



Press Release
KALLAM BROTHE
RS COTTONS PRIVATE LIMITED June 30, 2023
Rating Reaffirmed and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	85.15	ACUITE BB+ Reaffirmed Issuer not co-operating*	-
Bank Loan Ratings	12.00	-	ACUITE A4+ Reaffirmed Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	97.15	-	-

Rating Rationale

Acuite has reaffirmed the long term rating of '**ACUITE BB+ | Issuer not Co-operating**' (read as ACUITE Double B plus) and short term rating of '**ACUITE A4+ (Read as Acuite A Four Plus) | Issuer not Co-operating**' on the Rs. 97.15 Cr bank facilities of Kallam Brothers Cottons Private Limited (KBCPL). The rating continues to be flagged as Issuer Not Cooperating, and based on the best available information.

About the Company

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. The company is promoted by Mr. Nagi Reddy and his family. 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 1 megawatt (MW), and the same is supplied to the Telangana electricity board.

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 non-cooperation 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 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.

Rating Sensitivity

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

Material Covenants

Not Applicable

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 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	250.66	189.39
PAT	Rs. Cr.	6.72	2.17
PAT Margin	(%)	2.68	1.15
Total Debt/Tangible Net Worth	Times	2.04	2.26
PBDIT/Interest	Times	2.71	1.65

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
11 Apr 2022	Letter of Credit	Short Term	4.00	ACUITE A4+ (Issuer not co-operating*)
	Letter of Credit	Short Term	8.00	ACUITE A4+ (Issuer not co-operating*)
	Proposed Bank Facility	Long Term	1.32	ACUITE BB+ (Issuer not co-operating*)
	Cash Credit	Long Term	18.00	ACUITE BB+ (Issuer not co-operating*)
	Term Loan	Long Term	12.27	ACUITE BB+ (Issuer not co-operating*)
	Standby Line of Credit	Long Term	5.70	ACUITE BB+ (Issuer not co-operating*)
	Term Loan	Long Term	2.44	ACUITE BB+ (Issuer not co-operating*)
	Cash Credit	Long Term	30.00	ACUITE BB+ (Issuer not co-operating*)
	Term Loan	Long Term	2.68	ACUITE BB+ (Issuer not co-operating*)
	Term Loan	Long Term	10.25	ACUITE BB+ (Issuer not co-operating*)
	Term Loan	Long Term	2.49	ACUITE BB+ (Issuer not co-operating*)
15 Feb 2021	Term Loan	Long Term	2.49	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	2.68	ACUITE BB+ Stable (Assigned)
	Cash Credit	Long Term	30.00	ACUITE BB+ Stable (Upgraded from ACUITE BB)
	Term Loan	Long Term	2.44	ACUITE BB+ Stable (Assigned)
	Standby Line of Credit	Long Term	5.70	ACUITE BB+ Stable (Upgraded from ACUITE BB)
	Letter of Credit	Short Term	4.00	ACUITE A4+ (Reaffirmed)
	Term Loan	Long Term	12.27	ACUITE BB+ Stable (Upgraded from ACUITE BB)
	Letter of Credit	Short Term	8.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	18.00	ACUITE BB+ Stable (Upgraded from ACUITE BB)
	Term Loan	Long Term	10.25	ACUITE BB+ Stable (Assigned)
	Proposed Bank Facility	Long Term	1.32	ACUITE BB+ Stable (Upgraded from ACUITE BB)
20 Jan 2021	Cash Credit	Long Term	18.00	ACUITE BB (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	30.00	ACUITE BB (Downgraded and Issuer not co-operating*)
	Proposed Bank Facility	Long Term	7.79	ACUITE BB (Downgraded and Issuer not co-operating*)
	Letter of Credit	Short Term	4.00	ACUITE A4+ (Issuer not co-operating*)
		Short		

	Letter of Credit	Term	8.00	ACUITE A4+ (Issuer not co-operating*)
	Term Loan	Long Term	17.36	ACUITE BB (Downgraded and Issuer not co-operating*)
	Standby Line of Credit	Long Term	6.00	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
Axis Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	18.00	ACUITE BB+ Reaffirmed Issuer not co-operating*
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	30.00	ACUITE BB+ Reaffirmed Issuer not co-operating*
State Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	8.00	ACUITE A4+ Reaffirmed Issuer not co-operating*
Axis Bank	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	4.00	ACUITE A4+ Reaffirmed Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	1.32	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	5.70	ACUITE BB+ Reaffirmed Issuer not co-operating*
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	12.27	ACUITE BB+ Reaffirmed Issuer not co-operating*
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.49	ACUITE BB+ Reaffirmed Issuer not co-operating*
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	10.25	ACUITE BB+ Reaffirmed Issuer not co-

								operating*
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.44	ACUITE BB+ Reaffirmed Issuer not co-operating*
Axis Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.68	ACUITE BB+ Reaffirmed Issuer not co-operating*

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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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