



## Press Release

### IIC TECHNOLOGIES PRIVATE LIMITED (ERSTWHILE IIC TECHNOLOGIES LIMITED)

January 30, 2025

### Rating Downgraded and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	30.00	ACUITE BB+   Stable   Downgraded	-
Bank Loan Ratings	9.18	Not Applicable   Withdrawn	-
Bank Loan Ratings	32.00	-	ACUITE A4+   Downgraded
Total Outstanding Quantum (Rs. Cr)	62.00	-	-
Total Withdrawn Quantum (Rs. Cr)	9.18	-	-

## Rating Rationale

Acuite has downgraded its long-term rating to 'ACUITE BB+' (read as ACUITE double B plus) from 'ACUITE BBB-' (read as ACUITE triple B minus) and short term rating to 'ACUITE A4+' (read as ACUITE A four plus) from 'ACUITE A3' (read as ACUITE A three) on the Rs. 62.00 Cr. bank facilities of IIC Technologies Private Limited (Erstwhile IIC Technologies Limited). The outlook is 'Stable.'

Acuite has also withdrawn its long-term rating on the Rs. 9.17 Cr. bank facilities without assigning any rating of IIC Technologies Private Limited (Erstwhile IIC Technologies Limited) as the instrument is fully repaid. The rating has been withdrawn on account of the request received from the company and NDC (No Dues Certificate) received from the banker.

Acuite has also withdrawn its long-term rating on the Rs. 0.01 Cr. bank facilities without assigning any rating of IIC Technologies Private Limited (Erstwhile IIC Technologies Limited) as it is proposed facility. The rating has been withdrawn on account of the request received from the company.

The rating has been withdrawn as per Acuite's policy of withdrawal of ratings as applicable to the respective instrument/facility.

## Rationale for downgrade

The downgrade in the rating reflects deterioration in the operating performance of the group marked by decline in profitability margins and stretched liquidity position. The operating margins of the group significantly declined to 1.62 percent in FY2024 from 12.36 percent in FY2023, primarily due to increase in overall expenses. Additionally, the group recorded losses at PAT levels in FY2024. Further, the rating also factors in the stretched liquidity position of the group, marked by insufficient net cash accruals against repayment obligations and high reliance on bank limits. However, the profitability and liquidity position is expected to improve in the near term. Further, the rating is constrained by the intensive nature of working capital operations, and susceptibility of its profitability to foreign exchange fluctuation risk.

Going forward, the group's ability to significantly improve its profitability along with liquidity position while maintaining its capital structure will remain a key monitorable.

### **About the Company**

Hyderabad based, IIC Technologies Private Limited (IICTPL) 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. IICTPL has experience across diverse geographies and industries, in disciplines like marine and terrestrial solutions, geo surveys and geophysical surveys, software development and systems integration.

## About the Group

IIC Technologies Private Limited, headquartered in India has subsidiaries in US, Canada, Australia, UK and New Zealand. It owns 100% of IIC Technologies Inc. (USA), established in 2001, which provides digital mapping services. IIC Technologies Inc. (USA) also holds full ownership of IIC Technologies Inc. (Canada), IIC Technologies Pty Ltd (Australia), and IIC Technologies Ltd (UK). IIC Technologies Inc. (Canada) was formed in 2001 to offer digital mapping services in Canada, while IIC Technologies Pty Ltd (Australia) was established in 2006 to serve the Australian market. IIC Technologies Ltd (UK) was acquired by IIC Technologies Inc. (USA) in 2010 and specializes in aerial mapping and GIS services for European clients. In 2019, IIC Technologies Limited (New Zealand) was founded to provide digital mapping services in New Zealand.

## Unsupported Rating

Not Applicable

## Analytical Approach

### Extent of Consolidation

• Full Consolidation

### Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has consolidated business and financial risk profiles of IIC Technologies Private Limited 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

#### Established track record of Operations and Experienced management in Geo Spatial Solutions

IICTPL 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. The corporate office is located in Hyderabad and branch office at Vizag SEZ for providing data processing services for overseas clientele. IICT 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 IIC Technologies Ltd (New Zealand) for service New Zealand based clientele. IIC technologies Pvt ltd (India) is holding company of all its subsidiaries. Acuite believes that the experience of the management in the industry is likely to benefit the group over the medium term.

#### Moderate financial risk profile

The financial risk profile of the group is moderate in nature marked by moderate networth, low gearing and below average debt protection metrics. The tangible net worth of the group declined to Rs. 102.76 Cr. as on March 31, 2024, from Rs. 107.45 Cr. as on March 31, 2023. The total debt of the group stood at Rs.33.67 Cr. as on March 31, 2024, as against Rs.13.59 Cr. as on March 31, 2023. The gearing of the group stood low at 0.33 times as on March 31, 2024, as compared to 0.13 times as on March 31, 2023. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) of the group stood at 0.59 times as on March 31, 2024, as against 0.41 times as on March 31, 2023. The debt protection metrics of the group moderated and is below average reflected by debt service coverage ratio of 0.25 times for FY24 as against 3.56 times for FY23. The interest coverage ratio declined to 0.56 times for FY24 as against 8.15 times for FY23. Net Cash Accruals/Total Debt (NCA/TD) stood at (0.02) times as on March 31, 2024, as compared to 1.18 times in the previous year.

Acuite believes that, going forward, the financial risk profile of the group will improve and remain moderate over the medium term in the absence of major debt funded capex plan expected improvement in the accruals.

