



# Kandagiri Spinning Mills Ltd.

Ref.: KSML/CS/011/2021-22

Date: 28.06.2021

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

Dear Sir,


**Annual Audited Financial Results (Standalone and Consolidated) for the quarter/year ended 31.03.2021 along with Auditor's Report and Statement on Impact of Audit Qualifications**

Pursuant to regulation 33 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 we herewith enclosed Audited Financial Results (Standalone and Consolidated) for the quarter/year ended 31.03.2021 [which have duly reviewed by the Audit Committee and duly approved by the Board of Directors at their meeting today held today on 28.06.2021], along with Independent Auditor's Report and Statement on Impact of Audit Qualifications (for Audit Report with modified opinion).

Please take the same for your records

Thanking you, .

Yours faithfully,  
For Kandagiri Spinning Mills Limited

  
J. Asifa  
Company Secretary

Encl.: As above



CIN : L17111TZ1976PLC000762

Regd. Off: Mill Premises, Udayapatti (P.O), P.B.No.3, Salem - 535 140. Phone: Mill 0427-2244400  
Fax:0427-2244422; Grams: SUPERSPINE; e-mail: sales@kandagirimills.com; Web.: www.kandagirimills.com



GSTIN: 33AABCK2694Q1Z1



**R. SUNDARARAJAN & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT**  
**TO THE BOARD OF DIRECTORS OF KANDAGIRI SPINNING MILLS LIMITED**

**Report on the audit of the Consolidated Annual Financial Results**

**Qualified Opinion**

1. We have audited the consolidated annual financial results of **KANDAGIRI SPINNING MILLS LIMITED** (hereinafter referred to as the 'Parent Company') and its associate for the year ended March 31, 2021, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations').
2. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate audited financial statements of the associate, the aforesaid standalone financial results:

(i) include the annual financial results of the following entity:

Associate:

a. SPMM Health Care Services Private Limited

(ii) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and

(ii) give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 (the 'Act') and other accounting principles generally accepted in India, of the net loss and other comprehensive income and other financial information of the Company and its associates for the year ended March 31, 2021.

**Basis for Qualified Opinion**

3. The company has generated cash losses and generated negative cash flows and there has been an erosion of net worth. Although the company has started yarn trading business, still the company is incurring cash losses, 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 statements even if the Going Concern Concept is not adopted.





# R. SUNDARARAJAN & ASSOCIATES

## CHARTERED ACCOUNTANTS

We have not conducted our audit in accordance with the Standards on Auditing ('SA') specified under section 143 (10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results 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 opinion on the Consolidated Annual Financial results.

### Emphasis of Matter

4. We draw your attention to Note 51 of the consolidated financial statements which explains the uncertainties and the management's assessment of the potential impact due to lock-downs and other restrictions and conditions related to the COVID-19 pandemic situation and consequently the Company's results are highly dependent upon future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

### Management's and Board of Directors' Responsibilities for the Consolidated Annual Financial Results

5. These Consolidated financial results have been prepared on the basis of the Consolidated annual Ind AS financial statements. The Parent Company's Management and the Board of Directors are responsible for the preparation and presentation of these Consolidated Annual Financial Results that give a true and fair view of the net profit/loss and other comprehensive income and other financial information of the Parent Company and its associate in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the Parent 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 parent company and its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Annual Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial results by the Directors of the Parent Company, as aforesaid.





# R. SUNDARARAJAN & ASSOCIATES

## CHARTERED ACCOUNTANTS

6. In preparing the Consolidated Annual Financial Results, the respective Management and the Board of Directors of the Parent Company and its associate are responsible for assessing the Company's ability of the Parent Company and its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Parent Company and its associates or to cease operations, or has no realistic alternative but to do so.
7. The respective Board of Directors of the Parent Company and its associate are responsible for overseeing the Company's financial reporting process of the Parent Company and its associate.

### **Auditor's Responsibility for the Audit of the Consolidated Financial Results**

8. Our objectives are to obtain reasonable assurance about whether the Consolidated Annual Financial Results 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 Annual Financial Results.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the Consolidated Annual Financial Results, 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 has adequate internal financial controls with reference to consolidated financial statements 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 in the Standalone Annual Financial Results made by the Management and Board of Directors.





