Annual Report
2016-2017



THE STRENGTH WITHIN

AYM Syntex
THE STRENGTH WITHIN



Our product portfolio reflects a customer-centric approach coupled with our constant efforts in new product development through innovation

PRODUCT STRENGTH



We follow the renowned MOAT strategy created by Warren Buffet. “MOAT” is a business's ability to maintain its competitive advantage and to protect its long term profit & market share from competing firms

CORPORATE STRENGTH



Our future-focus is on enhancing operational excellence, new product development, brand value & internationalisation

FUTURE STRENGTH



The collective zeal of a 1500+ family united in a common and ambitious goal will set our team on a path with exciting possibilities

PEOPLE STRENGTH



Our CSR vision is to uplift the underprivileged from the vicious cycle of poverty. It is an integral part of our core business strategy where we are focused towards creating a positive change by promoting sustainable solutions

CSR STRENGTH



As a manufacturing company, we are determined to create solutions for our customers. With state-of-the-art manufacturing facilities in Palghar & Silvassa, we adhere to the highest quality standards that will forever define us

MANUFACTURING STRENGTH



AYM Syntex

THE STRENGTH WITHIN

Together Product Strength, Corporate Strength, Future Strength, People Strength, CSR Strength & Manufacturing Strength form

#TheStrengthWithin

AYM

ADVANCED YARN MANUFACTURING

30+ YEARS

Touching lives across **30+** countries

20+ Y-O-Y average shareholder return over the last decade

Indian Market Leaders in multi-polymer specialty and BCF (Bulk Continuous Filament) yarns

Largest Yarn Dyeing facility in India

10,000+ Shades of conventional dyed yarn

21% EBIDTA CAGR growth over the last decade

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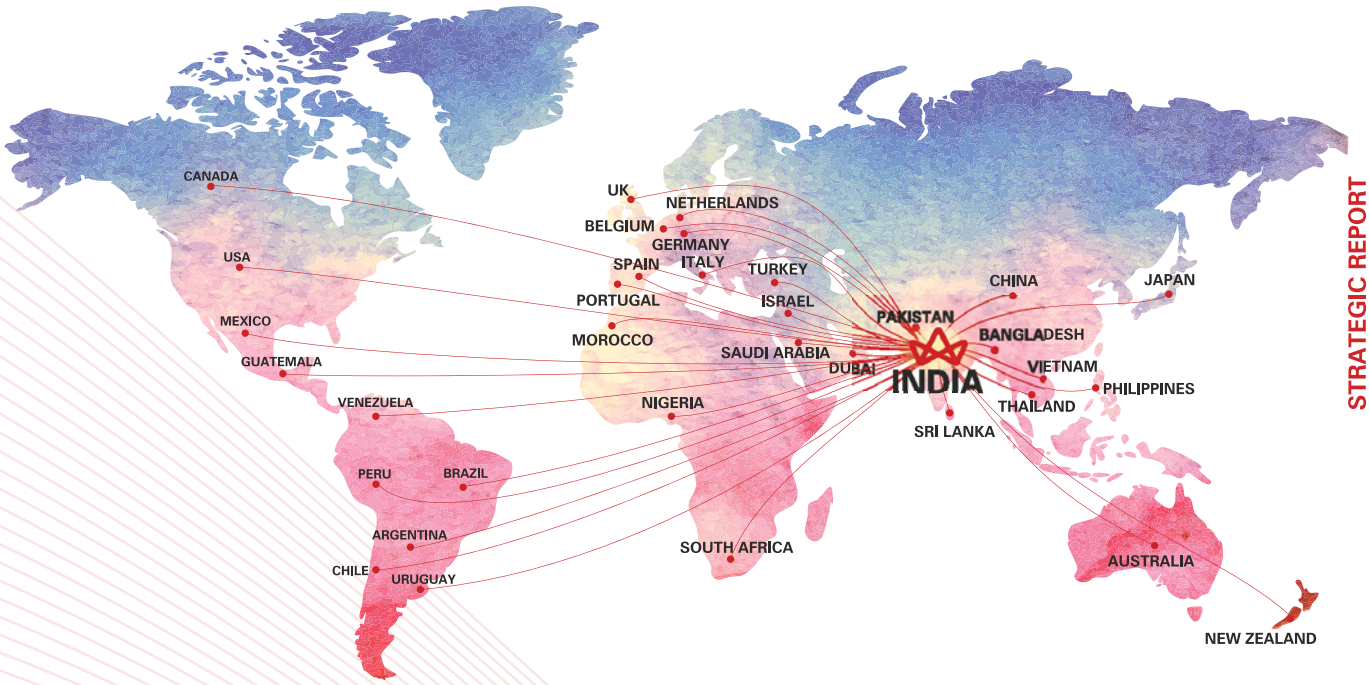
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OUR VISION

We wish to create a legacy by touching lives globally through

- INNOVATIVE PRODUCTS
- PROCESSES
- BUSINESS MODELS



OUR VALUES

- PEOPLE FOCUS
- CUSTOMER FOCUS
- INNOVATION

MANAGING DIRECTOR & CEO'S MESSAGE



Dear Shareholders,

The year 2016-2017 was a tough year for AYM Syntex. Sales remained flat for the year & profitability declined year-on- year for the first time in 5 years. While our company continues to slowly transform itself into a stronger business, weakness in a sizeable portion (Nylon) of the business led to a decline in profitability. The local Nylon business, which was once the largest contributor of profitability for AYM is now itself eating away at the profitability of other business segments. The challenge now is to transform the product & customer mix of the company into more profitable products of nylon (PA6) as well as polyester (PA6 & PET lines in AYM are interchangeable). We have been successful in a similar endeavor before when, 10 years back, lines were converted from Polyester (PET) to Nylon. However, this time, we must do it once again not only keeping profitability in mind but also its long-term sustainability.

While things have turned for the worse on the nylon side of business, there are several positive developments that have taken place in other areas, which are worth highlighting. Our business embarked on a transformational journey about 2 years back and while the inflection point is still further down the road, there have been a few positive steps in the right direction. Focus on innovation & product development continued & few new products were developed. While no large-scale commercialization took place, several customers showed interest in these products & we hope to achieve success in the coming years.

In both our Palghar dyed yarns as well as textile yarns (PET & PA6) area, business development was initiated with several new high-quality customers all around the world. In the BCF area, the efforts that the management team has been putting in all these years have started to bear fruit. Solution dyed nylon was commercialized for the first time & has garnered a lot of interest from some of our highest quality customers. In this segment, we will be competing against the world's best; companies primarily based in Europe & the US. Another important milestone was that of acquiring the Dupont Sorona license. This puts us firmly on the world map in the BCF area. From the point of view of building a strong foundation, we moved a few steps forward. A new and qualified management team was put into place at the Palghar plant & HO. This team is now capable enough to manage the complexities of working with high-quality customers. A lot of work was done in both plants on upgrading infrastructure & most importantly, in building new & improved systems in the area of quality, product development & production planning. Despite all this progress, I believe that we still have some way to go until our foundations are robust enough to be compared to the world's best.

A sizeable proportion of the new developments that we are carrying out are products with high-quality requirements and significant barriers to entry. It is difficult to win the trust of such customers for initial sampling, following which our internal quality of talent and systems need to be strong enough to sustain consistent on time delivery. Customers expect continuous innovations, flawless deliveries & impeccable service, as is the case with their current supply base, which comes from countries such as USA, Europe, Taiwan & Korea. In an otherwise commoditized industry driven by price & volumes as opposed to quality, service and innovation, it requires us to do things very differently if we are to succeed. Changing the mind-set and culture of an organization is an incredibly difficult thing to do. Few, if not none in the industry in our country have succeeded (or even tried to embark) on the journey that we are on.



It will require us to make difficult decisions some of which might even impact us adversely in the short-term. Once successful, however, this also means that customers will be reluctant to switch sources leading to closer relationships & stickiness. Combined with innovation & superior new product development capabilities, it is this overall package that will be the source of our competitive advantage in the future.

Given the commoditized and cyclical nature of AYM's current Nylon business, warning signs were always visible. As mentioned in several of my previous quarterly calls, even though we could see it coming, the pace of decline was accelerated by several external factors. Although it was a positive long-term step, demonetization brought the domestic fabric market to a grinding halt, leading to our plant running dry for several weeks & incurring losses. Another factor was the shortage of Caprolactam in the marketplace leading to an appreciation of raw material (Nylon chips) prices by over 60% in fewer than 90 days followed by a fall of over a third in fewer than 60 days leading to enormous stock losses. Rapid increase in capacity by existing players and entry of several new players in this period didn't help either.

While it is important to record the role of these external events, we as an organization also need to accept the harsh truth – our business model in the current nylon segment is weak. We are competing against unorganized players with a lower cost structure & newer/more efficient machines in a market, where switching cost is close to nil thereby being totally driven by price. The only way to win in such a marketplace is by having the lowest cost. Our dreams are different. We wish to compete on quality, consistency & innovation as opposed to cost. While the long-term vision is clear & we can see light at the end of the tunnel, a lot of effort is required to change the organization culture, customer mix, product mix & the overall business model.

We hope that eventually, our journey of growth will mirror that of a Chinese bamboo tree. Like any other tree, it requires a tremendous amount of care and nurturing. One needs to continuously water the tree but little or no growth is seen above the ground for all of the first 4 years! And then lo & behold! All of a sudden, within 6 weeks the tree leaps upwards to several tens of feet in the sky! All this time, despite no progress being seen above the ground, all that nurturing was going in to build the roots and foundation that could support such exponential growth. The bamboo tree is a true lesson in persistence & faith. It's a lesson, which reiterates the age-old wisdom of staying on the path and never giving up!

Finally, I would like to thank all our shareholders for their continued support & encouragement. Last but not the least, I would like to thank all our employees for their continued efforts & commitment; for working hard towards our vision despite the setbacks that we have encountered along the way. I remain confident that the path that we have chosen is headed in the right direction. Nothing in life that is great is easy. If it were easy, it wouldn't be great!

Regards,

Abhishek Mandawewala

Managing Director & CEO,
AYM Syntex. Ltd

TEXTILE YARN

APPLICATIONS



Apparel & Fashion



Sports Wear



Sarees & Dress Material



Narrow Fabrics



Hoisery



Automotive



Medical Textile



Sewing Threads



Home Textile

BRANDS

Comfeel™
FEEL THE COMFORT

ASSURA™
FIRE SHIELD FOR LIFE

Spinovate™
New blends for new trends



BCF YARN
(BULK CONTINUOUS FILAMENT YARN)

APPLICATIONS



Wall to Wall Carpets



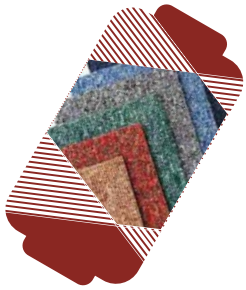
Rugs



Area Rugs



Bath Mats



Carpet Tiles

BRANDS

Rezilia® Resilience meets elegance

SORENYL™ TOUCH OF CLASS

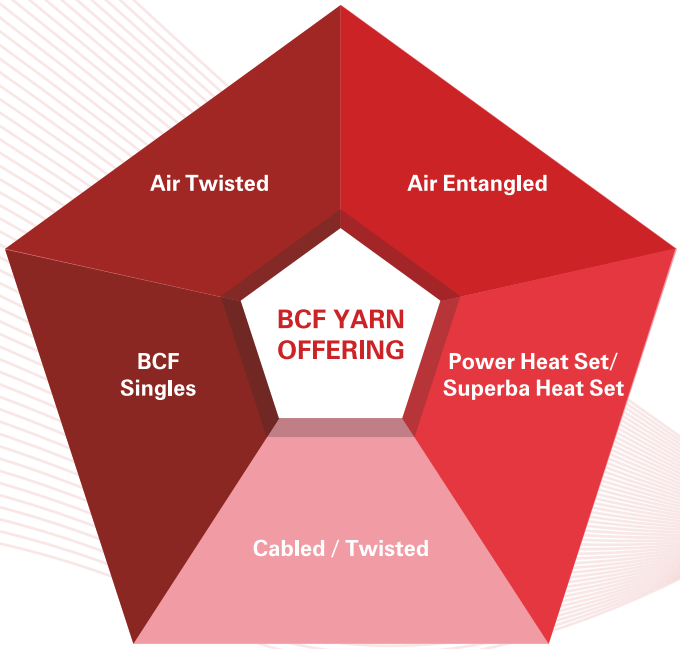
Wonderfeel™ TREAT FOR FEET

Polywonder™

POLYMAGIC® WHITE TO BRIGHT

POLYCYCLE™ Back to Green

Sparkle® ULTRA SHINE



AYM ADVANTAGE



Quality Assurance
In-house Testing Infrastructure with Modern Equipments

Latest **World Class Manufacturing Technology** for Multi Polymer Products

Advanced Lab Scale & **Pilot Lines**

In-House **Masterbatch Development** & Auto Colour Matching

Expertise in Niche & **Tailor-Made** Products

Committed Team & Low Attrition

Quality & **Environment Certifications**

CORPORATE SOCIAL RESPONSIBILITY

AYM's CSR vision is to
"Uplift the underprivileged from vicious cycle of poverty"

We follow a **4S** social upliftment model as our mission to achieve our vision

- **Swasthya** — Water, Sanitation, Health & Hygiene
- **Swabhimaan** — Education
- **Sudhaar** — Rural Development
- **Srishti** — Environmental Restoration

A Community Needs Assessment by a third party was conducted at Palghar & Silvassa
The following statistics were observed

PARAMETERS	PALGHAR	SILVASSA
Population* not purifying water before consumption	96%	70%
Reported health issues in relation to consumption of un-purified water	47%	49%
Non-school going children (0-6 years)	81%	72%

*10% sample selection across 4 villages in Silvassa having a population of 4265 and 6 villages in Palghar having a population of 1805 as per 2011 census data

SWASTHYA

Provision of safe drinking water across needy villages in Palghar and Silvassa with an outreach of more than 2000+ community members in Silvassa and 300+ school students in Dahanu



SWABHIMAAN

School readiness program for 70+ children from the underprivileged sections of the society which is catering to all domains of development: Physical, Motor, Language, Cognitive, Socio- Emotional, Creative & Aesthetic Appreciation



FINANCIAL HIGHLIGHTS

Net Sales

	Rs. Cr
FY 12-13	776.1
FY 13-14	896.4
FY 14-15	834.9
FY 15-16	800.9
FY 16-17	786.8

EBIDTA / Turnover

CAGR 19%

	(%)
FY 12-13	6.4
FY 13-14	7.0
FY 14-15	10.4
FY 15-16	13.5
FY 16-17	12.8

PAT

CAGR 26%

	Rs. Cr
FY 12-13	16.0
FY 13-14	19.7
FY 14-15	42.8
FY 15-16	47.8
FY 16-17	40.1

Annualised EPS

CAGR 13%

	Rs.
FY 12-13	6.2
FY 13-14	5.0
FY 14-15	10.9
FY 15-16	12.2
FY 16-17	10.2

Return on Capital Employed (ROCE)

	(%)
FY 12-13	11.4
FY 13-14	13.6
FY 14-15	19.6
FY 15-16	21.6
FY 16-17	15.1

Market Capitalization

CAGR 58%

	Rs. Cr
FY 12-13	50.2
FY 13-14	30.1
FY 14-15	134.8
FY 15-16	378.5
FY 16-17	312.7

Significant Ratios	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17
Debt Equity Ratio	2.16	1.99	1.18	1.11	1.03
Current Ratio	0.89	0.91	1.15	1.24	1.26
Net Debt / EBIDTA*	4.32	3.50	2.22	2.15	2.41
Debt Service Coverage Ratio	0.89	0.98	1.64	1.60	1.57
Interest Coverage Ratio	1.86	1.84	2.79	3.92	3.09
Fixed Assets Coverage Ratio	1.69	1.55	1.75	1.51	1.76

Net Debt includes interest bearing acceptances

QUARTERLY FINANCIALS

2016 - 17 (Rs. Cr)

Particulars	Three Months Ended				Annual
	30-Jun-16	30-Sep-16	31-Dec-16	31-Mar-17	FY 17
Total Revenue	202.7	208.8	178.4	200.9	790.8
Total Expenditure	170.9	178.9	160.2	180.3	690.3
Earning before Interest, Tax, Depreciation & Ammortization (EBITDA)	31.9	29.9	18.2	20.5	100.4
Finance Charges	6.3	5.8	5.3	5.3	22.7
Depreciation	6.9	7.5	8.0	7.9	30.3
Profit before tax & Exceptional Items	18.7	16.6	4.8	7.4	47.5
Exceptional Item	-	-	-	-	-
Profit before Tax (PBT)	18.7	16.6	4.8	7.4	47.5
Tax Expense (net of MAT credit Entitlement)	4.6	4.0	(0.4)	(0.9)	7.3
Profit after Tax (PAT)	14.0	12.6	5.3	8.3	40.1
Equity Share Capital	39.2	39.2	39.2	39.2	39.2
Earning per share (EPS) - Rs	3.6	3.2	1.3	2.1	10.2

2015 - 16 (Rs. Cr)

Particulars	Three Months Ended				Annual
	30-Jun-15	30-Sep-15	31-Dec-15	31-Mar-16	FY 17
Total Revenue	195.4	211.4	198.4	198.7	803.8
Total Expenditure	170.5	185.2	172.9	166.8	695.3
Earning before Interest, Tax, Depreciation & Ammortization (EBITDA)	24.9	26.2	25.5	31.8	108.5
Finance Charges	5.0	4.9	5.4	6.3	21.5
Depreciation	5.1	5.7	6.4	6.8	24.1
Profit before tax & Exceptional Items	14.8	15.6	13.7	18.8	62.9
Exceptional Item	-	-	-	-	-
Profit before Tax (PBT)	14.8	15.6	13.7	18.8	62.9
Tax Expense (net of MAT credit Entitlement)	3.1	2.8	3.1	6.2	15.2
Profit after Tax (PAT)	11.8	12.8	10.6	12.6	47.8
Equity Share Capital	39.2	39.2	39.2	39.2	39.2
Earning per share (EPS) - Rs	3.0	3.2	2.7	3.2	12.2



CORPORATE INFORMATION

Board of Directors

Mr. R. R. Mandawewala, Chairman
Mr. Abhishek Mandawewala, MD & CEO
Mr. Atul Desai
Mr. Mohan Tandon
Mr. K. H. Viswanathan
Ms. Mala Todarwal

Chief Financial Officer

Mr. Himanshu Dhaddha
(w.e.f 8th November, 2016)
Mr. Bhasker Sen
(Until 8th November 2016)

Company Secretary

Mr. Kaushik N. Kapasi

Auditors

MGB & Co

Internal Auditors

Suresh Surana & Associates LLP.

Cost Auditors

Kiran J Mehta & Co.

