



Kandagiri Spinning Mills Ltd.

Ref: KSML/CS/ 043/2017-18

12th August, 2017

To
The Listing Department,
Bombay Stock Exchange Limited,
Floor 25, P.J.Towers,
Dalal Street,
Mumbai – 400 001.

Dear Sir,

**Sub: Annual Report 2016-17 duly approved and adopted at the 41st
AGM of the Company held on 12.08.2017**

**Ref: Regulation 34(1) of SEBI (Listing Obligations and Disclosure
Requirements) Regulations, 2015**

In accordance with regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we herewith enclosed Company's Annual Report for the financial year 2016-17 which was duly approved and adopted by the members as per the provisions of the Companies Act, 2013 at the 41st Annual General Meeting of the Company held on 12.08.2017.

Kindly take the same for your records.

Thanking you,

Yours faithfully,
For Kandagiri Spinning Mills Limited


J. Asif
Company Secretary

Encl: As above



CIN : L17111TZ1970PLC000762
Regd. Off: Mill Premises, Udayapatti (P.O), P.B.No.3, Salem – 636 140. Phone : Mill 0427-2244400
Fax:0427-2244422; Gram: SUPERSPINE; e-mail:sales@kandagirimills.com; Web: www.kandagirimills.com



KANDAGIRI SPINNING MILLS LIMITED



41st Annual Report
2016 - 2017



CONTENTS

	Page No.
Corporate Information	01
Notice	02
Directors' Report	11
CEO / CFO Certification	36
Corporate Governance Report	37
Standalone Financial Statements	50
Consolidated Financial Statements	80
Proxy Form / Attendance Slip	107



ISO 9001 REGISTERED



DNV-GL

ISO 14001 REGISTERED



DNV-GL

Kandagiri Spinning Mills Limited



Board of Directors [As on 06.05.2017]	R. Selvarajan S. Vijay Shankar S. Devarajan M. Rajamani Dr. A. Sarayu Dr. V. Gopalan N. Asoka S. Gnanasekharan Kameshwar M Bhat Dr. V. Sekar Dr. R. Ramarathnam D. Balasundaram	<ul style="list-style-type: none">- Chairman and Managing Director- Non Executive Director- Non Executive Director- Non Executive Director- Non Executive Director- Non Executive Independent Director- Non Executive Independent Director- Non Executive Independent Director- Non Executive Independent Director- Additional Director (Non Executive, Independent)- Additional Director (Non Executive, Independent)- Additional Director (Non Executive, Independent)
Chief Financial Officer	S. Vijay Shankar	
Company Secretary	J. Asifa	
Statutory Auditors	M.S. Krishnaswami & Rajan	
Secretarial Auditors	B.K. Sundaram & Associates	
Cost Auditors	S. Mahadevan & Co	
Bankers	State Bank of India Karnataka Bank Limited Axis Bank Limited	<ul style="list-style-type: none">- Consortium Lead Bank- Consortium Member- Consortium Member
Registered Office	Post Box No. 3, Mill Premises, Udayapatti P.O., Salem 636 140, Tamil Nadu.	
Corporate Identity No. (CIN)	:	L17111TZ1976PLC000762
Spinning Plants	Unit I	: Udayapatti P.O., Salem 636 140, Tamil Nadu.
	Unit II	: Seshanchavadi P.O., Salem 636 111, Tamil Nadu.
	Unit III	: M. Perumapalayam, Cross Road, Mettupatty P.O., Salem 636 111, Tamil Nadu.
Wind Energy Converter	Gudimangalam Village, Udumalpet Taluk, Coimbatore District, Tamil Nadu.	



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 First Annual General Meeting of the Company will be held at the Mill Premises of Sambandam Spinning Mills Limited at Kamaraj Nagar Colony, Salem 636 014 **on Saturday, the 12th August, 2017 at 11.30 a.m.** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt
 - a. The Audited Financial Statements of the Company for the year ended March 31, 2017 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 year ended March 31, 2017 together with the notes annexed thereto and the report of the Auditors thereon.
2. Non-Executive Director Sri. M. Rajamani (holding DIN 00001930) retires by rotation this year and expressed his willingness of not to get re-appointed.

[Note : Since Non-Executive Director Sri M. Rajamani has expressed his unwillingness to stand for election at this Annual General Meeting, resolution and voting option for this business item is not applicable.]

3. Appointment of Statutory Auditors

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

“RESOLVED THAT pursuant to the provisions of section 139(2) and other applicable provisions, if any, of the Companies Act 2013 and the rules framed there under (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. R. Sundararajan and Associates, Chartered Accountants (Firm registration No.008282S) be and are hereby appointed as Auditors of the Company for the financial year 2017-18 who shall hold office from the conclusion of this (41st) Annual General Meeting until the conclusion of the next (42nd) Annual General Meeting on a remuneration of Rs.3,70,000/- (Rupees Three Lakhs and Seventy thousand only) excluding the out of pocket expenses that may be incurred by them in connection with the audit and excluding the applicable service tax.”

SPECIAL BUSINESS

4. Appointment of Dr. V. Sekar as Non-Executive Independent Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr. V. Sekar (holding DIN 03128187), who was appointed as Additional Director (Non-Executive, Independent) of the Company by the Board of Directors with effect from 25th March, 2017 and shall hold office up to this (41st) Annual General Meeting of the Company in terms of section 161 of the Companies Act, 2013 be and is hereby appointed as a Non-Executive Independent Director of the Company not liable to retire by rotation to hold office upto the conclusion of the 45th Annual General Meeting of the Company with effect from 25th March, 2017.”



5. Appointment of Dr. R. Ramarathnam as Non-Executive Independent Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr. R. Ramarathnam (holding DIN 02175098), who was appointed as Additional Director (Non-Executive, Independent) of the Company by the Board of Directors with effect from 6th May, 2017 and shall hold office up to this (41st) Annual General Meeting of the Company in terms of section 161 of the Companies Act, 2013 be and is hereby appointed as a Non-Executive Independent Director of the Company not liable to retire by rotation to hold office upto the conclusion of the 45th Annual General Meeting of the Company with effect from 6th May, 2017.”

6. Appointment of Sri. D. Balasundaram as Non-Executive Independent Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri D. Balasundaram (holding DIN 07800844), who was appointed as Additional Director (Non-Executive, Independent) of the Company by the Board of Directors with effect from 6th May, 2017 and shall hold office up to this (41st) Annual General Meeting of the Company in terms of section 161 of the Companies Act, 2013 be and is hereby appointed as a Non-Executive Independent Director of the Company not liable to retire by rotation to hold office upto the conclusion of the 45th Annual General Meeting of the Company with effect from 6th May, 2017.”

7. Acceptance of Fixed deposits from Members of the Company

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

“RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to accept deposits from the members of the Company in accordance with the provisions of Section 73(2) and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed there under (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) duly observing the procedure for accepting deposits from the members of the Company and within the limits prescribed there under.

RESOLVED FURTHER THAT the Board of directors of the Company be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

8. Appointment of Sri S. Sivakumar as Non-Executive Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 (the Act) and the rules framed there under (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) Sri S. Sivakumar (holding DIN 00002099) and in respect of whom the Company has received a notice in writing from a member under section 160 of the Act proposing his candidature for the office of Director be and is hereby appointed as Non-executive director of the Company.”



9. Ratification of remuneration payable to the Cost Auditor

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

“RESOLVED THAT the remuneration of Rs.1,00,000/- (Rupees One lakh only) payable for audit of cost accounts of the Company for the financial year ending 31st March, 2018 to CMA K.M. Krishnamurthy, (Membership No.10026, Firm Registration No: 102198) Cost Accountant as recommended by the Audit Committee and approved by the Board of Directors of the Company pursuant to section 148 of the Companies Act 2013 read with rule 14 and other applicable rules of the Companies (Audit and Auditors) Rules 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) excluding the out of pocket expenses that may be incurred by him in connection with the audit and excluding the applicable service tax be and is hereby ratified.

RESOLVED FURTHER THAT the Board of directors of the Company be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

Place : Salem
Date : May 06, 2017

J. Asifa
Company Secretary

NOTES :

1. A Member entitled to attend and vote is entitled to appoint proxy/proxies to attend and vote instead of himself/ herself and the proxy need not be a Member. Please read the instructions printed overleaf the Proxy Form attached to this notice before using the Form. The right of remote e-voting shall not be exercised by a Proxy.
2. 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 to 9 of the Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from **6th August, 2017 to 12th August, 2017** (both days inclusive).
4. 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

5. 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.

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

As per the provisions of Section 205A and 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account of the Company shall be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India. In accordance with the referred provision, Company has transferred to IEPF all unclaimed / unpaid dividends declared up to the financial year 2007-08.



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, the declared dividends which remained unpaid or unclaimed for a period of seven years, along with the underlying shares has to be transferred by the company to the Investor Education and Protection Fund (IEPF) established by the Central Government.

During the year 2016-17, transfer of Unpaid/Unclaimed dividend (along with shares) of the year 2009-10 was not applicable since the dividend was not declared for the year 2009-10. However, shareholders are requested to take note that as per IEPF rules, the Company is required to transfer the dividend along with underlying shares in respect of which dividend was not claimed /paid for the year 2010-11 to IEPF authority on 05.03.2018. Shareholders who have not claimed their dividend for the year 2010-11 can write to our Company or RTA M/s Cameo Corporate Services Limited, at 'Subramanian Building', No.1, Club House Road, Chennai – 600 002 who are the Registrars and Share Transfer Agents (RTA) of the Company for further details and for claiming unclaimed/unpaid dividend. In case no valid claim is received, unpaid /unclaimed dividend amounts along with underlying shares will be transferred to IEPF authority on the due date in accordance with the terms of rule 6(3) of the IEPF rules.

Pursuant to the provisions of rule 8 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 6th August, 2016 (date of last AGM) on the website of the Company (www.kandagirimills.com) and the relevant form is filed with Ministry of Corporate Affairs. Shareholders can ascertain the status of their unclaimed amounts from these websites.

7. 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 'Subramanian Building', No.1, Club House Road, Chennai – 600 002.
9. Additional information pursuant to regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Directors seeking appointment/re-appointment at the AGM are furnished and forms part of the Notice. The Directors have furnished the requisite consents / declarations for their appointment(s).
10. 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.
11. 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.
12. The Notice along with the Annual Report 2016-17 is being sent by electronic mode to those members whose email addresses are registered with the Company/Depositories, unless any member has requested for a physical copy of the same. For members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. Members may note that this Notice and Annual Report 2016-17 will also be available on the Company's website www.kandagirimills.com.



13 VOTING THROUGH ELECTRONIC MEANS [Remote E-voting]

Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer remote e-voting facility to the members to cast their votes electronically on all Resolutions set forth in the Notice convening the 41st AGM. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) for this purpose.

The voting period begins on **08.08.2017 at 9.15 a.m. and ends on 11.08.2017 at 5.00 p.m.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on **5th August, 2017** (cut-off date), may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

Instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" "KANDAGIRI SPINNING MILLS LIMITED" from the drop down menu and click on "SUBMIT".
- (iv) Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code (image verification) as displayed and Click on Login.
- (v) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.
- (vi) Now, fill up the following details in the appropriate boxes:

For Members holding shares in Demat Form or in Physical Form

For Members holding shares in Demat Form or in Physical Form	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) * Members who have not updated their PAN with the Company / RTA / DP are requested to use the first two letters of their name and the sequence number in the 'PAN field'. The S.L. No. printed on your address slip pasted on the Annual Report envelope added with sufficient 0s in between the first two letters of your name and the S.L. No. to fill the ten digit PAN field for this purpose, Example: If your name is Ramesh with S.L. No. 00003615 then enter RA00003615 in the ' PAN field'. If the name is V.K. Mohan with S.L. No. 00000005, enter VK00000005 in the 'PAN field'.
Date of Birth (DOB) #	Enter the Date of Birth (as recorded in your demat account or in the Company records for the said demat account or folio) in dd/mm/yyyy format.
Dividend Bank Details #	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.

Please enter DOB or dividend bank details in order to login. In case both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.



- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) Click on the EVSN for the relevant <Company Name> "KANDAGIRI SPINNING MILLS LIMITED" on which you choose to vote.
- (x) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- (xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xv) If Demat account holder has forgotten the changed password then, enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- (xvi) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (xvii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

In case of members acquiring shares after the dispatch of the notice:

Any person who acquires shares of the Company and becomes a member of the Company as on the cut-off date shall follow the above instructions to cast their vote through e-voting process.

14 VOTING AT THE VENUE OF THE AGM

In terms of Companies (Management and Administration) Amendment Rules, 2015 with respect to the voting through electronic means, the Company is pleased to offer the facility for voting by way of polling at the venue of the AGM. Members attending the meeting should note that those **who are entitled to vote but have not exercised their right to vote by 'Remote e- voting' may vote at the AGM through polling for all businesses specified in the Notice. Members who have exercised their right to vote by Remote e-voting may attend AGM but shall not vote at the AGM.**



- 15 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, 5th August, 2017**.
- 16 **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 AGM venue voting processes in a fair and transparent manner.
- 17 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.
- 18 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.
- 19 The results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.kandagirimills.com and the website of the CDSL immediately after the declaration of result and shall also be immediately forwarded to the Stock Exchange where the Company's shares are listed.
- 20 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.
- 21 Proxy and Attendance Slips are enclosed in Page No 107.

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

Item No. 3 - Appointment of Statutory Auditors

Pursuant to the provisions of Section 139 of the Companies Act, 2013 ("the Act") read with the relevant rules, an audit firm which had completed two terms of five consecutive years or more in a listed company shall be eligible for appointment of three more consecutive years as Statutory Auditors in the same company. After completion of the referred three years, new Audit Firm need to be appointed.

In accordance with the above compliance, in place of retiring Auditors M/s Krishnaswami & Rajan (Firm registration No.01554S) who has served the Company for over 10 years before the Act was notified and will be completing the above referred transitional period of three years at the ensuing (41st) AGM, Board on the recommendation of the Audit Committee proposes for the appointment of M/s R. Sundararajan & Associates, Chartered Accountants (Firm registration No.008282S) [who have confirmed their eligibility and willingness for appointment] as Statutory Auditors of the Company for the Financial Year 2017-18.

Board of directors recommends the resolution for members' approval. None of the directors/Key Managerial Personnel or their relatives is interested or concerned in the resolution.

Item No.4 To 6 – Appointment of Non-Executive Independent Directors

The Independent Directors proposed to be appointed as specified in the resolutions 4 to 6 (Dr. V. Sekar, Dr. R. Ramarathnam and Sri D. Balasundaram) were appointed as Additional Directors in the Board meetings as stated in the respective resolutions and they shall hold office upto this (41st) Annual General Meeting of the Company.

Nomination and Remuneration Committee at its meeting held on 05th May, 2017 had recommended appointment of these directors as Non-Executive Independent Directors, not liable to retire by rotation who shall hold office upto the conclusion of the 45th Annual General Meeting of the Company.

The Company has received notice from the members along with the requisite deposit amount under section 160 of the Companies Act, 2013 proposing the candidature of the aforesaid directors for the office of Independent director. The company has also received from the aforesaid directors, a declaration to the effect that they meet the criteria of independence as provided under section 149(6) of the Companies Act, 2013. Accordingly, Board places the resolution for the appointment of these directors (Dr. V. Sekar, Dr. R. Ramarathnam and Sri D. Balasundaram) as Non-Executive Independent directors before the members for their approval. Details of the directors as required under regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given in the annexure.



Board of directors recommends the resolution for members' approval. Except the directors to whom the respective resolution relates, no other director or Key Managerial Personnel or their relatives are concerned or interested in the resolutions.

Item No.7 – Acceptance of Fixed Deposits from Members

Section 73(2) of the Companies Act, 2013 prescribes that approval of the members by passing a resolution at the General Meeting is required for the Board of Directors to accept deposits from the shareholders of the Company. The Board do not contemplate to accept deposits as at present. However, the rules prescribed under the Act prescribe certain procedures to be followed by the Company before accepting deposits from the members. After securing the approval of members at the AGM, board will decide about the timing for accepting deposits from the members after complying with the prescribed procedure in this regard. Board of directors recommends the resolution for members' approval. None of the Directors/Key Managerial Personnel or their relatives is interested or concerned in the resolution.

Item no. 8 – Appointment of Sri. S. Sivakumar as Non-executive Director

Company has received a notice from a member u/s 160 of the Act together with the requisite deposit amount proposing the appointment of Sri S. Sivakumar as a director of the Company. Sri S. Sivakumar is an Industrialist and has vast experience in textile trade. He served as Whole-time Director of the Company during the years 2002-2007 and as Non-executive Director of the Company during the years 2007-2008 and 2011-2014.

Nomination and Remuneration Committee at its meeting held on 05th May, 2017 had recommended appointment of Sri S. Sivakumar as Non-Executive Director of the Company. Accordingly Board places the resolution for members approval. None of the Directors, Key Managerial Personnel or their relatives are concerned or interested in the resolution.

Item No.9 - Ratification of the Remuneration payable to Cost Auditor

Though it is not mandatory, as a best Corporate Governance practice, by way of rotation in place of existing Cost auditors of the Company M/s. S. MAHADEVAN &CO., Audit Committee at its meeting held on 5th May, 2017 recommended the appointment of CMA K.M. Krishnamurthy, Cost Accountant as Cost Auditor of the Company for audit of cost accounts of the Company for the FY 2017-18 on the remuneration of Rs.1,00,000/- (Rupees One lakh only) excluding out of pocket expenses and service tax. Board of directors has accepted the recommendation of the Audit committee and approved the appointment and remuneration of Cost Auditor CMA K.M. Krishnamurthy. As per the provisions of Section 148 of the Companies Act 2013 and Rule 14 of the Companies (Audit and Auditors) Rules 2014, remuneration payable to the cost auditor as approved by the Board of directors of the Company shall be ratified by the shareholders. Resolution for this purpose is placed for consideration of members for ratification of the remuneration as stated in the resolution. None of the directors or the key managerial personnel or their relatives is interested in the resolution.

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**

Place : Salem
Date : May 06, 2017

J. Asifa
Company Secretary

Kandagiri Spinning Mills Limited



Details of Director seeking Appointment / Re-appointment

Name of the Director	Dr. V.Sekar	Dr. R.Ramarathnam	Sri D.Balasundaram	Sri S.Sivakumar
DIN	03128187	02175098	07800844	00002099
Date of birth	05-02-1956	21-01-1946	25-06-1958	10-03-1973
Date of Appointment	25-03-2017	06-05-2017	06-05-2017	23-10-2002
Qualification	M.A., MBA (Finance), M. Phil., PhD	M. Tech (EE), Ph.D	M. Tech (Textile)	BBM (Bachelor of Business Management)
Expertise in Specific Functional areas	He has three decades of experience in Industrial Finance, banking, Law, Industrial Management and Industrial Administration. At present he is Director in Rathinam Institute of Management, Coimbatore	He has rich experience in Electromechanical Engineering field mainly in Energy Conservation, Renewable Energy, Power Conditioning & in Measurement. Vast experience in Design and Development, Production Engineering, Supply Chain Mangament, Production, Quality Assurance and Marketing. He has several accolades and awards from reputed Companies and Institutions on his meritorious achievements.	He has three decades of experience in Textile Engineering and related field. He has exposure in world class management systems.	Sri S. Sivakumar is the grandson of Late Sri. K .R. Manicka Mudaliar, former Chairman of the Company and son of Late Sri M. Sigamani who were the Founder directors of the Company. He is a graduate in Business Management and has vast experience in textile trade and other business.
Directorship in other Companies	1. Sambandam Spinning Mills Limited (SSML)	1. Basil Energetic Private Limited 2. Westcott Electricals Private Limited 3. Universal Electrodynamics Private Limited 4. Dalmia Electrodyn Technologies Private Limited 5. Go Green Enterprises Private Limited 6. Sambandam Spinning Mills Limited	1. Sambandam Spinning Mills Limited	1. Greenfield Creations Private Limited, 2. Greenfield Shelters Private Limited,
Committee Membership in other Companies	Member of Audit Committee in SSML	NIL	NIL	NIL
No.of shares in the Company	—	—	—	2,78,033 Shares
Inter-se relationship with any other directors	—	—	—	—
Number of Board meetings attended during the year	One (1) [Out of 5 meetings held during the year]	—	—	—



KANDAGIRI SPINNING MILLS LIMITED

DIRECTORS' REPORT

Your directors have pleasure in submitting their 41st Annual Report together with the audited accounts for the year ended March 31, 2017 (the year).

Performance Highlights	2016 - 17	2015 - 16
	(Rupees in Lakhs)	
Export - Direct	803	179
- Merchandise	519	7544
Domestic	6379	6740
Other Operating Income	101	15
Total Turnover	7803	14478
Gross profit/(Loss) (i.e., Profit before interest and depreciation)	(698)	868
Cash profit/(Loss) (i.e., Profit / before depreciation)	(1949)	(375)
Profit/(Loss) before exceptional Item and tax	(2661)	(1134)
Exceptional Item – Profit on sale of Windmill	1545	–
Profit/(Loss) after exceptional Item (before tax) - PBT	(1116)	(1134)
Profit/(Loss) after exceptional Item and tax – PAT	(1116)	(1134)
Earnings per share - basic and diluted Rs.	(28.99)	(29.45)

Dividend

In view of the loss incurred during the year, no dividend could be recommended by your Board of Directors for the financial year 2016-17.

Reserves and Surplus

The current year loss of Rs. 1116 lakhs has been added to the deficit at the beginning of the year of Rs. 1258.62 lakhs and the deficit aggregates to Rs. 2374.51 lakhs at the end of the year.

Financial Performance with respect to Operational Performance:

During the financial year 2016-17, your Company was not able to run all the units at fullest capacity. The capacity utilisation of all the units got reduced resulting in lower production of 32.90 lakh kgs and the Company was able to achieve only a turnover of Rs. 7803 lakhs as against the turnover of Rs. 14478 lakhs of the previous year 2015-16.

The cash loss incurred by the Company during the previous year 2015-16 and the continued adverse market behaviour and abnormal increase in cotton prices and lower yarn prices, resulted in losses during the current year also. Despite aforesaid adverse factors, the Company made repayment of term loans (nearly Rs. 20 crore) which has affected the entire working capital. The financial crunch affected the timely repayment of term loans and creditors payments. In view of the delayed payments to creditors, the procurement of raw material was also affected.

As a consequence of the above and also due to non-recovery of fixed costs since the Company had not run at the fullest capacity during the year, your Company incurred loss of Rs. 2661 lakhs as against previous year 2015-16 loss of Rs. 1134 lakhs

To overcome this situation and to ease off the financial crisis, strategic decision of selling windmill assets and Unit –III of the Company was taken. The proceeds from the sale of windmill assets were utilised for bank repayments and certain creditor payments. Sale of Unit-III is under progress and the proceeds will be utilised for remaining payment obligations of the Company and also for the working capital needs to run the business.

The above said loss of Rs. 2661 lakhs got reduced by the profit on sale of Windmill assets of Rs. 1545 lakhs resulting in net loss of Rs. 1116 lakhs for the financial year 2016-17



MANAGEMENT DISCUSSION AND ANALYSIS

The core business of the company is manufacture and sale of cotton yarn. The management discussion and analysis given below discusses the key issues of the cotton yarn spinning sector.

(a) Industry structure and developments:

The FY 2016-17 witnessed high volatility and abnormal increase in cotton prices and sluggish demand for yarn products both in domestic and international markets. Cotton prices were uneconomical in relation to market price of yarn. Surplus production, uneconomical exports and reduced demand for medium quality yarn in the domestic market are some of the reasons for the lower performance of the industry. These circumstances have created challenges of shifting towards new value added products, selling at higher price or premium price for the better quality of yarn, better productivity and enhancing marketing strategies for evolution of new markets. Decision to reduce exports at the present juncture due to the uneconomical prices also aggravated situation due to competition from other developing countries like Indonesia, Vietnam, Bangladesh, Philippines etc.

(b) Outlook

The industry expects an improvement during the current year. Further, there is an increasing demand for value added yarns and also other cellulosic fibres in both domestic and international markets. In view of these factors, Company's performance is expected to improve substantially during the year 2017-18.

(c) Strategies and Future plans

By using the sale proceeds of Unit-III asset, your company propose to repay a substantial portion of term loans and other payment obligations and propose to utilise the balance sale proceeds towards working capital requirements. Further for betterment in the operations of the Company, in addition to cotton yarn, your directors have planned to produce value added products viz., "Viscose, Polyester and Mélange varieties of yarn" based on the market requirements. And the production of these varieties had already been started and it is well received in the market. The profitability is also quite good as compared to cotton yarn.

(d) Risks and Concerns

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

(e) Internal control systems

The Company has in place a well established internal control procedures covering various areas such as procurement of raw materials, production planning, quality control, maintenance planning, marketing, cost management and debt servicing. Necessary checks and balances have been instituted for timely correction with an effective internal audit system.

Your company is certified ISO 9001: 2008 for Quality Management System Standards (Manufacture and supply of yarn) and ISO 14001: 2004 for Environmental Management System Standards (the systems). Further, your company's laboratory is also certified by NABL.



(f) Human resources management

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

The company also recognises the importance of training and consequently deputed its work force to various work related courses/seminars including important areas like Total Quality Management (TQM), Technical skills etc. 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

Board of Directors of the Company has constituted Corporate Social Responsibility (CSR) Committee and devised a CSR policy to carry out CSR initiatives in line with the requirements specified under the Companies Act, 2013. Since the Company has no average net profit, there is no CSR Obligation for the FY 2016-17. However, Company has spent Rs. 1.23 lakhs towards unspent CSR obligation of previous year which the details have been given in the annexure to this report. The CSR policy has been hosted on the website of the Company www.kandagirimills.com.

Extract of Annual Return

The extract of annual return in Form MGT – 9 has been annexed with this report and forms part of this report.

Number of Board Meetings

The details pertaining to meetings of the Board has been explained under Corporate Governance Report annexed with this report and forms part of this report.

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 website 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.

Secretarial Auditors' Report

Company appointed M/s B. K. Sundaram & Associates, Practising Company Secretaries as Secretarial Auditors to conduct Secretarial Audit of the Company for the financial year 2016-17. The report of the Secretarial Audit for the financial year 2016-17 in FORM MR-3 is annexed to this report and forms part of this report. There are no disqualifications, reservations or adverse remarks or disclaimers in Secretarial Auditors Report.

Audit Committee

Details of Composition of Audit Committee are covered under Corporate Governance Report annexed with this report and forms part of this report. 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 extract of Annual Return as provided under Section 92(3) of the Act, in prescribed form MGT-9 annexed with this report and forms part of this Report.

Independent Auditors' Report

There is no qualification in the Independent Auditors' Report except Independent Auditor has pointed out the delay in repayment of bank term loan principal and interest dues to the bankers. Your directors wish to state that due to cash flow constraints there was delay in repayment of bank term loan principal and interest dues which has been subsequently paid off.

