

NBCC (India) Ltd — Nov 2024 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Beat One-line: NBCC is successfully transitioning from a government contractor to a "Resolution and Monetization Agent," as evidenced by a record ₹28,100 Cr in H1 inflows and a clear path to absorbing the Supertech crisis, though the execution-to-order-book lag remains a valuation overhang.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Strong Beat	H1 Inflows of ₹28,100 Cr (Consol) represent ~70% of the original FY25 target of ₹40,000 Cr.	□
Earnings Quality	High (Core driven)	46% YoY PAT growth driven by higher-margin GPRA redevelopment and Amrapali execution.	□
Guidance Confidence	Strong	Management raised the FY25 order book target to ₹1,00,000 Cr and reaffirmed ₹13,000 Cr revenue.	□
Management Credibility	Strong	Specificity on land parcels (Ghitorni, MTNL, Goa) and status of stalled project tenders (₹8,400 Cr uploaded).	□
Business Quality Signal	Improving	Pivot to "Self-Sustaining Model" (Redevelopment) reduces reliance on government budgetary allocations.	□
Key Q&A Exchange	Q# 12 — Supertech	NBCC expects a ₹10,000-15,000 Cr windfall from Supertech pending NCLT orders next month.	□
The Street's Primary Anxiety	Execution Velocity	Only ₹22,000 Cr (26%) of the ₹84,400 Cr order book is currently in active execution.	□
Capital Cycle Stage	Harvesting / Investment	Harvesting Nauroji Nagar; Investing in J&K (Srinagar) and MTNL land monetization.	□
Margin Trajectory	Improving	Mix shifting toward Real Estate (20-25% margins) and Redevelopment (8-10% margins).	□
Pricing Power	Stable	Nomination-based status for critical government stalled projects protects margins.	□
FCF Conversion	Distorted	Consol cash of ₹1,600 Cr is inflated by client advances; standalone "free" cash is ₹23 Cr.	□
Competitive Moat	Widening	Sole PSU with a proven track record (Amrapali) for large-scale stalled project resolution.	□
Balance Sheet Strength	Strong	Debt-free with ₹1,600 Cr consolidated cash balance.	□
Working Capital	Stable	Negative working capital cycle sustained by project seed money and advances.	□
Mgmt Guidance Track Record	Reliable	Consistent delivery on Delhi redevelopment (Nauroji/Sarojini) timelines.	□
Key Vulnerability	Concentration	Srinagar project (₹15,000 Cr) accounts for 18% of consolidated book; execution in J&K carries higher risk.	□
Management Tone	Aggressive	Proactively hunting for PSU land parcels and private stalled projects.	□

Key Takeaways (Positives & Negatives): * **Positives:** The H1 inflow of ₹28,100 Cr is a historic milestone, nearly matching the total inflows of some prior full years. The business model is evolving into a high-margin "Development Manager" role for state governments (Goa, Kerala) and PSUs (MTNL), where NBCC takes a percentage of the total development value rather than just a thin EPC margin. The Amrapali success is now a "calling card," positioning NBCC as the inevitable choice for Supertech's 50,000-unit stalled pipeline. * **Negatives:** There is a widening divergence between the "Order Book" (₹84.4k Cr) and "Active Execution" (₹22k Cr). Management attributes this to a 4-5 year redevelopment cycle and statutory lead times, but it delays revenue recognition. * **Forward Watchpoint:** The NCLT order for Supertech in December is the primary catalyst; if awarded, it adds another ₹10,000-15,000 Cr to the book with minimal competition.

2. BUSINESS PERFORMANCE

2A. KEY METRICS PPT figures used as primary source; H1 data compared to prior year.

Metric	Current Qtr (Q2)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Income (Consol)	₹2,525.96 Cr	↑ 18.35%	↑ 21.6%	↑	Growth driven by GPRA (+45% H1) and Amrapali execution.
PAT (Consol)	₹125.13 Cr	↑ 52.78%	↑ 16.7%	↑	Mix shift toward higher-margin redevelopment projects.
Order Book (Consol)	₹84,400 Cr	↑ vs Q1	↑ 4.2%	↑	Targets ₹1,00,000 Cr by end of FY25.
Order Inflows (Consol)	₹28,100 Cr	↑ (H1 total)	N/A	↑	Includes ₹15k Cr Srinagar project and Goa/MTNL wins.
PAT Margin % (Consol)	5.05%	↑ 105 bps	↓ 21 bps	↑	Guided for 6-7% for full year FY25.
Execution Rate (%)	26.0%	→	→	→	(Active ₹22k Cr / Total ₹84.4k Cr). Lag is due to approvals.
Book-to-Bill (x)	8.08x	↑	↑	↑	Based on LTM Consol Revenue (~₹10,432 Cr).
Cash Balance (Consol)	₹1,600 Cr	→	→	→	Includes significant client advances; Standalone cash at ₹723 Cr.
Real Estate Sales	₹1,358 Cr	↑ (YTD)	↑	↑	World Trade Centre (Nauroji Nagar) now 100% sold.

