

Press Release

Gaddala Financial Services Private Limited

February 14, 2023



Rating Reaffirmed and Issuer not co-operating

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

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) on the Rs. 12.00 crore bank facilities of Gaddala Financial Services Private Limited. The rating continues to be flagged as "Issuer Not-Cooperating" and is based on the best available information.

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.

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 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 ratings 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 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	0.90	0.91
PAT	Rs. Cr.	0.01	(0.06)
PAT Margin	(%)	1.62	(6.76)
Total Debt/Tangible Net Worth	Times	0.93	0.95
PBDIT/Interest	Times	4.63	1.13

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

- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.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. Acuite'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
16 Nov 2021	Term Loan	Long Term	2.00	ACUITE B+ (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	0.30	ACUITE B+ (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	0.25	ACUITE B+ (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	0.30	ACUITE B+ (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	0.30	ACUITE B+ (Downgraded and Issuer not co-operating*)
	Proposed Bank Facility	Long Term	8.85	ACUITE B+ (Downgraded and Issuer not co-operating*)
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	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	8.85	ACUITE B+ Reaffirmed Issuer not co-operating*
Habitat for Humanity India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.00	ACUITE B+ Reaffirmed Issuer not co-operating*
Habitat for Humanity India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.25	ACUITE B+ Reaffirmed Issuer not co-operating*
Usha Financial Services Private Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.30	ACUITE B+ Reaffirmed Issuer not co-operating*
Usha Financial Services Private Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.30	ACUITE B+ Reaffirmed Issuer not co-operating*
EcLEAR Leasing & Finance Private	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.30	ACUITE B+ 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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