Particulars of Employees

The information required under section 197 of the Act and rules made there-under with subsequent amendments thereto, 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-ptp.pdf>

Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.

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 board processes, information and functioning, etc. as provided by the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as the Composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.



In a separate meeting of 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 in the board meeting that followed the meeting of the independent directors, at which the performance of the board, its committees, and individual directors were also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

None of the Independent directors are due for reappointment.

Familiarisation Programme of the Independent Directors

Periodic presentations are made by Senior Management, Statutory and Internal Auditors at the Board/Committee meetings on business and performance updates of the Company, global business environment, business risks and its mitigation strategy, impact of regulatory changes on strategy etc. Updates on relevant statutory changes encompassing important laws are regularly intimated to the Independent directors.

Deposits

The following are the details of deposits covered under Chapter V of the Act

- i. Deposits Accepted from shareholders during the year (2016 - 17): Rs. 17.66 lakhs
- ii. Remained unpaid or unclaimed as at the end of the year : NIL
- iii. 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.

Cost Audit Report

Cost Audit Report for the FY 2015-16 in XBRL format was filed with MCA on 23.08.2016 vide SRN G09734229. M/s. S. MAHADEVAN & CO., Cost Accountants were reappointed as Cost Auditors of the Company for the FY 2016-17 and the Cost Audit report for the year 2016-17 in XBRL format will be filed with MCA well within the due date.

Though it is not mandatory, as a best Corporate Governance practice, by way of rotation in place of existing cost auditors of the Company M/s. S. MAHADEVAN & CO., Board on the recommendation of the Audit Committee, appointed CMA K.M. Krishnamurthy, Cost Accountant as Cost Auditor of the Company for the FY 2017-18. Board places before the members the resolution for ratification of remuneration payable to the Cost Auditor for the FY 2017-18.

Directors

During the year, Independent directors of the Company viz., Sri P.S. Ananthanarayanan (w.e.f 11.02.2017), Dr. V. Gopalan (w.e.f. 06.05.2017) and Sri N. Asoka (w.e.f 06.05.2017) were resigned from the Board due to their pre-occupations and other commitments. The Board places on record its appreciation and gratitude for the invaluable contributions made by these directors during their tenure as a member of the Board of Directors.

The other Independent Directors Sri S. Gnanasekharan and Sri Kameshwar M. Bhat were appointed at the 38th AGM of the Company held on 28.09.2014 for a term of five consecutive years and shall hold office upto the conclusion of the 43rd AGM of the Company.

Board has appointed Dr. V. Sekar (on 25.03.2017), Dr. R. Ramarathnam (on 06.05.2017) and Sri D. Balasundaram (on 06.05.2017) as Additional Directors (Non-Executive, Independent) and they shall hold office upto the ensuing (41st) AGM of the Company. Resolutions proposing their appointment as Independent Directors of the Company to hold office upto the conclusion of the 45th AGM of the Company included in the notice of the 41st AGM of the Company for members' approval.

Non- Executive director Sri M. Rajamani retires by rotation this year and he desires not to get re-elected and in his place Sri. S. Sivakumar has been proposed for appointment as Non-executive director of the Company, liable to retire by rotation and the resolution is placed before the members for approval. Board recorded its appreciation for the valuable services rendered by Sri S. Rajamani to the Company during the tenure of his office.



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

Key Managerial Personnel

Members at the AGM held on 27.09.2015 approved the revision in the remuneration package of Chairman and Managing Director, Sri R. Selvarajan and Chief Financial Officer and Non- Executive director, Sri S. Vijay Shankar. Sri S. Vijay Shankar receives remuneration only in his capacity as Chief Financial Officer and do not receive sitting fees etc., in his capacity as non-executive director. In view of the unsatisfactory financial performance of the Company, CMD and CFO had forgone their increase in salary as a gesture.

Change in designations of Directors

Chairman and Managing Director Sri R. Selvarajan has tendered his resignation from the position of Chairman of the Company and expressed his willingness to continue as Managing Director of the company with effect from 01.06.2017. Board at its meeting held on 06.05.2017 accepted his resignation and on the recommendation of the Nomination and Remuneration Committee elected Non-Executive Director, Sri S. Devarajan as Non-Executive Chairman of the Company effective from 01.06.2017. Chairman and Managing Director Sri R. Selvarajan will be continued as Managing director of the Company with effect from 01.06.2017.

Auditors

The auditors M/S M.S. Krishnaswami & Rajan, Chartered Accountants, retire at the ensuing annual general meeting. In accordance with the provisions of Section 139 of the Companies Act, 2013 read with the relevant rules, by rotation in place of retiring Auditors M/S M.S. Krishnaswami & Rajan, Chartered Accountants, on the recommendation of the Audit Committee your Company's board is placing the resolution for appointment of M/s R. Sundararajan & Associates, Chartered Accountants (who confirmed their eligibility and willingness to accept office, if appointed) as statutory Auditors of the Company for the financial year 2017-18.

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 3.20 to the notes to the 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 2016-17, 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. 3,74.39,022/- during the year 2016-17 as against Rs. 3,18,59,942/- in the previous year and profit after tax of Rs.17,97,013/- during the year 2016-17 as against Rs. 47,29,843/- 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

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".



Annexures to this Report

The following are the annexures to this report:

1. Director's Responsibility Statement in Annexure-1.
2. Conservation of energy, technology absorption, Research and development and foreign exchange earnings and outgo in Annexure -2.
3. Statement containing salient features of the financial statement of associate company (Form AOC – 1) in Annexure -3.
4. Form AOC - 2 in Annexure -4.
5. Extract of Annual Report (Form MGT-9) in Annexure -5.
6. Secretarial Audit Report (Form MR-3) in Annexure -6.
7. Details of CSR Expenditure in Annexure -7.
8. Particulars of Remuneration in Annexure -8.
9. CEO / CFO Certification in Annexure- 9.
10. Corporate Governance Report in Annexure -10.

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 demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in 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 in achieving and sustaining excellence in all areas of the business. Your directors thank the Shareholders, Customers, Suppliers, Bankers and other stakeholders for their continued support during the year. Your Company's consistent growth has been made possible by the hard work, solidarity, cooperation and support of the management team. The directors of your company thank State Bank of India, Karnataka Bank Limited and Axis Bank Limited, Central/State Governments and other government agencies for their support, and look forward to their continued support in future.

For and on behalf of the Board of
Kandagiri Spinning Mills Limited

Salem
May 06, 2017

R. Selvarajan
Chairman and Managing Director

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 2016-17, 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 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.



Annexure - 2

(ii) Conservation of energy, technology absorption and research and development and foreign exchange earnings and outgo

A. Conservation of energy

(a) Power and fuel consumption

1. Electricity

		2016-17	2015-16
(i) Purchased units*	'000 KWH	7646	22385
Total cost	Rs. Lakhs	631	1788
Cost/unit	Rs.	8.25	7.98

*net of units generated through wind energy converters

(ii) Own generation

1) Through diesel generator			
Generated units	'000 KWH	6	322
Units per litre of diesel	KWH	2.91	3.21
Cost/unit	Rs.	18.85	14.52

2) Through steam turbine/generator		–	–
------------------------------------	--	---	---

3) Through Wind energy converters	'000 KWH	9815	11089
Generated units (fed to TNEB Grid)			
Cost/unit	Rs.	4.38	3.01

*Cost includes maintenance charges, interest and depreciation

2. Coal		–	–
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3. Furnace oil		–	–
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4. Others		–	–
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b) Consumption per unit of production

Production (Yarn)	Kgs. Lakhs	32.90	81.14
Consumption of electricity	'000 KWH	17468	33796
Consumption Per kg. of Yarn	KWH	5.31	4.16

B. Technology absorption and research and development

		–	–
--	--	---	---

C. Foreign exchange earnings and outgo

(a) Active relating to exports Yarn exports (including merchandise exports)	Rs. Lakhs	1325.97	7723.70
---	-----------	---------	---------

(b) Total Foreign exchange used and earned

1) CIF value of Imports			
Spares for Capital goods*	Rs. Lakhs	–	41.78
Raw materials (cotton)*	Rs. Lakhs	217.90	73.27

*exclusive of net exchange difference

2) Other expenditure in foreign Currency			
Interest	Rs. Lakhs	–	–
Other matters	Rs. Lakhs	–	–

3) Foreign exchange earned			
Yarn export	Rs. Lakhs	803.45	179.14

**FORM AOC - 1**

Annexure - 3

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	31-03-2017	31-03-2016
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 50%	20,00,000 Rs. 2,00,00,000 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. 103.67 lakhs	Rs. 94.62 lakhs
6.	Profit for the year	Rs. 17.97 lakhs	Rs. 47.30 lakhs
	Profit attributable to the Shareholding	Rs. 8.99 lakhs	Rs. 23.65 lakhs

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

For and on behalf of the Board

R. Selvarajan **S. Devarajan** **J. Asifa** **S. Vijay Shankar**
 Salem, Chairman and Managing Director Director Company Secretary Chief Financial Officer
 May 06, 2017 DIN : 00001703 DIN : 0001910

Form No. AOC-2

Annexure - 4

(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

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

NOTE

All transactions entered by the Company with Related Parties were in the Ordinary Course of Business and at Arm's Length pricing basis. The Audit Committee granted omnibus approval for the transactions (which are repetitive in nature) and the same was reviewed by the Audit Committee and the Board of Directors. There were no materially significant transactions with Related Parties during the financial year 2016-17 which were in conflict with the interest of the Company. Hence the related party transactions of the Company for the financial year 2016-17 not fall under the purview of disclosure under Form AOC - 2. Suitable disclosures as required under AS-18 have been made in Note 3.8 of the Notes to the financial statements.

Salem
May 06, 2017

R. Selvarajan
Chairman and Managing Director



FORM NO. MGT - 9

**EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2017**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN:- **L17111TZ1976PLC000762**
- ii) Registration Date : **05-05-1976**
- iii) Name of the Company : **M/s Kandagiri Spinning Mills Limited**
- iv) Category / Sub-Category of the Company: **Company having Share capital**
- v) Address of the registered office and contact details:
Post Box No.3, Udayapatti, Salem 636 140
- vi) Whether listed company Yes / No : **Yes**
- vii) Name, Address and Contact details of Registrar and Transfer Agents :
**M/s Cameo Corporate Services Limited
'Subramanian Building' No.1, Club House Road,
Chennai 600 002**

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service*	% to total turnover of the company
1	Manufacture and Sale of Cotton Yarn	13111	100

* - As per NIC 2008

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl. No.	Name and Address of the Company	CIN/GLN	Holding Subsidiary / Associate	% of shares held	Applicable Section
1	SPMM HEALTHCARE SERVICES PRIVATE LIMITED	U85110TZ2003PTC010761	ASSOCIATE	50%	Sec 2(6) of Companies Act, 2013


IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2016)				No. of Shares held at the end of the year (31.03.2017)				% Change during the year
	Demat	Physi-cal	Total	% of Total Shares	Demat	Physi-cal	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	2631219	0	2631219	68.36	2550503	0	2550503	66.26	-2.10
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt (s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub - Total (A) (1):-	2631219	0	2631219	68.36	2550503	0	2550503	66.26	-2.10
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Bodies Corp.	0	0	0	0	0	0	0	0	0
c) Bank / FI	0	0	0	0	0	0	0	0	0
d) Qualified Institution	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
Sub - Total (A) (2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A) (1) + (A) (2)	2631219	0	2631219	68.36	2550503	0	2550503	66.26	-2.10
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds / UTI	0	0	0	0	0	0	0	0	0
b) Financial Institutions / Bank	0	0	0	0	0	0	0	0	0
c) Central Government / State Govt.	0	0	0	0	0	0	0	0	0
d) Venture Capital Funds.	0	0	0	0	0	0	0	0	0
e) Insurance Companies	0	0	0	0	0	0	0	0	0
f) Foreign Institutional Investors	0	0	0	0	0	0	0	0	0
g) Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
h) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
i) Any other	0	0	0	0	0	0	0	0	0
Sub - Total (B) (1)	0	0	0	0	0	0	0	0	0



Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2016)				No. of Shares held at the end of the year (31.03.2017)				% Change during the year
	Demat	Physi-cal	Total	% of Total Shares	Demat	Physi-cal	Total	% of Total Shares	
(2) Non - Institutions									
a) Bodies Corporate									
i. Indian	52584	91900	144484	3.75	57823	91900	149723	3.89	+0.14
ii. Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	377784	134405	512189	13.31	422329	133480	555809	14.44	+1.13
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	501266	0	501266	13.02	521615	0	521615	13.55	+0.53
c) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
d) Any other									
Clearing Members	151	0	151	0.00	519	0	519	0.01	+0.01
Hindu Undivided Families	58826	0	58826	1.53	69781	0	69781	1.81	+0.28
Non resident Indians	1115	0	1115	0.03	1300	0	1300	0.04	+0.01
Sub - Total (B) (2):-	991726	226305	1218031	31.64	1073367	225380	1298747	33.74	2.10
Total Shareholding (B) = (B) (1) + (B) (2)	991726	226305	1218031	31.64	1073367	225380	1298747	33.74	2.10
C) Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Total (A) + (B) + (C)	3622945	226305	3849250	100.00	3623870	225380	3849250	100.00	0



ii). Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year (01.04.2016)			Shareholding at the end of the year (31.03.2017)			% change in share holding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1	R SELVARAJAN	778730	20.23	– Nil –	778730	20.23	– Nil –	–
2	S VIJAY SHANKAR	409582	10.64	– Nil –	409582	10.64	– Nil –	–
3	S SIVAKUMAR	159163	4.14	– Nil –	159163	4.14	– Nil –	–
4	S SIVAKUMAR & S SWETHA	118870	3.09	– Nil –	118870	3.09	– Nil –	–
5	S DINAKARAN	116466	3.03	– Nil –	116466	3.03	– Nil –	–
6	S NIRMALA	113040	2.94	– Nil –	113040	2.94	– Nil –	–
7	S JEGARAJAN	112057	2.91	– Nil –	112057	2.91	– Nil –	–
8	S DEVARAJAN	92227	2.40	– Nil –	92227	2.40	– Nil –	–
9	M RAJAMANI	85550	2.22	– Nil –	85550	2.22	– Nil –	–
10	S SWETHA & S SIVAKUMAR	83200	2.16	– Nil –	83200	2.16	– Nil –	–
11	R SAKUNTHALA	79600	2.07	– Nil –	79600	2.07	– Nil –	–
12	R SELVARAJAN	65520	1.70	– Nil –	65520	1.70	– Nil –	–
13	R MALARSELVI	63800	1.66	– Nil –	39159	1.01	– Nil –	-0.64
14	KALAVATHI S	59520	1.55	– Nil –	45297	1.18	– Nil –	-0.37
15	A SARAYU	53090	1.38	– Nil –	53090	1.38	– Nil –	–
16	M RAJAMANI & R SAKUNTHALA	36517	0.95	– Nil –	36517	0.95	– Nil –	–
17	S BALAMANI	30000	0.78	– Nil –	30000	0.78	– Nil –	–
18	D SARADHAMANI	25270	0.66	– Nil –	25270	0.66	– Nil –	–
19	S DEVARAJAN	17870	0.46	– Nil –	17870	0.46	– Nil –	–
20	D SENTHILNATHAN	17220	0.45	– Nil –	17220	0.45	– Nil –	–
21	SUMATHI S	17200	0.45	– Nil –	0	0.00	– Nil –	-0.45
22	PARAMESWARI JEGARAJAN	15300	0.40	– Nil –	15300	0.40	– Nil –	–
23	M VANAJA	15000	0.39	– Nil –	348	0.01	– Nil –	-0.38
24	S BHARATHI	10000	0.26	– Nil –	0	0.00	– Nil –	-0.26
25	R JAYANTHI	10000	0.26	– Nil –	10000	0.26	– Nil –	–
26	D MANJULA	7650	0.20	– Nil –	7650	0.20	– Nil –	–
27	S P SAMBANDAM	3770	0.10	– Nil –	3770	0.10	– Nil –	–
28	V ABHINAV	2800	0.07	– Nil –	2800	0.07	– Nil –	–
29	D SUDHARSAN	2000	0.05	– Nil –	2000	0.05	– Nil –	–
30	J SAKTHIVEL	2000	0.05	– Nil –	2000	0.05	– Nil –	–
31	S DINAKARAN	1250	0.03	– Nil –	1250	0.03	– Nil –	–
32	S JEGARAJAN	1250	0.03	– Nil –	1250	0.03	– Nil –	–
33	J RAMYA	1170	0.03	– Nil –	1170	0.03	– Nil –	–
34	D ANUPAMA	1170	0.03	– Nil –	1170	0.03	– Nil –	–
35	D MINUSAKTHIPRIYA	1000	0.03	– Nil –	1000	0.03	– Nil –	–
36	D NIRANJANKUMAR	1000	0.03	– Nil –	1000	0.03	– Nil –	–
37	RATHIPRIYA D	1000	0.03	– Nil –	1000	0.03	– Nil –	–
38	V VALARNILA	1000	0.03	– Nil –	1000	0.03	– Nil –	–
39	S SWETHA	19367	0.51	– Nil –	19367	0.51	– Nil –	–
	TOTAL	2631219	68.36	–	2550503	66.26	–	-2.10


iii). Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year 01-04-2016		2631219	68.36	2631219	68.36
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.,)					
	02.08.2016	(Sale) R. Malarselvi	(-) 511	(-) 0.01	2630708	68.34
	04.08.2016	(Sale) R. Malarselvi	(-) 150	(-) 0.00	2630558	68.34
	05.08.2016	(Sale) R. Malarselvi	(-) 5	(-) 0.00	2630553	68.34
	08.08.2016	(Sale) R. Malarselvi	(-) 3000	(-) 0.08	2627553	68.26
	18.08.2016	(Sale) R. Malarselvi	(-) 250	(-) 0.01	2627303	68.25
	19.08.2016	(Sale) R. Malarselvi	(-) 1000	(-) 0.03	2626303	68.23
	22.08.2016	(Sale) R. Malarselvi	(-) 400	(-) 0.01	2625903	68.22
	02.09.2016	(Sale) R. Malarselvi	(-) 2000	(-) 0.05	2623903	68.17
	07.09.2016	(Sale) R. Malarselvi	(-) 400	(-) 0.01	2623503	68.16
	08.09.2016	(Sale) R. Malarselvi	(-) 10	(-) 0.00	2623493	68.16
	23.09.2016	(Sale) R. Malarselvi	(-) 1000	(-) 0.03	2622493	68.13
	27.09.2016	(Sale) R. Malarselvi	(-) 4000	(-) 0.10	2618493	68.03
	07.10.2016	(Sale) R. Malarselvi	(-) 500	(-) 0.01	2617993	68.01
	10.10.2016	(Sale) R. Malarselvi	(-) 500	(-) 0.01	2617493	68.00
	13.10.2016	(Sale) R. Malarselvi	(-) 150	(-) 0.00	2617343	68.00
	17.10.2016	(Sale) R. Malarselvi	(-) 530	(-) 0.01	2616813	67.98
	19.10.2016	(Sale) R. Malarselvi	(-) 579	(-) 0.02	2616234	67.97
	20.10.2016	(Sale) R. Malarselvi	(-) 100	(-) 0.00	2616134	67.96
	21.10.2016	(Sale) R. Malarselvi	(-) 2000	(-) 0.05	2614134	67.91
	26.10.2016	(Sale) R. Malarselvi	(-) 450	(-) 0.01	2613684	67.90
	28.10.2016	(Sale) R. Malarselvi	(-) 300	(-) 0.01	2613384	67.89
	16.11.2016	(Sale) R. Malarselvi	(-) 1000	(-) 0.03	2612384	67.87
	18.11.2016	(Sale) R. Malarselvi	(-) 500	(-) 0.01	2611884	67.85
	29.11.2016	(Sale) R. Malarselvi	(-) 1500	(-) 0.04	2610384	67.82
	13.12.2016	(Sale) R. Malarselvi	(-) 400	(-) 0.01	2609984	67.81
	19.12.2016	(Sale) R. Malarselvi	(-) 500	(-) 0.01	2609484	67.79
	21.12.2016	(Sale) R. Malarselvi	(-) 100	(-) 0.00	2609384	67.79
	22.12.2016	(Sale) R. Malarselvi	(-) 1000	(-) 0.03	2608384	67.76
	23.12.2016	(Sale) R. Malarselvi	(-) 10	(-) 0.00	2608374	67.76
	30.12.2016	(Sale) R. Malarselvi	(-) 500	(-) 0.01	2607874	67.75
	05.01.2017	(Sale) R. Malarselvi	(-) 140	(-) 0.00	2607734	67.75
	06.01.2017	(Sale) R. Malarselvi	(-) 1000	(-) 0.03	2606734	67.72
	09.01.2017	(Sale) R. Malarselvi	(-) 100	(-) 0.00	2606634	67.72
	10.01.2017	(Sale) R. Malarselvi	(-) 55	(-) 0.00	2606579	67.72
	11.01.2017	(Sale) R. Malarselvi	(-) 1	(-) 0.00	2606578	67.72



Sl. No.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.,)			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	[Contd.....]					2606578	67.72
	16.12.2016	(Sale)	S. Bharathi	(-) 1200	(-) 0.03	2605378	67.69
	19.12.2016	(Sale)	S. Bharathi	(-) 1000	(-) 0.03	2604378	67.66
	20.12.2016	(Sale)	S. Bharathi	(-) 1510	(-) 0.04	2602868	67.62
	21.12.2016	(Sale)	S. Bharathi	(-) 702	(-) 0.02	2602166	67.60
	23.12.2016	(Sale)	S. Bharathi	(-) 1	(-) 0.00	2602165	67.60
	29.12.2016	(Sale)	S. Bharathi	(-) 2000	(-) 0.05	2600165	67.55
	04.01.2017	(Sale)	S. Bharathi	(-) 2587	(-) 0.07	2597578	67.48
	21.03.2017	(Sale)	S. Bharathi	(-) 610	(-) 0.02	2596968	67.47
	22.03.2017	(Sale)	S. Bharathi	(-) 390	(-) 0.01	2596578	67.46
	16.01.2017	(Sale)	S. Kalavathi	(-) 1230	(-) 0.03	2595348	67.42
	17.01.2017	(Sale)	S. Kalavathi	(-) 2003	(-) 0.05	2593345	67.37
	18.01.2017	(Sale)	S. Kalavathi	(-) 4000	(-) 0.10	2589345	67.27
	25.01.2017	(Sale)	S. Kalavathi	(-) 2100	(-) 0.05	2587245	67.21
	27.01.2017	(Sale)	S. Kalavathi	(-) 2000	(-) 0.05	2585245	67.16
	30.01.2017	(Sale)	S. Kalavathi	(-) 1000	(-) 0.03	2584245	67.14
	17.02.2017	(Sale)	S. Kalavathi	(-) 1300	(-) 0.03	2582945	67.10
	14.03.2017	(Sale)	S. Kalavathi	(-) 230	(-) 0.01	2582715	67.10
	16.03.2017	(Sale)	S. Kalavathi	(-) 200	(-) 0.01	2582515	67.09
	23.03.2017	(Sale)	S. Kalavathi	(-) 15	(-) 0.00	2582500	67.09
	24.03.2017	(Sale)	S. Kalavathi	(-) 5	(-) 0.00	2582495	67.09
	27.03.2017	(Sale)	S. Kalavathi	(-) 10	(-) 0.00	2582485	67.09
	28.03.2017	(Sale)	S. Kalavathi	(-) 120	(-) 0.00	2582365	67.09
	31.03.2017	(Sale)	S. Kalavathi	(-) 10	(-) 0.00	2582355	67.09
	21.12.2016	(Sale)	S. Sumathi	(-) 500	(-) 0.01	2581855	67.07
	02.01.2017	(Sale)	S. Sumathi	(-) 500	(-) 0.01	2581355	67.06
	03.01.2017	(Sale)	S. Sumathi	(-) 500	(-) 0.01	2580855	67.05
	04.01.2017	(Sale)	S. Sumathi	(-) 500	(-) 0.01	2580355	67.04
	05.01.2017	(Sale)	S. Sumathi	(-) 1000	(-) 0.03	2579355	67.01
	06.01.2017	(Sale)	S. Sumathi	(-) 501	(-) 0.01	2578854	67.00
	10.01.2017	(Sale)	S. Sumathi	(-) 4000	(-) 0.10	2574854	66.89
	11.01.2017	(Sale)	S. Sumathi	(-) 500	(-) 0.01	2574354	66.88
	12.01.2017	(Sale)	S. Sumathi	(-) 1000	(-) 0.03	2573354	66.85
	13.01.2017	(Sale)	S. Sumathi	(-) 700	(-) 0.02	2572654	66.84
	19.01.2017	(Sale)	S. Sumathi	(-) 1000	(-) 0.03	2571654	66.81
	20.01.2017	(Sale)	S. Sumathi	(-) 1390	(-) 0.04	2570264	66.77
	23.01.2017	(Sale)	S. Sumathi	(-) 4000	(-) 0.10	2566264	66.67
	24.01.2017	(Sale)	S. Sumathi	(-) 1109	(-) 0.03	2565155	66.64

Kandagiri Spinning Mills Limited



Sl. No.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.,)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	[Contd.....]			2565155	66.64
	16.02.2017 (Sale) M. Vanaja	(-) 1575	(-) 0.04	2563580	66.60
	17.02.2017 (Sale) M. Vanaja	(-) 1500	(-) 0.04	2562080	66.56
	20.02.2017 (Sale) M. Vanaja	(-) 435	(-) 0.01	2561645	66.55
	21.02.2017 (Sale) M. Vanaja	(-) 1000	(-) 0.03	2560645	66.52
	22.02.2017 (Sale) M. Vanaja	(-) 126	(-) 0.00	2560519	66.52
	27.02.2017 (Sale) M. Vanaja	(-) 551	(-) 0.01	2559968	66.51
	28.02.2017 (Sale) M. Vanaja	(-) 1300	(-) 0.03	2558668	66.47
	03.03.2017 (Sale) M. Vanaja	(-) 293	(-) 0.01	2558375	66.46
	06.03.2017 (Sale) M. Vanaja	(-) 85	(-) 0.00	2558290	66.46
	07.03.2017 (Sale) M. Vanaja	(-) 258	(-) 0.01	2558005	66.45
	08.03.2017 (Sale) M. Vanaja	(-) 180	(-) 0.00	2557825	66.45
	09.03.2017 (Sale) M. Vanaja	(-) 1305	(-) 0.03	2556520	66.42
	10.03.2017 (Sale) M. Vanaja	(-) 4000	(-) 0.10	2552520	66.31
	20.03.2017 (Sale) M. Vanaja	(-) 17	(-) 0.00	2552503	66.31
	22.03.2017 (Sale) M. Vanaja	(-) 1000	(-) 0.03	2551503	66.29
	23.03.2017 (Sale) M. Vanaja	(-) 1000	(-) 0.03	2550503	66.26
	At the end of the year 31.03.2017			2550503	66.26

