Nile Limited

June 30, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	60.00	CARE A-; Stable	Reaffirmed
Short-term bank facilities	30.00	CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of Nile Limited (Nile) factors in improved financial performance with growth reported in total operating income (TOI) in FY25 (abridged) (FY refers to April 01 to March 31) and profitability, satisfactory capital structure and debt coverage indicators, comfortable operating cycle, advanced stage of project under the subsidiary Nile Li-Cycle Private Limited (NLPL). Ratings continue to derive strength from the company's long track record and vast experience of promoters in lead recycling business, established sourcing network and customer relationship, revenue visibility led by annual supply agreements with the key customer, Amara Raja Energy & Mobility Limited (AREML) for job works, sale of material and collection of batteries, presence of valid license for importing of used batteries and lead scrap, high entry barriers for new entrants and adequate liquidity position.

However, ratings are constrained by moderate profitability margins, customer concentration risk with majority revenue being derived from Amara Raja Energy and Mobility Limited (AREML), presence of many organised and unorganised players, exposure to raw material price volatility due to the commoditised product, forex risk and regulatory risk arising from stringent environmental standards.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors:

- Significant improvement in scale of operations while maintaining a profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 7%.
- Diversification in terms of customers reducing the client concentration risk.

Negative factors:

- Decrease in scale of operations by over 20% and profit before interest, lease rentals, depreciation and taxation (PBILDT) margin falling below 5%.
- Additional borrowings leading to deterioration of overall gearing beyond 0.75x.
- Elongation in collection/inventory period beyond three months.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has analysed Nile Limited's (Nile) credit profile by considering the consolidated financial statements (comprising Nile and its subsidiaries; referred to as Nile Group) owing to financial and operational linkages between the parent and its subsidiaries. The companies are run by common management. The consolidated financial statements include Nile Limited (the holding company) and its subsidiaries as on March 31, 2025, mentioned in Annexure 6.

Outlook: Stable

CareEdge Ratings believes Nile's credit profile will remain stable with a further scaling up of operations with addition of new clients and completion of phase two capex in subsidiary which is expected to be fully operational from Q4FY26. Leverage and debt coverage indicators are expected to remain stable.

Detailed description of key rating drivers:

Key strengths

The company's long track record and vast experience of promoters in recycling business

Vuyyuru Ramesh is Nile's promoter and executive chairman, who has strong technical qualification and about four decades' total experience with over 10 years' working experience in different capacities in some largest technical organisations in the world such as General Electricity Company (USA) and The Southern Company (USA), among others. In India, he worked as a general manager of the Deccan Sugars Ltd and managing director of Shin-A-Chemicals (India) Ltd. before starting at Nile Limited. Sandeep Vuyyuru Ramesh, current managing director of Nile Limited joined in June 2009 as general manager, Non-Ferrous Division, and has been in general/senior management roles at Nile since then. With nearly three decades in the similar business, the company has

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

cemented its place in Lead manufacturing with established clients base and suppliers in domestic markets. Sandeep Vuyyuru Ramesh is ably assisted by a team of professionals to aid in Nile's day-to-day operations.

Established relationship and revenue visibility led by annual supply agreements with key customer
Nile has an annual agreement (renewed every year) with Amara Raja Energy & Mobility Limited (AREML) for job works, sale of material and collection of batteries. The annual agreement is based on pricing of Lead Alloys linked to commodity exchange rates at LME (USD per tonne) at LME plus premium in USD, which comprises smelting and refining cost for recovered pure Lead and smelting and alloying cost for Lead alloys.

Improvement in TOI and stable profitability in FY25
The company's TOI remained on increasing trend from the last four years ended FY25 with an increase of ~10% to ₹920 crore led by continuous demand from OEMs. The prices of raw material have been volatile in FY25, despite which the profitability remined stable with marginal growth over FY24. PBILDT margin in FY25 stood at 6.12% (increased by 62 bps). In line with operating margin, net margin remained stable as well at 3.95% (PY: 3.72%).

Reputed clientele and diversified supplier base
Nile caters reputed clients in the domestic market such as AREML and Mangal Industries Limited, among others. The contracts are generally for one year and the Memorandum of Understanding (MOU) is renewed on annual basis. The tenure of contract for export market is usually for 1-2 years, hence, Nile is exploring options to export to overseas markets which is expected to diversify its customer base to have a portfolio of short-term and long-term contracts to aid revenue visibility. Nile's top 10 suppliers contribute ~90-95% of its total procurement. The company imports some portion of its raw material requirement through import from European scrapyards and middle eastern countries and majority requirement is met domestically, thus operating with a wide supplier base.

