NCC Limited

August 27, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term bank facilities	RBI	3,325.00 (Enhanced from 3,598.00)	CARE AA-; Stable	Reaffirmed
Long-term bank facilities	RBI	998.00 (Enhanced from 3,598.00)	CARE AA-; Stable	Reaffirmed
Long-term / Short-term bank facilities	RBI	578.01	CARE AA-; Stable / CARE A1+	Assigned
Long-term / Short-term bank facilities	RBI	20,983.99 (Reduced from 21,287.00)	CARE AA-; Stable / CARE A1+	Reaffirmed
Commercial paper (Carved out)*	RBI	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 of ratings assigned to bank facilities and commercial paper issue of NCC Limited (NCC) factors in its long-standing presence and established track record of over four decades in the construction industry, large scale of operations, and diversified order book across segments, clientele, and geographies. The company has a strong order book of ₹72,259 crore as on March 31, 2026, equivalent to 4.08x of FY26 (FY refers to April 01 to March 31) revenue, providing medium-term revenue visibility. NCC added orders aggregating ₹26,636 crore in FY26. The order book is well diversified across segments, including buildings, water pipelines, irrigation, transmission, power generation, transportation, and urban infrastructure.

Ratings also factor in modest financial performance in FY26, with moderated revenue and margins. However, comfort is derived from the improvement in operating performance in Q1FY27, supported by superior project execution. NCC reported 12% growth in revenue, while profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin improved to 9.01% in Q1FY27. CARE Ratings Limited (CareEdge Ratings) expects PBILDT margins to remain in the 9–10% range in the medium term, driven by improved execution pace of the large-sized order book.

Ratings also factor in satisfactory progress in smart meter projects undertaken by NCC in its books and through two special purpose vehicles (SPVs). The committed equity in the smart meter SPVs has also been completed, reducing the financing risk. NCCL has articulated no major development projects to be undertaken apart from above. New development projects undertaken bearing material impact on the financial profile shall be key monitorable.

These rating strengths are tempered by NCCs exposure to commodity price fluctuations, state government projects, and moderate debt coverage metrics amidst heightened working capital intensity. NCC is executing Jal Jeevan Mission (JJM) projects, for which receivables remained elevated until Q3FY26. In line with the management’s articulation, NCC has recovered receivables of ~₹1,500 crore from the JJM projects in Q4FY26 and ₹1,013 crore was received from April-July 2026. There has been progress on pending JJM orders. Put together, the movement in JJM projects and receivable is expected to taper the elevated working capital intensity seen in FY26.

Leverage and debt coverage has remained elevated through FY26 with total outside liabilities/tangible net worth (TOL/TNW) moderating to 2.02x as on March 31, 2026 (PY: 1.67x), and debt/PBILDT at 4.90x in FY26. Debt levels marginally reduced in Q1FY27, resulting in improvement in debt/PBILDT to 3.87x.

CareEdge Ratings understands that there has been built up of unbilled revenue from other projects in Q4FY26, primarily due to fast-paced execution and pending milestones across new projects undertaken. With the improvement in execution and expected unbilled movement, the working capital and debt position is expected to improve in the medium term. Non fructification of same remains a key rating monitorable.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited’s publications.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors
- Sustained growing scale of operations with improving profitability and reducing Gross current assets (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
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
NCC, the ultimate sponsor, has an established track record of over four decades in executing projects across diverse sectors, including buildings, water pipelines, irrigation, mining, transmission, power generation, transportation, and urban infrastructure. NCC has a robust order book of ₹72,259 crore as on March 31, 2026, translating to 4.08x its gross billing in FY26 (FY refers to April 01 to March 31). The company has consistently secured new projects, adding orders worth ~₹26,636 crore in FY26. The order book is well diversified across 18 states. The order book spans multiple sectors, including water supply, civil construction, power, smart metering, and roads, ensuring sectoral diversification.

A significant portion of the order book is from state government agencies, posing counterparty credit risk. NCC's management has articulated a strategy of restricting exposure to a single state agency to not over 25%; therefore, the state-wise exposure profile remains diversified. Approximately 60% of the outstanding order book is at an early stage, with less than 10% progress. However, this is largely attributable to recently awarded projects, and in other cases, adequate extensions are available.

Moderation in financial performance in FY26, however; improvement seen in Q1FY27
NCC's revenue moderated by ~9% in FY26 from ₹19,205 crore in FY25 to ₹17,463 crore in FY26. PBILDT margin also moderated to 8.29% in FY26 compared to 9.09% in FY25. The decline in revenue and moderation in margins was due to unprecedented monsoon, delays in project approvals and Right of Way (ROW) issues.