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Date of change	Shareholding at the beginning of the year 01-04-2016		Cumulative Shareholding during the year		Shareholding at the end of the year 31-03-2017	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	MALLUR SIDDESWARA SPG MILLS LIMITED	-	90000	2.34	90000	2.34	90000	2.34
2	SANGITA KUMARPAL PAREKH (SALE OF 77224 SHARES)	10.03.2017	77224	2.01	-	-	-	-
3	SANGITA KUMARPAL PAREKH JT1 : SANJEEV VINODCHANDRA PAREKH (PURCHASE OF 77224 SHARES)	10.03.2017	-	-	77224	2.01	77224	2.01
4	VINODCHANDRA MANSUKHLAL PAREKH JT1 : SANJEEV VINODCHANDRA PAREKH	-	78373	2.04	78373	2.04	78373	2.04
5	DAKSHA SANJEEV PAREKH JT1 : SANJEEV VINODCHANDRA PAREKH	-	46258	1.20	46258	1.20	46258	1.20
6	PUSHPA MANSUKHLAL PAREKH JT1 : SANJEEV VINODCHANDRA PAREKH	-	36909	0.96	36909	0.96	36909	0.96
7	PRANAV KUMARPAL PAREKH JT1 : SANJEEV VINODCHANDRA PAREKH PRANAV KUMARPAL PAREKH JT1 : SANJEEV VINODCHANDRA PAREKH (PURCHASE OF 31204 SHARES)	10.03.2017	-	-	66789	1.74	66789	1.74
8	SANJEEV VINODCHANDRA PAREKH JT1 : DAKSHA SANJEEV PAREKH	-	53978	1.40	53978	1.40	53978	1.40
9	CHANDRIKA VINODCHANDRA PAREKH JT1 : VINODCHANDRA MANSUKHLAL PAREKH	-	33064	0.86	33064	0.86	33064	0.86
10	KUMARPAL MANSUKHLAL PAREKH JT1 : SANJEEV VINODCHANDRA PAREKH (SALE OF 31204 SHARES)	-	31204	0.81	-	-	-	-
11	GAGANDEEP CREDIT CAPITAL PVT LTD	-	27870	0.72	27870	0.72	27870	0.72
12	JITENDRA MANSUKHLAL PAREKH JT1 : SANJEEV VINODCHANDRA PAREKH	-	29615	0.77	29615	0.77	29615	0.77


V). Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year 01-04-2016		Cumulative Shareholding during the year		Shareholding at the end of the year 31-03-2017	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	SRI R. SELVARAJAN (Chairman and Managing Director)	778730	20.23	778730	20.23	778730	20.23
2	SRI S. VIJAY SHANKAR (Chief Financial Officer and Director)	409582	10.64	409582	10.64	409582	10.64
3	SRI S. DEVARAJAN (Non- Executive Director)	92227	2.40	92227	2.40	92227	2.40
4	DR. A. SARAYU (Non- Executive Director)	53090	1.38	53090	1.38	53090	1.38
5	SRI M. RAJAMANI (Non- Executive Director)	122067	3.17	122067	3.17	122067	3.17
6	DR. V. GOPALAN (Non- Executive Independent Director) [Resigned w.e.f 06.05.2017]	0	0.00	0	0.00	0	0.00
7	SRI. P.S. ANANTHANARAYANAN (Non- Executive Independent Director) [Resigned w.e.f 11.02.2017]	0	0.00	0	0.00	0	0.00
8	SRI. N. ASOKA (Non- Executive Independent Director) [Resigned w.e.f 06.05.2017]	0	0.00	0	0.00	0	0.00
9	SRI S. GNANASEKHARAN (Non- Executive Independent Director)	0	0.00	0	0.00	0	0.00
10	SRI KAMESHWAR M. BHAT (Non- Executive Independent Director)	0	0.00	0	0.00	0	0.00
11	Dr. V.SEKAR Additional Director (Non- Executive, Independent) [Appointed w.e.f. 25.03.2017]	0	0.00	0	0.00	0	0.00
12	MS. J. ASIFA (Company Secretary)	0	0.00	0	0.00	0	0.00
	Total	1455696	37.82	1455696	37.82	1455696	37.82

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment
(Rs. Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	7430.27	1587.13	78.39	9095.79
ii) Interest due but not paid	95.22	—	—	95.22
iii) Interest accrued but not due	2.24	—	—	2.24
Total (i+ii+iii)	7527.73	1587.13	78.39	9193.25
Change in Indebtedness during the financial year				
• Addition	—	179.10	17.66	196.76
• Reduction	2544.81	65.00	31.50	2641.31
Net Change	(-) 2544.81	114.10	(-) 13.84	(-) 2444.55
Indebtedness at the end of the financial year				
i) Principal Amount	4936.10	1701.23	64.55	6701.88
ii) Interest due but not paid	46.82	—	—	46.82
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	4982.92	1701.23	64.55	6748.70

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Sri R. Selvarajan (Chairman and Managing Director)	Total Amount Rs.
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (Rs.)	21,60,000	21,60,000
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 (Rs.)	14,40,000	14,40,000
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961 (Rs.)	Nil	Nil
2.	Stock Option (Rs.)	Nil	Nil
3.	Sweat Equity (Rs.)	Nil	Nil
4.	Commission		
	- as % of profit (Rs.)	Nil	Nil
	- others, specify (Rs.)	Nil	Nil
5.	Others, please specify (Rs.)	Nil	Nil
	Total (A) (Rs.)	36,00,000	36,00,000
	Ceiling as per the Act (As per Schedule V of the Act) (Rs.)	84,00,000	84,00,000

**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount Rs.
		Dr. V.Gopalan	Sri.PS.Anantha narayanan	Sri. N.Asoka	Sri. S.Gnana sekharan	Sri.Kameshwar M Bhat	Dr. V.Sekar	
	3. Independent Directors							
	Fee for attending Audit committee meeting (Rs.)	1,55,000	1,30,000	1,55,000	1,55,000	1,55,000	-	7,50,000
	Fee for attending Nomination and Remuneration committee meeting (Rs.)	15,000	-	15,000	-	15,000	-	45,000
	Fee for attending Separate Independent Director Meeting (Rs.)	50,000	25,000	50,000	50,000	50,000	-	2,25,000
	Fee for attending Board Meeting: (Rs.)	75,000	60,000	75,000	75,000	75,000	15,000	3,75,000
	Commission (Rs.)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Others (Rs.)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1) (Rs.)	2,95,000	2,15,000	2,95,000	2,80,000	2,95,000	15,000	13,95,000
	4. Other Non-Executive Directors		Sri. S.Devarajan	Dr. A.Sarayu	Sri. M. Rajamani	Sri. S. Vijay Shankar*		Total Amount Rs.
	Fee for attending Audit Committee meeting (Rs.)		1,55,000	-	-	-		1,55,000
	Fee for attending Board meeting (Rs.)		75,000	75,000	60,000	Nil		2,10,000
	Commission (Rs.)		Nil	Nil	Nil	Nil		Nil
	Others (Rs.)		Nil	Nil	Nil	Nil		Nil
	Total (2) (Rs.)		2,30,000	75,000	60,000	Nil		3,65,000
	Total (B) = (1+2) (Rs.)		-	-	-	-		17,60,000
	Total Managerial Remuneration (Rs.)		Nil	Nil	Nil	Nil		# 36,00,000
	Overall Ceiling as per the Act	Independent / Non-Executive Directors were paid sitting fees for attending Board / Committee meetings which is within the prescribed ceiling limit (Rs.1 lakh per meeting) under Companies Act., 2013.						

* 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.

Exclusive of sitting fees

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer	Company Secretary	Total Rs.
		Sri S.Vijay Shankar	Ms. J. Asifa	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (Rs.)	30,00,000	4,20,000	34,20,200
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 (Rs.)	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961 (Rs.)	Nil	Nil	Nil
2.	Stock Option (Rs.)	Nil	Nil	Nil
3.	Sweat Equity (Rs.)	Nil	Nil	Nil
4.	Commission			
	- as % of profit (Rs.)	Nil	Nil	Nil
	- others, specify... (Rs.)			
5.	Others, please specify (Rs.)	Nil	Nil	Nil
	Total (Rs.)	30,00,000	4,20,000	34,20,000

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any
A. COMPANY					
Penalty			-----None-----		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			-----None-----		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			-----None-----		
Punishment					
Compounding					



Annexure - 6

B.K.SUNDARAM & ASSOCIATES
COMPANY SECRETARIES.

B.KALYANASUNDARAM,
B.Com., AICWA., ACS.,

OFFICE :
30, PANDAMANGALAM AGRAHARAM,
WORIUR, TRICHY-620003.
PHONE:0431-2761590.

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[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 by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended on 31st March 2017, 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 generally 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, 2009;
 - (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (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

Place : Trichy
Date : 26-04-2017

(B.KALYANASUNDARAM)
COMPANY SECRETARY
ACS NO. A672. CP. NO. 2209

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., AICWA., ACS.,

OFFICE :
30, PANDAMANGALAM AGRAHARAM,
WORIUR, TRICHY-620003.
PHONE:0431-2761590.

ANNEXURE TO SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017

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. 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 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 that 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 Chairman and 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

Place : Trichy
Date : 26-04-2017



FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT Annexure - 7

- 1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

The Company has formulated a Corporate Social Responsibility (CSR) Policy stated in the link mentioned below pursuant to Section 135 of the Companies Act, 2013 and Notification dated 27th February, 2014 issued by the Ministry of Corporate Affairs under the said Section. The policy is framed for undertaking activities as may be found beneficial and feasible for betterment of critical social, environmental and economic development of the weaker sections of the society, preferably locally, nearer to the factory sites of the Company. This CSR Policy relates to the activities to be undertaken by the Company as specified in Schedule VII of the Act and the expenditure thereon and focuses on addressing critical social, environmental and economic needs of marginalized / underprivileged sections of the society.

CSR Policy can be perused on the following website – www.kandagirimills.com

- 2. The Composition of the CSR Committee.**

CHAIRMAN : Sri R. Selvarajan - Chairman and Managing director
MEMBERS : Sri S. Vijay Shankar - Chief Financial Officer & director
 Sri S. Devarajan - Non- Executive Director
 Dr. V. Gopalan - Independent Director

- 3. Average net profit of the Company for last three financial years : Rs -65.43 lakhs**

- 4. Prescribed CSR Expenditure (two per cent. Of the amount as in item above) : NIL**

- 5. Details of CSR spent during the financial year**

(a) Total amount to be spent for the financial year : Not Applicable

(b) Amount unspent; if any : Not Applicable

(c) Manner in which the amount spent during the financial year (2016-17):

During the financial year 2016-17, Company made CSR expenditure towards previous year (2015-16) Unspent CSR obligation of Rs. 10.29 lakhs in the manner detailed below

1	2	3	4	5	6	7	8
Sl. No.	CSR project or activity identified	Sector in which the Project is Covered	Projects or programs (1) Local area or other (2)Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads; (1) Direct Expenditure on projects or programs. (2) Overheads:	Cumulative expenditure up to the reporting period.	Amount spent: Direct or through implementing agency #
1.	Promoting education for the differently abled	Item No. 2 of Schedule VII of Companies Act, 2013	Salem District, Tamil Nadu	Rs. 1.23 lakhs	Rs. 1.23 lakhs	Rs. 1.23 lakhs	Rs. 1.23 lakhs

Payment made to Tamilnadu Association for the Blind.

- 6.** In case the Company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report : **NA**
- 7.** CSR Committee affirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Salem
May 6, 2017

R. Selvarajan
Chairman – CSR Committee



Annexure - 8

PARTICULARS OF REMUNERATION

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

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

NON EXECUTIVE DIRECTORS *	RATIO TO MEDIAN REMUNERATION
Sri S. Devarajan	—
Sri S. Sivakumar	—
Dr .A. Sarayu	—
Sri M.Rajamani	—
Sri P. S. Ananthanarayanan	—
Dr. V. Gopalan	—
Sri N. Asoka	—
Sri. S. Gnanasekharan	—
Sri Kameshwar M Bhat	—
Sri S. Vijay Shankar #	—
EXECUTIVE DIRECTOR	
SRI R. SELVARAJAN, CMD	29.60

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

NON EXECUTIVE DIRECTORS *	% Increase in Remuneration
Sri S. Devarajan	—
Sri S. Sivakumar	—
Dr .A. Sarayu	—
Sri M.Rajamani	—
Sri P. S. Ananthanarayanan	—
Dr. V. Gopalan	—
Sri N. Asoka	—
Sri. S. Gnanasekharan	—
Sri Kameshwar M Bhat	—
EXECUTIVE DIRECTOR	
Sri R. Selvarajan, CMD	Nil
CHIEF FINANCIAL OFFICER	
Sri S. Vijay Shankar	Nil
COMPANY SECRETARY	
Ms. J. Asifa	Nil

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

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 Chief Financial Officer.

(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 : 486**



- (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**

In view of the unsatisfactory financial performance of the Company, CMD and CFO had forgone their increased salary which was approved by the members at the AGM held on 27.09.2015 and only received only the previous salary. Hence there is no increase in managerial remuneration during the year 2016-17.

- (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

Particulars of Employees

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

- (a) Employed throughout the year and in receipt of remuneration aggregating to Rs.1.02 Crore 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.

CEO / CFO CERTIFICATION

Annexure - 9

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

We, R. Selvarajan, Chairman and Managing Director and S. Vijay Shankar, Chief Financial Officer and Director 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
 06.05.2017

R. Selvarajan
 Chairman and Managing Director

S. Vijay Shankar
 Chief Financial Officer and Director



REPORT ON CORPORATE GOVERNANCE

(Pursuant to Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015)

1. COMPANY'S PHILOSOPHY OF CODE OF GOVERNANCE

Company's philosophy on corporate governance is delineated below:

- Effectiveness measured by quality of leadership resulting in best performance
- Accountability through openness, public disclosure and transparency of activities
- Conforming to high ethical standards in financial policies, internal controls, constant attention towards high quality of its products and continuous upgrading of skills
- Responsibility and responsiveness to stakeholders including shareholders, customers, vendors, employees, lenders and government agencies
- Sustaining a healthy and ever improving bottom line
- Upholding the spirit of social responsibility and
- To create a management team with entrepreneurial and professional skills

2. BOARD OF DIRECTORS

(a) Changes in Board of Directors

Independent Directors Sri P.S. Ananthanarayanan (w.e.f 11.02.2017), Dr. V. Gopalan (w.e.f. 06.05.2017) and Sri N. Asoka (w.e.f 06.05.2017) were resigned from the Board due to their pre-occupations and other commitments. The Board places on record its appreciation and gratitude for the invaluable contributions made by these directors during their tenure as a member of the Board of Directors.

The Board has appointed Dr. V. Sekar (on 25.03.2017), Dr. R. Ramarathnam (on 06.05.2017) and Sri D. Balasundaram (on 06.05.2017) as Additional Directors (Non-Executive, Independent) and they shall hold office upto the ensuing (41st) AGM of the Company. Their proposed appointment as Independent Directors has been placed for members' approval in the notice of the 41st AGM of the Company.

(b) Composition of the Board

Your Company's Board comprises of 10 Directors (out of which 50% of the Directors are Independent Directors). The Board is primarily responsible for the overall management of the Company's business.

The Directors on the Board are from varied fields with wide range of skills and experience. The non-executive directors including Independent Directors bring statutory and wider perspective in the Board's deliberations and decisions. The composition of the Board of Directors with their attendance at the Board Meetings held during the year and other relevant details as required under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as follows:

Kandagiri Spinning Mills Limited



Name of the Director	Categories of Director	No. of Board meetings attended	Whether attended last AGM	No. of directorship	No. of Membership of other board and committees(*)	Relationship with other directors	No. of equity shares held (*)
Sri R.Selvarajan	Executive (Promoter)	5 of 5	Yes	5	–	Relative of Sri S.Vijay Shankar and Dr. A.Sarayu	7,78,730
Sri S.Vijay Shankar	Non - Executive (Promoter)	5 of 5	Yes	1	–	Relative of Sri R.Selvarajan and Dr. A.Sarayu	4,09,582
Sri S.Devarajan	Non - Executive (Promoter)	5 of 5	Yes	7	–	Nil	92,227
Dr. A.Sarayu	Non - Executive (Promoter)	5 of 5	Yes	–	–	Relative of Sri R.Selvarajan and S.Vijay Shankar	53,090
Sri M.Rajamani	Non - Executive (Promoter)	4 of 5	Yes	1	–	Nil	1,22,067
Sri P.S.Anantha Narayanan ***	Non - Executive (Independent)	4 of 5	Yes	1	1	Nil	Nil
Dr. V.Gopalan ***	Non - Executive (Independent)	5 of 5	Yes	2	1	Nil	Nil
Sri N.Asoka ***	Non - Executive (Independent)	5 of 5	Yes	2	2	Nil	Nil
Sri S.Gnanasekharan	Non - Executive (Independent)	5 of 5	Yes	1	1	Nil	Nil
Sri Kameshwar M. Bhat	Non - Executive (Independent)	5 of 5	Yes	1	1	Nil	Nil
Dr. V. Sekar #	Addition Director (Non - Executive, Independent)	1 of 5	No	1	1	Nil	Nil
Dr. R.Ramanathan #	Addition Director (Non - Executive, Independent)	–	–	6	1	Nil	Nil
Sri D.Balasundaram #	Addition Director (Non - Executive, Independent)	–	–	1	1	Nil	Nil

Note : * Only membership of Audit Committee and Stakeholders Relationship Committee as per reg. 26(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 considered

** There are no convertible instruments in our Company

*** Independent Directors resigned from the Board on the respective dates as specified in Changes in Board of Directors

Additional Directors (Non-Executive, Independent) appointed on the Board on the respective dates as Specified in Changes in Board of Directors.



During the year under review, none of the Directors of the Company was member of more than 10 specified Committees or Chairman of more than 5 such Committees in companies in which he/she is a Director. Your Company's Directors promptly notify any change(s) in the committee positions as and when they take place.

Board fulfills the key functions as prescribed under provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Details of the Director seeking appointment / re-appointment at the ensuing Annual General Meeting have been furnished in the Notice convening the Meeting of the shareholders.

(c) Board Meetings

The Board of Directors met five times during the year and the time gap between any two meetings did not exceed 120 days. Board meetings were held on May 21, 2016, August 6, 2016, November 10, 2016, February 11, 2017 and March 25, 2017.

(d) Independent Directors

Your Company appointed Independent Directors who are renowned people having expertise/experience in their respective field/profession. None of the Independent Directors is a promoter or related to the promoters. They do not have any pecuniary relationship with the Company and further they do not hold two percent or more of the total voting power of the Company. All Independent Directors maintain their limits of directorship as required under provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has issued a formal letter of appointment to all Independent Directors and the terms and conditions of their appointment have been disclosed in the website of the Company. All the Independent Directors of the Company at the time of their first appointment to the Board and thereafter at the first meeting of the Board in every financial year give a declaration that they meet the criteria of independence as provided under the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year Sri P. S. Ananthanarayanan, Independent Director resigned from the Board w.e.f 11.02.2017 and Dr. V. Sekar was appointed as an Additional Director (Non-Executive, Independent) on 25.03.2017. Independent Directors Dr. V. Gopalan and Sri N. Asoka were resigned from the Board w.e.f 06.05.2017 and Dr. R. Ramarathnam and Sri D. Balasundaram were appointed as Additional Directors (Non-Executive, Independent) on 06.05.2017.

Details about the familiarisation programme of the Independent directors had been uploaded in the website of the Company under the web-link: <http://www.kandagirimills.com/investors/fpofid.pdf>

Meeting of Independent Directors

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, two meetings were held on 05.05.2016 and 24.03.2017 during the year. All the Independent Directors on the Board as on the date of the respective meetings attended the meetings. The Independent Directors discussed / reviewed the matters specified in Schedule IV of Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(e) Board Evaluations

Evaluation of performance of all Directors is undertaken annually. Performance of the Board, its Committees and Individual Directors were evaluated on the basis of criteria which includes various performance related aspects.

The Board of Directors has expressed their satisfaction with the evaluation process.



3. AUDITCOMMITTEE

(a) Brief description of terms of reference

Audit Committee assists the Board in its responsibility of overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors including the Cost auditors, the performance of internal auditors and the Company's risk management policies. The terms of reference of Audit Committee cover the areas mentioned under Part C of Schedule II of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as well as Section 177 of the Companies Act, 2013.

(b) Composition

Audit Committee as on 31st March, 2017 comprises of five members viz., Sri. S. Gnanasekharan, Independent Director as Chairman, Independent Directors, Dr. V. Gopalan, Sri. N. Asoka, Sri. Kameshwar M. Bhat, Dr. V. Sekar and Non-Executive Director Sri S. Devarajan as Members.

All members of the Audit Committee are financially literate and have expertise in accounting/financial management. The Managing Director, Chief Financial Officer, Internal Auditor and Statutory Auditors attended meetings of the Committee as invitees. Ms J. Asifa, Company Secretary is the Secretary to the committee.

(c) Meetings and Attendance

Audit Committee met six times during the year and the time gap between any two meetings did not exceed more than 120 days. Audit Committee meetings were held on May 4, 2016, May 20, 2016, August 5, 2016, November 9, 2016, February 10, 2017 and March 24, 2017. Attendance at the Audit Committee meetings held during the year is as follows:

Name of the Director	Position	No. of Meetings attended
Sri S. Gnanasekharan *	Chairman	6 of 6
Sri P.S. Ananthanarayanan **	Member	6 of 6
Sri N. Asoka **	Member	6 of 6
Dr. V. Gopalan **	Member	6 of 6
Sri Kameshwar M. Bhat	Member	6 of 6
Dr. V. Sekar #	Member	Nil

* **Dr. V. Gopalan stepped down from his post as Chairman of Audit Committee and Sri. S. Gnanasekharan elected as Chairman of Audit Committee w.e.f. 11.02.2017.**

** **Directors resigned from the Board and Audit Committee on the respective dates as specified in Changes in Board of Directors.**

Dr. V. Sekar inducted as Audit Committee member w.e.f. 25.03.2017.

4. NOMINATION AND REMUNERATIONCOMMITTEE

(a) Brief description of terms of reference

The Nomination and Remuneration Committee assist the Board in overseeing the method, criteria and quantum of compensation for directors and senior management based on their performance and defined assessment criteria. The Committee formulates the criteria for evaluation of the performance of Independent Directors & the Board of Directors; identifying the persons who are qualified to become directors, and who may be appointed in senior management and recommend to the Board their appointment and removal. The terms of the reference of Nomination and Remuneration Committee covers the areas mentioned under Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as section 178 of the Companies Act, 2013.

**(b) Composition**

The Nomination and Remuneration Committee as on March 31, 2017 comprises of three members viz., Sri Kameshwar M Bhat, Independent Director as Chairman and Dr. V. Gopalan and Sri. N. Asoka, Independent Directors as Members.

(c) Meetings and Attendance

During the year one Nomination and Remuneration Committee Meeting was held on 24.03.2017. Attendance at the Nomination and Remuneration Committee meeting held during the year is as follows:

Name of the Director	Position	No. of Meetings attended
Sri Kameshwar M. Bhat *	Chairman	1 of 1
Dr. V. Gopalan	Member	1 of 1
Sri N. Asoka	Member	1 of 1

* Upon resignation of Independent Director/Chairman of Nomination and Remuneration Committee Sri P.S. Ananthanarayanan on 11.02.2017, Sri Kameshwar M. Bhat was elected as Chairman of Nomination and Remuneration Committee w.e.f 11.02.2017

(d) Performance Evaluation criteria for Independent directors

- a. Qualifications
- b. Experience
- c. Knowledge & Competency
- d. Fulfillments of functions
- e. Ability to function as a team
- f. Initiative
- g. Availability and Attendance
- h. Commitment
- i. Contribution
- j. Integrity
- k. Independence
- l. Independent views and Judgement

5. REMUNERATION OF DIRECTORS

- (a) There was no pecuniary relationship or transaction between the Non-Executive Directors and the company during the financial year 2016-2017.

(b) Criteria of making payments to Non-Executive Directors

- ◆ Remuneration by way of Sitting fee may be paid to Non-Executive/ Independent Directors for attending meetings of the Board of Directors and Committee meetings in which he/she is a member (excluding those committee meetings viz., CSR Committee, Stakeholders' Relationship Committee, Share Transfer Committee and Finance Committee for which no sitting fees is paid) as may be decided by the Board from time to time and for any other purpose as may be decided by the Board from time to time in accordance with the ceiling limits prescribed under the Applicable Law.
- ◆ The Independent Directors shall not be entitled to any stock option.
- ◆ The sitting fee to the Independent Directors and Woman Director shall not be less than the sitting fee payable to other directors.

The above referred criteria have been disclosed in the website of the Company under the web-link: <http://www.kandagirimills.com/investors/ksml2015-nrp.pdf>

**(c) Disclosures with respect to remuneration**

Non-executive Directors are entitled to get Sitting Fee for attending each meeting of the Board or any Committee(s) of the Board. Details of payment of sitting fees for the year 2016-17 are as follows.

Name of the Director	Sitting fees (#) Rs.
Sri R. Selvarajan	–
Sri S. Vijay Shankar	–
Sri S. Devarajan	2,30,000
Sri M.Rajamani	60,000
Dr. A. Sarayu	75,000
Sri P.S. Ananthanarayanan	2,15,000
Dr. V. Gopalan	2,95,000
Sri N. Asoka	2,95,000
Sri S. Gnanasekharan	2,80,000
Sri Kameshwar M Bhat	2,95,000
Dr. V. Sekar (w.e.f. 25.03.2017)	15,000

Details of Remuneration to Managing Director

During the 39th AGM of the Company held on 27.09.2015, Chairman and Managing Director Sri R. Selvarajan had been reappointed for a period of three years with effect from 01.10.2015 on an increased remuneration structure as follows:

Salary: Rs. 2,40,000/- p.m.
Allowances & perquisites: Rs. 1,60,000/- p.m.

Due to financial constraints, the Chairman and Managing Director has forgone his increased salary and has only received the previous remuneration. Details of remuneration received by Chairman and Managing Director Sri R. Selvarajan during the financial year 2016-17 are as follows:

Name of the Director	Salary	Perquisites	Total (Rs.)
Sri R. Selvarajan	21,60,000	14,40,000	36,00,000

Stock Options

The Company has no Employee Stock Options Scheme in force at present.

6 STAKEHOLDERS' RELATIONSHIP COMMITTEE**(a) Composition**

Stakeholders' Relationship Committee as on March 31, 2017 comprises of three members viz., Sri N. Asoka, Independent Director as Chairman, Sri R. Selvarajan, Chairman and Managing Director and Sir. S. Vijay Shankar, Chief Financial Officer and Director as Members.

The Committee considers and resolves the grievances of the security holders. The Committee also reviews the manner and time-lines of dealing with complaint letters received from all stakeholders including the Stock Exchange / SEBI / Ministry of Corporate Affairs etc., and the response thereto.

