



# Kandagiri Spinning Mills Ltd.

Ref.: KSML/CS/019/2021-22

Date: 01-09-2021

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

Dear Sir,

**Sub: Enclosure of 45<sup>th</sup> Annual Report of the Company for the FY 2020-21**  
**Ref: Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**


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In accordance with the above referred regulation, we herewith enclosed 45<sup>th</sup> Annual Report of the Company for the FY 2020-21

Please take the same for your records.

Thanking you,

Yours faithfully,

For Kandagiri Spinning Mills Limited



(J. Asifa)

Company Secretary & Compliance Officer

Encl: 45<sup>th</sup> Annual Report of the Company for the FY 2020-21



CIN : L17111TZ1976PLC000762

Regd. Off. Mill Premises, Udayapatti (P.O), P.B.No.3, Salem - 635 140. Phone: Mill: 0427-2244400  
Fax: 0427-2244422; Grams: SUPERSPINE; e-mail: sales@kandagirimills.com; Web: www.kandagirimills.com



GSTIN: 33AABCK2694Q1Z1

# KANDAGIRI SPINNING MILLS LIMITED



**45<sup>th</sup> Annual Report**  
**2020 – 2021**



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<b>Board of Directors</b>	<b>Mr. S. Gnanashekar</b> - Chairman and Non Executive Independent Director
	<b>Mr. R. Selvarajan</b> - Managing Director
	<b>Dr. (Mrs.) A. Sarayu</b> - Non Executive Director
	<b>Mr. S. Elangovan</b> - Non Executive Independent Director
<b>Chief Financial Officer</b>	<b>Mr. S. Vijay Shankar</b>
<b>Company Secretary</b>	<b>Ms. J. Asifa</b>
<b>Statutory Auditors</b>	<b>M/s R. Sundararajan &amp; Associates</b>
<b>Secretarial Auditors</b>	<b>M/s B.K. Sundaram &amp; Associates</b>
<b>Registered Office</b>	<b>Post Box No. 3, Mill Premises, Udayapatti P.O., Salem 636 140, Tamil Nadu.</b>
<b>Corporate Identity No. (CIN)</b>	<b>: L17111TZ1976PLC000762</b>



## KANDAGIRI SPINNING MILLS LIMITED

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

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

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

Website : www.kandagirimills.com

### NOTICE TO THE SHAREHOLDERS

Notice is hereby given pursuant to section 96 and other applicable provisions of the Companies Act, 2013 that the Forty fifth (45<sup>th</sup>) Annual General Meeting of the Company will be held **on Saturday, September 25, 2021 at 1.00 p.m.** through Video Conferencing (VC) / Other Audio Visual Means (OAVM) to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt
  - a. The Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2021 together with the notes annexed thereto and the reports of the Board of Directors and the Auditors thereon.
  - b. The Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2021 together with the notes annexed thereto and the report of the Auditors thereon.
2. Non-Executive Director Dr. A. Sarayu (holding DIN 06953362) retires by rotation at this (45<sup>th</sup>) Annual General Meeting and being eligible, offers herself for reappointment
3. **Remuneration of Statutory Auditors**

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

RESOLVED THAT the Statutory Auditors M/s. R. Sundararajan and Associates, Chartered Accountants (Firm registration No.008282S) shall be paid a remuneration of Rs.1,00,000/- (Rupees One Lakh only) for conduct of the statutory audit for the financial year 2021-2022 excluding the out of pocket expenses that may be incurred by them in connection with the audit and excluding the applicable GST.

#### SPECIAL BUSINESS

4. **Reappointment of Sri R. Selvarajan as Managing Director of the Company**

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

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and all other applicable provisions, if any, approval of the members of the Company be and is hereby accorded to the re-appointment of Sri R. Selvarajan (DIN: 00001703) as Managing Director of the Company, for a period of 3 (three) years with effect from 01<sup>st</sup> October, 2021 eventhough he has attained seventy six years of age.

By order of the Board of Directors  
**For Kandagiri Spinning Mills Limited**  
**J. Asifa**  
Company Secretary

Place : Salem  
Date : June 28, 2021



### NOTES :

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021, physical attendance of the Members to the AGM venue is not required and annual general meeting (AGM) be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020 and Circular No. 02/2021 dated January 13, 2021, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. Accordingly, the proxy form and attendance slip are not annexed with this notice. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013
5. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this notice.
6. The explanatory statement of material facts pursuant to Section 102 of the Companies Act, 2013 in respect of business set out under Items No. 3 & 4 of the Notice is annexed hereto.
7. The Register of Members and the Share Transfer Books of the Company will remain closed from **19<sup>th</sup> September, 2021 to 25<sup>th</sup> September, 2021** (both days inclusive).
8. Pursuant to Ministry of Corporate Affairs (MCA) General Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 January 13, 2021 and SEBI circular dated January 15, 2021 and various circulars issued to provide relaxation to Companies in light of the pandemic situation in the country, the Notice for the 45<sup>th</sup> Annual General Meeting ("AGM") and Annual Report of FY 2020-21 is being sent only through electronic mode to the shareholders whose email addresses are registered with the depository participants / Registrar and Transfer Agent (RTA).
9. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021, the Notice calling the AGM has been uploaded on the website of the Company at [www.kandagirimills.com](http://www.kandagirimills.com). The Notice can also be accessed from the website of the Stock Exchange BSE Limited at [www.bseindia.com](http://www.bseindia.com) and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
10. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.
11. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL



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

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

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

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

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

In accordance with the above statutory provisions, the dividends declared by the Company which remain unpaid and unclaimed for seven years and the underlying shares with respect to unpaid/unclaimed dividend of seven consecutive years were transferred to IEPF a/c by the Company as per the applicability. During the FY 2020-21, there was no transfer of dividends and underlying shares to IEPF a/c as there is no dividend declared and remain unpaid and unclaimed for seven years during the FY 2020-21

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

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



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

The remote e-voting period begins on 21.09.2021 at 9.15 a.m. and ends on 24.09.2021 at 5.00 p.m.. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 18.09.2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 18.09.2021.

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





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

**Step 1: Access to NSDL e-Voting system**

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

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

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

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





Type of Shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/loginor">https://web.cdslindia.com/myeasi/home/loginor</a> <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note :** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.



3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in a <https://eservices.nSDL.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

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

5. Password details for shareholders other than Individual shareholders are given below:
- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:
- a) Click on “Forgot User Details/Password?”(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nSDL.com](http://www.evoting.nSDL.com).
- b) Physical User Reset Password?” (If you are holding shares in physical mode) option available on [www.evoting.nSDL.com](http://www.evoting.nSDL.com).
- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nSDL.co.in](mailto:evoting@nSDL.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

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

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

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.



4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote

**General Guidelines for shareholders**

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

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

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

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

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



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

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [ksmcs@kandagirimills.com](mailto:ksmcs@kandagirimills.com) from September 18, 2021 (9.00 a.m. IST) to September 20, 2021 (5.00 p.m. IST). The same will be replied by the company suitably
6. Members who would like to express their views / ask questions during the meeting, may register themselves as a speaker by sending their request from their registered email address mentioning their name, demat account number / folio number, email id, mobile number at [ksmcs@kandagirimills.com](mailto:ksmcs@kandagirimills.com) from September 18, 2021 (9.00 a.m. IST) to September 20, 2021 (5.00 p.m. IST). Those members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM

### GENERAL INSTRUCTIONS

1. The cut-off date for the purpose of e-voting has been fixed as September 18, 2021. Members holding shares as on this cut-off date be entitled to cast their vote in any one of the two modes (remote e-voting or e-voting during the AGM).
2. In case of persons who have acquired shares and become Members of the Company after sending of the notice and holding shares as of cut-off date, may obtain the login ID and Password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he / she is already registered with NSDL for remote e-voting then he / she can use his / her existing user ID and password for casting the vote.
3. The voting rights of the members shall be in proportion to their shares of the paid up Equity Share Capital of the Company as on the 'cut-off' date being **Saturday, September 18, 2021**.
4. **SHRI B. KALYANASUNDARAM (MEMBERSHIP NO. 672) OF M/S B. K. SUNDARAM & ASSOCIATES, PRACTISING COMPANY SECRETARIES** has been appointed as the Scrutinizer to scrutinize the remote e-voting and e-voting at the AGM in a fair and transparent manner.
5. The Scrutinizer shall, immediately after the conclusion of the voting at the general meeting, will count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of atleast two witnesses not in the employment of the Company.
6. The Scrutinizer not later than 48 hours of the conclusion of the AGM shall submit a consolidated report of the total votes cast through remote e-voting process and votes cast at the AGM to the Chairman or any person authorised by him who shall countersign the same and declare the results of the voting forthwith.
7. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.kandagirimills.com](http://www.kandagirimills.com) and the website of the NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the declaration of result and shall also be immediately forwarded to BSE Limited, where the Company's shares are listed.
8. All documents referred to in this notices will be available for inspection on all working days during business hours of the Company until the date of the Annual General Meeting of the Company



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

**Item No. 3 – Remuneration of Statutory Auditors**

At the 42<sup>nd</sup> Annual General Meeting of the Company held on 11.08.2018, M/s R. Sundararajan & Associates, Chartered Accountants, were reappointed as statutory Auditors of the Company for the financial years 2018-2019 to 2021-2022. Statutory Auditors M/s R. Sundararajan & Associates, Chartered Accountants have confirmed their eligibility and willingness to continue their office. On the recommendation of the Audit Committee, Board herewith places the resolution for the remuneration payable to the statutory Auditors for conduct of the statutory audit for the FY 2021-22, before the member's for approval.

**Item No. 4 – Reappointment of Sri R. Selvarajan as Managing Director of the Company**

Board of directors of the Company at their meeting dated 27<sup>th</sup> May, 2018 had recommended the reappointment of Sri R. Selvarajan as Managing Director of the Company, for a period of 3 (three) years on a monthly remuneration (inclusive of salary, perquisites and allowances) of Rs. 3,00,000/- [payment of remuneration is subject to approval of the Company's Bankers] with effect from 01<sup>st</sup> October, 2018 on the recommendation of the Nomination and Remuneration Committee and the same was approved by the members by passing of special resolution at the 42<sup>nd</sup> AGM held on 11.08.2018.

Because of the financial crisis situation of the company, Managing Director Sri R. Selvarajan did not receive any remuneration during the three years of this reappointment (2018-2021) inspite of Company settling the entire Bank dues on 25.03.2020.

The current tenure of Managing Director Sri R. Selvarajan expires on 30<sup>th</sup> September, 2021. In view of the roles and responsibilities shouldered by Sri R. Selvarajan mainly during the critical situation Company was facing over the years, Nomination and Remuneration Committee at its meeting held on 28<sup>th</sup> June, 2021 had recommended the reappointment of Sri R. Selvarajan as Managing Director of the Company for a period of three years with effect from 01.10.2021 eventhough he has attained seventy six years of age, and the same was approved by the Board at its meeting held on the same day on 28<sup>th</sup> June, 2021. The Nomination and Remuneration Committee and the Board are of the opinion that Managing Director Sri R. Selvarajan is fit and proper person to hold the said office and it is in the best interest of the Company.

Managing Director Sri R. Selvarajan has attained seventy six years of age and the provisions of section 196 of the Companies Act, 2013, enables for passing of special resolution for his reappointment.

The Board seeks the approval of the members by way of passing special resolution for the reappointment of Managing Director Sri R. Selvarajan. A copy of the agreement containing the terms and conditions of reappointment of MD Sri R. Selvarajan is available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day upto and including the date of the Annual General Meeting

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

Except the Director Sri R. Selvarajan, to whom this resolution relates and Dr. A. Sarayu, Non-Executive Director and Sri S. Vijay Shankar, Chief Financial Officer of the Company, being relatives to the appointee Director, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the accompanying Notice of the AGM.

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

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

J. Asifa  
Company Secretary

Place : Salem  
Date : June 28, 2021

## Kandagiri Spinning Mills Limited



Name of the Director	Sri R. Selvarajan	Dr. (Mrs.) A. Sarayu
DIN	00001703	06953362
Date of birth	01-10-1944	10-03-1976
Date of Appointment	23-10-2002	09-02-2020
Qualification	Matriculate	M.B.B.S., M.S., (O & G)
Expertise in Specific Functional areas	He became the Chairman and Managing Director of the Company on 23.10.2002 and has the distinction of leading the Company since then. He has been on the Board of the various companies and has more than four decades of experience in the field of textile industry	She is a Medical Practitioner. She served as Non-Executive Director in the Company from 28.09.2014 to 10.11.2019 and continuing from 09.02.2020
Directorship in other Companies	<b>Directorship:</b> 1. SPMM Healthcare Services Private Limited 2. Sambandam Siva Textiles Private Limited 3. Sambandam Dairy Farm Limited 4. Sambandam Fabrics Private Limited 5. Sambandam Textiles Private Limited	Nil
Committee Membership in other Companies	Committee Membership : Nil	Committee Membership : Nil
No. of shares in the Company	7,78,730	53,090
Inter-se relationship with any other directors	He is related to Chief Financial Officer Sri S. Vijay Shankar and Non-Executive Director Dr. A. Sarayu	She is related to Managing Director Sri. R. Selvarajan and Chief Financial Officer Sri S. Vijay Shankar
Number of Board meetings attended during the FY 2020-21	Attended five out of five Board Meetings held during the year	Attended five out of five Board Meetings held during the year
Terms and conditions of reappointment	Reappointment of Sri R. Selvarajan for a period of three years from 01.10.2021 to 30.09.2024	Reappointment of Dr. A. Sarayu as a Non-Executive Director, liable to retire by rotation
Remuneration last drawn	Monthly Remuneration structure as follows: Salary – Rs. 1,80,000/- per month Perquisites- Rs. 1,20,000/- per month However Sri R. Selvarajan had waived his entire salary during his tenure of his office from 01.10.2018 to till date in view of financial situation of the Company	Sitting fees as fixed by the Board for attending Committee/Board Meetings: i) For Audit Committee- Rs.25,000/- per meeting; ii) For Nomination and Remuneration Committee Meeting- Rs.15,000/- per meeting; iii) Board Meeting-Rs.15,000/- per meeting; However Dr. A. Sarayu had waived her sitting fees during the FY 2020-21 in view of financial situation of the Company
Remuneration sought to be paid	Nil	Sitting fees for attending Board / Committee meetings, as may be decided by the Board from time to time, within the prescribed statutory limit.



