

## XYZ Company

Rajpur Road  
Dehradun - 248 001, Uttarakhand

### MSME Performance Grading

**B2K SME 3**

**Good** credit worthiness in relation to other SMEs.

**Grading Assigned on:**

November 04, 2022

**Valid up to:**

November 03, 2023

## MSME Performance Grading: B2K SME 3

<b>B2K SME 1</b>	<b>Highest</b> credit worthiness in relation to other SMEs.
<b>B2K SME 2</b>	<b>High</b> credit worthiness in relation to other SMEs.
<b>B2K SME 3</b>	<b>Good</b> credit worthiness in relation to other SMEs.
<b>B2K SME 4</b>	<b>Above Average</b> credit worthiness in relation to other SMEs.
<b>B2K SME 5</b>	<b>Average</b> credit worthiness in relation to other SMEs.
<b>B2K SME 6</b>	<b>Below Average</b> credit worthiness in relation to other SMEs.
<b>B2K SME 7</b>	<b>Weak</b> credit worthiness in relation to other SMEs.
<b>B2K SME 8</b>	<b>Poor</b> credit worthiness in relation to other SMEs.

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## General Information

<b>Entity Name</b>	XYZ Company
<b>Registered Office</b>	Rajpur Road, Dehradun - 248 001, Uttarakhand
<b>Manufacturing Facility Address</b>	Haridwar Road,
<b>State</b>	Dehradun – 248163, Uttarakhand
<b>Constitution</b>	Private Limited
<b>Website</b>	<u>XXXXXXXXXXXX</u>
<b>Nature of Business</b>	Manufacturing
<b>Phone</b>	+91 +91 99000xxxxx
<b>Email ID</b>	<u>XXXXXXXXXXXXXXX</u>
<b>Date of Incorporation</b>	2005
<b>PAN</b>	YYYYYY
<b>GST</b>	<u>ZZZZZZ</u>
<b>UAM/UDYAM Number</b>	XXXXXXX
<b>Statutory Auditor's Name &amp; Address</b>	Auditor Details
<b>Comments on Statutory Compliance</b>	Complied
<b>Auditor's Comments, if any</b>	No Adverse Comment
<b>Environment Certificate</b>	XXXXXXXXXX
<b>MSME Performance Grading</b>	SME 3

## Business Profile

General Business Details	
<b>Nature of Business</b>	Manufacturing
<b>Description of Business</b>	The company is engaged in manufacturing of oil field equipment.
<b>Industry</b>	Others - Manufacturing
<b>Number of years in current business</b>	14 Years
<b>Proximity to Customer</b>	Adequate

Manufacturing Facilities/Outlets			
Manufacturing Facility	Address	City	Pin Code
Oil field equipment	Haridwar Road, Dehradun, Uttarakhand	Dehradun	248163
XXXXXX	XXXXXXXXXX	XXXX	XXXXXX

## Customer Profile

Profile	
<b>Diversification/Concentration of customer</b>	Many customers with no customer contributing more than 10% of revenue
<b>Average Days Receivable</b>	55 days
<b>Geographical Reach</b>	Two or More States

Details of Top Customers		
Name of the Customer	Percentage in Sales	Length of Relationship
Customer I	3	10 Years
Customer II	3	3 Years
Customer III	14	5 Years

## Supplier Profile

Details of Top Suppliers		
Name of the Supplier	Percentage In Purchases	Length of Relationship
Supplier I	7.14	10 Years
Supplier II	7.9	3 Years
Supplier III	4.8	3 Years

Other Details	
<b>Average Days Payable</b>	88 days

## Management Details

Key People/ Management Team					
Name	Designation	Age	Qualification	Relevant Experience	DIN
Management I	Director	45 Years	Graduate	32 Years	XXXX
Management II	Director	55 Years	Graduate	14 Years	XXXX
Management III	Director	39 Years	Graduate	9 Years	XXXX
Management IV	Director	48 Years	Graduate	9 Years	XXXX
Management V	Director	35 Years	Graduate	5 Years	XXXX

