Nilkamal Limited

July 27, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Commercial paper (Carved out)*	RBI	200.00	CARE A1+	Reaffirmed
Long-term bank facilities	RBI	547.68 (Reduced from 568.75)	CARE AA; Stable	Reaffirmed
Non-convertible debentures	SEBI	150.00#	CARE AA; Stable	Reaffirmed
Short-term bank facilities	RBI	209.21 (Enhanced from 208.21)	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.
#Of the rated non-convertible debentures (NCD) of ₹150 crore, ₹101 crore is proposed and ₹49 crore is placed.

Rationale and key rating drivers

Reaffirmation of ratings assigned to commercial paper (CP), non-convertible debentures (NCD) instrument and bank facilities of Nilkamal Limited (NKL) reflect its strong market position in moulded plastic products and material handling solutions, supported by strong brand equity of the "Nilkamal" brand. Promoters bring extensive industry experience and have effectively diversified within furniture-related segments, optimising the product mix to strengthen NKL's presence in the organised furniture retail market. Over the years, NKL expanded into new product categories such as mattresses, foam, BubbleGUARD, rigid packaging and non-plastic furniture. NKL has also recently commissioned a new foam production line, enabling backward integration for mattress and sofa manufacturing.

Ratings further positively factor in the company's demonstrated track record of achieving steady growth while maintaining stable profitability. The company reported revenue growth of ~14% to ₹3,778 crore in FY26 from ₹3,313 crore in FY25, while the profit before interest, lease rentals, depreciation and tax (PBILDT) margin has remained largely stable in the range of 8.5-9.0% in the last few years despite ongoing investments in newer business segments (mattress and foam businesses and non-plastic furniture) and retail expansion. In FY26, the business-to-business (B2B) segment contributed ~89% of the company's revenue, with the balance 11% was generated through the retail & e-commerce segment. The company's overall financial risk profile continues to remain comfortable, supported by healthy cash accruals, a comfortable capital structure, and adequate liquidity. Despite debt-funded capital expenditure, NKL's leverage and debt coverage metrics are expected to remain comfortable over the medium term. Nilkamal Homes and Nilkamal Sleep, the company's furniture and décor and mattress retail brands, continue to expand its footprint and operated 101 stores as on March 31, 2026, with plans to add over 20 stores in the near term. NKL remains focused on scaling the retail business through a predominantly asset-light expansion strategy (franchise owned, franchise operated [FOFO] format), which is expected to support improvement in profitability in the medium term through better operating leverage and absorption of fixed costs.

However, these strengths are tempered by NKL's susceptibility to raw material price volatility, its presence in the highly competitive furniture industry, and foreign exchange fluctuation risk. CARE Ratings Limited (CareEdge Ratings) also notes that the retail segment continues to remain loss-making, primarily due to significant brand-building expenditure, fixed operating costs, and the lack of adequate operating scale.

CareEdge Ratings also factors in impact of geopolitical tensions in West Asia on NKL. Escalation of geopolitical tensions in the region adversely affected the company's operations in the initial months of FY27, primarily through a sharp increase in polymer prices, which reportedly rose by ~40-45% following supply disruptions. As polypropylene and polyethylene constitute key raw materials for the company's plastic products business, sudden cost escalation resulted in higher product prices and led several industrial customers to defer procurement decisions, particularly in the material handling segment, which remains the company's largest contributor to revenue and profitability. Consequently, capacity utilisation in the plastic products business reportedly declined in the disruption period. However, industrial demand started recovering following the easing of supply concerns, with order enquiries and procurement activity showing improvement. Given its strong position in the domestic material handling

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority
[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

market, diversified product portfolio, and ability to implement calibrated price revisions, the company remains well-placed to navigate near-term challenges arising from raw material price volatility.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustainable improvement in PBILDT margins above 15% in the medium term.
- Return on capital employed (ROCE) above 25% on a sustained basis.

Negative factors

- Significant decline in revenue and operating margins impacting the liquidity.
- Significant increase in the working capital requirement or unforeseen debt-funded capex/acquisition leading to deterioration of net debt/PBILDT beyond 2.00x.

Analytical approach: Consolidated

CareEdge Ratings has considered consolidated financials for arriving at the rating owing to operations in similar line of business and business linkages that exists with its subsidiaries. NKL has five subsidiaries/joint ventures (JVs) as on March 31, 2026, which have been consolidated. Entities included in consolidated financials are listed under Annexure-5.

