

CMP: ₹156

Target: ₹180 (16%)

Target Period: 12 months

BUY

February 9, 2026

Weak Quarter!

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 ₹72,748 crore as of Q3FY26, 4.2x 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

Q3FY26 Performance: NCC reported a weak set of numbers for Q3FY26, with revenue at ₹4043 crore, down 13.4% YoY, impacted by weak execution amid delayed payment cycle. EBITDA declined 20.1% YoY to ₹327.3 crore, while margins contracted by 67 bps YoY to 8.1%. PAT stood at ₹82 crore, down 55.7% YoY, reflecting weak operating performance.

Investment Rationale

- Healthy order book:** The company's standalone orderbook stood at ₹72,748 crore, 4.2x book to bill. The consolidated orderbook stood at ₹79,571 crore as of Q3FY26, 3.8x TTM book to bill. The order inflow in FY26YTD stood at ~₹22,311 crore (including L-1 positions worth ~₹2000 crore). We highlight that management continued to refrain from providing formal revenue or margin guidance for FY26, citing limited visibility on execution and payment timelines. We expect revenue CAGR of 5.7% over FY25-28E to ₹22,677 crore, with growth recovery from H2FY27E.
- Margin to gradually improve ahead; Easing of Working Capital key ahead:** Management highlighted that the Jal Jeevan Mission projects payment cycles are getting eased with company receiving ₹553 crore in the month of January, and with allocation of ₹67,670 crore in FY27 budget, the company anticipates full recovery by end of FY27. We bake in EBITDA margins at 8.5%/9%/9% in FY26/FY27/FY28 vs. 9.1% in FY25. This will translate into earnings CAGR of 5.8% over FY25-FY28. On working capital front, working capital days which stood at 87 days (78 days in Q2) resulting in increase in debt to ₹2980 crore from ₹2115 crore in Q2, with net debt at ₹2830 crore (₹1890 crore in Q2). It expects to bring down the gross debt to ₹2400 crore, subject to improvement in payment cycle.

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 ₹180 (vs. ₹235, earlier, on account of earnings downgrade: - refer to exhibit 2)), at 14x FY27 P/E and maintain our BUY rating on the stock

Key Financial Summary

₹ crore	FY23	FY24	FY25	5 year CAGR (FY20-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Net Sales	13,351	18,314	19,205	18.5%	17,517	19,876	22,677	5.7%
EBITDA	1,343	1,648	1,746	11.1%	1,489	1,789	2,041	5.3%
EBITDA Margin (%)	10.1	9.0	9.1		8.5	9.0	9.0	
Adj. PAT	569	837	800	14.0%	596	786	940	5.5%
Adj. EPS (₹)	9.1	10.1	12.1		9.0	12.5	15.0	
P/E (x)	17.1	15.4	12.8		17.3	12.4	10.3	
EV/EBITDA(x)	7.3	5.7	5.5		7.8	6.3	5.5	
RoNW (%)	9.0	12.3	10.8		7.6	9.2	10.1	
RoCE (%)	17.9	20.1	19.4		14.2	16.2	17.2	

Source: Company, ICICI Direct Research



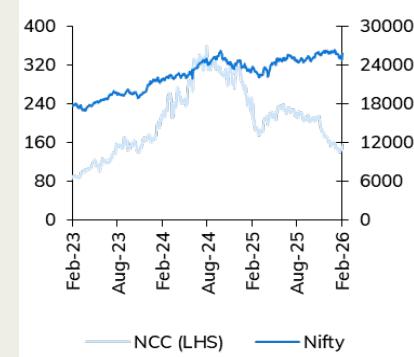
Particulars

Particular	₹ crore
Market Capitalisation	9,824
Total Debt FY25	1,484
Cash FY25	1,338
EV	9,970
52 week H/L (₹)	326 / 170
Equity capital	125.6
Face value	2.0

