

## NCC Limited

December 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	598.00	CARE AA-; Stable	Assigned
Long-term bank facilities	3,000.00	CARE AA-; Stable	Reaffirmed
Long-term / Short-term bank facilities	21,287.00 (Enhanced from 21,000.00)	CARE AA-; Stable / CARE A1+	Reaffirmed
Commercial paper (Carved out)*	1,000.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

\*Carved out of working capital limits

### Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities and commercial papers of NCC Limited (NCCL) factors in its long-standing presence and established track record in the construction industry spanning over four decades, its large-scale operations, and diversified order book across segments, clientele, and geographies. The company has a strong order book of ₹64,326 crore as on September 30, 2025, which is 3.35x of FY25 revenue, providing strong medium-term revenue visibility. The order book is well-diversified across segments, including buildings, water pipelines, irrigation, transmission, power generation, transportation, and urban infrastructure.

Ratings also factor in satisfactory financial performance in FY25 (FY refers to period April 01 to March 31) with revenue growth of ~5% during the year and profit before interest, depreciation, and tax (PBILDT) margin remaining stable at 9.09% in FY25 compared to 9.00% in FY24. The financials moderated in H1FY26 due to an unprecedented monsoon, delays in project approvals and Right of Way (ROW) issues leading to a 12% decline in revenue. Profitability was also impacted, with PBILDT margin at 8.30% in H1FY26 compared to 9.18% in H1FY25. Going forward, execution is expected to accelerate in H2FY26, in line with typical industry trends, which should support revenue recovery and margin improvement. CARE Ratings Limited (CareEdge Ratings) expects PBILDT margins to remain in the 9–10% range over the medium term, driven by improved execution pace.

The company has entered the smart metering segment with three projects totalling ₹5,011 crore, requiring a promoter contribution of ₹565 crore over the next three years. The company is well-positioned to meet this commitment, supported by its financial flexibility. NCCL has provided sponsor support undertaking for the smart meter special purpose vehicles (SPVs) to meet project cost overruns and shortfalls in debt servicing obligations. This undertaking will remain in force until two years from the Date of Commencement of Commercial Operations (DCCO) or stabilisation of cash flows, whichever is later. NCCL is also required to ensure that project operation and maintenance (O&M) arrangements are established and maintained throughout the loan tenor. The satisfactory progress of smart meter projects shall be important. NCCL had articulated no major development projects to be undertaken apart from above. However, it is exploring road hybrid annuity model (HAM) projects and significant impact of same on the financial profile shall be key monitorable.

Rating strengths are tempered by risks associated with commodity price fluctuations, exposure to state government projects, and moderation in the debt coverage metrics following heightened working capital intensity. NCCL has been executing large-sized Jal Jeevan Mission (JJM) projects, which have witnessed slower movement, elongated certification, and recovery of bills. Thus, the gross current asset (GCA) days elongated to ~297 days in FY25. NCCL has receivables/unbilled of ~3,000 crore from JJM projects (~27% of receivables) as on September 30, 2025. The stuck debtors and moderation in margins has resulted in increased reliance on bank borrowings (including extended Letter of Credit availed). Total outside liabilities to tangible net worth (TOL/TNW) stood

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

at 1.67x as on March 31, 2025 and debt/PBILDT elevated to 2.98x in FY25 and further to 4.60x in H1FY26. The company expects receivables from JJM projects to gradually normalise by H2FY26 with reasonable recovery anticipated by Q4FY26. Non recovery of the same within the envisaged timelines may result in continued moderation in working capital profile and shall remain a key rating monitorable.

### **Rating sensitivities: Factors likely to lead to rating actions**

#### **Positive factors**

- Sustained growing scale of operations with improving profitability and reducing GCA days below 200 days.

#### **Negative factors**

- Delaying execution of order book impacting growth in revenue and PBILDT margins falling below 9% on a sustained basis.
- Increasing GCA days above 320 days on a sustained days.
- Higher-than-envisaged equity commitment for SPVs or support through the extension of corporate guarantee.

