

IRSL:STEXCH:2017-18:  
11<sup>th</sup> September 2017

**National Stock Exchange of India Limited**

Exchange Plaza, 5<sup>th</sup> Floor,  
Bandra - Kurla Complex,  
Bandra (E)  
Mumbai - 400 051.

Thru.: **NEAPS**

Stock Code NSE: **INDORAMA**

**BSE Limited**

Floor 25,  
P. J. Towers,  
Dalal Street,  
Mumbai - 400 001.

Thru.: **BSE Listing Centre**

Stock Code BSE: **500207**

**ISIN: INE156A01020**

**Indo Rama Synthetics (India) Limited - CIN L17124MH1986PLC166615**

**Sub: Credit Rating for Bank Facilities**

Dear Sir,

You are requested to note the revised Credit Rating as assigned by CARE as under:

Facilities	Rating
Bank Loan Facilities	CARE D (Single D)

Copy of CARE Ratings as received is attached.

This is for your kind information and record.

Thanking you.

Yours faithfully,  
for **Indo Rama Synthetics (India) Limited**



**Jayantk Sood**  
**CHRO & Company Secretary**  
(ICSI Membership No.: FCS 4482)



Encl.: as above

INDO RAMA SYNTHETICS (INDIA) LTD.

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Registered Office & Manufacturing Complex : A-31, MIDC Industrial Area, Butibori, Nagpur - 441122, Maharashtra, India. Tel : 07104-663000 / 01, Fax : 07104-663200

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CIN : L17124MH1986PLC166615

**CARE/DRO/RL/2017-18/1900**

**The Director**  
**Indo Rama Synthetics (India) Limited**  
20<sup>th</sup> Floor, DLF Square, DLF Phase-2,  
NH-8, Gurgaon - 122002

September 8, 2017

**Confidential**

Dear Sir,

**Credit rating for bank facilities**

On the basis of recent developments including operational and financial performance of your company for FY17 (audited) and Q1FY18 (provisional) and your request for reclassification of limits, our Rating Committee has reviewed the following ratings:

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long-term Bank Facilities	123.75	CARE D (Single D)	Reaffirmed
Short-term Bank Facilities	65.00	CARE D (Single D)	Reaffirmed
Long/ Short-term Bank Facilities	711.25	CARE D (Single D)	Reaffirmed
<b>Total</b>	<b>900</b> <b>(Rs. Nine Hundred crore only)</b>		

*for*

*[Signature]*

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

2. Refer **Annexure 1** for details of rated facilities.
3. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure-2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by September 11, 2017, we will proceed on the basis that you have no any comments to offer.
4. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
6. CARE ratings do not take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans.
7. Users of this rating may kindly refer our website [www.careratings.com](http://www.careratings.com) for latest update on the outstanding rating.

8. CARE ratings are **not** recommendations to sanction, renew, disburse or recall the concerned bank facilities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



[Sachin Mathur]

Manager

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[Gaurav Dixit]

Deputy General Manager

gaurav.dixit@careratings.com

Encl.: As above

**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/outlooks 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/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

**Annexure 1**  
**Details of Rated Facilities**

**1. Long-term facilities**

**1. A. Secured term loans**

S: No.	Lender	Rated Amount (Rs. Crore)	Remarks
1.	SBI	32.66	Repayment in 42 structured monthly installments from June 2017
3.	SBT (Now SBI)	11.09	Repayment in 18 equal quarterly installments from September 2014
4.	Bank of India (Sub-limit of NFB)	35.00	Repayment in 18 structured quarterly installments from September 2014
	<b>Total</b>	<b>78.75</b>	

**2. Cash Credit (Sub-limit of total working capital limits)**

Sr. No.	Name of Bank	Amount (Rs Cr)
1.	Bank of India	5.00
2.	SBI	5.00
3.	PNB	20.00
4.	Axis Bank	5.00
5.	HDFC Bank	10.00
	<b>Total</b>	<b>45.00</b>

**Total Long term facilities – 123.75**

**3. Short-term facilities**

**Fund based facilities – Export Bills**

(Rs. Crore)

Sr. No.	Name of Bank	Amount (Rs Cr)
1.	OBC	65.00
	<b>Total</b>	<b>65.00</b>

**Total Short Term – Rs. 65 crore**

**4. Long/Short-term facilities**

**3. A. Non-Fund based facilities**

(Rs. Crore)

Sr. No.	Name of Bank	Fund/ Non-fund Based Limits

Sr. No.	Name of Bank	Fund/ Non-fund Based Limits		
		LC/BG	Other	Total limits
1.	Bank of India	170.00	-	170.00
2.	SBI	65.00	-	65.00
3.	Oriental Bank of Commerce	125.00	-	125.00
4.	PNB	55.00	-	55.00
5.	Axis Bank	62.00	-	62.00
6.	HDFC Bank	75.00	-	75.00
7.	SBT	75.00	-	75.00
8.	Proposed	84.25	-	84.25
	<b>Total</b>	<b>711.25</b>	<b>-</b>	<b>711.25</b>

