



## Press Release

### **Kallam Textiles Ltd** **August 01, 2023**

#### Ratings

Facilities	Amount (Rs. crore)	Ratings*	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	335.35	IVR D; ISSUER NOT COOPERATING* (IVR D; Issuer Not Cooperating)	Downgraded and continued at ISSUER NOT COOPERATING category	Simple
Long Term /Short Term Bank Facilities	31.00	IVR D; ISSUER NOT COOPERATING* (IVR D; Issuer Not Cooperating)	Downgraded and continued at ISSUER NOT COOPERATING category	Simple
<b>Total</b>	<b>366.35</b> <b>(Rupees Three Hundred Sixty- Six Crore and Thirty-Five Lakh Only)</b>			

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

#### **Details of Facility are in Annexure 1**

#### **Detailed Rationale**

The aforesaid revision in rating assigned to the bank facilities of Kallam Textiles Ltd (KTL) reflects the delays in debt servicing by the company owing to liquidity crunch.

#### **Non-cooperation by Issuer**

Infomerics has been regularly following up with the company to provide the required data to monitor its assigned rating to the bank facilities, vide multiple E-mail communications and concurrently over several phone calls. However, despite repeated requests by Infomerics, the company's management has not submitted all the essential details.

Availability of information is very critical in rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics has to assign the rating based on the best available information. Infomerics has consider the disclosures of defaults on



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payment of interest/ repayment of principal amount of loans, submitted on July 31,2023 in BSE. Accordingly, the long term and short-term ratings assigned to the bank loan facilities aggregating to RS.366.35 crore of Kallam Textiles Limited shall be continued in 'ISSUER NOT COOPERATING' category by Infomerics and the ratings will be at 'IVR D; ISSUER NOT COOPERATING' for its long term bank facilities and 'IVR D; ISSUER NOT COOPERATING' for its short term bank facilities; based on best available information.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Guidelines on what constitutes Non-Cooperation by clients](#)

[Rating Methodology for Manufacturing companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria on Default Recognition and Post-Default Curing Period.](#)

**Liquidity:** Comment on liquidity is not possible in absence of requisite information.

### **About the Company**

Incorporated on February 08, 1992, Andhra Pradesh-based, Kallam Textiles Limited formerly known as Kallam Spinning Mills Ltd "KTL" was promoted by Mr. Kallam Haranadha Reddy. At present "KTL" is managed by Mr. P.V. Reddy (Managing Director) along with Mr. G.V.K. Reddy (Joint Managing Director), Mr. M.V. Subba Reddy(Whole Time Director), Mr. V.S.N. Murthy(Independent Director), Mr. V. Ramgopal (Independent Director) Smt. V. Bhargavi (Non-Executive and Independent Director). "KTL" is a well-integrated cotton textile unit, with its own ginning, ring spinning, open end spinning, weaving and dyeing divisions. The spinning mill is located at Chowdavaram, Guntur District and the weaving division is located in Kunkupadu, Prakasam District. The company also has three Hydel Power Plants of total capacity of 4 MW located in Telangana. Revenue from power units contributes less than 1% of the total revenue y-o-y.

**Financials (Standalone):**



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For the year ended* / As On	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	451.19	412.87
EBITDA	71.84	21.73
PAT	11.81	-21.29
Total Debt	309.64	307.55
Tangible Net worth	98.29	86.76
EBITDA Margin (%)	15.92	5.26
PAT Margin (%)	2.61	-5.14
Overall Gearing Ratio (x)	3.15	3.55

Status of non-cooperation with previous CRA: "NIL"

Any other information: "Nil"

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating*	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loan	Long Term	180.35	IVR D; Issuer Not Cooperating	IVR B/ Negative; Issuer Not Cooperating (March 31, 2023)	IVR B+ /Stable (Feb 15, 2022)	-
2.	Cash Credit	Long Term	155.00	IVR D; Issuer Not Cooperating	IVR B/ Negative; Issuer Not Cooperating (March 31, 2023)	IVR B+ /Stable (Feb 15, 2022)	-
3.	Bill Discounting	Short Term	30.00	IVR D; Issuer Not Cooperating	IVR BB; Issuer Not Cooperating	IVR A4 (Feb 15, 2022)	-



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					g(March 31,2023)		
4.	Bank Guarantee	Short Term	1.00	IVR D; Issuer Not Cooperating	IVR A4; Issuer Not Cooperating(March 31,2023)	IVR A4 (Feb 15,2022)	-

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

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.



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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facility

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	2026-27	180.35	IVR D; Issuer Not Cooperating
Cash Credit	-	-	-	155.00	IVR D; Issuer Not Cooperating
Bill Discounting	-	-	-	30.00	IVR D; Issuer Not Cooperating
Bank Guarantee	-	-	-	1.00	IVR D; Issuer Not Cooperating

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

**Annexure 2: Facility wise lender details:** Not Available

**Annexure 3: List of companies considered for consolidated analysis:** Not Applicable

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:** Not Applicable

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).