# R. SUNDARARAJAN & ASSOCIATES

## CHARTERED ACCOUNTANTS

- Conclude on the appropriateness of the Management and Board of Directors 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 appropriateness of this assumption. 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 Standalone Annual Financial Results 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 Parent Company and its associate to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the Consolidated Annual Financial Results, including the disclosures, and whether the Consolidated Annual Financial Results 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.
10. We communicate with those charged with governance of the Parent Company and such other entities included in the consolidated annual financial results of which we are the independent auditors 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.
11. We also performed procedures in accordance with the circular issued by SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.





**R. SUNDARARAJAN & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

**Other Matters**

12. The consolidated annual financial results include the share of net profit after tax of Rs.4.77 lakhs and Rs.3.11 lakhs for the year ended March 31, 2021 and for the year ended March 31, 2020 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.

13. The Consolidated Annual Financial Results include the results for the quarter ended March 31, 2021 being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year, which are subject to limited review and not subjected to audit.

14. The Consolidated Annual Financial Results dealt with by this report has been prepared for the express purpose of filing with BSE Limited. These results are based on and should be read with the Audited Consolidated Ind AS financial statements of the Parent Company and its associate for the year ended March 31, 2021 on which we issued an unmodified audit opinion vide our report dated July 28, 2021.

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

  
S. Krishnan  
Partner

Membership No. 26452

UDIN : 21026452 AAAA CH6605



July 28, 2021  
Salem

**KANDAGIRI SPINNING MILLS LIMITED (CIN : L17111TZ1976PLC000762)**  
 Regd. Office : Mill Premises, Udayapatti (P.O.), Salem 636 140  
 e-mail : sales@kandagtrimills.com; website : www.kandagtrimills.com  
**STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2021**

S.No.	Particulars	Three months ended			Year ended	
		31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
		Unaudited	Unaudited	Unaudited	Audited	Audited
I	Revenue from Operations	206.87	-	483.03	254.08	2,657.12
II	Other Income	45.11	45.77	514.93	152.52	678.31
III	<b>Total Income (I+II)</b>	<b>251.98</b>	<b>45.77</b>	<b>997.96</b>	<b>406.60</b>	<b>3,335.43</b>
IV	<b>EXPENSES</b>					
	Cost of materials consumed	202.71	-	116.77	203.91	1,913.15
	Changes in inventories of finished goods and work-in-progress	-	-	605.46	47.21	429.58
	Employee benefits expenses	8.14	1.50	67.62	12.15	405.67
	Finance costs	29.09	56.75	116.30	170.11	501.62
	Depreciation	7.30	7.29	41.06	29.17	211.08
	Other expenses	14.95	4.75	389.00	37.64	863.47
	<b>Total Expenses</b>	<b>262.19</b>	<b>70.29</b>	<b>1,336.21</b>	<b>500.19</b>	<b>4,324.57</b>
V	Profit/(loss) before share of profit of associate (III-IV)	(10.21)	(24.52)	(338.25)	(93.59)	(989.14)
VI	Share of profit of associate	(1.68)	24.83	(4.38)	4.77	3.11
VII	Profit/(loss) before exceptional item and tax (V-VI)	(11.89)	0.31	(342.63)	(88.82)	(986.03)
VIII	Exceptional items (Refer note 4)	-	-	(48.49)	-	(48.49)
IX	Profit/(loss) before tax (VII-VIII)	(11.89)	0.31	(391.12)	(88.82)	(1,034.52)
X	Tax expense:					
	(1) Current tax	-	-	40.00	-	40.00
	(2) MAT credit utilised	-	-	632.07	-	632.07
	(3) Deferred tax	-	-	(474.09)	-	(474.09)
XI	Profit/ (Loss) for the period from continuing operations (IX-X)	(11.89)	0.31	(589.10)	(88.82)	(1,232.50)
XII	Other Comprehensive Income					
A	(i) items that will not be reclassified to profit and loss					
	Remeasurement of Defined benefits plan	-	-	82.85	-	79.61
	(ii) Income tax relating to items that will not be reclassified to profit and loss	-	-	-	-	-
B	(i) Items that will be reclassified to profit and loss					
	(ii) Income tax relating to items that will be reclassified to profit and loss	-	-	-	-	-
	<b>Total Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>82.85</b>	<b>-</b>	<b>79.61</b>
XIII	<b>Total Comprehensive Income for the period (XI+XII) (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>	<b>(11.89)</b>	<b>0.31</b>	<b>(506.25)</b>	<b>(88.82)</b>	<b>(1,152.89)</b>
XIV	Earnings per equity share of Rs.10/- each: (not annualised)					
	Basic and Diluted	<b>(0.31)</b>	<b>0.01</b>	<b>(13.12)</b>	<b>(2.31)</b>	<b>(32.02)</b>
XV	Paid Up Equity Share Capital ( Face Value Rs. 10/- each)	385.75	385.75	385.75	385.75	385.75
XVI	Other equity	-	-	-	(1,055.93)	(967.11)



