

# BUSINESS PROFILE

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## REPORT



### **PAANI PRECISION PRODUCTS LLP**

D&B D-U-N-S® NUMBER -86-142-0022

SR No. 53 Plot No 5/B-1, B-2, Raj Rajeshwari Estate,  
Kansumara Road, Jamnagar-361006, Gujarat, India

**Scope of the Report**

- History and legal background
- Management background
- Financial statements

**Information Sources**

Information given in this report is compiled on the basis of information obtained from the following sources:

- Annual reports
- Entity website
- MCA

**Methodology**

Financial information from the audited annual reports of Paani Precision Products LLP (hereinafter referred to as 'the Entity' or 'PPP') was studied and analyzed for a three-year period from Financial Year (FY) 2021, FY 2022 and FY 2023. Report has been prepared based on information available from public sources like Ministry of Corporate Affairs (MCA), business trade sites, Entity website, etc.

On 23<sup>rd</sup> April 2024, Mr. Kapil Dave (Partner) has provided relevant information for the report during the management discussion.

**Date: 26<sup>th</sup> April 2024**

### Line of Business

Engaged in manufacturing and export of brass components, brass valve & brass decorative parts.

Revenue

INR 67 million

Tangible Networth

INR 6 million

Date of Incorporation: 31<sup>st</sup> July 2018

Employees

57 (FY 2023)

Chief Executive

Mr. Kapil Manharlal Dave  
Partner

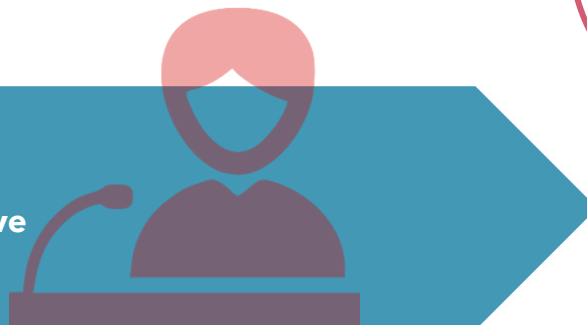


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## Entity Overview

**Brief History:** The Entity was established on 31<sup>st</sup> July 2018 as a limited liability partnership.

**Line of Business:** The Entity is engaged in manufacturing and export of brass components, brass valve & brass decorative parts.

### **Product Portfolio:**

- ❖ Precision Brass Component
- ❖ Brass Valve
  - Brass Ball Valve
  - Brass Non Return Valve
  - Brass Valve Spindles
  - Brass Needle Valve
  - Brass Gas Valve
  - Brass Mini Ball Valve
  - Micro Torch Soldering & Welding Torch Valve
  - Brass Air Valve
  - Brass Float Valve
  - Nitrogen Valve
- ❖ CNC Turned Components
- ❖ Brass Fasteners
  - Brass Anchor
  - Brass Hex Nut
  - Brass Insert
  - Brass Screw
  - Brass Spacer (Standoff)
  - Brass Washer
- ❖ Brass Fitting Parts
  - Brass Sleeve (Olive)
  - Brass Sleeve Nut
  - Brass Union
  - Brass Reducing Union
  - Brass Male Connector
  - Brass Female Connector
  - Brass Hex Nipple
  - Brass Hex Reducing Nipple
  - Brass Hex Socket
  - Brass Hex Reducing Bush
  - Brass Adaptor
  - Brass Elbow
  - Brass Tee
- ❖ Brass Flare Fitting
  - Flare Nut
  - Flare Long Nut
  - Flare Union
  - Flare Reducing Union
  - Flare Male Connector
  - Flare Female Connector
  - Flare Male 45 Degree Elbow
  - Flare Male Elbow
  - Flare Union Tee
  - Flare Male Tee
- ❖ Brass Hose Barb Fitting
- ❖ Brass Hardware Components
  - Brass Mirror Cap (Screw Cover Cap)
  - Brass Door Knob
  - Brass Glass Stopper
  - Brass Hinges
  - Handle
- ❖ Brass Table Flag Stand
- ❖ Decorative Metal Parts
- ❖ Musical Instruments Components
- ❖ Brass Auto Components
- ❖ Brass Electrical Components
- ❖ Brass Sanitary Fitting
- ❖ Horizontal & Vertical in Brass Non Return Valve
- ❖ Gate Valve
- ❖ Sheet Metal Components: TC, MCB and transformer parts
- ❖ Agriculture Valves,
- ❖ Fittings, Lances.
- ❖ Fire Sprinklers,
- ❖ Fire Extinguishers Assembly Components/Valves

The company specializes in Components/Parts/Fittings/Valves In Brass, Copper, Aluminium, Alloy Steel, Stainless Steel (SS304, SS316, SS430 & other Grades), Lead-Free and Mild Steel Metals. They also provide THREADS such as BSP, BSPT, NPT, METRIC, UNF, UNC, NC, ACME, BSW, PG and other as per requirement from customers.

