

2018-19



Clients, Banks, Government, Regulatory Authorities and Stock Exchange for their continued support.

**By Order of the Board of Directors  
AHIMSA INDUSTRIES LIMITED**

**Place: Ahmedabad  
Date: 02/09/2019**

**Ashutosh Damubhai Gandhi  
Managing Director  
DIN: 00654563**

**Place: Ahmedabad  
Date: 02/09/2019**

**Sneha Ashutosh Gandhi  
Whole time Director  
DIN: 00654675**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**To  
AHIMSA INDUSTRIES LIMITED AHMEDABAD  
ECONOMIC REVIEW**

India has increasingly adopted free market principles and liberalized its economy to international trade after a fiscal pricing in 1991. The reforms largely favored industrial growth in country. Hence, the country's economic growth progressed at a rapid pace with relatively large increases in per capita incomes.

The global gross domestic product (GDP) in the year 2018-19 grew tepid and is likely to be moderate in terms of the international events. However, India is better placed. This momentum is expected to be maintained in the coming year with the new government and pro-growth policies.

### **INDIAN GDP GROWTH**

GDP growth of India has been under significant pressure over the last two years. As per central statistical office (CSOs) provisional estimates, India's GDP has at 6.8% in Financial year 2018-19 as against 6.5% growth in Financial year 2017-18.

The domestic concerns of the log jam in the infrastructure sector, slack capital investment cycle, slowdown in economic activities, impact of demonetization, Goods & Service Tax(GST) and high inflation continued to linger in Financial year 2018-19. This is likely to improve with the new pro-growth government. Inflation continued to haunt in financial year 2018-19 with consumer price index (CPI) inflation showing an upward trend.

### **INDIAN MARKET**

The sentiment of Indian Industry was positive due to change in Government. The economy was showing the sign of returning to growth path and fiscal & current account deficit were lower. Effects of demonetization and Goods & Service Tax (GST) have highly shown in the whole Indian Economy. The manufacturing sector was benefited from lower interest rates, stable commodity prices & falling oil prices. However, there was a need of Government focus on infrastructure and require greater attention for overall growth of manufacturing & economy of India.

It is expected that the Indian economy is poised for higher growth beating growth rate of China in coming year. There are positive signs for such expectation like inflation are in control, oil prices are stable at lower level, interest rates expecting to fall further, stable commodity prices and positive expectation from present Government on reform & policy matters.

### **INDUSTRY STRUCTURE AND DEVELOPMENT**

Indian plastic and beverages market is highly competitive. Your company had focused on quality product to sustain its business and performed satisfactory on Indian market & done reasonably well on export front.

The Company has tried its best to lower the impact of high price inventory of first half and take advantage of lower prices by timing the purchase of raw materials.

The Company is also judging the consumer taste in timely manner and introduced few new designs of Pet Preform articles. The company has developed market for its products in domestic as well as international geographies.

### **OPPORTUNITIES AND THREATS**

Looking to present optimistic environment in view of growth oriented Government policies related to trade, commerce and business, the future of the company is bright and hopeful. However, the issue of concern is threat from international as well domestic trade.

### **SEGMENT WISE PERFORMANCE**

Total revenue of our company is derived from Plastic & beverages segment, Textile and Export. Indian plastic & beverage and textile market is highly competitive. But our company has always put great emphasis to sustain

satisfactory performance by focusing on quality product to its customers and by performing reasonably well on export front.

## RECENT TREND AND FUTURE OUTLOOK

In recent years' Indian economy under the new government has gathered strong momentum. The company is optimistic about the recovery of Indian economy and the capital market. The country has to grow economically to with stand any international pressures from foreign countries. The way to economic growth begins with capital market development. The capital market industry in other words is backbone to economic growth in country.

## RISKS AND CONCERNS

Our industry is mainly dependent on economic growth of country. The industrial growth is very sensitive which is dependent on many factors which may be social, financial, economic or political and also natural climatic conditions in the country. However, with the positive attitude of country which can mitigate the avoidable risks.

