

18 May 2025

India | Equity Research | Results Update

NCC

Construction

A muted year; bulging order book bodes well

NCC reported a revenue of INR 193bn, flat YoY despite having a book-to-bill ratio of 3.7x. EBITDA and PAT for the year were down 5% YoY each, at INR 175bn and INR 8bn, respectively. EBITDA margin was 9.1% (-90bps YoY). The weakness in revenues stemmed from slow execution in water projects and smart meter orders. While the order execution on water projects is yet to pick up, it now forms only a small portion (6%) of the total order book (OB). Also, NCC received an order of INR 300bn in FY25. We believe that order execution on a few of the older orders is slow, leading to low growth in FY26E. We believe, revenues are likely to pick up in FY27E. Thus, we expect earnings CAGR of 15% over FY25–27E. Retain **BUY**; TP revised to **INR 262**. NCC is our top pick in construction universe.

Flat growth in execution

NCC reported Q4 revenues of INR 54bn (-1% YoY) with EBITDA decreasing by 3% YoY to INR 5bn and margins dropping 10bps YoY. Other income increased by 66% YoY to INR 0.7bn. As a result, PAT increased by 4% YoY to INR 2.5bn. Overall, FY25 has been muted (+4% YoY) in terms of execution despite having a strong OB of INR 575bn in Mar'24. We expect the strong revenue growth to aid in FY27E, considering the execution capabilities and quality of orders backed by the company.

Backed by strong OB

NCC reported strong order inflow of INR 329bn in FY25 (+21% YoY), marked by a major order worth INR 108bn from BSNL. NCC's OB stands at INR 716bn (vs. INR 575bn in FY24). Book-to-bill is at 3.7x FY25 revenue, as of Mar'25.

Muted guidance despite strong order backing

NCC guides for revenue growth of 10% with similar margins despite strong order backlog of INR 716bn and book to bill of 3.7x FY25 revenue. Further, the company guides for capex of INR 8bn (INR 3bn in FY25) on account of purchases of TBM machines and investment in smart meter projects.

Maintain BUY; TP revised to INR 262

We maintain **BUY** with a revised TP of **INR 262** (INR 239 earlier).

Financial Summary

Y/E Mar-31 (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	1,85,137	1,92,053	2,11,258	2,45,060
EBITDA	18,474	17,456	19,317	22,758
EBITDA Margin (%)	10.0	9.1	9.1	9.3
Net Profit	8,375	7,975	8,703	10,751
EPS (INR)	13.3	12.7	13.9	17.1
EPS % Chg YoY	0.5	0.0	0.1	0.2
P/E (x)	17.0	17.9	16.4	13.3
EV/EBITDA (x)	7.0	8.0	7.1	6.0
RoCE (%)	15.5	13.6	14.6	15.9
RoE (%)	12.8	11.2	11.2	12.6

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Market Data

Market Cap (INR)	143bn
Market Cap (USD)	1,667mn
Bloomberg Code	NJCC IN Equity
Reuters Code	NCCL.BO
52-week Range (INR)	365 /170
Free Float (%)	78.0
ADTV-3M (mn) (USD)	16.3

Price Performance (%)	3m	6m	12m
Absolute	21.1	(18.9)	(16.9)
Relative to Sensex	12.7	(25.0)	(28.7)

ESG Score	2023	2024	Change
ESG score	68.3	68.3	0.0
Environment	50.5	51.1	0.6
Social	68.4	68.8	0.4
Governance	80.1	81.3	1.2

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

25-03-2025: [Initiating Coverage](#)

Q4FY25 conference all highlights

OB highlights

- NCC has a strong OB of INR 329bn, as of Mar'25. (vs. INR 575, as of Mar'24).
- Order inflow for Q4FY25 stood at INR 193bn (+219% YoY).
- Key orders received during the quarter were as follows:
 - BSNL order worth INR 108bn (INR 71bn included in OB, as the balance is O&M project)
 - Ken-Betwa order worth INR 34bn
 - Building orders worth INR 59bn
 - Transportation order worth INR 47bn
 - Water segment order worth INR 36bn
 - Irrigation segment order worth INR 12bn
- NCC is L1 bidder in INR 6-7bn worth of project.
- The company has a tender pipeline of INR 2.55trn worth of project.
- Slow moving orders stands at 10% of OB

Jal Jeevan Scheme

- NCC has been seeing delay in progress of Jal Jeevan Scheme – facing delay in payment issues in the Jal Jeevan projects.
- ~INR 43bn worth of project yet to be executed within the Jal Jeevan segment.
- NCC has ~INR 15bn worth of payment pending from Jal Jeevan projects.

Andra Pradesh Capital project

- NCC expects no major tendering in Andra Pradesh Capital, as majority of the tenders have been converted into OI in Q4FY25
- Management has been seeing good execution speed in Andra Pradesh Capital project.
- The executable OB of AP capital project stands at INR 95bn.

Smart meter project

- Financial closure for smart meter project has been achieved in FY25.
- The smart meter projects in Maharashtra, which were slow moving in FY25, has started getting a good pace in this fiscal year. Management has guided investment of INR 3bn by FY27E, out of which INR 1.3bn is planned to be incurred in FY26.

