



Press Release
KALLAM BROTHERS COTTONS PRIVATE LIMITED
May 07, 2025
Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	85.15	ACUITE C Downgraded Issuer not co-operating*	-
Bank Loan Ratings	12.00	-	ACUITE A4 Downgraded Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	97.15	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

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

Rating Rationale

Acuité has downgraded its long-term rating to 'ACUITE C' (read as ACUITE C) from 'ACUITE BB' (read as ACUITE Double B) and short-term rating to 'ACUITE A4' (read as Acuite A Four) from 'ACUITE A4+' (read as Acuite A Four Plus) on the Rs.97.15 Cr. bank facilities of Kallam Brothers Cottons Private Limited. The rating continues to be flagged as "Issuer Not-Cooperating" and is based on the best available information.

The rating downgrade is on account of entity being listed in the CIBIL's Suit Filed Accounts - Defaulters Rs.1 crore and above list as of 31-Mar-2025 & delays in debt servicing in recent months being reflecting in the Credit Information Bureau Report of the Company.

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.

Unsupported Rating

Not Applicable

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 the due date. Acuité 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

Acuité's policies.

Limitation regarding information availability

This 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. Any rating with the suffix 'Issuer not cooperating' is assigned without any management interaction with the issuer entity or any data / information from the entity. Sometimes this non co-operation by a rated entity may be due to a result of deterioration in the credit risk profile of the entity. Therefore, Acuité 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.

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.	196.59	252.84
PAT	Rs. Cr.	0.77	6.72
PAT Margin	(%)	0.39	2.66
Total Debt/Tangible Net Worth	Times	2.52	2.12
PBDIT/Interest	Times	1.75	2.67

Status of non-cooperation with previous CRA

Not Applicable

Any other information

None

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. 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
26 Sep 2024	Letter of Credit	Short Term	8.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Letter of Credit	Short Term	4.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	30.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Term Loan	Long Term	12.27	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Stand By Line of Credit	Long Term	5.70	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Cash Credit	Long Term	18.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Proposed Long Term Bank Facility	Long Term	1.32	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Term Loan	Long Term	2.49	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Term Loan	Long Term	10.25	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Term Loan	Long Term	2.44	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Term Loan	Long Term	2.68	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
30 Jun 2023	Letter of Credit	Short Term	8.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Letter of Credit	Short Term	4.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	30.00	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	12.27	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Stand By Line of Credit	Long Term	5.70	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	18.00	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	1.32	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	2.49	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	10.25	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	2.44	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	2.68	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
11 Apr 2022	Letter of Credit	Short Term	8.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Letter of Credit	Short Term	4.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	30.00	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	12.27	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Stand By Line of Credit	Long Term	5.70	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	18.00	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	1.32	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)

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	Term Loan	Long Term	2.49	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	10.25	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	2.44	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	2.68	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)

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Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.00	Simple	ACUITE C Downgraded Issuer not co-operating* (from ACUITE BB)
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE C Downgraded Issuer not co-operating* (from ACUITE BB)
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.00	Simple	ACUITE A4 Downgraded Issuer not co-operating* (from ACUITE A4+)
Axis Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.00	Simple	ACUITE A4 Downgraded Issuer not co-operating* (from ACUITE A4+)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.32	Simple	ACUITE C Downgraded Issuer not co-operating* (from ACUITE BB)
State Bank of India	Not avl. / Not appl.	Stand By Line of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.70	Simple	ACUITE C Downgraded Issuer not co-operating* (from ACUITE BB)
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.27	Simple	ACUITE C Downgraded Issuer not co-operating* (from ACUITE BB)
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.49	Simple	ACUITE C Downgraded Issuer not co-operating* (from ACUITE BB)
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.25	Simple	ACUITE C Downgraded Issuer not co-operating* (from ACUITE BB)
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.44	Simple	ACUITE C Downgraded Issuer not co-operating* (from ACUITE BB)
Axis Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.68	Simple	ACUITE C Downgraded Issuer not co-operating* (from ACUITE BB)

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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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