NBCC (India) Ltd — Nov 2022 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Strong Operational Beat **One-line:** After a "cleanup" quarter in Q1, NBCC has pivoted to high-margin execution, with PBT growing 36% YoY on the back of stabilized Amrapali funding and a structural shift toward the self-financing Redevelopment model.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Consol PBT of □131 Cr is up 36% YoY; Revenue up 8% YoY.	□
Earnings Quality	High (Core driven)	Growth driven by execution in high-margin Nauroji Nagar (64% complete) and Amrapali.	□
Guidance Confidence	Strong	FY23 Consol Revenue target of >□9,000 Cr maintained; 10% growth guided for FY24.	□
Management Credibility	Improving	Legacy Gurgaon 37D issues acknowledged and provisioned; no further losses expected.	□
Business Quality Signal	Improving	Entry into "Smart City" projects (□314 Cr Puducherry) and aggressive overseas expansion.	□
Key Q&A Exchange	Q1 — Sector 37D	Mgmt confirmed total loss is booked; shifting focus to refunds/ negotiations.	□
The Street's Primary Anxiety	Legacy Liabilities	Fear of more "Green View" type structural failures; Mgmt claims inventory is devalued and provisioned.	□
Capital Cycle Stage	Harvesting	Executing on massive □55,000 Cr backlog; high cash levels enable "Seed Money" model.	□
Margin / Return Ratio Trajectory	Improving	Margins benefiting from 8% margin segments (Redevelopment/ Amrapali) vs 5-6% PMC.	□
Pricing Power	Stable	Cost-plus model in PMC; Real Estate/Redevelopment realization picking up.	→
FCF Conversion & Quality	Strong	Consol cash at □5,200 Cr; negative working capital model remains intact.	□
Competitive Moat Signals	Stable	Remains the go-to agency for high-stakes Govt redevelopment and distressed assets.	→
Balance Sheet Strength	Strong	Zero debt; □908 Cr "Seed Money" generating ~□29 Cr interest per quarter.	□
Working Capital Efficiency	Improving	Amrapali bank funding is now "disbursing without delay," reducing liquidity drag.	□
Mgmt Guidance Track Record	Improving	Execution run-rate is accelerating toward the □9,000 Cr FY23 target.	□
Key Vulnerability / Red Flag	Real Estate Liquidity	Sarojini Nagar sales (□46 Cr) are slow vs total inventory of □1,400 Cr.	□
Management Tone	Confident	Focused on overseas growth and "First-time" entry into Smart Cities.	□

Key Takeaways (Positives & Negatives):

Positives: * **Operational Momentum:** Consolidated PBT grew 36% YoY, significantly outpacing revenue growth (8%), signaling superior margin mix. * **Amrapali De-risked:** With bank funding secured and ₹717 Cr execution YTD, the project is now a predictable revenue engine (Target: ₹1,717 Cr total for FY23). * **Redevelopment Monetization:** World Trade Center (Nauroji Nagar) has achieved ₹5,500 Cr total sales; YTD sales of ₹1,326 Cr show strong demand for Grade-A government-backed commercial space. * **Clean Backlog:** Following the ₹3,000 Cr "dead order" pruning in Q1, the current ₹55,000 Cr consolidated order book represents high-probability execution.

Negatives: * **Legacy Overhang:** Legal disputes regarding FAR payments at NBCC Plaza and lease deeds at Naya Raipur continue to linger, though not currently impacting P&L. * **Slow Inventory Turn:** Sarojini Nagar commercial sales are off to a tepid start (₹46 Cr sold vs ₹1,400 Cr total inventory), though management blames the recent launch (1.5 months ago).

Forward Watchpoint: The market will monitor the FY24 Consolidated Revenue target of ₹10,000 Cr. Success hinges on a 10% execution ramp-up and the launch of new real estate projects in Patna, Coimbatore, and Jaipur.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT not available — all numbers sourced from concall transcript.

Metric	Current Qtr (Q2FY23)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Income (Consol)	₹2,074 Cr	↑ 8%	↑ 11.9%	↑	Driven by 7 GPRA and Amrapali ramp-up.
Total Income (Standalone)	₹1,603 Cr	↑ 18%	Not in doc	↑	Standalone outperforming subsidiaries this quarter.
PBT (Consol)	₹131 Cr	↑ 36%	↑ 24.7%	↑	Margin expansion due to high-margin redevelopment.
PBT (Standalone)	₹130 Cr	↑ 54%	Not in doc	↑	Strong operational leverage.
Order Book (Consol)	₹55,000 Cr	Not in doc	↓ 1.8%	→	Down slightly from ₹56k Cr due to execution > inflows.
Order Book (Standalone)	₹45,000 Cr	Not in doc	↓ 3.2%	→	Split 50:50 between PMC and Redevelopment.
Order Inflows (Consol YTD)	₹1,720 Cr	Not in doc	↑ 160%	↑	Massive jump from Q1 (₹660 Cr); momentum returning.
Execution Rate (Consol)	3.77%	↑	↑	↑	Quarterly revenue vs opening backlog; improving.
Consol Cash & Bank	₹5,200 Cr	Not in doc	→	→	Stable; includes ₹800 Cr of own funds.
Amrapali Execution (YTD)	₹717 Cr	Not in doc	↑	↑	Target of ₹1,000 Cr in H2 (Q3+Q4) remains.
Redevelopment Sales (YTD)	₹1,372 Cr	Not in doc	↑	↑	Includes Nauroji Nagar (₹1,326 Cr) and Sarojini (₹46 Cr).