### Weaknesses

#### Significant decline in profitability; albeit moderate growth in revenue

The group's operating profit margin declined to 1.62% in FY2024, from 12.36% in FY2023 and 13.18% in FY2022. This reduction in profitability was primarily due to delays caused by unfavourable climatic conditions in

certain regions. Additionally, one of the completed projects did not meet customer expectations, requiring the group to redo the work on certain parameters. As a result, this led to an increase in expenses and contributed to the decline in the EBITDA margin for FY2024. Further, on account of lower operating profit and higher finance and depreciation costs, the group incurred losses at PAT levels. However, the profitability is expected to improve in the current fiscal year. The group recorded revenue of Rs. 196.90 Cr. for FY2024 as against Rs 174.34 Cr. in FY2023 marking a growth of ~12.94%. Exports account for approx. 50-60% of total revenue, with the balance coming from the domestic market. Additionally, the unexecuted order book value of the group stood at Rs. 335.80 Cr. as on 30th September 2024, which is 1.71x times of the total revenue of FY2024, providing moderate revenue visibility over the medium term.

Going ahead, the ability of the group to improve its profitability levels while maintaining its scale of operations will remain a key monitorable over the medium term.

### **Improved albeit intensive nature of working capital operations**

The working capital management of the group improved yet remained intensive in nature marked by Gross Current Assets (GCA) of 182 days as on March 31, 2024, as compared to 205 days as on March 31, 2023, owing to high receivables days. The debtor days stood at 142 days in FY2024 as against 151 days in FY2023. The high debtor days is due to group registering major portion of the revenue in the Q4 of the financial year, therefore, the receivables are high with the debtors ageing bucket of below 90 days. Furthermore, the average utilization for fund-based limits remained high, averaging around ~90.50% over the last twelve months ending December 2024 and average utilization of non-fund-based limit remained moderate, averaging around ~46.10% during the same period.

Acuité 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 group is exposed to currency fluctuations for its foreign currency receivables and adverse movement in exchange rate.

### **Rating Sensitivities**

- Improvement in profitability margins and liquidity position.
- Any further stretch in working capital cycle, leading to an increase in working capital borrowing and weakening of financial risk profile

### **Liquidity Position**

#### **Stretched**

The group has a stretched liquidity profile marked by a limited cushion in net cash accruals to its maturing debt obligations and high reliance on working capital limits. The group generated insufficient cash accruals for FY2024 as against maturing debt obligations of around Rs. 8.83 Cr. in the same tenure. However, the group made timely repayments as confirmed by the bankers. Further, it is expected to generate sufficient cash accrual against its maturing repayment obligations in the near term. The working capital operations of the group remained intensive marked by GCA days of 182 days as on 31st March 2024 along with high reliance on working capital limits with average utilisation of fund-based limits at ~95.71% over the past twelve months ending December 2024 and average utilization of non-fund-based limit remained moderate, averaging around ~46.10% during the same period. The current ratio stood at 1.70 times as on March 31, 2024, as compared to 2.17 times as on March 31, 2023. The cash and bank balances of the group stood at Rs. 11.92 Cr. as on March 31, 2024.

Acuite believes that going forward, liquidity position of the group is expected to improve in the near term.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	196.90	174.34
PAT	Rs. Cr.	(8.41)	9.24
PAT Margin	(%)	(4.27)	5.30
Total Debt/Tangible Net Worth	Times	0.33	0.13
PBDIT/Interest	Times	0.56	8.15

### 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. Acuité'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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
02 Nov 2023	Bank Guarantee (BLR)	Short Term	32.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE BBB-   Stable (Reaffirmed)
	Stand By Line of Credit	Long Term	5.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	3.17	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	5.50	ACUITE BBB-   Stable (Assigned)
	Cash Credit	Long Term	1.00	ACUITE BBB-   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	4.51	ACUITE BBB-   Stable (Reaffirmed)
02 Nov 2022	Bank Guarantee (BLR)	Short Term	32.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE BBB-   Stable (Reaffirmed)
	Stand By Line of Credit	Long Term	5.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	1.34	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	6.34	ACUITE BBB-   Stable (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	32.00	Simple	ACUITE A4+   Downgraded ( from ACUITE A3 )
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE BB+   Stable   Downgraded ( from ACUITE BBB- )
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	Not Applicable Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.01	Simple	Not Applicable Withdrawn
Axis Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.50	Simple	ACUITE BB+   Stable   Downgraded ( from ACUITE BBB- )
State Bank of India	Not avl. / Not appl.	Stand By Line of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	Not Applicable Withdrawn
Axis Bank	Not avl. / Not appl.	Term Loan	30 Jun 2024	Not avl. / Not appl.	31 Oct 2028	4.92	Simple	ACUITE BB+   Stable   Downgraded ( from ACUITE BBB- )
Axis Bank	Not avl. / Not appl.	Term Loan	30 Jun 2024	Not avl. / Not appl.	31 Jul 2031	4.58	Simple	ACUITE BB+   Stable   Downgraded ( from ACUITE BBB- )
State Bank of India	Not avl. / Not appl.	Term Loan	17 Sep 2020	Not avl. / Not appl.	30 Sep 2024	3.17	Simple	Not Applicable Withdrawn

### \*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr. No.	Company Name
1	IIC Technologies Private Limited
2	IIC Technologies Inc.(US)
3	IIC Technologies Inc.(Canada)
4	IIC Technologies Pty Limited (Australia)
5	IIC Technologies Limited (UK)
6	IIC Technologies Limited (NZ)

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### About Acuité Ratings & Research

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