



SMERA RATINGS LIMITED

# Digi Export Venture Private Limited

## (Digi Export)

*Rating  
Rationale*

**November 25, 2014**

Facilities	Amount (Rs. Crore)	Rating
Packing Credit	4.00	SMERA A4+ (upgraded from SMERA A4)
Foreign Bills Purchase/Discounting Limit	7.00	SMERA A4+ (upgraded from SMERA A4)

SMERA has upgraded the short-term rating on the Rs.11.00 crore bank facilities of Digi Export Venture Private Limited (Digi Export) to **'SMERA A4+' (read as SMERA A four plus)** from **'SMERA A4' (read as SMERA A four)**. The upgrade is in view of the healthy revenue growth registered by the company. The upgrade also reflects improvement in the company's liquidity position. The rating continues to draw comfort from the company's experienced management. However, the rating remains constrained by the company's limited track record of operations and low profit margins. The rating is also constrained by the susceptibility of the company's profit margins to volatility in raw material prices.

### Update

Digi Export's operating income has increased from Rs.32.56 crore in FY2012-13 (refers to financial year, April 01 to March 31) to Rs.44.51 crore in FY2013-14. The company reported net profit of Rs.0.35 crore in FY2013-14, as compared with net profit of Rs.0.23 crore in the previous year. Digi Export faces intense competition from several players in the electronics industry. The company's net profit margin is low at 0.78 per cent in FY2013-14. Digi Export's profit margins are susceptible to volatility in raw material prices. The company's inventory holding period increased from 27 days in FY2012-13 to 68 days in FY2013-14.

Digi Export continues to benefit from its experienced management. Mr. Amarjit Singh Kalra, director of Digi Export, has around four decades of experience in the electronics industry. The company also benefits from its established relations with customers.

Digi Export's gearing (adjusted debt-equity ratio; after considering bills discounting as a part of debt) stood at 0.89 times as on March 31, 2014. The company's interest coverage ratio is moderate at 1.89 times in FY2013-14.

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### About the company

Digi Export, incorporated in 2010, is a Delhi-based company promoted and managed by Mr. Amarjit Singh Kalra. Digi Export is mainly engaged in assembling and manufacturing of public address systems such as column speakers, ceiling and wall speakers, PA amplifiers and PA unit horn combinations.

For FY2013–14, Digi Export reported profit after tax (PAT) of Rs.0.35 crore on operating income of Rs.44.51 crore, as compared with PAT of Rs.0.23 crore on operating income of Rs.32.56 crore in FY2012–13. The company's net worth stood at Rs.11.86 crore as on March 31, 2014, as compared with Rs.6.88 crore a year earlier.

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