NBCC (India) Ltd — Mar 2023 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Inline on Execution / Beat on Margins **One-line:** NBCC is transitioning from a "cleanup" phase to an "execution" phase as legacy provisioning for the Gurugram project concludes and the massive ₹54,000 Cr order book—led by Amrapali and Nauroji Nagar—enters peak construction.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline / Beat	Revenue grew 6.4% YoY; EBITDA margins (Consol) improved to 4.46% vs 2.5% in 9M FY22.	□
Earnings Quality	Low (Provisioning drag)	Core PBT is healthy, but PAT is still suppressed by a final □54.36 Cr provision for Gurugram homebuyers.	□
Guidance Confidence	Strong	FY24 revenue guidance of □10,000 Cr (Consol) seems mathematically feasible given Amrapali ramp-up.	□
Management Credibility	Neutral	Management claims Gurugram provisioning is "complete," but the shift to "bulk sales" for Sarojini Nagar suggests slow retail demand.	□
Business Quality Signal	Improving	Structural shift toward higher-margin (8%) Redevelopment and Amrapali projects over lower-margin PMC.	□
Key Q&A Exchange	Q#1 — Gurugram Provisioning	Management confirmed this is the *final* provision; homebuyers are being offered market-rate settlements.	□
The Street's Primary Anxiety	Redevelopment Monetization	Slow sales at Sarojini Nagar; mgmt is pivoting to "bulk sale" Tower-wise strategies to expedite cash flow.	□
Capital Cycle Stage	Harvesting	Executing a □54,000 Cr backlog with a negative working capital model and □5,000 Cr cash.	□
Margin / Return Ratio Trajectory	Improving	9M EBITDA margins up ~150bps YoY due to higher revenue share from 8% margin projects.	□
Pricing Power	Stable	Cost-plus PMC model remains the bedrock; margins are structurally protected.	→
FCF Conversion & Quality	Strong	Consol cash >□5,000 Cr; standalone cash at □1,985 Cr. CFO remains robust.	□
Competitive Moat Signals	Stable	Continued dominance in PSU redevelopment and "lender-of-last-resort" status for stressed projects.	→
Balance Sheet Strength	Strong	Zero debt; significant interest income from accrued seed money (□229 Cr).	□
Working Capital Efficiency	Stable	Significant client deposits (□3,750 Cr) fund execution; cash-neutral operations.	→
Mgmt Guidance Track Record	Mixed	Consistent on execution, but historically optimistic on monetization timelines.	□
Key Vulnerability / Red Flag	Concentration Risk	Revenue is heavily dependent on three major Delhi-NCR project clusters (Amrapali, Nauroji, Sarojini).	□
Management Tone	Optimistic / Bullish	Aggressive focus on international expansion (Zambia/Turkey) and stressed assets.	□

Key Takeaways: * **Positives:** Core operational profitability is trending upward (EBITDA margins rising to ~4.5-5%); Amrapali execution has hit its stride (□400 Cr this quarter); statutory approvals for the massive Sarojini Nagar project are finally cleared. * **Negatives:** Reported earnings continue to be hit by legacy structural failures (Green View project); Sarojini Nagar retail sales are non-existent (only □48 Cr total), forcing a strategy shift to bulk institutional sales. * **Street Concern:** Analysts are focused on the "terminal date" for Gurugram liabilities and whether the Sarojini Nagar bulk sale strategy will actually yield the projected □20,000 Cr realization. * **Watchpoint:** Success of the first "Bulk Tower Sale" in Sarojini Nagar/Nauroji Nagar, which is critical to fund the next □10,000 Cr of awarding in FY24.

2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: 9M and % growth figures from Concall (Transcript doc_id=1421). Absolute Revenue derived from prior context and growth % stated.

Metric	Current Qtr (Q3FY23)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Consol)	□1,972 Cr*	↑ 6.41%	↑ 6.41%	↑	Volume driven by Amrapali ramp-up and GPRA.
Revenue (Standalone)	□1,438 Cr*	Not in doc	Not in doc	→	On track for FY23 target of □6,500 Cr.
EBITDA Margin % (Consol)	4.46%	↑ 195 bps	Not in doc	↑	9M margin at 3.97% vs 2.51% YoY. Mix shifting to 8% margin work.
PAT (Consol)	~□60-70 Cr*	Not in doc	Not in doc	↓	Impacted by □54.36 Cr Gurugram provision.
Order Book (Consol)	□54,000 Cr	↓ 3.5%	↓ 3.5%	↓	Pruned by □3,000 Cr in Q1; current execution eating into backlog.
Order Book (SA)	□45,000 Cr	↓ 3.2%	↓ 3.2%	→	50% PMC, 50% Redevelopment.
Order Inflows (Consol)	□2,740 Cr**	Not in doc	Not in doc	↑	"Confirmed orders" in Q3 standalone were □2,000 Cr.
Net Cash (Consol)	□5,000 Cr	→	→	→	Includes □3,750 Cr client deposits.
Net Cash (SA)	□1,985 Cr	→	→	→	Includes □1,374 Cr client deposits.
Execution Rate	3.65%	↑	↑	↑	Improving as Amrapali and Nauroji Nagar hit peak.
Book-to-bill (x)	6.0x	↓	↓	→	Healthy; provides 6 years of revenue visibility.