2B. SEGMENT BREAKDOWN

Segment	Revenue (H1 Cr)	Order Book Contribution	Margin (PAT)	Trend	vs Co Avg	Key Development
PMC / Redevelopment	₹4,235 Cr (Est)	92%	5-7%	↑	In-line	GPRA contributed ₹1,012 Cr to H1 top line.
EPC	₹276 Cr (Est)	6%	3-4%	→	Lower	Focus remains on Power/ Industrial civil works.
Real Estate	₹92 Cr (Est)	2%	20-25%	↑	Higher	Ghitorni (32 acres) and Jaipur projects to launch in FY26.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue (FY25)	₹13,000 Cr (Consol)	Needs ₹4,198 Cr/qtr in H2. Current H1 avg is ₹2,301 Cr. High Risk.	Historically back-loaded.	Moderate
Guidance	Order Book (FY25)	₹1,00,000 Cr	Needs ₹15,600 Cr fresh inflows in H2. Achievable.	H1 inflows were ₹28,100 Cr.	Low
Guidance	PAT Margin	6% - 7%	Current Consol PAT margin is 5.05%. Needs significant H2 real estate sales.	Historically meets bottom line.	Moderate
Strategy	Stalled Projects	Takeover Supertech	Pending NCLT order in Dec; 50k homebuyers seeking NBCC.	Amrapali track record is strong.	Low
Strategy	Real Estate	Launch Ghitorni (FY26)	Expects ₹4,000 Cr realization from 32 acres.	Drawings in approval phase.	Moderate
Guidance	Awards	Award ₹15,000 Cr (FY25)	₹3,600 Cr awarded in Q2; Amrapali Phase 2 (₹.4k Cr) in Q3.	Acceleration seen in Q3 tenders.	Low

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	Ankita Shah, Elara	Order Book	Business Overview	"What is the current order book status and given the order book status and the breakup between redevelopment and EPC and PMC projects?"	Management confirmed a consolidated book of ₹4,400 Cr with 55% in PMC/EPC and 45% in Redevelopment. High visibility on the higher-margin redevelopment segment supports long-term margin expansion.	None	5.0	Specific and verified
2	4.0	Ankita Shah, Elara	Guidance	Management Outlook	"Our target for the full year that we had guided was around INR10,500 crores... Do we think we are on track for the same?"	Management raised the guidance to ₹13,000 Cr for the top line, expecting stronger H2 performance. Reaching this target requires an 80% jump in quarterly run-rate versus the H1 average.	None	4.0	Aggressive guidance
3	4.0	Ankita Shah, Elara	Order Inflows	Management Outlook	"For the full year, what is the order inflow that we are targeting?"	NBCC is targeting a ₹1,00,000 Cr order book by year-end, implying another ₹15,000-16,000 Cr in new wins. This de-risks growth for FY26-27 by providing 8-9 years of revenue visibility.	None	5.0	Quantified target
4	3.5	Ankita Shah, Elara	FY26 Visibility	Management Outlook	"What are the key projects that will contribute to revenues in FY '26, next year?"	Revenue will shift to Amrapali Phase 2, Srinagar Township, Goa, and Kerala	None	4.0	Directional evidence

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						Housing Board projects. The transition from Delhi-centric to pan-India redevelopment is officially underway.			
5	4.5	Vasudev, Nuvama	Active Execution	Financials	"Out of this INR84,400 crores of consolidated order book, how much is currently under execution?"	Only ₹22,000 Cr (Consolidated) is under execution, representing only 26% of the total book. This execution gap remains the single largest risk to meeting the ₹13,000 Cr revenue target.	None	4.5	Critical transparency
6	4.0	Vasudev, Nuvama	Sub-contracting	Capex and Allocation	"How much worth of projects have we awarded in Q2? And what is the target for the full year?"	₹3,600 Cr awarded in Q2 with a target of ₹15,000 Cr for the full year, including ₹8,400 Cr for Amrapali. Sub-contracting acceleration in Q3 is the key lead indicator for Q4/FY26 revenue growth.	None	4.0	Clear timelines
7	3.0	Vasudev, Nuvama	Inventory	Business Overview	"For Nauroji Nagar, you said that you've sold it completely. So what is the total sales that we've done in this project?"	Total sales generated ₹14,000 Cr from the 25-acre land parcel. This validates the self-sustaining redevelopment model's massive cash generation potential.	None	5.0	Verified numbers
8	3.5	Pankaj Kumar, Kotak	Geography Mix	Strategy	"Which are those projects that we are looking and from which geography?"	Focus is shifting to Patna (Bihar), Chhattisgarh, UP, and Tamil Nadu for large-scale	Specific project names	3.5	Directional

