



# Kandagiri Spinning Mills Ltd.

Ref.: KSML/CS/011/2022-23

Date: 30.05.2022

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 31.03.2022 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 31.03.2022 [which have duly reviewed by the Audit Committee and duly approved by the Board of Directors at their meeting today held today on 30.05.2022], 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 - 636 140. 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 ON AUDIT OF CONSOLIDATED ANNUAL FINANCIAL RESULTS OF KANDAGIRI SPINNING MILLS LIMITED

(pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended ("Listing Regulations"))

To the Board of Directors of Kandagiri Spinning Mills Limited

#### Qualified Opinion

1. We have audited the accompanying consolidated annual financial results of **KANDAGIRI SPINNING MILLS LIMITED** (hereinafter referred to as the 'Parent Company') and its associates for the quarter and year ended March 31, 2022, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('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 associates, the aforesaid consolidated financial results:

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

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 profit and other comprehensive income and other financial information of the Company and its associates for the year ended March 31, 2022.

#### Basis for Qualified Opinion

3. 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.





# R. SUNDARARAJAN & ASSOCIATES

## CHARTERED ACCOUNTANTS

4. 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 Consolidated Annual Financial Results section of our report. We are independent of the Company and its associates, 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 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.

### 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 associates 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 associates 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.
6. In preparing the Consolidated Annual Financial Results, the respective Management and the Board of Directors of the Parent Company and its associates 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 associates are responsible for overseeing the Company's financial reporting process of the Parent Company and its associates.





# R. SUNDARARAJAN & ASSOCIATES

## CHARTERED ACCOUNTANTS

### 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 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 Consolidated 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 consolidated 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 associates 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.





# R. SUNDARARAJAN & ASSOCIATES

## CHARTERED ACCOUNTANTS

- Obtain sufficient appropriate audit evidence regarding the financial results of the associates 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.

### Other Matters

12. 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 two associates, 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 associates, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 10 above.
13. 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.
14. The Consolidated Annual Financial Results include the results for the quarter ended March 31, 2022 and 2021 being the balancing figures between the audited figures in respect of the full financial year(s) and the published year to date unaudited figures up to the third quarter of the respective financial year. The unaudited figures up to the end of the quarter was subject to limited review and not subjected to audit.







# R. SUNDARARAJAN & ASSOCIATES

CHARTERED ACCOUNTANTS

---

15. 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 associates for the year ended March 31, 2022 on which we issued an unmodified audit opinion vide our report dated May 30, 2022.

For R. Sundararajan & Associates

Chartered Accountants

Registration No. 082825

  
S. Krishnan - partner

Membership No. 26452

UDIN : 22026452AJVTEP5463

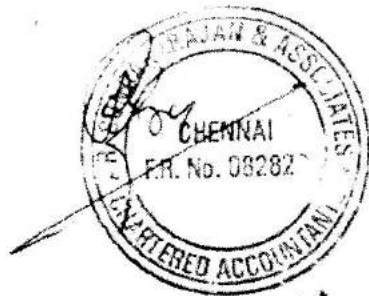
May 30, 2022

Salem



**KANDAGIRI SPINNING MILLS LIMITED (CIN : L17111TZ1976PLC000762)**  
**Regd. Office : Mill Premises, Udayapatti (P.O.), Salem 636 140**  
**e-mail : salem@kandagirimills.com; website : www.kandagirimills.com**  
**STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2022**

