# NBCC (India) Ltd — 16 Dec 2025 Credit Rating Summary

This summary is prepared for equity investors to evaluate the fundamental shift in NBCC's business profile based on the CRISIL report dated December 16, 2025.

| Section | Details |
|---|---|
| **Agency** | CRISIL Ratings |
| **Rating Change** | **CRISIL AA** Reaffirmed (No notch move, but Outlook upgraded) |
| **Outlook (Current vs Prev)** | **Positive** vs **Stable** |
| **Key Drivers of Change** | 1. **Order Book Explosion:** Consolidated order book rose 1.4x to □**80,000+ Cr** (Oct 2025), providing a massive 8.5x revenue visibility.<br>2. **Margin Pivot:** Shift toward high-margin redevelopment projects is expected to expand EBITDA margins to **5-6%** (up from ~4% in H1 FY26).<br>3. **Strong Growth Trajectory:** H1 FY26 revenue grew **~15%**; CAGR of **11-13%** projected over the medium term.<br>4. **Exceptional Liquidity:** Unencumbered cash and bank balance of □**4,866 Cr** (as of Sept 30, 2025) with **Zero Debt**. |
| **Rated Instruments** | **Bank Loan Facilities (Bank Guarantees):** □1,750 Cr |
| **Key Observations** | **Strengths:**<br>• Asset-light model: Back-to-back subcontracting transfers execution risk and capital intensity to vendors.<br>• Strong Government backing: Navratna status ensures "nomination basis" project wins.<br>• Negative Working Capital: Business model results in sizeable liquid surplus from client advances.<br>**Risks:**<br>• Execution Stage: Majority of the □80,000 Cr order book is in early/tendering stages; ramp-up speed is critical.<br>• Contingent Liabilities: High reliance on off-balance sheet bank guarantees (□1,750 Cr rated). |
| **Investor Impact** | **Growth:** Revenue visibility is at an all-time high (8.5x coverage).<br>**Margins:** Operating leverage and redevelopment mix are the primary catalysts for EPS expansion.<br>**Leverage:** Debt-free status is expected to persist; no interest cost drag.<br>**Dilution Risk:** Nil; internal accruals of □600-630 Cr/year and cash pile of □4,866 Cr cover all capex needs. |
| **Agency / Cross Analysis** | **Same Agency (CRISIL):** Outlook upgraded from Stable to Positive within 15 months (since Sept 2024 review).<br>**Drivers of Revision:** The "Positive" outlook is specifically triggered by the **scale-up in the order book** and the **structural shift** toward redevelopment projects which offer higher PMC fees (redevelopment often commands higher margins than standard PMC). Financials are trending ahead of previous projections (15% growth vs 11-13% estimates). |
| **Final Inference** | **Real Improvement:** This is a "Quality of Earnings" upgrade. The transition from a low-margin government contractor to a high-margin urban redeveloper, backed by a □4,866 Cr cash cushion, significantly de-risks the equity thesis. |

## Equity Analyst Note:

The revision to **Positive** suggests a high probability of a rating upgrade to **AA+** in the next 12-18 months if NBCC maintains execution speed on its redevelopment portfolio. For equity holders, the key metric to track is the conversion of the □**80,000 Cr** book into billable revenue; any acceleration here will lead to a significant ROE expansion given the asset-light, zero-debt nature of the balance sheet.