



Press Release

DC Infotech and Communication Limited (DCI)

March 27, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	60.50* (Enhanced from Rs. 33.00 crore)	IVR BBB-/ Positive (IVR Triple B Minus with Positive Outlook)	IVR BBB-/ Positive (IVR Triple B Minus with Positive Outlook)	Rating Reaffirmed	Simple
Long Term Bank Facilities	0.00# (Reduced from Rs. 9.00 crores)	Withdrawn	IVR BBB-/ Positive (IVR Triple B Minus with Positive Outlook)	Rating Withdrawn	Simple
Short Term Bank Facilities	33.50 (Reduced from Rs. 36.00 crore)	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Rating Reaffirmed	Simple
Total	94.00	(Rupees Ninety-Four Crores Only)			

* The proposed facility of Rs. 12.00 is converted to Cash Credit facility of Rs. 34.00 crores.

Withdrawal of Rs. 9.00 crore Cash Credit facility from Kotak Bank. The Infomerics team has received NDC for the same.

Details of Facilities/Instruments are in Annexure 1.

Facility wise lender details are in Annexure 2.

Detailed explanation of covenants is in Annexure 3.

Detailed Rationale

The reaffirmation of ratings assigned to the bank facilities of D C Infotech & Communication Limited (DCI) continue to derive strength from the experienced promoters and extensive presence in IT networking and solution-based business, established customer and supplier relationship, growing scale of operations with moderate profitability margins, comfortable capital structure and debt protection metrics. The rating strengths are however, tempered by foreign exchange fluctuation risk high working capital intensity and exposure to intense competition in the IT industry.



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The Positive outlook reflects the expected improvement in the business risk profile of DCI as it is foraying into project-based segment where DCI offers consultative selling i.e. the IT and security requirements of the client are studied and based on that the hardware and the software is advised and sold to the clients, supported by increasing scale of operations and consequent improvement in financial risk profile.

Infomerics has withdrawn the O/s rating of IVR BBB-/Positive (IVR Triple B Minus with Positive outlook), assigned to the Cash Credit facility of Rs. 9.00 crores of DC Infotech and Communication Limited with immediate effect. The above action is taken at the request of the company and NDC received from the lender.

The rating is withdrawn in accordance with Infomerics' policy on withdrawal.

Key Rating Sensitivities

Upward Factors

- Substantial improvement in total operating income along with profitability on a sustained basis.
- Continuation of below-unity overall gearing ratio

Downward Factors

- Stretch in working capital cycle leading to deterioration of liquidity position
- Deterioration in revenue and profitability resulting in lower-than-expected cash accruals

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters and established track record in IT networking and security solution-based business:

DCI has an established track record of around two decades in the IT hardware distribution industry and has developed a wide customer base, with number of large and small and medium enterprises. Promoters have over two decades of experience in the consumer electronics industry. DCI's business is divided into three verticals: networking, security solutions, and unified communication and collaboration (UCC).



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Improved scale and profitability:

In FY24(A) [referred period April 1, 2023, to March 31, 2024], DCI's Total Operating Income (TOI) increased 27.81% on y-o-y to Rs. 459.63 crore driven by increase in demand for security solutions and the industry is also booming. DCI's EBITDA margin improved by 82 bps from FY23 to 4.36% in FY24 due to the premium commanded by DCI in the market.

Comfortable capital structure and debt protection metrics:

DCI's tangible net worth (TNW) improved from Rs. 29.29 crores in FY23 to Rs. 50.25 crores in FY24. The overall gearing ratio of the company stood comfortable at 0.75x as on March 31, 2024, as compared to 0.89x as on March 31, 2023. TOL/TNW of the company was moderate at 3.13x as on March 31, 2024, and 3.77x as on March 31, 2023. The debt protection metrics are also comfortable with an interest coverage ratio stood at 4.12x in FY24 and DSCR stood at 3.05x in FY24.

Established customer and supplier relationship:

Presence of over two decades in the IT hardware industry has enabled the promoters to establish strong relationship with suppliers and customers which has led to repeat orders. DCI has numerous business partners in the information technology (IT), image, lifestyle, and security areas, such as D-Link, Netgear, Samsung, NetScout, Arbour, Zscaler, Aten, SonicWall, Kramer, Riverbed, and others. DCI has a pan-India distribution network with over 1,600 channel partners and sales representatives in major cities such as Delhi, Kolkata, Bangalore, Chandigarh, and Indore etc. DCI's clients include Kotak Mahindra Bank, HDFC Bank, Lupin, Siemens, Tata Communications, Hitachi Systems, etc.