## Banking Information

Bank Name & Branch	Contact person & Contact Number	Facility Availed	Sanctioned Amount in (₹) Lakhs	Outstanding Amount in (₹) Lakhs	Rate of Interest (%)	Sanction Date
XXXX	Mr. XXXX Ph:95991XXXXX	Cash Credit	350	329.4	8.95	1st January, 1
XXXX	Mr. XXXX Ph:95991XXXXX	Term loan	110.55		8.95	1st January, 1
XXXX	Mr. XXXX Ph:95991XXXXX	Working capital Term loan	61.92		6.5	1st January, 1
XXXX	Mr. XXXX Ph:95991XXXXX	Term loan	36.87		8.95	1st January, 1
XXXX	Mr. XXXX Ph:95991XXXXX	Working capital Term loan	75.54		6.5	1st January, 1
XXXX	Mr. XXXX Ph:95991XXXXX	Term loan	09.83		8.95	1st January, 1

The company is enjoying cash credit facility with XXXXXX. As per the bank statement for the period from 01-04-20xx to 21-10-20xx it is observed that there are no cheque returns and there are no Overdrawing in the account. The outstanding balance as on 21st October 20xx is INR xxx.xx lakhs.

## Business Operations

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- XYZ Company is a company incorporated in March 2005.
- The manufacturing unit is located in Dehradun, Uttarakhand.
- The company is engaged in manufacturing of wide range of oil field equipments which are mainly exported to countries like the US, Middle East, Malaysia, etc.
- 'XXXXXXXXXX.
- The company's registered office is located at xxxxxxxxxxxx and manufacturing unit is located at Village: xxxxxx Tehsil: xxxxxxxx Dist: xxxxxx . The company has recently opened a branch at Noida.
- The company has been certified for Good Manufacturing Practice (G.M.P.) since 2004 and has life membership of XXXXXX.
- The company has an installed capacity to manufacture 1.50 lakhs Kgs of XXXXXXXX.
- The company supplies products to Govt. agencies all over India. They also export to distributors in Nepal, Sri Lanka, Mauritius, and Bangladesh.
- The major customers of the company are Customer I, Customer II, Customer III .
- Supplier I, Supplier II, Supplier III are the major suppliers of the company.
- The company has employed 100 permanent employees.



## Key Rating Factors

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### Strengths

- The company is in existence for 27 years and has seen complete business cycles.
- The directors are having vast experience in the line of business which continues to support the business risk profile of the company.
- Good profitability margins with operating profit margin of 14.39 percent in FY22 and which has improved from 13.12 percent in FY21.
- Moderate Return on Capital Employed of 10.90 percent in FY22 indicating satisfactory use of available resources by the company.
- With less side effects, the people of today's generation are also consuming ayurvedic products and the ayurvedic industry is growing in the country.

### Weaknesses

- The company is highly leveraged with debt-equity ratio of 3.17 times in FY22 due to moderate capital structure. However, when adjusted with unsecured loans the ratio is at 0.57 times.
- The operations of the company are working capital intensive resulting in stretched working capital cycle of 235 days with average days receivable of 76, inventory days of 182 and days payable of 23 in FY22.
- The company has relatively low net worth considering the long years of existence and experienced promoters.
- The market is fragmented with intense competition from other organized and unorganized players with higher capabilities and with established name in the vicinity.

## Financial Profile

### Past Performance Profit and Loss Account

Rs. Lakhs

Particulars	FY17	FY18	FY19
	(Audited)	(Audited)	(Audited)
Net Sales	85.55	97.32	148.55
Other Operating Income	0.00	0.00	0.00
<b>Total Operating Income</b>	<b>85.55</b>	<b>97.32</b>	<b>148.55</b>
Operating Expense	75.43	84.55	131.43
<b>Operating Profit before Interest, Depreciation and Tax</b>	<b>10.12</b>	<b>12.77</b>	<b>17.12</b>
Depreciation	3.04	3.01	3.03
<b>Operating profit before Interest and Tax</b>	<b>6.27</b>	<b>09.67</b>	<b>14.09</b>
Interest and Finance Charges	5.46	7.27	9.13
<b>Operating Profit before Tax</b>	<b>1.26</b>	<b>2.40</b>	<b>4.96</b>
Non-Operating Income	0.00	0.00	0.09
Non-Operating Expense	0.00	0.00	0.00
<b>Profit Before Tax</b>	<b>01.26</b>	<b>2.40</b>	<b>5.05</b>
Provision for Tax	0.00	0.00	0.00
<b>Profit After Tax</b>	<b>1.26</b>	<b>2.40</b>	<b>5.05</b>

