

Press Release

The Karnataka Handloom Development Corporation Limited

May 31, 2022



Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	27.00	ACUITE BB Downgraded Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	27.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has downgraded the long term rating of The Karnataka Handloom Development Corporation Limited (KHDC) to '**ACUITE BB**' (read as **ACUITE Double B**) from **ACUITE BB+** (read as **Acuite double B plus**) on the 27.00 crore bank facilities. The rating continues to be flagged as "Issuer Not-Cooperating" and is downgraded on account of information risk.

About the Company

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:

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.

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.

About the Rated Entity - Key Financials

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

Rating Sensitivity

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

Material Covenants

None

Liquidity Position

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

Outlook

Not Applicable

Status of non-cooperation with previous CRA

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.

Applicable Criteria

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

Note on Complexity Levels of the Rated Instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
26 Feb 2021	Cash Credit	Long Term	14.85	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	1.68	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	1.96	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Proposed Bank Facility	Long Term	0.01	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	2.61	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	2.44	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	1.50	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	1.95	ACUITE BB+ (Downgraded and Issuer not co-operating*)
13 Jan 2020	Cash Credit	Long Term	14.85	ACUITE BBB- (CE) Stable (Assigned)
	Cash Credit	Long Term	1.68	ACUITE BBB- (CE) Stable (Assigned)
	Cash Credit	Long Term	1.96	ACUITE BBB- (CE) Stable (Assigned)
	Proposed Bank Facility	Long Term	0.01	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	1.50	ACUITE BBB- (CE) Stable (Assigned)
	Cash Credit	Long Term	1.95	ACUITE BBB- (CE) Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	14.85	ACUITE BB Downgraded Issuer not co-operating*
Federal Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.61	ACUITE BB Downgraded Issuer not co-operating*
Canara Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.44	ACUITE BB Downgraded Issuer not co-operating*
Bank of Baroda	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.96	ACUITE BB Downgraded Issuer not co-operating*
Punjab National Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.95	ACUITE BB Downgraded Issuer not co-operating*
Union Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.68	ACUITE BB Downgraded Issuer not co-operating*
Canara Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.50	ACUITE BB Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	0.01	ACUITE BB Downgraded 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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