

Rating Rationale

26 February 2026

Nila Infrastructures Ltd.

Brickwork Ratings assigns/revises bank loan ratings of Rs 136.42 Crs and withdraws the rating for bank loan ratings of Rs 8.15 Crs for closed facilities of Nila Infrastructures Ltd. (NIL).

Particulars:

Facilities*	Amount (₹Crs.)		Tenure	Rating#	
	Previous	Present		Previous (05 Dec, 2024)	Present
Fund Based	25.05	14.62	Long Term	BWR BBB/Stable Reaffirmed	BWR BBB+/Stable/ Upgrade
	8.15	0.00			Withdrawn
	0.00	10.05		-	BWR BBB+/Stable/ Assignment
<i>Total Fund-Based</i>	<i>33.30</i>	<i>24.67</i>			
Non-Fund Based	63.00	83.00	Long Term/Short Term	BWR A3+ Reaffirmed	BWR BBB+/Stable/ Assignment/BWR A2/ Upgrade
	0.00	28.75	Long Term/Short Term		BWR BBB+/Stable/ BWR A2/ Assignment
<i>Total Non-Fund Based</i>	<i>63.00</i>	<i>111.75</i>			
Grand Total	96.20	136.42	(₹ One hundred Thirty Six Crores & Forty Two Lakhs Only)		

*Annexure I gives details of bank loans

Please refer to the BWR website www.brickworkratings.com/ for the definition of the ratings.

RATING ACTION / OUTLOOK

Brickwork Ratings (BWR) has assigned/revised ratings to BWR BBB+/Stable/ A2 for a debt size of Rs. 136.42 Crores while withdrawing the ratings on closed facilities of Rs. 8.15 Crores on receipt of No due certificates (NDC) in accordance with BWR's withdrawal policy.

The revision and assignment of the rating factors the company's sustained improvement in operating income and profitability. This is driven by project completion and the income generated from Land and transferable development rights (LDR & TDR). The rating is supported by a strong order book, which not only ensures revenue visibility but also helps with reduced reliance on external debt. Conversely, the ratings are constrained by high adjusted Total Outside Liabilities to Tangible Net Worth (TOL/TNW) resulting from continuous investments in Joint

Ventures and subsidiaries. Furthermore, the rating is also constrained by project execution risk, the concentration of the order book in terms of geography and customer base, and the vulnerability of margins to fluctuations in raw material prices, as most contracts are fixed-price.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term amid a robust order book, implementation track record, and adequate liquidity. BWR expects that the company's business risk profile will be maintained over the medium term, with orders from other Civic Urban Infrastructure projects.

KEY RATING DRIVERS

Credit Strengths:-

- **Extensive experience of the promoters :**
The promoters have over three decades of construction experience, which is expected to support the business through strong market understanding and healthy customer/supplier relations. Nila Infrastructures Limited is an 'AA' class Government of Gujarat contractor, specialising in Affordable Housing, Civic Urban Infrastructure, and Slum Rehabilitation. High-margin PPP projects are a major revenue source, with key Government clients including Ahmedabad Municipal Corporation (AMC), Gujarat Housing Board, etc.
- **Overall improvement in operations and financial risk profile :**
The company reported a steady growth in operations, with TOI increasing from ₹184.67 crore in FY24 to ₹246.88 crore in FY25 and ₹241.67 crore as on 31st December, 2025. The profitability has improved, with operating margins stabilising at 8–9% in FY25–FY26 (FY24: 5.90%), supporting healthy accruals. The capital structure remains comfortable, with low leverage ~ gearing of 0.12–0.14x as on H1FY26 & FY25 (FY24:0.22x) and steady net worth accretion. Debt protection metrics have strengthened, with ISCR improving to 5.03x in FY25 & 7.42x in H1FY26 (FY24: 1.39x) and DSCR to 2.18x in FY25 & 4.85x in H1FY26 (FY24: 0.40x).
- **Healthy order book providing revenue visibility:**
The company has a healthy unexecuted order book of ₹1,501.67 crore as on December 31, 2025, with an execution horizon of 18–48 months, providing medium-term revenue visibility. The order book is largely dominated by slum redevelopment projects (88%), followed by EPC (10%) and civic urban infrastructure (2%). While the presence of multiple mid-sized projects mitigates the risk of concentration at an individual project level, the order book remains geographically concentrated in Gujarat, accounting for over 90% of the total orders. Sustained timely execution and efficient receivables management will remain critical to translating the order books into steady revenue growth.