| S.No. | Particulars  | Three months ended |               |                | Year ended    | Year ended     |
|-------|--|--------------------|---------------|----------------|---------------|----------------|
|       |  | 31.03.2022         | 31.12.2021    | 31.03.2021     | 31.03.2022    | 31.03.2021     |
|       |  | Unaudited          | Unaudited     | Unaudited      | Audited       | Audited        |
| I     | Revenue from Operations  | 31.14              | 141.52        | 206.87         | 318.76        | 254.08         |
| II    | Other Income   | 76.05              | 58.57         | 45.11          | 258.94        | 152.52         |
| III   | <b>Total Income (I+II)</b>   | <b>107.19</b>      | <b>200.09</b> | <b>251.98</b>  | <b>577.70</b> | <b>406.60</b>  |
| IV    | <b>EXPENSES</b>  |                    |               |                |               |                |
|       | Cost of materials consumed   | 30.48              | 138.22        | 202.71         | 310.47        | 203.91         |
|       | Changes in inventories of finished goods and work-in-progress  | -                  | -             | -              | -             | 47.21          |
|       | Employee benefits expenses   | 2.25               | 2.25          | 8.14           | 8.00          | 12.15          |
|       | Finance costs  | 39.10              | 39.97         | 29.09          | 159.46        | 170.11         |
|       | Depreciation   | 7.30               | 7.29          | 7.30           | 29.17         | 29.17          |
|       | Other expenses   | 6.42               | 6.26          | 14.95          | 28.08         | 37.64          |
|       | <b>Total Expenses</b>  | <b>87.55</b>       | <b>193.99</b> | <b>262.19</b>  | <b>535.18</b> | <b>500.19</b>  |
| V     | Profit/(loss) before share of profit of associates (III-IV)  | 19.64              | 6.10          | (10.21)        | 42.52         | (93.59)        |
| VI    | Share of profit of associate   | 2.94               | 5.65          | (1.68)         | 63.35         | 4.77           |
| VI    | Exceptional items (Refer note 4)   | -                  | -             | -              | -             | -              |
| VII   | Profit/(loss) before tax (V-VI)  | 22.58              | 11.75         | (11.89)        | 105.87        | (88.82)        |
| VIII  | Tax expense:   |                    |               |                |               |                |
|       | (1) Current tax  | 15.00              | -             | -              | 15.00         | -              |
|       | (2) MAT credit utilised  | -                  | -             | -              | -             | -              |
|       | (3) Deferred tax   | -                  | -             | -              | -             | -              |
| IX    | Profit/ (Loss) for the period from continuing operations (VII-VIII)  | 7.58               | 11.75         | (11.89)        | 90.87         | (88.82)        |
| X     | Other Comprehensive Income   |                    |               |                |               |                |
| A     | (i) Items that will not be reclassified to profit and loss   |                    |               |                |               |                |
|       | Remeasurement of Defined benefits plan   | -                  | -             | -              | -             | -              |
|       | Income tax relating to items that will not be reclassified to profit and loss  | -                  | -             | -              | -             | -              |
| B     | (ii) Items that will be reclassified to profit and loss  |                    |               |                |               |                |
|       | Income tax relating to items that will be reclassified to profit and loss  | -                  | -             | -              | -             | -              |
|       | <b>Total Other Comprehensive Income</b>  | -                  | -             | -              | -             | -              |
| XI    | <b>Total Comprehensive Income for the period (IX+X)</b><br><b>(Comprising Profit (Loss) and Other Comprehensive Income for the period)</b> | <b>7.58</b>        | <b>11.75</b>  | <b>(11.89)</b> | <b>90.87</b>  | <b>(88.82)</b> |
| XII   | Earnings per equity share of Rs 10/- each: (not annualised)  |                    |               |                |               |                |
|       | Basic and Diluted  | 0.20               | 0.30          | (0.31)         | 2.36          | (2.30)         |
| XIII  | Paid Up Equity Share Capital ( Face Value Rs. 10/- each)   | 385.75             | 385.75        | 385.75         | 385.75        | 385.75         |
| XIV   | Other equity   |                    |               |                | (965.06)      | (1,055.93)     |