Management guidance for FY26

- Management has guided revenue growth of 10% along with EBITDA margins of 9-9.25% (FY25: Revenue growth of 4% and EBITDA margins of 9.1%)
- OI guidance of INR 220bn-250bn in FY26 (FY25 OI stood at INR 329bn)
- Management has guided capex amount of INR 8bn in FY26, within which NCC shall be procuring TBM machine for Goregaon-Mulund Link Road project.
- NCC expects the debt level to increase further by INR 3-4bn during FY26, as it shall be incurring capex for smart meter projects and procurement of TBM machines.

Exhibit 1: Financial highlight (INR mn)

Income Statement (INR mn)	Q3FY25	Q4FY24	Q4FY25	YoY (%)	QoQ (%)	FY24	FY25	YoY (%)
Net sales	46,710	54,460	53,761	-1%	115	1,85,137	1,92,053	4%
EBITDA	4,095	5,097	4,953	-3%	121	18,474	17,456	-6%
OPM (%)	9%	9%	9%	0 bps	0 bps	10%	9%	-1 bps
Other inc.	488	417	691	66%	142	1,241	1,870	51%
Interest	1,610	1,543	1,740	13%	108	5,951	6,527	10%
Dep. & Amort.	529	518	530	2%	100	2,092	2,129	2%
PBT	2,444	3,453	3,373	-2%	138	11,672	10,670	-9%
PAT	1,854	2,439	2,530	4%	136	8,375	7,997	-5%
Reported PAT	1,854	2,439	2,530	4%	136	6,880	7,997	16%
EPS (Rs)	3.0	3.9	4	4%	136	13.3	12.7	-5%
Order Inflow	84,400	60,440	1,92,800	219%	228	2,72,830	3,28,880	21%
Order Backlog	5,55,480	5,75,360	7,15,680	24%	129	5,75,360	7,15,680	24%
Book to bill (x)	2.9	3.1	3.7	20%	129	3.1	3.7	20%

Source: I-Sec research, Company data

Exhibit 2: Order inflow breakup during FY25

Particulars	Amount (INR bn)	% of OB
Transportation	47	14%
Building	59	18%
Water	46	14%
Irrigation	12	4%
Electrical	11	3%
Mining	-	0%
Railways	-	0%
BSNL	108	33%
Others	45	14%
Total Order inflow	329	100%

Source: I-Sec research, Company data

Exhibit 3: Order book breakup, as of Mar'25

Particulars	Amount (INR bn)	% of OB
Buildings & Transportation	358	50%
<i>Building</i>	186	26%
<i>Transportation</i>	172	24%
Railways	-	0%
Water, Environment and Railways	21	3%
Electricals	172	24%
Irrigation	93	13%
Mining (SPV)	72	10%
Total order book	716	100%

Source: I-Sec research, Company data

Valuation and outlook

NCC has survived adverse business cycles; alongside, it has shown a marked improvement in risk management and capital allocation decisions. Over FY19–24, its revenue and PAT have grown at CAGRs of 9% and 6%, respectively. NCC has been facing payment related issues recently, leading to higher working capital. It has a book-to-bill ratio of 3.7x currently. Given its diversified OB of INR 716bn across buildings, transportation, T&D, water, railways and others supported by strong OI and a bidding pipeline of INR 2trn in the near term, we estimate NCC's revenue and EPS to grow at CAGRs of 13% and 14%, respectively, over FY25–27E. We reiterate our **BUY** rating with a TP of **INR 262 (earlier INR 239)**, with an implied upside of 15.2%.

Risks: decreased order inflow in FY26 and continued lower rate of execution

Exhibit 4: NCC valuation (INR mn)

Particulars	Rationale	INR mn	Multiple (x)	Value (INR mn)	Value per share (INR)
EPC	15x FY27E earnings	10,751	15	1,61,263	257
MDO Business (51% Stake)	7x FY25 PAT	5,842	7	2,980	5
Target price (INR)				1,64,242	262
O/s shares					628
CMP					227
Upside/ Downside					15%

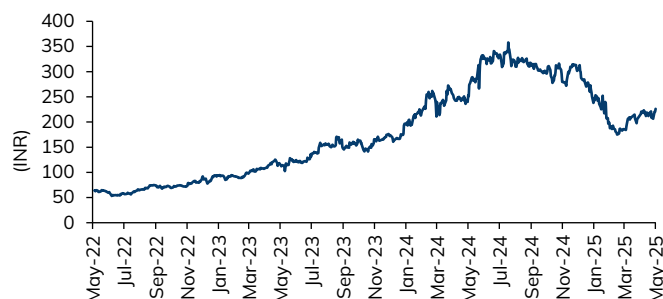
Source: I-Sec research, Company data

Exhibit 5: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
Promoters	22.0	22.0	22.1
Institutional investors	33.2	32.3	29.4
MFs and other	10.2	12.0	13.2
Banks/ FIs	1.7	1.9	1.9
Insurance Cos.	0.5	0.3	0.5
FIs	20.9	18.1	13.8
Others	44.8	45.7	48.5

