



Kandagiri Spinning Mills Ltd.

Ref.: KSML/CS/020/2022-23

Date: 01-09-2022

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

Dear Sir,

Sub: Enclosure of 46th Annual Report of the Company for the FY 2021-22
Ref: Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In accordance with the above referred regulation, we herewith enclosed 46th Annual Report of the Company for the FY 2021-22

Please take the same for your records.

Thanking you,
Yours faithfully,
For Kandagiri Spinning Mills Limited


(J. Asifa)

Company Secretary & Compliance Officer

Encl: 46th Annual Report of the Company for the FY 2021-22



CIN : LI7111TZ1976PLC000762

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 LIMITED



46th Annual Report
2021 – 2022



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Board of Directors (As on 30.05.2022)	Mr. S. Gnanashekar - Chairman and Non Executive Independent Director
	Mr. R. Selvarajan - Managing Director
	Mr. S. Devarajan - Additional Director (Non-Executive)
	Dr. (Mrs.) A. Sarayu - Non-Executive Director
	Mr. S. Elangovan - Non Executive Independent Director

Chief Financial Officer **Mr. S. Vijay Shankar**

Company Secretary **Ms. J. Asifa**

Statutory Auditors **M/s R. Sundararajan & Associates**

Secretarial Auditors **M/s B.K. Sundaram & Associates**

Registered Office **Post Box No. 3, Mill Premises,
Udayapatti P.O., Salem 636 140,
Tamil Nadu.**

Corporate Identity No. (CIN) : L17111TZ1976PLC000762



KANDAGIRI SPINNING MILLS LIMITED

Post Box No.3, Udayapatti, Salem- 636 140.

Ph. 0427-2244400; Fax-0427-2244422, CIN : L17111TZ1976PLC000762

E mail: sales@kandagirimills.com; ksmcs@kandagirimills.com,

Website : www.kandagirimills.com

NOTICE TO THE SHAREHOLDERS

Notice is hereby given pursuant to section 96 and other applicable provisions of the Companies Act, 2013 that the Forty sixth (46th) Annual General Meeting of the Company will be held **on Saturday, September 24, 2022 at 10.45 a.m.** through Video Conferencing (VC)/Other Audio Visual Means (OAVM) to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt

- The Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2022 together with the notes annexed thereto and the reports of the Board of Directors and the Auditors thereon.
- The Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2022 together with the notes annexed thereto and the report of the Auditors thereon.

2. Non-Executive Director Dr. A. Sarayu (holding DIN 06953362) retires by rotation at this (46th) Annual General Meeting and being eligible, offers herself for reappointment

3. Appointment of Statutory Auditors

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of section 139(2) and other applicable provisions, if any, of the Companies Act 2013 and the rules framed there under (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. CA Krishnen & Associates, Chartered Accountants (Firm registration No.018163S) be and are hereby appointed as Statutory Auditors of the Company from the conclusion of this (46th) Annual General Meeting until the conclusion of the 51st Annual General Meeting for the financial years 2022-2023 to 2026-2027

RESOLVED FURTHER THAT the Statutory Auditors shall be paid a remuneration of Rs. 1,00,000/- (Rupees One Lakh only) for the financial year 2022-2023 excluding the out of pocket expenses that may be incurred by them in connection with the audit and excluding the applicable GST."

SPECIAL BUSINESS

4. Appointment of Sri S. Devarajan as a Non-Executive Director of the Company

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable provisions, if, any, Sri S. Devarajan (holding DIN: 00001910), who was appointed as an Additional Director (Non-Executive) of the Company with effect from 06.05.2022 by the Board of Directors on the recommendation of Nomination and Remuneration Committee and shall hold office upto this (46th) Annual General Meeting of the Company in terms of section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under section 160 of the Act proposing his candidature for the office of Director be and is hereby appointed as a Non-Executive Director of the Company, liable to retire by rotation.

By order of the Board of Directors
For Kandagiri Spinning Mills Limited

Place : Salem
Date : May 30, 2022

J. Asifa
Company Secretary



NOTES :

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this notice.
6. The explanatory statement of material facts pursuant to Section 102 of the Companies Act, 2013 in respect of business set out under Items No. 4 of the Notice is annexed hereto.
7. The Register of Members and the Share Transfer Books of the Company will remain closed from **18th September, 2022 to 24th September, 2022** (both days inclusive).
8. Pursuant to Ministry of Corporate Affairs (MCA) General Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 January 13, 2021 and SEBI circular dated January 15, 2021 and various circulars issued to provide relaxation to Companies in light of the pandemic situation in the country, the Notice for the 46th Annual General Meeting ("AGM") and Annual Report of FY 2021-22 is being sent only through electronic mode to the shareholders whose email addresses are registered with the depository participants / Registrar and Transfer Agent (RTA).
9. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021, the Notice calling the AGM has been uploaded on the website of the Company at www.kandagirimills.com. The Notice can also be accessed from the website of the Stock Exchange BSE Limited at www.bseindia.com and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
10. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021 and all other relevant circulars issued from time to time.
11. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.



12. Members holding shares in physical form are requested to contact M/s Cameo Corporate Services Limited, Registrars and Share Transfer Agents of the Company, at 'Subramaniam Building', No. 1 Club House Road, Chennai – 600 002 for recording any change of address, bank mandate, or nominations and for redress of grievance or contact the Company Secretary at the Registered Office of the Company.

In case of shareholders holding shares in demat form, all such intimations are to be sent to their respective Depository Participants (DP). Members can also submit their grievances direct to the Company at the following email ID: sales@kandagirimills.com :

13. As per the provisions of the Companies Act, facility for making nominations is available to individuals holding shares in the Company. The prescribed nomination form can be obtained from the RTA/ Depository Participants.

14. Transfer of Unclaimed/Unpaid dividends along with underlying shares to IEPF

Pursuant to Section 124 & 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 which came into effect from 07.09.2016 with subsequent amendments thereto, in addition to transfer of unpaid/unclaimed dividend of seven years to IEPF a/c, the underlying shares with respect to unpaid/unclaimed dividend of seven consecutive years has to be transferred by the company to the Investor Education and Protection Fund (IEPF) established by the Central Government.

In accordance with the above statutory provisions, the dividends declared by the Company which remain unpaid and unclaimed for seven years and the underlying shares with respect to unpaid/unclaimed dividend of seven consecutive years were transferred to IEPF a/c by the Company as per the applicability. During the FY 2021-22, there was no transfer of dividends and underlying shares to IEPF a/c as there is no dividend declared and remain unpaid and unclaimed for seven years during the FY 2021-22

Shareholders can claim the earlier transferred dividends and shares from IEPF by filing the requisite forms and following the procedures as stated in the IEPF rules.

15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market for registering transfers, transpositions, transmissions etc. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the RTA, Cameo Corporate Services Limited, at 'Subramaniam Building', No.1, Club House Road, Chennai – 600 002.
16. As per regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, securities of listed companies can be transferred only in dematerialized form with effect from 1st April, 2019, except in case of request received for transmission or transposition of securities. Hence members holding shares in physical form are requested to consider converting their holdings to dematerialized form and shall contact the Company's RTA Cameo corporate Services in this regard.
17. Additional information pursuant to regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards (SS-2) in respect of Directors seeking appointments and re-appointments at the AGM are furnished and forms part of the Notice. The Directors have furnished the requisite consents / declarations for their appointment/re-appointment.
18. Members are requested to inform the Company their e-mail ID to facilitate quick response from the Company. Ministry of Corporate Affairs has recognised e-mail communication to share holders as effective and efficient means of communication from the Company and also member's communication to the Company. Members may register their e-mail id with the Company and also keep the Company informed of any changes in their e-mail ID.
19. Members who have not so far dematerialized their shares are advised to demat the shares held in Physical form which will ensure safety and security for their shares.



20. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING AREASUNDER:-

The remote e-voting period begins on 20.09.2022 at 9.15 a.m. and ends on 23.09.2022 at 5.00 p.m. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 17.09.2022, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 17.09.2022.

How do I vote electronically using NSDL e-Voting system?


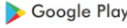


The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of Shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsd.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <div style="text-align: right; margin-top: 10px;"> <p>NSDL Mobile App is available on</p>   <div style="display: flex; justify-content: space-around; margin-top: 5px;">   </div> </div>



Type of Shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/loginor www.cdslindia.com and click on New System Myeasi. After successful login of Easi / Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>
<p>Important note : Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.</p>	
<p>Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.</p>	
Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43
<p>B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.</p> <p>How to Log-in to NSDL e-Voting website?</p> <ol style="list-style-type: none"> Visit the e-Voting website of NSDL. Open web browser by typing the following URL : https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen. <p>Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.</p>	



4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:

- a) Click on “**Forgot User Details / Password?**” (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- b) **Physical User Reset Password?**” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.

8. Now, you will have to click on “Login” button.

9. After you click on the “Login” button, Home page of e-Voting will open.



Step 2 : Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to bksundaram@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "**Upload Board Resolution / Authority Letter**" displayed under "**e-Voting**" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Pallavi Mhatre, Manager, NSDL at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice :

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to ksmcs@kandagirimills.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to (ksmcs@kandagirimills.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.



THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "**Join meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at ksmcs@kandagirimills.com from **September 17, 2022** (9.00 a.m. IST) to **September 19, 2022** (5.00 p.m. IST). The same will be replied by the company suitably
6. Members who would like to express their views / ask questions during the meeting, may register themselves as a speaker by sending their request from their registered email address mentioning their name, demat account number / folio number, email id, mobile number at ksmcs@kandagirimills.com from **September 17, 2022** (9.00 a.m. IST) to **September 19, 2022** (5.00 p.m. IST). Those members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

GENERAL INSTRUCTIONS

1. The cut-off date for the purpose of e-voting has been fixed as 17.09.2022. Members holding shares as on this cut-off date be entitled to cast their vote in any one of the two modes (remoter e-voting or e-voting during the AGM).
2. In case of persons who have acquired shares and become Members of the Company after sending of the notice and holding shares as of cut-off date, may obtain the login ID and Password by sending a request at evoting@nsdl.co.in. However, if he / she is already registered with NSDL for remote e-voting then he / she can use his / her existing user ID and password for casting the vote.
3. The voting rights of the members shall be in proportion to their shares of the paid up Equity Share Capital of the Company as on the 'cut-off' date being **Saturday, September 17, 2022**.



4. **SHRI B. KALYANASUNDARAM (MEMBERSHIP NO. 672) OF M/S B. K. SUNDARAM & ASSOCIATES, PRACTISING COMPANY SECRETARIES** has been appointed as the Scrutinizer to scrutinize the remote e-voting and e-voting at the AGM in a fair and transparent manner.
5. The Scrutinizer shall, immediately after the conclusion of the voting at the general meeting, will count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of atleast two witnesses not in the employment of the Company.
6. The Scrutinizer not later than 48 hours of the conclusion of the AGM shall submit a consolidated report of the total votes cast through remote e-voting process and votes cast at the AGM to the Chairman or any person authorised by him who shall countersign the same and declare the results of the voting forthwith.
7. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.kandagirimills.com and the website of the NSDL www.evoting.nsdl.com immediately after the declaration of result and shall also be immediately forwarded to BSE Limited, where the Company's shares are listed.
8. All documents referred to in this notices will be available for inspection on all working days during business hours of the Company until the date of the Annual General Meeting of the Company

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4 – Appointment of Sri S. Devarajan as a Non-Executive Director of the Company

Sri S. Devarajan was served as Director on the Board of the Company for more than four decades in the past. His vast experience and expertise was very helpful for the Company especially during the critical situations faced by the Company. Induction of Sri S. Devarajan in the Board of the Company would be advantageous for the Company. Considering the same, Board of Directors on the recommendation of Nomination and Remuneration Committee had appointed Sri S. Devarajan as an Additional Director (Non-Executive) of the Company on 06/05/2022 and he shall hold office upto this ensuing (46th) Annual General Meeting of the Company. Further the Nomination and Remuneration Committee and the Board of Directors had recommended for appointment of Sri S. Devarajan as a Non-Executive Director of the Company liable to retire by rotation. The company has also received a notice from a member under section 160 of the Act proposing the appointment of Sri S. Devarajan as a Non-Executive Director of the Company. Sri S. Devarajan had submitted the requisite consents and declarations.

The Board recommends passing of this Ordinary Resolution by the shareholders as set out under Item No: 4 of the Notice.

Except the Director to whom this resolution relates none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the accompanying Notice of the AGM.

It is declared pursuant to Section 102 of the Companies Act, 2013 that none of the directors / relatives of directors / Key Managerial Personnel / Manager is interested, except to the extent stated in the explanatory statement for each of the special business in any respect, except in their capacity as Directors and/or shareholders of the Company. It is further declared with reference to the proviso to sub-section 2 of Section 102 of the Companies Act, 2013 that the proposed resolutions do not have any bearing with the business of any other Company. The documents relating to the subject matters under special business are open for inspection by the shareholders during office hours on all working days during business hours at the Registered Office of the Company till the date of the ensuing Annual General Meeting”

Place : Salem
Date : May 30, 2022

By order of the Board of Directors
For **Kandagiri Spinning Mills Limited**

J. Asifa
Company Secretary

Kandagiri Spinning Mills Limited



Details of Director seeking appointment/reappointment		
Name of the Director	Sri S. Devarajan	Dr. (Mrs.) A. Sarayu
DIN	00001910	06953362
Date of birth	12-09-1949	10-03-1976
Date of Appointment	17-04-1978	09-02-2020
Qualification	B.Sc	M.B.B.S., M.S., (O & G)
Expertise in Specific Functional areas	He is an industrialist and he is the son of promoter director Sri S. P. Sambandam. He was first appointed to the Board in the year 1978 and has since been reappointed over the years by rotation. At present he is the Managing Director of Sambandam Spinning Mills Limited and Chairman of SPMM Healthcare Services Private Limited	She is a Medical Practitioner. She served as Non-Executive Director in the Company from 28.09.2014 to 10.11.2019 and from 09.02.2020, serving as Non-Executive Director of the Company.
Directorship in other Companies	Directorship : 1. Sambandam Spinning Mills Limited, Salem (SSML) 2. SPMM Health Care Services Private Limited, Salem (SPMM) 3. Sambandam Siva Textiles Private Limited, Salem (SSTPL) 4. Sambandam Dairy Farm Private Limited, Salem (SDFPL) 5. Sambandam Fabrics Private Limited, Salem (SFPL) 6. Sambandam Textiles Private Limited, Salem (STPL)	Nil
Committee Membership in other Companies	Nil	Nil
No. of shares in the Company	1,13,867	53,090
Inter-se relationship with any other directors	Nil	She is related to Managing Director Sri. R. Selvarajan and Chief Financial Officer Sri S. Vijay Shankar
Number of Board meetings attended during the FY 2021-2022	Not applicable	Attended four out of four Board Meetings held during the year
Terms and conditions of reappointment	Appointment of Sri S. Devarajan as a Non-Executive Director, liable to retire by rotation	Reappointment of Dr. A.Sarayu as a Non-Executive Director, liable to retire by rotation
Remuneration last drawn	Not applicable	Sitting fees as fixed by the Board for attending Committee/Board Meetings: i) For Audit Committee - Rs.10,000/- per meeting; ii) For Nomination and Remuneration Committee Meeting-Rs.5,000/- per meeting; iii) Board Meeting- Rs.5,000/- per meeting; However Dr. A. Sarayu had waived her sitting fees during the FY 2021-22 in view of financial situation of the Company
Remuneration sought to be paid	Sitting fees for attending Board / Committee meetings, as may be decided by the Board from time to time, within the prescribed statutory limit.	Sitting fees for attending Board / Committee meetings, as may be decided by the Board from time to time, within the prescribed statutory limit.



KANDAGIRI SPINNING MILLS LIMITED

DIRECTORS' REPORT

Your directors hereunder submit their 46th Annual Report together with the audited accounts for the year ended March 31, 2022 (the year).

Performance Highlights	2021-22	2020-21
	(Rupees in Lakhs)	
Revenue from Operations	319	254
Other Operating income	–	–
Other income	259	153
Total Turnover	578	407
Gross profit/(Loss) (i.e., Profit/(Loss) before interest, tax and depreciation)	231	106
Cash profit/(Loss) (i.e., Profit / (Loss) before depreciation and tax)	72	(64)
Profit/(Loss) before exceptional Item and tax	43	(94)
Exceptional Item:		
Profit/(Loss) after exceptional Item (before tax) – PBT	43	(94)
Tax Expense:		
Current Tax	15	–
– Current year	–	–
– MAT credit utilised	–	–
Deferred tax	–	–
Profit/(Loss) after exceptional Item and tax – PAT	28	(94)
Earnings per share - basic and diluted Rs.	0.71	(2.43)

Dividend

In view of the loss incurred during the year, no dividend is recommended by your Board of Directors for the financial year 2021-22.

Retained Earnings

The aggregate of current year profit of Rs. 27.52 lakhs is added to the negative retaining earnings as at the beginning of the year of (Rs. 3813.19 lakhs) and the negative retained earnings as at the end of the year is (Rs. 3785.67 lakhs).

Financial Performance with respect to Operational Performance:

During the financial year 2021-22, the Company has earned lease income of Rs. 180 lakhs. Further the Company has carried trading of yarn and earned revenue of Rs. 318.76 lakhs. With the approval earlier obtained from the shareholders through special resolution passed through postal ballot on 19.12.2016 and approval given by the Board of Directors at their meeting held on 28.06.2021, out of the total 30.4475 acres of windmill land situated at Pazhavor village, Tirunelveli district, the Company had sold 23.9418 acres of land for a total sale consideration of Rs. 74.98 lakhs and had also received sale advance amount of Rs. 62.77 lakhs for remaining portion of land measuring 2.701 acres during the financial year 2021-22. By sale of windmill land asset, the Company has earned profit of Rs. 76.40 lakhs. The sale proceeds were utilised for discharging the liabilities of the Company.

The total turnover of the Company during the FY 2021-22 is Rs. 577.70 lakhs as against the previous year turnover of Rs. 406.60 lakhs. The Company has incurred profit before tax of Rs. 42.52 lakhs and profit after tax of Rs 27.52 lakhs in the financial year 2021-22 as against the previous year loss of Rs. 93.59 lakhs.



MANAGEMENT DISCUSSION AND ANALYSIS

(a) Industry structure and developments and future outlook:

During the financial year 2021-22, the Company continued to lease out its immovable property and earned lease rental income. The Company carried out yarn trading business and generated revenue during the financial year 2021-22. However, the Company has incurred cash loss (except the profit on sale of assets of Rs. 76.40 lakhs) and generated negative cash flows and there has been an erosion of networth. The quality of goods produced hitherto by company has generated goodwill and brand image. The Board of Directors hope to continue to use these advantages by continuing trading business.

(b) Strategies and Future plans

The quality of goods produced hitherto by company has generated goodwill and brand image. The Board of Directors hope to continue to use these advantages by continuing trading business. The Company is exploring all the possibilities to revive in the near future.

(d) Risks and Concerns

Your Company has devised risk management policy which involves identification of the business risks as well as the financial risks, its evaluation, monitoring, reporting and mitigation measures. The Audit Committee and Board of Directors of the Company periodically review the risk management policy of the Company so that management controls the risk through properly defined network. Head of Departments are responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and the Audit Committee. The details of risk management mechanism and key risks faced by the Company are enumerated in the risk management policy. Risk management policy is uploaded in the company's website www.kandagirimills.com.

