

LIMITED REVIEW REPORT

To

The Board of Directors
Kandagiri Spinning Mills Limited

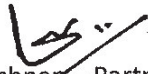
We have reviewed the accompanying statement of unaudited financial results of ('the statement') of **Kandagiri Spinning Mills Limited** ('the Company') for the quarter and nine months ended December 31, 2011. This statement (initialed by us for identification), prepared pursuant to Clause 41 of the Listing Agreement with the stock exchanges in India, is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review.

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in all material aspects in accordance with the applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement with stock exchanges including the manner in which it is to be disclosed, or that it contains any material misstatement.

Further, we also report that the particulars relating to the number of shares as well as the percentage of shareholdings in respect of aggregate amount of Public shareholding, pledged/encumbered shares and non-encumbered share of promoters and promoter groups (in terms of Clause 35 of the Listing Agreement) and the particulars relating to the investors complaints are as per the details furnished by the Company / Registrar.

For M.S.KRISHNASWAMI & RAJAN
Chartered Accountants
Registration No.01554S


R. Krishnen - Partner
Membership No.201133



Salem,
February 1, 2012

Kandagiri Spinning Mills Limited

Regd. Office: Mill Premises, Udayapatti PO, Salem 636 140

Unaudited financial Results for the quarter/nine months ended December 31, 2011

Rs. lakhs

Quarter ended			Particulars	Nine months ended		Year ended
31.12.10 (Unaudited)	31.12.11 (Unaudited)	30.09.11 (Unaudited)		31.12.11 (Unaudited)	31.12.10 (Unaudited)	31.03.11 (Audited)
3974	2527	3828	1. Net sales/Income from operations	9246	11107	15187
0	3	3	2. Other income	14	10	18
3974	2530	3831	3. Total income (1+2)	9260	11117	15205
			4. Expenditure excluding interest			
			(i) Increase(-)/decrease in value of stocks of finished goods and work in progress	605	(340)	(1,271)
(239)	45	1,021	(ii) Consumption of raw materials	6777	6119	9383
2411	1839	2622	(iii) Purchase of traded goods	--	--	--
--	--	--	(iv) Employees cost	888	994	1312
364	226	325	(v) Power and fuel-net	595	850	1373
389	197	119	(vi) Other expenditure	666	792	1090
271	139	274	(vii) Depreciation	599	584	784
196	197	204	(viii) Total expenditure	10130	8999	12671
3392	2643	4565	5. Profit/(loss) before interest (3-4)	(870)	2118	2534
582	(113)	(734)	6. Interest-net	1075	824	1130
239	334	370	7. Profit/(loss) from ordinary activities before tax (5-6)	(1,945)	1,294	1,404
343	(447)	(1,104)	8. Tax expense			
			(i) Current tax	--	--	--
--	--	--	(ii) Deferred tax - provision/(withdrawal of provision)	(670)	450	478
130	(170)	(370)	9. Net profit/(loss) from ordinary activities after Tax (7-8)	(1,275)	844	926
213	(277)	(734)	10. Paid-up Equity share capital (Face value Rs.10 per share)	386	386	386
386	386	386	11. Reserves excluding revaluation reserves			2792
			12. Earnings per share - Basic and diluted (not annualised) in Rs.	(33.12)	21.92	24.06
5.52	(7.21)	(39.85)	13. Public shareholding			
			- Number of shares	1156878	1159078	1159078
1159078	1156878	1159078	- Percentage of shareholding	30.05	30.11	30.11
30.11	30.05	30.11	14. Promoters and Promoter group shareholding			
			(i) Pledged/encumbered			
			- Number of shares	--	--	--
--	--	--	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	--	--	--
--	--	--	- Percentage of shares (as a % of the total sharecapital of the company)	--	--	--
--	--	--	(ii) Non-encumbered			
			- Number of shares	2692372	2690172	2690172
2690172	2692372	2690172	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00	100.00	100.00
100.00	100.00	100.00	- Percentage of shares (as a % of the total sharecapital of the company)	69.95	69.89	69.89
69.89	69.95	69.89				

Notes:

- The reduction in the loss for the quarter ended December 31, 2011 was mainly due to reduction in cotton price coupled with marginal improvement in yarn sales realisation. Further the proactive decision of the management to cut down production operation to two shifts resulted in savings in cost of operation.
- Since there were no exceptional/exordinary items, the same have not been reflected in the above results.
- The company is principally engaged in a single business segment viz., cotton yarn and operates in a single geographical segment.
- During the quarter ended December 31, 2011, no investor complaints were received nor pending for redressal at the beginning and end of the said quarter.
- The above financial results reviewed by the Audit Committee, were approved by the Board of Directors at their meeting held on February 1, 2012. Statutory Auditors have carried out a limited review of the above results.

On behalf of the Board of Directors


R. Selvarajan

Chairman and Managing Director

Place : Salem

Dated: February 1, 2012

