



## Press Release

### Amitara Overseas Private Limited

January 03, 2025

#### Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	18.05	IVR A [CE]/ Stable (IVR Single A [Credit Enhancement] with Stable Outlook)	-	Assigned	<a href="#">Complex</a>
Short Term Facilities	15.00	IVR A1 [CE] (IVR A One [Credit Enhancement])	-	Assigned	<a href="#">Complex</a>
<b>Total</b>	<b>33.05</b> <b>(Rupees Thirty-three crore and five lakh only)</b>				

*CE rating based on corporate guarantee provided by Jindal Worldwide Limited*

	Ratings	Previous Ratings
<b>Unsupported Rating*</b>	IVR BBB-/Stable / IVR A3 (IVR Triple B Minus with Stable Outlook / IVR A Three)	-

*\*Unsupported rating does not factor in the explicit credit enhancement*

**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 assigned its rating to the bank facilities of Amitara Overseas Private Limited (AOPL). The credit enhanced ratings assigned to bank facilities of AOPL are based on the unconditional and irrevocable corporate guarantee given by Jindal Worldwide Limited (JWL: rated IVR A/Stable / IVR A1). For assigning the ratings, Infomerics has assessed the attributes of the guarantee issued by JWL in favour of lenders who have extended the said facilities. The guarantee is legally enforceable, irrevocable, and unconditional and covers the entire amount and tenor of the rated facilities and has a structured payment mechanism defining invocation and payment timelines. The guarantor's capability to support the guaranteed amounts is found to be in line with the credit profile connoted by the credit ratings assigned. The corporate guarantee results in an enhancement in the rating of the said facilities to IVR A(CE)/ Stable / IVR A1(CE) against the unsupported rating of IVR BBB-/ Stable / IVR A3.



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The ratings also derive strength from established track record of the promoters and expectation of continued support from the Jindal group. The rating strengths are, however, constrained by moderation in credit profile of the corporate guarantor in FY24, average financial risk profile of AOPL, susceptibility of profitability to volatility in raw material price, growth prospects linked with performance of JWL and exposure to cyclical nature of denim industry.

The stable outlook reflects expected improvement in scale of operations of the group and strong parent support.

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Improvement in credit profile of the corporate guarantor.
- Substantial improvement in revenue and profitability on a sustained basis.

#### **Downward Factors**

- Deterioration in credit profile of the corporate guarantor.
- Deterioration in revenue and profits adversely impacting debt protection metrics and/or liquidity position.
- Any debt funded capex impacting capital structure and debt protection metrics of the company.

### **Adequacy of Credit Enhancement Structure:**

For assigning the ratings, Infomerics has assessed the attributes of the corporate guarantee issued by Jindal Worldwide Limited in favour of lenders who have extended the said facilities. The guarantee is legally enforceable, irrevocable, and unconditional and covers the entire amount and tenor of the rated facilities and has a structured payment mechanism defining invocation and payment timelines. The corporate guarantee results in an enhancement in the rating of the said facilities to IVR A (CE)/ Stable / IVR A1 (CE) against the unsupported rating of IVR BBB-/ Stable / IVR A3. The adequacy of credit enhancement has been tested after considering guaranteed debt by JWL and debt of JWL's subsidiaries. The adjusted capital structure and adjusted debt protection metrics of JWL remain adequate.

### **Transaction Structure**

The transaction structure to ensure a timely payment under the credit enhancement is as follows:



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1. T being the schedule due date of payment.
2. In case of non-payment by borrower by Tth day, the lender will invoke the corporate guarantee by (T+1) day.
3. Payment by the guarantor will be made within (T+2) days.

**Infomerics will consider (T+2) day as its legal final maturity for the purpose of recognition of default.**

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### **Corporate Guarantee from Jindal Worldwide Limited and expectation of continued support from the Jindal Group**

JWL has extended an unconditional and irrevocable corporate guarantee for the rated bank facilities of Amitara Overseas Private Limited. The promoter group owns 100 per cent stake in AOPL as on March 31, 2024. Further, the rating also factors in expectation of continuous support by the Jindal group for timely servicing of the debt obligations to the company. Infomerics believes that the promoter group will continue to support the debt servicing commitments of AOPL, and any timely, need-based financial support will also be extended by the corporate guarantor, in case of any pressure on cash flows. Any material increase in JWL's consolidated leverage levels will remain key monitorable.

##### **Established track record of the promoters**

AOPL is a part of the Ahmedabad based Jindal group, promoted by Mr. Amit Agarwal and his family members. The promoters have extensive experience in the textile industry.

#### Key Rating Weaknesses

##### **Moderation in credit profile of the Corporate Guarantor in FY24**

There is a moderation in the credit risk profile of JWL on account of deterioration in its financial risk profile with decline in revenues and profitability in FY24 (refers to the period from April 01 to March 31). The rating of JWL is further constrained by working capital intensive nature of operations, susceptibility of profitability to raw material price volatility, cyclicality in denim industry and competitive textile industry and diversification of the group into new sectors. The company has guaranteed debt of group companies to the tune of Rs. 598.30 crore which is 84.87% of the company's net worth as on March 31, 2024. Further it has investments of Rs.



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44.14 crore in the group companies. After loading the guaranteed debt and adjusting investments the adjusted capital structure deteriorates to over 2 times.

