

Nitco Limited

September 08, 2026

Rating Action

Instrument	Amount (Rs. crore)	Ratings	Rating Action	Regulator [^]
Non-Convertible Debentures	50.00	IVR BB+/Stable	Rating reaffirmed	MCA
Redeemable Non-Convertible Preference shares	150.00	IVR BB+/Stable	Rating reaffirmed	MCA
Total	200.00 (Rupees Two Hundred Crore Only)			

[^]Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

Infomerics has reaffirmed the ratings assigned to NITCO Limited's (NL) debt instruments. The ratings continue to factor in the company's improved revenue and profitability in FY 2026 (FY refers to the period April 1 to March 31), moderate capital structure and comfortable debt protection metrics, cash flow prospects from the monetisation of its sizeable land bank through Joint Development Arrangements (JDAs) and the established experience of its promoters and management. The ratings, however, remain constrained by the elongated working capital cycle and exposure to real estate cyclicity and seasonal fluctuations in tile demand.

Outlook: Stable

The Stable outlook reflects the expectation that NL's core business performance will remain stable, supported by its established relationships with real estate developers. Further, the phased monetisation of its sizeable land bank through JDAs is expected to generate additional cash flows and support the company's liquidity and financial profile.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Consolidated For arriving at the rating, IVR has considered consolidated financials of NL and its subsidiaries.
Parent/ Group Support	Not Applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

Improvement in revenue and profitability in FY 2026

NL's revenue increased by ~72.4% to Rs. 542.00 crore in FY 2026 (P.Y.: Rs. 314.39 crore), driven by higher sales volumes of tiles and allied products, along with Rs. 58.42 crore of revenue generated from the real estate segment, contributing ~11% of total revenue. The real estate income was primarily derived from the plotted development undertaken on the company's Alibaug land in association with Total Environment Building Systems Private Limited, against which NL received an advance payment, with the balance consideration expected to be realised over the next three years. The EBITDA margin and PAT margin improved to 4.6% and 5.2%, respectively, in FY 2026 (P.Y.: -11.1% and -226.2%), supported by improved operating performance. Consequently, NL reported a PAT of Rs. 28.65 crore in FY 2026, as against a loss of Rs. 741.21 crore in FY 2025, with the FY 2025 loss primarily attributable to an exceptional loss of Rs. 461.79 crore arising from debt restructuring.

However, the company's revenue declined by 22.77% in Q1FY 2027, primarily due to an LPG shortage following disruptions in petroleum supplies from Iran. While the company's 45-day raw material inventory supported continued operations, it was insufficient to meet the entire demand. Export demand also remained subdued due to higher freight costs. The company reported negative EBITDA margins in Q1FY27, as the increase in input and freight costs could not be fully passed on to customers. Nevertheless, higher LPG prices may continue to pressure costs, while increased domestic tile availability amid weaker exports could provide some offset.

Moderate capital structure and comfortable debt protection metrics

NL's capital structure marked by overall gearing and TOL/TNW have improved at 0.92x and 2.20x respectively as on March 31, 2026 (March 31, 2025: 1.27x and 3.19x respectively). The improvement was primarily driven by the conversion of warrants, which strengthened the company's net worth. Further, the management has indicated that the company has no debt repayment obligations until FY2028, providing some flexibility in its debt servicing profile. The interest coverage ratio also improved to 2.4x in FY 2026 from -0.49x in FY 2025, supported by the improvement in profitability.

Cash flow visibility from land monetisation through JDAs

NL has diversified into the real estate segment by monetising its sizeable land bank, while continuing to remain primarily engaged in the trading of tiles and allied products. The company owns land parcels at strategic locations in Maharashtra, such as Alibaug, Thane and Kanjurmarg, and has entered into JDAs with reputed developers such as Runwal Group, Total Environment Building Systems Private Limited and others. Under these arrangements, NL receives an agreed

share in the developed projects or project revenues against the land contributed, while also benefiting from potential tile supply opportunities for the respective developments. The company has also recently entered into a JDA with The House of Abhinandan Lodha (HoABL), which is expected to generate cash flows over the coming years as the project progresses. The ongoing monetisation of these assets is expected to generate additional cash flows, support working capital requirements, and provide some diversification to the company's cash flow sources over the medium term.

