NCC Ltd. (NAGCON)

CMP: ₹145 | Target ₹ 165 (14%) | Target Period: 12 months | **HOLD**

August 10, 2026

Execution improves; sustenance key ahead!

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 ₹71,312 crore as of Q1FY27, 4x TTM book to bill.

Q1FY27 performance: NCC, on standalone basis, reported its topline at ₹4912 crore, up 12.2% YoY, reflecting a pickup in execution after 1.5 years. The company has reported EBIDTA of ₹442.4 crore with margin staying flattish at 9%. The net profit was at ₹ 187.3 crore, down 1.4% YoY, owing to lower other income, higher depreciation and interest.

Investment Rationale:

- **Healthy orderbook; Execution key ahead:** With the **standalone orderbook standing at ₹71,312 as of Q1FY27 (4x TTM book to bill), the company is targeting ₹22,000-25,000 crore of order inflow for the FY27** out of the prospective bidding pipeline of ~₹2.5 lakh crore for FY27. **The management is targeting ~8-10% revenue growth, which is underwhelming in our view, given better growth in Q1.** We have baked in FY27 and FY28 revenues to grow at a CAGR of 11.6% (8.5% for FY27 and 14.8% for FY28)
- **Margins improve; sustenance key ahead:** The company indicated that commodity prices for steel and cement have largely been stable, while some commodity prices (petroleum products, aluminium, copper, OFC cable) have increased. They stated that ~81% of contracts of NCC include price escalation clauses, partially compensating for these increases. **We note that the management has guided for EBITDA margins at 8.5-9% for FY27.** We bake in EBITDA margins at 8.5% and 9% for FY27 and FY28 respectively.
- **Improvement in Working Capital position:** Trade receivables outstanding at the end of Q1 has decreased from ₹3,336 crore in Q4FY26 to ₹3,055 crore, and the number of days has also decreased from 73 days to 68 days QoQ. Mobilization advances stand at ₹3,163 crore as on Q1FY27 as against ₹3,386 crore for Q4FY26. Of these mobilization advances, 60% are interest bearing as compared to 64% in FY26, with average interest rate of 9.1%.

Rating and Target Price: With the revenue growth picking up after 6 quarters of stagnation, we were expecting a better guidance. Given the underwhelming guidance, **we assign HOLD (vs. BUY, earlier) rating** for NCC Limited with a **target price of ₹ 165,** valuing the company at **12x FY28E EPS (vs. ₹ 180 at 13x, earlier).**

NCC Limited

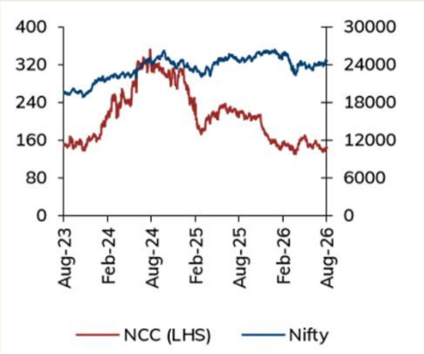
Particulars

Particular	₹ crore
Market Capitalization	9,104
Total Debt (FY26)	2,251
Cash (FY26)	1,165
EV	10,190
52-week H/L (₹)	225 / 130
Equity capital	125.6
Face value	2.0

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoters	22.1	22.3	22.8	23.1
FIIs	12.9	11.5	12.1	11.3
DII	16.7	15.3	16.4	17.9
Other	48.4	51.0	48.7	47.7

Price Chart



Key risks

(i) Delay in collection of receivables.

(ii) Increasing debt levels.

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Key Financial Summary

₹ crore	FY24	FY25	FY26	5-year CAGR (FY21-26)	FY27E	FY28E	3-year CAGR (FY26-28E)
Net Sales	18,314	19,205	17,463	19.2%	18,946	21,768	11.6%
EBITDA	1,648	1,746	1,448	11.1%	1,619	1,970	16.6%
EBITDA Margin (%)	9.0	9.1	8.3		8.5	9.0	
Adj. PAT	837	800	631	19.3%	655	875	17.7%
Adj. EPS (₹)	10.1	12.1	9.2		10.4	13.9	
P/E (x)	14.5	12.0	15.9		14.0	10.5	
EV/EBITDA(x)	5.4	5.2	6.9		6.0	4.8	
RoNW (%)	12.3	10.8	8.3		8.1	10.0	
RoCE (%)	20.1	19.4	14.6		15.1	17.3	

