NBCC (India) Ltd — Nov 2023 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Strong Beat (on PBT/Monetization) / Inline (Revenue) **One-line:** The long-term thesis is significantly strengthened as NBCC shifts from a "passive order-taker" to an "aggressive execution engine," evidenced by a doubling of the share price and a massive H1 monetization surge in World Trade Center (WTC) inventory.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	PBT grew 66% on a half-yearly basis; H1 monetization (□2,650 Cr) already exceeds full-year FY23 sales.	□
Earnings Quality	High (Core & Recovery)	Growth driven by PMC execution and inventory liquidation; □65 Cr provision for Gurgaon project is hopefully the final "kitchen-sinking."	□
Guidance Confidence	Strong	Management reaffirmed □11,000 Cr FY24 revenue target, backed by □4,400 Cr of tenders already awarded in H1.	□
Management Credibility	Improving	New CMD has pivoted toward "advanced technology" (Precast/ MIVAN) and solved the Amrapali logjam (15k units delivered).	□
Business Quality Signal	Improving	Shift toward "Self-Sustainable" redevelopment models (PMC + Marketing fees) reduces budgetary dependence.	□
Key Q&A Exchange	Q#4 — WTC Pricing	Mgmt refused to cut prices despite high reserve (□40k/sqft), citing rising market demand and successful HDFC/Petronet sales.	□
The Street's Primary Anxiety	Execution Velocity	Analysts worried about the □55k Cr backlog; Mgmt responded by showing □7,000 Cr H2 revenue roadmap.	□
Capital Cycle Stage	Harvesting	Massive inventory liquidation phase (WTC/Amrapali) while seeding new Metro/Irrigation segments.	□
Margin Trajectory	Improving	EBITDA target of 5.5% for FY24 and 6% for FY25 as higher-margin Real Estate (20-25%) kicks in.	↑
Pricing Power	Stable	Cost-plus PMC model (6-8%) protects margins; marketing fees (1%) add high-margin alpha.	→
FCF Conversion & Quality	Strong	Negative working capital persists; □5,000 Cr consolidated cash provides massive float.	□
Competitive Moat Signals	Widening	Becoming the "National Resolution Agency" for stalled private projects (Amrapali model expansion).	□
Balance Sheet Strength	Strong	Zero debt; interest income on seed money (□235 Cr interest still receivable) is a secondary lever.	□
Working Capital Efficiency	Stable	Inventory is clearing faster (□1,300 Cr Amrapali sales in H1), though seed money recovery is gradual.	→
Mgmt Guidance Track Record	Improving	Historically slow, but the H1 "award-to-tender" ratio indicates a structural break from the past.	□
Key Vulnerability / Red Flag	Delhi Construction Ban	Seasonal pollution-linked bans in NCR could hamper the aggressive □7,000 Cr H2 execution target.	□
Management Tone	Confident & Aggressive	CMD emphasized "quantum jumps," "excellent ratings," and "advanced technology."	□

Key Takeaways: * **Positives:** Management has successfully unlocked the monetization bottleneck, selling more commercial inventory in 6 months than in the entire previous year. The "Amrapali Model" (PMC + Fee-based resolution) is being pitched as a blueprint for pan-India stressed assets, creating a new, scalable business vertical. * **Negatives:** The company faces a massive back-ended execution task; to hit the □11,000 Cr revenue target, H2 execution must be 75% higher than H1. Seasonal air-quality construction bans in Delhi remain a recurring risk to these targets. * **Street Concern:** Analysts remain skeptical about the WTC reserve price (□40,000/sqft). Management's counter is that high-profile private buyers (HDFC) are now outbidding PSUs, validating the premium. * **Forward Watchpoint:** Monitoring the □5,300 Cr of planned tender awards in H2. If these are delayed, the FY25 revenue growth trajectory will flatten.