(e) Internal control systems

The Company has in place a well established internal control procedures. Necessary checks and balances have been instituted for timely correction with an effective internal audit system.

(f) Human resources management

Employees are your company's most valuable resource. Your Company continues to create a favourable environment at work place.

The company also recognises the importance of training and consequently deputed its work force to training and development. The fact that the relationship with the employees continued to be cordial is testimony to the company's ability to retain high quality workforce.

(g) Environmental Protection, Health and Safety (EHS)

EHS continues to receive the highest priority in all operational and functional areas at all locations of your Company. Systematic process safety analysis, audits, periodic safety inspections are carried out by expert agencies and suitable control measures adopted for ensuring safe operations at the site. Various processes as required for Pollution Control and Environmental Protection are strictly adhered to.

(h) Corporate Social Responsibility

The CSR provisions became inapplicable to the Company and accordingly, the CSR Committee was dissolved by the Board with effect from 18.06.2020. There is no CSR obligation for the Company for the FY 2021-22 in accordance with the provisions of section 135 of the Companies Act, 2013. Accordingly, requirement of CSR disclosure in required format is not applicable for the Company



(i) Change in Key ratios

Details of significant changes on following ratios (i.e., changes if 25 % or more as compared to immediately previous financial year

	FY 2021-22	FY 2020-21	change	change %
a. Debtors turnover ratio	65	299	(234)	(78.26)
b. Inventory turnover ratio	–	58	(58)	(100)
c. Interest coverage ratio	1.28	0.62	0.66	106.45
d. Current ratio	0.01	0.20	(0.19)	(86.50)
e. Debt equity ratio	(0.533)	(0.531)	(0.002)	(0.38)
f. Operating profit margin %	63.36	30.12	33.24	110.36
g. Net profit margin %	8.63	(36.83)	45.46	123.43
h. Return on net worth %	(1.02)	(3.42)	2.40	70.18

Explanations

The Company continued to let its immoveable property of land and building for lease and had regular lease income. The Company carried out yarn trading business and generated revenue during the financial year 2021-22. Eventhough the Company has incurred cash loss, the profit on sale of assets of Rs. 76.40 lakhs has resulted in overall profit for the Company. Because of these reasons, there had been significant changes in the key ratios as compared to previous year.

Annual Return

Annual Return in the prescribed Form MGT-7 has been placed in the Company's website www.kandagirimills.com

Number of Board Meetings

Four Board Meetings were held during the year under review and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on June 28, 2021, August 13, 2021, November 13, 2021 and February 14, 2022. The necessary quorum was present for all the meetings.

Establishment of Vigil Mechanism

The Company has established a vigil mechanism for Directors and employees to report their genuine concerns. The policy has been uploaded on the Company's web site under the web link: <http://www.kandagirimills.com/investors/ksml2014-wbp.pdf>

Declaration by Independent Directors

Independent directors of the Company have submitted a declaration that each of them meets the criteria of independence as provided in Sub-Section (6) of Section 149 of the Act. Further, there has been no change in the circumstances which may affect their status as Independent director during the year.

Compliance with Secretarial Standards

The Company has adhered compliance on applicable Secretarial Standards.

Secretarial Audit Report

Company has appointed M/s B. K. Sundaram & Associates, Practising Company Secretaries as Secretarial Auditors, to conduct Secretarial Audit particularly with reference to compliance with Companies Act, 2013, and relevant SEBI Regulations for the financial year 2021-22. The report of the Secretarial Audit for the financial year 2021-22 in FORM MR-3 is annexed to this report and forms part of this report.



Audit Committee

Audit Committee as on 31st March, 2022 comprises of three members viz., CA S. Elangovan, Independent Director as Chairman, CS S. Gnanashekar, Independent Director and Dr. A. Sarayu, Non-Executive Director as Members. Further, during this year all the recommendations of the Audit Committee have been accepted by the Board.

Policy of Directors Appointment and Remuneration

Company's policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under section 178(3) of the Act are covered under Nomination and Remuneration Policy and it is available in the web-link of the Company <http://www.kandagirimills.com/investors/ksml2015-nrp.pdf>. Further, information about elements of remuneration package of individual directors is provided in the Annual Return in prescribed form MGT-7 uploaded in the Company's website www.kandagirimills.com.

Independent Auditors' Report

The Independent Auditors report contains qualified opinion with respect to 'Material uncertainty related to going concern', the explanation is provided as follows:

The Company continued to lease out its immoveable property and earned lease rental income. The quality of goods produced hitherto by company has generated goodwill and brand image. The Board of Directors hope to continue to use these advantages by continuing yarn trading business and the promoters have given assurance of infusion of funds as and when deemed necessary. Considering the above, the Board of Directors deem it fit to continue adoption of Going Concern Concept in preparation of the financial statements although the Statutory auditors have qualified their opinion with respect to the same.

The Auditors of the Company have not reported any fraud as specified under section 143(12) of the Companies Act, 2013.

Particulars of Employees

The information required under section 197 of the Act and rules made there-under, in respect of employees of as shown below:

- (a) Employed throughout the year and in receipt of remuneration aggregating to Rs. 1,02,00,000 or more - Nil
- (b) Employed for part of the year and in receipt of remuneration of Rs. 8,50,000 or more per month - Nil

Note : Remuneration includes salary and value of perquisites and nature of employment is contractual.

Managerial Remuneration

Statistical Disclosures pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 with subsequent amendments thereto is annexed with this report and forms part of this report.

Related Party Transactions

Transactions entered with related parties have been explained in Form AOC -2 annexed with this report and forms part of this report. Further, Policy on dealing with Related Party Transactions has been uploaded on the Company's website, under the web link: <http://www.kandagirimills.com/investors/ksml2014-rptp.pdf>



Board Evaluation

In accordance with the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015 read with "Guidelines on Board Evaluation issued by SEBI vide its Circular dt. January 5, 2017, In the separate meeting of the Independent directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated taking into account the views of executive directors and non-executive directors.

The same was discussed and noted by the Board at the next Board Meeting followed the meeting of the Independent directors. Further, Board carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015 read with "Guidelines on Board Evaluation issued by SEBI vide its Circular dt. January 5, 2017,

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of criteria such as the Board Composition and structure, effectiveness of the Board processes, information and functioning etc. The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings etc. The Independent Directors were evaluated without the presence of the director getting evaluated.

None of the Independent Directors have been proposed for reappointment this year.

Exemptions from certain regulations of SEBI (LODR) Regulations, 2015

Since the Company's paid-up capital is less than Rupees Ten crores and networth is less than rupees twenty five crores, the regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of SEBI (LODR) Regulations, 2015 are not applicable to the Company. Accordingly, report on Corporate Governance Report is not provided.

Deposits

The following are the details of deposits (accepted from the shareholders) covered under Chapter V of the Act

- i. Deposits at the beginning of the year on 01st April, 2021: Rs. 9.00 lakhs
- ii. Deposits Accepted from shareholders during the year (2021-22): NIL
- iii. Deposits repaid during the year (2021-22): Rs. 9.00 lakhs
- iv. Deposits outstanding at the end of the financial year on 31st March, 2022: NIL
- v. Remained unpaid or unclaimed as at the end of the year : NIL
- vi. Any default in repayment of deposits or payment of interest thereon during the year: NIL

Company has duly complied with the provisions of section 73 of the Companies Act, 2013 read with relevant rules with respect to fixed deposits.

The following are the details of deposits accepted from the Directors :

- i. Deposits at the beginning of the year on 01st April, 2021: Rs. 1441.57 lakhs
- ii. Deposits accepted from Directors during the year (2021-22): NIL
- iii. Deposits repaid during the year (2021-22): NIL
- iv. Deposits outstanding at the end of the financial year on 31st March, 2022: Rs.1441.57 lakhs
- v. Remained unpaid or unclaimed as at the end of the year : NIL
- vi. Any default in repayment of deposits or payment of interest thereon during the year: NIL

Cost Audit Report

The turnover of the Company for the FY 2020-21 is Rs. 4.07 crore which is below Rs. 35 crore and accordingly the company will not come under the purview of both maintenance of cost records and audit of cost records for the FY 2021-22.



Directors

At the 43rd AGM of the Company held on 11.08.2019, Independent Director Sri. S. Gnanasekharan was reappointed for five consecutive years from 11.08.2019 to 10.08.2024.

At the 44th AGM of the Company held on 23.09.2020, with the approval of shareholders Dr. A. Sarayu was appointed as Non-Executive Director of the Company, liable to retire by rotation and CA S. Elangovan was appointed as Non-Executive Independent Director of the Company to hold office upto the conclusion of 48th AGM of the Company.

Non-Executive Director Dr. A. Sarayu retires by rotation at this ensuing (46th) Annual General Meeting of the Company and being eligible offers herself for reappointment. The resolution has been placed in the notice for member's approval.

On the recommendation of Nomination and Remuneration committee, Board has appointed Sri S. Devarajan as an Additional Director (Non-Executive) of the Company with effect from 06-05-2022 to hold office upto this ensuing 46th AGM of the Company. Further, on the recommendation of Nomination and Remuneration committee, Board has recommended for appointment of Sri S. Devarajan as a Non-Executive Director of the Company, liable to retire by rotation and has placed the resolution in the notice of the ensuing 46th AGM of the Company for member's approval

Company's Code of Conduct applicable to the board has been adopted by the board and all directors of the company have confirmed compliance with the Code of Conduct.

Sri R. Selvarajan was reappointed as Managing Director of the Company at the 45th AGM of the Company held on 25.09.2021 for a period of three years (from 01.10.2021 to 30.09.2024).

Key Managerial Personnel

MD and CFO didn't receive any remuneration during the financial year 2021-22

Auditors

At the 42nd Annual General Meeting held on 11.08.2018, M/s R. Sundararajan & Associates, Chartered Accountants, were reappointed as statutory Auditors of the Company from the financial year 2018-2019 to 2021-2022. The term of the Statutory Auditors M/s R. Sundararajan & Associates, Chartered Accountants expires at the conclusion of this ensuing 46th AGM of the Company.

CA Krishnen & Associates, Chartered Accountants have expressed their eligibility and willingness to get appointed as Statutory Auditors of the Company at the ensuing 46th Annual General Meeting of the Company for conduct of Statutory Audit of the Company for five consecutive years from the financial year 2022-23 to financial year 2026-27. On the recommendation of the Audit Committee, Board has recommended for their appointment and has placed the resolution in the notice of the ensuing 46th AGM of the Company for member's approval.

Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the note 41 of the notes to the Standalone financial statements.

Disclosure as per Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. The Company has set up a Committee for addressing issues related to women and during the financial year 2021-22, there were no complaints received on sexual harassment.



Performance of Associate Company

Your Company has an associate M/s SPMM Healthcare Services Private Limited within the meaning specified under Section 2 (6) of Companies Act, 2013. M/s SPMM Healthcare services private Limited has recorded a total revenue of Rs. 659.86 lakhs during the year 2021-22 as against Rs. 399.83 lakhs in the previous year and profit after tax of Rs. 126.71 lakhs during the year 2021-22 as against Rs. 9.54 lakhs in the previous year. A separate statement containing the salient features of the financial statement of the associate in FORM AOC -1 has also been annexed with this report as per the requirements of provisions of section 129 of the Companies Act, 2013 and forms part of this report.

Significant and Material Orders passed by the Courts or Tribunals impacting the Company : NIL

Material Changes and Commitments during the year, if any, occurred between the end of the year and the date of this report

There were no material changes and commitments between the end of the period under review and the date of this report which could have an impact on the Company's operation in the future or its status as a "going concern".

Conservation of energy, technology absorption, Research and development and foreign exchange earnings and outgo : NIL

General Disclosures:-

- There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.
- There was no instance of onetime settlement with any Bank or Financial Institution.

Annexures to this Report

The following are the annexures to this report

1. Director's Responsibility Statement in Annexure 1
2. Statement containing salient features of the financial statement of associate company (Form AOC – 1) in Annexure 2
3. Form AOC – 2 in Annexure 3
4. Secretarial Audit Report (Form MR-3) in Annexure 4
5. Particulars of Remuneration in Annexure 5
6. CEO/CFO Certification in Annexure 6

Cautionary Note

Statements in the Directors' report and the Management discussion and analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results might differ materially from those either expressed or implied in the statement. Important factors that could influence the Company's operations include global and domestic economic conditions, government regulations, tax laws, economic developments within the country and other related factors such as litigation and industrial relations.

Acknowledgement

Directors of your Company record their sincere appreciation of the dedication and commitment of all employees. Your directors thank the Management, Shareholders, Customers, Suppliers, Bankers and other stakeholders for their continued support during the year. The directors of your company thank Central/State Governments and other government agencies for their support and look forward to their continued support in future.

For and on behalf of the Board

Salem
May 30, 2022

S. Gnanashekaran
Chairman
(DIN : 06796817)



Annexure - 1

(i) Directors' Responsibility Statement as per section 134(5) of the Companies Act, 2013

Pursuant to the requirement of Section 134(5) of the Act, and based on the representations received from the management, the directors hereby confirm that :

- i. in the preparation of the annual accounts for the financial year 2021-22, the applicable accounting standards have been followed and there are no material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the financial year;
- iii. they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating properly; and
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

FORM AOC - 1**Annexure - 2****PART "A": SUBSIDIARIES**

Not Applicable since the Company does not have any subsidiary.

PART "B": ASSOCIATES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies.

SI. No.	Name of Associate	SPMM Healthcare Services Private Limited	
1.	Latest audited Balance Sheet Date	31-03-2022	31-03-2021
2.	Shares of Associate held by the Company on the year end : Number of Shares Amount of Investment in Associates Extend of Holding %	20,00,000 Rs. 200 lakhs 50%	20,00,000 Rs. 200 lakhs 50%
3.	Description of how there is significant influence	Associate Company	Associate Company
4.	Reason why the associate / joint venture is not consolidated	Not Applicable	Not Applicable
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	Rs. 197.66 lakhs	Rs. 134.31 lakhs
6.	Profit for the year	Rs. 126.71 lakhs	Rs. 9.54 lakhs
7.	Profit attributable to the Shareholding	Rs. 63.36 lakhs	Rs. 4.76 lakhs

1. Names of associates or joint ventures which are yet to commence operations : NIL
2. Names of associates or joint ventures which have been liquidated or sold during the year : NIL
3. The Company does not have any joint venture.

For and on behalf of the Board

R. Selvarajan
Managing Director
DIN : 00001703

A. Sarayu
Director
DIN : 06953362

J. Asifa
Company
Secretary

S. Vijay Shankar
Chief Financial
Officer

Salem,
May 30, 2022



Annexure - 3

Form No.AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies

(Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis : **NIL**
2. Details of material contracts or arrangement or transactions at arm's length basis : **NIL**

NOTE :

Sri S. Devarajan resigned from the Board of Directors of the Company on 18.06.2020. Hence Sambandam Spinning Mills Limited was ceased to be a related party from 18.06.2020 and accordingly Sambandam Spinning Mills Limited did not come under the purview of related party disclosure for the financial year 2021-22. Further, related party transactions (which are of repetitive nature and does not fall under the purview of disclosure under Form AOC – 2) carried out during the FY 2021-22 by the Company are given in note 33 to the Notes to the Standalone financial statements under Ind AS 24 disclosures. There were no materially significant transactions with Related Parties during the financial year 2021-22 which were in conflict with the interest of the Company

Salem
May 30, 2022

S. Gnanashekar
Chairman



Annexure - 4

B.K.SUNDARAM & ASSOCIATES
COMPANY SECRETARIES.
CS B.KALYANASUNDARAM,
B.Com., ACMA., ACS.,

OFFICE :
30, PANDAMANGALAM AGRAHARAM,
WORIUR, TRICHY-620003.
PHONE : 0431-2761590.
Email : bkksoffice@gmail.com

FORM NO. MR – 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
M/s.Kandagiri Spinning Mills Limited
Mill Premises, Post Bag No.3
Udayapatti P.O., Salem - 636140

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s.Kandagiri Spinning Mills Limited, Salem-636140 (hereinafter referred to as "the Company").

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by M/s.Kandagiri Spinning Mills Limited (the Company) and also the information provided electronically by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended on 31st March 2022, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;



We have also examined compliance with the applicable clauses of the following :

- (i) Secretarial Standards with respect to the meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

During the year under report, the Company did not attract the provisions of :

- (i) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (ii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (b) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
 - (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We further report that :

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice with agenda items supported by detailed notes thereon is given to all Directors to schedule the Board Meetings and Committee meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meetings and for meaningful participation at the meetings.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. But there were no dissenting views during the year under report.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that during the audit period the Company had no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc., referred to above.

FOR **B.K. SUNDARAM & ASSOCIATES**
COMPANY SECRETARIES

(B.KALYANASUNDARAM)
COMPANY SECRETARY

ACS NO. A672. CP. NO. 2209

UDIN : A000672D000413282

Peer Review Cert No. : 1215/2021

ICSI Unique code: S1994TN013100

Place : Trichy
Date : 30-05-2022

Note : This report has to be read along with the Annexure which forms an integral part of this report.



B.K.SUNDARAM & ASSOCIATES
COMPANY SECRETARIES.

CS B.KALYANASUNDARAM,
B.Com., ACMA., ACS.,

OFFICE :
30, PANDAMANGALAM AGRAHARAM,
WORIUR, TRICHY-620003.
PHONE : 0431-2761590.
Email : bkksoffice@gmail.com

ANNEXURE TO SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022

OF

M/s. KANDAGIRI SPINNING MILLS LIMITED

1. Maintenance of secretarial records with reference to the provisions of the Companies Act, 2013 & the Rules thereunder and the maintenance of records with reference to other applicable laws is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our audit regarding compliance thereof by the Company.
2. The audit was conducted in accordance with applicable Standards issued by the Institute of Company Secretaries of India. We have followed the audit practices and procedures as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. We have sought and obtained all the information electronically and explanations which to the best of our knowledge and belief were necessary for the purposes of our Secretarial Audit. The verifications were done on a random test basis to ensure the correctness of the facts reflected in the records.
3. We have obtained the Management representation about the compliance of Laws, Rules and Regulations and occurrence of events. As per the Management representation given by the Managing Director there is no law exclusively applicable for this Company other than all Laws applicable for Manufacturing Industries and hence there is no report to be given therefor.

FOR B.K. SUNDARAM & ASSOCIATES
COMPANY SECRETARIES

(B.KALYANASUNDARAM)
COMPANY SECRETARY

ACS NO. A672. CP. NO. 2209
UDIN : A000672D000413282

Peer Review Cert No. : 1215/2021

ICSI Unique code : S1994TN013100

Place : Trichy
Date : 30-05-2022



PARTICULARS OF REMUNERATION

The information required under Section 197 of the Act and the Rules made there-under, in respect of employees of the Company is as follows:-

- (a) **the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;**

NON EXECUTIVE DIRECTORS *	RATIO TO MEDIAN REMUNERATION
CS S. Gnanashekar	-
CA S. Elangovan	-
Dr. A. Sarayu	-
EXECUTIVE DIRECTOR Sri R. Selvarajan, MD #	-

- (b) **percentage increase in remuneration of each director, MD, CFO and Company Secretary**

NON EXECUTIVE DIRECTORS *	% Increase in Remuneration
CS S. Gnanashekar	-
CA S. Elangovan	-
Dr. A. Sarayu	-
EXECUTIVE DIRECTOR Sri R. Selvarajan, MD	Nil
CHIEF FINANCIAL OFFICER Sri S. Vijay Shankar #	Nil
COMPANY SECRETARY Ms. J. Asifa	50%

* Non – Executive directors don't receive commission, or any other fees etc except sitting fees for attending board / committee meetings.

