



Press Release

Nitco Limited (NL)

September 03rd, 2024

Ratings

Facilities	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Fund-Based Bank Facilities	520.50	IVR D (IVR D)	–	Assigned	Simple
Non-convertible Debentures	50.00	IVR D (IVR D)	–	Assigned	Simple
Redeemable Non-Convertible Preference Shares	150.00	IVR D (IVR D)	–	Assigned	Simple
Total	Rs.720.50 Crore (Rupees Seven hundred and twenty crore and fifty lakhs Only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics has assigned the rating to the bank facilities and debt instruments of Nitco Limited, reflects continuous delays in debt servicing by the company in various debt instruments/bank facilities. The most recent delay occurred in August 2024, due to poor liquidity position.

Key Rating Sensitivities:

Upward Factors

- Timely servicing of debt obligations for at least 90 days.

List of Key Rating Drivers with Detailed Description

A. Key Rating Weaknesses

Delays in servicing of debt obligations

Infomerics has observed continuous delays in debt servicing by the company in various debt instruments/bank facilities. The most recent delay occurred in August 2024, due to poor liquidity position.

Analytical Approach: Consolidated Approach



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For arriving at the rating, Infomerics has taken a consolidated approach for analysing the business and financial performance of the company. It has combined the business and consolidated financial risk profiles of Nitco Limited (NL) and its fully owned subsidiary company i.e., Nitco Realities Private limited on account of common management and operational and financial linkages.

Applicable Criteria:

[Policy on Default Recognition](#)

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

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

[Criteria on Consolidation of Companies](#)

Liquidity: Poor

The liquidity position of the Nitco group is poor as the company is unable to repay its debts on timely basis. The company has been consistently incurring losses, leading to a erosion of its net worth.

About the company

NITCO Limited was established in 1966 by late Mr. Pran Nath Talwar. The Company is engaged in providing floor and wall solutions with a portfolio comprising a comprehensive range of tiles, marbles and mosaic. Headquartered in Mumbai, NITCO's pan-India presence is facilitated through display centres, franchisees, retail network spread across the country. NITCO enjoys a sizeable client base overseas and exports to over 40 countries.



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Financials (Consolidated):

(Rs. crore)

For the year ended / As On*	31-03-2023 (Audited)	31-03-2024 (Audited)
Total Operating Income	383.69	325.22
EBITDA	(37.32)	(42.87)
PAT	(151.25)	(162.96)
Total Debt	879.72	971.13
Tangible Net Worth	(370.10)	(532.92)
EBITDA Margin (%)	(9.73)	(13.18)
PAT Margin (%)	(38.96)	(49.37)
Overall Gearing Ratio (x)	(2.38)	(1.82)
Interest Coverage (x)	(0.51)	(0.45)

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: None.

Any other information: Nil

Rating History for last three years:

Name of Instrument/ Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
	Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2023- 24	Date(s) & Rating(s) assigned in 2022- 23	Date(s) & Rating(s) assigned in 2021- 22
Long Term Fund- Based Bank Facilities	Long Term	520.50	IVR D	--	--	--
Non-convertible Debentures	Long Term	50.00	IVR D			
Redeemable Non-Convertible Preference Shares	Long Term	150.00	IVR D	--	--	--

Name and Contact Details of the Rating Analyst:

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About Infomerics:



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Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy, or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.



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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	ISIN	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Term Loan	--	--	--	March 2023	300.00	IVR D
Long Term Bank Facilities – Term Loan	--	--	--	March 2023	200.00	IVR D
Long Term Bank Facilities – Term Loan	--	--	--	March 2022	18.30	IVR D
Long Term Bank Facilities – FITL	--	--	--	March 2020	2.20	IVR D
Non-Convertible Debenture	February 28 th , 2018	5.00%	Not Applicable as instrument was issued in physical form	February 2028	50.00	IVR D
Redeemable non-convertible preference shares	February 28 th , 2018	0.10%	Not Applicable as instrument was issued in physical form	March 2025	150.00	IVR D

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-nitco-sep24.pdf>

Annexure 3: Detailed explanation of covenants of the rated instrument:

