NCC Ltd. (NAGCON)

CMP: ₹137 | Target ₹ 150 (9%) | Target Period: 12 months | HOLD

November 11, 2026

Underwhelming guidance despite improved execution!

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 ₹71,293 crore as of Q2FY27, 3.7x TTM book to bill.

Q2FY27 performance: NCC reported standalone revenue of ₹4,957 crore in Q2FY27, up 31% YoY and broadly flat QoQ. EBITDA increased 50% YoY to ₹417 crore, while EBITDA margin improved 103 bps YoY to 8.5%, although declining 53 bps QoQ from 9%. PAT stood at ₹163 crore, up 60% YoY, but down 13% QoQ.

Investment Rationale:

- **Healthy orderbook; Execution key ahead:** With the **standalone orderbook standing at ₹71,293 as of Q2FY27 (3.7x TTM book to bill), the company has maintained guidance of ₹22,000-25,000 crore of order inflow for the FY27** out of the prospective bidding pipeline of ~₹2.5 lakh. **The management also reiterated ~8-10% revenue growth guidance, which is underwhelming in our view, given ~21% growth in H1.** 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 YoY albeit weak QoQ; sustenance key ahead:** The company indicated ~81% of contracts include price escalation clauses, which should largely offset increases in input costs. **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.
- **Working capital days stable:** Standalone net working capital days stood at 96 days in Q2FY27 versus 97 days in FY26 and 95 days in Q1. Working capital (excluding cash and margin money deposits) increased to ₹5,532 crore from ₹4,887 crore in FY26 and ₹5,334 crore in Q1, while remaining stable at 28% of turnover on 6-month basis and slightly higher than 27% as of Q1. Trade receivable days improved materially to 53 days from 73 days in FY26 and 68 days in Q1. Overall, collections have improved, although the absolute working capital requirement has increased with higher execution.

Rating and Target Price: With two consecutive quarters of growth picking up after 6 quarters of stagnation, we were expecting a better guidance. Key monitorable includes execution momentum sustaining through H2, conversion of BharatNet execution into billing and cash flows, margin sustainability around the guided range, and further improvement in working capital and standalone net debt Given the underwhelming guidance, **we maintain HOLD rating** for NCC Limited with a **target price of ₹ 150,** valuing the company at **11x FY28E EPS (vs. ₹ 165 at 12x, earlier).**

NCC Limited

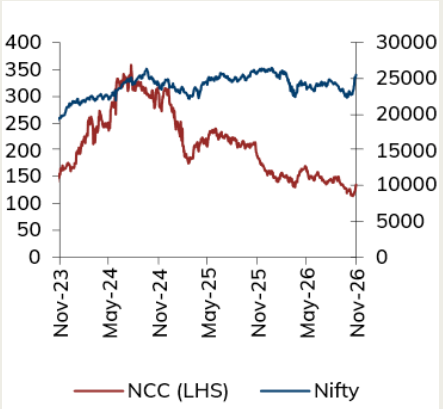
Particulars

Particular	₹ crore
Market Capitalization	8,539
Total Debt (FY26)	2,251
Cash (FY26)	1,165
EV	9,625
52-week H/L (₹)	190 / 113
Equity capital	125.6
Face value	2.0

Shareholding pattern

	Dec-25	Mar-26	Jun-26	Sep-26
Promoters	22.3	22.8	23.1	23.2
FIIs	11.5	12.1	11.3	10.4
DII	15.3	16.4	17.9	18.2
Other	51.0	48.7	47.7	48.2

Price Chart



Key risks

(i) Delay in collection of receivables.

(ii) Increasing debt levels.

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

₹ crore	FY24	FY25	FY26	5year CAGR (FY21-26)	FY27E	FY28E	2 year CAGR (FY26-28E)
Net Sales	18,314	19,205	17,463	19.2%	19,229	22,007	12.3%
EBITDA	1,648	1,746	1,448	11.1%	1,643	1,992	17.3%
EBITDA Margin (%)	9.0	9.1	8.3		8.5	9.0	
Adj. PAT	837	800	631	19.3%	669	888	18.6%
Adj. EPS (₹)	10.1	12.1	9.2		10.7	14.1	
P/E (x)	13.1	10.9	14.4		12.4	9.3	
EV/EBITDA(x)	4.9	4.7	6.3		5.4	4.3	
RoNW (%)	12.3	10.8	8.3		8.3	10.1	
RoCE (%)	20.1	19.4	14.6		15.4	17.4	