## Balance Sheet

Rs. Lakhs			
Particulars	FY17	FY18	FY19
	(Audited)	(Audited)	(Audited)
<b>Equity and Liabilities</b>			
<b>Equity &amp; Reserves</b>	<b>21.73</b>	<b>27.95</b>	<b>37.13</b>
Total Paid Up Equity	20.47	25.55	32.08
Share Application Money/Quasi Equity	0.00	0.00	0.00
Reserves & Surplus	1.26	2.4	5.05
<b>Non-current Liabilities</b>	<b>13.76</b>	<b>5.83</b>	<b>1.24</b>
Long Term Borrowings	13.58	5.65	0.00
Loans from /Promoter /Directors Group Companies	0.18	0.18	1.24
Deferred Tax Liability	0.00	0.00	0.00
<b>Current Liabilities &amp; Provisions</b>	<b>36.36</b>	<b>38.79</b>	<b>45.18</b>
Creditors Payable	18.67	19.72	14.25
Borrowings	15	17	29
Other Current Liabilities	1.37	1.68	1.26
Provisions	1.32	0.39	0.67
<b>Total Liabilities</b>	<b>71.85</b>	<b>72.57</b>	<b>83.55</b>
<b>Assets</b>			
<b>Fixed Assets</b>	<b>22.78</b>	<b>21.07</b>	<b>19.82</b>
<b>Intangible Assets</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Investments</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Current Assets</b>	<b>49.07</b>	<b>51.5</b>	<b>63.73</b>
Cash and Bank Balances	0.65	0.61	0.48
Sundry Debtors	35.65	15.1	37.75
Inventory	9.78	29.55	18.51
Other Current Assets	2.99	6.24	6.99
<b>Deferred Tax Assets</b>	<b>0.00</b>	<b>0.00</b>	<b>14.23</b>
<b>Other Non-Current Assets</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Accumulated Losses</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Assets</b>	<b>71.85</b>	<b>72.57</b>	<b>83.55</b>

## Financial Ratios

Particulars	Unit of Measurement	FY17	FY18	FY19
		(Audited)	(Audited)	(Audited)
<b>Operating Profit Margin</b>	%	11.49	13.12	11.52
<b>PAT Margin</b>	%	1.47	2.46	3.39
<b>Current Ratio</b>	Times	1.34	1.32	1.41
<b>Inventory Days</b>	Days	45	93	78
<b>Average Days Receivable</b>	Days	140	98	120
<b>Average Days Payable</b>	Days	85	93	46
<b>Debt Equity</b>	Times	1.32	0.82	0.81
<b>Return on Capital Employed</b>	%	14.51	15.41	14.31
<b>Interest Coverage Ratio</b>	Times	1.85	1.75	1.87
<b>Tangible Net Worth</b>	₹-Lakhs	21.73	27.95	37.13

