

Press Release

Gaddala Financial Services Private Limited

November 16, 2021



Rating Downgraded and Issuer not co-operating

Product	Net Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	12.00	ACUITE B+ Downgraded Issuer not co-operating*	-
Total	12.00	-	-

Rating Rationale

Acuite has downgraded the long-term rating to '**ACUITE B+**' (read as **ACUITE B plus**) from '**AC UIT E BB-**' (read as **AC UIT E double B minus**) to the Rs. 12.00 crore bank facilities of Gaddala Financial Services Private Limited. This rating is now an indicative rating and is downgraded on account of information risk.

About the company

Telangana based Gaddala Financial Services Private Limited (GFSL) is promoted by Mr. John Gaddala and he has acquired this company from Mr. Poorna Chandra Rao in 2009. Earlier the company was called 'Vanki Neni' and this company operated as a hire purchase company. Mr. John Gaddala post acquisition of this company started its operations as an MFI in 2010. The company is a MFI regulated by Sa-Dhan offering unsecured loans to individuals. However, unlike the other MFI they do not operate in SHG or JLG business models. The company directly lends to individuals.

Analytical Approach

Acuite has considered the standalone financial and business risk profiles of the firm to arrive at the rating.

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

Acuite believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with an unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.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). Acuite endeavored 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.

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 (Standalone)

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

Status of non-cooperation with previous CRA

Not Applicable

Any other information

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

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
09 Sep 2020	Term Loan	Long Term	0.30	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	0.25	ACUITE BB- Stable (Assigned)
	Proposed Bank Facility	Long Term	8.85	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	0.30	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	0.30	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	2.00	ACUITE BB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Size Of Issue	Rating
Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	8.85	ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-)
Habitat for Humanity India	Term Loan	Not available	Not available	Not available	2.00	ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-)
Habitat for Humanity India	Term Loan	Not available	Not available	Not available	0.25	ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-)
Usha Financial Services Private Limited	Term Loan	Not available	Not available	Not available	0.30	ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-)
Usha Financial Services Private Limited	Term Loan	Not available	Not available	Not available	0.30	ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-)
EcLEAR Leasing & Finance Private	Term Loan	Not available	Not available	Not available	0.30	ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-)

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 8,850 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 Kanjurmarg, Mumbai.

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