#### **Analytical approach:**

Standalone while incorporating equity commitments to SPVs for smart meter projects.

#### **Outlook: Stable**

The outlook is expected to remain stable supported strong diversified order book providing long-term revenue visibility and expectation of sustenance of comfortable financial profile with likely improvement in receivable position.

### **Detailed description of key rating drivers:**

#### **Key strengths**

##### **Established track record and strong order book position**

NCCL, ultimate sponsor, has an established track record of over four decades in executing projects across diverse sectors, including buildings, water pipelines, irrigation, transmission, power generation, transportation, and urban infrastructure. NCCL has a robust order book of over ₹64,236 crore as on September 30, 2025, translating to 3.35x its gross billing for FY25. The company has consistently secured new projects, adding orders worth ~₹28,868 crore in FY25 and ~₹9,300 crore in H1FY26. The order book is well-diversified across 18 states. NCCL has undertaken projects worth ~₹8,000 crore for the Government of Andhra Pradesh and large-sized projects for laying optical fibre cable for Bharat Sanchar Nigam Limited.

The order book spans multiple sectors, including water supply, civil construction, power, smart metering, and roads, ensuring sectoral diversification.

A significant portion of the orderbook is from state government agencies posing counterparty credit risk, NCCL's management has indicated the philosophy of restricting exposure to a single state agency to not over 25% and therefore the state profile remains diversified.

NCCL remains focused on domestic operations, having withdrawn from international markets. CareEdge Ratings notes that ~58% of the outstanding order book is at an early stage, with less than 10% progress. However, the same is majorly attributable to recently awarded projects, and in other cases, adequate extensions are available.

##### **Expansion of portfolio with entry into smart metering projects**

NCCL has taken three smart meter installation projects worth ₹5,011 crore, of which two are being executed through separate SPVs. The projects are funded with promoter contribution of ₹565 crore to be infused over the two fiscals and a term debt aggregating to ₹2,442 crore for these projects. NCCL is comfortably placed to meet this equity commitment. Financial closure for

these projects is completed. NCCL has given a sponsor undertaking towards the SPVs, however, the SPVs are self-sufficient and no support from NCCL would be required.

NCCL management has articulated to CARE Ratings that the debt for these SPVs shall not entail a corporate guarantee from NCCL. It had also articulated no major development projects to be undertaken apart from above. However, it is exploring road HAM projects and significant impact of same on the financial profile shall be key monitorable.

### **Satisfactory financial performance in FY25 despite moderation of performance in H1FY26**

The company's revenue increased by ~5% in FY25 from ₹18,314 crore in FY24 to ₹19,205 crore in FY25. PBILDT margin remained stable at 9.09% in FY25 compared to 9.00% in FY24. The financials moderated in H1FY26 due to an unprecedented monsoon, delays in project approvals and Right of Way (ROW) issues leading to a 12% decline in revenue. Profitability was also impacted, with PBILDT margin at 8.30% in H1FY26 compared to 9.18% in H1FY25. Going forward, execution is expected to accelerate in H2FY26 with receipt of approval for works and a strong order book position. CareEdge Ratings believes that the growth in scale of operations is likely to continue in the near term and the PBILDT margins are likely to recuperate to the former levels going forward. PBILDT margins are expected to remain in the 9–10% range over the medium term, driven by improved execution pace.

### **Key weaknesses**

#### **Elevated working capital intensity**

NCCL operates with high working capital intensity as a large share of current assets is locked in unbilled revenue and supplier advances. GCA days increased from 269 days in FY24 to 297 days in FY25. This increase was driven by higher receivables, including unbilled revenue, which rose from ₹8,848 crore as on March 31, 2024 to ₹11,661 crore as on March 31, 2025, accounting for ~60% of revenue. Receivables remained elevated mainly due to pending dues and unbilled revenue from JJM projects, and this position continued as of September 2025. The pending dues (including unbilled component) of JJM (majorly Government of Uttar Pradesh) remained at 27% of overall receivables as of September 2025. The receivable from JJM has seen increasing trend following delays in extension of scheme in FY25 and thereafter slower release of Centre's share of funds. Per understanding received by CareEdge Ratings, such stuck receivables are likely to be recovered by Q4FY26. In the interim, the working capital requirements have been elevated as reflected by increased bank borrowings, LC usance period and extension of creditors. The reasonable recovery of such receivables within the envisaged timelines remains a key rating monitorable and non-fructification of the same shall be important from credit perspective.

