

MARCH 25, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO BANK FACILITIES OF ADCC INFOCAD LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	61.70 [enhanced from Rs.10.00]	CARE BBB (Triple B)	Reaffirmed
Short term Bank Facilities	55.00 [enhanced from Rs.5.00]	CARE A3+ (A Three Plus)	Reaffirmed
Total Facilities	120 (Rupees One Hundred and twenty Crore only)		

Rating Rationale

The ratings assigned to the bank facilities of ADCC Infocad Ltd (ADCC) continue to factor in the company's established track record in execution of geographical information services (GIS) related orders, moderate capital structure and adequate debt coverage indicators. The ratings also factor in increasing trend of revenue during the last three financial years (FY13-FY15 [refers to the period April 1 to March 31]) and moderate order book position.

However, the ratings are constrained by the long working capital cycle and tight liquidity profile, susceptibility of ADCC's cash flows to receipt of orders and timely realisations from customers, relatively small scale of scale of operation and intense competition.

Going forward, the ability of the company to effectively managing working capital requirement and successfully execute EPC contracts in which the company is relatively new are the key rating sensitivities.

Background

ADCC, incorporated in 1998, is an IT-enabled solutions provider in geographical information services (GIS) and engineering solutions services. ADCC made an Initial Public Offering (IPO) on the BSE SME exchange in October 2014 and raised Rs.9.93 crore equity.

ADCC is a Meghe group company. The Meghe Group has varied interests in the fields of Education, Infrastructure, Textile, Power, Media & Entertainment and is based out of Nagpur, Maharashtra. The Meghe group founded by Mr Datta Meghe, has set up various educational institutes in Maharashtra in the field of Medical science, Engineering and Management. Mr Datta Meghe was earlier a Member of the Parliament from Wardha constituency in 2009. Earlier he was a Member of Legislative Council of Maharashtra from 1978 to 1991 for three times and also during 2000-2002.

ADCC is promoted by Mr Datta Meghe's son Mr Sagar Meghe (Non-Executive Chairman of ADCC) and Mr Sameer Meghe (MD of ADCC & MLA from Hingna, Maharashtra). Presently, the day-to-day operations of company are primarily look-after by Mr Amit Somani (Jt. Managing Director) and Mr Abhay Kimmatkar (Whole Time Director) who are supported by team of professionals and technically qualified executives who carry out the day-to-day affairs of the business of the company.

ADCC reported a profit after tax (PAT) of Rs.6.56 crore on the total income of Rs.98.24 crore in FY15 as against PAT of Rs.6.51 crore on the total income of Rs.77.37 crore in FY14.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Analyst Contact

Name: Mr. Pulkit Agarwal

Tel: 022-6754 3505

Cell: + 91 98190 074189

Email: pulkit.agarwal@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CONTACT**Head Office Mumbai****Mr. Sanjay Kumar Agarwal**

Mobile: + 91 8108007676

E-mail: sanjay.agarwal@careratings.com**Mr. Amod Khanorkar**

Mobile: + 91 9819084000

E-mail: amod.khanorkar@careratings.com**CREDIT ANALYSIS & RESEARCH LIMITED**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com**AHMEDABAD****Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com**BENGALURU****Mr. Deepak Prajapati**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: deepak.prajapati@careratings.com**CHANDIGARH****Mr. Sajan Goyal**2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com**CHENNAI****Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com**COIMBATORE****Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com**HYDERABAD****Mr. Saikat Roy**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 9820998779

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com**JAIPUR****Mr. Nikhil Soni**304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.

Cell: +91 - 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: nikhil.soni@careratings.com**KOLKATA****Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com**NEW DELHI****Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com**PUNE****Mr. Rahul Patni**9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com**CIN - L67190MH1993PLC071691**