



Press Release
Danalakshmi Paper Mills Private Limited
October 01, 2024
Rating Downgraded, Reaffirmed and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	24.00	ACUITE B Downgraded Issuer not co-operating*	-
Bank Loan Ratings	15.00	-	ACUITE A4 Reaffirmed Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	39.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

* The issuer did not co-operate; based on best available information.

Rating Rationale

Acuite has downgraded its long-term rating to ‘**ACUITE B**’ (read as **ACUITE Bf**) from ‘**ACUITE B+**’ (read as **ACUITE B Plus**) and reaffirmed its short-term rating at **ACUITE A4** (read as **ACUITE A Four**) on the Rs. 39.00 crore bank facilities of Danalakshmi Paper Mills Private Limited (DPMPL). The rating is now flagged as “Issuer Not-Cooperating” on account of information risk and is based on the best available information.

Acuite had sent repeated reminders to the company for sharing critical information and documents for surveillance of the ratings. But despite multiple requests, the company has remained non-cooperative in providing any information. The rating downgrade is on account of information risk.

About the Company

Danalakshmi Paper Mills Private Limited (DPMPL) is a Coimbatore-based company incorporated in the year 1980, which has established an integrated waste paper based paper mill along with a coal based independent power generation plant of 5.5 Megawatt (MW) at Vilampatti, Nilakkottai Taluk, Dindigul District, Tamil Nadu. DPMPL was erstwhile founded and promoted by Mr. Ramaswamy and taken over by new management in FY2020.

Unsupported Rating

Not Applicable

Non-cooperation by the issuer/borrower

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date. Acuite believes that information risk is a critical component in such ratings, and noncooperation by the issuer along with

unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is therefore being flagged as “Issuer not cooperating”, in line with prevailing SEBI regulations and Acuité’s policies.

Limitation regarding information availability

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuité endeavoured to gather information about the entity/industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Rating Sensitivities

No information provided by the issuer / available for Acuite to comment upon

Liquidity Position

No information provided by the issuer / available for Acuite to comment upon

Outlook

Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	50.56	47.83
PAT	Rs. Cr.	(10.29)	(16.23)
PAT Margin	(%)	(20.35)	(33.93)
Total Debt/Tangible Net Worth	Times	(5.89)	(48.53)
PBDIT/Interest	Times	(0.15)	(1.84)

Status of non-cooperation with previous CRA

Not Applicable

Any other information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
11 Jul 2023	PC/PCFC	Short Term	3.00	ACUITE A4 (Downgraded from ACUITE A4+)
	Bills Discounting	Short Term	3.00	ACUITE A4 (Downgraded from ACUITE A4+)
	Letter of Credit	Short Term	9.00	ACUITE A4 (Downgraded from ACUITE A4+)
	Cash Credit	Long Term	9.00	ACUITE B+ Stable (Downgraded from ACUITE BB- Stable)
	Term Loan	Long Term	15.00	ACUITE B+ Stable (Downgraded from ACUITE BB- Stable)
25 Apr 2022	PC/PCFC	Short Term	3.00	ACUITE A4+ (Reaffirmed)
	Bills Discounting	Short Term	3.00	ACUITE A4+ (Reaffirmed)
	Letter of Credit	Short Term	9.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	9.00	ACUITE BB- Stable (Reaffirmed)
	Term Loan	Long Term	15.00	ACUITE BB- Stable (Reaffirmed)
07 Jan 2021	Cash Credit	Long Term	9.00	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	15.00	ACUITE BB- Stable (Assigned)
	Bills Discounting	Short Term	3.00	ACUITE A4+ (Assigned)
	Letter of Credit	Short Term	9.00	ACUITE A4+ (Assigned)
	PC/PCFC	Short Term	3.00	ACUITE A4+ (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Indian Bank	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE A4 Reaffirmed Issuer not co-operating*
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.00	Simple	ACUITE B Downgraded Issuer not co-operating* (from ACUITE B+)
Indian Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.00	Simple	ACUITE A4 Reaffirmed Issuer not co-operating*
Indian Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE A4 Reaffirmed Issuer not co-operating*
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE B Downgraded Issuer not co-operating* (from ACUITE B+)

* The issuer did not co-operate; based on best available information.

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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