| Consolidated Statement of Assets, Equity and Liabilities                                |                       |                       |
|---|-----------------------|-----------------------|
| Balance Sheet as at March 31, 2022  |                       |                       |
| Particulars   | Rs. lakhs             |                       |
|   | 31.03.2022<br>Audited | 31.03.2021<br>Audited |
| <b>Non current assets</b>   |                       |                       |
| Property, plant and equipment   | 1096.38               | 1125.55               |
| Capital work in progress  |                       |                       |
| Intangible assets   |                       |                       |
| <b>Financial assets</b>   |                       |                       |
| Investments   | 197.66                | 134.31                |
| Loans   | 153.81                | 146.06                |
| Other financial asset   | 0.00                  | 0.00                  |
| Advance tax assets(net)   | 2.00                  | 2.00                  |
| Other non-current assets  |                       |                       |
| Non-current assets ( A )  | 1,449.85              | 1,407.92              |
| <b>Current assets</b>   |                       |                       |
| Inventories   |                       |                       |
| <b>Financial assets</b>   |                       |                       |
| Trade receivables   | 0.00                  | 113.02                |
| Cash and cash equivalents   | -6.16                 | 24.88                 |
| Other Bank balances   | 3.88                  | 3.88                  |
| Others  | 2.54                  | 0.00                  |
| Advance tax assets(net)   | 15.63                 | 12.47                 |
| Other current assets  | 0.00                  | 0.00                  |
| Current assets ( B )  | 15.89                 | 154.25                |
| <b>Total assets ( A ) + ( B )</b>   | 1,465.74              | 1,562.17              |
| <b>EQUITY AND LIABILITIES</b>   |                       |                       |
| <b>Equity</b>   |                       |                       |
| Equity share capital  | 385.74                | 385.74                |
| Other equity  | (965.06)              | (1055.93)             |
| Equity ( C )  | (579.32)              | (670.19)              |
| <b>Non-current liabilities</b>  |                       |                       |
| <b>Financial liabilities</b>  |                       |                       |
| Borrowings  | 59.00                 | 1441.57               |
| Provisions  |                       |                       |
| Other non current liabilities   |                       |                       |
| Non current liabilities ( D )   | 59.00                 | 1441.57               |
| <b>Current liabilities</b>  |                       |                       |
| <b>Financial liabilities</b>  |                       |                       |
| Borrowings  | 1382.57               | 9.00                  |
| Trade payables  |                       |                       |
| -Total outstanding dues of micro enterprises and small enterprises                      | 0.00                  | 0.65                  |
| -Total outstanding dues of creditors other than micro enterprises and small enterprises | 157.11                | 360.29                |
| Provisions  |                       |                       |
| Other financial liabilities   | 198.32                | 178.81                |
| Other current liabilities   | 248.06                | 242.04                |
| Current liabilities ( E )   | 1,986.06              | 790.79                |
| <b>Total equity and liabilities ( C ) + ( D ) + ( E )</b>                               | 1,465.74              | 1,562.17              |





## Consolidated Statement of Cash Flows

| Particulars  | Rs lakhs        |                 |
|--|-----------------|-----------------|
|  | 31.03.2022      | 31.03.2021      |
| <b>Cash flow from operating activities</b>                     |                 |                 |
| Profit/ (Loss) before tax                                      | 105.87          | (88.82)         |
| <b>Adjustments for -</b>                                       |                 |                 |
| Share of profit of associate                                   | (63.35)         | (4.77)          |
| Depreciation & Amortisation expense                            | 29.17           | 29.17           |
| Finance cost   | 159.46          | 170.11          |
| Dividend Income  |                 |                 |
| Loss/(Profit) on sale of Long term Investments                 |                 |                 |
| (Profit)/Loss on sale of Property, Plant and Equipment (PPE)   | (76.40)         |                 |
| Impairment loss on assets                                      |                 |                 |
| Interest income  | (2.54)          | (2.52)          |
| <b>Operating profit/ (loss) before working capital changes</b> | <b>152.21</b>   | <b>103.17</b>   |
| <b>Adjustments for changes in -</b>                            |                 |                 |
| Trade receivables  | 113.02          | 189.63          |
| Inventories  | -               | 79.29           |
| 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                       |                 |                 |
| <b>Cash generated from operations</b>                          | <b>76.64</b>    | <b>278.37</b>   |
| Income Tax (net)   | (18.16)         | (10.25)         |
| <b>Net cash from operating activities</b>                      | <b>58.48</b>    | <b>268.12</b>   |
| <b>Cash flow from investing activities</b>                     |                 |                 |
| Payments for acquisition of Property, Plant & Equipment        |                 |                 |
| Dividend received  |                 |                 |
| Interest Received  | 2.54            | 2.52            |
| Margin money deposit with bank                                 |                 |                 |
| Proceeds from sale of assets                                   | 76.40           |                 |
| <b>Net cash from investing activities</b>                      | <b>78.94</b>    | <b>2.52</b>     |
| <b>Cash flow from financing activities</b>                     |                 |                 |
| Proceeds from inter corporate loan-related party               |                 |                 |
| Repayments of Non current Borrowings                           | (9.00)          |                 |
| Repayments of inter- corporate loan                            |                 |                 |
| Proceeds from unsecured loan-directors                         |                 | (81.35)         |
| Interest Paid  | (159.46)        | (170.11)        |
| <b>Net cash (used in) financing activities</b>                 | <b>(168.46)</b> | <b>(251.46)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>    | <b>(31.04)</b>  | <b>19.18</b>    |
| <b>Cash and cash equivalents</b>                               |                 |                 |
| At beginning   | 24.88           | 5.70            |
| At end   | (6.16)          | 24.88           |
| <b>NET INCREASE/ (DECREASE) IN CASH</b>                        | <b>(31.04)</b>  | <b>19.18</b>    |

