April 01, 2026

# NKC Projects Private Limited: Ratings reaffirmed

## Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|---|---|---|---|
| **Long-term – Fund-based – Cash credit** | 200.00 | 200.00 | [ICRA]A (Stable); reaffirmed |
| **Long-term – Fund-based – Term loan** | 45.00 | 199.38 | [ICRA]A (Stable); reaffirmed |
| **Long-term/ Short-term – Non-fund based – Bank guarantee** | 900.00 | 700.00 | [ICRA]A (Stable)/ [ICRA]A2+; reaffirmed |
| **Total** | **1,145.00** | **1,099.38** | |

**Instrument details are provided in Annexure I*

## Rationale

The rating reaffirmation for NKC Projects Private Limited (NPPL) factors in the company's demonstrated ability to sustain adequate profitability margins (~12.4% in FY2025), supported by a healthy order book (OB) and a moderation in execution and equity mobilisation risks, following the achievement of PCOD[1]/COD[2] in five out of seven hybrid annuity mode (HAM) projects. The net order inflows remained healthy at Rs. 2,409 crore in 11M FY2026 (including cost escalations and scope variations). As on December 31, 2025, the unexecuted OB stood at Rs. 3,333.2 crore – over two times the expected operating income (OI) in FY2026 – providing comfortable revenue visibility for the next two years. The ratings reflect the promoters' extensive experience in the domestic construction industry, NPPL's established execution track record in road projects, and reputed clientele, primarily National Highways Authority of India (NHAI, rated [ICRA]AAA(Stable)), along with other government authorities/ entities, which limits the counterparty risks.

While the OI is estimated to decline in FY2026 (by ~10-15%) due to modest past order inflows, execution delays beyond the company's control in select projects, and deferred billing under the milestone-based billing mechanism, the moderation is likely to be transitory. The revenues are projected to recover and record a CAGR of ~8-10% over FY2026–2029, supported by a healthy OB and expectation of continued order inflows, aided by diversification beyond the road segment. Notwithstanding the increase in external debt levels, to fund cost overruns across HAM projects and a debt-funded land acquisition in Delhi in 11M FY2026, the leverage metrics (TOL/TNW at 1.4 times as on March 31, 2025) are anticipated to correct gradually with healthy cash accruals and reduction in debt levels over the near to medium term. Similarly, the moderation in interest coverage (3.7 times in FY2025 Vs. 6.2 times in FY2024) and elevated working capital intensity (33% in FY2025 Vs. 24% in FY2024) are expected to ease over time with completion of HAM projects and improvement in billing and execution levels. The timing and quantum of any monetisation of the land bank and/or completed HAM assets – which could support deleveraging – remain fluid at present and constitute a key near-term monitorable. This, along with NPPL's ability to sustain its order book and profitability and achieve a recovery in execution scale, will remain critical from the credit perspective.

The ratings are, however, constrained by the company's concentrated OB, with the top five projects accounting for around 83%, and execution risks, given that approximately 57% of the orders were at an early stage of execution (with less than 20% progress as on December 31, 2025). Nevertheless, comfort is drawn from NPPL's established track record in the construction sector and successful completion of projects within the time. The company's exposure to seven NHAI HAM projects being executed through separate SPVs, entails project execution and implementation risks. As on December 31, 2025, five SPVs had achieved PCOD/COD, one project is under construction, and one awaits appointed date. NPPL has pending equity commitments of around Rs. 135 crore in these projects, which are planned to be met through available liquidity and cash flows from operations over FY2027–2029. Over the medium term, the company intends to undertake additional HAM projects. Therefore, its ability to prudently manage the working capital cycle, support execution ramp-up, and maintain adequate

*[1] Provisional commercial operation date*
*[2] Commercial Operation date*

liquidity will remain important from the credit perspective. Additionally, any further debt-funded non-core investments will remain a key monitorable.

NPPL remains exposed to the cyclicality inherent in the construction industry and intense competition in the tender-based contract award system, which can result in volatility in order inflows and revenues and exert pressure on profit margins. The ratings factor in the sizeable contingent liabilities in the form of bank guarantees (BGs), though comfort is drawn from NPPL's execution track record and absence of invocation of guarantees in the past.

The Stable outlook on the long-term rating reflects ICRA's opinion that NPPL will be able to maintain its credit profile over the medium term, driven by its strong execution capabilities, coupled with the expectations that its incremental capex and/or investments will be funded in a manner that it is able to durably maintain its leverage metrics and liquidity profile, commensurate to the rating level.

