



SMERA RATINGS LIMITED

SMERA-D&B-NSIC MICRO & SMALL ENTERPRISES RATING

Rating and Site Inspection Report
Western Irrigation System Pvt. Ltd.

SMERA MSE 4

Financial Strength:
Above Average

Operating Performance:
Average

Date of Report:
November-24-2017

Valid Till:
November-23-2018

D-U-N-S® Number
86-371-3760

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Rating of Western Irrigation System Pvt. Ltd.

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

Financial Strength Categories

Highest
High
Good
Above Average
Average
Below Average
Weak
Poor

Operating Performance Categories

Highest
High
Average
Weak
Poor

SWOT Analysis

Strengths

- Company was incorporated in FY 2004 and it has 13 years of operational track record shows its ability to survive in different business cycle.
- Revenue has increased by 36.55% in FY 2017 shows its growth and increased market share.
- It has efficiently managed its working capital indicated by low collection and payment period of 73 days and 22 days respectively in FY 2017.
- Operating profit margin is 7.17% in FY 2017 shows its ability to do its core business.
- Healthy current ratio of 2.90 times in FY shows that it has good back up of current assets over short term debt obligation.

Weakness

- Net Profit margin is very thick and stands at 0.37% in FY 2017 which is further supported by non-operating income.
- Though they are managing their receivables and payables smoothly but they are not able to manage their inventory efficiently resulted in high inventory holding period of 123 days in FY 2017. Which further leads to increased inventory holding cost.
- Their capital structure is not balanced and debt proportion is more indicated by 3.88 times of total debt to equity ratio in FY 2017.

Opportunities

- The industry spans the country and hosts more than 2,000 exporters. It employs about 4 million people and comprises more than 30,000 processing units.
- Domestic consumption of plastic is expected to touch 20 million Metric Tonnes by 2020.
- Among the industry's major strengths is the availability of raw materials in the country. Thus, plastic processors do not have to depend on imports. These raw materials, including polypropylene, high-density polyethylene, low-density polyethylene and PVC, are manufactured domestically.

Threats

- Highly fragmented and competitive industry, 85-90 percent of which are small and medium-sized enterprises.
- Demand for plastic products is increasing and this industry is not investment intensive, so there is threat of entry of new player in the market every time.

Company Fact Sheet

Unit Name	Western Irrigation System Pvt. Ltd.
Official Address of Enterprise	
Address Line 1	Plot No. D 11 A & B, GIDC Lodhika Village
Address Line 2	Metoda Kalawad Road
City	Rajkot
State	Gujarat
PIN code	360021
Type of Organization	Private Limited
Year of Establishment	2004
Commencement of operations	December 30, 2004
Contact No	+91-9099016440
Email Id	weternhdpepipe@rediffmail.com
UAM / EM No	GJ20B0008952
Number of employees	
Permanent	13
Contractual	00
Website	www.westernispl.com
Statutory auditor	J. Jitendra & Co. (Chartered Accountant)
Address Line 1	207-209, Shubham Complex
Address Line 2	Gaytrinagar Main Road
City	Rajkot
State	Gujarat
PIN code	360002
Adverse comment, if any, of the statutory auditor	None
Comments on statutory compliance	The unit is compliant

Registration/Memberships/Certificates	Registration/Membership/Consent No.
GST No.	24AAACW6090M1ZZ
PAN No.	AAACW6090M
Aadhaar No.	-

Business Profile

Business Description	
Line of Business	Engaged in manufacturing of HDPE pipes & fittings
Products/Services Profile	HDPE pipes & fittings
Industry	Plastic Products
Industry Prospects	Good
Sub- Industry	Plastic Products
Degree of Competition	High

Future Project(s)
As informed by management company has planned to expand their business in future.