Source: Bloomberg, I-Sec research

Exhibit 6: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 7: Profit & Loss

(INR mn, year ending Mar-31)

	FY24A	FY25A	FY26E	FY27E
Net Sales	1,85,137	1,92,053	2,11,258	2,45,060
Operating Expenses	3,010	3,441	3,750	4,088
EBITDA	18,474	17,456	19,317	22,758
EBITDA Margin (%)	10.0	9.1	9.1	9.3
Depreciation & Amortization	2,092	2,231	2,883	3,163
EBIT	16,382	15,225	16,434	19,595
Interest expenditure	5,951	6,447	6,515	6,995
Other Non-operating Income	-	-	1,535	1,535
Recurring PBT	11,672	10,648	11,604	14,334
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	3,297	2,673	2,901	3,584
PAT	8,375	7,975	8,703	10,751
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	(1,494)	-	-	-
Net Income (Reported)	6,880	7,975	8,703	10,751
Net Income (Adjusted)	8,375	7,975	8,703	10,751

Source Company data, I-Sec research

Exhibit 8: Balance sheet

(INR mn, year ending Mar-31)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	1,40,193	1,60,248	1,75,618	2,00,966
of which cash & cash eqv.	10,441	8,945	10,067	10,524
Total Current Liabilities & Provisions	95,183	1,06,274	1,16,523	1,34,574
Net Current Assets	45,010	53,974	59,095	66,393
Investments	12,856	9,192	9,192	9,192
Net Fixed Assets	11,925	17,852	18,969	19,805
ROU Assets	-	-	-	-
Capital Work-in-Progress	399	215	215	215
Total Intangible Assets	-	-	-	-
Other assets	7,400	7,400	7,400	7,400
Deferred Tax Assets	-	-	-	-
Total Assets	77,590	88,634	94,871	1,03,005
Liabilities				
Borrowings	10,050	14,933	14,433	13,933
Deferred Tax Liability	(587)	(587)	(587)	(587)
provisions	-	-	-	-
other Liabilities	-	-	-	-
Equity Share Capital	1,256	1,256	1,256	1,256
Reserves & Surplus	66,871	73,032	79,770	88,404
Total Net Worth	68,127	74,288	81,025	89,660
Minority Interest	-	-	-	-
Total Liabilities	77,590	88,634	94,871	1,03,005

Source Company data, I-Sec research

Exhibit 9: Cashflow statement

(INR mn, year ending Mar-31)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	11,993	(254)	7,587	7,074
Working Capital Changes	1,526	(10,460)	(3,999)	(6,841)
Capital Commitments	(2,628)	(7,975)	(4,000)	(4,000)
Free Cashflow	14,620	7,721	11,587	11,074
Other investing cashflow	-	-	-	-
Cashflow from Investing Activities	(2,628)	(7,975)	(4,000)	(4,000)
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	(1,663)	(1,814)	(1,965)	(2,117)
Others	(3,717)	8,547	(500)	(500)
Cash flow from Financing Activities	(5,380)	6,732	(2,465)	(2,617)
Chg. in Cash & Bank balance	3,985	(1,496)	1,121	457
Closing cash & balance	10,441	8,945	10,067	10,524

Source Company data, I-Sec research

Exhibit 10: Key ratios

(Year ending Mar-31)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	13.3	12.7	13.9	17.1
Adjusted EPS (Diluted)	13.3	12.7	13.9	17.1
Cash EPS	16.7	16.3	18.5	22.2
Dividend per share (DPS)	2.2	2.4	2.6	2.8
Book Value per share (BV)	108.5	118.3	129.1	142.8
Dividend Payout (%)	16.5	18.9	18.8	16.4
Growth (%)				
Net Sales	0.4	0.0	0.1	0.2
EBITDA	0.4	(0.1)	0.1	0.2
EPS (INR)	0.5	0.0	0.1	0.2
Valuation Ratios (x)				
P/E	17.0	17.9	16.4	13.3
P/CEPS	13.6	14.0	12.3	10.3
P/BV	2.1	1.9	1.8	1.6
EV / EBITDA	7.0	8.0	7.1	6.0
P / Sales	0.8	0.7	0.7	0.6
Dividend Yield (%)	1.0	1.1	1.1	1.2
Operating Ratios				
Gross Profit Margins (%)	11.6	10.9	10.9	11.0
EBITDA Margins (%)	10.0	9.1	9.1	9.3
Effective Tax Rate (%)	28.2	25.1	25.0	25.0
Net Profit Margins (%)	4.5	4.2	4.1	4.4
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	(0.2)	0.0	(0.1)	(0.1)
Net Debt / EBITDA (x)	(0.7)	(0.2)	(0.2)	(0.3)
Profitability Ratios				
RoCE (%)	15.5	13.6	14.6	15.9
RoE (%)	12.8	11.2	11.2	12.6
RoC (%)	15.5	13.6	14.6	15.9
Fixed Asset Turnover (x)	15.7	12.9	11.5	12.6
Inventory Turnover Days	33	32	33	33
Receivables Days	64	99	101	102
Payables Days	140	119	122	124

Source Company data, I-Sec research

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