



## Press Release

### Kallam Textiles Limited

September 02, 2024

#### Ratings

Security/Facilities	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	335.35	IVR D; ISSUER NOT COOPERATING*	IVR D; ISSUER NOT COOPERATING*	Reaffirmed and continued at ISSUER NOT COOPERATING category	Simple
Short Term Bank Facilities	31.00	IVR D; ISSUER NOT COOPERATING*	IVR D; ISSUER NOT COOPERATING*	Reaffirmed 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 Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

Infomerics Ratings has reaffirmed and continued the ratings assigned to the bank facilities of Kallam Textiles Limited (KTL) to ISSUER NOT COOPERATING category because of non-cooperation by the company despite repeated follow ups and lack of adequate information leading to information availability risk and hence uncertainty around its credit risk. The reaffirmation in ratings takes into account the ongoing delays by the company in servicing its debt obligations. Infomerics Ratings assesses whether the information available about the company is commensurate with its rating and reviews the same as per its policy.

The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of



## Press Release

the company.

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

Infomerics Ratings has been regularly following up with the company to provide the required data to monitor its assigned rating to the bank facilities, vide E-mail communications dated August 12, 2024, August 19, 2024, August 21, 2024, and August 28, 2024, concurrently over several phone calls. However, despite repeated requests by Infomerics Ratings, the company's management has not submitted the fees and essential details/information for surveillance exercise.

Availability of information is very critical in rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics Ratings has to assign the rating based on the best available information. Accordingly, the bank facilities of Kallam Textiles Limited aggregating to Rs.366.35 crore shall be continued under the 'ISSUER NOT COOPERATING' category.

**Analytical Approach:** Standalone

### **Applicable Criteria:**

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

[Rating Methodology for Manufacturing companies](#)

[Policy of default recognition](#)

[Criteria of assigning Rating outlook](#)

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

[Criteria on complexity](#)

**Liquidity:** Unable to comment due to non-availability of information despite repeated follow ups.

### **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



## Press Release

(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):

For the year ended / As on	(Rs. crore)	
	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	412.87	367.38
EBITDA	21.73	-5.78
PAT	-21.29	-37.44
Total Debt	307.55	316.64
Tangible Net worth	86.76	45.10
EBITDA Margin (%)	5.26	-1.57
PAT Margin (%)	-5.14	-10.19
Overall Gearing Ratio (x)	3.55	7.02
Interest Coverage Ratio (x)	0.73	-0.16

*\*Classification as per Infomerics' standards.*

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Nil

**Rating History for last three years:**



## Press Release

Sr. No	Name of Security/Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					<b>August 01, 2023</b>	<b>March 31, 2023</b>	<b>February 15, 2022</b>
1.	Term Loan	Long Term	180.35	IVR D; ISSUER NOT COOPERATING	IVR D; ISSUER NOT COOPERATING	IVR B/ Negative; ISSUER NOT COOPERATING	IVR B+; Stable
2.	Cash Credit	Long Term	155.00	IVR D; ISSUER NOT COOPERATING	IVR D; ISSUER NOT COOPERATING	IVR B/ Negative; ISSUER NOT COOPERATING	IVR B+; Stable
3.	Bill Discounting	Short Term	30.00	IVR D; ISSUER NOT COOPERATING	IVR D; ISSUER NOT COOPERATING	IVR A4; ISSUER NOT COOPERATING	IVR A4
4.	Bank Guarantee	Short Term	1.00	IVR D; ISSUER NOT COOPERATING	IVR D; ISSUER NOT COOPERATING	IVR A4; ISSUER NOT COOPERATING	IVR A4

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

### Name and Contact Details of the Rating Analyst:

Name: Avik Podder	
Tel: (033) 4803 3621	
Email: <a href="mailto:apodder@infomerics.com">apodder@infomerics.com</a>	

### 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



## Press Release

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.

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 / Security	ISIN	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



## Press Release

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: Detailed explanation of covenants of the rated Security / Instrument:** Not Applicable

**Annexure 4: List of companies considered for consolidated /combined analysis:** 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 <https://www.infomerics.com>.