NBCC (India) Ltd — FY 2026 Annual Report Analysis

Annual Report Analysis (Consolidated)

Source: CRORES. All figures   Crores. Pipeline: v5-Gemini — W1a → W3 → W1b+W2+W2F (parallel, notes-injected) → Merge.

Investor Snapshot

#	Analytical Point	Sentiment
1	**NBCC maintains a dominant competitive moat as the primary government agent for urban redevelopment, supported by a massive □1.28 lakh crore order book providing 10-12x revenue visibility.**	□Positive
2	Revenue growth remained modest at 7.06% YoY reaching □12,889 crore, with the low-margin Project Management Consultancy (PMC) segment accounting for 94% of the mix.	□Neutral
3	Strategic pivot toward high-margin urban redevelopment via the REVIVE framework and the HSCC merger are intended to drive long-term margin expansion.	□Positive
4	***Reported PAT of 742 crore is of low quality, as 29% of earnings (216.61 crore) were derived from non-cash write-backs of old credit balances rather than core operations.***	□Negative
5	**The balance sheet remains structurally sound and debt-free (0.0x D/E), maintaining a strong solvency position despite operational headwinds.**	□Positive
6	***Cash flow from operations (CFO) declined to 439 crore, representing a poor cash conversion ratio of only 0.59x relative to PAT.***	□Negative
7	***Internal capital execution appears inefficient, evidenced by 29.58 crore in corporate office renovation costs stalled in Capital Work-in-Progress (CWIP) for over three years.***	□Negative
8	***Trade receivables exploded by 66.31% to 5,091.81 crore, significantly outstripping revenue growth and signaling a severe breakdown in the collection cycle.***	□Negative
9	***Governance risks are elevated due to SEBI LODR non-compliance, including zero women directors on the board and a resulting 3.17 crore regulatory penalty.***	□Negative
10	***Contingent liabilities surged 38% to 2,917 crore, now representing a significant 22.6% of annual revenue and posing a threat to future liquidity.***	□Negative
11	Management continues to reward shareholders with a consistent 38% dividend payout ratio, totaling □270 crore for the year.	□Positive
12	Stance: WATCH; key monitorables include the normalization of debtor days (currently 144 days) and the successful monetization of the WTC Nauroji Nagar project.	□Neutral

1. BUSINESS OVERVIEW (In Bullet Points)

- **Business Segments:** NBCC operates primarily in three segments: Project Management Consultancy (PMC), which is the dominant driver (94.46% of turnover); Real Estate (RE); and Engineering, Procurement & Construction (EPC).
- **Revenue Drivers:** Growth is primarily fueled by the PMC segment (□12,174.27 Cr), specifically through high-value Urban Redevelopment projects and cost-plus contracts (94.73% of revenue).

- **Cost Drivers:** Major costs include Work and Consultancy Expenses (88.31% of revenue), Employee Benefits, and rising legal/arbitration settlements.
- **Industry Position:** Positioned as the Government of India’s preferred "monetization agent" and "fixer" for stalled judiciary projects (e.g., Amrapali).
- **Expansion Plans:** Aggressive rebranding toward a "Global Land Monetization Powerhouse" with a strategic push into international markets via the new NBCC Overseas Real Estate LLC in Dubai.
- **Acquisitions & Mergers:** Initiated the merger of wholly-owned subsidiary HSCC (India) Ltd. to simplify corporate structure and centralize cash management.
- **Capacity & Technology:** Implementing the "REVIVE" framework, adopting ERP and Building Information Modeling (BIM) to target 20-30% reduction in execution timelines.
- **Segment Performance:** PMC grew by 7.01% YoY, while Real Estate and EPC segments witnessed sharp declines of 64.8% and 41.8% respectively.
- **Geographical Presence:** Strong domestic presence in government colony redevelopment; international exposure includes border fencing (Bangladesh) and new operations in Dubai.

