

To

The Board of Directors
Kandagiri Spinning Mills Limited
Udayapatti PO
Salem 636 140

LIMITED REVIEW REPORT

We have reviewed the accompanying statement of Unaudited financial results of ('the statement') **Kandagiri Spinning Mills Limited** for the six months ended 30th September 2014. This statement (initialed by us for identification), prepared pursuant to Clause 41 of the Listing Agreement with the stock exchanges in India is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying statement of Unaudited financial results prepared in all material aspects in accordance with the applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with stock exchanges including the manner in which it is to be disclosed, or that it contains any material misstatement.

Further, we also report that the particulars relating to the number of shares as well as the percentage of shareholdings in respect of aggregate amount of Public shareholding, pledged/encumbered shares and non-encumbered share of promoters and promoter group shareholding (in terms of Clause 35 of the Listing Agreement) and the particulars relating to the investors complaints are as per the details furnished by the Company / Registrar and are, therefore, not expressing a review opinion thereon.

for M.S.KRISHNASWAMI & RAJAN
Chartered Accountants


R. Krishner – Partner
Membership No.201133



Salem
November 6, 2014

KANDAGIRI SPINNING MILLS LIMITED (CIN : L17111TZ1976PLC000762)

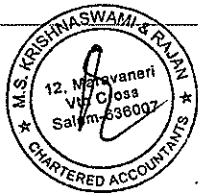
Regd. Office : Mill Premises, Udayapatti (P.O.), Salem 636 140

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STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR/QUARTER ENDED SEPTEMBER 30, 2014

Rs. lakhs

	Quarter ended			Half year ended		Year ended
	30.09.2014	30.06.2014	30.09.2013	30.09.2014	30.09.2013	31.03.2014
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Part-I						
Income from Operations						
Net Sales / Income from operations	5,672.82	4,240.53	4,969.09	9,913.35	9,443.18	19,345.82
Other Operating Income	8.62	1.92	2.70	10.54	3.83	15.41
Total Income from Operations	5,681.43	4,242.44	4,971.78	9,923.88	9,447.01	19,361.23
Expenses						
Consumption of materials	3,098.45	2,845.20	3,319.84	5,943.65	6,168.08	12,030.66
Purchase of trading goods	--	--	--	--	--	--
Changes in inventories of finished goods, work in progress and stock in trade	598.12	(492.78)	(373.86)	105.34	(635.10)	(266.43)
Employee benefits expense	556.78	487.44	462.72	1,044.22	904.25	1,877.95
Depreciation and amortisation expense	181.06	181.07	194.49	362.13	388.57	783.10
Other expenses	744.80	732.02	776.04	1,476.82	1,502.21	3,207.59
Total Expenses	5,179.21	3,752.95	4,379.23	8,932.16	8,328.01	17,632.87
Profit from operations before other income, finance costs and exceptional item (1-2)	502.23	489.49	592.55	991.73	1,119.00	1,728.36
Other income	12.33	5.95	1.14	18.28	7.39	29.90
Profit from ordinary activities before finance costs and exceptional item (3+4)	514.55	495.44	593.69	1,010.00	1,126.39	1,758.26
Finance costs	279.54	269.83	289.12	549.37	576.23	1,133.31
Profit from ordinary activities after finance costs but before exceptional item (5-6)	235.01	225.61	304.57	460.63	550.16	624.95
Exceptional item	-	-	-	-	-	45.29
Profit from ordinary activities before tax (7-8)	235.01	225.61	304.57	460.63	550.16	579.66
Tax expense - Income Tax						
- Current Tax	-	-	-	-	-	-
- Deferred Tax	89.00	64.00	109.00	153.00	185.00	243.00
Net Profit from ordinary activities after tax (9-10)	146.01	161.61	195.57	307.63	365.16	336.66
Extraordinary item (net of tax)	-	-	-	-	-	-
Net profit for the period (11-12)	146.01	161.61	195.57	307.63	365.16	336.66
Paid-up equity share capital (Face value per share Re.10)	385.75	385.75	385.75	385.75	385.75	385.75
Reserves excluding Revaluation Reserve						2,461.45
Basic Earnings Per Share (EPS) (Rs.)	3.79	4.20	5.08	7.99	9.49	8.75
Diluted Earnings Per Share (EPS) (Rs.)	3.79	4.20	5.08	7.99	9.49	8.75
Dividend Per Share (Rs.)						--



For Kandagiri Spinning Mills Ltd.,


Chairman and Managing Director
(R. SELVARAJAN)