## Notes

- 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 May 30, 2022.
- 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. Although the company has continued its 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.
- During the quarter, your company has sold 11.4875 acres of land at their windmill site at Pazhavoor Village, Tirunelveli district as per the approval given by the shareholders through the postal ballot resolution dated 19.12.2016 and as per the approval by the Board of Directors at their meeting held on 28.6.2021. The sale proceeds have been utilised for discharging the liabilities of the company.
- 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'.
- The consolidated financial results have been prepared in accordance with Ind As 110 read with Ind As28. The consolidated results include the standalone results of the parent company, its associate viz. SPMH Healthcare Services Private Limited.
- The figures for the quarter ended March 31, 2022 and March 31, 2021 are the balancing figures between the audited figures in respect of the full years and the audited figures of nine months ended December 31, 2021 and December 31, 2020 respectively.
- The previous period figures have been regrouped/reclassified wherever necessary to conform to current period classification.

For Kandagiri Spinning Mills Limited

R Srinivasan  
Managing Director  
DIN : 00001703

Salem  
May 30, 2022



UDIN: 22026452 AS VTEF 5763

**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](http://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 31.03.2022

| Statement on Impact of Audit Qualifications for the financial year ended March 31, 2022<br>[Regulation 33 of SEBI (LODR) Amendment Regulations, 2016] |   |  |  |  |
|---|---|--|--|--|
| I   | Sl. No  | Particulars  | Audited Figures<br>(as reported before<br>adjusting for<br>qualification)<br>(Rs. lakhs) | Audited Figures<br>(audited figures after<br>adjusting for<br>qualifications)<br>(Rs. lakhs) |
|   | 1.  | Turnover/ Total Income   | 577.70   | 577.70   |
|   | 2.  | Total expenditure  | 535.18   | 535.18   |
|   | 3.  | Net Profit/(Loss) including<br>comprehensive income  | 105.87   | 105.87   |
|   | 4.  | Earnings Per share   | 2.36   | 2.36   |
|   | 5.  | Total Assets   | 1465.74  | 1465.74  |
|   | 6.  | Total Liabilities (excluding networth)   | 2045.06  | 2045.06  |
|   | 7.  | Net worth  | (579.32)   | (579.32)   |
|   | 8.  | Any other financial item(s) as felt<br>appropriate by the Management   | Nil  | Nil  |
| II  | Audit Qualification (each audit qualification separately) |  |  |  |
|   | f.  | Details of Audit Qualification:<br>The company has generated 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 networth. Although the Company has continued 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 |  |  |
|   | g.  | Type of Audit Qualification: Qualified Opinion   |  |  |
|   | h.  | Frequency of qualification: Third Time   |  |  |
|   | i.  | For Audit Qualification(s) where the impact is quantified by the Auditor, Management views: Not applicable   |  |  |

Signatories:

Managing Director


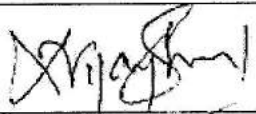
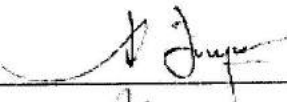