Secretarial Auditor

A. L. Makhija & Co.

Bankers

Bank of Baroda
State Bank of India
IDBI Bank Limited
Central Bank of India
Karur Vysya Bank

Details of Committees

Audit Committee

Mr. Atul Desai, Chairman
Mr. K. H. Viswanathan
Mr. M. K. Tandon
Ms. Mala Todarwal

Nomination and Remuneration Committee

Mr. Atul Desai, Chairman
Mr. R. R. Mandawewala
Mr. K. H. Viswanathan
Mr. M. K. Tandon
Ms. Mala Todarwal

Stakeholders Relationship Committee

Mr. Atul Desai, Chairman
Mr. R. R. Mandawewala
Mr. Abhishek Mandawewala

Corporate Social Responsibility Committee

Mr. Atul Desai, Chairman
Mr. R. R. Mandawewala
Mr. Abhishek Mandawewala

Registered Office
Survey No. 394 (P), Plot No.1, Village Saily,
Silvassa, Union Territory of Dadra
& Nagar Haveli – 296230

Corporate Office
9th Floor, Trade World, "B" Wing,
Kamala Mills Compound, Senapati Bapat
Marg, Lower Parel, Mumbai – 400 013

Website
www.aymsyntex.com

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present 34th Annual Report together with Audited Statement of Accounts of the Company for the year ended 31st March 2017.

I. Financial Highlights

(₹ in Lakhs)

	2016-17	2015-16
Revenue from operations (net)	78,682.11	80,089.02
Other Income	393.48	292.59
Total revenue	79,075.59	80,381.61
EBIDTA	10,042.32	10,850.90
EBIDTA Margin (%)	12.70	13.50
Finance Costs	2,267.05	2,152.10
Depreciation and amortisation expense	3,027.25	2,407.30
Profit before tax	4,748.02	6,291.50
Current Tax	1,018.10	1,340.00
Deferred tax	767.75	1,516.35
Earlier year Tax	(33.59)	-
MAT credit entitlement	(1,018.10)	(1,340.00)
Profit after taxation	4,013.85	4,775.15
Earning per share (Basic & Diluted)	10.23	12.17

II. Dividend

In order to conserve resources of the Company, the Board has not recommended dividend on equity shares.

III. Performance and Outlook

During the year under review, revenue from operations (net) at ₹ 79,075.59 Lakhs was little less as compared to ₹ 80,381.61 Lakhs for previous year. Exports during the financial year 2016-17 were of ₹ 16,703 Lakhs as compared to ₹ 19,679 Lakhs during the previous year.

Increase in production capacity of Nylon / mono yarn led to competition in the business resulting into erosion of the margins of profit. Raw material prices of Nylon chips have suddenly gone up in fourth quarter and it could not be passed on fully to customers. Emergency in Turkey for three months during second quarter has hit export of the dyed yarn. Demonetisation of ₹ 500 and ₹1000 notes had slowed down volume of sales in third quarter. The market is slowly picking up. Raw material prices of Nylon chips have now started coming down, export to Turkey has now resumed and the Company is concentrating on developing export markets in other countries.

The Company continuously develops new products to have better margin of products.

The Company has completed remaining part of the expansion project II at an estimated project cost of ₹ 70 crores by increasing capacity of Nylon Mother yarn on 15th May 2016.The Company has installed three cabling machines for cabling of BCF yarn and Heat setting machine for BCF yarn in September 2016 which was part of expansion project IV of ₹ 34.71 crores.

The Company has now undertaken expansion project at an estimated project cost of ₹ 76.50 crores for installation of spinning line, texturised machinery, sewing thread set up, setting up of automated warehouse and constructing separate building for spinning line.

During the year, your company's long term credit rating and short term credit rating has been reaffirmed by CARE as CARE A and CARE A1 respectively. India Rating and Research Private Limited has upgraded rating from IND A- to IND A for long term loans and for working capital limits.

IV. Directors' Responsibility Statement

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March 2017 and of the profit and loss of the Company for that period;

c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the directors had prepared the annual accounts on a going concern basis;

e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

V. Disclosure as Required under the Companies Act, 2013:

a. Mr. Atul Desai, Mr. M. K. Tandon, Ms. Mala Todarwal and Mr. K. H. Viswanathan, the independent directors have given declaration that they met the criteria of independent directors as provided in sub section 6 of Section 149 of the Companies Act, 2013;

b. Policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 is placed on website of the company and web link thereto is http://www.aymsyntex.com/uploads/slider/nomination-and-remuneration-policy_asl-1-015288400147323432 5.pdf

c. In compliance with the Act and SEBI (LODR), regulation, 2015, the Board of directors, as per the process recommended by the Nomination and Remuneration committee, has evaluated the effectiveness of the Board, its committees and individual directors and all the results were satisfactory;

d. The CSR policy of our company as approved by the Board of directors' is hosted on the company's website and web link thereto is http://www.aymsyntex.com/userfiles/file/CSR%20Policy.pdf

Disclosure as required under Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 is annexed as **Annexure A**;

e. Meeting of Board of directors were conducted five times during the financial year 2016-17.

f. The Company is a subsidiary of Mandawewala Enterprises Limited.

g. Ratio of remuneration of Mr. B. A. Kale and Mr. Abhishek R. Mandawewala, the Directors to the median employee's remuneration and other details are as under:

i. the ratio of the remuneration of Mr. B. A. Kale, Executive Director to the median remuneration of the employees of the company for the financial year: **106.05 times**

ii. the ratio of the remuneration of Mr. Abhishek R. Mandawewala, the Whole Time Director to the median remuneration of the employees of the company for the financial year: **68.38 times**

iii. the percentage increase in remuneration of Mr. Bhaskar Sen, Chief Financial Officer (CFO): 7%, Company Secretary: 7%.

iv. the percentage increase in the median remuneration of employees in the financial year: **11.45%**

v. the number of permanent employees on the rolls of company: 1517

vi. average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

- Average increase in remuneration of employees other than managerial personnel - 10.62% and managerial persons -10.26% - there is no material difference in the increase of remuneration percentage wise in both the category.

vii. Affirmation that the remuneration is as per the remuneration policy of the company.

h. Mr. Abhishek R. Mandawewala, Whole Time Director and Mr. B. A. Kale, Executive Director of the Company have not received any remuneration from Mandawewala Enterprises Limited, the holding company.

i. Details in respect of adequacy of internal financial controls with reference to the Financial Statements:

Your company has designed and implemented a framework for internal finance controls and the same are adequate and were operating effectively. The Company periodically reviews the internal controls to align it with the changing business needs and to improve governance and enhance compliance with evolving regulation.

j. Particulars of contracts or arrangements with related parties:

All related party transactions that were entered into during the year under report were on an arm's length basis and were in the ordinary course of business, to serve mutual need and mutual interest. There were no materially significant related party transactions made by your company. Hence, details required to be given in form AOC 2 pursuant to Section 134 (3)(h) of the Companies Act, 2013 is nil. The Audit Committee has given its omnibus approval which is valid for one financial year. Your Company's policy on related party transactions as approved by the Board is hosted on your Company's website and a weblink thereto is https://www.aymsyntex.com/uploads/slider/related-parties-transaction-policy_asl-03344040014655708 41.pdf

The details of the related party transactions as required under Accounting Standard -18 are set out in Note 35 to the financial statements forming part of this report.

k. Particulars of loans, guarantees or investments under section 186:

The Company has not made investment nor given loan nor provided any guarantee for repayment of loan under section 186 of the act during the financial year. Investments in equity shares of companies as on 31st March 2017 are of ₹ 16,573/- as mentioned in Note number 12 of Balance sheet as at 31st March 2017 as attached.

l. Details of establishment of vigil mechanism for directors and employees as per Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements), 2015:

The Company has a Whistle Blower Policy and Vigil Mechanism for its directors and employees and no personnel have been denied access to Mr. Atul Desai, Chairman of the Audit Committee.

VI. Extract of Annual Return

An extract of Annual return in Form MGT 9 of the Companies Management and Administration Rule, 2014 is annexed as **Annexure B**.

VII. Conservation of energy, technology absorption and foreign exchange earnings and outgo

A) Conservation of energy:

(i) the steps taken or impact on conservation of energy:

The Company has invested the amount of ₹ 2.42 crores in POY area, utilities, lighting system and dryer sizing at Rakholi plant and saved 8006 units per day.

(ii) the steps taken by the company for utilizing alternate sources of energy: Nil

(iii) the capital investment on energy conservation equipment's: ₹ 2.42 crores

(B) Technology absorption:

i. The efforts made towards technology absorption: Nil

ii. The benefits derived like product improvement, cost reduction, product development or import substitution: Nil

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Nil

iv. Research and development expenditures:

The Company has received recognition for in-house Research and Development (R&D) units at Rakholi and Palghar from the Department of Scientific and Industrial Research (DSIR) on March 24, 2015. During the year, the Company has incurred a total Research and Development expenditure of ₹ 1270.99 Lakhs (₹1998.41 Lakhs) including capital expenditure of ₹ 649.72 Lakhs (₹1461.64 Lakhs). The revenue expenditure includes employee cost, material cost, power cost, travelling & conveyance and other expenses. The Company has considered weighted tax deduction on eligible Research and Development expenditure of ₹1270.99 Lakhs (₹1998.41 Lakhs) under Section 35 (2AB) of the Income Tax Act 1961.

(C) Foreign Exchange Earnings and Outgo:

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

Earning in Foreign exchange - ₹ 15,657.85 Lakhs

Outgo in Foreign exchange - ₹ 21,352.08 Lakhs

VIII. Directors/ Key Managerial Personnel (KMP)

Mr. B. A. Kale has resigned from the office of Executive Director with effect from 6th May 2017. The Board has appreciated his role for improvement in performance of the company during his tenure.

Board has appointed Mr. Abhishek R. Mandawewala who is Whole Time Director as a Managing director & CEO with effect from 6th May 2017 for the remaining term of his office. He now heads all functions of the Company. Board recommends his appointment as a Managing Director & CEO for your approval.

Mr. R. R. Mandawewala being the longest in duration is liable to retire by rotation at the 34th Annual General Meeting.

Board has recommended re-appointment of Mr. R. R. Mandawewala, the retiring director.

Mr. Himanshu Dhaddha has been appointed as Chief Financial Officer (CFO) of the Company w.e.f 8th November 2016 in place of Mr. Bhaskar Sen who has now been designated as Sr. Vice President (Procurement)

IX. Committees of the Board of Directors

Information on the Audit committee, the Nomination and Remuneration committee, the Stakeholders Relationship committee, the Corporate Social Responsibility committee, Independent Directors Committee and meetings of those committees held during the year is given in the Corporate Governance Report forming part of this Report.

X. Deposits

The Company has not accepted any deposit within the meaning of the Chapter V to Companies Act, 2013. Further, no amount on account of principal or interest on deposit was outstanding at the end of the year under report.

XI. Auditors

Board has recommended appointment of Price Waterhouse Chartered Accountants LLP as the statutory auditors for a period of five years from the conclusion of 34th Annual General Meeting till the conclusion of 39th Annual General Meeting and they have given their consent to act as auditors of the Company, if appointed by you. Members are requested to consider their appointment as the Auditors of the Company for the five years and fix their remuneration.

XII. Cost Auditor

As per section 148 and other applicable provisions, if any, of the Act read with Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014, the Board of Directors of your company has appointed M/s. Kiran J Mehta, Cost Accountants as Cost Auditors of your company for the FY 2017-18 on the recommendations made by the Audit committee.

Members are requested to ratify their remuneration by passing an ordinary resolution in the Annual General Meeting.

XIII. Corporate Governance

A separate report on Corporate Governance is annexed hereto as a part of this Report. Management Discussion and Analysis Statement is separately given in the Annual Report. A certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this report.

XIV. Auditors' Report

There is no qualified opinion in the Auditors' Report.

We refer to para i (c) of Annexure A of Independent Auditor's Report and state that the Company is in the process of executing document to transfer freehold land in respect of two plots of ₹ 20.04 Lakhs in name of the Company. The Company is in possession of land without any interference for more than 12 years. Further in respect of documents of title deeds of six residential flats aggregating to ₹ 10.41 Lakhs, we clarify that the said flats are in the name of the Company and the Company is in the process of tracing the physical agreements of the said flats.

XV. Secretarial Audit Report

A Secretarial Audit Report given by Mr. A. L. Makhija, a Company Secretary in practice is herewith annexed as **Annexure C**.

XVI. Risk Management Policy

The Company has evolved risk management policy identifying primary risk and secondary risk. Primary risk includes manpower development, product efficiency, pace of development of new products, competition; Board has not identified any risk which threatens the existence of the Company.

XVII. Familiarization Program for Independent Director (Regulation 46 of SEBI (LODR), 2015)

The details of familiarization program (for independent directors) is disclosed on the Company's website and a web link thereto is http://www.aymsyntex.com/uploads/slider/familiarisation-policy_asl-0696954001465570802.pdf

XVIII. Code of Conduct

The Company has Code of Conduct for Board members and senior management personnel. A copy of the Code has been put on the Company's website for information of all the members of the Board and management personnel.

All Board members and senior management personnel have affirmed compliance of the same.

XIX. Particulars of Employees

Details of every employee of the Company as required pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure D**.

XX. Acknowledgement

Your Directors take this opportunity to express gratitude for valuable assistance and co-operation extended to the Company by Financial Institutions, Commercial Banks and other authorities. Your directors also wish to place on record their sincere appreciation of the dedicated services, hard work, solidarity and profuse support by all the employees of the Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
Rajesh R Mandawewala
Chairman
DIN: 00007179

Place: Mumbai
Date: 6 May 2017

MANAGEMENT DISCUSSION & ANALYSIS

This discussion covers the financials results, operational performance and other developments for the year ended 31st March 2017 in respect of AYM Syntex's business. The Management Discussion and Analysis (MD&A) should be read in concurrence with the Audited Financial Statements of AYM Syntex Limited, and the notes for the year ended March 31, 2017.

Some statements in this discussion describing projections, estimates, expectations or outlook may be forward looking. Actual results may, however, differ materially for those stated on account of various factors such as changes in government regulations, tax regimes, economic developments, exchange rate and interest rate movements, impact of competing products and their pricing, product demand and supply constraints within India and the countries within which the company conducts its business. The Company assumes no responsibility to publicly amend, modify or revise any forward - looking statements, on the basis of any subsequent developments, information or events.

Economic Overview:

Global Economy

Global economy witnessed a year of unstable growth in FY17 along with shifting policies and heightened uncertainty. Global growth in 2016 at 3.1% vis-à-vis 3.4% in 2015 continued to stagnate following slow trades, low investments and policy uncertainties in advanced economies as well as sluggish productivity growth, in the first half of CY 2016. However, the second half saw a stronger pickup in growth in advanced economies on account of some recovery in manufacturing output. Major global events during the year like the Brexit vote and Presidential elections in the US which are expected to have long term effect on Global economy. Commodity prices showed a recovery during the year with Oil prices increasing by around 38% in FY17, majorly in the second half of the year, reflecting an agreement among major producers to trim supply.

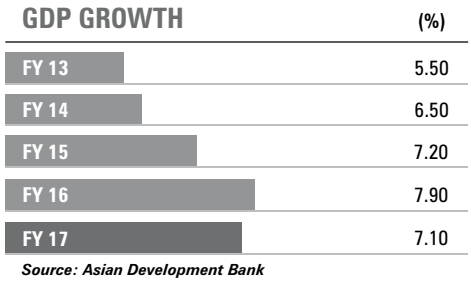
Economic activity is forecasted to accelerate in 2017 & 2018, with global growth projected to be 3.4% & 3.6%, respectively on the back of fiscal stimulus measures in developed economies & narrowing of divergence between commodity exporters & importers. Keeping the supply cut in view, the oil prices are expected to increase gradually from an average of $43 a barrel in 2016 to $51 a barrel in the coming year. However, the global outlook remains tilted downwards in the medium-term, due to lingering concerns in global markets, which are weak investments, below par levels of productivity coupled with heightened policy uncertainty, & protectionist pressures. *(Source: WTO, World Bank, IMF World Economic Outlook Jan 2017 Update)*

Indian Economy

Even as the world experiences another difficult year as far as economic growth is concerned, India continues to deliver a standout performance with 7.1% GDP growth for FY 17 supported by strong consumption & government spending. Against the backdrop of robust macroeconomic stability, the year was marked by two major domestic policy developments, the passage of the Constitutional amendment, paving the way for implementing the transformational Goods & Services Tax (GST) and the action to demonetize the two highest denomination notes.

The GST is expected to create a common Indian market, improve tax compliance & governance & boost investment & growth while aligning it with practices in developed countries. However, there could be temporary transition challenges during the implementation of this landmark reform. Demonetization has created short term cost particularly in the informal & cash intensive sectors of the economy particularly textile market which has lowered down sales during the third quarter of the financial year 2016-17; however, demonetization is expected to provide the basis for long run benefits.

There are signs that the negative effects of demonetization are abating, & that the economy would turn around in the upcoming quarters by quickly reversing this downward trend in the investment. Exports are improving in line with higher global demand. For 2017-18, it is expected that the growth would return to normal with key factors driving as normal monsoon, an increase in the level of exports following the projected increase in global growth & above all various reform measures taken by the Government to strengthen the economy. In that context, GDP growth is set to expand by +7.2% in FY2017-18. *(Source: Euler Hermes Economic Research)*



Source: Asian Development Bank

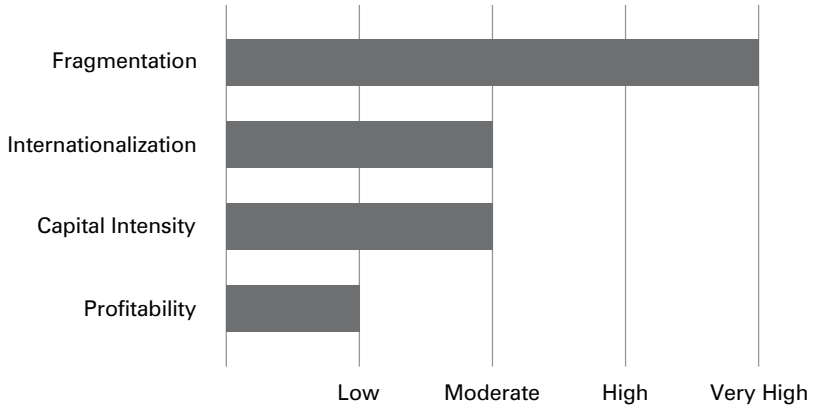
Over a medium to long-term, India's potential to emerge as one of the largest consumption economies of the world is intact. Apart from population growth, India is witnessing other trends that make it a favorable market from the company perspective which include urbanization, an increase in the number of nuclear families, improvement in education level, more women in the workforce and modernization of lifestyles.

Industry Overview:

Global Textile Industry

Globally, the textile yarn market is fragmented, capital intensive and competitive, with a large number of players operating at regional and local levels. It has resilient long-term demand on account of rising middle classes in emerging markets, however, profitability remains undermined by volatile raw material prices, rising wages, fierce competition & rapid Changing consumer behavior CY2016 proved more challenging than expected for the Textile & Clothing (T&C) sector as output sales decreased by -1.5%. As a result, international trade, which accounts for a third of total T&C output, lost USD 40bn worth of business. *(Source: Euler Hermes Economic Research)*

Global Textile & Apparel Sector



The outlook for 2017 is looking better as price increases are resuming due to firmer demand prospects. The global textile and apparel industry will continue to grow along with growing consumption of textile and apparel products in developing countries and a gradual economic recovery of major developed markets. Along with the growing consumption, global textile & apparel trade is estimated at US $820 bn and has grown at 5.6% CAGR since 2005 and is expected to grow further at 6.3% CAGR and reach US $1600 bn by 2025.

