

# **Business Information Report**

Madhu Silica Private Limited

India

## **MADHU SILICA PRIVATE LIMITED**

Regd./Business Address Plot No. 147, GIDC Estate, Village. Vartej, Bhavnagar - 364060, Gujarat, India  
Phone +91 278 2445415 / 2541866 / 2445437 / 2541866 / 9227773804 / 2445437  
Fax +91 278 2446159  
Email silica@wilnetonline.net / madhusilica@madhusilica.com / cstvora@gmail.com  
Website www.madhusilica.com  
Location Industrial  
Status Owned

### **Executive Summary**

Report ID 67476  
Company Name Madhu Silica Private Limited  
Company Status Active  
Legal Form Private Limited Company  
Regd./Formation Date 20-Oct-1987  
Incorporation No. U24299GJ1987PTC010073  
PAN AABCM4381J  
GSTIN 24AABCM4381J1ZG  
TIN/CST 24140200653  
No. of Employees Around 900  
Business Activity Manufacturer of precipitated silica, reinforcing silica, super reinforcing silica, micronised silica and its various grade.  
SIC Code(s) 24 - Manufacture of chemicals and chemical products  
NACE Code(s) 2059 - Manufacture of other chemical products n.e.c.

### **Financial Summary**

Capital	INR	91 834 000
Networth	INR	4 960 968 000
Turnover/Sales	INR	6 976 833 000
Profit After Tax	INR	795 104 000
FY Ended		31-Mar-2018
Financial Types		Standalone

### **Notes**

\* We interviewed Mr. Smit Trivedi, HR Executive on +91 278 2541866. He has shared the relevant company information with us.

\* The complete and correct registered office address and name of the subject as per official registry records (ROC) is mentioned above.

# **Business Information Report**

## **Credit Recommendation**

Credit Rating	A
Credit Score	 63
Credit Limit	USD 1948000 / INR 135230000
Comments	Recommendation mainly based on subject's longevity, operation details and financial state of affairs.

## **Credit Rating Guide**

Credit Rating	Credit Score	Explanation
A+	81 - 100	Low Risk
A	61 - 80	Moderate Risk
B	40 - 60	Medium Risk
C	21 - 39	Medium High Risk
D	1 - 20	High Risk
NR	--	No Rating

## **Capital Structure / Ownership**

Authorised Capital	INR 100 000 000
Paid up Capital	INR 91 834 400

## **Shareholding Structure / Major Shareholder(s)**

Name	No. of Shares	Holding(%)
Shri Darshak R. Shah	290 772	31.66
Shri Ramesh V. Shah	260 029	28.32
Shri Ramesh V. Shah HUF	133 063	14.49
Smt. Kalpanaben R. Shah	106 754	11.62
M/s Darshak Finstock Pvt Ltd.	45 045	4.91
R.V. Shah Family Trust	36 000	3.92
Smt. Reena D. Shah	25 060	2.73
Other	21 621	2.35
TOTAL	918 344	100.00

## **Directors / Principals**

1	<b>Name</b>	Rameshchandra Vinaychand Shah
	<b>Designation</b>	Whole Time Director
	<b>Date of Appointment</b>	20-Oct-1987
	<b>Residential Address</b>	Plot No. 1890/A, "Vasudha", Near Rupani Cricle, Atabhai Chowk, Bhavnagar - 364002, Gujarat, India
	<b>DIN</b>	00062983

# **Business Information Report**

2	<b>Name</b>	Darshak Rameshchandra Shah
	Designation	Managing Director
	Date of Appointment	02-Sep-1997
	Residential Address	Plot No. 1887, Rupani Circle, Near Safal Apartment, Bhavnagar - 364001, Gujarat, India
	DIN	00063063
3	<b>Name</b>	Neepa Udaykant Mehta
	Designation	Director
	Date of Appointment	01-Sep-2007
	Residential Address	202, Shree Vinayak Residency, Radha Krishna Char Rasta, Akota, Vadodara - 390020, Gujarat, India
	DIN	01780860

## **Key Personnel**

1	<b>Name</b>	Aliasger Ownbhai Mandorwala
	Designation	Company Secretary
	Date of Joining	01-Oct-2017
	Residential Address	Burhani Mohalla, Near Shak Market, Dahod - 389151, Gujarat, India
	Comments	PAN - DFMPM9781J

## **Business Operations**

The subject acts as manufacturer of precipitated silica, reinforcing silica, super reinforcing silica, micronised silica and its various grade.

