

April 12, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	8.00	SMERA B-/Stable (Assigned)
Export Packaging Credit	1.00	SMERA A4 (Assigned)
Letter of Credit	2.00	SMERA A4 (Assigned)
Bank Guarantee	0.50	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA B-**' (read as **SMERA B minus**) and '**SMERA A4**' (read as **SMERA A four**) to the Rs.11.50 crore bank facilities of Rajasthan Digital Tiles Private Limited (Rajasthan Digital). The outlook is '**Stable**'. The ratings are constrained by the company's nascent stage of operations and intense competition in the ceramics industry. The ratings also factor in the volatility in raw material prices and cyclical in the end-user industry (real-estate). However, the ratings draw support from the experienced management and established association with Johnson Tiles, its customer.

Outlook: Stable

SMERA believes that Rajasthan Digital will maintain a stable business risk profile over the medium term owing to the experience of its promoters. The outlook may be revised to 'Positive' in case the company generates higher-than-expected cash from operations. Conversely, the outlook may be revised to 'Negative' in case of decline in revenues and accruals or elongation of working capital cycle.

Rating Sensitivity Factors

- Scaling up of operations while improving profit margins
- Efficient working capital management

About the Company

Rajasthan Digital, incorporated in May 2013, is a Rajasthan-based company that manufactures glazed and digital ceramic tiles. The company, promoted by Mr. Virendra Pal Singh, Mr. Rajeev Bahuguna and Mr. Nawal Singh, commenced commercial production in May 2014. Rajasthan Digital is setting up a manufacturing facility with an installed capacity of 9000 boxes per day in Jaipur, Rajasthan.

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