



Rating Rationale

Intermed

12th October 2017

Brickwork Ratings re-affirms the ratings for the Bank Loan Facilities of Rs. 5.82 Crs of M/s. Intermed

Particulars

Facilities Rated	Amount Rated (Rs. Crs)		Tenure	Rating ¹	
	Previous	Present		Previous	Present
Fund Based:			Short Term	BWR A4 + (Pronounced as BWR A Four Plus)	BWR A4 + (Pronounced as BWR A Four Plus) Reaffirmed
Export Credit Limit	3.60	3.60			
Gold Card Holder	0.72	0.72			
Non Fund Based:					
Inland Letter of credit	1.00	1.00			
Bank Guarantee	0.50	0.50			
TOTAL	5.82	5.82	(INR Five Crores and Eighty Two Lakhs Only)		

1Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating Reaffirmed

BWR has essentially relied upon the company's audited financial results up to FY16, provisional statements for FY 17, projections FY 18 & FY 19, publicly available information and clarifications provided by the company's management.

Rating/Description of Key Rating Drivers/Rating Sensitivities:

The rating has inter-alia factored experience of promoters in the industry for more than three decades, improved sales revenue, improved profit margin, long relationship with customers in



international market and ability of the firm to meet its debt obligations. However, the ratings are constrained by the decline in sales & profit and reduced net worth in FY 17 (as per provisional statements), tight liquidity position and working capital intensive nature of operations.

Going forward ability of the company to improve its sales and profitability, to improve its net worth and to manage its working capital efficiently will be the key rating sensitivities.

About the Firm

Intermed was established as a partnership during 1981, with its registered office in Mumbai. The firm is engaged in manufacture of over 150 pharmaceutical products. The firm has its manufacturing unit at Chennai with a built up area of 50,000 Sq. ft., with in-house R&D and Quality Control labs. The firm has been in the overseas market since 1997 and has its presence in over 20 countries such as, Italy, Cuba, Brussels, Angola, Chile, Kenya, South Africa, Vietnam, etc. Suppliers of the firm are mainly located in the areas of Mumbai, Ahmedabad and Haryana. During 2017, the firm's production capacity was at 70% p.a. (60% p.a., during FY 16). It has set up 4 new distribution centers at Lucknow, Bhopal, Vijayawada and Tamilnadu and appointed additional field staff to improve its domestic market.

Management of the firm:

Intermed is a partnership firm constituted by four partners namely - Mr. Paresh Mehta, Mr. Ajay Mehta, Mrs. Geeta Mehta and Mrs. Sonal Mehta. All the partners have equal profit sharing in the business. All the partners are qualified and have experience of more than 3 decades in the relevant industry.

Analytical Approach:

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Key Determinants:

Credit Strengths

- **Track Record of Promoters -**



The partners of the firm have more than 3 decades of experience in the pharmaceutical industry and have been able to create its presence in the international market in over 20 countries.

- **Growth in Sales and profitability -**

There has been y-o-y growth in sales and profitability of the firm. The firm's operating revenue and PAT for FY 16 was at Rs. 83.77 Crs and Rs. 2.44 Crs respectively.

- **Improved Debt protection Matrix -**

ISCR of the firm for FY 16 stood at 5.14 times as compared to 4.07 times in FY 15

Credit Weaknesses

- **Liquidity position -**

The liquidity position of the firm has been tight with Current ratio for FY 16 at 0.95 times.

- **Decline in Sales turnover in FY 17 -**

Operating revenue of the firm has come down as per provisional statements for FY 17. It stood at Rs. 57.10 Crs for the year.

- **Foreign Exchange Fluctuation Risk-**

As the firm is engaged in exporting it is exposed to inherent risk of fluctuation in foreign exchange.

Firm's Financial Performance:

Parameters	FY 2016 (A) Rs. Crs	FY 2015 (A) Rs. Crs
Total Operating Revenue	83.77	80.68
OPBDIT	2.36	1.57
Profit After Tax (PAT)	2.44	1.34
Tangible Net worth	4.06	3.43
Total Debt/TNW	4.81	0.10

A: Audited

ISCR of the firm was at 5.14 times for FY 16 as compared to 4.07 times in FY 15. Current ratio for FY 16 was at 0.95 times. As per provisional statements for FY 17, the net Operating sales and PAT was at Rs. 57.10 crs and Rs. 1.60 crs respectively while the Net worth stood at Rs. 3.41 Crs.

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Facilities	Current Rating (Year 2017)			Rating History *		
		Type	Amount (Rs in Crs)	Rating	FY 16	FY 15	FY 14
1	Cash Credit	Long Term	-	-	Withdrawn	BWR BB-	BWR BB-
2	Export Credit	Short Term	3.60	BWR A4+	BWR A4+	BWR A4	BWR A4
3	Gold Card Holder	Short Term	0.72	BWR A4+	BWR A4+	BWR A4	BWR A4
4	Inland LC	Short Term	1.00	BWR A4+	BWR A4+	BWR A4	BWR A4
5	Bank Guarantee	Short Term	0.50	BWR A4+	BWR A4+	BWR A4	BWR A4
	Total Amount		5.82	(INR Five Crores and Eighty Two Lakhs Only)			

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Trading Sector](#)
- [Approach to Financial Ratios](#)
- [Short Term Debts](#)

Analytical Contacts	Media
CP: Mr. K V Raju Head – MSME Ratings analyst@brickworkratings.com	media@brickworkratings.com
	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR



has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹ 19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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