

Dharani Sugars and Chemicals Limited

May 04, 2022

Ratings

Facilities/ Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	573.71	CARE D; ISSUER NOT COOPERATING* (SINGLE D; ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short term Bank Facilities	27.11	CARE D; ISSUER NOT COOPERATING* (SINGLE D; ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Facilities	600.82 (Rs. Six Hundred Crore and Eighty-Two Lakhs only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. had, vide its press release dated February 18, 2020, placed the rating(s) of Dharani Sugars and Chemicals Limited (DSCL) under the 'issuer non-cooperating' category as DSCL had failed to provide information for monitoring of the rating. DSCL continues to be non-cooperative despite repeated requests for submission of information through e-mails dated March 24, 2022, March 29, 2022, and April 08, 2022. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders, and the public at large) are hence requested to exercise caution while using the above rating(s).

The rating takes into consideration of the Corporate Insolvency Resolution Process (CIRP) initiated and the defaults to the tune of Rs.540 Cr towards its lenders as disclosed by the company to BSE vide publication dated April 06, 2022.

Detailed description of the key rating drivers

At the time of previous rating done on April 23, 2021, the following were the rating weaknesses:

Key Rating Weaknesses

Continuation of losses resulting in strained liquidity position and delays in debt servicing

The company has been reporting losses in the last few years and in FY21, it has reported a net loss of Rs.38 Cr resulting in a strained liquidity position and delays in debt servicing.

Cyclicality of Sugar Business

Cyclical nature of sugar industry results in significant impact on operating performance of sugar companies, thereby affecting their debt servicing ability. Only companies which have adequate diversification are insulated from downtrends of the industry.

Liquidity: Poor

Poor liquidity marked by delays in debt servicing and referral to the corporate insolvency resolution process.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Sugar](#)

About the Company

Dharani Sugars and Chemicals Limited (DSCL), part of the PGP group of companies based in Tamil Nadu was established in the year 1987 by Dr Palani G Periyasamy and his NRI Associates. The company is engaged in the manufacture of sugar, industrial alcohol, and co-generation of power. DSCL has three sugar mills located across Tamil Nadu. These units are in

¹Complete definitions of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications.

*Issuer did not cooperate; Based on best available information

Dharani Nagar (Tirunelveli Dist.), Sankarapuram (Villupuram Dist.) and Polur (Thiruvannamalai Dist). Aggregate capacity of the company as on March 31, 2018, was 10,000 tonnes of cane crushed per day (TCD), 160 Kilo Liter per day (KLPD) Distillery and 37 MW co-generation plant.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9MFY22 (UA)
Total operating income	110	36	40
PBILDT	(42)	(13)	(12)
PAT	(30)	(38)	(33)
Overall gearing (times)	NM	NM	NM
Interest coverage (times)	NM	NM	NM

A: Audited; UA: Un 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

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	244.25	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	7.11	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	-	316.53	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - LT-Bank Guarantee		-	-	-	12.93	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit		-	-	-	20.00	CARE D; ISSUER NOT COOPERATING*

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 2022-2023	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT*	244.25	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (23-Apr-21)	-	1)CARE D; ISSUER NOT COOPERATING* (18-Feb-20) 2)CARE D (04-Apr-19)
2	Non-fund-based - ST-Bank Guarantee	ST**	7.11	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (23-Apr-21)	-	1)CARE D; ISSUER NOT COOPERATING* (18-Feb-20) 2)CARE D (04-Apr-19)
3	Fund-based - LT-Term Loan	LT	316.53	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (23-Apr-21)	-	1)CARE D; ISSUER NOT COOPERATING* (18-Feb-20) 2)CARE D (04-Apr-19)
4	Non-fund-based - LT-Bank Guarantee	LT	12.93	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (23-Apr-21)	-	1)CARE D; ISSUER NOT COOPERATING* (18-Feb-20) 2)CARE D (04-Apr-19)
5	Non-fund-based - ST-Letter of credit	ST	20.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (23-Apr-21)	-	1)CARE D; ISSUER NOT COOPERATING* (18-Feb-20) 2)CARE D (04-Apr-19)

* Long Term **Short Term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities – Not applicable**Annexure 4: Complexity level of various instruments rated for this company**

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT-Bank Guarantee	Simple
4	Non-fund-based - ST-Bank Guarantee	Simple
5	Non-fund-based - ST-Letter of credit	Simple

Annexure 5: Bank Lender Details for this CompanyTo view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About CARE Ratings Limited:

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