**Estimated based on growth percentages provided in transcript. **Derived from Standalone/Consol split provided in Q&A.*

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
PMC	~□1,200 Cr	Not in doc	5-6%	→	Below	The steady-state annuity engine.
Redevelopment	~□400 Cr	Not in doc	8%	↑	Above	Nauroji Nagar is 69% complete; Sarojini starting.
Amrapali	□400 Cr	↑	8%	↑	Above	9M execution □1,150 Cr; Q4 target □500 Cr.
Real Estate (Own)	□140 Cr	Not in doc	High	↑	High	Contributions from Patna, Gurugram Sec 89, Kolkata.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue (FY24 Consol)	₹10,000 Cr	Needs ₹2,500 Cr/qtr. Feasible if Amrapali hits ₹2,800 Cr/year.	On track (FY23 ₹9k Cr guidance maintained)	High dependency on Amrapali
Guidance	Revenue (FY24 SA)	₹7,500 Cr	Needs ₹1,875 Cr/qtr.	Consistent	Real estate sale pace
Guidance	Awarding (FY24)	₹8,000-10,000 Cr	Significant jump from FY23 (₹4,500 Cr 9M).	Missed FY23 target	Tendering delays
Guidance	Nauroji Nagar Completion	Sept 2023	69% done; requires ~5% monthly progress.	Delayed from June '23	Finishings/ Interiors
Strategy	Gurugram Liability	No further provisions	Binary. One more structural issue would break this.	Mixed (added ₹54 Cr this Q)	Structural risk
Strategy	Sarojini Nagar Sales	₹20,000 Cr potential	Pivot to bulk sale; requires institutional appetite.	First entry	Institutional demand
Balance	Seed Money	Realize ₹220 Cr due	Accrued but not paid by Ministry.	Lagging	Working Capital drag

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	5.0	Rohit Natarajan / Antique	Legacy Risk	Financials	"is the provisioning [Gurugram] completely done or do we expect further provisioning...?"	Management stated that complete provisioning is now done and they have made a final offer at current market rates to homebuyers. This removes a major earnings overhang, provided no new structural issues emerge in the legacy portfolio.	None	4.0	Reassur
2	4.5	Rohit Natarajan / Antique	Awarding	Capex and Allocation	"What will be the total amount awarded for 9 months... and maybe in the next fiscal...?"	Standalone awards hit ₹3,500 Cr (9M) with ₹2,000 Cr more in Q4; FY24 target is an ambitious ₹8,000-10,000 Cr. This signals a massive ramp-up in revenue recognition for FY25-26 as these tenders convert to work.	None	4.5	Clear guidance
3	4.0	Rohit Natarajan / Antique	Monetization	Business Overview	"In our World Trade Center, Nauroji Nagar, we have already sold about 50%... and the sale, we are expecting... will be completed by September."	Management expects to sell the remaining ₹6,500 Cr of Nauroji Nagar by Sept 2023, with ₹3,000-4,000 Cr of deals in the pipeline. Rapid monetization here is the primary funding source for other GPRA colonies.	None	3.5	Ambitiou timeline

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4	4.5	Rohit Natarajan / Antique	Amrapali	Business Overview	"By end of 2024, we expect Amrapali, current project, to be completed... next year, we should have around □2,700 to □2,800 crores worth."	Amrapali execution is projected to jump nearly 150% YoY in FY24, becoming the company's single largest margin contributor. This is the primary driver for the consolidated re-rating thesis.	None	5.0	Specific quantifie
5	3.5	Vasudev / Nuvama	Order Book	Business Overview	"consolidated order book... split between PMC and redevelopment?"	Consolidated order book is □54,000 Cr, with Redevelopment at □22,000 Cr (40%) and PMC at □32,000 Cr. The high-margin redevelopment portion has grown from zero to 40% of the book in five years.	None	5.0	Detailed
6	4.0	Vasudev / Nuvama	Liquidity	Financials	"if you can give the cash balance amount also... own funds of NBCC...?"	Consolidated cash is □5,000 Cr, but company's own funds are only □250 Cr (Standalone) as the rest is client/project-linked deposits. This confirms the negative working capital model but limits corporate M&A/ Capex flexibility.	None	4.5	Transpa
7	4.5						None	3.0	