(b) Compliance Officer

Ms. J. Asifa, Company Secretary is the Secretary to the Committee and the Compliance Officer appointed for the compliance of capital market related laws.

(c) Investors' requests

During the year, 30 request letters were received from investors on routine matters and all these were dealt with satisfactorily.



(d) Complaints

No complaints were received and no complaint was pending as on March 31, 2017.

(e) Compliance with respect to Insider Trading

Comprehensive guidelines advising and cautioning the management, staff and other relevant business associates on the procedure to be followed while dealing with the securities of the company have been issued and implemented.

7 GENERAL BODY MEETINGS

(a) Details of location and time of last three Annual General Meetings held

Year	Location	Date & Time
40 th AGM - 2016	Mill Premises of Sambandam Spinning Mills Limited, Kamaraj Nagar Colony, Salem-636014.	August 6, 2016 at 11.30 a.m.
39 th AGM - 2015	Mill Premises of Sambandam Spinning Mills Limited, Kamaraj Nagar Colony, Salem-636014.	September 27, 2015 at 11.45 a.m.
38 th AGM - 2014	Mill Premises of Sambandam Spinning Mills Limited, Kamaraj Nagar Colony, Salem-636014.	September 28, 2014 at 11.30 a.m.

(b) Special Resolutions have been passed in the previous two Annual General Meetings held in 2014 and 2015 and there is no Special Resolution passed at the AGM held in the year 2016.

(c) Postal Ballot

Pursuant to sections 108, 110 of the Companies Act, 2013 read with relevant rules framed there under and regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard (SS-2), Postal ballot was conducted for seeking approval from the shareholders for passing of the special resolution "Approval for sale/transfer/disposal of 10.125 MW Wind Energy Generators and part of remaining assets of the Company" as stated in the postal ballot notice dt. 10.11.2016.

Shareholders were given option to cast their votes through postal ballot and e-voting.

Shri B. KALYANASUNDARAM (MEMBERSHIP NO. 672) OF M/S B. K. SUNDARAM & ASSOCIATES, PRACTISING COMPANY SECRETARIES having office at No. 30, Pandamangalam Agraharam, Worliur, Trichy – 620003 was appointed as scrutinizer for conduct of the postal ballot and e-voting in a fair and transparent manner.

Shareholders were advised to send their assent (FOR) or dissent (AGAINST) in writing on the Postal Ballot Form enclosed with Notice and the details of the scrutinizer and instructions for voting through e-voting and postal ballot were clearly stated in the postal ballot notice. The voting period (both postal ballot) commenced from 20.11.2016 at 9.00 a.m. and ended on 19.12.2016 at 5.00 p.m. The Postal Ballot/e-voting was conducted in a fair and transparent manner.

Details of voting pattern

Based on the Scrutinizer's report, the results were declared by the Chairman on 21.12.2016 that the Special resolution contained in the postal ballot notice dt. 10.11.2016 had been duly passed in favour by the Shareholders in terms of the voting done through postal ballot and e-voting. The effective date of passing of postal ballot resolution was 19.12.2016. The details of voting pattern are as follows:



Item No.	Resolution	Mode	Voted For			Voted Against		
			No. of Members	No. of Votes	Vote (%)	No. of Members	No. of Votes	Vote (%)
1	Approval for sale/transfer/disposal of 10.125 MW Wind Energy Generators and part of remaining assets of the Company (Special Resolution)	Postal Ballot	25	1677		2	2	
		E-voting	91	2641157		0	0	
		Total	116	2642834	100.00	2	2	0.00

No Special Resolution was proposed to be passed through Postal Ballot during this year.

8 MEANS OF COMMUNICATION

Quarterly, half-yearly and annual financial results are communicated to the Bombay Stock Exchange at Mumbai immediately after these are considered and recommended by the Audit Committee and approved by the Board; and thereafter regularly published in national (English) business newspaper Trinity Mirror and in one vernacular (Tamil) newspaper Makkal Kural as required. Quarterly and annual financial statements and other required details in accordance with the provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 are posted on our Company's website : www.kandagirimills.com Further, all other price sensitive and other information is sent to the Bombay Stock Exchange enabling them to display the same on their website. During the year, no presentation has been made to Institutional Investors or analysts.

9 GENERAL SHARE HOLDER INFORMATION

(a) Details of 41st Annual General Meeting to be held

Day : Saturday
Date : 12th August, 2017
Time : 11:30 a.m.
Venue : Mill Premises of Sambandam Spinning Mills Limited, Kamaraj Nagar Colony, Salem 636014

(b) **Financial Year** : 1st April, 2016 to 31st March, 2017.

(c) **Dividend Payment Date** : Not Applicable since no dividend has been declared by the Company for the financial year 2016-17

(d) Stock Exchange on which Company's shares are listed:

The Bombay Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001.
The Listing Fees as applicable have been paid within prescribed time period.

(e) Stock code

Trading Symbol at BSE Limited	(DEMAT)	521242
ISIN under Depository System (NSDL & CDSL)	Equity Shares	INE292D01019

**(f) Market Price data – Company share Price and BSE Sensex**

Month	Company Share Price		S&P BSE Sensex	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr - 2016	71.85	47.25	26,100.54	24,523.20
May - 2016	75.65	68.25	26,837.20	25,057.93
Jun - 2016	70.20	56.10	27,105.41	25,911.33
Jul - 2016	75.25	61.40	28,240.20	27,034.14
Aug - 2016	64.00	55.25	28,532.25	27,627.97
Sep - 2016	63.95	52.50	29,077.28	27,716.78
Oct - 2016	64.00	54.70	28,477.65	27,488.30
Nov - 2016	65.50	54.50	28,029.80	25,717.93
Dec - 2016	61.70	44.80	26,803.76	25,753.74
Jan - 2017	46.95	40.00	27,980.39	26,447.06
Feb - 2017	51.25	39.05	29,065.13	27,590.10
Mar - 2017	44.50	39.00	29,824.62	28,716.21

(g) Company securities are not suspended from trading.

(h) Registrar and Share Transfer Agents

M/s Cameo Corporate Services Limited, Subramanian Building, No.1 Club house Road, Chennai 600002 deal with all aspects of investor servicing relating to shares in both physical and demat form.

(i) Share Transfer System

The Share transfer committee has been constituted mainly to look into transfer and transmission of shares. Share transfers are effected by the Registrar and Transfer Agent (RTA) Cameo Corporate Services Limited, Chennai, on the authorization given by the Board. The transfers/transmissions effected by the Registrar are submitted to the Share Transfer Committee for confirmation. Sri R.Selvarajan, Chairman and Managing Director, chairs the meetings of the committee. Sri S.Vijay Shankar, Chief Financial Officer and Director and Sri S. Devarajan, non-executive director are the members of the committee. Ms. J. Asifa, Company Secretary is the secretary to the committee and the compliance officer. As on March 31, 2017, no share transfers/transmission was pending.

(j) Distribution of Shareholding as on 31st March, 2017

No. of Shares	Shareholders		No. of shares	
	Number	%	Number	%
10 – 5000	2870	93.00	288489	7.49
5001 – 10000	69	2.24	52668	1.37
10001 – 20000	41	1.33	59243	1.54
20001 – 30000	27	0.87	65239	1.69
30001 – 40000	17	0.55	59090	1.54
40001 – 50000	7	0.23	31021	0.81
50001 – 100000	14	0.45	110490	2.87
100001 and above	41	1.33	3183010	82.69
Total	3086	100.00	3849250	100.00



Shareholding pattern as on March 31, 2017

Sl. No.	Category	No. of Holders	No. of Shares	% to Paid up Capital
1.	Promoters	38	25,50,503	66.26
2.	Residents (Individuals / Clearing Members)	2,985	11,47,205	29.81
3.	Financial Institutions/Insurance Co./ State Govt./ Govt. Companies/ UTI	0	0	0
4.	Foreign Institutional Investors	0	0	0
5.	Non-Resident Indians / OCB / Corporate Bodies - Foreign / Bank - Foreign / Foreign Nationals / Foreign Port Folio Investor / corporate	3	1,300	0.03
6.	Corporate Bodies / Limited Liability Partnership	55	1,49,723	3.89
7.	Mutual Funds	0	0	0
8.	Trusts	0	0	0
9.	Banks	0	0	0
10.	Clearing Members	5	519	0.01
	Total	3,086	38,49,250	100.00

(k) Dematerialization of shares and liquidity

Shares of the Company can be held and traded in electronic form. As stipulated by SEBI, the shares of the Company are accepted in the Stock Exchanges for delivery only in dematerialization form.

Status of dematerialization of shares – as on March 31, 2017:

Holders	Physical		Demat		Total	
	No. of Shares	% to paid up capital	No. of Shares	% to paid up capital	No. of Shares	% to paid up capital
Promoters List	0	0	25,50,503	66.26%	25,50,503	66.26%
Others	2,25,380	5.86%	10,73,367	27.88%	12,98,747	33.74%
TOTAL	2,25,380	5.86%	36,23,870	94.15%	38,49,250	100.00%

Your Company confirms that the entire Promoter's holdings are in electronic form and the same is in line with the direction issued by SEBI.

The equity shares of the Company is regularly traded in BSE Limited

(l) Outstanding GDRs/ ADRs/ Warrants/ Convertible instruments

The Company has not issued Global Depository Receipts or American Depository Receipt or Warrants or any Convertible instruments.

(m) Commodity Price Risk/ Foreign Exchange Risk and Hedging

The Company did not engage in hedging activities.

(n) Plant Location

Unit – I Udayapatti P.O., Salem 636 140. Tamil Nadu.

Unit – II Seshanchavadi P.O., Salem 636 111. Tamil Nadu

Unit – III M. Perumapalayam Cross Road, Mettupatti P.O., Salem 636 111. Tamil Nadu.

Wind energy converter

Gudimangalam Village, Udumalpet Taluk, Coimbatore District, Tamil Nadu.



(o) Address for Correspondence

Registrar & Share Transfer Agents : M/s Cameo Corporate Services Limited
 Subramanian Building
 No.1 Club Road, Chennai 600 002.
 Phone: 044 - 28460390 (5 lines)
 Fax : 044 – 28460129
 e-mail – investor@cameoindia.com

For any other general matters
 or in case of any difficulties/ Secretarial Department
 Kandagiri Spinning Mills Limited
 Mill Premises, Kamaraj Nagar Colony, Salem 636 014
 Phone : 0427 -2244400
 Fax : 0427 – 2244422
 e-mail: sales@kandagirimills.com

Website Address www.kandagirimills.com

Email ID of Investor Grievances ksmcs@kandagirimills.com

Name of the Compliance Officer Ms. J. Asifa, Company Secretary

10 DISCLOSURES

- (a) During the financial year ended 31st March, 2017 there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.
- (b) The company has formulated a Policy for dealing with Related Party Transactions. The necessary disclosures regarding the transactions with related parties are given in the Notes to the financial statements. During the year under review, Your Company had not entered into any material transaction with any of its related parties. The Policy on Related Party Transactions is hosted on the website of the Company under the web link : <http://www.kandagirimills.com/investors/ksml2014-rptp.pdf>
- (c) Neither was any penalties imposed nor were any strictures passed by Stock Exchange or SEBI or any Statutory authority on any capital market related matters during the last three years.
- (d) The Company has established a Vigil Mechanism/Whistle Blower Policy to enable stakeholders (including Directors and employees) to report unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The Policy provides adequate safeguards against victimization of Director(s)/employee(s) and direct access to the Chairman of the Audit Committee in exceptional cases. The Protected Disclosures, if any reported under this Policy will be appropriately and expeditiously investigated by the Chairman. Your Company hereby affirms that no Director / employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year. The Whistle Blower Policy has been disclosed on the Company's website.
- (e) The Company has complied with the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has adopted various non-mandatory requirements as well as discussed under relevant headings.
- (f) The Company has no subsidiary.
- (g) The Company has not adopted any alternative accounting treatment prescribed differently from the Accounting Standards.
- (h) The Company laid down procedures to inform Board members about risk assessment and minimization and has implemented the Risk Management plan and continuously monitors it.



- (i) As required by the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for prevention of Insider Trading. Company Secretary of the Company is the Compliance Officer. The Code of Conduct is applicable to all Directors and such identified employees of the Company as well as who are expected to have access to unpublished price sensitive information relating to the Company.
- (j) The Company has adopted a Code of Conduct for Directors and Senior Management of the Company, as required by Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has received confirmation from the Directors and Senior Management regarding compliance with the code for the year ended March 31, 2017. A Certificate from Managing Director to this effect is attached to this report. The code has been displayed on the Company's website.
- (k) The Chairman and Managing Director and Chief Financial Officer of the Company give annual Compliance Certificate in accordance with Regulation 17(8) read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchange(s). The annual Compliance Certificate given by Chairman and Managing Director and Chief Financial Officer is published in Annual Report.
- (l) Details relating to appointment and re-appointment of Directors as required under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in the Notice to the Annual General Meeting.

11 There has been no instance of non-compliance of any requirement of Corporate Governance Report.

12 ADOPTION OF NON- MANDATORY ITEMS

(a) The Board

Since the Company does not have a Non-Executive Chairman as on March 31, 2017, it does not maintain such office.

(b) Share holder Rights

Quarterly/Half yearly financial results are forwarded to the Stock Exchanges and also uploaded on the website of the Company.

(c) Modified Opinion in Audit Report

There was no modified opinion in Independent Auditors' Report for the financial year 2016-17.

(d) Reporting of Internal Auditor

The Internal Auditor of the Company is a permanent invitee to the Audit Committee Meeting and regularly attends the Meeting for reporting their findings of the internal audit to the Audit Committee Members.

13. The Company has fully complied with the applicable requirement specified in Reg. 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



Certificate on Compliance with Code of Conduct for the Senior Management

In accordance with Regulation 17(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchange(s), I hereby declare that all the Board members and senior management personnel of the Company have complied with the Code of Conduct of the Company for the year ended March 31, 2017.

May 6, 2017
Salem

R. Selvarajan
Chairman and Managing Director

To the Members of Kandagiri Spinning Mills Limited

1. We have examined the compliance with the conditions of Corporate Governance by **Kandagiri Spinning Mills Limited** (the Company) for the year ended March 31, 2017 as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with the Bombay Stock Exchange Limited, with the relevant records and documents maintained by the Company and furnished to us and the Report on Corporate Governance as approved by the Board of Directors.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to procedures and implementation thereof, adopted by the Company for ensuring the said compliance. It is neither an audit nor is this certificate an expression of opinion on the financial statements of the Company.
3. Based on the aforesaid examination and according to the information and explanations given to us, we certify that the Company has complied with the said conditions of Corporate Governance as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with the Bombay Stock Exchange Limited.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **M.S. Krishnaswami & Rajan**
Chartered Accountants
Registration No: 01554S

Salem
May 6, 2017

R. Krishnen - Partner
Membership no.201133



INDEPENDENT AUDITORS' REPORT

To the Members of Kandagiri Spinning Mills Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **Kandagiri Spinning Mills Limited** ("the Company") which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs of the Company, profit or loss and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order under section 143 (11) of the Act.
4. We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.
6. 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.



Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by 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, 2017, its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by Section 143(3) of the Act, we report that:
- 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.
 - 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;
 - The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act.
 - On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - With respect of the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - 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) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - The Company has, in accordance with the generally accepted accounting practice, disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - The Company has provided requisite disclosures in the standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on our audit procedures and relying on the Management representation we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management- Refer note 3.18 to the standalone financial statements.
9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **M.S. Krishnaswami & Rajan**
Chartered Accountants
Firm registration No.01554S

Salem
May 6, 2017

R. Krishnen - Partner
Membership No.201133



ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 8(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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, 2017 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 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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, 2017, 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 **M.S. Krishnaswami & Rajan**
Chartered Accountants
Firm registration No.01554S

Salem
May 6, 2017

R. Krishnen - Partner
Membership No.201133

“ANNEXURE B” TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 9 under 'Report on Other Legal & Regulatory Requirement' section of our report of even date to the standalone financial statements of of Kandagiri Spinning Mills Limited (“the Company”) for the year ended March 31, 2017)

In respect of fixed assets:

1. (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of the fixed assets.
(b) The fixed assets have been physically verified by the Management in a phased manner, designed to cover all the items over a period of three years, which, in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
(c) The title deeds of immovable properties of the Company are held in the name of the Company.
2. Inventories have been physically verified during the year by the management at reasonable intervals, and no material discrepancies were noticed on such physical verification.
3. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under section 189 of the Companies Act, 2013 and accordingly, the provisions of clause (iii) of paragraph 3 of the Order are not applicable to the Company.
4. According to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.



5. According to the information and explanations given to us, the Company has not accepted any deposits from public and 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 Deposit) Rules, 2014.
6. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Companies Act, 2013, and are of the opinion that prima facie, the prescribed account and records have been made and maintained.
7. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, records, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they became payable.
 (b) According to the information and explanations given to us, there are no dues of Income tax, Wealth tax, Excise duty, Service tax and Customs duty which have not been deposited on account of any dispute with the relevant authorities. Details of dues towards sales tax and value added tax that have not been deposited as at March 31, 2017 on account of disputes are stated below: (Nature of dues, dues, period to which the amount relates, forum where dispute is pending) – Sales tax, Rs.35,909, Financial year 2000-01, Sales tax Appellate Tribunal.
8. In our opinion and according to the information and explanations given to us, the Company has defaulted in the repayment of dues to banks. The period and amount of default is as follows:

Principal

Bank	Principal			
	Due Amount	Due Date	Paid Amount	Paid on
State Bank of India				
WC Term Loan-7.80 Cr.				
June' 16	29,00,000	30-June-16	29,00,000	20-Jul-16
July' 16	29,00,000	31-Jul-16	29,00,000	11-Aug-16
Aug' 16	29,00,000	31-Aug-16	10,00,000	31-Oct-16
			19,00,000	5-Nov-16
Sep' 16	29,00,000	30-Sep-16	29,00,000	5-Nov-16
Oct' 16	29,00,000	31-Oct-16	26,30,000	14-Nov-16
			2,70,000	18-Nov-16
Nov' 16	29,00,000	30-Nov-16	29,00,000	14-Dec-16
Dec' 16	29,00,000	31-Dec-16	29,00,000	6-Jan-17
Corporate Loan - 10 Cr.				
Oct' 16	10,00,000	31-Oct-16	10,00,000	14-Nov-16
Nov' 16	10,00,000	30-Nov-16	10,00,000	14-Dec-16
Dec' 16	10,00,000	31-Dec-16	10,00,000	6-Jan-17



Principal				
Bank	Principal			
	Due Amount	Due Date	Paid Amount	Paid on
Karnataka Bank Ltd., Wc Term Loan - 7.80 Cr.				
April' 16	29,00,000	18-Apr-16	29,00,000	16-Jun-16
May' 16	29,00,000	18-May-16	29,00,000	15-Jul-16
June' 16	29,00,000	18-Jun-16	29,00,000	16-Aug-16
July' 16	29,00,000	18-Jul-16	15,00,000	15-Sep-16
			14,00,000	16-Sep-16
Aug' 16	29,00,000	18-Aug-16	29,00,000	12-Nov-16
Sep' 16	29,00,000	18-Sep-16	29,00,000	15-Dec-16
Oct' 16	29,00,000	18-Oct-16	29,00,000	20-Dec-16
Nov' 16	29,00,000	18-Nov-16	29,00,000	30-Jan-17
Dec' 16	29,00,000	18-Dec-16	29,00,000	30-Jan-17
Jan' 17	29,00,000	18-Jan-17	29,00,000	30-Jan-17
DPN Loan - 20.00 Cr.				
April' 16	60,00,000	28-Apr-16	60,00,000	24-Jun-16
May' 16	60,00,000	28-May-16	60,00,000	25-Jul-16
June' 16	60,00,000	28-Jun-16	60,00,000	26-Aug-16
July' 16	70,00,000	28-Jul-16	15,00,000	27-Sep-16
			12,00,000	15-Oct-16
			43,00,000	21-Oct-16
Aug' 16	70,00,000	28-Aug-16	70,00,000	24-Nov-16
Sep' 16	70,00,000	28-Sep-16	70,00,000	20-Dec-16
Oct' 16	70,00,000	28-Oct-16	20,56,907	20-Dec-16
			17,00,000	26-Dec-16
			32,43,093	23-Jan-17
Nov' 16	70,00,000	28-Nov-16	70,00,000	30-Jan-17
Dec' 16	70,00,000	28-Dec-16	70,00,000	30-Jan-17
Jan' 17	70,00,000	28-Jan-17	70,00,000	30-Jan-17
Axis Bank				
April' 16	5,00,000	30-Apr-16	9,936	30-Apr-16
			4,90,064	2-May-16
June' 16	5,00,000	30-Jun-16	5,00,000	1-Jul-16
July' 16	5,00,000	31-Jul-16	5,00,000	2-Aug-16
Sep' 16	5,00,000	30-Sep-16	1,04,526	30-Sep-16
			1,00,000	4-Oct-16
			2,00,000	4-Oct-16
			95,474	6-Oct-16
Oct' 16	5,00,000	31-Oct-16	1,00,000	31-Oct-16
			4,00,000	1-Nov-16
Nov' 16	5,00,000	30-Nov-16	5,00,000	2-Dec-16
Dec' 16	5,00,000	31-Dec-16	5,00,000	2-Jan-17



Interest				
Bank	Interest			
	Due Amount	Due Date	Paid Amount	Paid on
State Bank of India				
WC Term Loan-7.80 Cr.				
April' 16	6,51,439	30-Apr-16	6,51,439	5-May-16
May' 16	6,48,815	31-May-16	6,48,815	24-Jun-16
June' 16	6,01,760	30-Jun-16	6,01,760	20-Jul-16
July' 16	6,06,294	31-Jul-16	6,06,294	11-Aug-16
Aug' 16	5,63,021	31-Aug-16	5,63,021	28-Oct-16
Sep' 16	5,38,603	30-Sep-16	5,38,603	5-Nov-16
Oct' 16	5,61,491	31-Oct-16	5,61,491	5-Nov-16
Nov' 16	4,59,177	30-Nov-16	4,59,177	22-Dec-16
Dec' 16	4,35,270	31-Dec-16	4,35,270	9-Jan-17
Jan' 17	4,32,345	31-Jan-17	4,32,345	4-Feb-17
Feb' 17	2,43,386	28-Feb-17	2,43,386	28-Mar-17
Mar' 17	1,76,150	31-Mar-17	1,76,150	17-Apr-17
Corporate Loan - 10 Cr.				
April' 16	10,98,931	30-Apr-16	10,98,931	5-May-16
May' 16	11,35,041	31-May-16	11,35,041	30-Jun-16
June' 16	11,09,300	30-Jun-16	11,09,300	20-Jul-16
July' 16	11,41,139	31-Jul-16	11,41,139	11-Aug-16
Aug' 16	11,38,009	31-Aug-16	11,38,009	28-Oct-16
Sep' 16	11,09,747	30-Sep-16	11,09,747	5-Nov-16
Oct' 16	11,57,657	31-Oct-16	11,57,657	23-Nov-16
Nov' 16	11,01,555	30-Nov-16	11,01,555	22-Dec-16
Dec' 16	11,23,874	31-Dec-16	11,23,874	9-Jan-17
Jan' 17	11,28,119	31-Jan-17	11,28,119	4-Feb-17
Feb' 17	10,66,429	28-Feb-17	10,66,429	28-Mar-17
Mar' 17	11,40,178	31-Mar-17	11,40,178	17-Apr-17
Karnataka Bank Ltd.,				
Wc Term Loan - 7.80 Cr.				
April' 16	6,88,801	30-Apr-16	6,88,801	24-Jun-16
May' 16	7,07,442	31-May-16	7,07,442	28-Jul-16
June' 16	6,67,069	30-Jun-16	6,67,069	30-Aug-16
July' 16	6,55,534	31-Jul-16	6,55,534	25-Oct-16
Aug' 16	6,24,140	31-Aug-16	6,24,140	11-Nov-16
Sep' 16	5,72,289	30-Sep-16	5,72,289	20-Dec-16
Oct' 16	5,85,383	31-Oct-16	5,85,383	23-Jan-17
Nov' 16	5,44,421	30-Nov-16	5,44,421	31-Jan-17
Dec' 16	5,19,574	31-Dec-16	5,19,574	31-Jan-17
DPN Loan - 20.00 Cr.				
April' 16	12,48,602	30-Apr-16	12,48,602	29-Jun-16
May' 16	12,16,589	31-May-16	12,16,589	1-Aug-16
June' 16	11,10,390	30-Jun-16	11,10,390	30-Aug-16
July' 16	10,81,028	31-Jul-16	10,81,028	25-Aug-16



Interest				
Bank	Interest			
	Due Amount	Due Date	Paid Amount	Paid on
Aug' 16	10,15,866	31-Aug-16	10,15,866	24-Nov-16
Sep' 16	9,32,234	30-Sep-16	9,32,234	20-Dec-16
Oct' 16	9,43,093	31-Oct-16	9,43,093	20-Dec-16
Nov' 16	8,61,118	30-Nov-16	3,19,907	23-Jan-17
			5,41,211	31-Jan-17
Dec' 16	7,72,780	31-Dec-16	7,72,780	31-Jan-17
Jan' 17	6,50,658	31-Jan-17	6,50,658	12-Apr-17
Feb' 17	2,71,525	28-Feb-17	2,71,525	12-Apr-17
Mar' 17	2,01,292	31-Mar-17	2,01,292	12-Apr-17
Corporate Loan - 10 Cr.				
April' 16	5,70,721	30-Apr-16	5,70,721	29-Jun-16
May' 16	5,90,090	31-May-16	5,90,090	28-July-16
June' 16	5,71,289	30-Jun-16	5,71,289	30-Aug-16
July' 16	5,90,340	31-Jul-16	5,90,340	25-Oct-16
Aug' 16	5,90,961	31-Aug-16	5,90,961	28-Nov-16
Sep' 16	5,72,758	30-Sep-16	5,72,758	28-Nov-16
Oct' 16	5,98,759	31-Oct-16	4,84,133	28-Nov-16
			1,14,626	20-Dec-16
Nov' 16	5,79,086	30-Nov-16	5,79,086	20-Dec-16
Dec' 16	5,79,969	31-Dec-16	5,79,969	31-Jan-17
Jan' 17	5,81,319	31-Jan-17	5,81,319	13-Mar-17
Feb' 17	5,08,383	28-Feb-17	8,383	13-Mar-17
			5,00,000	12-Apr-17
Mar' 17	5,66,622	31-Mar-17	5,66,622	12-Apr-17
Axis Bank Ltd				
April' 16	99,956	30-Apr-16	99,956	2-May-16
May' 16	97,163	31-May-16	97,163	2-Jun-16
June' 16	88,426	30-Jun-16	34,180	30-Jun-16
			54,246	4-Jul-16
July' 16	85,572	31-Jul-16	85,572	2-Jul-16
Aug' 16	79,424	31-Aug-16	79,424	7-Sep-16
Sep' 16	71,298	30-Sep-16	71,298	6-Oct-16
Oct' 16	68,764	31-Oct-16	68,764	1-Nov-16
Nov' 16	60,345	30-Nov-16	13,072	30-Nov-16
			47,273	2-Dec-16
Jan' 17	37,735	31-Jan-17	37,735	28-Feb-17
Feb' 17	12,614	28-Feb-17	12,614	28-Apr-17
Mar' 17	13,924	31-Mar-17	13,924	28-Apr-17



According to the information and explanations given to us, the company has not borrowed any moneys from a financial institution, government or in the form of debentures.