#### **Moderate leverage and debt coverage**

Capital structure remained moderate, with TOL/TNW at 1.82x as on September 30, 2025 (1.66x as on September 30, 2024). Leverage primarily arises from working capital financing such as mobilisation advances, bank borrowings, and LC-backed acceptances. Total debt to PBILDT increased to 2.98x in FY25 (2.61x in FY24) and further deteriorated to 4.60x in H1FY26, driven by higher working capital borrowings, delays in debtor realisations, and weaker earnings before interest, taxation, depreciation, and amortisation (EBITDA) margins. The company has availed part of the term loan for the Bihar Smart Meter project and will draw further as the project progresses. This apart, NCCL has extended sponsor undertakings towards smart meter project debt availed in SPVs; NCC AMISP Marathwada Private Limited (rated 'CARE A; Stable') and NCC AMISP Ray Private Limited (rated 'CARE A; Stable'). NCCL had articulated roping in strategic partner for the smart meter projects. However, the same has not fructified with funding requirement being met entirely by NCCL. However, the coverage for smart meter projects is expected to remain comfortable as revenue from smart metering projects will commence from the first year of operations.

The company is also exploring additional borrowing plan to finance requirements and its impact on financial profile in scenario of heightened working capital intensity shall be critical from credit perspective.

### **Susceptibility of profitability to fluctuations in input prices and competitive industry dynamics**

The execution period of contracts awarded to NCCL usually ranges from 12-36 months. Thus, its profitability remains susceptible to fluctuations in prices of inputs, such as pipes, steel, cement, and sand among others. NCCL's majority orderbook has in-built price escalation clause, which mitigates the risk arising out of adverse movement in input prices to a large extent. NCCL is operating in intensely competitive and fragmented construction industry, where projects are awarded on the basis of relevant experience of the bidder, financial capability and most attractive bid price. The competitive intensity is considering the presence of large number of contractors resulting in aggressive bidding, which restricts the margins.

### **Liquidity: Adequate**

Liquidity profile is satisfactory backed by gross cash accruals of ₹992 crore generated in FY25 against low debt repayments. Amidst elevated receivables, reliance on bank borrowings is moderately high with fund-based working capital limits utilisation at an average of 70% for the past 12 months ended September 2025. Unencumbered liquidity as on September 30, 2025, stands at ₹157 crore against ₹778 crore as on March 31, 2025

### **Assumptions/Covenants**

Not applicable

### **Environment, social, and governance (ESG) risks**

The ESG issues are credit neutral or have only a minimal credit impact on NCCL. The same are enlisted below:

	<b>Risk factors</b>	<b>Mitigating measures</b>
<b>Environmental</b>	<ol style="list-style-type: none"> <li>1. Material selection</li> <li>2. Water consumption</li> <li>3. Method of Construction</li> <li>4. Waste management</li> <li>5. Greenhouse emissions</li> <li>6. Recycling</li> </ol>	Through integrating data collection and sustainability indicator tracking across operational sites, the company is targeting to produce well-established goals that would catalyse the sustainability of the operations.
<b>Social</b>	<ol style="list-style-type: none"> <li>1. Workmen safety</li> <li>2. Community Impact</li> <li>3. Emergency response planning</li> </ol>	<p>NCC Foundation, which is the CSR arm of NCCL delivers high-impact CSR projects for community upliftment and reducing the rural-urban divide. The community interventions are focused on education in rural areas, skill development, and job opportunities for rural youth, access to primary healthcare, rural infrastructure development and community support.</p> <p>There have been 1,479 trainings for workers, conducted on health and safety awareness in FY25.</p>
<b>Governance</b>	<ol style="list-style-type: none"> <li>1. Stakeholder engagement, supply chain management</li> <li>2. Internal controls</li> <li>3. Composition of the board</li> <li>4. Diversity</li> <li>5. Code of conduct</li> </ol>	<p>50% of the board of NCCL comprises Independent Directors rendering strong internal controls.</p> <p>Per the sustainability and corporate governance report for FY25, there have not been penalties/fines/settlements/imprisonment faced by the entity or of its directors or KMPs.</p> <p>There is a well-defined code of conduct applicable to Directors/HODs/Regional heads.</p>