Particulars: Non-Convertible debentures	Description
Issuer	Authum Investment and Infrastructure Ltd
Issue Size (Sanction Amt)	Rs. 50.00 Crore
Objects of the Issue	Restructuring of Existing Loan from various banks
Investors / Lenders	Authum Investment and Infrastructure Ltd
Instrument	Non-Convertible debentures
Maturity	February, 2028
Redemption / Maturity Date	The Debenture shall be repaid at the end of 10 years from the effective date (i.e. 28th February 2018).
Coupon Rate (Interest Rate)	5.00%
Coupon Payment Frequency	Bullet Repayment
Coupon Type	Fixed Rate



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Particulars: Non-Convertible debentures	Description
Covenants and Undertakings	<p>Borrower further covenants and agrees that until full and final payment by the Borrower of all its dues to JMFARC, it shall not, without the prior written consent of JMFARC:</p> <p>A. Create any mortgage, charge, lien or other encumbrance in any form whatsoever over any Of its properties and assets.</p> <p>B. Create, incur or assume any further indebtedness of any nature whether for borrowed money or otherwise except for transactions in the ordinary course of business.</p> <p>C. Enter into any merger/amalgamation or consolidation or any scheme of arrangement or compromise for the benefit of its creditors, or sell. Lease or transfer all or any part/portion of its undertaking or division(s) and/or fixed assets.</p> <p>D. Effect any material change in the composition of its board of directors or in the management set—up or ownership of its business.</p> <p>E. Assume, guarantee, endorse or in any manner become directly or contingently liable for or in connection with the obligation of any person, firm, company or corporation except for transactions in the ordinary course of business.</p> <p>F. Amend its memorandum and articles of association or alter its capital structure or its shareholding pattern.</p> <p>G. Allow transfer or disposal of shareholding of any of the promoters in its equity or quasi capital (except transfer /disposal with the prior written consent of the secured lenders) or permit withdrawal of any subordinated loans or deposits obtained at any time by borrower from its promoter directors and their friends and associates or the working capital requirements of borrower, or make prepayment of any long-term debt; declare or pay any dividend or make any distribution to any of the shareholders extend any loan or advance to or place deposit with any company.</p> <p>H. The Borrower and/or Guarantor(s) shall not undertake any new project or expansion or make any investments or take any assets on lease without the permission of JMFARC. Also the Borrower shall take prior written approval of JMFARC for incurring any capital expenditure exceeding the budgeted amount.</p> <p>I. The Borrower and/or Guarantor(s) shall enter into such agreements, deeds and writings as may be required for effectually complying with obligations as may be stipulated by JMFARC;</p> <p>J. All related party (as defined in the Companies Act 2013) transactions exceeding such amount as may be specified</p>



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Particulars: Non-Convertible debentures	Description
	<p>by JMFARC in writing will require prior written approval of JMFARC;</p> <p>Borrower and/or Promoters assure that any additional fund requirements not envisaged in the Cost of Scheme and Source of Funds would be met by them.</p> <p>K. Borrower and/or Promoters assure that any additional fund requirements not envisaged in the cost of scheme and source of funds would be met by them.</p> <p>L. The Borrower and/or Guarantor(s) shall promptly give written notice to JMFARC of the following:</p> <ul style="list-style-type: none">a. Any litigation, arbitration, statutory action or other proceedings commenced or threatened against the Borrower and Guarantor(s) including any application for its winding-up under applicable laws including Insolvency and Bankruptcy Code, 2016, which if determined against the Borrower and/or Guarantors and/or Pledgors may impair its ability to discharge its obligations here under;b. any dispute between the Borrower and/or Guarantor(s) and any third party which if not resolved may lead to a material adverse change in the Borrower's and/or Guarantor(s) financial condition or operations, or adversely affect the observance and performance of its obligations hereunder; andc. All terms and conditions in respective loan agreements and other documents including security documents shall continue to remain in full force and effect as if those terms and conditions are incorporated herein, except as specifically modified herein. In case of any inconsistency or repugnancy, the terms and conditions contained herein shall prevail. <p>M. Borrower and/or Guarantor(s) shall arrange to resolve all pending legal disputes to the satisfaction of JMFARC. All suits filed by any other lenders and agencies shall be resolved in accordance with the parameters of the Restructuring Scheme.</p> <p>N. Borrower may appoint an external counsel, to complete the documentation, creation of security and complete all legal formalities as required under this Restructuring Scheme. All costs, charges and expenses of the external counsel shall be incurred, met, paid by Borrower. The external counsel would continue till all the legal formalities required under this Restructuring Scheme are completed to the satisfaction of JMFARC.</p>



