



SMERA RATINGS LIMITED

Techmart Systems Company Private Limited (TSCPL)

*Rating
Rationale*

September 26, 2014

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	2.00 (enhanced from Rs.1.50 crore)	SMERA B+/Stable (Reaffirmed)
Letter of Credit	3.00 (enhanced from Rs.2.75 crore)	SMERA A4 (Reaffirmed)
Bank Guarantee	0.75	SMERA A4 (Reaffirmed)

SMERA has reaffirmed the rating of '**SMERA B+**' (read as **SMERA single B plus**) on the Rs.2.00 crore (enhanced from Rs.1.50 crore) long-term bank facilities and '**SMERA A4 (read as SMERA A four)**' on the Rs.3.00 crore (enhanced from Rs.2.75 crore) short-term bank facilities of Techmart Systems Company Private Limited (TSCPL). The outlook is '**Stable**'. The ratings remain constrained by the company's small-scale operations in a highly competitive segment of the office automation industry. The ratings also remain constrained by the company's weak bargaining power with its supplier (RISO India Private Limited). However, the ratings continue to draw support from the company's healthy gearing (debt-equity ratio), reputed clientele, diversified customer profile and widespread geographical reach.

Update

TSCPL has recently entered into distribution of digital duplicators and automatic master printers manufactured by Neopost International Supply (UK) Limited. TSCPL has also entered into distribution of cash counting and sorting machines manufactured by Cluster India Private Limited, Mumbai. RISO India Private Limited (manufacturer of office automation equipment, and distributed by TSCPL) has recently ventured into direct sales of its products.

For FY2013-14 (refers to financial year, April 01 to March 31), TSCPL reported profit after tax (PAT) of Rs.0.32 crore (provisional) on revenue of Rs.18.30 crore (provisional), as compared with PAT of Rs.0.27 crore on total revenue of Rs.16.63 crore in the previous year. The company's net worth stood at Rs.4.97 crore (provisional) as on March 31, 2014, as compared with Rs.4.65 crore a year earlier.

TSCPL's small-scale operations are reflected in revenue of Rs. 18.30 crore (provisional) in FY2013-14. The company operates in an intensely competitive segment of the office automation industry. Although TSCPL has recently entered into new distribution agreements with two suppliers, the company remains highly dependent on distribution of office automation equipment manufactured by RISO India Private Limited. Moreover, TSCPL's earning potential (in the office automation segment) is constrained on account of direct-selling activity initiated by RISO India Private Limited. TSCPL's gearing (debt-equity ratio) is healthy at 0.64 times (provisional) as on March 31, 2014. The company's reputed clientele includes government organizations, universities and large corporate entities. TSCPL has a widespread geographical reach with 12 sales offices across India.

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SMERA RATINGS LIMITED

Techmart Systems Company Private Limited (TSCPL)

**Rating
Rationale****Outlook: Stable**

SMERA believes TSCPL will maintain a stable business risk profile over the medium term. The outlook may be revised to 'Positive' in case the company registers strong growth in revenues while maintaining healthy profit margins and comfortable financial risk profile. The outlook may be revised to 'Negative' in case the company registers lower-than-expected growth in revenues; or in case of deterioration in the company's profitability or financial risk profile.

About the company

TSCPL, incorporated in 2007, is a Delhi-based company promoted by Mr. Harbanslal Sarin. In September 2010, TSCPL acquired the running business of Techmart Systems Company (partnership firm established in 1993).

TSCPL is an authorized distributor and service provider of office automation equipment (digital duplicators, automatic master printers and allied products) manufactured by RISO India Private Limited. TSCPL also provides after-sales services and annual maintenance contracts. TSCPL has 12 sales offices across major cities such as Chandigarh, Jaipur, Lucknow, Noida, Ahmedabad, Mumbai, Kolkata, Ranchi and Trivandrum.

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