

KANDAGIRI SPINNING MILLS LIMITED (CIN : L17111TN1976PL0000762)

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

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STATEMENT OF AUDITED (STANDALONE AND CONSOLIDATED) FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2018

Rs. lakhs

S.No.	Particulars	Three months ended			Year ended		Year ended	
		STANDALONE			STANDALONE		CONSOLIDATED	
		31/03/2018	31/12/2017	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	Unaudited			Audited		Audited		
I	Revenue from Operations	1,598.61	1,206.93	1,235.92	5,438.14	7,802.77	5,438.14	7,802.77
II	Other Income	5.18	8.27	(19.96)	69.09	54.71	69.09	54.71
III	<b>Total Income (I+II)</b>	<b>1,603.79</b>	<b>1,215.20</b>	<b>1,215.96</b>	<b>5,507.23</b>	<b>7,857.48</b>	<b>5,507.23</b>	<b>7,857.48</b>
IV	<b>EXPENSES</b>							
	Cost of materials consumed	1,110.86	609.31	630.18	3,102.21	4,604.38	3,102.21	4,604.38
	Changes in inventories of finished goods and work-in-progress	162.84	114.11	335.47	489.49	1,119.19	489.49	1,115.19
	Employee benefits expenses	184.71	189.06	248.35	779.38	1,323.52	779.38	1,223.32
	Finance costs	184.03	210.00	248.79	804.72	1,248.60	804.72	1,248.60
	Depreciation and amortisation expense	103.57	91.58	109.48	371.21	711.58	371.21	711.58
	Other expenses	383.99	348.43	355.20	1,572.95	1,564.26	1,572.95	1,564.26
	<b>Total Expenses</b>	<b>2,100.00</b>	<b>1,562.49</b>	<b>1,987.57</b>	<b>7,119.96</b>	<b>10,467.33</b>	<b>7,119.96</b>	<b>10,467.33</b>
V	Profit/(loss) before exceptional items and tax (II-IV)	(526.21)	(347.28)	(741.61)	(1,612.73)	(2,609.85)	(1,612.73)	(2,609.85)
VI	Share of profit/(loss) of associates - net	-	-	-	-	10.44	-	8.99
VII	Profit/(loss) before exceptional items and tax (V+VI)	(526.21)	(347.28)	(741.61)	(1,612.73)	(2,609.85)	(1,602.29)	(2,600.86)
VIII	Exceptional items (Refer note 7)	21.43	(106.45)	1,544.61	(85.02)	1,544.61	(85.02)	1,544.61
IX	Profit/(loss) before tax (VII-VIII)	(504.78)	(453.73)	803.00	(1,697.75)	(1,065.24)	(1,687.31)	(1,056.25)
X	Tax expense:							
	(1) Current tax	-	-	-	-	-	-	-
	(2) Prior period tax	24.83	-	-	24.83	-	24.83	-
	(3) Deferred tax	(561.14)	-	-	(561.14)	-	(561.14)	-
XI	Profit/(loss) for the period from continuing operations (IX-X)	31.53	(453.73)	803.00	(1,161.44)	(1,065.24)	(1,151.00)	(1,056.25)
XII	Profit/(loss) for the period from discontinuing operations	-	-	-	-	-	-	-
XIII	<b>Profit/(loss) for the period (XI + XII)</b>	<b>31.53</b>	<b>(453.73)</b>	<b>803.00</b>	<b>(1,161.44)</b>	<b>(1,065.24)</b>	<b>(1,151.00)</b>	<b>(1,056.25)</b>
XIV	Other Comprehensive Income							
A	(i) Items that will not be reclassified to profit and loss							
	Remeasurement of Defined benefits plan	79.91	(2.84)	(184.96)	88.43	(134.38)	88.43	(134.38)
	(ii) Income tax relating to items that will not be reclassified to profit and loss	-	-	-	-	-	-	-
	<b>Total Other Comprehensive Income</b>	<b>79.91</b>	<b>(2.84)</b>	<b>(184.96)</b>	<b>88.43</b>	<b>(134.38)</b>	<b>88.43</b>	<b>(134.38)</b>
XV	<b>Total Comprehensive Income for the period (XIII+XIV)</b>	<b>(148.38)</b>	<b>(456.57)</b>	<b>618.04</b>	<b>(1,249.87)</b>	<b>(920.48)</b>	<b>(1,239.43)</b>	<b>(921.87)</b>
XVI	<b>Earnings per equity share of Rs.10/- each: (not annualised)</b>							
	Basic and Diluted	0.83	(11.78)	20.83	(30.11)	(27.61)	(29.44)	(27.38)
XVII	Paid Up Equity Share Capital ( Face Value Rs. 10/- each)	385.75	385.75	385.75	385.75	385.75	385.75	385.75
XVIII	Reserves ( Refer note 8)				2,462.59	3,713.47	2,422.98	3,662.41

