

April 11, 2016

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	4.50	<b>SMERA B/Stable (Assigned)</b>
Cash Credit	1.50	<b>SMERA B/Stable (Assigned)</b>
Letter of Credit	1.00	<b>SMERA A4 (Assigned)</b>

SMERA has assigned a long term rating of '**SMERA B**' (**read as SMERA B**) to the above mentioned Rs.6.00 crore long-term bank facilities and '**SMERA A4**' (**read as SMERA A four**) to the Rs.1.00 crore short-term bank facility of Icon Design Automation Private Limited (IDAPL). The outlook is '**Stable**'. The ratings are constrained by the moderate scale of operations and below average financial risk profile as reflected from high gearing, low networth and modest debt protection metrics. The ratings are also constrained by the company's working capital intensive business. However, the ratings draw comfort from the extensive experience of the promoters in the ITES industry and IDAPL's reputed clientele.

### **Rating Sensitivity Factors**

- Increase in scale of operations
- Efficient working capital management

### **Outlook – Stable**

SMERA believes that IDAPL will maintain a stable business profile in the medium term owing to the vast experience of the promoters in the electronic components industry and reputed client base. The outlook may be revised to 'Positive' if the company scales up its operations to sustain profitability while maintaining net cash accruals and improves its working capital management cycle. However, the outlook may be revised to 'Negative' if IDAPL fails to achieve the expected growth in revenue or if the capital structure declines further.

### **About the Company**

IDAPL, incorporated in 1997, is engaged in the manufacture of hardware components, sub-systems and software for defence, aerospace, electronics and telecommunications industries. Promoted by Mr. S. Ramachandra, Mrs. R. Varalakshmi and Mr. A. Ramachandra, it has offices at New Delhi, Bangalore and Hyderabad.

For FY2014-15 (refers to financial year April 01 to March 31), IDAPL reported profit after tax (PAT) of Rs.0.12 crore on operating income of Rs.4.07 crore, as compared with PAT of Rs.0.31 crore on operating income of Rs.5.91 crore in FY2013-14.

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