## KANDAGIRI SPINNING MILLS LIMITED

### DIRECTORS' REPORT

Your directors hereunder submit their 45<sup>th</sup> Annual Report together with the audited accounts for the year ended March 31, 2021 (the year).

Performance Highlights	2020-21	2019-20
	(Rupees in Lakhs)	
Revenue from Operations	254	2657
Other Operating income	-	-
Other income	153	678
Total Turnover	407	3335
Gross profit/(Loss) (i.e., Profit/(Loss) before interest and depreciation)	106	(217)
Cash profit/(Loss) (i.e., Profit / (Loss) before depreciation)	77	(719)
Profit/(Loss) before exceptional Item and tax	(94)	(989)
Exceptional Item:		
Impairment loss on assets	-	-
Impairment loss on capital advances	-	(49)
Profit/(Loss) after exceptional Item (before tax) – PBT	(94)	(1038)
Tax Expense:		
Current Tax	-	40
- Current year	-	632
- MAT credit utilised	-	(474)
Deferred tax	-	(474)
Profit/(Loss) after exceptional Item and tax – PAT	(94)	(1236)
Earnings per share - basic and diluted Rs.	(2.43)	(32.10)

### Dividend

In view of the loss incurred during the year, no dividend is recommended by your Board of Directors for the financial year 2020-21.

### Retained Earnings

The aggregate of current year loss of (Rs. 93.59 lakhs) is added to the negative retaining earnings as at the beginning of the year of (Rs. 3719.60 lakhs) and the negative retained earnings aggregates to (Rs. 3813.19 lakhs) as at the end of the year.

### Financial Performance with respect to Operational Performance:

During the financial year 2019-20, using the sale proceeds of the assets of the Company (Unit-II, Unit-I part of land and building and Unit-I Plant and Machinery), the Company had closed its entire bank debts and retired the other liabilities to the extent possible. The Company ceased its yarn production and let its immovable property of land and building for lease. The lease started operational from the month of June, 2020. The situation arose out of Covid-19 Pandemic has justified the decision of the Board in discharging the entire Bank and other liabilities to the extent possible by sale of assets and leasing its immovable property to have a regular lease income. During the financial year 2020-21, the Company has earned lease income of Rs. 150 lakhs. Further the Company has carried trading of yarn and earned revenue of Rs. 254.08 lakhs. The total turnover of the Company during the FY 2020-21 is Rs. 406.60 lakhs as against the previous year turnover of Rs. 3335.43 lakhs.

The Company has incurred loss of Rs. 93.59 lakhs in the financial year 2020-21 as against the previous year loss of Rs. 989.14 lakhs.



## MANAGEMENT DISCUSSION AND ANALYSIS

### (a) Industry structure and developments and future outlook:

The company had discharged the entire Bank liabilities and the other liabilities by using the sale proceeds of the assets and let its immovable property for lease to have a regular lease income. The situation arose out of Covid pandemic had justified the decision of Board of Directors. Further, the quality of goods produced hitherto by company has generated goodwill and brand image and hence the Company involved in the yarn trading business and has generated revenue in the financial year 2020-21. With the expected improvements in the textile industry, the Company is hopeful of continuing the yarn trading in the current financial year also.

### (b) Strategies and Future plans

The Company has come out of the stress situation and been able to concentrate fully on the revival process. The cessation of Production of Yarn is to be viewed as an interim drastic measure to stem losses, protect shareholders' interests and retire all the bank liabilities. The quality of goods produced hitherto by company has generated goodwill and brand image, company carried out trading of yarn. The Company is exploring all the possibilities to revive in the near future. Further, pursuant to approval earlier obtained from shareholders of the Company vide postal Ballot resolution dated 19.12.2016 for sale of some of the assets of the Company, Board of Directors has decided to sell Company's windmill land situated at pazhavoor village, Kaniyakumari to settle the liabilities of the Company.

### (d) Risks and Concerns

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

### (e) Internal control systems

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

### (f) Human resources management

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

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

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

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





**(h) Corporate Social Responsibility**

The Board of Directors had constituted CSR committee in the year 2014, devised CSR policy and spent CSR expenditure in accordance with the provisions of section 135 of the Companies Act, 2013. Eventhough the Company has come out attracting the specified turnover/networth/profit criteria in the subsequent years for CSR applicability as stated under the provisions of section 135 of the Companies Act, 2013 read with the rules framed thereunder, on the basis for continuation of applicability of CSR provisions for three consecutive years, the Company continued the existence and functioning of CSR committee upto the FY 2019-20. As the CSR provisions became inapplicable to the Company, the CSR Committee was dissolved by the Board with effect from 18.06.2020. Since the Company does not have average net profits for the last three years calculated in accordance with the provisions of section 135 of the Companies Act, 2013, there is no CSR obligation for the Company for the FY 2020-21 and accordingly there was no CSR spend during the FY 2020-21. Further requirement of CSR disclosure in required format is not applicable for the Company

**(i) Change in Key ratios**

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

	FY 2020-21	FY 2019-20	change	change%
a. Debtors turnover ratio	2.25	8.78	(6.53)	(74.39%)
b. Inventory turnover ratio	–	33.51	–	–
c. Interest coverage ratio	(0.62)	(0.43)	1.06	(244.04%)
d. Current ratio	0.18	0.36	(0.18)	(49.73%)
e. Debt equity ratio	(2.22)	(2.31)	(0.10)	(4.12%)
f. Operating profit margin %	41.72%	(8.17%)	49.89%	
g. Net profit margin %	(36.83%)	(39.05%)	2.22%	
h. Return on net worth	(14.40%)	(222.15%)	(207.75%)	

**Explanations**

Using the sale proceeds of the assets of the Company (Unit-II, Unit-I part of land and building and Unit-I Plant and Machinery), the Company had closed its entire bank debts and retired the other liabilities to the extent possible. The Company ceased its yarn production and let its immoveable property of land and building for lease and had regular lease income. Further, the Company carried out yarn trade during the FY 2020-2021. Because of these reasons, there had been significant changes in the key ratios as compared to previous year.

**Change in nature of business**

As explained earlier, by obtaining requisite approvals, in March, 2020, the Company has sold the spinning plant and Machinery and ceased the yarn production activity and has let out the immovable property for lease and the Company receives the lease rent receivables as its income. The object clause of the Memorandum of Association of the Company is suitably altered to include the leasing business clause. Further, having generated goodwill and brand image for the quality of goods produced hitherto by company trading of yarn is carried out during the FY 2020-21.

**Annual Return**

Annual Return in the prescribed Form MGT-7 has been placed in the Company's website [www.kandagirimills.com](http://www.kandagirimills.com)

**Number of Board Meetings**

Five Board Meetings were held during the year under review and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on June 18, 2020, July 30, 2020, September 15, 2020, November 9, 2020 and February 8, 2021. The necessary quorum was present for all the meetings. All the directors of the Company have attended all the Board meetings held during the FY 2020-21.

**Establishment of Vigil Mechanism**

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



**Declaration by Independent Directors**

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

**Compliance with Secretarial Standards**

The Company has adhered compliance on applicable Secretarial Standards.

**Secretarial Audit Report**

Company has appointed M/s B. K. Sundaram & Associates, Practising Company Secretaries as Secretarial Auditors, to conduct Secretarial Audit particularly with reference to compliance with Companies Act, 2013, and relevant SEBI Regulations for the financial year 2020-21. The report of the Secretarial Audit for the financial year 2020-21 in FORM MR-3 is annexed to this report and forms part of this report. There are no disqualifications, reserves or adverse remarks or disclaimers in Secretarial Audit Report.

**Audit Committee**

Audit Committee as on 31<sup>st</sup> March, 2021 comprises of three members viz., Sri S. Elangovan, Independent Director as Chairman, Sri. S. Gnanashekarana, Independent Director and Dr. A. Sarayu, Non-Executive Director as Members. Further, during this year all the recommendations of the Audit Committee have been accepted by the Board.

**Policy of Directors Appointment and Remuneration**

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

**Independent Auditors' Report**

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

The Company 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

**Particulars of Employees**

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

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

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

**Managerial Remuneration**

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



#### **Related Party Transactions**

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

#### **Board Evaluation**

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

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

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

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

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

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

#### **Deposits**

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

- i. Deposits at the beginning of the year on 01<sup>st</sup> April, 2020: Rs. 24.95 lakhs
- ii. Deposits Accepted from shareholders during the year (2020-21): NIL
- iii. Deposits repaid during the year (2020-21): Rs. 15.95 lakhs
- iv. Deposits outstanding at the end of the financial year on 31<sup>st</sup> March, 2021: Rs. 9.00 lakhs
- v. Remained unpaid or unclaimed as at the end of the year : NIL
- vi. Any default in repayment of deposits or payment of interest thereon during the year: NIL

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

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

- i. Deposits at the beginning of the year on 01<sup>st</sup> April, 2020: Rs. 1506.97 lakhs
- ii. Deposits accepted from Directors during the year (2020-21): Rs. 59.00 lakhs
- iii. Deposits repaid during the year (2020-21): Rs. 124.40 lakhs
- iv. Deposits outstanding at the end of the financial year on 31<sup>st</sup> March, 2021: Rs.1441.57 lakhs
- v. Remained unpaid or unclaimed as at the end of the year : NIL
- vi. Any default in repayment of deposits or payment of interest thereon during the year: NIL



### **Cost Audit Report**

The Company has ceased manufacturing operations on 16.03.2020 and has earned income only from leasing business activity, from the financial year 2020-21. Further, the turnover of the Company during the FY 2019-20 is only Rs. 33.35 crore. In view of the ceasing of manufacturing operations and the turnover below Rs. 35 crore, the company will not come under the purview of both maintenance of cost records and audit of cost records.

Further, the turnover of the Company for the FY 2018-19 is Rs. 70.93 crore which is below Rs. 100 crore and accordingly the Company is exempted from the Cost Audit for the FY 2019-20. Accordingly the Company requested the Ministry of Corporate Affairs from exempting the Company from filing the Cost Audit Report for the FY 2019-20 and cancel the appointment of Cost Auditor filed by the Company for the FY 2019-20.

### **Directors**

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

Since the Company has closed its core business activity of spinning business, settled all bank liabilities and the operations of the Company had become very minimal, the Independent Directors Sri Kameshwar M. Bhat, Dr. V. Sekar and Sri D. Balasundaram, Chairman Sri S. Devarajan and Non-Executive Director Sri S. Vijay Shankar resigned from the Board with effect from 18.06.2020 as they felt their contribution as Board of Directors of the Company is not much required for the Company at this stage. Accordingly, the Board of the Company is downsized. Sri S. Vijay Shankar is continuing as Chief Financial Officer of the Company. Sri S. Gnanashekarana was appointed as Chairman of the Company by the Board of Directors on 18.06.2020.

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

Non-Executive Director Dr. A. Sarayu retires by rotation at this ensuing (45<sup>th</sup>) Annual General Meeting of the Company and being eligible offers herself for reappointment. The resolution has been placed in the notice for member's approval

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

Sri R. Selvarajan was reappointed as Managing Director of the Company at the 42<sup>nd</sup> AGM of the Company held on 11.08.2018 for a period of three years (from 01.10.2018 to 30.09.2021) on a remuneration of Rs. 3,00,000/- per month. However in view of the financial crisis of the Company, MD had not received any salary during the period of three years.

The term of Managing Director expires on 30.09.2021. Based on the recommendation of Nomination and Remuneration Committee, Board of Directors has placed the resolution for reappointment of Sri R. Selvarajan for a period of three years (from 01.10.2021 to 30.09.2024) in the notice for member's approval.

### **Key Managerial Personnel**

In view of the financial crisis of the Company, MD and CFO had waived their entire salary during the financial year 2020-21

### **Auditors**

At the 42<sup>nd</sup> Annual General Meeting held on 11.08.2018, M/s R. Sundararajan & Associates, Chartered Accountants, were reappointed as statutory Auditors of the Company from the financial year 2018-2019 to 2021-2022. Statutory Auditors M/s R. Sundararajan & Associates, Chartered Accountants have confirmed their eligibility and willingness to continue their office. On the recommendation of the Audit Committee, Board is placing the resolution for the remuneration payable to the statutory Auditors for the FY 2021-22 before the member's for approval.

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

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in note 42 to the notes to the Standalone financial statements.



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

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. The Company has set up a Committee for addressing issues related to women and during the financial year 2020-21, there were no complaints received on sexual harassment.

**Performance of Associate Company**

Your Company has an associate M/s SPMM Healthcare Services Private Limited within the meaning specified under Section 2 (6) of Companies Act, 2013. M/s SPMM Healthcare services private Limited has recorded a total revenue of Rs. 399.83 lakhs during the year 2020-21 as against Rs.445.70 lakhs in the previous year and profit after tax of Rs. 9.54 lakhs during the year 2020-21 as against Rs. 6.22 lakhs in the previous year. A separate statement containing the salient features of the financial statement of the associate in FORM AOC -1 has also been annexed with this report as per the requirements of provisions of section 129 of the Companies Act, 2013 and forms part of this report.

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

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

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

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

**Annexures to this Report**

The following are the annexures to this report

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

**Cautionary Note**

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

**Acknowledgement**

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

Salem  
June 28, 2021

For and on behalf of the Board  
**S. Gnanashekar**  
Chairman  
(DIN: 06796817)



## Annexure - 1

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

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

- i. in the preparation of the annual accounts for the financial year 2020-21, the applicable accounting standards have been followed and there are no material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the financial year;
- iii. they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating properly; and
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**FORM AOC - 1**

## Annexure - 2

**PART "A": SUBSIDIARIES**

Not Applicable since the Company does not have any subsidiary.