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

S. Krishnan - Partner  
 Membership No. 026452

Consolidated Balance Sheet as at March 31, 2021		Rs. lakhs	
Particulars		31.03.2021	31.03.2020
		Unaudited	Audited
<b>Non current assets</b>			
Property, plant and equipment		1125.55	1154.72
Capital work in progress		0.00	0.00
Financial assets			
Investments		134.31	129.54
Other financial asset		146.06	140.33
Advance tax assets(net)		12.47	2.22
Other non-current assets		2.00	2.00
	Non-current assets ( A )	1,420.39	1,428.81
<b>Current assets</b>			
Inventories		0.00	79.29
Financial assets			
Trade receivables		113.02	302.65
Cash and cash equivalents		24.88	5.70
Other Bank balances		3.88	9.97
Others		0.00	2.72
Other current assets		0.00	0.63
	Current assets ( B )	141.78	400.96
	<b>Total assets ( A ) + ( B )</b>	1,562.17	1,829.77
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital		385.74	385.74
Other equity		(1055.93)	(967.11)
	Equity ( C )	(670.19)	(581.37)
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings		1441.57	1286.92
Provisions		0.00	0.00
	Non current liabilities ( D )	1441.57	1286.92
<b>Current liabilities</b>			
Financial liabilities			
Borrowings		0.00	0.00
Deferred tax liability		0.00	0.00
Trade payables			
-Total outstanding dues of micro enterprises and small enterprises		0.65	0.34
-Total outstanding dues of creditors other than micro enterprises and small enterprises		360.29	196.06
Provisions		0.00	0.00
Other financial liabilities		187.81	420.21
Other current liabilities		242.04	507.61
	Current liabilities ( E )	790.79	1124.22
	<b>Total equity and liabilities ( C ) + ( D ) + ( E )</b>	1562.17	1829.77



For R.Sundararajan & Associates  
Chartered Accountants  
Firm Registration No.08262S

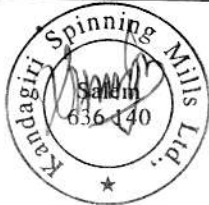
S.Krishnan - Partner  
Membership No.026452



**Consolidated Statement of Cash Flows**

Rs. Lakhs

Particulars	31.03.2021	31.03.2020
<b>Cash flow from operating activities</b>		
<b>Profit/ (Loss) before tax</b>	(88.82)	(1,034.52)
<b>Adjustments for -</b>		
Share of profits of associates	(4.77)	(3.11)
Depreciation & Amortisation expense	29.17	211.08
Finance cost	170.11	501.62
(Profit)/ Loss on sale of Property, Plant and Equipment (PPE)	(2.52)	(4.71)
Impairment loss on assets	-	(514.31)
Interest income	-	48.49
<b>Operating profit/ (loss) before working capital changes</b>	<b>103.17</b>	<b>(795.46)</b>
<b>Adjustments for changes in -</b>		
Trade receivables	79.29	1,436.51
Inventories	189.63	(15.28)
Non current and current Financial Assets	3.07	62.82
Other non current and current assets	0.63	370.67
Trade payables	164.54	(401.52)
Non current and current Financial Liabilities	3.60	(2,477.54)
Other Non current and current Liabilities	(265.56)	(529.76)
Other Non current and Current provisions	-	(159.29)
<b>Cash generated from operations</b>	<b>278.37</b>	<b>(2,508.85)</b>
Income Tax (net)	(10.25)	18.49
<b>Net cash from operating activities</b>	<b>268.12</b>	<b>(2,490.36)</b>
<b>Cash flow from investing activities</b>		
Payments for acquisition of property, plant and equipment	-	26.07
Proceeds from sale of property, plant and equipment	-	4,365.00
Interest received	2.52	4.71
<b>Net cash from investing activities</b>	<b>2.52</b>	<b>4,395.78</b>
<b>Cash flow from financing activities</b>		
Finance cost paid	(170.11)	(501.62)
Proceeds from long term borrowings - money received from directors	(81.35)	30.15
Repayments of inter corporate deposit - related party	-	(516.00)
Repayments of long term borrowings	-	(915.00)
<b>Net cash (used in) financing activities</b>	<b>(251.46)</b>	<b>(1,902.47)</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>	<b>19.18</b>	<b>2.95</b>
<b>Cash and cash equivalents</b>		
At beginning	5.70	2.75
At end	24.88	5.70
<b>NET INCREASE/ (DECREASE) IN CASH</b>	<b>19.18</b>	<b>2.95</b>