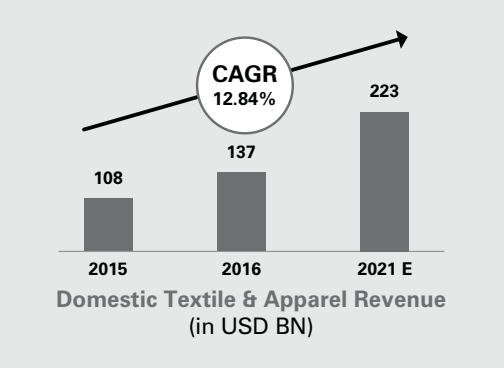
Domestic Textile Industry

India's textile sector is one of the oldest industries in the Indian economy as well as one of the largest contributors to India's exports, contributing nearly 15 per cent to total exports. The textile industry is also labor intensive and is one of the largest employers. It employs about 45 million workers directly and 60 million workers indirectly. The Indian Textile Industry contributes approximately 4% to India's Gross Domestic Product (GDP) and 14% to overall Index of Industrial Production (IIP). *(Source: Ministry of Textiles, IBEF research report)*

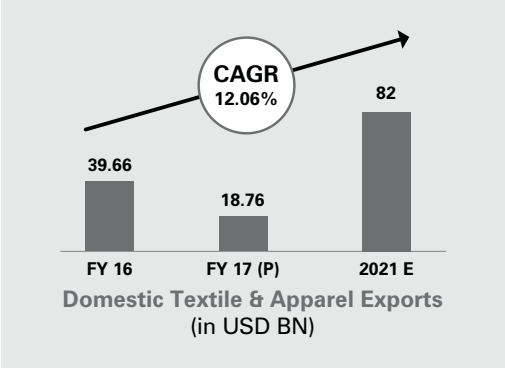
The adverse impact of demonetization on disposable incomes and hence consumer spending resulted in poor demand for apparels in the second half of FY17. The resulting inventory accumulation with the retailers, in turn, caused deferment of purchases from apparel and home-textile manufacturers in the near-term, besides resulting in stretched payments. This, in turn, has affected the cash flow of the textile industry & acted as a constraint in the demand for the entire textile value-chain for a shorter period.

Goods & Services tax (GST) constitutes the last mile of a long journey of reforms of indirect taxes in India. Given the huge number of inter-state & inter-industry movement of goods & services & interdependence of organized & unorganized sectors in the textile industry, the GST will have significant effects on the growth & productivity of the textile sector. Although for a long run, this landmark reform is going to benefit all including the end consumer with higher compliance & cheaper & seamless movement of goods across the country, however in a shorter run it might impact the industry significantly, which is highly fragmented & unorganized.

On a medium to long term, India offers huge scope for manmade fiber and filament manufacturing as currently, India's fiber consumption is cotton dominated which is contrary to the global trends. With change in consumer preferences and awareness about health and hygiene, consumption of man-made fibers is poised to grow in future. Indian spinning sector is highly advanced and competent globally in terms of price, quality & standards. *(Source: Ministry of Textiles, Make in India, Technopak, TechSci Research)*



Domestic Textile & Apparel Revenue
(in USD BN)



Domestic Textile & Apparel Exports
(in USD BN)

Notes: CAGR - Compound Annual Growth Rate, E - Estimate, P - Provisional

According to the Ministry of Textiles, the domestic textile & apparel industry in India is estimated to reach US$ 223 bn by 2021 from US$ 137 bn in 2016. With a promising export market and cost-effective production, the future for the Indian textile industry looks promising. The textile yarn market is projected to grow at a CAGR of 4.2% from 2015 to 2020, and reach a projected value of USD 12.64 Billion by 2020. Indian textile and apparel exports are estimated to touch US$ 82 billion in 2021 from US$ 40 billion in 2016, which implies a CAGR of 12% in 2016-21.

Business Overview:

The year FY 17 was a mixed bag with respect to business performance as the year started on a promising note with the line and Bottom line, however the latter part of the year saw a huge pressure on bottom line on account of several macro factors like demonetization, unprecedented volatility in RM prices, excess capacity in the market contributing to the slowdown. For the full year, sales remained flat for the year and profitability declined year-on-year for the first time in 5 years. AYM business has four different categories of the business, each one of which forms the significant part of the Topline:

Nylon

As AYM continued its journey to slowly transform itself into a stronger business, weakness in a sizeable portion (Nylon) of the business led to a decline in profitability. The local Nylon commodity business, which was once the largest contributor to profitability for AYM in H1 FY 17, had dented the overall profitability in the latter part of the year on account of Raw material price volatility and excessive supply in the market. Shortage of Caprolactam in the marketplace leading to an appreciation of raw material (Nylon chips) prices by over 60% in fewer than 90 days followed by a fall of over a third in fewer than 60 days led to enormous stock losses. The rapid increase in capacity by existing players & entry of several new players also added to the pressure on margins.

The company plans to transform the product & customer mix of the company from commodity Nylon space into more profitable products of nylon as well as polyester in line with a profitable sustainable growth for future.

Conventional Dyeing

Conventional Dyeing business of the company is hosted in the Palghar Plant, which during FY 17 picked up slightly in terms of volumes as compared to the last year despite exports getting affected in Q2 FY 17 on account of political instability in Turkey & domestic sales on account of demonetization, which impacted the second half of FY 17. The margins have remained muted in the later half of the year on account of increase in operating costs like power; consumables on account of mix change etc. The plant continued to operate at significantly lower CapEx levels as compared to installed capacity.

AYM is able to fetch a premium in the market on account of quality & its logistic capability to serve small lots & orders. Moreover, the company is working on changing the sales mix towards customers who are more quality conscious & sticky & therefore do not mind giving a premium to the premium quality of the product as well as services.

Bulk Continuous Filament Yarn (BCF)

The company continues to retain and reinforce its market leadership in India in selling BCF yarns, which is primarily used in the manufacturing of carpets & rugs, in domestic as well as international market. A lot of focus on quality & branding over the last few years has started giving positive results in this year. The strength of the business increased dramatically over the latter half of the year with significant improvement in the quality of the product as well as customer satisfaction. This has led us to start strategic partnerships with many of the prestigious customers in the international market.

The company was able to sign an exclusive agreement with Dupont (Fortune 500 company) for the joint marketing of their Sorona brand in the carpet segment in key international markets. Although it is a remarkable achievement for the company, it will take two to three years before the sizeable business starts coming in. Also, the company has to the solution dyed nylon business in the current year.

The company is focused on its journey to develop a lot of new products in this space in coming years & also add the capacity in this business segment to improve its sales mix

Polyester

The polyester segment registered a decent progress in FY 17 in terms of quality enhancements & new product development. With Nylon commodity business declining, the focus is to gradually reduce some exposure in the commodity Nylon space & fill the gap partially with the Polyester business, which is stickier in nature & can deliver sustainable margins.

AYM's business embarked itself on a transformational journey 2 years ago & there is still a lot to do, the focus is on innovation & New Product Development (NPD) with high-quality requirements & significant barriers to entry. The company is in process of putting internal talent & systems in place to sustain quality and on-time delivery on a sustained basis, which will create a long term competitive advantage.

SWOT Analysis

Over the period of time company has been focusing on developing significant strength & capability to tap the opportunities while overcoming its weakness and external threat to business.

STRENGTH

- Established market position in BCF yarn
- Diversified Product Portfolio
- Strong R&D set up & innovation pipeline
- Experienced & capable Management team
- Integrated & advanced technology, manufacturing facilities

WEAKNESS

- Lower capacity utilization
- Low bargaining power with suppliers
- Significant share of Commodity products / markets in portfolio
- Limited cashflows to fund future capex plans
- Quality talent retention / attraction

OPPORTUNITY

- Increase in domestic demand – favourable demographics
- Access to quality Customers internationally
- Capacity Expansion in BCF segment
- Business process & product mix reengineering to benefit margins
- Focus on speciality products to penetrate new markets

THREAT

- Increase in competition – domestic & International
- Vulnerability / volatility in Raw material prices & Forex rates
- Not able to supply desired quality - higher customer rejections
- Labour Industrial relations unrest at Plants

Key Risks & Concerns

Risk is integral to any business and AYM is no exception. The company has incorporated processes and systems to proactively monitor, manage and mitigate these risks along with appropriate review mechanisms. The various external factors that could impact business, going forward with its mitigation measures are discussed below:

Price Volatility Risk

Volatility in prices of raw materials, energy inputs and finished goods may adversely impact profitability. Overcapacity in the sector, in which the company operates, may result into lower capacity utilization as well as price wars impacting profitability. The company looks to mitigate the risks by:

- Increasing share of value-added products which have high entry barriers to sustaining margins
- Stringent Quality norms & product differentiation
- Maintaining cost competitiveness through regular efficiency improvement.
- Forward booking, Inventory management & alternate raw material development practices
- Developing alternate source of vendor

New Product Development Risk

The success rate for new product launches is very low. New products may not be accepted by the consumer or may fail to achieve the sales target. Even more so in cases where the other industry players, as well as the consumers, are not focusing on the said route. The company has adopted the cautious approach to new product introductions backed by an intense market study, a lot of prototypes & sampling to maintain a healthy pipeline and limit the downside risks.

Strategic Risks

Emerging businesses, capital expenditure for capacity expansion, product Mix changeover as well as business process re-engineering etc, are normal strategic risks faced by any company. Keeping the long-term vision, a lot of strategic changes are required in the company like changing the organizational culture, customer mix, product mix & the overall business model. Inadequate planning, uncertainty & failure in meticulous execution could deeply impact the financial performance. The company has defined processes for obtaining approvals for investments & capacity expansion. Company is also gradually trying to improve customer & product mix by prioritizing few categories & tasting success in it before going to other categories

Talent Acquisition & Retention Risk

Inappropriate hiring & inability to attract or retain top talent may result in a firm's inability to pursue its growth strategies effectively. Company identified having a robust Talent Value Proposition as one of the Transformation areas to drive sustainable growth over the long run. The company adopts the strategy of Continuous benchmarking of the best HR practices across the industry & carrying out necessary improvements to attract & retain the best talent. It also continuously provides its workforce vocational training to improve their skill level on on-going basis

Competition Risk

Increase in a number of players in the marketplace & aggressive pricing by competitors have the potential of creating a disruption. With no barriers to the entry of any new players, company is always exposed to competition risk in a commodity-driven market space. More competition can create pressure on margins, market share, etc. Continuous efforts are underway to enhance the brand image of the company by focusing on R&D, quality, cost, timely delivery & customer service as well as changing the sales mixes from commodity & price driven market to the specialized & innovative products & quality conscious customers.

Political & Economic Risks

Unrest & instability in countries of operation can significantly impact the business. The company has business dealings in the Developing & Emerging economies of Asia as well as developed economies of West. It is exposed to political risk & unrest in these markets. In situations of economic constraints on account of factors such as low GDP growth & high food inflation can result in a slowdown in consumption & demand. However, the company operates with well-defined risk management policies to mitigate the risk through diversification of sales across geographies as well as diversification of product offerings by introducing high-end specialty products.

Regulatory Compliance Risk

The Company is exposed to risks attached to various statutes, laws & regulations. Inadequate compliance systems & processes pose a reputation risk for an organization. They may result in financial losses & penalties. The company has invested in compliance systems & processes to mitigate these risks through regular review of legal compliances carried out through internal as well as external compliance audits.

Interest Rate & Funding Risk

Being in a capital-intensive industry, fund requirements arise on account of inventory position building, capital expenditure undertaken or funding inorganic growth. Changes in interest regime & in the terms of borrowing will impact the financial performance of the company. The company makes judicious use of fixed & floating interest rate debts apart from continuously monitoring interest rate trends & managing the Capex plans as cash flow permits.

Foreign Exchange Risks

The Company has significant exposure in form of exports to and imports from various countries & thereby exposed to foreign currency exchange risk. Significant fluctuation in these currencies could impact the Company's financial performance. The Company is, however, conservative in its approach & uses plain vanilla hedging mechanisms in line with the internal policy.

Human Resources

AYM is at the juncture of transformation where not only the company's direction or Product mix is evolving but also the organization culture. For AYM to succeed the company believes that employees play a pivotal role in building the core competence, thereby achieving competitive advantage. Talent & Culture are two strategic drivers for AYM to achieve its business aspiration of becoming an emerging market leader. Talented & engaged workforce will help the Company to attain excellence through creating consistent value. The company has invested significantly in on-boarding leadership talent across the areas of Finance, HR, Exports, & Plant technical areas. The company's mission has been to attract & nurture talent to not only take the company to new heights, but also make them succeed individually & collectively. In the years to come, the company is sure about making itself a great place to work.

During the year, the Company strengthened its relationship with employees through maintaining a culture of harmony across the organization. Identifying internal training needs; designing & implementing those training programs to enhance knowledge, skills & doing various employee engagement initiatives has been a focus area in this year. Our company prides itself for its culture of care, concern, employee-centricity & transparency.

The organization ensures regular interventions to communicate & align members to organizational goals. This ensures that the entire organization is geared up towards greater performance delivery with collaboration. Multiple interaction forums have been designed among functions such that they are able to table their priorities & action upon them with requisite support from each other.

Organizational communication to employees has been strengthened with updates being shared regularly to all employees vide multiple channels. Besides, Management has laid special emphasis on making itself a performance led organization, with an introduction of objective Performance Management System (PMS). The organization is also working towards establishing a culture of appreciation by designing a robust reward & recognition scheme for its employees.

Industrial relations during the year were cordial.

Internal Controls

AYM has established a wide-ranging system of Internal Controls to ensure that all assets are safeguarded & protected. Further, the system is designed to adequately ensure that financial & other records are accurate & reliable for preparing financial information & other data. The MIS forms an integral part of the Company's control mechanism & thus all operating parameters are monitored & controlled, with material deviations from the annual planning & budgeting.

The internal control procedures are augmented by an extensive program of internal, external audits & periodic reviews by the management covering various areas across the value chain like procurement, manufacturing, supply chain, sales, marketing & finance.

The Company has an integrated approach to management of risk & has formulated the framework for regulatory & risk management & regulatory compliance, which requires risk assessments & related policies, a control-based environment & activities, information & communication procedures, & a monitoring mechanism for the control environment.

The management believes that strengthening Internal Controls is a continuous process & therefore it will continue its efforts to make the controls smarter with a focus on preventive & automated controls as opposed to mitigating & manual controls.

Financial Performance Overview

During the year ended 31st March 2017, the company registered revenue from operations of Rs 786.8 crs, a decline of2% over previous year. The volume growth underlying this revenue growth declined by 10% over previous year. Profit after tax (PAT) for the year was Rs 40.1 crsvs Rs 47.8 crs in FY 16.

The following tables summarize the results of operations for the year ended March 31st, 2017:

Particulars	FOR THE YEAR ENDING MARCH 31			
	2017		2016	
	Rs Crores	% of Revenue	Rs Crores	% of Revenue
Sales Volume (MT)	45271		50045	
Revenue from Operations	**786.8**		**800.9**	
Expenditure				
Cost of Materials	407.1	51.7%	431.8	53.9%
Employee Costs	59.2	7.5%	51.0	6.4%
EBITDA margins	**100.4**	**12.8%**	**108.5**	**13.5%**
Finance Charges	22.7	2.9%	21.5	2.7%
Depreciation	30.3	3.8%	24.1	3.0%
Tax	7.3	0.9%	15.2	1.9%
Profit after Tax	**40.1**	**5.1%**	**47.8**	**6.0%**
Earning per share (EPS) - Rs	10.2		12.2	

Revenue

Net Revenue from operations stood at Rs 786.8 crs, a decline of 2% over previous year. Sales declined by 10% over the previous year in terms of volumes. Company focus was on getting the product sales mix right in the current year for sustainable profitable growth in future. Dip in sales is contributed by several macro factors like demonetization, political instability in a key international market like Turkey and excess capacity in the market on few product categories.

Cost of Materials

The cost of materials comprises consumption of raw material, packing material, dyes & chemicals, changes in inventories of finished goods, work-in-process, Consumption of consumables and stores and spare parts as well as Contract manufacturing expenses. The cost of materials at 51.7% of Net Revenue declined by over 200 basis points as compared to previous year on account of favorable sales mix leading to margin expansion. However, the Shortage of Caprolactam in the marketplace leading to an appreciation of raw material (Nylon chips) prices impacted the margins in the second half of the year.

Employee Costs

Employee cost includes salaries, wages, annual performance incentives, statutory bonus and gratuity, contribution to provident & other funds and staff welfare schemes expenses. During the year under review, employee cost as % of revenue is higher compared to last year mainly due to induction of qualified team at Head office & Plant.

Earnings before Interest, Tax, Depreciation & Amortization (EBITDA) Margins.

EBITDA in FY17 was reported at Rs 100.4 crs (12.8% margin) down from Rs 108.5 crs (13.5% margin) in FY 16. EBITDA margin was adversely affected by the increase in raw material prices, lower utilization of capacities & increase in energy cost.

Finance Charges

Finance charges include interest on loans and other financial charges. The increase in finance charges is in line with the increase in the Company's Debt position. Net Financial Expenses in FY17 was Rs 22.7 crs as compared to Rs 21.5 crs in the previous year. However, The costs of these facilities are constantly been reduced through judicial, planned & proactive fund management along with continuous monitoring and negotiations with lenders to garner the benefits accruing from money market changes. The Company continues to focus on judicial management of its working capital with various initiatives for bringing down the cost of borrowings.

Depreciation

Depreciation has increased from Rs 24.1 crs in FY 16 to Rs 30.3 crs in the current year. The increase is on account of capitalization of on-going modernization & expansion projects.

Tax Expense

The Effective Tax Rate (ETR) for the Company during FY17 was 16.1% as compared to 24.1% during FY16 on account of higher depreciation and R&D expenditure benefit. The company continues to be pay taxes under MAT provision in FY 17.

Profit after Tax

Profit after Tax stood at Rs 40.1 crs in FY17 as compared to Rs 47.8 crs in FY16 down by 90 bps as a % of Net revenue as compared to previous year.

Total Debt

Debt figure includes all the long-term & short-term borrowings, cash credits, Interest bearing acceptances as well as Buyers Credit. Gross Debt as on March 31, 2017, stands at Rs 287.5 crs as against Rs 278.7 crs at the end of FY 16. Cash and cash equivalents of the Company in FY17 stood at Rs 44.7 crs as compared to Rs 55 crs in the previous year. Net Debt as on March 31, 2017, stands at Rs 246.6 crs after reducing the cash and bank balance and liquid investment versus Rs 223.2 crs at the end of FY16. The debt has increased on account of lower EBIDTA & planned capex on capability enhancement and expansion.

Fixed Assets

Gross Block of fixed assets (tangible & intangible) including Capital work-in-progress stands at Rs 662.4 crs at end of FY17 as compared to Rs 583.5 crs at the end of previous year. This increase was mainly on account of capex for the capability enhancement & marginal capacity addition. Net block of fixed assets stood at Rs 345.9 crs as compared to Rs 296.5 crs in FY16.

Key Ratios

Key capital efficiency ratios for AYM Syntex have been highlighted here which provides a snapshot of the health of Balance sheet. Key ratios like the return of capital employed have reduced in the current year on account of lower profits & the continued infusion of capital employed in the form of planned CapEx. However other ratios like current ratio, Debt to Equity ratio & Debt service coverage ratio are fairly same as last year.

