

Kallam Textiles Limited

February 13, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	154.14 (Reduced from 165.76)	CARE D	Reaffirmed
Long Term / Short Term Bank Facilities	191.24	CARE D / CARE D	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to bank facilities of Kallam Textiles Limited (KTL) considers delays in payment of interest and instalments of term loans as a result of poor liquidity due to cash flow mismatches.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Establishing a delay-free track record in debt servicing for a continuous period of more than 90 days coupled with improvement in liquidity

Analytical approach: Standalone

Outlook: Not applicable

Detailed description of the key rating drivers:

Key weaknesses

Ongoing delays in debt servicing

The company has made the disclosure of defaults on payment of interest / repayment of principal amount on loans from Indian Bank and Union Bank of India along with H1FY25 results that were published on BSE on November 12, 2024.

The company has defaulted in repayment of term loan instalments (Incl. interest) to the extent of Rs.95.38 crores as on September 30, 2024. The banks have classified these loans as NPA and issued notices for recovery of these dues u/s 13(2) r.w.s 13(3) of SARFAESI Act, 2002. Further, the banks also taken possession of the properties offered as security u/s 13(4) of the said Act. The company applied for restructure of these loans and same is pending with the lender banks.

Liquidity: Poor

The company has poor liquidity as a result of cash flow mismatches and cash losses leading to delays in debt servicing. The slowdown in textile sector, sluggish demand, low export orders, volatile cotton prices and low prices for finished goods coupled with high fixed overheads such as power costs resulted in deterioration in the financial condition of the company, thereby leading to cash losses over the past two years.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Policy on Curing Period](#)

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

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Cotton Textile](#)

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

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Textiles	Textiles & Apparels	Other Textile Products

Kallam Textiles Limited (KTL) (ISIN: INE629F01025) formerly known as Kallam Spinning Mills Ltd listed on Bombay Stock Exchange (BSE), 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. It produces various counts of yarn ranging from 20s to 80s.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	412.87	367.38	129.26
PBILDT	21.73	-5.78	-4.93
PAT	-21.29	-37.45	-22.31
Overall gearing (times)	3.54	6.01	12.03
Interest coverage (times)	0.73	NM	NM

A: Audited; UA: Unaudited; NM: Not Meaningful; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Infomerics has continued the ratings assigned to the bank facilities of LEL into 'Issuer not-cooperating' category vide press release dated September 02, 2024 on account of non-availability of requisite information from the company.

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Covenants of rated instrument / facility: Annexure-3

Complexity level of 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 and Rating Outlook
Fund-based - LT-Term Loan		-	-	March 2030	154.14	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 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 2024-2025	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
1	Fund-based - LT/ST-CC/PC/Bill Discounting	LT/ST	189.75	CARE D / CARE D	-	1)CARE D / CARE D (29-Mar-24) 2)CARE D / CARE D (01-Aug-23) 3)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	154.14	CARE D	-	1)CARE D (29-Mar-24) 2)CARE D (01-Aug-23) 3)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 D / CARE D (29-Mar-24) 2)CARE D / CARE D (01-Aug-23) 3)CARE B+; Stable / CARE A4 (07-Jun-23)	1)CARE BB-; Stable / CARE A4 (12-Dec-22)	-

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of 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 based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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