NMDC Ltd — 03 Jan 2025 Credit Rating Summary

Section	Details
Agency	CRISIL Ratings Limited
Rating Change	**Reaffirmed** at CRISIL AAA (No notches moved)
Outlook (Current vs Previous)	**Stable** vs Stable
Key Drivers of Change	1. **Dominant Market Position:** India’s largest iron ore producer (~17-20% market share) ensuring revenue stability. 2. **Low Cost of Production:** High-grade reserves and captive mines provide industry-leading EBITDA margins. 3. **Fortress Balance Sheet:** Net debt-free status with substantial cash surpluses despite ongoing CAPEX. 4. **Strategic Sovereign Importance:** 60.79% GoI ownership ensures high systemic support and financial flexibility.
Rated Instruments	1. **SBI Fund-Based:** □5,000 Cr
Key Observations	**Strengths:** • Healthy volume growth guidance (aiming for 100 MTPA by 2030). • Significant financial flexibility due to AAA rating and GoI parentage. • Operational efficiency through high-grade ore (Fe content >64%). **Concerns/Risks:** • High sensitivity to global iron ore price volatility (cyclical risk). • Geographical concentration (Bailadila mines in Chhattisgarh contribute majority of output). • Regulatory risks regarding royalty structures and mining environmental clearances.
Investor Impact	• **Growth:** CAPEX for capacity expansion is internally funded; no equity dilution risk. • **Margins:** Resilient due to low-cost curve position, but susceptible to export duty shifts. • **Leverage:** Exceptionally low; massive headroom to borrow for inorganic growth if needed.
Agency / Cross Analysis	**Same Agency:** Reaffirmation of the Nov 2023 rating. This update primarily reconciles specific bank-wise facility limits (e.g., □5,000 Cr SBI facility) without changing the credit view. **Conclusion: Stability.** The credit profile remains unshakeable despite the completed demerger of the steel plant, confirming the mining core is self-sustaining and high-yield.
Final Inference	**Real Stability.** The "AAA" reaffirmation signals that NMDC’s cash-generation remains decoupled from its recent corporate restructuring. For equity investors, this confirms a "zero-default-risk" balance sheet that supports high dividend payout potential.