Ajanta Shoes (India) Private Limited

September 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	70.29 (Enhanced from 64.91)	CARE A-; Stable	Reaffirmed
Long-term / Short-term bank facilities	35.00	CARE A-; Stable / CARE A2+	Reaffirmed
Short-term bank facilities	16.00	CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of Ajanta Shoes (India) Private Limited (ASPL) factors in improvement in scale of operations in FY25 (refers to period from April 01 to March 31) of the group led by volume growth of ~10.65%. CARE Ratings Limited (CareEdge Ratings) takes note of moderation in operating margins from 9.30% in FY24 to 7.87% in FY25 due increase in raw material cost and other expenses amid steady realisation.

Ratings continue to derive strength from experienced promoters with long track record of operations, established brand presence with diversified product portfolio, satisfactory distribution & retail network, satisfactory capital structure and debt coverage indicators. Ratings continue to be constrained by moderate capacity utilisation, profitability susceptible to raw material price volatility, geographical concentration risk and competitive nature of the footwear industry and working capital intensive operations of the company.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improving scale of operations beyond ₹800 crore while maintaining profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin at 10% on a sustained basis.
- Receipt of GST refund leading to reducing borrowing and improving overall gearing ratio below 0.5x on a sustained basis.
- Improvement in Total debt/PBILDT below 2.00x on sustained basis.

Negative factors

- Deteriorating overall gearing ratio beyond 1.1x on a sustained basis.
- Significant debt-funded capex leading to deteriorating capital structure of the group.
- Deterioration in Total debt/PBILDT above 3.00x on sustained basis.

Analytical approach: Combined

CareEdge Ratings has combined the business and financial risk profiles of ASPL and Ajanta Footcare (India) Private Limited (AFPL) together referred to as the Ajanta Group, as they operate under common management and are engaged in similar lines of business with operational and financial linkages. ASPL has also extended corporate guarantee for bank facilities of AFPL. However, there is no specific payment mechanism mentioned in the guaranteed deed. List of entities combined is presented under Annexure-6**.**

Outlook: Stable

CareEdge Ratings believes that the group will continue to benefit from established brand presence with diversified product portfolio and distribution & retail network and likely to sustain the increased scale of operation while maintaining operating margin and capital structure at around current levels.

Detailed description of key rating drivers:

Key strengths

Experienced promoters with long track record of operations

The Ajanta group's promoters have long experience in footwear business. Banik family is engaged in manufacturing 'Hawai' footwear since 1956 under the leadership of Late Rabindra Nath Banik (father of Subrata Banik). Currently, day-to-day affairs are

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

managed by Sagnik Banik (MD; son of Subrata Banik) and Soumi Banik (daughter of Subrata Banik), under the guidance of Subrata Banik (Chairman & Managing Director).

Established brand presence with diversified product portfolio
ASPL has been in the footwear business for around six decades and has developed a strong brand, 'Ajanta', in the footwear industry, mainly in rubber "Hawai" segment. Its brand is popular mainly in the eastern part of India with focus mostly on the rural and semi-urban area. Over the years, the group has also ventured into manufacturing Ethylene Vinyl Acetate (EVA) based Hawai slippers (since 2002) and non-leather footwear (since 2007). ASPL has a diversified product portfolio consisting of Hawai slippers, EVA slippers and footwear, Polyurethane (PU) and Polyvinyl Chloride (PVC) footwear.

Improvement in scale of operation despite moderation in operating margin in FY25
At combined level, the group's total operating income (TOI) stood at ₹501.22 crore in FY25 from ₹473.71 crore in FY24 on the back of increased in sales volume by 10.65%. Operating margins moderated from 9.30% in FY24 to 7.87% in FY25 due to increase in raw material cost and other expense amid steady realisation. Accordingly, PBILDT margin declined from 9.30% in FY24 to 7.87% in FY25. In Q1FY26, group has achieved TOI of ₹140.76 crore with PBILDT margin of 9.72%.

On a standalone basis, ASPL's TOI stood at ₹437.34 crore with PBILDT margin stood at 8.04% in FY25 (PY: TOI ₹412.43 crore, PBIDT margin 10.23%) whereas AFPL's TOI stood at ₹87.43 crore with PBILDT margin of 4.93% in FY25 (PY: TOI ₹77.52 crore & PBILDT margin 2.42%).

Satisfactory distribution and retail network
The company has strong dealer network of 233 dealers in West Bengal. This apart, the company has 128 dealers in non-Bengal region. The company has appointed four super stockists, primarily for non-Bengal (east zone), to which the company supplies its products directly and they supply to the dealers. This help ASPL reduce the credit risk since the super stockists buy on cash basis (though they avail 2-3% discounts when compared to the distributors). Adding to this, the company also has 25 exclusive dealers (21 in Bengal region), who only deal in Ajanta products.

