



Kandagiri Spinning Mills Ltd.

Ref.: KSML/CS/023/2026-27

Date: 02.09.2026

To

The Listing Department,
BSE Limited,
P.J. Towers,
Dalal Street,
Mumbai - 400 001

Dear Sir,

Sub: Enclosure of 50th Annual Report of the Company for the FY 2025-26
Ref: Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In accordance with the above referred regulation, we herewith enclosed 50th Annual Report of the Company for the FY 2025-26.

Please take the same for your records.

Thanking you,

Yours faithfully,

For Kandagiri Spinning Mills Limited

JINNAH ASIFA
Digitally signed by JINNAH
ASIFA
Date: 2026.09.02 18:19:35
+05'30'

(J. Asifa)

Company Secretary & Compliance Officer

Encl: 50th Annual Report of the Company for the FY 2025-26



CIN : L17111TZ1976PLC000762

Regd. Off: Mill Premises, Udayapatti (P.O), P.B.No.3, Salem – 636 140. Phone : Mill 0427-2244400

Fax:0427-2244422; Grams: SUPERSPINE; e-mail: sales@kandagirimills.com; Web.: www.kandagirimills.com



GSTIN: 33AABCK2694Q1Z1



KANDAGIRI

SPINNING MILLS LIMITED



Annual Report
2025 - 2026



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Kandagiri Spinning Mills Limited

Board of Directors

Mr. Adinarayana Sripathy Kumar

Chairman and Non-Executive Director

Mr. S. Sivakumar

Managing Director

Mr. Manoj Kumar Maurya

Whole-Time Director and Chief Financial Officer

Mr. R. Raveendran

Non-Executive Independent Director

Mrs. Kannan Anjana Maragatham

Non-Executive Independent Director [w.e.f. 08.08.2026]

Mrs. Nattery Srinivasan Poornima

Non-Executive Independent Director [upto 07.08.2026]

Chief Financial Officer

Mr. Manoj Kumar Maurya

Company Secretary

Ms. J. Asifa

Statutory Auditors

M/s SSAL & Associates

Secretarial Auditors

M/s KUVS & Associates

Registrar & Share Transfer Agents

M/s Cameo Corporate Services Limited

Subramanian Building

No: 1 Club Road, Chennai – 600002

Ph : 044 40020700

Email : investor@cameoindia.com

Website: <https://wisdom.cameoindia.com>

Registered Office Address

Post Box No: 3, Mill Premises, Udayapatti P.O.,
Salem – 636140. Tamil Nadu.

Ph. 0427-2244400

E mail: sales@kandagirimills.com

Website: www.kandagirimills.com

Corporate Identity Number (CIN) : L17111TZ1976PLC000762



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 Fiftieth (50th) Annual General Meeting of the Company will be held on **Friday, 25th September, 2026 at 11.30 a.m.** through Video Conferencing (VC)/Other Audio Visual Means (OAVM) to transact the following business:

ORDINARY BUSINESS

1. Adoption of Financial Statements

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

RESOLVED THAT the Audited Standalone Financial Statements for the year ended 31st March, 2026 together with the notes annexed thereto and the reports of the Directors and the Auditors thereon be and the same are hereby received, considered and adopted.

2. Reappointment of Retiring Director, Mr. Adinarayana Sripathy Kumar

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 and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Adinarayana Sripathy Kumar (holding DIN: 00593797), Director retiring by rotation at this (50th) Annual General Meeting of the Company be and is hereby re-appointed as Chairman and Non-Executive Director of the Company.

3. Remuneration of Statutory Auditors

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

RESOLVED THAT the Statutory Auditors SSAL & Associates, Chartered Accountants (Firm registration No: 021621S) shall be paid a remuneration of Rs.1,00,000/- (Rupees One Lakh only) for conduct of the Statutory Audit for the financial year 2026-27 excluding the out-of-pocket expenses that may be incurred by them in connection with the audit and excluding the applicable GST."



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SPECIAL BUSINESS

4. Reappointment of CA R. Raveendran as a Non-Executive Independent Director of the Company

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and other applicable provisions if any, CA R. Raveendran (holding DIN: 11233782), Non-Executive Independent Director of the Company, being eligible for reappointment and who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and other applicable provisions, as amended from time to time, be and is hereby re-appointed as a Non-Executive Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of five years from 25th September, 2026 to 24th September, 2031.

5. Appointment of CS Kannan Anjana Maragatham as a Non-Executive Independent Director of the Company

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and other applicable provisions if any, CS Kannan Anjana Maragatham (holding DIN: 11870939), who was appointed as an Additional Director (Non-Executive, Independent) of the Company with effect from 08th August, 2026 by the Board of Directors on the recommendation of Nomination and Remuneration Committee and shall hold office upto this (50th) Annual General Meeting of the Company in terms of section 161 of the Companies Act, 2013 and who has submitted a declaration that she meets the criteria of independence as provided in Section 149(6) of the Act and other applicable provisions, be and is hereby appointed as a Non-Executive Independent Director of the Company, not liable to retire by rotation and to hold office for a first term of five years from 08th August, 2026 to 07th August, 2031.

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

Date: August 12, 2026
Place: Salem

J. Asifa
Company Secretary
M.No. : FCS10099



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NOTES:

1. Pursuant to the General Circular No: 03/2025 dated September 22, 2025, issued by the Ministry of Corporate Affairs (MCA) and circular issued by SEBI vide circular no. SEBI/ HO/ CFD/ CFDPoD-2/ P/ CIR/ 2024/ 133 dated October 3, 2024 ("SEBI Circular") and other applicable circulars and notifications issued (including any statutory modifications or re-enactment thereof for the time being in force) and as amended from time to time, companies are allowed to hold AGM through Video Conferencing (VC) or other audio visual means (OAVM), without the physical presence of members at a common venue. In compliance with the said Circulars, AGM shall be conducted through VC / OAVM, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this notice.
6. The explanatory statement of material facts pursuant to Section 102 of the Companies Act, 2013 in respect of business set out under Items No. 4 and 5 of the Notice is annexed hereto.
7. The Register of Members and the Share Transfer Books of the Company will remain closed from **19th September, 2026 to 25th September, 2026** (both days inclusive).
8. Pursuant to Ministry of Corporate Affairs (MCA) General Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 January 13, 2021 and SEBI circular dated January 15, 2021 and various circulars issued from time to time, the Notice for the 50th Annual General Meeting ("AGM") and Annual Report of FY 2025-2026 is being sent only through electronic mode to the shareholders whose email addresses are registered with the depository participants / Registrar and Transfer Agent (RTA). Additionally, the Company will also send a letter to shareholders providing the web-link for accessing the Annual Report to those Members who have not registered their email address with the RTA or Depositories.
9. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and other circulars issued from time to time, the Notice calling the AGM has been uploaded on the website of the Company at www.kandagirimills.com. The Notice can also be accessed from the website of the Stock Exchange BSE Limited at www.bseindia.com and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e., www.evoting.nsdl.com.



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10. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021 and all other relevant circulars issued from time to time.
11. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), the Secretarial Standard on General Meetings (SS-2) issued by the ICSI and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as e-Voting during AGM will be provided by NSDL.
12. Members holding shares in physical form are requested to contact M/s Cameo Corporate Services Limited, Registrars and Share Transfer Agents of the Company, at 'Subramaniam Building', No. 1 Club House Road, Chennai – 600 002 for recording any change of address, bank mandate, or nominations and for redress of grievance or contact the Company Secretary at the Registered Office of the Company.

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

13. As per the provisions of the Companies Act, facility for making nominations is available to individuals holding shares in the Company. The prescribed nomination form can be obtained from the RTA / Depository Participants.
14. **Transfer of Unclaimed/Unpaid dividends along with underlying shares to IEPF**

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

In accordance with the above statutory provisions, the dividends declared by the Company which remain unpaid and unclaimed for seven years and the underlying shares with respect to unpaid/unclaimed dividend of seven consecutive years were transferred to IEPF a/c by the Company as per the applicability. During the FY 2025-26 there was no transfer of dividends and underlying shares to IEPF a/c as there is no dividend declared and remain unpaid and unclaimed for seven years during the FY 2025-26

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

15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market for registering transfers, transpositions, transmissions etc. Members holding shares in electronic form are, therefore, requested to submit the



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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.

