

Rating Rationale

Brickwork Ratings assigns rating of ‘BWR BBB- (SO)’ for long term & BWR A3 for short term bank loan facilities aggregating to ₹ 8.86 Cr of Amitara Resorts Pvt. Ltd.

Brickwork Ratings has assigned following **Ratings¹** for the Bank Loan Facilities of **Amitara Resorts Pvt. Ltd** (ARPL or ‘the Company’).

Facilities	Limits (₹ Cr)	Tenure	Rating
Term Loans	7.86	Long Term	BWR BBB- (SO) [Pronounced BWR Triple B Minus (Structured Obligation)] (Outlook stable)
Total Fund based	7.86		
Bank Guarantee	1.00	Short Term	BWR A3 (Pronounced BWR A Three)
Total Non-Fund based	1.00		
Total Amount to be rated	8.86	INR Eight Crores and Eighty Six Lakhs only	

BWR has essentially relied upon audited financial statements of FY13, FY14 and FY15, Provisional Financial for FY16, projected financial statements of FY17 & FY18, publicly available information and information provided by the management.

The ratings reflect the promoters’ strong industry experience, improved performance y-o-y, adequate liquidity position and support from the group companies. The rating has additionally derived comfort from corporate guarantee and letter of comfort extended by the group company Jindal Worldwide Ltd (BWR A-/A2) for timely repayment of debt obligations of the company.

The ratings are, however, constrained by leveraged capital structure, modest scale of operations, Vulnerability of profitability to raw material and intense competition from other players in the industry.

Background:

Ahmedabad (Gujarat) based Amitara Resorts Pvt Ltd (ARPL) is a Private Limited Company engaged in fabric weaving activity. It was originally incorporated as “Kailash Enterprises Pvt. Ltd.” in November 1996, afterwards renamed as “Amitara Resorts Pvt. Ltd”. ARPL is a part of Ahmedabad (Gujarat) based Jindal Group which includes various entities in the textile value chain. ARPL is doing 100% job work for Jindal Worldwide Ltd, wherein yarn is being supplied by Jindal Worldwide Ltd while weaving activity is performed by ARPL. ARPL operates from its sole plant located in Ahmedabad district of Gujarat which has total installed weaving capacity of 10 million meters per annum.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Financial Performance:

During FY16, ARPL has reported Net revenue from operations of ₹13.78 Crs and PAT of ₹0.15 Crs against ₹9.46 Crs and PAT of ₹0.04 Crs respectively in FY15. The Net Worth stands at ₹ 2.18 Crs in FY16. The company's net profit margin has improved from 0.45% in FY15 to 1.12% in FY16. As per the audited financials for FY15, the company has reported adequate liquidity position reflected from current ratio of 2.09 times.

Rating Outlook:

The outlook of the company is expected to be stable for the current year. Going forward, the improvement in revenue along with improvement in profitability, efficient working capital management and improvement in capital structure will be the key rating sensitivities.

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