**PART "B": ASSOCIATES**

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

Sl. No.	Name of Associate	SPMM Healthcare Services Private Limited	
1.	Latest audited Balance Sheet Date	31-03-2021	31-03-2020
2.	Shares of Associate held by the Company on the year end : Number of Shares Amount of Investment in Associates Extend of Holding %	20,00,000 Rs. 2,00,00,000 lakhs 50%	20,00,000 Rs. 2,00,00,000 lakhs 50%
3.	Description of how there is significant influence	Associate Company	Associate Company
4.	Reason why the associate / joint venture is not consolidated	Not Applicable	Not Applicable
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	Rs. 134.31 lakhs	Rs. 129.54 lakhs
6.	Profit for the year	Rs. 9.54 lakhs	Rs. 6.22 lakhs
7.	Profit attributable to the Shareholding	Rs. 4.77 lakhs	Rs. 3.11 lakhs

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

For and on behalf of the Board

Salem,  
June 28, 2021

**S. Gnanashekar**  
Chairman  
(DIN : 06796817)

**A. Sarayu**  
Director  
(DIN : 06953362)

**J. Asifa**  
Company  
Secretary

**S. Vijay Shankar**  
Chief Financial  
Officer



## Form No.AOC-2

## Annexure - 3

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

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

Particulars	Details of contract /arrangements / transactions
a) Name of the related party and nature of relationship	# M/s Sambandam Spinning Mills Limited Relationship: Sri S. Devarajan is Chairman and Managing Director of Sambandam Spinning Mills Limited
b) Nature of Contract /arrangements / transactions	Lease of land, building, other infrastructural facilities of Unit-I of the Company and for providing management and supervision services
c) Salient terms of the contracts or arrangements or transactions including the value, if, any	Providing lease of land and building for a period of six years at lease rent of not less than Rs. 15 lakhs per month plus applicable GST (with a lease rent deposit of Rs. 15 lakhs) and the following; a) Infrastructure charges for providing infrastructural facilities in the leased premises of not more than Rs. 1 lakh per month plus applicable GST; b) Management and supervision fees for providing management and supervision services for carrying out the business activity in leased premises of not more than Rs. 5 lakhs per month plus applicable GST
d) Date of approval by the Board	Though the above related party transaction is at arms length basis, because of the material nature, on the recommendation and approval of Audit Committee and Board at their respective meetings held on 05.01.2020, Company obtained shareholders approval vide Postal Ballot resolution dt. 15.02.2020
e) Amount paid as advances, if, any	Nil
f) Lease rent advance received	Rs. 15 lakhs [Details given upto 18.06.2020, as explained in the remarks below under column (h)]
g) Date of execution	Lease deed executed on 16.03.2020, but the lease is operational only from 01.06.2020.
h) Remarks	On account of resignation of Chairman Non-Executive Director Sri S. Devarajan from the Board of the Company on 18.06.2020, Sambandam Spinning Mills Limited ceased to be a related party w.e.f 18.06.2020. Hence the transactions carried out with sambandam spinning Mills Limited on or after 18.06.2020 does not cover under related party transactions

**NOTE :**

Apart from the above disclosure, during the year under review, related party transactions which did not fall under the purview of disclosures under Companies Act, 2013 and SEBI Regulations and are covered under Ind AS 24 disclosure are given in note 34 to the notes to the standalone financial statements. There were no materially significant transactions with Related Parties during the financial year 2020-21 which were in conflict with the interest of the Company.

Salem  
June 28, 2021

For and on behalf of the Board.  
**S. Gnanashekar**  
Chairman  
(DIN: 06796817)



Annexure - 4

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

**B.KALYANASUNDARAM,**  
B.Com., ACMA., ACS.,

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

**FORM NO. MR - 3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2021**

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

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

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

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by M/s.Kandagiri Spinning Mills Limited (the Company) and also the information provided electronically by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended on 31<sup>st</sup> March 2021, according to the provisions of:

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





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

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

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

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

- (i) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (ii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
  - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

**We further report that :**

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

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

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

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

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

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

**(B.KALYANASUNDARAM)**

COMPANY SECRETARY

ACS NO. A672. CP. NO. 2209

UDIN : A000672C000511501

Peer Review Cert No.:1215/2021

ICSI Unique code: S1994TN013100

Place : Trichy  
Date : 28-06-2021

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



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

**B.KALYANASUNDARAM,**  
B.Com., ACMA., ACS.,

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

**ANNEXURE TO SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2021**

**OF**

**M/s.KANDAGIRI SPINNING MILLS LIMITED**

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

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

**(B.KALYANASUNDARAM)**  
COMPANY SECRETARY

ACS NO. A672. CP. NO. 2209

UDIN : A000672C000511501

Peer Review Cert No.:1215/2021

ICSI Unique code: S1994TN013100

Place : Trichy

Date : 28-06-2021

**PARTICULARS OF REMUNERATION**

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

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

<b>NON EXECUTIVE DIRECTORS *</b>	<b>RATIO TO MEDIAN REMUNERATION</b>
Sri S. Gnanashekarani	—
Sri S. Devarajan #	—
Sri S. Sivakumar **	—
Dr. A. Sarayu	—
Sri Kameshwar M Bhat #	—
Dr. V. Sekar #	—
Sri D. Balasundaram #	—
Sri S. Vijay Shankar *#	—
Sri S. Elangovan	—
<b>EXECUTIVE DIRECTOR</b> SRI R. SELVARAJAN, MD*	—

\* - In view of unsatisfactory financial performance of the Company, MD has waived his entire salary during the FY 2020-21.

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

<b>NON EXECUTIVE DIRECTORS *</b>	<b>% Increase in Remuneration</b>
Sri S. Devarajan #	—
Sri S. Sivakumar **	—
Dr .A. Sarayu	—
Sri S. Gnanashekarani	—
Sri. Kameshwar M Bhat #	—
Dr. V. Sekar #	—
Sri D. Balasundaram #	—
Sri S. Elangovan	—
<b>EXECUTIVE DIRECTOR</b> Sri R. Selvarajan, MD	Nil
<b>CHIEF FINANCIAL OFFICER &amp; NON - EXECUTIVE DIRECTOR #</b> Sri S. Vijay Shankar*#	Nil
<b>COMPANY SECRETARY</b> Ms. J. Asifa	Nil

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

# Resigned from the Board of Directors on 18.06.2020

\*\* Not stand for re-election and hence cessation of Directorship from 23.09.2020

\*# Sri S. Vijay Shankar did not receive any sitting fees in his capacity as non-executive director but only receives remuneration in the capacity of CFO. Sri S. Vijay Shankar resigned from the Board of Directors on 18.06.2020 and continuing as CFO of the Company from 18.06.2020.



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

There is no increase in managerial remuneration during the year 2020-21. Further, in view of the unsatisfied performance of the Company, MD and CFO had waived their entire salary during the financial year 2020-21.

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

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

Annexure - 6

#### CEO / CFO CERTIFICATION

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

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

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

Salem  
28.06.2021

**R. Selvarajan**  
Managing Director

**S. Vijay Shankar**  
Chief Financial Officer



**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF KANDAGIRI SPINNING MILLS LIMITED**

**Report on the audit of the Standalone Financial Statements**

**Qualified Opinion**

We have audited the accompanying Standalone Financial Statements of **Kandagiri Spinning Mills Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Standalone financial Statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, **except for the effect of the matters described in the Basis for qualified opinion paragraph**, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss including other comprehensive income, its cash flow and the changes in equity for the year ended on that date.

**Basis for Qualified Opinion**

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 conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India 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 audit opinion on the standalone financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section out of report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our opinion on the accompanying standalone financial statements.

**A. REVENUE RECOGNITION**

**Key Audit Matter Description**

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

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

**Response to Key Audit Matter**

**Principal Audit Procedures**

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



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

**Conclusion**

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

**Emphasis of Matter**

We draw your attention to Note 44 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.

Our opinion is not modified in respect of this matter.

**Other Information**

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

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Responsibilities of Management and those charged with governance for the Standalone Financial Statements**

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



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

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

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

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

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements 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 financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of the India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, based on our audit we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account.
  - (d) In our opinion, except for matter described in the Basis of Qualified Opinion Paragraph, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the Internal Financial Controls Over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2" to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (g) The Company has not paid/provided any managerial remuneration to the directors of the Company and hence the question of compliance of requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act does not arise.
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule 2014, as amended in our opinion and the to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial Statements – Refer Note 36 to the Standalone financial statements.
    - ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2021.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
    - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the company for the year ended March 31, 2021.

Place : Salem  
Date : June 28, 2021

For **R. Sundararajan & Associates**  
Chartered Accountants  
Registration No.008282S  
**S. Krishnan** - Partner  
Membership No. 26452  
UDIN : 21026452AAAACE9591





**“ANNEXURE - 1” to the Independent Auditor's Report referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date on the standalone financial statements of Kandagiri Spinning Mills Limited**

1. In respect of its fixed assets:
  - (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
  - (c) According to the information and explanations given to us and based on the examination of registered sale deeds/ transfer deeds/ conveyance deeds provided to us, we report that the title deeds, of all the immovable properties are held in the name of the Company.
2. As explained to us the inventories other than goods in transit have been physically verified at the year-end by the management and no material discrepancies were noticed on such physical verification.
3. The Company has not granted any loans, secured or unsecured to firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
4. In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 in respect of investments made have been complied with by the Company. The Company has not granted any loans, secured or unsecured to any party covered by provisions of section 185 and 186 of the Companies Act, 2013. The Company has furnished guarantee and provided security to one company and the provisions of section 185 and 186 of the Companies Act, 2013 has been duly complied with.
5. According to information and explanations given to us, the Company has not accepted any deposits from public however in respect of the deposits accepted from shareholders, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the Companies (Acceptance of Deposits) Rules, 2014.
6. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under Sub section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate and complete.
7. According to the information and explanations given to us and the books of account examined by us, in respect of statutory dues:
  - (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, Customs duty, cess and any other statutory dues have generally been regularly deposited with the appropriate authorities.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and service tax, customs duty, cess and other statutory dues were outstanding, at year end, for a period of more than six months from the date they became payable.
  - (c) According to the records of the company, the dues of sales tax on account of any dispute are as follows:

(Rs. in Lakhs)

Nature of dues	Disputed dues (Net)	Period to which the amount relates	Forum where the dispute is pending
Sales tax	0.36	2000-01	Sales tax appellant Tribunal



8. The Company does not have any borrowings from any financial institution or from banks or from Government or by way of debentures.
9. The Company has not raised any money by way of initial public offer or further public offers (including debt instruments) during the year. Hence reporting on utilization of such money does not arise.
10. To the best of our knowledge and belief, and according to the information and explanations given to us, and considering the size and nature of the Company's operations, no fraud by the Company and no fraud of material significance on the Company by its officer's or employee's has been noticed or reported during the year.
11. According to the information and explanations given to us, the company hasnot paid/provided any managerial remuneration and hence the question of compliance of the provisions of Section 197 read with Schedule V to the Companies Act, 2013 does not arise.
12. The Company is not a Nidhi Company and accordingly the provisions of Clause (xii) of the Order are not applicable to the Company.
13. In our opinion and according to the information and explanations given to us all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable. The details of the transactions during the year have been disclosed in the Standalone financial statements as required by the applicable Accounting Standards.
14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under Clause (xiv) of the Order is not applicable.
15. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions during the year with directors or persons connected with them. Hence reporting on whether there is compliance with provisions of section 192 of the Companies Act, 2013 does not arise.
16. The Company is not required to be registered under section 45- IA of the Reserve Bank of India Act, 1934.

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

**S. Krishnan** - Partner  
Membership No. 26452  
UDIN : 21026452AAAACE9591

Place : Salem  
Date : June 28, 2021

**“ANNEXURE - 2” to the Independent Auditor's Report of even date on the Standalone Financial Statements of Kandagiri Spinning Mills Limited**

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

1. We have audited the internal financial controls over financial reporting of Kandagiri Spinning Mills Limited (“the Company”) as of March 31, 2021 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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



**Auditor's Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

8. In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**S. Krishnan** - Partner  
Membership No. 26452  
UDIN : 21026452AAAAACE9591

Place : Salem  
Date : June 28, 2021

## Kandagiri Spinning Mills Limited



### Standalone Balance Sheet as at March 31, 2021

Particulars	Note No.	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	1	1,125.55	1,154.72
Financial assets			
Investments	2	154.71	154.71
Other financial asset	3	146.06	140.33
Advance tax assets(net)	4	12.47	2.22
Other non-current assets	5	2.00	2.00
		<u>1,440.79</u>	<u>1,453.98</u>
<b>Current assets</b>			
Inventories	6	–	79.29
Financial assets			
Trade receivables	7	113.02	302.65
Cash and cash equivalents	8a	24.88	5.70
Other Bank balances	8b	3.88	9.97
Others	9	–	2.72
Other current assets	10	–	0.63
		<u>141.78</u>	<u>400.96</u>
<b>Total assets</b>		<u>1,582.57</u>	<u>1,854.94</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	385.74	385.74
Other equity	12	(1,035.53)	(941.94)
		<u>(649.79)</u>	<u>(556.20)</u>
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	13	1,441.57	1,286.92
Deferred tax liabilities (net)	14	–	–
Provisions	15	–	–
		<u>1,441.57</u>	<u>1,286.92</u>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	16	–	–
Trade payables	17	–	–
(a) Total outstanding dues of micro enterprises and small enterprises		0.65	0.34
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		360.29	196.06
Provisions	18	–	–
Other financial liabilities	19	187.81	420.21
Other current liabilities	20	242.04	507.61
		<u>790.79</u>	<u>1,124.22</u>
<b>Total equity and liabilities</b>		<u>1,582.57</u>	<u>1,854.94</u>

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

As per our report of even date

For **R. Sundararajan & Associates**

Chartered Accountants

Firm Registration No.008282S

**S. Krishnan** - Partner

Membership No. 26452

Salem

June 28, 2021

For and on behalf of the board

**R. Selvarajan**

Managing Director

DIN : 00001703

**J. Asifa**

Company Secretary

**Dr. A. Sarayu**

Director

DIN : 06953362

**S. Vijay Shankar**

Chief Financial Officer



## Standalone Statement of Profit and Loss for the year ended March 31, 2021

Particulars	Note No.	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>Income</b>			
Revenue from operations	21	254.08	2,657.12
Other income	22	152.52	678.31
Total income		406.60	3,335.43
<b>Expenses</b>			
Cost of materials consumed	23	203.91	1,913.15
Changes in inventories of finished goods and work-in- progress	24	47.21	429.58
Employee benefits expense	25	12.15	405.67
Finance cost	26	170.11	501.62
Depreciation and amortization expense	27	29.17	211.08
Other expenses	28	37.64	863.47
Total Expenses		500.19	4,324.57
<b>Profit/(loss) before exceptional items and tax</b>		(93.59)	(989.14)
<b>Exceptional item</b>	29	-	(48.49)
<b>Profit/(loss) before tax</b>		(93.59)	(1,037.63)
<b>Tax expense :</b>			
Current tax - current year		-	40.00
- MAT credit utilised		-	632.07
Deferred tax		-	(474.09)
<b>Income tax expense</b>		-	197.98
<b>Profit/(loss) for the period from continuing operations</b>		(93.59)	(1,235.61)
<b>Other comprehensive income</b>			
Other comprehensive income not to reclassified to profit or loss in subsequent periods		-	-
Re-measurement gains/(losses) on defined benefit plans		-	79.61
Income tax effect		-	-
<b>Other comprehensive income</b>		-	79.61
<b>Total comprehensive income for the year</b>		(93.59)	(1,156.00)
Earning per share (Face value Rs.10 per share)			
-Basic and diluted (Rs.) (Refer Note 32)		(2.43)	(32.10)

