

CARE Due Diligence Services



Due Diligence Report

Name of the Entity	AHIMSA INDUSTRIES LIMITED
Location	102, Iscon Elegance, Near Shapath-5, Prahalad Nagar Junction, S.G. Highway, Ahmedabad-380051, Gujarat, India
Operational Status	Operational
Report Date	September 03, 2015

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CARE Due Diligence Report– STRENGTHS AND WEAKNESSES**Key Strengths**

- *Well-experienced promoter and management team in the plastic industry.*
- *Established track record of business operations.*
- *Moderately diversified business profile*
- *Reputed client base (namely ION Exchange India Limited Indian Railway Catering and Tourism Corporation, Parle Bisleri Private Limited, Eureka Forbes (Aqua Sure) (CARE AA-/A1+) United Breweries (Kingfisher).*

Key weaknesses

- *Fluctuating profitability margins with net loss in FY15*
- *Leveraged capital structure*
- *Weak debt coverage indicators*
- *Working capital intensive nature of operations*
- *Raw material price fluctuation risk.*
- *Presence in the highly regulated and competitive industry.*

Note:

- *To undertake the due diligence, CARE has relied at the information provided by the management, their deputed/ instructed by the management and Draft Red Herring Prospectus.*
- *For undertaking the financial analysis, we have primarily relied on the following financial statements provided by the management:*
 - *Audited financials for the financial year ending March 31, 2011, audited by M/s. K. H. Trivedi & Co and signed by Mr. K. H. Trivedi & Co dated September 05, 2011.*
 - *Audited financials for the financial year ending March 31, 2012, audited by M/s. K. H. Trivedi and signed by Mr. K. H. Trivedi dated September 06, 2012.*
 - *Audited financials for the financial year ending March 31, 2013, audited by M/s. K. H. Trivedi and signed by Mr. K. H. Trivedi dated September 05, 2013.*
 - *Audited financials for the financial year ending March 31, 2014, audited M/s. K. H. Trivedi and signed by Mr. K. H. Trivedi dated September 05, 2014.*
 - *Audited financials for the financial year ending March 31, 2015, audited M/s. K. H. Trivedi and signed by Mr. K. H. Trivedi dated July 15, 2015.*

DRHP consists of financials till March 31, 2015; thus, CARE has also considered financials till only March 31, 2015.

- *As a part of the due diligence exercise for NSE, CARE also*
 - *Reviews financials submitted by the company with Ministry of Corporate Affairs.*
 - *Undertakes Site visit and management discussion*
 - *Due Diligence with lenders and auditors*
- *However, please note that*
 - *Due diligence exercise by CARE is not an audit and also not a recommendation for entering into any transaction with the entity.*
 - *CARE does not guarantee the accuracy, completeness or adequacy of any information on which this report is based. CARE is not responsible for any error / omissions for the results/opinions obtained for the use of this report.*

BRIEF SNAPSHOT OF ENTITY

Name	Ahimsa Industries Limited
Year of Incorporation	January 24, 1996
Constitution	Public Limited Company
Nature of Business	Manufacturing PET pre-form & Trading of plastic moulding machinery, caps and fabric
Industry	Plastic
Products	PET preform, confectionery machinery, moulds & plastic processing machinery, plastic caps and fabric
Registered Office	102, Iscon Elegance, Near Shapath-5, Prahalad Nagar Junction, S.G. Highway, Ahmedabad-380051, Gujarat, India
Location of Plant	Plot No. 160, Devraj Industrial Estate, Piplaj Pirana Road, Piplaj, Ahmadabad, Gujarat
Key Promoters name	Mr Ashutosh Damubhai Gandhi and Ms Sneha Ashutosh Gandhi
Key regulatory approvals, certifications and membership	None
Major Brands	Greenpet and Ahimsa
Name of the Auditor	M/s K. H. Trivedi & Co
Major Existing Bankers	Corporation Bank
Total number of employees	24
Total income for latest year	Rs.3275.96 lakh
Wilful defaulter as per CIBIL	No (As on June 30, 2015)
Litigations	

Case filed by	Cases Against	Particulars	Nature & Number of Case	Amount involved	Current status and managements response
AIL	M/s Sahyadri Food and Agro Industries	Amount Due	Criminal	21.23 lakh	The matter is on stage of hearing
Commissioner of commercial tax (State of Gujarat)	AIL	Direct Tax	Civil	Applicable tax rate – 12.5%+2.5%	Case pending in Hon'ble High Court of Gujarat.

Background

Incorporated in 1996, Ahimsa Industries Limited (AIL, erstwhile Ahimsa Industries Pvt Ltd) is engaged in manufacturing of polyethylene terephthalate (PET) performs since 2011 [forming 57.26% of revenue in FY15]. Furthermore, apart from the manufacturing activity, AIL is also engaged in trading of confectionery machinery, moulds & plastic processing machinery [forming around 5.41% of the total revenue in FY15], trading of fabric since January 2015 [forming 34.93% of the total revenue in FY15] and trading of caps since June 2014 [forming remaining portion of revenue in FY15].

The products manufactured are sold under brand name of 'Greenpet' and finds major application in packing of beverages. AIL derives about 80% of income from the domestic market while remaining from international market from its sale of manufactured products to African countries mainly.

The machinery, caps, and fabric traded are sold under the brand name of 'Ahimsa'. The machinery is 100% export oriented and is exported majorly to African countries, while the caps and fabric is sold in the domestic market.

The manufacturing facility for PET performs with an installed capacity of 3000 MT as on March 31, 2015 is located in Piplaj. The company has its warehouse in Mumbai & Bhiwandi.

During FY15, the total operating income (TOI) of AIL stood at Rs.3275.96 lakh (compared with Rs. 2176.80 lakh in FY14) and a net loss of Rs.81.53 lakh in FY15 (compared with net profit of Rs.17.08 lakh in FY14).

ORGANISATION & MANAGEMENT: PROFILE OF THE PROMOTERS, MANAGEMENT & BOARD OF DIRECTORS

Details of key promoters

Name	Age	Designation	Educational qualification	Total years of experience	Years of association with company	Details of the past experience	Responsibilities handled
Mr Ashutosh Damubhai Gandhi	49	Managing Director	B.E (Plastic)	27	19	He has more than twenty five years of experience in the plastic industry with various organizations.	Overall Management
Ms Sneha Ashutosh Gandhi	47	Whole-time director	Bachelor of Arts	19	19	She has been working with AIL since 1996 in the administration department	Administration

Comments:

- The management of AIL rests in the hands of its key promoters Mr Ashutosh Gandhi and Ms Sneha Gandhi.
- Mr Ashutosh Damubhai Gandhi is a Plastic Engineer by qualification and has about 27 years of experience in the plastic industry at various levels. He manages the entire business affairs at AIL including planning and formulating the overall business strategy and developing business relations for the company.
- Ms Sneha Ashutosh Gandhi (wife of Mr Ashutosh Gandhi) is a graduate in arts and has about two decades of experience in the plastic industry. She is involve in the administration at AIL and has also worked with General Additives Pvt ltd in the past with the marketing department.
- The major decisions are taken by the promoters. Furthermore, the company has recruited various personnel in its second line of management having relevant experience in the industry to assist the promoters.

Details of key management personnel

Name	Age	Designation	Educational qualification	Approx. total years of experience	Years of association with the company	Responsibilities handled
Mr Sanjay Agrawal	51	Chief Executive Officer	B.E (Plastic)	25	19	Head of Manufacturing
Mr Shrenikbhai Khatwal	50	Chief Financial Officer	CFO	29	9	Finance
Ms Gajara Joshi	25	Company Secretary & Compliance officer	C.S, L.L.B, B.Com	2	0.5	Legal and compliance

Comments:

- Mr Sanjay Agrawal, is a qualified Plastic Engineer having about 25 years of experience in the plastic industry, he had worked with leading National companies engaged in manufacturing of housewares products, Engineering products & Injection molding Machineries, he heads the manufacturing division at AIL.
- Mr Shrenikbhai Khatwal, is a commerce graduate by qualification and looks after the finance aspect of the company. Prior to joining AIL, he worked with Ashwin Textile Mill (4 years) as excise clerk and SDC Polyurethane Private Limited (15 years) senior accounts.
- Ms. Gajara Joshi, is a qualified Company Secretary and L.L.B. and has been looking after the legal and compliance matters at AIL. Prior to joining AIL, she was working with M/s. Kadambari M.Dave, CS, as CS management trainee for 15 months
- The second line of management consists of personnel with relevant education qualification and experience in the industry