2. MANAGEMENT COMMENTARY & OUTLOOK

- Management has introduced the **REVIVE** framework (Redevelopment, Execution, Value, Infrastructure, Vision, Empowering) to pivot from traditional civil construction to high-margin Urban Redevelopment.
- The strategic vision is aligned with "Viksit Bharat @2047," positioning the company to unlock value in aging government colonies (e.g., Nauroji Nagar, Sarojini Nagar).
- The order book stands at a robust **□1,28,000 Cr** (approx. 10-12x trailing revenue), though management acknowledges execution hurdles in border fencing and road works due to land acquisition and international clearances.
- Guidance emphasizes "Execution Leadership" through technology adoption (BIM/ERP) to counter chronic delays and improve the order-to-revenue conversion pace.
- The merger of **HSCC (India) Ltd.** is intended to protect margins and address prior concerns regarding non-reconciliation of balances at subsidiaries.
- Management highlights "Excellent" MoU ratings and successful completion of stalled Amrapali projects as proof of execution capability.
- The demand environment is characterized by the government's push for land monetization, where NBCC acts as the primary agent.
- Competitive intensity is mitigated by NBCC’s unique status as a government-owned consultancy, though litigation with contractors and aged receivables remain persistent operational risks.
- Management Tone: The tone is one of **Defensive Optimism**; while heavily emphasizing national significance and strategic rebranding, management remains relatively silent on the □750 Cr litigation risks and aged receivables in narrative sections, framing them as "typical uncertainties." The focus is highly aligned with political mandates, potentially at the expense of aggressive minority shareholder bottom-line protection.

3. FINANCIAL ANALYSIS

3.1 Financial Statements

Source: Screener.in — all monetary values in Crores. Use these numbers directly.

P&L Statement (□Crores)

Line Item	Mar 2026	Mar 2025
Sales -	12,889.00	12,039.00
Sales Growth %	7.06	15.68
Expenses -	12,272.00	11,409.00
Material Cost % -	90.00	3.00
Raw material cost	11,852.00	242.00
Change in inventory	-229.00	143.00
Manufacturing Cost %	0.00	86.00
Employee Cost %	3.00	3.00
Other Cost %	2.00	3.00
Operating Profit	617.00	629.00
OPM %	4.80	5.00
Other Income -	388.00	138.00
Exceptional items	80.00	-83.00
Other income normal	308.00	221.00
Interest	0.00	5.00
Depreciation	13.00	7.00
Profit before tax	991.00	755.00
Tax %	25.00	26.00
Net Profit -	742.00	557.00
Minority share	-22.00	-16.00
Exceptional items AT	60.00	-61.00
Profit excl Excep	682.00	619.00
Profit for PE	662.00	601.00
Profit for EPS	720.00	541.00
Profit Growth %	10.00	16.00
EPS in Rs	2.67	2.00
Dividend Payout %	38.00	33.00

Balance Sheet (□Crores)

Line Item	Mar 2026	Mar 2025
Equity Capital	270.00	270.00
Reserves	2,747.00	2,209.00
Borrowings -	0.00	0.00
Long term Borrowings	0.00	0.00
Lease Liabilities	0.26	0.40
Other Borrowings	0.00	0.00
Other Liabilities -	13,256.00	11,208.00
Non controlling int	198.00	192.00
Trade Payables	6,355.00	4,756.00
Advance from Customers	0.00	3,121.00
Other liability items	6,703.00	3,138.00
Total Liabilities	16,274.00	13,688.00
Fixed Assets -	614.00	531.00
Land	0.00	17.60
Building	0.00	149.50
Plant Machinery	0.00	12.93
Equipments	0.00	19.46
Furniture n fittings	0.00	15.18
Vehicles	0.00	1.84
Intangible Assets	0.67	0.00
Other fixed assets	0.00	364.94
Gross Block	0.00	581.45
Accumulated Depreciation	0.00	50.45
CWIP	38.00	4.00
Investments	19.00	265.00
Other Assets -	15,603.00	12,887.00
Inventories	1,194.00	1,021.00
Trade receivables -	5,092.00	3,062.00
Receivables over 6m	0.00	1,073.00
Receivables under 6m	0.00	2,254.00
Prov for Doubtful	0.00	-266.00
Cash Equivalents	6,516.00	5,716.00
Loans n Advances	154.00	717.00
Other asset items	2,647.00	2,372.00
Total Assets	16,274.00	13,688.00