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						government colony redevelopments. Geographic diversification reduces concentration risk and taps into massive state-level land assets.			
9	4.0	Kyvan	Geopolitics	Business Overview	"Progress and projected time line on the construction of border fencing along the Indo-Bangladesh border?"	NBCC secured ₹440 Cr recently and is discussing Indo-Pak and Indo-Myanmar border works with the Ministry. High-priority national security projects provide "sticky" nomination-based PMC revenue.	Timeline for Myanmar	3.0	Vague on specifics
10	4.0	Anjeev Jain (DF)	Liquidity	Financials	"What is the total cash balance that NBCC is having on the stand-alone... and consol."	Standalone cash is ₹723 Cr while Consolidated cash is ₹1,600 Cr as of Sept 30. Ample liquidity supports the "seed money" model required for new redevelopment launches.	None	5.0	Specific d
11	4.5	Suman Kumar (DC)	Real Estate Launch	Management Outlook	"In the coming financial year we're going to award around INR800 crores in own real estate."	Launches in Jaipur, Coimbatore, and eventually Ghitorni (Delhi) are expected to drive ₹1,000 Cr+ in sales realization in FY26. High-margin own real estate is the key	Drawing approval dates	4.0	Specific targets

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						lever for reaching 7%+ PAT margins.			
12	5.0	Vasudev, Nuvama	Supertech	Strategy	"What is the scope in the Supertech projects? ...And when do we expect to get some orders?"	Supertech involves 50,000 units and ₹10,000-15,000 Cr of construction value; NBCC is waiting for an NCLT order in December. Award of Supertech would be a significant re-rating catalyst for the stock.	Term sheet specifics	4.0	Event-driven
13	4.0	Suman Kumar (DC)	Sarojini Nagar	Business Overview	"Status of commercialization of 45 acres of land at... Sarojini Nagar?"	Tenders for 45 acres (multiple patches) in Sarojini Nagar will be floated within one month. This unlocks the next major leg of Delhi redevelopment revenue post-Nauroji Nagar.	None	4.5	Near-term catalyst
14	3.5	Shivam	Ghitorni Value	Financials	"What will be the value of the Ghitorni land, the 38 acres?"	The 32-acre land has a book value of only ₹1.95 Cr but an estimated sales value of ₹4,000 Cr. This project alone represents nearly 2x the current standalone net worth in unrealized profit potential.	None	4.5	Massive hidden value

PATTERN FLAGS & SENTIMENT * The "Resolution Agency" Premium: Analysts are increasingly valuing NBCC not as a construction firm, but as a specialized crisis-manager for stalled real estate. Management's confident tone regarding Supertech (Q# 12) suggests they view this as a repeatable template rather than a one-

off (Amrapali). This shifts the moat from "government ties" to "unique execution capability." * **Execution Lag vs. Order Book:** A recurring friction point is the 26% execution rate (Q# 5). Management's defensive posture— noting that redevelopment takes 4-5 years—highlights that the market must be patient for the massive order book to hit the income statement. Skepticism remains on the FY25 revenue target of ₹13,000 Cr given the H1 run-rate. * **Analyst Sentiment Verdict:** Sentiment is overwhelmingly positive regarding the *order pipeline* but skeptical of *near-term execution*. Analysts focused heavily on the monetization of specific land parcels (Ghitorni, Sarojini Nagar), indicating they are looking for "real estate" margins to drive the next leg of EPS growth. Management's credibility is high due to the successful completion of Nauroji Nagar and 24,000 Amrapali units.

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Opening) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | Revenue Guidance | Targeting ₹13,000 Cr FY25. | Only ₹4,603 Cr achieved in H1. | Requires 1.8x acceleration in H2. | High likelihood of a marginal revenue miss. | | Executing Projects | Total book ₹84,400 Cr. | Only ₹22,000 Cr is "Active." | 74% of the book is in "pre-execution" phase. | Growth delays if approvals stall. |

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q1)	This Quarter (Q2)	Direction
Order Book	₹81,000 Cr	₹84,400 Cr	↑ Improving
Revenue Target	₹10,500 Cr (Implicit)	₹13,000 Cr (Explicit)	↑ Aggressive
Stalled Project Pipeline	Supertech mentioned as EOI	NCLT order expected in Dec	↑ High Certainty
Real Estate Launch	Approvals pending	Coimbatore/Jaipur tenders out	↑ Execution
Monetization Engine	Conceptual	MTNL/Goa tenders uploaded	↑ Improving
Management Team	Vacancy in Finance	Full functional board on-board	↑ Governance

INVESTOR NOTES: * **Earnings Quality:** H1 PAT grew 46% while Revenue grew 16%, proving significant margin expansion from high-value redevelopment. * **Hidden Value:** The Ghitorni land parcel (₹4,000 Cr value vs ₹1.95 Cr book value) remains the "crown jewel" that the market is likely under-valuing. * **Working Capital:** The "negative working capital" model is intact; the ₹1,600 Cr cash balance provides a massive float, contributing to the PAT-to-EBITDA margin gap.

STOP HERE.