	Part-II	Quarter ended			Half year ended		Year ended
		30.09.2014	30.06.2014	30.09.2013	30.09.2014	30.09.2013	31.03.2014
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
A. Particulars of Share Holding							
1. <i>Public shareholding</i>							
- Number of shares	12,13,598	12,13,598	11,60,798	12,13,598	11,60,798	11,60,398	
- Percentage of share holding	31.53	31.53	30.16	31.53	30.16	30.15	
2. <i>Promoter shareholding</i>							
a. <i>Pledged / Encumbered</i>							
- Number of shares							
- Percentage of promoter shareholding							
- Percentage of total share capital							
b. <i>Non-encumbered</i>							
- Number of shares	26,35,652	26,35,652	26,88,452	26,35,652	26,88,452	26,88,852	
- Percentage of promoter shareholding	100.00	100.00	100.00	100.00	100.00	100.00	
- Percentage of total share capital	68.47	68.47	69.84	68.47	69.84	69.85	

Particulars	30.09.2014
B. Investor Complaints	
Pending at the beginning of the quarter	
Received during the quarter	
Disposed during the quarter	
Remaining unresolved at the end of the quarter	

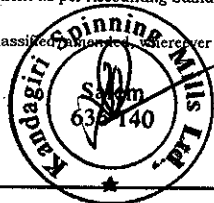
I. STATEMENT OF ASSETS AND LIABILITIES

Particulars	Rs. in lakhs	
	30.09.2014	31.03.2014
A. EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	385.75	385.75
Reserves and surplus	4891.41	4626.00
Sub-Total-Shareholders funds	5277.16	5011.75
Non-current liabilities		
Long-term borrowings	3826.19	2485.60
Deferred tax liabilities (Net)	1775.25	1622.25
Other long term liabilities	0.00	0.00
Long-term provisions	126.84	126.84
Sub-Total-Non-Current Liabilities	5728.28	4234.69
Current liabilities		
Short-term borrowings	3188.54	3522.57
Trade payables	1301.33	1340.33
Other current liabilities	1455.51	3262.57
Short-term provisions	0.00	4.68
Sub-Total-Current Liabilities	5945.37	8130.15
TOTAL-EQUITY AND LIABILITIES	16950.82	17376.59
B. ASSETS		
Non-current assets		
Fixed assets		
Tangible assets	10161.85	10557.14
Intangible assets	0.00	0.00
Capital work-in-progress	35.53	0.00
Non-current investments	200.80	200.94
Long-term loans and advances	1390.57	1285.09
Other non-current assets	5.21	6.94
Sub-Total-Non-Current Assets	11793.96	12050.11
Current assets		
Inventories	3586.17	3743.02
Trade receivables	1263.89	1064.01
Cash and cash equivalents	58.67	85.20
Short-term loans and advances	169.50	327.94
Other current assets	78.63	106.31
Sub-Total-Non-Current Assets	5156.87	5326.48
TOTAL-ASSETS	16950.82	17376.59

NOTES:

- The above financial results, reviewed by the Audit Committee, were approved at the meeting of the Board of Directors held on November 6, 2014. Limited Review of these results, as required under clause 41 of the Listing Agreement, has been completed by the Statutory Auditors.
- Downward trend in the prices of Cotton and Yarn has affected the performance during the quarter.
- Exceptional item for the quarter and year ended March 31, 2014 represents provision of Rs.45.29 lakhs for diminution in value of investments.
- Depreciation for the quarter ended June 30, 2014 and September 30, 2014 has been computed based on the Company's technical evaluation of useful lives of its fixed assets, which in certain cases are different from those mentioned in Schedule II to the Companies Act, 2013. Based on transitional provision provided in Schedule II, WDV of Rs.27.78 Lakhs as on March 31, 2014 in respect of assets whose useful life is already exhausted have been charged to retained earnings. Had the company followed useful lives as per the previous policy, depreciation for the quarter and six months ended September 30, 2014 would have been higher by Rs.14.14 lakhs and 28.28 Lakhs respectively.
- The company's primary segment is identified as business segment based on nature of products, risks, return and the internal business reporting system (i.e. cotton yarn) and operates in a single geographical segment as per Accounting Standard 17.
- Figures for the previous periods have been regrouped/reclassified and presented, wherever necessary.

M.S. KRISHNAMURTHY & RAJAN
12, Maravani
Vth Cross
Salem-630007
Salem
November 2014
CERTIFIED ACCOUNTANTS



For Kandagiri Spinning Mills Limited
R. Selvarajan
Chairman and Managing Director