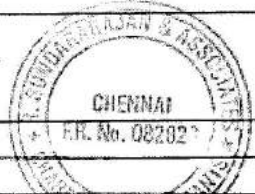
CFO

Audit Committee Chairman

Statutory Auditor



Contd.....2

|                  |   |
|------------------|---|
| II               | j. For Audit Qualification(s) where the impact is not quantified by the Auditor:  |
|                  | (iv) Management's estimation on the impact of audit qualification: Not applicable   |
|                  | (v) If Management is unable to estimate the impact, reasons for the same:<br>The Company has continued yarn trading business during the year also 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. |
|                  | (vi) Auditor's Comments on (ii) above:<br>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:   |
| Place: Salem     |   |
| Date: 30.05.2022 |   |



# R. SUNDARARAJAN & ASSOCIATES

## CHARTERED ACCOUNTANTS

### INDEPENDENT AUDITORS' REPORT ON AUDIT OF STANDALONE ANNUAL FINANCIAL RESULTS OF KANDAGIRI SPINNING MILLS LIMITED

(pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended ("Listing Regulations"))

To the Board of Directors of Kandagiri Spinning Mills Limited

#### Qualified Opinion

1. We have audited the accompanying statement standalone annual financial results of **KANDAGIRI SPINNING MILLS LIMITED** (hereinafter referred to as the 'Company') for the quarter and year ended March 31, 2022 and statement of Assets and Liabilities and Statement of Cash Flows as at and for the year ended on that date together with the rules thereon (together referred to as the "Standalone Annual Financial Results"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('Listing Regulations').
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone annual 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 profit and other comprehensive income and other financial information of the Company for the quarter and year ended March 31, 2022, and the Statement of assets and liabilities and the Statement of Cash flows as at and further year ended on that date.

#### Basis for Qualified Opinion

3. 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.





# R. SUNDARARAJAN & ASSOCIATES

## CHARTERED ACCOUNTANTS

4. We have conducted our audit in accordance with the Standards on Auditing ('SA') specified under section 143 (10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results' 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 together with the ethical requirements that are relevant to our audit of the 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 ICAI Code of Ethics. We believe that the audit evidence we have obtained by us is sufficient and appropriate to provide a basis for our opinion on the Standalone Annual Financial results.

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

5. These Standalone annual financial results have been prepared on the basis of the standalone IndAS 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 and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards of the company and the Statement of assets and liabilities and the Statement of Cash Flows prescribed under Section 133 of the Act, read with relevant rules issued thereunder 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, which have been used for the purpose of presentation of the Standalone Annual Financial Results by the Directors of the company, as aforesaid.
6. 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.
7. The Board of Directors of the Company are responsible for overseeing the Company's financial reporting process of the Company.







# R. SUNDARARAJAN & ASSOCIATES

## CHARTERED ACCOUNTANTS

---

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

8. 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.
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 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, but not for the purpose of expressing an opinion on the effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures 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.
  - 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.





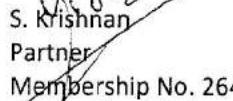


# R. SUNDARARAJAN & ASSOCIATES

## CHARTERED ACCOUNTANTS

10. 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.
11. Materiality is the magnitude of misstatements in the Standalone Annual Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Annual Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Annual Financial Results.
12. The Standalone Annual Financial Results include the results for the quarter ended March 31, 2022 and 2021 being the balancing figures between the audited figures in respect of the full financial year(s) and the published year to date unaudited figures up to the third quarter of the respective financial year. The unaudited figures up to the end of the quarter was 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 financial statements of the Company for the year ended March 31, 2022 on which we issued an unmodified audit opinion vide our report dated May 30, 2022.

