



**Press Release**  
**The Karnataka Handloom Development Corporation Limited**  
**August 21, 2023**

**Rating Reaffirmed and Issuer not co-operating**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	27.00	ACUITE BB   Reaffirmed   Issuer not co-operating*	-
<b>Total Outstanding Quantum (Rs. Cr)</b>	27.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long term rating of '**ACUITE BB**' (read as **ACUITE Double B**) on the 27.00 crore bank facilities of The Karnataka Handloom Development Corporation Limited. The rating continues to be flagged as "Issuer Not-Cooperating" and is based on the best available information.

**About the Company**

The Karnataka Handloom Development Corporation Limited 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 Hubli, Dharwad, while its corporate office is in Bangalore. It 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. Mr. Vishal Ravi, Mr. Siddappa Kallappa Savadi, Mr. Pankaj Kumar Pandey, Mr. Sannarangaiah Muddaiah, Mr. Sindhu Bhargavarama, Mr. Thamenahalli Hanumantharayappa Mohan Kumar, Mr. Mohammed Ikramulla Shariff are directors of the company.

**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**

Not Applicable

## Key Financials

Particulars	Unit	FY 20 (Actual)	FY 19 (Actual)
Operating Income	Rs. Cr.	146.65	111.65
PAT	Rs. Cr.	(14.47)	(23.41)
PAT Margin	(%)	(9.87)	(20.96)
Total Debt/Tangible Net Worth	Times	(1.81)	(3.23)
PBDIT/Interest	Times	0.12	(1.41)

### Status of non-cooperation with previous CRA

Not Applicable

### 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. 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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
31 May 2022	Cash Credit	Long Term	1.95	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	14.85	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	2.61	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	1.50	ACUITE BB (Downgraded and Issuer not co-operating*)
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	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	14.85	ACUITE BB   Reaffirmed   Issuer not co-operating*
Federal Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	2.61	ACUITE BB   Reaffirmed   Issuer not co-operating*
Canara Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	2.44	ACUITE BB   Reaffirmed   Issuer not co-operating*
Bank of Baroda	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	1.96	ACUITE BB   Reaffirmed   Issuer not co-operating*
Punjab National Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	1.95	ACUITE BB   Reaffirmed   Issuer not co-operating*
Union Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	1.68	ACUITE BB   Reaffirmed   Issuer not co-operating*
Canara Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	1.50	ACUITE BB   Reaffirmed   Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	0.01	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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