Cash Flow Statement (Crores)

Line Item	Mar 2026	Mar 2025
Cash from Operating Activity -	439.00	657.00
Profit from operations	355.00	493.00
Receivables	-2,205.00	-443.00
Inventory	-228.00	-34.00
Payables	1,960.00	1,003.00
Loans Advances	0.00	0.00
Operating investments	0.00	0.00
Other WC items	639.00	-338.00
Working capital changes	166.00	189.00
Direct taxes	-83.00	-18.00
Other operating items	1.00	0.00
Exceptional CF items	0.00	-6.00
Cash from Investing Activity -	250.00	573.00
Fixed assets purchased	-37.00	-320.00
Fixed assets sold	0.00	0.00
Capital WIP	0.00	0.00
Investments purchased	-175.00	0.00
Investments sold	417.00	7.00
Investment income	0.00	0.00
Interest received	214.00	433.00
Dividends received	13.00	20.00
Redemp n Canc of Shares	0.00	0.00
Acquisition of companies	0.00	0.00
Other investing items	-183.00	433.00
Cash from Financing Activity -	-201.00	-269.00
Interest paid fin	0.00	0.00
Dividends paid	-200.00	-267.00
Financial liabilities	0.00	0.00
Other financing items	-1.00	-2.00
Net Cash Flow	489.00	961.00
Free Cash Flow	402.00	338.00
CFO/OP	85.00	107.00

Key Ratios (₹Crores)

Line Item	Mar 2026	Mar 2025
Debtor Days	144.00	93.00
Inventory Days	38.00	0.00
Days Payable	200.00	0.00
Cash Conversion Cycle	-18.00	93.00
Working Capital Days	-120.00	-122.00
ROCE %	31.00	33.00

3.2 Financial Analysis Summary

- **Revenue** from operations grew by **7.06%** to **₹12,889.00 Cr**, primarily driven by the **PMC** segment (94.46% of turnover), while **Trade Receivables** on the **Balance Sheet** surged disproportionately by **66.31%** to **₹5,091.81 Cr**, indicating that **Revenue** growth is not translating into immediate liquidity and suggesting aggressive billing or collection delays.
- The quality of **Operating Profit**, which stood at **₹617.00 Cr** with a margin of **4.80%**, is weakened by the inclusion of **₹216.61 Cr** from "Unadjusted Credit Balances Written Back" (Note 33), a non-cash accounting gain that inflated the **P&L Statement** without supporting **CFO**, which fell from **₹657.00 Cr** to **₹439.00 Cr**.
- **Net Profit** increased by **33.21%** to **₹742.00 Cr**, but this was significantly aided by **Other Income** of **₹388.00 Cr** and an **Exceptional Item** gain of **₹80.15 Cr** from the reversal of a write-down for the Kochi Project, masking a slight contraction in core **Operating Profit** from **₹629.00 Cr** to **₹617.00 Cr**.
- **Working Capital** efficiency deteriorated as **Debtor Days** spiked from **93** to **144 days**, and the **Cash Flow Statement** reveals a massive **₹2,205.00 Cr** outflow due to **Trade Receivables**, which was only partially offset by a **₹1,960.00 Cr** increase in **Trade Payables** (reaching **₹6,355.23 Cr**), effectively using vendor credit to fund client payment delays.
- **Inventory** levels rose **16.94%** to **₹1,194.00 Cr**, including **₹865.77 Cr** in Land Bank; the reclassification of **₹93.31 Cr** to **ROU Assets** for the Bhubaneswar project signals an inability to liquidate real estate stock, forcing a shift to a rental model that will impact future **Depreciation** rather than immediate **Sales**.
- The company remains debt-free with **Total Debt** at **₹0.00 Cr**, yet the **Balance Sheet** shows a high **Cash Equivalents** balance of **₹6,516.00 Cr**, of which a substantial **₹3,838.98 Cr (58.9%)** is restricted cash held on behalf of clients and is unavailable for **Capex** or **Dividend Payout**.
- **ROCE** moderated from **33.00%** to **31.00%** as the **Total Assets** base expanded to **₹16,274.00 Cr** without a commensurate increase in **EBIT**, while **ROE** remains supported by high margins on cost-plus contracts (94.73% of revenue) and a lean **Net Worth** structure.
- **Contingent Liabilities** for claims not acknowledged as debt escalated by **38%** to **₹2,917.01 Cr**, representing **22.6%** of **Revenue**, posing a significant risk to future **Net Profit** and **Net Worth** if disputes, including a **₹404.80 Cr** DVAT demand, are ruled against the group.
- **Capital Allocation** remains focused on low-intensity PMC work, with a modest **Capex** of **₹37.00 Cr**; however, **CWIP** includes a corporate office renovation (**₹29.58 Cr**) stalled for over three years, reflecting internal project management inefficiency.
- **Employee Cost** rose **8.9%** to **₹379.22 Cr**, outstripping **Revenue** growth and including a **₹23.30 Cr** charge for post-retirement benefits, which, coupled with the **₹13.20 Cr Arbitration Settlement**, indicates rising structural overheads on the **P&L Statement**.
- **Other Financial Assets** include **₹207.71 Cr** in **Unbilled Revenue** (accrued but not invoiced) and **₹243.78 Cr** in **Retention Money**, indicating long-term cash lock-in; **Other Current Liabilities** are dominated by

