

Kallam Textiles Limited

August 01, 2023

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|--|------------------|---------------------|--|
| Long Term Bank Facilities | 165.76 | CARE D | Revised from CARE B+; Stable |
| Long Term / Short Term Bank Facilities | 191.24 | CARE D / CARE D | Revised from CARE B+; Stable / CARE A4 |

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The revision in ratings assigned to the bank facilities of Kallam Textiles Limited (KLM) takes into account delays in payment of interest and instalments of term loans due to downturn in the industry and poor demand both in domestic and exports market leading to weak financial profile.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Delays/Defaults free track record of 90 days
- Infusion of capital/unsecured loans by promoters to improve the liquidity position

Analytical approach: Standalone

Outlook: Not Applicable

Detailed description of the key rating drivers:

Key weaknesses

Delay in debt servicing

There has been delay in servicing of debt obligations due to poor liquidity position.

Liquidity: Poor

The company has poor liquidity position marked by delays in payment of interest and instalment for term loans.

Assumptions/Covenants: N.A.

Environment, social, and governance (ESG) risks: N.A.

Applicable criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Cotton Textile](#)

[Manufacturing Companies](#)

[Policy on Withdrawal of Ratings](#)

About the company and industry

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Industry classification

| Macro Economic Indicator | Sector | Industry | Basic Industry |
|--------------------------|----------|---------------------|------------------------|
| Consumer Discretionary | Textiles | Textiles & Apparels | Other Textile Products |

Kallam Textiles Limited (KTL), formerly known as Kallam Spinning Mills Ltd is a listed company in BSE (Bombay Stock Exchange), which was established in 1992 with its registered office at Guntur, Andhra Pradesh. KTL is an integrated cotton textile unit, with its own ginning, ring spinning, open end spinning, weaving and dyeing divisions. The spinning mill is located at Guntur and the weaving division is located in Addanki (Mandal), Prakasam district. And it produces various counts of yarn ranging from 20s to 80s.

| Brief Financials (₹ crore) | March 31, 2021 (A) | March 31, 2022 (A) | March 31, 2023 (A) |
|----------------------------|--------------------|--------------------|--------------------|
| Total operating income | 240.64 | 450.91 | 414.19 |
| PBILDT | 25.21 | 71.56 | 23.06 |
| PAT | -7.90 | 11.81 | (21.29) |
| Overall gearing (times) | 3.95 | 3.15 | 3.50 |
| Interest coverage (times) | 0.81 | 2.13 | 0.77 |

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Infomeric has downgraded the rating on bank facilities of KTL under 'Issuer not cooperating' vide press release dated March 31,2023 due to lack of adequate data.

Any other information: N.A.

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

| Name of the Instrument | ISIN | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned along with Rating Outlook |
|--|------|-------------------------------|-----------------|----------------------------|-----------------------------|---|
| Fund-based - LT-Term Loan | | - | - | 31-03-2030 | 165.76 | CARE D |
| Fund-based - LT/ ST-CC/PC/Bill Discounting | | - | - | - | 189.75 | CARE D / CARE D |
| Non-fund-based-LT/ST | | - | - | - | 1.49 | CARE D / CARE D |

Annexure-2: Rating history for the last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating History | | | |
|---------|---|-----------------|------------------------------|-----------------|---|--|---|---|
| | | Type | Amount Outstanding (₹ crore) | Rating | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 | Date(s) and Rating(s) assigned in 2021-2022 | Date(s) and Rating(s) assigned in 2020-2021 |
| 1 | Fund-based - LT/ST-CC/PC/Bill Discounting | LT/ST* | 189.75 | CARE D / CARE D | 1)CARE B+; Stable / CARE A4 (07-Jun-23) | 1)CARE BB-; Stable / CARE A4 (12-Dec-22) 2)CARE BB-; Stable (05-Dec-22) | - | - |
| 2 | Fund-based - LT-Term Loan | LT | 165.76 | CARE D | 1)CARE B+; Stable (07-Jun-23) | 1)CARE BB-; Stable (12-Dec-22) | - | - |
| 3 | Non-fund-based-LT/ST | LT/ST* | 1.49 | CARE D / CARE D | 1)CARE B+; Stable / CARE A4 (07-Jun-23) | 1)CARE BB-; Stable / CARE A4 (12-Dec-22) | - | - |

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: N.A.
Annexure-4: Complexity level of the various instruments rated

| Sr. No. | Name of the Instrument | Complexity Level |
|---------|--|------------------|
| 1 | Fund-based - LT-Term Loan | Simple |
| 2 | Fund-based - LT/ ST-CC/PC/Bill Discounting | Simple |
| 3 | Non-fund-based-LT/ST | Simple |

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

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About us:

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