Customer Profile

Customer 1

Name	Gurukripa Motor Rewelding
Address Line 1	-
Address Line 2	-
City	BAbra D Aamreli
Terms of credit *	Open Account for 30 Days
Length of relationship (years) *	15

Customer 2

Name	Paras Engineering Company
Address Line 1	-
Address Line 2	-
City	Palauper
Terms of credit *	Open Account for 30 Days
Length of relationship (years) *	15

Customer 3

Name	Unity Pumps
Address Line 1	-
Address Line 2	-
City	Madasa
Terms of credit *	Open Account for 30 Days
Length of relationship (years) *	12

Supplier Profile

Supplier 1

Name	IOCL
Address Line 1	-
Address Line 2	-
City	Rajkot
Credit terms *	Open Account for 15 Days
Raw material procured *	PE Renewals
Length of relationship (years) *	5

Supplier 2

Name	O Pal
Address Line 1	-
Address Line 2	-
City	Vadodara
Credit terms *	Open Account for 15 Days
Raw material procured *	PE Renewals
Length of relationship (years) *	1

Supplier 3

Name	Reliance Industries
Address Line 1	-
Address Line 2	-
City	Hazira
Credit terms *	Open Account for 15 Days
Raw material procured *	PE Renewals
Length of relationship (years) *	15

Manufacturing Facilities	FY 2017
Capacity Installed per annum (numbers)	-
Capacity Utilized per annum (numbers)	-
Capacity expansion planned per annum (numbers)	00

Market Composition	FY 2015	FY 2016	FY 2017
Domestic (%)	100	100	100
Exports (%)	0	0	0
Total (%)	100	100	100

Purchase Composition	FY 2015	FY 2016	FY 2017
Domestic (%)	100	100	100
Imports (%)	0	0	0
Total (%)	100	100	100

Ownership & Management

Details of the Proprietor/ Partner/ Director -1	
Designation	Director
Name	Mr. Rajeshbhai K Tarpara
Address Line 1	Plot No. 89/1, Matrvangana
Address Line 2	Nanamawa road, poluadi park
City	Rajkot
Mobile Number	+91-9825076774
Year of birth	1971
Appointed to present position	2004
Employed with Unit since	2004
Highest Educational Qualification *	BA
Permanent Account Number*	ADRPT8238P

Details of the Proprietor/ Partner/ Director -2	
Designation	Director
Name	Mrs. Jyotsanaben R Tarapra
Address Line 1	Plot No. 89/1, Matrvangana
Address Line 2	Nanamawa road, poluadi park
City	Rajkot
Mobile Number	+91-9825076774
Year of birth	1975
Appointed to present position	2004
Employed with Unit since	2004
Educational Qualification *	-
Specialization *	AENPT3678J

Share Holding Pattern / Profit / Loss Sharing Ratio as on March 31, 2016

Name of Proprietor/ Partner / Shareholders	Relation With The Promoter	Profit/Loss Sharing Ratio (%)
Mr. Rajeshbhai K Tarpara	Self	79.93
Mrs. Jyotsanaben R Tarpara	Wife	20.07
Total		100.00

Details of Key Management Personnel -1

Designation	General Manager
Name	Mr. Sanjay J Ramani
Address Line 1	Plot No. D 11 A & B, GIDC Lodhika Village
Address Line 2	Metoda Kalawad Road
City	Rajkot
State	Gujarat
Mobile Number	+91-9099016440
Year of birth	1986
Appointed to present position	2013
Employed with Unit since	2013

Organization Structure, Control & Systems

Head of Organization	Mr. Rajeshbhai K Tarpara
Second Tier Management	Yes
Decision Making Powers	Directors
Reporting System or MIS	In Place
Type of Reporting System	Excel
Frequency of MIS/ Reporting	Daily

Associates/ Group Companies

As per information provided by the management there is no group related companies.

Financial Profile

Current Financial Performance (Rs LAKHS except Debt – Equity Ratio)	
Net Sales	273.20
OPBDIT	27.46
Current Order Book	Running
Debtors	54.73
Creditor	12.07
Capital	49.64
Debt	190.78
Debt- Equity ratio.	3.88

Declaration

The financial profile given in this report is based on audited financial results of the unit rated.