Experienced promoters with established track record in the business

NL is promoted and managed by Mr. Vivek Prannath Talwar, who has over four decades of experience in the tiles industry and oversees the company's overall operations and strategic direction. He is supported by an experienced management team across key functional areas. The management has demonstrated its ability to navigate the company through a prolonged period of financial stress through debt restructuring and capital infusion, along with a shift towards a less capital-intensive operating model, wherein the company currently meets its tile requirements through third-party manufacturers in Morbi. Further, the management has established relationships with reputed real estate developers and is actively pursuing monetisation of the company's sizeable land bank through joint development and area-sharing arrangements.

Weaknesses**Elongated working capital cycle**

NL's working capital cycle remained elongated at 290 days in FY 2026 and 250 days in FY 2025, primarily due to high inventory held under the real estate segment. The inventory holding period, however, improved to 283 days in FY 2026 from 322 days in FY 2025, with a significant portion of the inventory comprising land parcels held for monetisation. The management is progressively monetising these land holdings through joint development and area-sharing arrangements with established real estate developers, which is expected to generate cash flows and support the company's liquidity and working capital requirements. The receivable cycle remains relatively comfortable at around 60–90 days, supported by the company's focus on timely collections and a stringent provisioning policy for ageing receivables.

Impact of real estate cyclicalities and seasonal fluctuations in tile demand

The tile trading business remains exposed to the cyclicalities of the real estate sector and seasonal fluctuations in construction activity. Tile demand typically remains subdued during the monsoon season due to lower construction activity, while demand generally picks up post-monsoon and during festive periods. Further, demand for tiles is closely linked to real estate activity and economic conditions, and any slowdown in the real estate sector or broader economic activity

could adversely impact the company's sales and profitability. The business may also witness short-term fluctuations in sales during festive periods and around the financial year-end.

Liquidity – Adequate

The liquidity position of the company is expected to remain adequate given the expected sufficient cash accruals in the projected period FY 2027 to FY 2029 as against debt repayment of nil in FY 2027, Rs. 68.75 crore in FY 2028 and Rs. 18.75 crore in FY 2029. The free cash and cash equivalents balance stood at Rs. 31.37 crore as on March 31, 2026. Further, the company expects inflows in the real estate business wherein the company is monetizing various land parcels held in the company and its subsidiaries through JDAs with various developers, which will further support operations and liquidity.

Rating Sensitivities

Upward Factors

- Substantial growth in revenues and improvement in profitability on a sustained basis leading to improvement in cash accruals and liquidity of the company.

Downward Factors

- Decline in operating income and/or profitability, resulting in deterioration in debt coverage metrics.
- Further elongation of the working capital cycle, adversely impacting liquidity.
- Deterioration in the capital structure or increase in debt levels, weakening debt coverage metrics.

About the Company

NL was established in 1966 by late Pran Nath Talwar, a first-generation entrepreneur, and is headquartered in Mumbai. The company is primarily engaged in the trading of floor and wall solutions, with a comprehensive portfolio of tiles, marbles and mosaic products. In addition, NL has diversified into the real estate sector by leveraging its sizable land bank through JDAs with real estate developers.

Key Financial Indicators (Consolidated):

For the year ended/ As on*	31-03-2025	31-03-2026	Q1FY 2027
	Audited	Audited	Unaudited
Total Operating Income	314.39	542.00	116.01
EBITDA	-34.73	24.98	-8.20
PAT	-741.21	28.65	-10.33

For the year ended/ As on*	31-03-2025	31-03-2026	Q1FY 2027
Total Debt	269.19	304.19	--
Tangible Net Worth (TNW)	211.68	329.72	--
EBITDA Margin (%)	-11.05	4.61	-7.07
PAT Margin (%)	-226.15	5.17	-8.90
Overall Gearing (times)	1.21	0.79	--
Interest Coverage (times)	-0.49	2.42	-3.29

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

Financials (Standalone):

For the year ended/ As on*	31-03-2025	31-03-2026	Q1FY 2027
	Audited	Audited	Unaudited
Total Operating Income	311.77	539.71	115.50
EBITDA	-33.82	26.19	-8.16
PAT	-736.21	34.22	-9.25
Total Debt	211.54	243.41	--
Tangible Net Worth (TNW)	261.23	384.85	--
EBITDA Margin (%)	-10.85	4.85	-7.07
PAT Margin (%)	-226.70	6.24	-7.90
Overall Gearing (times)	0.81	0.63	--
Interest Coverage (times)	-0.51	5.59	-7.32

