

August 03, 2022

## Nandan Terry Limited- Update on Material Event

### Summary of rating outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Fund-based- Term loan	297.29	297.29	[ICRA]BBB+(Stable)
Fund-based- Cash Credit	93.00	93.00	[ICRA]BBB+(Stable)
Non-fund-based facilities	20.00	20.00	[ICRA]A2
Unallocated Limits	15.12	15.12	[ICRA]BBB+(Stable)
<b>Total</b>	<b>425.41</b>	<b>425.41</b>	

### Rationale

#### Material Event

On July 27, 2022, Nandan Denim Limited (NDL), a group company of Nandan Terry Limited (NTL), disclosed on the stock exchanges that the Income Tax Department carried out search operations under Section 132 of the Income Tax Act, 1961, at various premises of the Chiripal group as well as residences of the promoters and company officials from July 20, 2022 to July 26, 2022. This followed certain media articles dated July 25, 2022 reporting the same.

#### Impact of Material Event

At present, ICRA has ratings of [ICRA]BBB+ (Stable)/[ICRA]A2 outstanding for the bank facilities of NTL. Based on discussions with the management, ICRA understands that there has been no impact on the Group's operations and over the availability of bank funding as of now, and it is likely to take ~4-6 months for the preliminary appraisal report from the Department. However, ICRA would continue to closely monitor any further developments related to this event and take appropriate rating action, if necessary

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#)

#### Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Textiles (Fabric Making)</a>
Parent/Group Support	Not Applicable
Consolidation/Standalone	The ratings are based on the standalone financials of NTL

#### About the company

Incorporated in 2015, Nandan Terry Limited (NTL) is a vertically integrated towel manufacturer with an installed towel manufacturing capacity of 37 tonnes per day (TPD) at Dholi Integrated Textile Park near Ahmedabad, Gujarat. The plant is equipped with 120 air jet looms. It manufactures towels of various sizes and specifications like jacquard yarn dyed towels, dobby yarn dyed towels etc. The company has also set up a captive spinning unit to meet its cotton yarn requirement. The spinning unit has 24,408 spindles and 960 rotors. The company is a part of the Ahmedabad-based Chiripal Group, which has presence in textiles, education, real estate, packaging, and chemicals industries.

## Key financial indicators (audited)

NTL	FY2021	FY2022*
Operating Income (Rs. crore)	538.5	1054.7
PAT (Rs. crore)	20.0	63.0
OPBDIT/OI (%)	15.3%	13.5%
PAT/OI (%)	3.7%	6.0%
Total Outside Liabilities/Tangible Net Worth (times)	4.7	3.9
Total Debt/OPBDIT (times)	6.3	3.7
Interest Coverage (times)	2.8	4.8

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

\*Based on provisional results for FY2022

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Instrument	Current Rating (FY2023)						Chronology of Rating History for the past 3 years		
	Type	Amount Rated (Rs. crore)	Amount Outstanding as of March 31, 2021 (Rs. crore)	Date & Rating in FY2023			Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020
				Aug 3, 2022	Jul 7, 2022	May 2, 2022			
1 Term loan	Long-term	297.29	297.29	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
2 Cash Credit	Long-term	93.00	-	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	-	-	-
3 Non fund based Limits	Short term	20.00	-	[ICRA]A2	[ICRA]A2	[ICRA]A2	-	-	-
4 ST-Interchangeable	Short term	-	-	-	-	-	[ICRA]A4; ISSUER NOT COOPERATING	[ICRA]A4; ISSUER NOT COOPERATING	[ICRA]A4+; ISSUER NOT COOPERATING
5 LT-Fund based - Unallocated	Long-term	15.12	-	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Fund-based – Term Loan	Simple
Fund-based – Cash Credit	Simple
Non- Fund Based	Very Simple
Unallocated Limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [www.icra.in](http://www.icra.in)

## Annexure I Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Fund-based- Term Loan	FY2018	NA	FY2028	297.29	[ICRA]BBB+(Stable)
NA	Fund-based- Cash Credit	NA	NA	NA	93.00	[ICRA]BBB+(Stable)
NA	Non-fund Based - Letter of Credit/Bank Guarantee	NA	NA	NA	20.00	[ICRA]A2
NA	Unallocated Limits	NA	NA	NA	15.12	[ICRA]BBB+(Stable)

Source: NTL

[Please click here to view details of lender-wise facilities rated by ICRA](#)

## Annexure II: List of entities considered for consolidated analysis- Not Applicable

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## About ICRA Limited:

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