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

  
S. Krishnan  
Partner  
Membership No. 26452

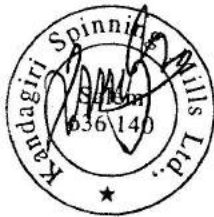


UDIN : 22026452AJYSXE9862

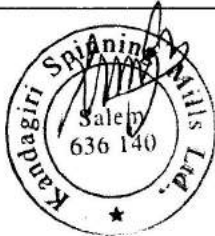
May 30, 2022  
Salem

**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, 2022**

| S.No. | Particulars  | Three months ended |               |                | Year ended    | Year ended     |
|-------|--|--------------------|---------------|----------------|---------------|----------------|
|       |  | 31.03.2022         | 31.12.2021    | 31.03.2021     | 31.03.2022    | 31.03.2021     |
|       |  | Unaudited          | Unaudited     | Unaudited      | Audited       | Audited        |
| I     | Revenue from Operations  | 31.14              | 141.52        | 206.87         | 318.76        | 254.08         |
| II    | Other Income   | 76.05              | 58.57         | 45.11          | 258.94        | 152.52         |
| III   | <b>Total Income (I+II)</b>   | <b>107.19</b>      | <b>200.09</b> | <b>251.98</b>  | <b>577.70</b> | <b>406.60</b>  |
| IV    | <b>EXPENSES</b>  |                    |               |                |               |                |
|       | Cost of materials consumed   | 30.48              | 138.22        | 202.71         | 310.47        | 203.91         |
|       | Changes in inventories of finished goods and work-in-progress  | -                  | -             | -              | -             | 47.21          |
|       | Employee benefits expenses   | 2.25               | 2.25          | 8.14           | 8.00          | 12.15          |
|       | Finance costs  | 39.10              | 39.97         | 29.09          | 159.46        | 170.11         |
|       | Depreciation   | 7.30               | 7.29          | 7.30           | 29.17         | 29.17          |
|       | Other expenses   | 8.42               | 6.26          | 14.95          | 28.08         | 37.64          |
|       | <b>Total Expenses</b>  | <b>87.55</b>       | <b>193.99</b> | <b>262.19</b>  | <b>535.18</b> | <b>500.19</b>  |
| V     | Profit/(loss) before exceptional items and tax (III-IV)  | <b>19.64</b>       | <b>6.10</b>   | <b>(10.21)</b> | <b>42.52</b>  | <b>(93.59)</b> |
| VI    | Exceptional items (Refer note 4)   | -                  | -             | -              | -             | -              |
| VII   | Profit/(loss) before tax (V-VI)  | 19.64              | 6.10          | (10.21)        | 42.52         | (93.59)        |
| VIII  | Tax expense:   |                    |               |                |               |                |
|       | (1) Current tax  | 15.00              | -             | -              | 15.00         | -              |
|       | (2) MAT credit utilised  | -                  | -             | -              | -             | -              |
|       | (3) Deferred tax   | -                  | -             | -              | -             | -              |
| IX    | Profit/ (Loss) for the period from continuing operations (VII-VIII)  | 4.64               | 6.10          | (10.21)        | 27.52         | (93.59)        |
| 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   | -                  | -             | -              | -             | -              |
| 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>  | -                  | -             | -              | -             | -              |
| XI    | <b>Total Comprehensive Income for the period (IX+X)</b><br><b>(Comprising Profit (Loss) and Other Comprehensive Income for the period)</b> | <b>4.64</b>        | <b>6.10</b>   | <b>(10.21)</b> | <b>27.52</b>  | <b>(93.59)</b> |
| XII   | Earnings per equity share of Rs.10/- each: (not annualised)  |                    |               |                |               |                |
|       | Basic and Diluted  | 0.12               | 0.16          | (0.26)         | 0.71          | (2.43)         |
| XIII  | Paid Up Equity Share Capital ( Face Value Rs. 10/- each)   | 385.75             | 385.75        | 385.75         | 385.75        | 385.75         |
| XIV   | Other equity   |                    |               |                | (1,008.01)    | (1,035.53)     |