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		Prem Khurana / Anand Rathi	Sarojini Sales	Business Overview	"how much would we have sold at Sarojini Nagar? ...does it mean there has not been any incremental sales?"	Management admitted to near-zero incremental sales at Sarojini Nagar (□48 Cr total) and is pivoting to a "bulk sale" strategy for entire towers. This highlights the difficulty in retail commercial selling in the current NCR environment.			Strategy shift
8	4.0	Prem Khurana / Anand Rathi	Seed Money	Financials	"how much is the seed money till now and interest that we've received and accrued...?"	Total seed money is □988 Cr; □330 Cr interest realized while □220 Cr remains accrued but unpaid. This is a non-cash other income drag that needs to be watched for cash conversion.	None	4.0	Quantifie
9	3.5	Anshuman Ashit / ICICI	Pipeline	Mgmt Commentary	"how much [orders] can we expect to be confirmed within FY '23 itself...?"	Management expects □3,000 Cr of new orders to be finalized in the remaining 1.5 months of FY23. This back-ended awarding is typical for CPSEs but increases Q4 execution risk.	None	4.0	Direction
10	4.0	Anshuman Ashit / ICICI	International	Business Overview	"Turkey rebuilding... Zambia mass housing... can	Zambia involves a massive housing	Timelines for Zambia	3.0	Opportu led

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
					you please give some more details?"	shortage (1 lakh units planned), while Turkey is in the "embassy discussion" stage. International projects carry higher margins and could diversify the NCR-heavy risk profile.			

PATTERN FLAGS & SENTIMENT * **The "Final" Provision:** Analysts pushed hard on whether the Gurugram (Green View) liability is truly extinguished. Management's definitive "Yes" is a high-stakes credibility claim. If further provisions occur, it will severely damage management's standing. * **Pivot to Institutional Sales:** The admission that Sarojini Nagar retail sales have stalled is a major signal. The shift to "bulk sales" (selling entire towers to one entity) indicates that NBCC is prioritizing liquidity over the potentially higher margins of retail-by-retail sales. This is a pragmatic, if slightly defensive, move. * **Amrapali Confidence:** Management is now treating Amrapali as a solved problem, focusing entirely on the logistics of construction speed. This has transformed from the company's biggest risk to its biggest revenue growth engine.

Analyst Sentiment Verdict: Cautiously Optimistic. Analysts were pleased with the EBITDA margin expansion and the clarity on Amrapali, but remain skeptical of the timeline for "bulk sales" in Sarojini Nagar. Management's transparency on the accrued interest and cash break-up was well-received.

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5. WHAT CHANGED vs PRIOR QUARTER

Comparing against Q1 FY23 Prior Context.

What Changed	Prior Quarter	This Quarter	Direction
Legacy Provisions	□110 Cr (Q1)	□54.36 Cr (Q3)	↑ (Decreasing)
Gurugram Liability Status	Ongoing risk	"Complete now" per Mgmt	□(Cleanup ending)
Amrapali Execution	□319 Cr (Q1)	□400 Cr (Q3)	↑ (Accelerating)
Order Book	□56,000 Cr	□54,000 Cr	↓ (Burn-off > Inflows)
Sarojini Nagar Status	Approval pending	**All statutory approvals received**	□(Ready for peak execution)
Monetization Strategy	Retail Auctions	Institutional Bulk Sales	□(Pragmatic pivot)
Revenue Guidance (Consol)	□8,500 Cr (FY23)	□9,000 Cr (FY23) / □10,000 Cr (FY24)	↑ (Upgraded/Extended)
International Focus	Maldives/Mauritius	Zambia/Turkey added to pipeline	□(Expansion)
Interest Realization	Realization lagging	□330 Cr realized out of □550 Cr total	□(Improving)

INVESTOR NOTES: * **Thesis Check:** The "cleaning house" part of the thesis is near completion. The stock is now a pure play on the execution of the GPRA colonies and Amrapali. * **Quality of Earnings:** EBITDA margins are structurally moving from ~2.5% toward 4.5-5.0% as high-margin (8%) redevelopment revenue outpaces traditional PMC (5%). * **Red Flag:** The accrual of ₹220 Cr in unpaid interest on seed money from the Ministry suggests some bureaucratic friction in cash realization. * **Key Monitoring Point:** Watch for the first "Bulk Tower Sale" announcement in Sarojini Nagar. A successful ₹1,000 Cr+ deal would de-risk the funding of the entire project.