



SMERA-D&B SME RATING

Rating Report for Micro & Small Enterprises

FABHIND



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SMERA MSE 4

**(Above Average Credit
Worthiness in relation to
other MSEs)**

Date of Report:
June 29, 2019

Valid Till:
June 27, 2020

**D-U-N-S® Number
65-103-8981**

BENEFITS OF RATING TO MSMEs

Independent Third Party Opinion

Provides an unbiased rating to MSMEs and enhances credibility. It motivates MSMEs to adopt good governance for long term benefits. It also serves as a tool for self-evaluation and improvement and opens doors to the corporate sector enabling entry into the world's largest business database of over 162 million business records.

Access to Funding

A good rating helps MSMEs get faster and cheaper credit at the discretion of the banker. SMERA has MOUs with 36 nationalized and private sector banks with several of them extending concessional pricing to borrowers based on the ratings. Possible deduction in interest rates from the bank can be availed.

Credibility and Confidence Building with Business Partners

Rating is an indicator of an MSME's performance capability and financial strength. A good rating provides comfort to lenders, including bankers, financial institutions and NBFCs, entrepreneurs, customers, suppliers, foreign partners, and collaborators among others for joint ventures.

Self-improvement Tool

Rating functions as a powerful self-improvement tool. SMERA also provides a detailed analytical report on the strengths and weaknesses. The report helps strengthen operations and facilitates international trade and commerce by building confidence among potential trading partners.

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RATING OF FABHIND

Rating Assigned

MSE 1	Highest credit worthiness in relation to other MSEs
MSE 2	High credit worthiness in relation to other MSEs
MSE 3	Good credit worthiness in relation to other MSEs
MSE 4	Above average credit worthiness in relation to other MSEs
MSE 5	Average credit worthiness in relation to other MSEs
MSE 6	Below average credit worthiness in relation to other MSEs
MSE 7	Weak credit worthiness in relation to other MSEs
MSE 8	Poor credit worthiness in relation to other MSEs



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KEY RATING DRIVERS

Business and Management

Strengths

- **Experienced Management:** Partners of the firm are qualified and having more than a decade of experience in the same line of business.
- **Operational Track Record:** Firm has long operational track record of 19 years.
- **Long Term Relationship with Customers:** The firm has maintained long term relationship with customers such as Go Green Enterprise, Signature Enterprise, P&C Projects Private Limited and Shree Sai Nadh Constructions.
- **Long Term Relationship with Suppliers:** The firm has maintained long term relationship with suppliers such as Gujarat Control Panel, Kamat Steels, Shree Hari Hardware and Falguni Trading Company.
- **Organizational Structure:** The firm has professional management across its departments to ensure consistent quality and smooth flow of operations.

Risk Factors

- **Competitive and Fragmented Industry:** Firm operate in a competitive and fragmented industry characterized by large number of unorganized players with low entry barriers affecting margins.
- **Volatility in Raw Material Prices:** The prices of the raw materials fluctuates as there is rise in the demand from various industries such as steel and Iron.

Financial Aspects

Strengths

- **Revenue Trend:** The revenue of the firm stood at ₹ 3962.24 lakhs in FY 2018 against ₹ 1604.71 lakhs in FY 2017 and ₹ 1033.56 lakhs in FY 2016.
- **Working Capital Management:** Working capital management marked by collection and inventory holding period of 28 days and 98 days respectively in FY 2018.
- **Return on Invested Capital:** Firm has earned return on capital employed of 9.46% on a capital base of ₹ 91.94 lakhs as on 31st March 2018.
- **Operating Cash Flows:** Firm has generated positive cash flows of ₹ 192.98 lakhs.

Risk Factors

- **Profitability Measures:** Operating and net profit margin stands at 1.30% and 0.45 % respectively in FY2018.
- **Liquidity Position:** Short term Liquidity position of the firm stood at 1.09 times in FY 2018.
- **Debt Protection Metrics:** Firm debt to equity ratio stood at 5.11 times as on 31st March 2018. Whereas total borrowing stood at ₹ 469.76 lakhs against total net worth of ₹ 91.94 lakhs.

BUSINESS PROFILE

Industry

Activity	Manufacturing
Line of business	Engaged in the manufacturing, supplying and installation of road construction, pyrolysis equipment's and batch mix plant
Industry	Industrial Machinery
Degree of Competition in Industry	High
Location Advantage	Yes

Market Position

Product Range:

- The firm produces Construction equipment's, Asphalt Making Plant pyrolysis equipment's, batch mix plant

Brand:

- Firm have developed brand name "FABHIND" under which they manufacture their products.

Distribution Network:

- The firm deals in Business to Business (B2B) and Business to Consumer (B2C) category. The products manufactured by firm acts as a final products for its end consumer segment.
- The firm caters to 8-10 customers present in India, Nepal and Bangladesh.
- The firm directly delivers the product to their customers by availing the logistics facility primarily by mode of Road and exports through waterways.

