

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs1270	89.5	Accumulate	Rs1500	18%

*as on 25th May, 2026

About the Company:

Established in 1939 April as the New Standard Engineering Co. Ltd. (NSE), the company is known as a pioneer in the tool manufacturing segment, as it brought into the domestic market, world class processes and designs for the manufacture of a number of engineering products. Different equipments such as forging hammers and presses, blowroom lines and high production cards for the textile industry; and sucker rod pumps for on-shore oil recovery were some of the main product lines of the company that emerged as market leaders. To reflect on the different new avenues that the company was entering, the promoters of the New Standard Engineering Company, decided to change the name of the company to Nesco Limited (Nesco). This was done to reflect the transformation of the company from a pure engineering play to a diversified player in the services segment. Mr. Krishna Patel is the Chairman and Managing Director of the company.

Results: Quick Glance:

- The net sales for the quarter reported growth of 31% to Rs2,516mn as compared to Rs1,920mn in Q4FY25
- The Ebitda margins stood at 46.9% as compared to 55.6% in the comparative quarter last year
- The company reported profit of Rs931mn as compared to Rs886mn in the same quarter last year
- The EPS for the quarter stood at Rs13.2 as compared to Rs12.5 in the corresponding period of last year
- For FY26, the revenues came in at Rs9,321mn as compared to Rs7,320mn; growth of 27.3% while the PAT stood at Rs4,127mn as against Rs3,752mn in FY25. The EPS came in at Rs58.5 as against Rs53.2 in FY25
- The Board has recommended a final dividend of Rs7 per share, subject to shareholder approval

Division-wise Performance:

- **Nesco IT Park:** The IT Park clocked revenues of Rs992mn as against Rs950mn in the same quarter last year, growth of 4.4% on a y-o-y basis and remained flat on a q-o-q basis
- **BEC and Indabrator:** During the quarter, the segment reported revenues of Rs762mn as against Rs468mn in Q4FY25, growth of 63% on a y-o-y basis. The Indabrator division clocked revenues of Rs92mn for the quarter, de-growth of 23.8% on a y-o-y basis
- **Nesco Foods:** reported revenues of Rs670mn as compared to Rs381mn in the comparative quarter
- **Wayside Amenities:** The awarded projects include (i) Hyderabad-Visakhapatnam Expressway (Khammam-Devarapalli Section) comprising of 4 sites where the possession has been taken, (ii) Bengaluru-Chennai Expressway Corridor (Phase II) comprising 3 sites (LOA for 2 sites has been surrendered back), (iii) Raipur-Visakhapatnam Expressway comprising of 4 sites (possession taken). The estimated capex is around Rs4bn

Financials:

Performance (Q4&FY26)									
Q4&FY26 Result (Rs mn)	Mar-26	Mar-25	y-o-y	Dec-25	q-o-q	FY26	FY25	y-o-y	FY27E
Total Revenue	2516	1920	31.0%	2479	1.5%	9321	7320	27.3%	10892
EBITDA	1179	1067	10.5%	1260	(6.4%)	4904	4378	12.0%	5827
Other Income	205	196	4.9%	265	(22.6%)	995	1137	(12.4%)	1062
Interest	83	12	-	78	6.6%	252	123	-	260
Depreciation	137	132	3.8%	129	6.4%	491	499	(1.7%)	500
Exceptional Items	0	0	-	0	-	0	0	-	0
Tax	234	232	0.8%	272	(14.0%)	1029	1140	(9.7%)	1318
Net Profit	931	886	5.0%	1046	(11.1%)	4127	3752	10.0%	4811

Outlook and Recommendations:

The company has reported revenue growth of 31% y-o-y with margins lower at 46.9% for the quarter under reference. The margins have been impacted due to lower gross margins, the higher other expenses/RM costs. The PAT has grown by 5% y-o-y. For the full year as well, revenue growth was at 27.3% and PAT growth of 10% y-o-y. The company has crossed the Rs10bn milestone in FY26; marking an important step in the growth journey. In terms of the segmental performance, the IT segment reported growth of 4.4% y-o-y. For IT Tower 2, the Intimation of Disapproval (IOD) has been received. The Board has reviewed and approved a capex of upto Rs35bn for development of Tower 2 in IT Park to be utilised over a period of six years' subject to receipt of timely statutory approvals. The funding for this project shall primarily be done from internal accruals. This would also house a self-managed premium 5-star hotel having 732 premium rooms and suite and a ~172 service apartments; the expected ARR chalked at Rs15,000 per night. BEC reported strong growth of 63% y-o-y with the seasonally strong quarter for exhibitions of a larger scale. The renovation of other halls after Hall-6 is being undertaken. Indabrador has been a laggard with minimum contribution, reported drop of 23.8% y-o-y. Nesco has now become synonymous with Nesco foods. It has been the highlight with F&B being the major attraction, reported growth of 75.9% y-o-y. With new brand registrations the space is becoming a hub of cuisines through the partnered (50+) and owned brands (08 currently). From initially catering to the IT parks, the segment has now spread to offer gourmet experiences across 12 restaurants. Way-side amenities were the new business of avenue that the company highlighted a couple of quarters ago. However, for the year there has been no contribution from the same as it is in WIP phase. Nesco is working towards transforming the traditional stops to vibrant hubs for fuel and hospitality. Furthermore, the company is looking at fetching revenues via addition of opportunities arising from the businesses of operating amusement centers, sports complexes, gaming zones (currently one is operational), entertainment venues, recreation centers for various business activities including adventurous experiences, simulative games, virtual reality (VR) games, etc. The company continues to be debt free; with strong investments and cash reserves. Over the next 2-3 years the triggers of growth would come from the construction of Tower 2, the expanding WSA business, growth in foods and events business and the overall expansion across newer geographies. The company is striving to be the preferred brand across every sector that is present in. The strong balance sheet, debt free stand, healthy cash flow generation coupled with a diversified pipeline of businesses backed by strong brand equity, robust operating model provides a unique opportunity to leverage the upcycle. At the current valuations we maintain an accumulate on the stock for a target of Rs1500.

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