Source: Company, ICICI Direct Research

Q2FY27 – Key Performance highlights

- **Guidance:** Management retained FY27 guidance of 8–10% revenue growth, EBITDA margins of 8.5-9% and order inflows of ₹22,000-25,000 crore. Despite 21% H1 revenue growth, management remains cautious on increasing its annual guidance, citing project-level execution estimates.
- **Orderbook and Order Pipeline:** The standalone orderbook stood at ₹71,293 (₹71,312 crore in Q1) as of Q2FY27, 3.7x TTM book to bill, while the consolidated orderbook stood at ₹ 80,167 crore (₹81,214 crore in Q1), 3.5x TTM book to bill. NCC received ₹4,838 crore of orders during Q2FY27, primarily from Buildings and Water & Railways. Including ₹2,381 crore of October orders, FY27 YTD inflows stood at ₹11,108 crore. The prospective bidding pipeline remains intact at approximately ₹2.5 lakh crore. The consolidated order book breakdown is as follows:
  - The building division is worth ₹22,367 crore (28% of total order book).
  - The transportation division is worth ₹15,682 crore (20% of total order book).
  - The Water & Railways business is worth ₹12126 crore (15% of total order book).
  - The electrical T&D business is worth ₹12,370 crore (15% of total order book).
  - The mining division is worth ₹12,400 crore (15% of total order book).
  - The irrigation and others segment is worth ₹5220 crore (7% of total order book).
- **Smart Meter Projects:** NCC's smart-metering business is progressing across all three contracts, with approximately 4 million meters installed out of the total 8 million as of Q2. Q2 revenue from segment was ₹253 crore versus ₹264 crore in Q1. Management stated that there are no material working-capital challenges in smart-meter execution. Payments are received partly on installation, with the balance collected monthly over 93 months after installation. The key execution monitor is the pace of completing the remaining ~49% of installations and the associated conversion into recurring collections.
- **BharatNet projects:** Execution is underway in Madhya Pradesh and Uttarakhand, with ~11% of the total contract executed so far and nearly ₹1,000 crore spent on the projects. Billing has commenced. Management highlighted that the conversion cycle from execution to billing and subsequent realisation is relatively longer under the EPC, milestone-based contract structure. BharatNet is housed under the Electrical T&D division and is also contributing to unbilled revenue. Management indicated that the unbilled revenue is progressively realising and is not sticky.
- **Input Costs:** The management indicated that 81% of contracts have price escalation clauses, which should largely offset increases in input costs. This provides some protection against commodity price volatility.
- **Collections and JJM:** Management indicated an improvement in payment cycles across clients, including Jal Jeevan Mission. NCC received approximately ₹1,720 crore against JJM projects during H1FY27. Outstanding JJM exposure stood at ₹2,246 crore, including ₹344 crore of trade receivables and ₹2,009 crore of unbilled revenue
- **Debt Position:** Standalone gross debt stood at ₹2,471 crore as against ₹2,410 crore in Q1FY27 and ₹2,115 crore in Q2FY26. Standalone net debt increased to ₹2,293 crore from ₹2,008 crore in Q1FY27. Standalone cash and cash equivalents stood at ₹178 crore as of September 2026, against ₹402 crore in Q1FY27 and ₹584 crore in Q4FY26. Debt-to-equity stood at 0.32x versus 0.31x in Q1FY27 and 0.29x in Q2FY26.
- **Capex:** Standalone capex stood at ₹83 crore in Q2FY27 and ₹253 crore in H1FY27, against the FY27 budget of ₹500 crore.

- **Working Capital:** Standalone net working capital days stood at 96 days in Q2FY27 versus 97 days in FY26 and 95 days in Q1. Working capital (excluding cash and margin money deposits) increased to ₹5,532 crore from ₹4,887 crore in FY26 and ₹5,334 crore in Q1, while remaining stable at 28% of turnover on 6-month basis and slightly higher than 27% as of Q1. Trade receivable days improved materially to 53 days from 73 days in FY26 and 68 days in Q1. Overall, collections have improved, although the absolute working capital requirement has increased with higher execution.

