



Press Release

Data Tech Computers Private Limited

July 28, 2017

Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 9.00 Cr.
Long Term Rating	SMERA BB / Outlook: Stable
Short Term Rating	SMERA A4+

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA BB**' (read as **SMERA BB**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs. 9.00 crore bank facilities of Data Tech Computers Private Limited. The outlook is '**Stable**'.

Data Tech Computers Private Limited (DTCPL) was incorporated in 1996 by Mr. Rakesh Patel. The company trades in computer hardware products (laptops, desktops and other computer peripherals) and provides information technology enabled services (ITES) (i.e. network infrastructure design & maintenance, data security auditing, website design & development etc). DTCPL has its headquarters at Ahmedabad, Gujarat with branch office at Jaipur.

Key Rating Drivers

Strengths

- **Established track record of operations**

The Director, Mr. Rakesh M Patel and Mrs. Leena R Patel have around two decades of experience in the IT industry.

- **Reputed clientele**

DTCPL deals with reputed customers like Hindalco & TCS, Ingram Micro India Ltd., Redington India Ltd and also caters to the Government of Gujarat.

- **Moderate financial risk profile**

DTCPL has moderate financial risk profile marked by low gearing of 0.80 times as on March 31, 2017(Provisional). The ICR is healthy at 5.10 times for FY2016-17(Provisional) as against 5.02 times for FY2015-16. The DSCR is healthy at 3.39 times for FY2016-17 (Provisional). The company has net cash accruals of Rs. 1.43 crore for FY2016-17 with no long term debt obligation. The TOL/TNW improved to 1.74 times in FY2016-17 (Provisional) from 3.21 times in FY2015-16. The tangible networth stands at Rs. 3.63 crore as on 31 March, 2017 (Provisional) as against Rs. 4.32 crore a year earlier.

- **Established relations with customers and suppliers**

DTCPL has been dealing with the government of Gujarat since 1996. The company has also been dealing with Hindalco & TCS for more than seven years. The company has long term relations with suppliers like Ingram Micro India Ltd., Redington India Ltd. and Savex Computers Ltd.

Weaknesses

- **Customer concentration risk**

The company is engaged in the trading of computer hardware and peripherals of established brands

like Lenovo, HP and Acer. Out of the total sales more than 80 per cent revenue is generated from government bodies and the rest from corporates exposing the company to customer concentration risk.

• **Highly competitive and fragmented industry**

DTCPL is exposed to intense competition in the IT industry from small and large players.

Analytical Approach

SMERA has considered the standalone financial and business risk profile of Data Tech Computers Private Limited to arrive at the rating.

Outlook: Stable

SMERA believes that DTCPL will continue to maintain a stable outlook in the medium term on account of its experienced management, healthy financial risk profile and revenue growth. The outlook may be revised to 'Positive' if the company is able to achieve higher than expected revenues and accruals while registering improvement in profitability and net cash accrual. Conversely, the outlook may be revised to 'Negative' in case of deterioration in its financial profile or lower than expected revenues.

About the Rated Entity - Key Financials

For FY2016-17, DTCPL reported PAT of Rs.1.43 crore on operating income of Rs.42.98 crore as against PAT of Rs.1.03 crore on operating income of Rs.40.68 crore for FY2015-16. The net worth stood at Rs.6.36 crore as on March 31, 2017 against Rs.4.32 crore a year earlier.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
27-Apr-2016	Cash Credit	Long Term	INR 4	SMERA BB / Stable
	Bank Guarantee	Short Term	INR 5	SMERA A4+
04-Mar-2015	Cash Credit	Long Term	INR 4	SMERA BB / Stable
	Bank Guarantee	Long Term	INR 5	SMERA A4+

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.00	SMERA BB / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA A4+

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ABOUT SMERA

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