q1.
- **Capex -** The company incurred a total capex of ₹77 crore during Q2FY26. Total capex amounted in H1FY26 was ₹169 crore.
- **Working Capital** - The working capital excluding cash and margin money deposit stood at ₹5406 crore (33% of turnover) as of Q2 (vs. ₹5314 crore (30% of turnover) as of Q1), along with working capital days which stood at 110 days (102 days in Q1).

Exhibit 1: Quarter Performance

	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ(%)	Comments
Net Sales	3,726.4	4,445.0	-16.2	4,378.2	-14.9	The weak execution in Q2 was attributable to prolonged monsoons, elongated payment cycles and delays in pickup of projects received in fag end of FY25
Other Income	47.5	35.1	35.6	51.4	-7.6	
Total Construction Expenses	1,938.0	1,989.2	-2.6	2,207.3	-12.2	
Employee cost	201.1	188.9	6.5	195.1	3.1	
Other expenditure	1,309.9	1,865.7	-29.8	1,580.9	-17.1	
EBITDA	277.5	401.2	-30.8	394.9	-29.7	
EBITDA Margin (%)	7.4	9.0	-158 bps	9.0	-157 bps	
Depreciation	55.5	53.9	3.0	54.2	2.4	
Interest	152.5	164.5	-7.3	151.4	0.8	
Exceptional items	0.0	0.0	NA	0.0	0.0	
PBT	117.0	217.8	-46.3	240.8	-51.4	
Taxes	16.1	57.3	-72.0	50.7	-68.3	
Adjusted PAT	101.0	160.5	-37.1	190.1	-46.9	

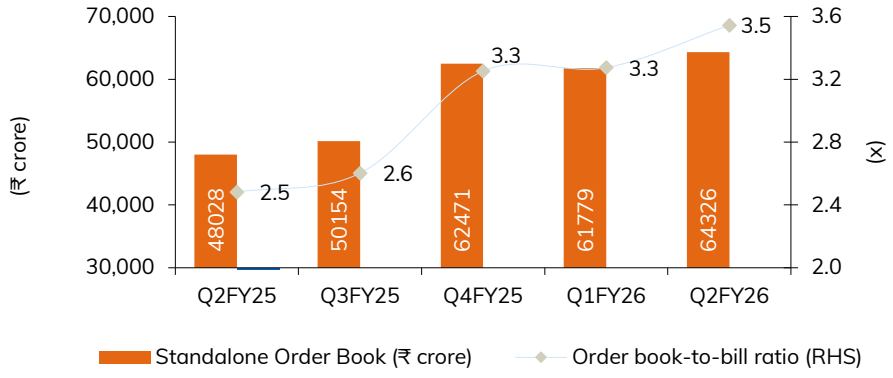
Source: Company, ICICI Direct Research

Exhibit 2: Change in Estimates

	FY26E			FY27E		
(₹ Crore)	Old	New	% Change	Old	New	% Change
Revenue	21,233	19,464	-8.3	24,476	22,797	-6.9
EBITDA	1,943	1,654	-14.9	2,288	2,052	-10.3
EBITDA Margin (	9.1	8.5	-60 bps	9.3	9.0	-30 bps
PAT	934	720	-22.9	1,161	992	-14.6
EPS (|)	14.9	11.5	-22.9	18.5	15.8	-14.6

Source: Company, ICICI Direct Research

Exhibit 3: Order Book Trend



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 4: Profit and loss statement ₹ crore

₹ crore	FY24	FY25	FY26E	FY27E
Net Sales	18,314	19,205	19,464	22,797
Other Income	124	187	168	177
Total revenues	18,439	19,392	19,632	22,973
RM Exp.	7,277	7,778	7,785	8,868
Employee exp	641	759	798	935
Constr. exp	8,448	8,579	8,856	10,486
Other Exp	301	344	370	456
Total op exp.	16,666	17,460	17,809	20,745
EBITDA	1,648	1,746	1,654	2,052
Interest	595	653	599	613
Depreciation	209	213	251	275
PBT	911	1,028	973	1,340
Taxes	280	267	253	349
PAT	631	761	720	992
Adjusted PAT	837	800	720	992
EPS	10.1	12.1	11.5	15.8