Exhibit 1: Quarter Performance

	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
Net Sales	4,917.1	3,726.4	32.0	4,911.5	0.1
Other Income	39.6	47.5	-16.6	41.0	-3.2
Total Construction Expenses	2,262.6	1,938.0	16.8	2,335.8	-3.1
Employee cost	244.8	201.1	21.8	225.1	8.8
Other expenditure	1,992.6	1,309.9	52.1	1,908.1	4.4
EBITDA	417.1	277.5	50.3	442.5	-5.7
EBITDA Margin (%)	8.5	7.4	103 bps	9.0	-53 bps
Depreciation	72.8	55.5	31.1	66.8	9.0
Interest	165.7	152.5	8.7	163.1	1.6
Exceptional items	0.0	0.0	NA	0.0	0.0
PBT	218.2	117.0	86.4	253.5	-13.9
Taxes	55.0	16.1	242.8	66.2	-16.9
Adjusted PAT	163.2	101.0	61.6	187.3	-12.9

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

	FY27E			FY28E		
(₹ Crore)	Old	New	% Change	Old	New	% Change
Revenue	18,946	19,229	1.5	21,768	22,007	1.1
EBITDA	1,619	1,643	1.5	1,970	1,992	1.1
EBITDA Margin (%)	8.5	8.5	0 bps	9.0	9.0	0 bps
PAT	655	669	2.2	875	888	1.5
EPS (₹)	10.4	10.7	2.2	13.9	14.1	1.5

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	19,229	22,007
Other Income	187	206	216	227
Total revenues	19,392	17,669	19,445	22,234
RM Exp.	7,778	6,938	7,595	8,583
Employee exp	759	812	894	1,023
Constr. exp	8,579	7,912	8,712	9,969
Other Exp	344	353	385	440
Total op exp.	17,460	16,015	17,586	20,015
EBITDA	1,746	1,448	1,643	1,992
Interest	653	645	678	724
Depreciation	213	228	277	294
PBT	1,028	726	905	1,200
Taxes	267	149	235	312
PAT	761	577	669	888
Adjusted PAT	800	631	669	888
EPS	10.1	12.1	9.2	10.7

Source: Company, ICICI Direct Research

Exhibit 5: Cash flow statement ₹ crore

₹ crore	FY25	FY26	FY27E	FY28E
Profit after Tax	761	577	669	888
Depreciation	213	228	277	294
Prov for Taxes	71	78	118	216
CF before WC changes	1,376	1,142	1,400	1,708
Change in WC	231	(181)	130	(721)
Taxes Paid	(131)	(209)	(291)	(249)
Net CF from op. activities	271	201	743	743
(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)	236	336
Opening Cash	1,044	1,338	1,165	1,401
Closing Cash	1,338	1,165	1,401	1,737

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	7,961	8,692
Shareholders' funds	7,437	7,574	8,087	8,818
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	10,300	11,031
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	1,686	1,929
Sundry Debtors	3,098	3,336	3,688	3,919
Loans & Advances	468	599	632	724
Cash & Bank	1,338	1,165	1,401	1,737
Other Current Assets	10,141	12,254	13,493	15,442
Total Current Assets	16,436	19,141	20,899	23,750
Trade Payable	7,643	6,991	7,698	8,810
Provisions	167	202	222	255
Other Curr. Liabilities	3,103	5,858	6,450	7,381
Total Curr. Liabilities	10,913	13,051	14,370	16,446
Net Current Assets	5,522	6,090	6,529	7,304
Application of Funds	8,880	9,788	10,300	11,031

Source: Company, ICICI Direct Research

Exhibit 7: Key ratios

	FY25	FY26	FY27E	FY28E
Per Share Data				
Reported EPS	12.1	9.2	10.7	14.1
BVPS	118.4	120.6	128.8	140.4
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	8.3	10.1
RoCE	19.4	14.6	15.4	17.4
RoIC	20.4	14.7	16.0	19.0
Valuation Ratios				
EV / EBITDA	4.7	6.3	5.4	4.3
P/E	10.9	14.4	12.4	9.3
EV / Net Sales	0.4	0.5	0.5	0.4
Market Cap / Sales	0.4	0.5	0.4	0.4
Price to Book Value	1.1	1.1	1.0	0.9
Turnover Ratios				
Asset turnover	2.2	1.8	1.9	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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