

KANDAGIRI SPINNING MILLS LIMITED (CIN : L17111TZ1976PLC000762)

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

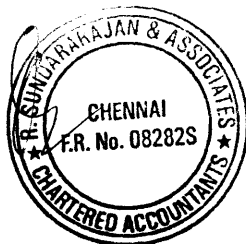
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STATEMENT OF UNAUDITED FINANCIAL RESULTS (STANDALONE) FOR THE SIX MONTHS/QUARTER ENDED SEPTEMBER 30, 2017

Rs. lakhs

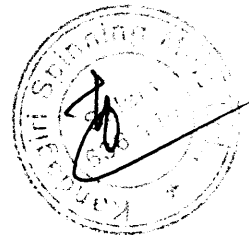
S.No.	Particulars	Quarter ended			Six months ended	
		30/09/2017	30/06/2017	30/09/2016	30/09/2017	30/09/2016
		Unaudited			Unaudited	
I	Revenue from Operations	1,001.31	1,411.50	1,782.95	2,412.81	5,128.59
II	Other Income	176.51	98.90	40.41	275.41	58.26
III	Total Income (I+II)	1,177.82	1,510.40	1,823.36	2,688.22	5,186.85
IV	EXPENSES					
	Cost of materials consumed	714.65	981.11	1,215.83	1,695.76	3,243.71
	Purchases of Stock-in-trade	-	-	-	-	-
	Changes in inventories of finished goods, Stock-in-trade and work-in-progress	-62.30	-38.88	40.92	-101.18	208.64
	Employee benefits expenses	211.12	194.51	353.70	405.63	765.60
	Finance costs	194.43	216.26	333.33	410.69	661.88
	Depreciation and amortisation expense	86.84	89.21	190.71	176.05	381.40
	Other expenses	412.60	427.88	79.20	840.48	717.07
	Total Expenses	1,557.34	1,870.09	2,213.69	3,427.43	5,978.30
V	Profit/ (loss) before exceptional items and tax (III-IV)	-379.52	-359.69	-390.33	-739.21	-791.45
VI	Exceptional items	-	-	-	-	-
VII	Profit/ (loss) before tax (V-VI)	-379.52	-359.69	-390.33	-739.21	-791.45
VIII	Tax expense:					
	(1) Current tax	1.75	-	5.21	1.75	10.41
	(2) Deferred tax	0.51	-0.51	-	-	-
IX	Profit/ (Loss) for the period from continuing operations (VII-VIII)	-381.78	-359.18	-395.54	-740.96	-801.86
X	Other Comprehensive Income					
A	(i) Items that will not be reclassified to profit and loss					
	Remeasurement of Defined benefits plan	-4.66	-1.02	-16.86	-5.68	-33.72
	(ii) Income tax relating to items that will not be reclassified to profit and loss	1.75	-	5.21	1.75	10.41
B	(i) Items that will be reclassified to profit and loss					
	(ii) Income tax relating to items that will be reclassified to profit and loss					
	Total Other Comprehensive Income	-2.91	-1.02	-11.65	-3.93	-23.31
XI	Total Comprehensive Income for the period (X+XI) (Comprising Profit (Loss) and Other Comprehensive Income for the period)	(384.69)	(360.20)	(407.19)	(744.89)	(825.17)
XII	Earnings per equity share of Rs.10/- each: (not annualised)					
	Basic and Diluted	(9.90)	(9.31)	(10.25)	(19.21)	(20.79)
XIII	Paid Up Equity Share Capital (Face Value ` 10/- each)	385.75	385.75	385.75	385.75	385.75
XIV	Networth				2,828.80	3,819.15
	# There are no discontinued operations during the period					



Notes:

1 Balance Sheet as at September 30, 2017

Particulars	Note No.	30.09.2017 Rs. lakhs
ASSETS		
Non current assets		
Property, plant and equipment	1	7,232.16
Capital work in progress		
Financial assets		
Investments	2	285.80
Other financial asset	3	311.51
Other non-current assets	4	384.30
		8,213.77
Current assets		
Inventories	5	2,205.76
Financial assets		
Trade receivables	6	205.87
Cash and cash equivalents	7	13.51
Other financial assets	8	129.46
Other current assets	9	139.52
		2,694.12
Total assets		10,907.89
EQUITY AND LIABILITIES		
Equity		
Equity share capital	10	385.75
Other equity	11	2,443.05
Total equity		2,828.80
Non-current liabilities		
Financial liabilities		
Borrowings	12	2,649.17
Deferred tax liabilities (Net)	13	403.16
Provisions	14	151.79
		3,204.12
Current liabilities		
Financial liabilities		
Borrowings	15	3,294.82
Trade payables	16	642.06
Other financial liabilities	17	934.73
Other current liabilities	18	1.12
Provisions	19	2.24
		4,874.97
Total liabilities		8,079.09
Total equity and liabilities		10,907.89