Details of the board of directors

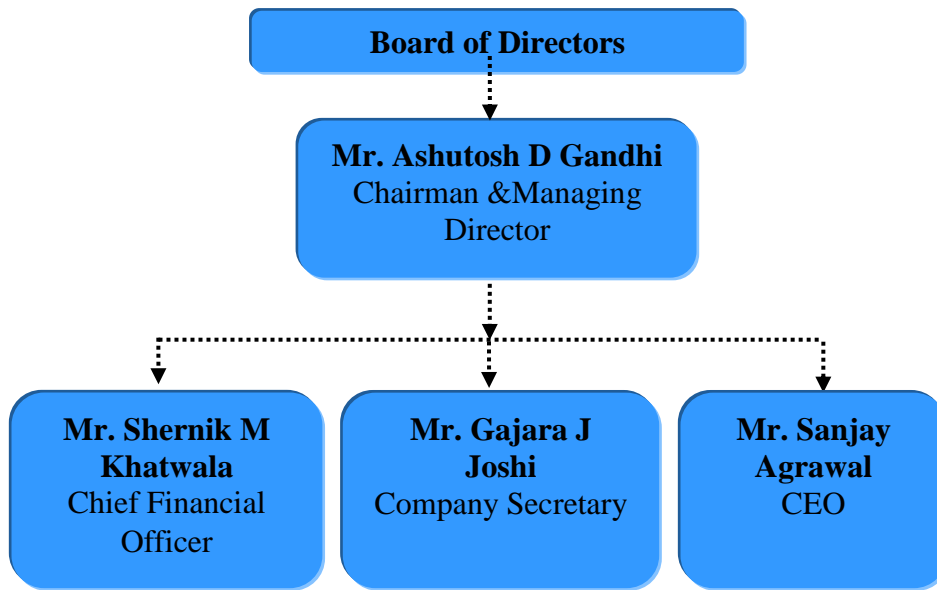
Name	Age (Years)	Category	Education qualification	Total years of experience	Date of Appointment	Details of the past experience	Other directorships/ Association Chairman
Mr Ashutosh Damubhai Gandhi	49	Executive Director	B.E (Plastic)	27	January 24, 1996	He has more than twenty five years of experience in the plastic industry with various organizations.	General Additives Private Limited
Mrs Sneha Ashutosh Gandhi	47	Executive Director	Bachelor of Arts	19	October 09, 1999	She has been working with AIL since 1996 in the administration department	General Additives Private Limited
Mr Jignesh Anubhai Shah	45	Non-Executive	C.S, B.Com	19	December 18, 2014	Worked with various organizations prior to starting own practice from 2001.	None
Mr Ashish Navnitlal Shah	52	Non-Executive & Independent Director	B.E	21	December 18, 2014	He has more than 2 decades of experience in various field. Furthermore, he is also the co-founder of Dalal& ShahFiscal Services Ltd and founder of Wealth First Portfolio Managers Pvt Ltd	1.Dalal and Shah Fiscal Services Limited. 2. Wealth First Portfolio Managers Private Limited. 3.Wealth First Commodities Private Limited. 4.DSFS Shares and Stock broking Private Limited. 5.Jindal

Name	Age (Years)	Category	Education qualification	Total years of experience	Date of Appointment	Details of the past experience	Other directorships/ Association Chairman
							Worldwide Limited. 6.Shaival Reality Limited. 7.Acepro Advisors Private Limited
Mr Bhadresh Arvindbhai Trivedi	50	Non-Executive & Independent Director	Bachelor of Arts	28	June 24, 2015	He has worked with Ahmadabad Electricity Limited and Torrent Power in store department, purchase department, labour handling and key accounts management department.	None

Comments:

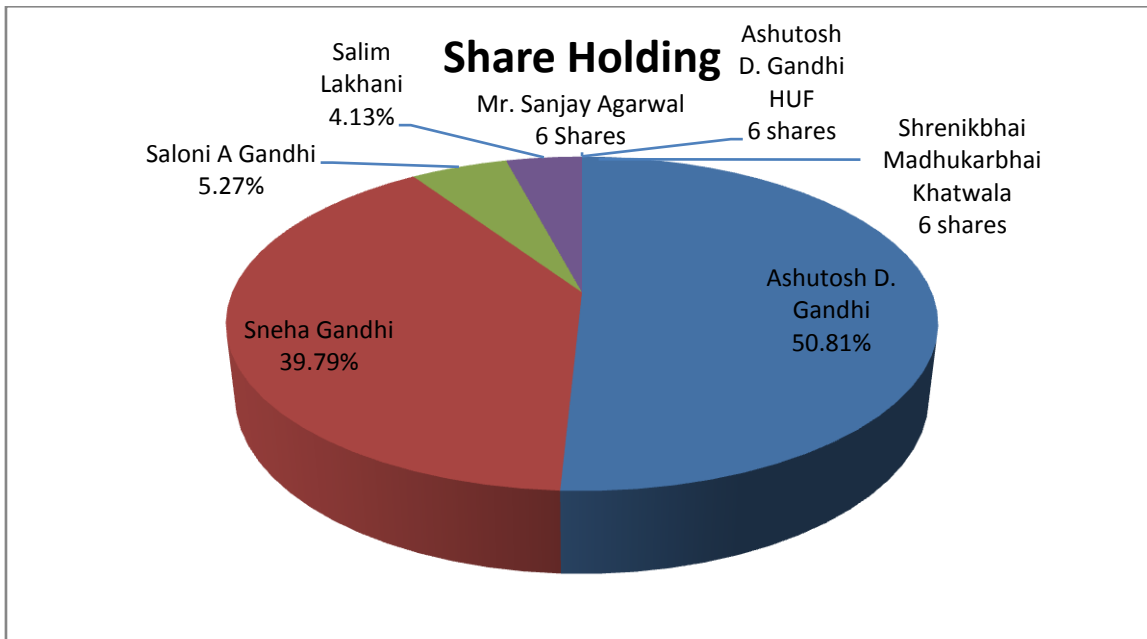
- AIL has two executive directors (promoters) and three non-executive directors on the board.
- The average industry experience of all the directors is more than two decades in various fields. However, the independent non-executive directors have been associated with the company for less than 9 months.

Organization Structure



ORGANISATION & MANAGEMENT: MANAGEMENT & OWNERSHIP STRUCTURE

Share holding pattern as on March 31, 2015



Name of share holder	No. of equity shares held	Share in business (%)
Mr Ashutosh D. Gandhi	210000	50.80
Ms Sneha Gandhi	1573950	39.78
Ms Saloni A Gandhi	208566	5.27
Mr Salim Lakhani	163456	4.13
Mr Sanjay Agarwal	6	0.00045%
Ashutosh Damubhai Gandhi HUF	6	
Mr Shrenikbahi Madhukarbhai Khatwala	6	
Total	3955990	100

Comment:

- Mr Ashutosh Gandhi holds the highest stake, followed by Ms Sneha Gandhi and Ms Saloni Gandhi.

AIL has a group company, following is the detail:

(Rs lakh)

Name of the group company	General Additives Pvt Ltd	
Date of incorporation	December 8, 1983	
Registered office	E 124 Ansa IND Estate, Saki Vihar Road, Sakinaka, Mumbai, Maharashtra-400072	
Nature of business	Engaged in the business to blending compounding, manufacturing, processing and trading of Natural & Synthetic Flavoring Essence, Perfumery Compounds, Essential Oils & Aromatic Chemicals	
Financial Year	FY14	FY15 (Prov.)
Total Income	88.70	92.43
Net Profit	(3.47)	(1.45)
Net worth	30.78	20.37
Total Debt	27.30	39.75

Employee Profile

Particulars	Nos.
Skilled/ Semi-Skilled Employees	20
Semi-Skilled/Unskilled	4
Total Employees	24

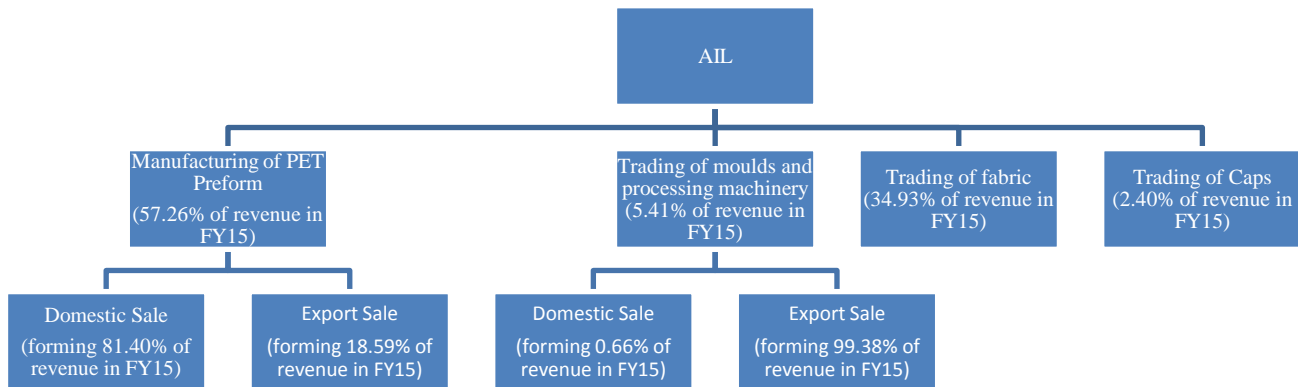
Comment:

- The major decisions are taken by the promoters. However, the company has recruited various personnel in its second line of management having relevant experience in the industry to assist the promoters.
- The level of professionalization seems to be good and they have a good number of skilled employees for the organization.

BUSINESS PROFILE: OPERATIONS OVERVIEW

BUSINESS PROFILE ANALYSIS

AIL is engaged in the manufacturing of PET perform and trading of confectionery machinery, moulds & plastic processing machinery, caps and fabric.



