



Press Release
IIC Technologies Private Limited (Erwhile IIC Technologies Limited)
November 02, 2023

Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	6.50	ACUITE BBB- Stable Assigned	-
Bank Loan Ratings	32.68	ACUITE BBB- Stable Reaffirmed	-
Bank Loan Ratings	32.00	-	ACUITE A3 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	71.18	-	-

Rating Rationale

Acuite has reaffirmed the long term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and short term rating of '**ACUITE A3**' (read as **ACUITE A three**) to the Rs. 64.68 crore bank facilities of IIC Technologies Private Limited. The outlook is '**Stable**'.

Acuite has assigned the long term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) to Rs.6.5 Cr bank facilities of IIC Technologies Private Limited. The outlook is '**Stable**'.

Rationale for rating:

The rating reaffirmation is primarily driven by stable operating and financial performance of company in FY2023 marked by improvement in operating income, range-bound operating margins and moderate financial risk profile. The turnover of IIC Technologies Private Limited stood at Rs.174.34 Cr in FY2023 as against Rs.148.93 Cr in FY2022. The operating margins ranged between 12.36 – 14.40 % during the two years ended FY2023. The rating also factors in moderate orderbook position and established track record of operations and experienced management of the company. The rating is however constrained by working capital intensive operations and susceptibility of profitability for foreign exchange fluctuation risk.

About Company

Hyderabad based, IIC Technologies Limited incorporated in the year 1994 by Ms. Mrudula Alla and Mr. Rajesh Alla. The company engaged in providing of geospatial solutions and services for the acquisition, management, integration and dissemination of geospatial data. With its global presence, IIC Technologies provides end-to-end geospatial solutions and services to the Aeronautics, Defence, Government, Infrastructure, Marine, Oil & Gas, Transportation and Utility sectors. IIC technologies has experience across diverse geographies and industries, in disciplines like marine and terrestrial solutions, geo surveys and geophysical surveys, software development and systems integration.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

• Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has considered business and financial risk profiles of IIC Technologies Ltd and subsidiary

companies IIC Technologies Inc.(US), IIC Technologies Inc.(Canada), IIC Technologies Pty Ltd(Australia), IIC technologies Ltd(UK) and IIC Technologies Ltd(NZ), to arrive at the rating on account of common management, strong operational and financial linkage.

Key Rating Drivers

Strengths

Establish track record of Operations and Experienced management in Geo Spatial Solutions.

IICT has more than 25 years of experience in providing geospatial solutions and services, with capabilities in marine charting, land mapping and software design solutions to reputed government clientele and corporations engaged in oil and gas, transportation, infrastructure and Utility sectors. Company has its corporate office in Hyderabad and branch office at Vizag SEZ for providing data processing services for overseas clientele. Company has subsidiaries in US and Canada named IIC Technologies Inc.(US) and IIC Technologies Inc. (Canada) both established in 2001 for providing GIS services in US and Canada. IIC Technologies Pty Ltd (Australia) was formed in 2006 for providing digital mapping services to Australian clientele and IIC Technologies Ltd(UK) was formed in 2010 for providing digital mapping services for European clientele and company has recently established an office in New Zealand for service New Zealand based clientele. IIC technologies Pvt Ltd(India) is holding company of all its subsidiaries.

IICT has reported turnover of Rs.174.34 Cr in FY2023 as against Rs.148.93 Cr in FY2022 with 17.06 percent growth in FY2023. The growth in the revenue is due to completion of the major outstanding orders in FY2023. The operating margin moderated slightly as it stood at 12.36 percent as on FY2023 as against 13.18 percent as on FY2022, The PAT margin stood at 5.30 per cent in FY2023 in comparison to 7.60 per cent in FY2022. The decline in PAT margins in FY2023 is mostly due to write off of assets worth Rs.1.00 Cr.

Acuite believes that IICT operating income to improve over the near to medium term, owing to experienced management and established track record of operations in Geo Spatial Solutions.

Moderate Order Book with Reputed Clientele in both government and private sector

The unexecuted order book value of the company stood at Rs.378.00 Cr as on 30th September 2023, which is 2.16x times of the total revenue of FY2023. The moderate order book is mainly due to the company's established relationship with its customers across different nations; which helps them in getting the repeated orders from clients. The clientele includes private companies, central and state government departments and public sector undertakings. Some of the private clients which IICT has catered to includes BOSCH, UKHO, SHOM, Digital globe etc. Company receives government orders through participation in tendering process, historically company undertook both state and central government projects but due to delay in receivables from various state governments; now company is majorly focusing on central government and private company projects.