The switch parts contribute 70% of the total revenue while industrial valves and insert contributes 15% and 10% respectively.

**Markets & Clientele:** The Entity caters to both domestic and international market. The Entity exports its products to more than 16 countries, including United States of America (USA), Switzerland, Italy, France, Germany, New-

Zealand, Nepal, East Africa, UAE, Qatar Entity caters to over 200 different customers.

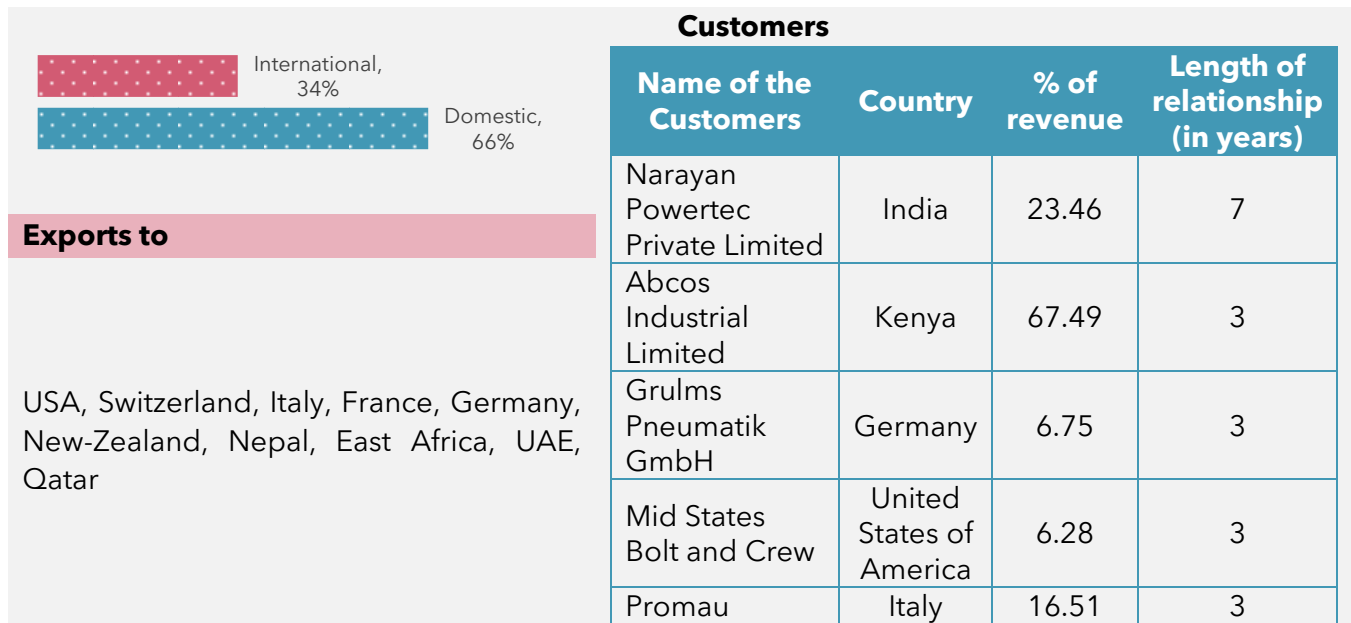
**Locations and manufacturing facility:** The Entity's manufacturing facility and registered office are both located in Jamnagar, Gujarat. The installed capacity is 5,00,000 pieces and actual capacity is 2,50,000 pieces in FY 2023.

