AYM Syntex Limited

March 05, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	178.40	CARE A; Stable	Reaffirmed
Short-term bank facilities	385.00	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

The reaffirmation of the ratings assigned to AYM Syntex Limited (ASL) considers the improvement in the company's operating performance in FY25 (FY refers to April 01 to March 31), supported by a better product mix, higher throughput, and improved capacity utilisation. The company reported ~9.6% growth in total operating income (TOI) to ₹1,490 crore in FY25 with stronger operating margins of ~8.1% aided by softer crude-linked raw material prices, procurement efficiencies, and operational improvements; however, performance moderated in H1FY26 considering demand slowdown, pricing pressure in the textile sector, and tariff-related disruptions in the export market, leading to lower operating leverage and margin compression. The ratings continue to draw comfort from ASL's established and geographically diversified clientele with low customer concentration, with no single customer contributing over 10% of revenue and exports forming 43% of FY25 turnover. The working capital cycle remained healthy at 37 days in FY25, though reliance on working capital borrowings remains high. The financial risk profile improved with overall gearing at 0.21x as on March 31, 2025, and better debt protection metrics; however, profitability pressures in H1FY26 resulted in moderation in cash accruals. The company has planned capital expenditure (capex) for FY26-FY27 to enhance capacities in high margin segments, to be funded through preferential proceeds, internal accruals, and debt. The ratings also consider the strong promoter group and their demonstrated financial support, including cumulative infusion of ₹91.95 crore from FY17-FY24 and preferential issue of ₹141.76 crore in FY25.

However, the ratings remain constrained by exposure to crude-linked raw material price volatility and foreign currency fluctuation risks, and the pending settlement of the fire loss of profit (FLOP) insurance claim relating to the May 2023 fire incident. Moreover, withdrawal of the quality control order (QCO) on polyester yarn, could result in higher imports and resultant pricing pressure, which may adversely affect the company's operating performance. Further, any significant debt-funded capex that weakens the financial risk profile will remain a key monitorable.

Rationale and key rating drivers

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Substantial improvement in the TOI along with sustainability of the profit before interest, lease rentals, depreciation and taxation (PBILDT) margin ~10%.
- Substantial improvement in the net debt/PBILDT ratio to below 2x on a sustained basis.

Negative factors

- Any unforeseen debt-funded capex or acquisition, leading to a deterioration of the net debt/PBILDT beyond 3x on a sustained basis.
- Deterioration in the PBILDT margin below the 8% level at a sustained basis.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has considered the consolidated financials to arrive at the ratings considering the operations in similar business and business linkages that exist with its subsidiaries. A list of companies consolidated to arrive at the ratings is given in Annexure-6.

Outlook: Stable

The stable outlook reflects CareEdge Ratings expectations of an improvement in the company's operating and financial risk profiles, supported by its strong position in the floor covering segment, focus on value added products, and ongoing cost rationalisation initiatives.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Experienced promoters and management with track record of support

Established in 1983, ASL was jointly promoted by BK Goenka and RR Mandawewala. In October 2015, post the spin-off, the stakes held by the erstwhile promoters and their group companies were transferred to Rajesh Mandawewala, who is the Vice Chairman of Welspun World and Co-promoter of the Welspun group. He is the Promoter and Chairman of ASL. The promoters have infused ~₹91.95 crore into the company from FY17-FY24 to provide liquidity support in the capex phase. In FY25, the company raised equity of ₹141.76 crore through preferential allotment.

Improved operating performance in FY25; moderation expected in FY26

In FY25, ASL reported 9.6% growth in TOI to ₹1,490 crore (FY24: ₹1,359 crore), driven by an improved product mix, better capacity utilisation, and higher throughput, while volume growth remained modest. Export revenues were largely stable, although the export share declined to 43% from 47.5% in FY24.

Operating profitability strengthened in FY25, supported by lower raw material costs, which declined to 53.5% of revenue from 55.7% in the previous year, and procurement efficiencies, improved sales mix, operational improvements, and a favourable decline in Brent crude prices to ~US$73/bbl from ~US$86/bbl. Consequently, PBILDT improved to ₹120.7 crore, with margins expanding to ~8.1%.