Shareholding pattern

	Mar-25	Jun-25	Sep-25	Dec-25
Promoters	22.1	22.1	22.1	22.3
FII	13.8	12.7	12.9	11.5
DII	15.6	17.5	16.7	15.3
Other	48.5	47.7	48.4	51.0

Price Chart



Key risks

- Continued weak execution.
- Heightened competitive intensity impacting margins

Research Analyst

Bhupendra Tiwary, CFA
bhupendra.tiwary@icicisecurities.com

Vishwaroop Galgali
vishwaroop.galgali@icicisecurities.com

Performance highlights and outlook

- **Guidance:** The management has withdrawn the previously given formal revenue or margin guidance for FY26, citing limited visibility on execution and payment timelines and expects to revisit and issue formal guidance in FY27.
- **Orderbook and Order Pipeline** - The standalone orderbook stood at ₹72,748 crore as of Q3FY26, 4.1x TTM book to bill. **The consolidated orderbook stood at ₹79,571 crore as of Q3FY26, 3.8x TTM book to bill.** The company currently holds L1 positions aggregating to approximately ₹2000 crore. The management has indicated a prospective bidding pipeline of ~₹2 lakh crore for FY26. The consolidated order book break up is as follows:
 - The building division is worth ₹24,667 crore (31% of total order book).
 - The transportation division is worth ₹17,506 crore (22% of total orderbook).
 - The electrical T&D business is worth ₹14,323 crore (18% of total orderbook).
 - The mining divisions is worth ₹10,334 crore (13% of total orderbook).
 - The water and railways division is worth ₹7957 crore (10% of total orderbook).
 - The irrigation is worth ₹5570 crore (7% of total orderbook).
- **JJM Projects:** Management highlighted that the Jal Jeevan Mission (JJM) projects payment cycles are getting eased with company receiving ₹553 crore in the month of January, and with allocation of ₹67,670 crore in FY27 budget, the company anticipates full recovery by end of FY27. In Q3, the pending JJM order book stood at ~₹7,000 crore, with a mere ₹82 crore execution during the quarter. As of December 2025, total receivables were ~₹3,700 crore out of which outstanding receivables worth ₹1,700 crore pertains to orders in UP.
- Project-level updates:
 - **Smart meters update:** Both the SPVs are under execution and the company has invested ~₹377 crore till date; balance investment (~₹120 crore) to be completed in FY27.
 - **Goregaon-Mulund Link Road (GMLR) Tunnel Project and Versova-Dahisar Link Road (VDLR):** With all necessary approvals now in place, management expects execution activity and revenue generation to resume, providing incremental momentum to the overall order book and revenue visibility in the coming quarters.
 - **Amrapali Project (Jharkhand):** The project worth ~₹6,800 crore from Central Coalfields Limited for overburden removal and coal extraction. Mobilization for this 7-year project is expected to begin in February 2026.
 - **Ken-Betwa River Project:** With infrastructure and site mobilization largely finalized, the execution momentum is expected to improve now as the working season resumes post-monsoon constraints.
- **Debt:** As of Q3, the debt stood at ₹2980 crore (₹2115 crore in Q2) with net debt at ₹2830 crore (₹1890 crore in Q2), implying that debt has increased by ₹865 crore QoQ. The debt-to-equity ratio stood at 0.4x at the end of Q3 as against 0.29x at the end of Q2.

- Capex:** The company incurred a capex of ₹96 crore capex in Q3 taking total capex of ~₹265 crore till 9MFY26. It plans to do capex of ~₹350 crore in mining and ₹300 crore for equipment purchases.
- Working Capital:** The working capital excluding cash and margin money deposit stood at ₹6036 crore (37% of turnover) as of Q3 (vs. ₹5406 crore (33% of turnover) as of Q2), along with working capital days which stood at 87 days (78 days in Q2).
- Other Financials** details: The unbilled revenue stood at ₹7129 crore (44% of turnover) as against ₹6663 crore (41% of turnover) in Q2. Retention money stood at ₹2099 crore (8% of turnover) as against ₹1993 crore (7% of turnover) in Q2. Mobilization advances stood at ₹3162 crore as against ₹2961 crore in Q2. Cash & cash equivalents stood at ₹150 crore as of Q3 vs ₹224 crore in Q2. Margin money deposits stood at ₹671 crore, flat YoY.