Source: Company, ICICI Direct Research

Q1FY27 – Key Performance highlights

- **Guidance:** For FY27, the management is targeting 8-10% revenue growth with EBITDA margins at 8.5-9% for the year. The management expects ₹22,000-25,000 crore of order inflow for the FY27.
- **Orderbook and Order Pipeline:** The standalone orderbook stood at ₹71,312 crore as of Q1FY27, 3.96x TTM book to bill. The consolidated orderbook stood at ₹81,214 crore as of Q1FY26, 3.8x TTM book to bill. The management has identified a prospective bidding pipeline of ~₹2.5 lakh crore for FY27. The order book client mix includes 14% central government, 19% state government, 60% PSUs and state government entities, 4% private clients and 3% others. The consolidated order book breakdown is as follows:
  - The building division is worth ₹22,357 crore (28% of total order book).
  - The transportation division is worth ₹16,344 crore (20% of total order book).
  - The Water & Railways business is worth ₹10,994 crore (14% of total order book).
  - The electrical T&D business is worth ₹13,312 crore (16% of total order book).
  - The mining divisions is worth ₹13,400 crore (16% of total order book).
  - The irrigation is worth ₹4,806 crore (6% of total order book).
- **Smart Meter Projects:** The management expects to install total of around 7-8 million meters for all the 3 projects combined, out of this 45% of the meters are installed and management expects the rest to be installed substantially in FY27.On a rough approximation by the management, they expect around 1 crore O&M revenue per 1 lakh meters which brings the total annual revenue from the Smart Meter segment to 70-80 crore per year.
- **Input Costs:** The management mentioned **that commodity prices for steel and cement are stable, however some commodity prices (petroleum products, aluminium, copper, OFC cable) have increased**. Furthermore, **~81% of contracts include price escalation clauses, partially compensating for these increases**. For fixed-price BharatNet contracts, current OFC cable price increases could lead to reduced profitability, though not necessarily a loss.
- **Debt Position:** As of Q1FY27, standalone Debt to Equity ratio stood at 0.31x as compared to 0.24x in Q1FY26. **The standalone gross debt stood at ₹2,410 crore as compared to ₹2,251 crore in Q4FY26 and ₹1,852 crore in Q1FY26.** The consolidated net debt stood at ₹3,513 crore as compared to ₹2,815 crore in Q4FY26 and ₹1,574 crore in Q1FY26. The YoY jump in consolidated net debt was mainly attributed to fresh ₹1350 crore loan taken for Smart meter SPVs.
- **Capex:** Around ₹170 crore of capex was done in Q1FY27 as against the budget of ₹500 crore for FY27.
- **Working Capital:** Trade receivables outstanding at the end of Q1 has decreased from ₹3,336 crore in Q4FY26 to ₹3,055 crore, and the number of days has also decreased from 73 days to 68 days in the current quarter. Retention money stood at ₹2,396 crore vs. ₹2,256 crore in FY26. The mobilization advances stood at ₹3,163 crore as on 30th June 2026 vs. ₹3,386 crore, as of March '26. Of these mobilization advances, 60% are interest bearing, with average interest rate of 9.1%. Cash and cash equivalents were at ₹402 crore at the end of Q1, vs. ₹585 crore as of FY26

Exhibit 1: Quarter Performance

	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Net Sales	4,911.5	4,378.2	12.2	5,315.7	-7.6
Other Income	41.0	51.4	-20.4	66.5	-38.4
Total Construction Expenses	2,335.8	2,207.3	5.8	2,465.4	-5.3
Employee cost	225.1	195.1	15.4	216.3	4.1
Other expenditure	1,908.1	1,580.9	20.7	2,184.5	-12.7
EBITDA	442.5	394.9	12.0	449.5	-1.6
EBITDA Margin (%)	9.0	9.0	-1 bps	8.5	55 bps
Depreciation	66.8	54.2	23.3	62.1	7.5
Interest	163.1	151.4	7.8	173.1	-5.7
Exceptional items	0.0	0.0	NA	-21.5	0.0
PBT	253.5	240.8	5.3	259.3	-2.2
Taxes	66.2	50.7	30.6	55.7	18.9
Adjusted PAT	187.3	190.1	-1.5	225.1	-16.8

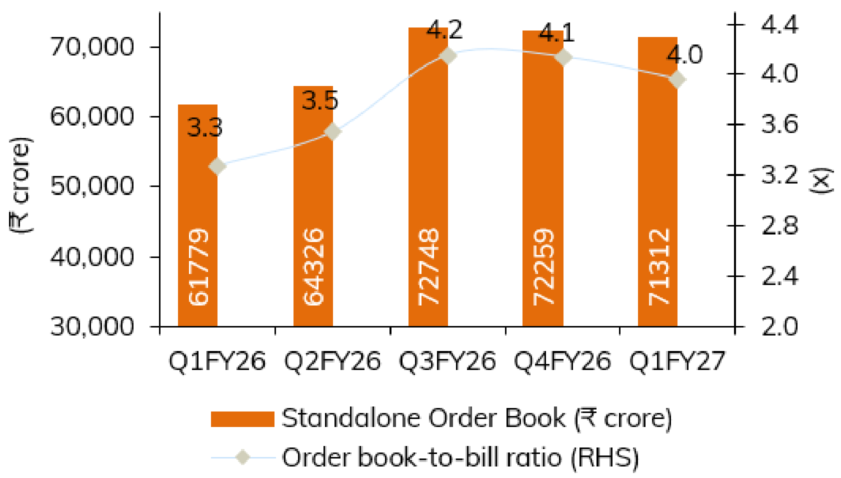
Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