## Key rating drivers and their description

### Credit strengths

**Long experience and execution track record of completion of Central Government road projects** – NPPL has a team of qualified and technical personnel who have been associated with the company for around two decades. The experience of its promoter – Mr. Naresh Kumar – and team and its established track record of operations supports the operational risk profile. Given its bidding eligibility, NPPL has seen repeat business from its clients, which reflects its strong execution capabilities.

**Comfortable OB position providing medium-term revenue visibility** – NPPL had a pending order book of Rs. 3,332.7 crore as on December 31, 2025, which is ~1.9 times of its standalone OI in FY2025 (vs. 1.5 times as on August 31, 2024) and ~2.2 times of ICRA's estimated standalone OI for FY2026. This provides healthy revenue visibility, considering the average execution period of around two years. Based on the same, ICRA expects NPPL to register steady growth during FY2026-2029, with a projected CAGR of around 8-10%. Moreover, a geographically diversified order book (spread across eight states in India) mitigates the risk of any adverse regional developments impacting the execution pace. Driven by healthy order inflows, NPPL witnessed segment diversification of its OB in 9M FY2026, with the share of non-highway/ road works increasing to 34% by the end of December 2025 (from nil earlier).

**Reputed clientele mitigates the counterparty risks** – NPPL's customer and segment diversification improved following order inflows under the industrial corridor development programme even as overall diversification remains limited. As on December 31, 2025, the unexecuted order book comprised entirely of road projects awarded by the NHAI (rated [ICRA]AAA (Stable)) and industrial corridor projects awarded by Bihar Industrial Area Development Authority (BIADA) and NICDC Punjab Industrial Corridor Development Corporation Limited (NPICDCL). The concentration risk is partly mitigated by the strong counterparty profile of NHAI and its robust credit quality. Further, while the industrial corridor projects have been awarded by state authorities or central-state joint venture entities, the funding support for these projects is expected to be largely backed by the Central Government, which are likely to mitigate any funding risks.

### Credit challenges

**Concentrated OB and execution risks** – NPPL's order book remains exposed to project concentration risk, with the top five projects accounting for nearly 83% of the total order book as on December 31, 2025. The company faces execution risks, as around 57% of the orders in hand are at an early stage of execution, with less than 20% physical progress, including certain projects yet to achieve the appointed date (AD)/ start date. Nevertheless, comfort is drawn from NPPL's established track record in the construction business and its ability to complete projects within stipulated timelines, excluding delays attributable to external factors. Further, the execution risk in the HAM portfolio has moderated, with five out of seven projects having achieved PCOD/COD, while one project is under construction and one is pending commencement. The residual equity commitments stood at around Rs. 135 crore as on December 31, 2025, which, along with any incremental commitments arising from future order inflows, are expected to be met through internal cash accruals over the medium term.

**Moderate coverage metrics** – NPPL's indebtedness increased in FY2025 on account of higher working capital utilisation fund interim investments towards cost overruns in HAM projects, primarily in the form of unsecured loans and extended credit period. While a portion of these unsecured loans was repatriated in CY2025 through the proceeds of top-up debts availed in

HAM SPVs, the overall debt levels remained elevated as on January 31, 2026, following the acquisition of a land parcel in September 2025, which was funded through a corporate term loan of around Rs. 175 crore. Consequently, the TOL/TNW, which stood elevated at 1.4 times as on March 31, 2025, is likely to come down over the medium term, supported by healthy accretion to reserves. The interest coverage moderated to 3.7 times in FY2025 (FY2024: 6.2 times), reflecting the decline in scale of operations and rise in interest costs and is expected to remain constrained in the near term. A meaningful improvement in coverage metrics will be contingent upon a sizeable reduction in debt levels.

**Sector risks including stiff competition and sizeable non-fund based exposure** – NPPL is exposed to the cyclicality inherent in the construction industry and intense competition in the tender-based contract award system, resulting in risk of volatility in order inflows and revenues. The stiff competition in the road sector for both EPC and HAM projects could exert pressure on the company's profitability. NPPL is exposed to sizeable contingent liabilities in the form of bank guarantees (outstanding BGs of ~Rs. 485 crore as on January 15, 2026, viz. 68% of TNW as of March 2025), mainly towards performance guarantee, mobilisation advance and security deposits. Nonetheless, ICRA draws comfort from the long presence and established relationships with its clients, healthy execution track record and no invocation of guarantees in the past.

## Liquidity position: Adequate

NPPL's liquidity is expected to remain adequate, with healthy cash flows from operations, supported by cushion available in the form of unutilised working capital limits (fund-based: ~Rs. 293 crore and non-fund based: ~Rs. 333 crore as on January 31, 2026). The company has repayment obligations of ~Rs. 70-80 crore per annum, pending equity commitment of ~Rs. 135 crore and planned capex of ~Rs. 35-40 crore during FY2027P-2028P. The estimated cash flows from operations, along with lines of credit available are likely to be sufficient to meet these obligations. In addition, it enjoys flexibility through provision to avail mobilisation advances and realise retention money, against BGs.

