

November 26, 2010

CARE REVISES THE RATINGS ASSIGNED TO BANK FACILITIES OF NANDAN EXIM LIMITED

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	185.51	'CARE B+' (Single B Plus)	Assigned
Short-term Bank Facilities	28.95	'PR4' (PR Four)	Reaffirmed
Long-term/Short-term Facilities	56.40	'CARE B+' / 'PR4' (Single B Plus / PR Four)	Revised from 'CARE B' / 'PR4'
Total Facilities	270.86		

Rating Rationale

The revision in the long-term ratings take into account the improvement in the financial risk profile of Nandan Exim Limited (NEL) during FY10 & H1FY11 marked by an increase in profit and debt protection indicators, post losses incurred by it in FY09. The ratings continue to take into account the vast experience of the promoters and its well-established operations with established denim facilities. The ratings, however, continue to be constrained by relatively high debt level, volatility in profitability due to its exposure to cotton prices which have seen a high degree of fluctuation, working capital intensive nature of the business, susceptibility of its export realisation to foreign exchange fluctuation risk and cyclical & fragmented nature of the textile industry. The sustainability and further improvement in its profit margins and successful completion of its ongoing capex are the key rating sensitivities.

Company Profile

Incorporated in August 1994, Nandan Exim Limited (NEL) was promoted by Mr Vedprakash D. Chiripal and Mr Brijmohan Chiripal. NEL has integrated manufacturing facilities across the textile value chain from spinning to weaving and garments. NEL's manufacturing facility is located at Piplej, nearby Ahmedabad with an installed capacity of 420 million meters of Denim and gray fabrics, 144 million meters of Spinning and 5.4 million pieces of Garments as on March 31, 2010.

During FY10 (Audited) NEL reported a total operating income of Rs.376 crore (FY09: Rs.319 crore) and a PAT of Rs.12 crore (FY09: Net Loss of Rs.1 crore).

²Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

During H1FY11 (Provisional), NEL reported a total operating income of Rs.207 crore and a PAT of Rs.7 crore.

Analyst Contact

Name: Deepak Prajapati

Tel # 079-40265608

Mobile # +91 9099028864

Email: deepak.prajapati@careratings.com

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

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CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director
Cell : +91-98204 16002
E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director
Cell : +91-98204 16001
E-mail: rajesh.mokashi@careratings.com

Mr. P N Sathees Kumar

Executive Vice President – Marketing
Mobile: +91-9820416004
mail:sathees.kumar@careratings.com

Mr. Ankur Sachdeva

Vice President – Marketing (SME)
Mobile: +91-9819698985
E-mail: ankur.sachdeva@careratings.com

Mr. Vivek Palan

Manager – Banking & Finance
Mobile: +91-98206 06406
E-mail:vivek.palan@careratings.com

4- Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

Mr. Mehul Pandya Regional Manager 32 TITANIUM Prahaldnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com	Mr. Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's Place No. 6, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com
Mr. Pradeep Kumar Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 98407 54521 E-mail : Pradeep.kumar@careratings.com	Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar Hyderabad - 500 029 Tel – 040 40102030 Mobile – 91766 47599 E-mail: ashwini.jani@careratings.com
Mr. Sukanta Nag Regional Manager 3- Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com	Ms. Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com