

SCALING NEW HEIGHTS



AYM Syntex
THE STRENGTH WITHIN

Annual Report
2021 - 2022

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Scaling New Heights

Continued growth through consistent action

With innovation as our core value, our value creation approach with the belief of continued growth has enabled us to stay focused on opportunities, efficiency, and execution, while staying true to our purpose. This has persuaded us to successfully transform our business model and create superior value for our stakeholders, while maintaining our culture, strengthening our processes and ensuring responsible practices. Our Innovation portfolio growth is guided by our strategy of product differentiation and creating a unique customer experience. Today, we are aligned more than ever to our transformation journey. Our investments in the strategic business, along with our focus on quality and consumer needs, continued actions towards operational excellence has enabled us to re-build a more robust business over the last few years.

A consistent progress in topline and margins over the years despite macro-economic challenges ensured that we continue our transformation journey on the business front with sustainable and profitable growth. We are scaling newer heights in our journey each year and the efforts are visible in financial performance and operational excellence. A strong balance sheet is the foundation for future growth and expansion, and a cornerstone of trust for our investors and partners. In FY22, AYM Syntex continued to deliver on its various stakeholder commitments.

By adapting to agile and flexible work structure, embracing efficient working capital management, and expanding our current market segments, we endeavour to create value for our stakeholders at each step. As we enter into a new fiscal year, the macro environment throws more challenges to us. We aim to continue our operations with agility, progressing towards excellence with ultimate passion and a renewed sense of purpose. We are committed to cater to the needs of our stakeholders with innovative solutions and go a step beyond our operations to contribute significantly to the well-being of our environment and community.

Revenue
₹ 1491 Crores

EBITDA
₹ 166 Crores

RoCE
17%

“AYM Syntex has been on a transformation journey since last few years, where its operating model and focus areas have seen a significant shift founded on the principle of business resilience. Our belief in our Strategic business along with consistent actions has enabled us to overcome the challenges, become robust with each passing year and scale newer heights.”

- Abhishek R Mandawewala
MD & CEO



About This Report

AYM Syntex's Annual Report for FY 2021-22 reflects our performance and strategy aligned to the current business context. It encompasses both qualitative and quantitative disclosures regarding our financial and operational performance for the year, combined with our continued investments in financial, manufacturing, intellectual, human, social, and natural capitals.

Reporting Framework

The financial and statutory data presented in this Report – including the Board's report, Management Discussion and Analysis (MD&A), and Corporate Governance Report – is in line with the requirements of the Companies Act, 2013, Indian Accounting Standards, the SEBI (LODR) Regulations, 2015, and the Secretarial Standards issued by the ICSI.

Reporting Period

This report covers the Company's performance for the period commencing from April 1, 2021 to March 31, 2022. For certain KPIs, comparative figures from previous years have been used in the Report to provide a holistic view.

Forward Looking Statement

This annual report contains forward-looking statements about expected future events, including the financial and operating results of the Company. These statements, by their nature, require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a possibility that the assumptions and predictions in these forward-looking statements will not prove to be accurate. Additionally, certain performance parameters mentioned in this Annual Report are based on classifications made by the Company. Do not place undue reliance on forward-looking statements as a number of factors could cause assumptions and actual future results or events to differ materially from those expressed in these forward-looking statements.

Management Responsibility Statement

The Board believes that the information contained in this Report adequately represents the Company's performance during the reporting period and broadly outlines the Company's ability and commitment to create long-term value. This Report has been reviewed by the members of the board and senior management.

Statutory Audit

For assurance and compliance with statutory requirements, our financial statements have been externally audited by Price Waterhouse Chartered Accountants LLP and their report can be found in the Independent Auditors' Report section of this document.

Feedback

We look forward to receiving feedback from our stakeholders to enable us to identify evolving risks, address concerns and find new ways of creating value.

Our stakeholders can feel free to reach out to us at complianceofficer@aymgroup.com.

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Corporate Overview

About AYM

AYM Syntex is one of the largest manufacturers of **Multipolymer Textile** and one of the largest exporters of **Bulk Continuous Filament (BCF) yarns** in India. We offer a wide variety of specialty yarns through multiple brand names, which are used globally for various industrial as well as consumer applications.

In addition to our world-class products, what differentiates us is our ability to understand market trends and develop new products that meet our customers' specific needs. To help the customers with their unique requirements, we take a partnership approach to **co-create highly customised products** for them. Moreover, we continue our journey of progressive transition from a commodity-driven business model to one that relies on **high entry barrier products**, thereby enabling us to differentiate ourselves from others.

Our ability to provide such innovative high-quality products at scale comes from our highly talented **R&D setup, state-of-the-art manufacturing facilities**, and our constant efforts to optimise our processes. The company's advanced Multipolymer Textile and BCF yarn manufacturing facilities at Silvassa and Naroli serve the

diversified global textile and floor covering industry. Our Palghar facility is the one of the **largest yarn dyeing houses in Asia**. It houses India's largest, **100% environment-friendly and automated yarn dyeing facility** which is equipped with a **zero liquid discharge system**. Further, we are proudly among the few domestic yarn manufacturers that have **in-house masterbatch production** capabilities, which gives us unparalleled flexibility and competitive advantage.