MD and CFO didn't receive any remuneration during the FY 2021-22

- (c) **percentage increase in median remuneration of the employees during the financial year : 19%**
- (d) **the number of permanent employees on the rolls of the company : 5** (Due to cease of manufacturing business activity, Only administrative employees are there in the company)
- (e) **average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

MD and CFO didn't receive any remuneration during the financial year 2021-22.

- (f) **Affirmation that the remuneration is as per the remuneration policy of the Company**

The Company's remuneration policy is driven by the success and performance of the individual employees and the Company. Through its compensation package, the Company endeavours to attract, retain, develop and motivate a high performance staff. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process and the Company affirms remuneration is as per the remuneration policy of the Company



CEO / CFO CERTIFICATION

To
The Board of Directors,
Kandagiri Spinning Mills Limited,
Salem

We, R. Selvarajan, Managing Director and S. Vijay Shankar, Chief Financial Officer of Kandagiri Spinning Mills Limited, to the best of our knowledge and belief certify that :

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - b) these statements present a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing Generally Accepted Accounting Principles including Accounting Standards.
2. These are to the best of our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken to rectify these deficiencies.
4. We have indicated to the Auditors and to the Audit Committee :
 - a) Significant changes in internal control over financial reporting during the year.
 - b) Significant changes in accounting policies during the year.
 - c) Instances of significant fraud of which have become aware and which involve management or other employees who have significant role in the Company's Internal control system over financial reporting. However, there was no such instance.

Salem
30.05.2022

R. Selvarajan
Managing Director

S. Vijay Shankar
Chief Financial Officer



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KANDAGIRI SPINNING MILLS LIMITED

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of **Kandagiri Spinning Mills Limited** ("the Company"), which comprise the standalone balance sheet as at March 31, 2022, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity, the standalone statement of cash flows for the year then ended and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, **except for the effect of the matters described in the Basis for qualified opinion paragraph**, the aforesaid standalone financial statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian accounting standards) Rules 2015, as amended ("IND AS") and other Accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2022, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

During the quarter also, the company has generated operating cash losses (except the profit on sale of assets of Rs.76.40 lakhs) and generated negative cash flows and there has been an erosion of net worth. The company is continuing to incur cash losses in its yarn trading business. We are of the opinion that these factors indicate existence of material uncertainty in the company's ability to continue as a going concern. The attached financial statements do not include any adjustments that might result had the above uncertainties been known. Management has represented in this regard that there is no further adjustments to be made in the carrying values/financial statement even if the Going Concern Concept is not adopted.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section out of report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our opinion on the accompanying standalone financial statements.

A. Revenue Recognition

Key Audit Matter Description

Reference may be made to note 3 of significant accounting policies and note 21 to the standalone financial statements of the Company.

Revenue recognition is inherently an area of audit risk, which we have substantially focused on mainly covering the aspects of cut off and the impact of Ind AS 115 as key audit matters.

Response to Key Audit Matter

Principal Audit Procedures

Our audit procedures relating to revenue comprised of test of controls and substantive procedures including the following:



- a. We assessed whether the policy of recognizing revenue was in line with Ind AS – 115.
- b. We performed procedures to assess the design and internal controls established by the management and tested the operating effectiveness of relevant controls related to the recognition of revenue.
- c. Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.
- d. We have tested, on a sample basis, whether specific revenue transactions around the reporting date has been recognised in the appropriate period by comparing the transactions selected with relevant underlying documentation, including goods delivery notes, customer acknowledgement / proof of acceptance and the terms of sales.
- e. We have also validated subsequent credit notes and sales returns up to the date of this Report to ensure the appropriateness and accuracy of the revenue recognition.
- f. We tested journal entries on a sample basis to identify any unusual or irregular items.
- g. We also considered the adequacy of the disclosures in Company's standalone financial statements in relation to Ind AS 115 and whether they meet the disclosure requirements.

Conclusion

Based on the procedures performed above, we did not find any material exceptions with regards to adoption of Ind AS 115 and timing of revenue recognition.

Other information

The Company's Management and Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report and Shareholder's information but does not include the standalone financial statements and our report thereon.

Our opinion on the standalone financial statement does not cover the other information and we do not express any form of assurance for conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management and Board of Directors' Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Companies Act, 2013, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The standalone balance sheet, the standalone statement of profit and loss including other Comprehensive income, the standalone statement of changes in equity and the statement of cash flows dealt with by this report are in agreement with the books of account.



- (d) In our opinion, the aforesaid standalone financial statements comply with the IND AS specified under Section 133 of the Act read with the relevant rules issued thereunder.
- (e) On the basis of the written representations received from the directors as on March 31, 2022, taken on record by the board of directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the Internal Financial Controls Over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure "A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness at the company's internal financial controls over financial reporting.
- (g) The company has not paid/provided any managerial remuneration to the directors of the Company and hence the question of compliance of requisite approvals mandated by the provisions of Section 197 of Act read with Schedule V to the Act does not arise.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanation given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. (Refer Note 35).
 - ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2022.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - v. The company has not declared or paid any dividend during the year.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Date : May 30, 2022
Place : Salem

S Krishnan - Partner
Membership No. 26452
UDIN : 22026452AJVSXE9862



ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Kandagiri Spinning Mills Limited)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the Internal Financial Controls Over Financial Reporting of **Kandagiri Spinning Mills Limited** (“the Company”) as of March 31, 2022, in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('Act').

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the Standalone Financial Statements.



Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Date : May 30, 2022
Place : Salem

S Krishnan - Partner
Membership No. 26452
UDIN : 22026452AJVSXE9862

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Kandagiri Spinning Mills Limited ("the Company") for the year ended March 31, 2022).

1. In respect of the Company's Property, Plant and Equipment :
 - (a) (i) The company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
 - (ii) The company does not have any intangible assets.
 - (b) The Company has a programme of verification to cover all the items of Property, Plant and Equipment in a phased manner of covering all assets once every 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain Property, Plant and Equipment were physically verified by the management during the year. According to the information and explanation given to us, no material discrepancies were noticed during the year on such verification.
 - (c) Based on our examination of the property tax receipts, registered sale deed provided to us, we report that, the title in respect of self-constructed buildings and title deeds of all other immovable properties disclosed in the standalone financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.
 - (d) The Company has not revalued its Property, Plant and Equipment or intangible assets during the year.
 - (e) No proceedings have been initiated during the year or are pending against the company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.



2. (a) As explained to us, inventories, other than the Goods in transit, have been physically verified at periodic intervals by the management. The coverage and procedure of such verification by the management were, in our opinion, appropriate. No discrepancies (of 10% or more in value, in the aggregate for each class of inventory) were noticed on such physical verification.
- (b) The company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, during the year by banks or financial institutions on the basis of security of current assets at any point of time during the year. Accordingly paragraph 3(ii)(b) of the Order is not applicable.
3. The Company has made investments and provided guarantees in/to, companies, firms, Limited Liability Partnerships or any other parties and has not granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships or any other parties, during the year, in respect of which:
 - (a) On the basis of examination of records of the company, during the year, the company provided guarantee of Rs. 2279.38 lakhs to banks for the borrowings by Sambandam Spinning Mills Limited. The company made investment in associate for Rs. 154.71 lakhs (balance at the beginning and end of the year). The company not provided any loans or advances in the nature of loans.
 - (b) In our opinion, the guarantee and investments made are, prima facie, not prejudicial to the Company's interest.
 - (c) Based on records examined by us and information and explanation given to us, the guarantee provided by the company has not been revoked.
 - (d) According to the information and explanations given to us and on the basis of our examination of the records of the company, there is no overdue amount for more than ninety days in the respect of the guarantee given.
 - (e) In our opinion and according to the information and explanation given and records examined by us, there is no guarantee given which have fallen due during the year have been renewed to settle the over dues of existing guarantee given to the same parties.
4. According to information and explanation given to us, the Company has not granted any loans, secured or unsecured, to any party covered by provisions of sections 185 and 186 of the Companies Act, 2013. Hence reporting on whether there is a compliance with the said provisions does not arise. In respect of investments made and guarantees provided, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013.
5. According to information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from public within the meaning of sections 73 to 76 of the Act and the Rules framed there under. Accordingly paragraph 3(v) of the Order is not applicable.
6. As per the information and explanation given to us, the maintenance of the cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended and prescribed by the Central Government under Section 148(1) of the Act and we are of opinion that prima facie, the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of Cost records with a view to determine whether they are accurate and complete.
7. According to the information and explanations given to us and the books of account examined by us, in respect of statutory dues:
 - (i) the company is generally regular in depositing amounts of undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Goods and Service tax, duty of customs, duty of excise, value added tax, Cess, and other material statutory dues as applicable to the appropriate authorities during the year. There were no material undisputed amounts payable in respect of the aforesaid statutory dues outstanding as at March 31, 2022, for a period of more than six months from the date they became payable.



- (ii) there are no statutory dues referred to in above sub-clause, which have not been deposited on account of any dispute with the relevant authorities, except dues of corporation tax, state levies and employees state insurance that have not been deposited on account of disputes as detailed hereunder:

(Rs. in Lakhs)

Name of the Statute	Nature of Dues	Net Amount (In Rs. Lakhs) of Disputed dues	Period to which the Amount Relates	Forum where Dispute is Pending
Sales tax	VAT	0.36	2000-01	Sales tax appellant Tribunal

8. As per the information and explanation given to us, there were no transactions previously not recorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
9. (a) In our opinion and according to information and explanation given to us, the Company has not defaulted in repayment of dues to any financial Institution or bank. The Company does not have any borrowings from Government or by way of Debentures.
- (b) As per the information and explanation given to us, the company has not been declared willful defaulter by any bank or financial institution or other lender.
- (c) As per the information and explanation given to us, the monies raised by way of term loans have been applied for the purposes for which they were obtained.
- (d) On an overall examination of the financial statements of the Company, funds raised on short- term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the standalone financial statements of the company, the company has not taken any loans from any entity or person on account of or to meet the obligations of its associates. The company does not have any subsidiaries and joint venture companies.
- (f) On an overall examination of the standalone financial statements of the company, the company has not raised any loans during the year on the pledge of securities held in subsidiaries, joint venture or associate companies.
10. (a) As per the information and explanation given to us, the Company has not raised any monies by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under the provisions of Clause 3(x)(a) of the Order does not arise.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares (covered by section 42 and section 62 (1)c of the Companies Act, 2013) or fully or partly convertible debentures and hence reporting under clause 3(x)(b) of the Order is not applicable.
11. (a) No fraud by the company and no material fraud on the company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) As per the information and explanation given to us, there are no whistle-blower complaints received during the year by the company up to the date of this report.
12. The Company is not a Nidhi Company and accordingly the provisions of Clause 3(xii) of the Order is not applicable to the Company.



13. In our opinion and according to the information and explanations given to us all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable. The details of the transactions during the year have been disclosed in the Standalone Financial Statements as required by the applicable Accounting Standards.
14. (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
(b) We have considered the internal audit reports for the year under audit, issued to the Company during the year, in determining the nature, timing and extent of our audit procedures.
15. In our opinion, the Company has not entered into any non-cash transactions during the year, with its Directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
16. The Company is not required to be registered under section 45 - IA of the Reserve Bank of India Act, 1934 and it is not a Core Investment Company. Accordingly, the provisions of Clause 3(xvi) (a),(b) and (c) of the Order is not applicable to the Company.
17. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
18. There has been no resignation of the statutory auditors of the Company during the year. Accordingly, the provisions of Clause 3(xviii) of the Order are not applicable to the Company.
19. According to the information and explanations given to us and on the basis of (i) the financial ratios, (ii) ageing and expected dates of realization of financial assets and payment of financial liabilities, (iii) other information accompanying the financial statements, (iv) our knowledge of the Board of Directors and management plans and (v) based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
20. There are no unspent amounts towards Corporate Social Responsibility (CSR) in compliance the provisions of section 135 and accordingly reporting under clause 3(xx)(a) of the Order is not applicable to the Company.
21. According to the information and explanations given to us , there are no qualification or adverse remarks in the auditor's report of the associates. The Company does not have any subsidiaries or joint ventures.

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

S Krishnan - Partner
Membership No. 26452
UDIN : 22026452AJVSXE9862

Date : May 30, 2022
Place : Salem

Kandagiri Spinning Mills Limited



Standalone Balance Sheet as at March 31, 2022

Particulars	Note No.	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
ASSETS			
Non current assets			
Property, plant and equipment	1	1,096.38	1,125.55
Capitla work-in-progress			
Financial assets			
Investments	2	154.71	154.71
Other financial asset	3	153.81	146.06
Other non-current assets	5	2.00	2.00
		<u>1,406.90</u>	<u>1,428.32</u>
Current assets			
Inventories	6	–	–
Financial assets			
Trade receivables	7	–	113.02
Cash and cash equivalents	8a	(6.16)	24.88
Other Bank balances	8b	3.88	3.88
Other financial assets	9	2.54	–
Advance tax assets(net)	4	15.63	12.47
Other current assets	10	–	–
		<u>15.89</u>	<u>154.25</u>
Total assets		<u>1,422.79</u>	<u>1,582.57</u>
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	385.74	385.74
Other equity	12	(1,008.01)	(1,035.53)
		<u>(622.27)</u>	<u>(649.79)</u>
Non-current liabilities			
Financial liabilities			
Borrowings	13	59.00	1,441.57
Deferred tax liabilities (net)	14	–	–
Provisions	15	–	–
		<u>59.00</u>	<u>1,441.57</u>
Current liabilities			
Financial liabilities			
Borrowings	16	1,382.57	9.00
Trade payables	17	–	0.65
(a) Total outstanding dues of micro enterprises and small enterprises		–	0.65
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		157.11	360.29
Provisions	18	–	–
Other financial liabilities	19	198.32	178.81
Other current liabilities	20	248.06	242.04
		<u>1,986.06</u>	<u>790.79</u>
Total equity and liabilities		<u>1,422.79</u>	<u>1,582.57</u>

Significant Accounting Policies and Notes to accounts form an integral part of the Standalone Financial Statements

As per our report of even date
For **R. Sundararajan & Associates**

Chartered Accountants
Firm Registration No.008282S

S. Krishnan - Partner
Membership No. 26452

Salem
May 30, 2022

For and on behalf of the board

R. Selvarajan
Managing Director
DIN : 00001703

Dr. A. Sarayu
Director
DIN : 06953362

J. Asifa
Company Secretary

S. Vijay Shankar
Chief Financial Officer



Standalone Statement of Profit and Loss for the year ended March 31, 2022

Particulars	Note No.	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
Income			
Revenue from operations	21	318.76	254.08
Other income	22	258.94	152.52
Total income		577.70	406.60
Expenses			
Cost of materials consumed	23	310.47	203.91
Changes in inventories of finished goods and work-in- progress	24	-	47.21
Employee benefits expense	25	8.00	12.15
Finance cost	26	159.46	170.11
Depreciation and amortization expense	27	29.17	29.17
Other expenses	28	28.08	37.64
Total Expenses		535.18	500.19
Profit/(loss) before exceptional items and tax		42.52	(93.59)
Exceptional item		-	-
Profit/(loss) before tax		42.52	(93.59)
Tax expense :			
Current tax - current year		15.00	-
Income tax expense		15.00	-
Profit/(loss) for the period from continuing operations		27.52	(93.59)
Other comprehensive income			
Other comprehensive income not to reclassified to profit or loss in subsequent periods		-	-
Re-measurement gains/(losses) on defined benefit plans		-	-
Income tax effect		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		27.52	(93.59)
Earning per share (Face value Rs.10 per share)			
-Basic and diluted (Rs.) (Refer note 31)		0.71	(2.43)

Significant Accounting Policies and Notes to accounts form an integral part of the Standalone Financial Statements

As per our report of even date
For **R. Sundararajan & Associates**
Chartered Accountants
Firm Registration No.008282S

S. Krishnan - Partner
Membership No. 26452

Salem
May 30, 2022

For and on behalf of the board

R. Selvarajan
Managing Director
DIN : 00001703

J. Asifa
Company Secretary

Dr. A. Sarayu
Director
DIN : 06953362

S. Vijay Shankar
Chief Financial Officer

Kandagiri Spinning Mills Limited



Statement of standalone cash flows for the year ended March 31, 2022

Particulars	Note No.	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
Cash Flows from Operating Activities			
Profit / (Loss) before tax		42.52	(93.59)
Adjustments for :			
Depreciation		29.17	29.17
Interest Expense		159.46	170.11
Interest Income		(2.54)	(2.52)
(Profit) / loss on sale of property, plant and equipment		(76.40)	-
(Profit) / loss on sale of Long term investments		-	-
Operating profit before working capital changes		152.21	103.17
Adjustments for changes in :			
Inventories		-	79.29
Trade receivables		113.02	189.63
Non current and current financial assets		(10.29)	3.07
Other non-current and current assets		-	0.63
Trade payables		(203.83)	164.54
Non current and current financial liabilities		19.51	3.60
Other non current and current liabilities		6.02	(265.56)
Other non current and current provisions		-	-
		76.64	278.37
Income Tax paid		(18.16)	(10.25)
Net Cash Flow from Operating Activities	(A)	58.48	268.12
Cash Flows from Investing Activities			
Payments for acquisition of property, plant and equipment		-	-
Proceeds from sale of property, plant and equipment		76.40	-
Interest received		2.54	2.52
	(B)	78.94	2.52
Cash Flows from Financing Activities			
Finance cost paid		(159.46)	(170.11)
Proceeds from long term borrowings - money received from directors		-	(81.35)
Repayments of inter corporate deposit - related party		-	-
Repayments of long term borrowings		(9.00)	-
Net Cash Flow from Financing Activities	(C)	(168.46)	(251.46)
NET CASH INFLOW / (OUTFLOW)	(A+B+C)	(31.04)	19.18
Opening Cash and Cash Equivalents	(D)	24.88	5.70
Closing Cash and Cash Equivalents	(E)	(6.16)	24.88
NET INCREASE/ (DECREASE) IN CASH	(E-D)	(31.04)	19.18

Significant Accounting Policies and Notes to accounts form an integral part of the Standalone Financial Statements

As per our report of even date

For **R. Sundararajan & Associates**

Chartered Accountants
Firm Registration No.008282S

S. Krishnan - Partner
Membership No. 26452

Salem
May 30, 2022

For and on behalf of the board

R. Selvarajan
Managing Director
DIN : 00001703

Dr. A. Sarayu
Director
DIN : 06953362

J. Asifa
Company Secretary

S. Vijay Shankar
Chief Financial Officer



Statement of Changes in Equity for the year ended March 31, 2022

A. Equity share Capital

Rs. in Lakhs

	Balance as on 01.04.2020	Changes in equity share capital during the year	Balance at the end of March 31, 2021	Changes in equity share capital during the year	Balance as on March 31, 2022
Equity share capital	385.74	–	385.74	–	385.74

B. Other Equity

Rs. in Lakhs

Particulars	Reserves & Surplus			Total
	Securities Premium	General Reserve	Retained Earnings	
Balance at the beginning of April 1, 2020	548.62	2,229.04	(3,719.60)	(941.94)
(Loss) for the year	–	–	(93.59)	(93.59)
Other Comprehensive income	–	–	–	–
Total Comprehensive income for the year	–	–	(93.59)	(93.59)
Balance at the end of March 31, 2021	548.62	2,229.04	(3,813.19)	(1,035.53)
Profit for the year	–	–	27.52	27.52
Other Comprehensive income	–	–	–	–
Total Comprehensive income for the year	–	–	27.52	27.52
Balance at the end of March 31, 2022	548.62	2,229.04	(3,785.67)	(1,008.01)

Other comprehensive income includes Actuarial Gain/(Loss) on remeasurement of defined benefit plans.