Comfortable capital structure and debt coverage indicators
The company's capital structure marked by debt to equity and overall gearing have remained below unity for the last three years. The overall gearing remained comfortable at 0.08x as on March 31, 2025 (PYE: 0.05x). Total debt comprises of term loans availed for expansion of existing plant in 2022 and working capital borrowings which is utilised ~5-10%. Total sanctioned fund based working capital limit of Nile Limited is ₹ 60 crore. The interest coverage ratio remains healthy. The total debt to gross cash accruals (TD/GCA) stood at 0.55x as on March 31, 2025 (PYE: 0.35x).

Satisfactory operating cycle
Nile's operating cycle remained in the range of 2-3 months over the last four years ended FY25. In FY25, operating cycle stood almost similar at 73 days (FY24: 71 days). The company has a collection period around one month and an inventory day of 45-60 days. The company has been collecting the payments from customers almost within 30 days or 35 days in a timely manner and the creditors are being cleared either on the same day or within two days.

Stable industry outlook
The Global Battery Recycling Market size is expected to be worth ~US$ 69.4 billion by 2034, from US$ 19.4 billion in 2024, growing at a compound annual growth rate (CAGR) of 13.6% in the forecast period from 2025 to 2034. Lead acid battery is the most dominant portable energy source throughout the world. It provides low-cost energy/kWh, use a simple technology, and require material that are abundantly available. Because of this, lead acid battery is widely used in automobiles, UPS, grid energy storage and other battery-operated vehicles. Telecom, railways and invertor (used in solar and wind power) are the other major drivers of lead usage. The Spent Lead Acid Batteries (SLAB) contain toxic contents such as lead, antimony, arsenic, and acids which contaminate the environment and pose a threat to public health which is averted by recycling. The cost of recycling lead is less than the mining and processing of lead from ore.

GOI published the new Battery Waste Management Rule in August 2022 to ensure environmentally sound management of waste batteries. The rules cover all types of batteries, including electric vehicle batteries, portable batteries, automotive batteries and industrial batteries. The rules' function based on the concept of extended producer responsibility (EPR) where the producers (including importers) of batteries are responsible for collection and recycling/refurbishment of waste batteries and use of recovered materials from wastes into new batteries. EPR mandates all waste batteries to be collected and sent for recycling/refurbishment, and its prohibits disposal in landfills and incineration. To meet the EPR obligations, producers may engage themselves or authorise other entity for collection, recycling or refurbishment of waste batteries.

Key weaknesses

Moderate profitability margins which are exposed to RM price volatility and forex risk
Profitability margins of the company remain exposed to the commodity prices of non-ferrous metals (lead) which forms the company's 90% overall cost structure. The company needs to maintain minimum stock of 1.5x of its monthly order and the fluctuation in the RM cost to the extent of stock level can impact the company's overall gross margin. Despite limited value addition and higher competition from other players in the industry with similar setup, the company's PBILDT margins have been aligned with industry benchmark over the years.

Customer concentration risk

Nile's top 10 customers contributed to ~99% of the company's overall sales, of which ~90% overall revenue was from AREML. AREML has remained the major off-taker for Nile since the inception thus showcasing an established relationship between the companies. Nile sells balance 10-15% of its total sales to other reputed players in the industry.

Ongoing capex in Nile Li-Cycle Private Limited; its wholly owned subsidiary
Nile Limited has identified the potential in recycling of lithium-ion batteries and floated a subsidiary Nile Li-cycle Private Limited (NLPL) which will focus on end-to-end recycling and product generation from Lithium-ion extraction. The total project cost for set up of NLPL is ₹60 crore, of which ₹40 crore is being funded through term loans from bank and balance ₹20 crore through internal accruals. NLPL has commenced operations for phase-1 in Q4FY24 and FY25 was the first full year of operation. Currently, phase 2 is under progress and NLPL expects phase 2 to be completed by end of Q3FY26, commence trials runs and operations in Q4FY26. Hence, FY27 is expected to be the first full year of operations for NLPL (both phase 1 and phase 2).