Exhibit 1: Quarter Performance

	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Comments
Net Sales	4,042.9	4,670.9	-13.4	3,726.4	8.5	The weak execution in Q3 was attributable to elongated payment cycles and delays in pickup of projects execution
Other Income	39.4	48.8	-19.3	47.5	-17.1	
Total Construction Expenses	2,006.3	2,343.0	-14.4	1,938.0	3.5	
Employee cost	199.5	193.2	3.3	201.1	-0.8	
Other expenditure	1,509.7	1,725.3	-12.5	1,309.9	15.3	
EBITDA	327.3	409.4	-20.1	277.5	17.9	
EBITDA Margin (%)	8.1	8.8	-67 bps	7.4	65 bps	
Depreciation	56.7	52.9	7.2	55.5	2.3	
Interest	168.4	161.0	4.6	152.5	10.4	
Exceptional items	-33.2	0.0	NA	0.0	0.0	
PBT	108.5	244.3	-55.6	117.0	-7.3	
Taxes	26.5	59.0	-55.2	16.1	64.8	
Adjusted PAT	115.2	185.3	-37.9	101.0	14.0	

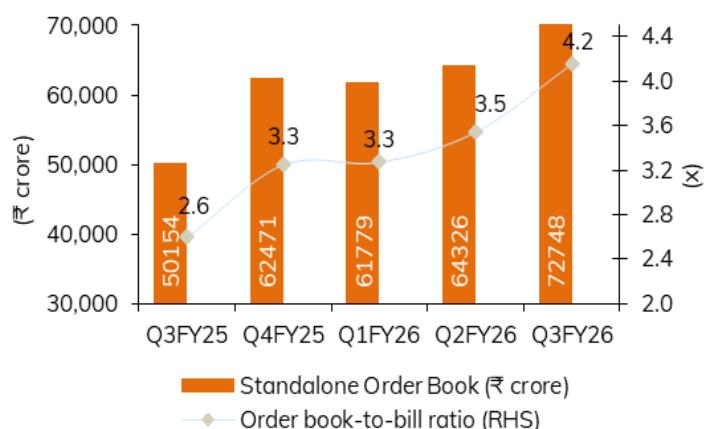
Source: Company, ICICI Direct Research

Exhibit 2: Change in Estimates

₹ Crore	FY26E			FY27E			FY28E
	Old	New	% Change	Old	New	% Change	New
Revenue	19,464	17,517	-10.0	22,797	19,876	-12.8	22,677
EBITDA	1,654	1,489	-10.0	2,052	1,789	-12.8	2,041
EBITDA Margin (%)	8.5	8.5	0 bps	9.0	9.0	0 bps	9.0
PAT	720	562	-21.9	992	786	-20.7	940
EPS (₹)	11.5	9.0	-21.9	15.8	12.5	-20.7	15.0

Source: Company, ICICI Direct Research

Exhibit 3: Order Book Trend



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 4: Profit and loss statement

₹ crore	FY25	FY26E	FY27E	FY28E
Net Sales	19,205	17,517	19,876	22,677
Other Income	187	178	187	196
Total revenues	19,392	17,695	20,062	22,873
RM Exp.	7,778	7,007	7,732	8,821
Employee exp	759	718	815	930
Constr. exp	8,579	7,970	9,143	10,432
Other Exp	344	333	398	454
Total op exp.	17,460	16,028	18,087	20,636
EBITDA	1,746	1,489	1,789	2,041
Interest	653	645	643	675
Depreciation	213	228	270	292
PBT	1,028	760	1,062	1,270
Taxes	267	198	276	330
PAT	761	562	786	940
Adjusted PAT	800	596	786	940
EPS	10.1	12.1	9.0	12.5