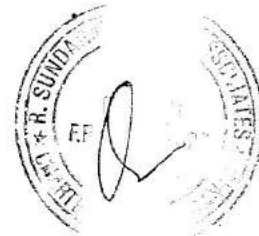
| <b>Standalone Statement of Assets, Equity and Liabilities</b>                           |                              |                              |
|---|------------------------------|------------------------------|
| <b>Balance Sheet as at March 31, 2022</b>   |                              |                              |
| <i>Particulars</i>  | Rs. lakhs                    |                              |
|   | 31.03.2022<br><i>Audited</i> | 31.03.2021<br><i>Audited</i> |
| <b>Non current assets</b>   |                              |                              |
| Property, plant and equipment   | 1096.38                      | 1125.55                      |
| Capital work in progress  |                              |                              |
| Intangible assets   |                              |                              |
| Financial assets  |                              |                              |
| Investments   | 154.71                       | 154.71                       |
| Loans   | 153.81                       | 146.06                       |
| Other financial asset   | 0.00                         | 0.00                         |
| Advance tax assets(net)   | 2.00                         | 2.00                         |
| Other non-current assets  |                              |                              |
| Non-current assets ( A )  | 1,406.90                     | 1,428.32                     |
| <b>Current assets</b>   |                              |                              |
| Inventories   |                              |                              |
| Financial assets  |                              |                              |
| Trade receivables   | 0.00                         | 113.02                       |
| Cash and cash equivalents   | -6.16                        | 24.88                        |
| Other Bank balances   | 3.88                         | 3.88                         |
| Others  | 2.54                         | 0.00                         |
| Advance tax assets(net)   | 15.63                        | 12.47                        |
| Other current assets  | 0.00                         | 0.00                         |
| Current assets ( B )  | 15.89                        | 154.25                       |
| <b>Total assets ( A ) + ( B )</b>   | 1,422.79                     | 1,582.57                     |
| <b>EQUITY AND LIABILITIES</b>   |                              |                              |
| <b>Equity</b>   |                              |                              |
| Equity share capital  | 385.74                       | 385.74                       |
| Other equity  | -1008.01                     | -1035.53                     |
| Equity ( C )  | -622.27                      | -649.79                      |
| <b>Non-current liabilities</b>  |                              |                              |
| Financial liabilities   |                              |                              |
| Borrowings  | 59.00                        | 1441.57                      |
| Provisions  |                              |                              |
| Other non current liabilities   |                              |                              |
| Non current liabilities ( D )   | 59.00                        | 1,441.57                     |
| <b>Current liabilities</b>  |                              |                              |
| Financial liabilities   |                              |                              |
| Borrowings  | 1382.57                      | 9.00                         |
| Trade payables  |                              |                              |
| -Total outstanding dues of micro enterprises and small enterprises                      | 0.00                         | 0.65                         |
| -Total outstanding dues of creditors other than micro enterprises and small enterprises | 157.11                       | 360.29                       |
| Provisions  |                              |                              |
| Other financial liabilities   | 198.32                       | 178.81                       |
| Other current liabilities   | 248.06                       | 242.04                       |
| Current liabilities ( E )   | 1,986.06                     | 790.79                       |
| <b>Total equity and Liabilities ( C ) + ( D ) + ( E )</b>                               | 1,422.79                     | 1,582.57                     |