Support from government initiatives:

The industry is benefiting from the Make in India initiative through increased government support, incentives for local manufacturing, and a focus on developing a robust tech ecosystem. This has led to the growth of domestic software and hardware production, enhanced innovation, and the attraction of global investments, further boosting India's position as a global IT hub. And further the increasing demand for security software solutions, networking solutions and AV connectivity leads to higher sales.



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Key Rating Weaknesses-

Highly competitive industry:

DCI derives majority of its revenue from the domestic market. The domestic IT market is intensely competitive, and has a sizeable number of unorganized players, which continues to constrain DCI's operating margin.

High working capital intensity:

Despite the increase in EBITDA margins and GCA the Cashflow from Operations (CFO) is negative in FY24, and similar situation is expected in FY25 as well because a major higher portion of the sales is achieved in the last quarter of the financial year, which is further leading to increase in the debtors and in turn impacting the working capital. But the liquidity will be adequate because of the cushion available in the working capital facility.

Exposure to foreign exchange fluctuation:

DCI has unhedged foreign currency exposure outstanding as on December 31, 2024, stood at Rs. 36.38 crores. If there is a 10% fluctuation in the forex rate the GCA will be impacted by Rs 3.64 crore. In Infomerics' assessment, DC Infotech has sufficient GCA to absorb this level of FX loss.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Trading Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition and Post Default curing period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Policy on withdrawal of Ratings](#)

Liquidity: Adequate

The liquidity of DCI is expected to remain adequate in the near to medium term with sufficient accruals in the period FY25-FY27. The average fund-based utilisation for the past twelve



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months ended December 2024 remained moderate at ~80.00% indicating some amount of liquidity cushion.

About the Company

DC Infotech & Communication Ltd. was founded in April 1998 as partnership firm by Mr. Devendra Sayani and Mr. Chetankumar Timbadia. DCI was reconstituted as public limited company in 2019. DCI offers various IT products, networking, data & cyber security, surveillance, wireless, broadband, digital signage, firewall, and unified communication, among other solutions & services. DCI has five warehouses located at Mumbai, Bhiwandi, Delhi, Ahmedabad, and Surat with more than 1,600 channel partners and sales representatives.

Financials (Standalone):

	(Rs. crore)	
For the year ended/ As On*	31-3-2023 (Audited)	31-3-2024 (Audited)
Total Operating Income	359.63	459.63
EBITDA	12.72	20.04
PAT	7.08	11.61
Total Debt	26.01	37.61
Tangible Net-worth	29.29	50.25
Ratios		
EBITDA Margin (%)	3.54	4.36
PAT Margin (%)	1.97	2.52
Overall Gearing ratio (x)	0.89	0.75
Interest Coverage (x)	4.60	4.12

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil



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Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
	PR Date			March 27, 2025	Jan 31, 2024	Jan 25, 2024	
1.	Cash Credit	Long Term	60.50 (Enhanced from Rs.33.00 crores)	IVR BBB-/Positive	IVR BBB-/Positive	IVR BBB-/Positive	--
2.	Letter of Credit	Short Term	30.00 (Reduced from Rs. 32.50 crores)	IVR A3	IVR A3	IVR A3	--
3.	CEL	Short Term	3.50	IVR A3	IVR A3	IVR A3	--
4.	Cash Credit	Long Term/Short Term	0.00 (Reduced from Rs. 9.00 crores)	Withdrawn	IVR BBB-/Positive	IVR BBB-/Positive	--

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit



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ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Bank Facility – Cash Credit	-	-	-	-	60.50	IVR BBB-/ Positive
Short Term Non-Fund Based Bank Facility –Letter of Credit	-	-	-	-	30.00	IVR A3
Short Term Non-Fund Based Bank Facility –CEL	-	-	-	-	3.50	IVR A3
Long Term Fund Based Bank Facility – Cash Credit	-	-	-	-	0.00 (Reduced from Rs 9.00 crores)	Withdrawn

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-DC-Infotech-27mar25.pdf>



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Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis:

Sl. No.	Name of the Company	Consolidation Approach
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Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