## Rating sensitivities

**Positive factors** – The ratings could be upgraded if there is a significant increase in the company's scale of operations, along with improvement in its operating profitability and credit metrics. Specific metrics for a rating upgrade includes TOL/TNW below 1.1 times and interest coverage more than 7 times, on a sustained basis.

**Negative factors** – Pressure on the ratings could arise if there is a sustained pressure on earnings, coverage metrics or scale of operations on account of weak order addition or significant delays in project execution. Further, a material increase in funding commitments towards BOT/HAM projects or non-core investments, or a substantial rise in working capital intensity resulting in deterioration in its coverage metrics and liquidity position, could put pressure on the ratings. A specific credit metric that could lead to a rating downgrade is TOL/TNW above 1.4 times, on a sustained basis.

## Analytical approach

| Analytical approach | Comments |
|---|---|
| **Applicable rating methodologies** | Corporate Credit Rating Methodology<br>Construction |
| **Parent/Group support** | Not applicable |
| **Consolidation/Standalone** | For arriving at the ratings, ICRA has applied limited consolidation of HAM SPVs factoring in the equity commitments and support towards meeting any cash flow mismatches. Refer Annexure II below. |

## About the company

NKC Projects Private Limited (NPPL) was incorporated on July 14, 2003, by the Late Dharmbir Singh and Mr. Naresh Kumar. The company initially undertook EPC contracts across a wide spectrum of infrastructure segments, including residential, commercial and industrial buildings, water treatment plants, concrete drains, roads and highways, expressways, bridges, culverts and storm water drains. Over the last five-six years, NPPL expanded into HAM-based road projects awarded by the

NHAI. As on date, the company has seven HAM projects in its order book, of which three have achieved COD, two have achieved PCOD, one is under construction, and one is awaiting declaration of the AD.

While NPPL's execution has historically been skewed towards road projects largely for NHAI, the company has, in recent years, diversified into allied infrastructure segments, as reflected in the recent order inflow of industrial corridor development projects.

## Key financial indicators (audited)

| NPPL (Standalone) | FY2024 | FY2025 |
|---|---|---|
| **Operating income** | 1,910.4 | 1,773.4 |
| **PAT** | 146.0 | 117.1 |
| **OPBDIT/OI (%)** | 12.4% | 12.4% |
| **PAT/OI (%)** | 7.6% | 6.6% |
| **Total outside liabilities/Tangible net worth (times)** | 1.3 | 1.4 |
| **Total debt/OPBDIT (times)** | 1.1 | 1.8 |
| **Interest coverage (times)** | 6.2 | 3.7 |

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: 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 (FY2027) | | | Chronology of rating history for the past 3 years | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY2027 | | | FY2026 | | FY2025 | | FY2024 | |
| | Type | Amount rated (Rs. crore) | Apr 01, 2026 | Date | Rating | Date | Rating | Date | Rating |
| Fund-based – Cash credit | Long-term | 200.00 | [ICRA]A (Stable) | - | - | Feb-07-2025 | [ICRA]A (Stable) | Dec- 07-2023 | [ICRA]A (Stable) |
| | | | - | - | - | Nov-08-2024 | [ICRA]A (Stable) | Nov-06-2023 | [ICRA]A (Stable) |
| | | | - | - | - | - | - | Oct-25-2023 | [ICRA]A (Stable) |
| Term loan | Long-term | 199.38 | [ICRA]A (Stable) | - | - | Feb-07-2025 | [ICRA]A (Stable) | Dec- 07-2023 | [ICRA]A (Stable) |
| | | | | - | - | Nov-08-2024 | [ICRA]A (Stable) | | |
| Non-fund based – Bank guarantee | Short-term | - | - | - | - | - | - | Oct-25-2023 | [ICRA]A2+ |
| Issuer rating | Long-term | - | - | - | - | - | - | - | - |
| Non-fund based – Bank guarantee | Long-term/ Short-term | 700.00 | [ICRA]A (Stable)/ [ICRA]A2+ | - | - | Feb-07-2025 | [ICRA]A (Stable)/ [ICRA]A2+ | Dec- 07-2023 | [ICRA]A (Stable)/ [ICRA]A2+ |
| | | | - | - | - | Nov-08-2024 | [ICRA]A (Stable)/ [ICRA]A2+ | Nov-06-2023 | [ICRA]A (Stable)/ [ICRA]A2+ |

