

Innovative Ideals and Services India Limited

August 2, 2021

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	10.00 (Enhanced from 5.75)	CARE D (Single D)	Rating removed from ISSUER NOT COOPERATING category and Reaffirmed
Short Term Bank Facilities	0.30	CARE D (Single D)	Assigned
Total Bank Facilities	10.30 (Rs. Ten Crore and Thirty Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Innovative Ideals and Services (India) Limited (II&SL) takes into account the ongoing delays in servicing of debt obligations due to stretched liquidity position.

Key Rating Sensitivities

Positive Factors

- The company's ability to establish a track record of timely servicing of debt obligations with improvement in liquidity position.

Detailed description of the key rating drivers

Key Rating Weaknesses:

Ongoing delays in debt servicing: There were delays in repayment of term loan instalment and interest for loan provided under GECL – COVID 19 of Rs.2.00 crore. Furthermore, the account has been restructured and given interest moratorium till March 31, 2022.

Stretched liquidity position: The Company has stretched liquidity position marked by negative cash accruals in FY21 and funds blocked in inventory and debtors due to non-execution of orders owing to overall slowdown in industry.

Liquidity Analysis: Poor

The liquidity position remained poor marked by lower accruals when compared to repayment obligations, fully utilized bank limits and low cash balance of Rs.0.01 crore as on March 31, 2021 (vis-à-vis 0.006 crore as on March 31, 2020). Further its liquidity position remained weak marked by current ratio and quick ratio stood at 1.86 times and 0.82 times respectively in FY21 owing to higher inventory maintained by the company. The net cash flow from operating activities stood negative at Rs.2.45 crore in FY21 vis-à-vis negative at Rs.7.15 crore in FY20.

Analytical approach: Standalone

Applicable Criteria

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[CARE's Policy on Curing period](#)

[Rating Methodology - Service Sector Companies](#)

[Financial ratios – Non-Financial Sector](#)

[Criteria for Short Term Instruments](#)

[Liquidity Analysis of Non-financial sector entities](#)

About the Company

Innovative Ideals and Services (India) Limited (II&SL), is providing services of system integration for security, safety and building automation an installation of various electronic systems. II&SL provides range of services like video door phone, audio door phone, access controls, home automation systems, intrusion alarm system, CCTV systems, fire alarm systems and telecom products. II&SL provides video door phones under its own brand name 'Onyx' & 'Inok'. Further, home automation solutions under the brand name of 'eHomes'.

Further, II&SL had developed small product namely 'Savior' with a view of safety and security of senior citizen and children which can be wore as a wrist watch, ARMHer which is mainly for safety for women segment (With press of single button, communication reaches to all emergency contact details with GPS location of the person) and also provides mobile phones under 'Inoyo brand and cookware under the name of Baro Cook.

Brief Financials (Rs. crore)	FY20 (A)	FY21 (A)
Total operating income	12.60	4.40
PBILDT	-2.67	-6.11
PAT	-2.96	-5.87
Overall gearing (times)	0.47	0.78
Interest coverage (times)	-1.87	-3.75

A: Audited

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	10.00	CARE D
Non-fund-based - ST-Bank Guarantees	-	-	-	0.30	CARE D

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Cash Credit	LT	10.00	CARE D	-	1)CARE D; ISSUER NOT COOPERATING* (04-May-20)	1)CARE D (22-Nov-19) 2)CARE B-; Stable (01-Oct-19)	-
2.	Non-fund-based - ST-Bank Guarantees	ST	0.30	CARE D	-	-	-	-

Annexure 3: Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Non-fund-based - ST-Bank Guarantees	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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