

December 09, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	2.00	SMERA B+/Stable (Reaffirmed)
Letter of Credit	3.00	SMERA A4 (Reaffirmed)

SMERA has reaffirmed ratings of '**SMERA B+**' (**read as SMERA B plus**) assigned to the Rs.2.00 crore long term bank facility and '**SMERA A4 (read as SMERA A four)**' assigned to the Rs.3.00 crore short term bank facility of Techmart Systems Company Private Limited (Techmart). The outlook is '**Stable**'. The ratings are constrained by the small scale of operations, intense market competition, supplier concentration risk and lower bargaining power of RISO India. However, the ratings draw support from its reputed clientele, experienced management and new dealership and diversification of business.

Update

The profit margins of Techmart fell from 0.97% to 0.22% FY2013-14 to FY2014-15. The EBIDTA margins declined from 4.29 per cent in FY2013-14 to 1.68 per cent in FY2014-15 while the profit after tax (PAT) decreased from 0.97% to 0.22% respectively. TSCPL has entered into dealership agreements with Evolis, Cluster India Private Limited and Konica Minolta to diversify its product portfolio and reduce dependency on RISO India Private Limited. Techmart continues to enjoy exclusive rights for sale of RISO's consumables (printer cartridges among others).

Rating Sensitivity Factors

- Scaling up of operations with increase in profitability
- Effective management of working capital

Outlook: Stable

SMERA believes that Techmart's outlook will remain stable over the medium term on account of steady revenue growth visibility and comfortable financial risk profile. The outlook may be revised to 'Positive' if the company registers strong growth in revenue and improves profitability. Conversely, the outlook may be revised to 'Negative' with decline in revenues affecting margins and liquidity.

About the Company

Techmart took over the erstwhile partnership firm, Techmart Systems Company (established in 1993) and converted it into private limited in 2010. The company is an authorised distributor of digital duplicators, automatic master printers and allied products of RISO India Private Limited.

For FY2014-15, Techmart reported profit after tax (PAT) of Rs.0.04 crore on a total income of Rs.17.67 crore as against PAT of Rs.0.18 crore on total income of Rs.18.29 crore for FY2013-14.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smerra.in) for the latest information on any instrument rated by SMERA.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Mr. Anthony Jose, Vice President – Business Development, Mid Corporate Tel : +91-22-6714 1191 Cell : +91 9820802479 Email : anthony.jose@smera.in Web: www.smera.in	Mr. Vinay Chhawchharia Associate Vice President - Corporate Ratings, Tel: +91-22-6714 1156 Email: vinay.chhawchharia@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.