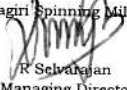
For R. Sundararajan & Associates  
Chartered Accountants  
Firm Registration No. 08282S

S. Krishnan - Partner  
Membership No. 026452

Notes

- 1 The above audited consolidated financial results were reviewed by the Audit Committee and then approved by the Board of Directors at its meeting held on June 28, 2021.
- 2 During the quarter ended March 31, 2021, the Company has started yarn trading business and the company will continue to do the yarn trading business in the coming year also.
- 3 During the year, the company has generated cash losses and generated negative cash flows and there has been an erosion of net worth. Although the company has started yarn trading business, still the company is incurring cash losses. The Company continued to lease out its immovable 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 wrt the same.
- 4 The Company is principally engaged in a single business segment viz. yarn based on nature of products, risks, returns and the internal business reporting system and accordingly there is no other reportable segment in terms of Ind AS 108 'Operating Segments'.
- 5 Figures for the quarter ended 31st March 2021 and 31st March 2020 are the balancing figures between the audited figures in respect of the full years and the audited figures of nine months ended 31st December, 2020 and 31st December, 2019 respectively.
- 6 The previous period figures have been regrouped/reclassified wherever necessary to conform to current period classification.

For Kandagiri Spinning Mills Limited

  
R. Sundararajan  
Managing Director  
DIN : 00001703

Salem  
June 28, 2021

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

  
S. Krishnan - Partner  
Membership No. 026452

UJIN : 21026452AAAACG75351

## KANDAGIRI SPINNING MILLS LIMITED

Regd. Office: Post Box No.3, Mill Premises, Udayapatti P.O, Salem 636 140  
CIN: L17111TZ1976PLC000762; Ph.No:0427-2244400; Fax: 0427-2244422  
E-mail:sales@kandagirimills.com; Web: www.kandagirimills.com

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Audited Financial Results (Consolidated) for the year ended 31.03.2021

Statement on Impact of Audit Qualifications for the financial year ended March 31, 2021 [Regulation 33 of SEBI (LODR) Amendment Regulations, 2016]				
I	Sl. No	Particulars	Audited Figures (as reported before adjusting for qualification) (Rs. lakhs)	Audited Figures (audited figures after adjusting for qualifications) (Rs. lakhs)
	1.	Turnover/ Total Income	406.60	406.60
	2.	Total expenditure	500.19	500.19
	3.	Net Profit/(Loss) including comprehensive income	(88.82)	(88.82)
	4.	Earnings Per share	(2.31)	(2.31)
	5.	Total Assets	1562.17	1562.17
	6.	Total Liabilities (excluding networth)	2232.36	2232.36
	7.	Net worth	(670.19)	(581.37)
	8.	Any other financial item(s) as felt appropriate by the Management	Nil	Nil
II	Audit Qualification (each audit qualification separately)			
	a.	Details of Audit Qualification: *The company has generated cash losses and generated negative cash flows and there has been an erosion of networth. Although the Company has started yarn trading business, still the Company is incurring cash losses, 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 statements even if the Going Concern Concept is not adopted		
	b.	Type of Audit Qualification: Qualified Opinion		
	c.	Frequency of qualification: Second Time		
	d.	For Audit Qualification(s) where the impact is quantified by the Auditor, Management views: Not applicable		