However, performance moderated in H1FY26, with revenues impacted by a demand slowdown and pricing pressures in the textile sector, in an uncertain business environment and United States tariff-related disruptions, which adversely affected sales. Lower operating leverage led to margin compression, resulting in a sharp decline in PBILDT.

Established clientele with low customer concentration

The company has an established clientele and caters to customers such as Godfrey Hirst Australia Pty, Vebe Floorcoverings BV etc. in various geographies. The company's customer base is well-distributed and there is no substantial concentration risk, and no single customer contributes over 10% of the revenue and the outstanding receivables. The revenue contribution from the top 10 customers is 26% (PY: 33%). Exports contributed ~43% of the total operating income in FY25 (PY: 47.5%).

Healthy working capital cycle

The company's working capital cycle continues to remain healthy at 37 days in FY25. ASL's major raw materials are nylon and polyester chips. Most of the raw material is sourced from the domestic market. Since majority of the business is make-to-order, the inventory stocking period is less than one month. However, overall operations are working capital intensive and require high dependence on working capital borrowings and an average working capital utilisation of 67% for the last 12 months ended December 31, 2025.

Expected improvement in financial risk profile

The financial risk profile of AYM Syntex Limited improved considerably in FY25, considering deleveraging, stronger net worth, and improved profitability. The company's total debt reduced to ~₹340 crore as on March 31, 2025, from ₹481 crore in FY24, while net worth increased to ₹578 crore from ₹424 crore, considering internal accruals and equity infusion. Consequently, the debt-equity ratio improved to 0.21x in FY25 from 0.45x in FY24, and overall gearing (including acceptances) improved to 0.59x from 1.14x. Debt protection metrics also strengthened, with total debt/PBILDT improving to 2.82x from 4.73x and PBILDT interest coverage improving to 2.82x from 2.42x. Liquidity indicators improved with current ratio increasing to 1.26x from 1.03x and cash balances increasing to ₹18.1 crore from ₹7 crore. However, in H1FY26, the financial risk profile witnessed some moderation considering a decline in operating profitability, resulting in weaker cash accruals (₹27.2 crore in H1FY26 compared to ₹38.2 crore in H1FY25).

The company is undertaking capital expenditure (capex) in its high-margin businesses to expand capacity in FY26, with a planned investment of ₹100-₹110 crore. This capex is funded through a mix of debt, preferential issue proceeds, and internal accruals. The bulk continuous filament (BCF) capacity expansion has already been completed and commissioned, while the industrial yarn (IDY) expansion is currently in progress. These incremental capacities are expected to drive revenue growth and profitability improvements in the medium term.

Key weaknesses

Loss by fire

On May 12, 2023, a fire broke out at the company's plant in Rakholi, affecting few machineries in one of the divisions. The insurance claim is being submitted under two categories – material damage and fire loss of profit insurance (FLOP). ASL has submitted an estimated material damage claim, which includes capex, civil, and stocks, and received the claim amount in full. However, the FLOP claim which is the second part of the overall claim, is under process. Realisation of this claim could bring additional inflow and help improve liquidity. The company is expected to receive the amount from the insurance company for its FLOP claim. In FY25, the company received ₹10.06 crore against previously recorded claim receivables.

Exposure to volatility in raw material costs

ASL's major raw materials are polymer chips and partially oriented yarn (POY) and texturised yarn. These inputs are derivatives of crude oil, terephthalic acid (PTA) and mono ethylene glycol (MEG). The average PTA prices increased by 12.7%, while the average MEG prices declined by 10.5% in January 2026 compared to January 2025. Any adverse movements in the prices of raw materials may create pressure on ASL's profitability margins, when the rise in price cannot be recovered through higher realisations. ASL's focus on high-value and specialty products and its location advantage from being present in a textile manufacturing hub mitigate the pricing risk and competition pressure. In some cases, depending on customer requirements, the company works on formula-based pricing, where the prices are contractually binding for a specific period and there is scope for transferring the increased cost and vice versa.

