# NBCC (India) Ltd — Jun 2023 Quarterly Analysis

## 1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

**Result:** Inline on Operations / Met Full-Year Revenue Guidance **One-line:** NBCC has successfully transitioned from "cleanup mode" (legacy provisions and order pruning) to an "execution scale-up" phase, led by the stabilized Amrapali project and a strategic pivot to bulk monetization in redevelopment.

| Dimension | This Quarter | Signal / Evidence | Sentiment |
| --- | --- | --- | --- |
| Beat/Miss vs Guidance / Prior Quarter | Inline | FY23 Standalone revenue reached "close to □7,000 Cr," meeting the target set in Q1. | □ |
| Earnings Quality | Improving | EBITDA margins expanded to 4.5% (FY23) from 2.8% (FY22) as high-margin Amrapali/Redevelopment projects scaled. | □ |
| Guidance Confidence | Neutral | Management targets aggressive □9,000 Cr Standalone revenue for FY24, requiring a 28% growth rate. | □ |
| Management Credibility | Improving | Proved execution capability in Amrapali (□1,750 Cr turnover); retired legacy "Green View" risks. | □ |
| Business Quality Signal | Stable | Shift toward 50% Redevelopment backlog structurally raises long-term margin profile to ~7-8% PBT. | □ |
| Key Q&A Exchange | Q#2 — Bulk Sales | Pivot to selling Sarojini Nagar in bulk (□1,350 Cr) to accelerate cash flows. | □ |
| The Street's Primary Anxiety | Redevelopment Pace | Analysts pressed on the slow monetization of Sarojini Nagar (only □47 Cr sold in FY23). | □ |
| Capital Cycle Stage | Harvesting | Executing on □54,200 Cr consolidated backlog; ramping up handovers in distressed assets. | □ |
| Margin / Return Ratio Trajectory | Improving | EBITDA margins on a steady upward trajectory as project mix shifts away from pure PMC. | □ |
| Pricing Power | Stable | Cost-plus PMC model remains the floor; redevelopment FAR provides the "alpha." | → |
| FCF Conversion & Quality | Distorted | Strong cash position but "Seed Money" interest (□259 Cr) remains an uncollected accrual from MoHUA. | □ |
| Competitive Moat Signals | Widening | Preferred agency for complex "judicially-monitored" distressed projects (Amrapali model). | □ |
| Balance Sheet Strength | Strong | Negative working capital model persists with zero debt and substantial cash. | □ |
| Working Capital Efficiency | Stable | High liquidity; focus remains on realizing government receivables. | □ |
| Mgmt Guidance Track Record | Reliable | Delivered on FY23 revenue guidance despite Q1 cleanup. | □ |
| Key Vulnerability / Red Flag | Real Estate Absorption | Success depends on commercial absorption of □13,300 Cr inventory in a concentrated Delhi market. | □ |
| Management Tone | Bullish | Shifted from "fixing problems" to "bright future" and "high execution" language. | □ |

**Key Takeaways (Positives & Negatives):** * **Positives:** Management met the FY23 standalone revenue guidance of ₹7,000 Cr; EBITDA margins improved significantly to 4.5%; Amrapali execution is now a proven engine (₹1,750 Cr FY23 rev) with a further ₹7,000-8,000 Cr FAR opportunity identified; the company has "cleaned house" with no further exceptional items expected. * **Negatives:** Redevelopment monetization in Sarojini Nagar was anemic (₹47 Cr) versus the massive inventory; Interest on "seed money" remains stuck in receivables (₹259 Cr); HSCL and HSCC subsidiaries show low PAT margins (~2-3%). * **Street Concern:** Analysts remain focused on the monetization risk of the ₹25,000 Cr redevelopment portfolio—specifically whether commercial demand in Delhi can absorb the bulk sales management is now proposing. * **Forward Watchpoint:** The success of the "Bulk Sale" launch for Sarojini Nagar (₹1,350 Cr) and the conversion of the Zambia housing MOU into a firm order.

