



## Press Release

### Nandan Denim Limited

January 06, 2026

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Facilities <sup>1</sup>	279.74 (Reduced from 333.20)	IVR BBB / Stable (IVR Triple B with Stable Outlook)	IVR BBB / Stable (IVR Triple B with Stable Outlook)	Reaffirmed	Simple
Short Term Facilities <sup>2</sup>	60.00 (Reduced from 61.00)	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	Reaffirmed	Simple
<b>Total</b>	<b>339.74 (Rupees Three Hundred Thirty-Nine Crore and Seventy-Four Lakh Only)</b>				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale:

Infomerics Ratings has reaffirmed its 'IVR BBB/Stable/IVR A3+' ratings on the bank facilities of Nandan Denim Limited (NDL).

The ratings reaffirmation continues to reflect improved revenues and operating margins, improvement in financial risk profile, and established reputation of company as well as group as a key player in India's textile market. However, the rating remains constrained by cyclicalities in denim industry and competitive textile industry and susceptibility of profitability to volatility in raw material prices.

The 'Stable' outlook is based on the Infomerics expectations that NDL will benefit from its established presence as India's one of the largest denim manufacturers and its healthy financial risk profile.

<sup>1</sup> Includes proposed cash credit of ₹29.10 crore

<sup>2</sup> Includes proposed letter of credit of ₹4.25 crore



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Infomerics has also withdrawn its ratings on the term loan facilities of ₹2.68 crore from Karnataka Bank based on 'No Due Certificate' received from the bank as shared by NDL with Infomerics Ratings. The withdrawal is in line with Infomerics' policy on withdrawal.

### Key Rating Sensitivities:

#### Upward Factors

- Substantial increase in revenues and profitability leading to improvement in overall business profile of NDL.
- Sustained improvement in working capital cycle leading to improvement in liquidity of the company.

#### Downward Factors

- Substantial Deterioration in revenues and profitability leading to adverse impact on business profile of NDL.
- Significant elongation in working capital cycle thereby leading to stretched liquidity position.
- Any unplanned debt funded capital expenditure leading to deterioration in debt protection metrics.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Improved revenues albeit moderation in margins**

Total Operating Income (TOI) increased to ₹3,546.68 crore in FY25 from ₹2,010.09 crore in FY24 – a growth of over 76%, mainly driven by increase in domestic sales and inspection and batching work. Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) increased to ₹128.21 crore from ₹118.29 crore – a growth of over 8%, but margins compressed to 3.61% (FY24: 5.88%). PAT declined to ₹33.48 crore from ₹44.94 crore on account of higher depreciation, with PAT margin falling to 0.94% (FY24: 2.20%). Power, which constitutes a significant share of manufacturing costs, is fully sourced on a captive basis. Notably, over 36% of this supply comes from renewable sources, providing NDL with insulation against the high cost of grid power.



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- **Improvement in financial risk profile**

NDL's capital structure improved with adjusted net worth at ₹608.72 crore as of March 2025 as against ₹582.08 crore as of March 2024. The net worth has been adjusted by investment in group companies of ₹0.55 crore and debtors of more than one year of ₹9.05 crore as of March 2025. There is reduction in overall debt of the company as of March 2025. Company's long term debt equity ratio on adjusted tangible net worth stood at 0.16x as of March 2025 (as of March 2024: 0.26x), overall gearing ratio on adjusted tangible net worth stood at 0.41x as of March 2025 (as of March 2024: 0.57x), while TOL/ATNW stood at 1.08x as of March 2025 (as of March 2024: 1.03x). Improvement in the capital structure is attributed to accretion of profits in the reserves & surpluses coupled with reduction in total debt.

- **Established track record of NDL**

Nandan Denim Limited (NDL) is part of the Chiripal Group, a diversified family-owned business group founded by Mr. Ved Prakash Chiripal. The Chiripal Group has built a diversified presence across the textile value chain, spanning the production of partially oriented yarn (POY), fully drawn yarn (FDY), draw texturised yarn (DTY), and fabric processing. NDL's day-to-day operations are managed by his brother, Mr. Jyotiprasad Chiripal, who has over four decades of industry experience. His enduring client relationships have supported a consistently healthy order book and reinforced NDL's strong market presence. NDL operates a fully integrated manufacturing facility that covers the entire production cycle-from spinning to fabric finishing. With an annual production capacity of 110 million meters per annum, the company is one of the largest denim manufacturers in India.