The client has following machines in its manufacturing facility:

Name Machine	Quantity
Forged Press	2
CNC machine	6
VMC 4 AXIS	1
ssCNC PLC Automatic Machine	3
Automatic Die Box Machine	1
Automatic Machine	2
Heand Machine	3
Heand Treading Machine	2
Drill Machine	4
Grinding Machine	1
Buffing Polising Machine	3
Pressure/Leak Testing Machine Automatic	1
Sliding Cat Machine	1
Pressure Test & Leakage Testing Machine	1
CNC Vision Measuring Machine	1
Automatic One Piece Checking Machine with Inspection Report	1
Automatic Assembly Machine	5
Shot Blasting Machine	1
Spectro Testing Machine for Material Testing	1
Screw Compressor	1
Cross Shart Sheet Cutting Press	1
Sheet Cutting Press	8
Saping Machine	1
Leth Machine	1
Surface Grinder	1
Drill Machine	1
Press Hand Machine	10
Head Press	1

Source: MCA and as provided by management

## Revenue Details



Source: As provided by management

## Purchase Details



Source: As provided by management

## Designated Partners

### Kapil Manharlal Dave - Partner

Mr. Kapil Manharlal Dave is partner of the Company and has played a pivotal role in the growth of the organization. He has over 30 years of experience.

Director Identification Number (DIN)/(PAN)	Name of Partners	Designation
08184367	Kapil Manharlal Dave	Designated Partner
08184584	Jeet Mehta	Designated Partner
08184396	Narendra Jagjivanbhai Kanjariya	Designated Partner
08184397	Sanjaybhai Shivabhai Vekariya	Designated Partner

## Profit Sharing Pattern

Name of Partners	Profit Sharing Ratio (%)
Jeet Mehta	25
Kapil Manharlal Dave	25
Narendra Jagjivanbhai Kanjariya	25
Sanjaybhai Shivabhai Vekariya	25
<b>Total</b>	100

Source: Annual report 2023



## Financial Performance

FISCAL BALANCE SHEET AS OF 31-Mar-2023 (Amount in INR million)			
Cash and Bank	3	Accounts Payable	2
Inventory	7	Bank Overdraft	9
Accounts Receivable	6	Bank Loans	1
Loans and Advances	1	Due to Customers	1
Other Current Assets	4	Other Payables / Accruals	5
TDS and Advance Tax	1		
<b>TOTAL CURRENT ASSETS</b>	<b>22</b>	<b>TOTAL CURRENT LIABILITIES</b>	<b>18</b>
Land and Buildings	1	Bank Loans	3
Plant and Equipment	2	Due to Directors / Shareholders	8
Assets in Construction	9		
<b>TOTAL FIXED ASSETS</b>	<b>12</b>	<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>11</b>
Other Investments	1	Capital	1
		Retained Earnings	5
<b>TOTAL INVESTMENTS</b>	<b>1</b>	<b>TOTAL EQUITY</b>	<b>6</b>
<b>TOTAL ASSETS</b>	<b>35</b>	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>35</b>

<b>PROFIT AND LOSS ACCOUNT (Amount in INR million)</b>			
<b>For the year ended</b>	<b>31-Mar-21</b>	<b>31-Mar-22</b>	<b>31-Mar-23</b>
<b>Number of months</b>	<b>12</b>	<b>12</b>	<b>12</b>
	<b>Fiscal</b>	<b>Fiscal</b>	<b>Fiscal</b>
Revenue	24	56	67
Less: Cost of Revenue	(19)	(48)	(58)
<b>Gross Profit</b>	<b>5</b>	<b>8</b>	<b>9</b>
Other Operating Income	-	1	-
General Operating Expenses	(3)	(6)	(6)
<b>Net Operating Profit after Depreciation and before Interest</b>	<b>2</b>	<b>3</b>	<b>3</b>
Total Finance Expenses	(1)	(1)	(1)
<b>Net Profit before Tax</b>	<b>1</b>	<b>2</b>	<b>2</b>
Plus (Minus) Retained Earnings B/F	-	1	3
Retained Earnings C/F	1	3	5

*\*Other Operating income includes sales job work and duty drawback.*

*\*\*Other Non-Operating Income includes interest income, profit on foreign exchange transactions and miscellaneous income.*

Accounts have been audited by F H M S V & Co, Chartered Accountants.

