

September 17, 2013

Facilities	Amount (Rs. Crores)	Rating
Packing Credit	4.00	SMERA A4/Assigned
Foreign Bills Purchase/Discounting Limit	7.00	SMERA A4/Assigned

SMERA has assigned a rating of '**SMERA A4**' (**read as SMERA A four**) to the Rs.10 crores fund based bank facilities of Digi Export Venture Private Limited (Digi Export). The rating is primarily constrained by the company's moderate financial risk profile marked by low profit margins and moderate coverage indicators. The rating is further constrained by the company's short track record of operations in a highly competitive electronic industry. However, the rating is supported by the company's experienced management and healthy revenue growth.

Digi Export is mainly engaged in manufacturing and assembling of public address systems. The company has a moderate financial risk profile marked by low profit margins and moderate coverage indicators. The company's total debt-to-equity ratio improved from 1.01 times as on March 31, 2012 to 0.75 times as on March 31, 2013 on account of infusion of share application money worth Rs.2.54 crores. The company's interest coverage ratio has marginally declined from 3.00 times in FY2011-12 (refers to financial year, April 01 to March 31) to 2.36 times in FY2012-13 on account of increase in interest cost. Further, the company's DSCR is moderate at 2.72 times for FY2011-12.

Digi Export registered revenues of Rs.4.05 crores in FY2011-12 as compared with revenues of Rs.0.34 crores in FY2010-11. The company's revenues further increased to Rs.32.68 crores in FY2012-13 (as per provisional financial statements) on account of increase in orders received from customers. The company exports 98 per cent of its products to UAE, Iraq, Iran, Kenya, Bangladesh, Sri Lanka and Mauritius.

Digi Export's overall operations are managed by Mr. Amarjit Singh Kalra, who has more than 25 years of experience in the company's line of business. Digi Export has a technically qualified and experienced second line of management. SMERA believes the that company's ability to maintain the growth spurt without compromising on the debt protection and profitability metrics will be a key rating sensitivity.

About the company

Digi Export was incorporated in 2010 by Mr Amarjit Singh Kalra. The company is mainly engaged in manufacturing and assembling of public address systems including column speakers, ceiling and wall speakers, PA amplifiers and PA unit horn combinations. Digi Export sources most of its raw material domestically while it exports 98 per cent of its total production to customers based in UAE, Iraq, Iran, Kenya, Bangladesh, Sri Lanka and Mauritius.

In FY2011-12, Digi Export reported profit after tax of Rs.0.03 crores on net sales of Rs.4.05 crores as compared with profit after tax of Rs.0.36 crores on net sales of Rs.32.68 crores in FY 2012-13. The company's net worth stood at Rs.6.99 crores as on March 31, 2013.

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