

Innovators Facade Systems Limited

March 17, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	-	-	Reaffirmed at CARE BBB-; Stable and Withdrawn
Short Term Bank Facilities	-	-	Reaffirmed at CARE A3 and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE has reaffirmed and withdrawn the outstanding ratings of CARE BBB-; Stable / CARE A3 assigned to the bank facilities of Innovators Facade Systems Limited (IFSL) with immediate effect. The above action has been taken at the request of Innovators Facade Systems Limited (IFSL) and 'No Objection Certificate' received from the bank(s) that have extended the facilities rated by CARE.

The reaffirmation in the ratings assigned to the bank facilities of Innovators Facade Systems Limited (IFSL) factors in the experienced and resourceful promoters, established track record of the company in the façade fabrication business, association with reputed clientele, comfortable capital structure and debt coverage metrics. The ratings also factor in investment into backward integration for foraying into cleanroom solutions.

The aforementioned ratings' strengths are however tempered by IFSL's modest scale of operations, extended operating cycle with working capital intensive nature of business and risk associated with the cyclicity in demand from the real estate industry.

Analytical approach: Standalone

Key strengths

Experienced and resourceful promoters:

Innovators Façade Systems Limited (IFSL) is an aluminium façade contractor for designing, engineering, fabrication and installation of all types of façade systems. The company is headed by Mr. Radheshyam Sharma, who has a long-standing industry experience of two decades.

Foraying into pharmaceutical sector with addition of the cleanroom into product portfolio and Backward integration of Coating Activity:

Given the increasing demand for clean room for the pharmaceutical entities, the company had planned to foray in the segment which it expects to materialise and enhance its customer base and consequently improving its topline and profitability by FY23. Further, the company was upgrading its manufacturing facility and has also equipped itself with backward integration of coating activity. Earlier the coating activity was outsourced to job work. Since now the coating activity is done inhouse, there has been saving in the conversion cost.

Satisfactory capital structure & debt coverage metrics

Net worth of the company stood at Rs. 103.48 in FY22 as compared to Rs. 101.85 in FY21. The Overall gearing stood at 0.32x in FY22 as compared to 0.30x in FY21. The interest coverage ratio stood at 2.53x in FY22 as compared to 2.37x in FY21.

Key weaknesses

Modest scale of operations

The operating income has improved on year-on-year basis by around 35% and stood at Rs.89.91 crore in FY22 as compared to Rs. 66.37 crores in FY21 on account of normalisation post covid. Further, during H1FY23, it achieved TOI of Rs. 72.41 crores. The PBILDT margin has remained in the range of 11.50%-13.50% in last 3 years ended FY22. Further during FY22, it marginally declined to 12.73% in FY22 as compared to 13.23% in FY21 on account of increase in employee cost and other manufacturing expenses. Further, during H1FY23, PBILDT margin stood at 10.63%

Working capital-intensive nature of operations owing to elongated operating cycle

The company's operations continue to remain working capital intensive in nature with stretched collection period also amount being blocked in for of Retention money with client and Unbilled revenue is also significant. This apart, the inventory days has been on the higher side. To support the working capital requirement, the company is mainly relying on bank borrowings and high credit period being availed from its suppliers based on its long presence in the sector. The operating cycle of the company stood at 191 days in FY22 (PY-479 days). The company is into execution of specialized facades work with design, fabrication and

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

execution done by them. Hence, for any project, they place order for the materials for a bulk portion resulting in raw material inventory for about 3-4 months due to the nature of fabrication procedures and also for smooth execution of work.

Liquidity: Adequate

The liquidity profile of the company seems to remain adequate, as the company expected to generate sufficient cash accruals in the range of Rs.12.00 crores to Rs. 15 crores projected years to meet its repayment obligation of Rs. 1.73 crores and 2.19 crores in FY23 and FY24. As on March 02, 2023, free cash and bank balance stood at 0.31 crores and FD marked as lien of Rs. 18.06 crores.

Applicable criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

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

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Construction](#)

[Policy on Withdrawal of Ratings](#)

About the company and industry

Industry Classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Commodities	Construction Materials	Other Construction Materials	Other Construction Materials

Innovators Facade Systems Limited (IFSL), incorporated in 1999, is an Aluminium Facade contractor for designing, engineering, fabrication and installation of all types of facade systems. The product line of the company includes glazing/curtain walls, high end doors and windows, skylights, canopies, louver, stone cladding, metal cladding and roofing. The fabrication and glazing facilities are situated at Wada, Thane in Maharashtra spread over area of 1.25 lakh square feet. IFSL has set up 5 branch offices at Delhi, Mumbai and Bengaluru.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	H1FY23 (UA)
Total operating income	66.37	89.91	72.41
PBILDT	8.78	11.44	7.70
PAT	0.79	1.63	1.16
Overall gearing (times)	0.24	0.32	0.34
Interest coverage (times)	2.37	2.53	2.72

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Not Applicable

Complexity level of the various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	30-09-2023	0.00	Withdrawn
Non-fund-based - ST-BG/LC		-	-	-	0.00	Withdrawn
Non-fund-based - ST-BG/LC		-	-	-	0.00	Withdrawn

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE BBB-; Stable (29-Mar-22)	1)CARE BBB; Stable (31-Dec-20)	1)CARE BBB; Stable (04-Oct-19)
2	Non-fund-based - ST-BG/LC	ST	-	-	-	1)CARE A3 (29-Mar-22)	1)CARE A3+ (31-Dec-20)	1)CARE A3+ (04-Oct-19)
3	Non-fund-based - ST-BG/LC	ST	-	-	-	1)CARE A3 (29-Mar-22)	1)CARE A3+ (31-Dec-20)	1)CARE A3+ (04-Oct-19)
4	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE BBB-; Stable (29-Mar-22)	-	-

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-BG/LC	Simple
4	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

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

Contact us

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About us:

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