₹3,860.93 Cr in **Advances from Clients**, which provides interest-free funding but masks the underlying collection stress.

- **Other Expenses** were impacted by a sharp spike in "Rates, Taxes, Penalty & Surcharge" to **₹17.28 Cr**, including a **₹11.07 Cr** provision for property tax at WTC Nauroji Nagar, signaling recurring overheads for new commercial assets.
- The dominant financial theme of the year is a **deterioration in earnings quality**, where headline **PAT** growth is decoupled from **CFO** due to non-cash write-backs, provision reversals, and a significant spike in uncollected **Trade Receivables**.

3.3 Contingent Liabilities & Commitments

- **Claims against Group not acknowledged:** ₹2,917.01 Cr (up 38% YoY), representing 22.6% of revenue.
- **Tax Disputes:** Includes ₹470.81 Cr in GST/Service Tax/VAT disputes and ₹77.46 Cr in Income Tax demands.
- **DVAT Demand:** A ₹404.80 Cr demand remanded for recalculation; management claims recoverability from clients, but final liability remains uncertain.
- **Project Green View (Sector 37D):** Ongoing litigation regarding structural defects; quantifiable claims of ₹63.55 Cr, but additional interest/compensation is "not ascertainable."
- **Capital Commitments:** ₹5.73 Cr approved and contracted.
- **Guarantees:** Not specifically quantified in RPT notes but inherent in large-scale PMC contracts.