<b>Product Description</b>	Precipitated Silica Alumino Silicates
<b>Related Parties As on March 31, 2013</b>	Darshak Finstock Private Limited
<b>Production Information</b>	During the year FY 2012-13, the company has achieved production of 57443 MT against targeting production of 70000 MT.
<b>Imports From</b>	Germany, USA, China
<b>Exports To</b>	Germany, Portugal, Poland, South Africa, Turkey, Vietnam, Korea, Japan, Nigeria

# **Business Information Report**

<b>Payment Terms</b>	Telegraphic Transfer (Purchase) Letter of Credit 60 to 90 Days (Purchase) Credit Period of 30 to 60 Days (Purchase) Telegraphic Transfer (Sale) Letter of Credit 60 Days (Sale) Credit Period of 30 to 90 Days (Sale)
<b>Trade References</b>	Hindustan Unilever Ltd (Buyer) Gujarat Heavy Chemicals Ltd (Supplier) Nirma Group (Supplier)
<b>Expenses in Forex</b>	INR 260 667 000.00 (31-Mar-2018)
<b>Earnings in Forex</b>	INR 3 070 953 000.00 (31-Mar-2018)
<b>Listing on Stock Exchange</b>	No
<b>Location(s)</b>	
<b>Factory Add.</b>	No. 40, 53, 55, 56-B, GIDC Industrial Estate, Chitra, Bhavnagar - 394230, Gujarat, India
<b>Phone</b>	+ 91 278 2445437
<b>Affiliates/Associates</b>	
<b>Associates</b>	
<b>Name</b>	Aquagel Chemicals (Bhavnagar) Private Limited
<b>Name</b>	Darshak Finstock Private Limited
<b>Name</b>	Aquagel Promoters Group Share Holder's Trust
<b>Name</b>	Shri R V Shah Family Trust
<b>Banker</b>	
<b>Name</b>	Standard Chartered Bank
<b>Address</b>	Abhijeet II, Ground Floor, Nr. Mithakhali Six Roads, Ahmedabad - 380006, Gujarat, India
<b>Credit Limit</b>	INR 250 000 000

# **Business Information Report**

## **Hypothecation Details**

Charge Holder IDFC Bank Limited  
Date of Creation 10-Jul-2017  
Amount INR 100 000 000  
Charge ID 100111131

Charge Holder HDFC Bank Limited  
Date of Creation 16-Mar-2017  
Amount INR 500 000 000  
Charge ID 100109161

Charge Holder Standard Chartered Bank  
Date of Creation 07-May-2009  
Date of Modification 02-Aug-2013  
Amount INR 350 000 000  
Charge ID 10156730

## **Auditor**

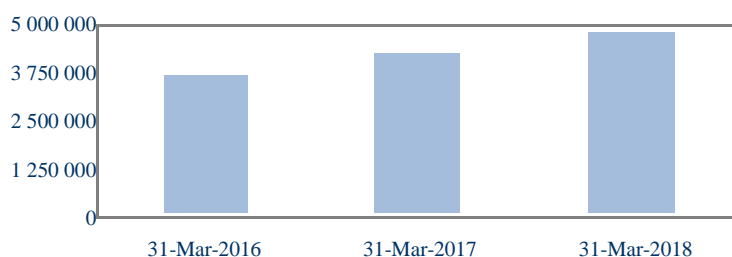
Name M/s P.G. Hemani & Company  
Membership No 151457  
FRN 103628W  
Address 306, Turning Point, Above Indian Overseas Bank, Waghawadi Road, Bhavnagar - 364001, Gujarat, India

