

FEBRUARY 15, 2016

**CARE ASSIGNS 'CARE A' & 'CARE A1' RATINGS TO NCD & CP PROGRAMME AYM SYNTEX LTD &  
 REAFFIRMS THE RATING ASSIGNED TO BANK FACILITIES  
 (FORMERLY KNOWN AS WELSPUN SYMTEX LTD)**

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long term Bank Facilities	150.27	<b>CARE A (Single A)</b>	Reaffirmed
Short term Bank Facilities	206.00	<b>CARE A1 (A One)</b>	Reaffirmed
<b>Total Facilities</b>	<b>356.27</b> <b>(Rs. Three Hundred Sixty Six crores and Twenty Seven Lakhs only)</b>		
Long term instruments (NCD)	25.00	<b>CARE A (Single A)</b>	Assigned
Commercial paper*	25.00	<b>CARE A1 (A One)</b>	Assigned

\* carved out of working capital limits

**Rating Rationale**

The ratings on the bank facilities and instruments of AYM Syntex Ltd (ASL) factors in improvement in operating profitability during FY15 (refers to the period April 1, 2014 to March 31, 2015) and Q2FY16 (refers to the period April 1, 2015 to June 30, 2015) with the benefit of successful completion of the major capex project which was incurred to 1) convert its polyester based facilities to nylon based facilities (around 60% of the current yarn capacities are now nylon based) and 2) to set up Bulk Continuous Filament (BCF) yarn capacities. The ratings also takes into consideration the comfortable liquidity position due to increased profitability of the company. Further, the ratings draw comfort from company's strong positioning in Indian nylon yarn market and leadership position in the Indian BCF yarn market. CARE has also factored in the change in the ownership (shareholding) structure of ASL following transfer of majority equity stake in the company by Mr.B.K.Goenka (co-promoter) to Mr.R.R. Mandawewala (another co-promoter) and the consequent change in the name of the company. CARE believes that the change in ownership structure would have limited impact on the business and financial profile as well as the credit metrics of ASL. The ratings continue to be supported by the significant experience of the management (which remains unchanged) in the textiles business.

The ratings, however, continue to be constrained by the leveraged capital structure and exposure to risk of fluctuation in raw material prices & foreign exchange currency.

<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

*ASL's ability to achieve the envisaged growth in revenue while maintaining healthy profitability and improve financial risk profile are the key rating sensitivities. Moreover, addition of any large-sized project impacting financial risk and/or business risk profile of the company is also a rating sensitivity.*

**Background**

Established in 1983, ASL was promoted by Mr. R.R. Mandawewala, Late Mr. G.R. Goenka, and Mr. B.K. Goenka. ASL is engaged in manufacturing of wide range of texturized/twisted/dyed polyester and nylon yarn from its two manufacturing units located at Silvassa and Palghar (Dist. Thane, Maharashtra). The company has facilities for manufacturing Partially Oriented Yarn (POY)/Fully Drawn Yarn (FDY) (capacity of 25,387 tonnes per annum (tpa)) from chips as well as for texturizing, twisting, and dyeing/dope dyeing (total capacity of 43,061 tpa) for higher value addition. ASL has also developed varieties of yarn, i.e. air texturized yarn, mono filament yarn, slub yarn, bishrinkage yarn and other fancy yarns. ASL is an leader in Bulk Continuous Filament (BCF) yarn (capacity of 4,396 tpa) used in carpet/rug manufacturing. The company periodically changes its product mix in line with the market requirements while keeping focus on high value products catering to the niche market.

During FY15, ASL posted a total income of Rs.837.05 crore with a PAT of Rs.42.75 crore. Further, in H1Y16 the company reported a total income of Rs.404.93 crore and a PAT of Rs.24.55 crore.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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

**Disclaimer:** CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is 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 CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor 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 in addition to the financial performance and other relevant factors.

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**CIN - L67190MH1993PLC071691**