- AIL manufactures PET pre-form as per clients requirements, further the machinery traded are also customized as required by the client.
- Income from manufacturing of PET pre-form formed the majority of AIL revenue (around 57.23% of the total revenue) in FY15, while income from trading of fabric (forming 34.93%) was the second major contributor followed by income from trading of moulds and processing machinery (forming 5.41%) and income from trading of caps accounted for the rest.
- In its PET pre-form manufacturing segment the company sells its products in the domestic market (forming around 81.40% of its revenue from PET pre-form in FY15).
- The company benefits due to its established relationship with reputed brands (clientele) in its portfolio namely ION Exchange India Limited Indian Railway Catering and Tourism Corporation, Parle Bisleri Private Limited, Eureka Forbes (Aqua Sure) (CARE AA-/A1+) United Breweries (Kingfisher).
- The company is also engaged in trading of moulds and processing machinery, which derives major promotion of its revenue from the international market.
- Furthermore the company has diversified its product portfolio during FY15, with trading of fabric and caps in the domestic market.

OPERATIONS OVERVIEW

Nature of activity	Manufacturing and Trading
Industry segment	Plastic
Products Offered	PET pre-form, confectionery machinery, moulds & plastic processing machinery, plastic caps and fabric
Plant location (Manufacturing)	Plot No. 160, Devraj Industrial Estate, Piplaj Pirana Road, Piplaj, Ahmedbad, Gujarat
Area of the Plant	4000 sq meters
Ownership of Plant	Owned
Location advantage	No
Marketing Setup	The company undertakes direct sales efforts either from head office or through business representatives.

Comments:

- AIL has its manufacturing facility located at Piplaj, Ahmadabad (Gujarat) with a total area of 4000 square meter. The manufacturing facility is owned by the company.
- Furthermore, the company also gets PET pre-form manufactured on job-work basis whenever need arise for urgent execution of order, however it has been a rare instance
- AIL markets its products domestically and in the international market through participation in trade fairs and exhibitions, database programs, which helps the company to promote its products and also understand customer’s needs.
- AIL thrives on established relationship developed by the promoter director Mr Ashutosh Damubhai Gandhi with various reputed clients over the years.

Segment-wise revenue analysis
(Rs. Lakh)

Particulars	FY12	FY13	FY14	FY15
Revenue from Manufacturing of PET pre-form	67.19	840.55	1725.96	1827.01
<i>% y-o-y growth</i>	<i>NM</i>	<i>1151.00</i>	<i>105.34</i>	<i>5.85</i>
% contribution to total revenue	10.06%	57.36%	81.01%	57.26%
- Domestic direct sales	67.07	790.38	1549.57	1487.36
<i>% y-o-y growth</i>	<i>NM</i>	<i>1078.44</i>	<i>96.05</i>	<i>-4.01</i>
% contribution to total revenue	10.04%	53.93%	72.73%	46.62%
- Export direct sales	0.12	50.18	176.4	339.65
<i>% y-o-y growth</i>	<i>NM</i>	<i>41816.67%</i>	<i>351.53%</i>	<i>192.55%</i>
% contribution to total revenue	0.02%	3.38%	8.10%	10.37%
Revenue from Trading of Machinery	600.85	624.97	404.66	172.63
<i>% y-o-y growth</i>	<i>NA</i>	<i>4.01</i>	<i>-35.25</i>	<i>-57.34</i>
% contribution to total revenue	89.94%	42.64%	18.99%	5.41%
- Domestic direct sales	<i>NM</i>	<i>NM</i>	0.37	1.07
<i>% y-o-y growth</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>289.19%</i>
% contribution to total revenue	0.00%	0.00%	0.02%	0.03%
- Export direct sales	600.85	624.97	404.29	171.56
<i>% y-o-y growth</i>	<i>NM</i>	<i>4.01</i>	<i>-35.31</i>	<i>-57.57</i>
% contribution to total revenue	89.94%	42.64%	18.98%	5.38%
Revenue from Trading of Caps	<i>NM</i>	<i>NM</i>	<i>NM</i>	76.66
<i>% y-o-y growth</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>
% contribution to total revenue	<i>NM</i>	<i>NM</i>	<i>NM</i>	2.40%
Revenue from Trading of Fabric	<i>NM</i>	<i>NM</i>	<i>NM</i>	1114.38
<i>% y-o-y growth</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>
% contribution to total revenue	<i>NM</i>	<i>NM</i>	<i>NM</i>	34.93%
Total Revenue	668.04	1465.52	2130.62	3190.68
<i>% y-o-y growth</i>	NM	119.38	45.38	49.75

Comments:

- The income derived from sale of PET pre-form have demonstrated an uptrend since inception, however there has been fluctuations in income earned from trading of machinery mainly on account of volatility in demand.
- Domestic sales from PET pre-form manufacturing are the largest revenue contributing segment (with around 46.62% share of the revenue in FY15) followed by trading income from Fabric (about 34.93%).
- The decline in export business was mainly on account of lower demand in the international market.
- The company started operations in trading of caps in FY15, through which the company derives synergies by selling caps to customers purchasing performs.
- Furthermore, AIL started operations in trading of fabric in the domestic market in January 2015, which contributed a significant proportion of total revenue.

CUSTOMER'S PROFILE

- AIL has a customer base of more than 25 clients majorly comprising of leading manufacturers of packaged water and other beverages. Furthermore, machinery trading business majorly comprise of individual customers while customer base for Fabric trading majorly comprise of readymade garment manufacturers.
- AIL client base for PET pre-form comprise of reputed players like ION Exchange India Limited Indian Railway Catering and Tourism Corporation, Parle Bisleri Private Limited, Eureka Forbes (Aqua Sure) (CARE AA-/A1+), United Breweries (Kingfisher).
- AIL has high customer concentration in the PET pre-form segment with top 10 clients contributing to more than 80% of the total revenue in FY15, thereby increasing its dependence on any single client.
- Furthermore, customer concentration for its trading business has been low, as molding machinery being a onetime investment product for the clients.

CUSTOMERS FEEDBACK

Name of Customer	Megha Springs Pvt Ltd,
Contact person	Mr. Nagraj Rao
Contact details	9449596871
Whether Customer is in relation with the promoters?	-
Since when is the customers dealing with AIL	-
Feedback	No response from the company
Product Detail	PET pre-form

Name of Customer	New Gujarat Cola Pvt Ltd
Contact person	Mr. Laljibhai
Contact details	94274 26509
Whether Customer is in relation with the promoters?	No
Since when is the customers dealing with AIL	2014
Feedback	Satisfactory
Product Detail	PET pre-form

Name of Customer	Trikuta Agro Products Pvt Ltd
Contact person	MR.N.C. Das
Contact details	9419113741
Whether Customer is in relation with the promoters?	-
Since when is the customers dealing with AIL	-
Feedback	No response from the company
Product Detail	PET pre-form

SUPPLIERS' PROFILE

- The key raw material for manufacturing of PET pre-form is Polyethylene Teraphthalate resin which constitutes approximately 90% of the total raw material cost. AIL procures around 80% of its raw materials from the domestic market while remaining are imported primarily from China and Thailand. The company has not entered into any long-term contract with the suppliers.
- The company's supplier profile is concentrated with top 10 suppliers contributing to around 80% of the total purchase in FY15. Furthermore, with established relationship with the suppliers the company has been able to get credit period of upto 30 days.
- AIL procures machinery majorly from Hilden Packing Machinery Pvt. Ltd, Mackson Machinery Pvt. Ltd. and Ingersoll Rand Inc. Furthermore, the company has been dealing with these suppliers since more than a decade and maintains long term relationship with them.
- The company procures fabric for trading from the local market only.

SUPPLIER FEEDBACK

Name of supplier	B.K. Polimex India Pvt Ltd (CARE BB/A4)
Contact person	Mr. Murtuza
Contact details	9820186700
Whether supplier is in relation with the Promoters?	No
Since when is the supplier dealing with AIL	2011
Feedback	Satisfactory
Product Detail	PET Resin

Name of supplier	Ingersoll Rand (India) Limited
Contact person	Mr. Nitin Patel
Contact details	9825091519
Whether supplier is in relation with the Promoters?	No
Since when is the supplier dealing with AIL	2008
Feedback	Satisfactory
Product Detail	Molding Machinery

Name of supplier	Esem Plast
Contact person	Mr. Mukesh Joshi
Contact details	9327006458
Whether supplier is in relation with the Promoters?	-
Since when is the supplier dealing with AIL	-
Feedback	No response from the company
Product Detail	Molding Machinery

BUSINESS ACTIVITY DETAILS

Key Raw materials	Polyethylene Teraphthalate Resin
Level of Raw Material Price fluctuation risk	Moderate
Quality Certifications	None
Level of value addition	Moderate

SUPPLY SIDE ANALYSIS

Average Creditor Days	89 days
Raw Material Availability	Adequate
Import as a % of RM Purchase	~20%

Comments:

- The raw materials (mainly PET Resin) are majorly procured from the domestic market. Furthermore, the raw material prices are moderately fluctuating in nature, hence, AIL’s profitability remains susceptible to the rise in the raw material prices.
- The goods for trading of Fabric and caps are procured from domestic market only, the company avails credit period of upto 45 days from it suppliers of fabric.
- The machinery for trading activity is procured from the domestic and International market; AIL pays around 30% in advance to its suppliers and the remaining after the goods have been received.

INDUSTRY ANALYSIS

Name of the industry	Plastic Industry
Product portfolio	PET pre-form, confectionery machinery, moulds & plastic processing machinery, plastic caps and fabric
Overall Industry risk	Moderate
Level of competition	High

INDUSTRY WRITE-UP:

Plastics play an important role in almost every aspect of our lives. Plastics are used to manufacture everyday products such as beverage containers, toys, and furniture. The widespread use of plastics demands proper end of life management.