Key Ratios	FY 17	FY 16
Return on Capital employed (ROCE)	15.1%	21.6%
Working Capital *(no. of days)*	22	17
Current Ratio	1.26	1.24
Debt: Equity	1.03	1.11
Net Debt: EBIDTA	2.41	2.15
Debt Service Coverage Ratio	1.57	1.60

Outlook

With the expectation of Government Policies yielding favorable results, strong government reforms like GST, Make-in-India campaign, RBI's inflation focus, Digital India initiative etc., the Indian Textile Industry is set for good growth. India Ratings & Research has revised its outlook for synthetic textiles to stable for FY18 from negative for FY17. The stable textile outlook is in view of stable input prices, healthy capacity utilization & steady domestic demand scenario in FY18, however, there could be temporary challenges in the first half of the coming year on account of implementation of GST &volatile Raw material prices.

The company plans to compete on quality, consistency & innovation as opposed to cost & hence will continue to focus on expanding BCF market, partnering with key strategic customers in all the fronts & improve product quality & customer connect. The enhancing product mix of specialty & innovative products will be yet another focus area. While a lot of effort is yet required in the direction to change the organization culture, customer mix, product mix & the overall business model, coming year will be a key stepping stone into building a foundation & root system that could support such exponential growth in future.

ANNEXURE - A

Disclosure on CSR Activities

A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

The Policy in brief:

To spend at least 2% average net profits of the company made during the three immediately preceding financial years calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 in the sectors as mentioned in schedule VII of the Act.

To give preference to local area and areas around where it operates, for spending the amount earmarked for corporate social responsibility activities.

List of activities to be undertaken by the company as specified in Schedule VII of the Companies Act , 2013 as mentioned in the policy is placed on website of the Company at www.aymsyntex.com

1. The composition of the CSR Committee:

   i. Mr. Atul Desai - Chairman
   ii. Mr. Rajesh R. Mandawewala - Member
   iii. Mr. Abhishek R. Mandawewala - Member

2. Average net profit of the Company for 2013-14,2014-15 and 2015-16: ₹ 4,396.37 Lakhs

3. Prescribed CSR Expenditure (two percent of the amount as in item 2 above): ₹ 87.93 Lakhs

4. Details of CSR spent during the financial year:

   (a) Total amount to be spent for the financial year: ₹ 87.93 Lakhs

   (b) Amount unspent, if any: Nil

   (c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	*CSR Project / Activity undertaken*	*Sector in which the project is identified*	*State and District where project was undertaken*	*Amount spent (₹ in Lakhs)*	*Amount spent on the project or programme (sub head) 1. Direct Expenditure on project or programme 2. Overheads (₹ in Lakhs)*	*Cumulative expenditure up to 31.03.17 (₹ in lakhs)*	*Amount spent Direct or through implement-ing agency*
1	Promoting education	VII(ii)	Palghar	3.64	Direct expenditure	87.93	Direct
2	Safe drinking water	VII(i)	Silvassa	1.28	Direct expenditure		Direct
3	CSR monitoring and administrative overhead including salaries	Rule 6 of Companies (CSR Policy) Rules 2014	Palghar / Silvassa / Mumbai	3.76	Overheads		Direct

Sr. No.	*CSR Project / Activity undertaken*	*Sector in which the project is identified*	*State and District where project was undertaken*	*Amount spent (₹ in Lakhs)*	*Amount spent on the project or programme (sub head) 1. Direct Expenditure on project or programme 2. Overheads (₹ in Lakhs)*	*Cumulative expenditure up to 31.03.17 (₹ in lakhs)*	*Amount spent Direct or through implement-ing agency*
4	Provision of safe drinking water through RO plant installation for the needy community	VII(i)	Silvassa	1.30	Direct expenditure		Direct
5	Contributing to the administrative expenses of the Industrial Training Institute	VII(ii)	Palghar	0.10	Direct expenditure		Direct
6	Tatpadam Upavan	VII(v)	Udaipur	62.10	Through Implementing agency	87.93	Implementing agency
7	Research and Studies in the areas specified in Schedule VII	areas specified in Schedule VII	Palghar & Silvassa	5.26	Direct expenditure		Direct
8	Provision of safe drinking water by installation of water purifiers for children in schools	VII(i)	Dahanu	2.41	Direct expenditure		Direct
9	7 / 12 Vending machine	VII (x)	Palghar	8.08	Direct expenditure		Direct
	Total			**87.93**		**87.93**	

5. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report: Nil

It is hereby confirmed by and on behalf of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with the CSR objectives and policy of the Company.

Sd/-	Sd/-
Abhishek R. Mandawewala	Atul Desai
Manging Director & CEO	Chairman of CSR Committee

Annexure B

Form No. MGT – 9

EXTRACT OF ANNUAL RETURN

As on financial year ended March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i. CIN : L99999DN1983PLC000045

ii. Registration Date : March 31, 1983

iii. Name of the Company : AYM Syntex Limited (Formerly known as Welspun Syntex Limited)

iv. Category / Sub-Category of the Company: Public Limited Company

v. Address of the Registered office and contact details: Plot No. 1, Survey No. 394 (P), Village Saily, Silvassa, U.T. of Dadra & Nagar Haveli.
Contact Tel: +91 9909990794 / 022 - 61637000
Email: investorrelations@aymgroup.com

vi. Whether listed company: Yes. The Bombay Stock Exchange Limited (BSE) and National Stock Exchange Limited (NSE)

vii. Name, address and contact details of Registrar and Transfer Agent, if any:
M/s. Link Intime India Private Limited
Address: C 101, 247 Park, L.B.S Marg, Vikhroli West, Mumbai 400 083
Email - rnt.helpdesk@linkintime.co.in
Telephone No.: 022- 49186000, Fax No.: 22– 49186060

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All business activities are from the business of textiles.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Name and Address of the Company	CIN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
Mandawewala Enterprises Limited	U17200MH2007PLC171473	Holding	65.15	2(46)

IV. SHARE HOLDING PATTERN

(Equity share capital break-up and percentage of Total Equity)

i. Category-wise share holding

Category of shareholders	No. of shares held as on 01.04.2016				No. of shares held as on 31.03.2017				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual / HUF	35,429	-	35,429	0.09	-	-	-	-	-0.09
b) Bodies Corporate	27,470,277	-	27,470,277	70.01	2,55,63,632	-	2,55,63,632	65.15	-4.86
Sub Total (A) (1)	**27,505,706**	**-**	**27,505,706**	**70.10**	**2,55,63,632**	**-**	**2,55,63,632**	**65.15**	**-4.95**

Category of shareholders	No. of shares held as on 01.04.2016				No. of shares held as on 31.03.2017				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(2) **Foreign**	-	-	-	-	-	-	-	-	-
Sub Total (A)(2):-	-	-	-	-	-	-	-	-	-
Total shareholding of promoter (A)= (A)(1)+(A)(2)	**27,505,706**	**-**	**27,505,706**	**70.10**	**2,55,63,632**	**-**	**2,55,63,632**	**65.15**	**-4.95**
B. Public shareholding									
1. Institutions									
a) Mutual Funds	105	-	105	-	105	-	105	-	-
b) Banks / FI	36,419	-	36,419	0.09	55,362	-	55,362	0.14	0.05
c) Insurance companies	19,4550	-	19,4550	0.50	1,20,000	-	1,20,000	0.31	-0.19
d) Foreign Portfolio Investor	70,482	-	70,482	0.18	1,413	-	1,413	-	-0.18
Subtotal (B)(1):-	**3,01,556**	**-**	**3,01,556**	**0.77**	**1,76,880**	**-**	**1,76,880**	**0.45**	**-0.32**
2. Non Institutions									
a) Bodies corporate Indian	13,94,668	-	13,94,668	3.55	33,38,901	2,031	33,40,932	8.51	4.96
b) Individual									
i Individual shareholding nominal share capital upto ₹ 1 lakh	38,36,006	-	38,36,006	9.78	49,57,051	16,518	49,73,569	12.67	2.89
ii. Individual shareholding nominal share capital in excess of ₹ 1 lakh	53,28,781	-	53,28,781	13.58	38,34,405	-	38,34,405	9.77	-3.81
c) Others (specify)									
HUF	5,58,383	-	5,58,383	1.42	7,22,827	1,200	7,24,027	1.85	0.43
Trust	-	4,302	4,302	0.01	-	4,302	4,302	0.01	-
Clearing members	1,81,263	-	1,81,263	0.46	3,32,158	-	3,32,158	0.85	0.39
NRI	1,28,903	-	1,28,903	0.33	2,89,663	-	2,89,663	0.74	0.41
Sub Total (B)(2)	11,428,004	4,302	11,432,306	29.13	1,34,75,005	24,051	1,34,99,056	34.40	-5.27
Total public shareholding (B) = (B)(1)+(B)(2)	**11,729,560**	**4,302**	**11,733,862**	**29.90**	**1,36,51,885**	**24,051**	**1,36,75,936**	**34.85**	**4.95**
C. Shares held by custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**39,235,266**	**4,302**	**39,239,568**	**100.00**	**3,92,15,517**	**24,051**	**3,92,39,568**	**100.00**	

ii. **Shareholding of Promoters**

Sr. No.	Shareholder's name	Shareholding as on 01.04.2016			Shareholding as on 31.03.2017			% change in share-holding during the year
		No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the Company	%of shares pledged / encumbered to total shares	
1	Mandawewala Enterprises Limited	25,563,632	65.15	-	25,563,632	65.15	-	-
2	Welspun India Ltd.	283,500	0.72	-	-	-	-	-0.72
3	Welspun Tradewel Ltd.	137,191	0.35	-	-	-	-	-0.35
4	Welspun Steel Ltd.	25	-	-	-	-	-	-
5	Welspun Zucchi Textiles Ltd.	25	-	-	-	-	-	-
6	Welspun Mercantile Ltd.	14,85,904	3.79	-	-	-	-	-3.79
7	B.K. Goenka (HUF)	15,428	0.04	-	-	-	-	-0.04
8	B.K. Goenka	3,405	0.01	-	-	-	-	-0.01
9	Deepali B. Goenka	11,571	0.03	-	-	-	-	-0.03
10	Radhika Goenka	5,025	0.01	-	-	-	-	-0.01

Note: Promoters mentioned under Sr. No. 2 to 10 have been reclassified from the category of "Promoter and Promoter Group" to the category of "Public".

iii. Change in Promoters' shareholding

There was change in Promoters shareholding as detailed below due to reclassification of Promoter and Promoter group category to Public category:

Sr. No.	Name of Promoter	Shareholding as on 01.04.2016		Shareholding as on 31.03.2017	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Welspun India Ltd.	283,500	0.72	-	-
2	Welspun Tradewel Ltd.	137,191	0.35	-	-
3	Welspun Steel Ltd.	25	-	-	-
4	Welspun Zucchi Textiles Ltd.	25	-	-	-
5	Welspun Mercantile Ltd.	14,85,904	3.79	-	-
6	B.K. Goenka (HUF)	15,428	0.04	-	-
7	B.K. Goenka	3,405	0.01	-	-
8	Deepali B. Goenka	11,571	0.03	-	-
9	Radhika Goenka	5,025	0.01	-	-

iv. Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of Shareholder	Shareholding as on 01.04.2016		Shareholding on 31.03.2017	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Sadhana Mehrotra	13,50,000	3.44	13,50,000	3.44
2.	Sanjeev Rajendraprasad Bharadia	4,06,500	1.04	4,26,500	1.09
3.	Viral Amal Parikh	-	-	4,17,000	1.06
4.	Seema Agrawal	-	-	1,50,331	0.38
5.	Vivog Commercial Limited	1,31,217	0.33	1,31,217	0.33
6.	Motilal Oswal Securities Ltd	52,022	0.13	1,17,743	0.30
7.	IL and FS Securities Services Limited	-	-	1,14,690	0.29
8.	Ayush Mittal	1,10,000	0.28	1,09,970	0.28
9.	Satya Prakash Mittal (HUF)	89,384	0.23	89,334	0.23
10.	VLS Capital Limited	1,87,854	0.48	28,887	0.07

v. Shareholding of Directors and Key Managerial Personnel (KMP):

Sr. No.	Name of the Directors and KMP	Shareholding as on 01.04.2016		Shareholding as on 31.03.2017	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Rajesh R. Mandawewala	-	-	-	-
2	Mr. Abhishek R. Mandawewala	-	-	-	-
3	Mr. B. A. Kale (upto 6th May 2017)	-	-	-	-
4	Mr. Atul Desai	30	-	-	-
6	Mr. M. K. Tandon	-	-	-	-
7	Mr. K. H. Viswanathan	-	-	-	-
8	Ms. Mala Todarwal	-	-	-	-
	Key Managerial Personnel (other than Executive Director / Whole Time Director)				
1	Mr. Bhaskar Sen, CFO (upto 8th November 2016)	30	-	30	-
2	Mr. Himanshu Dhaddha, CFO (w.e.f 8th November 2016)	-	-	2000	0.01
3	Mr. Kaushik Kapasi, CS	10	-	10	-

V. INDEBTEDNESS

Indebtedness of the Company as on 31.03.2017 including interest outstanding / accrued but not due for payment:

(₹ in Lakhs)

	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	19,586.64	-	-	19,586.64
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	97.81	-	-	97.81
Total (i + ii + iii)	19,684.44	-	-	19,684.44
change in indebtedness during the financial year.				
• Addition	4,087.55	2,000.00	-	6,087.55
• Reduction	4,073.19	-	-	4,073.19
• Addition / Reduction in Interest accrued but not due	18.40	-	-	18.40
Net change	32.76	2,000.00	-	2,032.76
Indebtedness at the end of the financial year				
i. Principal Amount	19,601.00	2,000.00	-	21,601.00
ii. Interest due but not paid		-	-	
iii. Interest accrued but not due	116.21	-	-	116.21
Total (i+ii+iii)	19,717.21	2,000.00		21,717.21

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Executive Director, Whole Time Director and / or Manager

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Abhishek R. Mandawewala (Whole Time Director)	B.A Kale (Executive Director)
1	Gross Salary		
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 (excluding commission paid which was provided previous year)	69.41	66.60
	b) Value of perquisites u/s. 17(2) of the Income Tax Act, 1961	0.55	0.54
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat equity	-	-
4	Commission	40.10	103.50
5	Others, please specify (contribution to Provident fund)	3.60	3.34
	Total	113.66	173.98
	Ceiling as per the Act.	512.84	

B. Remuneration to other directors:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors				Total amount
		Atul Desai	M. K. Tandon	K. H. Viswanathan	Mala Todarwal	
1.	Independent Directors					
	1) Fee for attending board committee meetings, Annual General Meeting	4.59	3.48	3.48	3.08	14.63
		Nil	Nil	Nil	Nil	Nil
	2) Commission	Nil	Nil	Nil	Nil	Nil
	3) Others, please specify					
	Total (1)	**4.59**	**3.48**	**3.48**	**3.08**	**14.63**
2.	Other Non-Executive Directors	Nil				
	Total (2)	Nil				
	Grand Total = (1 + 2)	**4.59**	**3.48**	**3.48**	**3.08**	**14.63**
	Total Managerial Remuneration (excluding sitting fees)					287.64
	Overall Ceiling as per the Act.					512.84

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Bhaskar Sen (CFO) (upto 08.11.2016)*	Himanshu Dhaddha (CFO) w.e.f 8.11.2016	K N Kapasi (CS)	Total Amount
1	Gross Salary				
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	23.08	22.89	36.21	82.18
	b) Value of perquisites u/s. 17(2) of the Income Tax Act, 1961	0.33	0.22	0.55	1.10
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat equity	-	-	-	-
4	Commission	-	-	-	-
	- As % of profit	-	-	-	-
	- Notice period buyout & Relocation expenses	-	2.81	-	2.81
	- Others (Incentives)	26.04	-	-	26.04
5	Others (Contribution to Provident Fund)	1.34	1.24	1.98	4.56
	Total	50.80	27.15	38.74	116.69
	Ceiling as per the Act.	NA	NA	NA	NA

**Mr. Bhaskar Sen now looks after Procurement.*

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

No penalties / punishment / compounding of offences is imposed to the Company nor to any Directors of the Company.

Annexure C

Form No. MR-3

SECRETARIAL AUDIT REPORT

For The Financial Year ended March 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule no.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

AYM Syntex Limited

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by AYM Syntex Limited, (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of AYM Syntex Ltd's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(i) Other laws applicable specifically to the Company are as per Annexure A.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange (BSE) Limited and National Stock Exchange (NSE);

(iii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above;

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Woman Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least Seven days in Advance, and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through, while the views of Members / Directors are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has not undertaken any:

i. Public / Right / Preferential issue of shares / debentures / sweat equity etc. during the year under review.

ii. Redemption / buy-back of securities during the year under review.

iii. Major decisions taken by the Company as per powers given to them by Members in pursuance to section 180 of the Companies Act, 2013 are within the limits laid down and are complied as per Rules and Regulations laid down under the Companies Act, 2013.

iv. No merger / amalgamation / reconstruction etc. have been undertaken during the year under review and

v. There has been no foreign technical collaborations during the year under review.