2. BUSINESS PERFORMANCE

2A. KEY METRICS *Note: H1 figures derived from CMD commentary; Q2 calculated as [H1 - Q1 Prior Context].*

Metric	Current Qtr (Q2)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Income (Consol)	₹2,034 Cr*	↑ 12%	↑ 3.5%	↑	*H1 was 4,000 Cr; Q1 was 1,966 Cr.* Growth driven by Amrapali ramp-up.
EBITDA Margin %	5.2%	→	→	→	Targeted 5-5.5% for FY24.
PAT (Consol)	~₹90 Cr	↑ 70%	→	↑	Driven by higher PBT (up 66% in H1 vs LY).
Order Book (Consol)	₹55,000 Cr	→	→	→	Stable backlog; shift toward Redevelopment (42%).
Order Inflows (H1)	₹7,100 Cr	↑ 9%	↑	↑	Already exceeded FY23 total H1 inflows.
Execution Rate	3.7%	↑	↑	↑	Implied quarterly turnover / opening backlog. Improving.
Net Cash (Consol)	₹5,000 Cr	→	→	→	₹1,000 Cr own funds; ₹4,000 Cr client deposits.
WTC Sales (H1)	₹2,650 Cr	↑ 31%	↑	↑	Exceeded FY23 full-year sales of ₹2,024 Cr.
Amrapali Sales (H1)	₹1,300 Cr	↑	↑	↑	Nearly equal to full-year FY23 sales (₹1,331 Cr).
Seed Money Receivable	₹1,011 Cr	↓	↓	↓	Principal recovery of ₹200 Cr and interest of ₹69 Cr in Q2.

2B. SEGMENT BREAKDOWN

Segment	Revenue (H1 ₹ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
PMC	~₹2,320 Cr	↑	6-8%	→	Inline	Core engine; 58% of total order book.
Redevelopment	~₹1,680 Cr	↑	7-9%	↑	Above	42% of order book; Nauroji Nagar at 91% completion.
Real Estate	₹54 Cr (Sales)	↓	20-25%	↓	High	Jaipur, Coimbatore, Patna projects starting to boost margins.
International	Not stated	→	10-12%	↑	High	Social housing in Maldives in "full swing."

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue (FY24)	₹11,000 Cr	Needs ₹3,500 Cr/qtr in H2. This is a 75% jump vs H1 avg.	Mixed	**High**
Guidance	PBT Growth	66% (Achieved in H1)	Maintain execution velocity to sustain this jump.	Delivered	Low
Guidance	Order Inflows	₹17,000 Cr+	Needs ₹10,000 Cr in H2. Feasible with Amrapali (₹8k Cr) pipeline.	Delivered	Low
Guidance	EBITDA Margin	5.5% (FY24)	Realistic given mix of PMC and Real Estate.	Delivered	Low
Strategy	Monetization	Sell remaining ₹5,000 Cr WTC	Needs ~₹2,500 Cr/qtr. Achieved ₹2,650 Cr in H1.	Improving	Medium
Strategy	Amrapali	20k units by Mar-25	Requires delivering ~2,500 units/qtr.	Delivered	Low
Strategy	Technology	100% Precast/MIVAN	Aiming to reduce labor dependency and improve quality.	New Initiative	Low
Balance	Cash Liquidity	Maintain ₹1,000 Cr own	CFO/PAT high due to client advances.	Delivered	Low

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdi
1	4.0	Dixit Doshi, Whitestone	Backlog Status	Business Overview	"What is our current outstanding order book... and how many projects have already started?"	Management confirmed a □55,000 Cr consolidated backlog with □20,520 Cr already awarded and active. The high ratio of active-to-total backlog suggests revenue conversion will accelerate in the coming 12-18 months.	None	5.0	Spec and Quan
2	4.5	Vasudev Ganatra, Nuvama	Order Mix	Business Overview	"Split between PMC and redevelopment... and projects awarded in Q2?"	Management stated a 42/58 split (Redev/ PMC) and awarded □4,333 Cr in H1 with plans for another □5,300 Cr in H2. This awarding visibility is a lead indicator for FY25 revenue growth surpassing □12,000 Cr.	None	5.0	Spec timeli
3	5.0	Vasudev Ganatra, Nuvama	Liquidity	Financials	"What was seed money in total and how much is the pending interest?"	Management clarified □1,011 Cr total outstanding (□775 Cr principal) with □69 Cr interest recovered this quarter. Recovery of seed money is a direct cash inflow to NBCC's "own	None	5.0	Clear Quan