16. As per regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, securities of listed companies can be transferred only in dematerialized form with effect from 1st April, 2019, except in case of request received for transmission or transposition of securities. Hence members holding shares in physical form are requested to consider converting their holdings to dematerialized form and shall contact the Company's RTA Cameo corporate Services in this regard.
17. Additional information pursuant to regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards (SS-2) in respect of Director 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/re-appointment.
18. Members are requested to inform the Company their e-mail ID to facilitate quick response from the Company. Ministry of Corporate Affairs has recognised e-mail communication to shareholders as effective and efficient means of communication from the Company and also member's communication to the Company. Members may register their e-mail id with the Company and also keep the Company informed of any changes in their e-mail ID.
19. Members who have not so far dematerialized their shares are advised to demat the shares held in Physical form which will ensure safety and security for their shares.
20. **THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-**

The remote e-voting period begins on 22nd September, 2026 at 9.00 a.m. and ends on 24th September, 2026 at 5.00 p.m. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 18th September, 2026 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 18th September, 2026.

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

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

Step 1: Access to NSDL e-Voting system

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

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



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

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	- For OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp. You will have to enter your 8-digit DP ID, 8-digit Client Id, PAN No., Verification code and generate OTP. Enter the OTP received on registered email id/mobile number and click on login. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. - Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. - If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp. - Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. - Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on  App Store   Google Play 



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Individual Shareholders holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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

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

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 - 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800-21-09911



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

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

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL : <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.
Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

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

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**



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

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

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

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to bkkarthi@gmail.com with a copy marked to evoting@nsdl.com. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on “Upload Board Resolution / Authority Letter” displayed under “e-Voting” tab in their login.



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2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on.: 022 - 4886 7000 or send a request to Ms. Pallavi Mhatre at evoting@nsdl.com.

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

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

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

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

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

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL



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e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at (ksmcs@kandagirimills.com) **18th September, 2026 to 20th September, 2026**. The same will be replied by the company suitably.
6. Members who would like to express their views / ask questions during the meeting, may register themselves as a speaker by sending their request from their registered email address mentioning their name, demat account number / folio number, email id, mobile number at ksmcs@kandagirimills.com from **18th September, 2026 (9.00 a.m. IST) to 20th September, 2026 (5.00 p.m. IST)**. Those members who haveregistered themselves as a speaker will only be allowed to express their views / ask questions during themeeeting. The Company reserves the right to restrict the number of speakers depending on the availabilityof time for theAGM.

GENERAL INSTRUCTIONS

1. The cut-off date for the purpose of e-voting has been fixed as **18th September, 2026** Members holding shares as onthis cut-off date be entitled to cast their vote in any one of the two modes (remoter e-voting or e-voting duringtheAGM).
2. In case of persons who have acquired shares and become Members of the Company after sending of thenotice and holding shares as of cut-off date, may obtain the login ID and Password by sending a request at evoting@nsdl.com. However, if he / she is already registered with NSDL for remote e-voting then he / shecan use his / her existing user ID and password for casting the vote.
3. The voting rights of the members shall be in proportion to their shares of the paid up Equity Share Capitalof the Company as on the 'cut-off' date being **18th September, 2026**.
4. **CMA K. KARTHIKEYAN (MEMBERSHIP NO. 19549) PRACTISING COST ACCOUNTANT** has been appointed as the Scrutinizer to scrutinize the remote e-voting and e-voting at the AGM in a fair and transparent manner.
5. The Scrutinizer shall, immediately after the conclusion of the voting at the general meeting, will count thevotes 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.



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6. The Scrutinizer not later than two working days from 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 Managing Director or any person authorised by him who shall countersign the same and declare the results of the voting forthwith.
7. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.kandagirimills.com and the website of the NSDL www.evoting.nsdl.com immediately after the declaration of result and shall also be immediately forwarded to BSE Limited, where the Company's shares are listed.
8. All documents referred to in this notice will be available for inspection on all working days during business hours of the Company until the date of the Annual General Meeting of the Company

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

Item No. 4 - Reappointment of CA R. Raveendran as a Non-Executive Independent Director of the Company

CA R. Raveendran was appointed as a Non- Executive Independent Director of the Company by the members at the 49th AGM of the Company held on 29th September, 2025 to hold office for first term from 08th August, 2025 to till the conclusion of 50th Annual General Meeting of the Company.

As per Section 149(10) and 149(11) of the Companies Act, 2013, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Taking into consideration, his Professional qualification, knowledge and expertise as a Practicing Chartered Accountant and based on the performance evaluation of the Independent Director and as per the recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and other applicable provisions, CA R. Raveendran, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, the Board of Directors had recommended for re-appointment of CA R. Raveendran as a Non-Executive Independent Director for a second term of five years from 25/09/2026 to 24/09/2031.

The Company has received declaration from CA R. Raveendran stating that he meets the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and other applicable provisions. He has also given his consent to continue to act as Director of the Company, if so appointed by the members. In the opinion of the Board, CA R. Raveendran fulfils the conditions specified under Section 149 (6) of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for his reappointment as a Non-Executive Independent Director of the Company.

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

Except the Director to whom this resolution relates, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No.4 of the accompanying Notice of the AGM



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Item No. 5 - Appointment of CS Kannan Anjana Maragatham as a Non-Executive Independent Director of the Company

Based on the recommendation of the Nomination and Remuneration Committee, Board of Directors of the Company vide circular resolution dated 07/08/2026 had appointed CS Kannan Anjana Maragatham as an Additional Director (Non-Executive, Independent) of the Company with effect from 08.08.2026 and shall hold office upto this (50th) AGM of the Company. CS Kannan Anjana Maragatham is a Whole-time Company Secretary by profession. Further the Nomination and Remuneration Committee and Board of Directors of the Company at their respective meetings held on 07/08/2026 and 12/08/2026 had recommended for appointment of CS Kannan Anjana Maragatham as a Non-Executive Independent Director of the Company, not liable to retire by rotation and shall hold office for a first term of five years from 08th August, 2026 to 07th August, 2031.

The Company has received a declaration from the director to the effect that she meets the criteria of Independence as provided under section 149(10) of the Companies Act, 2013.

As the regulation 25 of SEBI (LODR) Regulations, 2015 is not applicable to the Company, the requirement of appointment of Independent Director by passing of Special Resolution is not applicable to the Company at present. However, if provisions of regulation 25 of SEBI (LODR) Regulations, 2015 becomes applicable in future, Company has to comply with the requirement of appointment of Independent Director by passing of special resolution. Taking this into consideration and term of appointment of Independent Director being five years, as a precautionary measure, the Board of Directors recommends passing of this resolution by way of Special Resolution by the shareholders as set out under Item No:5 of the Notice.

Except the Director to whom this resolution relates, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No.5 of the accompanying Notice of the AGM.

All the Directors proposed for appointment/reappointment in Agenda Item No: 2, 4 and 5 stated in this 50th AGM notice are not debarred from holding the office of Director by virtue of any order of Securities and Exchange Board of India (SEBI) or any such other authority.

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

Date: August 12, 2026
Place: Salem

J. Asifa
Company Secretary
M. No.: FCS10099



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Details of Directors seeking appointment/reappointment as per regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards (SS-2) are given hereunder:

Name of the Director	Mr. Adinarayana Sripathy Kumar	CA R. Raveendran	CS Kannan Anjana Maragatham
DIN	00593797	11233782	11870939
Date of birth	29-05-1973	03-03-1966	06-04-1991
Date of Appointment	08-08-2025	08-08-2025	08-08-2026
Qualification	MBA	FCA	ACS
Expertise in Specific Functional areas	Holds a degree in Master of Business Administration and has experience in the field of Retail Jewellery for around 29 (Twenty Nine) years	Practicing Chartered Accountant with more than three decades of experience. More than 35 years of experience in tax audit and consulting and company Audit. More than 15 years' experience in internal audit and concurrent audit	A Qualified Company Secretary with experience in corporate governance, secretarial practice, and regulatory compliance. Currently serving as the Company Secretary & Compliance Officer of Shanmuga Hospital Limited, a BSE SME listed company, with expertise in SEBI (LODR) compliances, Companies Act, 2013, SME listing, corporate governance, board management, and legal drafting
Directorship in other Companies/Partnership in LLPs	<u>Director in Companies:</u> 1. Greenfield Creations Private Limited, 2. Greenfield Shelters Private Limited. 3. The Modern Theatres Private Limited <u>Partner in LLPs:</u> 1. Akshayam Creations LLP 2. Tinseltown Garderns LLP 3. Yercaud Brookland Valley LLP 4. Yercaud Brookland Agrofarms LLP 5. Yercaud Brookland Orchards LLP 6. Yercaud Brookland Estates LLP 7. Adhi Novelty Stratum LLP 8. Shevaroy's Estates LLP 9. Brook Woods Estates LLP 10. Shevaroyan Ventures LLP 11. Brick Lane Associates LLP 12. Yercaud Homestead Creations LLP	Nil	Nil



