

Kandagiri Spinning Mills Limited

January 11, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	30.85	CARE D; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	1.00	CARE D; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category
Fixed Deposit	14.01	CARE D; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Ltd. Had, vide its press release dated November 18, 2022 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 December 13, 2023. 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).

The rating takes into account the past delays in servicing of the debt obligations and weak financial performance of the company.

Analytical Approach:

Standalone

Outlook: Not applicable

Detailed description of the key rating drivers

At the time of last rating on November 18, 2022 the following were the rating strength and weakness (updated for the information available from stock exchange)

Key Weakness

Weak financial performance

The operating income continues to be weak at Rs.4.48 crore in FY23 albeit improved from Rs.3.19 crore in FY22. The company reported profit after tax of Rs.1.53 crore (PY: Rs.0.29 crore) in FY23.

Assumptions/Covenants

Not Applicable

Environment, social, and governance (ESG) risks

Not Applicable

Applicable criteria

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

[Policy on default recognition](#)

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Textiles	Textiles & Apparels	Other Textile Products

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.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	H1FY24 (UA)
Total operating income	3.19	4.48	1.44
PBILDT	-0.27	3.00	1.11
PAT	0.29	1.53	0.16
Overall gearing (times)	NM	NM	NM
Interest coverage (times)	NM	2.27	1.54

A: Audited UA: Unaudited; NM: Not Meaningful; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA:

Not Applicable

Any other information:

Not Applicable

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

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various 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 along with Rating Outlook
Fixed Deposit		-	-	-	14.01	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit		-	-	-	22.00	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	May 2022	8.85	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	0.50	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC		-	-	-	0.50	CARE D; ISSUER NOT COOPERATING*

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

Annexure-2: Rating history for the 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 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term Loan	LT*	8.85	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (18-Nov-22)	1)CARE D; ISSUER NOT COOPERATING* (03-Nov-21)	1)CARE D; ISSUER NOT COOPERATING* (23-Sep-20)
2	Non-fund-based - ST-BG/LC	ST*	0.50	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (18-Nov-22)	1)CARE D; ISSUER NOT COOPERATING* (03-Nov-21)	1)CARE D; ISSUER NOT COOPERATING* (23-Sep-20)
3	Fund-based - LT-Cash Credit	LT*	22.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (18-Nov-22)	1)CARE D; ISSUER NOT COOPERATING* (03-Nov-21)	1)CARE D; ISSUER NOT COOPERATING* (23-Sep-20)
4	Non-fund-based - ST-Bank Guarantee	ST*	0.50	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (18-Nov-22)	1)CARE D; ISSUER NOT COOPERATING* (03-Nov-21)	1)CARE D; ISSUER NOT COOPERATING* (23-Sep-20)
5	Fixed Deposit	LT*	14.01	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (18-Nov-22) 2)CARE D; ISSUER NOT COOPERATING* (22-Jun-22)	1)CARE D (FD); ISSUER NOT COOPERATING* (03-Nov-21)	1)CARE D (FD); ISSUER NOT COOPERATING* (23-Sep-20)

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

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable
Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the 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 Guarantee	Simple
5	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

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

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

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About us:

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