## **FINANCIAL SUMMARY**

### **NET WORTH**

**INR in '000'**

<b>Year Ended</b>	<b>Amount</b>	<b>Change</b>
31-Mar-2018	4 960 968	19.50%
31-Mar-2017	4 151 275	22.84%
31-Mar-2016	3 379 403	---

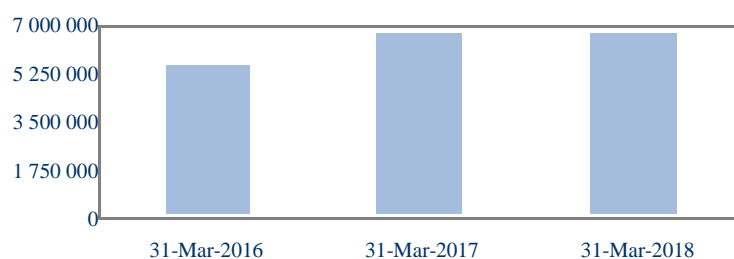


# **Business Information Report**

## **OPERATING REVENUE**

**INR in '000'**

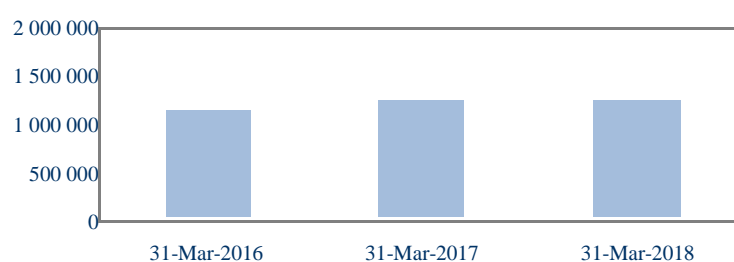
<b>Year Ended</b>	<b>Amount</b>	<b>Change</b>
31-Mar-2018	6 976 833	7.64%
31-Mar-2017	6 481 805	17.95%
31-Mar-2016	5 495 295	---



## **PROFIT BEFORE TAX**

**INR in '000'**

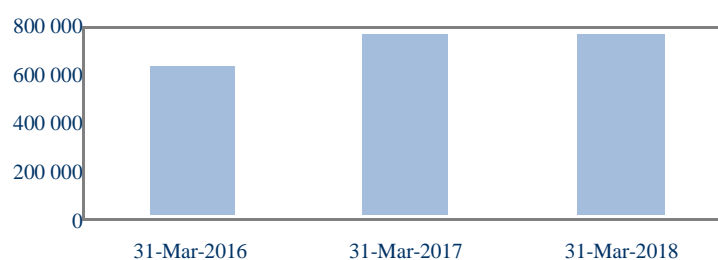
<b>Year Ended</b>	<b>Amount</b>	<b>Change</b>
31-Mar-2018	1 188 506	2.60%
31-Mar-2017	1 158 368	15.03%
31-Mar-2016	1 006 983	---



## **PROFIT AFTER TAX**

**INR in '000'**

<b>Year Ended</b>	<b>Amount</b>	<b>Change</b>
31-Mar-2018	795 104	8.36%
31-Mar-2017	733 768	15.96%
31-Mar-2016	632 789	---