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Name of the Director	Mr. Adinarayana Sripathy Kumar	CA R. Raveendran	CS Kannan Anjana Maragatham
Committee Membership in other Companies	Nil	Nil	Nil
No. of shares in the Company	Nil	Nil	Nil
Inter-se relationship with any other directors	No inter-se relationship with other directors, except he is one of the partners of Akshayam Creations LLP, where other Promoter directors are also Partners	Nil	Nil
Number of Board meetings attended during the FY 2025-26	4 out of 4	3 out of 4	Not applicable as she is appointed as Additional Director (Non-Executive, Independent) with effect from 08.08.2026
Terms and conditions of reappointment	Reappointment as Chairman and Non-Executive Director of the Company, liable to retire by rotation	Reappointment as Non-Executive Independent Director of the Company for a second term of five years from 25.09.2026 to 24.09.2031, not liable to retire by rotation	Appointment as Non-Executive Independent Director of the Company for a first term of five years from 08.08.2026 to 07.08.2031, not liable to retire by rotation
Remuneration last drawn	Sitting fees as fixed by the Board for attending Committee/ Board Meetings: i) For Audit Committee- Rs.10,000/- per meeting; ii) For Nomination and Remuneration Committee Meeting- Rs.5,000/- per meeting; (iii) For Board Meeting- Rs.5,000/- per meeting; During FY 2025-26, Director had waived all the sitting fees of Board and Committee Meetings.	Sitting fees as fixed by the Board for attending Committee/Board Meetings: i) For Audit Committee- Rs.10,000/- per meeting; ii) For Nomination and Remuneration Committee Meeting- Rs.5,000/- per meeting; iii) For Board Meeting- Rs.5,000/- per meeting;	Sitting fees as fixed by the Board for attending Committee/Board Meetings: i) For Audit Committee- Rs.10,000/- per meeting; ii) For Nomination and Remuneration Committee Meeting- Rs.5,000/- per meeting; iii) For Board Meeting- Rs.5,000/- per meeting;
Remuneration sought to be paid	Sitting fees for attending Board / Committee- meetings, as may be decided by the Board from time to time, within the prescribed statutory limit.	Sitting fees for attending Board / Committee meetings, as may be decided by the Board from time to time, within the prescribed statutory limit.	Sitting fees for attending Board / Committee meetings, as may be decided by the Board from time to time, within the prescribed statutory limit.



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KANDAGIRI SPINNING MILLS LIMITED

DIRECTORS' REPORT

Your directors hereunder submit their 50th Annual Report together with the audited accounts for the year ended March 31, 2026 (the year).

Performance Highlights

	2025-26 (Rupees in Lakhs)	2024-25 (Rupees in Lakhs)
Revenue from Operations	181.59	195.73
Other Operating income	-	-
Other income	38.94	7.37
Total Turnover	220.53	203.10
Gross (Loss) (i.e., (Loss) before interest, tax and depreciation)	(66.36)	(21.10)
Cash (Loss) (i.e., (Loss) before depreciation and tax)	(283.65)	(44.89)
(Loss) before exceptional Item and tax	(325.29)	(79.28)
Exceptional Items	-	-
(Loss) after exceptional Item (before tax) – PBT	(325.29)	(79.28)
Tax Expense:		
Current Tax	-	-
Deferred tax	-	-
(Loss) after exceptional Item and tax – PAT	(325.29)	(79.28)
Earnings per share - basic and diluted Rs.	(8.45)	(2.06)

Dividend

In view of loss incurred during the year and erosion of network, no dividend is recommended by your Board of Directors for the financial year 2025-26.

Retained Earnings

The current year loss of (Rs. 325.29 lakhs) has increased the debit balance of retained earnings as at the beginning of the year of (Rs. 3888.76 lakhs) resulting in an accumulated deficit of (Rs.4214.05 lakhs) as at the end of the year ended March 31, 2026.

Financial Performance with respect to Operational Performance:

During the financial year 2025-26, the Company continued yarn trading business and earned a revenue of Rs. 181.59 lakhs. The total income of the Company during the FY 2025-26 is Rs. 220.53 lakhs as against the previous year income of Rs. 203.10 lakhs. The Company has incurred loss after tax of (Rs 325.29 lakhs) in the financial year 2025-26 as against the previous year loss after tax of (Rs. 79.28 lakhs).

During the financial year 2025-26, the present Promoter Directors of the Company had brought in funds by way of unsecured loans for operational requirements and to settle the outstanding liabilities of the Company.

On the recommendation of Audit Committee and approval of Board of Directors at their meetings held on 12.02.2026, Company had sold entire shares (20,00,000 equity shares) of Associate Company M/s SPMM Health Care Services Private Limited at a price of Rs 11.44/- per equity share (sale price



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fixed based on valuation report) on 26.02.2026 for a total sale consideration of Rs 228.80 lakhs. The sale proceeds were utilized for settling the outstanding liabilities of the Company. M/s SPMM Health Care Services Private Limited ceased to be an Associate Company to Kandagiri Spinning Mills Limited ("Company") with effect from 26.02.2026. The necessary filings and intimations to ROC/Stock Exchange was duly filed by the Company.

All the fixed deposits received from former Directors were fully repaid and there are no outstanding fixed deposits and /or other loans of former Directors in the Company.

Change of Management and Control – Takeover by Akshayam Creations LLP

As per the terms of Share Purchase Agreement (SPA) executed between erstwhile Promoters of the Company and Akshayam Creations LLP ("Acquirer") on 03.02.2025 triggering Open offer under regulation 3(1) and 4 of Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and further receiving SEBI approval on 17th April, 2025, Akshayam Creations LLP had acquired entire 24,99,509 (64.93%) equity shares of erstwhile Promoters Shares of Company at a price of Rs 16/- per equity share, in different tranches on 24.04.2025, 04.07.2025, 15.07.2025, 21.11.2025, 24.11.2025 and 28.11.2025.

Further Acquirer had acquired 1000 equity shares from public shareholder at a price of Rs 25/- per equity share through Open offer on 26.05.2025 and as on date Acquirer & Promoter shareholder "Akshayam Creations LLP" holds 25,00,509 (64.96%) equity shares of Company ("Kandagiri Spinning Mills Limited").

The erstwhile promoters of the Company (except Mr. S. Sivakumar and his relatives Ms. S. Swetha and Ms. S. Balamani) were reclassified as Public and Akshayam Creations LLP is classified as Promoter and all the partners of Akshayam Creations LLP viz., Mr. S. Sivakumar with his relatives, Mr. Manoj Kumar Maurya and Mr. Adinarayana Sripathy Kumar and Mr. Balasubramanian Prabhakaran are classified as Promoter group pursuant to Open offer as per the provisions of sub-regulation (10) and sub-regulation (5) of regulation 31A of SEBI (Listing Obligations and Requirements) Regulations, 2015. This reclassification is exempted from the requirements of approvals from stock exchanges and shareholders of the Company as per the above referred provisions of regulation 31A of SEBI (LODR) Regulations, 2015,

All the required filings/intimations/disclosures to Stock Exchanges under SEBI regulations in respect of above matters were duly made by the Company and the promoters.

As per the terms of above referred Share Purchase Agreement executed between the erstwhile Promoters and Acquirer "Akshayam Creations LLP", except Promoter Director Mr. S. Sivakumar, who is also partner of Akshayam Creations LLP, other erstwhile Promoter Directors/KMPs viz., Mr. R. Selvarajan, Mr. S. Devarajan, Dr A. Sarayu and Mr. S. Vijay Shankar and former Independent Director CA S. Elangovan resigned from their position of Directors/KMPs of the Company on 08.08.2025. The Partners of Akshayam Creations LLP viz., Mr. Adinarayana Sripathy Kumar, Mr. S. Sivakumar and Mr. Manoj Kumar Maurya were appointed as Directors/KMPs on 08.08.2025. The full details of resignation and appointment of Directors during FY 2025-26 are stated under Directors section of this Director's report.