### Signatories:

Managing Director

CFO


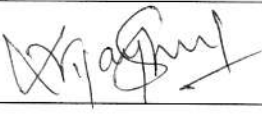
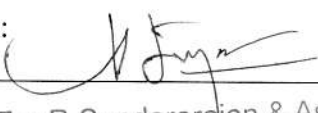
Audit Committee Chairman

Statutory Auditor

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

S.Krishnan - Partner  
Membership No.026452

Contd.....2

	<p>e. For Audit Qualification(s) where the impact is not quantified by the Auditor:</p> <p>(i) Management's estimation on the impact of audit qualification: Not applicable</p> <p>(ii) If Management is unable to estimate the impact, reasons for the same: 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 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.</p> <p>(iii) Auditor's Comments on (i) or (ii) above: Management's explanation on the impact of Audit qualification as stated in clause (ii) above have been reviewed and we have no further comments</p>
III	<p>Signatories:</p> <ul style="list-style-type: none"><li>• Managing Director: </li><li>• CFO: </li><li>• Audit Committee Chairman: </li><li>• Statutory Auditor: For R. Sundararajan &amp; Associates Chartered Accountants Firm Registration No.08282S</li></ul> <p>Place: Salem</p> <p>Date: 28.06.2021</p>

S. Krishnan Partner  
Membership No.026452



UDIN: 21026452AAAA CG 5351



# R. SUNDARARAJAN & ASSOCIATES

## CHARTERED ACCOUNTANTS

### INDEPENDENT AUDITORS' REPORT

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

#### Report on the audit of the Standalone Annual Financial Results

#### Qualified Opinion

1. We have audited the standalone annual financial results of **KANDAGIRI SPINNING MILLS LIMITED** (hereinafter referred to as the 'Company') for the year ended March 31, 2021, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations').
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial results:
  - (i) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
  - (ii) give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 (the 'Act') and other accounting principles generally accepted in India, of the net loss and other comprehensive income and other financial information of the Company for the year ended March 31, 2021.

#### Basis for Qualified Opinion

3. The company has generated cash losses and generated negative cash flows and there has been an erosion of net worth. Although the company has started yarn trading business, still the company is incurring cash losses, 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 statements even if the Going Concern Concept is not adopted.

We have conducted our audit in accordance with the Standards on Auditing ('SA') specified under section 143 (10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results section of





# R. SUNDARARAJAN & ASSOCIATES

## CHARTERED ACCOUNTANTS

our report. We are independent of the Company, 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 standalone 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 opinion on the Standalone Annual Financial results.

### Emphasis of Matter

4. We draw your attention to Note 51 of the standalone financial statements which explains the uncertainties and the management's assessment of the potential impact due to lock-downs and other restrictions and conditions related to the COVID-19 pandemic situation and consequently the Company's results are highly dependent upon future developments, which are highly uncertain.
5. Our opinion is not modified in respect of this matter.

### Management's and Board of Directors' Responsibilities for the Standalone Annual Financial Results

6. These Standalone financial results have been prepared on the basis of the standalone annual Ind AS standalone financial statements. The Company's Management and the Board of Directors are responsible for the preparation and presentation of these Standalone Annual Financial Results that give a true and fair view of the net profit/loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Annual Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the Standalone Annual Financial Results, the Management and the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.





# R. SUNDARARAJAN & ASSOCIATES

## CHARTERED ACCOUNTANTS

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

### **Auditor's Responsibility for the Audit of the Standalone Financial Results**

9. Our objectives are to obtain reasonable assurance about whether the Standalone Annual Financial Results 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 Annual Financial Results.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the Standalone Annual Financial Results, 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 has adequate internal financial controls with reference to standalone financial statements 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 in the Standalone Annual Financial Results made by the Management and Board of Directors.
  - Conclude on the appropriateness of the Management and Board of Directors 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 appropriateness of this assumption. 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 Standalone Annual Financial Results 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.





# R. SUNDARARAJAN & ASSOCIATES

## CHARTERED ACCOUNTANTS

- Evaluate the overall presentation, structure and content of the Standalone Annual Financial Results, including the disclosures, and whether the Standalone Annual Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
11. We communicate with those charged with governance of the Company 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.