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## 2. BUSINESS PERFORMANCE

**2A. KEY METRICS** DATA SOURCE: PPT not available — all numbers sourced from concall transcript.

| Metric | Current Qtr / FY23 | YoY Change | vs Prior Q1 Target | Trend | Mgmt Commentary |
|---|---|---|---|---|---|
| Total Income (Consol) | ~₹7,884 Cr* | ↑ 21% | ↓ Miss | ↑ | Missed early Q1 target of ₹8,500 Cr but grew 21% YoY. |
| Total Income (SA) | ~₹7,000 Cr | ↑ 31% | → Met | ↑ | Met the ₹7,000 Cr guidance provided in Q1. |
| EBITDA Margin % | 4.47% | ↑ 165 bps | ↑ Beat | ↑ | Expansion from 2.82% due to Amrapali and WTC execution. |
| PAT (Consol) | ₹238 Cr* | ↑ 31% | Not in Doc | ↑ | PBT grew 40% (pre-exceptional); final PAT reflects legacy cleanups. |
| Order Book (Consol) | ₹54,200 Cr | Not in Doc | ↓ Pruned | → | Post-pruning of ₹3,000 Cr non-moving orders. |
| Order Book (SA) | ₹45,000 Cr | Not in Doc | ↓ Pruned | → | 50% PMC / 50% Redevelopment split maintained. |
| Order Inflows (FY23) | ₹6,500 Cr | Not in Doc | ↓ Miss | ↓ | Missed the ₹8,000 Cr target set in Q1 FY23. |
| Net Cash / Bank (SA) | Not in Doc | Not in Doc | Not in Doc | → | Standalone cash was ₹2,100 Cr in Q1; remains robust. |
| Net Cash (Consol) | >₹5,000 Cr | Not in Doc | → Stable | → | Includes cash from HSCL and HSCC. |
| Execution Rate | ~14.5% | Not in Doc | ↑ Improving | ↑ | FY23 Consol Revenue / Opening Consol Order Book. |

**Calculated from analyst questions regarding 3% PAT margins on stated revenue and management's 21% growth confirmation.*

**2B. SEGMENT BREAKDOWN**

| Segment | Revenue (₹ Cr) | Growth (YoY) | Margin (PBT) | Trend | vs Co. Avg | Key Development |
|---|---|---|---|---|---|---|
| PMC | ~₹6,650 Cr | ↑ 21% | 5-6% | → | Below Avg | Constitutes 95% of total turnover. |
| Redevelopment | ₹2,200 Cr* | ↑ High | 8% | ↑ | Above Avg | WTC Nauroji Nagar is the primary contributor. |
| Real Estate (Own) | ₹200 Cr | Not in Doc | 34%* | ↑ | Highest | Gross margin of ₹68 Cr on ₹195 Cr sales. |
| Amrapali | ₹1,750 Cr | ↑ High | 8% | ↑ | Above Avg | 25% of total company turnover in FY23. |
| HSCC (Sub) | ₹1,100 Cr | Not in Doc | 2.1% (PAT) | → | Below Avg | Steady health infra execution. |
| HSCL (Sub) | ₹791 Cr | Not in Doc | 2.9% (PAT) | → | Below Avg | Steel sector infrastructure focus. |

**Estimated based on management commentary of total real estate revenue including redevelopment acting on behalf of Ministry.*

## 3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

| Dimension | Category | Management Target / Claim | Required Run-Rate | Historical Delivery | Risk Flag |
|---|---|---|---|---|---|
| Guidance | Revenue (SA) | ₹9,000 Cr for FY24 | ₹2,250 Cr/Qtr | Delivered FY23 goal | Execution ramp-up |
| Guidance | Revenue (Consol) | ₹11,500 Cr for FY24 | ₹2,875 Cr/Qtr | Slight miss in FY23 | Subsidiary lag |
| Guidance | Margins | 5% EBITDA / 7.25% PBT | Maintain 8% on new projects | Delivered FY23 margin | Input cost risk |
| Guidance | Monetization | ₹13,300 Cr (WTC + Sarojini) | ₹3,325 Cr/Qtr | **Historical Underperformer** | Absorption Risk |
| Strategy | Bulk Sale | ₹1,350 Cr Sarojini Nagar | Single transaction | New Strategy | Buyer appetite |
| Strategy | New Business | ₹12,000 Cr - ₹15,000 Cr | ₹3,000 Cr+/Qtr | Missed FY23 target | Tendering delays |
| Strategy | Amrapali FAR | ₹7,000 Cr - ₹8,000 Cr | Multi-year | New Opportunity | Legal approvals |
| Strategy | International | Social Housing (Zambia) | Not quantified | Maldives/Mauritius active | Geopolitical |
| Balance | Receivables | Realize ₹969 Cr Seed Money | As per Ministry | Slow progress | Interest accrual |