Signature:

Sd/-
A. L. Makhija
ACS No.: 5087
C P No. : 3410

Place: Mumbai
Date: 6 May 2017

ANNEXURE A

The other laws applicable specifically to the Company are as follows:

a) The Water (Prevention & Control of Pollution) Act, 1974;

b) The Water (Prevention & Control of Pollution) Rules, 1975;

c) The Water (Prevention & Control of Pollution) Cess Act, 1977;

d) The Air (Prevention & Control of Pollution) Act, 1981;

e) The Air (Prevention & Control of Pollution) Rules 1982 / 1983;

f) The Hazardous Wastes (Management & Handling) Rules 1989;

g) Indian Explosive Act, 1884;

h) Indian Explosive Rules, 1983;

i) Environment Statement Under Gujarat Pollution Control Rules;

j) Environmental Protection Act, 1986;

k) The Forest (Conservation) Act, 1980;

l) The Environment Impact Assessment Notification;

m) The Hazardous Waste (Management & Handling) Rules, 1989, amended 2003;

n) Ozone Depleting Substances (Regulation & Control) Rules, 2000, amended 2003;

o) The Energy Conservation Act, 2001;

p) E Waste Management and Handling Rules 2011;

q) Dangerous Machines (Regulations) Act, 1983;

r) Dangerous Machines (Regulations) Rules, 1984;

s) Boilers Act (Indian Boilers Act), 1923;

t) Motor Vehicle Act, 1988;

u) Indian Electricity Rules, 1956;

v) Apprentices Act, 1961;

w) Child Labour (Prohibition & Regulation) Rules, 1986;

x) Contract Labour (Regulation & Abolition) Act, 1970;

y) Employees Provident Funds & Miscellaneous Provisions Act, 1952;

z) Employees State Insurance Act, 1948;

aa) Employment Exchange (Compulsory Notification of Vacancies) Act, 1976;

ab) Equal Remuneration Act, 1976;

ac) Factory's Act, 1948;

ad) Bombay Industrial Relation Act, 1946;

ae) Industrial Employment (Standing Orders) Act, 1946;

af) Inter State Migrant Workers (Regulation of Employment and Condition of Service) Act, 1979;

ag) Maternity Benefit Act, 1961;

ah) Minimum Wages Act, 1948;

ai) Payment of Bonus Act, 1965;

aj) Payment of Gratuity Act, 1972;

ak) Payment of Wages Act, 1936;

al) Trade Unions Act, 1926;

am) Workmen's Compensation Act, 1923;

an) Weekly Holidays Act, 1942;

ao) Trademarks Act, 1999;

ap) Patents Act, 1970

Signature:

Sd/-
A. L. Makhija
ACS No.: 5087
C P No. : 3410

Place: Mumbai
Date: 6 May 2017

ANNEXURE D

DETAILS OF EVERY EMPLOYEE OF THE COMPANY AS REQUIRED PURSUANT TO RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT

REMUNERATION OF ₹ 1,02,00,000 PER ANNUM OR MORE RECEIVED BY EMPLOYEE THROUGH OUT THE YEAR:

Name & designation of the employee	Remuneration received (₹ in Lakhs)	Nature of employment, whether contractual or otherwise	Qualifications and experience of the employee	Date of commencement of employment	Age (Years)	The last employment held by such employee before joining the company	The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) above	Whether any employee is a relative of any director or manager of the company and if so, name of such director or manager
Mr. Bhalchandra Anant Kale, Executive Director	173.98	Executive director	B.Sc, DAM, Experience - 34 years	2nd April 2007	62	M/s. Bhargavi Marketing Pvt. Ltd., Prabhadevi, Mumbai - 25	Nil	Nil
Mr. Sudhanshu M Khire, Director (Operation)	123.24	Director (Operation)	B.Sc, MBA, Experience-32 years	2nd April 2007	56	M/s. Bhargavi Marketing Pvt. Ltd., Prabhadevi Mumbai - 25	Nil	Nil
Mr. Abhishek R. Mandawewala, Whole Time Director	113.66	Whole Time Director	B.A / M. Eng (Honours) in Manufacturing Engineering from University of Cambridge Experience-7 years	1st August 2015	30	Welspun India Limited	Nil	Mr. Rajesh R. Mandawewala

REMUNERATION OF ₹ 8,50,000 PER MONTH OR MORE RECEIVED BY EMPLOYEE FOR A PART OF THE YEAR: NIL

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED MARCH 31, 2017

Annexure to the Director's Report

A. **Company's Philosophy**

AYM Syntex Limited believes that for a Company to succeed on a sustained basis, it must maintain global standards of corporate conduct towards its employees, shareholders, consumers and society.

The primary objective is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness.

B. **Board of Directors**

i. **Composition**

Present strength of the Board of Directors is 7. Details of composition of the existing Board of Directors as on 31 March 2017 is given below:

Sr. No.	Name of the Director	Category	No. of Directorship in other Companies*		No. of shares and convertible instruments held by Non-Executive Director	Member / Chairman in No. of Committees in other Companies	No. of Board Meetings Attended (01/04/16 to 31/03/17)	Attendance at last AGM
			Public	Private				
1.	Mr. Rajesh R. Mandawewala	P, NE, C	06	03	Nil	(4)M	4	No
2.	Mr. Abhishek R. Mandawewala	P, E	02	05	Nil	(1)C	4	No
3.	Mr. Atul Desai	I, S, NE	08	01	30 Equity shares	(3)C / (4)M	5	Yes
4.	Mr. M. K. Tandon	I, NE	01	Nil	Nil	(1)M / (1)C	5	Yes
5.	Mr. B. A. Kale (Resigned w.e.f 6 May 2017)	E	-	01	Nil	Nil	5	No
6.	Mr. K. H. Viswanathan	I, NE	05	01	Nil	(3)C / (4)M	5	Yes
7.	Ms. Mala Todarwal	IW	07	02	Nil	(4)C / (5)M	5	No

*excludes directorship in foreign companies.

ii. Disclosure of relationship between Directors interse:

Mr. Abhishek R. Mandawewala is son of Mr. Rajesh R. Mandawewala.

iii. The details of familiarization program (for independent directors) are disclosed on the Company's website and a web link thereto is http://www.aymsyntex.com/uploads/slider/familiarisation-policy_asl-0696954001465570802.pdf

NOTE: For the purpose of counting membership in Board Committee of other Companies, Chairmanship / Membership of the Audit Committee and the Stakeholders Relationship Committee alone are considered.

Abbreviations:

P = Promoter, E = Executive Director, NE = Non - Executive Director, I = Independent Non Executive Director, IW= Independent Woman Director, S = Shareholders, C = Chairman, M = Member.

iv. Details of Date of Board Meetings:

Five meetings of the Board of Directors were held during the financial year 2016-17 i.e. 6 May 2016, 30 July 2016, 26 October 2016, 3 February 2017 and 30 March 2017.

C. Audit Committee

The Audit Committee consists of the following 4 Independent Non-Executive Directors as on 31 March 2017.

a. Mr. Atul Desai - Chairman

b. Mr. K. H. Viswanathan - Member

c. Mr. M.K.Tandon - Member

d. Ms. Mala Todarwal - Member

The Secretary of the Company also acts as a Secretary to the Committee.

Terms of Reference:

The terms of reference stipulated by the Board of Directors to the Audit Committee are as contained under Regulation 18 of SEBI (LODR) Regulations, 2015 and section 177 of the Companies Act, 2013.

Six meetings of Audit Committee of Board of Directors were held on 6 May 2016, 30 July 2016, 23 September 2016, 26 October 2016, 30 January 2017 and 3 February 2017. The details of attendance of members of Audit Committee are as follows:

Sr. No.	Name of Member	Designation	Number of meetings attended (01/04/2016 to 31/03/2017)
1.	Mr. Atul Desai	Chairman	6
2.	Mr. K. H. Viswanathan	Member	6
3.	Mr. M.K.Tandon	Member	6
4.	Ms. Mala Todarwal	Member	5

D. Nomination and Remuneration Committee

a. The terms of reference stipulated by the Board of Directors to the Nomination and Remuneration Committee are as contained under regulation 19 of SEBI (LODR) Regulations, 2015.

b. Nomination and Remuneration Committee of the Board of Directors of the Company consists of the following members:

i. Mr. Atul Desai - Chairman

ii. Mr. R. R. Mandawewala - Member

iii. Mr. M. K. Tandon - Member

iv. Mr. K. H. Viswanathan - Member

v. Ms. Mala Todarwal - Member

c. Four meetings of Nomination and Remuneration Committees were held on 6 May 2016, 30 July 2016, 26 October 2016 and 3 February 2017. The details of attendance of the members of committee are as follows:

Sr. No.	Name of Member	Designation	Number of meetings attended (01/04/2016 to 31/03/2017)
1.	Mr. Atul Desai	Chairman	3
2.	Mr. R. R. Mandawewala	Member	1
3.	Mr. K. H. Viswanathan	Member	4
4.	Mr. M. K. Tandon	Member	4
5.	Ms. Mala Todarwal	Member	4

d. Performance Evaluation Criteria

i. The evaluation of individual directors would have two parts, viz. (a) quantitative data in the form of number of meetings of the board and committees attended as against the total number of such meetings held and (b) qualitative data coming out of the process of filling in a questionnaire by the directors, which would be subjective, by its very nature.

ii. In order to induce the respondents to give their frank views, the instruments would be so designed that only ticks would be required, with no provision for description and the directors would not be required to identify themselves below the filled in questionnaire.

iii. The result of the evaluation would be discussed threadbare by the Board and remedial action taken.

iv. In case of individual directors' performance falling below a threshold, there would be a provision for individual counselling by the Chairman of the Company.

E. Remuneration to Directors

a. There are no pecuniary relationships or transactions with the Non-Executive Directors vis-a-vis the Company.

b. Criteria of making payments to Non-Executive Directors:

The Company pays sitting fees to Non-Executive Directors for attending meetings of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Finance Committee, Stakeholder Relationship Committee, Independent Directors Committee, Corporate Social Responsibility Committee, fee for attending Annual General Meeting etc. Details of the payments made to Non-Executive Directors during the year under Review is as under:

(₹ in Lakhs)

Name of Directors	Sitting Fees including service tax
Mr. Atul Desai	4.59
Mr. K.H. Viswanathan	3.48
Mr. M.K. Tandon	3.48
Ms. Mala Todarwal	3.08

c. To recommend payment of Remuneration of Executive Director / Whole time director:

The details of Remuneration paid / payable during the year under review are mentioned below:

(₹ in Lakhs p.a)

	Mr. B.A. Kale (Executive Director)	**Mr. Abhishek R. Mandawewala** (Whole Time Director)
Salaries and allowances	66.60	69.41
Contribution to Provident Fund	3.34	3.60
Commission	103.50	40.10
Perquisites	0.54	0.55
TOTAL	**173.98**	**113.66**
Service contracts	From 30 October 2016 to 29 October 2019; resigned with effect from 6 May 2017	From 1 August 2015 to 31 July 2018
Notice period	3 months	3 months
Severance fees	Nil	Nil
Stock option	Nil	Nil

d. Meeting of Independent Directors

The Independent Directors of the Company shall hold at least one meeting in a year without the attendance of non-independent directors and members of management. The meeting of Independent Directors was held on 30 March 2017 and the following points were discussed:

- reviewed the performance of non-independent directors, individual directors, committees of Board and the Board as a whole;
- reviewed the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- assessed the quality, quantity and timeliness of flow of information between the Company, management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

F. Stakeholders Relationship Committee

a. Name of Non-Executive Director heading the Committee

- **Mr. Atul Desai**

b. Name and designation of Compliance Officer

- **Mr. Kaushik N. Kapasi – Company Secretary**

c. Number of shareholders complaints received so far

- **Nil**

d. Number not solved to the satisfaction of shareholders

- **Nil**

e. Number of pending complaints

- **Nil as on 31st March 2017**

Details of Stakeholders Meeting:

Four meetings were held during the year i.e. 4 April 2016, 8 July 2016, 10 October 2016 and 6 January 2017.

Sr. No.	Name of Member	Designation	Number of meetings attended (01/04/2016 to 31/03/2017)
1.	Mr. Atul Desai	Chairman	4
2.	Mr. R. R. Mandawewala	Member	4
3.	Mr. Abhishek R. Mandawewala	Member	4

G. **Corporate Social Responsibility Committee (CSR)**

In compliance with the provisions of Section 135 of the Companies Act, 2013, the Company constituted a Corporate Social Responsibility Committee comprising of three Directors.

a) Composition:

The Committee comprises of:

i. Mr. Atul Desai - Chairman
ii. Mr. R. R. Mandawewala - Member
iii. Mr. Abhishek R. Mandawewala - Member

The Company Secretary acts as the Secretary to the Committee.

b) Terms of reference of the Committee, inter alia include the following:

Our social vision has been enshrined in the three E's which have become the Guiding Principles of our CSR initiatives - Education, Empowerment, Environment and Health.

c) Meetings and Attendance:

During the year under review, the Corporate Social Responsibility Committee met once i.e on 30 July 2016.

Sr. No.	Name of Member	Designation	Number of meetings attended (01/04/2016 to 31/03/2017)
1.	Mr. Atul Desai	Chairman	1
2.	Mr. R. R. Mandawewala	Member	0
3.	Mr. Abhishek R. Mandawewala	Member	1

H. General Body Meeting

a. Details of the last three Annual General Meetings are as under:

Financial Year	Date	Time	Location
2013-14	24/09/2014	11.00 a.m.	Plot No. 1, Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli)
2014-15	23/09/2015	11.00 a.m.	Plot No. 1, Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli)
2015-16	23/09/2016	11:00 am	Plot No. 1, Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli)

b. Special Resolutions passed in the last three Annual General Meetings are as under:

Financial Year	Date	Special Resolutions passed
2013-14	24/09/2014	1. Approval of place for keeping of register & index of members at Mumbai 2. Adoption of Articles of Association in substitution of existing Articles of Association pursuant to the provisions under the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014
2014-15	23/09/2015	1. Appointment of Mr. Abhishek R. Mandawewala as a Whole Time Director of the Company for a period of three years w.e.f. 01.08.2015 on a remuneration of ₹ 75.00 Lakhs p.a. inclusive of all perquisites and allowances plus commission @1% p.a. of net profits.
2015-16	23/09/2016	1. Re - appointment of Ms. Mala Todarwal as an Independent Women Director of the Company for a period of three years w.e.f. 01.08.2016. 2. Re- appointment of Mr. Balchandra Anant Kale as an Executive Director of the Company for a period of three years w.e.f. 30.10.2016.

I. Means Of Communication

a. The quarterly Un-audited Financial Results and Yearly Audited Financial Results of the Company are sent to the Bombay Stock Exchange and National Stock Exchange immediately after they are approved by the Board of Directors in their Board meetings.

b. The quarterly Un-audited Financial Results and Yearly Audited Financial Results of the Company has been advertised in Newspapers, details of which are as mentioned herein below:

Quarter / Year end	Date of Publication	Name of Newspaper
31.03.2016	07.05.2016	The Financial Express (E)+ (G), Ahmedabad edition
30.06.2016	01.08.2016	The Financial Express (E)+ (G), Ahmedabad edition
30.09.2016	27.10.2016	The Financial Express (E)+ (G), Ahmedabad edition
31.12.2016	04.02.2017	The Financial Express (E)+ (G), Ahmedabad edition

c. Website :

http://www.aymsyntex.com/quarterly-results and http://www.aymsyntex.com/investor-relations

d. Whether it also displays official news releases: No official news has been released during the year

e. Presentation made to institutional investors or to the analysis: Nil

J. General Shareholders Information

a. 34th Annual General Meeting Venue - Plot No. 1, Survey No. 394(P), Village Saily, Silvassa, U. T. of Dadra & Nagar Haveli

Time - 11.00 a.m.

Day and Date - Thursday, 28th September 2017

b. Financial year - From 01 April 2016 to 31 March 2017

c. Dividend payment date - No Dividend recommended / declared during the year.

d. Listing on Stock Exchanges and Stock Codes:

i. National Stock Exchange of India (NSE) Plot no. C / 1, G Block, Bandra-Kurla Complex, Bandra Kurla Complex Rd, Bandra East, Mumbai - 400051.

ii. Bombay Stock Exchange Limited (BSE), P. J. Tower, Dalal Street, Fort, Mumbai - 400001

iii. Listing fees has been paid to BSE and NSE on 05.05.2017

e. Stock Code No. is 508933 (BSE) and Symbol is AYMSYNTEX (NSE).

f. Market Price Data- High-Low Quotations on **Bombay Stock Exchange Limited (BSE)** and **National Stock Exchange of India Limited (NSE),** Mumbai during each month for the year 01 April 2016 to 31 March 2017:

Month	Bombay Stock Exchange (Rupees)		Sensex		National Stock Exchange (Rupees)		Nifty	
	High	Low	High	Low	High	Low	High	Low
Apr-16	112.90	97.00	26,100.54	24,523.20	113.00	96.00	7,992.00	7,516.85
May-16	115.20	101.00	26,837.20	25,057.93	115.20	101.00	8,213.60	7,678.35
Jun-16	105.90	94.10	27,105.41	25,911.33	106.00	93.00	8,308.15	7,927.05
Jul-16	104.00	93.50	28,240.20	27,034.14	104.00	92.65	8,674.70	8,287.55
Aug-16	103.10	72.00	28,532.25	27,627.97	103.45	72.15	8,819.20	8,518.15
Sep-16	95.90	78.65	29,077.28	27,716.78	95.80	78.00	8,968.70	8,555.20
Oct-16	94.00	82.10	28,477.65	27,488.30	95.00	80.65	8,806.95	8,506.15
Nov-16	86.05	65.00	28,029.80	25,717.93	86.90	61.65	8,669.60	7,916.40
Dec-16	76.00	68.60	26,803.76	25,753.74	76.60	68.00	8,274.95	7,893.80
Jan-17	101.90	69.65	27,980.39	26,447.06	101.90	69.75	8,672.70	8,133.80
Feb-17	100.00	74.00	29,065.31	27,590.10	99.75	75.60	8,982.15	8,537.50
Mar-17	84.40	65.00	29,824.62	28,716.21	85.00	73.80	9,218.40	8,860.10

g. Securities are not suspended from trading.

h. Registrar and Share Transfer Agent:

Link Intime India Private Limited

Address : C-101,247 Park, LBS Marg, Vikhroli (West), Mumbai - 400083

Tel. No. : 022 - 49186270

Fax No. : 022 – 49186060

E-mail : rnt.helpdesk@linkintime.co.in

Website : www.linkintime.co.in

i. Share Transfer System

The Shares of the Company are fully dematerialized under the category of compulsory delivery in dematerialized mode by all categories of investors shares sent for transfer in physical form are registered by the Company's Registrars and Share Transfer Agents within 15 days from the date of receipt of documents, if the same are found in order. Shares under objection are returned within three days.

j. Distribution of Shareholding

The distribution of shareholding as on 31 March 2017 is as follows:

Shareholding of nominal value	Share holders		Amount	
₹	Number	% of Total	In ₹	% of Total
(1)	(2)	(3)	(4)	(5)
Upto - 5,000	6,902	77.05	1,05,61,660	2.69
5,001 - 10,000	766	8.55	63,66,380	1.63
10,001 – 20,000	541	6.04	83,30,020	2.12
20,001 – 30,000	203	2.27	52,55,360	1.34
30,001 – 40,000	142	1.59	50,16,190	1.28
40,001 – 50,000	89	0.99	42,09,450	1.07
50,001 - 1,00,000	154	1.71	1,11,54,000	2.84
1,00,001 and above	161	1.80	34,15,02,620	87.03
TOTAL	**8958**	**100.00**	**39,23,95,680**	**100.00**

k. Dematerialisation of shares and liquidity

The shares of the Company are fully dematerialized under the category of compulsory delivery in dematerialized mode by all categories of investors.

The dematerialized shares are directly transferred to the beneficiaries by the depositories.

The Company has signed agreements with both the depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. As on 31 March 2017, 99.94% of the shares of the Company are dematerialized.

Bifurcation of shares is mentioned below:

Category	As on 31 March 2017	% of shareholding
No. of Shares held by NSDL	3,31,24,112	84.42
No. of Shares held by CDSL	60,91,405	15.52
Physical	24,051	0.06
Total	3,92,39,568	**100.00**

The Company has not issued any GDRs / ADRs and there are no warrants or any convertible instruments.

Commodity price risk or foreign exchange risk and hedging activities: Details of foreign currency exposures that are hedged by forward contracts outstanding as at year end are mentioned in note no.37 – Notes forming part of financial statements.

