Sector: Diversified Commercial Ser. | RESULT REVIEW Q1FY27 | Declared On: 27 July 2026

Nesco Limited

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs1048	73.8	Accumulate	Rs1500	43%

as on 28th July, 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 a growth of 9.5% to Rs2,118mn as compared to Rs1,933mn in the same quarter last year
- The Ebitda margins stood at 48.3% as compared to 57.1% in the comparative quarter last year
- The company reported profit of Rs1000mn as compared to Rs961mn in the same quarter last year
- The EPS for the quarter stood at Rs14.19 as compared Rs13.64 in the corresponding period of last year

Division-wise Performance:

- **Nesco IT Park:** clocked revenues of Rs984mn as against Rs985mn in Q1FY26, drop of 0.1% on a y-o-y basis
- **BEC and Indabrator:** During the quarter, the segment reported revenues of Rs446mn as against Rs404mn in Q1FY26, growth of 10.4% on a y-o-y basis. The Indabrator division clocked revenues of Rs111mn for the quarter, growth of 49.7% on a y-o-y basis
- **Nesco Foods:** reported revenues of Rs577mn as compared to Rs470mn 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 (surrendered)

Financials:

Performance (Q1FY27)							
Q1FY27 Result (Rs mn)	Jun-26	Jun-25	y-o-y	Mar-26	q-o-q	FY26	FY27E
Total Revenue	2118	1933	9.5%	2516	(15.8%)	9321	10641
EBITDA	1024	1103	(7.2%)	1179	(13.2%)	4904	5597
Other Income	436	281	55.1%	205	-	995	1073
Interest	73	38	93.1%	83	(12.2%)	252	272
Depreciation	117	109	7.4%	137	(14.9%)	491	500
Exceptional Items	0	0	-	0	-	0	0
Tax	271	277	(2.2%)	234	15.7%	1029	1268
Net Profit	**1000**	**961**	**4.0%**	**931**	**7.4%**	**4127**	**4629**

Outlook and Recommendations:

The company has reported stable revenue expansion reporting growth of 9.5% y-o-y. The margins came in lower at 48.3% for the quarter due to increase in the expenses; which did restrict PAT growth at 4% y-o-y. However, 7.5% q-o-q growth highlights steady recovery. On the segmental front, the **Realty segment** growth was flat with revenues of Rs984mn, compared to Rs985mn in the same quarter last year.

Please Turn Over

Outlook and Recommendations (contd.):

The planned development of Tower-2 at Nesco IT Park, will add premium office space and a large hotel facility (self-managed premium 5-star hotel having 732 premium rooms and suite and a ~172 service apartments with ARR chalked of Rs15,000 per night) while turning the campus into a self-contained destination. Tower-2 work has been commenced adding to the long-term growth pipeline of the company; project expected to be completed in ~60 months with an estimated investment of Rs35bn. In terms of tower 3 and 4 (having 17.70lakh sq ft chargeable area of which 6.6 lakh sq ft is in tower 3 and 11.1 lakh sq ft in tower 4); which has 13 clients in each of the towers; the occupancy stands at 100%. The average rent is around Rs180 per sq/per month; (ranges between Rs150-210 per sq/per month). Both the towers consume 14% and 18% FSI of the permissible (which excludes the BEC). With regard to the **BEC segment** (housing 5 exhibition halls and 3 banquet halls), it reported growth of 10.4% y-o-y. After hall-6, renovation of hall 1 is in process to be followed by halls 2 and 3 to be fused into one which would be hall2; capex of Rs2bn for the same. Most of the **capex** plans across segments would be through internal accruals; debt being the last mile top up or requirement; company continues to be net debt free. **Nesco foods** continued with its growth momentum reporting growth of 22.7% y-o-y. The company has 12 well known restaurants, gaming zone and three large food courts, as part of this segment. Further, it is complemented with catering services (both indoor and outdoor services) that provide customised end-to-end hospitality solutions. It stands strong with 8 inhouse brands and partnership with 50 renowned food brands. The company has initiated work for its in-house event décor, a service line extension of the foods division; scaling the gourmet craft catering; and expanded **My Water Box**, the alkaline packaged water brand, in the premium hydration market. In terms of the **way side amenities** segment, construction is progress across 4 sites in Hyderabad; attempt of Nesco to redefine conventional highway stops. The operations are expected to start by end of the financial year. There has been some surrendering done as the commercial feasibility had reduced; led to financial impact of Rs12.5-15mn that has been charged to the June'26 P&L. The increasing govt investment across the highways and expressways is adding to opportunities for Nesco in this segment. The company 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. 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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