Notes :

- (a) No Dividend was declared/paid during the year.
 (b) Share application money pending allotment, Equity component of Compound financial instruments, Capital Reserves, Debt/Equity instruments through OCI, effective portion of cash flow hedges, etc Rs.Nil (2020-21 Rs.Nil)

Significant Accounting Policies and Notes to accounts form an integral part of the Standalone Financial Statements

As per our report of even date
 For **R. Sundararajan & Associates**
 Chartered Accountants
 Firm Registration No.008282S

S. Krishnan - Partner
 Membership No. 26452

Salem
 May 30, 2022

For and on behalf of the board

R. Selvarajan
 Managing Director
 DIN : 00001703

J. Asifa
 Company Secretary

Dr. A. Sarayu
 Director
 DIN : 06953362

S. Vijay Shankar
 Chief Financial Officer



Notes annexed to and forming part of the Standalone Financial Statements

1. PROPERTY, PLANT AND EQUIPMENT (PPE)

2021 - 2022	Gross Carrying Amount(Cost/deemed cost)				Accumulated depreciation / Impairment			Net Carrying Amount 31.03.2022		
	Description	01.04.2021	Additions	(Deletions)	31.03.2022	Upto 31.03.2021	Charge for the year		Disposal	Upto 31.03.2022
Land - Freehold land	510.24	-	-	-	510.24	-	-	-	-	510.24
Buildings	749.80	-	-	-	749.80	167.74	29.17	-	196.91	552.89
Furniture and Fixtures	5.82	-	-	-	5.82	2.31	-	-	2.31	3.51
Vehicles	74.18	-	-	-	74.18	44.64	-	-	44.64	29.54
Office equipment	0.61	-	-	-	0.61	0.41	-	-	0.41	0.20
Total	1,340.65	-	-	-	1,340.65	215.10	29.17	-	244.27	1,096.38

Description	01.04.2021	Additions	Capitalisation	31.03.2022
Capital work in progress	-	-	-	-

Description	31.03.2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-



Rs. in Lakhs											
2020 -2021	Gross Carrying Amount(Cost/deemed cost)				Accumulated depreciation / Impairment				Net Carrying Amount		
	01.04.2020	Additions	(Deletions)	31.03.2021	Upto 31.03.2020	Charge for the year	Disposal	Upto 31.03.2021	31.03.2021		
Description											
Land - Freehold land	510.24	-	-	510.24	-	-	-	-	-	510.24	
Buildings	749.80	-	-	749.80	138.57	29.17	-	167.74	-	582.06	
Furniture and Fixtures	5.82	-	-	5.82	2.31	-	-	2.31	-	3.51	
Vehicles	74.18	-	-	74.18	44.64	-	-	44.64	-	29.54	
Office equipment	0.61	-	-	0.61	0.41	-	-	0.41	-	0.20	
Total	1,340.65	-	-	1,340.65	185.93	29.17	-	215.10	-	1,125.55	

Description	01.04.2020	Additions	Capitalisation	31.03.2021
	Capital work in progress	-	-	-

Description	31.03.2021				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note :

1. Impairment loss recognized/reversed during the year Rs.Nil (2020-21 Rs.Nil)
2. Amount of contractual commitments for acquisition of property, plant and equipment - refer note no.35
3. The land and building of the company has been given as security to CSB Bank for the borrowings obtained by M/S Sambandam Spinning Mills Limited
4. There are no overdue/overrun projects in CWIP
5. There is no proceedings have been initiated during the year or are pending against the company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
6. Capital work-in-progress (CWIP) whose completion is overdue or has exceeded its cost compared to its original plan Rs.Nil (2020-21 Rs.Nil)
7. CWIP is to be completed in less than 1 year.



Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
2. Non current financial asset - Investments		
Unquoted		
Investments in Equity instruments		
Associates		
20,00,000 (2021 : 20,00,000) Equity shares of Rs.10 each in SPMM Health Care Services Private Limited	154.71	154.71
	<u>154.71</u>	<u>154.71</u>
a. Aggregate value of unquoted investments	154.71	154.71
Aggregate value of impairment in value of investments		
b. Investments are fully paid-up unless otherwise stated		
3. Non current - Other financial asset		
Security deposit with related parties	-	-
Security deposit	153.81	146.06
Employee advances	-	-
	<u>153.81</u>	<u>146.06</u>
4. Non current - Advance tax assets (net)		
Opening balance	12.47	-
Add : Taxes paid (net of refunds)	18.16	12.47
Less : Current tax expense for the year	15.00	-
	<u>15.63</u>	<u>12.47</u>
5. Other non current assets		
(Unsecured, considered good)		
Balances with Government authorities (paid under protest)	2.00	2.00
	<u>2.00</u>	<u>2.00</u>
6. Inventories		
Raw materials	-	-
Work-in-progress	-	-
Finished goods	-	-
Stores and spares	-	-
	<u>-</u>	<u>-</u>
Note :		
1. Goods in transit included above are as follows		
Raw materials		
2. Cost of materials consumed during the year, Refer Note No. 23		
3. Provision for obsolete/slow moving stock - Rs. Nil (2020-21 Rs. Nil)		
7. Trade receivables		
Unsecured, undisputed considered good		
Receivables - Trade receivables	-	113.02
- Others	-	-
	<u>-</u>	<u>113.02</u>

Particulars	Out standing as at March 31, 2022 for the following periods from due date of payment						
	Not due	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 year	Total
a) Undisputed Trade receivables - considered good-Related Parties	-	-	-	-	-	-	-
b) Undisputed Trade receivables - considered good-Others	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-



Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
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Particulars	Out standing as at March 31, 2021 for the following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 year	
a) Undisputed Trade receivables - considered good-Related Parties	113.02	-	-	-	-	-	113.02
b) Undisputed Trade receivables - considered good-Others	-	-	-	-	-	-	-
Total	113.02	-	-	-	-	-	113.02

8a. Cash and cash equivalents

Cash on hand	0.99	0.87
Balances with banks-current accounts	(7.15)	24.01
	<u>(6.16)</u>	<u>24.88</u>

8b. Bank balances other than above

Unclaimed dividend accounts (earmarked)	-	-
Liquid assets deposits #	1.88	1.88
Deposits with Banks held as margin money #	2.00	2.00
	<u>3.88</u>	<u>3.88</u>

represents deposits with original maturity of more than 3 months and less than 12 months

9. Other financial assets - current

(Unsecured considered good)		
Interest accrued on deposits	2.54	-
Other receivable	-	-
	<u>2.54</u>	<u>-</u>

10. Other current assets

(Unsecured considered good)		
Prepaid expenses	-	-
Supplier advances	-	-
Balance with government authorities	-	-
	<u>-</u>	<u>-</u>

11. Equity**Authorised share capital**

50,00,000 equity shares (March 31, 2021 50,00,000) of Rs. 10 each with voting rights	500.00	500.00
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Issued share capital

38,65,650 equity shares (March 31, 2021 38,65,650) of Rs. 10 each with voting rights	386.57	386.57
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Subscribed and paid up share capital

38,49,250 equity shares (March 31, 2021 38,49,250) of Rs. 10 each with voting rights	384.92	384.92
Add Forfeited shares (amount originally paid in respect of 16,400 equity shares)	0.82	0.82
	<u>385.74</u>	<u>385.74</u>



Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
Notes :		
1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period		
Outstanding at the beginning and end of the year	38,49,250	38,49,250
2. Terms/rights and restrictions in respect of equity shares		
The company has one class of equity shares having a par value of Rs.10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to number of equity shares held by the shareholders.		
3. Shareholding of Promoters		
Name of the shareholder	No. of shares	
	2022	2021
	%	%
Equity shares with voting rights		
R. Selvarajan	7,78,730	7,78,730
S. Vijaya Shankar	4,09,582	4,09,582
	20.23	20.23
	10.64	10.64
4. Shareholders holding more than 5% of the total share capital:		
Name of the shareholder	No. of shares	
	2022	2021
	%	%
Equity shares with voting rights		
R. Selvarajan	7,78,730	7,78,730
S. Vijaya Shankar	4,09,582	4,09,582
	20.23	20.23
	10.64	10.64
5. Disclosure of Shareholders holding of Promoters- Shares held by promoters:		
Name of the shareholder	No. of shares	
	2022	2021
	%	%
Equity shares with voting rights		
R Selvarajan	7,78,730	7,78,730
S Vijay Shankar	4,09,582	4,09,582
S Sivakumar	2,78,033	2,78,033
Dinakaran	1,17,716	1,17,716
Devarajan	1,13,867	1,13,867
Jegarajan	1,13,307	1,13,307
S Nirmala	1,13,040	1,13,040
M Rajamani	1,22,067	1,22,067
S Swetha	1,02,567	1,02,567
R Selvarajan	65,520	65,520
A Sarayu	53,090	53,090
R Sakunthala	38,721	38,721
Kalavathi S	37,930	37,930
R Malarselvi	35,159	35,159
S Balamani	30,000	30,000
Saradhamani D	25,270	25,270
D Senthilnathan	18,820	18,820
Parameswari J	15,300	15,300
R Jayanthi	10,000	10,000
D Manjula	7,650	7,650
V Abhinav	2,800	2,800
Sakthivel J	2,000	2,000
Sudharsan D	2,000	2,000
Anupama D	1,170	1,170
Ramya Jegarajan	1,170	1,170
D Minusakthipriya	1,000	1,000
D Niranjankumar	1,000	1,000
Rathipriya D	1,000	1,000
V Valarnila	1,000	1,000



Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
6. Share issue in preceeding five years		
Aggregate number and class of shares allotted for consideration other than cash, bonus, etc. in the five years immediately preceeding the Balance Sheet date as on March 31, 2022 is Rs. Nil (2021 : Nil).		
12. Other equity		
Securities premium - Note A	548.62	548.62
General reserve - Note B	2,229.04	2,229.04
Retained earnings - Note C	<u>(3,785.67)</u>	<u>(3,813.19)</u>
	<u>(1,008.01)</u>	<u>(1,035.53)</u>
Refer Statement of Changes in Equity for additions/ deletions in each reserve.		
Notes :		
A. Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.		
B. General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, Bonus issue, etc.		
C. Revaluation reserve of Rs 20,83,49,118 transferred to Retained earnings on the transition date may not be available for distribution.		
13. Non current - Financial liabilities - Borrowings		
Secured Borrowings		
Term loan from banks	-	-
Unsecured		
Fixed deposits	59.00	1,441.57
	<u>59.00</u>	<u>1,441.57</u>
Note :		
1. Refer note 19 for current maturities of non current borrowings		
2. Refer note 35 for fixed deposits held by related parties		
3. The Company has not been utilised the funds raised on short term basis for long term purposes		
14. Deferred tax asset/liability (net)		
Deferred tax liability	-	-
Deferred tax assets	-	-
Deferred tax liability-net	-	-
Unused tax credits (MAT credit entitlement)	-	-
Net deferred tax/liability	<u>-</u>	<u>-</u>
Note : Refer Note 29 for details of deferred tax liability and asset		
15. Non current liabilities - Provisions		
Provision for employee benefits		
Compensated absences	-	-
	<u>-</u>	<u>-</u>
15. Non current liabilities - Provisions		
Compensated absences	-	-
	<u>-</u>	<u>-</u>
16. Current financial liabilities - borrowings		
Secured borrowings - from banks		
Cash credit facilities	-	-
Current maturities of long term borrowings	1,382.57	9.00
	<u>1,382.57</u>	<u>9.00</u>



Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs				
17. Current financial liabilities - trade payables						
Trade payables (Refer Note 37)						
(a) Total outstanding dues of micro enterprises and small enterprises	-	0.65				
(b) Total outstanding dues of creditors other than micro enterprises	<u>157.11</u>	<u>360.29</u>				
	<u>157.11</u>	<u>360.94</u>				
Trade payables - Ageings						
Particulars	Out standing as at March 31, 2022 for the following periods from due date of payment					
	Not due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
a) MSME	-	-	-	-	-	-
b) Others	-	-	155.37	-	1.74	157.11
c) Disputed dues - Others	-	-	-	-	-	-
Total	-	-	155.37	-	1.74	157.11
Particulars	Out standing as at March 31, 2021 for the following periods from due date of payment					
	Not due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
a) MSME	-	0.65	-	-	-	0.65
b) Others	119.17	152.54	-	9.59	79.64	360.94
c) Disputed dues - Others	-	-	-	-	-	-
Total	119.17	153.19	-	9.59	79.64	361.59
18. Current provisions						
Compensated absences	-	-				
	<u>-</u>	<u>-</u>				
19. Other Current financial liabilities						
Interest accrued and due on borrowings	166.56	153.10				
Unclaimed Dividends	-	-				
Contribution to Gratuity Fund	-	-				
Accrued expenses/liabilities	2.20	1.15				
Lease rent advance	20.00	15.00				
Employee payable	9.56	9.56				
	<u>198.32</u>	<u>178.81</u>				
20. Other Current liabilities						
Advance for sale of assets	240.77	228.00				
Statutory liabilities	7.29	14.04				
	<u>248.06</u>	<u>242.04</u>				
21. Revenue from operations						
Sale of products						
Yarn	318.76	254.08				
Process waste	-	-				
	<u>318.76</u>	<u>254.08</u>				



Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
22. Other income		
Interest income from		
Security deposits and bank deposits	2.54	2.52
Lease rental income received	180.00	150.00
Profit on sale of assets	76.40	-
	<u>258.94</u>	<u>152.52</u>
23. Cost of materials consumed		
Cotton, viscose, modal	-	1.20
Others-Yarn purchase for trading	310.47	202.71
	<u>310.47</u>	<u>203.91</u>
24. Changes in Inventories of finished goods and work-in-progress		
Closing stock		
Finished goods	-	-
Work-in-progress	-	-
	<u>-</u>	<u>-</u>
Opening stock		
Finished goods	-	47.21
Work-in-progress	-	-
	<u>-</u>	<u>47.21</u>
Net change in inventories	<u>-</u>	<u>47.21</u>
25. Employee benefits expense		
Salaries, wages and bonus	8.00	5.50
Contribution to provident, gratuity and other funds	-	-
Welfare expenses	-	6.65
	<u>8.00</u>	<u>12.15</u>
26. Finance costs		
Interest expense on borrowings	159.46	170.11
Other borrowing costs	-	-
	<u>159.46</u>	<u>170.11</u>
27. Depreciation and amortisation expense		
Property, Plant and Equipment		
Buildings	29.17	29.17
Plant and machinery	-	-
Furniture and fittings	-	-
Office equipments	-	-
Vehicles	-	-
Total depreciation on property, plant and equipment	<u>29.17</u>	<u>29.17</u>
28. Other expenses		
Consumption of stores and spares	-	-
Power and fuel	-	0.61
Repairs and maintenance - Buildings	-	0.02
- Plant and machinery	-	0.16
Insurance	-	(0.11)
Rates and taxes	4.96	16.05
Packing and forwarding charges	-	-
Brokerage and commission on sales	9.45	0.07
Travel and vehicle upkeep expenses	-	0.12
Donation and charity	-	-
Bank and other financial charges	0.13	0.11
Miscellaneous expenses	13.54	20.61
	<u>28.08</u>	<u>37.64</u>



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2022

1. Corporate Information

Kandagiri Spinning Mills Limited ("the Company") is a listed Public Company domiciled in India and is incorporated under the provisions of the Companies Act 2013 as applicable in India and its shares are listed on the Bombay Stock Exchange (BSE). The registered office headquartered in Salem, India. The Company is principally engaged in trading of cotton yarn and continued to lease out its immovable properties.

The Board of Directors approved the standalone financial statement for the year ended March 31, 2022 at their Board meeting held on 30th May, 2022.

2. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation of financial statements

(i) Compliance with Indian Accounting Standards (Ind AS):

These financial statements (the financial statements) have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) (Companies (Indian Accounting Standards) Rules, 2015) and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except the following:

- Certain financial assets and liabilities that are measured at fair value.
- Defined benefit plans – plan assets measured at fair value.

b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (Rs), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the statement of profit and loss.

3. Revenue recognition

Revenue is measured at the fair value of consideration received or receivable.

Sale of Goods

Revenue from sale of products is recognized when the goods are dispatched or appropriated as per the terms sales at which time the title and significant risks and rewards of ownership pass to the customer. Revenue is recognised when collectability of the resulting receivable is reasonably assured. Revenue is reduced for estimated customer returns, commissions, rebates and discounts and other similar allowances.



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2022

4. Other Income

Other Income comprises of Lease rental and Interest income are accounted on accrual basis. Lease rental income is accrued on a time basis, based on the lease agreement executed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

5. Employee benefits

(i) Short term employee benefit obligations are estimated and provided for. A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date;

(ii) Retirement Benefit plans and Post-employment benefits

Payments to defined contribution plans i.e., Company's contribution to provident fund, superannuation fund and other funds and employee state insurance are determined under the relevant schemes and / or statute and charged to the Statement of Profit and Loss in the period of incurrence when the services are rendered by the employees.

For defined benefit plans i.e., Company's liability towards gratuity (funded), other retirement/terminations benefits and compensated absences, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Defined benefit costs are comprised of:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement of net defined benefit liability/asset pertaining to gratuity comprise of actuarial gains / losses (i.e., changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

6. Property, Plant and Equipment Cost :

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost (net of duty / tax credit availed) less accumulated depreciation and accumulated impairment losses. Cost of all civil works (including electrification and fittings) is capitalised with the exception of alterations and modifications of a capital nature to existing structures where the cost of such alteration or modification is Rs.10000 and below.



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2022

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures, plant and equipment (including patterns and dies) where the cost exceeds Rs.10,000 and the estimated useful life is two years or more, is capitalised and stated at cost (net of duty/tax credit availed) less accumulated depreciation and accumulated impairment losses.

Depreciation /amortization :

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013

De-recognition :

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

7. Leases

The Company does not have any lease assets as at the beginning and end of the year

8. Impairment of assets

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised in the Statement of Profit and Loss wherever the carrying amount of an asset exceeds its estimated recoverable amount. When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. Provision for impairment will be reviewed periodically and amended depending on changes in circumstances.

9. Inventories

Inventories (Other than process waste) are stated at lower of cost and net realisable value.

Cost of raw materials, stores, spares and consumables comprises cost of purchases and includes taxes and duties and is net of eligible credits under applicable schemes.

Cost of work-in-progress, work-made components and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overheads, which is allocated on a systematic basis.

Cost of inventories also includes all other related costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2022

The cost for the said purpose is determined as follows:

- (i) in the case of stores and spare parts, the weighted average cost (net of credit, if any)
- (ii) in the case of cotton in process and manufactured yarn, is the cost adopting the absorption costing method
- (iii) Process waste is valued at net realizable value.

Provision is made for obsolete, slow moving and damaged items of inventory, if any.

10. Government grants

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which they accrue.

11. Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

12. Research and development

Revenue expenditure on research and development is charged to the Statement of Profit and Loss as and when incurred. Capital expenditure on research and development, where the same represents cost of Property, Plant and Equipment, if any, is given the same accounting treatment as applicable to other capital expenditure.

13. Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current Tax :

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2022

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

14. Provisions and contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

A disclosure of a contingent liability is made when there is a possible obligation that may, but probably will not, require outflow of resources. Where there is possible obligation or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

15. Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets :

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification of financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2022

After initial recognition :

- (i) Financial assets (other than Investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method.

Effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost:

- ❖ the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flow; and
- ❖ the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments on principal and interest on the principal amount outstanding.

Income on such debt instruments is recognised in profit or loss and is included in the 'Other Income'.

The Company has not designated any debt instruments as fair value through other comprehensive income.

- (ii) Financial assets (i.e., derivative instruments and investments in instruments other than equity of subsidiaries, joint ventures and associates) are subsequently measured at fair value.

Such financial assets are measured at fair value at the end of each reporting period, with any gains (e.g any dividend or interest earned on the financial asset) or losses arising on re-measurement recognised in profit or loss and included in the "Other Income".

Investments in equity instruments of subsidiaries, joint ventures and associates

The Company measures its investments in equity instruments of subsidiaries, joint ventures and associates at cost in accordance with Ind As27. At transition date, the Company has elected to continue with the carrying value of such investments measured as per the previous GAAP and use such carrying value as its deemed cost.

Impairment of financial assets :

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognising impairment loss on financial assets (i.e., the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Company expects to receive).

De-recognition of financial assets :

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2022

Impairment of financial assets

A Financial asset is regarded as credit impaired or subject to significant increase in credit risk, when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognising impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the company expects to receive). The Company uses simplified approach for expected credit loss and on a case to case basis.

Financial liabilities and equity instruments :

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortised cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortised costs are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the "Finance Costs".

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and are subsequently measured (if not designated as at Fair value through profit or loss) at the higher of:

- ❖ the amount of impairment loss allowance determined in accordance with requirements of Ind AS 109; and
- ❖ the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2022

De-recognition of financial liabilities :

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments :

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at Fair value through profit or loss.

As of the transition date, the Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed on the later of the date of first became a party to the contract and the date when there has been change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

Hedge accounting :

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk, as either fair value hedges, cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2022

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "Other Income".

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

16. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / loss before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing flows. The cash flows from operating, investing and financing activities of the Company are segregated.

17. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

18. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares)

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period, are adjusted for the effects of all dilutive potential equity shares.

19. Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with Ind AS requires the Company's Management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities recognised in the Ind AS financial statements that are not readily apparent from other sources. The judgments, estimates and associated assumptions are based on historical experience and other factors including estimation of effects of uncertain future events that are considered to be relevant. Actual results may differ from these estimates.



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2022

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates (accounted on a prospective basis) and recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods of the revision affects both current and future periods.

The following are the critical judgments and estimations that have been made by the Management in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements and/or key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Inventories

An inventory provision is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item, changes in the related laws/emission norms and losses associated with obsolete/slow-moving /redundant inventory items. The Company has, based on these assessment, made adequate provision in the books.

Taxation

The expense is calculated using applicable tax rate and laws that have been enacted or substantially enacted. In arriving at taxable profits and all tax bases of assets and liabilities, the Company determines the taxability based on tax enactments, relevant judicial pronouncements and tax expert opinions, and makes appropriate provisions which includes an estimation of the likely outcome of any open tax assessments / litigations. Any difference is recognised on closure of assessment or in the period in which they are agreed.

Deferred income tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, unabsorbed depreciation and unused tax credits could be utilized.

Provisions

The management makes judgments based on experience regarding the level of provision required to account for potentially uncollectible receivables using information available at the Balance Sheet date. Provisions so created are based on management assessment of the receivable balances after communication with the respective debtors and are created on the receivable balances net off against related brokerage dues outstanding.

Provisions for litigation and contingencies are determined based on evaluations made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgments around estimating the ultimate outcome of such past events and measurement of the obligation amount. Due to the judgments involved in such estimations, the provisions are sensitive to the actual outcome in future period.

Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for the fair value measurements. In estimating the fair value of an asset or a liability, the Company used market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engaged third party qualified valuers to perform the valuations in order to determine the fair values based on the appropriate valuation techniques and inputs to fair value measurements.



Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
29. Income taxes relating to continuing operations		
a) Income tax recognised in Statement of profit and loss		
Current tax		
In respect of the current year	15.00	-
MAT credit utilised	-	-
	15.00	-
Deferred tax		
In respect of the current year – withdrawals	-	-
	-	-
Total income tax expense recognised in the current year relating to continuing operations	15.00	-
b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit/(loss) before tax from continuing operations	42.52	(93.59)
<Income tax expense calculated at 27.82% (2020-21: 27.82%)	11.83	-
Others	3.17	-
Income tax expense recognised in statement of profit and loss (relating to continuing operations)	15.00	-

The tax rate used for the reconciliations above is the corporate tax rate of 27.82% (for FY 2020-21 = 27.82%) payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

c) Income tax recognised in other comprehensive income

Current tax	-	-
Total income tax recognised in other comprehensive income	-	-

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss, depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Movement of deferred tax expense during the year ended March 31, 2022 (Rs. in Lakhs)

Particulars	Opening balance	Recognised in profit or loss	Closing balance
Deferred tax (liabilities)/assets in relation to:			
Property, plant, and equipment and Intangible Assets	-	-	-
Provision for compensated absences	-	-	-
Unused tax credit (MAT credit entitlement)	-	-	-
	-	-	-

Movement of deferred tax expense during the year ended March 31, 2021 (Rs. in Lakhs)

Particulars	Opening balance	Recognised in profit or loss	Closing balance
Deferred tax (liabilities)/assets in relation to:			
Property, plant, and equipment and Intangible Assets	-	-	-
Provision for compensated absences	-	-	-
Unused tax credit (MAT credit entitlement)	-	-	-
	-	-	-



Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
30. Retirement benefit plans		
Since the company has stopped all its manufacturing activities, all employees relating to manufacturing units have left the company. Only the administrative staff are working in the company, who were not coming under the retirement benefits.		
31. Earnings per share		
Basic and Diluted earnings per share		
From continuing operations	0.71	(2.43)
From discontinued operations	-	-
Total basic earnings per share	0.71	(2.43)
The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:		
Profit/(loss) for the year attributable to owners of the Company	42.52	(93.59)
Earnings used in the calculation of basic earnings per share	42.52	(93.59)
Profit/(loss) for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	-	-
Others	-	-
Earnings used in the calculation of basic earnings per share from continuing operations	<u>42.52</u>	<u>(93.59)</u>
Profit/(loss) for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	-	-
Others	-	-
Earnings used in the calculation of basic earnings per share from continuing operations	<u>42.52</u>	<u>(93.59)</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>38,49,250</u>	<u>38,49,250</u>
32. Financial Instruments		
Capital management		
The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.		
The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, non-convertible debt securities, and other long-term/short-term borrowings.		
The capital structure of the Company consists of net debt (borrowings as detailed in notes 15 and 20 offset by cash and bank balances) and total equity of the Company. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.		
Gearing Ratio :		
Debt	1,441.57	1,450.57
Less : Cash and bank balances	(2.28)	28.76
Net debt	1,443.85	1,479.33
Total equity	(622.27)	(649.79)
Net debt to total equity ratio	(2.32)	(2.27)
Categories of Financial Instruments:		
a. Measured at amortised cost:		
Cash and bank balances	(2.28)	28.76
Trade Receivables	-	113.02
Loans	2.00	2.00
Others	-	-
b. Mandatorily measured at fair value through profit or loss (FVTPL):		
Investments	154.71	154.71
Derivative instruments	-	-



Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
Financial liabilities		
a. Measured at amortised cost:		
Borrowings	1,441.57	1,450.57
Trade Payables	157.11	360.94
Others	198.52	187.81
b. Mandatorily measured at fair value through profit or loss (FVTPL):		
Derivative instruments	-	-

Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including interest rate risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realisable fair values or future cash flows to the Company. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy.

Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at floating interest rates.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended March 31, 2022 would decrease/increase by Rs. 3.00 lakhs (March 31, 2021: decrease/increase by Rs. 3.50 lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Equity price risk

Equity price risk is related to the change in market reference price of the investments in equity securities. The fair value of some of the Company's investments in available-for-sale securities exposes the Company to equity price risks. In general, these securities are not held for trading purposes.

Equity price sensitivity analysis

The fair value of equity instruments as at March 31, 2022 was Rs. Nil (March 31, 2021: Rs. nil). A 5% change in prices of equity instruments held as at March 31, 2021 would result in an impact of Rs. Nil on equity (March 31, 2021 : Rs. nil).



Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
Offsetting related disclosures :		
Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.		
Liquidity risk management :		
Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.		
The Company has obtained fund and non-fund based working capital lines from various banks.		
The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.		
Liquidity tables :		
The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.		

Particulars	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
March 31, 2022				
Trade payables	157.11	-	-	157.11
Other financial liabilities	198.32	-	-	198.32
Borrowings (including interest accrued thereon upto the reporting date)	-	-	-	-
	<u>355.43</u>	<u>-</u>	<u>-</u>	<u>355.43</u>
March 31, 2021				
Trade payables	360.94	-	-	360.94
Other financial liabilities	187.81	-	-	187.81
Borrowings (including interest accrued thereon upto the reporting date)	-	-	-	-
	<u>548.75</u>	<u>-</u>	<u>-</u>	<u>548.75</u>

33. Related party disclosure**a) List of related parties :**

Name of the Related Party	Relationship
SPMM Health Care Services Private Limited	Associate
Sambandam Siva Textiles Private Limited	Enterprises in which KMP or their relatives have a significance influence
S. Palaniandi Mudaliar Charitable Trust	Enterprises in which KMP or their relatives have a significance influence
Kandagiri Spinning Mills Gratuity Trust	Enterprises in which KMP or their relatives have a significance influence
R.Selvarajan - Managing Director	Key managerial personnel (KMP)
S.Vijay Shankar - Chief Financial Officer	Key managerial personnel (KMP)
J.Asifa - Company Secretary	Key managerial personnel (KMP)

Notes :

- (i) As per sec 149(6) of Companies Act, 2013 independent directors are not considered as KMP. Also considering the roles and functions of independent directors stated under schedule IV of Companies Act 2013 they have not been disclosed as KMP for the purpose of disclosure requirement as per Ind AS 24 Related Party.
- (ii) Sri S. Devarajan resigned from the Board of Directors of the Company on 18.06.2020. Hence Sambandam Spinning Mills Limited was ceased to be a related party from 18.06.2020 and accordingly Sambandam Spinning Mills Limited did not come under the purview of related party disclosure for the financial year 2021-22.


Notes annexed to and forming part of the Standalone Financial Statements
b) Details of Transactions with Related Parties :

Name of Related Party	Nature of Transaction	2021 - 22	2020 - 21
Sambandam Siva Textiles Private Limited	Yarn conversion charges received	-	-
S. Palaniandi Mudaliar Charitable Trust	Employee welfare services expenses	-	-
Kandagiri Spinning Mills Gratuity Trust	Contribution paid	-	-
R. Selvarajan Managing Director	Interest Payment	-	-
	Remuneration	-	-
	Fixed deposits received	-	-
	Fixed deposits repaid	-	13.20
	Balances outstanding - Fixed deposits	-	-
S. Vijay Shankar Chief Financial Officer	Interest Payment	-	-
	Remuneration	-	-
	Fixed deposits received	-	-
	Fixed deposits repaid	-	19.20
	Balances outstanding - Fixed deposits	-	-
J.Asifa - Company Secretary	Remuneration	8.00	5.50

34. Details of non current borrowings

Particulars	Particulars of Repayment	Year	Non current	Current Maturities	Total	Rate of Interest
a. Secured Borrowings						
Term loans from banks			-	-	-	-
b. Unsecured Borrowings						
Fixed deposits	Repayable in 2022-23 Rs. 1382.57 lakhs 2023-24 Rs.59.00 lakhs	As at March 31, 2022 As at March 31, 2021	59.00 1,441.57	1,382.57 9.00	1,441.57 1,450.57	11 11

Details of current borrowings - NIL
35. Contingent liabilities and Capital Commitments
a) Contingent liabilities

(i) Self generation tax / cross subsidy charges to TNEB etc *	166.65	163.28
(ii) Sales Tax	-	0.36
(iii) Corporate Guarantee	2,279.38	1,490.00
	<u>2,446.03</u>	<u>1,653.64</u>

* By way of abundant caution, the Company has provided Rs.299.72 lakhs in earlier years towards TNEB, out of the total liability of Rs.466.37 lakhs in earlier years

b) Capital Commitments

Capital Commitments (net of advances) not provided for	-	-
	<u>-</u>	<u>-</u>

The outflow in respect of the above is not practicable to ascertain in view of the uncertainties involved.

Note:

The Company has provided Corporate Guarantee in favour of CSB Bank Ltd in respect of loans availed by Sambandam Spinning Mills Limited as per the details furnished below:

On 21.03.2020 Company provided Corporate Guarantee of Rs. 1270.00 lakhs which was extended to Rs. 1490.00 lakhs on 23.06.2020 and further extended to Rs. 2279.38 lakhs on 07.10.2021. The Company has also provided its land and building as security in favour of CSB Bank Ltd in respect of the referred loans of Rs. 2279.38 lakhs availed by Sambandam Spinning Mills Limited from CSB Bank.



Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
-------------	----------------------------	----------------------------

36. CSR Expenditure:

Since the Company is incurring continuous losses and does not have average net profits for the last three years calculated in accordance with provisions of section 135 of the Companies Act, 2013, there is no CSR obligation for the Company for the financial year 2021-22 and accordingly the Company has not spent CSR during the financial year 2021-22.

37. Based on and to the extent of information available with the Company under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars as at reporting date are furnished below:

Particulars	(Rs. in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
(i) Principal amount due to suppliers under MSMED Act, as at the end of the year	-	0.65
(ii) Interest accrued and due to suppliers under MSMED Act, on the above amount as at the end of the year	-	-
(iii) Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
(iv) Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
(v) Interest paid to suppliers under MSMED Act (Section 16)	-	-
(vi) Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
(vii) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) + (vi)	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

38. Auditor's Remuneration :

(Rs. in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
1. Statutory audit	1.00	0.75
2. Taxation matters	-	-
3. Other services	-	-

39. Net Debt Reconciliation

(Rs. in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
1. Cash and Cash equivalents	(6.16)	24.88
2. Liquid investments	3.88	3.88
3. Current Borrowings	(1,382.57)	(9.00)
4. Non current borrowings	(59.00)	(1,451.57)
Net Debt	(1,443.85)	(1,431.81)

(Rs. in Lakhs)

Particulars	Other Assets		Liabilities from financing activities			Total
	Cash and Bank overdraft	Liquid Investments	Finance lease Obligations	Non current borrowings	Current Borrowings	
Net debt as at March 31, 2021	24.88	3.88	-	(1,451.57)	(9.00)	(1,431.81)
Cash Flows	31.04	-	-	1,392.57	(1,373.57)	(12.04)
Interest expense	(159.46)	-	-	-	-	-
Interest paid	159.46	-	-	-	-	-
Net debt as at March 31, 2022	(6.16)	3.88	-	(59.00)	(1,382.57)	(1,443.85)

40. The Company's primary segment is identified as business segment based on nature of products, risk, returns and internal reporting business systems the company is principally engaged in a single business segment viz. trading of cotton yarn.


Notes annexed to and forming part of the Standalone Financial Statements
41. Disclosure as required under section 186(4) of the Companies Act, 2013:
(Rs. in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	Purpose
i. Loans	—	—	
ii. Investments (Refer note 4)	154.71	154.71	
iii. Security given Land and building of the company given as collateral security to CSB Bank Ltd. for the term loans availed by Sambandam Spinning Mills Limited	2,279.38	1,490.00	To assist Sambandam Spinning Mills Limited for availing loan from CSB Bank Ltd
iv. Guarantees (Corporate Guarantee given to CSB Bank Ltd., for securing Term Loan availed by Sambandam Spinning Mills Limited.)	2,279.38	1,490.00	

42. Going Concern

The Company has started yarn trading business during the year and continued to lease out its immovable property and earned lease rental income. The quality of goods produced hitherto by the company has generated goodwill and brand image. The Board of Directors hope to continue to use these advantages by continuing yarn trading business and the promoters have given assurance of infusion of funds as and when deemed necessary. Considering the above, the Board of Directors deem it fit to continue adoption of Going Concern Concept in preparation of the financial statements although the Statutory auditors have qualified their opinion with respect to the same.

43. The title deeds of immovable properties are held in the name of the Company.
44. The Company has not revalued any of its Property, Plant and Equipment during the year.
45. The Company has given its immovable properties (land and building) as security and extended Corporate Guarantee in favour of CSB bank Ltd in respect of loans aggregating to an amount of Rs. 2,279.38 lakhs availed by M/s sambandam spinning Mills Limited.
46. The Company does not have any Benami property, where any proceedings initiated or pending against the Company for holding any Benami property.
47. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
48. The Company is not declared as willful defaulter by any Bank or Financial Institution (as defined under the Companies Act, 2013) or consortium thereof or other Lender in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India
49. The Company does not have any transaction with Companies struck off under section 248 of the companies Act, 2013 or section 560 of the Companies Act, 1956
50. The Company has not advanced or loaned or invested funds to any other persons or entities including foreign entities (intermediaries) with the understanding that the intermediary shall (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (ultimate Beneficiaries) or (b) provide any guarantee or security or the like on behalf of the Ultimate Beneficiaries
51. The Company has not received any fund from other persons or entities including foreign entities (intermediaries) with the understanding that the intermediary shall (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (ultimate Beneficiaries) or (b) provide any guarantee or security or the like on behalf of the Ultimate Beneficiaries
52. The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as search or survey or any other relevant provisions of the Income Tax Act, 1961)



Notes annexed to and forming part of the Standalone Financial Statements

53. Financial Ratios:-

S.No.	Particulars	2021-22	2020-21	Change(%)	Reasons
(a)	Current ratio ¹ (in times) [Current Assets / Current liability]	0.01	0.20	(95.00)	Current maturities of unsecured loan is the main cause for huge reduction in current ratio
(b)	Debt-Equity Ratio ² (in times) [Total debt / Total Equity]	(0.533)	(0.531)	(0.38)	–
(c)	Debt Service Coverage Ratio (in times) [(Profit before exceptional items & tax + interest expense+ depreciation & amortization-current tax expense) / (Interest expense + scheduled principal repayments of long term debt)]	1.28	0.62	106.45	Increased profitability for the FY 2021-22 has increased the ratio
(d)	Return on Equity ratio ³ (%) [Net Profit after tax/Average Shareholder's Equity]	(1.01)	(3.48)	(70.98)	Increased profitability for the FY 2021-22 has increased the ratio
(e)	Inventory Turnover Ratio ⁴ (in number of days) [Average Inventory * no. of days (365)/ Raw Material Consumed]	–	(58.00)	(100.00)	Since the Company does not have any inventory for its trading business, the ratio is nil for the FY 2021-22
(f)	Trade Receivable Turnover Ratio (in number of days) [Average Trade receivables* no. of days / Revenue from operations]	65	299	(78.26)	The debtors collection is very good during the FY 2021-22
(g)	Trade Payables turnover Ratio (in number of days) [Average Trade payables * No. of days / Cost of materials consumed ⁵]	305	499	(38.88)	Average trade payables reduced to the extent of profit
(h)	Net Capital Turnover ratio (in times) [Revenue from operations/ Working Capital ⁶]	(0.54)	(0.40)	(35)	The reduction in inventory is the cause for increase in ratio
(i)	Net Profit ratio (%) [Net profit after Tax/Revenue from Operations]	8.63	(36.83)	123.43	Net profit for the year ended 31.03.2022 is mainly due to profit on sale of assets
(j)	Return on Capital Employed (%) [Profit before tax + interest expense / Average Capital employed ⁷]	(16)	(5.71)	(180.21)	Due to increase in current borrowings i.e., increase in current year maturity of long-term borrowings
(k)	Return on Investment (%) [Income generated from investment / Average Investments]	40.95	3.08	1,229.55	Due to increase in profit of Associate for the FY 2021-22



Notes annexed to and forming part of the Standalone Financial Statements

Note

1. Current Assets and Current Liabilities as per Balance sheet.
2. Total debt: Long term borrowings (including current maturities of long term borrowings) and short term borrowings;
Total Equity : Issued Equity share capital +Other Equity (excluding revaluation reserve)
3. Average shareholder's equity= Average of Opening equity and closing equity
4. Inventory = Raw materials
Average Inventory = Average of Opening and closing Inventory;
Raw material consumed includes cost of materials consumed and change in inventories of finished goods and work in progress
5. Cost of materials consumed includes raw materials and yarn purchases for trading
6. Working Capital = [(Current Assets as per Balance sheet) – (Current Liabilities as per balance sheet excluding current maturities of long term debts)]
7. Average Capital Employed =(Shareholder's equity +Total Debt +Deferred tax liability)
54. The Company does not have any subsidiary Company and accordingly the provisions with respect to the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017 is not applicable to the Company.
55. The Company has not traded or invested in Crypto currency or Virtual currency during the financial year 2021-22
56. Previous year figures have been regrouped / reclassified / amended wherever necessary to conform to current year classification.