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Particulars: Non-Convertible debentures	Description
	<p>O. Borrower shall route all payments through the Escrow Accounts.</p> <p>p. All unsecured loans/ creditors, liabilities to related companies thereon, if any shall always be sub-ordinate to the Facilities and should be permitted to be repaid only with the prior approval of JMFARC.</p>
<p>Negative covenants</p>	<p>(A) Unless the Lender otherwise agrees. the Borrower shall not without prior intimation of the lender:</p> <p>(I) New Project Undertake any new project, diversification. modernization or substantial expansion of the borrower described herein. The word "substantial" shall have the same meaning as under the Industries (Development and Regulation) Act, 1951.</p> <p>(II) loans Debentures And Charges Issue any debentures, raise any loans. deposits from public, issue equity or preference capital. change its capital structure or create any charge on its assets Or give any guarantees. This provision shall not apply to normal trade guarantees or temporary loans and advances granted to staff or contractors or suppliers in the ordinary course of business or to raising of unsecured loans, overdrafts, cash credit or other facilities from banks in the ordinary course of business.</p> <p>(III) Premature Repayment Prepay any loan availed of by it from any other party without the prior approval of the Lender. If for any reason, the Borrower is required to prepay any loan, it shall make proportionate prepayment to Lender as well as subject to such conditions as may be stipulated by Lender.</p> <p>(IV) Commission Pay any commission to its promoters, directors. managers. or other persons for furnishing guarantees. counter guarantees or indemnities or for undertaking any Other liability in connection with any financial assistance obtained for or by the Borrower or in connection with any other obligation undertaken for or by the Borrower.</p> <p>(V) Revaluation of Assets Revalue its assets at any time during the currency of the loans.</p>

Particulars: Redeemable Non-Convertible Preference shares	Description
<p>Issuer</p>	<p>Authum Investment and Infrastructure Ltd</p>
<p>Issue Size (Sanction Amt)</p>	<p>Rs.150.00 crore</p>



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Particulars: Redeemable Non-Convertible Preference shares	Description
Objects of the Issue	Restructuring of Existing Loan from various banks
Investors / Lenders	Authum Investment and Infrastructure Ltd
Instrument	Redeemable Non-Convertible Preference shares
Maturity	March 2025
Redemption/ Maturity Date	Preference Shares shall be repaid at par in 8 equal annual instalments commencing from the end of 10 years from the effective date 28th February 2018.
Coupon Rate (Interest Rate)	0.10%
Coupon Payment Frequency	Annual
Coupon Type	Fixed Rate
Covenants and Undertakings	<p>Borrower further covenants and agrees that until full and final payment by the Borrower of all its dues to JMFARC, it shall not, without the prior written consent of JMFARC:</p> <p>A. Create any mortgage, charge, lien or other encumbrance in any form whatsoever over any Of its properties and assets.</p> <p>B. Create, incur or assume any further indebtedness of any nature whether for borrowed money or otherwise except for transactions in the ordinary course of business.</p> <p>C. Enter into any merger/amalgamation or consolidation or any scheme of arrangement or compromise for the benefit of its creditors, or sell. Lease or transfer all or any part/portion of its undertaking or division(s) and/or fixed assets.</p> <p>D. Effect any material change in the composition of its board of directors or in the management set—up or ownership of its business.</p> <p>E. Assume, guarantee, endorse or in any manner become directly or contingently liable for or in connection with the obligation of any person, firm, company or corporation except for transactions in the ordinary course of business.</p> <p>F. Amend its memorandum and articles of association or alter its capital structure or its shareholding pattern.</p> <p>G. Allow transfer or disposal of shareholding of any of the promoters in its equity or quasi capital (except transfer /disposal with the prior written consent of the secured lenders) or permit withdrawal of any subordinated loans or deposits obtained at any time by borrower from its promoter directors and their friends and associates or the working capital requirements of borrower, or make prepayment of any long-term debt; declare or pay any dividend or make any distribution to any of the shareholders extend any loan or advance to or place deposit with any company.</p>