MANAGEMENT DISCUSSION AND ANALYSIS

(a) Industry structure and developments and future outlook:

During the financial year 2025-26, the Company continued yarn trading business and generated revenue. During financial year 2025-26 textile and cotton-yarn sector remained under pressure from weak domestic and export demand and geopolitical/trade uncertainty. There was decline in yarn prices during the financial year. Textile Sector Companies generally experienced subdued revenue growth and margin pressure. Export demand improved in selected markets, while domestic



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yarn demand, cotton availability, inventory costs and volatile trade conditions kept pressure on margins. Cotton-yarn industry revenue was expected to grow only modestly or remain broadly flat during financial year 2025-26. Textile Industry is looking at gradual market improvement and better performance in the coming years.

(b) Strategies and Future plans

The Company is in yarn trading business. The Board of Directors of the Company is actively evaluating opportunities and exploring new business avenues for the coming years. The Promoter Directors are infusing funds and assured to contribute additional funds as and when necessary and exploring various possibilities for revival of the Company in the near future.

(c) 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.

(d) Internal control systems

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

(e) Human resources management

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

(f) Corporate Social Responsibility

The CSR provisions became inapplicable to the Company and accordingly, the CSR Committee was dissolved by the Board with effect from 18.06.2020. There is no CSR obligation for the Company for the FY 2025-26 in accordance with the provisions of section 135 of the Companies Act, 2013. Accordingly, requirement of CSR disclosure in required format is not applicable for the Company.

(g) Change in Key ratios

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

	FY 2025-26	FY 2024-25	change	change %
a. Debtors turnover ratio	64.68	208	(143.37)	(69)
b. Inventory turnover ratio	-	-	-	-
c. Interest coverage ratio	(0.31)	(0.89)	0.58	65
d. Current ratio	0.23	0.28	(0.05)	(18)
e. Debt equity ratio	(1.77)	(2.48)	0.70	28
f. Operating profit margin %	(0.59)	(0.28)	(0.31)	(109)
g. Net profit margin %	(179.13)	(40.51)	(1.39)	(342)
h. Return on net worth%	0.37	0.12	0.25	217



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Explanations

- (i) Debtors Turnover ratio: Due to reduction in receivables
- (ii) Interest Coverage Ratio and Debt Equity ratio: The increase in operating losses during the year resulted in increased deficit in other Equity and the increase in debt (additional unsecured loans brought in by Directors) compared to previous year, resulted in Changes in Interest Coverage ratio and Debt Equity ratio. It does not indicate any improvement in the referred ratios.
- (iii) Current ratio: Due to decrease in current assets and due to loss incurred
- (iv) Operating profit margin ratio and Net profit margin ratio: Due to loss incurred
- (v) Return on Net worth: The movement in the Return on Network ratio represents a mathematical variance resulting from the division of an increased net loss by a deeply negative network. It does not indicate operational improvement.

Annual Return

Annual Return in the prescribed Form MGT-7 has been placed in the Company's website <https://www.kandagirimills.com/myadmin/investers/FILE%201%20KSML%20FORM%20MGT-7%20-%202025-%20AB9883945%20SD.pdf>

Number of Board Meetings

Five Board Meetings were held during the year under review and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on May 10, 2025, August 08, 2025, August 13, 2025, October 30, 2025 and February 12, 2026. The necessary quorum was present for all the meetings. The attendance of Directors at the Board meetings is as shown hereunder:

Name of the Director	Attendance of Directors to the Board Meetings held during the year				
	10.05.2025	08.08.2025	13.08.2025	30.10.2025	12.02.2026
CA S. Elangovan*	√	√	NA	NA	NA
Mr. R. Selvarajan*	√	√	NA	NA	NA
Mr. S. Devarajan*	√	√	NA	NA	NA
Dr. (Mrs.) A. Sarayu*	√	√	NA	NA	NA
Mr. Adinarayana Sripathy Kumar**	NA	√	√	√	√
Mr. S. Sivakumar	√	√	√	√	√
Mr. Manoj Kumar Maurya**	NA	√	√	√	√
CA (Mr.) R. Raveendran**	NA	No	√	√	√
CS (Mrs.) Nattery Srinivasan Poornima	√	√	√	√	√

* Directors resigned from Board with effect from 08.08.2025

** Directors appointed on the Board with effect from 08.08.2025

Establishment of Vigil Mechanism

The Company has established a vigil mechanism for Directors and employees to report their genuine concerns. The policy has been uploaded on the Company's web site under the web link: https://www.kandagirimills.com/myadmin/investers/FILE%206%20KSM_WBP_2025.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.



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The Board of Directors of the Company is of the opinion that the existing Independent Directors and the Independent Directors proposed for appointment/reappointment possess integrity, expertise and experience including the proficiency.

Compliance with Secretarial Standards

The Company has adhered compliance on applicable Secretarial Standards.

Secretarial Audit Report

Company had appointed M/s KUVS & Associates, Practising Company Secretary as Secretarial Auditors, to conduct Secretarial Audit particularly with reference to compliance with Companies Act, 2013, and relevant SEBI Regulations for the financial year 2025-26. The report of the Secretarial Audit for the financial year 2025-26 in FORM MR-3 is annexed to this report and forms part of this report.

Committees of the Board

Audit Committee

Audit Committee as on 31st March, 2026 comprises of three members viz, CA R. Raveendran, Independent Director as Chairman, Mr. Adinarayana Sripathy Kumar, Chairman and Non-Executive Director and CS Nattery Srinivasan Poornima, Non-Executive Independent Director as Members. During the FY 2025-26 CA S. Elangovan, Chairman and Non-Executive Independent Director and Dr. A. Sarayu, who were Chairman and Member of Audit committee resigned from Audit Committee and Board on 08.08.2025. CA R. Raveendran appointed as Independent Director and Chairman of Audit Committee on 08.08.2025 and Mr. Adinarayana Sripathy Kumar appointed as Chairman and Director and Member of Audit Committee on 08.08.2025.

During the year, five Audit Committee meetings were held on May 10, 2025, August 07, 2025, August 13, 2025, October 30, 2025 and February 12, 2026. The necessary quorum was present for all the meetings. The attendance of members at the Audit Committee meetings is as shown hereunder:

Name of the Member	Attendance of Members to the Audit Committee				
	Meetings held during the year				
	10.05.2025	07.08.2025	13.08.2025	30.10.2025	12.02.2026
CA S. Elangovan*	√	√	NA	NA	NA
Dr. (Mrs.) A. Sarayu*	√	√	NA	NA	NA
Mr. Adinarayana Sripathy Kumar**	NA	NA	√	√	√
CA (Mr.) R. Raveendran**	NA	NA	√	√	√
CS (Mrs.) Nattery Srinivasan Poornima	√	√	√	√	√

* Resigned from Audit Committee with effect from 08.08.2025

** Appointed on the Audit Committee with effect from 08.08.2025

During the FY 2025-26, all the recommendations of the Audit Committee had been accepted by the Board.

Nomination and Remuneration Committee

Nomination and Remuneration Committee as on 31st March, 2026 comprises of three members viz, CA R. Raveendran, Independent Director as Chairman, Mr. Adinarayana Sripathy Kumar, Chairman and Non-Executive Director and CS Nattery Srinivasan Poornima, Non-Executive Independent Director as Members. During the FY 2025-26 CA S. Elangovan, Chairman and Non-Executive Independent Director



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and Dr. A. Sarayu, Non-Executive Director who were members of Nomination and Remuneration Committee resigned from Nomination and Remuneration Committee and Board on 08.08.2025. CA R. Raveendran appointed as Independent Director and Chairman of Nomination and Remuneration Committee on 08.08.2025 and Mr. Adinarayana Sripathy Kumar appointed as Chairman and Director and Member of Nomination and Remuneration Committee on 08.08.2025. Further, consequent upon above resignation and appointment of Directors, reconstitution of Nomination and Remuneration Committee effected with CS Nattery Srinivasan Poornima, Independent Director (who was Chairman of Nomination and Remuneration Committee) as member of Nomination and Remuneration Committee from 08.08.2025.

During the year, one Nomination and Remuneration committee meeting was held on 07.08.2025 and CS Nattery Srinivasan Poornima, Chairman and all the members of the Committee, CA S. Elangovan and Dr. A. Sarayu attended the meeting.