**Total LT/ST – Rs.711.25 crore**

**Total Facilities to be rated – 900.00**

## Annexure - II

### Indo Rama Synthetics Ltd

September 11, 2017

#### Ratings

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long-term Bank Facilities	123.75	CARE D (Single D)	Reaffirmed
Short-term Bank Facilities	65.00	CARE D (Single D)	Reaffirmed
Long/ Short-term Bank Facilities	711.25	CARE D (Single D)	Reaffirmed
<b>Total</b>	<b>900</b> <b>(Rs. Nine Hundred crore only)</b>		

*Details of instruments/facilities in Annexure-1*

#### Detailed Rationale & Key Rating Drivers

The revision in the ratings of Indorama Synthetics Ltd (IRSL) takes into account the delay in repayment of its debt obligations, primarily cash credit account due to multiple devolvement of Letter of Credits (LCs). The delays were largely attributable to volatility in key raw material prices and low sales realization which led to cash flow mismatches leading to the devolvement of LCs and overdrawal in Cash Credit account.

Going forward, the company's ability to regularize debt repayments, improvement in operational efficiency and profitability shall be the key rating sensitivities.

#### Detailed description of the key rating drivers

##### Key Rating Weaknesses

**Delays in debt servicing:** The statutory auditor has reported delays in repayment of dues (in Cash Credit account) to the banks. The key raw material of the company viz., Purified Terephthalic Acid (PTA) and Mono Ethylene Glycol (MEG) are the derivatives of petrochemical industry, the prices of which are affected by the changes in crude oil prices. During FY17, the prices of crude oil remained highly fluctuating on account of which the realization have also been adversely affected leading to cash flow mismatches and LC devolvements.

**Weak financial risk profile and stretched liquidity:** The operating income of the company declined by 2.5% in FY17. The company has incurred cash loss during FY17 owing to volatility in raw material prices leading to low price realization and disruption in production due to scarcity in raw material availability during FY17 which has resulted in stretched liquidity.

##### Key Rating Strengths

**Experienced promoters and established track record:** IRSL's promoter Mr O P Lohia has over 25 years of experience in the Indian polyester industry. Mr Lohia along with his son Mr Vishal Lohia (Whole Time Director) looks after the overall management of the company. The promoters are supported by a team of qualified and experienced professionals. IRSL has

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

an established track record of 25 years of polyester manufacturing and has established relationships with its suppliers and clients.

**Leading manufacturer with economies of scale:** IRSL is India's second largest polyester manufacturer with technical collaborations with companies like Dupont of USA, Toyobo of Japan, Zimmer AG of Germany. It has one of the largest integrated polyester manufacturing plants and has presence across the value chain i.e. Continuous Polymerisation (CP) plant to Polyester Staple Fibre (PSF) and Partially Oriented Yarn (POY) to Draw Textured Yarn (DTY)/ Fully Drawn Yarn (FDY) and Polyester Chips.

**Analytical approach:** Standalone

#### Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)  
[CARE's Policy on Default Recognition](#)  
[Criteria for Short Term Instruments](#)  
[Rating Methodology – Manufacturing Companies](#)  
[Financial ratios – Non-Financial Sector](#)

#### About the Company

Incorporated in 1986, Indo Rama Synthetics (India) Limited (IRSL) commenced polyester manufacturing in 1989 and currently is India's second largest polyester manufacturer. The Company manufactures a wide range of polyester products which include Polyester Staple Fiber (PSF), Partially Oriented Yarn (POY), Draw Texturised Yarn (DTY), Fully Drawn Yarn (FDY) and Polyester Chips. IRSL has an integrated manufacturing complex spread over 250 acres at Butibori, near Nagpur with installed capacity of 6,10,050 MTPA of polyester. The company has several technical collaborations with companies like Dupont of USA, Toyobo of Japan, Zimmer AG of Germany among others.

IRSL is promoted by Mr. O P Lohia (current Chairman & Managing Director) and his family.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	2615.28	2549.66
PBILDIT	72.25	27.54
PAT	56.00	-80.25
Interest coverage (times)	1.40	0.30

A: Audited

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for 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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://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.

**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/outlooks 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 /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

## 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
Long-term Bank Facilities	-	-	-	123.75	CARE D
Short-term Bank Facilities	-	-	-	65.00	CARE D
Long/ Short-term Bank Facilities	-	-	-	711.25	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 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Term Loan	LT	123.75	CARE D	1)CARE D (05-Sep-17)	1)CARE BB (04-Nov-16)	1)CARE BBB- (19-Jan-16)	1)CARE BBB- (12-Mar-15)
2.	Fund-based - ST-Bills discounting/ Bills purchasing	ST	65.00	CARE D	1)CARE D (05-Sep-17)	1)CARE A4 (04-Nov-16)	1)CARE A3 (19-Jan-16)	1)CARE A3 (12-Mar-15)
3.	Non-fund-based - LT/ ST-BG/LC	LT/ST	711.25	CARE D / CARE D	1)CARE D / CARE D (05-Sep-17)	1)CARE BB / CARE A4 (04-Nov-16)	1)CARE BBB- / CARE A3 (19-Jan-16)	1)CARE BBB- / CARE A3 (12-Mar-15)

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