Structure of the Plastic Industry

The entire chain in the Plastic industry can be classified into (A) manufacturing of Polymers and is called “upstream” and (B) conversion of polymers into plastic articles and is known as “downstream”. The upstream Polymer manufacturers have commissioned globally competitive size plants with imported state-of-art technology from the world leaders. The upstream petrochemicals industries have also witnessed consolidation to remain globally competitive. The downstream plastic processing industry is highly fragmented and consists of micro, small and medium units. Plastic processed articles which were earlier exclusively reserved for Small Scale sector has now been de-reserved.

The Micro Small and Medium Enterprise (MSME) Act 2006 increased the investment in plant and Machinery to Rs.5 crore and the current exemption on Excise Duty is Rs.1 crore. This initiative helped the industry to increase competitiveness and meet the global challenges. Notwithstanding plastic being one of the important foreign exchange earners for the country the share of plastics exports of the total export by India remains at an abysmal 1.5% in 2014. India exported plastics of US\$ 4,860 million in 2014 as against US\$ 4,441 in 2013. The domestic downstream industry comprises of 3 broad segments viz. Injection molding, Blow molding and Extrusion and caters to the requirements of a wide array of applications like packaging, automobile, consumer durables, healthcare, etc.

Plastic Industry in India

The Indian plastics industry made a promising beginning in 1957 with the production of polystyrene. Thereafter, significant progress has been made and the industry has grown and diversified rapidly. Currently, the Indian plastics industry is spread across the country, employing about 4 million people and over 2,000 exporters. It operates more than 30,000 processing units, of which 85 per cent to 90% are small and medium enterprises (SMEs).

Key Markets and Export Destinations

- In 2012–13, exports of Indian plastics stood at over US\$ 7.2 billion, and is expected to reach US\$10 billion by 2015-16 China is the major importer of plastic products from India which was estimated at around US\$ 869million in 2013-14, followed by USA at US\$ 819.93 million and UAE at US\$ 386.18 million.
- Indian plastics exports have grown at a rate of 19.9%t since 2007–08

SITE VISIT REPORT:

Location of Plant	Plot No. 160, Devraj Industrial Estate, Piplaj Pirana Road, Piplaj, Ahmadabad, Gujarat
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Sites visited	Plot No. 160, Devraj Industrial Estate, Piplaj Pirana Road, Piplaj, Ahmadabad, Gujarat
Presence in a cluster	Yes
Area of the unit	4000 square meter
No. of employees at site	24
Ownership of premises	Owned
Other facilities	Sign Board

Adequacy of Warehousing Facilities

Availability of land for future expansion	Yes
Site layout	Structured
Adequacy of insurance coverage	Machinery
Source of power	Torrent Power
Adequacy of power	Adequate
Presence of labour union	No
Industrial relations	Good
Level of work safety	Adequate
Adequacy of storage facilities	Adequate
Operational status of plants	Operational

Product-wise operational details

Particulars	Units	FY13	FY14	FY15
Product installed capacity				
PET pre-form	Ton	3000	3000	3000
Product capacity utilization				
PET pre-form	Ton	853.84	1490.73	1589.36
PET pre-form	%	71.15	49.69	52.98

FINANCIAL PERFORMANCE - PROFITABILITY STATEMENT
Rs. In Lakh

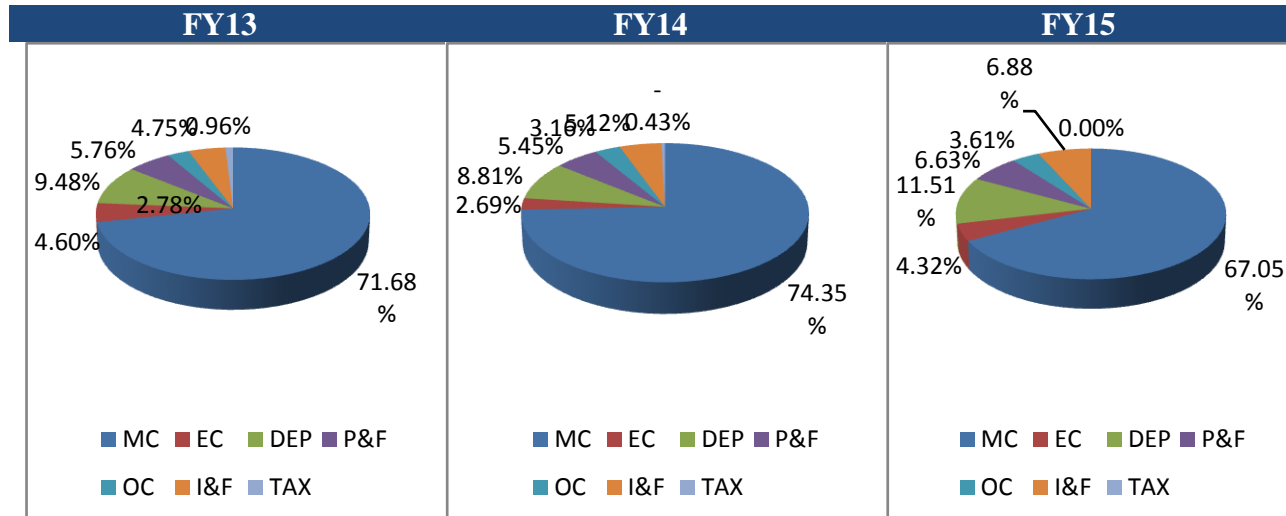
Period Ends on:	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
Result Type:	Actual	Actual	Actual	Actual	Actual
Number of months in current financial year	12	12	12	12	12
Net Sales	741.13	676.27	1480.62	2130.62	3190.69
Other Income(related to operations)	3.03	9.86	20.14	46.18	85.28
Total Operating Income	744.16	686.13	1500.77	2176.8	3275.96
Material Costs	0	101.3	796.7	1424.86	1324.08
Cost of Traded Goods Sale	570.57	484.46	557.53	91.65	1252.24
Accretion : Decretion to Finished Goods Stock	0	-50.74	-386.51	123.77	73.99
Consumable Stores	0	0.21	0.08	0.04	0.08
Power and Fuel	1.37	11.77	63.99	104.47	130.86
Employee Costs	33.51	34.61	51.16	51.5	85.41
Other Manufacturing Expenses	7.65	5.66	12.35	45.16	51.15
Other Expenses	20.37	10.85	18.52	15.33	20.13
Selling Expenses	70.45	38.07	49.65	44.06	43.56
Cost of Sales	703.92	636.19	1163.47	1900.84	2988.38
PBILDT	40.24	49.94	337.3	275.97	287.59
Depreciation	14.28	32.63	105.37	168.78	227.33
PBIT	25.96	17.3	231.93	107.19	60.26
Interest and Finance Charges	4.49	10.08	52.77	98.19	135.85
Operating Profit Before Tax (OPBT)	21.47	7.23	179.16	8.99	-75.59
Operating Profit After Tax (OPAT)	13.2	25.89	148.06	17.23	-81.41
Non Operating Income / (Expense)	3.9	0.66	0.03	0	-0.02
Profit Before Tax (PBT)	25.36	7.89	179.19	8.99	-75.6
Cash Adjustments	0	0.05	-0.21	-0.08	-0.1
Adjusted Profit Before Tax (APBT)	25.37	7.93	178.98	8.92	-75.7
Tax	8.7	1.43	10.63	-8.16	0.04
Provision for Deferred Tax	1.07	-21.91	20.43	0	5.79
ADJUSTED PROFIT AFTER TAX (APAT)	15.6	28.42	147.91	17.08	-81.53
Gross Cash Accruals	30.95	39.14	273.72	185.86	158.48

Comments:
Revenue analysis

Parameters	FY11	FY12	FY13	FY14	FY15
Net Sales	741.13	676.27	1480.62	2130.62	3190.69
% y-o-y growth	-3.46%	-8.75%	118.94%	43.90%	49.75%
Other Income (related to operations)	3.03	9.86	20.14	46.18	85.28
% y-o-y growth	-76.18%	225.41%	104.26%	129.29%	84.67%
Total Operating Income	744.16	686.13	1500.77	2176.8	3275.96
% y-o-y growth	-4.65%	-7.80%	118.73%	45.05%	50.49%

Comments:

- AIL's total operating income (TOI) comprised sale of PET pre-forms, molding machinery, Caps, fabric and other income. Sales of PET pre-form and molding machinery comprised of sale to domestic and international clients.
- The net sales have improved drastically by 118.94% in FY13 mainly on account of stabilization in manufacturing of PET pre-forms in FY13 (as FY13 was the first full year operations in the manufacturing segment).
- AIL's net sales have improved during FY14 mainly on account of increase in demand of its manufactured goods i.e. PET pre-forms, which contributed 81.01% of the total revenue (as compared to 57.36% in FY13).
- Furthermore during FY15, the improvement in net sales were majorly on account of income generated from sale of fabric contributing to about 34.93% to the total revenue, coupled with consistent demand for PET pre-form. The trading of fabric was not done in the years prior to FY15.
- Other income majorly comprises income from, interest income, job work income and written off credit balances. Other income have been improving over the past 5 years with a CAGR of 94.93%, the improvement is mainly on account of interest income from loan to subsidy.