Note: Ratios are calculated based on B2K's Calculation

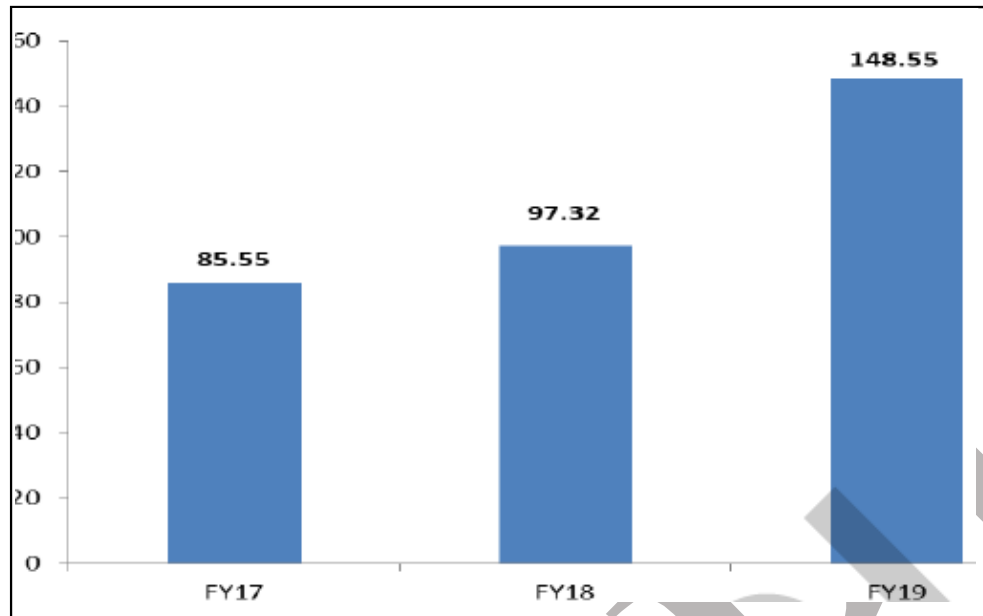
## Key Financial Highlights

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- The net revenue of the company has marginally declined from INR 97.32 lakhs in FY18 to INR 148.55 lakhs in FY19.
- In FY19, the company has reported operating profit margin of 11.52 percent and net profit margin of 3.39 percent.
- In FY19, average days receivables and average days payable stood at 120 and 46 days respectively.
- The company has a debt equity ratio of 0.81 times and a net worth of INR 37.13 Lakhs for the year ended March 31, 2019.
- As reported by the management, the company has achieved revenue of INR 246.00 lakhs from April to September 2019 during FY19.

