

Digjam Limited

August 31, 2018

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long-term Bank Facilities	40.50	CARE D (Single D)	Reaffirmed
Short-term Bank Facilities	54.00	CARE D (Single D)	Reaffirmed
Total	94.50 (Rupees Ninety Four crore and Fifty lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Digjam Limited (Digjam) take into account delays in debt servicing owing to stressed liquidity and cash losses during FY18 (refers to the period April 01 to March 31).

Detailed description of the key rating drivers

Key Rating Weaknesses

Ongoing delay in servicing of debt obligations: Due to stressed liquidity position and cash losses, Digjam has delayed in servicing its term loan principal and interest along with over utilisation in its fund-based working capital facilities. The account has been classified as NPA.

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. Digjam is primarily engaged in manufacturing worsted fabrics at its sole manufacturing facility at Jamnagar, Gujarat. It had an installed capacity to manufacture 5.50 million meters of worsted fabric as on March 31, 2018.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	100.73	60.46
PBILDT	(4.26)	(16.16)
PAT	(21.60)	(32.90)
Overall gearing (times)	0.89	1.29
Interest coverage (times)	NM	NM

A: Audited, NM: Not meaningful

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

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.

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

Analyst Contact

Name: Mr Ujjwal Patel

Tel: 079-40265649

Mobile: +91-8511193123

Email: ujjwal.patel@careratings.com

****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	-	-	-	27.50	CARE D
Non-fund-based - ST-Bank Guarantees	-	-	-	1.50	CARE D
Non-fund-based - ST-Letter of credit	-	-	-	34.50	CARE D
Fund-based - ST-EPC/PSC	-	-	-	18.00	CARE D
Fund-based - LT-Cash Credit	-	-	-	0.50	CARE D
Term Loan-Long Term	-	-	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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Term Loan-Long Term	LT	-	-	-	-	-	1)Withdrawn (03-Sep-15)
2.	Fund-based - LT-Cash Credit	LT	27.50	CARE D	-	1)CARE D (18-Jul-17)	1)CARE B+ (04-Aug-16)	1)CARE B (03-Sep-15)
3.	Non-fund-based - ST-Bank Guarantees	ST	1.50	CARE D	-	1)CARE D (18-Jul-17)	1)CARE A4 (04-Aug-16)	1)CARE A4 (03-Sep-15)
4.	Non-fund-based - ST-Letter of credit	ST	34.50	CARE D	-	1)CARE D (18-Jul-17)	1)CARE A4 (04-Aug-16)	1)CARE A4 (03-Sep-15)
5.	Fund-based - ST-EPC/PSC	ST	18.00	CARE D	-	1)CARE D (18-Jul-17)	1)CARE A4 (04-Aug-16)	1)CARE A4 (03-Sep-15)
6.	Fund-based - LT-Cash Credit	LT	0.50	CARE D	-	1)CARE D (18-Jul-17)	1)CARE B+ (04-Aug-16)	1)CARE A4 (03-Sep-15)
7.	Term Loan-Long Term	LT	12.50	CARE D	-	1)CARE D (18-Jul-17)	1)CARE B+ (04-Aug-16)	-

CONTACT**Head Office Mumbai****Ms. Meenal Sikchi**

Cell: + 91 98190 09839

E-mail: meenal.sikchi@careratings.com**Ms. Rashmi Narvankar**

Cell: + 91 99675 70636

E-mail: rashmi.narvankar@careratings.com**Mr. Ankur Sachdeva**

Cell: + 91 98196 98985

E-mail: ankur.sachdeva@careratings.com**Mr. Saikat Roy**

Cell: + 91 98209 98779

E-mail: saikat.roy@careratings.com**CARE Ratings Limited**

(Formerly known as Credit Analysis & Research Ltd.)

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com**AHMEDABAD****Mr. Deepak Prajapati**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-9099028864

Tel: +91-79-4026 5656

E-mail: deepak.prajapati@careratings.com**BENGALURU****Mr. V Pradeep Kumar**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91 98407 54521

Tel: +91-80-4115 0445, 4165 4529

Email: pradeep.kumar@careratings.com**CHANDIGARH****Mr. Anand Jha**SCF No. 54-55,
First Floor, Phase 11,
Sector 65, Mohali - 160062

Chandigarh

Cell: +91 85111-53511/99251-42264

Tel: +91- 0172-490-4000/01

Email: anand.jha@careratings.com**CHENNAI****Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com**COIMBATORE****Mr. V Pradeep Kumar**

T-3, 3rd Floor, Manchester Square

Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com**HYDERABAD****Mr. Ramesh Bob**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

E-mail: ramesh.bob@careratings.com**JAIPUR****Mr. Nikhil Soni**304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: nikhil.soni@careratings.com**KOLKATA****Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com**NEW DELHI****Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com**PUNE****Mr. Pratim Banerjee**

9th Floor, Pride Kumar Senate,

Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: pratim.banerjee@careratings.com

CIN - L67190MH1993PLC071691