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						funds," improving RoE.			
4	4.5	Rohit Natrajan, Antique	WTC Monetization	Business Overview	"What seems to be the disconnect... you could manage only 26% of the target [in WTC auction]?"	Management explained that the shift from Government-only to Private/ PSU buyers (like HDFC) has actually increased auction values despite lower volume per auction. The transition to private buyers validates the 40k/sqft pricing and reduces dependency on government budgets.	None	4.0	Direc evide
5	3.5	Venkatesh Subramanian	Diversification	Mgmt Commentary	"Will we be participating in housing for all... and do we have the bandwidth?"	Management is signing MOUs with Delhi/ Kochi Metro and exploring 3,000 acres of land from other PSUs for redevelopment. This moves NBCC beyond a "Delhi-centric" story into a pan-India urban rejuvenation play.	PSU names withheld	3.0	Vagu strate
6	4.0	Akshaya Patil	Gurgaon Project	Financials	"Provisioning of 65 crores... is this the final one?"	Management stated they believe this is the final provision, though settle-ment is delayed by a lack of unity among	None	3.5	Credi watch

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdi
						homebuyers. Resolving this legacy overhang would clean the balance sheet and remove a significant management distraction.			
7	4.5	Dhananjay Mishra, Sunidhi	Amrapali Margins	Financials	"Amrapali project, what kind of margin we make?"	Management confirmed a fixed 8% PMC fee plus 1% marketing fee, regardless of price increases. The 9% blended fee on a □8,300 Cr + □8,000 Cr pipeline makes Amrapali a high-margin, low-risk annuity for NBCC.	None	5.0	Clear marg signa

PATTERN FLAGS & SENTIMENT * **Monetization Confidence:** Analysts were intensely focused on the "slow" volume of WTC sales. Management's posture was notably confident, almost dismissive of price-cut suggestions, pointing to the HDFC deal as proof that private capital is willing to pay the premium. This indicates a shift in the power dynamic from NBCC "needing" to sell to buyers "wanting" to own. * **The "Amrapali Blueprint":** Management is clearly positioning the resolution of stalled projects as their new "moat." They are using the Amrapali success story to pitch for similar roles in Mumbai and NCR, which would change the business from a traditional construction firm to a "Project Management Specialist." * **Quality & Tech Pivot:** Recurring mentions of MIVAN, Precast, and 3D printing suggest the "NBCC Greenview" failure was a watershed moment. Management is now obsessed with technology as a hedge against labor shortages and quality lapses.

Analyst Sentiment Verdict: Analysts are shifting from "skeptical" to "watchful." The massive jump in H1 PBT and monetization has bought management significant credibility. However, the host of "back-ended" targets (□7,000 Cr revenue needed in H2) means the Q3/Q4 calls will be the true test of this "new NBCC."

5. WHAT CHANGED vs PRIOR QUARTER

Trajectory Signal: Aggressively Improving. The company has pivoted from "legacy clean-up" to "monetization at scale."

What Changed	Prior Quarter (Q1 FY24)	This Quarter (Q2 FY24)	Direction
Monetization Velocity	Slow (negligible RE sales)	H1 total □2,650 Cr (WTC) + □1,300 Cr (Amrapali).	□
Tender Awarding	□2,500 Cr (Q1)	□4,400 Cr (H1); Q2 pace accelerated.	□
Management Focus	Order bagging	Advanced Tech adoption (Precast/MIVAN).	□
WTC Buyer Profile	Government Agencies	HDFC / Private Sector / PSUs.	□
Legacy Overhang	Gurgaon Provisioning unclear	□65 Cr provision added; Mgmt aiming for finality.	□
Share Price Context	□35-40 range	Doubled to □72.5; CMD citing investor trust.	□
Revenue Run-rate	□1,966 Cr	□2,034 Cr (Implied); acceleration needed for H2.	□

INVESTOR NOTES: * **CFO-to-PAT Divergence:** CFO significantly exceeds PAT due to massive client advances (□4,000 Cr). This cash float is a massive "hidden" asset that generates significant interest income, effectively subsidizing the low PMC margins. * **The 9% Amrapali Alpha:** The 8% PMC + 1% Marketing fee structure is superior to standard government PMC (6-7%). With another □8,000 Cr expected to be awarded by the Supreme Court, this is a nearly risk-free EBITDA generator. * **Working Capital Lever:** Watch the "Seed Money" recovery. As Nauroji Nagar completes (91% now), the recovery of the remaining □1,011 Cr will provide a massive capital injection for NBCC’s own real estate projects.