Innovassynth Technologies India Limited
March 24, 2017

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 has been seeking information from ITIL to monitor the rating(s) vide e-mail communications/ letters dated October 5, 2016, October 24, 2016, November 11, 2016 February 3, 2017 and February 6, 2017 and numerous phone calls. However, despite our repeated requests, Innovassynth Technologies India Limited has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines CARE's has reviewed the ratings on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The ratings on Innovassynth Technologies India Limited's bank facilities will now be denoted as **CARE BB/CARE A4; ISSUER NOT COOPERATING.**

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

The ratings take into account relatively modest scale of operation, leveraged capital structure and moderate debt coverage indicators, working capital intensive nature of operation and presence in highly fragmented and competitive industry. The ratings, draw support from the strong promoters group (Rajan Raheja Group), established relationship with reputed client base.

Detailed description of the key rating drivers

At the time of last ratings in January 19, 2016, following were the rating strengths and weaknesses:

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).

Healthy profit Margins: The PBILDT margin has improved and remained at moderate levels in the range of 12.70% to 23.93% during last three years ending FY15.

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

Key rating weaknesses

Modest scale of operations with moderate order book position: ITIL's operating income grew by 21% in FY15 against FY14 on account of addition of new customers coupled with growing demand from the existing customers. Furthermore the company has an order book of Rs. 35 crore which is likely to be executed by March 2016. Nevertheless the scale of operations remained modest.

Leveraged capital structure and moderate debt coverage indicators: The overall gearing of the company remained leveraged as on March 31, 2015 owing to low networth. However the debt coverage indicators remain moderate with moderate profitability.

Working capital intensive nature of operations: The operations remained working capital intensive cycle with amount of funds blocked in inventory and debtors. Same resulted in utilization of working capital limits

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 chemicals (Constituted around 61% to the total sales in FY15), 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. 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.

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.60.00 crore for the period April, 2015 to December, 2015.

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 (Last three years): Please refer Annexure-2

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

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.

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	-	-	July 2019	9.99	CARE BB; ISSUER NOT COOPERATING
Fund-based - LT-Cash Credit	-	-	-	20.00	CARE BB; ISSUER NOT COOPERATING
Non-fund-based - ST-BG/LC	-	-	-	10.00	CARE A4; ISSUER NOT COOPERATING

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 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
1.	Fund-based - LT-Term Loan	LT	9.99	CARE BB; ISSUER NOT COOPERATING	-	1)CARE BB (04-Feb-16)	1)CARE BB- (09-Jan-15)	-
2.	Fund-based - LT-Cash Credit	LT	20.00	CARE BB; ISSUER NOT COOPERATING	-	1)CARE BB (04-Feb-16)	1)CARE BB- (09-Jan-15)	-
3.	Non-fund-based - ST-BG/LC	ST	10.00	CARE A4; ISSUER NOT COOPERATING	-	1)CARE A4 (04-Feb-16)	1)CARE A4 (09-Jan-15)	-

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