Currently, AFPL is the retail arm of the group and is engaged in trading of Footwear and other accessories through its 114 showrooms (110 rented space and four owned) and 49 franchisee partners at different locations of eastern India.

Satisfactory capital structure and debt coverage indicators
On a combined level, the group's capital structure continued to remain satisfactory with an overall gearing of 0.60x as on March 31, 2025 (PY: 0.61x). Debt protection metrices moderated slightly in FY25 marked by total debt to gross cash accruals (TD/GCA) and interest coverage improved from 3.31x and 4.22x in FY24 to 3.61x and 3.92x in FY24 mainly due increase in debt level to decline in operating margin.

Key weaknesses

Moderate capacity utilisation
Capacity utilisation was moderate and stood at ~60% in the last three fiscal years ending March 31, 2023. The group's capacity utilisation stood at ~72% in FY25 compared to ~70% in FY24. Improvement in capacity utilisation in last two years is because of improved demand and with increased presence in northern states through its distribution and retail channels, capacity expansion and growth in utilisation levels is expected to see growth. Accordingly, total quantity produced increased to 438 lakh pairs in FY25 against 405 lakh pairs in FY24 and 357 lakh pairs in FY23. In Q1FY26, capacity utilisation stands at 83% similar to Q1FY25.

Profitability susceptible to raw material price fluctuation risk
The company is exposed to raw material price fluctuation risk. The major raw material components are natural rubber, synthetic rubber, EVA, PU, PVC and other chemicals. Given that raw material prices are linked with crude oil prices, which are highly volatile in nature, the raw material prices fluctuate variably, leading to volatile profitability. In periods of rising raw material prices, the company has to partly absorb rising prices, which results in a hit on the profitability, whereas it has to pass on the benefit when prices remain benign to a large extent through dealer discounts due to footwear being a price-sensitive product. ASPL's profitability is thus highly susceptible to fluctuation in raw material prices.

Geographical concentration risk
ASPL is majorly operating in West Bengal (WB), hence contribution of sales from WB in the overall turnover remained high at 57% in the last three years. However, the company is trying to build a pan-India presence, hence, sales concentration declined from 73% in FY21 to 57% in FY25 owing to increased sales from new sales team and super stockist appointed in non-Bengal

areas. With expansion plan in other states through its distribution and retail channels, geographical concentration risk is further expected to moderate, going forward.

Competitive nature of footwear industry
The domestic footwear industry is exposed to the intense competition due to the fragmented nature of the Indian footwear industry and wide presence of the unorganised sector, which impacts the pricing power. The unorganised players largely target the low/middle-income segment since these consumer groups are not brand conscious. Moreover, there is a pressure from cheap imports (mainly from China) in this segment. The group also faces stiff competition from other large players such as Relaxo Footwears Limited, Paragon, Khadim, Aqualite Industries Private Limited and others.

Working capital intensive operations
ASPL's operation is working capital intensive, as it must maintain high level of inventory to cater to demands in the regions it operates in, including new markets, where the company has ventured in last couple of years. However, the combined inventory period has remained at similar level to 82 days in FY25 against 79 days in FY24 owing to better inventory management and steps taken, such as sales being routed through super stockist outside West Bengal (done on cash basis in lieu of 3% discount given to them). Apart from inventory period, slight increase in collection period from 41 days in FY24 to 45 days in FY25 led to moderation in operating cycle to 87 days in FY25 compared to 77 days in FY24.

There is also significant amount stuck in GST, which accumulated due to earlier inverted duty structure where the input GST has been higher than the output GST on the product, resulting in requirement of higher working capital. However, the GST Council of India had increased the GST on footwear below ₹1,000 (segment where ASPL is operating) from 5% to 12%, effective from January 01, 2022, which led to stoppage of accumulation under GST receivable. As on March 31, 2025, the outstanding GST receivables stood at ₹36.75 crore (PY: ₹34.69 crore) and reduced to ~₹29 crore as on June 30, 2025, due to adjustment of input GST with output GST.

Liquidity: Adequate
The liquidity position is adequate marked by GCA of ₹24.73 crore against repayment obligations of ₹2.08 crore in FY25, supported by above unity current ratio. In FY26, company has debt repayment obligation of ₹4.18 crore, which is expected to be met from the company's GCA. Average utilisation of working capital limits of ASPL and AFPL for 12 months ending June 2025 stood at ~68% and ~88%, respectively and average utilisation in non-fund-based facility stood at ~41%. ASPL's working capital limits increased by ₹10 crore, which will provide cushion to an extent.