	FY27E			FY28E		
(₹ Crore)	Old	New	% Change	Old	New	% Change
Revenue	18,479	18,946	2.5	21,794	21,768	-0.1
EBITDA	1,579	1,619	2.5	1,972	1,970	-0.1
EBITDA Margin (%)	8.5	8.5	0 bps	9.0	9.0	0 bps
PAT	631	655	3.8	876	875	-0.2
EPS (₹)	10.1	10.4	3.8	14.0	13.9	-0.2

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	FY25	FY26	FY27E	FY28E
Net Sales	19,205	17,463	18,946	21,768
Other Income	187	206	216	227
Total revenues	19,392	17,669	19,162	21,995
RM Exp.	7,778	6,938	7,484	8,489
Employee exp	759	812	881	1,012
Constr. exp	8,579	7,912	8,583	9,861
Other Exp	344	353	379	435
Total op exp.	17,460	16,015	17,327	19,798
EBITDA	1,746	1,448	1,619	1,970
Interest	653	645	673	720
Depreciation	213	228	277	294
PBT	1,028	726	885	1,182
Taxes	267	149	230	307
PAT	761	577	655	875
Adjusted PAT	800	631	655	875
EPS	10.1	12.1	9.2	10.4

Source: Company, ICICI Direct Research

Exhibit 5: Cash flow statement ₹ crore

₹ crore	FY25	FY26	FY27E	FY28E
Profit after Tax	761	577	655	875
Depreciation	213	228	277	294
Prov for Taxes	71	78	118	216
CF before WC changes	1,376	1,142	1,375	1,687
Change in WC	231	(181)	130	(721)
Taxes Paid	(131)	(209)	(291)	(249)
Net CF from op. activities	271	201	804	715
(Purchase)/Sale of FA	(302)	(901)	(350)	(250)
(Purchase)/Sale of Inv.	(18)	198	-	-
Net CF from inv. activities	(320)	(702)	(350)	(250)
Change in Debt	479	767	-	-
Other	-	-	-	-
Net CF from fin. activities	342	328	(157)	(157)
Net Cash flow	293	(173)	297	308
Opening Cash	1,044	1,338	1,165	1,462
Closing Cash	1,338	1,165	1,462	1,770

Source: Company, ICICI Direct Research

Exhibit 6: Balance sheet ₹ crore

₹ crore	FY25	FY26	FY27E	FY28E
Equity Capital	126	126	126	126
Reserve and Surplus	7,311	7,449	7,947	8,665
Shareholders' funds	7,437	7,574	8,072	8,790
Total Debt	1,484	2,251	2,251	2,251
Other Non-current Liabilities	-	-	-	-
Deferred tax liabilities	(41)	(38)	(38)	(38)
Source of Funds	8,880	9,788	10,286	11,004
Gross Block	3,013	3,606	3,956	4,206
Less: Acc. Dep	1,750	1,978	2,255	2,550
Net Block	1,263	1,628	1,701	1,657
Capital WIP	37	349	349	349
Total Fixed Assets	1,300	1,977	2,050	2,005
Investments	1,304	1,106	1,106	1,106
Inventory	1,392	1,787	1,661	1,908
Sundry Debtors	3,098	3,336	3,633	3,876
Loans & Advances	468	599	623	716
Cash & Bank	1,338	1,165	1,462	1,770
Other Current Assets	10,141	12,254	13,294	15,274
Total Current Assets	16,436	19,141	20,673	23,545
Trade Payable	7,643	6,991	7,585	8,715
Provisions	167	202	219	252
Other Curr. Liabilities	3,103	5,858	6,355	7,301
Total Curr. Liabilities	10,913	13,051	14,159	16,268
Net Current Assets	5,522	6,090	6,515	7,277
Application of Funds	8,880	9,788	10,286	11,004

Source: Company, ICICI Direct Research

Exhibit 7: Key ratios

	FY25	FY26	FY27E	FY28E
Per Share Data				
Reported EPS	12.1	9.2	10.4	13.9
BVPS	118.4	120.6	128.6	140.0
Operating Ratios				
EBITDA / Net Sales	9.1	8.3	8.5	9.0
PAT / Net Sales	4.2	3.6	3.5	4.0
Return Ratios				
RoE	10.8	8.3	8.1	10.0
RoCE	19.4	14.6	15.1	17.3
RoIC	20.4	14.7	15.8	18.9
Valuation Ratios				
EV / EBITDA	5.2	6.9	6.0	4.8
P/E	12.0	15.9	14.0	10.5
EV / Net Sales	0.5	0.6	0.5	0.4
Market Cap / Sales	0.5	0.5	0.5	0.4
Price to Book Value	1.2	1.2	1.1	1.0
Turnover Ratios				
Asset turnover	2.2	1.8	1.8	2.0
Debtors Turnover Ratio	4.5	6.6	6.2	5.2
Creditors Turnover Ratio	2.8	3.0	2.5	2.5
Solvency Ratios				
Net Debt / Equity	0.0	0.1	0.1	0.1
Current Ratio	1.4	1.4	1.4	1.3
Quick Ratio	1.3	1.2	1.2	1.2

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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