



December 3, 2020

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400 001.

The National Stock Exchange of India Limited

“Exchange Plaza”
Plot no. C/1, G Block,
Bandra- Kurla Complex,
Bandra (E),
Mumbai-400 051.

Sub: Intimation of Credit Rating.

Ref: Disclosure under Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015, as amended from time to time.

Dear Sirs,

Pursuant to Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, we wish to inform you that the Company has received intimation from ‘CRISIL’ vide their email dated December 3, 2020 in reference to rating rationale released by them on November 30, 2020. The scan copy of the said rationale is attached.

Credit rating assigned to the Company has been ‘**Reaffirmed**’ by the Credit Rating Agency i.e. CRISIL w.e.f. November 30, 2020 i.e. **CRISIL D** for **Short Term and Long Term**. The said rating is valid till March 31, 2021.

This is for your information and records.

Yours truly,
For DCM Limited

A handwritten signature in blue ink, appearing to read 'Prasad', with a horizontal line underneath.

Vimal Prasad Gupta
Company Secretary & Compliance Officer
FCS 6380

Encl: a/a

Registered office:

Unit Nos. 2050 to 2052, 2nd Floor, Plaza - II, Central Square, 20, Manohar Lal Khurana
Marg, Bara Hindu Rao, Delhi - 110006.

Phone: (011) 41539170

CIN: L74899DL1889PLC000004, Website: www.dcm.in, Email Id: investors@dcm.in

Rating Rationale

November 30, 2020 | Mumbai

DCM Limited

Ratings Reaffirmed

Rating Action

Total Bank Loan Facilities Rated	Rs.82.39 Crore (Reduced from Rs.375.88 Crore)
Long Term Rating	CRISIL D (Reaffirmed)
Short Term Rating	CRISIL D (Reaffirmed)

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has reaffirmed its 'CRISIL D/CRISIL D' ratings on the bank facilities of DCM Limited (DCM) and subsequently withdrawn the rating on the bank facilities of Rs. 293.49 crore at the company's request. The withdrawal is in line with CRISIL's policy on withdrawal of bank loan ratings.

The ratings continue to reflect DCM's delay in debt servicing because of weak liquidity. The company has a modest financial risk profile and is susceptible to volatility in offtake from the automotive (auto) sector. These weaknesses are partially offset by the extensive experience of the promoters in the capital goods industry.

Key Rating Drivers & Detailed Description*** Delays in debt repayment**

On account of insufficient net cash accrual generated by the company, resulted in delays in meeting the interest and principal obligation on its term loan.

Weaknesses:

* **Modest financial risk profile:** The financial risk profile is constrained by modest adjusted networth of Rs 13.87 crore and high total outside liabilities to adjusted networth ratio of 8.34 times as on March 31, 2020. Financial risk profile will remain modest over the medium term.

* **Vulnerability to fluctuations in demand from the auto sector:** Susceptibility to fluctuations to demand from the auto sector continue to constrain the operating margin. The margin fluctuated between 2.3% and 7.2% in the five fiscals through March 2019 (business and financial risk profiles of DCM and DCM Engineering Ltd [DCME] combined for fiscals before 2016) and was negative in fiscal 2020.

Strength:

* **Extensive experience of the promoters:** The present management comprises the fourth generation of the promoter family in the business. Over the years, the company has diversified into real estate, engineering, and information technology segments, and forged healthy relationships with customers and suppliers.

Liquidity Poor

Liquidity is stretched, leading to delay in debt repayment.

Rating Sensitivity factors**Upward factors**

- * Improvement in operating income by over 10%, and margin by 300 basis points
- * Sufficient cash accrual against the maturing debt
- * Track record of three months for timely repayment of debt obligations

About the Company

Set up by the late Mr Lala Shriram in 1889, DCM (formerly, Delhi Cloth and General Mills Company Ltd) is headed by Dr Vinay Bharat Ram. It is listed on the Bombay Stock Exchange and the National Stock Exchange. It expanded and diversified its activities into a number of manufacturing activities such as Textiles, Engineering products and Information Technology. DCM also has presence in real estate.

The engineering products division was set up in 1974 in Ropar, Punjab, as a division of DCM. It was hived off into DCME in 2004, following the restructuring of DCM's debt. DCME was merged with DCM in fiscal 2016. The engineering division is one of India's large independent manufacturers of grey iron castings, supplied to auto players (cars, multi-utility vehicles, tractors, light commercial vehicles, heavy commercial vehicles, and earth-moving equipment). DCM also specialises in cylinder heads, cylinder blocks, and housing.

In IT division it provide services such as system administration, storage management, backup recovery, disaster management, and databases in the infrastructure service segment.

In May 2019 the textile division got demerge into DCM Nouvelle Limited effective from April 01, 2019 and IT business transferred to wholly owned subsidiary DCM Infotech Limited in September 2019.

Key Financial Indicators

As on / for the period ended March 31	2020	2019
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All amounts are in Rs.Cr.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Bill Discounting	15	CRISIL D	Bill Discounting	15	CRISIL D
Cash Credit	48	CRISIL D	Cash Credit	190	CRISIL D
Cash Credit	142	Withdrawn	Letter of credit & Bank Guarantee	13.25	CRISIL D
Letter of credit & Bank Guarantee	4.5	CRISIL D	Long Term Loan	100.51	CRISIL D
Letter of credit & Bank Guarantee	8.75	Withdrawn	Overdraft	9	CRISIL D
Long Term Loan	5.89	CRISIL D	Proposed Long Term Bank Loan Facility	48.12	CRISIL D
Overdraft	9	CRISIL D	--	0	--
Long Term Loan	81.16	Withdrawn	--	0	--
Proposed Long Term Bank Loan Facility	61.58	Withdrawn	--	0	--
Total	375.88	--	Total	375.88	--

Links to related criteria[CRISILs Approach to Financial Ratios](#)[CRISILs Bank Loan Ratings - process, scale and default recognition](#)[Rating criteria for manufacturing and service sector companies](#)[CRISILs Approach to Recognising Default](#)[CRISILs Criteria for rating short term debt](#)**For further information contact:**

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