For R.Sundararajan & Associates  
Chartered Accountants  
Firm Registration No.082825

S.Krishnan - Partner  
Membership No.028452



Notes:

Rs. lakhs

I. STATEMENT OF ASSETS AND LIABILITIES		STANDALONE		CONSOLIDATED	
		31/03/2018	31/03/2017	31/03/2018	31/03/2017
		Audited		Audited	
	<i>Particulars</i>				
<b>A.</b>	<b>ASSETS</b>				
	<b>Non current assets</b>				
	Property, plant and equipment	5,289.86	7,410.14	5,289.86	7,410.14
	Financial assets				
	Investments	154.71	246.69	114.10	195.64
	Other financial asset	260.14	309.67	260.14	309.67
	Advance tax assets(net)	14.96	28.27	14.96	28.27
	Other non-current assets	354.14	354.63	354.14	354.63
	Deferred tax assets (net)	157.98	-	157.98	-
		6231.79	8349.40	6191.18	8298.35
	<b>Current assets</b>				
	Inventories	2,672.38	2,197.21	2,672.38	2,197.21
	Financial assets				
	Investments	58.81	-	58.81	-
	Trade receivables	282.67	527.92	282.67	527.92
	Cash and cash equivalents	8.52	2.19	8.52	2.19
	Other Bank balances	9.33	14.07	9.33	14.07
	Other financial assets	120.42	202.42	120.42	202.42
	Other current assets	86.86	84.66	86.86	84.66
		3,238.99	3,028.47	3,238.99	3,028.47
	<b>Total assets</b>	<b>9,470.78</b>	<b>11,377.87</b>	<b>9,430.17</b>	<b>11,326.82</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>				
	<b>Equity</b>				
	Equity share capital	385.74	385.74	385.74	385.74
	Other equity	2,077.85	3,327.72	2,037.24	3,276.67
		2,463.59	3,713.46	2,422.98	3,662.41
	<b>Non-current liabilities</b>				
	Financial liabilities				
	Borrowings	2,293.87	2,855.95	2,293.87	2,855.95
	Provisions	154.03	151.80	154.03	151.80
	Deferred tax liabilities (Net)	-	403.16	-	403.16
		2,447.90	3,410.91	2,447.90	3,410.91
	<b>Current liabilities</b>				
	Financial liabilities				
	Borrowings	2,855.02	3,001.81	2,855.02	3,001.81
	Trade payables	450.90	218.49	450.90	218.49
	Provisions	4.99	2.24	4.99	2.24
	Other financial liabilities	1,195.39	1,012.85	1,195.39	1,012.85
	Other current liabilities	52.99	18.11	52.99	18.11
		4,559.29	4,253.50	4,559.29	4,253.50
	<b>Total equity and liabilities</b>	<b>9,470.78</b>	<b>11,377.87</b>	<b>9,430.17</b>	<b>11,326.82</b>

For R. Sundararajan & Associates  
Chartered Accountants  
Firm Registration No. 08282S

