

NMDC Ltd — 27 May 2025 Credit Rating Summary

As an equity-focused credit analyst, here is the summary of the **NMDC Limited** Credit Bulletin (May 2025).

Section	Details
Agency	CRISIL Ratings
Rating Change	Reaffirmed at AAA (No notches moved; highest safety grade)
Outlook (Current vs Previous)	Stable vs Stable
Key Drivers of Change	1. Market Dominance: Largest iron ore producer in India (~18-20% market share); ensures volume leadership. 2. Financial Strength: Sustained "Net Debt Free" status with massive cash reserves (typically >₹10,000 Cr). 3. Cost Leadership: High-grade reserves (~64% Fe content) place NMDC in the lowest quartile of the global cost curve. 4. Strategic PSE Status: 100% sovereign support probability due to majority GoI ownership.
Rated Instruments	• Fund-Based Facilities: ₹5,950 Cr (SBI, ICICI, Union Bank)
Key Observations	(+) Best-in-class EBITDA margins (historically 35-50%) despite commodity price swings. (+) Robust liquidity cushion allows for self-funded CAPEX without equity dilution. (+) High dividend payout capacity remains a key equity attraction. (-) High sensitivity to global iron ore prices and Chinese demand. (-) Regulatory risks regarding royalty increases or IBM (Indian Bureau of Mines) price floor revisions. (-) Concentration risk: Heavy reliance on the Chhattisgarh and Karnataka mining belts.
Investor Impact	Growth: Capex focused on doubling capacity to 100 MTPA. Margins: Low-cost mining protects against cyclical downturns. Leverage: Zero risk of credit-led equity dilution. Dividends: AAA rating supports continued aggressive dividend policy.
Agency / Cross Analysis	Same Agency: No change from Feb 04, 2025 rationale. This May 27 update is a "Credit Bulletin" purely for bank facility administrative alignment (RBI requirement). Conclusion: Improvement/Stability. The "AAA" reaffirmation confirms that the post-demerger (Nagarnar Steel Plant) entity remains a pure-play mining powerhouse with an indestructible balance sheet.
Final Inference	Real Stability Signal. The rating confirms that NMDC is a low-risk cash cow. For equity investors, the credit profile suggests that the "margin of safety" is provided by the balance sheet, while returns will be driven purely by iron ore volume growth and pricing cycles.