9. Based upon the audit procedures performed and the information and explanations given by the management, the term loans were applied for the purposes for which the loans were taken. The Company has not raised any money by way of initial public offer or further public offers including debt instruments. Hence reporting on utilization of such money does not arise.
10. Based upon the audit procedures performed and the information and explanations given by the management, we report that 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. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
12. In our opinion, the Company is not a Nidhi Company and accordingly the provisions of Clause 3 (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 section 177 and 188 of the Companies Act, 2013. The details of the transactions during the year have been disclosed in the standalone financial statements as required by the Accounting Standards. (Refer note – 3.8 to the standalone financial statements).
14. Based upon the audit procedures performed and the information and explanations given by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
15. Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non - cash transactions with directors or persons connected with them. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
16. In our opinion, the Company is not required to be registered under section 45- IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For **M.S. Krishnaswami & Rajan**
Chartered Accountants
Firm registration No.01554S

Salem
May 6, 2017

R. Krishnen - Partner
Membership No.201133

**Standalone Balance Sheet as at March 31, 2017**

Particulars	Note No.	As at March 31, 2017		As at March 31, 2016
		Rupees	Rupees	Rupees
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	1.1	3,85,74,500		3,85,74,500
Reserves and surplus	1.2	<u>25,13,65,051</u>		36,29,54,349
			28,99,39,551	40,15,28,849
Non-Current liabilities				
Long - term borrowings	1.3	28,55,95,302		36,08,89,494
Deferred tax liabilities (Net)	1.4	16,83,83,772		16,83,83,772
Long - term provisions	1.5	<u>1,51,79,464</u>		1,48,87,614
			46,91,58,538	54,41,60,880
Current liabilities				
Short - term borrowings	1.6	30,01,80,700		35,08,71,678
Trade payables	1.7			
(a) total outstanding dues of micro enterprises and small enterprises		89,320		1,23,789
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		2,95,92,371		12,71,45,833
Other current liabilities	1.8	11,03,77,055		22,09,45,093
Short - term provisions	1.9	<u>2,23,710</u>		2,54,890
			44,04,63,156	69,93,41,283
TOTAL			<u>119,95,61,245</u>	<u>164,50,31,012</u>
ASSETS				
Non-Current assets				
Fixed assets				
Tangible assets	1.10	74,12,40,491		92,97,49,784
Capital work-in-progress	1.10	-		-
		<u>74,12,40,491</u>		<u>92,97,49,784</u>
Non-current investments	1.11	2,00,39,000		2,00,99,500
Long-term loans and advances	1.12	13,54,35,081		13,01,97,775
Other non-current assets	1.13	-		-
			89,67,14,572	108,00,47,059
Current assets				
Inventories	1.14	21,97,21,351		35,99,78,409
Trade receivables	1.15	5,27,91,581		18,04,19,349
Cash and bank balances	1.16	16,25,510		69,49,012
Short-term loans and advances	1.17	2,54,25,573		1,39,62,004
Other current assets	1.18	<u>32,82,658</u>		36,75,179
			30,28,46,673	<u>56,49,83,953</u>
TOTAL			<u>119,95,61,245</u>	<u>164,50,31,012</u>

Significant Accounting Policies and Notes to the Standalone Financial Statements are an integral part of this Balance Sheet

As per our report of even date
For **M.S. Krishnaswami & Rajan**
Chartered Accountants
Firm Registration No. 01554S

R. Krishnen - Partner
Membership No. 201133

Salem
May 6, 2017

For and on behalf of the board

R. Selvarajan
Chairman and Managing Director
DIN : 00001703

S. Devarajan
Director
DIN : 00001910

J. Asifa
Company Secretary

S. Vijay Shankar
Chief Financial Officer


Standalone Statement of Profit and Loss for the year ended March 31, 2017

Particulars	Note No.	For the year ended March 31, 2017		For the year ended
		Rupees	Rupees	March 31, 2016 Rupees
Income				
Revenue from operations	2.1	78,02,77,139		144,78,20,504
Other income	2.2	23,25,740		26,74,091
Total Revenue			78,26,02,879	145,04,94,595
Expenses				
Cost of materials consumed	2.3	46,04,38,079		93,27,27,122
Changes in inventories of finished goods and stock-in-trade	2.4	11,15,19,120		(6,76,77,258)
		57,19,57,199		86,50,49,864
Employee benefits expense	2.5	12,40,08,744		19,10,35,468
Finance cost	2.6	12,51,03,863		12,43,66,063
Depreciation and amortization expense	2.7	7,11,58,381		7,58,67,245
Other Expenses	2.8	15,64,25,311		30,75,52,198
Total Expenses			104,86,53,498	156,38,70,838
(Loss) before exceptional items and tax			(26,60,50,619)	(11,33,76,243)
Exceptional item	2.9		15,44,61,321	–
(Loss) before tax			(11,15,89,298)	(11,33,76,243)
Tax expense :				
Current tax		–		–
Deferred tax - liability (asset)		–		–
			–	–
(Loss) for the year from continuing operations			(11,15,89,298)	(11,33,76,243)
Earnings per Equity share (Face value Rs. 10)				
Basic and Diluted (in Rs.)			(28.99)	(29.45)

Significant Accounting Policies and Notes to the Standalone Financial Statements are an integral part of this Statement of Profit and Loss

As per our report of even date
For **M.S. Krishnaswami & Rajan**
Chartered Accountants
Firm Registration No. 01554S

R. Krishnen - Partner
Membership No. 201133

Salem
May 6, 2017

For and on behalf of the board

R. Selvarajan
Chairman and Managing Director
DIN : 00001703

J. Asifa
Company Secretary

S. Devarajan
Director
DIN : 00001910

S. Vijay Shankar
Chief Financial Officer


Standalone Cash Flow Statement for the year ended March 31, 2017

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
1. Cash flows from operating activities		
1.1 (Loss) before tax and exceptional item	(11,15,89,298)	(11,33,76,243)
1.2 Adjustment for		
Depreciation and amortisation	7,11,58,381	7,58,67,245
Loan raising expenditure - amortised	-	4,17,362
- incurred		
Amount considered under investing activities		
(Profit) / Loss on disposal of assets	99,980	(37,305)
Income from investments	(1,80,000)	(1,80,000)
Amount considered under financing activities		
Interest paid	12,51,03,863	12,43,66,063
Interest received	(21,45,740)	(24,56,786)
1.3 Operating profit before working capital changes	8,24,47,186	8,46,00,336
1.4 Adjustment for changes in		
Increase / (Decrease) in trade payables	(9,75,87,931)	42,45,517
Increase / (Decrease) in long term provisions	2,91,850	4,95,517
Increase / (Decrease) in short term provisions	(31,180)	(2,24,939)
Increase / (Decrease) in other current liabilities	28,37,599	24,48,317
Decrease / (Increase) in trade receivables	12,76,27,768	(8,69,80,660)
Decrease / (Increase) in inventories	14,02,57,058	7,18,11,620
Decrease / (Increase) in long term advances	(51,78,934)	73,81,866
Decrease / (Increase) in short term advances	(1,14,63,569)	(10,80,890)
Decrease / (Increase) in other current assets	55,05,621	32,20,077
1.5 Cash generated from operating activities	24,47,05,468	8,59,16,761
1.6 Income tax paid/(refunded)	(58,372)	(20,75,478)
Net cash flow from operating activities before exceptional items	24,46,47,096	8,38,41,283
Exceptional items	(15,44,61,321)	-
Net cash flow from operating activities [A]	9,01,85,775	8,38,41,283
2. Cash flows from investing activities		
2.1 Purchase of tangible assets, intangible assets, CWIP and capital advances	(32,44,251)	(1,40,33,038)
2.2 Proceeds from sale of tangible assets	27,49,56,504	56,000
2.3 Investment in equity shares	(60,500)	-
2.4 Interest received	21,45,740	24,56,786
2.5 Dividend received	1,80,000	1,80,000
Net cash flow used in investing activities [B]	27,39,77,493	(1,13,40,252)


Standalone Cash Flow Statement for the year ended March 31, 2017 (contd..)

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
3. Cash flows from financing activities		
3.1 Proceeds from long term borrowings	26,000	18,28,10,548
3.2 Repayments of long term borrowings	(19,86,04,830)	(12,38,01,532)
3.3 Proceeds from short term borrowings	-	-
3.4 Repayments of short term borrowings	-	-
3.5 Inter corporate Loan – Related Party – received	1,00,00,000	4,00,00,000
3.6 Changes in cash credit facilities	(5,06,90,978)	(5,34,60,402)
3.7 Interest paid - Net	(12,51,03,863)	(12,43,66,063)
3.8 Dividend paid on equity shares	-	-
3.9 Dividend Tax paid on equity dividend paid	-	-
Net cash flow from financing activities [C]	(36,43,73,670)	(7,88,17,449)
Net cash inflow / (outflow) [A+B+C]	(2,10,402)	(63,16,418)
Opening cash and cash equivalents	4,29,272	67,45,690
Closing cash and cash equivalents	2,18,870	4,29,272
Net increase / (decrease) in cash and cash equivalents	(2,10,402)	(63,16,418)
Notes to the cash flow statement		
Components of cash and cash equivalents:		
Cash and bank balances excluding unclaimed dividend and earmarked deposits held by banks as margin money	2,18,870	4,29,272
	2,18,870	4,29,272

As per our report of even date
For **M.S. Krishnaswami & Rajan**
Chartered Accountants
Firm Registration No. 01554S

R. Krishnen - Partner
Membership No. 201133

Salem
May 6, 2017

For and on behalf of the board

R. Selvarajan
Chairman and Managing Director
DIN : 00001703

J. Asifa
Company Secretary

S. Devarajan
Director
DIN : 00001910

S. Vijay Shankar
Chief Financial Officer



Notes annexed to and forming part of the Standalone Financial Statements

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
1.1 Share Capital		
Authorised		
Equity Share Capital		
50,00,000 (2016 : 50,00,000) Equity shares of Rs.10 each with voting rights	5,00,00,000	5,00,00,000
Issued		
38,65,650 (2016 : 38,65,650) Equity shares of Rs.10 each with voting rights	3,86,56,500	3,86,56,500
Subscribed		
38,49,250 (2016 : 38,49,250) Equity shares of Rs.10 each fully paid with voting rights	3,84,92,500	3,84,92,500
Add Forfeited shares (amount originally paid up in respect of 16,400 equity shares)	82,000	82,000
	3,85,74,500	3,85,74,500
Notes :		
1. Reconciliation of Number of Shares		
Equity Shares with voting rights		
Shares outstanding as at April 1, 2016 / April 1, 2015	38,49,250	38,49,250
Shares outstanding as at March 31, 2017 / March 31, 2016	38,49,250	38,49,250
2. Shares issues in preceeding five years	NIL	NIL
3. Shareholders holding more than 5% of the total share capital:		
<u>Name of the shareholder</u>	<u>No. of shares</u>	
	2017	2016
	%	%
R. Selvarajan	7,78,730	7,78,330
S. Vijay Shankar	4,09,582	4,09,582
	20.23	20.22
	10.64	10.64
4. Rights and restrictions in respect of equity shares		
The company has one class of equity shares having a par value of Rs.10 each.		
Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holder 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 the number of equity shares held by the shareholders.		
1.2 Reserves and Surplus		
a) Securities Premium as at the beginning and end of the year	5,48,61,631	5,48,61,631
b) Revaluation Reserve		
As at the beginning of the year	21,10,50,939	21,37,52,760
Transfer to General reserve (refer note no.3.9 to the Financial Statements)	27,01,821	27,01,821
As at the end of the year	20,83,49,118	21,10,50,939
c) General Reserve		
As at the beginning of the year	22,29,03,642	22,02,01,821
Transfer from Revaluation Reserve (refer note no.3.9 to the Financial Statements)	27,01,821	27,01,821
Transfer from Statement of Profit and Loss	-	-
As at the end of the year	22,56,05,463	22,29,03,642
d) Surplus/(Deficit) - balance in Statement of Profit and Loss		
As at the beginning of the year	(12,58,61,863)	(1,24,85,620)
Add: Current year (Loss)	(11,15,89,298)	(11,33,76,243)
As at the end of the year	(23,74,51,161)	(12,58,61,863)
	25,13,65,051	36,29,54,349


Notes annexed to and forming part of the Standalone Financial Statements (contd..)

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
1.3 Long term borrowings		
Secured - Term loans from banks	11,62,26,302	21,15,62,494
Unsecured - Fixed deposits	11,93,69,000	10,93,27,000
- Intercorporate Loan from related party (Refer note no.3.8 to the Standalone Financial Statements)	5,00,00,000	4,00,00,000
	<u>28,55,95,302</u>	<u>36,08,89,494</u>
Notes:		
i) Refer note no.3.16 to the Standalone Financial Statements for the terms of the loans		
ii) Fixed deposits includes deposits from directors Rs.12,01,23,000 (2016 : Rs.11,87,13,000)		
1.4 Deferred tax liabilities (net) (Refer note no.3.15 to the Standalone Financial Statements)		
Deferred tax liabilities		
- Timing differences on account of depreciation	18,62,19,619	18,62,19,619
Deferred tax assets		
- Unabsorbed tax depreciations and loss	1,30,55,152	1,30,55,152
- Provision for employees benefit	47,80,695	47,80,695
	<u>16,83,83,772</u>	<u>16,83,83,772</u>
1.5 Long term provisions		
Provision for employee benefit Compensated absences	1,51,79,464	1,48,87,614
	<u>1,51,79,464</u>	<u>1,48,87,614</u>
1.6 Short term borrowings		
Secured from banks		
Cash credit facilities	30,01,80,700	35,08,71,678
	<u>30,01,80,700</u>	<u>35,08,71,678</u>
Notes :		
Refer note no.3.16 to the Standalone Financial Statements for the terms of the loans		
1.7 Current Liabilities - Trade payables		
Trade payables - including acceptances		
Micro, Small and Medium enterprises	89,320	1,23,789
Other trade payables	2,95,92,371	12,71,45,833
	<u>2,96,81,691</u>	<u>12,72,69,622</u>
1.8 Other current liabilities		
Current maturities of Long term debts	8,44,12,448	19,78,18,085
Interest accrued but not due on borrowings	-	2,24,015
Interest accrued and due on borrowings	46,81,831	95,21,699
Unclaimed dividends	3,01,502	3,01,902
Other payables	2,09,81,274	1,30,79,392
	<u>11,03,77,055</u>	<u>22,09,45,093</u>
Notes :		
i) Refer note no.3.16 to the Standalone Financial Statements for terms of current maturities of long term debts		
ii) Other payables include :		
- contribution payable to Gratuity Fund	1,94,35,471	94,18,002
- advance from customers	28,857	7,06,568
- sales tax payable	3,93,975	-
1.9 Short term provisions		
Provision for employee benefit Compensated absences	2,23,710	2,54,890
	<u>2,23,710</u>	<u>2,54,890</u>

Notes annexed to and forming part of the Standalone Financial Statements (contd..)

1.10 Tangible assets and Capital work in progress

Rupees

Description	Gross block (Cost / valuation)			Depreciation / amortisation / impairment					NET BLOCK	
	As on 01.04.2016	Additions	Deductions	As on 31.03.2017	Upto 31.03.2016	Charge during the year	Deductions/ Adjustments	Upto 31.03.2017	As on 31.03.2017	As on 31.03.2016
Land - freehold	16,14,57,056			16,14,57,056					16,14,57,056	16,14,57,056
Buildings	38,99,39,219		41,56,891	38,57,82,328	13,07,51,306	1,16,67,258	5,09,038	14,19,09,526	24,38,72,802	25,91,87,913
Plant and machinery	112,05,80,491	16,14,629	52,30,339	111,69,64,781	74,83,20,898	4,21,07,589	15,71,835	78,88,56,652	32,81,08,129	37,27,44,924
Wind energy converters	48,21,37,624		47,24,31,011	97,06,613	35,35,84,399	1,51,77,068	35,95,40,185	92,21,282	4,85,331	12,80,31,920
Furniture and fittings	29,19,156			29,19,156	22,13,126	212,694		24,25,820	4,93,336	7,06,030
Vehicles	1,94,08,305	16,29,622	24,40,285	1,85,97,642	121,10,174	19,63,896	20,42,305	1,20,31,765	65,65,877	73,34,105
Office Equipment	32,10,014			32,10,014	31,49,119	29,876		31,78,995	31,019	60,895
Live stock	2,26,941			2,26,941				2,26,941	2,26,941	2,26,941
TOTAL	217,98,78,806	32,44,251	48,42,58,526	169,88,64,531	125,01,29,022	7,11,58,381	36,36,63,363	95,76,24,040	74,12,40,491	92,97,49,784
Previous year	216,00,99,891	201,83,179	4,04,264	217,98,78,806	117,46,47,346	7,58,67,245	3,85,569	125,01,29,022	92,97,49,784	98,54,52,545
Capital work in progress									-	27,20,141
Previous year									-	27,20,141

Note :

i) Borrowing cost capitalised - Rs. Nil (2016 Rs. Nil)





Notes annexed to and forming part of the Standalone Financial Statements (contd..)

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
1.11 Non-Current Investments		
Non-Trade Investments		
Investments in Equity instruments		
i) Associates		
20,00,000 (2016 : 20,00,000) Equity shares of Rs.10 each in SPMM Health Care Services Private Limited	2,00,00,000	2,00,00,000
ii) Others		
90,000 (2016 : 90,000) Equity shares of Rs.10 each in Sambandam Spinning Mills Limited #	45,00,000	45,00,000
NIL (2016 : 220) Equity shares of Rs.10 each in ARS Energy Private Limited	-	60,500
500 (2016 : 500) Equity shares of Rs.10 each in Suryadev Alloys and Power Private Limited	68,000	68,000
	<u>2,45,68,000</u>	<u>2,46,28,500</u>
Less Provision for diminution in value towards SPMM Health Care Services Private Limited	45,29,000	45,29,000
	<u>2,00,39,000</u>	<u>2,00,99,500</u>
Notes :		
i) All investments are fully paid-up		
ii) Quoted investments (#) - Cost	45,00,000	45,00,000
- Market value	91,30,500	59,85,000
iii) Unquoted investments - Cost	2,00,68,000	2,01,28,500
1.12 Long term Loans and advances		
Unsecured, considered good		
Capital advances	53,89,600	53,89,600
Security deposits	3,08,51,069	2,60,23,198
Other loans and advances		
- employee advances	1,15,665	1,64,602
- Sales tax, ESI and others paid under protest	3,00,73,623	2,96,73,623
- Advance income tax (net of provisions)	28,26,890	27,68,518
- MAT credit entitlement	6,61,78,234	6,61,78,234
	<u>13,54,35,081</u>	<u>13,01,97,775</u>
1.13 Other Non-current assets		
Unamortised loan raising expenses	-	-
	<u>-</u>	<u>-</u>
1.14 Inventories		
Raw materials - Cotton	7,82,98,662	10,38,12,329
Work-in-progress - Cotton in process	10,24,58,972	14,57,87,169
Finished goods - Yarn	2,96,52,149	9,27,91,936
- Process waste	83,02,179	1,33,53,315
Stores and spares	10,09,389	42,33,660
	<u>21,97,21,351</u>	<u>35,99,78,409</u>



Notes annexed to and forming part of the Standalone Financial Statements (contd..)

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
1.15 Trade receivables		
Unsecured, considered good		
Trade receivables		
Outstanding for more than six months from the date they are due for payment	46,59,736	69,500
Others	4,81,31,845	18,03,49,849
	<u>5,27,91,581</u>	<u>18,04,19,349</u>
1.16 Cash and bank balances		
(i) Cash and cash equivalents		
Balances with banks in Current account	1,11,701	3,57,036
Cash on hand	1,07,169	72,236
	<u>2,18,870</u>	<u>4,29,272</u>
(ii) Other bank balances		
Earmarked balances with Banks - Unclaimed dividend accounts	3,01,502	3,01,902
- Liquid assets deposits *	-	-
Deposits with Banks held as margin money	11,05,138	62,17,838
* under Companies (Acceptance of Deposits) Rules, 2014 of the above Bank deposits with more than 12 months maturities Rs. 5,82,890 (2016 Rs. 62,17,838)		
	<u>16,25,510</u>	<u>69,49,012</u>
1.17 Short-term loans and advances		
Unsecured, considered good		
Material advances	55,00,863	23,03,330
Employee advances	3,80,968	4,65,806
Accrued income on windmills	1,18,15,769	-
Other receivables	77,27,973	1,11,92,868
	<u>2,54,25,573</u>	<u>1,39,62,004</u>
Of the above,		
Other receivables include :		
- VAT credit	2,45,115	6,26,312
- Prepaid expenses	27,20,026	80,35,456
1.18 Other current assets		
Interest accrued on deposits	1,10,057	2,58,559
Interest subsidy receivable	31,72,601	31,72,601
Export incentive receivable	-	-
Unamortised loan raising expenses	-	2,44,019
	<u>32,82,658</u>	<u>36,75,179</u>



Notes annexed to and forming part of the Standalone Financial Statements (contd..)

Particulars	For the year ended March 31, 2017 Rupees	For the year ended March 31, 2016 Rupees
2.1 Revenue from operations		
Sale of products		
Yarn	73,59,54,937	141,07,93,942
Fabric	2,26,16,535	60,90,037
Process waste	1,23,87,831	3,09,39,613
	<u>77,09,59,303</u>	<u>144,78,23,592</u>
Other operating revenues		
Scrap sales	80,066	4,39,596
Conversion charges earned	68,33,679	-
Premium received on hank yarn obligation	7,59,249	5,13,002
Export incentives	24,40,105	5,47,265
	<u>78,10,72,402</u>	<u>144,93,23,455</u>
Less Trade rebate and discounts	7,95,263	15,02,951
	<u>78,02,77,139</u>	<u>144,78,20,504</u>
2.2 Other income		
Interest income from		
Security deposits and bank deposits	21,45,740	24,56,786
Dividend income from Non-current investments	1,80,000	1,80,000
Profit on sale of assets	-	37,305
Net gain on foreign currency transactions and translations	-	-
	<u>23,25,740</u>	<u>26,74,091</u>
2.3 Cost of materials consumed		
Cotton	44,47,72,750	91,66,76,368
Others	1,56,65,329	1,60,50,754
	<u>46,04,38,079</u>	<u>93,27,27,122</u>
Of the above		
Imported items - Amount	19,66,021	6,40,49,780
- Percentage	0.43	6.87
Indigenous items - Amount	45,84,72,058	86,86,77,342
- Percentage	99.57	93.13
2.4 Changes in Inventories of finished goods and work-in-progress		
Work-in-progress	4,33,28,197	(2,15,96,166)
Finished goods	6,81,90,923	(4,60,81,092)
Net change in inventories	<u>11,15,19,120</u>	<u>(6,76,77,258)</u>
2.5 Employee benefits expense		
Salaries, wages and bonus	10,49,98,960	17,50,92,046
Contribution to provident, gratuity and other funds	1,43,30,651	70,14,971
Welfare expenses	46,79,133	89,28,451
	<u>12,40,08,744</u>	<u>19,10,35,468</u>
2.6 Finance costs		
Interest	12,51,03,863	12,43,66,063
Other borrowing costs	-	-
	<u>12,51,03,863</u>	<u>12,43,66,063</u>
Other borrowing costs comprise amortisation on :		
Premium on forward contracts	-	-



Notes annexed to and forming part of the Standalone Financial Statements (contd..)

Particulars	For the year ended March 31, 2017 Rupees	For the year ended March 31, 2016 Rupees
2.7 Depreciation and amortisation expense		
Tangible assets		
Buildings	1,16,67,258	1,16,87,565
Plant and machinery	4,21,07,589	4,18,00,089
Wind energy converters	1,51,77,068	2,02,36,091
Furniture and fittings	2,12,694	2,11,378
Office equipments	29,876	24,796
Vehicles	19,63,896	19,07,326
Total depreciation on tangible assets	<u>7,11,58,381</u>	<u>7,58,67,245</u>
2.8 Other expenses		
Conversion charges	1,07,86,204	46,72,117
Consumption of stores and spares	84,22,160	1,56,14,561
Power and fuel-net	7,35,55,217	19,61,62,776
Repairs and maintenance		
- Buildings	6,67,394	6,94,942
- Plant and machinery	1,99,47,993	2,33,77,693
Insurance	11,29,942	11,14,644
Rates and taxes	15,54,313	14,97,521
Packing and forwarding charges	94,20,212	2,32,97,972
Brokerage and commission on sales	84,71,144	1,40,30,925
Travel and vehicle upkeep expenses	78,77,202	1,00,35,107
Donation and charity	10,000	15,250
Expenditure on corporate social responsibility (CSR)	1,22,500	1,65,360
Printing and stationery	4,97,975	6,43,194
Directors' sitting fees	17,60,000	16,40,000
Loss on sale of assets	99,980	-
Bank and other financial charges	61,72,551	83,02,127
Miscellaneous expenses	59,30,524	62,88,009
	<u>15,64,25,311</u>	<u>30,75,52,198</u>
2.9 Exceptional item		
Profit on sale of wind mills	15,44,61,321	-
	<u>15,44,61,321</u>	<u>-</u>



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2017

1. Basis of preparation of standalone financial statements - The standalone financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) to comply with the Accounting standards specified under section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable. The standalone financial statements have been prepared on accrual basis under the historical cost convention except in so far as they relate to revaluation of net assets. The accounting policies adopted in the preparation of the standalone financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the revised schedule II to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has determined its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

2. Use of estimates – The preparation of the standalone financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the standalone financial statements, disclosure of contingent liabilities and reported amounts of revenues and expenses for the year. Estimates are based on historical experience, where applicable and other assumptions that management believes are reasonable under the circumstances. Actual results could vary from these estimates and any such differences are dealt with in the period in which the results are known/materialise.
3. Revenue recognition – Revenue from sale of products is recognized on despatch of goods to customers in accordance with the terms of sales. Revenue from services is recognized in accordance with the specific terms of contract on performance. Other operating revenues comprise of income from ancillary activities incidental to the operations of the company and is recognized when the right to receive the income is established as per the terms of the contract.
4. Other Income – Interest income is accounted on accrual basis. Dividend income is accounted when the right to receive is established.
5. Foreign currency transactions – Foreign currency transactions (including booking/cancellation of forward contracts) are recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency, other than those covered by forward exchange contracts, are translated at year end foreign exchange rates. Exchange differences arising on settlements are recognized in the Statement of Profit and Loss. In case of forward exchange contracts which are entered into hedge the foreign currency risk of a receivable/payable recognized in these standalone financial statements, premium or discount on such contracts are amortised over the life of the contract and exchange differences arising thereon in the reporting period are recognised in the Statement of Profit and loss. Forward exchange contracts which are arranged to hedge the foreign currency risk of a firm commitment is marked to market at the year end and the resulting losses, if any, are charged to the Statement of Profit and loss.
6. Employee benefits – (i) Short term employee benefit obligations are estimated and provided for; (ii) Post employment benefits and other long term employee benefits – (1) Company's contribution to provident fund, labour welfare fund, employees state insurance corporation and other funds are determined under the relevant schemes and /or statute and charged to revenue; (2) Company's liability towards gratuity and compensated absences are actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognised in revenue.