## 4. ANALYST Q&A

| Q# | Relevance | Analyst / Firm | Theme Cluster | Category | Underlying Concern | Management Response & Investment Implication | Evaded / Not Addressed | Credibility | Verdic |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 4.0 | Rohit Natarajan / Antique | Redevelopment | Business Overview | "what is that position [monetization of INR 22,500-odd crores] looking like at this point in time?" | Management confirmed ₹6,300 Cr sold in WTC to date, with a target to sell the remaining ₹5,000 Cr WTC inventory and ₹1,350 Cr Sarojini Nagar inventory this year. Successful monetization is the primary liquidity driver for the self-funding redevelopment model. | None | 4.0 | Direct |
| 2 | 4.5 | Rohit Natarajan / Antique | Strategy | Management Commentary | "how many [Amrapali] tenders... what is the contribution... in '24 how much will be recognized?" | Management has finalized almost all Amrapali tenders and expects ₹2,000 Cr revenue recognition in FY24 as the project reaches peak execution. This provides high visibility for the top-line target as the project enters the final delivery phase. | None | 5.0 | Specif timelir |
| 3 | 3.5 | Rohit Natarajan / Antique | Subsidiaries | Financials | "how much is the HSCC revenue and Hindustan Steelworks revenue? Similarly, the EBITDA and net | HSCC achieved ₹1,100 Cr (₹23 Cr PAT) and HSCL achieved ₹791 Cr (₹23 Cr PAT), showing stable but low-margin | None | 5.0 | Specif numbe |

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|---|---|---|---|---|---|---|---|---|---|
| | | | | | profit for this full year FY '23?" | performance. Investors should view these as volume-drivers with limited impact on the consolidated bottom line compared to the parent's redevelopment business. | | | |
| 4 | 3.0 | Rohit Natarajan / Antique | Order Book | Business Overview | "what is the total projects awarded at this point in time in the cumulative order backlog of INR 45,000 crores?" | Out of 45,000 Cr, only 20,000 Cr worth of projects are currently running on the ground. This reveals a significant "execution gap" of 25,000 Cr that must be bridged to hit long-term growth targets. | None | 4.5 | Quant |
| 5 | 5.0 | Nalin Shah / NVS Brokerage | Profitability | Financials | "why is in last 3 years, I have been seeing that our PAT level margin is hardly above 3%? ... what is the reason for such a pathetic performance?" | Management defended the performance by highlighting a 7.25% PBT margin and EBITDA expansion to 4.47%, noting that 95% of revenue is low-margin PMC. This underlines the thesis that NBCC is a high-volume, low-margin utility, not a typical high-margin real | None | 4.0 | Defen but fac |

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|---|---|---|---|---|---|---|---|---|---|
| | | | | | | estate developer. | | | |
| 6 | 4.0 | Vasudev / Nuvama | Guidance | Management Commentary | "for stand-alone, you guided for INR 9,000 crores of revenue. So for consolidated basis, what would be your guidance for FY '24...?" | Management guided for 11,500 Cr consolidated revenue with a 5% EBITDA margin and ~4% PAT margin. This confirms expectations for structural margin improvement as redevelopment contributions increase in the mix. | None | 4.5 | Specif guidar |
| 7 | 4.5 | Vasudev / Nuvama | Monetization | Business Overview | "how much have we sold in Sarojini Nagar in total in FY '23?" | Only 47 Cr was sold in Sarojini Nagar, leading to a pivot toward a 1,350 Cr "bulk sale" strategy. Failure to execute this bulk sale would signal weak institutional demand and pose a risk to the FY24 revenue target. | None | 4.5 | Strate shift |
| 8 | 3.5 | Vasudev / Nuvama | Receivables | Financials | "what is the seed money as on March and the interest on that?" | Seed money stands at 969 Cr with 259 Cr in outstanding interest, with only 50 Cr recovered this year. This remains a deadweight on | None | 5.0 | Specif |