Outlook: Stable

The stable outlook reflects the company's ability to sustain its operating performance, backed by its strong foothold in the moulded plastic furniture and material handling segment and ongoing investments in product line expansion/diversification. Absence of significant debt-funded capital expenditure or acquisition plans in the medium term is expected to support its strong financial risk profile.

Detailed description of key rating drivers

Key strengths

Well-established and experienced promoters

NKL is engaged in manufacturing and marketing furniture, lifestyle products, and material-handling solutions. The company was promoted by the late Vamanrai V Parekh and Sharad V Parekh. The company's day-to-day operations are managed by a team of qualified and experienced professionals under the guidance of Sharad V Parekh, Non-Executive Chairman.

The company's key management team comprises Hiten V Parekh (Managing Director), Manish V Parekh (Joint Managing Director), and Nayan S Parekh (Executive Director), who collectively oversee the company's strategic direction and business operations. The promoter family's third generation is actively involved in the business and has assumed operational responsibilities across business verticals.

Strong market position in moulded plastic industry

The company commenced operations as a manufacturer of injection-moulded plastic products and has since grown into one of India's leading players in moulded furniture, material handling solutions, and lifestyle products. Over the years, NKL has transformed from a plastic furniture manufacturer into a diversified furniture and lifestyle solutions provider. Its product portfolio spans material handling products, moulded and ready furniture, packaging solutions, mattresses, foam products, office and institutional furniture, and home furnishing products, complemented by its retail and e-commerce presence under the Nilkamal Homes brand.

NKL benefits from the strong brand equity of the 'Nilkamal' brand, built in over four decades of market presence. The company enjoys a leadership position in moulded furniture and a significant presence in material handling products, supported by its diversified product portfolio, extensive distribution network, and pan-India manufacturing footprint. Its strong brand recall and established market presence continue to underpin its competitive position across key business segments.

Wide distribution network

NKL has developed an extensive pan-India distribution network comprising over 1,200 channel partners and over 20,000 dealers, enabling deep market penetration across urban and rural markets. The wide distribution reach supports efficient product availability, strengthens customer servicing capabilities, and provides a competitive advantage in managing its supply chain and market outreach.

The company's material handling business has a strong nationwide presence and caters to customers across a diverse range of industries. In FY25, NKL undertook a strategic retail rationalisation by consolidating its furniture retail formats under the unified 'Nilkamal Homes' brand. As part of this initiative, the company significantly reduced its franchise-led footprint, with the total retail network declining to 84 stores in FY25 from 124 stores in FY24, primarily due to the rationalisation of FOFO stores. In FY26, the overall retail network expanded to 101 stores, aided by growth of the Nilkamal Sleep franchise network. Consolidation and rebranding initiatives are expected to strengthen brand visibility, enhance customer experience, and improve operating efficiencies in the medium term.

Consistently achieving sales growth while maintaining margins, although new businesses continue to report losses
NKL has demonstrated a track record of achieving steady growth while maintaining a stable profitability, supported by its diversified business portfolio, established brand presence, extensive distribution network, and operational efficiencies. The company reported ~14% growth in revenue to ₹3,778 crore in FY26 from ₹3,313 crore in FY25, while PBILDT levels increased by 16% to ₹332 crore from ₹286 crore in the same period. The company's diversified presence across material handling solutions, furniture, sleep solutions, institutional furniture (education/healthcare segment), BubbleGUARD, and e-commerce businesses has enabled it to consistently scale operations while maintaining a stable operating margin. The company's PBILDT margin has remained largely stable in the range of 8.5-9.0% in the last few years despite ongoing investments in newer business segments. The mattress/foam, non-plastic and retail segments continue to incur losses owing to their relatively nascent scale and ongoing investments. In FY26, the B2B segment contributed ~89% of the company's revenue, with the balance 11% was generated through retail and e-commerce segments. The retail segment continues to remain loss-making primarily due to significant brand-building expenditure, fixed operating costs, and the lack of adequate operating scale. CareEdge Ratings expects losses in newer business segments to moderate gradually, with these segments likely to achieve profitability in the next two years supported by revenue growth and improving operating leverage.

Comfortable financial risk profile
NKL continues to benefit from a strong financial risk profile, supported by healthy cash accruals, a comfortable capital structure, and adequate liquidity. The company's overall gearing remained comfortable at 0.27x as on March 31, 2026, against 0.36x as on March 31, 2025. NKL has annual repayment obligations (including lease liabilities) of ~₹89-100 crore in FY27 and FY28, which are expected to be comfortably met through annual gross cash accruals (GCA) of over ₹280-300 crore. Debt coverage indicators remained comfortable, with the interest coverage ratio at 7.05x, total debt/GCA at 1.65x, and total debt/PBILDT at 1.26x as on March 31, 2026. Although the company has planned a capital expenditure of ~₹150 crore in FY27, partly funded through incremental debt of ~₹100 crore, its financial risk profile is expected to remain comfortable, supported by healthy GCA and moderate leverage levels.