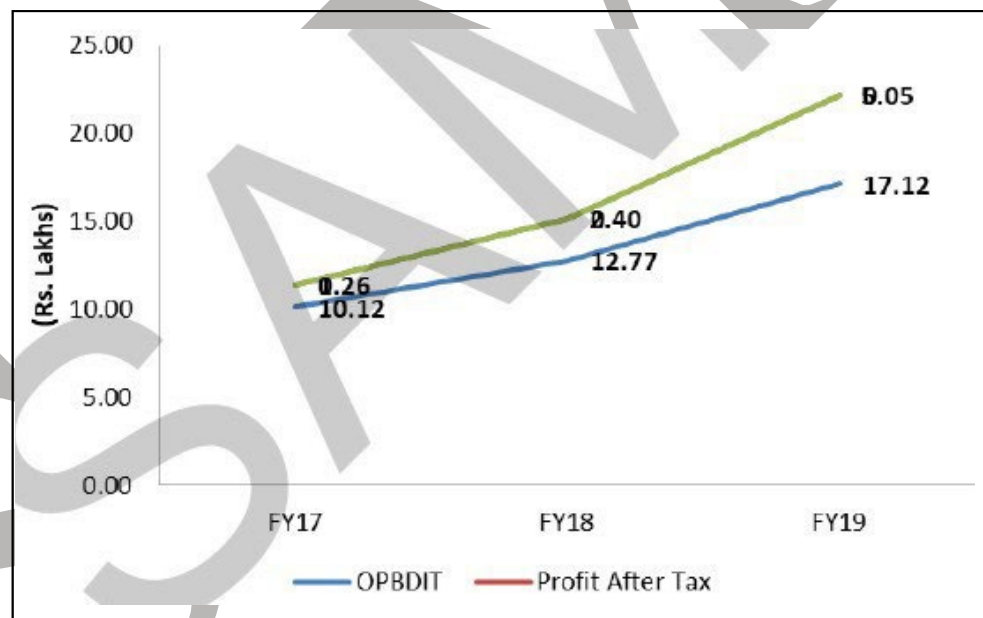
## Graphs

### Growth in Operating Income



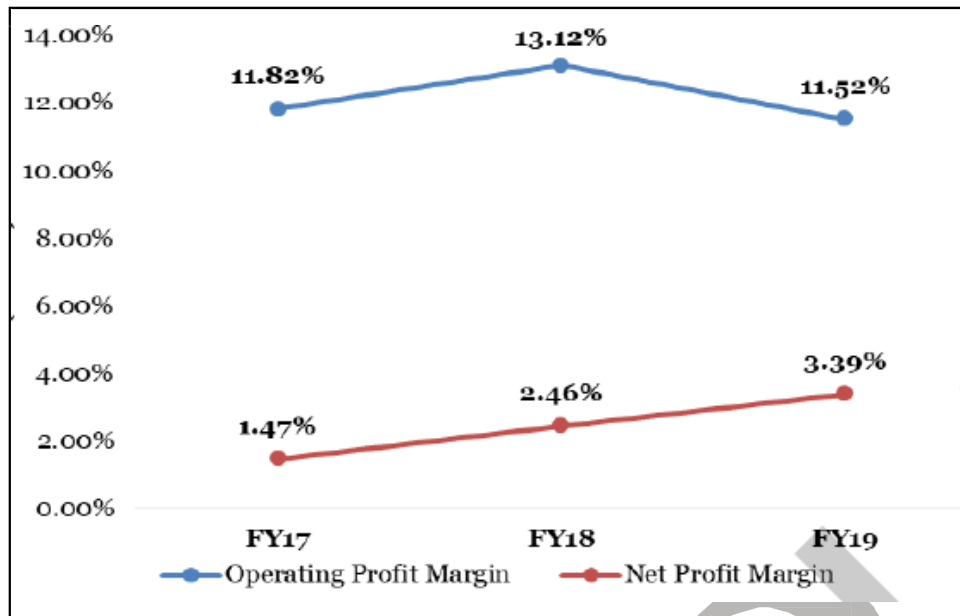
Source: B2K Analytics & Company Reports

### Growth in profit



Source: B2K Analytics & Company Reports

### Trend in margins



*Source: B2K Analytics & Company Reports*

## Site Visit

<b>Date Visited</b>	01-November-2022
<b>Address of the Site Visited</b>	Haridwar Road,
<b>City</b>	Dehradun
<b>State</b>	Uttarakhand
<b>Pin code</b>	248 163
<b>Name of the Person Contacted</b>	Mr. XXXXXXXX
<b>Designation</b>	Finance Head
<b>Tel./Mobile Number</b>	+91- 99000xxxxx
<b>Land Area in Sq. ft.</b>	4000 Sq ft
<b>Building (Carpet Area in Sq ft)</b>	2000 Sq ft
<b>Type of Building</b>	Permanent
<b>Roofing</b>	RCC
<b>Flooring</b>	Tiles
<b>No of Occupied Floors</b>	Ground Floor
<b>Locality</b>	Others
<b>Location Area</b>	Urban
<b>Site used as</b>	Industries
<b>Type of Occupancy</b>	Owned
<b>Sharing of premises with other Companies</b>	Yes
<b>No. of people working at this location</b>	35
<b>Permanent</b>	35
<b>Temporary</b>	
<b>Does the owner stay at this locality?</b>	No
<b>Availability of Water</b>	Available
<b>Major Raw Materials</b>	Zinc/Guggul
<b>Source of Raw material being Used</b>	XXXXXX
<b>Number of shifts per Day</b>	General Shift



## Facilities at the Site

<b>Canteen</b>	Yes
<b>Drainage and Sewage</b>	Yes
<b>Drinking Water</b>	Yes
<b>Fire Extinguishers</b>	Yes
<b>First Aid Kit</b>	Yes
<b>Internet</b>	Yes
<b>Pantry</b>	Yes
<b>Printer</b>	Yes
<b>Security Guards</b>	Yes
<b>Signages and name plates</b>	Yes
<b>Telephone</b>	Yes
<b>Transport</b>	Yes
<b>Overall Cleanliness &amp; Infrastructure</b>	Excellent/Excellent
<b>Other Observations</b>	NA
<b>Name of the person Visited</b>	XXXXXXX

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## Photos of the unit

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## About B2K Analytics

B2K Analytics is a boutique consulting firm that helps clients profit from analytics.

B2K provides services and solutions in the areas of Risk Management, Industry Research, Investment Management, Education, Marketing and Infrastructure. B2K has experienced domain experts and industry practitioners who have provided such services and implemented solutions in different countries. B2K Analytics brings its expertise to comprehend and analyze projects, understand the industry segment where the project operates, and make complex projections to test the sustainability of the project or business.

## Our Offerings

### Risk & Analytics

- Risk Models & Systems
- TEV Studies
- Credit Assessment
- Due Diligence
- Vendor Grading

### Research & Consulting

- Sectoral Research
- Bespoke Research
- ESG Consulting
- Educational Consulting
- Risk Consulting
- General Consulting

### Grading Services

- Educational Institutes Grading
- MSME Grading
- Real Estate Grading
- Solar Grading
- NGO Grading

### Digital Marketing

- SEO
- Social Media Marketing
- Email Marketing
- Branding & Creatives

More information on B2K Analytics and its services is available at [www.b2kanalytics.com](http://www.b2kanalytics.com)

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