FINANCIAL PERFORMANCE - COST STRUCTURE


MC = Material cost EC = Employee cost Dep = Depreciation P&F = Power and fuel I&F = Interest and finance charges OC = Other cost

Comments:

- Material Costs constituted the highest pie in the cost structure during FY2013-15. The employee costs increased from Rs.51.16 lakh in FY13 to Rs.85.41 lakh in FY15 mainly on account of increment in salary paid to employees during the year.
- Although the power & fuel costs increased from Rs.63.99 lakh in FY13 to Rs.130.86 lakh in FY15, it has declined by around 27 bps as a percentage of TOI. Fixed capital charges (depreciation and finance costs) covered 11.51 portions of the total costs for FY14.

Material cost analysis

Parameters	FY12	FY13	FY14	FY15
Material cost (Rs. lakh)	101.3	796.7	1424.86	1324.08
% y-o-y growth	NM	686.48%	78.85%	-7.07%
As % of TOI (manufacturing)	150.77%	94.78%	82.55%	72.47%

- The company has been engaged in manufacturing activity since 2012, on account of which no material cost was incurred prior to it. However, the major manufacturing activity started from FY13 only.

- AIL being engaged in the manufacturing of PET pre-form, material cost is the largest cost component for the company. AIL procures around 80% of its raw materials from the domestic market while remaining are imported.
- Furthermore during FY14, with growth in overall income generated from sale of manufactured products, there was a significant growth in material cost. Moreover, although in absolute terms there was high growth in material cost incurred; it has declined significantly as a percent of income generated from sale of manufactured products.
- Subsequently in FY15 Material costs have declined from Rs.1424.86 lakh in FY14 to Rs.1324.08 lakh in FY15 mainly on account of declining price of raw materials.
- Furthermore, material cost have been declining as a percentage of income generated from manufactured products since FY12 mainly on account of declining raw material prices coupled with economies of scale.

Cost of Traded Goods analysis

Parameters	FY11	FY12	FY13	FY14	FY15
Cost of Traded Goods (Rs. lakh)	570.57	484.46	557.53	91.65	1252.24
% y-o-y growth	NM	-15.09%	15.08%	-83.56%	1266.33%
As % of TOI (trading)	76.99%	80.63%	89.21%	22.65%	91.83%

- AIL has been engaged in trading of confectionery machinery and blow- molding machinery since inception, cost of traded goods formed the second largest cost component (included in the material cost)
- AILs cost of traded goods declined significantly in FY14 mainly on account of decline in income generated from trading of machinery coupled with machinery supplied at higher margins.
- Furthermore during FY15, AIL started operations in trading of Fabric & Caps on account of which there has been a significant increase in cost of traded goods during the year.

Power & fuel cost

Parameters	FY11	FY12	FY13	FY14	FY15
Power & fuel cost (Rs. lakh)	1.37	11.77	63.99	104.47	130.86
% y-o-y growth	260.53%	759.12%	443.67%	63.26%	25.26%
As % of TOI	0.18%	1.72%	4.26%	4.80%	3.99%
As % to cost of sales	0.19%	1.85%	5.50%	5.50%	4.38%

- Power & fuel (P&F) cost forms a significant part of the total operating expenditure of AIL's being a PET pre-form manufacturer, which remained in the range of 1.72% to 4.80% of TOI during FY2012-15.

Employee cost

Parameters	FY11	FY12	FY13	FY14	FY15
Employee cost (Rs. lakh)	33.51	34.61	51.16	51.5	85.41
% y-o-y growth	11.70%	3.28%	47.82%	0.66%	65.84%
As % to total operating income	4.50%	5.04%	3.41%	2.37%	2.61%
As % to cost of sales	4.76%	5.44%	4.40%	2.71%	2.86%

- AIL employs considerable number of manpower for manual intervention in the process, quality control, dispatch and other functions. The total number of employees with the company stood at 24 as on March 31, 2015.
- The employee cost increased significantly in FY15 mainly on account of increment in salary paid to employees.
- Employee cost remained at 2.61% of the TOI in FY15 (compared with 2.37% in FY13).

Selling & other operating cost items

Parameters	FY11	FY12	FY13	FY14	FY15
Selling Expenses (Rs. lakh)	70.45	38.07	49.65	44.06	43.56
% y-o-y	1734.64%	-45.96%	30.42%	-11.26%	-1.13%
% of TOI	9.47%	5.55%	3.31%	2.02%	1.33%
% of cost of sales	10.01%	5.98%	4.27%	2.32%	1.46%
Other Manufacturing Expenses (Rs. lakh)	7.65	5.66	12.35	45.16	51.15

% y-o-y	198.83%	-26.01%	118.20%	265.67%	13.26%
% of TOI	1.03%	0.82%	0.82%	2.07%	1.56%
% of cost of sales	1.09%	0.89%	1.06%	2.38%	1.71%
Other operating Expenses (Rs. lakh)	20.37	10.85	18.52	15.33	20.13
% y-o-y	32.96%	-46.74%	70.69%	-17.22%	31.31%
% of TOI	2.74%	1.58%	1.23%	0.70%	0.61%
% of cost of sales	2.89%	1.71%	1.59%	0.81%	0.67%

- Selling expenses for AIL have demonstrated a declining trend as a percentage of TOI, over the past 5 years.
- Furthermore, other manufacturing expenditure has also remained in the range of 2.07% to 0.82% of the total operating income during FY2011-15.
- During FY11, other manufacturing expenses comprised of insurance and other factory expenses (security & office expense). Furthermore during FY14, other manufacturing expenses increased to 2.07% as a percentage of TOI, mainly on account of job work expenses incurred on manufacturing of PET Pre-form and increase in expenses incurred on factory maintenance.
- Other operating expenditure has also been declining as a percent of TOI from 2.74% in FY11 to 0.61% in FY15.

Depreciation

Parameters	FY11	FY12	FY13	FY14	FY15
Depreciation (Rs. lakh)	14.28	32.63	105.37	168.78	227.33
% y-o-y growth	241.63%	128.50%	222.92%	60.18%	34.69%
As % of total operating income	1.92%	4.76%	7.02%	7.75%	6.94%
<i>Depreciation rate (% of average gross block)</i>	9.19	3.09	4.33	5.45	6.50

- Depreciation expenses have been increasing over the last 5 years, mainly on account of additions in plant and machinery.
- Furthermore, during FY13 the depreciation expense increased sharply mainly on account of purchase of plant & machinery worth Rs. 463.67 lakh.

Interest and finance charges

Parameters	FY11	FY12	FY13	FY14	FY15
Interest and Finance Charges (Rs. lakh)	4.49	10.08	52.77	98.19	135.85
<i>% y-o-y growth</i>	129.08%	124.50%	423.51%	86.07%	38.35%
As % of TOI	0.60%	1.47%	3.52%	4.51%	4.15%

- The total interest and finance charges, have demonstrated an uptrend from Rs.4.49 lakh in FY11 to Rs.135.85 lakh in FY15 mainly due to increased level of borrowing especially increased level of term loan coupled with higher utilization of working capital borrowings.

FINANCIAL PERFORMANCE - BALANCE SHEET:ASSETS
(Rs. In Lakh)

Period Ends on:	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
Result Type:	Actual	Actual	Actual	Actual	Actual
Gross Block	82.92	972.06	1459.51	1640.05	1855.28
Accumulated Depreciation	-33.65	-66.19	-171.45	-340.23	-548.4
Net Block	49.27	905.87	1288.05	1299.81	1306.88
Capital Work in Progress	196.62	NA	5.64	NA	NA
NET FIXED ASSETS	245.89	905.87	1293.69	1299.81	1306.88
Raw and Packing Materials	NM	10.97	79.77	140.09	77.11
Finished Goods	23.82	55.27	437.25	314.04	278
TOTAL INVENTORIES	23.82	66.24	517.02	454.12	355.12
Receivables : Less than 6 months	34.89	36.73	95.8	131.9	1342.58
TOTAL RECEIVABLES	34.89	36.73	95.8	215.31	1368.54
Current Loans; Advances; current assets related to operations	4.71	23.47	73.5	97.69	69.73
Cash and Bank Balances	47.6	31.45	34.8	26.4	211.92
Loans; Advances; current assets not related to operations	NM	4.81	14.8	13.5	22.93
Advance Tax Paid	8.22	1.78	50.86	48.69	1.61
TOTAL OTHER CURRENT ASSETS	60.54	61.51	173.95	186.29	306.19
TOTAL CURRENT ASSETS related to operations	184.28	159.66	771.98	842.22	2006.92
TOTAL ASSETS	455.65	1129.71	2151.42	2288.24	3367.35

Comments:
Fixed assets

- AIL's fixed assets primarily comprise of plant & machineries, buildings and furniture.

- During FY15, the company upgraded its manufacturing facility with updated technology with plant and machinery worth Rs.222.09 lakh added during the year.
- Furthermore, the company has been regularly adding new machinery, in order to meet the latest technological up gradation.