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2017 (contd.)

7. Fixed Assets – Tangible fixed assets - All costs relating to acquisition of fixed assets net of value added tax and terminal excise duty refund under Export Promotion Capital Goods Scheme, subject to the economic life and the cost being in excess of certain limits, are capitalised. Expenditure directly related and incidental to construction are capitalized upto the date of attainment of commercial production. Interest and other related costs, including amortised cost of borrowings attributable only to major projects are capitalized as part of the cost of the respective assets. In the case of Wind energy converters, cost of land on which the converters have been erected is capitalised as cost of the said converters. Cost of structures on leasehold land, where the estimated useful life is more than ten years, is capitalized. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.
8. Depreciation/amortization – Tangible fixed assets - Depreciation on fixed assets is provided on straight line basis. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II are used:

Particulars	Depreciation
Plant and machinery (Continuous process Plant)	Over its useful life of 18 years as Technically assessed
Wind energy convertor	Over its useful life of 17 years as Technically assessed

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. The recoverable amount is the greater of the asset's net selling price and value in use. Provision for impairment will be reviewed periodically and amended depending on changes in circumstances.
10. Investments – Non-current investments are stated at cost. However, provision for diminution is made to recognize a decline, other than temporary, in the value of the investment, if any. Current investments are valued at lower of cost and fair value.
11. Inventories – The governing principle of valuation of Inventories (other than process waste) is the lower of cost and net realisable value. The cost for the said purpose (i) in the case of stores and spare parts, is the weighted average cost (net of Cenvat credit/value added tax, if any), (ii) in the case of cotton in process and manufactured yarn, is the cost adopting the absorption costing method, and (iii) is without deduction of the adjustment made for power generated through Wind energy converters and adjusted against the cost of power purchased from state electricity board. Process waste is valued at net realizable value. Provision is made for obsolete, slow moving and damaged items of inventory, if any.
12. Government grants – Capital grants from government relating to depreciable assets are treated as deferred income and disclosed as a capital reserve and amortised over the useful life of the concerned asset. Cenvat credit relating to capital assets acquired is treated as capital reserve and amortised over the useful life of the concerned assets by transfer profit and loss account and considered under depreciation. Grants/incentives other than those mentioned above are reckoned in the profit and loss account in the year of eligibility.



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2017 (contd.)

13. Borrowing costs - Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. 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 Profit and Loss Statement in the period in which they are incurred.
14. Research and development – Revenue expenditure on research and development is charged to the profit and loss account as incurred. Capital expenditure on research and development, where the same represents cost of plant, machinery, equipment and other tangible assets, if any, is given the same accounting treatment as applicable to other capital expenditure.
15. Deferred tax - Deferred income tax charge reflects the impact of the current period timing differences between taxable income and accounting income, other than differences capable of getting reversed during the 'tax holiday' period, subject to consideration of prudence. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets/liabilities are reviewed as at each balance sheet date based on developments during the period and available case laws to reassess realisation/liabilities.
16. Provisions and contingencies - To recognise a provision when (i) the company has a present obligation as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation. 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 a possible obligation or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.
17. Cash flow statement – Cash flow statements are reported using the indirect method, whereby profit/(loss) before extra-ordinary items/exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipt or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on available information including taxes paid relating to these activities.

3. Notes annexed to and forming part of the Standalone Financial Statements

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
3.1 Information regarding Imports (c.i.f)		
Raw materials	2,37,55,693	73,27,356
Machinery spares	–	41,78,233
3.2 Foreign currency transactions and other financial information		
(i) Expenditure in foreign currency		
Interest	–	–
Travel	–	3,90,364
Others	–	45,673
(ii) Earnings in foreign currency		
Export of goods (FOB value)	8,03,45,611	1,79,13,996
Others (freight recoveries)	–	–
(iii) Remittance of dividend to Non-Resident Shareholders	–	–



Notes annexed to and forming part of the Standalone Financial Statements (Contd..)

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
3.3 Auditors's remuneration		
(included under Miscellaneous expenses (refer Note 2.8 to the Standalone Financial statements))		
(i) For financial audit	3,70,000	3,70,000
(ii) For cost audit	2,50,000	2,50,000
(iii) For taxation matters	1,45,000	1,55,000
(iv) For other services	1,59,000	1,65,000
(v) For reimbursement of expenses	1,41,789	1,38,243
3.4 Contingent liabilities		
(i) Claims against the company not acknowledged as debts	4,21,65,413	4,21,65,413
(ii) Bills discounted with banks	-	-
Out flow relating to above not practicable to indicate in view of the uncertainties involved		
3.5 Capital commitments not provided for (net of advances)	5,08,17,482	5,08,17,482
3.6 Earnings per share		
(Loss) after taxation as per Statement of Profit and Loss (A)	(11,15,89,298)	(11,33,76,243)
Number of equity shares outstanding (B)	38,49,250	38,49,250
Basic and Diluted earnings per share (in Rupees) – Basic (A/B)	(28.99)	(29.45)
3.7 Segment information		
The company's primary segment is identified as business segment based on nature of products, risks, return and the internal business reporting system (i.e. cotton yarn) and operates in a single geographical segment as per Accounting Standard 17.		
3.8 Related party disclosure		
(i) Related parties with whom transactions have taken place during the year		
(1) Key management personnel		
Sri R. Selvarajan – Chairman and Managing Director		
Sri S. Vijayshankar – Chief Financial Officer		
Ms. J. Asifa – Company Secretary		
(2) Associate SPMM Healthcare Services Private Limited		
(3) Parties where significant influence exists		
S. Palaniandi Mudaliar Charitable Trust		
Kandagiri Spinning Mills Gratuity Trust		
Sambandam Siva Textiles Private Limited		
Sambandam Spinning Mills Limited		
(ii) Transactions with related parties		
(1) Key management personnel		
R. Selvarajan		
- Interest payment	38,72,201	45,34,636
- Dividend payment	-	-
- Remuneration	36,00,000	36,00,000
- Fixed deposits received	1,90,60,000	1,49,00,000
- Fixed deposits repaid	62,00,000	-
- Outstanding balances under Fixed deposits	5,78,54,000	4,49,94,000
S. Vijayshankar		
- Remuneration	30,00,000	30,00,000
- Interest payment	41,75,505	39,30,000
- Dividend payment	-	-
- Fixed deposits received	18,50,000	1,57,50,000
- Fixed deposits repaid	-	-
- Outstanding balances under Fixed deposits	4,75,69,000	4,57,19,000
J. Asifa		
- Remuneration	4,20,000	4,00,200



Notes annexed to and forming part of the Standalone Financial Statements (Contd..)

	March 31, 2017	March 31, 2016
	(Rupees)	(Rupees)
(2) Parties where significant influence exists		
S. Palaniandi Mudaliar Charitable trust		
- Payments for employee welfare services	3,36,079	7,47,697
Kandagiri Spinning Mills Gratuity trust		
- Contribution paid/payable	16,51,400	16,43,209
Sambandam Siva Textiles Private Limited		
- Yarn conversion charges received	50,15,443	-
Sambandam Spinning Mills Limited		
- Yarn testing charges paid	2,76,539	5,66,749
- Inter corporate loan received	1,00,00,000	4,00,00,000
- Interest received on inter corporate loan	65,20,191	5,94,590
- Balance at the end of the year	5,00,00,000	4,05,94,590

3.9 Pursuant to the enactment of Companies Act, 2013 and according to the application guide on the provisions of Schedule II to the Companies Act, 2013, a sum of Rs.27,01,821, being the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on its original cost, has been transferred to General Reserve from Revaluation Reserve account.

3.10 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company. There are no overdues to parties on account of principal amount and/or interest and accordingly no additional disclosures have been made; and (ii) There are no amounts remaining unpaid or unclaimed for a period of seven years in respect of unpaid dividend, matured fixed deposits and interest thereon from the date they became payable by the company and hence there are no amounts remaining to be credited to the Investor Education and Protection Fund.

3.11 Derivatives - The company uses derivative financial instruments such as forward contracts and option to hedge certain currency exposures, present and anticipated, denominated mostly in US dollars, Euro and Swiss Franks. Generally such contracts are taken for exposures materializing in the next six months. The company actively manages its currency rate exposures and uses these derivatives to mitigate the risk from such exposures. The company has hedged exposure of US \$ Nil (March 31, 2016 US \$ Nil) as at March 31, 2017 and has a net unhedged exposure of US \$ Nil (March 31, 2016 US\$ Nil) as at March 31, 2017.

3.12 Raw material consumed – others include consumption of yarn for manufacture of double yarn.

3.13 Power and fuel is net of value of power generated by Wind energy converters Rs.7,27,12,865 (2015-16 Rs.6,94,17,256).

3.14 Human resources – Particulars of managerial remuneration (i) To Managing Director – Salary Rs.21,60,000 (2015-16 Rs.21,60,000), Perquisites Rs.14,40,000 (2015-16 Rs.14,40,000).

3.15 The company has recognised deferred tax liability of Rs.1,25,89,000 (2015-16 Rs.1,30,55,152) representing timing differences on account of depreciation. As a matter of prudence and in accordance with the Accounting Standard 22, the accrual of deferred tax asset has been restricted (in view of unabsorbed losses under the Income tax Act, 1961). An amount of Rs.1,25,89,000 (2015-16) has accordingly been accrued as deferred tax asset such that impact of net deferred tax considered in the Statement of Profit and loss of the current year is Rs. Nil. Deferred tax asset primarily comprises timing differences on allowances and unabsorbed losses/depreciation.

Notes annexed to and forming part of the Standalone Financial Statements (Contd..)
3.16 Details of Long Term Borrowings:

	Bank Name	March 31, 2017				Particulars of Repayment	March 31, 2016			
		Non Current Rupees	Current Rupees	Total Rupees	Rate of Interest %		Non Current Rupees	Current Rupees	Total Rupees	Rate of Interest %
a.	Secured Loans:									
i)	Term loans from Banks									
	State Bank of India TL 4	-	1,35,23,292	1,35,23,292	15.10	3 monthly instalment of Rs.41.90 lakhs each (2017-18 Rs.135.23 lakhs)	2,51,40,000	3,48,00,000	5,99,40,000	13.05
	State Bank of India TL 5	7,59,76,302	1,20,00,000	8,79,76,302	15.10	45 monthly instalment of Rs.15 lakhs each and 11 monthly instalment of Rs.20 lakhs each (2017-18 Rs.120 lakhs, 2018-19 Rs.180.00 lakhs, 2019-20 Rs.180.00 lakhs, 2020-21 Rs.180 lakhs and 2021-22 Rs.220 lakhs)	9,40,00,000	60,00,000	10,00,00,000	13.35
	Karnataka Bank TL 4	-	2,48,51,547	2,48,51,547	13.25	6 monthly instalment of Rs.41.90 lakhs each (2017-18 Rs.248.52 lakhs)	2,51,40,000	3,65,20,000	6,16,60,000	13.25
	Axis Bank TL	-	12,24,698	12,24,698	13.25	2 monthly instalments of Rs.5 lakhs each and 1 monthly instalment of Rs.2.25 lakhs (2017-18 Rs.12.25 lakhs)	30,00,097	64,79,000	94,79,097	13.50
	Karnataka Bank TL 5	-	1,69,99,991	1,69,99,991	13.25	1 monthly instalment of Rs.70 lakhs each and 1 monthly instalment of Rs.100 lakhs each (2017-18 Rs.170.00 lakhs)	1,70,00,000	9,30,00,000	11,00,00,000	13.25
	Karnataka Bank TL 6	4,02,50,000	82,50,0000	4,85,00,000	13.50	48 monthly instalment of Rs.7.50 lakhs each and 11 monthly instalment of Rs.10 lakhs each (2017-18 Rs.82.50 lakhs, 2018-19 Rs.90.00 lakhs, 2019-20 Rs.90.00 lakhs, 2020-21 Rs.90 lakhs and 2021-22 Rs.132.50 lakhs)	4,70,00,000	30,00,000	5,00,00,000	13.5
	HDFC Bank bus loan	-	3,53,920	3,53,920	10.01	36 monthly instalments	2,82,397	7,94,085	10,76,482	10.01



Notes annexed to and forming part of the Standalone Financial Statements (Contd..)

3.16 Details of Long Term Borrowings: (contd..)

	Bank Name	March 31, 2017				Particulars of Repayment	March 31, 2016			
		Non Current Rupees	Current Rupees	Total Rupees	Rate of Interest %		Non Current Rupees	Current Rupees	Total Rupees	Rate of Interest %
ii)	Cash credit from banks									
	State Bank of India		14,85,44,605	14,85,44,605	15.00/ 14.50	On demand		14,87,67,519	14,87,67,519	13.20/ 13.05
	State Bank of India-SLC		-	-	14.20	On demand		2,41,57,924	2,41,57,924	14.20
	Karnataka Bank		12,53,63,993	12,53,63,993	13.25	On demand		15,17,16,123	15,17,16,123	13.25
	Axix Bank		2,62,72,102	2,62,72,102	12.35	On demand		2,62,30,112	2,62,30,112	12.50
iii)	Short term loan from banks									
		11,62,26,302	37,73,84,148	49,36,10,450			21,15,62,494	53,14,64,763	74,30,27,257	
<p>(i) Term loans from banks aggregating Rs.19,30,75,830 (March 31, 2016 Rs.39,10,79,097) are secured by a first charge on the Company's fixed assets subject to the charge stated in (ii) to (iii) infra and secured by a second charge on the Company's current assets; (ii) Term loans from banks to an extent of Rs.3,53,920 (March 31, 2016 Rs.10,76,482) are secured by hypothecation of certain buses and cars; (iii) Cash credit facilities are secured by a first charge on the Company's current assets except the stock of cotton pledged for goods loan facility and by a second charge on the Company's fixed assets excluding the charges mentioned in (ii) supra; (iv) All the above loans are guaranteed by three directors.</p>										
b.	Unsecured Loans :									
	Fixed deposits	11,93,69,000	72,09,000	12,65,78,000	11 / 12	Repayable in 2017-18 Rs.72.09 lakhs, 2018-19 Rs.857.18 lakhs and 2019-20 Rs.336.51 Lakhs	10,93,27,000	1,72,25,000	12,65,52,000	11.00/ 12.00
	Inter corporate loan	5,00,00,000	-	5,00,00,000	13.95	Repayable in April 2017	4,00,00,000	-	4,00,00,000	13.95
		16,93,69,000	72,09,000	17,65,78,000			14,93,27,000	1,72,25,000	16,65,52,000	



Notes annexed to and forming part of the Standalone Financial Statements (Contd..)

3.17 Employee benefits -

(i) Defined Employee benefit plans - As per Actuarial valuation as on March 31, 2017

Rs. lakhs

	Gratuity (funded)					Compensated absences (unfunded)				
	2016-17	2015-16	2014-15	2013-14	2012-13	2016-17	2015-16	2014-15	2013-14	2012-13
A. Expenses recognised in the statement of profit and Loss										
Accounting for the year ended Mar 31,2017										
(i) Current service cost	23.69	19.14	21.34	19.86	16.38	1.24	1.20	0.87	0.89	1.08
(ii) interest cost	17.73	18.18	14.14	14.81	12.06	12.43	11.23	11.29	10.13	10.47
(iii) Expected return on plan assets	-7.32	-8.29	-6.09	-9.02	-7.63	-	-	-	-	-
(iv) Net actuarial (gain) / loss recognised during the year	66.07	-12.60	13.14	9.57	-6.42	-8.12	-7.47	4.92	-10.73	-5.35
Total expenses	100.17	16.43	42.53	35.22	14.39	5.55	4.96	17.08	0.29	6.20
B. Actual return on plan assets										
(i) Expected return on plan assets	7.32	8.29	6.09	9.02	7.63	-	-	-	-	-
(ii) Actuarial (gain) / loss on plan assets	1.36	4.69	-17.84	14.38	13.18	-	-	-	-	-
(iii) Actual return on plan assets	8.68	12.98	-11.75	23.40	20.81	-	-	-	-	-
C. Net asset / (liability) recognised in the balance sheet										
(i) Present value of the obligation	111.53	243.77	237.22	191.33	176.55	154.43	148.88	143.92	126.84	126.56
(ii) Fair value of plan assets	68.32	100.39	110.26	106.90	127.34	-	-	-	-	-
(iii) Funded status (surplus/deficit)	-43.21	-143.39	-126.96	-84.43	-49.21	-154.43	-148.88	-143.92	-126.84	-126.56
(iv) Unrecognised past service cost	-	-	-	-	-	-	-	-	-	-
(v) Net Asset / (liability) recognised in the balance sheet	-43.21	-143.39	-126.96	-84.43	-49.21	-154.43	-148.88	-143.92	-126.84	-126.56
D. Change in Present value of the obligation during the year										
(i) Present value of the obligation as at beginning of the year	243.77	237.22	191.33	176.55	160.31	148.88	143.92	126.85	126.56	120.36
(ii) Current service cost	23.69	19.14	21.34	19.86	16.38	1.24	1.20	0.87	0.89	1.08
(iii) interest cost	17.73	18.19	14.14	14.81	12.06	12.43	11.23	11.29	10.13	10.47
(iv) Benefits paid	-38.03	-13.47	-20.57	-29.46	-18.97	-	-	-	-	-
(v) Actuarial (gain) / loss on obligation	-135.63	-17.31	30.98	9.57	6.76	-8.12	-7.47	4.91	-10.73	-5.35
(vi) Present value of obligation as at end of the year	111.53	243.77	237.22	191.33	176.55	154.43	148.88	143.92	126.85	126.56



Notes annexed to and forming part of the Standalone Financial Statements (Contd..)
3.17 Employee benefits - (Contd..)

Rs. lakhs

	Gratuity (funded)					Compensated absences (unfunded)				
	2016-17	2015-16	2014-15	2013-14	2012-13	2016-17	2015-16	2014-15	2013-14	2012-13
E. Change in assets during the year										
(i) Fair value of plan assets as at beginning of the year	100.39	110.26	106.89	127.34	84.31	-	-	-	-	-
(ii) Expected return on plan assets	7.32	8.29	6.09	9.02	7.63	-	-	-	-	-
(iii) Contributions	-	-	-	14.38	41.19	-	-	-	-	-
(iv) Benefits paid	-38.03	-13.47	-20.57	-29.46	-18.97	-	-	-	-	-
(v) Actuarial (gain) / loss on plan assets	-1.36	-4.69	17.85	14.38	13.18	-	-	-	-	-
(vi) Fair value of plan assets as at end of the year	68.32	100.39	110.26	106.89	127.34	-	-	-	-	-
F. Experience adjustments in										
(i) Plan liabilities - loss(gain)	-135.63	-17.31	30.98	9.57	6.76	-8.12	-7.47	4.92	-10.73	-5.35
(ii) Plan assets - loss(gain)	1.36	-4.69	-17.84	14.38	13.18	-	-	-	-	-
G. Major categories of plan assets as a percentage of total plan										
(i) Government of india securities	-	-	-	-	-	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded
(ii) State Government Securities	5%	5%	5%	5%	5%	-	-	-	-	-
(iii) High Quality Corporate bonds	-	-	-	-	-	-	-	-	-	-
(iv) Special Deposit Scheme	-	-	-	-	-	-	-	-	-	-
(v) Other (Bank deposits)	34%	34%	34%	34%	34%	-	-	-	-	-
(vi) SBI Life insurance company	61%	61%	61%	61%	61%	-	-	-	-	-
(vii) Total	100%	100%	100%	100%	100%	-	-	-	-	-
H. Actuarial Assumptions										
(i) Discount rate	7.89%	7.89%	7.81%	9.15%	8%	8.10%	8.10%	7.81%	8.90%	8%
(ii) Salary escalation rate	3.5%	3.5%	3.5%	4%	4%	3.50%	7.50%	4.00%	7.50%	7.50%
(iii) Attrition rate	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
(iv) Expected return on plan assets	9%	8%	8%	8%	8%	0%	0%	0%	0%	0%



**Notes annexed to and forming part of the Standalone Financial Statements (Contd..)**

In the above actuarial valuation the estimated of future salary increases have reckoned the effect of inflation, seniority, promotion and other relevant factors.

ii) Gratuity fund is administered through group gratuity scheme with SBI Life Insurance and by the Gratuity Trust through trustees.

iii) During the year, the company has recognised the following amounts in the Statement of Profit and Loss:
Salaries, wages and bonus include compensated absences of Rs.5,87,049 (2015-16 Rs.9,21,541) Contribution to provident, gratuity and other funds include contribution to provident fund and family pension fund contribution of Rs.43,13,182 (2015-16 Rs.53,71,762) and gratuity fund of Rs.100,17,469 (2015-16 Rs.16,43,209). Workmen and staff welfare expenses include contribution to employees state insurance of Rs.15,61,942 (2015-16 Rs.20,94,968)

3.18 During the year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R. 308(E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

Particulars	Rupees		
	SBNs	Other denomination notes	Total
Closing cash on hand as on November 8, 2016	5,62,000	8,52,119	14,14,119
Add Permitted receipts	—	9,65,585	9,65,585
Less Permitted payments	—	15,27,792	15,27,792
Less Deposited in banks	5,62,000	—	5,62,000
Closing cash on hand as on December 30, 2016	—	2,89,912	2,89,912

3.19 CSR EXPENDITURE**Rs. Lakhs**

Particulars	2016-17	2015-16
(a) Gross amount required to be spent by the Company during the year	NIL	11.94
(b) Amount spent during the year on:		
(i) Construction / acquisition of any asset	—	—
(ii) Purposes other than (i) above *	1.23	1.65

* The CSR amount of Rs. 1.23 lakhs spent during the FY 2016-17 is towards unspent CSR obligation of FY 2015-16 of Rs. 10.29 lakhs.

3.20 Disclosure as required under Section 186 (4) of the Companies Act, 2013:**Rs. Lakhs**

Particulars	2016-17	2015-16	Purpose
a) Loans	—	—	—
b) Investment (refer note 1.11 to the financial statements)	245.68	246.29	—
c) Guarantees	—	—	—

3.21 The figures for the previous periods have been reclassified/regrouped/amended, wherever necessary.

Signatures to Statement of Accounting Policies and Notes to Standalone Financial Statements

For and on behalf of the Board

R. Selvarajan
Chairman and Managing Director
DIN : 00001703

S. Devarajan
Director
DIN : 00001910

Salem,
May 6, 2017

J. Asifa
Company Secretary

S. Vijay Shankar
Chief Financial Officer



INDEPENDENT AUDITOR'S REPORT

To the Members of Kandagiri Spinning Mills Limited Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **Kandagiri Spinning Mills Limited** ("the Investee Company") and its associate, comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

2. The investee Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Investee Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Investee Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Investee Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Investee Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.
6. 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.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by 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 as at March 31, 2017, and its consolidated profit and its consolidated cash flows for the year ended on that date.



Other Matters

8. The consolidated financial statement includes the Group's share of net profit of Rs.8.99 lakhs for the year ended March 31, 2017, as considered in the consolidated financial statements, in respect of one associate, whose financial statement has been audited by us.

Report on Other Legal and Regulatory Requirements

9. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
- 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 of the aforesaid consolidated financial statements.
 - In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor;
 - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements ;
 - In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - On the basis of written representations received from the directors of the Investee company as on March 31, 2017 taken on record by the Board of Directors of the Investee Company and the report of the other statutory auditor of its associate company, none of the directors of the Group's Companies and its associate is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - With respect of the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our report in "Annexure A", which is based on the auditor's report of the investee company and its associate company.
 - 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) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - The consolidated financial statements have, in accordance with the generally accepted accounting practice, disclosed the impact of pending litigations on its consolidated financial position in its consolidated financial statements.
 - The Investee Company and its associates did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses under the applicable law or accounting standards.
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Investee Company and its associates.
 - The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016. Based on our audit procedures and relying on the Management representation we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management- Refer note 3.19 to the financial statements.
10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, based on the comments in the auditor's reports of the Investee Company and associate Company, we give in the Annexure a statement on the matters specified in para 3 and 4 of the Order, to the extent applicable.

For **M.S. Krishnaswami & Rajan**
Chartered Accountants
Firm registration No.01554S

Salem
May 6, 2017

R. Krishnen-Partner
Membership No.201133



ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 9(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Consolidated 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** (hereinafter referred to as "the Investee Company") and its associate company, which are companies incorporated in India, as of March 31, 2017 in conjunction with our audit of the consolidated financial statements of the Investee Company for the year then ended.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Investee Company and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") 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 the respective 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Investee Company and its associate company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with 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 financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained in respect of investee company and its associate company, which are companies incorporated in India, in terms of our reports referred to in the paragraph 9 below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the aforesaid entities.



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 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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 and taking into consideration the reports of the associate company referred to in the paragraph 9, the Investee Company and its associate company, which are companies incorporated in India, 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, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

Other Matters

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one associate company, which are companies incorporated in India, is based on the corresponding reports issued by us.