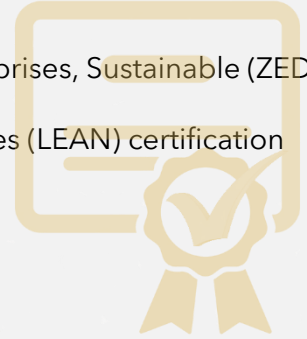
KEY RATIOS			
	FY 2021	FY 2022	FY 2023
<b>GROWTH RATIOS</b>			
Revenue Growth (%)	-	128.09	20.52
Net Profit Growth (%)	-	94.27	30.11
<b>LIQUIDITY RATIOS</b>			
Quick Ratio (Times)	3.81	2.02	0.81
Current Ratio (Times)	4.96	3.05	1.23
Super Quick ratio (Times)	3.21	1.35	0.49
<b>SOLVENCY RATIOS</b>			
Interest Coverage Ratio (Times)	16.00	113.65	6.60
Current Liabilities to Inventory (%)	86.90	97.55	236.61
Current Liabilities to Tangible Networkth (%)	200.34	167.25	280.08
<b>LEVERAGE</b>			
Total Debt Equity Ratio (Times)	8.47	4.74	3.42
Total Liabilities to Tangible Networkth (%)	1,047.73	641.54	466.00
Fixed Asset to Tangible Networkth (%)	153.73	108.15	208.46
<b>EFFICIENCY RATIOS</b>			
Collection Period (Days)	76	34	31
Inventory Days	49	38	46
Accounts Payable Days	18	17	13
Working capital cycle (Days)	107	55	65
Assets to Revenues (%)	54.79	39.90	52.95
Revenues to Net Working Capital (Times)	2.64	5.43	16.68
<b>PROFITABILITY RATIOS</b>			
Gross Profit Margin (%)	17.98	12.26	13.05
Operating Profit Margin (%)	7.11	4.99	4.44
Net Profit Margin (%)	3.86	3.29	3.55
Return on Tangible Networkth (%)	80.86	61.10	37.94
Return on Capital Employed (%)	16.24	17.18	12.73
Return on Total Assets (%)	7.05	8.24	6.70

## Certifications

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The Entity has received the following awards and certifications:

- ✓ Certificate of Zed Bronze under Ministry of Micro, Small & Medium Enterprises, Sustainable (ZED) certification scheme by Government of India
- ✓ Certificate of Pledge under Ministry of Micro, Small & Medium Enterprises (LEAN) certification scheme by Government of India
- ✓ Certificate of compliance by MQA: Certificate no: CE24M01406
- ✓ ISO 9001:2015 certification
- ✓ TUV-SUD ISO certification



*Source: Entity website*

## Bank Details

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The Entity has banking relationships with following banks:

- ✓ HDFC Bank Limited
- ✓ Bank of Baroda

*Source: Annual Report 2023*

## Other Information

### Standard Industry Classification (SIC) Codes

SIC Codes	Description
3931-0400	Manufactures brass instruments and parts
5099-9901	Wholesales brass goods
3491-0000	Manufactures industrial valves

### Registration Details

<b>D&amp;B D-U-N-S® NUMBER</b>	86-142-0022
<b>Date of Incorporation</b>	31 <sup>st</sup> July 2018
<b>Legal Structure</b>	Limited Liability Partnership
<b>LLPIN</b>	AAN-0634
<b>Name of the Auditor</b>	F H M S V & CO, Chartered Accountants

### KYC Details

<b>Entity PAN</b>	AAWFP2356A
<b>GST Number</b>	24AAWFP2356A1ZA
<b>TAN Number</b>	RKTP05511C

**Contact Details**

<b>Registered Office Address</b>	RS No 53 Plot No 5/B/1 And 5/B/2, Raj Rajeshwari Estate Kansumara Main Rd, Kansumara, Jamnagar-361006, Gujarat, India.
<b>Telephone</b>	+91-28-8256-7600 +91-76-0079-7600 +91-91-0661-5915 +91-98-9896-8899 +91-94-0832-4979
<b>Webpage</b>	<a href="http://www.paaniprecisions.com">www.paaniprecisions.com</a> <a href="http://www.paaniprecisionllp.com">www.paaniprecisionllp.com</a>
<b>Email</b>	<a href="mailto:info@paaniprecisions.com">info@paaniprecisions.com</a> <a href="mailto:sales@paaniprecisionllp.com">sales@paaniprecisionllp.com</a>