However, the company has seen improvement in performance in Q1FY27, with revenue growing by 12% to ₹4,912 crore in Q1FY27 compared to ₹4,378 crore in Q1FY26. Profitability was also positively impacted, with PBILDT margin remaining stable at 9.01% in Q1FY27 compared to 9.02% in Q1FY26, however; improved from 8.45% in Q4FY26. CareEdge Ratings expects that the growth in scale of operations is likely to continue in the near term, and PBILDT margins are likely to remain at current levels going forward. PBILDT margins are expected to remain in the 9-10% range in the medium term, driven by improved execution pace.

Expansion of portfolio with entry into smart metering projects
NCC is executing three smart meter installation projects aggregating ₹5,011 crore, of which two are being executed through separate SPVs. Projects are funded through promoter contribution of ₹565 crore, to be infused over two fiscal years, and term debt aggregating ₹2,442 crore. NCC has completed its committed equity infusion in SPVs and infused 69% of the committed contribution towards the Bihar Smart Meter project being executed in its books. Financial closure for all three projects has been achieved. On the progress front, SPV-based projects have achieved overall physical progress of ~50%, while the Bihar Smart Meter project has achieved 40% completion as on July 31, 2026. NCC has provided sponsor undertakings for SPVs; however, SPVs are expected to remain self-sufficient, and no material financial support from NCC is envisaged.

NCC management has articulated to CareEdge Ratings that the debt for these SPVs shall not entail a corporate guarantee from NCC. NCC had also articulated that no major development projects are planned apart from these projects. However, it is exploring road hybrid annuity model (HAM) projects, and significant impact of the same on the financial profile shall remain a key monitorable.

Key weaknesses

Elevated working capital intensity

NCC operates with high working capital intensity, with a significant portion of its current assets locked in receivables, unbilled revenue, and supplier advances. GCA days increased from 297 days in FY25 to 378 days in FY26, primarily owing to an increase in receivables, including unbilled revenue, from ₹11,661 crore as on March 31, 2025, to ₹12,983 crore as on March 31, 2026, equivalent to ~74% of FY26 revenue. NCC has been executing JJM projects, for which receivables remained elevated until Q3FY26. However, collections from these projects improved thereafter, with NCC receiving ₹1,500 crore in Q4FY26 and ₹1,013 crore was received from April-July 2026. JJM receivals (including unbilled revenue) stood at ₹2,771 crore, accounting for 21% of overall receivables as on June 30, 2026, compared to ₹3,700 crore, accounting for 29% of overall receivables as on December 31, 2025.

While the recovery of JJM receivables is a positive development, overall receivables and unbilled revenue remain elevated, primarily due to the build-up of unbilled revenue across the order book, particularly from newly projects and pending JJM receivables. With the government releasing funds under the JJM and the expected conversion of unbilled revenue into billed receivables, supported by improved project execution, NCC's working capital position is expected to improve. Timely recovery of receivables and conversion of unbilled revenue into billed receivables and cash flows within envisaged timelines remain key rating monitorable.

Moderate leverage and debt coverage

With elevated working capital intensity and receipt of mobilisation advances for new projects. Capital structure remained moderate, with TOL/TNW increasing to 2.02x as on March 31, 2026, from 1.67x as on March 31, 2025. Total debt/PBILDT increased to 4.90x in FY26 compared to 2.98x in FY25; however, it improved to 3.87x in Q1FY27, supported by decrease in debt levels and improved PBILDT margin.

NCC has availed part of the term loan for the Bihar Smart Meter project and is expected to draw further debt in line with project progress. NCC has extended sponsor undertakings for debt availed by its smart metering SPVs, NCC AMISP Marathwada Private Limited (NAMPL; rated 'CARE A; Stable') and NCC AMISP Ray Private Limited (NARPL; rated 'CARE A; Stable'), and J. Kumar NCC Private Limited (JKNPL; CARE A-; Stable). NCC had earlier articulated plans to induct strategic partners for smart metering projects; however, the same have not fructified, with the funding requirement being met entirely by NCC. Coverage for SPVs is expected to remain comfortable, supported by revenue commencement from the first year of operations.

