

Ahimsa Industries Limited

February 11, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* (Double B Minus ; Outlook: Stable / A Four ISSUER NOT COOPERATING*) and Withdrawn
Long Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BB-; Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable ISSUER NOT COOPERATING*) and Withdrawn
Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*) and Withdrawn
Total Bank Facilities	0.00 (Rs. Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has reaffirmed and withdrawn the outstanding ratings of 'CARE BB-; Stable /CARE A4' Issuer Not Cooperating {Double B; Outlook: Stable/A Four} assigned to the bank facilities of Ahimsa Industries Limited (AIL) with immediate effect. The above action has been taken at the request of AIL and 'No objection Certificate' has been received from the bank that have extended the facilities rated by CARE.

CARE has reviewed the ratings on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The ratings of AIL continue to remain constrained due to their moderate scale of operations, its moderate profitability, susceptibility of its margins to volatility in raw material prices and foreign exchange rates and its presence into competitive nature of plastic industry.

The ratings, however, continue to derive strength from its experienced and resourceful promoters and AIL's comfortable capital structure and debt coverage indicators.

Detailed description of the key rating drivers

At the time of last rating on January 21, 2022 the following were the rating strengths and weaknesses:

Key Rating Weaknesses

Moderate scale of operations with moderate profitability

During FY21, the scale of operations marked by total operating income (TOI) of the company declined and remained moderate at Rs.22.07 crore as against Rs.31.61 crore in FY20. However, the operating profit margins marked by PBILDT margin improved at 8.95% (Rs.1.98 crore) during FY21 from 3.81% (Rs.1.21 crore) during FY20.

Susceptibility of its profit margins to volatility in raw material prices and foreign exchange rates

The prices of primary raw materials for manufacturing PET preform, i.e., Purified Terephthalic Acid (PTA) and Mono Ethylene Glycol (MEG) are derivatives of crude oil which is in turn linked to global demand-supply, the price fluctuation of the same may affect the profit margins of the company in case of its inability to pass on the same to end consumers. Also, as AIL imports few of its raw materials and exports part of its finished goods, its profit margins are also exposed to foreign exchange fluctuation risk in absence of prudent foreign exchange hedging policy.

Presence into competitive nature of plastic industry

The industry is characterized by low entry barriers, availability of fiscal benefits from the government and easy access to customers and suppliers. As a result, AIL faces high competition from various organized as well as unorganized players from domestic market.

Key Rating Strengths

Vast experience of the promoters

The key promoter of AIL, Mr. Ashutosh Gandhi, has an experience of more than two decades in the trading of plastic industry, primary including confectionery machinery and injection and blow-molding moulds.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Comfortable capital structure and moderate debt coverage indicators

The capital structure of the company continued to remain comfortable marked by overall gearing of 0.57 times as on March 31, 2021. The debt coverage indicators of the company marked by total debt to gross cash accruals (TDGCA) remained moderate at 6.07 years as on March 31, 2021 as against TDGCA of 8.36 years as on March 31, 2020. Further Interest coverage ratio improved and remained moderate at 3.05 times during FY21 as against 1.96 times during FY20 owing to moderate increase in operating profits during FY21.

Analytical approach: Standalone

Applicable Criteria

[Policy on Withdrawal of ratings](#)
[Policy in respect of Non-cooperation by issuer](#)
[Policy on default recognition](#)
[Financial Ratios – Non financial Sector](#)
[Rating Outlook and Credit Watch](#)
[Manufacturing Companies](#)

About the company

Ahmedabad based AIL (CIN:- L25200GJ1996PLC028679) , reconstituted as a public limited company in May 2015 was originally incorporated as Ahimsa Industries Private Limited (AIPL) in 1996 by Mr. Ashutosh Gandhi and his wife Mrs. Sneha Gandhi to undertake the trading of confectionery machinery and injection and blow-molding moulds as well as for executing turnkey projects as a merchant exporter. From January 2012, the company has also started manufacturing of "Polyethylene Terephthalate (PET) preforms" at Piplaj near Ahmedabad. The capacity of its manufacturing plant remained at 3,600 metric tonnes per annum (MTPA) as on March 31, 2019. AIL has its registered brand name "Greenpet" under which it sells PET preforms, which find application in liquid packaging industry for manufacturing plastic bottles

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	H1FY22
Total operating income	31.62	22.08	10.55
PBILDT	1.21	1.98	1.36
PAT	-0.44	0.09	0.73
Overall gearing (times)	0.57	0.57	0.21
Interest coverage (times)	1.96	3.05	8.50

A: Audited; UA: Unaudited

Status of non-cooperation with previous CRA: ICRA has suspended rating assigned to the bank facilities of AIL vide press release dated May 15, 2013 on account of non-cooperation by AIL with ICRA's efforts to undertake a review of the ratings outstanding.

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT/ ST-EPC/PSC	-	-	-	-	0.00	Withdrawn
Fund-based - LT/ ST-Cash Credit	-	-	-	-	0.00	Withdrawn
Non-fund-based - ST-Forward Contract	-	-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan	-	-	-	December, 2019	0.00	Withdrawn
Fund-based - LT-Term Loan	-	-	-	March, 2021	0.00	Withdrawn
Fund-based - LT-Term Loan	-	-	-	October, 2021	0.00	Withdrawn

Annexure-2: Rating History of last three years

Sr. No	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (04-Oct-19)	1)CARE BB+; Stable (06-Sep-18)
2	Fund-based - LT/ST-EPC/PSC	LT/ST*	-	-	1)CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* (21-Jan-22)	1)CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* (09-Nov-20)	1)CARE BB+; Stable / CARE A4+ (04-Oct-19)	1)CARE BB+; Stable / CARE A4+ (06-Sep-18)
3	Fund-based - LT/ST-Cash Credit	LT/ST*	-	-	1)CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* (21-Jan-22)	1)CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* (09-Nov-20)	1)CARE BB+; Stable / CARE A4+ (04-Oct-19)	1)CARE BB+; Stable / CARE A4+ (06-Sep-18)
4	Non-fund-based - ST-Forward Contract	ST	-	-	1)CARE A4; ISSUER NOT COOPERATING* (21-Jan-22)	1)CARE A4; ISSUER NOT COOPERATING* (09-Nov-20)	1)CARE A4+ (04-Oct-19)	1)CARE A4+ (06-Sep-18)
5	Fund-based - LT-Term Loan	LT	-	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (21-Jan-22)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (09-Nov-20)	1)CARE BB+; Stable (04-Oct-19)	1)CARE BB+; Stable (06-Sep-18)
6	Fund-based - LT-Term Loan	LT	-	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (21-Jan-22)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (09-Nov-20)	1)CARE BB+; Stable (04-Oct-19)	1)CARE BB+; Stable (06-Sep-18)
7	Fund-based - LT-Term Loan	LT	-	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (21-Jan-22)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (09-Nov-20)	1)CARE BB+; Stable (04-Oct-19)	1)CARE BB+; Stable (06-Sep-18)

* Long Term / Short Term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities : NA**Annexure 4: Complexity level of various instruments rated for this company**

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-Cash Credit	Simple
3	Fund-based - LT/ ST-EPC/PSC	Simple
4	Non-fund-based - ST-Forward Contract	Simple

Annexure 5: Bank Lender Details for this CompanyTo view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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