



Press Release

Kakatiya Cotton Industries

October 15, 2018

Rating Update

Total Bank Facilities Rated	Rs. 8.30 Cr. #
Long Term Rating	ACUITE D Issuer not co-operating*

Refer Annexure for details

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

Rating Rationale

Acuité has downgraded the long term rating to '**ACUITE D**' (read as **ACUITE D**) from '**ACUITE B+**' (read as **ACUITE B plus**) to the Rs.8.30 crore bank facilities of Kakatiya Cotton Industries (KCI). This rating is now an indicative rating and is based on best available information.

The rating downgrade reflects delays in servicing of debt obligations during the last three months.

Non-cooperation by the issuer/borrower

Acuité 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 due date.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

Applicable criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

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 endeavored 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.

About the Rated Entity

KCI, established in May 2016, is a Warangal based partnership concern promoted by Mr. Kiran Kr. Thota, Mr. Sravan Kr. Thota, Mrs. Latha Thota and Mrs. Swetha Thota. However, the operation of the firm was commenced from March, 2017. The firm is engaged in the ginning and pressing of cotton bales with an installed capacity of 1.62 lakhs quintal of cotton per annum. The production plant is located at a strategic location which enables them to easily acquire the raw materials.

For FY2017(Provisional), KCI reported Profit after Tax (PAT) of Rs.0.03 crore on total operating income of Rs.6.50 crore.

Status of non-cooperation with previous CRA (if applicable):

None

Any other information

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
17-Aug-2017	Cash Credit	Long Term	4.00	ACUITE B+/Stable (Assigned)
	Term Loan	Long Term	4.30	ACUITE B+/Stable (Assigned)

#Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE D* (Downgraded from ACUITE B+)
Term Loan	Not Applicable	Not Applicable	Not Applicable	4.30	ACUITE D* (Downgraded from ACUITE B+)

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

Contacts

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About Acuite Ratings & Research:

Acuite Ratings & Research Limited (*erstwhile SMERA Ratings Limited*) is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 6,000 credit 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 Mumbai.

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