NBCC (India) Ltd — Feb 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat (PAT/Margins) | Inline (Revenue) **One-line:** NBCC has achieved its ₹1,00,000 Cr order book milestone ahead of schedule, successfully pivoting into a "Master Developer" for distressed real estate (Supertech) and massive state-level redevelopments, though reaching the FY25 revenue target now requires a heroic 79% QoQ jump in Q4.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Beat on PAT	Consol PAT growth of 21.6% YoY vs 16.7% Revenue growth; Margins expanded due to high-value PMC mix.	□
Earnings Quality	High (Core driven)	Growth is driven by service-fee income (PMC) and high-margin redevelopment projects (GPRA).	□
Guidance Confidence	Mixed	Management reaffirmed ₹12k-13k Cr Revenue target; however, 9M performance leaves a massive ₹5,000 Cr+ gap for Q4.	□
Management Credibility	Strong	Delivered the promised ₹1 Lakh Cr order book; successfully launched and sold ₹3,216 Cr of Amrapali inventory in record time.	□
Business Quality Signal	Improving	Transition from pure contractor to "Resolution Agent" (Supertech/ Amrapali) secures 8% fixed margins with zero capital risk.	□
Key Q&A Exchange	Q# 11 - Ghitorni	Management confirmed 30-40% PAT margins for own real estate, with Ghitorni alone holding ₹4,000 Cr profit potential.	□
The Street's Primary Anxiety	Execution Velocity	Analysts pressed on why PMC growth was only 1.2% this quarter; Mgmt blamed the 1.5-month NGT construction ban in Delhi/NCR.	□
Capital Cycle Stage	Harvesting	Harvesting Nauroji Nagar; transitioning into massive awarding phase for Amrapali Phase 2 (₹9,137 Cr).	□
Margin Trajectory	Improving	EBITDA margins (Consol) at 5.04% vs 4.84% YoY; guided for further 50-100 bps expansion in FY26.	□
Pricing Power	Stable	Nomination-based status for critical govt. works and sole-player status for distressed real estate resolution.	□
FCF Conversion	Distorted	Consol cash of ₹961 Cr is down from ₹1,600 Cr in Q2, reflecting high intensity of work awards and deployment.	□
Competitive Moat	Widening	Proven "Amrapali Model" is now being replicated for Supertech (50,000 units), creating a specialized monopoly.	□
Balance Sheet Strength	Strong	Zero debt; Net worth expansion supported by Bonus Issue (90 Cr shares).	□
Working Capital	Stable	Negative working capital cycle sustained via client advances; CFO/PAT remains healthy (implied).	□
Mgmt Guidance Track Record	Reliable	Consistent in order book accretion; revenue realization remains subject to seasonal/regulatory (NGT) volatility.	□
Key Vulnerability	Concentration	Revenue remains heavily tied to Delhi-NCR regulatory environment (pollution-linked bans).	□
Management Tone	Confident	Aggressive focus on state-level redevelopments (Goa, Chhattisgarh, Rajasthan).	□

Key Takeaways (Positives & Negatives): * **Positives:** The order book has crossed the ₹1,00,000 Cr mark, providing 8-9 years of revenue visibility. The business model has shifted from thin-margin EPC to high-margin PMC (8% fee) and redevelopment. The Amrapali Phase 2 sale (₹3,216 Cr) proves NBCC's ability to monetize distressed assets effectively. The addition of 16 Supertech projects (₹9,445 Cr) and the Srinagar Satellite Township (₹12,712 Cr) provides massive geographic and client diversification. * **Negatives:** Execution was severely hampered by NGT construction bans in Q3, leading to a mere 1.2% growth in the standalone PMC segment. The standalone Real Estate segment reported a loss of ₹13.65 Cr in Q3, highlighting the volatility in timing of revenue recognition for "own" projects. * **Forward Watchpoint:** Q4 Revenue Achievement: To hit the mid-point of management's ₹12,500 Cr guidance, NBCC must clock ₹5,070 Cr in Q4—a feat never before achieved in its history.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS *Data Source: PPT (Primary) and Transcript (Commentary).*

