



Kandagiri Spinning Mills Ltd.

Ref: KSML/CS/065/2019-20

Date: 17.03.2020

Bombay Stock Exchange
Floor 25, P.J. Towers
Dalal Street
Mumbai – 400001

Dear Sir,

Sub: Disclosure of Information pursuant to reg. 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- Completion of Sale of Unit-I Plant and Machinery and lease of Unit-I land and building of the Company

This is in continuation of our earlier reporting to the exchange with respect to sale of Plant and Machinery of Unit-I of the Company and lease of land and building of Unit-I of the Company vide Company's letters KSML/CS/042/2019-20 dt. 06-01-2020, KSML/CS/053/2019-20 dt. 17-02-2020.

The details furnished hereunder:

(i) Sale and lease Particulars:

The sale of Spinning Plant and machinery situated at Udayapatti, Salem – 636140, was completed on 16.03.2020 and lease of land and building of Unit-I of the Company (where the plant and machinery got installed) situated at Udayapatti, Salem – 636140, was executed on 16.03.2020,.

By using the sale proceeds of the above asset - Unit-I Plant and Machinery along with the previous sale proceeds of assets – surplus land and building of Unit-I, Unit-II asset, the Company has closed the entire Bank debts of the Company.

(ii) The amount and percentage of the turnover of the such sold unit of the listed entity during the last financial year (FY 2018-19):

Spinning Plant and Machinery (27212 spindles): Rs. 45.58 crore (65.54% of the total turnover of the Company during the FY 2018-19).

(iii) Date of completion of sale and lease of the referred assets: 16.03.2020

(iv) Sale Consideration/ Lease Value:

- Sale consideration of Spinning Plant and machinery of Unit-I: Rs. 18.16 crore
- Lease value of land and building of Unit-I: Rs. 15 lakhs/month

(v) Details of the buyer and lessee:

M/s Sambandam Spinning Mills Limited (SSML). It is a group Company .The directors of M/s Sambandam Spinning Mills Limited belong to promoter group of the Company and they are related party. The sale and lease transactions fall under related party transactions and both the sale and lease transactions carried out on arms length basis.

(vi) There is no slump sale/amalgamation/merger.

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Regd. Off: Mill Premises, Udayapatti (P.O), P.B.No.3, Salem – 636 140. Phone : Mill 0427-2244400
Fax:0427-2244422; Grams: SUPERSPINE; e-mail: sales@kandagirimills.com; Web: www.kandagirimills.com



GSTIN: 33AABCK2694Q1Z1



Kandagiri Spinning Mills Ltd.

: 2 :

(vii) Other terms and conditions: M/s Sambandam Spinning mills Limited (SSML) has bought the Plant and Machinery through own funds and also through loan availed from CSB Bank. As per the sanction terms of the CSB Bank, Kandagiri Spinning Mills Limited has extended Corporate guarantee and Unit-I land and building is being provided as security in favour of CSB Bank for the term loan value availed by SSML of Rs. 12.70 crore.

There is closure of spinning business operations because of sale of Spinning Plant and Machinery and the Company will have lease rent receivables as its income.


The Company had obtained shareholders approval vide postal ballot resolution on 15.02.2020 and executed the above sale, lease and inter-corporate guarantee/security transactions.

This is for your information and records.

Thanking You,

Yours faithfully

For Kandagiri Spinning Mills Limited


(R. Selvarajan)

Managing Director



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