Inventories

Parameters	March 2011	March 2012	March 2013	March 2014	March 2015
Raw and Packing Materials (Rs. lakh)	0	10.97	79.77	140.09	77.11
<i>Average Raw Material Inventory Period (days)</i>	0	19	21	28	30
Finished Goods (Rs. lakh)	23.82	55.27	437.25	314.04	278
<i>Average Finished Goods Inventory Period (days)</i>	27	24	80	73	36
Total inventories (Rs. lakh)	23.82	66.24	517.02	454.12	355.12
<i>Average Inventory Period (days)</i>	27	27	94	94	49
Total inventory as % of total assets	5.23%	5.86%	24.03%	19.85%	10.55%

- Total inventory majorly constituted of finished goods inventory (about 78.28% in FY15), AIL maintains high level of finished goods inventory in order to meet clients' demand on time. Moreover, finished goods inventory period have increased sharply in FY13 mainly due to goods amounting to about Rs.232.27 lakh being goods in transit as on March 31, 2013.
- The product manufactured is raw material-intensive process with raw material cost accounting for around 72.47% of the total income from the manufacturing segment for FY15. AIL's raw material requirement is mainly procured from the domestic market. Furthermore, the company maintains about 30 days raw material inventory to absorb significant fluctuations in prices.
- Moreover the raw material price fluctuation risk is being borne by AIL.
- Furthermore, the WIP inventory has remained nil as the processing time is minimal i.e. about 2 to 3 days.

Sundry debtors

Parameters	March 2011	March 2012	March 2013	March 2014	March 2015
Total Receivables (Rs. lakh)	34.89	36.73	95.8	215.31	1368.54
Average Collection Period (days)	15	19	16	26	87
As % of net sales	4.71%	5.43%	6.47%	10.11%	42.89%
As % of total assets	7.66%	3.25%	4.45%	9.41%	40.64%

- The total receivable outstanding remained high at Rs.1368.54 lakh (comprising 42.89% of net sales during FY15) with a collection period of 87 days.
- The collection period is high as operations in trading of caps and fabric is at a nascent stage, the company has been extending higher credit period in order to retain its clients in high competitive industry(out of the total receivable outstanding as on March 2015, 81.42% is outstanding from fabric business).
- Furthermore, receivable outstanding during FY11-FY14 has remained at a moderate level. Moreover comfort can be drawn as the company generally deals with reputed clients in its PET- pre-form segment, and thereby the counter-party risk is mitigated to an extent.

Other current assets
(Rs. Lakh)

Parameters	March 2011	March 2012	March 2013	March 2014	March 2015
Other current assets	60.54	61.51	173.95	186.29	306.19
As % of total assets	13.29	5.44	8.09	8.14	9.09
Other operating current assets	4.72	28.28	88.29	111.20	92.66
Advance tax paid	8.22	1.78	50.86	48.69	1.61
Income tax	8.22	1.78	50.26	47.82	0.00
TDS	0.00	0.00	0.61	0.87	1.61
Cash & bank balances	47.60	31.45	34.80	26.40	211.92
Cash on hand	0.55	6.80	33.16	4.42	36.46
Balances with banks in current accounts	47.60	31.45	34.80	26.40	211.92

- Other operating assets declined from Rs.111.20 lakh as on March 31, 2014, to Rs.92.66 lakh as on March 31, 2015, mainly on account of decline in advance tax paid.
- AIL had Rs.36.46 lakh in cash and Rs211.92 lakh in bank as on March 31, 2015.

FINANCIAL PERFORMANCE - BALANCE SHEET: LIABILITIES
Rs. In Lakh

Period Ends on:	March 31,2011	March 31,2012	March 31,2013	March 31,2014	March 31,2015
Result Type:	Actual	Actual	Actual	Actual	Actual
Total Paid Up Equity Share Capital	52.93	52.93	63.21	63.21	395.6
GROSS RESERVES	212.95	234.51	452.19	469.28	182.85
Miscellaneous expenses not written off	-0.4	-0.3			
NET RESERVES	212.55	234.21	451.99	469.28	182.85
TANGIBLE NET WORTH	265.48	287.14	515.2	532.49	578.45
Rupee Term Loans		254.88	538.18	848.75	652.84
Other Long Term Loans	13.76	7.15			
Loans and advances from promoters related parties	Nil	Nil	6.5	99.83	Nil
TOTAL LONG TERM DEBT	13.76	262.03	544.68	948.57	652.84
Current Portion of Long Term Debt and Fixed Deposits	-6.61	-47.85	-124	-101.28	-207.75
NET LONG TERM DEBT	7.15	214.18	420.68	847.3	445.09
Working capital Bank Borrowings	8.04	94.14	300.78	484.34	700.71
Other Short Term Loans & Advances			11.05		
TOTAL SHORT TERM DEBT	14.65	141.99	435.83	585.62	908.46
Creditors for goods	0	34.81	47.86	132.4	1340.22
Advances; deposits recd from customers :related to ops.	92.43	143.55	306.17	174.16	106.96
Other Current Liabilities :related to ops.	0.78	10.63	30.43	14.98	15.76
Current Liabilities :not related to operations					3.44
TOTAL CURRENT LIABILITIES	93.21	188.99	384.45	321.53	1466.38
Provision for Taxes	8.7	1.43	35.85	1.3	0.00
TOTAL SHORT TERM PROVISIONS	8.7	1.43	35.85	1.3	

TOTAL CURRENT LIABILITIES AND PROVISIONS; RELATED TO OPERATIONS	101.91	190.42	420.3	322.84	1462.94
TOTAL OUTSIDE LIABILITIES	88.26	652.16	1215.91	1432.91	1353.55
TOTAL LIABILITIES	455.65	1129.71	2151.42	2288.24	3367.35

Comments:
Equity share capital

- The paid up share capital of the company has increased from Rs.63.21 lakh to 395.59 lakh as on March 31, 2015
- AIL had issued 163450 equity shares with a face value of Rs.10 each at a price Rs.78 per share during FY15. Furthermore, the company had issued 3160450 bonus shares to existing shareholder by capitalization of reserves.

Long-term borrowings

- The total long-term debt outstanding as on March 31, 2015, declined from Rs.948.57 lakh in FY14 to Rs.652.84 lakh in FY15 on account of repayment of rupee term loan. Furthermore, unsecured loans from the promoters and related parties of Rs.99.83 lakh as on March 31, 2014 have been repaid as on March 31, 2015.

Other long-term liabilities

Parameters (Rs. lakh)	March 2011	March 2012	March 2013	March 2014	March 2015
Deferred Tax Liability	0.4	1.07	0	20.43	0
As % of total liabilities	0.10%	0.09%	0.00%	0.89%	0.00%

- Other long term liabilities include deferred tax liabilities arising on account of timing difference for depreciation (difference in net block of assets as per books and as per income Tax Act, 1961), that declined to nil from Rs.20.43 lakh as on March 31, 2014.

Short term borrowings

- Short term debt consists of cash credit facility (worth Rs.399.52 lakh outstanding as on March 31, 2015) having sanction limit of Rs.300 lakh, with a sublimit of Rs.50 lakh on IMLC/buyers credit and Rs.50 lakh on letter of credit, Overdraft facility (worth Rs. 161.50 lakh outstanding as on March 31, 2015) having sanction limit of Rs.161.50 lakh

and packing credit (worth Rs.139.68 lakh outstanding as on March 31, 2015) having sanction limit of Rs.200 lakh.

- The company had availed for an ad-hoc limit of Rs.50 lakh for its Cash credit facility during March 2015.
- The dependence on working capital borrowing has been increasing over the years mainly on account of increasing scale of operations and additions in line of business. The outstanding balance of short term debt increased from Rs.585.62 lakh in FY14 to Rs.908.46 lakh in FY15.

Trade payable

Parameters	March 2012	March 2013	March 2014	March 2015
Trade payable (Rs. lakh)	34.81	47.86	132.4	1340.22
Average Creditors Period (days)	9.85	12.79	17.07	88.91
As % of total liabilities	3.08%	2.22%	5.79%	39.80%

- AIL's trade payables outstanding as on March 31, 2015 include creditors for goods (primarily the amount due to the suppliers of raw materials). Further during FY15 there has been significant increase in payables outstanding as on March 31, 2015 mainly on account of majority of the business of fabric trading done in last month of Q4FY15.
- AIL has been offered credit period of upto 30 days to make payment in its PET pre-form segment. The company avails credit period of upto 45 days for its trading segment (Caps & Fabric).

Short term provision

(Rs. Lakh)

Parameters	March 2011	March 2012	March 2013	March 2014	March 2015
Total short term provisions	8.70	1.43	35.85	1.30	NM
Provision for income tax	8.70	1.43	35.85	1.30	NM
As % of total liabilities	1.91%	0.13%	1.67%	0.06%	NM

- Total short-term provision includes provision for income tax.
- The short-term provision declined to zero in FY15 from Rs.1.30 lakh as on March 31, 2014.

Details of the related party transactions

Related Party	Nature of the Relationship
Mr Ashutosh D Gandhi	Managing Director
Ms Sneha A Gandhi	Whole Time Director
Ms SaloniA.Gandhi	Daughter of Managing Director
M/s. General Additives Pvt. Ltd	Associate Company

(Rs. Lakh)

Name of related Party	Nature of transaction	March 2011	March 2012	March 2013	March 2014	March 2015
Ashutosh D Gandhi	Salary & Perquisites	10.48	10.70	13.10	12.15	16.10
Sneha A Gandhi	Salary & Perquisites	2.80	3.26	3.53	3.29	6.73
SaloniA.Gandhi	Salary & Perquisites	-	-	-	-	2.20
General Additives Pvt. Ltd	Purchase of Goods	-	4.82	33.40	7.35	0.67
General Additives Pvt. Ltd	Balance payable for Purchases	-	-	11.3	-	0.67
Ashutosh D Gandhi	Security Deposits against Rent	-	-	-	-	2.50
Sneha A Gandhi	Security Deposits against Rent	-	-	-	-	2.50

Dividend Policy

- The Company does not have a formal dividend policy.