Stakeholders Relationship Committee

Stakeholders Relationship Committee as on 31st March, 2026 comprises of three members viz, CA R. Raveendran, Non-Executive Independent Director as Chairman, Mr. S. Sivakumar, Managing Director and Mr. Manoj Kumar Maurya, Whole-Time Director and Chief Financial Officer as Members. During the FY 2025-26, CA. S. Elangovan, Chairman and Non-Executive Independent Director, Mr. R. Selvarajan, Managing Director and Dr. A. Sarayu, Non-Executive Director who were Chairman and Members of Stakeholders Relationship committee resigned from the Board and Committee on 08.08.2025. CA R. Raveendran, Non-Executive Independent Director, Mr. S. Sivakumar, Managing Director and Mr. Manoj Kumar Maurya, Whole-Time Director and Chief Financial Officer were appointed as Chairman and Members of Stakeholders Relationship Committee on 08.08.2025.

During the year, four Stakeholders Relationship Committee meetings were held on May 10, 2025, August 13, 2025, October 30, 2025 and February 12, 2026. The necessary quorum was present for all the meetings. The attendance of members at the Stakeholders Relationship Committee meetings is as shown hereunder:

Name of the Member	Attendance of Members to the Stakeholders Relationship Committee			
	Meetings held during the year			
	10.05.2025	13.08.2025	30.10.2025	12.02.2026
CA S. Elangovan*	√	NA	NA	NA
Mr. R. Selvarajan*	√	NA	NA	NA
Dr. (Mrs.) A. Sarayu*	√	NA	NA	NA
CA (Mr.) R. Raveendran**	NA	√	√	√
Mr. S. Sivakumar**	NA	√	√	√
Mr. Manoj Kumar Maurya**	NA	√	√	√

* Resigned from Stakeholders Relationship Committee with effect from 08.08.2025

** Appointed on the Stakeholders Relationship Committee with effect from 08.08.2025

Share Transfer Committee

Share Transfer Committee as on 31st March, 2026 comprises of three members viz, Mr. S. Sivakumar, Managing Director as Chairman, Mr. Manoj Kumar Maurya, Whole-Time Director and Chief Financial Officer and CA R. Raveendran, Non-Executive Independent Director as Members. During the FY 2025-26, Mr. R. Selvarajan, Managing Director, CA. S. Elangovan, Chairman and Non-Executive



Kandagiri Spinning Mills Limited

Independent Director and Dr. A. Sarayu, Non-Executive Director who were Chairman and Members of Share Transfer committee resigned from the Board and Committee on 08.08.2025. Mr. S. Sivakumar, Managing Director, Mr. Manoj Kumar Maurya, Whole-Time Director and Chief Financial Officer and CA R. Raveendran, Non-Executive Independent Director, were appointed as Chairman and Members of Share Transfer Committee on 08.08.2025.

During the year, four Share Transfer Committee meetings were held on May 10, 2025, August 13, 2025, October 30, 2025 and February 12, 2026. The necessary quorum was present for all the meetings. The attendance of members at the Share Transfer Committee meetings is as shown hereunder:

Name of the Member	Attendance of Members to the Share Transfer Committee Meetings held during the year			
	10.05.2025	13.08.2025	30.10.2025	12.02.2026
Mr. R. Selvarajan*	✓	NA	NA	NA
CA S. Elangovan*	✓	NA	NA	NA
Dr. (Mrs.) A. Sarayu*	✓	NA	NA	NA
Mr. S. Sivakumar	NA	✓	✓	✓
Mr. Manoj Kumar Maurya **	NA	✓	✓	✓
CA (Mr.) R. Raveendran**	NA	✓	✓	✓

* Resigned from Share Transfer Committee with effect from 08.08.2025

** Appointed on the Share Transfer Committee with effect from 08.08.2025

Finance Committee

Finance Committee as on 31st March, 2026 comprises of three members viz, Mr. S. Sivakumar, Managing Director as Chairman, Mr. Adinarayana Sripathy Kumar, Chairman and Non-Executive Director and CA R. Raveendran, Non-Executive Independent Director as Members. During the FY 2025-26, Mr. R. Selvarajan, Managing Director, CA. S. Elangovan, Chairman and Non-Executive Independent Director and Dr. A. Sarayu, Non-Executive Director who were Chairman and Members of Finance Committee resigned from the Board and Committee on 08.08.2025. Mr. S. Sivakumar, Managing Director, Mr. Adinarayana Sripathy Kumar, Chairman and Non-Executive Director and CA R. Raveendran, Non-Executive Independent Director, were appointed as Chairman and Members of Finance Committee on 08.08.2025.

During the year, one Finance Committee meeting was held on 12.12.2025 and Mr. S. Sivakumar, Chairman and all the members of the Committee, Mr. Adinarayana Sripathy Kumar and CA R. Raveendran attended the meeting

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 https://www.kandagirimills.com/myadmin/investers/FILE%208%20KSM_NRCP_2025.pdf. Further, information about elements of remuneration package of individual directors is provided in the Annual Return in prescribed form MGT-7 uploaded in the Company's website www.kandagirimills.com.

Independent Auditors' Report and secretarial Auditors' Report

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



Kandagiri Spinning Mills Limited

Though the Company incurred loss of Rs 325.29 lakhs and erosion in network for the year ended March 31, 2026, your Directors continued their effort to overcome the losses. As a part of measure, your Directors continued to do the yarn trading business and also exploring new business in the coming years. The promoters also started infusing funds and assured to contribute additional funds as and when necessary. Considering the above, the Board of Directors deem it fit to continue adoption of Going Concern Concept in preparation of the financial statements although the Statutory auditors have qualified their opinion with respect to the same.

The Auditors of the Company have not reported any fraud as specified under section 143(12) of the Companies Act, 2013.

Particulars of Employees

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

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

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

Managerial Remuneration

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

Related Party Transactions

Transactions entered with related parties have been explained in Form AOC -2 annexed with this report and forms part of this report. Further, Policy on dealing with Related Party Transactions has been uploaded on the Company's website, under the web link:

https://www.kandagirimills.com/myadmin/investers/FILE%207%20KSM_RPT_2025.pdf

Board Evaluation

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

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

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of criteria such as the Board Composition and structure, effectiveness of the Board processes, information and functioning etc. The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of the criteria such as the composition of



Kandagiri Spinning Mills Limited

committees, effectiveness of committee meetings etc. The Independent Directors were evaluated without the presence of the director getting evaluated.

Independent Director CA R. Raveendran is proposed for reappointment this year, as stated in 50th AGM notice.

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

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

Deposits

Company is not eligible to accept deposits from Public and/or shareholders and accordingly there are no Outstanding/fresh deposits accepted from the public/shareholders covered under Chapter V of the Act and the same has been furnished herein below:-

- i. Deposits at the beginning of the year on 01st April, 2025: 0
- ii. Deposits accepted during the year (2025-26): 0
- iii. Deposits repaid during the year (2025-26): 0
- iv. Deposits outstanding at the end of the financial year on 31st March, 2026: 0
- v. Remained unpaid or unclaimed as at the end of the year: 0
- vi. Any default in repayment of deposits or payment of interest thereon during the year: NIL

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

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

- i. Deposits at the beginning of the year on 01st April, 2025: Rs. 217.68 lakhs
- ii. Deposits accepted from Directors during the year (2025-26): 0
- iii. Deposits repaid during the year (2025-26): Rs 217.68 lakhs
- iv. Deposits outstanding at the end of the financial year on 31st March, 2026: 0
- v. Remained unpaid or unclaimed as at the end of the year: NIL
- vi. Any default in repayment of deposits or payment of interest thereon during the year: NIL

Details of Unsecured loans of Directors:

- i. Unsecured Loans at the beginning of the year on 01st April, 2025: Rs. 1580.00 lakhs
- ii. Unsecured Loans accepted from Directors during the year (2025-26): Rs 1133.50 lakhs
- iii. Unsecured Loans repaid during the year (2025-26): Rs 849.50 lakhs
- iv. Unsecured Loans outstanding at the end of the financial year on 31st March, 2026: Rs.1864.00 lakhs
- v. Remained unpaid or unclaimed as at the end of the year: NIL
- vi. Any default in repayment of deposits or payment of interest thereon during the year: NIL

Cost Audit Report

The total income of the Company for the FY 2024-25 is Rs. 1.96 crore which is below Rs. 35 crore and accordingly the company did not come under the purview of both maintenance of cost records and audit



Kandagiri Spinning Mills Limited

of cost records for the FY 2025-26. Further, the total income of the Company for the FY 2025-26 is Rs. 1.82 crores which is below Rs. 35 crore and accordingly the company will not come under the purview of both maintenance of cost records and audit of cost records for the FY 2026-27.

