

AUGUST 12, 2016

## CARE REAFFIRMS THE RATINGS ASSIGNED TO BANK FACILITIES & INSTRUMENTS OF AYM SYNTAX LTD

### Ratings

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long term Bank Facilities	196.93 (enhanced from Rs150.25 cr)	<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>402.93 (Rs. Four Hundred Two Crore and Ninety Three Lakhs Only)</b>		
Non-Convertible Debenture issue	25.00	<b>CARE A (Single A)</b>	Reaffirmed
Commercial Paper	25.00	<b>CARE A1 (A One)</b>	Reaffirmed

### Rating Rationale

The ratings on the bank facilities and instruments of AYM Syntex Ltd (ASL) continues to factor in improvement in operating profitability during FY16 (refers to the period April 1 to March 31) due to benefit arising 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 take 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 size of the company, moderately leveraged capital structure, exposure to risk of fluctuation in raw material prices & foreign exchange currency and residual project risk.

ASL's ability to achieve the envisaged growth in revenue while maintaining healthy profitability improve financial risk profile and timely completion of the envisaged capex (for setting up of warehouse facilities and expansion of existing capacities) 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) from chips as well as for texturizing, twisting, and dyeing/dope dyeing 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 used in carpet/rug manufacturing.

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

During FY16, ASL posted a total income of Rs.803.39 crore (FY15: 836.47 crore) with a PAT of Rs.47.75crore(FY15: 42.75 crore).

**Analyst Contact**

Name: Puneet Bhatia

Tel: +91-22-6754 3453

Email: puneet.bhatia@careratings.com

**\*\*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.

**CONTACT****Head Office Mumbai****Mr. Saikat Roy**

Mobile: + 91 98209 98779

E-mail: [saikat.roy@careratings.com](mailto:saikat.roy@careratings.com)**Mr. Amod Khanorkar**

Mobile: + 91 98190 84000

E-mail: [amod.khanorkar@careratings.com](mailto:amod.khanorkar@careratings.com)**CREDIT ANALYSIS & RESEARCH LIMITED**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: [care@careratings.com](mailto:care@careratings.com)**AHMEDABAD****Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,  
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: [mehul.pandya@careratings.com](mailto:mehul.pandya@careratings.com)**BENGALURU****Mr. Deepak Prajapati**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,  
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: [deepak.prajapati@careratings.com](mailto:deepak.prajapati@careratings.com)**CHANDIGARH****Mr. Sajan Goyal**2nd Floor, S.C.O. 196-197, Sector 34-A,  
Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: [sajan.goyal@careratings.com](mailto:sajan.goyal@careratings.com)**CHENNAI****Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,  
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)**COIMBATORE****Mr. V Pradeep Kumar**

T-3, 3rd Floor, Manchester Square

Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)**HYDERABAD****Mr. Ramesh Bob**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,  
Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

E-mail: [ramesh.bob@careratings.com](mailto:ramesh.bob@careratings.com)**JAIPUR****Mr. Nikhil Soni**304, Pashupati Akshat Heights, Plot No. D-91,  
Madho Singh Road, Near Collectorate Circle,  
Bani Park, Jaipur - 302 016.

Cell: +91 - 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: [nikhil.soni@careratings.com](mailto:nikhil.soni@careratings.com)**KOLKATA****Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)  
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: [priti.agarwal@careratings.com](mailto:priti.agarwal@careratings.com)**NEW DELHI****Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,  
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: [swati.agrawal@careratings.com](mailto:swati.agrawal@careratings.com)**PUNE****Mr. Pratim Banerjee**9th Floor, Pride Kumar Senate,  
Plot No. 970, Bhamburda, Senapati Bapat Road,  
Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: [pratim.banerjee@careratings.com](mailto:pratim.banerjee@careratings.com)

CIN - L67190MH1993PLC071691