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

As per our report of even date

For **R. Sundararajan & Associates**

Chartered Accountants

Firm Registration No.008282S

**S. Krishnan** - Partner

Membership No. 26452

Salem

June 28, 2021

For and on behalf of the board

**R. Selvarajan**  
Managing Director  
DIN : 00001703

**Dr. A. Sarayu**  
Director  
DIN : 06953362

**J. Asifa**  
Company Secretary

**S. Vijay Shankar**  
Chief Financial Officer

## Kandagiri Spinning Mills Limited



### Statement of standalone cash flows for the year ended March 31, 2021

Particulars	Note No.	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>Cash Flows from Operating Activities</b>			
Profit / (Loss) before tax		(93.59)	(1,037.63)
Adjustments for :			
Depreciation		29.17	211.08
Interest Expense		170.11	501.62
Interest Income		(2.52)	(4.71)
(Profit) / loss on sale of property, plant and equipment		-	(514.31)
(Profit) / loss on sale of Long term investments		-	-
Impairment loss on assets		-	48.49
<b>Operating profit before working capital changes</b>		<b>103.17</b>	<b>(795.46)</b>
Adjustments for changes in :			
Inventories		79.29	1,436.51
Trade receivables		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>278.37</b>	<b>(2,508.85)</b>
Income Tax paid		(10.25)	18.49
<b>Net Cash Flow from Operating Activities</b>	(A)	<b>268.12</b>	<b>(2,490.36)</b>
<b>Cash Flows 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)	<b>2.52</b>	<b>4,395.78</b>
<b>Cash Flows 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 Flow from Financing Activities</b>	(C)	<b>(251.46)</b>	<b>(1,902.47)</b>
<b>NET CASH INFLOW / (OUTFLOW)</b>	(A+B+C)	<b>19.18</b>	<b>2.95</b>
Opening Cash and Cash Equivalents	(D)	5.70	2.75
Closing Cash and Cash Equivalents	(E)	24.88	5.70
<b>NET INCREASE/ (DECREASE) IN CASH</b>	(E-D)	<b>19.18</b>	<b>2.95</b>

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

As per our report of even date

For **R. Sundararajan & Associates**

Chartered Accountants

Firm Registration No.008282S

**S. Krishnan** - Partner

Membership No. 26452

Salem

June 28, 2021

For and on behalf of the board

**R. Selvarajan**

Managing Director

DIN : 00001703

**J. Asifa**

Company Secretary

**Dr. A. Sarayu**

Director

DIN : 06953362

**S. Vijay Shankar**

Chief Financial Officer



## Statement of Changes in Equity for the year ended March 31, 2021

## A. Equity share Capital

Rs. in Lakhs

	Balance as on 01.04.2019	Changes in equity capital during the year	Balance at the end of March 31, 2020	Changes in equity share capital during the year	Balance as on March 31, 2021
Equity share capital	385.74	–	385.74	–	385.74

## B. Other Equity

Rs. in Lakhs

Particulars	Reserves & Surplus			Total
	Securities Premium	General Reserve	Retained Earnings	
Balance at the beginning of April 1, 2019	548.62	2,229.04	(2,563.60)	214.06
(Loss) for the year	–	–	(1,235.61)	(1,235.61)
Other Comprehensive income	–	–	79.61	79.61
<b>Total Comprehensive income for the year</b>	–	–	(1,156.00)	<b>(1,156.00)</b>
<b>Balance at the end of March 31, 2020</b>	<b>548.62</b>	<b>2,229.04</b>	<b>(3,719.60)</b>	<b>(941.94)</b>
(Loss) for the year	–	–	(93.59)	(93.59)
Other Comprehensive income	–	–	–	–
Total Comprehensive income for the year	–	–	(93.59)	(93.59)
<b>Balance at the end of March 31, 2021</b>	<b>548.62</b>	<b>2,229.04</b>	<b>(3,813.19)</b>	<b>(1,035.53)</b>

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

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

For and on behalf of the board

**S. Krishnan** - Partner  
Membership No. 26452

**R. Selvarajan**  
Managing Director  
DIN : 00001703

**Dr. A. Sarayu**  
Director  
DIN : 06953362

Salem  
June 28, 2021

**J. Asifa**  
Company Secretary

**S. Vijay Shankar**  
Chief Financial Officer



## Notes annexed to and forming part of the Standalone Financial Statements

## 1. PROPERTY, PLANT AND EQUIPMENT (PPE)

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

2019 - 2020	Gross Carrying Amount(Cost/deemed cost)			Accumulated depreciation / Impairment			Net Carrying Amount 31.03.2020	
	01.04.2019	Additions	(Deletions)	31.03.2020	01.04.2019	Charge for the year		Disposal
Description								
Land - Freehold land	510.24	-	-	510.24	-	-	-	510.24
Buildings	745.58	4.22	-	749.80	109.40	29.17	-	611.23
Plant and Equipment	1,935.23	21.85	1,957.08	-	483.65	171.74	655.39	-
Furniture and Fixtures	5.82	-	-	5.82	2.25	0.06	-	3.51
Vehicles	74.18	-	-	74.18	34.53	10.11	-	29.54
Office equipment	0.61	-	-	0.61	0.41	-	-	0.20
<b>Total</b>	<b>3,271.66</b>	<b>26.07</b>	<b>1,957.08</b>	<b>1,340.65</b>	<b>630.24</b>	<b>211.08</b>	<b>655.39</b>	<b>1,154.72</b>





## Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>2. Non current financial asset - Investments</b>		
<b>Unquoted</b>		
<b>Investments in Equity instruments</b>		
<b>Associates</b>		
20,00,000 (2020 : 20,00,000) Equity shares of Rs.10 each in SPMM Health Care Services Private Limited	<u>154.71</u>	<u>154.71</u>
	<u>154.71</u>	<u>154.71</u>
a. Aggregate value of unquoted investments	<u>154.71</u>	<u>154.71</u>
Aggregate value of impairment in value of investments		
b. Investments are fully paid-up unless otherwise stated		
<b>3. Non current - Other financial asset</b>		
Security deposit with related parties	-	-
Security deposit	<u>146.06</u>	<u>140.33</u>
Employee advances	-	-
	<u>146.06</u>	<u>140.33</u>
<b>4. Non current - Advance tax assets (net)</b>		
Advance income tax (net)	<u>12.47</u>	<u>2.22</u>
	<u>12.47</u>	<u>2.22</u>
<b>5. Other non current assets</b>		
(Unsecured, considered good)		
Balances with Government authorities (paid under protest)	<u>2.00</u>	<u>2.00</u>
	<u>2.00</u>	<u>2.00</u>
<b>6. Inventories</b>		
Raw materials	-	32.08
Finished goods	-	47.21
	-	<u>79.29</u>
Note :		
1. Cost of materials consumed during the year, Refer Note No.23		
<b>7. Trade receivables</b>		
(Unsecured, considered good)		
Receivables - Trade receivables	<u>113.02</u>	-
- Others	-	302.65
	<u>113.02</u>	<u>302.65</u>
<b>8a. Cash and cash equivalents</b>		
Cash on hand	<u>0.87</u>	0.98
Balances with banks-current accounts	<u>24.01</u>	4.72
	<u>24.88</u>	<u>5.70</u>
<b>8b. Bank balances other than above</b>		
Unclaimed dividend accounts (earmarked)	-	-
Liquid assets deposits #	<u>1.88</u>	9.72
Deposits with Banks held as margin money #	<u>2.00</u>	0.25
	<u>3.88</u>	<u>9.97</u>
# represents deposits with original maturity of more than 3 months and less than 12 months		
<b>9. Other financial assets - current</b>		
(Unsecured considered good)		
Interest accrued on deposits	-	2.72
Other receivable	-	-
	-	<u>2.72</u>



## Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>10. Other current assets</b>		
(Unsecured considered good)		
Prepaid expenses	-	-
Supplier advances	-	0.63
Balance with government authorities	-	-
	<u>-</u>	<u>0.63</u>
<b>11. Equity</b>		
<b>Authorised share capital</b>		
50,00,000 equity shares (March 31, 2020 50,00,000) of Rs. 10 each with voting rights	<u>500.00</u>	<u>500.00</u>
<b>Issued share capital</b>		
38,65,650 equity shares (March 31, 2020 38,65,650) of Rs. 10 each with voting rights	<u>386.57</u>	<u>386.57</u>
<b>Subscribed and paid up share capital</b>		
38,49,250 equity shares (March 31, 2020 38,49,250) of Rs. 10 each with voting rights	<u>384.92</u>	<u>384.92</u>
Add Forfeited shares (amount originally paid in respect of 16,400 equity shares)	<u>0.82</u>	<u>0.82</u>
	<u>385.74</u>	<u>385.74</u>
<b>Notes :</b>		
<b>1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period</b>		
Outstanding at the beginning and end of the year	<b>38,49,250</b>	38,49,250
<b>2. Terms/rights and restrictions in respect of equity shares</b>		
The company has one class of equity shares having a par value of Rs.10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to number of equity shares held by the shareholders.		
<b>3. Shareholders holding more than 5% of the total share capital:</b>		
Name of the shareholder	2021	No. of shares % 2020 %
Equity shares with voting rights		
R. Selvarajan	<b>7,78,730</b>	<b>20.23</b> 7,78,730 20.23
S. VijayaShankar	<b>4,09,582</b>	<b>10.64</b> 4,09,582 10.64
<b>4. Share issue in preceeding five years</b>		
Aggregate number and class of shares allotted for consideration other than cash, bonus, etc. in the five years immediately preceeding the Balance Sheet date as on March 31, 2021 is Rs. Nil (2020 : Nil).		
<b>12. Other equity</b>		
Securities premium - Note A	<b>548.62</b>	548.62
General reserve - Note B	<b>2,229.04</b>	2,229.04
Retained earnings - Note C	<b>(3,813.19)</b>	(3,719.60)
	<u>(1,035.53)</u>	<u>(941.94)</u>

Refer Statement of Changes in Equity for additions/ deletions in each reserve.

**Notes :**

- A. Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.
- B. General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, Bonus issue, etc.
- C. Revaluation reserve of Rs 20,83,49,118 transferred to Retained earnings on the transition date may not be available for distribution.



## Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>13. Non current - Financial liabilities - Borrowings</b>		
Secured Borrowings		
Term loan from banks	-	-
Unsecured		
Fixed deposits	<u>1,441.57</u>	<u>1,286.92</u>
	<u>1,441.57</u>	<u>1,286.92</u>
<b>Note :</b>		
1. Refer Note 19 for current maturities of non current borrowings		
2. Refer Note 34 for fixed deposits held by related parties		
<b>14. Deferred tax asset/liability (net)</b>		
Deferred tax liability	-	-
Deferred tax assets	-	-
Deferred tax liability-net	-	-
Unused tax credits (MAT credit entitlement)	-	-
Net deferred tax/liability	-	-
Note : Refer Note 30 for details of deferred tax liability and asset		
<b>15. Non current liabilities - Provisions</b>		
Provision for employee benefits		
Compensated absences	-	-
	-	-
<b>16. Current financial liabilities - borrowings</b>		
Secured borrowings - from banks		
Cash credit facilities	-	-
	-	-
<b>17. Current financial liabilities - trade payables</b>		
Trade payables (Refer Note 38)		
(a) Total outstanding dues of micro enterprises and small enterprises	0.65	0.34
(b) Total outstanding dues of creditors other than micro enterprises	<u>360.29</u>	<u>196.06</u>
	<u>360.94</u>	<u>196.40</u>
<b>18. Current provisions</b>		
Compensated absences	-	-
	-	-
<b>19. Other Current financial liabilities</b>		
Current maturities of long-term debts	9.00	245.00
Interest accrued and due on borrowings	153.10	-
Unclaimed Dividends	-	-
Contribution to Gratuity Fund	-	116.27
Accrued expenses/liabilities	1.15	48.11
Lease rent advance	15.00	-
Employee payable	<u>9.56</u>	<u>10.83</u>
	<u>187.81</u>	<u>420.21</u>
<b>20. Other Current liabilities</b>		
Advance for sale of assets	228.00	178.00
Statutory liabilities	<u>14.04</u>	<u>329.61</u>
	<u>242.04</u>	<u>507.61</u>
<b>21. Revenue from operations</b>		
Sale of products		
Yarn	254.08	2,646.34
Process waste	-	10.78
	<u>254.08</u>	<u>2,657.12</u>



## Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>22. Other income</b>		
Interest income from		
Security deposits and bank deposits	2.52	4.71
Lease rental income received	150.00	-
Provision no longer required and written back		
- Employees Compensated absences	-	159.29
Profit on sale of assets	-	514.31
	<u>152.52</u>	<u>678.31</u>
<b>23. Cost of materials consumed</b>		
Cotton, viscose, modaal	1.20	1,870.30
Others-Yarn purchase for trading	202.71	42.85
	<u>203.91</u>	<u>1,913.15</u>
<b>24. Changes in Inventories of finished goods and work-in-progress</b>		
<b>Closing stock</b>		
Finished goods	-	47.21
Work-in-progress	-	-
	<u>-</u>	<u>47.21</u>
<b>Opening stock</b>		
Finished goods	47.21	309.63
Work-in-progress	-	167.16
	<u>47.21</u>	<u>476.79</u>
Net change in inventories	<u>47.21</u>	<u>429.58</u>
<b>25. Employee benefits expense</b>		
Salaries, wages and bonus	5.50	356.09
Contribution to provident, gratuity and other funds	-	44.88
Welfare expenses	6.65	4.70
	<u>12.15</u>	<u>405.67</u>
<b>26. Finance costs</b>		
Interest expense on borrowings	170.11	501.62
Other borrowing costs	-	-
	<u>170.11</u>	<u>501.62</u>
<b>27. Depreciation and amortisation expense</b>		
<b>Property, Plant and Equipment</b>		
Buildings	29.17	29.17
Plant and machinery	-	171.74
Furniture and fittings	-	0.06
Office equipments	-	-
Vehicles	-	10.11
Total depreciation on property, plant and equipment	<u>29.17</u>	<u>211.08</u>
<b>28. Other expenses</b>		
Consumption of stores and spares	-	66.23
Power and fuel	0.61	669.03
Repairs and maintenance - Buildings	0.02	0.85
- Plant and machinery	0.16	11.54
Insurance	(0.11)	15.92
Rates and taxes	16.05	13.93
Packing and forwarding charges	-	1.01
Brokerage and commission on sales	0.07	-
Travel and vehicle upkeep expenses	0.12	24.48
Donation and charity	-	-
Bank and other financial charges	0.11	27.47
Miscellaneous expenses	20.61	33.01
	<u>37.64</u>	<u>863.47</u>
<b>29. Exceptional item</b>		
Impairment loss on capital advances	-	(48.49)
	<u>-</u>	<u>(48.49)</u>



**Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2021**

**1. Corporate Information**

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

The Board of Directors approved the standalone financial statement for the year ended March 31, 2021 at their Board meeting held on 28<sup>th</sup> June 2021.