Directors

The following changes took place in Board of Directors and Key Managerial Personnels (KMPs) of the Company during the year under review.

Resignations of Directors:-

- (i) CA (Mr.) S. Elangovan resigned from position of Chairman and Non-Executive Independent Director on 08.08.2025
- (ii) Mr. R. Selvarajan resigned from position of Managing Director on 08.08.2025
- (iii) Mr. S. Devarajan resigned from position of Non-Executive Director on 08.08.2025
- (iv) Dr. (Mrs.) A. Sarayu resigned from position of Non-Executive Director on 08.08.2025
- (v) Mr. S. Vijay Shankar resigned from position of Chief Financial Officer on 08.08.2025

Appointments of Directors:-

All the appointments and reappointments of Directors/KMPs were duly recommended and approved by Nomination and Remuneration Committee, Audit Committee, Board of Directors and shareholders of the Company as applicable.

- (i) Mr. Adinarayana Sripathy Kumar was appointed as an Additional Director (Non-Executive) on 08.08.2025 and further appointed as Chairman and Non-Executive Director, liable to retire by rotation at the 49th AGM held on 29.09.2025 by passing of Ordinary Resolution by Shareholders
- (ii) Appointment of Non-Executive Director Mr. S. Sivakumar as Managing Director of the Company for a period of three years from 08.08.2025 to 07.08.2028, not liable to retire by rotation on a remuneration of Rs. 1,00,000/- per month at the 49th AGM held on 29.09.2025 by passing of Special Resolution by Shareholders.
- (iii) Appointment of Mr. Manoj Kumar Maurya as Additional Director (Non-Executive) and Chief Financial Officer of the Company on 08.08.2025 and further Whole-time Director and Chief Financial Officer of the Company, liable to retire by rotation for a period of three years from 08.08.2025 to 07.08.2028 on a remuneration of Rs. 75,000/- per month at the 49th AGM held on 29.09.2025 by passing of Special Resolution by Shareholders
- (iv) Appointment of CA R. Raveendran as an Additional Director (Non-Executive, Independent) of the Company on 08.08.2025 and further appointed as Non-Executive Independent Director of the Company, not liable to retire by rotation at the 49th AGM held on 29.09.2025 to hold office for first term from 08.08.2025 to till the conclusion of 50th AGM of the Company, by passing of Ordinary Resolution by Shareholders.
- (v) Reappointment of CS Nattery Srinivasan Poornima as Non-Executive Independent Director of the Company, not liable to retire by rotation for a second term of one year from 08.08.2025 to 07.08.2026 at the 49th AGM held on 29.09.2025 by passing of Special Resolution by Shareholders. On completion of tenure, CS Nattery Srinivasan Poornima retired from the position of Non-Executive Independent Director of the Company with effect from end of business hours on 07.08.2026.
- (vi) Appointment of CS Kannan Anjana Margatham as Additional Director (Non-Executive, Independent) with effect from 08.08.2026 and shall hold office upto the 50th AGM of the Company.



Kandagiri Spinning Mills Limited

Directors proposed for appointment/reappointment:-

On the recommendation of Nomination and Remuneration Committee and Board of Directors, the following Directors are proposed for appointment/ reappointment at the ensuing 50th AGM of the Company for approval of shareholders:

- (i) Reappointment of retiring Director, Chairman and Non-Executive Director Mr. Adinarayana Sripathy Kumar as per the resolution stated in notice of 50th AGM.
- (ii) Reappointment of CA R. Raveendran as Non-Executive Independent Director of the Company, not liable to retire by rotation to hold office for second term of five years from 25.09.2026 to 24.09.2031 as per the resolution stated in notice of 50th AGM.
- (iii) Appointment of CS Kannan Anjana Maragatham as Non-Executive Independent Director of the Company, not liable to retire by rotation to hold office for first term of five years from 08.08.2026 to 07.08.2031 as per the resolution stated in notice of 50th AGM.

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

Considering the financial position of the Company promoter Directors viz., Managing Director Mr. S. Sivakumar and Whole-time Director and Chief Financial Officer Mr. Manoj Kumar Maurya waived their remuneration during the financial year 2025-26 and Chairman and Non-Executive Director Mr. Adinarayana Sripathy Kumar waived his sitting fees of Board and Committee Meetings attended during the financial year 2025-26, Former Director/KMP viz., Mr. R. Selvarajan, Managing Director and Mr. S. Vijay Shankar, Chief Financial Officer did not receive any remuneration during the period they held office in the financial year 2025-26.

Auditors

M/s Krishnen & Associates, Chartered Accountants had tendered their resignation as Statutory Auditors of the Company with effect from 13.08.2025 due to their preoccupation with other personal and professional commitments.

On the recommendation of Audit Committee, Board of Directors at their meeting held on 13th August, 2025 have appointed M/s SSAL & Associates, Chartered Accountants (Firm registration No: 021621S) as the Statutory Auditors of the Company with effect from 13.08.2025 to till the conclusion of 49th Annual General Meeting of the Company to fill the casual vacancy caused by the resignation of M/s Krishnen & Associates, Chartered Accountants and it is further approved by the shareholders at the 49th AGM of the Company held on 29.09.2025.

Further, on the recommendation of Audit Committee and Board of Directors, at the 49th AGM of the Company held on 29.09.2025, M/s SSAL & Associates, Chartered Accountants (Firm registration No: 021621S) were appointed by the shareholders as the Statutory Auditors of the Company for a term of five years to hold office from the conclusion of 49th AGM of the Company to the conclusion of 54th AGM of the Company to be held in the year 2030.

Statutory Auditors M/s SSAL & Associates, Chartered Accountants (Firm registration No: 021621S) confirmed their eligibility and willingness to continue their office for the FY 2026-27. On the recommendation



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of the Audit Committee, Board of Directors has placed the resolution for the remuneration payable to the statutory Auditors for the FY 2026-27 before the shareholders for approval.

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

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the note 41 of the notes to the Standalone financial statements.

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

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. The Company has set up a Committee for addressing issues related to women.

During the financial year 2025-26, the Company has complied with all the provisions of the POSH Act and the rules framed thereunder. Further details are as follows:

- a. Number of complaints of Sexual Harassment received in the year: Nil
- b. Number of Complaints disposed off during the year: Nil
- c. Number of Cases pending for more than ninety days: Nil

Cessation of Associate Company

On the recommendation of Audit Committee and approval of Board of Directors at their meetings held on 12.02.2026, Company had sold entire shares (20,00,000 equity shares) of Associate Company M/s SPMM Health Care Services Private Limited at a price of Rs 11.44/- per equity share (sale price fixed based on valuation report) on 26.02.2026. Accordingly, SPMM Health Care Services Private Limited ceased to be an Associate Company to Kandagiri Spinning Mills Limited ("Company") with effect from 26.02.2026. Hence salient features on financial statements of Associate Company in Form AOC-1 is not applicable and not provided.

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

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

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

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

Credit rating of securities

The necessary to obtain credit rating does not arise to the Company during the year under review.

General Disclosures

- There is no proceeding initiated or pending under the Insolvency and Bankruptcy Code, 2016
- There was no instance of onetime settlement with any Bank or Financial Institution
- The compliance attracting the provisions of Maternity Benefit Act, 1961 did not arise during the year



Kandagiri Spinning Mills Limited

Annexures to this Report

The following are the annexures to this report

1. Director's Responsibility Statement in Annexure 1
2. Form AOC – 2 in Annexure 2
3. Secretarial Audit Report (Form MR-3) in Annexure 3
4. Particulars of Remuneration in Annexure 4
5. MD/CFO Certification in Annexure 5

Cautionary Note

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

Acknowledgement

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

For and on behalf of the Board

Salem
August 12, 2026

Adinarayana Sripathy Kumar
Chairman
(DIN: 00593797)



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 2025-26, the applicable accounting standards have been followed and there are no material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the financial year;
- iii. they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating properly; and
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Annexure-2

Form No.AOC-2

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

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

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

NOTE:

Related party transactions (which are of repetitive nature including transactions which are exempted under fourth proviso to section 188(1) of Companies Act, 2013 and are duly reviewed by Audit Committee and Board of Directors and does not fall under the purview of disclosure under Form AOC – 2) carried out during the FY 2025-26 by the Company are given in note 33 to the Notes to the Standalone financial statements under Ind AS 24 disclosures. There were no materially significant transactions with Related Parties during the financial year 2025-26 which were in conflict with the interest of the Company. Further, Company is exempted from the provisions of regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which deals with related party transactions.