### **Key Rating Weaknesses**

- **Cyclicality in denim industry and competitive textile industry**

The Indian denim fabric industry is inherently cyclical and has experienced significant downturns on at least two occasions over the past two decades. These periods of slowdown were largely driven by excess inventory, resulting from rapid capacity expansion



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by manufacturers. The oversupply created pricing pressures and led to erosion in sales realizations. More broadly, the textile sector tends to reflect macroeconomic cycles, with both raw material and finished product prices influenced by global demand–supply dynamics. Consequently, fluctuations in the international economic environment have a direct and substantial impact on the performance of the domestic textile industry.

- **Susceptibility of profitability to raw material price volatility**

Like most textile companies, Nandan Denim Limited's profitability is highly dependent on fluctuations in cotton prices, its key raw material. The margins of the industry are particularly sensitive to changes in raw cotton prices. Although NDL does not operate under long-term contracts for quantity or pricing, it has established strong, enduring supplier relationships. The industry remains fragmented, with intense competition restricting the bargaining power of individual players. As a result, manufacturers often struggle to fully pass on rising input costs to customers or retain the benefits when costs decline. Consequently, NDL's profitability margins remain exposed to volatility in raw cotton prices.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Policy on withdrawal of Rating](#)

**Liquidity – Adequate**

The company's cash flow from operations remains adequate. It is expected to generate projected cash accruals of ₹ 77–83 crore from FY26–FY28 on the back of steady increase in operations as against the scheduled debt repayment of ₹ 12–34 crore over the same period. The current ratio and quick ratio stood at 1.49x and 1.16x respectively as on March 31, 2025. The average working capital utilisation of fund-based limits stood at ~49% for last 12 months



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ended September 2025. NDL had unencumbered cash and cash equivalent amounting to ₹2.51 crore as on March 31, 2025.

### **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. 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.

### **Financials (Standalone):**

For the year ended/ As on*	(Rs. crore)	
	31-03-2024	31-03-2025
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	2010.09	3546.68
EBITDA	118.29	128.21
PAT	44.94	33.48
Total Debt	329.89	248.82
Tangible Net Worth	582.08	608.65
EBITDA Margin (%)	5.88	3.61
PAT Margin (%)	2.20	0.94
Overall Gearing Ratio (x)	0.57	0.41
Interest Coverage (x)	2.50	3.49

*\*Classification as per Infomerics' standards.*

*\*There is marginal variation in some of the above key financial indicators of FY24 compared to previously published Press Release (January 22, 2025) mainly on account of reclassification in expenses as per the Audited financials of FY25.*

**Status of non-cooperation with previous CRA: Nil**

**Any other information: Nil**





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### Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					Date (January 22, 2025)	Date (December 12, 2023)	Date (Month XX, 20XX)
1.	Term Loan & GECL	Long Term	39.74	IVR BBB / Stable	IVR BBB / Stable	IVR BBB- / Stable	-
2.	Cash Credit	Long Term	210.90	IVR BBB / Stable	IVR BBB / Stable	-	-
3.	Letter of Credit	Short Term	50.10	IVR A3+	IVR A3+	IVR A3	-
4.	Bank Guarantee	Short Term	5.65	IVR A3+	IVR A3+	IVR A3	-
5.	Proposed Cash Credit	Long Term	29.10	IVR BBB / Stable	IVR BBB / Stable	-	-
6.	Proposed Letter of Credit	Short Term	4.25	IVR A3+	IVR A3+	-	-

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### About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd.] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.



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Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan & GECL	-	-	-	Up to September 2031	39.74	IVR BBB / Stable
Cash Credit	-	-	-	-	210.90	IVR BBB / Stable
Letter of Credit	-	-	-	-	50.10	IVR A3+
Bank Guarantee	-	-	-	-	5.65	IVR A3+
Proposed Cash Credit	-	-	-	-	29.10	IVR BBB / Stable
Proposed Letter of Credit	-	-	-	-	4.25	IVR A3+

### Annexure 2: Facility wise lender details:

[https://infomericstorage.blob.core.windows.net/uploads/LEN\\_Nandan\\_Denim06\\_Jan26\\_cb590873a4.pdf](https://infomericstorage.blob.core.windows.net/uploads/LEN_Nandan_Denim06_Jan26_cb590873a4.pdf)

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities:** Not Applicable



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**Annexure 4: List of companies considered for consolidated/Combined analysis:** Not Applicable

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).