Profitability susceptible to fluctuations in input prices and competitive industry dynamics

The execution period for contracts awarded to NCC typically ranges from 12 to 36 months. However, projects involving O&M have significantly longer tenures, generally ranging from 5 to 10 years. Thus, its profitability remains susceptible to fluctuations in prices of inputs, such as pipes, steel, cement, and sand. NCC's majority order book has an in-built price escalation clause, which mitigates the risk arising from adverse movement in input prices to a large extent. NCC is operating in an intensely competitive and fragmented construction industry, where projects are awarded on the basis of relevant experience of the bidder, financial capability and the most attractive bid price. The competitive intensity is driven by the presence of a large number of contractors, resulting in aggressive bidding, which restricts margins.

Liquidity: Adequate

Liquidity profile is satisfactory backed by gross cash accruals of ₹806 crore generated in FY26, 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 65% for 12 months ended June 2026. Unencumbered liquidity as on June 30, 2026, stands at ₹402 crore against ₹585 crore as on March 31, 2026.

Assumptions/Covenants

Not applicable

Environment, social, and governance (ESG) risks

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

	Risk factors	Mitigating measures
Environmental	1. Material selection 2. Water consumption 3. Method of construction 4. Waste management 5. Greenhouse emissions 6. Recycling	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 operations.
Social	1. Workmen safety 2. Community impact 3. Emergency response planning	NCC Foundation, which is the Corporate Social Responsibility arm of NCC delivers high-impact CSR projects for community upliftment and reducing the rural-urban divide. 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. There have been 739 training for employees and 571 trainings for workers, conducted on health and safety awareness in FY26.
Governance	1. Stakeholder engagement, supply chain management 2. Internal controls 3. Composition of the board 4. Diversity 5. Code of conduct	50% of the board of NCC comprises Independent Directors rendering strong internal controls. Per the sustainability and corporate governance report for FY26, there have not been penalties/fines/settlements/imprisonment faced by the entity or of its directors or Key Managerial Persons. There is a well-defined code of conduct applicable to Directors/HODs/Regional heads.

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

NCC, 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, NCC 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.

NCC 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 subsidiary NCC Urban Infrastructure Limited. NCCIHL was incorporated as a systemically important non-deposit taking non-banking financial company (NBFC; Investment Company), whose NBFC status was cancelled by the Reserve Bank of India (RBI) on March 11, 2022.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	19,206	17,463	4,912
PBILDT*	1,744	1,448	442
Profit after tax (PAT)	759	577	187
Overall gearing (x)	0.25	0.34	0.88
Interest coverage (x)	2.67	2.24	2.71

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

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Carved out)	RBI	Simple	INE868B14195	24-Oct-2025	8.40	23-Oct-2026	50.00	CARE A1+
Commercial Paper-Commercial Paper (Carved out)	RBI	Simple	INE868B14203	16-Jan-2026	8.00	14-Jan-2027	75.00	CARE A1+
Commercial Paper-Commercial Paper (Carved out)	RBI	Simple	INE868B14229	13-Aug-2026	8.00	11-Nov-2026	100.00	CARE A1+
Commercial Paper-Commercial Paper (Carved out)	RBI	Simple	Proposed	-	-	-	775.00	CARE A1+
Fund-based - LT-Term Loan	RBI	Simple	-	-	-	31-Dec-2033	998.00	CARE AA-; Stable
Fund-based - LT-Working Capital Limits	RBI	Simple	-	-	-	-	3325.00	CARE AA-; Stable

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based/Non-fund-based-LT/ST	RBI	Simple	-	-	-	-	578.01	CARE AA-; Stable / CARE A1+
Non-fund-based - LT/ ST-BG/LC	RBI	Simple	-	-	-	-	20983.99	CARE AA-; Stable / CARE A1+

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 2026-2027	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
1	Commercial Paper-Commercial Paper (Carved out)	ST	1000.00	CARE A1+	-	1)CARE A1+ (26-Dec-25) 2)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	20983.99	CARE AA-; Stable / CARE A1+	-	1)CARE AA-; Stable / CARE A1+ (26-Dec-25) 2)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	3325.00	CARE AA-; Stable	-	1)CARE AA-; Stable (26-Dec-25) 2)CARE AA-; Stable (08-Apr-25)	1)CARE AA-; Stable (17-Sep-24)	1)CARE AA-; Stable (26-Mar-24)
4	Fund-based - LT-Term Loan	LT	998.00	CARE AA-; Stable	-	1)CARE AA-; Stable	-	-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	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
						(26-Dec-25)		
5	Fund-based/Non-fund-based-LT/ST	LT/ST	578.01	CARE AA-; Stable / CARE A1+				

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: 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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About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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