

February 08, 2024

Nandan Denim Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-Term - Fund-based- Cash Credit	240.00	240.00	[ICRA]BB+(Negative); withdrawn
Long-Term - Fund -based- Term Loan	251.56	251.56	[ICRA]BB+(Negative); withdrawn
Short-Term - Non-fund-based facilities- Letter of Credit/Bank Guarantee	60.00	60.00	[ICRA]A4+; withdrawn
Total	551.56	551.56	

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of Nandan Denim Limited (NDL), at the request of the company and based on the No Objection Certificate received from the bankers, and in accordance with ICRA's policy on withdrawal. ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed.

The key rating drivers, liquidity position, and rating sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Policy on Withdrawal of Credit Ratings Rating Methodology - Textiles Industry (Spinning) Rating Methodology - Textiles Industry (Fabric Making)
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the standalone financials of NDL

About the company

Incorporated in August 1994 as a private limited company by Mr. Vedprakash Chiripal and Mr. Brijmohan Chiripal, Nandan Denim Limited (NDL, earlier known as Nandan Exim Limited) started with trading and exporting of textile products and was converted into a public limited company in January 2004. In FY2004, the company forayed into manufacturing operations with weaving of denim fabric with a capacity of 20 million meters per annum (MMPA) and increased the capacity to 110 MMPA over the years. NDL installed a cotton spinning unit having a capacity of 40 TPD in FY2011 and increased the capacity to 142 TPD over the years (reduced to 104 TPD due to a fire incident in August 2020) to backward integrate. Further, to mitigate the product concentration risk, NDL installed a 10-MMPA shirting capacity in FY2014. The company has two manufacturing facilities located at Sejpur-Gopalpur in Ahmedabad (Gujarat). The company also operates a 15-MW solar power plant within its premises, which meets its entire power requirements.

Key financial indicators (audited/ provisional):

	FY2022 (Audited)	FY2023 (Audited)	H1 FY2024 (provisional)
Operating Income (Rs. crore)	2,188.4	2,026.8	968.8
PAT (Rs. crore)	67.8	0.8	9.9
OPBDIT/OI (%)	7.9%	4.2%	4.9%
PAT/OI (%)	3.1%	0.0%	1.0%
Total Outside Liabilities/Tangible Net Worth (times)	1.7	1.3	1.1
Total Debt/OPBDITA (times)	3.2	5.5	4.1
Interest Coverage (times)	4.1	1.6	2.1

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

SN Instrument		Current Rating (FY2024)										Chronology of Rating History for the past 3 years				
		Type	Amount Rated (Rs. crore)	Amount Outstanding Mar 31, 2023 (Rs. crore)	Date & Rating in				Date & Rating in FY2023			Date & Rating in FY2022		Date & Rating in FY2021		
					Feb 8, 2024	Aug 16, 2023	Jun 28, 2023	Jun 14, 2023	Mar 6, 2023	Nov 23, 2022	Oct 10, 2022	Aug 3, 2022	Jan 24, 2022	Mar 22, 2021	Dec 04, 2020 Aug 17, 2020	
1	Term Loan	Long-term	251.56	209.0	[ICRA]BB+(Negative); withdrawn	[ICRA]BB+ (Negative)	[ICRA]BBB- (Negative)	[ICRA]BBB- (Negative)	[ICRA]BBB (Negative)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BBB- (Stable)	[ICRA]BBB- (Negative)	
2	Cash Credit	Long-term	240.00	-	[ICRA]BB+(Negative); withdrawn	[ICRA]BB+ (Negative)	[ICRA]BBB- (Negative)	[ICRA]BBB- (Negative)	[ICRA]BBB (Negative)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BBB- (Stable)	[ICRA]BBB- (Negative)	
3	EPC/FBD	Short term	--	-	-	--	--	--	--	--	--	--	--	--	[ICRA]A3	
4	Letter of Credit / Bank Guarantee	Short term	60.00	-	[ICRA]A4+; withdrawn	[ICRA]A4+	[ICRA]A3	[ICRA]A3	[ICRA] A3+	[ICRA]A3+	[ICRA]A3+	[ICRA]A3+	[ICRA]A3+	[ICRA]A3	[ICRA]A3	
5	Unallocated Limits	Long-term/ Short term	--	-	-	--	--	--	--	--	[ICRA]BBB (Stable)/ A3+	[ICRA]BBB (Positive)/ A3+	[ICRA]BBB (Positive)/ A3+	[ICRA]BBB- (Stable)/A3	--	