**2. Significant Accounting Policies**

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

**a) Basis of preparation of financial statements**

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

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

**(ii) Historical cost convention**

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

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

**(iii) New and amended standards adopted by the Company**

The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2020.

- Definition of material – amendments to Ind AS 1 and Ind AS 8
- Definition of business – amendments to Ind AS 103
- Covid-19 related concessions – amendments to Ind AS 116
- Interest rate benchmark reform – amendments to Ind AS 109 and Ind AS 107

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly effect the current or future periods.

**b) Foreign currency translation**

**(i) Functional and presentation currency**

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

**(ii) Transactions and balances**

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



**Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2021**

**3. Revenue recognition**

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

**Sale of Goods**

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

**4. Other Income**

Other Income comprises of Lease rental and Interest income are accounted on accrual basis.

Lease rental income is accrued on a time basis, based on the lease agreement executed.

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

**5. Employee benefits**

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

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

- (ii) Retirement Benefit plans and Post-employment benefits

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

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

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

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

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



**Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2021**

**6. Property, Plant and Equipment Cost:**

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

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

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

**Depreciation /amortization:**

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

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

**De-recognition:**

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

**7. Leases**

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

**8. Impairment of assets**

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

**9. Inventories**

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

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

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



**Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2021**

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

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

The cost for the said purpose is determined as follows:

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

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

**10. Government grants**

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

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

**11. Borrowing costs**

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

**12. Research and development**

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

**13. Income Taxes**

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

**Current Tax:**

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

**Deferred Tax**

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





**Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2021**

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

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

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

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

**14. Provisions and contingencies**

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

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

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

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

**15. Financial Instruments**

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

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

***Financial assets:***

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

**Classification of financial assets**

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



**Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2021**

**After initial recognition:**

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

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

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

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

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

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

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

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

**Investments in equity instruments of subsidiaries, joint ventures and associates**

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

**Impairment of financial assets:**

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

**De-recognition of financial assets:**

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

**Impairment of financial assets**

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



**Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2021**

***Financial liabilities and equity instruments:  
Classification as debt or equity***

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

***Equity Instruments***

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

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

***Financial liabilities***

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

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

***Financial guarantee contracts***

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

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

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

***De-recognition of financial liabilities:***

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



**Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2021**

***Derivative financial instruments:***

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

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

***Embedded derivatives***

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

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

***Hedge accounting:***

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

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

***Fair value hedges***

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

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

***Cash flow hedges***

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

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



**Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2021**

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

**16. Cash flow statement**

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

**17. Cash and cash equivalents**

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

**18. Earnings per share**

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

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

**19. Critical accounting judgments and key sources of estimation uncertainty**

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

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

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

***Inventories***

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



**Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2021**

***Taxation***

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

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

***Provisions***

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

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

***Fair value measurements and valuation processes***

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

***Estimation of uncertainty relating to COVID-19 pandemic***

The Company has considered internal and external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact of COVID-19 on the financial statements. Based on projections of the Company's performance, management does not anticipate any challenge in the Company's ability to continue as a going concern or meeting its financial obligations. The Company expects to fully recover the carrying amount of trade receivables, and other assets. The Company has additionally, on a prudent basis, assessed existence of any indication of impairment of carrying values of property, plant and equipment and investments at the year-end in accordance with the requirements of Ind AS 36 – Impairment of Assets. Based on such assessment, management is confident that no indications of impairment of carrying values of property, plant and equipment and investments exist as on the date of approval of these financial statements. The impact of COVID-19 remains uncertain and may be different from what we have estimated as of the date of approval of these standalone financial statements and the Company will continue to closely monitor any material changes to future economic conditions.



## Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>30. Income taxes relating to continuing operations</b>		
<b>a) Income tax recognised in Statement of profit and loss</b>		
<b>Current tax</b>		
In respect of the current year	-	40.00
MAT credit utilised	-	632.07
	-	672.07
<b>Deferred tax</b>		
In respect of the current year – withdrawals	-	(474.09)
	-	(474.09)
Total income tax expense recognised in the current year relating to continuing operations	-	197.98
<b>b) The income tax expense for the year can be reconciled to the accounting profit as follows:</b>		
<b>Profit/(loss) before tax from continuing operations</b>	<b>(93.59)</b>	<b>(1,037.63)</b>
Income tax expense calculated at 27.82% (2019-20: 27.82%)	-	-
Others	-	197.98
<b>Income tax expense recognised in statement of profit and loss (relating to continuing operations)</b>	<b>-</b>	<b>197.98</b>

The tax rate used for the reconciliations above is the corporate tax rate of 27.82% (for FY 2019-20 = 27.82%) payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

**c) Income tax recognised in other comprehensive income**

<b>Current tax</b>	-	-
<b>Total income tax recognised in other comprehensive income</b>	-	-

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

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

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

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

**Movement of deferred tax expense during the year ended March 31, 2020 (Rs. in Lakhs)**

Particulars	Opening balance	Recognised in profit or loss	Closing balance
<b>Deferred tax (liabilities)/assets in relation to:</b>			
Property, plant, and equipment and Intangible Assets	(666.88)	666.88	-
Provision for compensated absences	192.79	(192.79)	-
Unused tax credit (MAT credit entitlement)	632.07	(632.07)	-
	<b>157.98</b>	<b>(157.98)</b>	-



## Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>31. Retirement benefit plans</b>		
Since the company has stopped all its manufacturing activities, all employees relating to manufacturing units have left the company. Only the administrative staff are working in the company, who were not coming under the retirement benefits.		
<b>32. Earnings per share</b>		
<b>Basic and Diluted earnings per share</b>		
From continuing operations	(2.43)	(32.10)
From discontinued operations	-	-
Total basic earnings per share	(2.43)	(32.10)
<b>The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:</b>		
Profit/(loss) for the year attributable to owners of the Company	(93.59)	(1,235.61)
Earnings used in the calculation of basic earnings per share	(93.59)	(1,235.61)
Profit/(loss) for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	-	-
Others	-	-
Earnings used in the calculation of basic earnings per share from continuing operations	<u>(93.59)</u>	<u>(1,235.61)</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>38,49,250</u>	<u>38,49,250</u>
<b>33. Financial Instruments</b>		
<b>Capital management</b>		
The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.		
The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, non-convertible debt securities, and other long-term/short-term borrowings.		
The capital structure of the Company consists of net debt (borrowings as detailed in notes 15 and 20 offset by cash and bank balances) and total equity of the Company. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.		
<b>Gearing Ratio :</b>		
Debt	1,450.57	1,531.92
Less : Cash and bank balances	28.76	15.67
Net debt	1,479.33	1,516.25
Total equity	(649.79)	(556.20)
Net debt to total equity ratio	(2.27)	(2.73)
<b>Categories of Financial Instruments:</b>		
a. Measured at amortised cost:		
Cash and bank balances	28.76	15.67
Trade Receivables	113.02	302.65
Loans		
Others	2.00	5.35
b. Mandatorily measured at fair value through profit or loss (FVTPL):		
Investments	154.71	154.71
Derivative instruments	-	-





## Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>Financial liabilities</b>		
a. <u>Measured at amortised cost:</u>		
Borrowings	1,450.57	1,531.92
Trade Payables	360.94	196.40
Others	187.81	420.21
b. <u>Mandatorily measured at fair value through profit or loss (FVTPL):</u>		
Derivative instruments	-	-

**Financial risk management objectives**

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

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

**Market risk**

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

**Interest rate risk management**

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

**Interest rate sensitivity analysis**

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

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended March 31, 2021 would decrease/increase by Rs.3.50 lakhs (March 31, 2020: decrease/increase by Rs.Nil lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

**Equity price risk**

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

**Equity price sensitivity analysis**

The fair value of equity instruments as at March 31, 2021 was Rs. Nil (March 31, 2020: Rs.nil). A 5% change in prices of equity instruments held as at March 31, 2021 would result in an impact of Rs. Nil on equity (March 31, 2020 : Rs. nil).



## Notes annexed to and forming part of the Standalone Financial Statements

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

Particulars	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
<b>March 31, 2021</b>				
Trade payables	360.94	-	-	360.94
Other financial liabilities	187.81	-	-	187.81
Borrowings (including interest accrued thereon upto the reporting date)	-	-	-	-
	<u>548.75</u>	<u>-</u>	<u>-</u>	<u>548.75</u>
<b>March 31, 2020</b>				
Trade payables	196.40	-	-	196.40
Other financial liabilities	420.21	-	-	420.21
Borrowings (including interest accrued thereon upto the reporting date)	-	-	-	-
	<u>616.61</u>	<u>-</u>	<u>-</u>	<u>616.61</u>

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

Name of the Related Party	Relationship
SPMM Health Care Services Private Limited	Associate
*Sambandam Spinning Mills Limited (upto 18.6.20)	Enterprises in which KMP or their relatives have a significance influence
Sambandam Siva Textiles Private Limited	Enterprises in which KMP or their relatives have a significance influence
S. Palaniandi Mudaliar Charitable Trust	Enterprises in which KMP or their relatives have a significance influence
Kandagiri Spinning Mills Gratuity Trust	Enterprises in which KMP or their relatives have a significance influence
R.Selvarajan - Managing Director	Key managerial personnel (KMP)
S.Vijay Shankar - Chief Financial Officer	Key managerial personnel (KMP)
J.Asifa - Company Secretary	Key managerial personnel (KMP)
Sarayu. A	Relative of KMP
Abhinav. V	Relative of KMP

Notes : As per sec 149(6) of Companies Act, 2013 independent directors are not considered as KMP. Also considering the roles and functions of independent directors stated under schedule IV of Companies Act 2013 they have not been disclosed as KMP for the purpose of disclosure requirement as per Ind AS 24 Related Party.

\* Sri S. Devarajan resigned from the Board of Directors of the Company on 18.06.2020. Hence Sambandam Spinning Mills Limited ceased to be a related party from 18.06.2020.



## Notes annexed to and forming part of the Standalone Financial Statements

## b) Details of Transactions with Related Parties :

Name of Related Party	Nature of Transaction	2020 - 21	2019 - 20
Sambandam Spinning Mills Limited (upto 18.06.2020)	Inter-corporate loan repaid	–	516.00
	Interest paid on Inter-corporate loan	–	59.37
	Balance payable at the end of the year (inter-corporate loan)	–	–
	Sale of products and services	–	0.22
	Sale of Plant & Machinery	–	1,816.00
	Lease Rental advance received	<b>15.00</b>	–
Sambandam Siva Textiles Private Limited	Yarn conversion charges received	–	–
S. Palaniandi Mudaliar Charitable Trust	Employee welfare services expenses	–	–
Kandagiri Spinning Mills Gratuity Trust	Contribution paid	–	–
R.Selvarajan Managing Director	Interest Payment	–	–
	Remuneration	–	–
	Fixed deposits received	–	130.56
	Fixed deposits repaid	<b>13.20</b>	695.90
	Balances outstanding - Fixed deposits	–	13.20
S.Vijay Shankar Chief Financial Officer	Interest Payment	–	–
	Remuneration	–	–
	Fixed deposits received	–	152.00
	Fixed deposits repaid	<b>19.20</b>	687.59
	Balances outstanding - Fixed deposits	–	19.20
J.Asifa - Company Secretary	Remuneration	<b>5.50</b>	6.00
Sarayu. A	Interest Payment	–	–
	Fixed deposits received	–	34.32
	Fixed deposits repaid	–	311.32
	Balances outstanding - Fixed deposits	–	–
Abhinav. V	Interest Payment	–	–
	Fixed deposit received	–	–
	Fixed deposits repaid	–	20.50
	Balances outstanding - Fixed deposits	–	–

## 35. Details of non current borrowings

Particulars	Particulars of repayment	Year	Non current	Current Maturities	Total	Rate of Interest
<b>a. Secured Borrowings</b>						
Term loans from banks			–	–	–	–
<b>b. Unsecured Borrowings</b>						
Fixed deposits	Repayable in 2021-22 Rs.9.00 lakhs 2022-23 Rs.1382.57 lakhs 2023-24 Rs.59.00 lakhs	As at March 31, 2021 As at March 31, 2020	<b>1,441.57</b> 1,286.92	<b>9.00</b> 245.00	<b>1,450.57</b> 1,531.92	<b>11to12</b> 11to12

Details of current borrowings - NIL



## Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>36. Contingent liabilities and Capital Commitments</b>		
<b>a) Contingent liabilities</b>		
(i) Self generation tax / cross subsidy charges to TNEB etc *	-	-
(ii) Sales Tax	0.36	0.36
(iii) Corporate Guarantee	1,490.00	1,270.00
	<u>1,490.36</u>	<u>1,270.36</u>

\* By way of abundant caution, the Company has provided Rs.299.72 lakhs in earlier years, out of the total liability of Rs.463.00 lakhs in earlier years

**b) Capital Commitments**

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

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

**37. CSR Expenditure:**

Since the Company is incurring continuous losses and does not have average net profits for the last three years calculated in accordance with provisions of section 135 of the Companies Act, 2013, there is no CSR obligation for the Company for the financial year 2020-21 and accordingly the Company has not spent CSR during the financial year 2020-21.