3.9 Earnings Quality & Forensic Checks

#	Check	Impact	Status	Evidence	Notes Detail
1	PAT vs CFO trend	Profit ↓ — earnings overstate cash; □742 Cr PAT vs □439 Cr CFO indicates poor cash conversion.	□	PAT □742 Cr, CFO □439 Cr (FY26).	CFO/OP ratio dropped from 107% to 85% YoY.
2	Receivables & channel-stuffing signal	Revenue ↑↓ — aggressive billing risk; receivables grew 66.3% vs sales growth of only 7.06%.	□	Receivables □5,092 Cr vs □3,062 Cr; Sales □12,889 Cr.	Note 14: Receivables growth significantly outpaces revenue, signaling collection delays.
3	Revenue timing (unbilled/ advances)	Revenue ↑ — non-cash gains; □216.61 Cr from writing back old credit balances inflates revenue.	□	Unbilled Revenue □207.71 Cr; Credit write-backs □216.61 Cr.	Note 33: Unadjusted credit balances written back contributed significantly to operating income.
4	Revenue from related parties %	Neutral — state-controlled entity exemption masks specific PSU transaction volumes.	□	Services to JVs □3.10 Cr; NBCC-AB JV receivable □10.97 Cr.	Note 49: Exemption for state-controlled entities limits disclosure of bulk government revenue.
5	Inventory vs revenue growth	Profit ↓ — slow-moving stock; inventory grew 22.6% vs 7.06% revenue growth, indicating stagnation.	□	Inventory □1,194 Cr vs □1,021 Cr; Sales growth 7.06%.	Note 12: Includes □865.77 Cr land bank; Bhubaneswar project units moved to ROU.
6	Inventory valuation method change	Profit ↑ — valuation volatility; □80.15 Cr reversal of previous write-downs boosts current year earnings.	□	Kochi Project reversal □80.15 Cr.	Note 12/43: Inventory valued at Cost or NRV; reversal suggests fluctuating management estimates.
7	Exceptional items in operating profit	Profit ↑ — one-time gain; □80 Cr exceptional item represents 8% of PBT, inflating quality.	□	Exceptional items □80 Cr (FY26) vs -□83 Cr (FY25).	Note 43: Net gain due to reversal of write-down for the Kochi Project.
8	Depreciation rate vs useful life policy	Profit ↓ — accelerated depreciation; reclassification of □347.72 Cr to PPE changes the asset profile.	□	Depreciation □13 Cr (FY26) vs □7 Cr (FY25).	Note 2(i): WTC Nauroji Nagar shifted from Investment Property to PPE.
9	Provision reversals boosting PAT	Profit ↑ — non-organic boost; □80.15 Cr Kochi reversal and □216.61 Cr write-backs support PAT.	□	Exceptional gain □80.15 Cr; Credit write-backs □216.61 Cr.	Note 33/43: Earnings supported by estimate changes and liability reversals rather than operations.
10	Tax rate consistency	Profit ↓ — cash outflow; cash tax paid (□83 Cr) is significantly lower than P&L tax.	□	Tax % 25.00; Direct taxes paid □83 Cr.	Note 9: DTA dropped 13.9%, indicating utilization of tax benefits.
11	CWIP age and stalling projects	Profit ↓ — impairment risk; corporate office renovation in CWIP for over 3 years suggests inefficiency.	□	CWIP □38 Cr (FY26) vs □4 Cr (FY25).	Note 3: □29.58 Cr of CWIP relates to office renovation pending for >3 years.
12	Deferred tax asset recognition	Profit ↑↓ — tax asset utilization; DTA of □222.09 Cr relies on impairment and advance revenue.	□	DTA □222.09 Cr; Impairment allowance □67.84 Cr.	Note 9: DTA supported by provisions for impairment and PMC advance revenue.
13	RPT quantum and trend	Neutral — stagnant JV balances; receivables from	□	JV Receivables □10.97 Cr (FY26) vs □10.97 Cr (FY25).	Note 49(iii): Stagnant balances with JVs suggest lack of settlement.

#	Check	Impact	Status	Evidence	Notes Detail
		NBCC-AB JV remain unchanged at □10.97 Cr.			
14	Dividend paid vs FCF adequacy	Profit ↓ — cash drain; □200 Cr dividend is well-covered by □402 Cr Free Cash Flow.	□	Dividends paid □200 Cr; FCF □402 Cr.	Payout ratio 38%; FCF remains positive despite working capital pressure.
15	Revenue Recognition Estimates	Profit ↑ — aggressive recognition; Input Method used for 95% of revenue (□12,300 Cr).	□	Input Method (Cost-to-Cost) reliance.	Auditor flagged subjective management estimates of total contract costs as a KAM.
16	Asset Ownership Risk	Neutral — title deed issues; HSCL buildings (□4.47 Cr) not in group name; leases expired.	□	HSCL land leased from SAIL/RINL.	Auditor "Other Matter": Risk to asset ownership and potential litigation.
17	Governance Compliance	Neutral — regulatory penalty; □3.17 Cr penalty for Board composition non-compliance.	□	SEBI LODR non-compliance.	Note 47: Penalty for lack of Independent/Woman Directors.

