

FEBRUARY 04, 2016

CARE REVISES/REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF
INNOVASSYNTH TECHNOLOGIES (INDIA) LIMITED
Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	29.99	CARE BB (Double B)	Revised from CARE BB- (Double B Minus)
Short-term Bank Facilities	10.00	CARE A4 (A Four)	Reaffirmed
Total Facilities	39.99 Rupees Thirty Nine crore and Ninety Nine lakh only		

Rating Rationale

The revision in the long-term rating assigned to the bank facilities of The Innovassynth Technologies (India) Limited (ITIL) takes into account the growth in operating income and improvement in profit margins and improvement in capital structure and debt coverage indicators.

The ratings, however, continue to be constrained by the modest scale of operation, working capital-intensive nature of operations with long inventory holding, leveraged capital structure and moderate debt coverage indicators. The ratings are also constrained by client concentration risk and exposure to foreign exchange fluctuation risk.

The ratings continue to derive strength from strong promoters group, reputed clientele and continuous growth in total operating income and cash accruals.

Going forward, the ability of the company to sustain revenue growth while diversifying the customer profile, improve liquidity profile and capital structure along with efficient management of working capital are the key rating sensitivities.

Background

ITIL was incorporated in 2002, by Mr S B Ghia and Rajan Raheja group. ITIL is engaged in contract manufacturing of speciality chemicals (Constituted around 61% to the total sales in FY15 – refers to the period April 1 to March 31), custom synthesis of intermediates used in manufacturing of drugs by pharmaceutical and drug discovery entities and contract research and development (Constituted around 39% to the total sales in FY15). Its manufacturing facility is located at Khopoli, Maharashtra.

During FY15, ITIL has posted total operating income of Rs. 82.46 crore (vis-à-vis Rs.68.06 crore in FY14) with PAT of Rs.3.41 crore (vis-à-vis Rs. 1.51 crore in FY14). Furthermore, the company has posted revenue of Rs.60 crore for the period April, 2015 to December, 2015. Furthermore the company has an order book of Rs.35 crore which will be executed by March, 2016.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Analyst Contact

Name: Mr. Nitin Jha

Tel: 022-67543676

Email: nitin.jha@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CONTACT**Head Office Mumbai****Mr. Sanjay Kumar Agarwal**

Mobile: + 91 8108007676

E-mail: sanjay.agarwal@careratings.com

Mr. Amod Khanorkar

Mobile: + 91 9819084000

E-mail: amod.khanorkar@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD**Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

BENGALURU**Mr. Dinesh Sharma**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-99000 41975

Tel: +91-80-4115 0445, 4165 4529

E-mail: dinesh.sharma@careratings.com

CHANDIGARH**Mr. Sajan Goyal**2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com

CHENNAI**Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com

COIMBATORE**Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com

HYDERABAD**Mr. Saikat Roy**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 9820998779

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com

JAIPUR**Mr. Rakesh Jayaraman**304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.

Cell: +91 - 76655 96136

Tel: +91-141-402 0213 / 14

E-mail: rakesh.jayaraman@careratings.com

KOLKATA**Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com

NEW DELHI**Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com

PUNE**Mr. Rahul Patni**9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com

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