Source: Company, ICICI Direct Research

Exhibit 5: Cash flow statement

₹ crore	FY25	FY26E	FY27E	FY28E
Profit after Tax	761	562	786	940
Depreciation	213	228	270	292
Prov for Taxes	71	78	118	216
CF before wc changes	1,376	1,176	1,516	1,727
Change in WC	231	(181)	130	(721)
Taxes Paid	(131)	(209)	(291)	(249)
Net CF from op. activities	271	(1,352)	858	374
(Purchase)/Sale of FA	(302)	(500)	(350)	(250)
(Purchase)/Sale of Inv.	(18)	-	-	-
Net CF from inv. activities	(320)	(500)	(350)	(250)
Change in Debt	479	800	(200)	-
Other	-	-	-	-
Net CF from fin. activities	342	674	(357)	(157)
Net Cash flow	293	(1,178)	151	(33)
Opening Cash	1,044	1,338	160	311
Closing Cash	1,338	160	311	277

Source: Company, ICICI Direct Research

Exhibit 6: Balance Sheet

₹ crore	FY25	FY26E	FY27E	FY28E
Equity Capital	126	126	126	126
Reserve and Surplus	7,311	7,748	8,377	9,160
Shareholders funds	7,437	7,874	8,503	9,285
Total Debt	1,484	2,284	2,084	2,084
Other Non-curr. Liab.	-	-	-	-
Def.Tax Liability	(41)	(41)	(41)	(41)
Source of Funds	8,880	10,117	10,546	11,329
Gross Block	3,013	3,513	3,863	4,113
Less: Acc. Dep	1,750	1,978	2,248	2,540
Net Block	1,263	1,535	1,614	1,572
Capital WIP	37	37	37	37
Total Fixed Assets	1,300	1,572	1,651	1,609
Investments	1,304	1,304	1,304	1,304
Inventory	1,392	1,440	1,525	1,677
Sundry Debtors	3,098	3,599	3,539	4,038
Loans & Advances	468	432	490	559
Cash & Bank	1,338	160	311	277
Other Current Assets	10,141	10,558	11,980	13,668
Total Current Assets	16,436	16,189	17,845	20,221
Trade Payable	7,643	6,719	7,623	8,698
Provisions	167	152	173	197
Other Curr.Liabilities	3,103	2,830	3,211	3,664
Total Curr. Liabilities	10,913	9,702	11,008	12,559
Net Current Assets	5,522	6,488	6,837	7,662
Application of Funds	8,880	10,117	10,546	11,329

Source: Company, ICICI Direct Research

Exhibit 7: Key ratios

	FY25	FY26E	FY27E	FY28E
Per Share Data				
Reported EPS	12.1	9.0	12.5	15.0
BVPS	118.4	125.4	135.4	147.9
Operating Ratios				
EBITDA / Net Sales	9.1	8.5	9.0	9.0
PAT / Net Sales	4.2	3.4	4.0	4.1
Return Ratios				
RoE	10.8	7.6	9.2	10.1
RoCE	19.4	14.2	16.2	17.2
RoIC	20.4	12.7	14.9	15.9
Valuation Ratios				
EV / EBITDA	5.5	7.8	6.3	5.5
P/E	12.8	17.3	12.4	10.3
EV / Net Sales	0.5	0.7	0.6	0.5
Market Cap / Sales	0.5	0.5	0.5	0.4
Price to Book Value	1.3	1.2	1.1	1.0
Turnover Ratios				
Asset turnover	2.2	1.7	1.9	2.0
Debtors Turnover Ratio	4.5	6.6	6.2	4.9
Creditors Turnover Ratio	2.8	3.0	2.5	2.6
Solvency Ratios				
Net Debt / Equity	0.0	0.3	0.2	0.2
Current Ratio	1.4	1.7	1.6	1.6
Quick Ratio	1.3	1.5	1.5	1.5

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

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

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

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122

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