Salem
August 12, 2026

Adinarayana Sripathy Kumar
Chairman
DIN: 00593797



**KUVS & ASSOCIATES
COMPANY SECRETARIES.**

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

FORM NO. MR-3

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2026**

[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 (CIN L17111TZ1976PLC000762), having its registered office at Mill Premises, Post Bag No.3, Udayapatti P.O., Salem – 636140 (hereinafter referred to as “the Company”) for the audit period covering the financial year ended on 31st March 2026.

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 ‘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 2026 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 2026, 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;



Kandagiri Spinning Mills Limited

- (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, 2025 regarding the Companies Act and dealing with client;

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

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

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

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

- (i) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (ii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (b) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - (c) The Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021;
 - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; 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. One meeting of board and Audit committee were held at shorter notice with the consent of the directors.

All decisions were carried out with majority and any dissenting members' views are captured and recorded as part of the minutes. But there were no dissenting views during the year under report.

The Company had filed the forms and returns, with the concerned authorities under the Ministry of Corporate Affairs such as the Registrar of Companies, Regional Director, Central Government, the Tribunal, Court, etc as the case may be within/beyond the prescribed time.



Kandagiri Spinning Mills Limited

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, except the below mentioned events, having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc., referred to above.

- a) There is erosion of networth and we are of the opinion that this is an indication of existence of material uncertainty in the Company's ability to continue as a going concern.
- b) As per the terms of Share purchase Agreement, the promoters of the Company had transferred their 23,28,721 (60.76%) equity shares to Akshayam Creations LLP in different tranches on 24.04.2025, 04.07.2025 and 15.07.2025 Acquirer ("Akshayam Creations LLP") had also acquired 1000 shares from public shareholders through open offer out of the offer made by the acquirer to the public for the acquisition of upto 10,00,805 Equity shares of Rs.10/- each.

The Open Offer was completed on 26th May, 2025

- c) There was change in the management of the Company during the year under review.
- d) There was change in the auditors of the Company during the year under review.
- e) During the period under review, the Company disposed of its entire investments in its associate, SPMM Health Care Services Private Limited. SPMM Health Care Services Private Limited ceased to be an associate of the Company.

FOR KUVS & ASSOCIATES
COMPANY SECRETARIES

PLACE : TIRUCHIRAPALLI
DATE : 12-08-2026.

CS (V. SANKAR) PARTNER
PRACTISING COMPANY SECRETARY
C.P. No.: 26960. M. NO. A7677
UDIN: A007677H001082113
Peer Review Cert No.: 6318/2024
ICSI Unique code: P2024TN102800

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



Kandagiri Spinning Mills Limited

**KUVS & ASSOCIATES
COMPANY SECRETARIES.**

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

**ANNEXURE TO SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2026
OF
M/s. KANDAGIRI SPINNING MILLS LIMITED**

1. Maintenance of secretarial records, websites with reference to the provisions of the Companies Act, 2013 & the Rules thereunder and the maintenance of records, softwares, websites 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 regarding compliance thereof by the Company and verification of procedure on test basis.
2. The audit was conducted in accordance with applicable Standards issued by the Institute of Company Secretaries of India. We have followed the audit practices and procedures as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our Secretarial Audit. The verifications were done on a random test basis to ensure the correctness of the facts reflected in the records.
3. The timely dissemination of the documents/ information under a separate section on the website is based on the declaration by the Management and availability of records on the website of the Company as on the date of audit.
4. We have obtained the Management representation about the compliance of Laws, Rules and Regulations and occurrence of events. As per the Management representation furnished to us there is no law exclusively applicable for this Company other than all Laws applicable for the sector under which the activities of the Company fall and hence there is no report to be given therefor.
5. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**FOR KUVS & ASSOCIATES
COMPANY SECRETARIES**

PLACE : TIRUCHIRAPALLI
DATE : 12-08-2026.

**CS (V. SANKAR) PARTNER
PRACTISING COMPANY SECRETARY
C.P. No.: 26960. M. NO. A7677
UDIN: A007677H001082113
Peer Review Cert No.: 6318/2024
ICSI Unique code: P2024TN102800**



PARTICULARS OF REMUNERATION

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

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

NON EXECUTIVE DIRECTORS \$	RATIO TO MEDIAN REMUNERATION
CA S. Elangovan *	-
Mr. S. Devarajan * #	-
Dr. A. Sarayu * #	-
Mr. Adinarayana Sripathy Kumar** #	-
CA R. Raveendran **	-
CS Natterry Srinivasan Poornima	-
EXECUTIVE DIRECTORS	
Mr. R. Selvarajan, MD* @	-
Mr. S. Sivakumar, MD** #	-
Mr. Manoj Kumar Maurya ** #	-

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

NON EXECUTIVE DIRECTORS \$	% Increase in Remuneration
CA S. Elangovan *	-
Mr. S. Devarajan * #	-
Dr. A. Sarayu * #	-
Mr. Adinarayana Sripathy Kumar** #	-
CA R. Raveendran **	-
CS Natterry Srinivasan Poornima	
EXECUTIVE DIRECTORS	
Mr. R. Selvarajan, MD* @	-
Mr. S. Sivakumar, MD** #	-
Mr. Manoj Kumar Maurya ** #	-
CHIEF FINANCIAL OFFICER	
Mr. S. Vijay Shankar * @	-
Mr. Manoj Kumar Maurya ** #	-
COMPANY SECRETARY	
Ms. J. Asifa	33.33

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

* Directors/KMP resigned with effect from 08.08.2025

** Directors/KMPs appointed with effect from 08.08.2025

@ Director/KMP didn't receive any remuneration during FY 2025-26

Considering the financial position of the Company, Promoter Directors/KMPs waived off their remuneration/sitting fees during FY 2025-26



Kandagiri Spinning Mills Limited

- (c) percentage increase in median remuneration of the employees during the financial year: Nil
- (d) the number of permanent employees on the rolls of the company: 5
- (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

Managing Director, Whole-Time Director and Chief Financial Officer didn't receive any remuneration during the financial year 2025-26.

- (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

Salem
August 12, 2026

Adinarayana Sripathy Kumar
Chairman
DIN: 00593797



MD / CFO CERTIFICATION

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

We, S. Sivakumar, Managing Director and Manoj Kumar Maurya, Whole-Time Director and Chief Financial Officer of Kandagiri Spinning Mills Limited, to the best of our knowledge and belief certify that:

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

Salem
12.08.2026

S. Sivakumar
Managing Director
DIN: 00002099

Manoj Kumar Maurya
Whole-Time Director and
Chief Financial Officer
DIN :00289669



INDEPENDENT AUDITORS' REPORT

To the Members of Kandagiri Spinning Mills Limited Report on the Audit of the Standalone financial statements Qualified Opinion

1. We have audited the Standalone financial statements of Kandagiri Spinning Mills Limited (the "Company") which comprise the standalone balance sheet as at 31 March 2026, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the Standalone financial statements, including material accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, **except as stated in the Basis of Qualified Opinion paragraph below**, the aforesaid standalone financial statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian accounting standards) Rules 2015, as amended ("IND AS") and other Accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2026, and its loss, including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

3. We draw your attention to the fact that the Company's net worth has been fully eroded as at March 31, 2026. Further, the Company has incurred a loss of Rs. 325.29 lakhs during the year ended March 31, 2026. Although the Company continues to carry on its yarn trading business, it continues to incur losses. In our opinion, these conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The accompanying standalone financial statements have been prepared without incorporating any adjustments that may become necessary should the Company be unable to continue as a going concern. Management has represented that no further adjustments are required to the carrying values of assets and liabilities or to the Standalone financial statements, even if the going concern basis of accounting is not adopted.
4. We have conducted our audit in accordance with the Standards on Auditing (SA') specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone financial statements.



Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone financial statements of the financial year ended March 31, 2026. These matters were addressed in the context of our audit of the Standalone financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.
6. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

A. Revenue Recognition
Key Audit Matter Description

Reference may be made to note 3 of Material accounting policies and note 21 to the Standalone financial statements of the Company.

The Company's revenue is derived primarily from trading of goods. Revenue from trading of goods is recognised when control of the products being sold is transferred to the customer and there are no longer any unfulfilled performance obligations. The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on terms with customers. Inappropriate assessment could lead to risk of revenue being recognized before transfer of control.