Metric	Current Qtr (Q3FY25)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Income (Consol)	₹2,826.96 Cr	↑ 16.65%	↑ 11.93%	↑	Volume-driven growth from GPRA re-development and Amrapali execution.
EBITDA (Consol)	₹142.58 Cr	↑ 21.56%	↑ 13.95%	↑	Margin expansion due to higher share of PMC service fees (8%).
EBITDA Margin %	5.04%	↑ 20 bps	↑ 9 bps	↑	Expansion driven by fixed overheads spread over higher turnover.
PAT (Consol)	₹123.70 Cr	↑ 32.1%*	↑ 16.7%	↑	(*Adjusted for restated FY24 figures). Driven by lower finance costs.
Order Book (Consol)	₹1,00,000 Cr	↑ 18.5%	↑ 18.5%	↑	Reached ₹1 Lakh Cr target; YTD business secured ₹46,250 Cr.
Order Inflows (Q3)	₹15,599 Cr	↑ 11%	↑ 6%	↑	Includes Srinagar Satellite Township and Supertech projects.
Execution Rate (%)	32.62%	↑ vs Q2	↑ vs Q2	↑	Active execution projects increased to ₹32,620 Cr (Consol).
Book-to-Bill (x)	10.4x	↑	↑	↑	Based on LTM Consol Revenue (~₹9,600 Cr).
Cash Balance (Consol)	₹961 Cr	↓ 39.9%	↓ 39.9%	↓	Decrease due to deployment in ongoing works and dividend payments.
Revenue / Employee	₹4.48 Cr	↑ 18.8%	↑ 44.5%	↑	9M FY25 performance vs 9M FY24 (Standalone).

2B. SEGMENT BREAKDOWN (Standalone)

Segment	Revenue (₹ Cr)	YoY Growth	Result (PBIT)	Trend	vs Co Avg	Key Development
PMC	₹1,781.59	↑ 1.20%	₹119.49	→	In-line	Impacted by NGT construction ban in Delhi/ NCR.
Real Estate (RE)	₹33.21	↑ 62.48%	(₹13.65)	↓	Lower	Loss due to high overheads vs low handover volumes in Q3.
EPC	₹102.88	↓ 38.45%	₹6.79	↓	Lower	Strategic shift away from pure EPC works to PMC.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue (FY25)	□12,000 - □13,000 Cr	Needs □5,070 Cr in Q4 to hit midpoint. **High Risk** given current Q3 run-rate.	Historically back-ended but requires 79% jump.	High
Guidance	Revenue (FY26)	□15,000 - □16,000 Cr	Requires ~25% growth over FY25. **Achievable** if Supertech/Srinagar starts.	Consistent with order book visibility.	Low
Guidance	Margins	5.5% - 6% PAT Margin	Current 9M PAT margin is 4.82%. Needs high-margin RE sales in Q4.	Historically meets targets via Q4 RE spikes.	Moderate
Guidance	Order Inflow	□25,000 Cr (FY26)	□6,250 Cr per quarter. **Highly Conservative** given □46k Cr YTD.	Usually beats conservative targets.	Low
Strategy	Awarding	□20,000 Cr (FY26)	Mgmt plans to award Supertech (□10k Cr) and J&K projects soon.	Acceleration seen in Jan (Amrapali Phase 2).	Low
Strategy	Real Estate	□8,000 Cr unlock (3-4 yrs)	Includes Ghitorni (□4,000 Cr+) and other parcels.	Ghitorni still faces 10-acre dispute.	Moderate

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.5	Dixit Doshi, Whitestone	Order Book	Business Overview	"Out of that order book how much value of the work has already been awarded by us to our contractors?"	Management confirmed "running projects" (active execution) at □32,620 Cr consolidated, implying ~67% of the book is still in pre-execution. Active execution is the lead indicator for revenue; the jump from □22k Cr (Q2) to □32k Cr is the key re-rating driver.	None	5.0	Quantified/ Verifiable
2	4.0	Dixit Doshi, Whitestone	Growth	Management Outlook	"Can this [growth] go up to 25%, 30% because order book is not a constraint now?"	Management expects 25% to 35% increase in top line and bottom line from next year as they aim to complete projects in 3-4 years. This confirms the transition from 10-15% historic growth to a high-growth phase powered by massive inflows.	None	4.0	Directional evidence
3	4.5	Sumeet Rohra, Smartsun	Land Bank	Financials	"Land is basically owned by us [Ghitorni]... only money you will incur is cost of construction?"	Management confirmed book value for 32-acre Ghitorni land is only □2 Cr, but selling price is □20,000/ sqft vs construction cost of □6,000/ sqft. This project alone is a massive PAT lever, as profit realization could	Precise FSI status	4.5	Hidden valu trigger

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						be □14,000/sqft on 2 million sqft (~□2,800 Cr profit).			
4	4.0	Akshay Patil	Real Estate	Management Outlook	"Real estate projection for the next financial year, how much it will be contributing?"	Management expects □290 Cr from current inventory plus further revenue once land parcels (700 acres) reach the handover stage. High-margin RE is critical for management's target of reaching 6% consolidated PAT margins.	Specific launch dates	3.5	Partially hedged
5	5.0	Vasudev, Nuvama	Segment Mix	Business Overview	"Split between PMC and redevelopment in the □1 lakh Cr order book?"	The mix is 62% PMC and 38% Redevelopment. Higher redevelopment share is positive as it carries 8-9% PMC fees plus surplus profit-sharing potential.	None	5.0	Structural clarity
6	4.0	Vasudev, Nuvama	Awarding	Capex and Allocation	"What we are looking for the next 2 months [in awarding]?"	Management plans to award □6,000-7,000 Cr by March, including Amrapali and redevelopment projects. Rapid awarding is the prerequisite for the □15k Cr revenue target in FY26.	None	5.0	Specific timeline
7	4.5	Vasudev, Nuvama	Supertech	Strategy	"What is our scope exactly and what is the revenue potential [for Supertech]?"	Scope is 100% similar to Amrapali (PMC role) with 8% fee on □9,600 Cr turnover potential.	None	5.0	Model replication