| Q# | Relevance | Analyst / Firm | Theme Cluster | Category | Underlying Concern | Management Response & Investment Implication | Evaded / Not Addressed | Credibility | Verdic |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | the balance sheet that management has struggled to monetize. | | | |
| 9 | 4.0 | Pankaj Kumar / Kotak | International | Business Overview | "what kind of order book that we have as of now [internationally]... and what all we are targeting?" | Management highlighted active projects in Maldives (1,000 Cr) and Mauritius, with a pipeline in Zambia, Burundi, and Seychelles. While diversifying, international work remains a small fraction (<5%) of the total executable backlog. | None | 4.0 | Conte |
| 10 | 4.5 | Pankaj Kumar / Kotak | New Growth | Business Overview | "size of this Amrapali [balance FAR]... size that we are..." | The additional Amrapali FAR is valued at 7,000 Cr - 8,000 Cr, effectively doubling the original project's revenue potential. This is a significant thesis-positive catalyst that was not in the original project scope. | None | 5.0 | Clear cataly |
| 11 | 4.0 | Rohit Natarajan / Antique | Execution | Business Overview | "out of this INR 25,000 crores of works... can you give us the top five projects value-wise?" | Top projects include 7 GPRA (3,000 Cr pending), Amrapali (3,000 Cr pending), and Karkardooma (1,000 Cr pending). This | None | 5.0 | Specif projec |

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|---|---|---|---|---|---|---|---|---|---|
| | | | | | | concentration means execution delays in just 2-3 sites can significantly derail quarterly guidance. | | | |

**PATTERN FLAGS & SENTIMENT** * **Monetization Anxiety:** Analysts repeatedly questioned the slow pace of Sarojini Nagar sales. Management's response—pivoting to a "bulk sale" model—suggests an admission that the previous retail/individual sale strategy was failing. The Street is skeptical; success of this bulk sale is the single biggest "show me" story for FY24. * **Amrapali Optimism:** The tone regarding Amrapali has shifted from "risk management" to "growth driver." Management's identification of an additional ₹7,000-8,000 Cr in FAR was the most positive takeaway of the call, suggesting a multi-year execution tailwind. * **Margin Defense:** Analysts challenged the low PAT margins compared to real estate peers. Management's firm stance on being a PMC-first company (95% of rev) helped manage expectations, clarifying that investors should value NBCC on volume/fee-certainty rather than speculative development gains.

**Analyst Sentiment Verdict:** Analysts were **cautiously constructive**. They were pleased with the FY23 execution and margin improvement but remain wary of the redevelopment monetization timeline. Management's credibility has improved by delivering on the ₹7,000 Cr standalone revenue promise made earlier in the year.

**GUIDANCE GAPS REVEALED IN Q&A** | Topic | What Mgmt Claimed (Opening / Prior Q) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | |-------|--------------------------------------|-------------------|-----------------|----------------| | Consol Revenue | Targeted ₹8,500 Cr in Q1 FY23. | Actual FY23 was ~₹7,884 Cr. | ~7% Miss on Consol Top-line. | Low; parent met SA target. | | New Awards | Targeted ₹8,000 Cr in Q1 FY23. | Actual FY23 was ₹6,500 Cr. | 18% Miss on order inflows. | Medium; backlog depleting. | | Sarojini Sale | Expected steady retail sales. | Sold only ₹47 Cr in FY23. | Abandoning retail for "Bulk Sale." | High; depends on one buyer. |

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## 5. WHAT CHANGED vs PRIOR QUARTER

*Comparison based on Q1 FY23 context provided.*

| What Changed | Prior Quarter (Q1 FY23) | This Quarter (Q4 FY23 / FY24 Guide) | Direction |
|---|---|---|---|
| **Amrapali Scope** | Executing □8,200 Cr project. | Added □7,000-8,000 Cr FAR opportunity. | □ |
| **Monetization Strategy** | Focused on individual commercial sales. | Pivot to "Bulk Sale" for Sarojini Nagar. | □ |
| **Exceptional Items** | □110 Cr loss (Green View). | "No further provisions expected." | □ |
| **EBITDA Margin** | 3.56% | 4.47% (Full Year) | □ |
| **Revenue Guidance** | □7,000 Cr (SA) | □9,000 Cr (SA) | □ |
| **Seed Money Recovery** | □220 Cr interest due. | □259 Cr interest due (Recv increased). | □ |
| **Execution Visibility** | Cleanup of □3,000 Cr "dead" orders. | "Problem projects over"; focus on active sites. | □ |
| **Order Book Mix** | Moving toward Redevelopment. | Confirmed 50% SA OB is now Redevelopment. | □ |