PRIVATE CLIENT GROUP | kotak Securities

Dated: 10th Nov 2025

NCC (NCC) – BUY

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs. 195	**Rs. 240**

Rationale:

- NCC reported subdued performance in Q2FY26, impacted by an extended monsoon season and elongated payment cycles, particularly in the water segment.
- Standalone revenue net revenue/EBITDA/PAT declined 16.2/30.8%/37.1% yoy.
- Management decided to withdraw FY26 revenue (10% growth earlier) & margin guidance (9-9.25%), citing uncertainty in project execution timelines & payment issues.
- We cut FY26-27E EPS by 10-15%; H2FY26 is expected to be better than H1.
- Available at attractive valuation; Maintain BUY with SoTP based FV of Rs240 (Vs Rs265).

Positives:

- Consolidated inflows for FY26 so far stood at Rs17,420 cr (79% of earlier guidance).
- Consolidated order backlog to Rs71,957cr (~3.3x FY25 revenue) (standalone OB Rs64,326cr) at the end of Q2FY26.
- Management clarified that the entire order book is executable.

Negatives:

- Standalone revenue in Q2FY26, down 7.1% yoy (~16% below our estimates).
- EBITDA margin at 7.4% (-160bps yoy/qoq) (Vs our estimates of 9%) on weak execution resulting negative operating leverage.
- NCC's near-term outlook remains cautious due to weather disruptions and delayed government payments.

(EPS-Earnings Per Share; EBITDA- Earnings Before Interest, Taxes, Depreciation, and Amortization, PAT: profit After Tax, SoTP: Sum of the parts)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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