### Other Matters

12. The Standalone Annual Financial Results include the results for the quarter ended March 31, 2021 being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year, which are subject to limited review and not subjected to audit.
13. The Standalone Annual Financial Results dealt with by this report has been prepared for the express purpose of filing with BSE Limited. These results are based on and should be read with the audited standalone Ind AS standalone financial statements of the Company for the year ended March 31, 2021 on which we issued an unmodified audit opinion vide our report dated July 28, 2021.

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

S. Krishnan  
Partner  
Membership No. 26452

UDIN : 21026452 AAAACF1695



July 28, 2021  
Salem



**KANDAGIRI SPINNING MILLS LIMITED (CIN : L17111TZ1976PLC000762)**  
 Regd. Office : Mill Premises, Udayapatti (P.O.), Salem 636 140  
 e-mail : sales@kandagirimills.com; website : www.kandagirimills.com  
**STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2021**

S.No.	Particulars	Three months ended			Rs. lakhs	
		31.03.2021	31.12.2020	31.03.2020	Year ended	Year ended
		Unaudited	Unaudited	Unaudited	Audited	Audited
I	Revenue from Operations	206.87	-	483.03	254.08	2,657.12
II	Other Income	45.11	45.77	514.93	152.52	678.31
III	<b>Total Income (I+II)</b>	<b>251.98</b>	<b>45.77</b>	<b>997.96</b>	<b>406.60</b>	<b>3,335.43</b>
IV	<b>EXPENSES</b>					
	Cost of materials consumed	202.71	-	116.77	203.91	1,913.15
	Changes in inventories of finished goods and work-in-progress	-	-	605.46	47.21	429.58
	Employee benefits expenses	8.14	1.50	67.62	12.15	405.67
	Finance costs	29.09	56.75	116.30	170.11	501.62
	Depreciation	7.30	7.29	41.06	29.17	211.08
	Other expenses	14.95	4.75	389.00	37.64	863.47
	<b>Total Expenses</b>	<b>262.19</b>	<b>70.29</b>	<b>1,336.21</b>	<b>500.19</b>	<b>4,324.57</b>
V	Profit/(loss) before exceptional items and tax (III-IV)	(10.21)	(24.52)	(338.25)	(93.59)	(989.14)
VI	Exceptional items (Refer note 4)	-	-	(48.49)	-	(48.49)
VII	Profit/(loss) before tax (V-VI)	(10.21)	(24.52)	(386.74)	(93.59)	(1,037.63)
VIII	Tax expense:					
	(1) Current tax	-	-	40.00	-	40.00
	(2) MAT credit utilised	-	-	632.07	-	632.07
	(3) Deferred tax	-	-	(474.09)	-	(474.09)
IX	Profit/ (Loss) for the period from continuing operations (VII-VIII)	(10.21)	(24.52)	(584.72)	(93.59)	(1,235.61)
X	Other Comprehensive Income					
A	(i) Items that will not be reclassified to profit and loss					
	Remeasurement of Defined benefits plan					
	(ii) Income tax relating to items that will not be reclassified to profit and loss	-	-	82.85	-	79.61
B	(i) Items that will be reclassified to profit and loss					
	(ii) Income tax relating to items that will be reclassified to profit and loss	-	-	-	-	-
	<b>Total Other Comprehensive Income</b>	-	-	<b>82.85</b>	-	<b>79.61</b>
XI	<b>Total Comprehensive Income for the period (IX+X)</b> <b>(Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>	<b>(10.21)</b>	<b>(24.52)</b>	<b>(501.87)</b>	<b>(93.59)</b>	<b>(1,156.00)</b>
XII	Earnings per equity share of Rs. 10/- each: (not annualised)					
	Basic and Diluted	<b>(0.26)</b>	<b>(0.64)</b>	<b>(13.01)</b>	<b>(2.43)</b>	<b>(32.10)</b>
XIII	Faid Up Equity Share Capital ( Face Value Rs. 10/- each)	385.75	385.75	385.75	385.75	385.75
XIV	Other equity				(1,035.53)	(941.94)