Foreign currency fluctuation exposure

ASL remains naturally hedged considering exports. The company's raw material requirements comprise domestic suppliers such as Reliance, JBF, Indorama etc. and imports from Taiwan, Korea and China etc. In FY25 exports accounted for 43% of total operating income (PY: 47.5%).

Liquidity: Adequate

The company's liquidity remains adequate, with cash and cash equivalents of ₹14.57 crore as on September 30, 2025. Gross cash accruals for FY26 is expected to be sufficient to meet debt repayment of ₹60.93 crore (includes lease repayments) and fund capex. The company has an average fund-based utilisation of 67% for the last 12 months ending December 31, 2025. The company is undertaking capex of ₹100-₹110 crore in FY26 towards increasing capacities including maintenance capex funded through a term loan of ₹28 crore, ₹59 crore through preferential issue proceeds and the balance internal accruals as on 31st December, 2025. Capex for FY27-FY28 is discretionary and will depend on optimal utilisation of current capacities.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

	Risk factors
Environmental	ASL demonstrates a strong environmental commitment through initiatives such as 97% water recycling at its Palghar Plant with Zero Liquid Discharge (ZLD) facility and significant reductions in chemical usage via green chemistry practices. The company is also expanding its renewable energy footprint with solar power generation and investing in energy-efficient technologies across plants. These efforts collectively reduce environmental impact while improving resource efficiency.
Social	On the social front, ASL focuses on uplifting communities through its 4-pillar CSR model—Swasthya, Swabhiman, Sudhaar, and Shrishti. The company provides clean drinking water to over 22,000 beneficiaries, runs education programs such as Anganwadi and Balwadi centres, and supports community health through mobile medical vans. Internally, it promotes employee well-being with zero fatalities for five consecutive years, robust training programs, and active diversity and inclusion initiatives.
Governance	With a board comprising 50% independent directors, the company maintains strong oversight through structured committees, a comprehensive Enterprise Risk Management (ERM) framework, and strict adherence to SEBI and Companies Act norms.

Applicable criteria

[Definition of Default]
[Consolidation]
[Liquidity Analysis of Non-financial sector entities]
[Rating Outlook and Rating Watch]
[Manufacturing Companies]
[Financial Ratios – Non financial Sector]
[Short Term Instruments]
[Manmade Yarn Manufacturing]

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Textiles	Textiles and apparels	Other textile products

Established in 1983, ASL is engaged in manufacturing a wide range of texturised and dyed polyester and nylon yarn from three manufacturing units in Rakholi (Dadra and Nagar Haveli), Naroli (Dadra and Nagar Haveli) and Palghar (Thane, Maharashtra). ASL has developed varieties of yarn such as air texturised yarn, monofilament yarn, IDY yarn, sewing thread yarn, automotive yarn and fancy yarns. The company periodically changes its product mix in line with market requirements and keeps focus on high-value products such as dope-dyed and nylon mono yarns, spandex covered yarns and high bulk polyester yarns catering to niche markets.

Brief consolidated financials	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	1358.80	1489.82	999.35
PBILDT	101.59	120.68	59.51
PAT	2.04	11.64	-2.47
Overall gearing (times)	1.14	0.59	-
Interest coverage (times)	2.42	2.82	2.45

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	15-09-2031	178.40^	CARE A; Stable
Fund-based- Short Term		-	-	-	110.00	CARE A1
Non-fund-based - ST-BG/LC		-	-	-	275.00	CARE A1

^Includes proposed term loan of ₹84.70 crore

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	178.40	CARE A; Stable	-	1)CARE A; Stable (03-Feb-25)	1)CARE A; Stable (26-Dec-23)	1)CARE A; Stable (21-Oct-22)
2	Non-fund-based - ST-BG/LC	ST	275.00	CARE A1	-	1)CARE A1 (03-Feb-25)	1)CARE A1 (26-Dec-23)	1)CARE A1 (21-Oct-22)
3	Fund-based-Short Term	ST	110.00	CARE A1	-	1)CARE A1 (03-Feb-25)	1)CARE A1 (26-Dec-23)	1)CARE A1 (21-Oct-22)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based-Short Term	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	AYM Textiles Private Limited	Full	Operational and management linkages
2	Innovative Yarns LLC*	Full	

*incorporated in September 2025

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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