By combining continuous innovation with evolving manufacturing practices, we are consistently increasing our global footprint and financial performance, while also creating positive social impact. In addition to creating around 3000 employment opportunities, we also actively implement a variety of CSR initiatives in domains like healthcare, education, and rural development.

As we continue to create high-value products for our customers and social impact on our communities, we are also working towards controlling our environmental footprint through a combination of **sustainable practices, greener technologies**, and incorporating **environmental goals** into the business strategy.



Numbers that Define Us



The amount of yarn we have produced can go

21576

Times to the moon



Widest colour range of conventional dyed yarn

17K+

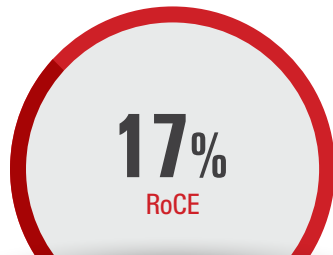
Shades



Touching lives through innovation for

37

Years



Summing Up the Last Decade

Our mission of touching lives through innovative products and value-adding initiatives has led the company to where it is today — at the forefront of the synthetic textile industry in India and in 55+ countries across the globe.

Our actions in the last decade have been especially instrumental in getting us here, resulting in remarkable financial parameters that reflect our strong fundamentals and sustainable growth potential.

12.5%

Revenue CAGR in the last 12 years

18%

Net Profit CAGR in the last 12 years

₹ 676 Crores

Gross Fixed Assets (as of March 31, 2022)

₹ 409 Crores

Net Worth (as of March 31, 2022)

These numbers are a result of the convergence of our efforts over the decade towards strengthening our core by focusing on innovation, operational excellence, product diversification, and brand differentiation strategies.

Key Strategies Implemented Over the Last Decade

Research and Development

Consistent investment in R&D over the years has helped us create multiple patented and patent-pending products, few of which we have successfully commercialised this year.

Global Outreach

We have more than doubled our export share over the last 12 years by consistently increasing our global presence with strategic exports as part of our long-term growth plans.

Product Mix Rationalisation

For over a decade now, we have been systematically curating our product portfolio to maintain a healthy mix of highly-differentiated products with high entry barriers.

Digital Disruption

To create better customer experiences and higher process efficiencies, we consistently evaluated and upgraded our IT processes to make us leaner and more agile.

Process and Control Strengthening

By regularly investing in modernising our facilities, we are able to cater to global demand, both in terms of volume and quality.

Culture Transformation

We have striven to build a culture of high productivity and performance with continuous improvements.

Our Core Values

Our core values of customer focus, innovation, and people development are integral to our guiding philosophy. These define us at the organisational level. Every action we take towards consistent and sustainable growth stems from our underlying values and principles that guide us in making the right decisions. We encourage a deep understanding of these core values across the organisation to build a distinctive culture.

Values



Customer Focus

Keeping our customers in focus and as partners in creating and delivering solutions



Innovation

Experimenting and customising to develop better solutions and create greater value



People Development

Empowering our people through service and support

Principles

Customer-centricity

Our customers are at the core of our value system. They inspire us to create high-end, customised and differentiated products. We are committed to earning and keeping the trust of our customers — both internal and external ones.

Entrepreneurial Spirit

We always think long term and don't sacrifice long-term value for short-term results. We are empowered to act decisively and create value. Our actions are not just to serve ourselves but for all the stakeholders to achieve inclusive growth.

Collaboration

We deliver unique and innovative products and solutions to our customers by combining our strengths and working together with all stakeholders.