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

S.Krishnan - Partner  
 Membership No 026452

Standalone Statement of Assets, Equity and Liabilities		Rs. lakhs	
Balance Sheet as at March 31, 2021		31.03.2021	31.03.2020
Particulars		Audited	Audited
<b>Non current assets</b>			
Property, plant and equipment		1,125.55	1,154.72
Capital work in progress			
<b>Financial assets</b>			
Investments		154.71	154.71
Other financial asset		146.06	140.33
Advance tax assets(net)		12.47	2.22
Other non-current assets		2.00	2.00
Non-current assets (A)		1,440.79	1,453.98
<b>Current assets</b>			
Inventories		-	79.29
<b>Financial assets</b>			
Trade receivables		113.02	302.65
Cash and cash equivalents		24.88	5.70
Other Bank balances		3.88	9.97
Others		-	2.72
Other current assets		-	0.63
Current assets (B)		141.78	400.96
<b>Total assets (A) + (B)</b>		1,582.57	1,854.94
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital		385.74	385.74
Other equity		-1,035.53	-941.94
Equity (C)		-649.79	-556.20
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings		1,441.57	1,286.92
Provisions		-	-
Other non current liabilities		-	-
Non current liabilities (D)		1,441.57	1,286.92
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings		-	-
Trade payables		-	-
-Total outstanding dues of micro enterprises and small enterprises		0.65	0.34
-Total outstanding dues of creditors other than micro enterprises and small enterprises		360.29	196.06
Provisions		-	-
Other financial liabilities		187.81	420.21
Other current liabilities		242.04	507.61
Current liabilities (E)		790.79	1,124.22
<b>Total equity and liabilities (C) + (D) + (E)</b>		1,582.57	1,854.94



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

S. Krishnan - Partner  
Membership No. 026452

**Standalone Statement of Cash Flows**

Particulars	Rs. lakhs	
	31.03.2021	31.03.2020
<b>Cash flow from operating activities</b>		
Profit/ (Loss) before tax	(93.59)	(1,037.63)
Adjustments for -		
Depreciation & Amortisation expense	29.17	211.08
Finance cost	170.11	501.62
(Profit)/Loss on sale of Property, Plant and Equipment (PPE)	-	(514.31)
Impairment loss on assets	-	48.49
Interest income	(2.52)	(4.71)
<b>Operating profit/ (loss) before working capital changes</b>	<b>103.17</b>	<b>(795.46)</b>
Adjustments for changes in -		
Trade receivables	79.29	1,436.51
Inventories	189.63	(15.28)
Non current and current Financial Assets	3.07	62.82
Other non current and current assets	0.63	370.67
Trade payables	164.54	(401.52)
Non current and current Financial Liabilities	3.60	(2,477.54)
Other Non current and current Liabilities	(265.56)	(529.76)
Other Non current and Current provisions	-	(159.29)
<b>Cash generated from operations</b>	<b>278.37</b>	<b>(2,508.85)</b>
Income Tax (net)	(10.25)	18.49
<b>Net cash from operating activities</b>	<b>268.12</b>	<b>(2,490.36)</b>
<b>Cash flow from investing activities</b>		
Payments for acquisition of property, plant and equipment	-	26.07
Proceeds from sale of property, plant and equipment	-	4,365.00
Interest received	2.52	4.71
<b>Net cash from investing activities</b>	<b>2.52</b>	<b>4,395.78</b>
<b>Cash flow from financing activities</b>		
Finance cost paid	(170.11)	(501.62)
Proceeds from long term borrowings - money received from directors	(81.35)	30.15
Repayments of inter corporate deposit - related party	-	(516.00)
Repayments of long term borrowings	-	(915.00)
<b>Net cash (used in) financing activities</b>	<b>(251.46)</b>	<b>(1,902.47)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>19.18</b>	<b>2.95</b>
<b>Cash and cash equivalents</b>		
At beginning	5.70	2.75
At end	24.88	5.70
<b>NET INCREASE/ (DECREASE) IN CASH</b>	<b>19.18</b>	<b>2.95</b>