Use of Technology:

- The firm uses CNC Cutting Machines and other supportive technology to manufacture aforementioned products.

Geographic Spread:

- **Offices:** Registered office of the firm is located at Ahmedabad – Gujarat. Firm having branches at Vijayawada and Bangalore.
- **Clientele:** Clientele base of the firm present in Nepal, Bangladesh and India.

Operating Efficiency

Capacity Utilization:

Manufacturing Facilities	Urban Waste Recycling Plant	Drum Mix Plants	Road Construction Equipment's
Capacity Installed per annum	60	36	24
Capacity Utilized per annum	60	36	24
Capacity expansion planned per annum	00	00	00

Raw Material Purchase:

- The raw material used for manufacturing of aforementioned products are M.S Steel. M.S Plates, Electric Motors, Filter Beds, Bearings, Pumps and other required materials.
- There is a regular supply of raw material from suppliers like Savita such as Gujarat Control Panel, Kamat Steels, Shree Hari Hardware and Falguni Trading Company with credit terms of 45-60 days.
- Firm does not faces any shortage of raw material during the manufacturing process. They manage the required inventory in their warehouses for 60 days.

Internal Systems and Processes:

- Firm uses ST ERP software for recording accounting, tax management and payroll information.
- Firm uses Tally ERP 9 for accounts recording.

Employee Strength:

Persons Employed	Permanent: 85	Temporary: 00	Total: 85
Minimum Qualification of Employees	As per the Role		
Recruitment Policy in Place	Yes		

Sustainability:

- Firm is certified as ISO 9001; 2015, ISO 14001: 2015 & ISO 45001:2018 regarding quality management systems (QMS) and environmental management system.

FINANCIAL PROFILE

Profit & Loss Account in FY2018 (in Rs. Lakhs)

Particulars	FY2018	Y-O-Y Growth (%)
Net Sales	3962.24	146.91
COS	(3636.00)	152.54
Gross Profit (Loss)	326.24	97.77
General Operating Expenses	(218.04)	39.24
OPBDIT	108.20	40.89
Depreciation	(56.77)	101.31
Finance Expenses	(35.37)	(14.09)
Net Profit(Loss) After Tax	17.74	119.83

Balance Sheet as on March 31, 2018 (in Rs. Lakhs)

Particulars	FY2018	Y-O-Y Growth (%)
Land & Buildings	103.30	(8.41)
Plant & Machinery	69.86	457.99
Total Fixed Assets	412.03	74.74
Debtors	302.44	8.98
Inventory	1060.39	76.12
Creditors	1371.49	129.33
Debt	469.76	19.10
Total Equity	91.94	35.44

Note: The Y-O-Y growth prospective is compared on the basis of preceding year (FY 2017).

Bank & Borrowing Details

Bank Name - 1	HDFC Bank Limited
Bank Branch / IFSC	Vatva, Ahmedabad/ HDFC0000971
Account Number	Details are not available with SMERA
Contact Person Name	Mr. Samir
Contact Number	(91) 9328244246
Email ID	Samir.parmar@hdfcbank.com
Facility Type	Term Loan (Unsecured)
Loan Amount (in Lakhs)	₹ 250.00 (Approx.)
Interest Rate	Details are not available with SMERA
Banking Conduct	Good

Bank Name -2	Kotak Bank
Bank Branch / IFSC	Vatva, Ahmedabad/ KKBK0000837
Account Number	Details are not available with SMERA
Contact Person Name	Mr. Jigar Doshi
Contact Number	(91) 7573039735
Email ID	Jigar.b.doshi@kotak.com
Facility Type	Working Capital
Loan Amount (in Lakhs)	₹ 100.00
Interest Rate	Details are not available with SMERA
Banking Conduct	Unable to Connect

Major Financial Performance Indicators

Financial Year	31/Mar/18	31/Mar/17	31/Mar/16
Sales Growth (%)	146.91	55.26	(17.49)
Net Profit Growth (%)	119.83	(30.13)	2.94
Collection Period (Days)	28	63	63
Account Payable (Days)	132	124	115
Inventory Holding period (Days)	98	137	53
Gross Working Capital (Related to operation) to sales (Days)	167	268	198
Gross Profit Margin (%)	8.23	10.28	12.63
Operating Profit Margin (%)	1.30	3.03	1.32
Net Profit Margin (%)	0.45	0.50	1.12
Return on Net Worth (Return on Equity) (%)	19.30	11.93	20.58
Return on Capital Employed (%)	9.46	10.66	6.53
Current Ratio	1.09	1.13	1.15
Total Liabilities to Tangible Net Worth (%)	2325.58	1988.10	1283.39
Total Debt to Equity Ratio	5.11	5.83	4.14
Long Term Debt Equity Ratio	5.11	4.55	4.14
Interest Coverage Ratio	1.84	1.26	11.69
DSCR (If Applicable)	-	-	-

SMERA Observations:

- As informed by the management, operating income of the firm in FY 2019 is ₹ 4000.00 lakhs.
- As informed by the management, firm having a current order value of ₹ 660.00 lakhs as on June 29, 2019.