I. Location of plant

Rakholi Plant and Registered Office	:	Plot No. 1, Survey No. 394(P), Village Saily, Silvassa, U. T. of Dadra & Nagar Haveli;
Palghar Plant	:	Plot no. I, Dewan Industrial Estate, Palghar, Maharashtra.
Address for Correspondence	:	9th Floor, Trade world, "B" Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.
Telephone No	:	022 – 61637000 / 7001
Fax No.	:	022 – 24937725
E-mail id	:	investorrelations@aymgroup.com
Website	:	www.aymsyntex.com
Compliance Officer and Secretary	:	Mr. Kaushik N. Kapasi

K. **Other Disclosures**

i. Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large: Nil

ii. Details of non - compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital market during the last 3 years: Nil

iii. The Company has a Whistle Blower Policy and Vigil Mechanism for its directors and employees and no personnel have been denied access to the Audit Committee. A copy of policy is displayed on the website of the Company at http://www.aymsyntex.com/uploads/slider/whistle-blower-policy-asl-083795700146545562.pdf

L. Details of Compliance of the mandatory and non-mandatory clauses of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

i. The Company has complied with mandatory requirements as mentioned under Regulations 17 to 27 of SEBI (LODR) Regulations, 2015 and has adopted the following discretionary requirements on Corporate Governance as recommended here under :

- The Company has separate individual occupying the position of Chairman and that of Managing Director;

- The Internal Auditor reports directly to the Audit Committee.

ii. Web link where policy for determining material subsidiaries is disclosed

- The Company does not have subsidiary company.

iii. Web link where policy on dealing with related party transactions:

http://www.aymsyntex.com/uploads/slider/related-parties-transaction-policy_asl-0334404001465570841.pdf

iv. Disclosure of commodity price risks and commodity hedging activities-

- The company does not deal with commodity

M. Declaration signed by the Manging Director of the Company is given below:

"I hereby confirm that all members of Board of Directors and senior management personnel have affirmed compliance with the code of conduct of the Board of directors and senior management."

For AYM Syntex Limited

Sd/-

Abhishek R. Mandawewala

Managing Director & CEO

N. Disclosure of Shares held in suspense account under Clause F of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year		**Number of shareholders who approached issuer for transfer of shares from suspense account during the year**		**Number of shareholders to whom shares were transferred from suspense account during the year**		**Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year**	
No of Holders	No of Shares	No of Holders	No of Shares	No of Holders	No of Shares	No of Holders	No of Shares
138	8,797	5	2,031	5	2,031	133	6,766

The voting rights on these shares shall remain frozen until the shares have been claimed by and transferred to the rightful owner.

Certificate on Compliance of Conditions of Corporate Governance under Regulation 27 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

The Members of AYM Syntex Limited (Formerly known as Welspun Syntex Limited)

We have examined the compliance of conditions of Corporate Governance by **AYM Syntex Limited** (Formerly known as Welspun Syntex Limited)("the Company"), for the year ended 31 March 2017, as stipulated in Regulation 27 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 27 of the above mentioned Listing Regulation.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **MGB & Co LLP**
Chartered Accountants
Firm Registration Number 101169W / W-100035

Sd/-
Sanjay Kothari
Partner
Membership Number 048215

Place : Mumbai,
Date : 6 May 2017

FINANCIAL STATEMENT

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Independent Auditor's Report

To,
The members of
AYM Syntex Limited (Formerly Welspun Syntex Limited)

Report on the Financial Statements

1. We have audited the accompanying financial statements of **AYM Syntex Limited (Formerly Welspun Syntex Limited)** ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

   We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

   We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

   We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

4. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

of the state of affairs of the Company as at 31 March 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory requirements

5. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A", a Statement on the matters specified in paragraphs 3 and 4 of the Order.

6. As required by Section 143 (3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;

   e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts having any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2017 and

      iv. The Company has provided requisite disclosures in note 30 to these financial statements as to the holding of Specified Bank Notes on 8 November 2016 and 30 December 2016 as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For **MGB & Co LLP**
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place : Mumbai,
Date : 6 May 2017

Annexure - A to the Independent Auditor's Report

Annexure referred to in Paragraph 5 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of **AYM Syntex Limited (Formerly Welspun Syntex Limited)** ("the Company") on the financial statements for the year ended 31 March 2017.

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) The fixed assets have been physically verified by the management during the year as per the phased program designed to cover all the fixed assets over a period, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. Discrepancies noticed on such verification, which are not material, have been properly dealt within the books of account.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except in case of the following immovable properties

Nature of immovable property	Number of cases	Value as at 31 March 2017 (₹ in lakhs)		Remarks
		Gross block	Net block	
Freehold Land	2	45.22	20.04	Title not transferred in the name of the Company
Residential Flats	6	14.85	10.41	Documents of title deeds not available with the Company

(ii) The physical verification of inventory excluding stocks lying with third parties and stocks in transit have been conducted by the Management at reasonable intervals during the year. In respect of inventory lying with third parties, these have been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us, the Company has neither given any loan/guarantee nor provided any security. In respect of investments made, the Company has complied with the provisions of Section 186 of the Act.

(v) The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the rules framed thereunder.

(vi) We have broadly reviewed the cost records maintained by the Company prescribed by the Central Government under Section 148(1) of the Act and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of such records with a view to determine whether they are accurate or complete.

(vii) According to the records of the Company, examined by us and information and explanations given to us:

(a) Undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and others as applicable have generally been regularly deposited with the appropriate authorities. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable except income tax deducted at source amounting to ₹ 87,280.

(b) There are no dues of value added tax which have not been deposited on account of any dispute. The disputed dues of income tax, sales tax, service tax, duty of customs and duty of excise which have not been deposited are as under:

Name of the statute (Nature of dues)	Period to which the amount relates	Amount (₹ in lakhs)	Forum where dispute is pending
The Customs Act, 1962			
Duty of customs	F.Y. 1996-1997 and F.Y.1997-1998	72.55	Commissioner of Customs, Mumbai
	F.Y. 2006-2007	168.36	Commissioner of Customs (Imports), Navi Mumbai
	F.Y. 2006-2007 to F.Y. 2008-2009	3.78	Deputy Commissioner of Central Excise and Customs, Vapi
	F.Y. 2013-14	25.00	Commissioner of Customs (Appeals), Mumbai
The Central Excise Act, 1944			
Duty of excise	F.Y.1997-1998	546.24	The Supreme Court of India
	F.Y.2006-2007	30.36	Commissioner of Central Excise and Customs, Vapi
	F.Y.2007-2008	41.42	Joint Commissioner of Central Excise and Customs, Vapi
Service tax	F.Y. 2005-2006 and F.Y. 2006-2007	1.95	Deputy Commissioner of Central Excise and Customs, Vapi
	F.Y. 2006-2007	55.96	Commissioner of Central Excise, Customs and Service Tax, Vapi
	F.Y. 2007-2008 to F.Y. 2012-2013	103.86	Commissioner of Central Excise, Vapi
	F.Y. 2013-2014 and F.Y. 2014-2015	86.61	Commissioner of Central Excise and Customs, Vapi
	F.Y. 2014-2015	221.71	Central Excise and Service Tax Appellate Tribunal, Ahmedabad
	F.Y. 2015 to 2016	56.44	Commissioner of Central Excise and Customs, Vapi
Bombay Sales Tax Act, 1959			
Sales tax	F.Y. 2002-2003 and F.Y. 2003-2004	166.09	Joint Commissioner of Sales Tax (Appeal), Thane
Income Tax Act, 1961			
Income tax	F.Y. 2009-2010 to F.Y. 2013-2014	58.52	Commissioner of Income Tax (Appeals), Mumbai

(viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks and financial institutions. The Company does not have any loans from government and has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Moneys raised by way of term loans during the year have been applied for the purposes for which they were raised.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have been informed of any such case by the Management.

(xi) According to the records of the Company examined by us, and information and explanations given to us, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the records of the Company examined by us, and information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the records of the Company examined by us, and information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **MGB & Co LLP**
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place : Mumbai,
Date : 6 May 2017

Annexure - B to the Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 6(f) under "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of **AYM Syntex Limited (Formerly Welspun Syntex Limited)** ("the Company") on the financial statements for the year ended 31 March 2017.

We have audited the internal financial controls over financial reporting of **AYM Syntex Limited (Formerly Welspun Syntex Limited)** ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial

controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **MGB & Co LLP**
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place : Mumbai,
Date : 6 May 2017

AYM Syntex Limited (formerly Welspun Syntex Limited)

Balance Sheet as at 31 March 2017

(₹ in lakhs)

	Note	2017	2016
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	**3**	3,923.96	3,923.96
Reserves and surplus	**4**	19,502.01	15,488.15
Total shareholder's funds		**23,425.97**	**19,412.11**
Non-current liabilities			
Long-term borrowings	**5**	18,025.15	16,701.68
Deferred tax liabilities (Net)	**6**	2,284.10	1,516.35
Long-term provisions	**7**	742.41	596.05
Total non-current liabilities		**21,051.66**	**18,814.08**
Current liabilities			
Short-term borrowings	**8**	590.57	789.54
Trade payables	**9**	7,896.52	8,802.58
Other current liabilities	**10**	6,838.69	5,610.87
Short-term provisions	**7**	61.53	458.80
Total current liabilities		15,387.31	15,661.79
Total equity and liabilities		**59,864.94**	**53,887.98**
ASSETS			
Non-current assets			
Fixed assets			
- Property, plant and equipment	**11(a)**	32,269.46	28,187.87
- Intangible assets	**11(b)**	66.51	41.71
Capital work-in-progress	**11(c)**	2,251.87	1,417.88
Non-current investments	**12**	0.17	0.17
Long-term loans and advances	**13**	5,860.84	4,775.90
Other non-current assets	**18**	7.74	7.25
Total non-current assets		**40,456.59**	**34,430.78**
Current assets			
Current investments	**14**	1,684.67	-
Inventories	**15**	7,700.00	5,669.52
Trade receivables	**16**	4,652.44	5,225.99
Cash and bank balances	**17**	2,408.53	5,493.35
Short-term loans and advances	**13**	2,649.79	2,715.28
Other current assets	**18**	312.92	353.06
Total current assets		**19,408.35**	**19,457.20**
Total Assets		**59,864.94**	**53,887.98**

Notes forming part of the financial statements **1- 45**

As per our attached report of even date

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169 W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 6 May 2017

For and on behalf of the Board

R.R. Mandawewala
Chairman
DIN: 00007179

Abhishek R. Mandawewala
Managing Director
DIN: 00737785

Himanshu Dhaddha
Chief Financial Officer

Kaushik Kapasi
Company Secretary

AYM Syntex Limited (formerly Welspun Syntex Limited)

Statement of Profit and Loss for the year ended 31 March 2017

(₹ in lakhs)

	Note	2017	2016
REVENUE			
Revenue from operations (gross)	**19**	83,549.77	85,394.34
Less: Excise duty		4,867.66	5,305.32
Revenue from operations (net)		78,682.11	80,089.02
Other income	**20**	393.48	292.59
Total revenue		**79,075.59**	**80,381.61**
EXPENSES			
Cost of materials consumed	**21**	42,017.59	43,205.74
Changes in inventories of finished goods and goods-in-process	**22**	(1,310.57)	(23.15)
Employee benefits expense	**23**	5,916.78	5,096.16
Finance costs	**24**	2,267.05	2,152.10
Depreciation and amortisation expenses	**11**	3,027.25	2,407.30
Other expenses	**25**	22,409.47	21,251.97
Total expenses		**74,327.57**	**74,090.12**
Profit before tax		**4,748.02**	**6,291.50**
Tax expense			
Current tax - Current year		1,018.10	1,340.00
- Earlier year		(33.59)	-
Deferred tax		767.75	1,516.35
MAT credit entitlement		(1,018.10)	(1,340.00)
Profit after tax		**4,013.85**	**4,775.15**
Earnings per equity share (of ₹10/- each fully paid up)			
Basic and diluted earnings per share (₹)	**38**	10.23	12.17

Notes forming part of the financial statements **1 - 45**

As per our attached report of even date

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169 W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 6 May 2017

For and on behalf of the Board

R.R. Mandawewala
Chairman
DIN: 00007179

Abhishek R. Mandawewala
Managing Director
DIN: 00737785

Himanshu Dhaddha
Chief Financial Officer

Kaushik Kapasi
Company Secretary

Notes forming part of the financial statements

1. Corporate Information

AYM Syntex Limited (formerly Welspun Syntex Limited) is a Company incorporated under the Companies Act, 1956. AYM Syntex Limited was established in 1983. Since its inception, it has grown manifold and today is amongst the largest manufacturers and exporters of Polyester Texturised Filament Yarn, Nylon Filament Yarn and Bulk Continuous Filament Yarn from India.

2. Significant Accounting Policies

i) Basis of preparation of financial statements

The financial statements are prepared on going concern basis in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) and comply in all material respects with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016 and the relevant provisions of the Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India (SEBI). The financial statements have been prepared on accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of these financial statements are consistent with those of previous year.

ii) Use of estimates

The preparation of the financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amount of revenue and expenses of the year. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from those estimates and in such case the difference is recognized when known or materialized.

iii) **Property, plant and equipment**

a) Property, plant and equipment (excluding freehold land which is carried at cost) are stated at original cost of acquisition / installation (net of cenvat credit availed) net of accumulated depreciation, amortization and impairment losses, if any. Cost includes cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses related to the acquisition, trial run expenses (net of revenue) and preoperative expenses including borrowing costs incurred during pre-operational period.

b) Capital work-in-progress comprises cost of property, plant and equipment and related expenses that are not yet ready for their intended use at the reporting date.

Depreciation on property, plant and equipment

a) Depreciation on property, plant and equipment is provided on straight line method based on the useful lives specified in Schedule II of the Companies Act, 2013. Depreciation on both Partially Oriented Yarn (POY) and Bulk Continuous Filament Yarn (BCF) plant and machinery is charged as continuous process plant based on technical opinion taken by the Company / Expert.

b) Leasehold improvements are amortized over the normal period of lease.

iv) **Intangible assets**

Intangible assets acquired are measured on initial recognition at cost and stated at cost, net of accumulated amortization and impairment loss, if any.

Amortization of intangible assets

Intangible assets are amortized on a straight-line basis over the economic useful life estimated by the management.

v) **Impairment of property, plant and equipment and intangible assets**

At each balance sheet date, the Company reviews the carrying amount of property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

vi) Borrowing costs

Borrowing costs attributable to the acquisition or construction of qualifying assets till the time such assets are ready for intended use, are capitalized as part of the cost of the assets. All other borrowing costs are expensed in the period they occur.

vii) Revenue recognition

a) Revenue from sale of goods is recognized on transfer of significant risks and rewards of ownership to the customers. Gross sales include excise duty and adjustments for price variations and are net of sales tax / value added tax. Consignment sales are recognized on confirmation from consignee / consignment agent. Export sales are accounted for on the basis of date of bill of lading.

b) Export incentives / benefits are accounted on accrual basis.

c) Revenue from services is recognized when the services are completed.

d) Dividend income is recognized when right to receive the dividend is established.

e) Interest income is recognized on a time proportion basis taking into consideration the amount outstanding and the applicable interest rate except interest income from customers which is accounted on receipt basis.

viii) Operating lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as an expense on accrual basis in accordance with the respective lease agreements.

ix) Investments

a) Investments, which are readily realizable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

b) Long-term investments are stated at cost less provision for diminution other than temporary, in the value of such investments. Current investments are stated at lower of cost and fair market value determined on individual investment basis.

x) Inventories

Inventories are valued at lower of cost and estimated net realizable value. The basis of determining cost for various categories of inventories is as follows:

a) Cost of raw materials, stores and spares, dyes and chemicals and packing materials are determined on moving average cost method.

b) Cost of finished goods and goods-in-process includes cost of direct materials, labour and other production overheads.

c) Excise duty is included in the valuation of inventory of finished goods.

xi) Accounting for taxes on income

a) Current tax is determined as the amount of tax payable in respect of taxable income for the year as per the provisions of the Income Tax Act, 1961.

b) Deferred tax is recognized subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using relevant enacted tax rates.

c) Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognized as an asset only when, based on convincing evidence, it is probable that the future economic benefits associated with it will flow to the Company and the assets can be measured reliably.

xii) Retirement and other employee benefits

a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related services are rendered.

b) Post-employment and other long-term benefits are recognized as an expense in the statement of profit and loss at the present value of amounts payable determined using actuarial valuation techniques in the year the employee renders the services. Actuarial gains and losses are charged to the statement of profit and loss.

c) Payments to defined contribution retirement benefit schemes are expensed as they fall due.

xiii) Foreign currency transactions

a) Transactions in foreign currency are accounted at the exchange rate prevailing on the date of such transactions. Current monetary assets and liabilities are translated at the exchange rate prevailing at the reporting date. Non-monetary items are carried at cost.

b) Gains or losses arising on settlement / translation of foreign currency monetary assets and liabilities at the year-end rates are recognized in the statement of profit and loss except treatment as per amendment to AS-11 effective till 31 March 2020 (Refer note 37).

c) In respect of forward contracts assigned to the foreign currency monetary assets and liabilities as at balance sheet date, the premium / discount for the period up to the date of balance sheet is recognized in the statement of profit and loss. The exchange difference measured by the change rate between the inception of forward contract and date of balance sheet is applied on foreign currency amount of the forward contract and is recognized in the statement of profit and loss. Profit or loss on settlement / cancellation of forward contract is recognized as an income or expense for the year in which they arise except treatment as per amendment to AS-11 effective till 31 March 2020 (Refer note 37).

xiv) Earnings per share

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the year. Dilutive earnings per share is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except when the results would be anti-dilutive.

xv) Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

(₹ in lakhs)

Note - 3 Share capital

	2017	2016
Authorised		
9,20,00,000 (9,20,00,000) Equity Shares of ₹ 10/- each	9,200.00	9,200.00
2,80,00,000 (2,80,00,000) Optionally Convertible Cumulative Preference Shares of ₹ 10/- each	2,800.00	2,800.00
Total	**12,000.00**	**12,000.00**
Issued, subscribed and fully paid up		
3,92,39,568 (3,92,39,568) Equity Shares of ₹ 10/- each fully paid up	3,923.96	3,923.96
Total	**3,923.96**	**3,923.96**

(a) Reconciliation of the equity shares outstanding at the beginning and at the end of year.

	2017		2016	
	Number of equity shares	₹ in lakhs	Number of equity shares	₹ in lakhs
At the beginning of the year	3,92,39,568	3,923.96	3,92,39,568	3,923.96
Issued during the year	-	-	-	-
Outstanding at the end of the year	**3,92,39,568**	**3,923.96**	**3,92,39,568**	**3,923.96**

(b) Terms / right attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. All issued shares rank pari-passu and have same voting rights per share. The Company declares and pays dividend in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shares held by holding company

	2017		2016	
	Number of equity shares	Percentage (%) Holding	Number of equity shares	Percentage (%) Holding
Mandawewala Enterprises Limited	2,55,63,632	65.15%	2,55,63,632	65.15%

(d) Details of shareholders holding more than 5% shares in company

	2017		2016	
	Number of equity shares	Percentage (%) Holding	Number of equity shares	Percentage (%) Holding
Mandawewala Enterprises Limited	2,55,63,632	65.15%	2,55,63,632	65.15%

(e) The Company has not issued any bonus shares or shares for consideration other than cash or bought back any shares during five years preceding 31 March 2017.

(₹ in lakhs)

Note - 4 Reserves and surplus

	2017	2016
(a) Capital reserve - As per last balance sheet	2,664.93	2,664.93
(b) Capital redemption reserve - As per last balance sheet	293.36	293.36
(c) Securities premium - As per last balance sheet	40.55	40.55
(d) Debenture redemption reserve - As per last balance sheet	107.06	107.06
(e) Surplus in the statement of profit and loss		
As per last balance sheet	12,382.26	7,607.11
Profit for the year	4,013.85	4,775.15
	16,396.11	**12,382.26**
Total	**19,502.01**	**15,488.15**

Note - 5 Long-term borrowings

	Non current		Current	
	2017	2016	2017	2016
Secured				
Term loans from banks				
- Rupee loans	13,302.05	12,490.98	2,171.72	1,729.52
- Foreign currency loans	2,973.10	4,210.70	1,154.14	1,155.43
	16,275.15	**16,701.68**	**3,325.86**	**2,884.95**
Unsecured				-
Inter-corporate deposits from related parties	1,750.00	-	250.00	-
	1,750.00	**-**	**250.00**	**-**
Amount disclosed under the head "Other current liabilities" **(Refer Note 10)**	-	-	3,575.86	2,884.95
Total	**18,025.16**	**16,701.68**	**-**	**-**

(a) Term loans from banks are secured by way of first charge on immovable and movable assets of the Company, both present and future, ranking pari passu and also secured by second charge on current assets subject to prior charge in favour of banks for working capital facilites.