# Business Information Report

## BALANCE SHEET

For the Year Ending :	31-Mar-2018	31-Mar-2017	31-Mar-2016
	(INR in '000')		
Period	(12 months)	(12 months)	(12 months)
Type of Financials	Standalone	Standalone	Standalone
Account Type	Audited	Audited	Audited
Source	Registry	Registry	Registry
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>	<b>4 960 968.00</b>	<b>4 151 275.00</b>	<b>3 379 403.00</b>
- Share Capital	91 834.00	91 834.00	91 834.00
- Reserves and Surplus	4 869 134.00	4 059 441.00	3 287 569.00
<b>Non-current liabilities</b>	<b>---</b>	<b>39 421.00</b>	<b>24 539.00</b>
- Deferred tax liabilities	0.00	39 421.00	24 539.00
<b>Current liabilities</b>	<b>1 199 580.00</b>	<b>1 154 385.00</b>	<b>1 006 446.00</b>
- Trade payables	377 913.00	355 105.00	376 469.00
- Other current liabilities	351 958.00	405 142.00	243 506.00
- Short-term provisions	17 709.00	138.00	1 971.00
- Current Tax Liabilities (Net)	452 000.00	394 000.00	384 500.00
<b>TOTAL</b>	<b>6 160 548.00</b>	<b>5 345 081.00</b>	<b>4 410 388.00</b>
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>3 935 073.00</b>	<b>3 427 458.00</b>	<b>2 614 097.00</b>
- Fixed Assets	1 592 060.00	1 937 404.00	1 961 339.00
- Tangible assets	1 582 106.00	1 937 404.00	1 758 125.00
- Capital work-in-progress	9 954.00	0.00	203 214.00
- Non-current investments	1 813 992.00	1 055 252.00	236 985.00
- Financial Assets	48 101.00	34 342.00	34 905.00
- Deferred tax assets(net)	472 330.00	400 460.00	379 542.00
- Other non-current assets	8 590.00	0.00	1 326.00

## **Business Information Report**

<b>Current assets</b>	<b>2 225 475.00</b>	<b>1 917 623.00</b>	<b>1 796 291.00</b>
- Inventories	203 133.00	206 037.00	186 253.00
- Trade receivables	1 546 988.00	1 308 111.00	1 294 307.00
- Cash and cash equivalents	72 839.00	123 492.00	55 951.00
- Short-term loans and advances	226 210.00	5 507.00	5 465.00
- Other Current Financial Assets	2 558.00	281.00	192.00
- Other current assets	173 747.00	274 195.00	254 123.00
<b>TOTAL</b>	<b>6 160 548.00</b>	<b>5 345 081.00</b>	<b>4 410 388.00</b>

### **PROFIT & LOSS A/C**

<b>For the Year Ending :</b>	<b>31-Mar-2018</b>	<b>31-Mar-2017</b>	<b>31-Mar-2016</b>
	<b>(INR in '000')</b>		
<b>Revenue</b>			
- Revenue from operations	6 976 833.00	6 481 805.00	5 495 295.00
- Other income	110 589.00	43 303.00	26 612.00
<b>TOTAL REVENUE</b>	<b>7 087 422.00</b>	<b>6 525 108.00</b>	<b>5 521 907.00</b>
<b>Expenses</b>			
- Cost of materials consumed	2 103 874.00	1 896 900.00	1 714 034.00
- Changes in inventories of finished goods work-in-progress and Stock-in-Trade	36 613.00	-25 835.00	-987.00
- Employee benefits expense	671 085.00	595 616.00	436 646.00
- Finance Cost	2 869.00	2 810.00	15 060.00
- Depreciation and amortization expense	424 766.00	449 347.00	473 421.00
- CSR Expenditure	0.00	0.00	1 922.00
- Other expenses	2 659 709.00	2 447 902.00	1 868 701.00
<b>TOTAL EXPENSES</b>	<b>5 898 916.00</b>	<b>5 366 740.00</b>	<b>4 508 797.00</b>
<b>Profit before extraordinary items and tax</b>	<b>1 188 506.00</b>	<b>1 158 368.00</b>	<b>1 013 110.00</b>
Extraordinary items	---	---	-6 127.00



## **Business Information Report**

<b>Profit (Loss) before tax</b>	<b>1 188 506.00</b>	<b>1 158 368.00</b>	<b>1 006 983.00</b>
<b>Tax Expenses</b>			
- Current tax	455 244.00	409 718.00	404 828.00
- Deferred tax	-61 842.00	14 882.00	-30 634.00
<b>Profit (Loss) for the period</b>	<b>795 104.00</b>	<b>733 768.00</b>	<b>632 789.00</b>
<b>Earnings per equity share</b>			
- Basic(INR )	881.69	840.50	689.05
- Diluted(INR )	881.69	840.50	660.00

