



## Press Release

### Wampum Syntex

October 15, 2018

### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 15.00 Cr.
<b>Long Term Rating</b>	ACUITE B / Outlook: Stable
<b>Short Term Rating</b>	ACUITE A4

\* Refer Annexure for details

### Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (**read as ACUITE B**) and short term rating of '**ACUITE A4**' (**read as ACUITE A four**) to the Rs. 15.00 crore bank facilities of WAMPUM SYNTEX (WS). The outlook is '**Stable**'.

WS is a Surat, Gujarat based partnership firm established in 2016. The firm started its operations in March, 2018. WS is promoted by Mr. Sandeep Ostawal, Mr. Lokeshkumar Babal, and Mr. Bhanwararam Bijaniya among others. The firm is engaged in manufacturing of Polyester and Nylon dyed yarn. The manufacturing unit is located in Surat with an installed capacity of 300 tonnes per month.

### Analytical Approach

Acuité has considered the standalone business and financial risk profiles of WAMPUM SYNTEX to arrive at this rating.

### Key Rating Drivers

#### Strengths

- **Experienced management**

The partners of the firm possess more than two decades of experience in the textile industry. Thus, Acuité believes the firm will be able to forge long lasting relationships with reputed customers and suppliers.

- **Proximity to raw materials and location advantage**

Wampum Syntex has manufacturing unit at Surat district of Gujarat which is a hub for textile industry. Hence, the firm benefits from proximity to raw materials.

#### Weaknesses

- **Nascent stage of operation**

Wampum Syntex was established in 2016 and started its commercial operations in March, 2018. The firm has reported operating revenue of Rs.18.00 crore from April, 2018 to 31 July, 2018. Further, the installed capacity of 300 tonnes was fully utilised.

- **High competition**

Wampum Syntex operates in a highly competitive industry characterised by large number of established and small players affecting its margins and bargaining power with its customers. The firm being in early stage of operations restricts its market to certain extent.

**Outlook: Stable**

Acuité believes that Wampum Syntex will maintain a 'Stable' outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the firm registers significant growth in revenue while achieving improvement in profitability. Conversely, the outlook may be revised to 'Negative' in case of steep decline in profitability or deterioration in the capital structure and liquidity position.

**About the Rated Entity - Key Financials**

	Unit	FY18 (Actual)
Operating Income	Rs. Cr.	0.79
EBITDA	Rs. Cr.	0.17
PAT	Rs. Cr.	0.01
EBITDA Margin	(%)	21.69
PAT Margin	(%)	0.76
ROCE	(%)	16.34
Total Debt/Tangible Net Worth	Times	2.03
PBDIT/Interest	Times	1.35
Total Debt/PBDIT	Times	6.36
Gross Current Assets (Days)	Days	216

**Status of non-cooperation with previous CRA (if applicable)**

None

**Any other information**

None

**Applicable Criteria**

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

**Note on complexity levels of the rated instrument**

<https://www.acuite.in/criteria-complexity-levels.htm>

**Rating History (Upto last three years)**

Not Applicable

**\*Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE B / Stable (Assigned)
Term loans	Not Applicable	Not Applicable	Not Applicable	9.79	ACUITE B / Stable (Assigned)
Letter of credit	Not Applicable	Not Applicable	Not Applicable	0.35	ACUITE A4 (Assigned)
Proposed	Not Applicable	Not Applicable	Not Applicable	0.86	ACUITE A4 (Assigned)

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### About Acuité Ratings & Research:

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