

Brickwork Ratings removes the provisional rating simultaneously reaffirms the ratings for the Bank Loan Facilities of Rs. 189.43 crores of Amitara Overseas Limited.

Particulars

Nature of Facility	Rating Amount (₹ Cr)		Tenure	Ratings [^]	
	Previous	Current		Initial (March 2016)	Current *
Fund Based	186.42	185.68	Long Term	Provisional BWR BBB- (SO) (Pronounced as BWR Triple B Minus) (Outlook : Stable) (Structured Obligation)	BWR BBB- (SO) (Pronounced as BWR Triple B Minus) (Outlook : Stable) (Structured Obligation)
Cash Credit	10.00	10.00			
Term Loan	176.42	175.68			
Non-Fund Based	3.75	3.75	Short Term	Provisional BWR A3 (SO) (Pronounced as BWR A3) (Structured Obligation)	BWR A3 (SO) (Pronounced as BWR A3) (Structured Obligation)
Bank Guarantee	3.75	3.75			
Total	190.17	189.43	INR One Hundred Eighty Nine Crores and Forty Three Lakhs only)		

[^] Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

***Removal of provisional rating and Rating Reaffirmation**

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the Techno Economic Viability Study Report prepared for the company’s proposed expansion project, projected financials, and sanction letters from banks and information / clarifications provided by the company’s management from time to time. BWR has assumed that the multiple banks which are funding the capex program will take a common stand in terms of project time-lines, moratorium period and repayment schedule.

The rating factors, *inter alia*, well-known Jindal Worldwide Ltd (JWL) group in Ahmedabad, vast business experience of the promoters in textile business & operational linkages within the Group, locational advantage of expansion plan as it is within the boundary of manufacturing facility of JWL group, and abundant availability of cotton in the hinterland. However, the rating is constrained by inherent risks associated with the project execution, promoters’ ability to bring in the remaining equity portion in a timely manner and implementation without cost over-run. BWR has taken note of some delay in project implementation due to delay in financial closure and disbursement. SO rating is assigned due to unconditional and irrevocable guarantee of JWL proposed for the project loans, and hence, operating and financial performance of Group Company JWL and its continued support are the key rating sensitivities.



The 'Provisional Rating' is confirmed due to achievement of financial closure and commencement of disbursement of the loans by some banks.

Rating Outlook: Stable

BWR believes the **Amitara Overseas Limited's** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term, and factors likely implementation of the project in accordance with sanction terms. The rating outlook may be revised to 'Negative' if delays occur in project implementation, resulting in time & cost escalation and non-achievement of projected revenue.

About the Company

"Amitara Overseas Ltd" (AOL) incorporated on 1st August 1996 is promoted by JWJ, the flagship company of Jindal Group based out of Ahmedabad, and engaged in manufacturing of cotton based grey fabrics mainly doing job work for JWJ. Company has current installed capacity of 42 rapier looms as of FY 2015 with proposed expansion of 246 rapier looms in future.

Ownership & Management

AOL is promoted by Mr. Yamunadutt Agrawal & Mr. Amit Y. Agarwal. However company has appointed family members Mr. Umashankar P Agarwal, Mr. Satish O Khetan & Mr. Purshottamdas B Chauhan as directors. The company has its manufacturing unit located at Chikuwadi, Sajipur, Ahmedabad.

Project Details

AOL plans to expand the weaving capacity on vacant parcel of land (Area: 28,181 sq mts) belonging to one of the key promoters, Mr. Amit Agarwal, which is within the same boundary of existing unit by installing machines like Toyota Looms, Indigo Dyeing Range & Finishing Machines. Existing Yarn is used for Suiting, Shirtings, Bed sheets etc. However after installation of said machines, the end product would be used for value added products like denim fabric.

As per Techno Economic Viability Report submitted by the company, Total Cost of the project stands at Rs.235.25 crs with debt of Rs.175.00 crs and balance Rs.60.25 crs to be brought in by the promoters by way of equity & unsecured loan. Debt: Equity works out to 2.53: 1. COD of the project, which was originally, envisaged for Apr'17, now stands, postponed to Sep'17 due to delay in financial closure. Promoters have already infused ~50% of their contribution and balance would be infused as and when the expansion project progresses. Some of the banks have started releasing the loans.

Company's Financial Performance

AOL is in the expansion mode; however as per the audited financials for FY16, company has reported top-line of ₹ 69.07 Crores and net profit of ₹ 0.65 Crores against ₹ 83.27 Crores and ₹

1.11 Crores during FY 15. This was essentially trading sales. The Net worth of the Company stood at ₹ 55.12 Crores during FY 16 against ₹ 33.53 Crores in FY 15.

Guarantor: Jindal Worldwide Ltd (JWL group)

JWL promoted by Mr.Yamunadutt Agrawal, was incorporated in 1986 and located at Ahmedabad; it is engaged in manufacturing of Denim fabric, Yarn dyeing and Printing of Home Textile/Furnishing products.

JWL has reported gross revenues of ₹ 1009.06 Crores and net profit of ₹ 40.27 Crores with Net worth at ₹ 212.22 Crores for FY16. JWL currently enjoys rating of BWR A (Stable) / BWR A2+.

Rating History for the last three years

Sl. No.	Instrument /Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	22 nd March 2016	2015	2014
1	Fund Based	Long Term	185.68	BWR BBB-(SO) (Stable)	Provisional BWR BBB-(SO) (Stable)	-	-
2	Non Fund Base	Short Term	3.75	BWR A3 (SO)	Provisional BWR A3	-	-

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.