CARE Ratings
Professional Risk Opinion

Innovassynth Technologies (India) Ltd.

July 15, 2019

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings[1]	Rating Action
Long- term Bank Facilities	29.99	**CARE BB; ISSUER NOT COOPERATING (Double B ISSUER NOT COOPERATING)**	Issuer Not Cooperating; Based on best available information
Short--term Bank Facilities	10.00	**CARE A4; ISSUER NOT COOPERATING (A Four ISSUER NOT COOPERATING)**	Issuer Not Cooperating; Based on best available information
Total	**39.99 (Rupees Thirty Nine crore and Ninety Nine lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated June 12, 2018, placed the rating of Innovassynth Technologies India Limited (ITIL) under the 'issuer non-cooperating' category as ITIL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. ITIL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated June 20, 2019. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Detailed description of the key rating drivers

At the time of last rating on June 12, 2018 the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies):

Key rating weaknesses

Modest scale of operations: ITIL's operating income deteriorated by 16% in FY18 against FY17. Nevertheless the scale of operations remained modest.

Deterioration in capital structure and debt coverage indicators: The capital structure and debt coverage indicators of the company have deteriorated in FY18 primarily on account of increase in the debt level as on March 31, 2018.

Working capital intensive nature of operations: The operations remained working capital intensive cycle with amount of funds blocked in inventory and debtors. The creditor's period also remained stretched during past three years.

Susceptibility of profit margins due to fluctuation in raw material prices and foreign exchange fluctuation risk: The profit margins of ITIL remained susceptible to fluctuation in the raw material prices i.e. specialty chemicals, which are mainly derived from petroleum and hence the prices are exposed to volatility in crude oil prices. Furthermore, the company primarily engaged in the export activities and hence, it is also exposed to foreign exchange fluctuation risk.

Key rating strengths

Strong promoters group (Rajan Raheja Group)**:** ITIL is promoted by Rajan Raheja group. The promoters are well qualified, with the group having large experience in polyesters, chemicals, automotive & industrial batteries, information technology business etc. Mr Rajan Raheja (through associates and his brother Mr Satish Raheja) holds around 44.84% of shareholding in the company, while Mr Rakesh Jhunjhunwala also has financial investment (4.54% holding) in the company.

Established business relation with reputed clients along with offtake arrangement and increasing turnover with profitable operations: ITIL has maintained long-standing & established relationship with the reputed customers. ITIL have been continuously supplying to these reputed customers over the years. Furthermore, the customer base has further diversified with top five clients contributing 96% of the total sales for FY15 (refers to the period April 1 to March 31).

[1] *Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*

Healthy profit Margins: The PBILDT margin has deteriorated albeit remained at moderately comfortable levels in the range of 11.13% to 18.38% during FY16-FY18. PAT margin also remained moderate in the range of **% to **% during FY16-FY18

Analytical approach: Standalone

Applicable Criteria
[Policy in respect of Non-cooperation by issuer]
[Criteria on assigning Outlook to Credit Ratings]
[CARE's Policy on Default Recognition]
[CARE's Methodology for Short-term Instruments]
[CARE's Methodology for Manufacturing Companies]
[Financial ratios (Non-Financial Sector)]

About the Company
Innovassynth Technologies (India) Limited (ITIL) was incorporated in 2002, by Mr S.B. Ghia and Rajan Raheja group. ITIL is 100% EOU and engaged in contract manufacturing of speciality, custom synthesis of intermediates used in manufacturing of drugs by pharmaceutical and drug discovery entities and contract research and development. Its manufacturing facility is located at Khopoli, Maharashtra. It produces products for customers in the area of paint additive, perfumery and fragrance chemistry, pharmaceutical intermediates, specialty dyes for diagnostic applications and dietary supplement products.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	102.48	86.51
PBILDT	18.84	9.63
PAT	1.76	3.68
Overall gearing (times)	0.63	1.16
Interest coverage (times)	8.66	4.96

Status of non-cooperation with previous CRA: CRISIL has suspended its ratings on the bank facilities of Innovassynth Technologies (I) Ltd (ITIL) as per the press release published on May 16, 2014. The suspension of ratings is on account of non-cooperation by ITIL with CRISIL's efforts to undertake a review of the ratings outstanding.

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-Term Loan	-	-	-	9.99	CARE BB; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	20.00	CARE BB; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-BG/LC	-	-	-	10.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	9.99	CARE BB; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB; ISSUER NOT COOPERATING* (12-Jun-18)	-	1)CARE BB; ISSUER NOT COOPERATING* (24-Mar-17)
2.	Fund-based - LT-Cash Credit	LT	20.00	CARE BB; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB; ISSUER NOT COOPERATING* (12-Jun-18)	-	1)CARE BB; ISSUER NOT COOPERATING* (24-Mar-17)
3.	Non-fund-based - ST-BG/LC	ST	10.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE A4; ISSUER NOT COOPERATING* (12-Jun-18)	-	1)CARE A4; ISSUER NOT COOPERATING* (24-Mar-17)

Note on complexity levels of the rated instrument: *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.*

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About CARE Ratings:
CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.