## FINANCIAL PERFORMANCE

The Company's financial performance for the year ended on March 31, 2019 is as below:

Particulars	2018-19 (In ₹)	2017-18 (In ₹)
Total Revenue	377,306,944.84	960,173,183.76
Total Expenditure	374,143,706.81	947,505,505.09
Profit /(Loss) Before Tax	3163237.03	12,667,678.67
Less: Current Tax	(12667682)	(5,286,847.00)
Deferred Tax	260152.91	877,159.00
Profit /(Loss) after Taxation	2145646.94	8,257,990.67
Balance carried to Balance Sheet	2145646.94	8,257,990.67

### CREDIT RATING AND CHANGE IN CREDIT RATING

Facilities	Amount (Rs. crore)	Ratings	Rating Action
Long term Bank Facilities	1.74 (reduced from 3.00)	CARE BB+; Stable (Double B plus; Outlook: Stable)	Reaffirmed
Long term/Short term Bank Facilities	7.00	CARE BB+; Stable/CARE A4+ (Double B plus; Outlook: Stable/A Four plus)	Reaffirmed
Short-term Bank Facilities	5.00	CARE A4+ (A Four plus)	Reaffirmed
<b>Total Facilities</b>	<b>13.74</b> (Rupees Thirteen crore and Seventy Four lakh only)		

### DETAILS OF KEY FINANCIAL RATIOS

Sr. No	Particulars	Standalone		Explanation
		2018-19	2019-20	
1	EBIDTA/Turnover	0.07	0.04	There were increase of export sales by 546% as compare to FY 2018-19. The Margin in export goods is more as compare to Plastic Segment & Textile Segment.
2	Debtors Turnover Ratio	2.36	3.18	There is decrease in Debtors Turnover ratio in Textile Segment as textile segment is highly effected by implementation of GST.
3	Inventory Turnover Ratio	7.62	13.47	Reduced as Turnover reduced to 1/3rd due to partial closure of Textile Segment and

				low movement in stock
4	Interest Coverage Ratio	1.46	2.75	EBIT of F.Y 2018-19 is less as compare to F.Y 2017-18. Due lower EBIT, Interest Coverage Ratio is low.
5	Current Ratio	1.27	1.10	Due to partial closure of Textile segment the shared indirect overhead as a part of operating expense is not decrease in same proportion to Revenue.
6	Debt Equity Ratio	1.56	2.72	
7	Operating Profit Margin (%)	0.41%	1.22%	
8	Net Profit Margin (%)	0.57%	0.86%	There were major Raw Material Price fluctuation in HY2FY19 vary from Rs. 112.00 to 88.05 per KG (App. 21.40% Fluctuation). So, There were loss in profit in FY2018-19. So, Net Profit Margin is decreased.
9	Return on net worth (%)	1.57%	6.14%	Due to lower Net Profit in F.Y 2018-19 the return on net worth decreases in F.Y 2018-19.

10	Book Value per share (Rs)	10	10	
11	Earnings Per Share (Rs) – Basic	0.39	1.51	
12	Earnings Per Share (Rs) – Diluted	0.39	1.51	

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has implemented proper system for safeguarding the operations/business of the company, through which the assets are verified and frauds, errors are reduced and accounts, information connected to it are maintained such, so as to timely completion of the statements. The Company has adequate systems of Internal Controls commensurate with its size and operations to ensure orderly and efficient conduct of business. These controls ensure safeguarding of assets, reduction and detection of fraud and error, adequacy and completeness of the accounting records and timely preparation of reliable financial information.

The company gets internal audit and verification done at regular intervals. The requirement of having internal auditor compulsory by statute in case of listed and other classes of companies as prescribed shall further strengthen the internal control measures of company.

### MATERIAL DEVELOPMENTS IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS FRONT

Your Company has undertaken employee's development initiatives, which have very positive impact on the morale and team spirit of the employees. The company has continued to give special attention to human resources and overall development.

### CAUTIONARY STATEMENT

Certain statements in the reports of the Board of Directors and Management's discussions and analysis may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied since Company's operations are influence by many external and internal factors beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any of these statements on the basis of any subsequent developments, information or events.

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**ANNEXURE TO DIRECTOR'S REPORT**  
**ANNEXURE INDEX**

<b>Annexure</b>	<b>Content</b>
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B	Details for Remuneration paid to Employees
C	Corporate Governance Report
D	MR-3 Secretarial Audit Report
E	Conservation of Energy, Technology Absorption and Foreign Exchange Earning & Outgo