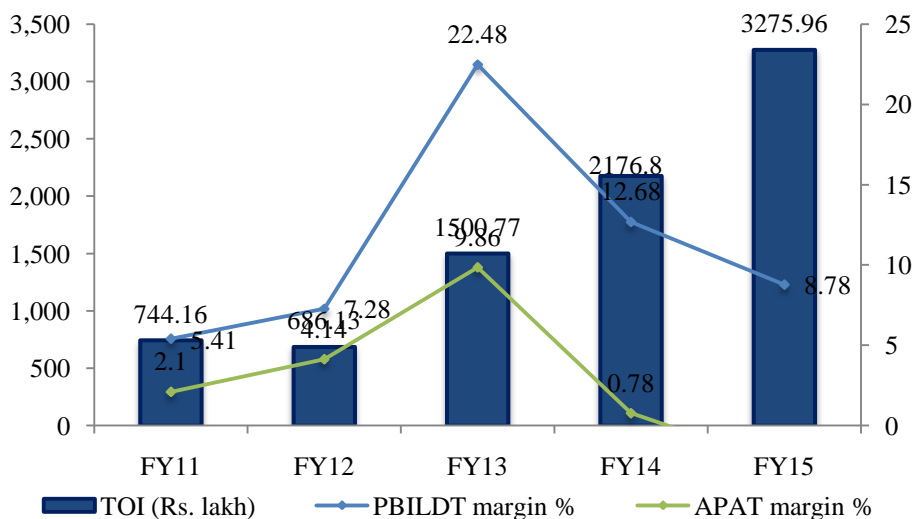
FINANCIAL PERFORMANCE - SUMMARY OF RATIOS

Period Ends on:	March 2011	March 2012	March 2013	March 2014	March 2015
Result Type:	Actual	Actual	Actual	Actual	Actual
KEY FINANCIAL RATIOS					
Growth Ratios					
Growth in Net sales	-3.46	-8.75	118.94	43.9	49.75
Growth in Total Operating Income	-4.65	-7.8	118.73	45.05	50.49
Growth in PBILDT	-33.87	24.09	575.47	-18.18	4.21
Growth in APAT	-62.61	82.2	420.43	-88.45	-577.29
Profitability Ratios					
Gross Margin	23.01	20.89	34.64	23.01	16.94
PBILDT Margin	5.41	7.28	22.48	12.68	8.78
PBIT Margin	3.49	2.52	15.45	4.92	1.84
OPBT Margin	2.88	1.05	11.94	0.41	-2.31
OPAT Margin	1.77	3.77	9.87	0.79	-2.48
APAT Margin	2.1	4.14	9.86	0.78	-2.49
Operating ROCE	24.83	4.71	23.08	6.43	3.12
ROCE (Total)	13.93	3.86	23.02	6.42	3.12
RONW	8.1	10.29	36.87	3.26	-14.68
Average Cost of Borrowings	20.69	5.33	8.7	8.58	9.75
Turnover Ratios					
Operating Capital Turnover Ratio	7.12	1.87	1.49	1.31	1.69
Fixed Assets Turnover Ratio	9.58	1.3	1.23	1.4	1.87
Working Capital Turnover Ratio	9.93	26.59	9.35	5	5.65
Average Raw Material Inventory Period	0	19.49	20.5	27.77	29.53
Average Inventory Period (days)	27.4	23.8	79.59	72.83	36.19
Average Collection Period (days)	27.4	27.1	94.26	94.14	49.46
Average Creditors Period (days)	15.45	18.79	15.9	25.84	87.03
Working Capital Cycle (days)	17.96	9.85	12.79	17.07	88.91
Solvency Ratios					
Debt Equity Ratio	0.05	0.91	1.06	1.78	1.13
Overall Gearing Ratio (Including Acceptances / Creditors on LC)	0.08	1.24	1.66	2.69	2.34
Overall Gearing Ratio (Excluding Acceptances / Creditors on LC)	0.08	1.24	1.66	2.69	2.34
Adjusted Debt Equity Ratio	0.05	0.91	1.06	1.78	1.13
Adjusted Overall Gearing	0.08	1.24	1.66	2.69	2.34
Term Debt (including CPLTD) / Gross Cash Accruals	0.44	6.69	2.03	5.1	4.12
Total Debt / Gross Cash Accruals	0.7	9.1	3.13	7.71	8.54
Interest Coverage (PBILDT / Interest)	8.95	4.96	6.39	2.81	2.12
PBIT / Interest	5.78	1.72	4.4	1.09	0.44
Adjusted Interest Coverage	8.95	4.96	6.39	2.81	2.12

Period Ends on:	March 2011	March 2012	March 2013	March 2014	March 2015
Current Ratio	1.58	0.48	0.9	0.93	0.85
Quick Ratio	1.38	0.28	0.3	0.43	0.7

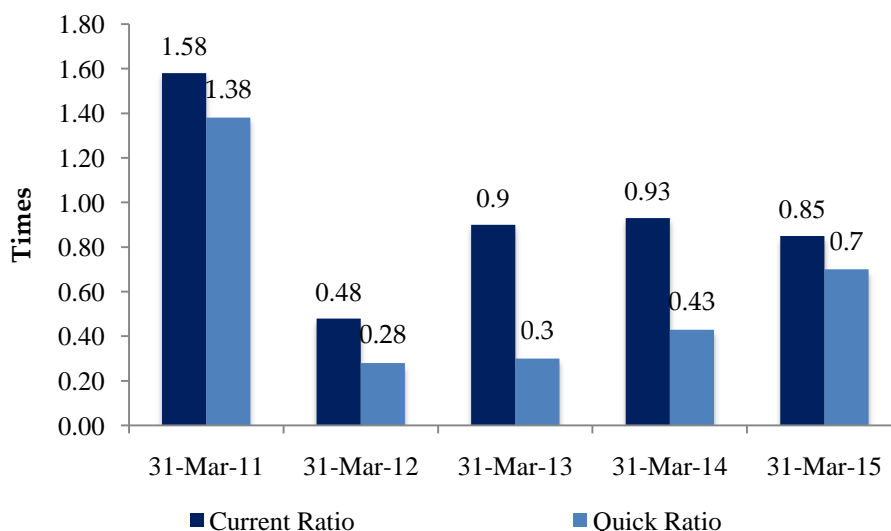
FINANCIAL PERFORMANCE – PROFITABILITY Analysis

Profitability Analysis



Comments:

- The company over the last 5 years had a median PBILDT margin of 8.77%. During FY13, the operating margin improved sharply in FY13 from 7.28% in FY12 to 22.48%. The significant growth in operating margin in FY13 was a one off instance. The growth was mainly on account of execution of few high margin turnkey projects for installation of injection and blow-molding moulds & confectionery machineries in foreign markets.
- Furthermore, during FY14& FY15 the operating margins have demonstrated a downtrend; however it remained at a moderate level as compared to previous years (barring FY13).
- Moreover, the company incurred a net loss in FY15 mainly on account of higher depreciation and finance cost.

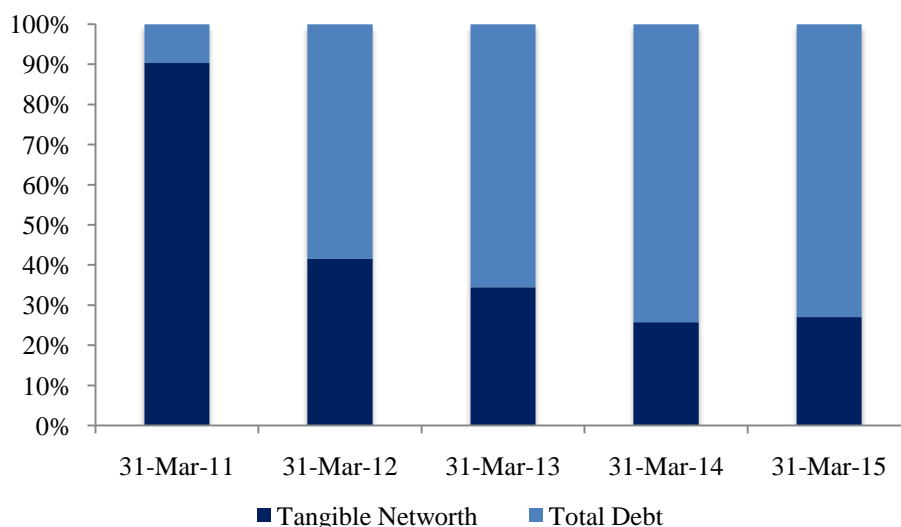
FINANCIAL PERFORMANCE - LIQUIDITY ANALYSIS
Liquidity Analysis

Liquidity Ratio

Particulars	March 31, 2013	March 31, 2014	March 31, 2015
Working Capital Turnover Ratio	9.35	5.00	5.65
Average Raw Material Inventory Period (days)	20.5	28	30
Average WIP Inventory Period (days)	NM	NM	NM
Average Finished Goods Inventory Period (days)	80	73	36
Average Inventory Period (days)	94	94	49
Average Collection Period (days)	16	26	87
Average Creditors Period (days)	13	17	89
Working Capital Cycle (days)	97	103	48

Comments:

- The operations of company are moderately working capital intensive (utilization remained moderate at around 75% for the twelve months ended March 2015) on account of higher credit period offered to its clients and higher finished goods inventory period (around 80% of total inventory being finished goods inventory of which 62% comprise of inventory for manufacturing and remaining for trading purpose).
- The collection period is high on account of higher credit period offered by AIL to retain clients in high competitive industry. Nevertheless, some comfort can be drawn as the company has been generally been dealing with reputed players, and thereby the counter-party risk is mitigated to an extent.