### **Applicable criteria**

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

NCCL, a construction and infrastructure sector company, was established as a Partnership Firm in 1978 and converted into a Limited Company on March 22, 1990. Over the years, NCCL has evolved from a mere contractor to a full-fledged infrastructure solutions provider, and expanded its presence in construction and infrastructure development sectors. Its construction endeavours span across the nation and encompass Buildings, Transportation, Water and Environment, Electrical Transmission and Distribution, Irrigation, Mining, and Railways projects.

NCCL has also executed infrastructure public-private partnership (PPP) projects through its holding company (Holdco) (a subsidiary of NCC), NCC Infrastructure Holdings Limited (NCCIHL). The company also has exposure to real estate projects through its 100% subsidiary NCC Urban Infrastructure Limited. NCCIHL was incorporated as a Systemically Important Non-Deposit Taking NBFC (Investment Company) whose NBFC status was cancelled by the Reserve Bank of India (RBI) on March 11, 2022. Per the discussions, NCCIHL's merger with its parent, NCC Limited, is in process.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	18,314	19,205	8,105
PBILDT	1,648	1,746	672
PAT	631	761	291
Overall gearing (times)	0.63	0.70	0.80
Interest coverage (times)	2.77	2.67	2.21

A: Audited UA: Unaudited; Note: these are latest available financial results

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper- Commercial Paper (Carved out)	INE868B14153	27-03-2025	8.60	23-03-2026	50.00	CARE A1+
Commercial Paper- Commercial Paper (Carved out)	INE868B14187	10-09-2025	8.50	09-03-2026	50.00	CARE A1+
Commercial Paper- Commercial Paper (Carved out)	INE868B14195	24-10-2025	8.40	23-10-2026	50.00	CARE A1+
Commercial Paper- Commercial Paper (Carved out)	Proposed	-	-	-	850.00	CARE A1+
Fund-based - LT-Working Capital Limits		-	-	-	3000.00	CARE AA-; Stable
Non-fund-based - LT/ ST-BG/LC		-	-	-	21287.00	CARE AA-; Stable/ CARE A1+
Term Loan- Long Term		-	-	August 31, 2032	598.00	CARE AA-; Stable

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Commercial Paper-Commercial Paper (Carved out)	ST	1000.00	CARE A1+	1)CARE A1+ (08-Apr-25)	1)CARE A1+ (17-Sep-24)	1)CARE A1+ (26-Mar-24)	-
2	Non-fund-based - LT/ ST-BG/LC	LT/ST	21287.00	CARE AA-; Stable/ CARE A1+	1)CARE AA-; Stable / CARE A1+ (08-Apr-25)	1)CARE AA-; Stable / CARE A1+ (17-Sep-24)	1)CARE AA-; Stable / CARE A1+ (26-Mar-24)	-
3	Fund-based - LT-Working Capital Limits	LT	3000.00	CARE AA-; Stable	1)CARE AA-; Stable (08-Apr-25)	1)CARE AA-; Stable (17-Sep-24)	1)CARE AA-; Stable (26-Mar-24)	-
4	Term Loan-Long Term	LT	598.00	CARE AA-; Stable	-	-	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Carved out)	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple
4	Term Loan-Long Term	Simple

**Annexure-5: Lender details**To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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