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

Particulars	(Rs. in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
(i) Principal amount due to suppliers under MSMED Act, as at the end of the year	0.65	0.34
(ii) Interest accrued and due to suppliers under MSMED Act, on the above amount as at the end of the year	-	-
(iii) Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
(iv) Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
(v) Interest paid to suppliers under MSMED Act (Section 16)	-	-
(vi) Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
(vii) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) + (vi)	-	-

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

**39. Auditor's Remuneration :**

(Rs. in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
1. Statutory audit	0.75	3.70
2. Taxation matters	-	-
3. Other services	-	-

**40. Net Debt Reconciliation**

(Rs. in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
1. Cash and Cash equivalents	24.88	5.70
2. Liquid investments	3.88	9.72
3. Current Borrowings	(9.00)	(245.00)
4. Non current borrowings	(1,451.57)	(1,286.92)
Net Debt	<u>(1,431.81)</u>	<u>(1,516.50)</u>


**Notes annexed to and forming part of the Standalone Financial Statements (Rs. in Lakhs)**

Particulars	Other Assets		Liabilities from financing activities			Total
	Cash and Bank overdraft	Liquid Investments	Finance lease Obligations	Non current borrowings	Current Borrowings	
<b>Net debt as at March 31, 2020</b>	<b>5.70</b>	<b>9.72</b>	–	<b>(1,286.92)</b>	<b>(245.00)</b>	<b>(1,516.50)</b>
Cash Flows	19.18	(5.84)	–	(164.65)	(236.00)	3,024.60
Interest expense	(170.11)	–	–	–	–	(501.62)
Interest paid	170.11	–	–	–	–	501.62
<b>Net debt as at March 31, 2020</b>	<b>24.88</b>	<b>3.88</b>	–	<b>(1,451.57)</b>	<b>(9.00)</b>	<b>(1,431.81)</b>

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

**42. Disclosure as required under section 186(4) of the Companies Act, 2013: (Rs. in Lakhs)**

Particulars	As at March 31, 2021	As at March 31, 2020	Purpose
i. Loans	–	–	
ii. Investments (Refer note 4)	<b>154.71</b>	154.71	
iii. Security given Land and building of the company given as collateral security to CSB Bank Ltd. for the term loans availed by Sambandam Spinning Mills Limited	<b>1,490.00</b>	1,270.00	To assist Sambandam Spinning Mills Limited for availing loan from CSB Bank Ltd
iv. Guarantees (Corporate Guarantee given to CSB Bank Ltd., for securing Term Loan availed by Sambandam Spinning Mills Limited.)	<b>1,490.00</b>	1,270.00	

**43. Going Concern**

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

**44. COVID 19**

The company has considered the impact of COVID-19 pandemic on its business operations and financial statement based on its review of current indicators of future economic conditions and expects that the carrying amount of the assets will be recovered. However, the impact assessment of this pandemic is a continuous process given the uncertainties associated with its nature and duration. Accordingly, the company will continue to monitor any material changes to future economic conditions. There is no significant impact on its financial statements as at March 31, 2021.

45. Previous year figures have been regrouped / reclassified / amended wherever necessary to conform to current year classification.

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

**S. Krishnan** - Partner  
Membership No. 26452

Salem  
June 28, 2021

For and on behalf of the board

**R. Selvarajan**  
Managing Director  
DIN : 00001703

**Dr. A. Sarayu**  
Director  
DIN : 06953362

**J. Asifa**  
Company Secretary

**S. Vijay Shankar**  
Chief Financial Officer



## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF KANDAGIRI SPINNING MILLS LIMITED

#### Report on the audit of the Consolidated Financial Statements

#### Qualified Opinion

We have audited the accompanying Consolidated Financial Statements of **KANDAGIRI SPINNING MILLS LIMITED** ("Investee Company/the Company") and its associate, which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the **effect of the matters described in the Basis for qualified opinion paragraph**, and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the associate, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company, its associate as at March 31, 2021, their consolidated loss including other comprehensive income, their consolidated cash flow and the consolidated changes in equity for the year ended on that date.

#### Basis for Qualified Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section out of report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our opinion on the accompanying consolidated financial statements.



**A. REVENUE RECOGNITION**

**Key Audit Matter Description**

Reference may be made to Note 4 of significant accounting policies and Note 21 to the consolidated financial statements of the Company.

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

**Response to Key Audit Matter**

**Principal Audit Procedures**

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

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

**Conclusion**

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

**Emphasis of Matter**

We draw your attention to Note 45 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.

**Other Information**

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



#### **Responsibilities of Management for the Consolidated Financial Statements**

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

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

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

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

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

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

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





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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matter**

The consolidated annual financial results include the share of net profit after tax of Rs.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.

### **Report on Other Legal and Regulatory Requirements**

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



- (e) On the basis of the written representations received from the directors of the Investee company and its associate as on March 31, 2021 taken on record by the Board of Directors of the investee company and its associate, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the Internal Financial Controls Over Financial Reporting of the Company with reference to these consolidated financial statements of the company and its associate and the operating effectiveness of such controls, refer to our separate report in "Annexure 1" to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended:
- In our opinion and to the best of our information and according to the explanation given to us, the remuneration paid by the Company and its associate to its directors during the year is in accordance with the provisions of section 197 of the Act:
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule 2014, as amended in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the associate, as noted in the "Other matter" paragraph :
- The Company and its associate have disclosed the impact of pending litigations on its financial position in its consolidated financial Statements.
  - The company and its associate did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2021.
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its associate.

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

**S. Krishnan** - Partner  
Membership No. 26452  
UDIN : 21026452AAAACG5351

Date : June 28, 2021  
Place : Salem

**"ANNEXURE - 1" to the Independent Auditor's Report of even date on the Consolidated Financial Statements of KANDAGIRI Spinning Mills Limited**

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

We have audited the internal financial controls over financial reporting of Kandagiri Spinning Mills Limited ("the investee Company") and its associate as of March 31, 2021 in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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



#### **Auditor's Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

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

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company and its associate have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **Other Matters**

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

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

**S. Krishnan** - Partner  
Membership No. 26452  
UDIN : 21026452AAAACG5351

Date : June 28, 2021  
Place : Salem

# Kandagiri Spinning Mills Limited



## Consolidated Balance Sheet as at March 31, 2021

Particulars	Note No.	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	1	1,125.55	1,154.72
Financial assets			
Investments	2	134.31	129.54
Other financial asset	3	146.06	140.33
Advance tax assets(net)	4	12.47	2.22
Other non-current assets	5	2.00	2.00
		<u>1,420.39</u>	<u>1,428.81</u>
<b>Current assets</b>			
Inventories	6	–	79.29
Financial assets			
Trade receivables	7	113.02	302.65
Cash and cash equivalents	8a	24.88	5.70
Other Bank balances	8b	3.88	9.97
Others	9	–	2.72
Other current assets	10	–	0.63
		<u>141.78</u>	<u>400.96</u>
<b>Total assets</b>		<u><b>1,562.17</b></u>	<u><b>1,829.77</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	385.74	385.74
Other equity	12	(1,055.93)	(967.11)
		<u>(670.19)</u>	<u>(581.37)</u>
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	13	1,441.57	1,286.92
Provisions	14	–	–
		<u>1,441.57</u>	<u>1,286.92</u>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	15	–	–
Deferred tax liability	16	–	–
Trade payables	17	–	–
(a) Total outstanding dues of micro enterprises and small enterprises		0.65	0.34
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		360.29	196.06
Provisions	18	–	–
Other financial liabilities	19	187.81	420.21
Other current liabilities	20	242.04	507.61
		<u>790.79</u>	<u>1,124.22</u>
<b>Total equity and liabilities</b>		<u><b>1,562.17</b></u>	<u><b>1,829.77</b></u>

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

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

**S. Krishnan** - Partner  
Membership No. 26452

Salem  
June 28, 2021

For and on behalf of the board

**R. Selvarajan**  
Managing Director  
DIN : 00001703

**Dr. A. Sarayu**  
Director  
DIN : 06953362

**J. Asifa**  
Company Secretary

**S. Vijay Shankar**  
Chief Financial Officer



## Consolidated Statement of Profit and Loss for the year ended March 31, 2021

Particulars	Note No.	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>Income</b>			
Revenue from operations	21	254.08	2,657.12
Other income	22	152.52	678.31
Total income		406.60	3,335.43
<b>Expenses</b>			
Cost of materials consumed	23	203.91	1,913.15
Changes in inventories of finished goods and work-in- progress	24	47.21	429.58
Employee benefits expense	25	12.15	405.67
Finance cost	26	170.11	501.62
Depreciation and amortization expense	27	29.17	211.08
Other expenses	28	37.64	863.47
Total Expenses		500.19	4,324.57
<b>Profit/(loss) before exceptional items and tax</b>		(93.59)	(989.14)
<b>Share of profit of associate</b>		4.77	3.11
		(88.82)	(986.03)
<b>Exceptional item</b>	29	-	(48.49)
<b>Profit/(loss) before tax</b>		(88.82)	(1,034.52)
<b>Tax expense :</b>			
Current tax - current year		-	40.00
- MAT credit utilised		-	632.07
Deferred tax		-	(474.09)
<b>Income tax expense</b>		-	197.98
<b>Profit/(loss) for the period from continuing operations</b>		(88.82)	(1,232.50)
<b>Other comprehensive income</b>			
Other comprehensive income not to reclassified to profit or loss in subsequent periods		-	-
Re-measurement gains/(losses) on defined benefit plans		-	79.61
Income tax effect		-	-
<b>Other comprehensive income</b>		-	79.61
<b>Total comprehensive income for the year</b>		(88.82)	(1,152.89)
Earning per share (Face value Rs.10 per share) -Basic and diluted (Rs.) (Refer Note 33)		(2.31)	(32.02)

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

As per our report of even date

For and on behalf of the board

For **R. Sundararajan & Associates**

Chartered Accountants

Firm Registration No.008282S

**S. Krishnan** - Partner

Membership No. 26452

Salem

June 28, 2021

**R. Selvarajan**  
Managing Director  
DIN : 00001703

**J. Asifa**  
Company Secretary

**Dr. A. Sarayu**  
Director  
DIN : 06953362

**S. Vijay Shankar**  
Chief Financial Officer

# Kandagiri Spinning Mills Limited



## Consolidated Statement of standalone cash flows for the year ended March 31,2021

Particulars	Note No.	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>Cash Flows from Operating Activities</b>			
Profit / (Loss) before tax		(88.82)	(1,034.52)
Adjustments for :			
Share of profit of associate		(4.77)	(3.11)
Depreciation		29.17	211.08
Interest Expense		170.11	501.62
Interest Income		(2.52)	(4.71)
(Profit) / loss on sale of property, plant and equipment		-	(514.31)
Impairment loss on assets		-	48.49
<b>Operating profit before working capital changes</b>		<b>103.17</b>	<b>(795.46)</b>
Adjustments for changes in :			
Inventories		79.29	1,436.51
Trade receivables		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>278.37</b>	<b>(2,508.85)</b>
Income Tax paid		(10.25)	18.49
<b>Net Cash Flow from Operating Activities</b>	(A)	<b>268.12</b>	<b>(2,490.36)</b>
<b>Cash Flows 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)	<b>2.52</b>	<b>4,395.78</b>
<b>Cash Flows 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 Flow from Financing Activities</b>	(C)	<b>(251.46)</b>	<b>(1,902.47)</b>
<b>NET CASH INFLOW / (OUTFLOW)</b>	(A+B+C)	<b>19.18</b>	<b>2.95</b>
Opening Cash and Cash Equivalents	(D)	5.70	2.75
Closing Cash and Cash Equivalents	(E)	24.88	5.70
<b>NET INCREASE/ (DECREASE) IN CASH</b>	(E-D)	<b>19.18</b>	<b>2.95</b>

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

As per our report of even date

For **R. Sundararajan & Associates**

Chartered Accountants  
Firm Registration No.008282S

**S. Krishnan** - Partner  
Membership No. 26452

Salem  
June 28, 2021

For and on behalf of the board

**R. Selvarajan**  
Managing Director  
DIN : 00001703

**Dr. A. Sarayu**  
Director  
DIN : 06953362

**J. Asifa**  
Company Secretary

**S. Vijay Shankar**  
Chief Financial Officer


**Consolidated Statement of Changes in Equity for the year ended March 31, 2021**
**A. Equity share Capital**

Rs. in Lakhs

	Balance as on 01.04.2019	Changes in equity capital during the year	Balance at the end of March 31, 2020	Changes in equity share capital during the year	Balance as on March 31, 2021
Equity share capital	385.74	–	385.74	–	385.74

**B. Other Equity**

Rs. in Lakhs

Particulars	Reserves & Surplus			Total
	Securities Premium	General Reserve	Retained Earnings	
Balance at the beginning of April 1, 2019	548.62	2,229.04	(2,591.88)	185.78
(Loss) for the year	–	–	(1,232.50)	(1,232.50)
Other Comprehensive income	–	–	79.61	79.61
<b>Total Comprehensive income for the year</b>	–	–	(1,152.89)	<b>(1,152.89)</b>
<b>Balance at the end of March 31, 2020</b>	<b>548.62</b>	<b>2,229.04</b>	<b>(3,744.77)</b>	<b>(967.11)</b>
(Loss) for the year	–	–	(88.82)	(88.82)
Other Comprehensive income	–	–	–	–
Total Comprehensive income for the year	–	–	(88.82)	(88.82)
<b>Balance at the end of March 31, 2021</b>	<b>548.62</b>	<b>2,229.04</b>	<b>(3,833.59)</b>	<b>(1,055.93)</b>

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

As per our report of even date  
For **R. Sundararajan & Associates**  
Chartered Accountants  
Firm Registration No.008282S  
UDIN : 21026452AAAACG5351

**S. Krishnan** - Partner  
Membership No. 26452

Salem  
June 28, 2021

For and on behalf of the board

**R. Selvarajan**  
Managing Director  
DIN : 00001703

**J. Asifa**  
Company Secretary

**Dr. A. Sarayu**  
Director  
DIN : 06953362

**S. Vijay Shankar**  
Chief Financial Officer



## Notes annexed to and forming part of the Consolidated Financial Statements

## 1. PROPERTY, PLANT AND EQUIPMENT (PPE)

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

2019 - 2020	Gross Carrying Amount(Cost/deemed cost)			Accumulated depreciation / Impairment			Net Carrying Amount 31.03.2020	
	01.04.2019	Additions	(Deletions)	31.03.2020	01.04.2019	Charge for the year		Disposal
Description								
Land - Freehold land	510.24	-	-	510.24	-	-	-	510.24
Buildings	745.58	4.22	-	749.80	109.40	29.17	-	611.23
Plant and Equipment	1,935.23	21.85	1,957.08	-	483.65	171.74	655.39	-
Furniture and Fixtures	5.82	-	-	5.82	2.25	0.06	-	3.51
Vehicles	74.18	-	-	74.18	34.53	10.11	-	29.54
Office equipment	0.61	-	-	0.61	0.41	-	-	0.20
<b>Total</b>	<b>3,271.66</b>	<b>26.07</b>	<b>1,957.08</b>	<b>1,340.65</b>	<b>630.24</b>	<b>211.08</b>	<b>655.39</b>	<b>1,154.72</b>





## Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>2. Non current financial asset - Investments</b>		
<b>Unquoted</b>		
<b>Investments in Equity instruments</b>		
<b>Associates</b>		
20,00,000 (2020 : 20,00,000) Equity shares of Rs.10 each in SPMM Health Care Services Private Limited	<b>200.00</b>	200.00
Less : Group share of loss	<b>65.69</b>	70.46
	<b>134.31</b>	129.54
a. Aggregate value of unquoted investments	<b>134.31</b>	129.54
Aggregate value of impairment in value of investments		
b. Investments are fully paid-up unless otherwise stated		
<b>3. Non current - Other financial asset</b>		
Security deposit	<b>146.06</b>	140.33
Employee advances	-	-
	<b>146.06</b>	140.33
<b>4. Non current - Advance tax assets (net)</b>		
Advance income tax (net)	<b>12.47</b>	2.22
	<b>12.47</b>	2.22
<b>5. Other non current assets</b>		
(Unsecured, considered good)		
Balances with Government authorities (paid under protest)	<b>2.00</b>	2.00
	<b>2.00</b>	2.00
<b>6. Inventories</b>		
Raw materials	-	32.08
Finished goods	-	47.21
	-	79.29
Note :		
1. Cost of materials consumed during the year, Refer Note No. 23		
<b>7. Trade receivables</b>		
(Unsecured, considered good)		
Receivables - Trade receivables	<b>113.02</b>	-
- Others	-	302.65
	<b>113.02</b>	302.65
<b>8a. Cash and cash equivalents</b>		
Cash on hand	<b>0.87</b>	0.98
Balances with banks-current accounts	<b>24.01</b>	4.72
	<b>24.88</b>	5.70
<b>8b. Bank balances other than above</b>		
Unclaimed dividend accounts (earmarked)	-	-
Liquid assets deposits #	<b>1.88</b>	9.72
Deposits with Banks held as margin money #	<b>2.00</b>	0.25
	<b>3.88</b>	9.97
# represents deposits with original maturity of more than 3 months and less than 12 months		
<b>9. Other financial assets - current</b>		
(Unsecured considered good)		
Interest accrued on deposits	-	2.72
Other receivable	-	-
	-	2.72



## Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>10. Other current assets</b>		
(Unsecured considered good)		
Prepaid expenses	-	-
Supplier advances	-	0.63
Balance with government authorities	-	-
	<u>-</u>	<u>0.63</u>
<b>11. Equity</b>		
<b>Authorised share capital</b>		
50,00,000 equity shares (March 31, 2020 50,00,000) of Rs. 10 each with voting rights	<u>500.00</u>	<u>500.00</u>
<b>Issued share capital</b>		
38,65,650 equity shares (March 31, 2020 38,65,650) of Rs. 10 each with voting rights	<u>386.57</u>	<u>386.57</u>
<b>Subscribed and paid up share capital</b>		
38,49,250 equity shares (March 31, 2020 38,49,250) of Rs. 10 each with voting rights	<u>384.92</u>	<u>384.92</u>
Add Forfeited shares (amount originally paid in respect of 16,400 equity shares)	<u>0.82</u>	<u>0.82</u>
	<u>385.74</u>	<u>385.74</u>
<b>Notes :</b>		
<b>1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period</b>		
Outstanding at the beginning and end of the year	<b>38,49,250</b>	38,49,250
<b>2. Terms/rights and restrictions in respect of equity shares</b>		
The company has one class of equity shares having a par value of Rs.10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to number of equity shares held by the shareholders.		
<b>3. Shareholders holding more than 5% of the total share capital:</b>		
Name of the shareholder	2021	No. of shares % 2020 %
Equity shares with voting rights		
R. Selvarajan	<b>7,78,730</b>	<b>20.23</b> 7,78,730 20.23
S. VijayaShankar	<b>4,09,582</b>	<b>10.64</b> 4,09,582 10.64
<b>4. Share issue in preceeding five years</b>		
Aggregate number and class of shares allotted for consideration other than cash, bonus, etc.in the five years immediately preceeding the Balance Sheet date as on March 31, 2021 is Rs. Nil (2020 : Nil).		
<b>12. Other equity</b>		
Securities premium - Note A	<b>548.62</b>	548.62
General reserve - Note B	<b>2,229.04</b>	2,229.04
Retained earnings - Note C	<b>(3,833.59)</b>	(3,744.77)
	<u>(1,055.93)</u>	<u>(967.11)</u>

Refer Statement of Changes in Equity for additions/ deletions in each reserve.

**Notes :**

- A. Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.
- B. General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, Bonus issue, etc.
- C. Revaluation reserve of Rs 20,83,49,118 transferred to Retained earnings on the transition date may not be available for distribution.



## Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>13. Non current - Financial liabilities - Borrowings</b>		
Secured Borrowings		
Term loan from banks	-	-
Unsecured		
Fixed deposits	<u>1,441.57</u>	<u>1,286.92</u>
	<u>1,441.57</u>	<u>1,286.92</u>
<b>Note :</b>		
1. Refer Note 19 for current maturities of non current borrowings		
2. Refer Note 35 for fixed deposits held by related parties		
<b>14. Non current liabilities - Provisions</b>		
Provision for employee benefits		
Compensated absences	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>15. Deferred tax asset/liability (net)</b>		
Deferred tax liability	-	-
Deferred tax assets	-	-
Deferred tax liability-net	-	-
Unused tax credits (MAT credit entitlement)	-	-
Net deferred tax/liability	<u>-</u>	<u>-</u>
Note : Refer Note 31 for details of deferred tax liability and asset		
<b>16. Current financial liabilities - borrowings</b>		
Secured borrowings - from banks		
Cash credit facilities	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>17. Current financial liabilities - trade payables</b>		
Trade payables (Refer Note 39)		
(a) Total outstanding dues of micro enterprises and small enterprises	<u>0.65</u>	0.34
(b) Total outstanding dues of creditors other than micro enterprises	<u>360.29</u>	<u>196.06</u>
	<u>360.94</u>	<u>196.40</u>
<b>18. Current provisions</b>		
Compensated absences	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>19. Other Current financial liabilities</b>		
Current maturities of long-term debts	<u>9.00</u>	245.00
Interest accrued and due on borrowings	<u>153.10</u>	-
Unclaimed Dividends	-	-
Contribution to Gratuity Fund	-	116.27
Accrued expenses/liabilities	<u>1.15</u>	48.11
Lease rent advance	<u>15.00</u>	-
Employee payable	<u>9.56</u>	10.83
	<u>187.81</u>	<u>420.21</u>
<b>20. Other Current liabilities</b>		
Advance for sale of assets	<u>228.00</u>	178.00
Statutory liabilities	<u>14.04</u>	329.61
	<u>242.04</u>	<u>507.61</u>
<b>21. Revenue from operations</b>		
Sale of products		
Yarn	<u>254.08</u>	2,646.34
Process waste	-	10.78
	<u>254.08</u>	<u>2,657.12</u>



## Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>22. Other income</b>		
Interest income from		
Security deposits and bank deposits	2.52	4.71
Lease rental income received	150.00	-
Provision no longer required and written back		
- Employees Compensated absences	-	159.29
Profit on sale of assets	-	514.31
	<u>152.52</u>	<u>678.31</u>
<b>23. Cost of materials consumed</b>		
Cotton, viscose, modaal	1.20	1,870.30
Others	202.71	42.85
	<u>203.91</u>	<u>1,913.15</u>
<b>24. Changes in Inventories of finished goods and work-in-progress</b>		
<b>Closing stock</b>		
Finished goods	-	47.21
Work-in-progress	-	-
	<u>-</u>	<u>47.21</u>
<b>Opening stock</b>		
Finished goods	47.21	309.63
Work-in-progress	-	167.16
	<u>47.21</u>	<u>476.79</u>
Net change in inventories	<u>47.21</u>	<u>429.58</u>
<b>25. Employee benefits expense</b>		
Salaries, wages and bonus	5.50	356.09
Contribution to provident, gratuity and other funds	-	44.88
Welfare expenses	6.65	4.70
	<u>12.15</u>	<u>405.67</u>
<b>26. Finance costs</b>		
Interest expense on borrowings	170.11	501.62
	<u>170.11</u>	<u>501.62</u>
<b>27. Depreciation and amortisation expense</b>		
<b>Property, Plant and Equipment</b>		
Buildings	29.17	29.17
Plant and machinery	-	171.74
Furniture and fittings	-	0.06
Office equipments	-	-
Vehicles	-	10.11
Total depreciation on property, plant and equipment	<u>29.17</u>	<u>211.08</u>
<b>28. Other expenses</b>		
Consumption of stores and spares	-	66.23
Power and fuel	0.61	669.03
Repairs and maintenance - Buildings	0.02	0.85
- Plant and machinery	0.16	11.54
Insurance	(0.11)	15.92
Rates and taxes	16.05	13.93
Packing and forwarding charges	-	1.01
Brokerage and commission on sales	0.07	-
Travel and vehicle upkeep expenses	0.12	24.48
Donation and charity	-	-
Bank and other financial charges	0.11	27.47
Miscellaneous expenses	20.61	33.01
	<u>37.64</u>	<u>863.47</u>
<b>29. Exceptional item</b>		
Impairment loss on capital advances	-	(48.49)
	<u>-</u>	<u>(48.49)</u>



**Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2021**

**1. Corporate Information**

Kandagiri Spinning Mills Limited ("the investee Company/the Company") is a listed Public Company domiciled in India and is incorporated under the provisions of the Companies Act 2013 as applicable in India and its shares are listed on the Bombay Stock Exchange (BSE). The registered office headquartered in Salem, India. The Company is principally engaged in production and sale of cotton yarn. Presently the company is doing yarn trading business and leasing out the properties.

The Board of Directors approved the consolidated financial statement for the year ended March 31, 2021 at their Board meeting held on 28<sup>th</sup> June 2021.

**2. Significant Accounting Policies**

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

**a) Basis of preparation of financial statements**

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

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

**(ii) Historical cost convention**

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

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

**(iii) New and amended standards adopted by the Company**

The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2020.

- Definition of material – amendments to Ind AS 1 and Ind AS 8
- Definition of business – amendments to Ind AS 103
- Covid-19 related concessions – amendments to Ind AS 116
- Interest rate benchmark reform – amendments to Ind AS 109 and Ind AS 107

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly effect the current or future periods.

**b) Foreign currency translation**

**(i) Functional and presentation currency**

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

**(ii) Transactions and balances**

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



**Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2021**

**3. Investments in associates**

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

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

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

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

**4. Revenue recognition**

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

***Sale of Goods***

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

**5. Other Income**

Other Income comprises of Lease rental and Interest income are accounted on accrual basis.

Lease rental income is accrued on a time basis, based on the lease agreement executed.

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

**6. Employee benefits**

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

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



**Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2021**

(ii) Retirement Benefit plans and Post-employment benefits

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

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

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

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

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

**7. Property, Plant and Equipment Cost:**

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

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

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

**Depreciation / amortization:**

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

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

**De-recognition:**

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



**Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2021**

**8. Leases**

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

**9. Impairment of assets**

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

**10. Inventories**

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

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

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

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

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

The cost for the said purpose is determined as follows:

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

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

**11. Government grants**

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

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

**12. Borrowing costs**

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

**13. Research and development**

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





**Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2021**

**14. Income Taxes**

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

**Current Tax:**

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

**Deferred Tax**

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

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

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

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

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

**15. Provisions and contingencies**

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

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

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

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



**Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2021**

**16. Financial Instruments**

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

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

**Financial assets:**

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

**Classification of financial assets**

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

**After initial recognition:**

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

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

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

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

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

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

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

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

**Investments in equity instruments of subsidiaries, joint ventures and associates**

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

**Impairment of financial assets:**

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



**Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2021**

***De-recognition of financial assets:***

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

***Impairment of financial assets***

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

***Financial liabilities and equity instruments:***

***Classification as debt or equity***

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

***Equity Instruments***

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

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

***Financial liabilities***

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

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

***Financial guarantee contracts***

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

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

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



**Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2021**

***De-recognition of financial liabilities:***

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

***Derivative financial instruments:***

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

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

***Embedded derivatives***

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

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

***Hedge accounting:***

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

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

***Fair value hedges***

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

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

***Cash flow hedges***

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



**Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2021**

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

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

**17. Cash flow statement**

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

**18. Cash and cash equivalents**

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

**19. Earnings per share**

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

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

**20. Critical accounting judgments and key sources of estimation uncertainty**

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

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

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



**Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2021**

***Inventories***

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

***Taxation***

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

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

***Provisions***

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

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

***Fair value measurements and valuation processes***

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

***Estimation of uncertainty relating to COVID-19 pandemic***

The Company has considered internal and external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact of COVID-19 on the financial statements. Based on projections of the Company's performance, management does not anticipate any challenge in the Company's ability to continue as a going concern or meeting its financial obligations. The Company expects to fully recover the carrying amount of trade receivables, and other assets. The Company has additionally, on a prudent basis, assessed existence of any indication of impairment of carrying values of property, plant and equipment and investments at the year-end in accordance with the requirements of Ind AS 36 – Impairment of Assets. Based on such assessment, management is confident that no indications of impairment of carrying values of property, plant and equipment and investments exist as on the date of approval of these financial statements. The impact of COVID-19 remains uncertain and may be different from what we have estimated as of the date of approval of these consolidated financial statements and the Company will continue to closely monitor any material changes to future economic conditions



**Notes annexed to and forming part of the Consolidated Financial Statements**

**30. Basis of Consolidation**

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

**30.2 Principles of Consolidation**

a. The Consolidated Financial Statements have been prepared in accordance with IndAS28 "Investment in Associates and Joint Ventures" prescribed under Section 133 of the Companies Act, 2013. The Financial Statements of Associates used in the consolidation are drawn up to the same reporting date as of the investee Company i.e., year ended March 31, 2021.