4. MANAGEMENT & GOVERNANCE

A. Auditor Report & Key Audit Matters * **Audit Opinion:** Unqualified / Unmodified. * **Revenue Recognition (PMC/EPC):** Auditor flagged the "Input Method" (cost-to-cost) which relies on subjective management estimates of total contract costs. Management responded by strengthening the Internal Project Monitoring System (IPMS). * **Valuation of Real Estate Inventory:** Auditor concern regarding NRV assessment for long-standing projects (e.g., Kochi). Management recognized a reversal of write-down of □80.15 Cr. * **Trade Receivables Recoverability:** High judgment required for aging and disputed dues. Auditors noted significant divergence between billing and collections. * **Emphasis of Matter:** Includes the □404.80 Cr DVAT demand and "Project Green View" litigation where additional liabilities are "not ascertainable." * **Other Matter:** Title deeds for buildings constructed by subsidiary HSCL (□4.47 Cr) are not in the name of the group, and leases have expired. * **Material Weaknesses:** Non-compliance with SEBI LODR regarding the appointment of a Woman Independent Director.

B. Related Party Transactions | Party | Relationship | Nature | Amount (□Cr) | Concern | |:---|:---|:---|:---|:---| | ***NBCC-AB*** | Joint Venture | Stagnant Receivable | 10.97 Cr | ***Zero movement in balance; suggests potential recoverability issues*** | | **NBCC Overseas RE** | Subsidiary | Equity Investment | 2.39 Cr | New Dubai entity; monitoring for capital leakage | | **JVs (General)** | Joint Ventures | Services Rendered | 3.10 Cr | Neutral; arm's length consultancy fees | | ***Post-Retirement Trust*** | Employee Trust | Settlement of Payables | 139.24 Cr | ***Large cash settlement (147.57 Cr to 8.33 Cr) impacting liquidity*** |

- **% of Revenue:** 0.13% | **% of CFO:** 3.75%
- **RPT Verdict:** Monitor □ While quantum is low, stagnant JV balances and new overseas entities require oversight. The group utilizes the state-controlled entity exemption, masking bulk government transactions.

C. Shareholding * **Promoter (Govt. of India):** 61.75% * **FII:** 4.45% | **DII:** 10.12% | **Public:** 23.68% * **Pledged Shares:** 0.00%

D. Board Composition + KMP Compensation * **Total Directors:** 9 | **Independent %:** 44.44% (4/9). * **Women Directors:** ***0*** (Non-compliant with SEBI LODR). * **KMP Compensation:** * K.P. Mahadevaswamy (CMD): □1.02 Cr (0.00% growth). * Anjeev Kumar Jain (CFO): □0.98 Cr (145% growth due to full-year effect). * Total KMP Remuneration (□4.09 Cr) is 0.66% of EBITDA. No family relations or same-family compensations identified.

F. Capital Allocation & Capex | Action | FY Current (□Cr) | FY Prior (□Cr) | % of CFO | Signal | |:---|---:|---:|---:|:---| | **Dividends Paid** | 270.00 Cr | 267.00 Cr | 61.50% | □| | **Capex** | 37.00 Cr | 320.00 Cr | 8.43%

| □| | ***Working Capital Inv.*** | 166.00 Cr | 189.00 Cr | 37.81% | □| | **Interest Received** | 214.00 Cr | 433.00 Cr | 48.75% | □| | ***Write-backs (Non-cash)*** | 216.61 Cr | 368.21 Cr | 49.34% | □| | ***Contingent Liab. Increase*** | 808.46 Cr | - | 184.16% | □|

- **CAPEX Analytical Notes:**
  - **CFO Coverage of Capex**: 11.86x; highly self-sufficient.
  - **Nature of Capex**: Primarily maintenance and IT (ERP). **CWIP includes □29.58 Cr for corporate office renovation stagnant for >3 years.**
  - **Deployment Efficiency**: Revenue grew 7.06% while Capex fell 88% YoY, reflecting a shift from asset acquisition to maintenance.
  - **Key Takeaways**: Stagnant CWIP at the head office indicates internal project management inefficiency.

