



SMERA RATINGS LIMITED

Dignus Infra Private Limited (DIPL).**Rating
Rationale****March 01, 2016**

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

SMERA has reaffirmed the rating to '**SMERA B**' (read as **SMERA B**) on the Rs. Rs.6.37 crore bank facilities of Dignus Infra Private Limited (DIPL). The outlook is '**Stable**'. The ratings remain constrained by the company's the company's weak debt protection metrics and small-scale operations in an intensely competitive segment of the construction material industry. However the rating draws comfort from the company's experienced management

Update

DIPL's operating income increased to Rs.10.70 crore in FY2014-15 (refers to financial year, April 01 to March 31) from Rs.4.83 crore in FY 2013-14. For the period FY 2015-16 (10 months), the company registered operating income of Rs.14 crore due to repeated orders from existing clients and addition of new customers. DIPL operating margins have improved to ~10 percent in FY 2015-16 from 4.50 percent in FY 2014-15 due to low raw material price. DIPL has weak debt protection metrics with high leverage (debt-equity ratio) of 7.15 times as on March 31, 2015 compared to 1.94 times in FY 2013-14 due to losses in the last two financial year.

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 further 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. Niraj Kumar Singh, Mr. S. K. Shahi, Mr. R. S. Patel and Mr. Satpal Dagar. DIPL is engaged in manufacturing of polyurethane industry panels, roofing panels, tile profiles and crimp profiles.

For FY2014-15, DIPL reported net loss of Rs.0.59 crore compared to net loss of Rs. 0.38 crore in the previous year 2013-14.

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*Rating
Rationale*

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