Complexity level of the rated instruments

Instrument	Complexity Indicator
Fund-based- Cash Credit	Simple
Fund-based- Term Loan	Simple
Non-fund Based - Letter of Credit/Bank Guarantee	Simple

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 analysing 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 are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund based - Cash Credit	NA	NA	NA	240.00	[ICRA]BB+(Negative); withdrawn
NA	Fund based - Term Loan	FY2015	NA	FY2027	251.56	[ICRA]BB+(Negative); withdrawn
NA	Non-fund Based - Letter of Credit/ Bank Guarantee	NA	NA	NA	60.00	[ICRA]A4+; withdrawn

Source: Company

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

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About ICRA Limited:

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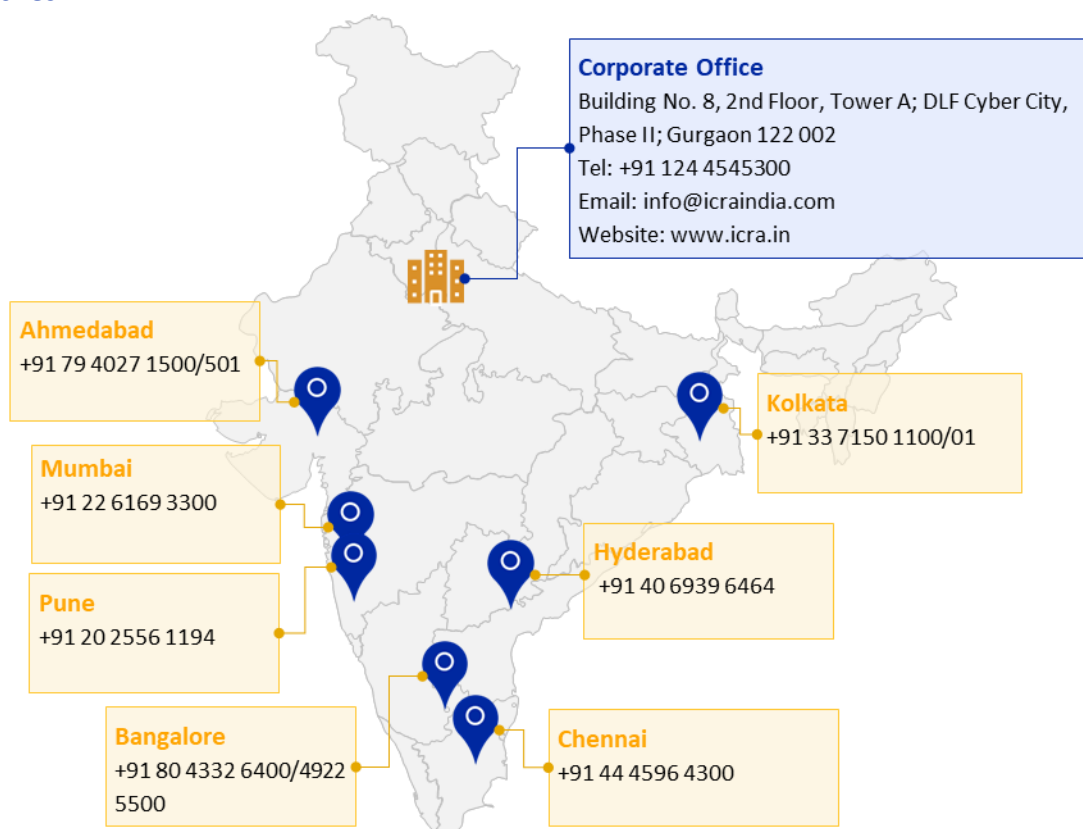


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