- 2 The above unaudited standalone financial results were reviewed by the Audit Committee and then approved by the Board of Directors at its meeting held on December 11, 2017.
- 3 The company's profitability continues to be affected during the quarter also. The production volume was below 50%. The production is expected to increase gradually in the fourth quarter as the sale of Unit III was completed during the month of October 17 and the sale proceeds were utilised to pay off the bank term loan dues.
- 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 laid down in the Ind AS 34 'Interim Financial Reporting' 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 six months ended 30 September 2016 have been stated in terms of the Circular no. CIR/CFD/FAC/62/2016 dated July 5, 2016. Accordingly and in terms of the same circular, the figures and reconciliation for March 31, 2017 have not been furnished.
- 5 The statutory auditors of the Company have carried out the limited review of the results for the quarter and six months ended 30th September 2017. The Ind AS compliant financial results for the corresponding quarter and six months ended 30th September 2016 has not been subjected to limited review or audit. However, the management has exercised necessary due diligence to ensure that the financial results provide a true and fair view of its affairs.
- 6 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'.
- 7 The Company would be consolidating and presenting its Consolidated Financial Statements at the end of the year i.e. March 31, 2018.
- 8 Reconciliation of the financial results to those reported under the previous GAAP are summarised as follows:

Particulars	Three months ended September 30, 2016 (Rs. In lakhs)	Six months ended September 30, 2016 (Rs. In lakhs)
Net profit/(loss) after Tax as per previous GAAP	(429.69)	(847.67)
Adjustments:		
Impact on fair valuation of investments	22.50	22.50
Reclassification of actuarial (gains) /losses arising in respect of employee benefit schemes	16.86	33.72
Tax Adjustments	(5.21)	(10.41)
Net profit/(loss) after Tax as reported under Ind AS	(395.54)	(801.86)
Other Comprehensive Income (net of tax)	(11.65)	(23.31)
Total Comprehensive Income as reported under Ind AS	(407.19)	(825.17)

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.

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.

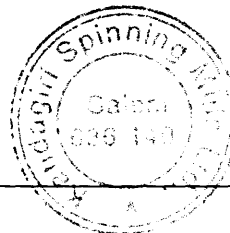
- 9 The Statement includes the results for the Quarter ended September 30, 2017 being the balancing figures between figures in respect of the half year ended September 30, 2017 and the published figures of the Company for the quarter ended June 30, 2017 and September 30, 2016 being the balancing figure in respect of the half year ended September 30, 2016 and the published figures of the Company for the quarter ended June 30, 2016.
- 10 The Company has adopted the formulae for computing items mentioned in Sl.no. XIV, XVI, XVII & XVIII is given below

Ratio	Formula
(XIV) Networkth	Equity Share capital + Other Equity

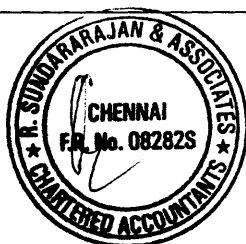
- 11 The figures for the previous period have been reclassified/ regrouped wherever necessary.

Salem
December 11, 2017

For Kandagiri Spinning Mills Limited



S. Devarajan
S. Devarajan
Chairman



R. SUNDARARAJAN & ASSOCIATES

CHARTERED ACCOUNTANTS

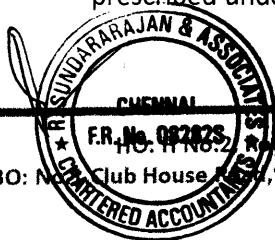
INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF KANDAGIRI SPINNING MILLS LIMITED

1. We have reviewed the Unaudited Standalone Financial Results of **KANDAGIRI SPINNING MILLS LIMITED** ("the Company") for the quarter and six months ended September 30, 2017 (including the period from April 1,2017 to June 30,2017 reviewed by predecessor statutory auditors vide their " Independent Auditor's review report on review of Interim financial results" dated August 12,2017 which we have relied upon)("the Financial Results"), 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 the SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, which has been initialled by us for identification purpose. Attention is drawn to the fact figures for the corresponding quarter and six months ended 30 September 2017 including reconciliation of net loss for the quarter and six months ended 30 September 2016 under Indian Accounting Standards ('IndAS') with net loss reported under previous GAAP as included in the Statement have not been subjected to limited review or audit and has been prepared solely based on the information compiled by the management.

This Statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. Based on our review conducted as above and read with our comments in paragraph 4 below, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with the applicable Indian Accounting Standards prescribed under Section 133 of the Companies Act,2013 and other recognised accounting practices



R. SUNDARARAJAN & ASSOCIATES

CHARTERED ACCOUNTANTS

and policies, and has not disclosed the information required to be disclosed in terms of Regulation 33 and regulation 52 of the Listing Regulations as amended from time to time, including the manner in which it is to be disclosed, or that it contains any material misstatement.

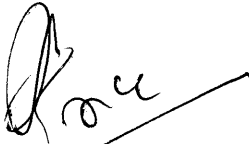
4. a) The financial results of the Company for the quarter and six months ended September 30,2016 were reviewed by predecessor statutory auditors who have issued an unmodified report vide their " Independent Auditor's review report on review of Interim financial results" dated November 9,2016.
- b) The financial results of the Company for the quarter ended June 30,2017 was reviewed by predecessor statutory auditors who issued an unmodified opinion vide their " Independent Auditor's Report " dated August 12, 2017.

Our conclusion is not qualified in respect of these matters.

R Sundararajan Associates

Chartered Accountants

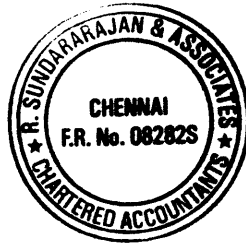
Firm's Registration No. 008282S



S. Krishnan

Partner

Membership No. 26452



December 11, 2017