Key weaknesses

Profitability margins susceptible to raw material price volatility and working capital intensive business
NKL has a wide range of products due to which, its raw material requirement is varied, ranging from polypropylene copolymer (PPCP) and polypropylene homo-polymer (PPHP) for glossy finishing in furniture and high-density polyethylene (HDPE) and linear low-density polyethylene (LLDPE) for more sturdy material handling goods. NKL's margins continue to remain susceptible to raw material price volatility. NKL has a wide network of distributors and dealers in the furniture segment, which allows it to minimise this risk by managing its inventory based on demand. NKL locally procures most of its raw materials, which are backed by orders, mitigating exposure to fluctuation in the raw material prices to an extent.

Susceptible to foreign exchange rates fluctuation
NKL is exposed to foreign exchange risk, primarily considering imports of traded goods and other foreign currency-denominated payables. NKL uses forward exchange contracts and cross currency interest rate swaps to hedge its foreign exchange risk. Foreign exchange risk arising from imports of raw material is naturally hedged against exports to certain extent, as total exports (consolidated) in FY26 were ₹65 crore (~₹49 crore in FY25). In FY26, the company had a foreign exchange gain of ₹0.77 crore against loss of ₹0.52 crore in FY25.

Susceptible to high competition in moulded plastic industry
The modular plastic items industry comprises three broad segments; injection moulding, blow moulding and extrusion and caters to requirements of a wide array of applications including packaging, automobile, consumer durables, healthcare among others. The industry is highly fragmented and consists of micro, small and medium units, and hence, highly competitive industry with few entry barriers due to large presence of unorganised players and commoditised nature of product. Therefore, having an established brand name is of paramount importance in this industry and continuous addition of value-added products in product offerings.

Changing preferences towards lifestyle and furnishing requirements of consumers paves opportunity for players such as NKL. Rise in e-commerce provides better prospects for companies offering material handling solutions in warehousing. NKL is well-placed to benefit from growth in the economy and overcome challenges if in the process, due to its favourable market position and financial profile.

Liquidity: Strong

The company's liquidity position remains strong, supported by healthy cash accruals against debt repayments. The company has annual repayment obligations (including lease liabilities) of ~₹89- ₹100 crore in FY27 and FY28, which are expected to be comfortably met through annual GCA of over ₹280-₹300 crore. the company has already prepaid a major portion of the repayments falling due in FY27. Liquidity is further supported by cash and liquid investments of ~₹107 crore as on March 31, 2026. Against sanctioned fund-based working capital limits of ₹260 crore, average utilisation remained low at ~20% in the 12 months ended May 2026, providing adequate liquidity cushion and financial flexibility.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

Environmental Risks

The company faces environmental compliance risks inherent to the industry due to plastic usage. However, its financial strength and long-term approach enable it to invest in sustainable initiatives, aiming to lead in this area. NKL has focused on minimising its environmental risk and is working towards sustainable development by reducing carbon emissions and mitigating environmental impacts. The company's strategy includes combating climate change, transitioning to lower carbon emissions, reducing its carbon footprint, and implementing initiatives to monitor and reduce energy consumption. The company is committed to increasing use of green energy that is solar and wind power and recycle materials and water in its manufacturing activities and distribution centres, supporting customers in their ESG initiatives. About ~16% of its total energy needs is met through renewable energy consumption.

Social Risks

NKL undertakes its welfare activities directly and through its implementing Agency Nilkamal Foundation. The company has focused primarily on upgrading educational facilities, educational assistance to downtrodden and economically deprived students of the society, promoting healthcare including sanitation and preventive healthcare, and employment enhancing vocation skills for industrial workers, among others.