- Furthermore, during FY15 there has been significant increase in payables and receivables outstanding as on March 31, 2015 were mainly on account of majority of the business (of fabric trading) was done in last month of Q4FY15.
- While the current ratio was at 0.85 times, its quick ratio remained low at 0.70 times as on March 31, 2015.
- The company has plans to raise Rs.379.50 lakh through listing on NSE emerge platform. It plans to utilize proceeds of the issue (about 82%) to meet the working capital requirements. While remaining will be utilized to meet the expense of the issue and other general purpose.

FINANCIAL PERFORMANCE - FINANCIAL FLEXIBILITY
Capital Structure

Capital Structure Ratio

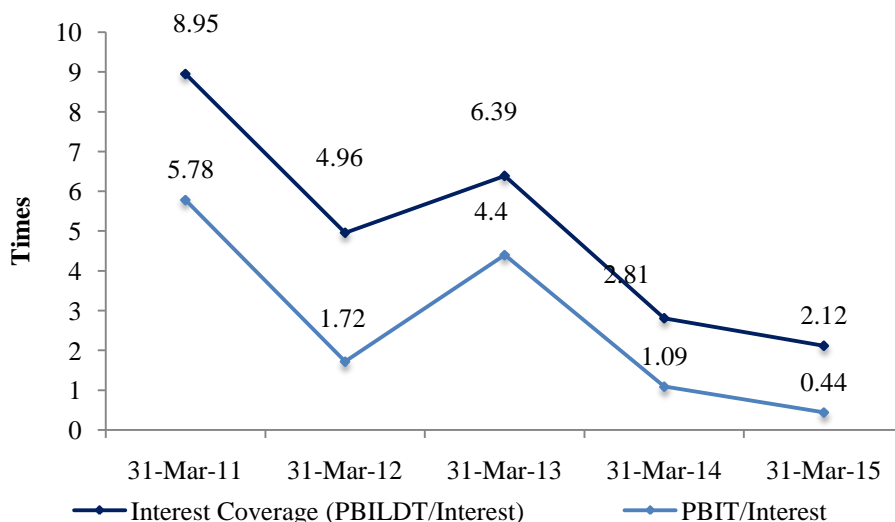
Particulars	March 31, 2013	March 31, 2014	March 31, 2015
Debt Equity Ratio	1.06	1.78	1.13
Overall Gearing Ratio (Including Acceptances / Creditors on LC)	1.66	2.69	2.34
Overall Gearing Ratio (Excluding Acceptances / Creditors on LC)	1.66	2.69	2.34
Adjusted Debt Equity Ratio	1.06	1.78	1.13
Adjusted Overall Gearing	1.66	2.69	2.34
Average Cost of Borrowings	8.70	8.58	9.75
Total Outside Liabilities to Networth	3.10	3.29	4.88

Comments:

- The company during FY15 had infused capital of Rs. 45.96 lakh, further there has been repayment of unsecured loans and rupee term loan on account of which there has been improvement in the overall capital structure as indicated by debt equity of 1.13 as on March 31, 2015 (as compared to 1.78x as on March 31, 2014)
- The overall gearing level remained highly leveraged at 2.34 times as on March 31, 2015 (compared with 2.69 times as on March 31, 2014); the gearing level has marginally improved in FY15 mainly on account of repayment of term loan and unsecured loan. With high gearing level and average creditors period at 89 days as on March 31, 2015; the total outside liabilities as compared with total net worth remained weak at 4.88 times as on March 31, 2015.

FINANCIAL PERFORMANCE - DEBT PROTECTION INDICATORS

Debt Coverage



Comments:

- With high level of debt utilization, the debt coverage indicators of AIL remained weak marked by total debt to GCA of 8.54 time as on March 31, 2015 (compared with 7.70 times as on March 31, 2014) and interest coverage of 2.11 times during FY15 (compared with 2.81 times during FY14). The weakened debt coverage indicators is mainly on account of increasing interest costs coupled with decline in profitability margins leading to decline in GCA.

BANKERS & AUDITORS DUE DILIGENCE

Stake holder		Feedback
Bankers & Lenders- CORPORATION BANK	Mr. H.G. Yashavantha Kumar	Mr. Yashavantha Kumar is on leave, the other official was unable to provide details on the facilities
	Branch Manager	
	079-26859166	
	August 31, 2015	
Auditor K. H. Trivedi & Co	Mr. Kirit H. Trivedi	Satisfactory
	Proprietor	
	079-26443167	

Comments:

- AIL has a cash credit facility of Rs.300 lakh with a sublimit of Rs.50 lakh on IMLC/buyers credit and Rs.50 lakh on letter of credit with corporation bank for which utilization has been around 75% for the twelve months ended March 2015. Furthermore, the company had availed for an ad-hoc limit of Rs.50 lakh for its Cash credit facility during March 2015.
- The company also has a packing credit facility of Rs.200 lakh and overdraft facility of Rs.161.50 lakh with corporation bank.
- The company also has 3 term loan accounts with corporation bank, following are the details,
 - TL 1 – Loan of Rs.551.07 lakh, with an outstanding amount of Rs.225.91 as on March 31, 2015 repayable in 80 month with an interest rate of 15.45%
 - TL 2 – Loan of Rs.398 lakh, with an outstanding amount of Rs.298.44 as on March 31, 2015 repayable in 80 month with an interest rate of 15.45%
 - TL 3 – Loan of Rs.138 lakh, with an outstanding amount of Rs.128.49 as on March 31, 2015 repayable in 60 month with monthly installment of Rs 2.30 lakh with an interest rate of 15.25%

Key Findings

Key Findings	Company Comment	CARE Comment
<p>Diversification into completely new industry of fabric trading</p>	<p>The company has been supplying machinery in beverage industry since inception; the major reason for diversification into different industry is mainly to reduce its exposure to a single industry. Furthermore, the beverage packing industry is seasonal and new innovations in packing may affect AILs operations. Therefore to mitigate the risk of reliance on a single industry, the company has diversified in the fabric trading</p>	<p><i>AIL has been supplying plastic processing machinery since inception; however the international market for machinery is highly competitive. The company expanded its operations in manufacturing of PET pre-form in FY12. During H1FY15, AIL started operations in trading of caps, the company has been able to derive synergies, providing both PET pre-form and caps under one roof. Further, during Q4FY15 the company diversified into fabric trading which has enabled the company to reduce its reliance on one segment of business. However, other than manufacturing of PET pre-forms and trading of caps, other businesses are unrelated and there are no synergies among them.</i></p>
<p>Losses incurred in FY15 and fluctuations in profitability margins</p>	<p>The company had availed term loan during the FY13 & FY14. There has been higher utilization of working capital facility during FY15 on account of which the overall interest cost has increased. With purchase of new machinery, the company has been incurring higher depreciation cost, on account of which the company incurred losses during FY15. Over the years, the profitability margins has been fluctuating on the account of the variety of products been traded.</p>	<p><i>CARE understands that on account of reliance on external funding (term loan) to fund its investments in plant & machinery and higher utilization of working capital limits to support its scale of operations, there have been increase in its interest cost. Further with additions to plant and machinery the depreciation expenses have also been increased CARE believes that the company's profitability margins have been highly fluctuating mainly due to difference in contribution of the various products to the total income and differing realizations earned on them. Going forward, the ability of the company to improve its profitability margins would be governed by its ability to ensure judicious mix of the traded goods portfolio.</i></p>

Key Findings	Company Comment	CARE Comment
High inventory holding period over last 3 years and significant increase in collection period in FY15	<p>The company maintains high levels of inventory to meet the demands from customers. AIL started operations in fabric trading in January FY15, with majority of the business done in last month of Q4. Fabric trading business being at nascent stage, the company has been extending higher credit period in order to establish its own client base in highly competitive industry. The entire revenue booked during FY15 from sale of fabric remained outstanding, comprising 81.42% of the receivable outstanding.</p>	<p><i>CARE understands that, the company purchases the raw material in bulk and stocks them to meet the demand of the customers. The finished goods are also stocked for this purpose. The company faces competition from several well-established companies, hence, has to offer higher credit period to retain clients. AIL has been dealing with well-reputed client, thereby mitigating counter party risk. Moreover, given the extended period offered to the customers (for fabric trading), the company has also stretched the payments to the creditors.</i></p>
Dealing with well reputed clientele in its manufacturing segment	<p>The company has been dealing with reputed clients like ION Exchange India Limited Indian Railway Catering and Tourism Corporation, Parle Bisleri Private Limited, Eureka Forbes (Aqua Sure) (CARE AA-/A1+) United Breweries (Kingfisher) over the last 2 years in its manufacturing segment.</p>	<p><i>CARE understands that AIL has been dealing with reputed clients in its manufacturing segment; however the proportion of income earned from the reputed client was not provided. Therefore CARE is unable to comment on the extent of revenue diversification from the customers for PET pre-forms.</i></p>

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