For **M.S. Krishnaswami & Rajan**
Chartered Accountants
Firm registration No.01554S

Salem
May 6, 2017

R. Krishnen - Partner
Membership No.201133

**Consolidated Balance Sheet as at March 31, 2017**

Particulars	Note No.	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1.1	3,85,74,500	3,85,74,500
Reserves and surplus	1.2	<u>24,62,60,063</u>	35,69,50,854
		28,48,34,563	39,55,25,354
Non-Current liabilities			
Long - term borrowings	1.3	28,55,95,302	36,08,89,494
Deferred tax liabilities (Net)	1.4	16,83,83,772	16,83,83,772
Long - term provisions	1.5	<u>1,51,79,464</u>	1,48,87,614
		46,91,58,538	54,41,60,880
Current liabilities			
Short - term borrowings	1.6	30,01,80,700	35,08,71,678
Trade payables	1.7		
(a) total outstanding dues of micro enterprises and small enterprises		89,320	1,23,789
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		2,95,92,371	12,71,45,833
Other current liabilities	1.8	11,03,77,055	22,09,45,093
Short - term provisions	1.9	<u>2,23,710</u>	2,54,890
		44,04,63,156	69,93,41,283
TOTAL		<u>119,44,56,257</u>	<u>163,90,27,517</u>
ASSETS			
Non-Current assets			
Fixed assets			
Tangible assets	1.10	74,12,40,491	92,97,49,784
Capital work-in-progress	1.10	—	—
		<u>74,12,40,491</u>	92,97,49,784
Non-current investments	1.11	1,49,34,012	1,40,96,005
Long-term loans and advances	1.12	13,54,35,081	13,01,97,775
Other non-current assets	1.13	—	—
		89,16,09,584	107,40,43,564
Current assets			
Inventories	1.14	21,97,21,351	35,99,78,409
Trade receivables	1.15	5,27,91,581	18,04,19,349
Cash and bank balances	1.16	16,25,510	69,49,012
Short-term loans and advances	1.17	2,54,25,573	1,39,62,004
Other current assets	1.18	<u>32,82,658</u>	36,75,179
		30,28,46,673	56,49,83,953
TOTAL		<u>119,44,56,257</u>	<u>163,90,27,517</u>

Significant Accounting Policies and Notes to the Consolidated Financial Statements are an integral part of this Consolidated Balance Sheet

As per our report of even date
For **M.S. Krishnaswami & Rajan**
Chartered Accountants
Firm Registration No. 01554S

R. Krishnen - Partner
Membership No. 201133

Salem
May 6, 2017

For and on behalf of the board

R. Selvarajan
Chairman and Managing Director
DIN : 00001703

J. Asifa
Company Secretary

S. Devarajan
Director
DIN : 00001910

S. Vijay Shankar
Chief Financial Officer


Consolidated Statement of Profit and Loss for the year ended March 31, 2017

Particulars	Note No.	For the year ended March 31, 2017		For the year ended
		Rupees	Rupees	March 31, 2016 Rupees
Income				
Revenue from operations	2.1	78,02,77,139		144,78,20,504
Other income	2.2	23,25,740		26,74,091
Total Revenue			78,26,02,879	145,04,94,595
Expenses				
Cost of materials consumed	2.3	46,04,38,079		93,27,27,122
Changes in inventories of finished goods and stock-in-trade	2.4	11,15,19,120		(6,76,77,258)
		57,19,57,199		86,50,49,864
Employee benefits expense	2.5	12,40,08,744		19,10,35,468
Finance cost	2.6	12,51,03,863		12,43,66,063
Depreciation and amortization expense	2.7	7,11,58,381		7,58,67,245
Other Expenses	2.8	15,64,25,311		30,75,52,198
Total Expenses			104,86,53,498	156,38,70,838
(Loss) before exceptional items and tax			(26,60,50,619)	(11,33,76,243)
Exceptional item	2.9		15,44,61,321	—
(Loss) before tax			(11,15,89,298)	(11,33,76,243)
Tax expense :				
Current tax		—		—
Deferred tax - liability (asset)		—		—
			—	—
(Loss) for the year from continuing operations			(11,15,89,298)	(11,33,76,243)
Share of profit of associate			8,98,507	23,64,922
			(11,06,90,791)	(11,10,11,321)
Earnings per Equity share (Face value Rs. 10)				
Basic and Diluted (in Rs.)			(28.76)	(28.84)

Significant Accounting Policies and Notes to the Consolidated Financial Statements are an integral part of this Consolidated Statement of Profit and Loss

As per our report of even date
For **M.S. Krishnaswami & Rajan**
Chartered Accountants
Firm Registration No. 01554S

R. Krishnen - Partner
Membership No. 201133

Salem
May 6, 2017

For and on behalf of the board

R. Selvarajan
Chairman and Managing Director
DIN : 00001703

J. Asifa
Company Secretary

S. Devarajan
Director
DIN : 00001910

S. Vijay Shankar
Chief Financial Officer


Consolidated Cash Flow Statement for the year ended March 31, 2017

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
1. Cash flows from operating activities		
1.1 (Loss) before tax and exceptional item	(11,15,89,298)	(11,33,76,243)
1.2 Adjustment for		
Depreciation and amortisation	7,11,58,381	7,58,67,245
Loan raising expenditure - amortised	-	4,17,362
- incurred		
Amount considered under investing activities		
(Profit) / Loss on disposal of assets	99,980	(37,305)
Income from investments	(1,80,000)	(1,80,000)
Amount considered under financing activities		
Interest paid	12,51,03,863	12,43,66,063
Interest received	(21,45,740)	(24,56,786)
1.3 Operating profit before working capital changes	8,24,47,186	8,46,00,336
1.4 Adjustment for changes in		
Increase / (Decrease) in trade payables	(9,75,87,931)	42,45,517
Increase / (Decrease) in long term provisions	2,91,850	4,95,517
Increase / (Decrease) in short term provisions	(31,180)	(2,24,939)
Increase / (Decrease) in other current liabilities	28,37,599	24,48,317
Decrease / (Increase) in trade receivables	12,76,27,768	(8,69,80,660)
Decrease / (Increase) in inventories	14,02,57,058	7,18,11,620
Decrease / (Increase) in long term advances	(51,78,934)	73,81,866
Decrease / (Increase) in short term advances	(1,14,63,569)	(10,80,890)
Decrease / (Increase) in other current assets	55,05,621	32,20,077
1.5 Cash generated from operating activities	24,47,05,468	8,59,16,761
1.6 Income tax paid/(refunded)	(58,372)	(20,75,478)
Net cash flow from operating activities before exceptional items	24,46,47,096	8,38,41,283
Exceptional items	(15,44,61,321)	-
Net cash flow from operating activities [A]	9,01,85,775	8,38,41,283
2. Cash flows from investing activities		
2.1 Purchase of tangible assets, intangible assets, CWIP and capital advances	(32,44,251)	(1,40,33,038)
2.2 Proceeds from sale of tangible assets	27,49,56,504	56,000
2.3 Investment in equity shares	(60,500)	-
2.4 Interest received	21,45,740	24,56,786
2.5 Dividend received	1,80,000	1,80,000
Net cash flow used in investing activities [B]	27,39,77,493	(1,13,40,252)


Consolidated Cash Flow Statement for the year ended March 31, 2017 (contd..)

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
3. Cash flows from financing activities		
3.1 Proceeds from long term borrowings	26,000	18,28,10,548
3.2 Repayments of long term borrowings	(19,86,04,830)	(12,38,01,532)
3.3 Proceeds from short term borrowings	-	-
3.4 Repayments of short term borrowings	-	-
3.5 Inter corporate Loan Related Party – received	1,00,00,000	4,00,00,000
3.6 Changes in cash credit facilities	(5,06,90,978)	(5,34,60,402)
3.7 Interest paid - Net	(12,51,03,863)	(12,43,66,063)
3.8 Dividend paid on equity shares	-	-
3.9 Dividend Tax paid on equity dividend paid	-	-
Net cash flow from financing activities [C]	(36,43,73,670)	(7,88,17,449)
Net cash inflow / (outflow) [A+B+C]	(2,10,402)	(63,16,418)
Opening cash and cash equivalents	4,29,272	67,45,690
Closing cash and cash equivalents	2,18,870	4,29,272
Net increase / (decrease) in cash and cash equivalents	(2,10,402)	(63,16,418)
Notes to the cash flow statement		
Components of cash and cash equivalents:		
Cash and bank balances excluding unclaimed dividend and earmarked deposits held by banks as margin money	2,18,870	4,29,272
	2,18,870	4,29,272

As per our report of even date
For **M.S. Krishnaswami & Rajan**
Chartered Accountants
Firm Registration No. 01554S

R. Krishnen - Partner
Membership No. 201133

Salem
May 6, 2017

For and on behalf of the board

R. Selvarajan
Chairman and Managing Director
DIN : 00001703

J. Asifa
Company Secretary

S. Devarajan
Director
DIN : 00001910

S. Vijay Shankar
Chief Financial Officer



Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
1.1 Share Capital		
Authorised		
Equity Share Capital		
50,00,000 (2016 : 50,00,000) Equity shares of Rs.10 each with voting rights	5,00,00,000	5,00,00,000
Issued		
38,65,650 (2016 : 38,65,650) Equity shares of Rs.10 each with voting rights	3,86,56,500	3,86,56,500
Subscribed		
38,49,250 (2016 : 38,49,250) Equity shares of Rs.10 each fully paid with voting rights	3,84,92,500	3,84,92,500
Add Forfeited shares (amount originally paid up in respect of 16,400 equity shares)	82,000	82,000
	3,85,74,500	3,85,74,500
Notes :		
1. Reconciliation of Number of Shares		
Equity Shares with voting rights		
Shares outstanding as at April 1, 2016 / April 1, 2015	38,49,250	38,49,250
Shares outstanding as at March 31, 2017 / March 31, 2016	38,49,250	38,49,250
2. Shares issues in preceeding five years	NIL	NIL
3. Shareholders holding more than 5% of the total share capital:		
Name of the shareholder	No. of shares	
	2017	2016
	%	%
R. Selvarajan	7,78,730	7,78,330
S. Vijay Shankar	4,09,582	4,09,582
4. Rights and restrictions in respect of equity shares		
The company has one class of equity shares having a par value of Rs.10 each.		
Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holder 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 the number of equity shares held by the shareholders.		
1.2 Reserves and Surplus		
a) Securities Premium as at the beginning and end of the year	5,48,61,631	5,48,61,631
b) Revaluation Reserve		
As at the beginning of the year	21,10,50,939	21,37,52,760
Transfer to General reserve (refer note no.3.10 to the Consolidated Financial Statements)	27,01,821	27,01,821
As at the end of the year	20,83,49,118	21,10,50,939
c) General Reserve		
As at the beginning of the year	22,29,03,642	22,02,01,821
Transfer from Revaluation Reserve	27,01,821	27,01,821
(refer note no.3.10 to the Consolidated Financial Statements)		
Transfer from Statement of Profit and Loss	—	—
As at the end of the year	22,56,05,463	22,29,03,642
d) Surplus/(Deficit) - balance in Statement of Profit and Loss		
As at the beginning of the year	(12,58,61,863)	(1,24,85,620)
Add: Current year (Loss)	(11,06,90,791)	(11,10,11,321)
Add: Group share of loss as on April 1,2016/2015	(60,03,495)	(83,68,417)
As at the end of the year	(24,25,56,149)	(13,18,65,358)
	24,62,60,063	35,69,50,854


Notes annexed to and forming part of the Consolidated Financial Statements (contd..)

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
1.3 Long term borrowings		
Secured - Term loans from banks	11,62,26,302	21,15,62,494
Unsecured - Fixed deposits	11,93,69,000	10,93,27,000
- Intercorporate Loan from related party (Refer note no.3.9 to the Consolidated Financial Statements)	5,00,00,000	4,00,00,000
	<u>28,55,95,302</u>	<u>36,08,89,494</u>
Notes:		
i) Refer note no.3.17 to the Consolidated Financial Statements for the terms of the loans		
ii) Fixed deposits includes deposits from directors Rs.12,01,23,000 (2016 : Rs.11,87,13,000)		
1.4 Deferred tax liabilities (net) (Refer note no.3.16 to the Consolidated Financial Statements)		
Deferred tax liabilities		
- Timing differences on account of depreciation	18,62,19,619	18,62,19,619
Deferred tax assets		
- Unabsorbed tax depreciations and loss	1,30,55,152	1,30,55,152
- Provision for employees benefit	47,80,695	47,80,695
	<u>16,83,83,772</u>	<u>16,83,83,772</u>
1.5 Long term provisions		
Provision for employee benefit Compensated absences	1,51,79,464	1,48,87,614
	<u>1,51,79,464</u>	<u>1,48,87,614</u>
1.6 Short term borrowings		
Secured from banks		
Cash credit facilities	30,01,80,700	35,08,71,678
	<u>30,01,80,700</u>	<u>35,08,71,678</u>
Notes :		
Refer note no.3.17 to the Consolidated Financial Statements for the terms of the loans		
1.7 Current Liabilities - Trade payables		
Trade payables - including acceptances		
Micro, Small and Medium enterprises	89,320	1,23,789
Other trade payables	2,95,92,371	12,71,45,833
	<u>2,96,81,691</u>	<u>12,72,69,622</u>
1.8 Other current liabilities		
Current maturities of Long term debts	8,44,12,448	19,78,18,085
Interest accrued but not due on borrowings	-	2,24,015
Interest accrued and due on borrowings	46,81,831	95,21,699
Unclaimed dividends	3,01,502	3,01,902
Other payables	2,09,81,274	1,30,79,392
	<u>11,03,77,055</u>	<u>22,09,45,093</u>
Notes :		
i) Refer note no.3.17 to the Consolidated Financial Statements for terms of current maturities of long term debts		
ii) Other payables include :		
- contribution payable to Gratuity Fund	1,94,35,471	94,18,002
- advance from customers	28,857	7,06,568
- sales tax payable	3,93,975	-
1.9 Short term provisions		

Notes annexed to and forming part of the Consolidated Financial Statements (contd..)

1.10 Tangible assets and Capital work in progress

Rupees

Description	Gross block (Cost / valuation)			Depreciation / amortisation / impairment					NET BLOCK	
	As on 01.04.2016	Additions	Deductions	As on 31.03.2017	Upto 31.03.2016	Charge during the year	Deductions/ Adjustments	Upto 31.03.2017	As on 31.03.2017	As on 31.03.2016
Land - freehold	16,14,57,056			16,14,57,056					16,14,57,056	16,14,57,056
Buildings	38,99,39,219		41,56,891	38,57,82,328	13,07,51,306	1,16,67,258	5,09,038	14,19,09,526	24,38,72,802	25,91,87,913
Plant and machinery	112,05,80,491	16,14,629	52,30,339	111,69,64,781	74,83,20,898	4,21,07,589	15,71,835	78,88,56,652	32,81,08,129	37,27,44,924
Wind energy converters	48,21,37,624		47,24,31,011	97,06,613	35,35,84,399	1,51,77,068	35,95,40,185	92,21,282	4,85,331	12,80,31,920
Furniture and fittings	29,19,156			29,19,156	22,13,126	212,694		24,25,820	4,93,336	7,06,030
Vehicles	1,94,08,305	16,29,622	24,40,285	1,85,97,642	121,10,174	19,63,896	20,42,305	1,20,31,765	65,65,877	73,34,105
Office Equipment	32,10,014			32,10,014	31,49,119	29,876		31,78,995	31,019	60,895
Live stock	2,26,941			2,26,941				2,26,941	2,26,941	2,26,941
TOTAL	217,98,78,806	32,44,251	48,42,58,526	169,88,64,531	125,01,29,022	7,11,58,381	36,36,63,363	95,76,24,040	74,12,40,491	92,97,49,784
Previous year	216,00,99,891	201,83,179	4,04,264	217,98,78,806	117,46,47,346	7,58,67,245	3,85,569	125,01,29,022	92,97,49,784	98,54,52,545
Capital work in progress									-	27,20,141
Previous year									-	27,20,141

Note :

i) Borrowing cost capitalised - Rs. Nil (2016 Rs. Nil)





Notes annexed to and forming part of the Consolidated Financial Statements (contd..)

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
1.11 Non-Current Investments		
Non-Trade Investments		
Investments in Equity instruments		
i) Associates		
20,00,000 (2016 : 20,00,000) Equity shares of Rs.10 each in SPMM Health Care Services Private Limited	2,00,00,000	2,00,00,000
Less Group share of loss as on March 31, 2016/2015	1,05,32,495	1,28,97,417
Add Current year group share of profit	8,98,507	23,64,922
	<u>1,03,66,012</u>	<u>94,67,505</u>
ii) Others		
90,000 (2016 : 90,000) Equity shares of Rs.10 each in Sambandam Spinning Mills Limited #	45,00,000	45,00,000
NIL (2016 : 220) Equity shares of Rs.10 each in ARS Metal Private Limited	-	60,500
500 (2016 : 500) Equity shares of Rs.10 each in Suryadev Alloys and Power Private Limited	68,000	68,000
	<u>1,49,34,012</u>	<u>1,40,96,005</u>
Notes :		
i) All investments are fully paid-up		
ii) Quoted investments (#) - Cost	45,00,000	45,00,000
- Market value	91,30,500	59,85,000
iii) Unquoted investments - Cost	1,04,34,012	95,96,005
1.12 Long term Loans and advances		
Unsecured, considered good		
Capital advances	53,89,600	53,89,600
Security deposits	3,08,51,069	2,60,23,198
Other loans and advances		
- employee advances	1,15,665	1,64,602
- Sales tax, ESI and others paid under protest	3,00,73,623	2,96,73,623
- Advance income tax (net of provisions)	28,26,890	27,68,518
- MAT credit entitlement	6,61,78,234	6,61,78,234
	<u>13,54,35,081</u>	<u>13,01,97,775</u>
1.13 Other Non-current assets		
Unamortised loan raising expenses	-	-
	<u>-</u>	<u>-</u>
1.14 Inventories		
Raw materials - Cotton	7,82,98,662	10,38,12,329
Work-in-progress - Cotton in process	10,24,58,972	14,57,87,169
Finished goods - Yarn	2,96,52,149	9,27,91,936
- Process waste	83,02,179	1,33,53,315
Stores and spares	10,09,389	42,33,660
	<u>21,97,21,351</u>	<u>35,99,78,409</u>



Notes annexed to and forming part of the Consolidated Financial Statements (contd..)

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
1.15 Trade receivables		
Unsecured, considered good		
Trade receivables		
Outstanding for more than six months from the date they are due for payment	46,59,736	69,500
Others	4,81,31,845	18,03,49,849
	<u>5,27,91,581</u>	<u>18,04,19,349</u>
1.16 Cash and bank balances		
(i) Cash and cash equivalents		
Balances with banks in Current account	1,11,701	3,57,036
Cash on hand	1,07,169	72,236
	<u>2,18,870</u>	<u>4,29,272</u>
(ii) Other bank balances		
Earmarked balances with Banks		
- Unclaimed dividend accounts	3,01,502	3,01,902
- Liquid assets deposits *	-	-
Deposits with Banks held as margin money	11,05,138	62,17,838
* under Companies (Acceptance of Deposits) Rules, 2014 of the above Bank deposits with more than 12 months maturities Rs. 5,82,890 (2016 Rs. 62,17,838)		
	<u>16,25,510</u>	<u>69,49,012</u>
1.17 Short-term loans and advances		
Unsecured, considered good		
Material advances	55,00,863	23,03,330
Employee advances	3,80,968	4,65,806
Accrued income on windmills	1,18,15,769	-
Other receivables	77,27,973	1,11,92,868
	<u>2,54,25,573</u>	<u>1,39,62,004</u>
Of the above,		
Other receivables include :		
- VAT credit	2,45,115	6,26,312
- Prepaid expenses	27,20,026	80,35,456
1.18 Other current assets		
Interest accrued on deposits	1,10,057	2,58,559
Interest subsidy receivable	31,72,601	31,72,601
Export incentive receivable	-	-
Unamortised loan raising expenses	-	2,44,019
	<u>32,82,658</u>	<u>36,75,179</u>


Notes annexed to and forming part of the Consolidated Financial Statements (contd..)

Particulars	For the year ended March 31, 2017 Rupees	For the year ended March 31, 2016 Rupees
2.1 Revenue from operations		
Sale of products		
Yarn	73,59,54,937	141,07,93,942
Fabric	2,26,16,535	60,90,037
Process waste	1,23,87,831	3,09,39,613
	<u>77,09,59,303</u>	<u>144,78,23,592</u>
Other operating revenues		
Scrap sales	80,066	4,39,596
Conversion charges earned	68,33,679	-
Premium received on hank yarn obligation	7,59,249	5,13,002
Export incentives	24,40,105	5,47,265
	<u>78,10,72,402</u>	<u>144,93,23,455</u>
Less Trade rebate and discounts	7,95,263	15,02,951
	<u>78,02,77,139</u>	<u>144,78,20,504</u>
2.2 Other income		
Interest income from		
Security deposits and bank deposits	21,45,740	24,56,786
Dividend income from Non-current investments	1,80,000	1,80,000
Profit on sale of assets	-	37,305
Net gain on foreign currency transactions and translations	-	-
	<u>23,25,740</u>	<u>26,74,091</u>
2.3 Cost of materials consumed		
Cotton	44,47,72,750	91,66,76,368
Others	1,56,65,329	1,60,50,754
	<u>46,04,38,079</u>	<u>93,27,27,122</u>
Of the above		
Imported items - Amount	19,66,021	6,40,49,780
- Percentage	0.43	6.87
Indigenous items - Amount	45,84,72,058	86,86,77,342
- Percentage	99.57	93.13
2.4 Changes in Inventories of finished goods and work-in-progress		
Work-in-progress	4,33,28,197	(2,15,96,166)
Finished goods	6,81,90,923	(4,60,81,092)
Net change in inventories	<u>11,15,19,120</u>	<u>(6,76,77,258)</u>
2.5 Employee benefits expense		
Salaries, wages and bonus	10,49,98,960	17,50,92,046
Contribution to provident, gratuity and other funds	1,43,30,651	70,14,971
Welfare expenses	46,79,133	89,28,451
	<u>12,40,08,744</u>	<u>19,10,35,468</u>
2.6 Finance costs		
Interest	12,51,03,863	12,43,66,063
Other borrowing costs	-	-
	<u>12,51,03,863</u>	<u>12,43,66,063</u>
Other borrowing costs comprise amortisation on :		
Premium on forward contracts	-	-



Notes annexed to and forming part of the Consolidated Financial Statements (contd..)

Particulars	For the year ended March 31, 2017 Rupees	For the year ended March 31, 2016 Rupees
2.7 Depreciation and amortisation expense		
Tangible assets		
Buildings	1,16,67,258	1,16,87,565
Plant and machinery	4,21,07,589	4,18,00,089
Wind energy converters	1,51,77,068	2,02,36,091
Furniture and fittings	2,12,694	2,11,378
Office equipments	29,876	24,796
Vehicles	19,63,896	19,07,326
Total depreciation on tangible assets	<u>7,11,58,381</u>	<u>7,58,67,245</u>
2.8 Other expenses		
Conversion charges	1,07,86,204	46,72,117
Consumption of stores and spares	84,22,160	1,56,14,561
Power and fuel-net	7,35,55,217	19,61,62,776
Repairs and maintenance		
- Buildings	6,67,394	6,94,942
- Plant and machinery	1,99,47,993	2,33,77,693
Insurance	11,29,942	11,14,644
Rates and taxes	15,54,313	14,97,521
Packing and forwarding chages	94,20,212	2,32,97,972
Brokerage and commission on sales	84,71,144	1,40,30,925
Travel and vehicle upkeep expenses	78,77,202	1,00,35,107
Donation and charity	10,000	15,250
Expenditure on corporate social responsibility (CSR)	1,22,500	1,65,360
Printing and stationery	4,97,975	6,43,194
Directors' sitting fees	17,60,000	16,40,000
Loss on sale of assets	99,980	-
Bank and other financial charges	61,72,551	83,02,127
Miscellaneous expenses	59,30,524	62,88,009
	<u>15,64,25,311</u>	<u>30,75,52,198</u>
2.9 Exceptional item		
Profit on sale of wind mills	15,44,61,321	-
	<u>15,44,61,321</u>	<u>-</u>



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2017

- 1) Basis of preparation of consolidated financial statements - The consolidated financial statements of the investee company and its associates ("the Group") have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) to comply with the Accounting standards specified under section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention except in so far as they relate to revaluation of net assets.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the revised schedule II to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Group has determined its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

- 2) Use of estimates – The preparation of the consolidated financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements, disclosure of contingent liabilities and reported amounts of revenues and expenses for the year. Estimates are based on historical experience, where applicable and other assumptions that management believes are reasonable under the circumstances. Actual results could vary from these estimates and any such differences are dealt with in the period in which the results are known/materialise.
- 3) Revenue recognition – Revenue from sale of products is recognized on despatch of goods to customers in accordance with the terms of sales. Revenue from services is recognized in accordance with the specific terms of contract on performance. Other operating revenues comprise of income from ancillary activities incidental to the operations of the company and is recognized when the right to receive the income is established as per the terms of the contract.

Revenue from service is recognized when the service to the customers, which is generally on completion of services. Insurance claims are accounted, as and when settled or received.
- 4) Other Income – Interest and rental income are accounted on accrual basis. Dividend income is accounted when the right to receive is established.
- 5) Foreign currency transactions – Foreign currency transactions (including booking/cancellation of forward contracts) are recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency, other than those covered by forward exchange contracts, are translated at year end foreign exchange rates. Exchange differences arising on settlements are recognized in the Statement of Profit and Loss. In case of forward exchange contracts which are entered into hedge the foreign currency risk of a receivable/payable recognized in these financial statements, premium or discount on such contracts are amortised over the life of the contract and exchange differences arising thereon in the reporting period are recognised in the Statement of Profit and loss. Forward exchange contracts which are arranged to hedge the foreign currency risk of a firm commitment is marked to market at the year end and the resulting losses, if any, are charged to the Statement of Profit and loss.
- 6) Employee benefits – (i) Short term employee benefit obligations are estimated and provided for; (ii) Post employment benefits and other long term employee benefits – (1) Company's contribution to provident fund, labour welfare fund, employees state insurance corporation and other funds are determined under the relevant schemes and /or statute and charged to revenue; (2) Company's liability towards gratuity and compensated absences are actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognised in revenue.



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2017 (contd.)

- 7) Fixed Assets – Tangible fixed assets - All costs relating to acquisition of fixed assets net of value added tax and terminal excise duty refund under Export Promotion Capital Goods Scheme, subject to the economic life and the cost being in excess of certain limits, are capitalised. Expenditure directly related and incidental to construction are capitalized upto the date of attainment of commercial production. Interest and other related costs, including amortised cost of borrowings attributable only to major projects are capitalized as part of the cost of the respective assets. In the case of Wind energy converters, cost of land on which the converters have been erected is capitalised as cost of the said converters. Cost of structures on leasehold land, where the estimated useful life is more than ten years, is capitalized. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Intangible fixed assets – Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any duties and other taxes and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebate.

- 8) Depreciation/amortization – Tangible fixed assets - Depreciation on fixed assets is provided on straight line basis. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II are used:

Particulars	Depreciation
Plant and machinery (Continuous process Plant)	Over its useful life of 18 years as Technically assessed
Wind energy convertor	Over its useful life of 17 years as Technically assessed

Intangible fixed assets – (i) Computer software - over a period of 5 years; (ii) Trade name – Over a period of 5 years.

- 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. The recoverable amount is the greater of the asset's net selling price and value in use. Provision for impairment will be reviewed periodically and amended depending on changes in circumstances.
- 10) Investments – Non-current investments are stated at cost. However, provision for diminution is made to recognize a decline, other than temporary, in the value of the investment, if any. Current investments are valued at lower of cost and fair value.
- 11) Inventories – The governing principle of valuation of Inventories (other than process waste) is the lower of cost and net realisable value. The cost for the said purpose (i) in the case of stores and spare parts, is the weighted average cost (net of Cenvat credit/value added tax, if any), (ii) in the case of cotton in process and manufactured yarn, is the cost adopting the absorption costing method, and (iii) is without deduction of the adjustment made for power generated through Wind energy converters and adjusted against the cost of power purchased from state electricity board. Process waste is valued at net realizable value. Provision is made for obsolete, slow moving and damaged items of inventory, if any.