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

S. No.	Name of the Associate	Nature of Business	Country of Incorporation	% of ownership interest	
				31-03-2021	31-03-2020
1.	SPMM Health Care Services Private Limited	Health care services	India	50.00%	50.00%

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

S. No.	Name of the Entity	Net Assets		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As a % of Consolidated Net Assets	Amount (Rs. Lakhs)	As a % of Consolidated Profit or (Loss)	Amount (Rs. Lakhs)	As a % of Consolidated Profit or (Loss)	Amount (Rs. Lakhs)	As a % of Consolidated Profit or (Loss)	Amount (Rs. Lakhs)
1.	Investee Company Kandagiri Spinning Mills Limited Associate (Investment as per equity method)	(126.06%)	(649.79)	(105.37%)	(93.59)	-	-	(105.37%)	(93.59)
2.	SPMM Health Care Services Private Limited	26.06%	134.31	5.37%	4.77	-	-	5.37%	4.77
	<b>Subtotal</b>	<b>(100%)</b>	<b>(515.48)</b>	<b>(100.00%)</b>	<b>(88.82)</b>	-	-	<b>(100.00%)</b>	<b>(88.82)</b>
	Add / (Less) : Effect of intercompany adjustments/ eliminations	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>(100%)</b>	<b>(515.48)</b>	<b>(100.00%)</b>	<b>(88.82)</b>	-	-	<b>(100.00%)</b>	<b>(88.82)</b>



## Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>31. Income taxes relating to continuing operations</b>		
<b>a) Income tax recognised in Statement of profit and loss</b>		
<b>Current tax</b>		
In respect of the current year	-	40.00
MAT credit utilised	-	632.07
	-	672.07
<b>Deferred tax</b>		
In respect of the current year – withdrawals	-	(474.09)
	-	(474.09)
Total income tax expense recognised in the current year relating to continuing operations	-	197.98
<b>b) The income tax expense for the year can be reconciled to the accounting profit as follows:</b>		
<b>Profit/(loss) before tax from continuing operations</b>	<b>(93.59)</b>	<b>(1,037.63)</b>
Income tax expense calculated at 27.82% (2019-20: 27.82%)	-	-
Others	-	197.98
<b>Income tax expense recognised in statement of profit and loss (relating to continuing operations)</b>	<b>-</b>	<b>197.98</b>

The tax rate used for the reconciliations above is the corporate tax rate of 27.82% (for FY 2019-20 = 27.82%) payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

**c) Income tax recognised in other comprehensive income**

<b>Current tax</b>	-	-
<b>Total income tax recognised in other comprehensive income</b>	-	-

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

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

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

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

**Movement of deferred tax expense during the year ended March 31, 2020 (Rs. in Lakhs)**

Particulars	Opening balance	Recognised in profit or loss	Closing balance
<b>Deferred tax (liabilities)/assets in relation to:</b>			
Property, plant, and equipment and Intangible Assets	(666.88)	666.88	-
Provision for compensated absences	192.79	(192.79)	-
Unused tax credit (MAT credit entitlement)	632.07	(632.07)	-
	<b>157.98</b>	<b>(157.98)</b>	-





## Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>32. Retirement benefit plans</b>		
Since the company has stopped all its manufacturing activities, all employees relating to manufacturing units have left the company. Only the administrative staff are working in the company, who were not coming under the retirement benefits.		
<b>33. Earnings per share</b>		
<b>Basic and Diluted earnings per share</b>		
From continuing operations	(2.31)	(32.02)
From discontinued operations	-	-
Total basic earnings per share	(2.31)	(32.02)
<b>The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:</b>		
Profit/(loss) for the year attributable to owners of the Company	(88.82)	(1,235.50)
Earnings used in the calculation of basic earnings per share	(88.82)	(1,235.50)
Profit/(loss) for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	-	-
Others	-	-
Earnings used in the calculation of basic earnings per share from continuing operations	<u>(88.82)</u>	<u>(1,235.50)</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>38,49,250</u>	<u>38,49,250</u>
<b>34. Financial Instruments</b>		
<b>Capital management</b>		
The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.		
The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, non-convertible debt securities, and other long-term/short-term borrowings.		
The capital structure of the Company consists of net debt (borrowings as detailed in notes 15 and 20 offset by cash and bank balances) and total equity of the Company. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.		
<b>Gearing Ratio :</b>		
Debt	1,450.57	1,531.92
Less : Cash and bank balances	28.76	15.67
Net debt	1,479.33	1,516.25
Total equity	(649.79)	(556.20)
Net debt to total equity ratio	(2.27)	(2.73)
<b>Categories of Financial Instruments:</b>		
a. Measured at amortised cost:		
Cash and bank balances	28.76	15.67
Trade Receivables	113.02	302.65
Loans		
Others	2.00	5.35
b. Mandatorily measured at fair value through profit or loss (FVTPL):		
Investments	154.71	129.54
Derivative instruments	-	-



## Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>Financial liabilities</b>		
a. Measured at amortised cost:		
Borrowings	1,450.57	1,531.92
Trade Payables	360.94	196.40
Others	187.81	420.21
b. Mandatorily measured at fair value through profit or loss (FVTPL):		
Derivative instruments	-	-

**Financial risk management objectives**

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

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

**Market risk**

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

**Interest rate risk management**

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

**Interest rate sensitivity analysis**

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

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended March 31, 2021 would decrease/increase by Rs.3.50 lakhs (March 31, 2020: decrease/increase by Rs.Nil lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

**Equity price risk**

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

**Equity price sensitivity analysis**

The fair value of equity instruments as at March 31, 2021 was Rs. Nil (March 31, 2020: Rs.nil). A 5% change in prices of equity instruments held as at March 31, 2021 would result in an impact of Rs. Nil on equity (March 31, 2020 : Rs. nil).



## Notes annexed to and forming part of the Consolidated Financial Statements

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

Particulars	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
<b>March 31, 2021</b>				
Trade payables	360.94	-	-	360.94
Other financial liabilities	187.81	-	-	187.81
Borrowings (including interest accrued thereon upto the reporting date)	-	-	-	-
	<b>548.75</b>	-	-	<b>548.75</b>
<b>March 31, 2020</b>				
Trade payables	196.40	-	-	196.40
Other financial liabilities	420.21	-	-	420.21
Borrowings (including interest accrued thereon upto the reporting date)	-	-	-	-
	<b>616.61</b>	-	-	<b>616.61</b>

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

Name of the Related Party	Relationship
SPMM Health Care Services Private Limited	Associate
*Sambandam Spinning Mills Limited (upto 18.6.20)	Enterprises in which KMP or their relatives have a significance influence
Sambandam Siva Textiles Private Limited	Enterprises in which KMP or their relatives have a significance influence
S. Palaniandi Mudaliar Charitable Trust	Enterprises in which KMP or their relatives have a significance influence
Kandagiri Spinning Mills Gratuity Trust	Enterprises in which KMP or their relatives have a significance influence
R.Selvarajan - Managing Director	Key managerial personnel (KMP)
S.Vijay Shankar - Chief Financial Officer	Key managerial personnel (KMP)
J.Asifa - Company Secretary	Key managerial personnel (KMP)
Sarayu. A	Relative of KMP
Abhinav. V	Relative of KMP

Notes : As per sec 149(6) of Companies Act, 2013 independent directors are not considered as KMP. Also considering the roles and functions of independent directors stated under schedule IV of Companies Act 2013 they have not been disclosed as KMP for the purpose of disclosure requirement as per Ind AS 24 Related Party.

\* Sri S. Devarajan resigned from the Board of Directors of the Company on 18.06.2020. Hence Sambandam Spinning Mills Limited ceased to be a related party from 18.06.2020.



## Notes annexed to and forming part of the Consolidated Financial Statements

## b) Details of Transactions with Related Parties :

Rs. in Lakhs

Name of Related Party	Nature of Transaction	2020 - 21	2019 - 20
Sambandam Spinning Mills Limited (upto 18.06.2020)	Inter-corporate loan repaid	–	516.00
	Interest paid on Inter-corporate loan	–	59.37
	Balance payable at the end of the year (inter-corporate loan)	–	–
	Sale of products and services	–	0.22
	Sale of Plant & Machinery	–	1,816.00
	Lease Rental advance received	15.00	–
Sambandam Siva Textiles Private Limited	Yarn conversion charges received	–	–
S. Palaniandi Mudaliar Charitable Trust	Employee welfare services expenses	–	–
Kandagiri Spinning Mills Gratuity Trust	Contribution paid	–	–
R.Selvarajan Managing Director	Interest Payment	–	–
	Remuneration	–	–
	Fixed deposits received	–	130.56
	Fixed deposits repaid	13.20	695.90
	Balances outstanding - Fixed deposits	–	13.20
S.Vijay Shankar Chief Financial Officer	Interest Payment	–	–
	Remuneration	–	–
	Fixed deposits received	–	152.00
	Fixed deposits repaid	19.20	687.59
	Balances outstanding - Fixed deposits	–	19.20
J.Asifa - Company Secretary	Remuneration	5.50	6.00
Sarayu. A	Interest Payment	–	–
	Fixed deposits received	–	34.32
	Fixed deposits repaid	–	311.32
	Balances outstanding - Fixed deposits	–	–
Abhinav. V	Interest Payment	–	–
	Fixed deposit received	–	–
	Fixed deposits repaid	–	20.50
	Balances outstanding - Fixed deposits	–	–

## 36. Details of non current borrowings

Rs. in Lakhs

Particulars	Particulars of repayment	Year	Non current	Current Maturities	Total	Rate of Interest
<b>a. Secured Borrowings</b>						
Term loans from banks			–	–	–	–
<b>b. Unsecured Borrowings</b>						
Fixed deposits	Repayable in 2021-22 Rs.9.00 lakhs 2022-23 Rs.1382.57 lakhs 2023-24 Rs.59.00 lakhs	As at March 31, 2021 As at March 31, 2020	1,441.57 1,286.92	9.00 245.00	1,450.57 1,531.92	11to12 11to12

Details of current borrowings - NIL



## Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>37. Contingent liabilities and Capital Commitments</b>		
<b>a) Contingent liabilities</b>		
(i) Self generation tax / cross subsidy charges to TNEB etc *	-	-
(ii) Sales Tax	0.36	0.36
(iii) Corporate Guarantee	1,490.00	1,270.00
	<u>1,490.36</u>	<u>1,270.36</u>

\* By way of abundant caution, the Company has provided Rs.299.72 lakhs in earlier years, out of the total liability of Rs.463.00 lakhs in earlier years

**b) Capital Commitments**

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

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

**38. CSR Expenditure:**

Since the Company is incurring continuous losses and does not have average net profits for the last three years calculated in accordance with provisions of section 135 of the Companies Act, 2013, there is no CSR obligation for the Company for the financial year 2020-21 and accordingly the Company has not spent CSR during the financial year 2020-21.

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

Particulars	(Rs. in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
(i) Principal amount due to suppliers under MSMED Act, as at the end of the year	0.65	0.34
(ii) Interest accrued and due to suppliers under MSMED Act, on the above amount as at the end of the year	-	-
(iii) Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
(iv) Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
(v) Interest paid to suppliers under MSMED Act (Section 16)	-	-
(vi) Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
(vii) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) + (vi)	-	-

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

**40. Auditor's Remuneration :**

(Rs. in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
1. Statutory audit	0.75	3.70
2. Taxation matters	-	-
3. Other services	-	-

**41. Net Debt Reconciliation**

(Rs. in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
1. Cash and Cash equivalents	24.88	5.70
2. Liquid investments	3.88	9.72
3. Current Borrowings	(9.00)	(245.00)
4. Non current borrowings	(1,451.57)	(1,286.92)
Net Debt	<u>(1,431.81)</u>	<u>(1,516.50)</u>



## Notes annexed to and forming part of the Consolidated Financial Statements

(Rs. in Lakhs)

Particulars	Other Assets		Liabilities from financing activities			Total
	Cash and Bank overdraft	Liquid Investments	Finance lease Obligations	Non current borrowings	Current Borrowings	
<b>Net debt as at March 31, 2020</b>	<b>5.70</b>	<b>9.72</b>	–	<b>(1,286.92)</b>	<b>(245.00)</b>	<b>(1,516.50)</b>
Cash Flows	19.18	(5.84)	–	(164.65)	(236.00)	3,024.60
Interest expense	(170.11)	–	–	–	–	(501.62)
Interest paid	170.11	–	–	–	–	501.62
<b>Net debt as at March 31, 2021</b>	<b>24.88</b>	<b>3.88</b>	–	<b>(1,451.57)</b>	<b>(9.00)</b>	<b>(1,431.81)</b>

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

## 43. Disclosure as required under section 186(4) of the Companies Act, 2013:

(Rs. in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	Purpose
i. Loans	–	–	
ii. Investments (Refer note 4)	<b>154.71</b>	154.71	
iii. Security given Land and building of the company given as collateral security to CSB Bank Ltd. for the term loans availed by Sambandam Spinning Mills Limited	<b>1,490.00</b>	1,270.00	To assist Sambandam Spinning Mills Limited for availing loan from CSB Bank Ltd
iv. Guarantees (Corporate Guarantee given to CSB Bank Ltd., for securing Term Loan availed by Sambandam Spinning Mills Limited.)	<b>1,490.00</b>	1,270.00	

## 44. Going Concern

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

## 45. COVID 19

The company has considered the impact of COVID-19 pandemic on its business operations and financial statement based on its review of current indicators of future economic conditions and expects that the carrying amount of the assets will be recovered. However, the impact assessment of this pandemic is a continuous process given the uncertainties associated with its nature and duration. Accordingly, the company will continue to monitor any material changes to future economic conditions. There is no significant impact on its financial statements as at March 31, 2021.



## Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
<b>46. Associates</b>		
<b>Details of associates</b>		
<b>Aggregate information of associates</b>		
The Group's share of profit (loss) from continuing operations	4.77	3.11
The Group's share of post-tax profit (loss) from discontinued operations		
The Group's share of total comprehensive income	4.77	3.11
Aggregate carrying amount of the Group's interests in these associates	134.31	129.54
<b>Unrecognised share of losses of associates</b>		
The unrecognised share of loss of associates for the year	-	-
consequent to investment being nil under equity accounting		
Cumulative share of loss of associates	-	-
<b>47. Previous year figures have been regrouped / reclassified / amended wherever necessary to conform to current year classification.</b>		

As per our report of even date

For **R. Sundararajan & Associates**

Chartered Accountants

Firm Registration No.008282S

**S. Krishnan** - Partner

Membership No. 26452

Salem

June 28, 2021

For and on behalf of the board

**R. Selvarajan**

Managing Director

DIN : 00001703

**Dr. A. Sarayu**

Director

DIN : 06953362

**J. Asifa**

Company Secretary

**S. Vijay Shankar**

Chief Financial Officer

# 45<sup>th</sup> Annual Report



**Kandagiri Spinning Mills Limited**

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