### **OTHER CURRENT LIABILITIES**

	<b>31-Mar-2018</b>	<b>31-Mar-2017</b>
	<b>(INR in '000')</b>	
Other Current Liabilities others	351 958.00	405 142.00
<b>TOTAL</b>	<b>351 958.00</b>	<b>405 142.00</b>

### **ASSETS DETAILS**

	<b>31-Mar-2018</b>
	<b>(INR in '000')</b>
Land	171 587.00
Buildings	688 544.00
Plant and equipment	552 482.00
Furniture and fixtures	7 457.00
Vehicles	9 330.00
Office equipment	698.00
Computer Equip.	451.00
Other tangible assets	151 557.00
<b>TOTAL</b>	<b>1 582 106.00</b>

### **COMMENTS**

Note (s)

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\* The information provided in this report is largely based on the information procured from the subject's records file at Official Registry Records (ROC).

# **Business Information Report**

\* Operational information was confirmed by Mr. Smit Trivedi, HR Executive of the subject during the course of a telephonic interview.

## **KEY RATIOS**

<b>SOLVENCY RATIOS</b>	<b>31-Mar-2018</b>	<b>31-Mar-2017</b>	<b>31-Mar-2016</b>
Current Ratio	1.86	1.66	1.78
Quick Ratio	1.69	1.48	1.60

**Current Ratio** - A measure of short term solvency i.e. ability to meet the short term obligations by matching current assets against current liabilities. Ideal current ratio is 2 : 1 (2.0). However, a very high ratio indicates availability of idle cash and is not a good sign.

**Quick Ratio** - A measure of the amount of liquid assets available to offset current liabilities. The ratio is 1:1 (1.0), the business is said to be in a liquid condition. The larger the ratio, the greater the liquidity.

<b>LEVERAGE RATIOS</b>	<b>31-Mar-2018</b>	<b>31-Mar-2017</b>	<b>31-Mar-2016</b>
Debt Ratio	0.19	0.22	0.23
Current Liabilities / Net Worth	0.24	0.28	0.30
Fixed Asset/ Net Worth	0.32	0.47	0.58
Interest Coverage Ratio	415.26	413.23	67.86

**Debt Ratio** - A ratio that indicates what proportion of debt a company has relative to its assets. A debt ratio of greater than 1 indicates that a company has more debt than assets. The debt ratio can help investors determine a company's level of risk.

**Debt Equity Ratio** - The debt-to-equity ratio is a measure of the relationship between the short term & long term debts and the capital contributed by shareholders. A ratio of 1:1 is usually considered to be satisfactory ratio.

**Current Liabilities /Net Worth** - This ratio indicate the amount due to creditors within a year as a percentage of the owners or stockholders investment. The smaller the net worth, larger the liabilities, resulting in less security for creditors.

**Fixed Asset/ Net Worth** - The ratio indicates the extent to which shareholder's funds are invested into the fixed assets. If this ratio is unusually large, a company may be overinvested in fixed assets and vice versa if it is small it may limit the company's ability to produce profits. A ratio of .75 or higher is usually undesirable.

**Interest Coverage Ratio** - A ratio used to determine how easily a company can pay interest on outstanding debt. It measures the margin of safety for the lenders. The higher the number, more secure the lender is in respect of periodical interest.

<b>EFFICIENCY RATIOS</b>	<b>31-Mar-2018</b>	<b>31-Mar-2017</b>	<b>31-Mar-2016</b>
Average Collection Days	80.93	73.66	85.97

## **Business Information Report**

Accounts Receivable Turnover	4.51	4.96	4.25
Average Payment Days	64.44	69.27	80.21
Inventory Turnover	34.35	31.46	29.50
Asset Turnover	4.38	3.35	2.80

**Average Collection Days** - The approximate amount of time that it takes for a business to receive payments owed, in terms of receivables, from its customers and clients. Possessing a lower average collection period is seen as optimal.