Credit Risks:-

- **Working capital-intensive business:**
The company's reliance on non-fund-based facilities remains high, primarily towards bank guarantees for tenders, resulting in the sanction of additional limits of ₹48.75 crore. For

project execution, the company depends on internal cash accruals, limited fund-based working capital borrowings, and timely realisation from the sale of land and transferable development rights. Any material delay in monetisation of land and development rights could impact liquidity and, therefore, remains a key monitorable.

- **Continued investment in joint ventures/subsidiaries:**

The company has been consistently extending financial support to its joint ventures and subsidiaries through investments and loans over the past few years. Consequently, adjusted leverage indicators remain elevated, with adjusted TOL/TNW and adjusted gearing at 10.91x in FY25 and 10.31x in H1FY26 (FY24: 14.23x), reflecting continued capital deployment towards such entities. The associated risks are partially mitigated by the generation of interest income of ₹12–14 crore from these exposures. Nevertheless, BWR notes the ongoing support to JVs/associates, which sustains higher adjusted leverage levels and remains a key credit monitorable.

ANALYTICAL APPROACH - Standalone

BWR has relied upon the standalone audited financials upto FY25, unaudited financials of 9MFY26 of Nila Infrastructures Limited, publicly available information, and clarification/information provided by the Company. Further, to arrive at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria, as per the hyperlinks.

RATING SENSITIVITIES

Upward

- Substantial increase in scale of operations, sale of TDRs and improvement in EBITDA margin to more than 10% on a sustained basis.

Downward

- EBITDA margin is going below 8% on a sustained basis.
- Significant increase in the debt levels and in non-current investments, weakening the financial risk profile.
- A slowdown in execution, a moderation in profitability, delays in TDR realisations, or significant elongation of the working capital cycle leading to higher working capital requirements and strain on cash flows.

LIQUIDITY INDICATORS - Adequate

Liquidity remains adequate, supported by improved net cash accruals of ₹22.88 crore in FY25 (FY24: ₹13.14 crore) and ₹20.76 crore in 9MFY26, and is estimated to remain at ₹24–25 crore over the near term. With the reduction in long-term debt, current debt obligations have moderated to around ₹3 crore. The company has been sanctioned with additional bank guarantee limits of ₹48.75 crore, and ~52% remained unutilised of the total non-fund-based. The fund-based working capital average utilisation remained below 30% during the 3–9 months ended December 31, 2025, providing an additional liquidity cushion. The current ratio stood at 1.08x in H1FY26 (FY25: 1.08x). Although the working capital cycle elongated to 121 days in FY25 (FY24: 108 days), it remains at a comfortable level. Liquidity is further supported by the availability of TDR inventory, which provides flexibility for cash flow generation and reduces reliance on external borrowings.

ABOUT THE ENTITY

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

Nila Infrastructures Limited (hereinafter referred to as ‘NIL’ or ‘the Company’) is the flagship company of the Ahmedabad-based Sambhaav Group. The Company was incorporated in 1990 in Ahmedabad, Gujarat. It is engaged in urban development and undertakes projects under Public-Private Partnership (PPP), Engineering, Procurement & Construction (EPC)/ turnkey projects for affordable housing schemes initiated by government authorities. Its core activities involve the redevelopment of government housing and slum projects, mainly in partnership with the Gujarat Housing Board and the Ahmedabad Municipal Corporation (AMC). Its operations are predominantly within Gujarat. The company is listed on both BSE and NSE.