S. Krishnan - Partner  
Membership No. 023452



- 2 The above audited standalone and consolidated financial results were reviewed by the Audit Committee and then approved by the Board of Directors at its meeting held on May 27, 2018.
- 3 Pursuant to the approval given by the shareholders and approval from the Board, your company has disposed off its undertaking (Unit III) during the year and as a result of the disposal, the loss on sale of undertaking is shown as an exceptional item above. The sale proceeds was mainly used to pay off the bank dues as a part of restructuring activities.
- 4 The Company has adopted Indian Accounting Standards (Ind AS) from April 1, 2017 and accordingly above standalone financial results have been prepared in accordance with the recognition and measurement principles under Ind AS laid down prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India. The Ind AS compliant financial results for the corresponding quarter and twelve months ended 31 March 2017 have been stated in terms of the Circular no. CIR/CFD/FAC/63/2016 dated July 5, 2016.

5 **Segment Information:**

The Company is principally engaged in a single business segment viz cotton yarn based on nature of products, risks, returns and the internal business reporting system. There is no other reportable segment in terms of Ind AS 108 'Operating Segments'.

- 6 Reconciliation of the financial results to those reported under the previous GAAP are summarised as follows:

Particulars	Standalone			Consolidated	
	Net profit reconciliation		Equity reconciliation	Net profit reconciliation	Equity reconciliation
	Quarter ended 31.03.2017	Year ended 31.03.2017	As at 31.03.2017	Year ended 31.03.2017	As at 31.03.2017
Net profit/(loss)/Equity as per previous GAAP	857.01	(1,115.89)	2,699.40	(1,106.91)	2,848.35
<b>Adjustments:</b>					
Impact on fair valuation of investments	(22.64)	31.45	46.30	31.45	46.30
Recognition of actuarial (gains) / losses arising in respect of employee benefit schemes	(184.96)	(134.38)	-	(184.96)	-
Tax Adjustments			618.90	-	618.90
Others	153.59	153.58	148.56	153.59	148.56
<b>Net profit/(loss)/Equity under Ind AS</b>	<b>803.00</b>	<b>(1,065.24)</b>	<b>-</b>	<b>(1,106.83)</b>	<b>-</b>
Other Comprehensive Income (net of tax)	184.96	134.38	-	184.96	-
<b>Total Comprehensive Income under Ind AS</b>	<b>987.96</b>	<b>(930.86)</b>	<b>3,713.46</b>	<b>(921.87)</b>	<b>3,662.41</b>

a. Under previous GAAP, non current equity investments were measured at historical cost. Under Ind AS all equity securities other than in subsidiaries, joint ventures and associates are to be measured at fair value at the reporting date and changes in fair value is to be recognised in Statement of Profit and Loss.

b. Under previous GAAP, actuarial gains/losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains/losses forms part of the remeasurement of the net defined benefit liability/asset which is recognised in other comprehensive income. Additionally, the tax effect of the same has also been recognised in other comprehensive income as required by Ind AS.

- 7 Exceptional items consists of:

Rs. lakhs

Particulars	Three months ended			Year ended		Year ended	
	STANDALONE			STANDALONE		CONSOLIDATED	
	31/03/2018	31/12/2017	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017
Profit on sale of windmills	-	-	1,544.61	-	1,544.61	-	1,544.61
Profit on sale of investment	21.43	-	-	21.43	-	21.43	-
Loss on sale of industrial undertaking	-	(106.45)	-	(106.45)	-	(106.45)	-

- 8 The Company has adopted the formulae for computing items mentioned in Sl.no. XV(1) is given below

Ratio	Formula
Networth	Equity Share capital + Other Equity

- 9 The figures of the last quarters of the year ended March 31, 2018 and March 31, 2017 are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures of the third quarter of the respective financial year

- 10 The figures for the previous period have been reclassified/ regrouped wherever necessary.

