

March 17, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	3.87	SMERA B/Stable (Assigned)
Cash Credit	2.50	SMERA B/Stable (Assigned)

SMERA has assigned ratings of '**SMERA B**' (read as **SMERA single B**) and '**SMERA A4**' (read as **SMERA A four**) to the Rs.6.40 crore bank facilities of Dignus Infra Private Limited (DIPL). The outlook is '**Stable**'. The ratings are constrained by the company's short operational track record and small-scale operations in an intensely competitive segment of the construction material industry. The ratings are also constrained by the company's weak debt protection metrics. The aforementioned weaknesses are partially offset by the company's experienced management.

DIPL, incorporated in 2013, is a Chandigarh-based company engaged in manufacturing of polyurethane foam panels, roofing panels, tile profiles and crimp profiles. DIPL has small-scale operations with operating income of Rs.4.83 crore in FY2013-14 (refers to financial year, April 01 to March 31). The company faces intense competition from several players in the construction material industry. DIPL has weak debt protection metrics with high leverage (debt-equity ratio) of 1.94 times as on March 31, 2014 and low interest coverage ratio of 0.71 times in FY2013-14.

DIPL benefits from its experienced management. The promoters of the company have around two decades of experience in the construction material industry.

Outlook: Stable

SMERA believes DIPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company registers sustained improvement in profitability and financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the company's profitability and financial risk profile.

About the company

DIPL, incorporated in 2013, is a Chandigarh-based company promoted by Mr. Neeraj Kumar Singh, Mr. S. K. Shahi and Mr. R. S. Patel. DIPL is engaged in manufacturing of polyurethane industry panels, roofing panels, tile profiles and crimp profiles.

For FY2013-14, DIPL reported net loss of Rs.0.38 crore on operating income of Rs.4.83 crore. The company's net worth stood at Rs.1.46 crore as on March 31, 2014.

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