

Kandagiri Spinning Mills Limited

November 03, 2021

Ratings

| Facilities/Instruments | Amount (Rs. crore) | Rating ¹ | Rating Action |
|--------------------------------------|--|--|--|
| Long Term Bank Facilities | 30.85 | CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*) | Rating continues to remain under ISSUER NOT COOPERATING category |
| Short Term Bank Facilities | 1.00 | CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*) | Rating continues to remain under ISSUER NOT COOPERATING category |
| Total Bank Facilities | 31.85 (Rs. Thirty-One Crore and Eighty-Five Lakhs Only) | | |
| Fixed Deposit | 14.01 | CARE D (FD); ISSUER NOT COOPERATING* [Single D (Fixed Deposit) ISSUER NOT COOPERATING*] | Rating continues to remain under ISSUER NOT COOPERATING category |
| Total Medium Term Instruments | 14.01 (Rs. Fourteen Crore and One Lakhs Only) | | |

Details of instruments/facilities in Annexure 1

Detailed Rationale & Key Rating Drivers

CARE had vide its press release dated September 23, 2020 placed the ratings of Kandagiri Spinning Mills Limited (KSM) under the issuer non cooperating category as the company has not paid the surveillance fees for the rating exercise as agreed in its rating agreement. KSM continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter dated October 18, 2021. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which, however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Detailed description of the key rating drivers

At the time of last rating on September 23, 2020 the following were the rating strength and weakness (updated for the information available from stock exchange)

Key Rating Weaknesses

Weak financial performance

The operating income continues to be weak at Rs.4.07 crore in FY21 as against Rs.26.62 crore in FY20. The company reported loss after tax of Rs.9.04 crore (PY: Rs.12.36 crore) in FY21.

Analytical Approach: Standalone

Applicable criteria:

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

About the Company

Kandagiri Spinning Mills Ltd (KSML) is part of Salem (Tamil Nadu) based "Sambandam Group" and was engaged in textile spinning with an aggregate capacity of 27,296 spindles till March 31, 2019 spread among two units which could produce around 25 Tons of Yarn per day. However, during FY20, the company has sold the spinning plant and machinery and ceased the yarn production activity and has let out the immovable property for lease and the company receives the lease rent receivables as its income.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

| Brief Financials (Rs. crore) | FY20 (A) | FY21 (A) | Q1FY22 (Prov) |
|------------------------------|----------|----------|---------------|
| Total operating income | 26.62 | 4.07 | 0.46 |
| PBILDT | -9.23 | 1.05 | 0.34 |
| PAT | -12.37 | -9.04 | -0.13 |
| Overall gearing (times) | NM | NM | NA |
| Interest coverage (times) | -1.75 | 0.62 | 0.85 |

A: Audited; Prov: Provisional

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable.

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

| Name of the Instrument | Date of Issuance | Coup on Rate | Maturity Date | Size of the Issue (Rs. crore) | Rating assigned along with Rating Outlook |
|-------------------------------------|------------------|--------------|---------------|-------------------------------|---|
| Fund-based - LT-Term Loan | - | - | May 2022 | 8.85 | CARE D; ISSUER NOT COOPERATING* |
| Non-fund-based - ST-BG/LC | - | - | - | 0.50 | CARE D; ISSUER NOT COOPERATING* |
| Fund-based - LT-Cash Credit | - | - | - | 22.00 | CARE D; ISSUER NOT COOPERATING* |
| Non-fund-based - ST-Bank Guarantees | - | - | - | 0.50 | CARE D; ISSUER NOT COOPERATING* |
| Fixed Deposit | - | - | - | 14.01 | CARE D (FD); ISSUER NOT COOPERATING* |

Annexure-2: Rating History of last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating history | | | |
|---------|--|-----------------|--------------------------------|---------------------------------|---|---|---|---|
| | | Type | Amount Outstanding (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2021-2022 | Date(s) & Rating(s) assigned in 2020-2021 | Date(s) & Rating(s) assigned in 2019-2020 | Date(s) & Rating(s) assigned in 2018-2019 |
| 1 | Fund-based - LT-Term Loan | LT | 8.85 | CARE D; ISSUER NOT COOPERATING* | - | 1)CARE D; ISSUER NOT COOPERATING* (23-Sep-20) | 1)CARE D (04-Sep-19) | 1)CARE D (20-Jul-18) |
| 2 | Non-fund-based - ST-BG/LC | ST | 0.50 | CARE D; ISSUER NOT COOPERATING* | - | 1)CARE D; ISSUER NOT COOPERATING* (23-Sep-20) | 1)CARE D (04-Sep-19) | 1)CARE D (20-Jul-18) |
| 3 | Fund-based/Non-fund-based-LT/ST | LT/ST* | - | - | - | - | 1)Withdrawn (04-Sep-19) | 1)CARE D / CARE D (20-Jul-18) |
| 4 | Fund-based - LT-Cash Credit | LT | 22.00 | CARE D; ISSUER NOT COOPERATING* | - | 1)CARE D; ISSUER NOT COOPERATING* (23-Sep-20) | 1)CARE D (04-Sep-19) | 1)CARE D (20-Jul-18) |
| 5 | Non-fund-based - ST-Bank Guarantees | ST | 0.50 | CARE D; ISSUER NOT COOPERATING* | - | 1)CARE D; ISSUER NOT COOPERATING* (23-Sep-20) | 1)CARE D (04-Sep-19) | 1)CARE D (20-Jul-18) |

| | | | | | | | | |
|---|---------------|----|-------|--|---|--|----------------------------------|-----------------------------|
| 6 | Fixed Deposit | LT | 14.01 | CARE D (FD); ISSUER NOT COOPERATING * | - | 1)CARE D (FD); ISSUER NOT COOPERATING * (23-Sep-20) | 1)CARE D (FD) (04- Sep-19) | 1)CARE D (20- Jul-18) |
|---|---------------|----|-------|--|---|--|----------------------------------|-----------------------------|

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities – Not Applicable

Annexure 4: Complexity level of various instruments rated for this company

| Sr. No | Name of instrument | Complexity level |
|--------|-------------------------------------|------------------|
| 1 | Fixed Deposit | Simple |
| 2 | Fund-based - LT-Cash Credit | Simple |
| 3 | Fund-based - LT-Term Loan | Simple |
| 4 | Non-fund-based - ST-Bank Guarantees | Simple |
| 5 | Non-fund-based - ST-BG/LC | Simple |

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

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