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						Successfully winning Supertech consolidates NBCC's monopoly in the "stalled project resolution" niche.			
8	4.0	Vasudev, Nuvama	Cash/ Liquidity	Financials	"What is the seed money... and the cash balance?"	NBCC has □650 Cr (including interest) in Amrapali seed money and consolidated cash of □961 Cr. Strong liquidity allows NBCC to act as a "Developer" without taking leverage.	None	5.0	Specific data
9	3.5	Pankaj Kumar, Kotak	Execution	Financials	"PMC segment single-digit growth... what led to the slowdown?"	Management attributed the slowdown to the NGT (National Green Tribunal) construction ban in Delhi-NCR during Q3. This confirms that geographic concentration in Delhi remains the primary operational risk.	None	4.0	Contextualiz
10	4.0	Suman Kumar (Dir)	Ghitorni Profit	Management Outlook	"How much percentage of profit PAT we can get from [Ghitorni]?"	Management expects 30-40% PAT margins for Ghitorni and 25-30% for other owned land parcels. These are significantly higher than the 5-8% PMC margins, making RE launches the	None	5.0	High-quality signal

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						primary EPS catalyst.			

PATTERN FLAGS & SENTIMENT * **Theme Cluster: The Ghitorni "Gold Mine":** Analysts were hyper-focused on the 32-acre Ghitorni land parcel. Management's posture was confident, resolving long-standing doubts by confirming the 22-acre clear portion can start in FY26 even while the 10-acre dispute continues. This project is now the central "hidden value" anchor for the bull case. * **Theme Cluster: Execution vs. Regulation:** There is palpable tension regarding the NGT bans. Analysts are worried that pollution-linked bans are becoming a structural headwind for NBCC's Delhi-centric book (GPRA/Amrapali). Management's defensive move to diversify into Goa, J&K, and other states was well-received as a hedge. * **Analyst Sentiment Verdict:** Sentiment was strongly positive due to the historic ₹1 Lakh Cr order book and the Supertech win. Friction only exists around the Q4 revenue "asking rate" and the regulatory bans. Management's credibility improved significantly this quarter by delivering the Amrapali sales results (₹3,216 Cr), which was previously viewed as a high-risk execution task.

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Opening) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | FY25 Revenue | Reaffirmed ₹12,000-13,000 Cr. | 9M Revenue is only ₹7,430 Cr. | Requires ₹5,070 Cr (79% QoQ jump) in Q4. | High; potential for a revenue miss in FY25. | | Ghitorni Start | Starting construction. | 10 acres still under legal dispute. | Only 22 of 32 acres are clear for execution. | Minor; delays full-scale monetization. |

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q2)	This Quarter (Q3)	Direction
Order Book Size	₹84,400 Cr	₹1,00,000 Cr	↑ Improving
Active Execution	₹22,000 Cr (26%)	₹32,620 Cr (32.6%)	↑ Improving
Supertech Status	Expected (NCLT wait)	Secured (₹9,445 Cr)	↑ De-risked
Amrapali Sales	Not started	₹3,216 Cr sold (1,233 units)	↑ High Velocity
Cash Balance	₹1,600 Cr (Consol)	₹961 Cr (Consol)	↓ Deploying
Bonus Issue	Proposed	Completed (90 Cr shares)	→ Capitalization
Srinagar Project	Not in book	₹12,712 Cr added	↑ Diversification
Ghitorni Timing	Ambiguous	Starting FY26 (Confirmed)	↑ Visibility

INVESTOR NOTES: * **Thesis Reinforcement:** NBCC has transitioned from a government contractor to a "Monetization Engine" for the Indian State. The ₹1 Lakh Cr order book is no longer a projection—it is a reality. * **Hidden Leverage:** The market is valuing NBCC on PMC margins (5-8%), but the 30-40% PAT margins on owned land parcels (Ghitorni/Coimbatore) are not yet fully baked into forward earnings. * **Execution Risk:** The ₹5,000 Cr+ Q4 revenue requirement is the primary near-term hurdle. Investors should expect a "lumpy" Q4 where real estate handovers determine the final beat/miss. * **Working Capital:** Despite deploying cash into projects, the negative working capital cycle remains a massive structural advantage, allowing 20%+ ROE without debt.

STOP HERE.