Other than NLPL, Nile has two more subsidiaries namely Nirmalya Extracts Private Limited (NEPL) and Nile Overseas Enterprise FZE. Both the subsidiaries are not operational and there is no debt outstanding as on date.

Regulatory risk arising from stringent environmental standards
Companies engaged in lead recycling process must adhere to rigorous pollution control norms as the industry is extremely polluting and has hazardous effect on the environment. Deviation from the prescribed waste handling procedure could result in stringent regulatory action. Thus, Nile ensures all regulatory certifications and inspections are in place. Usually, the CPCB will issue license which is valid for five years.

Ministry of Environment, Forest and Climate Change, Government of India published the Battery Waste Management Rules, 2022 on 24th August 2022 to ensure environmentally sound management of waste batteries. The rules' function based on the concept of Extended Producer Responsibility (EPR) where the producers (including importers) of batteries are responsible for collection and recycling/refurbishment of waste batteries and use of recovered materials from wastes into new batteries. EPR mandates that all waste batteries to be collected and sent for recycling/refurbishment, and it prohibits disposal in landfills and incineration.

Nile complies with requirements of the new rules, considering it is one of the few companies which provide end to end recycling solutions. The new rule in action, is expected to eliminate unorganised players thus limiting the competitors and improving margins.

Liquidity: Adequate
The liquidity of Nile Limited on consolidated basis remained adequate. The company has generated GCA of ₹40.45 crore in FY25 against a negligible term debt repayment obligation of ₹0.36 crore in FY26. The company's operating cycle stood at 72 days in FY25. The average utilisation for the last 12-month ended May 31, 2025, stood at 7.48%. The utilisation of non-fund-based limits remained lower at 5.27%. The liquidity is further supported by above unity current ratio of 9.93x in FY25.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks:

	Risk factors
Environmental	Lead manufacturing process is hazardous. The company entered contract of waste disposal with Ramky Enviro Engineers Limited to adhere with the government's standards and safety measures for disposal. For Nile, the last Pollution Control Board inspection was in FY22, and the certificate is applicable till FY27. The company also carries a valid license for importing used battery and the quantity of imports are basically determined at an average import of past three years and installed capacity of the recycling plant
Social	Workers in the manufacturing plant with their prolonged exposure to lead fumes can develop health complications. However, Nile provides proper personal equipment and latest pollution control equipment including Oxyfuel burner systems to minimize emissions. workers and staff are periodically tested for LIB (Lead in blood) and medical testing and no medical issues are reported.
Governance	The company is listed and minimal related party transactions were observed with group companies. No major audit observations have been present in the past.

Applicable criteria
Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Non Ferrous Metal
Financial Ratios – Non financial Sector

Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & Mining	Diversified Metals	Diversified Metals

Nile was incorporated in 1987 as manufacturer of Glass Lined Equipment, later in 1999, Nile ventured in lead recycling and set up a plant with 3000 TPA non-ferrous division for the secondary manufacture of lead and lead alloys from used batteries and another lead-bearing scrap. In 1995, it installed a 2MW wind farm in Ramagiri, Andhra Pradesh. The glass-lined equipment division was later transferred to De Dietrich Process Systems India Private Limited on 21 June 2012. Nile has two lead recycling plants, one each in Choutuppal (capacity: 32,000 tonnes per annum) in Telangana and Tirupati (75,000 tonnes per annum) in Andhra Pradesh.

Consolidated

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Ab)
Total operating income	837.63	919.30
PBILDT	46.20	58.04
PAT	31.60	40.83
Overall gearing (times)	0.00	0.04
Interest coverage (times)	43.31	53.94

A: Audited; Ab: Abridged; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	60.00	CARE A-; Stable
Non-fund-based - ST-Letter of credit		-	-	-	30.00	CARE A2+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	60.00	CARE A-; Stable	-	1)CARE A-; Stable (04-Jul-24)	-	-
2	Non-fund-based - ST-Letter of credit	ST	30.00	CARE A2+	-	1)CARE A2+ (04-Jul-24)	-	-

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Nile Li-Cycle Private Limited	Full	Financial and operational linkages
2	Nirmalya Extracts Private Limited	Full	Financial and operational linkages
3	Nile Overseas Enterprise FZE	Full	Financial and operational linkages

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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