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

Applicable Criteria

[Rating Methodology for Trading companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for assigning Rating outlook](#)

[Policy on Default Recognition and Post Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Criteria on Consolidation of companies](#)

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years

Sr. No.	Instruments/Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years			
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26		Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24
					Sep 09, 2025	Aug 18, 2025	Sep 03, 2024	--
1.	Non Convertible Debentures (NCDs)	LT	50.00	IVR BB+/Stable	IVR BB+/Stable	IVR D; ISSUER NOT COOPERATING*	IVR D	--
2.	Redeemable Non-Convertible Preference Shares (RNCPS)	LT	150.00	IVR BB+/Stable	IVR BB+/Stable	IVR D; ISSUER NOT COOPERATING*	IVR D	--
3.	Fund Based	LT	--	--	--	IVR D; ISSUER NOT COOPERATING*	IVR D	--

*Issuer did not cooperate; based on best available information

Annexure 1: Instrument/Facility Details

Name of Facility/Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook	Listing Status	Regulator^	<u>Complexity Indicator</u>
Non-Convertible Debentures	Not Applicable as instrument was issued in physical form	February 28, 2018	5.00%	February 2028	50.00	IVR BB+/Stable	Unlisted	MCA	Simple
Redeemable Non-Convertible Preference shares	INE858F04016	February 28, 2018	0.10%	March 2035	150.00	IVR BB+/Stable	Unlisted	MCA	Simple

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details: Not Applicable

Annexure 3: Detailed explanation of covenants of the rated Security/facilities:

Secured, redeemable, unlisted and Non-Convertible Debentures		ISIN Not Applicable as instrument was issued in physical form
i	Redemption Schedule	Bullet Repayment in February, 2028
ii	Pledge of shares	13.54% of the company's total equity capital (67% of promoter's shareholding) for the outstanding NCDs and RNCPS.

Secured, redeemable, unlisted and Redeemable Non-Convertible Preference shares		INE858F04016
i	Redemption Schedule	8 equal annual instalments commencing from February 2028
ii	Pledge of shares	13.54% of the company's total equity capital (67% of promoter's shareholding) for the outstanding NCDs and RNCPS.

Annexure 4: List of companies considered for Consolidated/Combined analysis:

Name of the entity	Extent of Consolidation	Rationale for consolidation
Nitco Realities Private limited	Full	Direct Subsidiary
Rejoice Realty Private Limited	Full	Direct Subsidiary
Norita Investments Private Limited	Full	Direct Subsidiary
Reliant Properties and Realty LLP	79.99%	Direct Subsidiary
Maxwealth Properties Private Limited	Full	Step down Subsidiary
Meghdoot Properties Private Limited	Full	Step down Subsidiary
Roaring Lion Properties Private Limited	Full	Step down Subsidiary
Feel Better Housing Private Limited	Full	Step down Subsidiary
Quick Solutions Properties Private Limited	Full	Step down Subsidiary
Silver Sky Real Estates Private Limited	Full	Step down Subsidiary
Opera Properties Private Limited	Full	Step down Subsidiary
Ferocity Properties Private Limited	Full	Step down Subsidiary
Glamorous Properties Private Limited	75.00%	Step down Subsidiary
Nitco IT Parks Private Limited	Full	Step down Subsidiary
Nitco Aviation Private Limited	Full	Step down Subsidiary
Aileen Properties Private Limited	Full	Step down Subsidiary
Quick Innovation Lab Private Limited	Full	Step down Subsidiary
Recondo Limited	95.22%	Step down Subsidiary

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* \$	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI



Sr. No.	Instrument / activity Name	Regulator of the instrument
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11a	Fixed Deposits raised by NBFCs, HFCs, FIs	RBI
11b	Fixed Deposits raised by Banks	+
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts \$	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	+
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side Regulator such as IRDAI, PFRDA @

Footnotes:

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Infomerics Valuation and Rating Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

\$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

+ To be finalized following a discussion with the regulatory authorities.

Note: For activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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