As per our report of even date
For **R. Sundararajan & Associates**
Chartered Accountants
Firm Registration No.008282S

S. Krishnan - Partner
Membership No. 26452

Salem
May 30, 2022

For and on behalf of the board

R. Selvarajan
Managing Director
DIN : 00001703

J. Asifa
Company Secretary

Dr. A. Sarayu
Director
DIN : 06953362

S. Vijay Shankar
Chief Financial Officer



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KANDAGIRI SPINNING MILLS LIMITED

Report on the audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying Consolidated Financial Statements of **KANDAGIRI SPINNING MILLS LIMITED** ("Investee Company/the Company") and its associate, which comprise the Consolidated Balance Sheet as at March 31, 2022, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, **except for the effect of the matters described in the Basis for qualified opinion paragraph**, and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the associate, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company, its associate as at March 31, 2022, their consolidated loss including other comprehensive income, their consolidated cash flow and the consolidated changes in equity for the year ended on that date.

Basis for Qualified Opinion

During the quarter also, the company has generated operating cash losses (except the profit on sale of assets of Rs.76.40 lakhs) and generated negative cash flows and there has been an erosion of net worth. The company is continuing to incur cash losses in its yarn trading business. We are of the opinion that these factors indicate existence of material uncertainty in the company's ability to continue as a going concern. The attached financial statements do not include any adjustments that might result had the above uncertainties been known. Management has represented in this regard that there is no further adjustments to be made in the carrying values/financial statement even if the Going Concern Concept is not adopted.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Company and its associate in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section out of report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our opinion on the accompanying consolidated financial statements.



A. REVENUE RECOGNITION
Key Audit Matter Description

Reference may be made to note 2(c) of significant accounting policies and note 27 to the consolidated financial statements of the Company.

Revenue recognition is inherently an area of audit risk, which we have substantially focused on mainly covering the aspects of cut off and the impact of Ind AS 115 as key audit matters.

Response to Key Audit Matter
Principal Audit Procedures

Our audit procedures relating to revenue comprised of test of controls and substantive procedures including the following:

- a. We assessed whether the policy of recognizing revenue was in line with Ind AS – 115.
- b. We performed procedures to assess the design and internal controls established by the management and tested the operating effectiveness of relevant controls related to the recognition of revenue.
- c. Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.
- d. We have tested, on a sample basis, whether specific revenue transactions around the reporting date has been recognised in the appropriate period by comparing the transactions selected with relevant underlying documentation, including goods delivery notes, customer acknowledgement/proof of acceptance and the terms of sales.
- e. We have also validated subsequent credit notes and sales returns up to the date of this Report to ensure the appropriateness and accuracy of the revenue recognition.
- f. We tested journal entries on a sample basis to identify any unusual or irregular items.
- g. We also considered the adequacy of the disclosures in Company's consolidated financial statements in relation to Ind AS 115 and whether they meet the disclosure requirements.

Conclusion

Based on the procedures performed above, we did not find any material exceptions with regards to adoption of Ind AS 115 and timing of revenue recognition.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company and its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the Company and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the Company and its associate are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Company and its associate are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company and its associate has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its associate to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results of the associate to express an opinion on the consolidated annual financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entity included in the consolidated annual financial results of which we are the independent auditors. For the other entities included in consolidated annual financial results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The consolidated annual financial results include the share of net profit after tax of Rs.63.35 lakhs and Rs.4.77 lakhs for the year ended March 31, 2022 and for the year ended March 31, 2021 respectively, as considered in the consolidated annual financial results, in respect of one associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated annual financial results, in so far it relates to the amounts and disclosures included in respect of these associate, is based solely on the reports of the other auditors.

Our opinion on the Consolidated Annual Financial Results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

2. As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of associate, as noted in the "other matter" paragraph we report, to the extent applicable, that:
 - (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - (b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidation of the financial statements have been kept by the Company so far as it appears from our examination of those books and reports of the other auditors;
 - (c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including Other Comprehensive Income, the consolidated Statement of Cash Flows and the consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account.
 - (d) In our opinion, except for matter described in the Basis of Qualified Opinion Paragraph, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act.



- (e) On the basis of the written representations received from the directors of the Investee company and its associate as on March 31, 2022 taken on record by the Board of Directors of the investee company and its associate, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the Internal Financial Controls Over Financial Reporting of the Company with reference to these consolidated financial statements of the company and its associate and the operating effectiveness of such controls, refer to our separate report in "Annexure 1" to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanation given to us, the remuneration paid by the Company and its associate to its directors during the year is in accordance with the provisions of section 197 of the Act:
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule 2014, as amended in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the associate, as noted in the "Other matter" paragraph:
- i. The Company and its associate have disclosed the impact of pending litigations on its financial position in its consolidated Financial Statements.
 - ii. The company and its associate did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2022.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its associate.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
(b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - v. The company has not declared or paid any dividend during the year.

Date : May 30, 2022
Place : Salem

For **R.Sundararajan & Associates**
Chartered Accountants
Firm Registration No. 08282S
S.Krishnan - Partner
Membership No. 26452
UDIN : 22026452AJVTEF5763



“ANNEXURE 1” to the Independent Auditor’s Report of even date on the Consolidated Financial Statements of KANDAGIRI Spinning Mills Limited

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“ the Act ”)

We have audited the internal financial controls over financial reporting of KANDAGIRI Spinning Mills Limited (“the investee Company”) and its associate as of March 31, 2022 in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the company and its associate are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing deemed to be prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company and its associate have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the company, in so far as it relates to one associate, is based on the corresponding reports of the auditors of such associate company.

Salem
May 30, 2022

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

S. Krishnan – Partner
Membership No. 26452
UDIN : 22026452AJVTEF5763

Kandagiri Spinning Mills Limited



Consolidated Balance Sheet as at March 31, 2022

Particulars	Note No.	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
ASSETS			
Non current assets			
Property, plant and equipment	1	1,096.38	1,125.55
Capitla work-in-progress			
Financial assets			
Investments	2	197.66	134.31
Other financial asset	3	153.81	146.06
Other non-current assets	5	2.00	2.00
		<u>1,449.85</u>	<u>1,407.92</u>
Current assets			
Inventories	6	–	–
Financial assets			
Trade receivables	7	–	113.02
Cash and cash equivalents	8a	(6.16)	24.88
Other Bank balances	8b	3.88	3.88
Other financial assets	9	2.54	–
Advance tax assets(net)	4	15.63	12.47
Other current assets	10	–	–
		<u>15.89</u>	<u>154.25</u>
Total assets		<u>1,465.74</u>	<u>1,562.17</u>
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	385.74	385.74
Other equity	12	(965.06)	(1,055.93)
		<u>(579.32)</u>	<u>(670.19)</u>
Non-current liabilities			
Financial liabilities			
Borrowings	13	59.00	1,441.57
Deferred tax liabilities (net)	14	–	–
Provisions	15	–	–
		<u>59.00</u>	<u>1,441.57</u>
Current liabilities			
Financial liabilities			
Borrowings	16	1,382.57	9.00
Trade payables	17	–	0.65
(a) Total outstanding dues of micro enterprises and small enterprises		–	0.65
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		157.11	360.29
Provisions	18	–	–
Other financial liabilities	19	198.32	178.81
Other current liabilities	20	248.06	242.04
		<u>1,986.06</u>	<u>790.79</u>
Total equity and liabilities		<u>1,465.74</u>	<u>1,562.17</u>

Significant Accounting Policies and Notes to accounts form an integral part of the Consolidated Financial Statements

As per our report of even date
For **R. Sundararajan & Associates**

Chartered Accountants
Firm Registration No.008282S

S. Krishnan - Partner
Membership No. 26452

Salem
May 30, 2022

For and on behalf of the board

R. Selvarajan
Managing Director
DIN : 00001703

Dr. A. Sarayu
Director
DIN : 06953362

J. Asifa
Company Secretary

S. Vijay Shankar
Chief Financial Officer



Consolidated Statement of Profit and Loss for the year ended March 31, 2022

Particulars	Note No.	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
Income			
Revenue from operations	21	318.76	254.08
Other income	22	258.94	152.52
Total income		577.70	406.60
Expenses			
Cost of materials consumed	23	310.47	203.91
Changes in inventories of finished goods and work-in- progress	24	-	47.21
Employee benefits expense	25	8.00	12.15
Finance cost	26	159.46	170.11
Depreciation and amortization expense	27	29.17	29.17
Other expenses	28	28.08	37.64
Total Expenses		535.18	500.19
Profit/(loss) before exceptional items and tax		42.52	(93.59)
Share of profit of associate		63.35	4.77
		105.87	(88.82)
Exceptional item		-	-
Profit/(loss) before tax		105.87	(88.82)
Tax expense :			
Current tax - current year		15.00	-
Deferred tax		-	-
Income tax expense		15.00	-
Profit/(loss) for the period from continuing operations		90.87	(88.82)
Other comprehensive income			
Other comprehensive income not to reclassified to profit or loss in subsequent periods		-	-
Re-measurement gains/(losses) on defined benefit plans		-	-
Income tax effect		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		90.87	(88.82)
Earning per share (Face value Rs.10 per share)			
-Basic and diluted (Rs.) (Refer note 32)		2.36	(2.31)

Significant Accounting Policies and Notes to accounts form an integral part of the Consolidated Financial Statements

As per our report of even date

For **R. Sundararajan & Associates**

Chartered Accountants

Firm Registration No.008282S

S. Krishnan - Partner

Membership No. 26452

Salem

May 30, 2022

For and on behalf of the board

R. Selvarajan
Managing Director
DIN : 00001703

Dr. A. Sarayu
Director
DIN : 06953362

J. Asifa
Company Secretary

S. Vijay Shankar
Chief Financial Officer

Kandagiri Spinning Mills Limited



Statement of Consolidated cash flows for the year ended March 31, 2022

Particulars	Note No.	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
Cash Flows from Operating Activities			
Profit / (Loss) before tax		105.87	(88.82)
Adjustments for :			
Share of profit of associate		(63.35)	(4.77)
Depreciation		29.17	29.17
Interest Expense		159.46	170.11
Interest Income		(2.54)	(2.52)
(Profit) / loss on sale of property, plant and equipment		(76.40)	-
(Profit) / loss on sale of Long term investments		-	-
Operating profit before working capital changes		152.21	103.17
Adjustments for changes in :			
Inventories		-	79.29
Trade receivables		113.02	189.63
Non current and current financial assets		(10.29)	3.07
Other non-current and current assets		-	0.63
Trade payables		(203.83)	164.54
Non current and current financial liabilities		19.51	3.60
Other non current and current liabilities		6.02	(265.56)
Other non current and current provisions		-	-
		76.64	278.37
Income Tax paid		(18.16)	(10.25)
Net Cash Flow from Operating Activities	(A)	58.48	268.12
Cash Flows from Investing Activities			
Payments for acquisition of property, plant and equipment		-	-
Proceeds from sale of property, plant and equipment		76.40	-
Interest received		2.54	2.52
	(B)	78.94	2.52
Cash Flows from Financing Activities			
Finance cost paid		(159.46)	(170.11)
Proceeds from long term borrowings - money received from directors		-	(81.35)
Repayments of inter corporate deposit - related party		-	-
Repayments of long term borrowings		(9.00)	-
Net Cash Flow from Financing Activities	(C)	(168.46)	(251.46)
NET CASH INFLOW / (OUTFLOW)	(A+B+C)	(31.04)	19.18
Opening Cash and Cash Equivalents	(D)	24.88	5.70
Closing Cash and Cash Equivalents	(E)	(6.16)	24.88
NET INCREASE/ (DECREASE) IN CASH	(E-D)	(31.04)	19.18

Significant Accounting Policies and Notes to accounts form an integral part of the Consolidated Financial Statements

As per our report of even date

For **R. Sundararajan & Associates**

Chartered Accountants

Firm Registration No.008282S

S. Krishnan - Partner

Membership No. 26452

Salem

May 30, 2022

For and on behalf of the board

R. Selvarajan

Managing Director

DIN : 00001703

Dr. A. Sarayu

Director

DIN : 06953362

J. Asifa

Company Secretary

S. Vijay Shankar

Chief Financial Officer



Statement of Changes in Equity for the year ended March 31, 2022

A. Equity share Capital

Rs. in Lakhs

	Balance as on 01.04.2020	Changes in equity share capital during the year	Balance at the end of March 31, 2021	Changes in equity share capital during the year	Balance as on March 31, 2022
Equity share capital	385.74	–	385.74	–	385.74

B. Other Equity

Rs. in Lakhs

Particulars	Reserves & Surplus			Total
	Securities Premium	General Reserve	Retained Earnings	
Balance at the beginning of April 1, 2020	548.62	2,229.04	(3,744.77)	(967.11)
(Loss) for the year	–	–	(88.82)	(88.82)
Other Comprehensive income	–	–	–	–
Total Comprehensive income for the year	–	–	(88.82)	(88.82)
Balance at the end of March 31, 2021	548.62	2,229.04	(3,833.59)	(1,055.93)
Profit for the year	–	–	90.87	90.87
Other Comprehensive income	–	–	–	–
Total Comprehensive income for the year	–	–	90.87	90.87
Balance at the end of March 31, 2022	548.62	2,229.04	(3,742.72)	(965.06)

Other comprehensive income includes Actuarial Gain/(Loss) on remeasurement of defined benefit plans.

Notes :

- (a) No Dividend was declared/paid during the year.
 (b) Share application money pending allotment, Equity component of Compound financial instruments, Capital Reserves, Debt/Equity instruments through OCI, effective portion of cash flow hedges, etc Rs.Nil (2020-21 Rs.Nil)

Significant Accounting Policies and Notes to accounts form an integral part of the Consolidated Financial Statements

As per our report of even date
 For **R. Sundararajan & Associates**
 Chartered Accountants
 Firm Registration No.008282S

S. Krishnan - Partner
 Membership No. 26452

Salem
 May 30, 2022

For and on behalf of the board

R. Selvarajan
 Managing Director
 DIN : 00001703

J. Asifa
 Company Secretary

Dr. A. Sarayu
 Director
 DIN : 06953362

S. Vijay Shankar
 Chief Financial Officer



Notes annexed to and forming part of the Consolidated Financial Statements

1. PROPERTY, PLANT AND EQUIPMENT (PPE)

2021 - 2022	Gross Carrying Amount(Cost/deemed cost)			Accumulated depreciation / Impairment			Net Carrying Amount	
	01.04.2021	Additions	(Deletions)	31.03.2022	Upto 31.03.2021	Charge for the year		Disposal
Description								
Land - Freehold land	510.24	-	-	510.24	-	-	-	-
Buildings	749.80	-	-	749.80	167.74	29.17	-	196.91
Furniture and Fixtures	5.82	-	-	5.82	2.31	-	-	2.31
Vehicles	74.18	-	-	74.18	44.64	-	-	44.64
Office equipment	0.61	-	-	0.61	0.41	-	-	0.41
Total	1,340.65	-	-	1,340.65	215.10	29.17	-	244.27

Description	01.04.2021	Additions	Capitalisation	31.03.2022
	Capital work in progress	-	-	-

Description	31.03.2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Rs. in Lakhs



Rs. in Lakhs												
2020 -2021	Gross Carrying Amount(Cost/deemed cost)				Accumulated depreciation / Impairment				Net Carrying Amount			
	01.04.2020	Additions	(Deletions)	31.03.2021	Upto 31.03.2020	Charge for the year	Disposal	Upto 31.03.2021	31.03.2021			
Description												
Land - Freehold land	510.24	-	-	510.24	-	-	-	-	-	510.24		
Buildings	749.80	-	-	749.80	138.57	29.17	-	167.74		582.06		
Furniture and Fixtures	5.82	-	-	5.82	2.31	-	-	2.31		3.51		
Vehicles	74.18	-	-	74.18	44.64	-	-	44.64		29.54		
Office equipment	0.61	-	-	0.61	0.41	-	-	0.41		0.20		
Total	1,340.65	-	-	1,340.65	185.93	29.17	-	215.10		1,125.55		

Description	01.04.2020	Additions	Capitalisation	31.03.2021
	Capital work in progress	-	-	-

Description	31.03.2021			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Projects in progress	-	-	-	-
Projects temporarily suspended	-	-	-	-
				Total

Note :

1. Impairment loss recognized/reversed during the year Rs.Nil (2020-21 Rs.Nil)
2. Amount of contractual commitments for acquisition of property, plant and equipment - Refer Note No. 36
3. For details of asset given as security against borrowings - Refer Note No. 35
4. There are no overdue/overrun projects in CWIP
5. There is no proceedings have been initiated during the year or are pending against the company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
6. Capital work-in-progress (CWIP) whose completion is overdue or has exceeded its cost compared to its original plan Rs.Nil (2020-21 Rs.Nil)
7. CWIP is to be completed in less than 1 year.



Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
2. Non current financial asset - Investments		
Unquoted		
Investments in Equity instruments		
Associates		
20,00,000 (2021 : 20,00,000) Equity shares of Rs.10 each in SPMM Health Care Services Private Limited	200.00	200.00
Less Group share of loss	2.34	65.69
	197.66	134.31
a. Aggregate value of unquoted investments	197.66	134.31
b. Investments are fully paid-up unless otherwise stated		
3. Non current - Other financial asset		
Security deposit with related parties	-	-
Security deposit	153.81	146.06
Employee advances	-	-
	153.81	146.06
4. Non current - Advance tax assets (net)		
Opening balance	12.47	-
Add : Taxes paid (net of refunds)	18.16	12.47
Less : Current tax expense for the year	15.00	-
Less : Tax relating to prior years	-	-
	15.63	12.47
5. Other non current assets		
(Unsecured, considered good)		
Balances with Government authorities (paid under protest)	2.00	2.00
	2.00	2.00
6. Inventories		
Raw materials	-	-
Work-in-progress	-	-
Finished goods	-	-
Stores and spares	-	-
	-	-
Note :		
1. Goods in transit included above are as follows		
Raw materials		
2. Cost of materials consumed during the year, Refer Note No. 23		
3. Provision for obsolete/slow moving stock - Rs. Nil (2020-21 Rs. Nil)		
7. Trade receivables		
Unsecured, undisputed considered good		
Receivables - Trade receivables	-	113.02
- Others	-	-
	-	113.02

Particulars	Out standing as at March 31, 2022 for the following periods from due date of payment						
	Not due	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 year	Total
a) Undisputed Trade receivables - considered good-Related Parties	-	-	-	-	-	-	-
b) Undisputed Trade receivables - considered good-Others	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-



Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
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Particulars	Out standing as at March 31, 2021 for the following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 year	
a) Undisputed Trade receivables - considered good-Related Parties	113.02	-	-	-	-	-	113.02
b) Undisputed Trade receivables - considered good-Others	-	-	-	-	-	-	-
Total	113.02	-	-	-	-	-	113.02

8a. Cash and cash equivalents

Cash on hand	0.99	0.87
Balances with banks-current accounts	(7.15)	24.01
	<u>(6.16)</u>	<u>24.88</u>

8b. Bank balances other than above

Unclaimed dividend accounts (earmarked)	-	-
Liquid assets deposits #	1.88	1.88
Deposits with Banks held as margin money #	2.00	2.00
	<u>3.88</u>	<u>3.88</u>

represents deposits with original maturity of more than 3 months and less than 12 months

9. Other financial assets - current

(Unsecured considered good)		
Interest accrued on deposits	2.54	-
Other receivable	-	-
	<u>2.54</u>	<u>-</u>

10. Other current assets

(Unsecured considered good)		
Prepaid expenses	-	-
Supplier advances	-	-
Balance with government authorities	-	-
	<u>-</u>	<u>-</u>

11. Equity**Authorised share capital**

50,00,000 equity shares (March 31, 2021 50,00,000) of Rs. 10 each with voting rights	500.00	500.00
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Issued share capital

38,65,650 equity shares (March 31, 2021 38,65,650) of Rs. 10 each with voting rights	386.57	386.57
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Subscribed and paid up share capital

38,49,250 equity shares (March 31, 2021 38,49,250) of Rs. 10 each with voting rights	384.92	384.92
Add Forfeited shares (amount originally paid in respect of 16,400 equity shares)	0.82	0.82
	<u>385.74</u>	<u>385.74</u>



Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
Notes :		
1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period		
Outstanding at the beginning and end of the year	38,49,250	38,49,250
2. Terms/rights and restrictions in respect of equity shares		
The company has one class of equity shares having a par value of Rs.10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to number of equity shares held by the shareholders.		
3. Shareholding of Promoters		
Name of the shareholder	No. of shares	
	2022	2021
	%	%
Equity shares with voting rights		
R. Selvarajan	7,78,730	7,78,730
S. Vijaya Shankar	4,09,582	4,09,582
	20.23	20.23
	10.64	10.64
4. Shareholders holding more than 5% of the total share capital:		
Name of the shareholder	No. of shares	
	2022	2021
	%	%
Equity shares with voting rights		
R. Selvarajan	7,78,730	7,78,730
S. Vijaya Shankar	4,09,582	4,09,582
	20.23	20.23
	10.64	10.64
5. Disclosure of Shareholders holding of Promoters- Shares held by promoters:		
Name of the shareholder	No. of shares	
	2022	2021
	%	%
Equity shares with voting rights		
R Selvarajan	7,78,730	7,78,730
S Vijay Shankar	4,09,582	4,09,582
S Sivakumar	2,78,033	2,78,033
Dinakaran	1,17,716	1,17,716
Devarajan	1,13,867	1,13,867
Jegarajan	1,13,307	1,13,307
S Nirmala	1,13,040	1,13,040
M Rajamani	1,22,067	1,22,067
S Swetha	1,02,567	1,02,567
R Selvarajan	65,520	65,520
A Sarayu	53,090	53,090
R Sakunthala	38,721	38,721
Kalavathi S	37,930	37,930
R Malarselvi	35,159	35,159
S Balamani	30,000	30,000
Saradhamani D	25,270	25,270
D Senthilnathan	18,820	18,820
Parameswari J	15,300	15,300
R Jayanthi	10,000	10,000
D Manjula	7,650	7,650
V Abhinav	2,800	2,800
Sakthivel J	2,000	2,000
Sudharsan D	2,000	2,000
Anupama D	1,170	1,170
Ramya Jegarajan	1,170	1,170
D Minusakthipriya	1,000	1,000
D Niranjankumar	1,000	1,000
Rathipriya D	1,000	1,000
V Valarnila	1,000	1,000



Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
6. Share issue in preceeding five years		
Aggregate number and class of shares allotted for consideration other than cash, bonus, etc.in the five years immediately preceeding the Balance Sheet date as on March 31, 2022 is Rs. Nil (2021 : Nil).		
12. Other equity		
Securities premium - Note A	548.62	548.62
General reserve - Note B	2,229.04	2,229.04
Retained earnings - Note C	<u>(3,742.72)</u>	<u>(3,833.59)</u>
	<u>(965.06)</u>	<u>(1,055.93)</u>
Refer Statement of Changes in Equity for additions/ deletions in each reserve.		
Notes :		
A. Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.		
B. General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, Bonus issue, etc.		
C. Revaluation reserve of Rs 20,83,49,118 transferred to Retained earnings on the transition date may not be available for distribution.		
13. Non current - Financial liabilities - Borrowings		
Secured Borrowings		
Term loan from banks	-	-
Unsecured		
Fixed deposits	59.00	1,441.57
	<u>59.00</u>	<u>1,441.57</u>
Note :		
1. Refer Note 16 for current maturities of non current borrowings		
2. Refer Note 34 for fixed deposits held by related parties		
3. The Company has not been utilised the funds raised on short term basis for long term purposes		
14. Deferred tax asset/liability (net)		
Deferred tax liability	-	-
Deferred tax assets	-	-
Deferred tax liability-net	-	-
Unused tax credits (MAT credit entitlement)	-	-
Net deferred tax/liability	-	-
Note : Refer Note 30 for details of deferred tax liability and asset		
15. Non current liabilities - Provisions		
Provision for employee benefits		
Compensated absences	-	-
	-	-
16. Current financial liabilities - borrowings		
Secured borrowings - from banks		
Cash credit facilities	-	-
Current maturities of long term borrowings	1,382.57	9.00
	<u>1,382.57</u>	<u>9.00</u>



Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs				
17. Current financial liabilities - trade payables						
Trade payables (Refer Note 38)						
(a) Total outstanding dues of micro enterprises and small enterprises	-	0.65				
(b) Total outstanding dues of creditors other than micro enterprises	<u>157.11</u>	<u>360.29</u>				
	<u>157.11</u>	<u>360.94</u>				
Trade payables - Ageings						
Particulars	Out standing as at March 31, 2022 for the following periods from due date of payment					
	Not due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
a) MSME	-	-	-	-	-	-
b) Others	-	-	155.37	-	1.74	157.11
c) Disputed dues - Others	-	-	-	-	-	-
Total	-	-	155.37	-	1.74	157.11
Particulars	Out standing as at March 31, 2021 for the following periods from due date of payment					
	Not due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
a) MSME	-	0.65	-	-	-	0.65
b) Others	119.17	151.89	-	9.59	79.64	360.29
c) Disputed dues - Others	-	-	-	-	-	-
Total	119.17	152.54	-	9.59	79.64	360.94
18. Current provisions						
Compensated absences	-	-				
	<u>-</u>	<u>-</u>				
19. Other Current financial liabilities						
Interest accrued and due on borrowings	166.56	153.10				
Unclaimed Dividends	-	-				
Contribution to Gratuity Fund	-	-				
Accrued expenses/liabilities	2.20	1.15				
Lease rent advance	20.00	15.00				
Employee payable	9.56	9.56				
	<u>198.32</u>	<u>178.81</u>				
20. Other Current liabilities						
Advance for sale of assets	240.77	228.00				
Statutory liabilities	7.29	14.04				
	<u>248.06</u>	<u>242.04</u>				
21. Revenue from operations						
Sale of products						
Yarn	318.76	254.08				
Process waste	-	-				
	<u>318.76</u>	<u>254.08</u>				



Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
22. Other income		
Interest income from		
Security deposits and bank deposits	2.54	2.52
Lease rental income received	180.00	150.00
Profit on sale of assets	76.40	-
	<u>258.94</u>	<u>152.52</u>
23. Cost of materials consumed		
Cotton, viscose, modal	-	1.20
Others-Yarn purchase for trading	310.47	202.71
	<u>310.47</u>	<u>203.91</u>
24. Changes in Inventories of finished goods and work-in-progress		
Closing stock		
Finished goods	-	-
Work-in-progress	-	-
	<u>-</u>	<u>-</u>
Opening stock		
Finished goods	-	47.21
Work-in-progress	-	-
	<u>-</u>	<u>47.21</u>
Net change in inventories	<u>-</u>	<u>47.21</u>
25. Employee benefits expense		
Salaries, wages and bonus	8.00	5.50
Contribution to provident, gratuity and other funds	-	-
Welfare expenses	-	6.65
	<u>8.00</u>	<u>12.15</u>
26. Finance costs		
Interest expense on borrowings	159.46	170.11
Other borrowing costs	-	-
	<u>159.46</u>	<u>170.11</u>
27. Depreciation and amortisation expense		
Property, Plant and Equipment		
Buildings	29.17	29.17
Plant and machinery	-	-
Furniture and fittings	-	-
Office equipments	-	-
Vehicles	-	-
Total depreciation on property, plant and equipment	<u>29.17</u>	<u>29.17</u>
28. Other expenses		
Consumption of stores and spares	-	-
Power and fuel	-	0.61
Repairs and maintenance - Buildings	-	0.02
- Plant and machinery	-	0.16
Insurance	-	(0.11)
Rates and taxes	4.96	16.05
Packing and forwarding charges	-	-
Brokerage and commission on sales	9.45	0.07
Travel and vehicle upkeep expenses	-	0.12
Donation and charity	-	-
Bank and other financial charges	0.13	0.11
Miscellaneous expenses	13.54	20.61
	<u>28.08</u>	<u>37.64</u>



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2022

1. Corporate Information

Kandagiri Spinning Mills Limited ("the Company") is a listed Public Company domiciled in India and is incorporated under the provisions of the Companies Act 2013 as applicable in India and its shares are listed on the Bombay Stock Exchange (BSE). The registered office headquartered in Salem, India. The Company is principally engaged in trading of cotton yarn and continued to lease out its immovable properties.

The Board of Directors approved the Consolidated Financial Statement for the year ended March 31, 2022 at their Board meeting held on 30th May, 2022.

2. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation of financial statements

(i) Compliance with Indian Accounting Standards (Ind AS):

These financial statements (the financial statements) have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) (Companies (Indian Accounting Standards) Rules, 2015) and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except the following:

- * Certain financial assets and liabilities that are measured at fair value.
- * Defined benefit plans – plan assets measured at fair value.

b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (Rs), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year and exchange rates are generally recognized in the statement of profit and loss.

3. Investments in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate, the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2022

On acquisition of the investment in an associate, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as good will, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

The Company discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the investment becomes a subsidiary, the Company accounts for its investment in accordance with Ind As103 'Business Combination'. When the Company retains an interest in the former associate and the retained interest is a financial asset, the Company measures it at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest is included in the determination of the gain or loss on disposal of the associate.

4. Revenue recognition

Revenue is measured at the fair value of consideration received or receivable.

Sale of Goods

Revenue from sale of products is recognized when the goods are dispatched or appropriated as per the terms sales at which time the title and significant risks and rewards of ownership pass to the customer. Revenue is recognised when collectability of the resulting receivable is reasonably assured. Revenue is reduced for estimated customer returns, commissions, rebates and discounts and other similar allowances.

5. Other Income

Other Income comprises of Lease rental and Interest income are accounted on accrual basis. Lease rental income is accrued on a time basis, based on the lease agreement executed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

6. Employee benefits

(i) Short term employee benefit obligations are estimated and provided for. A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date;

(ii) Retirement Benefit plans and Post-employment benefits

Payments to defined contribution plans i.e., Company's contribution to provident fund, superannuation fund and other funds and employee state insurance are determined under the relevant schemes and / or statute and charged to the Statement of Profit and Loss in the period of incurrence when the services are rendered by the employees.



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2022

For defined benefit plans i.e., Company's liability towards gratuity (funded), other retirement/terminations benefits and compensated absences, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Defined benefit costs are comprised of:

- * service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- * net interest expense or income; and
- * re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement of net defined benefit liability/asset pertaining to gratuity comprise of actuarial gains/losses (i.e., changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

7. Property, Plant and Equipment Cost:

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost (net of duty / tax credit availed) less accumulated depreciation and accumulated impairment losses. Cost of all civil works (including electrification and fittings) is capitalised with the exception of alterations and modifications of a capital nature to existing structures where the cost of such alteration or modification is Rs.10000 and below.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures, plant and equipment (including patterns and dies) where the cost exceeds Rs.10,000 and the estimated useful life is two years or more, is capitalised and stated at cost (net of duty/tax credit availed) less accumulated depreciation and accumulated impairment losses.

Depreciation /amortization:

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013

De-recognition:

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

8. Leases

The Company does not have any lease assets as at the beginning and end of the year



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2022

9. Impairment of assets

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised in the Statement of Profit and Loss wherever the carrying amount of an asset exceeds its estimated recoverable amount. When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. Provision for impairment will be reviewed periodically and amended depending on changes in circumstances.

10. Inventories

Inventories (Other than process waste) are stated at lower of cost and net realisable value.

Cost of raw materials, stores, spares and consumables comprises cost of purchases and includes taxes and duties and is net of eligible credits under applicable schemes.

Cost of work-in-progress, work-made components and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overheads, which is allocated on a systematic basis.

Cost of inventories also includes all other related costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The cost for the said purpose is determined as follows:

- (i) in the case of stores and spare parts, the weighted average cost (net of credit, if any)
- (ii) in the case of cotton in process and manufactured yarn, is the cost adopting the absorption costing method
- (iii) Process waste is valued at net realizable value.

Provision is made for obsolete, slow moving and damaged items of inventory, if any.

11. Government grants

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which they accrue.

12. Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

13. Research and development

Revenue expenditure on research and development is charged to the Statement of Profit and Loss as and when incurred. Capital expenditure on research and development, where the same represents cost of Property, Plant and Equipment, if any, is given the same accounting treatment as applicable to other capital expenditure.



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2022

14. Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current Tax:

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

15. Provisions and contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

A disclosure of a contingent liability is made when there is a possible obligation that may, but probably will not, require outflow of resources. Where there is possible obligation or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2022

16. Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification of financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

After initial recognition:

- (i) Financial assets (other than Investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method.

Effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost:

- * the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flow; and
- * the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments on principal and interest on the principal amount outstanding.

Income on such debt instruments is recognised in profit or loss and is included in the 'Other Income'.

The Company has not designated any debt instruments as fair value through other comprehensive income.

- (ii) Financial assets (i.e., derivative instruments and investments in instruments other than equity of subsidiaries, joint ventures and associates) are subsequently measured at fair value.

Such financial assets are measured at fair value at the end of each reporting period, with any gains (e.g any dividend or interest earned on the financial asset) or losses arising on re-measurement recognised in profit or loss and included in the "Other Income".

Investments in equity instruments of subsidiaries, joint ventures and associates

The Company measures its investments in equity instruments of subsidiaries, joint ventures and associates at cost in accordance with Ind As27. At transition date, the Company has elected to continue with the carrying value of such investments measured as per the previous GAAP and use such carrying value as its deemed cost.



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2022

Impairment of financial assets:

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognising impairment loss on financial assets (i.e., the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Company expects to receive).

De-recognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

Impairment of financial assets

A Financial asset is regarded as credit impaired or subject to significant increase in credit risk, when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognising impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the company expects to receive). The Company uses simplified approach for expected credit loss and on a case to case basis.

Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortised cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortised costs are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the "Finance Costs".

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2022

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and are subsequently measured (if not designated as at Fair value through profit or loss) at the higher of:

- * the amount of impairment loss allowance determined in accordance with requirements of Ind AS 109; and
- * the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

De-recognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at Fair value through profit or loss.

As of the transition date, the Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed on the later of the date of first became a party to the contract and the date when there has been change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

Hedge accounting:

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk, as either fair value hedges, cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2022

Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "Other Income".

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

17. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / loss before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing flows. The cash flows from operating, investing and financing activities of the Company are segregated.

18. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

19. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares)

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period, are adjusted for the effects of all dilutive potential equity shares.



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2022

20. Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with Ind AS requires the Company's Management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities recognised in the Ind AS financial statements that are not readily apparent from other sources. The judgments, estimates and associated assumptions are based on historical experience and other factors including estimation of effects of uncertain future events that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates (accounted on a prospective basis) and recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods of the revision affects both current and future periods.

The following are the critical judgments and estimations that have been made by the Management in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements and/or key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Inventories

An inventory provision is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item, changes in the related laws/emission norms and losses associated with obsolete/slow-moving /redundant inventory items. The Company has, based on these assessment, made adequate provision in the books.

Taxation

The expense is calculated using applicable tax rate and laws that have been enacted or substantially enacted. In arriving at taxable profits and all tax bases of assets and liabilities, the Company determines the taxability based on tax enactments, relevant judicial pronouncements and tax expert opinions, and makes appropriate provisions which includes an estimation of the likely outcome of any open tax assessments / litigations. Any difference is recognised on closure of assessment or in the period in which they are agreed.

Deferred income tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, unabsorbed depreciation and unused tax credits could be utilized.

Provisions

The management makes judgments based on experience regarding the level of provision required to account for potentially uncollectible receivables using information available at the Balance Sheet date. Provisions so created are based on management assessment of the receivable balances after communication with the respective debtors and are created on the receivable balances net off against related brokerage dues outstanding.

Provisions for litigation and contingencies are determined based on evaluations made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgments around estimating the ultimate outcome of such past events and measurement of the obligation amount. Due to the judgments involved in such estimations, the provisions are sensitive to the actual outcome in future period.

Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for the fair value measurements. In estimating the fair value of an asset or a liability, the Company used market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engaged third party qualified valuers to perform the valuations in order to determine the fair values based on the appropriate valuation techniques and inputs to fair value measurements.



Notes annexed to and forming part of the Consolidated Financial Statements

29. Basis of Consolidation

29.1 The Consolidated Financial Statements relate to Kandagiri Spinning Mills Limited ("the Investee Company") and its Associates.

29.2 Principles of Consolidation

a. The Consolidated Financial Statements have been prepared in accordance with IndAS28 "Investment in Associates and Joint Ventures" prescribed under Section 133 of the Companies Act, 2013. The Financial Statements of Associates used in the consolidation are drawn up to the same reporting date as of the investee Company i.e., year ended March 31,2022.

b. The following Associates Company is considered in the consolidated financial statements using equity method.