Details of Chartered Accountant (CA)	
Name	J. Jitendra & Co. (Chartered Accountant)
Membership no.	174166
Firm registration no	143371

Profit & Loss Account (In Rupees Lakhs)

Financial Year	31-Mar-2017	31-Mar-2016	31-Mar-2015
Months Covered By P/L	12	12	12
Income	273.20	200.07	229.69
Domestic Sales	273.20	200.07	229.69
Export	0.00	0.00	0.00
Other Revenue	0.00	0.00	0.00
Cost of Sales	-231.89	-164.95	-190.60
Employee Cost	-10.65	-3.62	-4.26
Rent / Repairs and Maintenance	0.00	0.00	0.00
Electricity Costs	-14.74	-13.48	-12.84
Job Work Charges	0.00	0.00	0.00
Other Direct Expenses	0.00	0.00	0.00
Raw Material Consumption Cost	-206.50	-147.85	-173.50
Gross Profit (Loss)	41.31	35.12	39.09
Other Operating Income	0.00	0.00	0.00
Depreciation/Amortization	-7.86	-11.81	-10.40
General Operating Expenses	-13.85	-8.81	-12.49
Directors / Partners Remuneration	0.00	-2.16	-2.16
Financial Lease Payment	0.00	0.00	0.00
Other	-13.85	-6.65	-10.33
Net Operating Profit (Loss) After Depreciation and Before Interest	19.60	14.50	16.20
Non-Operating Income	3.36	0.27	0.00
Non-Operating Expenses	0.00	0.00	0.00
Finance Expenses	-20.42	-14.52	-17.50
Interest to Third Parties	-19.26	-14.12	-17.50
Interest to Related Parties	0.00	0.00	0.00
Interest on Partners Capital	0.00	0.00	0.00
Commission & Charges	-1.16	-0.40	0.00
Net Profit(Loss) Before Tax & Extraordinary Items	2.54	0.25	-1.30
Plus (Minus) Extraordinary Items	0.00	0.00	0.00
Net Profit Before Taxation & After Extraordinary Items	2.54	0.25	-1.30
Income Tax	-1.54	1.14	-1.06
Current Tax	-0.80	-0.08	-0.63
Deferred Tax (Liability) / Reversal	-0.74	1.22	-0.43
Net Profit(Loss) After Tax	1.00	1.39	-2.36

The above financials are taken from the audited accounts of the company

Balance Sheet (In Rupees Lakhs)

Date	31-Mar-2017	31-Mar-2016	31-Mar-2015
Assets			
Current Assets			
Cash & Bank	7.46	2.79	8.66
Inventory / Work-in-Progress	92.11	94.68	45.70
Accounts Receivable	54.73	52.30	68.87
Accounts Receivable (up to six months)	54.73	52.30	68.87
Advances to Directors / Shareholders / Relatives / Friends / Group Entities / Related Entities	0.00	0.00	0.00
Advance to suppliers	0.00	0.00	0.00
Short term Deposits	0.00	0.00	0.00
Other Current Assets	11.25	7.99	8.98
Total Current Assets	165.55	157.76	132.21
Fixed Assets			
Land & Buildings	38.70	38.70	0.00
Plant & Machinery	37.11	37.11	0.00
Other Fixed Assets	17.31	3.35	90.68
Vehicles/Construction Equipments	0.00	0.00	0.00
Total Fixed Assets	93.12	79.16	90.68
Investments	0.00	0.00	0.00
Investment in Subsidiaries / Affiliates	0.00	0.00	0.00
Investment in Quoted Instruments	0.00	0.00	0.00
Investment in Properties	0.00	0.00	0.00
Other Investments	0.00	0.00	0.00
Total Investments	0.00	0.00	0.00
Other Assets (Non-Current)			
Long Term Advances to Directors / Shareholders / Relatives / Friends / Group Entities / Related Entities	0.00	0.00	9.21
Advance for Capital Assets	0.00	0.00	0.00
Security Deposits	0.00	0.00	0.00
Other Non-Current Assets	0.00	0.13	0.46
Total Other Assets	0.00	0.13	9.67
Intangibles			
Goodwill	0.00	0.00	0.00
Deferred Tax Assets	0.45	1.19	0.00
Asset Revaluation	0.00	0.00	0.00
Patents & Copyrights	0.00	0.00	0.00
Other Intangibles	0.00	0.00	0.00
Total Intangibles	0.45	1.19	0.00
Total Assets	259.12	238.24	232.56