Drive for Excellence

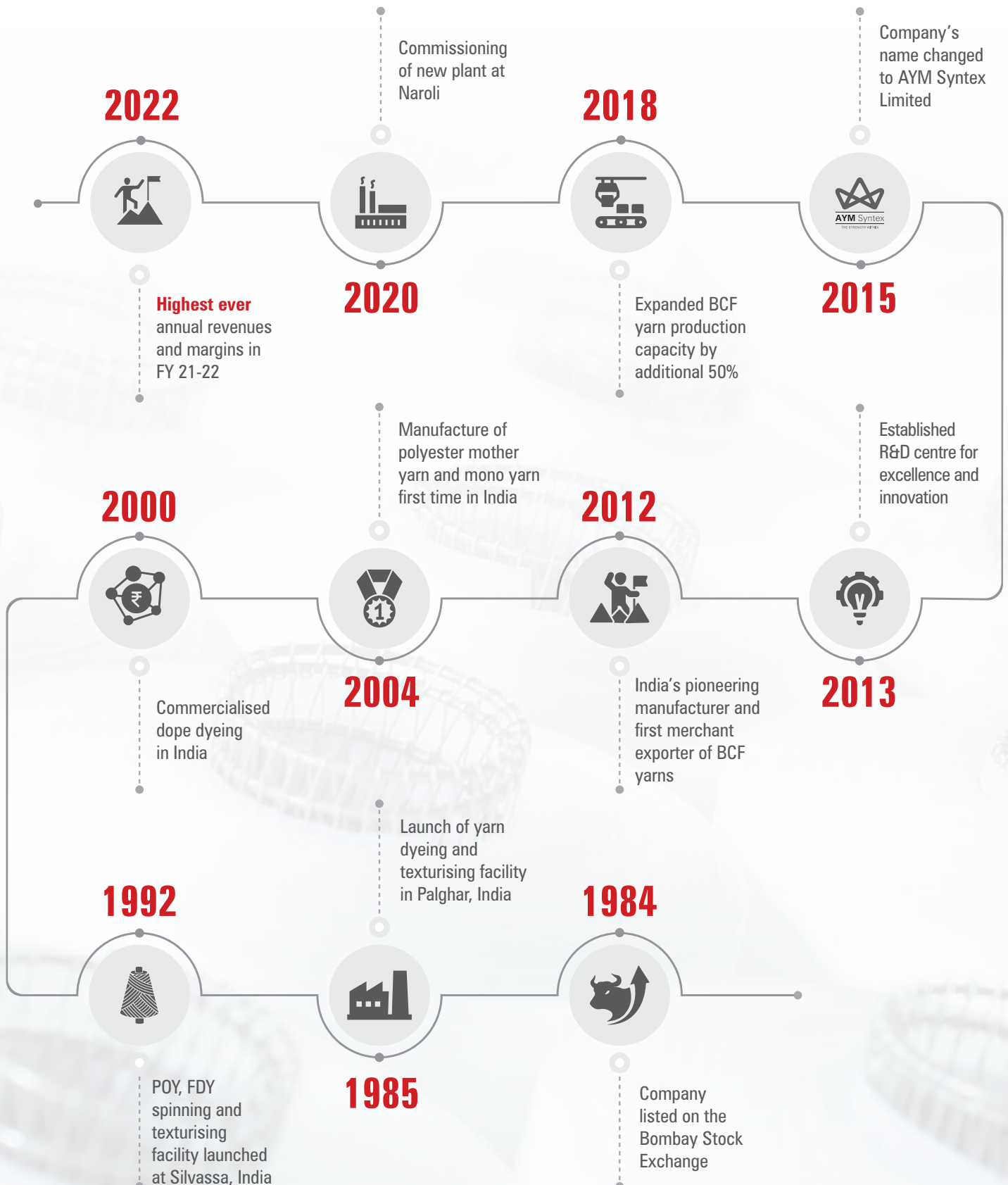
We strive for continuous improvement of performance standards for sustained long-term success. We try to continually raise the bar and drive ourselves to deliver high-quality products and excellent customer service.

Bias for Action

We value calculated risk-taking and prefer quick thoughtful action to capitalise on opportunities as opposed to delayed action through analysis.

Our Journey at a Glance

Today, we enjoy the patronage of **thousands of customers** using several **unique and diversified products** developed by us. But the journey of our ascent begins with our inception 37 years ago.



MD & CEO Message



“The basic foundations that make up our business are significantly stronger. As managers, we have a tighter grip on the business and our capital allocation strategy is better than when we started.

Dear Shareholders,

I am proud to say that the year gone by has been a record year for us in many aspects. We hit our all-time highest ever revenues, volumes, EBITDA and profitability. We must also remember that this was a year of increasing costs. Freight, energy costs, packing costs, costs of auxiliaries such as SPCs, spin finish oils, chemicals, dyes, etc. went up significantly. It was especially encouraging to achieve these numbers in such a fiscal. This year was important not just for the financial records but also a few non-financial milestones that our business accomplished this year which I've highlighted below.

- This year was yet another year where we grew the volumes of value-added products such as Comfeel, Automotive Yarns, IDY, Wonderfeel, Sorona, SDN etc.
- For the first time in our company's history we been able to successfully commercialise patent pending yarns. Due to the popularity and market fitment of some of these innovations, we have been able to commercialise several of these proprietary products in an incredibly short time frame. This year we have received bulk orders (post successful customer trials) in innovations such as Synergy, Kashmere and Hygeia. We

hope to add more to this list in the coming few years. This together with our value added yarns mentioned above should make our business incrementally more robust.

- Our focus on operational excellence and cost paid off this year. The Rakholi plant saw record numbers on metrics such as Waste percentage, Downgrade percentage, Packing cost per kg, Value Loss percentage, etc. In terms of absolute production in tonnage, our throughput improvement initiatives continue to deliver and the plant saw record production volumes yet again with relatively lower investment as we were able to tweak more production from the same machines. Cost initiatives in Palghar helped us significantly reduce utility consumption and conversion costs.
- We were able to successfully install new capacity in flooring yarns and are now looking to commercialise that capacity with some of our proprietary innovations and value added products.
- Exports as a percent of sales continued to remain consistently around 45% and hit an all time high number.