NMDC Ltd — 20 Sep 2024 Credit Rating Summary

This summary is based on the **CRISIL Credit Bulletin (September 20, 2024)** for **NMDC Limited**. Note that this bulletin is an administrative update to bank facility details, reaffirming the high-investment grade rating from the previous full rationale.

Section	Details
Agency	CRISIL Ratings
Rating Change	**Reaffirmed: CRISIL AAA** (No change, remains at highest safety level)
Outlook (Current vs Previous)	**Stable vs Stable**
Key Drivers of Change	1. **Administrative Update:** No change in credit view; bulletin purely updates bank-wise facility details per RBI norms. 2. **Market Dominance:** Largest iron ore producer in India (~18% market share); critical for domestic steel supply. 3. **Low-Cost Producer:** High-grade reserves (avg. 64% Fe content) ensure industry-leading EBITDA margins even during price volatility. 4. **Sovereign Support:** Majority GoI ownership (Strategic Sector status) ensures high financial flexibility and access to capital. 5. **Financial Fortress:** Maintenance of "Net Cash" status despite significant capex and high dividend payouts.
Rated Instruments	• **SBI:** □4,900 Cr (Fund Based) - **CRISIL AAA/Stable** • **Union Bank:** □1,000 Cr (Fund Based) - **CRISIL AAA/Stable** • **Short Term:** ICICI/SBI/YES/IndusInd - **CRISIL A1+** (Highest rating)
Key Observations	**Positives:** • Exceptional debt coverage ratios; Interest coverage remains significantly high. • Successfully demerged steel business, allowing focus on core mining cash flows. • Consistent volume growth targets (Aiming 100 MTPA by 2030). **Risks/Concerns:** • Vulnerability to global iron ore price fluctuations impacting realizations. • Regulatory risks regarding royalty changes or export duties. • Concentration risk: High dependence on the domestic steel industry demand.
Investor Impact	**Growth:** High; capex is funded via internal accruals, not debt. **Margins:** Expected to remain robust due to scale and cost efficiencies. **Leverage:** Zero-debt/Net Cash status remains; no credit-related equity dilution risk. **Yield:** Stable credit profile supports continued high dividend payout policy.
Agency / Cross Analysis	**Same Agency:** Rating remains unchanged since the Nov 7, 2023 rationale. Financial risk profile and business strength indicators have stayed consistent. The "Stable" outlook reflects expectations of sustained volume growth. **Conclusion: Improvement/Stability.** The business continues to operate as a low-leverage cash cow for the government.
Final Inference	**Real Strength Signal.** The reaffirmation of the highest possible rating (AAA) despite sector cyclicality confirms NMDC's status as a "fortress balance sheet." For equity investors, this signals zero insolvency risk and high dividend reliability.