(b) Term loan of ₹ Nil (₹ 250.00 lakhs) has been repaid during the year.

(c) Term loan of ₹ 1,812.50 lakhs (₹ 2,500.00 lakhs) is repayable in 7 stepped-up quarterly instalments by 2018-19.

(d) Term loans of ₹ 4,127.36 lakhs (₹ 5,026.98 lakhs) are repayable in 16 stepped-up quarterly instalments by 2020-21.

(e) Term loan of ₹ 4,977.46 lakhs (₹ 4,565.33 lakhs) are repayable in 26-28 stepped-up quarterly instalments by 2023-24.

(f) Term loans of ₹ 3,544.40 lakhs (₹ 1,878.19 lakhs) are repayable in 28 stepped-up quarterly instalments by 2024-25.

(g) Term loan of ₹ 1,012.05 lakhs (₹ Nil) is repayable in 28 stepped-up quarterly instalments by 2025-26.

(h) The rate of interest on the term loans above are in the range from 11.00%-12.00% p.a. (Previous year 11.45%-12.70% p.a.)

(i) Foreign currency term loan of ₹ 756.34 lakhs (₹ 1,190.74 lakhs) carries interest @ libor+4.00% p.a.and is repayable in 8 stepped-up quarterly instalments by 2018-19.

(j) External commercial borrowing (ECB) of ₹ 3,370.90 lakhs (₹ 4,175.39 lakhs) carries interest @ libor+4.25% p.a. and is repayable in 16 quarterly instalments by 2020-21.

(k) Intercorporate deposits of ₹ 2,000 lakhs (₹ Nil) carries interest @ 9% p.a. and is repayable in 2 instalments by 30 September 2018.

(₹ in lakhs)

Note - 6 Deferred tax liabilities (net)

	2017	2016
Deferred tax liabilities		
- Depreciation on Property, plant and equipment and intangible assets	4,164.34	3,533.64
(A)	**4,164.34**	**3,533.64**
Deferred tax assets		
- Employee benefits	269.08	225.72
- Unabsorbed tax losses	1,611.16	1,791.58
(B)	**1,880.24**	**2,017.30**
Total (A-B)	**2,284.10**	**1,516.35**

Note - 7 Provisions

	Long-term		Short-term	
	2017	2016	2017	2016
Employee benefits	742.41	596.05	35.10	56.16
Others				
Provision for direct tax (net of advance tax)	-	-	-	365.03
Provision for mark to market losses on derivative contracts	-	-	26.43	37.61
Total	**742.41**	**596.05**	**61.53**	**458.80**

Note - 8 Short-term borrowings

	2017	2016
Secured		
Working capital loans from banks		
- Rupee loans	12.09	416.00
- Foreign currency loans	154.72	-
Buyers' credit from banks	423.76	373.54
Total	**590.57**	**789.54**

Working capital loans from banks are secured by way of hypothecation of raw materials, finished goods, goods in process, stores and spares and book debts and second charge by way of mortgage on entire fixed assets of the Company.

Note - 9 Trade payables

	2017	2016
Acceptances (Refer note below)	5,101.03	7,170.09
Due to micro small and medium enterprises (Refer Note 29)	55.22	91.83
Due to others	2,740.27	1,540.66
Total	**7,896.52**	**8,802.58**

Note:
Acceptance includes unsecured vendor financing of ₹ 2,645.62 lakhs (₹ 3,007.14 lakhs) from various banks.

Note - 10 Other current liabilities

	2017	2016
Current maturities of long term borrowings (Refer note 5)	3,575.86	2,884.95
Interest accrued but not due on borrowings	116.21	93.76
Unclaimed dividend	0.21	0.21
Creditors for		
- Expenses	1,650.24	1,710.14
- Capital goods	733.06	249.09
Trade advances and deposits received	459.38	419.72
Statutory dues	303.73	253.00
Total	**6,838.69**	**5,610.87**

Notes forming part of the financial statements

Note 11 - Fixed Assets

(₹ in lakhs)

		Gross Block				Depreciation / Amortisation					Impairment loss as at 31 March 17	Net Block	
		As at 01 April 16	Additions	Deductions	Upto 31 March 17	Upto 01 April 16	For the year	Transfer to Reserve	Deductions	Upto 31 March 17		As at 31 March 17	As at 31 March 16
11 (a)	**Property, plant and equipment**												
	Freehold land (Refer note "e" below)	1,536.76	-	-	1,536.76	-	-	-	-	-	191.04	1,345.73	1,345.73
	Leasehold Improvements	20.98	-	-	20.98	3.67	3.98	-	-	7.65	-	13.32	17.31
	Buildings (Refer note "f" below)	5,501.25	630.60	-	6,131.85	1,976.81	171.61	-	-	2,148.42	-	3,983.43	3,524.44
	Plant and machinery	49,054.56	6,077.35	144.57	54,987.34	20,819.73	2,734.13	-	49.69	23,504.17	5,187.33	26,295.85	23,047.23
	Vehicles	174.61	83.27	3.32	254.56	78.44	24.95	-	2.99	100.39	2.93	151.24	93.25
	Furniture and fixtures	216.32	34.56	-	250.88	120.10	12.03	-	-	132.13	10.14	108.62	86.08
	Equipments	166.33	40.81	29.19	177.96	108.37	22.13	-	27.60	102.89	14.96	60.10	42.78
	Computers	115.62	322.52	0.42	437.72	83.23	42.38	-	0.40	125.21	1.33	311.18	31.05
	Sub - Total - A	**56,786.43**	**7,189.12**	**177.50**	**63,798.05**	**23,190.35**	**3,011.20**	**-**	**80.69**	**26,120.86**	**5,407.73**	**32,269.46**	**28,187.87**
	Previous Year	**47,034.26**	**10,133.94**	**381.76**	**56,786.43**	**21,117.58**	**2,397.54**	**-**	**324.78**	**23,190.35**	**5,408.22**	**28,187.87**	
11 (b)	**Intangible assets**												
	Softwares	148.28	40.86	-	189.14	103.50	16.05	-	-	119.55	3.08	66.51	41.71
	Sub - Total - B	**148.28**	**40.86**	**-**	**189.14**	**103.50**	**16.05**	**-**	**-**	**119.55**	**3.08**	**66.51**	**41.71**
	Previous Year	**114.32**	**33.96**	**-**	**148.29**	**93.89**	**9.60**	**-**	**-**	**103.50**	**3.08**	**41.71**	
11 (c)	**Capital work-in-progress**											**2,251.87**	**1,417.88**

Notes :

a) Refer note 26 for reversal of impairment loss during the year.

b) Refer note 37 for exchange difference capitalised during the year.

c) Borrowing costs allocated to fixed assets / capital WIP is ₹ 100.05 lakhs (₹ 191.78 lakhs).

d) Refer note 41 for capital expenditure incurred on in-house research and development activities.

e) Net block of freehold land includes ₹ 6.46 lakhs (₹ 8.25 lakhs) and development expenses of ₹ 13.58 lakhs (₹ 14.98 lakhs) incurred on such land for which the title is yet to be transferred in the name of the company

f) Buildings include certain residential flats aggregating to ₹ 10.41 lakhs (₹ 10.65 lakhs), for which document of title deeds are not available with the Company.

g) The carrying amount of assets pledged as security for long-term and short-term borrowings of the Company is ₹ 32,269.46 lakhs (₹ 28,187.87 lakhs)

(₹ in lakhs)

Note - 12 Non-current investments

	2017	2016
Long term (at cost) - Non Trade		
A) Quoted		
Welspun India Limited	0.15	0.15
14,850 (14,850) equity shares of ₹ 1 each fully paid up Welspun Investments and Commercials Limited 67 (67) equity shares of ₹ 10 each fully paid up	0.01	0.01
B) Unquoted		
Welspun Steel Limited	0.01	0.01
100 (100) equity shares of ₹ 10 each fully paid up		
All the above shares and securities are fully paid up		
Aggregate book value of quoted investments ₹ 0.16 lakhs (₹ 0.16 lakhs)		
Aggregate book value of unquoted investments ₹ 0.01 lakhs (₹ 0.01 lakhs)		
Aggregate market value of quoted investments ₹13.06 lakhs (₹ 14.78 lakhs)		
Total	**0.17**	**0.17**

Note - 13 Loans and advances

(Unsecured and considered good, unless otherwise stated)

	Long-term		Short-term	
	2017	2016	2017	2016
Capital advances	1,130.90	1,156.87	-	-
Security deposits	18.76	8.04	25.28	25.28
Other loans and advances				
Advances (recoverable in cash or kind)	-	-	692.03	506.24
Prepaid expenses	29.45	21.98	117.18	96.64
Loans and advances to employees	12.64	-	58.56	39.11
MAT Credit Entitlement	4,607.11	3,589.01	-	-
Balances with Government authorities				
- Direct taxes	61.98	-	-	-
- Indirect taxes	217.30	217.30	1,756.74	2,048.01
Less: Provision for doubtful balances	(217.30)	(217.30)	-	-
Total	**5,860.84**	**4,775.90**	**2,649.79**	**2,715.28**

Note - 14 Current investments

(Valued at lower of cost and fair value, unless stated otherwise)

	2017	2016
Mutual Funds (Quoted)		
2770398.049 (Nil) units of ₹ 49.93 each of UTI - Bond Fund - Growth	1,383.25	-
1404403.114 (Nil) units of ₹ 21.46 each of UTI Spread Fund - Growth	301.42	-
Total	**1,684.67**	**-**

(Net asset value of quoted investment as on 31 March 2017 is ₹ 1694.06 lakhs (₹ Nil))

(₹ in lakhs)

Note - 15 Inventories

	2017	2016
Raw materials	2,526.72	1,851.27
Goods - in - process	1,014.01	692.88
Finished goods	2,713.90	1,724.46
Stores / spares and packing materials	1,445.37	1,400.91
Total	**7,700.00**	**5,669.52**
Details of Raw materials		
Chips	1,612.26	920.78
Partially oriented yarn / texturised yarn	914.46	930.49
	2,526.72	**1,851.27**
Details of Goods in process		
Spun / texturised yarn	1,014.01	692.88
	1,014.01	**692.88**
Details of Finished goods		
Spun yarn	1,054.01	302.94
Dyed / texturised and twisted yarn	1,659.89	1,421.52
Total	**2,713.90**	**1,724.46**

Note - 16 Trade receivables (Unsecured)

	2017	2016
Over six months		
Considered good	98.30	320.27
Others		
Considered good	4,554.14	4,905.72
Total	**4,652.44**	**5,225.99**

Note - 17 Cash and bank balances

	Non-current		Current	
	2017	2016	2017	2016
Cash and cash equivalents				
Balances with banks in current accounts	-	-	901.41	3,832.38
Cash on hand	-	-	12.30	3.59
(A)	-	-	**913.71**	**3,835.97**
Other bank balances				
- In escrow accounts	-	-	310.26	415.47
- In margin money deposits with banks having original maturity period upto twelve months	-	-	1,184.55	1,241.91
- In margin money deposits with banks having original maturity period of more than twelve months	7.17	7.17	-	-
Disclosed under "Other non-current assets" (Refer Note 18)	(7.17)	(7.17)	-	-
(B)	-	-	**1,494.82**	**1,657.38**
(A)+(B)	**-**	**-**	**2,408.53**	**5,493.35**

(₹ in lakhs)

Note - 18 Other assets

	Non-current		Current	
	2017	2016	2017	2016
Deposit with banks having original maturity period of more than twelve months (Refer Note 17)	7.17	7.17	-	-
Asset held for disposal	-	-	2.51	-
Interest accrued on fixed deposits	0.57	0.08	30.08	28.41
Export benefit receivables	-	-	65.73	108.64
Other receivables	-	-	214.60	216.01
	7.74	7.25	**312.92**	353.06

Note - 19 Revenue from operations (gross)

	2017	2016
Revenue from operations		
Sales of products		
Finished goods	82,442.66	84,623.90
Sales of services		
Job work charges	-	6.44
Other operating revenues		
Scrap sales	288.00	370.39
Export benefits	819.11	393.61
Total	**83,549.77**	**85,394.34**
Details of sale of products under broad heads		
Spun yarn	25,771.92	23,096.30
Dyed / Texturised and Twisted yarn	56,670.74	61,527.60
Total	**82,442.66**	**84,623.90**

Note - 20 Other income

	2017	2016
Interest income		
- Current investments	-	12.98
- Fixed deposits	87.35	101.77
- Others	57.79	109.31
Dividend income on current investments	8.01	20.19
Profit on sale of current investments	178.99	6.52
Exchange difference (net)	22.65	-
Miscellaneous income	38.69	41.82
Total	**393.48**	**292.59**

(₹ in lakhs)

Note - 21 Cost of raw materials consumed

	2017	2016
Inventory at the beginning of the year	1,851.27	2,080.98
Add : Purchases (net)	42,693.04	42,976.03
	44,544.31	45,057.01
Less : Inventory at the end of the year	2,526.72	1,851.27
Total	**42,017.59**	**43,205.74**
Details of raw materials consumed		
Chips	24,672.31	26,424.02
Partially oriented yarn / Texturised yarn	17,345.28	16,781.72
Total	**42,017.59**	**43,205.74**

Note - 22 Changes in inventories of finished goods and goods-in-process

	2017	2016
Inventory at the end of the year		
Finished goods	2,713.90	1,724.46
Goods-in-process	1,014.01	692.88
(A)	**3,727.91**	**2,417.34**
Less : Inventory at the beginning of the year		
Finished goods	1,724.46	1,793.70
Goods-in-process	692.88	600.49
(B)	**2,417.34**	**2,394.19**
Total (A-B)	**1,310.57**	**23.15**

Note - 23 Employee benefits expense

	2017	2016
Managerial remuneration	287.64	267.33
Salaries, wages and allowances	5,031.93	4,228.63
Contribution to provident and other funds	299.44	245.28
Staff welfare expenses	297.77	354.92
Total	**5,916.78**	**5,096.16**

Note - 24 Finance costs

	2017	2016
Interest expenses		
- Borrowings	1,663.78	1,429.34
- Others	38.40	87.22
Other financial charges	564.87	635.54
Total	**2,267.05**	**2,152.10**

(₹ in lakhs)

Note - 25 Other expenses

	2017	2016
Stores and spares	2,679.76	2,427.01
Packing materials	2,750.50	2,654.43
Power, fuel and water	5,094.67	4,778.51
Dyes and chemicals	3,741.78	3,522.76
Contract labour charges	1,014.92	438.61
Increase / (decrease) in excise duty on finished goods	71.83	(6.06)
Repairs and maintenance		
- Buildings	130.21	119.81
- Property, plant and equipment	482.42	421.42
- Others	456.90	421.75
Rent	298.89	337.67
Rates and taxes	25.39	18.29
Insurance	113.80	118.83
Directors sitting fees	14.64	12.93
Printing and stationery	34.71	43.39
Travelling and conveyance expenses	593.27	502.90
Legal and professional charges	793.87	1,125.34
Communication charges	91.75	45.97
Vehicle expenses	111.28	95.98
Loss on sale / discard of property, plant and equipment (net)	78.11	3.96
Donations	8.15	1.70
Exchange difference (net)	-	201.75
Freight and forwarding expenses	1,153.23	1,219.53
Discounts and rebates	748.02	701.36
Brokerage and commission	1,123.61	1,232.90
Corporate social responsibility expenditure (Refer Note 42)	87.93	52.12
Miscellaneous expenses (Refer Note 34)	709.83	759.13
Total	**22,409.47**	**21,251.97**

26. During the year, impairment loss aggregating ₹ 0.49 lakhs (₹ 36.02 lakhs) has been reversed consequent to the relevant property, plant and equipment being sold.

27. **Contingent liabilities (to the extent not provided for)**

		2017	2016
a.	Disputed indirect taxes	1,617.99	1,343.72
b.	Disputed direct taxes	58.52	50.74
c.	Claims against the Company not acknowledged as debt	139.85	139.85
d.	Bill receivables discounted	1,944.65	1,170.29
e.	Unexpired letters of credit	2,846.24	1,276.09
f.	Guarantees given by banks	634.47	701.35

(₹ in lakhs)

28. **Capital and other commitments**

		2017	2016
a.	**Capital**		
	Estimated amount of contracts remaining to be executed on capital account (net of advances)	3,812.38	1,766.36
b.	**Others**		
	Custom duty on pending export obligation for imports under advance license	769.18	108.87

29. **Micro, Small and Medium Enterprises**

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31 March 2017. The disclosure pursuant to the said Act is as under:

		2017	2016
a.	Principal amount due to suppliers under MSMED Act, 2006	55.22	91.83
b.	Interest accrued and due to suppliers under MSMED Act, on the above amount	0.02	0.13
c.	Payment made to suppliers (Other than interest) beyond the appointed day, during the year	-	-
d.	Interest paid to suppliers under MSMED Act, (Other than Section 16)	-	-
e.	Interest paid to suppliers under MSMED Act, (Section 16)	-	-
f.	Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
g.	Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act.	10.08	10.06

The above information and that given in Note - 9 "Trade payables" regarding Micro, Small and Medium Enterprises has been determined to the extent such parties are identified on the basis of the information available with the Company.

30. **Disclosure on specified bank notes**

During the year, the Company has specified bank notes (SBNs) and other denomination notes as defined in the MCA notification, G.S.R.308(E), dated 31 March 2017. The details of SBNs held and transacted during the period from 8 November 2016 to 30 December 2016, the denominations-wise SBNs and other notes as per the notification are as follows:

	SBNs*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	91.84	11.00	102.84
Add: Permitted receipts	-	17.15	17.15
Less: i) Permitted payments	-	13.97	13.97
ii) Amount deposited in Banks	91.84	-	91.84
Closing cash in hand as on 30 December 2016	**-**	**14.18**	**14.18**

(* for the purpose of this clause, the term 'specified bank notes' shall have same meaning provided in the notification of the Government of India, in the Ministry of finance, Department of Economic Affairs number S.O. 3407(E), dated 8 November 2016.)

(₹ in lakhs)

31. **Taxation**

Provision for current tax for the year has been made under Minimum Alternate Tax (MAT) as per the provisions of Section 115JB of the Income-Tax Act, 1961. In accordance with the Guidance Note on Accounting for Credit Available in respect of MAT under the Income-Tax Act, 1961 issued by the Institute of Chartered Accountants of India (ICAI), the Company has recognized the MAT credit entitlement of ₹ 1,018.10 lakhs (₹ 1,340.00 lakhs) as an asset under the Note "Loans and Advances" and has credited the same to the statement of profit and loss under "Tax expense".