**Standalone Statement of Cash Flows**

Rs. lakhs

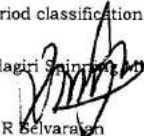
| Particulars  | 31.03.2022      | 31.03.2021      |
|--|-----------------|-----------------|
| <b>Cash flow from operating activities</b>                     |                 |                 |
| Profit/ (Loss) before tax                                      | 42.52           | (93.59)         |
| <u>Adjustments for -</u>                                       |                 |                 |
| Depreciation & Amortisation expense                            | 29.17           | 29.17           |
| Finance cost   | 159.46          | 170.11          |
| Dividend Income  |                 |                 |
| Loss/(Profit) on sale of Long term Investments                 |                 |                 |
| (Profit)/Loss on sale of Property, Plant and Equipment (PPE)   | (76.40)         |                 |
| Impairment loss on assets                                      |                 |                 |
| Interest income  | (2.54)          | (2.52)          |
| <b>Operating profit/ (loss) before working capital changes</b> | <b>152.21</b>   | <b>103.17</b>   |
| <u>Adjustments for changes in -</u>                            |                 |                 |
| Trade receivables  | 113.02          | 189.63          |
| Inventories  | -               | 79.29           |
| 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                       |                 |                 |
| <b>Cash generated from operations</b>                          | <b>76.64</b>    | <b>278.37</b>   |
| Income Tax (net)   | (18.16)         | (10.25)         |
| <b>Net cash from operating activities</b>                      | <b>58.48</b>    | <b>268.12</b>   |
| <b>Cash flow from investing activities</b>                     |                 |                 |
| Payments for acquisition of Property, Plant & Equipment        |                 |                 |
| Dividend received  |                 |                 |
| Interest Received  | 2.54            | 2.52            |
| Margin money deposit with bank                                 |                 |                 |
| Proceeds from sale of assets                                   | 76.40           |                 |
| <b>Net cash from investing activities</b>                      | <b>78.94</b>    | <b>2.52</b>     |
| <b>Cash flow from financing activities</b>                     |                 |                 |
| Proceeds from inter corporate loan-related party               |                 |                 |
| Repayments of Non current Borrowings                           | (9.00)          |                 |
| Repayments of inter- corporate loan                            |                 |                 |
| Proceeds from unsecured loan-directors                         |                 | (81.35)         |
| Interest Paid  | (159.46)        | (170.11)        |
| <b>Net cash (used in) financing activities</b>                 | <b>(168.46)</b> | <b>(251.46)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>    | <b>(31.04)</b>  | <b>19.18</b>    |
| <b>Cash and cash equivalents</b>                               |                 |                 |
| At beginning   | 24.88           | 5.70            |
| At end   | (6.16)          | 24.88           |
| <b>NET INCREASE/ (DECREASE) IN CASH</b>                        | <b>(31.04)</b>  | <b>19.18</b>    |



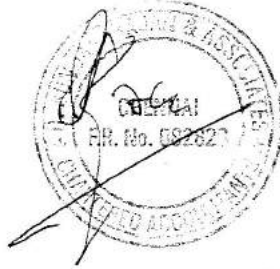
Notes

- 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 May 30, 2022.
- 2 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. Although the company has continued its 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.
- 3 During the quarter, your company has sold 11.4875 acres of land at their windmill site at Pazhavoor Village, Tirunelveli district as per the approval given by the shareholders through the postal ballot resolution dated 19.12.2016 and as per the approval by the Board of Directors at their meeting held on 28.6.2021. The sale proceeds have been utilised for discharging the liabilities of the company.
- 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 The figures for the quarter ended March 31, 2022 and March 31, 2021 are the balancing figures between the audited figures in respect of
- 6 The previous period figures have been regrouped/reclassified wherever necessary to conform to current period classification.

For Kandagiri Spinning Mills Limited

  
R Selvaraj  
Managing Director  
DIN : 00001703

Salem  
May 30, 2022



UDIN : 22026452AJVSXE9862

# 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 31.03.2022

| Statement on Impact of Audit Qualifications for the financial year ended March 31, 2022<br>[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   | 577.70   | 577.70   |
|   | 2.  | Total expenditure  | 535.18   | 535.18   |
|   | 3.  | Net Profit/(Loss) including comprehensive income   | 42.52  | 42.52  |
|   | 4.  | Earnings Per share   | 0.71   | 0.71   |
|   | 5.  | Total Assets   | 1422.79  | 1422.79  |
|   | 6.  | Total Liabilities (excluding networth)   | 2045.06  | 2045.06  |
|   | 7.  | Net worth  | (622.27)   | (622.27)   |
|   | 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:<br>The company has generated 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 networth. Although the Company has continued 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: Third Time   |  |  |
|   | d.  | For Audit Qualification(s) where the impact is quantified by the Auditor, Management views: Not applicable   |  |  |

Signatories:

Managing Director

CFO


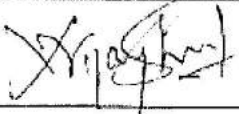



Audit Committee Chairman

Statutory Auditor



Contd.....2



|     |  |
|-----|--|
| II  | <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:<br/> The Company has continued yarn trading business during the year also 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.</p> <p>(iii) Auditor's Comments on (ii) above:<br/> 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: </li> </ul> <p>Place: Salem</p> <p>Date: 30.05.2022</p>   |