Financial Flexibility

Financial Year	31/Mar/18	31/Mar/17
Net Profit Before Tax And Extraordinary Items	17.74	8.07
Operating Profit Before Working Capital Changes	108.20	76.80
Net Cash from Operating Activities	192.98	(79.64)

Accounting Quality

- The above financials are taken from the audited accounts of the firm.
- The firm has filed its ITR within the stipulated time for the previous years under study.
- The firm is regular in filing its GST returns within the stipulated time for the past 6 months.

Details of Chartered Accountant (CA)

Firm Name	M/S K P Chaudhary And Co
Name	Mr. Kamlesh P Choudhary
Membership no.	165810
Firm registration no.	142984W

Share Holding Pattern / Profit / Loss Sharing Ratio as on March 31, 2018

Name of Proprietor/ Partner / Shareholders	Relation With The Promoter	Profit/Loss Sharing Ratio (%)
Mr. Soham Sureshkumar Patel	Self	50.00
Mr. Sweta Soham Patel	-	50.00
Total		100.00

PROJECT/PLAN DETAILS

Previous Projects:

- As informed by the management, the firm has installed plant and machinery (CNC) with an investment of ₹ 55.00 lakhs.

On-going projects:

- As informed by the management, there are no ongoing expansion projects with the firm.

Future Projects:

- As informed by the management firm is planning to manufacture sensorpavar machine.

MANAGEMENT PROFILE

Ownership Details

Name of the Proprietor/ Partner/ Director	Designation	Highest Qualification	No. of years of relevant experience	Employed with the unit since
Mr. Soham Sureshkumar Patel	Partner	Masters	08	2013
Mr. Sweta Soham Patel	Partner	Post Graduate	05	2013

Key Management Profile

Name of the Key Management Personnel	Designation	Highest Qualification	No. of years of relevant experience	Employed with the unit since
Mr. Mitul Prajapati	Accounts/ HR	MBA	07	2014

Governance

- As per Google News and India Kanoon there are no adverse news and legal proceedings against the promoters or in the name of the company as on June 29, 2019.
- As per ITR & GSTR the company follows a clean historical record of compliance in following the statutory obligations.

INDEPENDENT CHECK





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Return Type	Financial Year	Tax Period	Date of filing ↕	Status ↕
ITC04	2018-2019	Jan-Mar	25/06/2019	Filed
ITC04	2018-2019	Oct-Dec	25/06/2019	Filed
ITC04	2018-2019	Jul-Sep	25/06/2019	Filed
GSTR3B	2018-2019	March	22/04/2019	Filed
GSTR1	2018-2019	March	11/04/2019	Filed
GSTR3B	2018-2019	February	20/03/2019	Filed
GSTR3B	2019-2020	May	20/06/2019	Filed
GSTR1	2019-2020	May	11/06/2019	Filed
GSTR3B	2019-2020	April	20/05/2019	Filed
GSTR1	2019-2020	April	10/05/2019	Filed

ENTITY FACT SHEET

Unit Name	FABHIND
Type of Organization	Partnership
Year of Establishment / Commencement of Operations	2005/ September 15, 2005
Years of Operations	19
Registered Office Location	
Address Line 1	Plot No. 16, Khodiyar Estate
Address Line 2	Near Shariba Estate, Phase – IV, GIDC
City	Vatva – Ahmedabad
State	Gujarat
PIN code	382445
Branch Offices	Yes
Contact No.	(91) 8980014771 (91) 8980014622
Email ID	account@fabhind.com sweta.fabhind@gmail.com
Website	www.fabhind.com
Investment (Plant & Machinery/ Equipment's)	₹ 69.86 Lakhs
Enterprise Classification as per MSME Act	Small Enterprise
Category of Entrepreneur	General
Registration number / CIN	Details not available with SMERA
UAM	GJ01B0018853
GSTIN	24AABFF4331Q1ZD
PAN	AABFF4331Q
NIC Code	2824
Rating History	MSE 4: July 30, 2018; SMERA

About SMERA

SMERA is a division of Acuité Ratings & Research Limited dedicated to providing SME ratings & grading services to MSMEs. Acuité began its operations in year 2005 as SME Rating Agency of India Limited, a joint initiative of Small Industries Development Bank of India (SIDBI), Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. Acuité is registered with the Securities and Exchange Board of India (SEBI) as a Credit Rating Agency and is accredited by Reserve Bank of India (RBI) as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. It is also empaneled for 'Performance & Credit Rating Scheme for Micro & Small Enterprises' of the Ministry of MSME, Government of India, administered by the National Small Industries Corporation (NSIC).

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