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

S. Krishnan - Partner  
Membership No. 026452

Notes

- 1 The above audited standalone financial results were reviewed by the Audit Committee and then approved by the Board of Directors at its meeting held on June 28, 2021.
- 2 During the quarter ended March 31, 2021, the Company has started yarn trading business and the company will continue to do the yarn trading business in the coming year also.
- 3 During the year, the company has generated cash losses and generated negative cash flows and there has been an erosion of net worth. Although the company has started yarn trading business, still the company is incurring cash losses. The Company continued to lease out its immovable 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 wrt the same.
- 4 The Company is principally engaged in a single business segment viz. yarn based on nature of products, risks, returns and the internal business reporting system and accordingly there is no other reportable segment in terms of Ind AS 108 'Operating Segments'.
- 5 Figures for the quarter ended 31st March 2021 and 31st March 2020 are the balancing figures between the audited figures in respect of the full years and the audited figures of nine months ended 31st December, 2020 and 31st December, 2019 respectively.
- 6 The previous period figures have been regrouped/reclassified wherever necessary to conform to current period classification.

For Kandagiri Spinning Mills Limited

R. Subbarajan  
Managing Director  
DIN : 00001703

Salem  
June 28, 2021

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

S. Krishnan - Partner  
Membership No.026452

UDIN: 21026452AAAA CE9591

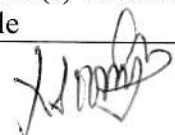
# KANDAGIRI SPINNING MILLS LIMITED

Regd. Office: Post Box No.3, Mill Premises, Udayapatti P.O, Salem 636 140  
CIN: L17111TZ1976PLC000762; Ph.No:0427-2244400; Fax: 0427-2244422  
E-mail:sales@kandagirimills.com; Web: www.kandagirimills.com


Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Audited Financial Results (Standalone) for the year ended 31.03.2021

Statement on Impact of Audit Qualifications for the financial year ended March 31, 2021 [Regulation 33 of SEBI (LODR) Amendment Regulations, 2016]				
I	Sl. No	Particulars	Audited Figures (as reported before adjusting for qualification) (Rs. lakhs)	Audited Figures (audited figures after adjusting for qualifications) (Rs. lakhs)
	1.	Turnover/ Total Income	406.60	406.60
	2.	Total expenditure	500.19	500.19
	3.	Net Profit/(Loss) including comprehensive income	(93.59)	(93.59)
	4.	Earnings Per share	(2.43)	(2.43)
	5.	Total Assets	1582.57	1582.57
	6.	Total Liabilities (excluding networth)	2232.36	2232.36
	7.	Net worth	(649.79)	(649.79)
	8.	Any other financial item(s) as felt appropriate by the Management	Nil	Nil
II	Audit Qualification (each audit qualification separately)			
	a.	Details of Audit Qualification: The company has generated cash losses and generated negative cash flows and there has been an erosion of networth. Although the Company has started yarn trading business, still the Company is incurring cash losses, 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 statements even if the Going Concern Concept is not adopted		
	b.	Type of Audit Qualification: Qualified Opinion		
	c.	Frequency of qualification: Second Time		
	d.	For Audit Qualification(s) where the impact is quantified by the Auditor, Management views: Not applicable		

## Signatories:

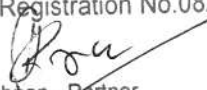
Managing Director 

CFO 


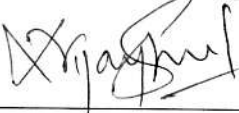
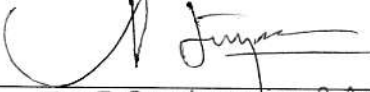
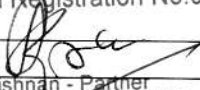
Audit Committee Chairman 

Statutory Auditor

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

  
S. Krishnan - Partner  
Membership No.026452

Contd.....2

II	e. For Audit Qualification(s) where the impact is not quantified by the Auditor:
	(i) Management's estimation on the impact of audit qualification: Not applicable
	(ii) If Management is unable to estimate the impact, reasons for the same: 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 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.
	(iii) Auditor's Comments on (ii) above: Management's explanation on the impact of Audit qualification as stated in clause (ii) above have been reviewed and we have no further comments
III	Signatories:
	• Managing Director: 
	• CFO: 
	• Audit Committee Chairman: 
	• Statutory Auditor: 
	For R.Sundararajan & Associates Chartered Accountants Firm Registration No.08282S
Place: Salem	S.Krishnan - Partner Membership No.026452
Date: 28.06.2021	

UDIN: 21026452 AAAACE9591