

July 26, 2024

National Projects Construction Corporation Limited: Moved to Non-Cooperating category; ratings downgraded based on best available information

Summary of rating action

| Instrument [^] | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action |
|---------------------------------------|--------------------------------------|-------------------------------------|--|
| Long-term/Short-term – Non-fund based | 500.00 | 500.00 | [ICRA]BBB+ (Stable) ISSUER NOT COOPERATING*/ [ICRA]A2 ISSUER NOT COOPERATING*; Ratings downgraded from [ICRA]A(Stable)/ [ICRA]A2+ and moved to the Issuer Not Cooperating category |
| Total | 500.00 | 500.00 | |

*Issuer did not cooperate; based on best available information

[^]Instrument details are provided in Annexure-1

Rationale

ICRA has downgraded and moved the ratings for the bank facilities of National Projects Construction Corporation Limited (NPCC) in the 'Issuer Not Cooperating' category. The ratings are denoted as "[ICRA]BBB+ (Stable) ISSUER NOT COOPERATING/[ICRA]A2 ISSUER NOT COOPERATING".

The rating downgrade is because of lack of adequate information regarding NPCC and its parent WAPCOS Limited and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by a rated entity" available at www.icra.in. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with National Projects Construction Corporation Limited, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, a rating view has been taken on the entity based on the best available information.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities : [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

| Analytical Approach | Comments |
|---------------------------------|---|
| Applicable rating methodologies | Corporate Credit Rating Methodology Construction Policy in Respect of Non-Cooperation by a rated Entity |
| Parent/Group support | Parent/Group Company: WAPCOS Limited The ratings assigned to NPCC derives support from its parent – WAPCOS; ICRA expects WAPCOS to be willing to extend financial support to NPCC, should there be a need, given the strong linkages and synergies that NPCC holds for it; the credit profile of WAPCOS, in turn, derives strength from its ownership by the Govt. |
| Consolidation/Standalone | The ratings are based on the company's standalone financial profile |

About the company

Established in 1957, NPCC is a Miniratna category-I and a schedule-B PSU. The GoI has strategically divested its stake of 98.89% in NPCC and WAPCOS has acquired the GoI shares and management control in H1 FY2020. NPCC is an ISO 9001-2008 certified company and has been in the business for over 60 years. It offers project management consultancy services for civil construction projects, civil infrastructure for power sector and real estate development.

Key financial indicators (Audited)

| NPCC – Standalone | FY2022 | FY2023 |
|--|---------|---------|
| Operating Income (Rs. crore) | 1,432.1 | 1,614.1 |
| PAT (Rs. crore) | 35.1 | 45.2 |
| OPBDITA/OI (%) | 1.0% | 1.0% |
| PAT/OI (%) | 2.5% | 2.8% |
| Total Outside Liabilities/Tangible Net Worth (times) | 9.4 | 8.1 |
| Total Debt/OPBDITA (times) | 0.0 | 0.0 |
| Interest Coverage (times) | 15.6 | 15.3 |

PAT: Profit after Tax; OPBDITA: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

| Instrument | Current Rating (FY2025) | | | Chronology of rating history for the past 3 years | | |
|-------------------------|-------------------------|--------------------------|---|---|--------------------------------|--------------------------------|
| | Type | Amount Rated (Rs. crore) | Date & Rating in | Date & Rating in | Date & Rating in | Date & Rating in |
| | | | July 26, 2024 | FY2024 | FY2023 | FY2022 |
| 1 Fund-based limits | Long-term | - | - | - | - | [ICRA]A (Stable) |
| 2 Non-fund based limits | Long-term/ Short-term | 500.00 | [ICRA]BBB+ (Stable) ISSUER NOT COOPERATING/ [ICRA]A2 ISSUER NOT COOPERATING | [ICRA]A (Stable)/ [ICRA]A2+ | [ICRA]A (Stable)/ [ICRA]A2+ | [ICRA]A (Stable)/ [ICRA]A2+ |

Complexity level of the rated instrument

| Instrument | Complexity Indicator |
|----------------|----------------------|
| Non-fund based | Very Simple |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

| ISIN | Instrument Name | Date of Issuance | Coupon Rate | Maturity | Amount Rated (Rs. crore) | Current Rating and Outlook |
|------|--|------------------|-------------|----------|--------------------------|---|
| NA | Non-fund-based limits – Bank Guarantee* | NA | NA | NA | 250.00 | [ICRA]BBB+ (Stable) ISSUER NOT COOPERATING/ [ICRA]A2 ISSUER NOT COOPERATING |
| NA | Non-fund-based limits – Unallocated Limits | NA | NA | NA | 250.00 | [ICRA]BBB+ (Stable) ISSUER NOT COOPERATING/ [ICRA]A2 ISSUER NOT COOPERATING |

* Rs. 250 crore of BG limits are sanctioned and rest are proposed and not yet sanctioned; Source: NPPL

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-II: List of entities considered for consolidated analysis: Not Applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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