S. No.	Name of the Associates	Nature of Business	Country of Incorporation	% of ownership interest	
				31-03-2022	31-03-2021
1.	SPMM Health Care Services Private Limited	Health care services	India	50.00%	50.00%

29.3 Additional Information, required under Schedule III to the Companies Act, 2013 of entity consolidated as Associates

S. No.	Name of the Entity	Net Assets		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As a % of Consolidated Net Assets	Amount (Rs. Lakhs)	As a % of Consolidated Profit or (Loss)	Amount (Rs. Lakhs)	As a % of Consolidated Profit or (Loss)	Amount (Rs. Lakhs)	As a % of Consolidated Profit or (Loss)	Amount (Rs. Lakhs)
1.	Investee Company Kandagiri Spinning Mills Limited Associate (Investment as per equity method)	(159.72%)	(622.27)	40.16%	42.52	-	-	40.16%	42.52
2.	SPMM Health Care Services Private Limited	59.72%	232.66	59.84%	63.35	-	-	59.84%	63.35
	Subtotal	(100%)	(389.61)	100.00%	105.87	-	-	100.00%	105.87
	Add / (Less) : Effect of intercompany adjustments/ eliminations	-	-	-	-	-	-	-	-
	Total	(100%)	(389.61)	100.00%	105.87	-	-	100.00%	105.87



Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
30. Income taxes relating to continuing operations		
a) Income tax recognised in Statement of profit and loss		
Current tax		
In respect of the current year	15.00	-
MAT credit utilised	-	-
	15.00	-
Deferred tax		
In respect of the current year – withdrawals	-	-
	-	-
Total income tax expense recognised in the current year relating to continuing operations	15.00	-
b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit/(loss) before tax from continuing operations	42.52	(93.59)
< Income tax expense calculated at 27.82% (2020-21: 27.82%)	11.83	-
Others	3.17	-
Income tax expense recognised in statement of profit and loss (relating to continuing operations)	15.00	-

The tax rate used for the reconciliations above is the corporate tax rate of 27.82% (for FY 2020-21 = 27.82%) payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

c) Income tax recognised in other comprehensive income

Current tax	-	-
Total income tax recognised in other comprehensive income	-	-

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss, depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Movement of deferred tax expense during the year ended March 31, 2022 (Rs. in Lakhs)

Particulars	Opening balance	Recognised in profit or loss	Closing balance
Deferred tax (liabilities)/assets in relation to:			
Property, plant, and equipment and Intangible Assets	-	-	-
Provision for compensated absences	-	-	-
Unused tax credit (MAT credit entitlement)	-	-	-
	-	-	-

Movement of deferred tax expense during the year ended March 31, 2021 (Rs. in Lakhs)

Particulars	Opening balance	Recognised in profit or loss	Closing balance
Deferred tax (liabilities)/assets in relation to:			
Property, plant, and equipment and Intangible Assets	-	-	-
Provision for compensated absences	-	-	-
Unused tax credit (MAT credit entitlement)	-	-	-
	-	-	-



Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
31. Retirement benefit plans		
Since the company has stopped all its manufacturing activities, all employees relating to manufacturing units have left the company. Only the administrative staff are working in the company, who were not coming under the retirement benefits.		
32. Earnings per share		
Basic and Diluted earnings per share		
From continuing operations	2.36	(2.31)
From discontinued operations	-	-
Total basic earnings per share	2.36	(2.31)
The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:		
Profit/(loss) for the year attributable to owners of the Company	90.87	(88.82)
Earnings used in the calculation of basic earnings per share	90.87	(88.82)
Profit/(loss) for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	-	-
Others	-	-
Earnings used in the calculation of basic earnings per share from continuing operations	<u>90.87</u>	<u>(88.82)</u>
Profit/(loss) for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	-	-
Others	-	-
Earnings used in the calculation of basic earnings per share from continuing operations	<u>90.87</u>	<u>(88.82)</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>38,49,250</u>	<u>38,49,250</u>
33. Financial Instruments		
Capital management		
The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.		
The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, non-convertible debt securities, and other long-term/short-term borrowings.		
The capital structure of the Company consists of net debt (borrowings as detailed in notes 15 and 20 offset by cash and bank balances) and total equity of the Company. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.		
Gearing Ratio :		
Debt	1,441.57	1,450.57
Less : Cash and bank balances	(2.28)	28.76
Net debt	1,443.85	1,479.33
Total equity	(622.27)	(649.79)
Net debt to total equity ratio	(2.32)	(2.27)
Categories of Financial Instruments:		
a. Measured at amortised cost:		
Cash and bank balances	(2.28)	28.76
Trade Receivables	-	113.02
Loans		
Others	2.00	2.00
b. Mandatorily measured at fair value through profit or loss (FVTPL):		
Investments	154.71	154.71
Derivative instruments	-	-



Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
Financial liabilities		
a. Measured at amortised cost:		
Borrowings	1,441.57	1,450.57
Trade Payables	157.11	360.94
Others	198.32	178.81
b. Mandatorily measured at fair value through profit or loss (FVTPL):		
Derivative instruments	-	-

Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including interest rate risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realisable fair values or future cash flows to the Company. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy.

Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at floating interest rates.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended March 31, 2022 would decrease/increase by Rs.3.00 lakhs (March 31, 2021: decrease/increase by Rs. 3.50 lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Equity price risk

Equity price risk is related to the change in market reference price of the investments in equity securities. The fair value of some of the Company's investments in available-for-sale securities exposes the Company to equity price risks. In general, these securities are not held for trading purposes.

Equity price sensitivity analysis

The fair value of equity instruments as at March 31, 2022 was Rs. Nil (March 31, 2021: Rs.nil). A 5% change in prices of equity instruments held as at March 31, 2021 would result in an impact of Rs. Nil on equity (March 31, 2021 : Rs. nil).



Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
Offsetting related disclosures:		
Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.		
Liquidity risk management:		
Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.		
The Company has obtained fund and non-fund based working capital lines from various banks.		
The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.		
Liquidity tables:		
The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.		

Particulars	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
March 31, 2022				
Trade payables	157.11	-	-	157.11
Other financial liabilities	198.32	-	-	198.32
Borrowings (including interest accrued thereon upto the reporting date)	-	-	-	-
	<u>355.43</u>	<u>-</u>	<u>-</u>	<u>355.43</u>
March 31, 2021				
Trade payables	360.94	-	-	360.94
Other financial liabilities	187.81	-	-	187.81
Borrowings (including interest accrued thereon upto the reporting date)	-	-	-	-
	<u>548.75</u>	<u>-</u>	<u>-</u>	<u>548.75</u>

34. Related party disclosure**a) List of related parties :**

Name of the Related Party	Relationship
SPMM Health Care Services Private Limited	Associate
Sambandam Siva Textiles Private Limited	Enterprises in which KMP or their relatives have a significance influence
S. Palaniandi Mudaliar Charitable Trust	Enterprises in which KMP or their relatives have a significance influence
Kandagiri Spinning Mills Gratuity Trust	Enterprises in which KMP or their relatives have a significance influence
R.Selvarajan - Managing Director	Key managerial personnel (KMP)
S.Vijay Shankar - Chief Financial Officer	Key managerial personnel (KMP)
J.Asifa - Company Secretary	Key managerial personnel (KMP)

Notes :

- (i) As per sec 149(6) of Companies Act, 2013 independent directors are not considered as KMP. Also considering the roles and functions of independent directors stated under schedule IV of Companies Act 2013 they have not been disclosed as KMP for the purpose of disclosure requirement as per Ind AS 24 Related Party.
- (ii) Sri S. Devarajan resigned from the Board of Directors of the Company on 18.06.2020. Hence Sambandam Spinning Mills Limited was ceased to be a related party from 18.06.2020 and accordingly Sambandam Spinning Mills Limited did not come under the purview of related party disclosure for the financial year 2021-22.


Notes annexed to and forming part of the Consolidated Financial Statements
b) Details of Transactions with Related Parties :

Name of Related Party	Nature of Transaction	2021 - 22	2020 - 21
Sambandam Siva Textiles Private Limited	Yarn conversion charges received	-	-
S. Palaniandi Mudaliar Charitable Trust	Employee welfare services expenses	-	-
Kandagiri Spinning Mills Gratuity Trust	Contribution paid	-	-
R. Selvarajan Managing Director	Interest Payment	-	-
	Remuneration	-	-
	Fixed deposits received	-	-
	Fixed deposits repaid	-	13.20
	Balances outstanding - Fixed deposits	-	-
S. Vijay Shankar Chief Financial Officer	Interest Payment	-	-
	Remuneration	-	-
	Fixed deposits received	-	-
	Fixed deposits repaid	-	19.20
	Balances outstanding - Fixed deposits	-	-
J.Asifa - Company Secretary	Remuneration	8.00	5.50

35. Details of non current borrowings

Particulars	Particulars of Repayment	Year	Non current	Current Maturities	Total	Rate of Interest
a. Secured Borrowings						
Term loans from banks			-	-	-	-
b. Unsecured Borrowings						
Fixed deposits	Repayable in 2022-23 Rs. 1382.57 lakhs 2023-24 Rs.59.00 lakhs	As at March 31, 2022 As at March 31, 2021	59.00 1,441.57	1,382.57 9.00	1,441.57 1,450.57	11 11

Details of current borrowings - NIL
36. Contingent liabilities and Capital Commitments
a) Contingent liabilities

(i) Self generation tax / cross subsidy charges to TNEB etc *	166.65	163.28
(ii) Sales Tax	-	0.36
(iii) Corporate Guarantee	2,279.38	1,490.00
	2,446.03	1,653.64

* By way of abundant caution, the Company has provided Rs.299.72 lakhs in earlier years towards TNEB, out of the total liability of Rs.466.37 lakhs in earlier years

b) Capital Commitments

Capital Commitments (net of advances) not provided for	-	-
	-	-

The outflow in respect of the above is not practicable to ascertain in view of the uncertainties involved.

Note:

The Company has provided Corporate Guarantee in favour of CSB Bank Ltd in respect of loans availed by Sambandam Spinning Mills Limited as per the details furnished below:

On 21.03.2020 Company provided Corporate Guarantee of Rs. 1270.00 lakhs which was extended to Rs. 1490.00 lakhs on 23.06.2020 and further extended to Rs. 2279.38 lakhs on 07.10.2021. The Company has also provided its land and building as security in favour of CSB Bank Ltd in respect of the referred loans of Rs. 2279.38 lakhs availed by Sambandam Spinning Mills Limited from CSB Bank.



Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
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37. CSR Expenditure:

Since the Company is incurring continuous losses and does not have average net profits for the last three years calculated in accordance with provisions of section 135 of the Companies Act, 2013, there is no CSR obligation for the Company for the financial year 2021-22 and accordingly the Company has not spent CSR during the financial year 2021-22.

38. Based on and to the extent of information available with the Company under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars as at reporting date are furnished below:

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Principal amount due to suppliers under MSMED Act, as at the end of the year	-	0.65
(ii) Interest accrued and due to suppliers under MSMED Act, on the above amount as at the end of the year	-	-
(iii) Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
(iv) Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
(v) Interest paid to suppliers under MSMED Act (Section 16)	-	-
(vi) Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
(vii) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) + (vi)	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

39. Auditor's Remuneration :

(Rs. in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
1. Statutory audit	1.00	0.75
2. Taxation matters	-	-
3. Other services	-	-

40. Net Debt Reconciliation

(Rs. in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
1. Cash and Cash equivalents	(6.16)	24.88
2. Liquid investments	3.88	3.88
3. Current Borrowings	(1,382.57)	(9.00)
4. Non current borrowings	(59.00)	(1,451.57)
Net Debt	(1,443.85)	(1,431.81)

(Rs. in Lakhs)

Particulars	Other Assets		Liabilities from financing activities			Total
	Cash and Bank overdraft	Liquid Investments	Finance lease Obligations	Non current borrowings	Current Borrowings	
Net debt as at March 31, 2021	24.88	3.88	-	(1,451.57)	(9.00)	(1,431.81)
Cash Flows	31.04	-	-	1,392.57	(1,373.57)	(12.04)
Interest expense	(159.46)	-	-	-	-	-
Interest paid	159.46	-	-	-	-	-
Net debt as at March 31, 2022	(6.16)	3.88	-	(59.00)	(1,382.57)	(1,443.85)

41. The Company's primary segment is identified as business segment based on nature of products, risk, returns and internal reporting business systems the company is principally engaged in a single business segment viz. trading of cotton yarn.


Notes annexed to and forming part of the Consolidated Financial Statements
42. Disclosure as required under section 186(4) of the Companies Act, 2013:
(Rs. in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	Purpose
i. Loans	–	–	
ii. Investments	154.71	154.71	
iii. Security given Land and building of the company given as collateral security to CSB Bank Ltd. for the term loans availed by Sambandam Spinning Mills Limited	2,279.38	1,490.00	To assist Sambandam Spinning Mills Limited for availing loan from CSB Bank Ltd
iv. Guarantees (Corporate Guarantee given to CSB Bank Ltd., for securing Term Loan availed by Sambandam Spinning Mills Limited.)	2,279.38	1,490.00	

43. Going Concern

The Company has started yarn trading business during the year and continued to lease out its immoveable property and earned lease rental income. The quality of goods produced hitherto by the company has generated goodwill and brand image. The Board of Directors hope to continue to use these advantages by continuing yarn trading business and the promoters have given assurance of infusion of funds as and when deemed necessary. Considering the above, the Board of Directors deem it fit to continue adoption of Going Concern Concept in preparation of the financial statements although the Statutory auditors have qualified their opinion with respect to the same.

44. The title deeds of immovable properties are held in the name of the Company.
45. The Company has not revalued any of its Property, Plant and Equipment during the year.
46. The Company has given its immovable properties (land and building) as security and extended Corporate Guarantee in favour of CSB bank Ltd in respect of loans aggregating to an amount of Rs. 2,279.38 lakhs availed by M/s Sambandam Spinning Mills Limited.
47. The Company does not have any Benami property, where any proceedings initiated or pending against the Company for holding any Benami property.
48. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
49. The Company is not declared as willful defaulter by any Bank or Financial Institution (as defined under the Companies Act, 2013) or consortium thereof or other Lender in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India
50. The Company does not have any transaction with Companies struck off under section 248 of the companies Act, 2013 or section 560 of the Companies Act, 1956
51. The Company has not advanced or loaned or invested funds to any other persons or entities including foreign entities (intermediaries) with the understanding that the intermediary shall (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (ultimate Beneficiaries) or (b) provide any guarantee or security or the like on behalf of the Ultimate Beneficiaries
52. The Company has not received any fund from other persons or entities including foreign entities (intermediaries) with the understanding that the intermediary shall (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (ultimate Beneficiaries) or (b) provide any guarantee or security or the like on behalf of the Ultimate Beneficiaries
53. The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as search or survey or any other relevant provisions of the Income Tax Act, 1961)



Notes annexed to and forming part of the Consolidated Financial Statements

54. Financial Ratios:-

S.No.	Particulars	2021-22	2020-21	Change(%)	Reasons
(a)	Current ratio ¹ (in times) [Current Assets /Current liability]	0.01	0.20	(95.00)	Current maturities of unsecured loan is the main cause for huge reduction in current ratio
(b)	Debt-Equity Ratio ² (in times) [Total debt / Total Equity]	(0.54)	(0.53)	(1.89)	–
(c)	Debt Service Coverage Ratio (in times) [(Profit before exceptional items & tax + interest expense + depreciation & amortization-current tax expense) / (Interest expense + scheduled principal repayments of long term debt)]	1.66	0.65	155.38	Increased profitability for the FY 2021-22 has increased the ratio
(d)	Return on Equity ratio ³ (%) [Net Profit after tax / Average Shareholder's Equity]	(3.36)	(3.28)	(2.44)	–
(e)	Inventory Turnover Ratio ⁴ (in number of days) [Average Inventory * no. of days (365)/ Raw Material Consumed]	–	(58)	(100)	Since the Company does not have any inventory for its trading business, the ratio is nil for the FY 2021-22
(f)	Trade Receivable Turnover Ratio (in number of days) [Average Trade receivables* No. of days / Revenue from operations]	65	299	(78.26)	The debtors collection is good during the FY 2021-22
(g)	Trade Payables turnover Ratio (in number of days) [Average Trade payables * no. of days / Cost of materials consumed ⁵]	305	499	(38.88)	Average trade payables reduced to the extent of profit brought back to the business.
(h)	Net Capital Turnover ratio (in times) [Revenue from operations/ Working Capital ⁶]	(0.54)	(0.40)	(35)	The reduction in inventory is the cause for increase in ratio
(i)	Net Profit ratio (%) [Net profit after Tax/Revenue from Operations]	28.51	(34.96)	181.55	Net profit for the year ended 31.03.2022 is mainly due to profit on sale of assets
(j)	Return on Capital Employed (%) [Profit before tax + interest expense / Average Capital employed ⁷]	(21.02)	(6.06)	(246.86)	Due to increase in current borrowings i.e., increase in current year maturity of long-term borrowings
(k)	Return on Investment(%) [Income generated from investment / Average Investments]	40.95	3.08	1,229.55	Due to increase in profit of Associate for the FY 2021-22



Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2022 Rs. in Lakhs	31.03.2021 Rs. in Lakhs
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Note :

1. Current Assets and Current Liabilities as per Balance sheet.
 2. Total debt: Long term borrowings (including current maturities of long term borrowings) and short term borrowings;
Total Equity : Issued Equity share capital +Other Equity (excluding revaluation reserve)
 3. Average shareholder's equity= Average of Opening equity and closing equity
 4. Inventory = Raw materials
Average Inventory = Average of Opening and closing Inventory;
Raw material consumed includes cost of materials consumed and change in inventories of finished goods and work in progress
 5. Cost of materials consumed includes raw materials and yarn purchases for trading
 6. Working Capital = [(Current Assets as per Balance sheet) – (Current Liabilities as per balance sheet excluding current maturities of long term debts)]
 7. Average Capital Employed =(Shareholder's equity +Total Debt +Deferred tax liability)
55. The Company does not have any subsidiary Company and accordingly the provisions with respect to the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017 is not applicable to the Company
56. The Company is not covered under section 135 of the Companies Act, 2013 and accordingly the provisions of Corporate Social Responsibility is not applicable to the Company.
57. The Company has not traded or invested in Crypto currency or Virtual currency during the financial year 2021-22
58. **Associates**
Details of associates
Aggregate information of associates
- | | | |
|--|--------|--------|
| The Group's share of profit (loss) from continuing operations | 63.35 | 4.77 |
| The Group's share of post-tax profit (loss) from discontinued operations | | |
| The Group's share of total comprehensive income | 63.35 | 4.77 |
| Aggregate carrying amount of the Group's interests in these associates | 197.66 | 134.31 |
- Unrecognised share of losses of associates**
- | | | |
|--|---|---|
| The unrecognised share of loss of associates for the year | - | - |
| consequent to investment being nil under equity accounting | | |
| Cumulative share of loss of associates | - | - |
59. Previous year figures have been regrouped / reclassified / amended wherever necessary to conform to current year classification.

As per our report of even date

For **R. Sundararajan & Associates**Chartered Accountants
Firm Registration No.008282S**S. Krishnan** - Partner
Membership No. 26452Salem
May 30, 2022

For and on behalf of the board

R. Selvarajan
Managing Director
DIN : 00001703**J. Asifa**
Company Secretary**Dr. A. Sarayu**
Director
DIN : 06953362**S. Vijay Shankar**
Chief Financial Officer

46th Annual Report



Kandagiri Spinning Mills Limited

Post Box No. 3, Udayapatti, Salem - 636 140