

K K Silk Mills Limited

October 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	52.50 (Enhanced from 50.00)	CARE BB+; Stable	Upgraded from CARE BB; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has upgraded the ratings assigned to the bank facilities of K K Silk Mills Limited (KKSM) considering continued improvement in the operational and financial risk profile of the company.

Ratings continue to remain constrained due to moderate scale of operations and profitability. The ratings are further tempered by customer concentration risk, the highly competitive nature of the textile industry, and susceptibility to volatility in raw material prices. Ratings, however, continue to derive strength from the experienced promoters in the textile industry, and moderate capital structure and debt coverage indicators.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations above ₹300 crore while maintaining profitability.
- Improvement in capital structure and total outside liabilities to tangible net worth TOL/TNW falling below 1.50x on a sustained basis.

Negative factors

- Substantial reduction in revenue and profitability exerting pressure on debt coverage indicators and liquidity.
- Elongation in operating cycle above 125 days on sustained basis.

Analytical approach: Standalone

Outlook: Stable

'Stable' outlook reflects CareEdge Ratings' expectation that KKSM will continue to benefit from the extensive experience of its promoters in the textile industry and established customer base.

Detailed description of key rating drivers:

Key weaknesses

Moderate scale of operations

KKSM's total operating income (TOI), though improved by ~16% y-o-y, remained moderate at ₹220.92 crore in FY25 (FY refers to April 1 to March 31), compared to ₹190.54 crore in FY24, driven by higher sales volumes. Fabric manufacturing continued to be the largest contributor, accounting for 77.57% of TOI in FY25 compared to 76.09% in FY24. The remaining revenue was generated from fabric trading, garment manufacturing, and job work. KKSM also achieved sales of ₹90.11 crore in 5MFY26 (refers to April 1 to August 31), ~16% higher than ₹77.56 crore in 5MFY25.

Moderate profitability

KKSM's operating profitability exhibited a steady improvement with a profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin improving to 6.26% in FY25 compared to 4.92% in FY24, marking a year-on-year improvement of 134 basis points, supported by moderation in raw material prices. Profit after Tax (PAT) margin improved in line with PBILDT to 2.10% in FY25 against 1.20% in FY24, supported by moderate interest and depreciation expenses.

Customer concentration risk

Top 5 customers collectively contributed ~68% of the total operating income in FY25, indicating customer concentration risk for KKSM. This risk is partially mitigated by KKSM's long-standing relationships with these customers.

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

Working capital intensive nature of operations

KKSM's operations continue to remain working capital intensive with operating cycle at 111 days in FY25 compared to 118 days in FY24, due to sizeable inventory and receivables. KKSM offers credit period of 90 days and maintains inventory for 50-60 days, primarily for finished fabrics. It enjoys credit period of 45-60 days from suppliers, mainly for yarn. The stretched working capital cycle has resulted in high utilisation of working capital limits.

Susceptible to fluctuations in raw material prices and limited presence in highly competitive industry

The major raw materials consumed by KKSM are cotton and polyester. Cotton, being a commodity, is subject to price volatility driven by factors such as area under cultivation, yield, government regulation and pricing. As a result, KKSM remains exposed to raw material price fluctuations and may have to absorb adverse movements. The fabric processing and garment manufacturing segments in textile industry are highly fragmented, with a large number of small, unorganised players across geographies and several large, established players. Trading also comprises one of KKSM's business activities which is characterised by low profitability margins. Therefore, KKSM faces pricing pressure from competitors, impacting its profitability margins.

Key strengths

Experienced Promoters with demonstrated track record in textile industry

KKSM was incorporated by Lt. Kantilal B. Shah in 1991. Presently, Manish Shah and Nilesh Shah oversee operations of the company. Manish Shah has more than 2 decades of experience in the textile industry and manages KKSM's marketing and financing activities. He is supported by Nilesh Shah, who has 15 years of experience in factory operations. Over the years, KKSM has established its presence in domestic market under brand name SENETOR for fabrics and ALBERNI for shirting. Apart from manufacturing fabrics, KKSM also undertakes job work and trading activities.

Moderate capital structure and debt coverage indicators

KKSM's debt profile primarily comprises working capital borrowings and term loans availed in FY24 for the purchase of new machinery. The capital structure remained moderate, marked by overall gearing at 1.49x (PY: 1.47x) and TOL/TNW at 2.19x (PY: 2.13x) as on March 31, 2025, due to the addition of working capital limits, supported by a net worth base of ₹39.67 crore as on March 31, 2025. Further, the interest coverage ratio improved to 2.43x in FY25 (PY: 1.81x), supported by repayment of term loans

Liquidity: Adequate

Liquidity of KKSM remained adequate marked by expected gross cash accruals of ~₹7 - ₹8 crore against annual principal repayment of ₹2 - ₹2.50 crore. Net cash flow from operations stood negative in FY25 (₹6.92 crore in FY24). KKSM had a free cash and bank balance of ₹0.28 crore as on March 31, 2025. Liquidity indicators remained moderate, marked by current ratio and quick ratio of 1.32x (PY: 1.32x) and 0.63x (PY: 0.69x), respectively, as on March 31, 2025.

Assumptions/Covenants: Not applicable

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

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Cotton Textile](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Textiles	Textiles & Apparels	Garments & Apparels

Incorporated in 1991, K K Silk Mills Private Limited was promoted by Lt. Kantilal B. Shah and subsequently converted into K K Silk Mills Limited (KKSM) in year 2003. Currently, KKSM is promoted by Manish Shah, son of Kantilal Shah. The company is primarily engaged in the manufacturing and trading of cotton and synthetic shirting fabrics. KKSM has an installed capacity of 9.60 million meters per year for cotton fabric and 1.20 lakh pieces per month for garment manufacturing at its plant in Umbergaon, Gujarat. The company's operations are divided into four verticals: trading of finished fabrics, manufacturing of cotton and blended fabrics,

job work for upholstery/furnishing fabrics and garment manufacturing. KKSM sells fabric under its own brands 'SENETOR' for fabrics and 'ALBERNI' for shirting. KKSM's garment manufacturing and trading operations are housed under separate division named Krizz Retail, which manufactures 50% of its demand in-house and outsources the balance.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	5MFY26 (UA)
Total operating income	190.54	220.92	90.11
PBILDT	9.38	13.83	NA
PAT	2.29	4.64	NA
Overall gearing (times)	1.47	1.49	NA
Interest coverage (times)	1.81	2.43	NA

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of 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-Long Term		-	-	-	52.50	CARE BB+; Stable

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 2025-2026	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
1	Fund-based-Long Term	LT	52.50	CARE BB+; Stable	-	1)CARE BB; Stable (25-Jul-24)	1)CARE BB; Stable (31-May-23)	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (12-Jul-22)

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

LT: Long 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-Long Term	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge 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.

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