

Press Release

The Karnataka Handloom Development Corporation Limited

February 26, 2021



Rating Update

Total Bank Facilities Rated*	Rs. 27.00 Cr.#
Long Term Rating	ACUITE BB+ Issuer not co-operating* (Downgraded from ACUITE BBB- (CE)/Stable)

Refer Annexure for details

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

Rating Rationale

Acuité has downgraded the long term rating of The Karnataka Handloom Development Corporation Limited (KHDCL) to **'ACUITE BB+' (read as ACUITE Double B plus)** from **'ACUITE BBB- (CE) (read as Acuite Triple B Minus (Credit Enhancement))'**. The rating continues to be flagged as "Issuer Not-Cooperating" and is downgraded on account of information risk.

The Karnataka Handloom Development Corporation Limited (KHDC) was incorporated in 1975 under the 20-Point Programme of the Government of India (GoI) and the Government of Karnataka (GoK) to promote the handloom industry and to ensure the economic and social welfare of the weavers in Karnataka. The company has its registered office located at Hubballi, while its corporate office is in Bangalore. KHDC is involved mainly in production & procurement of handloom products from their registered members and marketing and retailing of the same through their 26 retail outlets as well as through wholesale sales made to Government / Public Sector Organizations.

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.

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

Applicable Criteria

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

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

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

Any Material Covenants

None

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
13-Jan-2020	Cash Credit	Long Term	14.85	ACUITE BBB- (CE)/Stable (Assigned)
	Cash Credit	Long Term	2.61	ACUITE BBB- (CE)/Stable (Assigned)
	Cash Credit	Long Term	2.44	ACUITE BBB- (CE)/Stable (Assigned)
	Cash Credit	Long Term	1.96	ACUITE BBB- (CE)/Stable (Assigned)
	Cash Credit	Long Term	1.95	ACUITE BBB- (CE)/Stable (Assigned)
	Cash Credit	Long Term	1.68	ACUITE BBB- (CE)/Stable (Assigned)
	Cash Credit	Long Term	1.50	ACUITE BBB- (CE)/Stable (Assigned)
	Proposed Bank Facility	Long Term	0.01	ACUITE BBB- (CE)/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	14.85	ACUITE BB+ (Downgraded from ACUITE BBB- (CE)/ Stable) Issuer not co-operating*
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.61	ACUITE BB+ (Downgraded from ACUITE BBB- (CE)/ Stable) Issuer not co-operating*
Cash Credit	Not Available	Not Applicable	Not Available	2.44	ACUITE BB+ (Downgraded from ACUITE BBB- (CE)/ Stable) Issuer not co-operating*
Cash Credit	Not Available	Not Applicable	Not Available	1.96	ACUITE BB+ (Downgraded from ACUITE BBB- (CE)/ Stable) Issuer not co-operating*
Cash Credit	Not Available	Not Applicable	Not Available	1.95	ACUITE BB+ (Downgraded from ACUITE BBB- (CE)/

					Stable) Issuer not co-operating*
Cash Credit	Not Available	Not Applicable	Not Available	1.68	ACUITE BB+ (Downgraded from ACUITE BBB- (CE)/ Stable) Issuer not co-operating*
Cash Credit	Not Available	Not Applicable	Not Available	1.50	ACUITE BB+ (Downgraded from ACUITE BBB- (CE)/ Stable) Issuer not co-operating*
Proposed Bank Facility	Not Available	Not Applicable	Not Available	0.01	ACUITE BB+ (Downgraded from ACUITE BBB- (CE)/ Stable) Issuer not co-operating*

Contacts

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About Acuité Ratings & Research:

Acuité 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 8,000 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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