

NBCC (India) Ltd — 17 Sep 2024 Credit Rating Summary

Section	Details
Agency	CRISIL Ratings
Rating Change	Reaffirmed at CRISIL AA (No notches moved)
Outlook (Current vs Previous)	Stable vs Stable
Key Drivers of Change	Massive Revenue Visibility: Order book of ₹54,200 Cr (5.25x FY24 revenue) ensures long-term growth. Debt-Free Balance Sheet: Adjusted gearing at 0.0x; interest coverage at a robust 191.5x. Negative Working Capital: Business model funded by customer advances/back-to-back sub-contracting payments. Project Pipeline: Recent ₹15,000 Cr Srinagar order and ₹10,000 Cr Amrapali Phase-II bolster the mid-term outlook.
Rated Instruments	Bank Guarantee (Non-fund based): ₹1,750 Cr
Key Observations	Strengths: - Navratna PSU status provides preference in government nomination projects. - Asset-light PMC (Project Management Consultant) model minimizes capital expenditure. - Strong liquidity with ₹5,700 Cr total cash (₹700 Cr unencumbered). Risks: - Compressed operating margins (4-5%) due to reduced PMC fee structure (5-8% vs 7-10% earlier). - High execution risk as a significant portion of the order book is yet to commence. - Sizeable off-balance sheet contingent liabilities (Bank Guarantees).
Investor Impact	Growth: Revenue growth projected at >28% for FY25. Margins: Expect range-bound EBITDA margins (4-5%)—profit growth is volume-driven, not margin-driven. Leverage: Zero risk; self-funded through internal accruals (>₹550 Cr/year). Dilution Risk: Minimal, given the strong cash position and lack of capex needs.
Agency / Cross Analysis	Same Agency: Reaffirmed since 2022. Comparison shows a significant jump in order book (from ~₹45,000 Cr to ₹54,200 Cr) and successful execution of Amrapali units (21k/38k completed). Conclusion: Improvement. While margins are thinner, the scale of order wins and progress in "stalled projects" (Amrapali/J&K) strengthens the business risk profile.
Final Inference	NBCC is a high-visibility, zero-debt play. The "Stable" rating reflects a transition from a pure consultant to a large-scale redevelopment executor; equity upside depends on execution speed rather than margin expansion.