

February 13, 2020

Nandan Denim Limited- Update on Material Event; ratings placed on watch with negative implications

Summary of Rated Instrument:

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund based-Term Loan	390.35	390.35	[ICRA]BBB+@; rating placed on watch with negative implications
Fund based- Working Capital Facilities	249.80	249.80	[ICRA]BBB+@; rating placed on watch with negative implications
Fund based-Working Capital Facilities (Short term)	15.20	15.20	[ICRA]A2@; rating placed on watch with negative implications
Non- Fund based facilities	80.00	80.00	[ICRA]A2@; rating placed on watch with negative implications
Total	735.35	735.35	

@ - watch with negative implications

Material Event

Nandan Denim Limited's (NDL or the company) shirting plant (Piplej - Ahmedabad) caught fire on February 08, 2020 resulting in damages to machinery, inventory and factory premises. The fire also resulted in death of seven workmen. The police has arrested few of the company officials under certain sections of the Indian Penal Code (IPC). Following this, the Director of Industrial Safety and Health (DISH), that functions under the labour and employment department of the state government has issued a closure notice to NDL's entire factory.

Impact of the Material Event

ICRA has placed the long-term rating of [ICRA]BBB+ (pronounced as ICRA triple B plus) outstanding on the bank facilities of NDL under rating watch with negative implications. The rating watch with negative implications follows the order by the Director of Industrial Safety and Health (DISH) for closure of the plant, other aligned uncertainties resulting from the fire incident and its impact on NDL's cash flows. While, the company is yet to ascertain the extent of loss, the management maintains that all stock and fixed assets are adequately insured. ICRA will continue to closely monitor developments and will evaluate the impact on the business and financial profile of NDL once more clarity emerges.

The previous detailed rating rationale is available on the following link: [Click here](#)

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