

Dharani Sugars and Chemicals Limited

May 15, 2023

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|----------------------------|---------------------|------------------------------------|--|
| Long Term Bank Facilities | 573.71 | CARE D; ISSUER NOT COOPERATING* | Rating continues to remain under ISSUER NOT COOPERATING category |
| Short Term Bank Facilities | 27.11 | CARE D; ISSUER NOT COOPERATING* | Rating continues to remain under ISSUER NOT COOPERATING category |

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and 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 20, 2023, March 30, 2023, and April 03, 2023. 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 initiated and the defaults towards its lenders as disclosed by the company to BSE.

Analytical approach: Standalone

Key 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 FY22, it has reported a net loss of Rs.40 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 is marked by delays in debt servicing and referral of the company to the corporate insolvency resolution process.

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](#)

[Manufacturing Companies](#)

[Sugar](#)

[Policy on Withdrawal of Ratings](#)

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

About the company and industry

Industry classification

| Macro Economic Indicator | Sector | Industry | Basic Industry |
|----------------------------|----------------------------|------------------------------------|----------------|
| Fast Moving Consumer Goods | Fast Moving Consumer Goods | Agricultural Food & other Products | Sugar |

Dharani Sugars and Chemicals Limited, 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 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 (₹ crore) | March 31, 2021 (A) | March 31, 2022 (A) | December 31, 2022 (UA) |
|----------------------------|--------------------|--------------------|------------------------|
| Total operating income | 36.32 | 39.67 | 0.11 |
| PBILDT | -13.09 | -17.81 | -7.25 |
| PAT | -38.02 | -40.20 | -23.95 |
| Overall gearing (times) | -4.23 | -3.21 | NA |
| Interest coverage (times) | -6.17 | -864.53 | NM |

A: Audited UA: Unaudited; NA: Not available; NM: Not meaningful; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

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: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

| Name of the Instrument | ISIN | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned along with Rating Outlook |
|--------------------------------------|------|-------------------------------|-----------------|----------------------------|-----------------------------|---|
| Fund-based - LT-Cash Credit | | - | - | - | 244.25 | CARE D; ISSUER NOT COOPERATING* |
| Fund-based - LT-Term Loan | | - | - | 30-06-2024 | 316.53 | CARE D; ISSUER NOT COOPERATING* |
| Non-fund-based - LT-Bank Guarantee | | - | - | - | 12.93 | CARE D; ISSUER NOT COOPERATING* |
| Non-fund-based - ST-Bank Guarantee | | - | - | - | 7.11 | CARE D; ISSUER NOT COOPERATING* |
| Non-fund-based - ST-Letter of credit | | - | - | - | 20.00 | CARE D; ISSUER NOT COOPERATING* |

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for the last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating History | | | |
|---------|--|-----------------|------------------------------|------------------------------------|---|---|---|---|
| | | Type | Amount Outstanding (₹ crore) | Rating | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 | Date(s) and Rating(s) assigned in 2021-2022 | Date(s) and Rating(s) assigned in 2020-2021 |
| 1 | Fund-based - LT-Cash Credit | LT* | 244.25 | CARE D; ISSUER NOT COOPERATING* | - | 1)CARE D; ISSUER NOT COOPERATING* (04-May-22) | 1)CARE D; ISSUER NOT COOPERATING* (23-Apr-21) | - |
| 2 | Non-fund-based - ST-Bank Guarantee | ST** | 7.11 | CARE D; ISSUER NOT COOPERATING* | - | 1)CARE D; ISSUER NOT COOPERATING* (04-May-22) | 1)CARE D; ISSUER NOT COOPERATING* (23-Apr-21) | - |
| 3 | Fund-based - LT-Term Loan | LT | 316.53 | CARE D; ISSUER NOT COOPERATING* | - | 1)CARE D; ISSUER NOT COOPERATING* (04-May-22) | 1)CARE D; ISSUER NOT COOPERATING* (23-Apr-21) | - |
| 4 | Non-fund-based - LT-Bank Guarantee | LT | 12.93 | CARE D; ISSUER NOT COOPERATING* | - | 1)CARE D; ISSUER NOT COOPERATING* (04-May-22) | 1)CARE D; ISSUER NOT COOPERATING* (23-Apr-21) | - |

| | | | | | | | | |
|---|--------------------------------------|----|-------|---|---|--|--|---|
| 5 | Non-fund-based - ST-Letter of credit | ST | 20.00 | CARE D; ISSUER NOT COOPERATING * | - | 1)CARE D; ISSUER NOT COOPERATING * (04-May-22) | 1)CARE D; ISSUER NOT COOPERATING * (23-Apr-21) | - |
|---|--------------------------------------|----|-------|---|---|--|--|---|

*Issuer did not cooperate; based on best available information.

*Long term **Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not applicable

Annexure-4: Complexity level of the various instruments rated

| Sr. No. | Name of the 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: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings 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.

Contact us

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About us:

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