

April 27, 2016

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

SMERA has reaffirmed the long-term rating of '**SMERA BB**' (read as **SMERA double B**) and short-term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the above mentioned bank facilities of Data Tech Computers Private Limited (DTCPL). The outlook is '**Stable**'. The ratings continue to be supported by the company's experienced management, long track record of operations and reputed clientele. The ratings also factor in the healthy financial risk profile marked by low gearing, comfortable coverage indicators and healthy debt protection metrics. However, the ratings continue to be constrained by the moderate scale of operations, customer concentration risk and the highly competitive hardware industry.

Update

For FY2014-15, DTCPL reported profit after tax (PAT) of Rs.0.67 crore on revenues of Rs.45.13 crore, as compared with profit after tax (PAT) of Rs.0.64 crore on revenues of Rs.37.78 crore in FY2013-14. During FY2015-16, the company reported revenue of Rs.41.12 crore (provisional). The leverage stood at 0.56 times as on March 31, 2015. The company's entire total debt of Rs.1.87 crore (as on March 31, 2015) is unsecured loans from promoters. DTCPL has comfortable debt protection metrics with interest coverage ratio of 3.11 times in FY2014-15.

Outlook: Stable

SMERA believes that DTCPL will continue to maintain a 'Stable' business risk profile on account of its experienced management and healthy financial risk profile. The outlook may be revised to 'Positive' if the company registers higher than expected revenues and accruals while maintaining profitability and net cash accruals. Conversely, the outlook may be revised to 'Negative' in case of deterioration in its financial profile or if it undertakes significant debt funded capex.

Rating Sensitivity Factors

- Increase in scale of operations and profitability
- Extent of capex and its funding mix

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About the Company

The Ahmedabad-based DTCPL, incorporated in 1996 was promoted by the Patel family. The company trades in hardware products and also provides information technology related services to state government bodies and corporates.

DTCPL reported profit after tax (PAT) of Rs.0.67 crore on operating income of Rs.45.13 crore for FY2014-15, as compared with PAT of Rs.0.64 crore on operating income of Rs.37.78 crore in FY2013-14.

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