

K K Silk Mills Limited

October 12, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long Term Bank Facilities	RBI	66.00 (Enhanced from 52.50)	CARE BB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Rating assigned to the bank facilities of K K Silk Mills Limited (KKSM) continues to remain constrained due to moderate scale of operations and moderate profitability. The ratings are further tempered by customer concentration risk, 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.

CARE Ratings Limited (CareEdge Ratings) has also withdrawn ratings assigned to some of the bank facilities, which have been repaid in full and there are no dues outstanding against the said facilities.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant improvement in scale of operations while maintaining profitability.
- Managing working capital cycle efficiently with improvement in overall operating cycle below 90 days 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) improved by ~11% y-o-y, to ₹244.79 crore in FY26 (FY refers to April 1 to March 31), compared to ₹220.79 crore in FY25, driven by higher sales volume. Fabric manufacturing continued to be the largest contributor, accounting for 85.14% of TOI in FY25 compared to 77.57% in FY25. The remaining revenue was generated from fabric trading, garment manufacturing, and job work.

Moderate profitability

KKSM's profitability marked by profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin reduced by 59 bps y-o-y to 5.81% in FY26 compared to 6.40% in FY25, primarily due to increase in employee cost and other manufacturing expenses. Profit after Tax (PAT) declined marginally and continue to remain low 1.96% in FY26 against 2.05% in FY25, due to high interest expense.

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

²Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Customer concentration risk

Top 5 customers collectively contributed ~58% of the total operating income in FY26 (68% in FY25), indicating customer concentration risk for KKSM. This risk is partially mitigated by KKSM's long-standing relationships with these customers.

Working capital intensive nature of operations

KKSM's operations continue to remain working capital intensive with operating cycle at 124 days in FY26 compared to 110 days in FY25, due to sizeable inventory and receivables. KKSM offers credit period of 50-60 days and maintains inventory for 90-100 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.

Susceptibility 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.

Comfortable capital structure and moderate debt coverage indicators

KKSM's debt profile primarily comprises working capital borrowings and term loans. The company raised ₹25.65 crore by way of IPO in December 2026, to be utilised primarily towards repayment/ prepayment of bank borrowings and capex for machinery. The capital structure improved and remained comfortable marked by overall gearing at 0.80x (PY: 1.49x) and TOL/TNW at 1.46x (PY: 2.56x) with a net worth base of ₹70.25 crore as on March 31, 2026.

Debt coverage indicators remained moderate with total debt to gross cash accruals and interest coverage ratio of 7.96x and 2.33x respectively in FY26 (8.59x and 2.33x respectively in FY25).

Liquidity: Adequate

Liquidity of KKSM remained adequate marked by expected gross cash accruals of ~₹7-₹8 crore against annual principal repayment of ₹2 - ₹3 crore. Net cash flow from operations stood negative in FY26, primarily due to increase in collection period and inventory levels. KKSM had a free cash and bank balance of ₹1.69 crore as on March 31, 2026. Liquidity indicators remained moderate, marked by current ratio and quick ratio of 1.52x (PY: 1.27x) and 0.79x (PY: 0.68x), respectively, as on March 31, 2026.

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](#)

[Withdrawal Policy](#)

[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. KKSM got listed on BSE SME platform in December 2025. 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 manufacturers 50% of its demand in-house and outsources the balance.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	220.79	244.79
PBILDT*	14.14	14.21
Profit after tax (PAT)	4.54	4.79
Overall gearing (x)	1.49	0.80
Interest coverage (x)	2.33	2.33

A: Audited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:

A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-		-	-	66.00	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 2026-2027	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
1	Fund-based-Long Term	LT	66.00	CARE BB+; Stable	-	1)CARE BB+; Stable (06-Oct-25)	1)CARE BB; Stable (25-Jul-24)	1)CARE BB; Stable (31-May-23)

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: 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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