Current Liabilities			
Accounts Payable	12.07	40.41	43.91
Short term Secured Loans from Banks / Financial Institutions	38.40	58.66	0.00
Short term Unsecured Loans from Banks / Financial Institutions	0.00	0.00	0.00
Short term loans from Directors / Shareholders / Relatives / Friends / Group Entities / Related Entities	0.00	0.00	0.00
Short term Unsecured Loans from Others	0.00	0.00	0.00
Advances from Customers	0.00	0.00	0.00
Creditors for Capital Goods	0.00	0.00	0.00
Proposed Dividend payable	0.00	0.00	0.00
Cheques issued but not cleared	0.00	0.00	0.00
Other Current Liabilities	6.63	19.74	2.72
Total Current Liabilities	57.10	118.81	46.63
Non-Current Liabilities			
Secured Loans from Banks / Financial Institutions	79.92	13.64	94.14
Unsecured Loans from Banks / Financial Institutions	0.00	0.00	0.00
Loans from Directors / Shareholders / Relatives / Friends / Group Entities / Related Entities	72.46	55.83	43.19
Unsecured Loans from Others	0.00	0.00	0.00
Proposed Dividend	0.00	0.00	0.00
Deferred Tax Liability	0.00	0.00	0.43
Sales Tax Deferral Loan	0.00	0.00	0.00
Deposits	0.00	0.00	0.00
Other Non-Current Liabilities	0.00	0.00	0.00
Total Non-Current Liabilities	152.38	69.47	137.76
Equity			
Capital	40.00	40.00	40.00
Preference Capital	0.00	0.00	0.00
Share Premium	5.21	5.21	5.21
Capital Reserves	0.00	0.00	0.00
General Reserves	0.00	0.00	0.00
Retained Earnings (Loss)	4.43	4.75	2.96
Revaluation Surplus (Deficit)	0.00	0.00	0.00
Share Application Money	0.00	0.00	0.00
Capital Subsidy	0.00	0.00	0.00
Other Equity	0.00	0.00	0.00
Total Equity	49.64	49.96	48.17
Total Liabilities	259.12	238.24	232.56

Financial Ratios

Financial Year	31-Mar-2017	31-Mar-2016	31-Mar-2015
Growth Ratios			
Sales Growth (%)	36.55	-12.90	-
Net Profit Growth (%)	-28.06	-158.90	-
Turnover Ratios			
Collection Period (Days)	73.12	95.41	109.44
Account Payable (Days)	21.60	74.94	86.49
Inventory Holding period (Days)	123.06	172.73	72.62
Gross Working Capital (Related to operation) to sales (Days)	221.18	287.81	210.09
Sales to Net Working Capital (Times)	2.52	5.14	2.68
Assets to Sales (%)	94.68	118.48	101.25
Fixed Assets Turnover Ratio	2.93	2.53	2.53
Profitability Ratios			
Gross Profit Margin (%)	15.12	17.55	17.02
Operating Profit Margin (%)	7.17	7.25	7.05
Net Profit Margin (%)	0.37	0.69	-1.03
Return on Assets (%)	0.39	0.59	-1.01
Return on Net Worth (Return on Equity) (%)	2.03	2.85	-4.90
Return on Capital Employed (%)	8.93	8.99	8.14
Liquidity Ratios			
Quick Ratio	1.29	0.53	1.86
Current Ratio	2.90	1.33	2.84
Gearing & Solvency Ratios			
Fixed Assets to Tangible Net Worth (%)	189.31	162.31	188.25
Current Liabilities to Tangible Net Worth (%)	116.08	243.61	96.80
Total Liabilities to Tangible Net Worth (%)	425.86	386.06	382.79
Total Debt to Equity Ratio	3.88	2.63	2.85
Long Term Debt Equity Ratio	3.10	1.42	2.85
Interest Coverage Ratio	1.13	1.02	0.93
DSCR (If Applicable)	0.71	0.93	0.81

Cash Flow statement from operations (In Rupees Lakhs)

Financial Year	31-Mar-2017	31-Mar-2016
CASH FLOW STATEMENT FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	2.54	0.25
Adjustments for:	0.00	0.00
Prior Year Adjustments	0.00	0.00
Depreciation	7.86	11.81
Non-Operating Income	-3.36	-0.27
Non-Operating Expenses	0.00	0.00
Interest Expense	20.42	14.52
Subtotal	24.92	26.06
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	27.46	26.31
Adjustment for:	0.00	0.00
Accounts Receivables	-2.43	16.57
Other Receivables (Inclusive of Taxes)	-4.06	0.51
Inventories	2.57	-48.98
Trade Payables	-28.34	-3.50
Other Payables	-13.11	17.02
Extraordinary Items	0.00	0.00
Net Cash from Operating Activities	-17.91	7.93