KEY FINANCIAL INDICATORS (Standalone)

		FY24	FY25	9MFY25
Particulars		Audited	Audited	Provisional
Operating Income	₹ Crore	184.67	246.88	241.67
EBITDA	₹ Crore	10.89	19.46	20.95
Net Profit	₹ Crore	11.37	21.54	20.45
Total Debt	₹ Crore	34.58	26.11	24.15 (H1FY26)
Gearing	Times	0.22	181.01	195.45 (H1FY26)
Current Ratio	Times	1.04	0.14	0.12 (H1FY26)

NON-COOPERATION WITH PREVIOUS RATING AGENCY, IF ANY: No Non-Cooperation with other CRAs.

KEY COVENANTS OF THE FACILITY RATED: The terms of sanction include standard covenants stipulated for bank loan facilities.

RATING HISTORY (Including Withdrawn / Suspended Ratings):

Facilities		Current Rating (2026)		2025		2024		2023	
Type	Tenure	Amount (₹Crs.)	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based	LT	14.62	BWR BBB+/Stable (Upgrade)	NA	NA	05Dec2024	BWR BBB/Stable (Reaffirmed) (₹33.20 Crs) & Withdrawn (₹80 Crs)	8Sept2023 -	BWR BBB/Stable (Downgrade)
Fund Based	LT	0.00	Withdrawn (₹8.15 Crs)						
Fund Based	LT	10.05	BWR BBB+/Stable (Assigned)	NA	NA	-	-	-	-
Non-Fund Based	LT/ST	83.00	BWR BBB+/Stable/Assignment/BWR A2/Upgrade	NA	NA	05Dec2024	BWR A3+ (Reaffirmed) (₹83Crs)	8Sept2023	BWR A3+ (Downgrade)
Non-Fund Based	LT/ST	28.75	BWR BBB+/Stable/ BWR A2 Assignment	NA	NA	-	-	-	-
Grand Total		136.42	(₹ One hundred Thirty Six Crores & Forty Two Lakhs Only)						

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)
- [Real Estate-Commercial](#)
- [Real Estate-Residential](#)
- [Policy on Withdrawal](#)

For any other criteria, obtain hyperlinks from the website

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Nila Infrastructure Limited

ANNEXURE-I

Details of Bank Facilities rated by BWR

Bank	Facilities	Long Term	Long-term/ Short-term	Total	Complexity
Union Bank of India	Overdraft - Sanctioned	1.65	0.00	1.65	Simple
Punjab National Bank	Overdraft - Sanctioned	2.00	0.00	2.00	Simple
ICICI- Bank	LAP O/s	10.87	0.00	10.87	Simple
Tata Capital Financial Services Ltd.	Tata Capital Financial Services Ltd. WCTL O/s	8.80	0.00	8.80	Simple
Tata Capital Financial Services Ltd.	Tata Capital Financial Services Ltd. LAP O/s	0.10	0.00	0.10	Simple
AU Small Finance Bank	Overdraft - Sanctioned	1.25	0.00	1.25	Simple
Union Bank of India	Bank Guarantee - Sanctioned	0.00	35.00	35.00	Simple
Punjab National Bank	ILG/FLG - Sanctioned	0.00	48.00	48.00	Simple
AU Small Finance Bank	Bank Guarantee - Sanctioned	0.00	28.75	28.75	Simple
	Total	24.67	111.75	136.42	

All term loans o/s as of 31 Jan, 2026.

(₹ One hundred Thirty Six Crores & Forty Two Lakhs Only)

Bank Loans – Simple

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

**ANNEXURE-II
Instrument Details**

Instrument	Issue Date	Amount (Rs.Crs)	Coupon Rate (%)	Maturity Date	ISIN Particulars	Complexity of the Instrument
Nil	Nil	Nil	Nil	Nil	Nil	Nil

**ANNEXURE-II
List of entities consolidated**

Name of Entity	% Ownership	Extent of consolidation	Rationale for consolidation
Nil	Nil	Nil	Nil

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