Moderate financial risk profile

IICT financial risk profile is moderate, marked by a moderate gearing ratios and debt protection metrics and moderate net-worth. The tangible net worth of the company stood at Rs.107.45 Cr in the FY2023 against Rs.96.42 Cr in the FY2022. The debt-equity ratio stood at 0.13 times as on March 31, 2023 as against 0.16 times as on March 31, 2022. The total debt of IICT stood at Rs.13.59 Cr as on March 31, 2023 consists of long-term debt of Rs.4.43 Cr, Short term debt of Rs.1.38 Cr, Unsecured loan from directors/promoters is Rs.2.50 Cr and maturing portion of long term borrowings of Rs.5.28 Cr. In May 2023, IICT has availed additional debt of Rs.5.50 Cr towards the purchase of an additional aircraft. The TOL/TNW (Total outside liabilities/Total net worth) has slightly improved and stands at 0.41 times as on 31 March, 2023 against 0.44 times in previous year. The NCA/TD (Net cash accruals to total debt) stands at 1.18 times in FY2023 as against 1.08 times in FY2022., Interest coverage ratio (ICR) and debt service coverage ratio (DSCR) stood at 8.15 times and 3.56 times respectively in FY2023 as against 6.65 and 3.56 times respectively in the FY2022.

Acuite believes the financial risk profile of the IICT will continue to remain moderate over the medium term in view of the completion of capex and no further debt funded capex plan over the medium term.

Weaknesses

Working capital Intensive Operations

The working capital operations of the company are improved yet intensive with GCA days of 196 days as on March 31, 2023 as against 232 days as on March 31, 2022. This is on account of stretched debtor days. The debtor days stood at 151 days as on March 31, 2023 as against 167 days as on March 31, 2022. The stretched debtor days are on account of delay in collection from state governments and government agencies. Robust cash balances and high liquidity investments position of the company has not affected the working capital management even though there is presence of stretched debtor and Gross current assets days. The working capital limits of the company remained utilized at 58.3 percent for the last twelve months ended August 2023.

Acuite believes that the working capital operations of the group will remain almost at the same levels as existence of coherent risk from government projects and their delayed realization patterns.

Exposed to foreign Exchange Risk

The company is exposed to currency fluctuations for its foreign currency receivables and adverse movement in exchange rate. However, it has reported positive gains on foreign currency variation in last two years due to sizable export revenue and favourable movement in exchange rate.

Rating Sensitivities

- Continuous improvement in the scale of operations while maintaining profitability leading to improvement in overall financial risk profile.
- Any further stretch in working capital cycle, leading to an increase in working capital borrowing and weakening of financial risk profile.

All Covenants

None

Liquidity Posting: Adequate

IICT's liquidity is adequate marked by healthy generation of net cash accruals in FY2023 to its maturing debt obligations. IICT has generated cash accruals in the range of Rs.16.04-14.70 Cr during last three years ending March 31, 2023 as against its long term debt obligations of Rs.5.28 -2.69 Cr for the same period. The cash and bank balances of the Group stood at Rs.15.86 Cr as on March 31, 2023. The liquid investments of the company stood at Rs.4.57 crore as on March 31, 2023. The current ratio is high and stood at 2.27 times as on March 31, 2023.

Outlook: stable

Acuite believes that IICT will maintain a 'Stable' outlook in near to medium term on account of its experienced management and improving operating performance. The outlook may be revised to 'Positive' if the company is able to achieve higher than expected growth in revenue while effectively managing its working capital cycle and keeping the debt levels moderate. Conversely, the outlook may be revised to 'negative' in case of moderation in liquidity profile and its profitability margins, and deterioration in debt protection indicators.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	174.34	148.93
PAT	Rs. Cr.	9.24	11.32
PAT Margin	(%)	5.30	7.60
Total Debt/Tangible Net Worth	Times	0.13	0.16
PBDIT/Interest	Times	8.15	6.65

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
02 Nov 2022	Bank Guarantee	Short Term	32.00	ACUITE A3 (Reaffirmed)
	Term Loan	Long Term	6.34	ACUITE BBB- Stable (Reaffirmed)
	Standby Line of Credit	Long Term	5.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.34	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE BBB- Stable (Reaffirmed)
06 Aug 2021	Term Loan	Long Term	1.34	ACUITE BBB- Stable (Assigned)
	Bank Guarantee	Short Term	32.00	ACUITE A3 (Assigned)
	Term Loan	Long Term	6.34	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	20.00	ACUITE BBB- Stable (Assigned)
	Standby Line of Credit	Long Term	5.00	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	32.00	ACUITE A3 Reaffirmed
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	20.00	ACUITE BBB- Stable Reaffirmed
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	1.00	ACUITE BBB- Stable Assigned
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	4.51	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not Applicable	Stand By Line of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not Applicable	Term Loan	17 Sep 2020	7.40	30 Sep 2024	Simple	3.17	ACUITE BBB- Stable Reaffirmed
HDFC Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	5.50	ACUITE BBB- Stable Assigned

Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 mohit.jain@acuite.in Thejaswini P V Senior Analyst-Rating Operations Tel: 022-49294065 thejaswini.pv@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité 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. Ratings assigned by Acuité 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, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité 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. Ratings assigned by Acuité 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.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.