Salem  
May 27, 2018

For Kandagiri Spinning Mills Limited

S. Sivarajan  
Chairman

For R.Sundararajan & Associate  
Chartered Accountants  
Firm Registration No.08282S

S. Krishnan - Partner  
Membership No.026452





# R. SUNDARARAJAN & ASSOCIATES

CHARTERED ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF KANDAGIRI SPINNING MILLS LIMITED

1. We have audited the accompanying Statement containing the audited Standalone Financial Results ("Results") of **KANDAGIRI SPINNING MILLS LIMITED** ("the Company") for the year ended March 31, 2018 together with the notes thereon ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No CIR/CFD/FAC/62/2016 dated July 5, 2016, which have been initialled by us for identification purpose only.
2. The Statement is the responsibility of the Company's Management and approved by the Board of Directors. We draw attention to Note 9 of the Statement with regard to the results for the quarter ended March 31, 2018 and 2017 being the balancing figure between the audited standalone figures in respect of the full financial year and the published year to date figures up to the third quarter of the respective financial years. The figure up to the end of the third quarter was subject to limited review and not subjected to audit. These standalone financial results are based on the standalone financial statements for the year ended 31 March 2018 prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 ('the Act') and the published standalone year to date figures up to the end of the third quarter of the financial year prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, Interim Financial Reporting, specified under Section 133 of the Act, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No CIR/CFD/FAC/62/2016 dated July 5, 2016.
3. Our responsibility is to express an opinion on these standalone financial results based on our audit of the standalone financial statements for the year ended 31 March 2018 and our review of standalone financial results for the nine months period ended 31 December 2017.
4. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the results are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Result in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the results.



**Basis for Qualified Opinion**

7. The Company has generated negative operating cash flows and has incurred substantial operating losses during the current period and earlier. One of the Units of the Company has been sold during the year and the sale consideration used to repay loan creditors. In order to continue operations for a reasonable period of time, the Company is apparently dependent on infusion of sufficient funds and restructuring of operations. There is thus, in our opinion, existence of a material risk as to the Company's ability to continue as a going concern.
8. In our opinion and to the best of our information and according to the explanations given to us expect for the adjustments in para 7:
  - (i) The Statement is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No CIR/CFD/FAC/62/2016 dated July 5, 2016; and
  - (ii) The Annual audited Standalone financial results for the year ended March 31, 2018 as set out in the Statement give a true and fair view of the total comprehensive income (comprising profit/loss and other comprehensive income) and other financial information of the Company for the year ended March 31, 2018 with the accounting principles generally accepted in India.
9. The Statement dealt with by this report has been prepared for the express purpose of filing with BSE Limited. This Statement is based on and should be read with the audited standalone financial statements of the Company for the year ended March 31, 2018 on which we have issued an unmodified opinion vide our report dated May 26, 2018.

**R Sundararajan Associates**  
**Chartered Accountants**  
**Firm Registration No:008282S**

  
**S. Krishnan**  
**Partner**  
**Membership No 26452**  
**May 27, 2018**  
**Salem**





# R. SUNDARARAJAN & ASSOCIATES

CHARTERED ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

### TO THE BOARD OF DIRECTORS OF KANDAGIRI SPINNING MILLS LIMITED

1. We have audited the accompanying Statement containing the audited Consolidated Financial Results ("Results") of **KANDAGIRI SPINNING MILLS LIMITED** ("Company with substantial interest/ the Company") and its associates for the year ended March 31, 2018 together with the notes thereon ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No CIR/CFD/FAC/62/2016 dated July 5, 2016, which have been initialled by us for identification purpose only.
2. The Statement is the responsibility of the Company's Management and approved by the Board of Directors. These Consolidated Financial Results are based on the Consolidated Financial Statements for the year ended 31 March 2018 prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 ('the Act') and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No CIR/CFD/FAC/62/2016 dated July 5, 2016.
3. Our responsibility is to express an opinion on these consolidated financial results for the year ended 31 March 2018. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the results are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Result in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the results.





5. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a reasonable basis for our audit opinion.

