

October 3, 2011

CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF NANDAN EXIM LTD.

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	204.83 (enhanced by Rs.30.00 crore)	CARE BB (Double B)	Revised from CARE B+ (Single B Plus)
Short-term Bank Facilities	28.95	CARE A4 (A Four)	Reaffirmed
Long-term/Short-term Bank Facilities	56.40	CARE BB / CARE A 4' (Double B / A Four)	Revised from CARE B+ / CARE A4 (Single B Plus / A Four)
Total Facilities	290.18		

Rating Rationale

The revision in the long-term rating of Nandan Exim Limited (NEL) takes into account the improvement in its overall financial risk profile marked by increase in the scale of operations during FY11 (audited) (FY refers to the period from April 1 to March 31), gradual improvement in its debt coverage parameters and successful implementation of its denim fabric manufacturing capacity expansion project. The ratings, however, continue to be constrained by relatively high debt level coupled with declining PBILDT margin and relatively stretched liquidity position with a long-operating cycle. The ratings are also constrained by the inherent cyclicity associated with the textile sector, risk associated with fluctuations in the raw material prices and exchange rates and working-capital intensive nature of its operations. The ratings continue to draw strength from the vast experience of the promoters and NEL's integrated denim manufacturing facilities.

Ability of NEL to improve its profitability in light of the increasing competition and high fluctuation in the raw material prices with an overall improvement in the capital structure and liquidity position will be the key rating sensitivities.

Company Profile

Promoted by Mr Vedprakash .D. Chiripal and Mr Brijmohan Chiripal in August 1994 as a private limited company, Nandan Exim Limited (NEL) started-off with the trading of fabrics in the domestic and international markets. It was subsequently converted into a limited company in January 2004. NEL is engaged in the business of manufacturing the denim and weaving of the grey fabric. It has also set up its own spinning unit as a step towards backward integration and has also forayed into the readymade garment segment. With this NEL has integrated manufacturing facilities across the textile value chain from spinning to weaving and garments. As on March 31, 2011, NEL had an installed capacity for manufacturing denim of 50 million meter per annum (MMPA), spinning capacity of 46 Tonne Per Day and garment manufacturing capacity for 5.40 lakh pieces.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

During FY11, NEL reported a total operating income of Rs.508 crore (FY10: Rs.376 crore) and a PAT of Rs.17 crore (FY10: Rs.12 crore). During Q1FY12, NEL reported a total income of Rs.131 crore and a PAT of Rs.5 crore.

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