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Consolidation
Wholesale Trading
Retail

About the company and industry
Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer durables	Consumer durables	Footwear

Ajanta Shoes started its journey as a proprietorship concern back in 1950s. Incorporated in August 2011, ASPL is promoted by Subrata Banik. The company's name changed from Banik Rubber Industries (India) Private Limited (BRIPL) to ASPL on April 25, 2018. ASPL is into manufacturing Hawai slippers and footwear (non-leather) under the brand name "Ajanta". The company presently has three manufacturing facilities in Kolkata with a combined capacity to manufacture 180 lakh pairs of Hawai slippers, 270 lakh pairs of EVA slippers, and 157 lakh pairs of footwear annually.
AFPL is the retail arm of the group and is engaged in trading footwear and other accessories through its 114 showrooms (110 rented space and four owned) and 49 franchisee partners at different locations of eastern India.

Combined Brief Financials (₹ crore)*	March 31, 2024 (UA)	March 31, 2025 (UA)	Q1FY26 (UA)
Total operating income	473.71	501.22	140.76
PBILDT	44.08	39.46	13.68
PAT	11.95	14.23	5.91
Overall gearing (times)	0.61	0.60	NA
Interest coverage (times)	4.22	3.92	Na

**Combined financials of ASPL and AFPL.* UA: Unaudited; NA: Not available; Note: 'these are latest available financial'

ASPL-Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	412.43	437.34	124.03
PBILDT	42.20	35.15	12.53
PAT	14.09	13.90	5.70
Overall gearing (times)	0.56	0.52	NA
Interest coverage (times)	5.17	4.42	NA

A: Audited UA: Unaudited; NA: Not available; Note: 'these are latest available financial results'

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-Cash Credit	-	-	-	-	60.00	CARE A-; Stable
Fund-based - LT-Term Loan	-	-	-	July 2029	6.29	CARE A-; Stable
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	-	-	-	-	35.00	CARE A-; Stable / CARE A2+
Non-fund-based - LT-Bank Guarantee	-	-	-	-	2.50	CARE A-; Stable
Non-fund-based - LT-Bank Guarantee	-	-	-	-	1.50	CARE A-; Stable
Non-fund-based - ST-Forward Contract		-	-	-	1.00	CARE A2+
Non-fund-based - ST-Letter of credit		-	-	-	15.00	CARE A2+

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	Non-fund-based - ST-Letter of credit	ST	15.00	CARE A2+	-	1)CARE A2+ (09-Sep-24)	1)CARE A2+ (08-Nov-23)	1)CARE A2+ (24-Jan-23) 2)CARE A2+ (05-Jan-23)
2	Fund-based - LT-Cash Credit	LT	60.00	CARE A-; Stable	-	1)CARE A-; Stable (09-Sep-24)	1)CARE A-; Stable (08-Nov-23)	1)CARE A-; Stable (24-Jan-23) 2)CARE A-; Stable (05-Jan-23)
3	Non-fund-based - LT-Bank Guarantee	LT	2.50	CARE A-; Stable	-	1)CARE A-; Stable (09-Sep-24)	1)CARE A-; Stable (08-Nov-23)	1)CARE A-; Stable (24-Jan-23) 2)CARE A-; Stable (05-Jan-23)
4	Non-fund-based - LT-Bank Guarantee	LT	1.50	CARE A-; Stable	-	1)CARE A-; Stable (09-Sep-24)	1)CARE A-; Stable (08-Nov-23)	1)CARE A-; Stable (24-Jan-23) 2)CARE A-; Stable (05-Jan-23)
5	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	35.00	CARE A-; Stable / CARE A2+	-	1)CARE A-; Stable / CARE A2+ (09-Sep-24)	1)CARE A-; Stable / CARE A2+ (08-Nov-23)	1)CARE A-; Stable / CARE A2+ (24-Jan-23) 2)CARE A-; Stable / CARE A2+ (05-Jan-23)

6	Non-fund-based - ST-Forward Contract	ST	1.00	CARE A2+	-	1)CARE A2+ (09-Sep-24)	1)CARE A2+ (08-Nov-23)	1)CARE A2+ (24-Jan-23) 2)CARE A2+ (05-Jan-23)
7	Fund-based - LT-Term Loan	LT	6.29	CARE A-; Stable	-	1)CARE A-; Stable (09-Sep-24)	1)CARE A-; Stable (08-Nov-23)	-

LT: Long term; ST: Short term; LT/ST: Long term/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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple
4	Non-fund-based - LT-Bank Guarantee	Simple
5	Non-fund-based - ST-Forward Contract	Simple
6	Non-fund-based - ST-Letter of credit	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	Ajanta Footcare (India) Private Limited	Full	Operational and financial linkages

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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