Source: MCA, Entity website, annual report 2023

## Glossary & Computation of Key Ratios

KEY FINANCIAL RATIOS	FORMULAE
<b>GROWTH RATIOS</b>	
Revenue Growth (%)	% Change in revenue in the current year over the previous year
Net Profit Growth (%)	% Change in net profit in the current year over the previous year
<b>PROFITABILITY RATIOS</b>	
Gross Profit Margin (%)	$(\text{Net Revenue} - \text{Direct Expenditure} / \text{Net Revenue}) * 100$
Operating Profit Margin (%)	$(\text{Operating Profit} / \text{Net Revenue}) * 100$
Net Profit Margin (%)	$(\text{Net Profit after Tax} / \text{Net Revenue}) * 100$
Return on Tangible Networkth (%)	$(\text{Net Profit after Tax} / \text{Tangible Networkth}) * 100$
Return on Average Tangible Networkth (%)	$(\text{Net Profit After Tax} / \text{Average Tangible Networkth}) * 100$
Return on Capital Employed (%)	$(\text{Earnings before Interest and Tax} / \text{Capital Employed}) * 100$
Return on Average Capital Employed (%)	$(\text{Earnings before Interest and Tax} / \text{Average Capital Employed}) * 100$
Return on Fixed Assets (%)	$(\text{Net Profit after Tax} / \text{Fixed Assets}) * 100$
Return on Total Assets (%)	$(\text{Net Profit after Tax} / (\text{Current Assets} + \text{Other Tangible Assets})) * 100$
<b>LIQUIDITY RATIOS</b>	
Quick Ratio (Times)	$(\text{Current Assets} - \text{Inventory} - \text{Prepaid Expenses} - \text{Unbilled revenue}) / \text{Current Liabilities}$
Current Ratio (Times)	$\text{Current Assets} / \text{Current Liabilities}$
Super Quick Ratio (Times)	$(\text{Cash \& Bank Balance} + \text{Receivables}) / \text{Current Liabilities}$
<b>TURNOVER RATIOS</b>	
Inventory Turnover Ratio (Times)	$(\text{Direct Expenditure} - \text{Repairs \& Maintenance} - \text{Plant \& Machinery}) / \text{Total Inventory}$
Fixed Assets Turnover Ratio (Times)	$\text{Net Revenue} / \text{Fixed Assets}$
<b>SOLVENCY RATIOS</b>	
Long Term Debt Equity Ratio (Times)	$\text{Long Term Loans} / \text{Tangible Networkth}$
Total Debt Equity Ratio (Times)	$\text{Total borrowings (Long term + Short term)} / \text{Tangible Networkth}$
Total Liabilities to Tangible Networkth (%)	$\{(\text{Current Liabilities} + \text{Non-Current Liabilities}) / \text{Tangible Networkth}\} * 100$



Interest Coverage Ratio (Times)	Earnings before Interest and Tax/ Interest Expenditure
<b>EFFICIENCY RATIOS</b>	
Payment Period (Days)	Accounts Payable/ Total Purchases * 365
Average Payment Period (Days)	Average Accounts Payable / Total Purchases * 365
Collection Period (Days)	Accounts Receivable / Net Revenue *365
Average Collection Period (Days)	Average Accounts Receivable/ Net Revenue *365
<b>WORKING CAPITAL RATIOS</b>	
Current Liabilities to Tangible Networkth (%)	Current Liabilities/ Tangible Networkth *100
Working Capital Turnover Ratio (Times)	Net Revenue/ (Current Assets - Current Liabilities)
Inventory Days	365/ Inventory Turnover Ratio
Working Capital Cycle	Collection Period (days) + Inventory Holding (Days) - Payment Period (Days)
<b>OTHER KEY FINANCIAL TERMS</b>	
Direct Expenditure	Cost of material consumed or traded, salaries & wages, freight inward, job work charges, royalties/technical fees and other expenses directly related to manufacturing / rendering of services.
Operating Profit	Measure of profit or loss earned / incurred after charging all direct expenses plus indirect expenses from revenue and other operating income pertaining to core business activities. Taken as EBIT - non-operating income
Net Profit	Measure of net profit or loss earned / incurred after considering all incomes and expenses including interest expenditure and taxes.
Working Capital	Current Assets- Current Liabilities
Tangible Networkth	Working Capital + Other Tangible assets- Non-Current Liabilities
Capital Employed	Tangible Networkth + (Long term borrowings + Short term borrowings) + Minority Interests
Total Borrowings	Long Term (Secured & Unsecured) Loans + Short Term (Secured & Unsecured) Loans

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