#### **Basis of Qualified Opinion**

6. The Company has generated negative operating cash flows and has incurred substantial operating losses during the current period and earlier. One of the Units of the Company has been sold during the period and the sale consideration used to repay loan creditors. In order to continue operations for a reasonable period of time, the Company is dependent on infusion of sufficient funds and restructuring of operations. There is thus, in our opinion, existence of a material risk as to the Company's ability to continue as a going concern.
7. In our opinion and to the best of our information and according to the explanations given to us except for the adjustment in para 6:
- (i) The Statement includes the share of profits of the following Associate entity SPMM Healthcare Private Limited
  - (ii) The Statement is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No CIR/CFD/FAC/62/2016 dated July 5, 2016; and
  - (iii) The Annual audited Consolidated financial results for the year ended March 31, 2018 as set out in the Statement give a true and fair view of the total comprehensive income (comprising profit/loss and other comprehensive income) and other financial information of the Company for the year ended March 31, 2018 with the accounting principles generally accepted in India.
8. We did not audit the financial statements of the associate whose financial statements reflect the Group's share of net profit of Rs 10.44 lakhs as considered in the Results. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Results, in so far as it relates to the amounts and disclosures included in respect of these associates is based solely on the reports of the other auditors.

Our opinion on the Results is not modified in respect of the above matters with regard to our reliance on the work done and the reports of the other auditors and financial statements certified by the Management.



9. The Statement dealt with by this report has been prepared for the express purpose of filing with the BSE Limited. This Statement is based on and should be read with the audited consolidated financial statements of the Company for the year ended March 31, 2018 on which we have issued an unmodified opinion vide our report dated May 27, 2018.

**R Sundararajan Associates**  
**Chartered Accountants**  
**Firm Registration No:008282S**



**S. Krishnan**  
**Partner**  
**Membership No 26452**  
**May 27, 2018**  
**Salem**







# Kandagiri Spinning Mills Ltd. Unit-I

Date: 27/05/2018

Bombay Stock Exchange Limited,  
Floor 25, P.J.Towers,  
Dalal Street,  
Mumbai 400 001

Dear Sir,

Sub.: Declaration pursuant to Regulation 33 (3) (d) of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015

## Declaration

I, R. Selvarajan, Managing Director of Kandagiri Spinning Mills Limited (CIN:L17111TZ1976PLC000762) having its Registered Office at Post Box No.3, Udayapatti, Salem 636 140, Tamilnadu, India, hereby declare that, the Statutory Auditors of the Company, M/s R. Sundararajan & Associates, Chartered Accountants (Firm Registration No.008282S) have issued an Audited Report with unmodified opinion on Audited Financial Results of the Company (Standalone and Consolidated) for quarter and year ended 31<sup>st</sup> March, 2018.

This Declaration is given in compliance to Regulation 33(3) (d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, as amended by the SEBI (Listing Obligations and Disclosure Requirements)(Amendment) Regulations,2016, vide Notification No. SEBI/LAD-NRO/GN/2016-17/001 dated 25<sup>th</sup> May, 2016.

Request you to take this on record.

Yours faithfully,

For Kandagiri Spinning Mills Limited

  
(R. Selvarajan)  
Managing Director







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

CIN : L17111TZ1976PLC000762



## FORM A

Format of covering letter of the annual report to be filled with the Stock Exchanges

1	Name of the Company	Kandagiri Spinning Mills Limited
2	Annual financial statements for the year ended	March 31, 2018 (Standalone and Consolidated)
3	Type of Audit observation	Un-qualified
4	Frequency of observation	NA
5	To be signed by-	
	<ul style="list-style-type: none"><li>• CEO/Managing Director</li></ul>	 R. Selvarajan – Managing Director
	<ul style="list-style-type: none"><li>• CFO</li></ul>	 S. Vijay Shankar – CFO
	<ul style="list-style-type: none"><li>• Auditor of the Company</li></ul>	For R. Sundararajan & Associates Chartered Accountants Firm Registration No.08282S  S. Krishnan, Partner R. Sundararajan & Associates
	<ul style="list-style-type: none"><li>• Audit Committee Chairman</li></ul>	 S. Gnanasekharan – Chairman of Audit Committee