H. Risks * ***Receivable Mismatch***: **Receivables grew 66.3% (□5,092 Cr) vs 7% Sales growth.** Impact: Massive cash trap; 39.5% of revenue is uncollected. (Severity: □High) * ***Contingent Liabilities***: Claims reached □2,917.01 Cr. Impact: 22.6% of revenue at risk; could wipe out 4 years of PAT. (Severity: □High) * ***Earnings Quality***: **□216.61 Cr of revenue is non-cash write-backs.** Impact: Operating profit inflated by 35% through accounting gains. (Severity: □High) * ***Tax Litigation***: □404.80 Cr DVAT demand. Impact: Potential direct hit to bottom line if recovery from clients fails. (Severity: □High) * ***Governance***: **Zero Women Directors on Board.** Impact: SEBI LODR non-compliance; risk of regulatory penalties. (Severity: □High)

5. SCORECARD & VERDICT

Part A: Scorecard

Dimension	Rating (1–5)	Delta	Key Evidence	One-line Rationale
Business Quality	3	→	Order book □1.28L Cr; 94% PMC mix	Strong moat as Govt agent but high cyclicality and low-margin PMC dominance.
Financial Health	4	↓	D/E 0.0x; CFO □439 Cr < PAT □742 Cr	Debt-free status is offset by deteriorating cash conversion and restricted cash.
Earnings Quality	2	↓	Write-backs □216 Cr; Receivables +66%	Profits are heavily supported by non-cash items and aggressive billing.
Management & Governance	2	↓	0 Women Directors; Short ID tenures	Regulatory non-compliance and "revolving door" board structure are major flags.
Capital Allocation & Earnings Visibility	3	→	ROCE 31%; Stagnant CWIP □29 Cr	Good returns but inefficient internal capex and high contingent liability overhang.

BUSINESS POSITIVES (for this company this year) * □**Debt-Free Balance Sheet:** Maintained a **Total Debt of □0.00 Cr** with a strong solvency position. * □**Robust Order Book:** Secured an order book of **□1,28,000 Cr**, providing long-term revenue visibility (10-12x trailing revenue). * □**Strategic Rebranding:** Successful pivot toward high-margin **Urban Redevelopment** via the REVIVE framework. * □**Dividend Consistency:** Distributed **□270 Cr** in dividends, representing a healthy **38% payout ratio**. * □**Provision Reversal:** Recognized a **□80.15 Cr** gain from the Kochi project reversal, reflecting improved market valuation of legacy assets.

BUSINESS NEGATIVES / CONCERNS (for this company this year) * □**Receivable Explosion: Trade Receivables grew 66.31% (□5,091.81 Cr)** against only 7.06% revenue growth, signaling a severe cash trap. * □**Poor Cash Conversion: CFO (□439 Cr)** is significantly lower than **PAT (□742 Cr)**, with a CFO/PAT ratio of only 0.59. * □**Non-Cash Earnings: □216.61 Cr** of revenue (29% of PAT) came from non-cash "write-backs" of old credit balances. * □**Contingent Liability Surge:** Claims not acknowledged as debt jumped by **□808.46 Cr** to reach **□2,917.01 Cr** (22.6% of revenue). * □**Governance Lapses: Zero Women Directors** on the board and a

□3.17 Cr** penalty for SEBI LODR non-compliance. * □**Stagnant CWIP:** Corporate office renovation of □**29.58 Cr** has been stalled for over **3 years**, indicating internal execution inefficiency.

OVERALL SCORECARD SUMMARY NBCC maintains a strong competitive moat as the government's primary redevelopment agent, supported by a debt-free balance sheet and a massive order book. However, earnings quality has significantly deteriorated this year, with profits increasingly reliant on non-cash write-backs and provision reversals rather than core operations. Governance remains a critical weakness due to regulatory non-compliance and a lack of board diversity, while the sharp spike in uncollected receivables suggests a breakdown in the collection cycle that threatens long-term liquidity.

Part B: Governance Check Matrix

#	Check	Status	Evidence
1	Audit opinion clean?	□	Unqualified opinion (p.71)
2	Promoter pledge = 0?	□	0.00% pledged (Screener)
3	KMP pay < 5% of PAT?	□	Total KMP rem. □4.09 Cr is 0.55% of PAT
4	RPT quantum < 5% of revenue?	□	RPTs are 0.13% of revenue
5	Board > 50% independent?	□	44.44% (4 out of 9) - Below 50%
6	At least 1 woman director?	□	Zero women directors (p.58)
7	No statutory dues outstanding?	□	□224.91 Cr taxes payable; □404 Cr DVAT dispute
8	No fraud reported?	□	None reported in auditor's report
9	Audit trail enabled?	□	Confirmed in auditor's report
10	Frequent Auditor change	□	None; C&AG appointed
Total: 7/10 □— Governance Rating: 3			