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
PMC	~₹1,037 Cr*	Not in doc	5-6%	→	Below	Core steady-state; focus shifting to Smart Cities.
Redevelopment	~₹1,037 Cr*	Not in doc	8%	↑	Above	50% of SA Order Book; Nauroji Nagar 64% complete.
Real Estate	Not stated	Not in doc	Variable	→	Above	Launching Patna and Coimbatore shortly.
Subsidiaries	₹471 Cr	↓	Not stated	↓	Mixed	Total consolidation diff (₹2,074 minus ₹1,603).
Estimated based on mgmt's 50/50 Order Book split commentary.						

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue (Consol)	>₹9,000 Cr (FY23)	Needs ₹5,073 Cr in H2 (₹2,536 Cr/qtr). Feasible if Amrapali/WTC peak.	On track (Q2: ₹2,074)	Medium
Guidance	Revenue (FY24)	₹10,000 Cr	Needs 10-11% growth over FY23 guidance. Very feasible given OB.	First entry	Low
Guidance	Tendering (FY23)	₹8,250 Cr (Total)	Awarded ₹3,350 Cr YTD; needs ₹4,900 Cr in H2. Pipeline has ₹1,900 Cr ready.	On track	Medium
Guidance	Business Dev	₹6,500 Cr (FY23)	Needs ₹4,780 Cr in H2. Dependent on Delhi Defense land and Smart Cities.	YTD: ₹1,720 Cr	High
Strategy	Overseas	Focus on EXIM/ MEA projects	Malaysia, Burundi, Jeddah pipeline.	Maldives doing well	Low
Strategy	Margin Expansion	Maintain current levels	Dependent on 8% margin project contribution.	Delivered (Q2)	Low
Balance	Cash Management	₹5,200 Cr consol cash	Maintain PMC advance model.	Consistent	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	Rohit Natarajan (Antique)	Sector 37D Gurgaon	Financials	"Could you throw some light as in what exactly is the situation over there? What sort of development does it impact on your financials?"	Management stated that the impact of the loss has already been considered in the books and no further losses are expected. This provides a "clean slate" for the Gurgaon project, shifting the focus to negotiating refunds with allottees.	None	4.0	Verified
2	3.5	Rohit Natarajan (Antique)	NBCC Plaza	Financials	"NBCC Plaza Pushp Vihar project... payment related issue..."	Management clarified it is a dispute between SDMC and L&DO over who receives the FAR payment, which NBCC has already paid to L&DO. This appears to be a procedural stalemate that will not result in a double-payment or incremental P&L hit.	None	3.0	Directional
3	3.0	Rohit Natarajan (Antique)	Naya Raipur	Financials	"Naya Raipur development... additional demand has been raised?"	Management indicated the lease deed is pending but they are pursuing it and have already taken necessary impairments. Investors should treat	None	3.0	Vague

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						this as a non-core legacy asset that is already accounted for in the valuation.			
4	4.5	Anshuman Ashit (ICICI)	Guidance	Mgmt Commentary	"what could be this year we are looking at in terms of the revenue... guidance going forward in FY '24?"	Management guided for □9,000 Cr Consol Revenue in FY23 (□7k SA, □2k Subs) and □10,000 Cr in FY24. This confirms a double-digit growth trajectory supported by the execution ramp-up in the □55k Cr order book.	None	5.0	Specific
5	4.0	Parvez Qazi (Edelweiss)	Seed Money	Financials	"total money that stand still date? And how much interest we have booked and received."	Management has invested □971 Cr in seed money (mostly for 7-GPRA), accruing □29 Cr interest per quarter with □280 Cr currently in receivables. This high-interest accrual model acts as a "buffer" for other income, provided the government honors the timeline.	None	5.0	Quantified
6	4.5	Rohit Natarajan (Antique)	Amrapali	Business Overview	"what is the realization till date in Amrapali projects?"	Total work done in Amrapali is □3,400 Cr, with □4,700 Cr	None	5.0	Clear