### **Average financial risk profile of AOPL**

AOPL's financial profile is marked by modest scale of operations, with total operating income of Rs. 433.09 crore in FY24 (PY Rs. 507.93 crore) and thin EBITDA margin of 2.20% in FY24 (PY:1.73%). Net loss in FY24 was on account of higher interest charges. Total debt stood at Rs.196.30 crore as on March 31, 2024, which includes Rs.114.78 crore unsecured loans from promoter entities. The capital structure is leveraged with overall gearing on adjusted tangible networth at 4.20x as on March 31, 2024. The company has also advanced loans and advances of Rs.169.30 crore to other promoter owned companies. Debt protection metrics like interest coverage was moderate at 1.22 x and DSCR was below unity in FY24.

### **Growth prospects linked with performance of JWL and exposed to cyclical nature of denim industry**

AOPL is a processing unit and dyes grey fabric, which is captively consumed by the JWL group. AOPL's growth prospects are closely linked to that of JWL. Consequently, AOPL will also remain exposed to the inherent cyclical nature in the denim industry, with periods of excess market capacity and tight demand-supply situations. An oversupply situation exerts pressure on the company's profitability, by adversely impacting the volumes and pricing power in line with the industry trends.

### **Susceptibility of profitability to volatility in raw material price**

The profit margins of the company shall also remain susceptible to raw material price fluctuations, which affects sales realisations. Any adverse movement in the price of key raw materials like cotton could have an adverse impact on the margins. However, AOPL's major production is captively consumed by its parent JWL and group companies.



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### **Analytical Approach:**

**Credit Enhancement (CE) rating:** Credit enhancement is based on the unconditional and irrevocable corporate guarantee deed provided by Jindal Worldwide Limited (rated at IVR A/Stable / IVR A1) to the bank facilities of Amitara Overseas Pvt Ltd.

**Unsupported rating:** 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](#)

[Rating Methodology for Structure Debt Transaction \(Non-Securitisation Transaction\)](#)

### **Liquidity – Adequate**

Liquidity profile of AOPL remains adequate with availability of free cash and bank balance worth Rs. 11.44 crore as on December 18, 2024. Going forward, AOPL on a standalone basis is expected to generate adequate cash accruals sufficient to repay its long-term debt obligation of Rs. 8.78 crore in FY25, Rs. 5.25 crore in FY26 and Rs. 0.82 crore in FY27. Additionally, at a consolidated level, the group is expected to generate healthy cash flows and is expected to provide need-based funding support to AOPL.

### **About the Company**

Amitara Overseas Private Limited was incorporated in August 1996 and is the part of Ahmedabad-based Jindal group. AOPL is involved in the dyeing of fabric. The company has an Indigo Dyeing plant located at Kheda, Gujarat with a capacity of 19440000 kgs per year. The fabric dyed by it is captively consumed within the group. AOPL also has a power plant of 4.5 MW which is captively used.





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### About the Corporate Guarantor

Founded in 1986 by Dr. Yamunadutt Agrawal, Jindal Worldwide Ltd is a diversified and integrated textile fabrics and shirting manufacturer and one of the leading denim fabric manufacturers in India. JWL is the flagship company of Ahmedabad-based Jindal Group. It is a BSE and NSE listed company. JWL's product profile includes denim fabric, bottom weight fabrics, premium shirting, and export centric home textile products.

### Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	507.93	433.09
EBITDA	8.79	9.51
PAT	1.06	-3.59
Total Debt	270.76	196.30
Tangible Net Worth	57.81	54.22
EBITDA Margin (%)	1.73	2.20
PAT Margin (%)	0.21	-0.83
Overall Gearing Ratio (x)	4.68	3.62
Interest Coverage (x)	5.75	1.22

\* Classification as per Infomerics' standards.

### Financials of the Corporate Guarantor, Jindal Worldwide Limited:

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	2070.01	1814.09
EBITDA	238.30	183.25
PAT	115.71	75.65
Total Debt	837.38	883.08
Tangible Net Worth	644.84	704.94
EBITDA Margin (%)	11.51	10.10
PAT Margin (%)	5.59	4.17
Overall Gearing Ratio (x)	1.30	1.25
Interest Coverage (x)	4.60	3.71

\* Classification as per Infomerics' standards.



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**Status of non-cooperation with previous CRA:** The rating continues to remain under ISSUER NOT COOPERATING category from ICRA as per press release dated September 02, 2024, due to unavailability of information for monitoring of rating.

**Any other information:** Nil.

### Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					-	-	-
1.	Term Loans	Long Term	8.05	IVR A [CE]/ Stable	-	-	-
2.	Cash Credit	Long Term	10.00	IVR A [CE]/ Stable	-	-	-
3.	Inland Letter of Credit	Short Term	15.00	IVR A1 [CE]	-	-	-

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) 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	-	-	-	April 2025	1.49	IVR A [CE]/ Stable
Term Loan	-	-	-	September 2028	6.56	IVR A [CE]/ Stable
Cash credit	-	-	-	-	10.00	IVR A [CE]/ Stable
Inland Letter of Credit	-	-	-	-	15.00	IVR A1 [CE]

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-AOPL-jan25.pdf>

### Annexure 3: Detailed explanation of covenants of the rated Security/facilities:

Name of the Security	Detailed Explanation
<b>Financial Covenant</b>	
i. Rate of interest	EBR-R 7.20% at present+ 1% (subject to maximum of 9.25% p.a.)
<b>Non-financial Covenant</b>	
i. Corporate Guarantee	Corporate Guarantee of Jindal Worldwide Ltd





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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).

