

Press Release

Kallam Brothers Cottons Private Limited

January 20, 2021

Rating Update



Total Bank Facilities Rated*	Rs.91.15 Cr. #
Long Term Rating	ACUITE BB (Downgraded) Issuer not co-operating*
Short Term Rating	ACUITE A4+ Issuer not co-operating*

Refer Annexure for details

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

Rating Rationale

Acuite has downgraded the long-term rating to '**ACUITE BB**' (read as **ACUITE double B**) from '**ACUITE BB+**' (read as **ACUITE double B plus**) and reaffirmed the short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.91.15 crore bank facilities of Kallam Brothers Cottons Private Limited (KBCPL). The rating is flagged as "Issuer Not-Cooperating" on account of information risk.

Kallam Brothers Cottons Private Limited (KBCPL) is a Guntur based company started as partnership firm in the year 2001 and converted to 'Private Limited in the year 2003 by Mr. Nagi Reddy along with his family members. It is engaged in cotton ginning and manufacturing of yarn. The company's ginning and spinning division is located at Dhulipalla Village, Guntur. It has 24 gins and 33,840 spindles to produce yarn, count ranging from 16s to 40s. They have an operating wind mill with an installed power generation capacity of one mega-watt (MW), and the same is supplied to the electricity board. . Of the total revenues in FY2019, ginning division contributed around 38 percent, spinning division contributed 62 per cent and remaining is from power division.

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 due date.

Acuite believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.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). Acuite endeavoured 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.

Liquidity Indicators

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

Rating Sensitivity

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

About the Rated Entity - Key Financials

The rated entity has not shared the latest financial statements despite repeated requests.

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. Cr)	Ratings/Outlook
30-Oct-2019	Cash Credit	Long Term	30.00	ACUITE BB+/Stable (Downgraded)
	Term Loan	Long Term	17.36	ACUITE BB+/Stable (Downgraded)
	SLC	Long Term	6.00	ACUITE BB+/Stable (Downgraded)
	Cash Credit	Long Term	18.00	ACUITE BB+/Stable (Downgraded)
	Letter of Credit	Short Term	8.00	ACUITE A4+ (Downgraded)
	Letter of Credit	Short Term	4.00	ACUITE A4+ (Assigned)
	Proposed Bank Facility	Long Term	7.79	ACUITE BB+/Stable (Downgraded)
07-Aug-2018	Cash Credit	Long Term	30.00	ACUITE BBB-/Stable (Reaffirmed)
	Term Loan	Long Term	28.15	ACUITE BBB-/Stable (Reaffirmed)
	SLC	Long Term	6.00	ACUITE BBB-/Stable (Reaffirmed)
	Cash Credit	Long Term	18.00	ACUITE BBB-/Stable (Reaffirmed)
	Letter of Credit	Short Term	8.00	ACUITE A3 (Reaffirmed)
	Proposed Bank Facility	Long Term	1.00	ACUITE BBB-/Stable (Assigned)
18-Apr-2018	Cash Credit	Long Term	30.00	ACUITE BBB-/Stable (Assigned)
	Term Loan	Long Term	28.15	ACUITE BBB-/Stable (Assigned)
	SLC	Long Term	4.50	ACUITE BBB-/Stable (Assigned)

	Cash Credit	Long Term	18.00	ACUITE BBB-/Stable (Assigned)
	Letter of Credit	Short Term	2.00	ACUITE A3 (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	30.00	ACUITE BB (Downgraded) Issuer not Cooperating
Term Loan	Not Available	Not Available	Not Available	17.36	ACUITE BB (Downgraded) Issuer not Cooperating
SLC	Not Applicable	Not Applicable	Not Applicable	6.00	ACUITE BB (Downgraded) Issuer not Cooperating
Cash Credit	Not Applicable	Not Applicable	Not Applicable	18.00	ACUITE BB (Downgraded) Issuer not Cooperating
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	8.00	ACUITE A4+ Issuer not Cooperating
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE A4+ Issuer not Cooperating
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	7.79	ACUITE BB (Downgraded) Issuer not Cooperating

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

Contacts

Analytical	Rating Desk
<p>Aditya Gupta Vice President Tel: 022-49294041 aditya.gupta@acuited.in</p> <p>Nagidi Bhavani Analyst - Rating Operations Tel: 040-40042327 nagidi.bhavani@acuited.in</p>	<p>Varsha Bist Senior Manager - Rating Desk Tel: 022-49294011 rating.desk@acuited.in</p>

About Acuite Ratings & Research:

Acuite Ratings & Research 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 8,446 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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