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Particulars: Redeemable Non-Convertible Preference shares	Description
	<p>H. The Borrower and/or Guarantor(s) shall not undertake any new project or expansion or make any investments or take any assets on lease without the permission of JMFARC. Also the Borrower shall take prior written approval of JMFARC for incurring any capital expenditure exceeding the budgeted amount.</p> <p>I. The Borrower and/or Guarantor(s) shall enter into such agreements, deeds and writings as may be required for effectually complying with obligations as may be stipulated by JMFARC;</p> <p>J. All related party (as defined in the Companies Act 2013) transactions exceeding such amount as may be specified by JMFARC in writing will require prior written approval of JMFARC;</p> <p>Borrower and/or Promoters assure that any additional fund requirements not envisaged in the Cost of Scheme and Source of Funds would be met by them.</p> <p>K. Borrower and/or Promoters assure that any additional fund requirements not envisaged in the cost of scheme and source of funds would be met by them.</p> <p>L. The Borrower and/or Guarantor(s) shall promptly give written notice to JMFARC of the following:</p> <ul style="list-style-type: none">a. Any litigation, arbitration, statutory action or other proceedings commenced or threatened against the Borrower and Guarantor(s) including any application for its winding-up under applicable laws including Insolvency and Bankruptcy Code, 2016, which if determined against the Borrower and/or Guarantors and/or Pledgors may impair its ability to discharge its obligations here under;b. any dispute between the Borrower and/or Guarantor(s) and any third party which if not resolved may lead to a material adverse change in the Borrower's and/or Guarantor(s) financial condition or operations, or adversely affect the observance and performance of its obligations hereunder; andc. All terms and conditions in respective loan agreements and other documents including security documents shall continue to remain in full force and effect as if those terms and conditions are incorporated herein, except as specifically modified herein. In case of any inconsistency or repugnancy, the terms and conditions contained herein shall prevail.



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Particulars: Redeemable Non-Convertible Preference shares	Description
	<p>M. Borrower and/or Guarantor(s) shall arrange to resolve all pending legal disputes to the satisfaction of JMFARC. All suits filed by any other lenders and agencies shall be resolved in accordance with the parameters of the Restructuring Scheme.</p> <p>N. Borrower may appoint an external counsel, to complete the documentation, creation of security and complete all legal formalities as required under this Restructuring Scheme. All costs, charges and expenses of the external counsel shall be incurred, met, paid by Borrower. The external counsel would continue till all the legal formalities required under this Restructuring Scheme are completed to the satisfaction of JMFARC.</p> <p>O. Borrower shall route all payments through the Escrow Accounts.</p> <p>p. All unsecured loans/ creditors, liabilities to related companies thereon, if any shall always be sub-ordinate to the Facilities and should be permitted to be repaid only with the prior approval of JMFARC.</p>
<p>Negative covenants</p>	<p>(A) Unless the Lender otherwise agrees. the Borrower shall not without prior intimation of the lender:</p> <p>(I) New Project Undertake any new project, diversification. modernization or substantial expansion of the borrower described herein. The word "substantial" shall have the same meaning as under the industries (Development and Regulation) Act, 1951.</p> <p>(II) loans Debentures and Charges Issue any debentures, raise any loans. deposits from public, issue equity or preference capital. change its capital structure or create any charge on its assets Or give any guarantees. This provision shall not apply to normal trade guarantees or temporary loans and advances granted to staff or contractors or suppliers in the ordinary course of business or to raising of unsecured loans, overdrafts, cash credit or other facilities from banks in the ordinary course of business.</p> <p>(III) Premature Repayment Prepay any loan availed of by it from any other party without the prior approval of the Lender. If for any reason, the Borrower is required to prepay any loan, it shall make proportionate prepayment to Lender as well as subject to such conditions as may be stipulated by Lender.</p> <p>(IV) Commission Pay any commission to its promoters, directors. managers. or other persons for furnishing guarantees.</p>



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Particulars: Redeemable Non-Convertible Preference shares	Description
	counter guarantees or indemnities or for undertaking any Other liability in connection with any financial assistance obtained for or by the Borrower or in connection with any other obligation undertaken for or by the Borrower. (V) Revaluation of Assets Revalue its assets at any time during the currency of the loans.

Annexure 4: List of companies considered for consolidated analysis:

Name of the company	Consolidation/Combined Approach
Nitco Realities Private limited	Consolidation – 100%

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.