

Digjam Limited

July 18, 2017

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	40.50	CARE D (Single D)	Revised from CARE B+ (Single B Plus)
Short-term Bank Facilities	54.00	CARE D (Single D)	Revised from CARE A4 (A Four)
Total	94.50 (Rupees Ninety Four crore and Fifty lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The revision in ratings assigned to the bank facilities of Digjam Limited (Digjam) take into account recent delays in debt servicing owing to stressed liquidity on account of cash losses during FY17 (refers to the period April 01 to March 31).

Detailed description of the key rating drivers

Key Rating Weaknesses

Delay in servicing of debt obligation: Digjam has delayed in servicing of its debt obligation owing to cash loss reported by the company during last three years resulting in deterioration in its liquidity and debt serving capabilities.

Analytical approach: Standalone

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)
[CARE's Policy on Default Recognition](#)
[CARE's methodology for Short-term instruments](#)
[CARE's methodology for manufacturing companies](#)
[Financial ratios – Non-financial sector](#)

About the Company

Originally incorporated in 1948 as Digvijay Woollen Mills Ltd, Digjam is promoted by the S K Birla Group. Mr Sidharth Birla, son of Mr S K Birla, is the Chairman of the company. On March 17, 2015 Digjam (amalgamating company) amalgamated with its wholly owned subsidiary Digjam Textiles Ltd. (amalgamated company) and with effect from March 23, 2016 name of the company has been changed from Digjam Textile Ltd. to Digjam Ltd., upon completion of all the requisite formalities. Digjam is primarily engaged in manufacturing worsted fabrics at its sole manufacturing facility at Jamnagar, Gujarat.

Brief Financials (Rs. crore)	FY16 (9M*,A)	FY17 (A)
Total operating income	95.77	100.36
PBILDT	0.81	(5.36)
PAT	(9.86)	(21.96)
Overall gearing (times)	0.52	0.84
Interest coverage (times)	0.09	NM

A: Audited, NM: Not meaningful, *: Refers to the period June 06 to March 31.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	NA	NA	NA	27.50	CARE D
Non-fund-based - ST-Bank Guarantees	NA	NA	NA	1.50	CARE D
Non-fund-based - ST-Letter of credit	NA	NA	NA	34.50	CARE D
Fund-based - ST-EPC/PSC	NA	NA	NA	18.00	CARE D
Fund-based - LT-Cash Credit	NA	NA	NA	0.50	CARE D
Term Loan-Long Term	NA	NA	March, 2019	12.50	CARE D

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Term Loan-Long Term	LT	-	-	-	-	1)Withdrawn (03-Sep-15)	1)CARE B (25-Jun-14)
2.	Fund-based - LT-Cash Credit	LT	27.50	CARE D	-	1)CARE B+ (04-Aug-16)	1)CARE B (03-Sep-15)	1)CARE B (25-Jun-14)
3.	Non-fund-based - ST-Bank Guarantees	ST	1.50	CARE D	-	1)CARE A4 (04-Aug-16)	1)CARE A4 (03-Sep-15)	1)CARE A4 (25-Jun-14)
4.	Non-fund-based - ST-Letter of credit	ST	34.50	CARE D	-	1)CARE A4 (04-Aug-16)	1)CARE A4 (03-Sep-15)	1)CARE A4 (25-Jun-14)
5.	Fund-based - ST-EPC/PSC	ST	18.00	CARE D	-	1)CARE A4 (04-Aug-16)	1)CARE A4 (03-Sep-15)	1)CARE A4 (25-Jun-14)
6.	Fund-based - LT-Cash Credit	LT	0.50	CARE D	-	1)CARE B+ (04-Aug-16)	1)CARE A4 (03-Sep-15)	1)CARE A4 (25-Jun-14)
7.	Term Loan-Long Term	LT	12.50	CARE D	-	1)CARE B+ (04-Aug-16)	-	-

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