



Press Release

Vasundhara Cotton Mills Private Limited

September 15, 2023

Rating Reaffirmed and Issuer not co-operating

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|---------------------------------------|---------------------|---|----------------------|
| Bank Loan Ratings | 24.11 | ACUITE BB- Reaffirmed Issuer not co-operating* | - |
| Total Outstanding Quantum (Rs. Cr) | 24.11 | - | - |

Rating Rationale

Acuite has reaffirmed the long term rating to '**ACUITE BB-**' (read as **ACUITE double B minus**) on the Rs. 24.11 crore bank facilities of Vasundhara Cotton Mills Private Limited (VCMPL). The rating continues to be flagged as "Issuer Not Cooperating" and is based on the best available information.

About the Company

Vasundhara Cotton Mills Private Limited (VCMPL), an Andhra Pradesh-based company was incorporated in 2005 and commenced commercial operations in 2007 is promoted by Mr. Koteswara Rao Guntupalli, Mr. Ravisankar Guntupalli, Mr. Subhash Guntupalli. The company is engaged in the manufacturing and trading of cotton yarn and allied products at Guntur and has capacity of 18000 spindles per annum. The company manufactures yarn in the count range of 30-60s.

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 Acuite'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). Acuite endeavored to gather information about the entity/industry from the public domain. Therefore, Acuite cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

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

All Covenants

Not Applicable

Liquidity Position

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

Outlook

Not Applicable

Other Factors affecting Rating

Not Applicable

Key Financials

| Particulars | Unit | FY 22 (Actual) | FY 21 (Actual) |
|-------------------------------|---------|----------------|----------------|
| Operating Income | Rs. Cr. | 65.79 | 54.46 |
| PAT | Rs. Cr. | 4.17 | 1.49 |
| PAT Margin | (%) | 6.34 | 2.74 |
| Total Debt/Tangible Net Worth | Times | 0.73 | 0.85 |
| PBDIT/Interest | Times | 7.36 | 3.14 |

Status of non-cooperation with previous CRA

None

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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. Acuite' 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 |
|-------------|--------------------------------|-----------|-----------------|--|
| 21 Jun 2022 | Cash Credit | Long Term | 13.00 | ACUITE BB- (Issuer not co-operating*) |
| | Proposed Long Term Loan | Long Term | 0.41 | ACUITE BB- (Issuer not co-operating*) |
| | Term Loan | Long Term | 8.75 | ACUITE BB- (Issuer not co-operating*) |
| | Standby Line of Credit | Long Term | 1.95 | ACUITE BB- (Issuer not co-operating*) |
| 23 Mar 2021 | Term Loan | Long Term | 8.75 | ACUITE BB- (Downgraded and Issuer not co-operating*) |
| | Standby Line of Credit | Long Term | 1.95 | ACUITE BB- (Downgraded and Issuer not co-operating*) |
| | Cash Credit | Long Term | 13.00 | ACUITE BB- (Downgraded and Issuer not co-operating*) |
| | Proposed Bank Facility | Long Term | 0.41 | ACUITE BB- (Downgraded and Issuer not co-operating*) |

Annexure - Details of instruments rated

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Complexity Level | Quantum (Rs. Cr.) | Rating |
|---------------------|----------------|----------------------------------|------------------|----------------|----------------|------------------|-------------------|--|
| State Bank of India | Not Applicable | Cash Credit | Not Applicable | Not Applicable | Not Applicable | Simple | 13.00 | ACUITE BB- Reaffirmed Issuer not co-operating* |
| Not Applicable | Not Applicable | Proposed Long Term Bank Facility | Not Applicable | Not Applicable | Not Applicable | Simple | 0.41 | ACUITE BB- Reaffirmed Issuer not co-operating* |
| State Bank of India | Not Applicable | Stand By Line of Credit | Not Applicable | Not Applicable | Not Applicable | Simple | 1.95 | ACUITE BB- Reaffirmed Issuer not co-operating* |
| State Bank of India | Not Applicable | Term Loan | Not available | Not available | Not available | Simple | 8.75 | ACUITE BB- Reaffirmed Issuer not co-operating* |

Contacts

| Analytical | Rating Desk |
|---|--|
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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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