**Accounts Receivable Turnover** - The accounting measure used to quantify a firm's effectiveness in extending credit as well as collecting debts. A high ratio implies either that a company operates on a cash basis or that its extension of credit and collection of accounts receivable is efficient.

**Average Payment Days** - The average payment days represents the number of days taken by the company to pay its creditors. A lower credit period ratio signifies that the creditors are being paid promptly. However a very favorable ratio to this effect also shows that the business is not taking the full advantage of credit facilities allowed by the creditors.

**Inventory Turnover** - A ratio showing how many times a company's inventory is sold and replaced over a period. A low turnover implies poor sales and, therefore, excess inventory. A high ratio implies either strong sales or inefficient buying.

**Asset Turnover** - Asset turnover ratio measures the efficiency of a company's use of its assets in generating sales revenue or sales income to the company. The higher the number the better.

<b>PROFITABILITY RATIOS</b>	<b>31-Mar-2018</b>	<b>31-Mar-2017</b>	<b>31-Mar-2016</b>
Operating Profit Margin	17.08	17.91	18.60
Net Profit Margin	11.40	11.32	11.52
Return on Total Assets	12.91	13.73	14.35
Return On Equity	16.03	17.68	18.72

**Operating Profit Margin** - The operating profit margin ratio is a measure of overall operating efficiency of a company. It is expressed as a percentage of sales and shows the efficiency of a company for controlling the costs and expenses associated with business operations.

**Net Profit Margin** - Net Profit Margin ratio is calculated by dividing net profit by operating income. It measures how much out of every unit of sales a company actually earns profit. The higher the ratio the better.

**Return on Total Assets** - The Return on Assets of a company determines its ability to utilize the Assets employed in the company efficiently and effectively to earn a good return. The greater a company's earnings in proportion to its assets the more effectively that company is said to be using its assets.

**Return on Equity** - Return on equity measures the return on the ownership interest of the common stock owners. It measures a firm's efficiency at generating profits from every unit of shareholders' equity.

# **Business Information Report**

## **ECONOMIC OUTLOOK**

(India)

Indian economy is expected to grow a bit higher at 7.5 per cent in 2019-20 on account of steady improvement in major sectors, as government and private consumption remains robust and investment is steadily picking up, India Ratings and Research (Ind-Ra) said in a report.

According to the advance estimates of Gross Domestic Product released by the Central Statistics Office (CSO), the economy is estimated to grow at 7.2 per cent in the current financial year, up from 6.7 per cent in the previous year.

It said that slippage on the fiscal front is imminent, with fiscal deficit rising to 3.5 per cent of GDP in 2018-19 instead of budgeted 3.3 per cent. Pre-election noises promising unemployment allowances and farm debt waivers point to rising stress on the fiscal, both at the Centre and in the states. The announcement in Interim Budget 2019-20 on direct cash transfer programme for farmers and the middle-class tax relief measures will contribute a financial year stimulus of about 0.45 per cent of GDP.

On monetary policy side, The RBI cut its benchmark policy rate in February and changed the policy stance to "neutral" from "calibrated tightening". There is a continuation of the rebound in oil prices to 68 USD/bbl and a pickup of inflation in 2019, it is expected that inflation won't be anywhere close to a breach of the RBI's 6% inflation target.

After demonetization and implementation of Goods and Services Tax (GST), the agency had expected 2018-19 to be a year of quick recovery and, indeed, the recovery has been sharp with GDP growth coming in at 7.2 per cent.

“GDP growth would have been even better but for the global headwinds caused by an abrupt rise in crude oil prices, strengthening of US dollar and hiccups faced on the domestic front due to frequent revisions in GST rates, continued agrarian distress, slow progress on Insolvency and Bankruptcy Code cases, and liquidity crunch faced by non-banking finance companies post IL&FS saga,” the agency said in its report.

In February 2019, the government provided further capital infusions to public sector banks. These measures, combined with the application of the Prompt Corrective Action framework, which requires timely recognition of bad loans, and resolution of bad loans through the Insolvency and Bankruptcy Code, are helping to address solvency and asset quality challenges.

