



SMERA RATINGS LIMITED

Data Tech Computers Private Limited (DTCPL)

*Rating
Rationale*

March 04, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	4.00	SMERA BB/Stable (Assigned)
Bank Guarantee	5.00	SMERA A4+ (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB**' (read as **SMERA double B**) and a short-term rating of '**SMERA A4+**' (read as **SMERA A four plus**) to the abovementioned bank facilities of Data Tech Computers Private Limited (DTCPL). The outlook is '**Stable**'. The ratings derive comfort from the company's experienced management and established relations with customers and suppliers. The ratings are also supported by the company's moderate debt protection metrics. However, the ratings are constrained by the company's small-scale operations and low net worth. The ratings are also constrained by the company's exposure to intense competition from organised & unorganised players in the computer hardware industry.

DTCPL, incorporated in 1996, is an Ahmedabad-based company engaged in trading of computer hardware. The company also provides information technology enabled services. DTCPL's promoters have been in the computer hardware industry for over two decades. The company also benefits from its long-standing relations with customers. DTCPL has moderate debt protection metrics marked by debt-equity ratio of 0.60 times as on March 31, 2014 and interest coverage ratio of 2.61 times in FY2013-14 (refers to financial year, April 01 to March 31).

The company has small-scale of operations marked by operating income of Rs.37.78 crore in FY2013-14. DTCPL has a small net worth base of Rs.2.66 crore as on March 31, 2014; however, the promoters have advanced unsecured loans of Rs.1.10 crore to the company. DTCPL faces intense competition from several players in the computer hardware industry.

Outlook: Stable

SMERA believes DTCPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management and established relations with customers. The outlook may be revised to 'Positive' in case the company registers healthy growth in revenues while achieving strong improvement in profit margins. The outlook may be revised to 'Negative' in case of deterioration in the company's operating margins or working capital management.

About the company

DTCPL, incorporated in 1996, is an Ahmedabad-based company promoted by members of the Patel family. DTCPL is engaged in trading of computer hardware. The company also provides information technology enabled services. DTCPL caters to state government bodies and corporate clients.

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For FY2013–14, DTCPL reported profit after tax (PAT) of Rs.0.64 crore on operating income of Rs.37.78 crore, as compared with PAT of Rs.0.29 crore on operating income of Rs.26.23 crore in FY2012–13. The company's net worth stood at Rs.2.66 crore as on March 31, 2014, as compared with Rs.2.02 crore a year earlier.

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