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						remaining and ₹1,000 Cr targeted for H2 FY23. This visibility confirms Amrapali as the single largest short-term revenue driver with a clear completion path for FY24.			
7	4.0	Rohit Natarajan (Antique)	Top Projects	Financials	"how was the execution apart from Amrapali... Nauroji, AIIMS 1, Bharat Vandana, Bilaspur, Sarojini...?"	Top revenue drivers this quarter were 7-GPRA (₹510 Cr), ITPO (₹200 Cr), and AIIMS Bilaspur (₹135 Cr). This shows revenue is not overly concentrated in Amrapali alone, with large-scale PMC works contributing significantly.	None	5.0	Specific
8	3.5	Anshuman Ashit (ICICI)	Smart Cities	Business Overview	"what is the scope of work for the smart city projects, both at Pondicherry and Aligarh?"	Scope includes bus stands, canal redevelopment, and market reconstruction totaling ~₹360 Cr. This signifies a successful move into higher-complexity urban infra projects, potentially opening a new high-growth segment.	None	4.0	Directional
9	3.0			Financials			None	5.0	Quantified

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
		Subhankar Ojha (SKS Capital)	Cash Balance		"out of this total cash balance of ₹ 5,000 crores... how much is our own cash in this?"	Out of ₹5,200 Cr consol cash, only ₹800 Cr is "own funds" (₹200 Cr NBCC SA, ₹600 Cr HSCL). The majority is PMC project advances, which highlights the company's dependence on the advance-led model for liquidity.			
10	3.5	Pankaj Kumar (Kotak)	Real Estate Sales	Business Overview	"what is the kind of revenue booking that we are expecting in the second half from the real estate segment?"	Management expects sales to pick up in Bhubaneswar and Calcutta commercial projects post-pandemic, and plans to launch construction in Patna and Coimbatore. This shift from "inventory holding" to "construction and sale" is a key margin lever for H2.	Exact H2 Rev target	3.0	Directional
11	4.0	Pankaj Kumar (Kotak)	Tendering Pipeline	Mgmt Commentary	"tenders that we are planning to award in the current year and the next financial year..."	Pipeline for immediate award is ₹1,900 Cr, with a total FY24 consol award target of ₹9,000-10,000 Cr. This confirms the order book will likely stay stable as execution	None	4.5	Quantified

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						scales up to match inflows.			

PATTERN FLAGS & SENTIMENT

- **Legacy Cleanup:** Analysts were laser-focused on Sector 37D Gurgaon and legacy legal disputes. Management's stance was one of transparency—admitting the loss and stating it's already "in the books." This appears to have pacified the anxiety regarding "hidden skeletons" in the balance sheet for now.
- **Operational Pivot:** The theme shifted from Q1's "What went wrong?" to Q2's "How fast can you grow?" Analysts were satisfied with the clear execution targets for Amrapali and the 7-GPRA colonies.
- **Monetization Anxiety:** There is a lingering concern about the pace of commercial real estate sales (Sarojini Nagar). Management was confident but couldn't provide a specific H2 sales target, leaving this as a live monitoring point.

Analyst Sentiment Verdict: Analysts were **decidedly more positive** than in Q1. The shift from a reported loss (Q1) to a 36% PBT jump (Q2) has restored confidence in the core PMC + Redevelopment model. Friction remains on legacy legal/procedural issues, but management's credibility has improved as they hit their execution milestones on Amrapali and Nauroji Nagar.

GUIDANCE GAPS REVEALED IN Q&A

Topic	What Mgmt Claimed (Opening)	What Q&A Revealed	Gap / Walk-back	Risk to Thesis
Real Estate Launch	Launching projects.	Sarojini Nagar sold only □46 Cr.	High inventory (□1,400 Cr) but very slow initial velocity.	Medium; could delay self-funding of future stages.
Cash Ownership	□5,200 Cr cash balance.	Only □200 Cr is Standalone NBCC own cash.	Core SA operations have less liquid "own" cash than the headline figure suggests.	Low; PMC advances are reliable.

5. WHAT CHANGED vs PRIOR QUARTER

Comparison based on Q1 FY23 Prior Context provided.

What Changed	Prior Quarter	This Quarter	Direction
P&L Health	PAT wiped out by □110 Cr loss	PBT up 36% YoY; □131 Cr Consol PBT	□
Amrapali Momentum	□319 Cr Revenue (Q1)	□717 Cr YTD Revenue (Q2 heavy ramp)	□
Order Inflow	□660 Cr (Consol)	□1,060 Cr (Q2 only); □1,720 Cr YTD	□
Guidance Visibility	Vague FY23 recovery	Concrete □9k Cr FY23 / □10k Cr FY24 targets	□
Legacy Provisions	□110 Cr provision taken	"No further loss to be booked"	□
Segment Mix	Execution starting	Smart City entry (Puducherry/Aligarh)	□
Inventory Sales	Nauroji-led	Sarojini Nagar sales commenced (□46 Cr)	□

Investor Notes: * **CFO to PAT:** Not explicitly derived from transcript, but high project advances (₹5,200 Cr consol cash vs ₹131 Cr PBT) suggest CFO significantly leads PAT, supporting the thesis of a high-quality, cash-rich business model. * **Working Capital Lever:** The primary lever is the ₹908 Cr "Seed Money." NBCC is essentially acting as a financier to the Ministry, earning ~12% interest (₹29 Cr/quarter), which provides a stable floor to "Other Income" even if execution fluctuates.