Banking Facilities

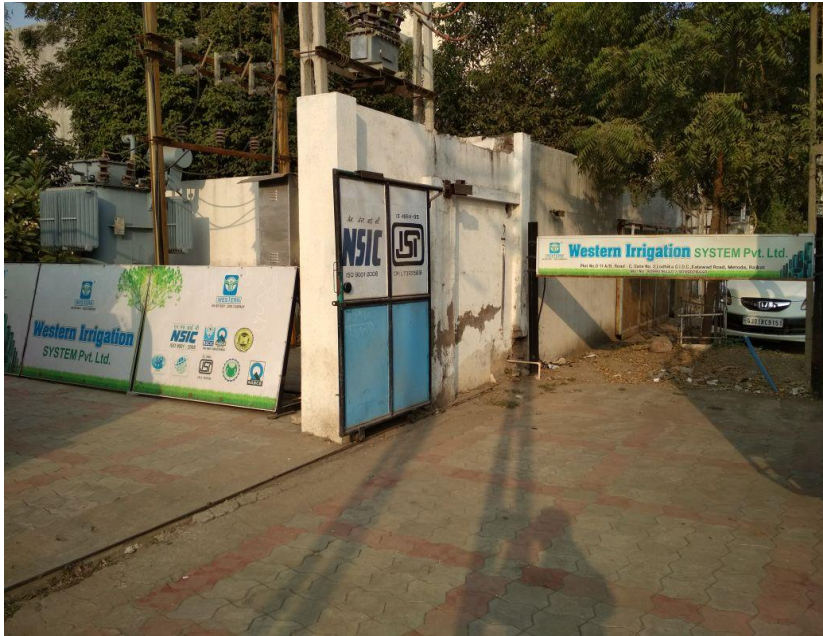
Bank 1	
Name	Dena Bank
Branch	Race Course Road)
IFSC	BKDN0310931
Bank Account Number	Details not available with SMERA
Address Line 1	Race Course Road
Address Line 2	Kisanpara Chowk
City	Rajkot
PIN code	360001
Contact Number (Office)	0281-2442208
Term Loan (in lacs)	₹8
Interest Rate (%)	-
Working Capital Loan (in lacs)	₹60
Interest Rate (%)	-
Non Fund Based Limits (in lacs)	₹00
Banker's feedback	Conduct Satisfactory

Site Visit Report

Address line 1	Plot No. D 11 A & B, GIDC Lodhika Village
Address line 2	Metoda Kalawad Road
City	Rajkot
State	Gujarat
PIN code	360021
Date of Site Visit	November 11, 2017
Name of Site Visit Officer	Mr. Ravi K Panchal
Unit's official contacted	
Name	Mr. Sanjay Ramani
Designation	General Manager
Mobile No	+91-9099016440
Email id	westernhdpepip@rediffmail.com
Size of Premises	Land & Building- 10763 (in Sq. Feet)
Site Details/Type	Industrial Area
Fire extinguisher	Yes
Power installed (KW/ HP)	220kva
Power Back-Up	Yes
Signage/Name Plate	Yes
Environmental clearance	Not Applicable
If Yes, provide Certificate/Registration Number	None
Site Lay Out	Site lay out not shared with SMERA
Installed capacity	-
Utilized Capacity	-
Name of the Raw material being used	SS Nipple, Packing materials
Source of raw material	Domestic
Kind of Building	RCC Construction
On Floor	Ground Floor
Total Floors in the Building	Ground Floor + 2 Floor
Type of Occupation	Owned
Owner's Name	Western Irrigation System Pvt. Ltd.

Photographs

Plant Site - 1



Plant Site – 2



Benefits to the MSE

Independent Third Party Opinion

Provides an unbiased rating to MSEs and enhances credibility. It motivates MSEs 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 MSEs 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 MSE'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.

About SMERA

SMERA Ratings Limited is 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. SMERA commenced its operations in 2005 and is empaneled as an approved rating agency by the National Small Industries Corporation Ltd. (NSIC) under the 'Performance & Credit Rating Scheme for Micro & Small Enterprises' of the Ministry of MMSE, Government of India. SMERA 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.

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