



SMERA RATINGS LIMITED

Micrologic Integrated Systems Private Limited (MISPL)

*Rating
Rationale*

August 25, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan	4.35	SMERA BB/ Stable (Assigned)
Cash Credit	3.00	SMERA BB/ Stable (Assigned)
Proposed Term Loan	1.06	SMERA BB/ Stable (Assigned)

SMERA has assigned a rating of '**SMERA BB**' (read as **SMERA double B**) to the above mentioned bank facilities of Micrologic Integrated Systems Private Limited (MISPL). The outlook is '**Stable**'. The rating draws comfort from the moderate financial risk profile, healthy order book position and experienced management. However, the rating is constrained by the company's working capital-intensive operations and small scale of business.

Outlook: Stable

SMERA believes MIPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while achieving efficient working capital management. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected revenues and net cash accruals, or in case of deterioration in the company's financial risk profile and liquidity position.

Rating Sensitivity Factors

- Management of working capital funds
- Improvement in profitability margins

About the Company

MISPL, established in 2006, is a Bangalore-based company promoted by Mr. M. S. Jairam and Mr. S.G. Nagesh. The company provides industrial computing, testing and systems integration solutions to a wide array of industries.

For FY2013-14, MISPL reported net profit of Rs.0.83 crore on total income of Rs.11.12 crore, as compared with net profit of Rs.0.30 crore on total income of Rs.7.62 crore in FY2012-13. MISPL's net worth stood at Rs.2.52 crore as on March 31, 2014, as compared with Rs.0.33 crore a year earlier.

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