

Press Release

Techno Drugs And Intermediates Private Limited

May 17, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 7.00 Cr.
Long Term Rating	SMERA B- / Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B-**' (read as **SMERA B minus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs. 7.00 crore bank facilities of Techno Drugs And Intermediates Private Limited. The outlook is '**Stable**'.

Techno Drugs and Intermediates Private Limited (TDIPL) were established in the year of 1992 by Mr. Vipin Chandra Gandhi and family. The company is engaged in manufacturing Engaged in manufacturing of intermediates and bulk drugs with installed capacity of 15 ton per month. The manufacturing facility is located in Panoli, district of Gujarat.

Key Rating Drivers

Strengths

- **Experienced management and long track record of operations:**

TDIPL has been in operations since 1992. The director Mr. Sameer Gandhi is having experience of more than two decades in the same line of business.

- **Well diversified geographical reach:**

The Company realises 90% of its revenue through the export in developed countries like US, Canada, Australia, South America, UK, Singapore, Africa etc.

Weaknesses

- **Moderate scale of operation:**

Though the company started its operations in the year 1992, its scale of operations still remains moderate. It's operating income stands at Rs.8.16 crore in FY2017 (provisional) and Rs.4.46 crore in FY2016.

- **Weak financial risk profile:**

The company's weak financial risk profile marked by low net worth of Rs.1.08 crore in FY 2017 (Provisional) as against negative net worth of Rs. 0.15 crore, high gearing of 5.97 times in FY2017 (Provisional) as against of negative 46.17 times in FY2016 and moderate coverage ratio at 1.57 times in FY2017 (Provisional) as its increased from 0.99 times in FY2016 and low debt protection measures in FY 2017 (Provisional). NCA/TD stands low at 0.06 in FY 2017 (Provisional).

- **Working capital intensive nature of operation:**

TDIPL's operations is working capital intensive which is evident from high gross current assets days of 214 days during FY2017 (Provisional) . This necessitates working capital requirement as major funds gets blocked in inventory and debtors. Inventory and debtors days are stand at 137 and 36 days respectively in FY 2017 (Provisional) as compared to 251 and 90 days in FY 2016.

Analytical Approach

SMERA has considered standalone business and financial risk profile of TDIPL

Outlook: Stable

SMERA believes TDIPL will maintain a stable business risk profile in the medium term on account of its experienced management and established operational track record. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while maintaining better profit margins and improves its working capital management. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected growth in revenues and profitability, or in case of deterioration in the company's financial risk profile.

About the Rated Entity - Key Financials

For FY2015-16, TDIPL reported profit after tax (PAT) of Rs 0.40 crore on total operating income of Rs.8.16 crore, as compared with loss of Rs.0.30 crore on total operating income of Rs.4.46 crore in FY2014-15.

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

***Annexure - Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	3.72	SMERA B- / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	1.53	SMERA B- / Stable
PC/PCFC	Not Applicable	Not Applicable	Not Applicable	1.75	SMERA A4

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ABOUT SMERA

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