Governance Risks

NKL's governance structure is characterised by majority Board of Directors comprising independent directors, and extensive disclosures. The company has four independent directors (50% of the total eight directors) with one-woman independent director among them.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer durables	Consumer durables	Furniture, home furnishing

Promoted by late Vamanrai V Parekh and Sharad V Parekh, NKL was incorporated in 1985 and has evolved into one of India's leading players in moulded plastic products, material handling solutions, and furniture. The company offers a diversified product portfolio comprising material handling products, moulded furniture, packaging solutions, mattresses, foam products, office and institutional furniture, and home furnishing products, while also operating a retail and e-commerce business under the Nilkamal Homes brand. NKL operates 12 manufacturing facilities across India, one in Sri Lanka and expanded capacities across its furniture, mattress, foam, and packaging businesses in FY26 through automation and backward integration initiatives.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	3312.74	3778.06
PBILDT*	285.84	331.92
Profit after tax (PAT)	106.81	116.07
Overall gearing (x)	0.36	0.27
Interest coverage (x)	6.59	7.05

A: Audited; UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Carved out)	RBI	Simple	-	NA	NA	7 to 365 days	50.00	CARE A1+
Commercial Paper-Commercial Paper (Carved out)	RBI	Simple	-	NA	NA	7 to 365 days	50.00	CARE A1+
Commercial Paper-Commercial Paper (Carved out)	RBI	Simple	-	NA	NA	7 to 365 days	100.00	CARE A1+
Debentures-Non	SEBI	Simple	Proposed	-	-	-	1.00	CARE AA; Stable

Convertible Debentures								
Debentures-Non Convertible Debentures	SEBI	Simple	INE310A07020	08-Mar-2022	7.40	08-Mar-2027	49.00	CARE AA; Stable
Debentures-Non Convertible Debentures	SEBI	Simple	Proposed	-	-	-	100.00	CARE AA; Stable
Fund-based - LT-Cash Credit	RBI	Simple	-		-	-	260.00	CARE AA; Stable
Non-fund-based - ST-BG/LC	RBI	Simple	-		-	-	200.00	CARE A1+
Non-fund-based - ST-Forward Contract	RBI	Simple	-		-	-	9.21	CARE A1+
Term Loan-Long Term	RBI	Simple	-		-	30-Sep-2030	287.68	CARE AA; Stable

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 2026-2027	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
1	Commercial Paper-Commercial Paper (Carved out)	ST	50.00	CARE A1+	-	1)CARE A1+ (28-Jul-25)	1)CARE A1+ (30-Jul-24)	1)CARE A1+ (17-Aug-23)
2	Fund-based - LT-Cash Credit	LT	260.00	CARE AA; Stable	-	1)CARE AA; Stable (28-Jul-25)	1)CARE AA; Stable (30-Jul-24)	1)CARE AA; Stable (17-Aug-23)
3	Non-fund-based - ST-BG/LC	ST	200.00	CARE A1+	-	1)CARE A1+ (28-Jul-25)	1)CARE A1+ (30-Jul-24)	1)CARE A1+ (17-Aug-23)
4	Term Loan-Long Term	LT	287.68	CARE AA; Stable	-	1)CARE AA; Stable (28-Jul-25)	1)CARE AA; Stable (30-Jul-24)	1)CARE AA; Stable (17-Aug-23)
5	Commercial Paper-Commercial Paper (Carved out)	ST	50.00	CARE A1+	-	1)CARE A1+ (28-Jul-25)	1)CARE A1+ (30-Jul-24)	1)CARE A1+ (17-Aug-23)

6	Commercial Paper-Commercial Paper (Carved out)	ST	100.00	CARE A1+	-	1)CARE A1+ (28-Jul-25)	1)CARE A1+ (30-Jul-24)	1)CARE A1+ (17-Aug-23)
7	Debentures-Non Convertible Debentures	LT	50.00	CARE AA; Stable	-	1)CARE AA; Stable (28-Jul-25)	1)CARE AA; Stable (30-Jul-24)	1)CARE AA; Stable (17-Aug-23)
8	Debentures-Non Convertible Debentures	LT	100.00	CARE AA; Stable	-	1)CARE AA; Stable (28-Jul-25)	1)CARE AA; Stable (30-Jul-24)	1)CARE AA; Stable (17-Aug-23)
9	Non-fund-based - ST-Forward Contract	ST	9.21	CARE A1+	-	1)CARE A1+ (28-Jul-25)	1)CARE A1+ (30-Jul-24)	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

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

Annexure-4: Lender details

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

Annexure-5: List of entities consolidated

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Nilkamal Crates and Bins - FZE, UAE	Full	Subsidiary
2	Nilkamal Foundation, India	Full	Subsidiary
3	Nilkamal Eswaran Plastics Pvt. Ltd, Sri Lanka	Full	Subsidiary
4	Nilkamal Eswaran Marketing Pvt. Ltd, Sri Lanka	Full	Subsidiary
5	Cambro Nilkamal Pvt. Ltd, India	Proportionate	Joint Venture

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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About us:
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