## Complexity level of the rated instruments

| Instrument | Complexity indicator |
|---|---|
| **Long-term – Fund-based – Cash credit** | Simple |
| **Long-term – Fund-based – Term loan** | Simple |
| **Long-term/ Short-term – Non-fund based – Bank guarantee** | 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** | **Cash credit** | NA | NA | NA | 200.00 | [ICRA]A (Stable) |
| **NA** | **Term loan-I** | FY2023 | NA | FY2027 | 24.38 | [ICRA]A (Stable) |
| **NA** | **Term loan-II** | FY2026 | NA | FY2031 | 175.00 | [ICRA]A (Stable) |
| **NA** | **Bank guarantee** | NA | NA | NA | 700.00 | [ICRA]A (Stable)/ [ICRA]A2+ |

*Source: Company, ICRA Research*

*Please click here to view details of lender-wise facilities rated by ICRA*

## Annexure II: List of entities considered for consolidated analysis

| Company name | NPPL's ownership | Consolidation approach |
|---|---|---|
| **NKC Alewa Pandwa Expressway Private Limited** | 100.00% | Limited consolidation |
| **NKC DH Expressway Private Limited** | 100.00% | Limited consolidation |
| **NKC KK Expressway Private Limited** | 100.00% | Limited consolidation |
| **NKC JK Expressway Private Limited** | 100.00% | Limited consolidation |
| **NKC KS Expressway Private Limited** | 100.00% | Limited consolidation |
| **NKC Kashi Highways Private Limited** | 100.00% | Limited consolidation |
| **NKC PS Highway Private Limited** | 100.00% | Limited consolidation |

*Source: Company, ICRA Research*

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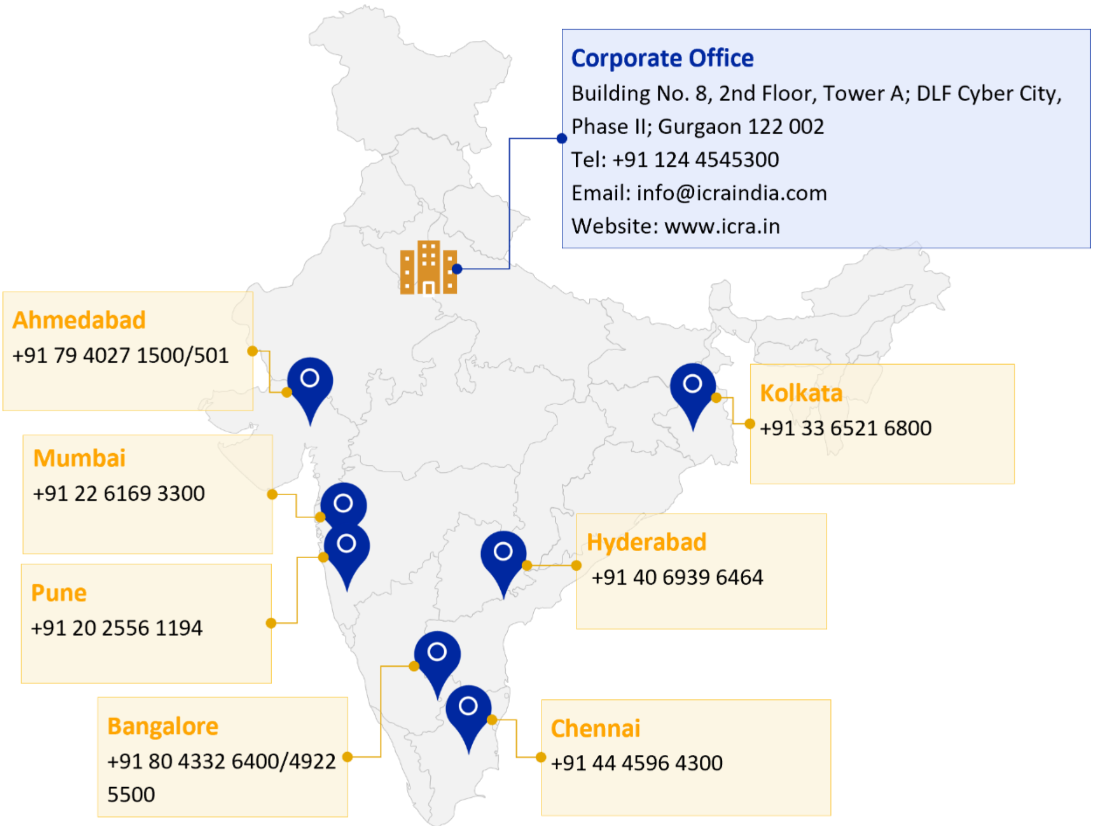




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