Over the past few years, private final consumption expenditure and government final consumption expenditure have been the primary growth drivers of Indian economic growth. Ind-Ra said it believes that investments are slowly but steadily gaining traction, with gross fixed capital formation growing 12.2 per cent in the current fiscal and projected to clock 10.3 per cent in the next year. “This is certainly a comforting development, but the flip side of this development is that it is primarily driven by the government capital expenditure or capex, as incremental private corporate capex has yet to revive,” it said.

Due to the slowdown in private corporate and household capex, GDP growth has failed to accelerate and sustain itself close to or in excess of 8 per cent, it said. “Like FY19, the agency expects all major sectors namely agriculture, industry and services to contribute to gross value added (GVA) growth in FY20

# **Business Information Report**

from the supply side. However, key support to the GVA growth is expected to come from services, followed by industry and they are expected to grow at 8.3 per cent and 7.4 per cent, respectively, in FY20. Under normal monsoons, agricultural GVA is expected to grow at 3.0 per cent. All this would translate into overall GVA growth of 7.3 per cent in FY20 compared to 7.0 per cent in FY19,” it said.

## **Sovereign risk**

India's sovereign risk rating stands at BBB. Strong growth in tax collection will support the government's ability to meet its debt obligations, even as rising populist spending by the government puts stress on the budget balance in fiscal years 2018/19-2019/20 (April-March).

## **Currency risk**

The currency risk rating stands at BBB. A narrowing current-account deficit in 2019 will ease some downward pressure on the currency. However, on average the currency will continue to weaken this year compared with 2018.

## **Banking sector risk**

Banking sector risk is BB-rated. The sector remains troubled by a high level of bad debts, although a recent decline in the non-performing loan ratio may indicate that efforts to improve regulation are bearing fruit.

In conclusion, it is expected the Indian economy to continue to be the global outperformer in terms of economic growth and have pencilled in 7.5% for this calendar year. Growth will be supported by favourable fiscal and monetary policies. There are substantial downside risks to outlook as well, such as defeat of PM Modi's BJP in the general elections due in May, an escalation of the trade tensions between China and the US and a more rapidly cooling down of the global economy than expected.

## **Credit Rating Explanation**

<b>Credit Rating</b>	<b>Credit Score</b>	<b>Explanation</b>	<b>Rating Comments</b>
A+	81 - 100	Low Risk	Business dealings permissible with low risk of default.
A	61 - 80	Moderate Risk	Business dealings permissible with moderate risk of default.
B	40 - 60	Medium Risk	Business dealings permissible on a regular monitoring basis.
C	21 - 39	Medium High Risk	Business dealings permissible preferably on secured terms.
D	1 - 20	High Risk	Business dealing not recommended or on secured terms only.
NR	--	No Rating	No recommendations can be made at this stage due to lack of sufficient information.

*The credit appraisal provides an assessment of the creditworthiness of a company. It takes into account significant elements of credit including history, business performance, management, background, financial position, payment history, overall market conditions, market trends and the reputation of the company.*

*NR is stated where there is insufficient information to facilitate rating. However, it is not to be construed as unfavorable..*

# **Business Information Report**

## **FOREX RATES (APPROX.)**

USD	= INR	69.27	GBP	= INR	90.88
100 Jap Yen	= INR	62.51	SGD	= INR	50.84
EURO	= INR	77.58	CAD	= INR	51.45
CHF	= INR	68.24	HKD	= INR	8.84
AUD	= INR	48.46	AED	= INR	18.88

1 Crore = 10 Million = 100 Lac = 10000 Thousand

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*This report is based on information from sources believed to be true. Any advice or recommendation in this report has been given without specific investment objectives and the particular needs of any specific addressee. It must be distinctly understood that though utmost care has been exercised to obtain reports of a reliable character but we accept no liability whatsoever for any direct or consequential loss arising from any use of this document.*

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**END OF REPORT**