Part C: Investor Verdict

THESIS: NBCC is a debt-free policy proxy for India's urban redevelopment, but currently faces significant earnings quality and collection risks. **OVERALL STANCE:** WATCH **RATIONALE:** While the order book is massive, the decoupling of PAT from CFO and the 66% surge in receivables require stabilization before a positive stance can be taken. **RE-EVALUATE WHEN:** Trade Receivables growth falls below Revenue growth for two consecutive quarters. **BULL CASE:** Successful monetization of WTC Nauroji Nagar leading to a □1,500 Cr+ cash infusion and receivable normalization. **BEAR CASE:** Crystallization of the □2,917 Cr contingent liabilities or a major write-off of aged receivables (>3 years) exceeding □200 Cr. **KEY MONITORABLE:** Debtor Days: 144 days → Watch threshold: <110 days.

7. YEAR-OVER-YEAR ANALYSIS

7.1 Changes

Metric / Theme	Summary A Status	Summary B Status	Forensic Takeaway
Capital Allocation	Aggressive pivot to asset-heavy leasing with ₹320 Cr capex for WTC Nauroji Nagar.	Sharp 88% reduction in capex (₹37 Cr), shifting focus to maintenance and IT infrastructure.	The company has pivoted from aggressive asset acquisition to a consolidation phase, likely constrained by internal execution delays evidenced by stagnant CWIP.
Margin Trajectory	OPM improved to 5.0% following a 15.7% revenue surge.	OPM contracted to 4.8% as employee costs and structural overheads outpaced 7% revenue growth.	Operating leverage is reversing as the core PMC model hits a margin ceiling amidst rising administrative expenses.
Working Capital	CFO was ₹657 Cr, supported by a ₹1,003 Cr increase in trade payables.	CFO dropped to ₹439 Cr as trade receivables exploded by 66% to ₹5,092 Cr.	The collection cycle has effectively collapsed, forcing the company to aggressively stretch vendor payables to mask a massive cash trap in government dues.
Earnings Quality	66% of PAT was derived from a single ₹368 Cr non-cash write-back of credit balances.	PAT supported by ₹216 Cr in write-backs and a ₹80 Cr exceptional reversal of a previous inventory write-down.	Reported profits remain an accounting artifact, consistently reliant on "kitchen sink" reversals rather than core operational cash flow.
Management Tone	Focused on being the "Last Resort" developer for stalled judiciary projects.	Rebranded as a "Global Land Monetization Powerhouse" with a push into Dubai markets.	Management is shifting the narrative toward high-growth international monetization to distract from persistent domestic collection hurdles and legacy litigation.

7.2 Persistent Patterns

- **Debt-Free Capital Structure:** The company maintains a **Debt/Equity ratio of 0.00** across both periods, providing a significant safety buffer against operational volatility.
- **Restricted Cash Illusion:** A vast majority of the reported cash balance (58%–70%) is **restricted client money**, meaning the headline liquidity significantly overstates the funds available for shareholders.
- **Structural Governance Non-compliance:** The Board has remained **consistently non-compliant with SEBI LODR requirements**, specifically regarding the lack of a Woman Director and insufficient Independent Directors.
- **Massive Contingent Liability Overhang:** Litigation and tax claims (ranging from ₹1,200 Cr to ₹2,917 Cr) **consistently exceed 3x–4x the annual PAT**, representing a permanent threat to the equity base.
- **PMC Segment Dominance:** The business remains a **monoline PMC operator** with over 94% of revenue derived from cost-plus government consultancy, leaving it vulnerable to changes in public infrastructure spending.
- **Subjective Revenue Recognition:** Auditors consistently highlight the **"Input Method" of revenue recognition** as a Key Audit Matter, noting its heavy reliance on subjective management estimates of project completion.
- **Chronic Receivable Ageing:** A significant portion of the balance sheet remains **trapped in aged receivables**, indicating a systemic inability to enforce payment terms with government clients.