

Kandagiri Spinning Mills Limited
 September 23, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	30.85	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information
Short-term Bank Facilities	1.00	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information
Total	31.85 (Rupees Thirty one crore and Eighty Five Lakhs only)		
Fixed Deposit	14.01 (Rupees Fourteen crore and one lakh only)	CARE D (FD); ISSUER NOT COOPERATING* (Single D (Fixed Deposit); ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information

Details of instruments/facilities in Annexure 1

Detailed Rationale & Key Rating Drivers

Kandagiri Spinning Mills Limited (KSML) has not paid the surveillance fees for the rating exercise as agreed to in its rating agreement. In line with the extant SEBI guidelines, CARE's rating on of KSML's bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING***.

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

Detailed description of the key rating drivers

At the time of last rating on September 04, 2019 the following were the rating weaknesses (updated for information available from stock exchange).

Key Rating Weaknesses

Delay in servicing debt obligations: The Company had delayed in servicing its debt obligations.

Weak financial performance: The Company is involved in spinning of cotton yarn and the operating income continues to be weak at Rs.26.62 crore in FY20 as against Rs.69.71 crore in FY19. The company reported loss after tax of Rs.12.36 crore (PY: net loss of Rs.18.59 crore) in FY20.

Liquidity: Poor- KSML had poor Liquidity marked by lower accruals when compared to repayment obligations, fully utilized bank limits and poor cash balance.

Analytical approach: Standalone

Applicable Criteria

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

[Criteria on assigning 'Outlook' and 'credit watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Short-term Instruments](#)

[Financial ratios - Non-Financial Sector](#)

[CARE's methodology for manufacturing companies](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

About the Company

KSML was originally incorporated in 1976 in Salem, Tamil Nadu, under the name of 'The Ammapet Sizing Mills Private Limited'. The company took its current name in 1978 and became a public limited company in 1995. KSML is engaged in textile spinning with an aggregate capacity of 27,296 spindles (as on March 31, 2019).

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

*Issuer did not cooperate; Based on best available information

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	69.71	26.62
PBILDT	-7.13	-9.23
PAT	-18.59	-12.36
Overall gearing (times)	8.62	-2.76
Interest coverage (times)	-1.09	-1.74

A-Audited

Status of non-cooperation with previous CRA: NA

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	Coupon 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*

*Issuer did not cooperate; Based on best available information

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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	8.85	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (04-Sep-19)	1)CARE D (20-Jul-18)	1)CARE B+; Stable (11-Jul-17)
2.	Non-fund-based - ST-BG/LC	ST	0.50	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (04-Sep-19)	1)CARE D (20-Jul-18)	1)CARE A4 (11-Jul-17)
3.	Fund-based/Non-fund-based-LT/ST	LT/ST	-	-	-	1)Withdrawn (04-Sep-19)	1)CARE D / CARE D (20-Jul-18)	1)CARE B+; Stable / CARE A4 (11-Jul-17)
4.	Fund-based - LT-Cash Credit	LT	22.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (04-Sep-19)	1)CARE D (20-Jul-18)	1)CARE B+; Stable (11-Jul-17)
5.	Non-fund-based - ST-Bank Guarantees	ST	0.50	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (04-Sep-19)	1)CARE D (20-Jul-18)	1)CARE A4 (11-Jul-17)
6.	Fixed Deposit	LT	14.01	CARE D (FD); ISSUER NOT COOPERATING*	-	1)CARE D (FD) (04-Sep-19)	1)CARE D (20-Jul-18)	1)CARE B+ (FD); Stable (11-Jul-17)

*Issuer did not cooperate; Based on best available information

Annexure 3: Complexity level of various instruments rated for this Company

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 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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