Source: Company, ICICI Direct Research

Exhibit 5: Cash flow statement ₹ crore

₹ crore	FY24	FY25	FY26E	FY27E
Profit after Tax	631	761	720	992
Depreciation	209	213	251	275
Prov for Taxes	71	78	118	216
CF before wc changes	1,198	1,436	1,363	1,718
Change in WC	231	(181)	130	(721)
Taxes Paid	(131)	(209)	(291)	(249)
Net CF from op. activities	960	271	151	722
(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	200	(200)
Other	-	-	-	-
Net CF from fin. activities	(115)	342	74	(357)
Net Cash flow	399	293	(225)	115
Opening Cash	646	1,044	1,338	1,113
Closing Cash	1,044	1,338	1,113	1,228

Source: Company, ICICI Direct Research

Exhibit 6: Balance Sheet ₹ crore

₹ crore	FY24	FY25	FY26E	FY27E
Equity Capital	126	126	126	126
Reserve and Surplus	6,687	7,311	7,905	8,740
Shareholders funds	6,813	7,437	8,031	8,866
Total Debt	1,005	1,484	1,684	1,484
Other Non-curr. Liab.	-	-	-	-
Def.Tax Liability	(59)	(41)	(41)	(41)
Source of Funds	7,759	8,880	9,674	10,309
Gross Block	2,712	3,013	3,463	3,713
Less: Acc. Dep	1,537	1,750	2,001	2,275
Net Block	1,175	1,263	1,462	1,437
Capital WIP	40	37	37	37
Total Fixed Assets	1,215	1,300	1,499	1,474
Investments	1,286	1,304	1,304	1,304
Inventory	1,434	1,392	1,440	1,686
Sundry Debtors	2,791	3,098	3,466	3,747
Loans & Advances	369	468	480	562
Cash & Bank	1,044	1,338	1,113	1,228
Other Current Assets	8,382	10,141	10,398	12,179
Total Current Assets	14,019	16,436	16,897	19,403
Trade Payable	6,117	7,643	7,465	8,744
Provisions	150	167	169	198
Other Curr.Liabilities	3,251	3,103	3,145	3,683
Total Curr. Liabilities	9,518	10,913	10,779	12,625
Net Current Assets	4,501	5,522	6,118	6,777
Application of Funds	7,759	8,880	9,674	10,309

Source: Company, ICICI Direct Research

Exhibit 7: Key ratios

	FY24	FY25	FY26E	FY27E
Per Share Data				
Reported EPS	10.1	12.1	11.5	15.8
BVPS	108.5	118.4	127.9	141.2
Operating Ratios				
EBITDA / Net Sales	9.0	9.1	8.5	9.0
PAT / Net Sales	4.6	4.2	3.7	4.4
Return Ratios				
RoE	12.3	10.8	9.0	11.2
RoCE	20.1	19.4	16.2	19.0
RoIC	21.6	20.4	16.5	19.6
Valuation Ratios				
EV / EBITDA	7.2	6.9	7.5	5.9
P/E	19.4	16.1	17.0	12.4
EV / Net Sales	0.6	0.6	0.6	0.5
Market Cap / Sales	0.7	0.6	0.6	0.5
Price to Book Value	1.8	1.6	1.5	1.4
Turnover Ratios				
Asset turnover	2.4	2.2	2.0	2.2
Debtors Turnover Ratio	4.5	6.6	6.2	5.6
Creditors Turnover Ratio	2.8	3.0	2.5	2.6
Solvency Ratios				
Net Debt / Equity	(0.0)	0.0	0.1	0.0
Current Ratio	1.4	1.4	1.5	1.4
Quick Ratio	1.2	1.3	1.3	1.3

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

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Sell: <-15%

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