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2017 (contd.)

- 12) Government grants – Capital grants from government relating to depreciable assets are treated as deferred income and disclosed as a capital reserve and amortised over the useful life of the concerned asset. Cenvat credit relating to capital assets acquired is treated as capital reserve and amortised over the useful life of the concerned assets by transfer profit and loss account and considered under depreciation. Grants/incentives other than those mentioned above are reckoned in the profit and loss account in the year of eligibility.
- 13) Borrowing costs - Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. 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 Profit and Loss Statement in the period in which they are incurred.
- 14) Research and development – Revenue expenditure on research and development is charged to the profit and loss account as incurred. Capital expenditure on research and development, where the same represents cost of plant, machinery, equipment and other tangible assets, if any, is given the same accounting treatment as applicable to other capital expenditure.
- 15) Deferred tax - Deferred income tax charge reflects the impact of the current period timing differences between taxable income and accounting income, other than differences capable of getting reversed during the 'tax holiday' period, subject to consideration of prudence. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets/liabilities are reviewed as at each balance sheet date based on developments during the period and available case laws to reassess realisation/liabilities.
- 16) Provisions and contingencies - To recognise a provision when (i) the company has a present obligation as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation. 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.
- 17) Cash flow statement – Cash flow statements are reported using the indirect method, whereby profit/(loss) before extra-ordinary items/exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipt or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on available information including taxes paid relating to these activities.



3. Notes annexed to and forming part of the Consolidated Financial Statements

3.1 Basis of consolidation

The Consolidated Financial Statements relate to Sambandam Spinning Mills Limited (the Investee Company) and its associate companies together constitute "the Group".

Principles of Consolidation

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements" and Accounting Standard 23 (AS 23) "Accounting for Investment in Associates in Consolidated Financial Statements" specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

The following associate companies have been considered in the preparation of Consolidated Financial Statements of the Group in accordance with Accounting Standard 23 "Accounting for Investment in Associates in Consolidated Financial Statements".

Sl. No.	Name of the Associate	Country of Incorporation	% of ownership Interest
1.	SPMM Health Care Services Private Limited	India	50%

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
3.2 Information regarding Imports (c.i.f)		
Raw materials	2,37,55,693	73,27,356
Machinery spares	-	41,78,233
3.3 Foreign currency transactions and other financial information		
(i) Expenditure in foreign currency		
Interest	-	-
Travel	-	3,90,364
Others	-	45,673
(ii) Earnings in foreign currency		
Export of goods (FOB value)	8,03,45,611	1,79,13,996
Others (freight recoveries)	-	-
(iii) Remittance of dividend to Non-Resident Shareholders	-	-
3.4 Auditors' remuneration		
(included under Miscellaneous expenses (refer Note 2.8 to the Financial statements))		
For financial audit	3,70,000	3,70,000
For cost audit	2,50,000	2,50,000
For taxation matters	1,45,000	1,55,000
For other services	1,59,000	1,65,000
For reimbursement of expenses	1,41,789	1,38,243
3.5 Contingent liabilities		
(i) Claims against the company not acknowledged as debts	4,21,65,413	4,21,65,413
(ii) Bills discounted with banks	-	-
Out flow relating to above not practicable to indicate in view of the uncertainties involved		
3.6 Capital commitments not provided for (net of advances)	5,08,17,482	5,08,17,482



Notes annexed to and forming part of the Consolidated Financial Statements (contd...)

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
3.7 Earnings per share		
(Loss) after taxation as per Statement of Profit and Loss (A)	(11,06,90,791)	(11,10,11,321)
Number of equity shares outstanding (B)	38,49,250	38,49,250
Basic and Diluted earnings per share (in Rupees) – Basic (A/B)	(28.76)	(28.84)
3.8 Segment information		
The company's primary segment is identified as business segment based on nature of products, risks, return and the internal business reporting system (i.e. cotton yarn) and operates in a single geographical segment as per Accounting Standard 17.		
3.9 Related party disclosure		
(i) Related parties with whom transactions have taken place during the year		
(1) Key management personnel		
Sri R. Selvarajan – Chairman and Managing Director		
Sri S. Vijayshankar – Chief Financial Officer		
Ms. J. Asifa – Company Secretary		
(2) Associate		
SPMM Healthcare Services Private Limited		
(3) Parties where significant influence exists		
S. Palaniandi Mudaliar Charitable Trust		
Kandagiri Spinning Mills Gratuity Trust		
Sambandam Siva Textiles Private Limited		
Sambandam Spinning Mills Limited		
(ii) Transactions with related parties		
(1) Key management personnel		
R. Selvarajan		
- Interest payment	38,72,201	45,34,636
- Dividend payment	–	–
- Remuneration	36,00,000	36,00,000
- Fixed deposits received	1,90,60,000	1,49,00,000
- Fixed deposits repaid	62,00,000	–
- Outstanding balances under Fixed deposits	5,78,54,000	4,49,94,000
S. Vijayshankar		
- Remuneration	30,00,000	30,00,000
- Interest payment	41,75,505	39,30,000
- Dividend payment	–	–
- Fixed deposits received	18,50,000	1,57,50,000
- Fixed deposits repaid	–	–
- Outstanding balances under Fixed deposits	4,75,69,000	4,57,19,000
J. Asifa		
- Remuneration	4,20,000	4,00,200



Notes annexed to and forming part of the Consolidated Financial Statements (contd...)

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
(2) Parties where significant influence exists		
S. Palaniandi Mudaliar Charitable trust		
- Payments for employee welfare services	3,36,079	7,47,697
Kandagiri Spinning Mills Gratuity trust		
- Contribution paid/payable	16,51,400	16,43,209
Sambandam Siva Textiles Private Limited		
- Yarn conversion charges received	50,15,443	-
Sambandam Spinning Mills Limited		
- Yarn testing charges paid	2,76,539	5,66,749
- Inter corporate loan received	1,00,00,000	4,00,00,000
- Interest received on inter corporate loan	65,20,191	5,94,590
- Balance at the end of the year	5,00,00,000	4,05,94,590

3.10 Pursuant to the enactment of Companies Act, 2013 and according to the application guide on the provisions of Schedule II to the Companies Act, 2013, a sum of Rs.27,01,821, being the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on its original cost, has been transferred to General Reserve from Revaluation Reserve account.

3.11 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company. There are no overdues to parties on account of principal amount and/or interest and accordingly no additional disclosures have been made; and (ii) There are no amounts remaining unpaid or unclaimed for a period of seven years in respect of unpaid dividend, matured fixed deposits and interest thereon from the date they became payable by the company and hence there are no amounts remaining to be credited to the Investor Education and Protection Fund.

3.12 Derivatives - The company uses derivative financial instruments such as forward contracts and option to hedge certain currency exposures, present and anticipated, denominated mostly in US dollars, Euro and Swiss Franks. Generally such contracts are taken for exposures materializing in the next six months. The company actively manages its currency rate exposures and uses these derivatives to mitigate the risk from such exposures. The company has hedged exposure of US \$ Nil (March 31, 2016 US \$ Nil) as at March 31, 2017 and has a net unhedged exposure of US \$ Nil (March 31, 2016 US\$ Nil) as at March 31, 2017.

3.13 Raw material consumed – others include consumption of yarn for manufacture of double yarn.

3.14 Power and fuel is net of value of power generated by Wind energy converters Rs.7,27,12,865 (2015-16 Rs.6,94,17,256).

3.15 Human resources – Particulars of managerial remuneration (i) To Managing Director – Salary Rs.21,60,000 (2015-16 Rs.21,60,000), Perquisites Rs.14,40,000 (2015-16 Rs.14,40,000).

3.16 The company has recognised deferred tax liability of Rs.1,25,89,000 (2015-16 Rs.1,30,55,152) representing timing differences on account of depreciation. As a matter of prudence and in accordance with the Accounting Standard 22, the accrual of deferred tax asset has been restricted (in view of unabsorbed losses under the Income tax Act, 1961). An amount of Rs.1,25,89,000 (2015-16) has accordingly been accrued as deferred tax asset such that impact of net deferred tax considered in the Statement of Profit and loss of the current year is Rs. Nil. Deferred tax asset primarily comprises timing differences on allowances and unabsorbed losses/depreciation.

Notes annexed to and forming part of the Consolidated Financial Statements (contd...)
3.17 Details of Long Term Borrowings:

	Bank Name	March 31, 2017				Particulars of Repayment	March 31, 2016			
		Non Current Rupees	Current Rupees	Total Rupees	Rate of Interest %		Non Current Rupees	Current Rupees	Total Rupees	Rate of Interest %
a.	Secured Loans:									
i)	Term loans from Banks									
	State Bank of India TL 4	-	1,35,23,292	1,35,23,292	15.10	3 monthly instalment of Rs.41.90 lakhs each (2017-18 Rs.135.23 lakhs)	2,51,40,000	3,48,00,000	5,99,40,000	13.05
	State Bank of India TL 5	7,59,76,302	1,20,00,000	8,79,76,302	15.10	45 monthly instalment of Rs.15 lakhs each and 11 monthly instalment of Rs.20 lakhs each (2017-18 Rs.120 lakhs, 2018-19 Rs.180.00 lakhs, 2019-20 Rs.180.00 lakhs, 2020-21 Rs.180 lakhs and 2021-22 Rs.220 lakhs)	9,40,00,000	60,00,000	10,00,00,000	13.35
	Karnataka Bank TL 4	-	2,48,51,547	2,48,51,547	13.25	6 monthly instalment of Rs.41.90 lakhs each (2017-18 Rs.248.52 lakhs)	2,51,40,000	3,65,20,000	6,16,60,000	13.25
	Axis Bank TL	-	12,24,698	12,24,698	13.25	2 monthly instalments of Rs.5 lakhs each and 1 monthly instalment of Rs.2.25 lakhs (2017-18 Rs.12.25 lakhs)	30,00,097	64,79,000	94,79,097	13.50
	Karnataka Bank TL 5	-	1,69,99,991	1,69,99,991	13.25	1 monthly instalment of Rs.70 lakhs each and 1 monthly instalment of Rs.100 lakhs each (2017-18 Rs.170.00 lakhs)	1,70,00,000	9,30,00,000	11,00,00,000	13.25
	Karnataka Bank TL 6	4,02,50,000	82,50,0000	4,85,00,000	13.50	48 monthly instalment of Rs.7.50 lakhs each and 11 monthly instalment of Rs.10 lakhs each (2017-18 Rs.82.50 lakhs, 2018-19 Rs.90.00 lakhs, 2019-20 Rs.90.00 lakhs, 2020-21 Rs.90 lakhs and 2021-22 Rs.132.50 lakhs)	4,70,00,000	30,00,000	5,00,00,000	13.5
	HDFC Bank bus loan	-	3,53,920	3,53,920	10.01	36 monthly instalments	2,82,397	7,94,085	10,76,482	10.01



Notes annexed to and forming part of the Consolidated Financial Statements (contd...)

3.17 Details of Long Term Borrowings: (contd..)

	Bank Name	March 31, 2017				Particulars of Repayment	March 31, 2016			
		Non Current Rupees	Current Rupees	Total Rupees	Rate of Interest %		Non Current Rupees	Current Rupees	Total Rupees	Rate of Interest %
ii)	Cash credit from banks									
	State Bank of India		14,85,44,605	14,85,44,605	15.00/ 14.50	On demand		14,87,67,519	14,87,67,519	13.20/ 13.05
	State Bank of India-SLC		-	-	14.20	On demand		2,41,57,924	2,41,57,924	14.20
	Karnataka Bank		12,53,63,993	12,53,63,993	13.25	On demand		15,17,16,123	15,17,16,123	13.25
	Axix Bank		2,62,72,102	2,62,72,102	12.35	On demand		2,62,30,112	2,62,30,112	12.50
iii)	Short term loan from banks									
		11,62,26,302	37,73,84,148	49,36,10,450			21,15,62,494	53,14,64,763	74,30,27,257	
<p>(i) Term loans from banks aggregating Rs.19,30,75,830 (March 31, 2016 Rs.39,10,79,097) are secured by a first charge on the Company's fixed assets subject to the charge stated in (ii) to (iii) infra and secured by a second charge on the Company's current assets; (ii) Term loans from banks to an extent of Rs.3,53,920 (March 31, 2016 Rs.10,76,482) are secured by hypothecation of certain buses and cars; (iii) Cash credit facilities are secured by a first charge on the Company's current assets except the stock of cotton pledged for goods loan facility and by a second charge on the Company's fixed assets excluding the charges mentioned in (ii) supra; (iv) All the above loans are guaranteed by three directors.</p>										
b.	Unsecured Loans :									
	Fixed deposits	11,93,69,000	72,09,000	12,65,78,000	11 / 12	Repayable in 2017-18 Rs.72.09 lakhs, 2018-19 Rs.857.18 lakhs and 2019-20 Rs.336.51 Lakhs	10,93,27,000	1,72,25,000	12,65,52,000	11.00/ 12.00
	Inter corporate loan	5,00,00,000	-	5,00,00,000	13.95	Repayable in April 2017	4,00,00,000	-	4,00,00,000	13.95
		16,93,69,000	72,09,000	17,65,78,000			14,93,27,000	1,72,25,000	16,65,52,000	



Notes annexed to and forming part of the Consolidated Financial Statements (contd...)

3.18 Employee benefits -

(i) Defined Employee benefit plans - As per Actuarial valuation as on March 31, 2017

Rs. lakhs

	Gratuity (funded)					Compensated absences (unfunded)				
	2016-17	2015-16	2014-15	2013-14	2012-13	2016-17	2015-16	2014-15	2013-14	2012-13
A. Expenses recognised in the statement of profit and Loss										
Accounting for the year ended Mar 31,2017										
(i) Current service cost	23.69	19.14	21.34	19.86	16.38	1.24	1.20	0.87	0.89	1.08
(ii) interest cost	17.73	18.18	14.14	14.81	12.06	12.43	11.23	11.29	10.13	10.47
(iii) Expected return on plan assets	-7.32	-8.29	-6.09	-9.02	-7.63	-	-	-	-	-
(iv) Net actuarial (gain) / loss recognised during the year	66.07	-12.60	13.14	9.57	-6.42	-8.12	-7.47	4.92	-10.73	-5.35
Total expenses	100.17	16.43	42.53	35.22	14.39	5.55	4.96	17.08	0.29	6.20
B. Actual return on plan assets										
(i) Expected return on plan assets	7.32	8.29	6.09	9.02	7.63	-	-	-	-	-
(ii) Actuarial (gain) / loss on plan assets	1.36	4.69	-17.84	14.38	13.18	-	-	-	-	-
(iii) Actual return on plan assets	8.68	12.98	-11.75	23.40	20.81	-	-	-	-	-
C. Net asset / (liability) recognised in the balance sheet										
(i) Present value of the obligation	111.53	243.77	237.22	191.33	176.55	154.43	148.88	143.92	126.84	126.56
(ii) Fair value of plan assets	68.32	100.39	110.26	106.90	127.34	-	-	-	-	-
(iii) Funded status (surplus/deficit)	-43.21	-143.39	-126.96	-84.43	-49.21	-154.43	-148.88	-143.92	-126.84	-126.56
(iv) Unrecognised past service cost	-	-	-	-	-	-	-	-	-	-
(v) Net Asset / (liability) recognised in the balance sheet	-43.21	-143.39	-126.96	-84.43	-49.21	-154.43	-148.88	-143.92	-126.84	-126.56
D. Change in Present value of the obligation during the year										
(i) Present value of the obligation as at beginning of the year	243.77	237.22	191.33	176.55	160.31	148.88	143.92	126.85	126.56	120.36
(ii) Current service cost	23.69	19.14	21.34	19.86	16.38	1.24	1.20	0.87	0.89	1.08
(iii) interest cost	17.73	18.19	14.14	14.81	12.06	12.43	11.23	11.29	10.13	10.47
(iv) Benefits paid	-38.03	-13.47	-20.57	-29.46	-18.97	-	-	-	-	-
(v) Actuarial (gain) / loss on obligation	-135.63	-17.31	30.98	9.57	6.76	-8.12	-7.47	4.91	-10.73	-5.35
(vi) Present value of obligation as at end of the year	111.53	243.77	237.22	191.33	176.55	154.43	148.88	143.92	126.85	126.56



Notes annexed to and forming part of the Consolidated Financial Statements (contd...)
3.18 Employee benefits (Contd..)

Rs. lakhs

	Gratuity (funded)					Compensated absences (unfunded)				
	2016-17	2015-16	2014-15	2013-14	2012-13	2016-17	2015-16	2014-15	2013-14	2012-13
E. Change in assets during the year										
(i) Fair value of plan assets as at beginning of the year	100.39	110.26	106.89	127.34	84.31	-	-	-	-	-
(ii) Expected return on plan assets	7.32	8.29	6.09	9.02	7.63	-	-	-	-	-
(iii) Contributions	-	-	-	14.38	41.19	-	-	-	-	-
(iv) Benefits paid	-38.03	-13.47	-20.57	-29.46	-18.97	-	-	-	-	-
(v) Actuarial (gain) / loss on plan assets	-1.36	-4.69	17.85	14.38	13.18	-	-	-	-	-
(vi) Fair value of plan assets as at end of the year	68.32	100.39	110.26	106.89	127.34	-	-	-	-	-
F. Experience adjustments in										
(i) Plan liabilities - loss(gain)	-135.63	-17.31	30.98	9.57	6.76	-8.12	-7.47	4.92	-10.73	-5.35
(ii) Plan assets - loss(gain)	1.36	-4.69	-17.84	14.38	13.18	-	-	-	-	-
G. Major categories of plan assets as a percentage of total plan										
(i) Government of india securities	-	-	-	-	-	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded
(ii) State Government Securities	5%	5%	5%	5%	5%	-	-	-	-	-
(iii) High Quality Corporate bonds	-	-	-	-	-	-	-	-	-	-
(iv) Special Deposit Scheme	-	-	-	-	-	-	-	-	-	-
(v) Other (Bank deposits)	34%	34%	34%	34%	34%	-	-	-	-	-
(vi) SBI Life insurance company	61%	61%	61%	61%	61%	-	-	-	-	-
(vii) Total	100%	100%	100%	100%	100%	-	-	-	-	-
H. Actuarial Assumptions										
(i) Discount rate	7.89%	7.89%	7.81%	9.15%	8%	8.10%	8.10%	7.81%	8.90%	8%
(ii) Salary escalation rate	3.5%	3.5%	3.5%	4%	4%	3.50%	7.50%	4.00%	7.50%	7.50%
(iii) Attrition rate	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
(iv) Expected return on plan assets	9%	8%	8%	8%	8%	0%	0%	0%	0%	0%



**Notes annexed to and forming part of the Consolidated Financial Statements (contd...)**

In the above actuarial valuation the estimated of future salary increases have reckoned the effect of inflation, seniority, promotion and other relevant factors.

ii) Gratuity fund is administered through group gratuity scheme with SBI Life Insurance and by the Gratuity Trust through trustees.

iii) During the year, the company has recognised the following amounts in the Statement of Profit and Loss:

Salaries, wages and bonus include compensated absences of Rs.5,87,049 (2015-16 Rs.9,21,541) Contribution to provident, gratuity and other funds include contribution to provident fund and family pension fund contribution of Rs.43,13,182 (2015-16 Rs.53,71,762) and gratuity fund of Rs.100,17,469 (2015-16 Rs.16,43,209). Workmen and staff welfare expenses include contribution to employees state insurance of Rs.15,61,942 (2015-16 Rs.20,94,968)

3.19 During the year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R. 308(E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

Particulars	Rupees		
	SBNs	Other denomination notes	Total
Closing cash on hand as on November 8, 2016	9,62,000	8,69,927	18,31,927
Add Permitted receipts	4,00,000	28,74,690	32,74,690
Less Permitted payments	—	30,26,082	30,26,082
Less Deposited in banks	13,62,000	3,50,000	17,12,000
Closing cash on hand as on December 30, 2016	—	3,68,535	3,68,535

3.20 CSR EXPENDITURE**Rs. Lakhs**

Particulars	2016-17	2015-16
(a) Gross amount required to be spent by the Company during the year	NIL	11.94
(b) Amount spent during the year on:		
(i) Construction / acquisition of any asset	—	—
(ii) Purposes other than (i) above *	1.23	1.65

* The CSR amount of Rs. 1.23 lakhs spent during the FY 2016-17 is towards unspent CSR obligation of FY 2015-16 of Rs. 10.29 lakhs.

3.21 Disclosure as required under Section 186 (4) of the Companies Act, 2013:**Rs. Lakhs**

Particulars	2016-17	2015-16	Purpose
a) Loans	—	—	—
b) Investment (refer note 1.11 to the financial statements)	245.68	246.29	—
c) Guarantees	—	—	—



Notes annexed to and forming part of the Consolidated Financial Statements (contd...)

3.22 Additional information, as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries, Joint Ventures and Associates

S. No.	Name of the Entity	Net Assets				Share in Profit or Loss			
		As a % of Consolidated Net Assets		Amount Rs. Lakhs		As a % of Consolidated Profit or (Loss)		Amount Rs. Lakhs	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
1.	Investee Company Kandagiri Spinning Mills Limited	101.79	101.52	2899.40	4015.29	100.81	102.13	(1115.89)	(1133.76)
2.	Associate (Investment as per the equity method) Indian SPMM Health Care Services Private Limited	7.28	4.79	207.32	189.35	(1.62)	(4.26)	17.97	47.30
	Sub Total	109.07	106.31	3106.72	4204.64	99.19	97.87	(1097.92)	(1086.46)
	Less: Effect of inter company adjustments / eliminations	9.07	6.31	258.37	249.39	0.81	(2.14)	8.99	23.65
	Total	100.00	100.00	2848.35	3955.25	100.00	100.01	1106.91	(1110.11)

Note : Net Assets and Share in Profit or loss for investee company and associate are as per the Standalone financial statements of the respective entities.

Name of Associate	Latest Audited Balance Sheet date	Network	Rs. Lakhs	
			Profit / (Loss) for the year	
			Considered in consolidation	
(A) Associates	31-Mar-2017	207.32	17.97	
SPMM Health Care Services Private Limited	31-Mar-2016	189.35	47.30	

3.23 The figures for the previous periods have been reclassified/regrouped/amended, wherever necessary.

Signatures to Statement of Accounting Policies and Notes to Consolidated Financial Statements

For and on behalf of the Board

R. Selvarajan
Chairman and Managing Director
DIN : 00001703

S. Devarajan
Director
DIN : 00001910

Salem,
May 6, 2017

J. Asifa
Company Secretary

S. Vijay Shankar
Chief Financial Officer



KANDAGIRI SPINNING MILLS LIMITED

Corporate Identity Number (CIN) : L17111TZ1976PLC000762

Registered Office : POST BOX NO.3, UDAYAPATTI P.O., SALEM – 636 140

Tel : 0427 2244400 Fax : 0427 2244422

Email : sales@kandagirimills.com Website : www.kandagirimills.com

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013
and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) :

Registered Address :

E-mail Id :

Folio No..... DP ID No Client ID No

I / We, being the Member(s) of Kandagiri Spinning Mills Limited, holding Shares hereby
appoint

1. Name:E-mail Id

Address:

.....Signature..... or failing him

2. Name:E-mail Id

Address:

.....Signature..... or failing him

3. Name:E-mail Id

Address:

.....Signature..... or failing him

as my / our proxy to attend for me/us and on my / our behalf at the Forty first Annual General Meeting of the
Company held at the Mill Premises of Sambandam Spinning Mills Limited at Kamaraj Nagar Colony.
Salem – 636 014 on Saturday, the 12th August 2017 at 11.30 a.m and at adjournment thereof in respect of
such resolutions as are indicated below: (Please turn to next page)



KANDAGIRI SPINNING MILLS LIMITED

Corporate Identity Number (CIN) : L17111TZ1976PLC000762

Registered Office : POST BOX NO.3, UDAYAPATTI P.O., SALEM – 636 140

Attendance Slip

(To be presented at the entrance of the venue of the AGM)

I hereby record my presence at the Forty first Annual General Meeting of the Company held at the Mill
Premises of Sambandam Spinning Mills Limited at Kamaraj Nagar Colony. Salem – 636 014 on Saturday,
the 12th August 2017 at 11.30 a.m and any adjournment thereof

Folio No / DP ID No / Client ID No

Name of the Member Signature.....

Name of the Proxy holder Signature.....

1. Only Member / Proxy holder can attend the Meeting.
2. Member / Proxy holder should bring the AGM notice and the Annual Report for reference at the meeting

Please put a tick (✓) mark at the appropriate column against the respective Resolutions to record your assent (Yes) or your dissent (No). If you leave the 'Yes' or 'No' column blank against any or all the resolutions, your proxy will be entitled to vote in the manner he / she thinks appropriate.

Sl. No.	Resolutions	Type of Resolution	No. of Shares Held	Yes	No
ORDINARY BUSINESS:					
1.	ADOPTION OF FINANCIAL STATEMENTS	ORDINARY			
2.	SRI. M. RAJAMANI, RETIRING DIRECTOR NOT WILLING TO GET RE-APPOINTED (RESOLUTION AND VOTING OPTION NOT APPLICABLE)	NOT APPLICABLE			
3.	APPOINTMENT OF STATUTORY AUDITORS	ORDINARY			
SPECIAL BUSINESS:					
4.	APPOINTMENT OF DR.V. SEKAR AS NON EXECUTIVE - INDEPENDENT DIRECTOR	ORDINARY			
5.	APPOINTMENT OF DR. R.RAMARATHNAM AS NON EXECUTIVE - INDEPENDENT DIRECTOR	ORDINARY			
6.	APPOINTMENT OF SRI D. BALASUNDARAM AS NON EXECUTIVE - INDEPENDENT DIRECTOR	ORDINARY			
7.	ACCEPTANCE OF DEPOSITS FROM MEMBERS OF THE COMPANY	ORDINARY			
8.	APPOINTMENT OF SRI. S.SIVAKUMAR AS NON EXECUTIVE DIRECTOR	ORDINARY			
9.	RATIFICATION OF REMUNERATION PAYABLE TO THE COST AUDITOR	ORDINARY			

Place :

Date :

(Signature of Member)

Signed this day of August 2017

Signature of Member

Signature of Proxy holder(s)

Affix
Re.1
Revenue
Stamp

Note : This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting, i.e. before 11.30 am on 10-08-2017.

Note [Proxy]:

- 1) This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting, i.e. before 11.30 a.m on 10-08-2017.
- 2) Proxies submitted on behalf of Limited Companies, Societies, etc., must be supported by appropriate Resolutions / Authority, as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
- 3) During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member is entitled to inspect the proxies lodged at any time during the business hours of the Company, provided not less than 3 days advance notice in writing is given to the Company.



AGM Venue

Mill Premises
Sambandam Spinning Mills Limited,
Kamaraj Nagar Colony, Salem - 636 014.



41st Annual Report



Kandagiri Spinning Mills Limited

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