



SMERA RATINGS LIMITED

Icon Design Automation Private Limited (IDAPL)

*Rating
Rationale***April 11, 2016**

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

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.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



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