32. **Operating Leases**

The Company has taken on lease office and residential premises under operating lease agreements that are renewable on periodic basis at the option of both the lessor and the lessee. The initial tenure of lease is generally for six months to forty three months.

Minimum rental payments are required to be made under the operating leases that have initially or remaining cancellable / non-cancellable lease term in excess of one year as at 31 March 2017 as per the contracts are as under:

- Not later than one-year ₹ 291.45 lakhs (₹11.95 lakhs)

- Later than one year but not later than five years ₹ 258.88 lakhs (₹ 34.85 lakhs)

The aggregate rental expenses of all the leases for the year are ₹ 298.89 lakhs (₹ 337.67 lakhs).

33. **Disclosures pursuant to adoption of Accounting Standard 15 (Revised 2005) Employee Benefits**

The Employees Gratuity scheme is defined benefit plan. The present value of obligation is based on actuarial valuation using the projected unit credit method.

Defined Benefit Plan

Details of defined benefit plan for contribution to Gratuity (Non-funded) are as follows:

I. **Actuarial assumptions**

a) Economic assumptions

Major Assumptions	2017 (% p.a)	2016 (% p.a)
Discount Rate (p.a.)	7.55	8.0
Salary Escalation Rate	6.0	5.5

b) Demographic assumptions

Major Assumptions	
Mortality	Indian assured lives Mortality (2006-2008 Ultimate)
Retirement Age	60 Years for staff and 62 years for presidents and above. Worker category 58 years.
Attrition Rate	3% up to age of 35, 2% up to age 45 and 1% thereafter

II. **Expenses recognized in the statement of profit and loss**

	2017	2016
Current service cost	73.66	54.69
Interest cost	39.12	34.04
Net actuarial (gain) / loss recognized in the period	81.68	25.26
Expenses recognized in the statement of profit and loss	**194.46**	**113.99**

(₹ in lakhs)

III. **Present value of defined benefit obligation and the fair value of assets**

	2017	2016
Present value of obligation as at 31 March	625.19	489.09
Fair value of plan assets as at 31 March	-	-
Liability recognized in the balance sheet and disclosed under provisions (Refer note-7)	**625.19**	**489.09**

IV. **Change in the present value of the benefit obligations**

	2017	2016
Present value of obligation as at 1 April	489.10	425.65
Current service cost	73.66	54.69
Interest cost	39.12	34.04
Benefits paid	(58.37)	(50.54)
Actuarial (gain) / loss on obligation	81.68	25.26
Present value of obligation as at 31 March	**625.19**	**489.10**

V. **Amounts recognized in current year and previous four years**

Gratuity	As at 31 March				
	2017	2016	2015	2014	2013
Defined benefit obligation	625.19	489.10	425.65	365.21	365.32
Actuarial (gain) / loss on plan obligation	81.68	25.26	17.05	(106.03)	(6.86)

Note:

a) Amount recognized as an expense and included in Note 23 - Employee benefits expense is gratuity ₹ 194.46 lakhs (₹ 113.99 lakhs) and leave encashment expense of ₹ 13.31 lakhs (₹ 50.25 lakhs)

b) "Contribution to provident and other funds" is recognized as an expense in note 23 of the statement of profit and loss.

c) The estimate of future salary increases considered in the actuarial valuation, is after taking into account the rate of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

34. Miscellaneous expenses include Auditor's Remuneration as under :

	2017	2016
Statutory audit fees	12.00	12.00
Tax audit fees	2.50	2.25
Fees for certifications (including fees for limited reviews)	5.02	8.78
Out of pocket expenses	0.32	0.42
Total	**19.84**	**23.45**

35. **Related party disclosures**

As per Accounting Standard - 18, the disclosure of transactions with related parties as defined in the Accounting Standard are given below:

a) Holding company

Krishiraj Trading Limited (Upto 3 September 2015)

Mandawewala Enterprises Limited (W.e.f. 4 September 2015)

(₹ in lakhs)

b) Directors / Key Management Personnel and their Relatives

Non-Executive chairman	Mr. R.R. Mandawewala
Executive director	Mr. B.A. Kale (Resigned w.e.f. 6 May 2017)
Whole time director	Mr. Abhishek Mandawewala (Subsequently appointed as Managing director w.e.f. 6 May 2016)
Chief financial officer	Mr. Himanshu Dhaddha w.e.f. 8 November 2016 Mr. Bhaskar Sen upto 8 November 2016
Company secretary	Mr. Kaushik Kapasi
Relatives of Whole Time Director	Mr. Yash Mandawewala Mrs. Khushboo Mandawewala

c) Other related parties with whom transactions have taken place during the year or balances outstanding as on the last day of the year.

Welspun India Limited, Welspun Corp Limited, Welspun Steel Limited, Welspun Realty Private Limited, Mertz Estates Limited, MGN Agro Properties Private Limited (Amalgamated Welspun Infra Developers Private Limited and Welspun Wintex Limited), Welspun Logistics Limited, Welspun Investments and Commercial Limited, Welspun USA Inc and Welspun Global Brands Limited

d) Transactions with Related Parties

Nature of transactions	2017	2016
Sales (net) to and recoveries from	**10,997.63**	**7,936.87**
Welspun India Limited	10,997.63	7,936.87
Purchase of goods and services	**390.86**	**895.03**
Welspun India Limited	1.21	370.27
Welspun Steel Limited	57.90	155.61
Welspun Realty Private Limited	-	141.67
Welspun Global Brands Limited	37.89	2.67
Mertz Estates Limited	285.49	215.39
Welspun USA Inc	8.37	6.15
Welspun Corp Limited	-	3.28
Loans taken	**2000.00**	-
Mandawewala Enterprises Limited	2000.00	-
Repayment of loans taken	**-**	**2503.40**
Krishiraj Trading Limited	**-**	1201.48
MGN Agro Properties Private Limited (Amalgamated Welspun Infra Developers Private Limited)	**-**	600.89
Welspun Logistics Limited	**-**	701.03
Repayment of advance given	**2.30**	**9.06**
MGN Agro Properties Private Limited (Amalgamated Welspun Wintex Limited)	2.30	9.06
Reimbursement of expenses	**-**	**21.67**
Welspun India Limited	**-**	1.38
Welspun Global Brands Limited	**-**	11.50
Welspun Corp Limited	**-**	8.79

(₹ in lakhs)

Nature of transactions	2017	2016
Purchase of property, plant and equipment	**0.21**	-
Welspun India Limited	0.21	-
Interest expense	**2.96**	**30.14**
Krishiraj Trading Limited	-	14.47
MGN Agro Properties Private Limited (Amalgamated Welspun Infra Developers Private Limited)	-	7.23
Welspun Logistics Limited	-	8.44
Mandawewala Enterprises Limited	2.96	-
Remuneration paid	**461.32**	**399.07**
Mr. B. A. Kale	173.98	185.08
Mr. Abhishek R. Mandawewala	113.66	82.25
Mr. Bhaskar Sen *	50.80	66.94
Mr. Himanshu Dhaddha *	27.15	-
Mr. Kaushik Kapasi *	38.74	37.01
Mr. Yash Mandawewala *	27.57	13.79
Mrs. Khushboo Mandawewala *	29.42	14.00
Closing balances as at 31 March		
Trade receivables	**1,307.55**	**495.84**
Welspun India Limited	1,307.54	495.83
Welspun Steel Limited	0.01	0.01
Trade payables	**-**	**7.15**
Welspun India Limited	-	0.87
Welspun Steel Limited	-	6.28
Loan taken	**2000.00**	**-**
Mandawewala Enterprises Limited	2000.00	-
Advance given	**-**	**2.30**
MGN Agro Properties Private Limited (Amalgamated Welspun Wintex Limited)	-	2.30
Investments outstanding	**0.17**	**0.17**
Welspun India Limited	0.15	0.15
Welspun Steel Limited	0.01	0.01
Welspun Investments and Commercials Limited	0.01	0.01
Remuneration payable	**143.60**	**159.23**
Mr. B. A. Kale	103.50	125.71
Mr. Abhishek R. Mandawewala	40.10	33.52

(₹ in lakhs)

36. Details of remuneration paid / payable to the Executive director and Whole time director included in "Employee benefits expense" are as under :

	2017	2016
Salaries and allowances	136.01	101.91
Contribution to Provident Fund	6.94	4.89
Commission	143.60	159.23
Perquisites	1.09	1.30
Total	**287.64**	**267.33**

Provision for post-retirement benefits which is based on actuarial valuation done on an overall Company basis is excluded from above.

37. **Foreign exchange**

a) The Companies (Accounting Standards) Amendment Rules 2011 has amended the provision of AS-11 related to "The effects of changes in Foreign Exchange Rates" vide notification dated 11 May 2011 (as amended on 29 December 2011 and further clarification dated 9 August 2012) issued by the Ministry of Corporate Affairs. Accordingly, the Company has adjusted exchange difference gain amounting to ₹ 4.70 lakhs (loss of ₹ 350.71 lakhs) and loss of ₹ 49.98 lakhs (gain of ₹ 5.93 lakhs) to the cost of property, plant and equipment and capital work-in-progress respectively.

b) The Company is exposed to various financial risks, most of which relate to changes in exchange rates, interest rate etc. The Company hedges risks of the aforesaid nature using forward contracts. The outstanding foreign currency forward contracts as at 31 March 2017 are as follows:

Forward Contracts

a. Details of foreign currency exposures that are hedged by forward contracts outstanding as at year end are as under :

Forward Contracts	Covered for	2017		2016	
		Foreign Currency	Equivalent Indian Rupee	Foreign Currency	Equivalent Indian Rupee
USD / INR	Foreign currency loan	11.23	728.50	16.99	1125.70
USD / INR	Imports	14.38	932.61	-	-

b. As at balance sheet date, the Company has foreign currency payable (net) that is not hedged by a derivative instrument or otherwise amounting to ₹ 3,908.19 lakhs (₹ 5,399.47 lakhs)

38. **Earnings per share (EPS)**

	2017	2016
Profit after tax (₹ in lakhs)	4,013.85	4,775.15
Profit available for appropriation to equity share holders (₹ in lakhs)	4,013.85	4,775.15
Weighted average number of equity shares for computation of EPS (Number of shares)	39,239,568	39,239,568
Basic and diluted earnings per share (₹)	10.23	12.17

(₹ in lakhs)

39. **Segment information**

a) The Company operates in a single primary business segment i.e. manufacture of Synthetic Yarn and hence, there are no reportable segments as per Accounting Standard (AS) - 17 "Segment Reporting".

b) Information about Secondary-Geographical segment.

	2017			2016		
	India	Outside India	Total	India	Outside India	Total
Sales	61,978.81	16,703.30	78,682.11	60,410.40	19,678.62	80,089.02
Carrying amount of segment assets	57,945.73	1,919.21	59,864.94	50,836.07	3,051.90	53,887.97
Capital expenditure	7,554.04	-	7,554.04	9,933.14	-	9,933.14

Note: The segment revenue in the geographical segments considered for disclosure is as follows:

- Revenue within India includes sales to customers located within India and earnings in India.
- Revenue outside India includes sales to customers located outside India, earnings outside India.
- Capital expenditure also includes expenditure incurred on capital work-in-progress and capital advances.

40. a) Balances of certain debtors, creditors and advance are subject to confirmation / reconciliation, if any. The management does not expect any material difference affecting the financial statements on such reconciliation / adjustments except otherwise stated.

b) In the opinion of management, current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet. The provision for expenses and all known liabilities is adequate and not in excess of the amount reasonably stated.

41. **Research and Development Expenditure**

The Company has received recognition for in-house Research and Development (R&D) units at Rakholi and Palghar from the Department of Scientific and Industrial Research (DSIR). During the year, the Company has incurred expenditure on research and development activities of ₹ 1,270.99 lakhs (₹ 1,998.41 lakhs) including capital expenditure of ₹ 649.72 lakhs (₹ 1,461.64 lakhs). The revenue expenditure includes employee cost, material cost, power cost, travelling & conveyance and other expenses. The Company has considered weighted tax deduction on eligible research and development expenditure of ₹ 1,270.99 lakhs (₹ 1,998.41 lakhs) under Section 35 (2AB) of the Income Tax Act 1961.

42. **Corporate Social Responsibility (CSR)**

As per section 135 of the Companies Act, 2013, a CSR Committee had been formed by the Company. The Company is required to spend ₹ 87.93 lakhs for the current financial year and has spent ₹ 87.93 lakhs on activities specified in Schedule VII of the Companies Act, 2013. The entire amount has been paid during the year.

43. **Information required under section 186(4) of the Companies Act, 2013**

a) Loans / guarantees given and securities provided – The Company has not given any loans / guarantees or provided securities during the year.

b) Investments made - There are no investments other than as disclosed in note 12 "Non-current investments"and note 14 "Current investment" of Notes forming part of financial statements.

44. Previous year's figures have been regrouped / reclassified / recast wherever necessary to correspond with the current year's classifications / disclosures. Figures in brackets pertain to the previous year.

(₹ in lakhs)

45. **Additional information**

		2017		2016	
i)	**Raw materials consumed**	**(%)**	**₹ in lakhs**	**(%)**	**₹ in lakhs**
	Imported	35.76	15,027.52	36.54	15,787.84
	Indigenous	64.24	26,990.07	63.46	27,417.90
	Total	**100.00**	**42,017.59**	**100.00**	**43,205.74**
ii)	**Stores,spares, dyes and chemicals consumed**				
	Imported	18.19	1,168.38	17.11	1,018.27
	Indigenous	81.81	5,253.16	82.89	4,931.50
	Total	**100.00**	**6,421.54**	**100.00**	**5,949.77**
iii)	**CIF value of imports**				
	Raw materials		14,634.54		15,670.44
	Capital goods		4,277.65		5,404.56
	Stores and Spares		1,377.36		1,626.53
iv)	**Expenditure in foreign currency**				
	Traveling and conveyance		27.63		41.35
	Membership and other fees		9.89		13.15
	Commission on export sales		135.38		130.95
	Finance expenses (including bank charges)		358.83		223.28
	Legal and professional charges		368.77		258.87
	Quality claims accepted		29.32		113.84
	Export Shipping and Handling expenses		80.15		78.38
	Others		52.56		13.15
v)	**Earnings in foreign currency:**				
	FOB value of exports		15,657.85		19,212.24

As per our attached report of even date

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169 W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 6 May 2017

For and on behalf of the Board

R.R. Mandawewala
Chairman
DIN: 00007179

Abhishek R. Mandawewala
Managing Director
DIN: 00737785

Himanshu Dhaddha
Chief Financial Officer

Kaushik Kapasi
Company Secretary

AYM Syntex Limited (formerly Welspun Syntex Limited)

Cash Flow Statement for the year ended 31 March 2017

(₹ in lakhs)

	2017	2016
Cash flow from operating activities		
Profit before tax	**4,748.02**	**6,291.50**
Adjustments for:		
Depreciation and amortisation expense	3,027.25	2,407.30
Balances written back	-	(38.09)
Loss on sale / discard of property, plant and equipment (net)	78.11	3.96
Profit on sale of current investments (net)	(178.99)	(6.52)
Interest income	(145.14)	(224.06)
Interest expense	1,702.18	1,516.56
Dividend income on current investments	(8.01)	(20.19)
Exchange difference (net)	(83.72)	(32.52)
Operating profit before working capital changes	**9,139.70**	**9,897.94**
Trade and other receivables	630.28	(1,209.28)
Inventories	(2,030.47)	838.44
Trade and other payables	(730.45)	3,614.96
Cash generated from operations	**7,009.06**	**13,142.06**
Taxes paid (net of refunds)	(1,411.52)	(1,182.33)
Net cash generated from operating activities	**5,597.54**	**11,959.72**
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress)	(7,542.26)	(9,600.63)
Sale of property, plant and equipment	18.22	17.02
Purchase of current investments	(13,643.57)	(6,008.98)
Sale of current investments	12,137.89	8,171.10
Increase in other bank balances	162.08	(326.30)
Interest received	142.97	350.12
Dividend received	8.01	20.19
Net cash used in investing activities	**(8,716.66)**	**(7,377.48)**
Cash flow from financing activities		
Proceeds from long-term borrowings	4,087.55	10,418.39
Repayment of long-term borrowings	(4,011.99)	(3,892.10)
Proceeds from short-term borrowings	2,600.90	2,824.79
Repayment of short-term borrowings	(2,550.67)	(4,011.02)
Increase / (decrease) in other borrowings	(249.19)	(2,538.98)
Proceeds from inter-corporate deposits	2,000.00	-
Repayment of inter-corporate deposits	-	(2,503.40)
Interest paid	(1,679.73)	(1,509.20)
Dividend paid (including tax)	-	(408.73)
Net cash generated / (used in) financing activities	**196.87**	**(1,620.25)**
Net increase / (decrease) in cash and cash equivalents	**(2,922.25)**	**2,962.00**
Cash and cash equivalents at the beginning of the year	3,835.97	873.97
Cash and cash equivalents at the end of the year	**913.72**	**3,835.97**
Add: Earmarked bank balances	1,494.82	1,657.38
Cash and bank balances at the end of the year	**2,408.53**	**5,493.35**

Notes

1) Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements"
2) Cash and bank balances include loss of ₹ 4.88 lakhs (gain of ₹ 5.95 lakhs) on account of fluctuation in foreign exchange rates.
3) Previous year figures are regrouped / reconsidered wherever necessary.

As per our attached report of even date

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169 W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 6 May 2017

For and on behalf of the Board

R.R. Mandawewala
Chairman
DIN: 00007179

Abhishek R. Mandawewala
Managing Director
DIN: 00737785

Himanshu Dhaddha
Chief Financial Officer

Kaushik Kapasi
Company Secretary

NOTES

NOTES

THE AYM LOGO

Representing a new direction of the organization as it defines the core DNA & philosophy

The contours of the logo are **seamless**, suggesting a **fluid** & **harmonious work environment** born of a cohesive work ethic. The flow of the lines of the logo is **in continuum** indicating **smooth and efficient performance & inner strength.** This **inner strength** is indeed the **epitome** of all **that the corporation desires** to **achieve**.

The aim of the logo is to stand for the **collective & exponential strength derived** from the team and the people, talents & skills, vision & mission. The **aim** has been to **imbue** this **new entity** with **energy** & **spirit, speed** & **dynamism.**



To that end, the **colour red symbolizes** a **red - blooded zeal, a purpose** and a **youthful, vibrant approach.**

The three turrets of the logo **stand tall against** the business backdrop, defying all vicissitudes and odds and **making a statement through policies, practices** & **a ceaseless innovative spirit.** The **tallest** of them **rises as an arrow, pointing northwards** towards the **pinnacle** of **achievement.** This is a true representation of our collective effort **to rise above the ordinary** & **achieve the extraordinary.**

Made from the **letters A, Y** and **M, the logo forms** a **unique crest**, a distinctive crown – an unmistakable **insignia of leadership** and **powerful bearing.** Taken as a whole, the **logo is alive, vital, born of an inner strength** and an energy waiting to be unleashed. It is a **stronghold of excellence** that is, & always will be, **unassailable** & **unbeatable.**

The **base** of the **logo** forms an **infinity symbol** – again a **reiteration** of the **endless potential & boundless flow of imagination.** This is the **infinite energy**, the **unstoppable power**, the inner strength and stamina that will form the **bedrock of a limitless future.**

AYM Syntex

THE STRENGTH WITHIN

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