Response to Key Audit Matter

In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:

- a. Assessing the appropriateness of the accounting policy for revenue recognition with relevant Indian accounting standard - 115;
- b. Evaluating the design and implementation of the Company's key internal financial controls in relation to timing of revenue recognition and tested the operating effectiveness of such controls for selected samples;
- c. Performing detailed testing by selecting samples of revenue transactions recorded during the year and around the year end date using statistical sampling. We assessed fulfilment of performance obligations during the year by verifying the underlying documents. These documents included contract specifying terms of sale, invoices, goods dispatch notes, shipping documents and customer acceptances, as applicable,
- d. Testing, on a sample basis using specified risk-based criteria, journal entries affecting revenue recognised during the year to identify unusual items.

We also considered the adequacy of the disclosures in Company's standalone financial statements in relation to Ind AS 115 and whether they meet the disclosure requirements. Conclusion Based on the procedures performed above, we did not find any material exceptions with regards to adoption of Ind AS 115 and timing of revenue recognition.



Kandagiri Spinning Mills Limited

Other Matter

7. During the year ended 31st March 2026, the Company disposed of its investment in its associate, SPMM Health Care Services Private Limited, by transferring its shareholding for a total consideration of Rs. 2,28,80,000. Consequently, as of 31st March 2026, SPMM Health Care Services Private Limited no longer qualifies as an associate of the Company and has accordingly been derecognized from the balance sheet.

Information Other than the Standalone financial statements and Auditor's Report Thereon

8. The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in Annual Report but does not include the Standalone financial statements and auditor's report thereon.
9. Our opinion on the Standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
10. In connection with our audit of the Standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors and those charged with Governance for the Standalone financial statements

11. The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
12. In preparing the Standalone financial statements, management and Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
13. The Management and Board of Directors are also responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Standalone financial statements

14. Our objectives are to obtain reasonable assurance about whether the Standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
15. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the Standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure, and content of the Standalone financial statements, including the disclosures, and whether the Standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
16. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
17. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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

Report on Other Legal and Regulatory Requirements

19. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
20. As required by Section 143 (3) of the Companies Act, 2013, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The balance sheet, the statement of profit and loss including other Comprehensive income, the statement of changes in equity and the cash flow statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the IND AS specified under Section 133 of the Act read with the relevant rules issued thereunder.
 - (e) On the basis of the written representations received from the directors as on March 31, 2026, taken on record by the board of directors, none of the directors is disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the Internal Financial Controls Over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure "B".
 - (g) The company has not paid/provided any managerial remuneration to the directors of the Company and hence the question of compliance of requisite approvals mandated by the provisions of Section 197 of Act read with Schedule V to the Act does not arise.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanation given to us:
 - i.) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. (Refer Note 35 to the Standalone financial statements).
 - ii.) The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2026.
 - iii.) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.



Kandagiri Spinning Mills Limited

- iv.) (a) The Management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The Management has represented, that, to the best of it's knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v.) The company has not declared or paid any dividend during the year.
- vi.) Based on our examination which included test checks, the company has used accounting software for maintaining its books of account, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software. Further, for the periods where audit trail (edit log) facility was enabled and operated throughout the year for the respective accounting software, we did not come across any instance of the audit trail feature being tampered with. Further the audit trail has been preserved by the company as per the statutory requirements for record retention.

Place : Salem
Date : 30-05-2026

For S S A L & ASSOCIATES
Chartered Accountants
FRN: 021621S

R Soundarya
Partner
M.No. 226944
UDIN: 26226944UDNPHR4152



Kandagiri Spinning Mills Limited

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS

(Referred to in paragraph 19, under ‘Report on Other Legal and Regulatory Requirements’ section of our Report of even date)

- I. In respect of the Company’s Property, Plant and Equipment:
 - (a) (A) The company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
(B) The company does not have any intangible assets.
 - (b) The Company has a programme of verification to cover all the items of Property, Plant and Equipment in regular intervals during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the company and the nature of its Property, Plant and Equipment.
 - (c) Based on our examination of the records of the company, the title in respect of self-constructed buildings and title deeds of all other immovable properties disclosed in the Standalone financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.
 - (d) The Company has not revalued its Property, Plant and Equipment or intangible assets during the year.
 - (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- II.
 - (a) The Company did not maintain any inventory during the year . Accordingly, paragraph 3(ii)(a) of the Order is not applicable .
 - (b) The company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, during the year by banks or financial institutions on the basis of security of current assets at any point of time during the year. Accordingly, paragraph 3(ii)(b) of the Order is not applicable.
- III. According to the information and explanations given to us, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable.
- IV. According to information and explanation given to us, the Company has not granted any loans, secured or unsecured, to any party covered by provisions of sections 185 and 186 of the Companies Act, 2013. Hence reporting on whether there is a compliance with the said provisions does not arise.
- V. According to information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from public within the meaning of sections 73 to 76 of the Act and the Rules framed there under. Accordingly paragraph 3(v) of the Order is not applicable.



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- VI. The Company has not carried out any manufacturing activities or provided any services for which maintenance of cost records has been prescribed by the Central Government under Section 148(1) of the Companies Act, 2013. Accordingly, the provisions relating to the maintenance of cost records are not applicable to the Company.
- VII. According to the information and explanations given to us and the books of account examined by us, in respect of statutory dues:
- the company is generally regular in depositing amounts of undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Goods and Service tax, duty of customs, duty of excise, value added tax, Cess, and other material statutory dues as applicable to the appropriate authorities during the year. There were no material undisputed amounts payable in respect of the aforesaid statutory dues outstanding as at March 31, 2026, for a period of more than six months from the date they became payable.
 - there are no statutory dues referred to in above sub-clause, which have not been deposited on account of any dispute with the relevant authorities, except dues of corporation tax, state levies and employees state insurance that have not been deposited on account of disputes as detailed hereunder:

Name of the Statute	Nature of Dues	Net Amount (In Rs. Lakhs) of Disputed dues	Period to which the Amount Relates	Forum where Dispute is Pending
Sales tax	VAT	0.36	2000-01	Sales tax appellate Tribunal

- VIII. As per the information and explanation given to us, there were no transactions previously not recorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- IX. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
 - In our opinion and according to the information and explanations given to us by the management, the Company has not obtained any term loans. Accordingly, clause 3(ix)(c) of the Order is not applicable.
 - On an overall examination of the Standalone financial statements of the Company, funds raised on short- term basis have, prima facie, not been used during the year for long-term purposes by the Company.
 - On an overall examination of the Standalone financial statements of the company, the company has not taken any loans from any entity or person on account of or to meet the obligations of its associates. The Company does not hold any investment in any associates or joint ventures (as defined under the Act) during the year ended 31 March 2026.



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- (f) On an overall examination of the Standalone financial statements of the company, the company has not raised any loans during the year on the pledge of securities held in subsidiaries, joint venture or associate companies.
- X. (a) As per the information and explanation given to us, the Company has not raised any monies by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under the provisions of Clause 3(x)(a) of the Order does not arise.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares (covered by section 42 and section 62 (1)c of the Companies Act, 2013) or fully or partly convertible debentures and hence reporting under clause 3(x)(b) of the Order is not applicable.
- XI. (a) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- XII. The Company is not a Nidhi Company and accordingly the provisions of Clause 3(xii) of the Order is not applicable to the Company.
- XIII. In our opinion and according to the information and explanations given to us all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable. The details of the transactions during the year have been disclosed in the Standalone financial statements as required by the applicable Accounting Standards.
- XIV. (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports for the year under audit, issued to the Company during the year, in determining the nature, timing and extent of our audit procedures.
- XV. In our opinion, the Company has not entered into any non-cash transactions during the year, with its Directors or persons connected with its directors. Accordingly, the reporting on compliance with the provisions of section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.
- XVI. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016). Accordingly the paragraph of clause 3(xvi)(d) of the Order is not applicable.



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XVII. The company has incurred cash losses of Rs.283.64 lakhs during the financial year covered by our audit and incurred cash losses of Rs. 44.89 lakhs in the immediately preceding financial year.

XVIII. During the year, the previous Statutory Auditor resigned from office, and a new Statutory Auditor was appointed by the Company in accordance with the provisions of the Companies Act, 2013. We have considered the resignation letter issued by the outgoing Statutory Auditor and noted that no issues, objections or concerns were raised by the outgoing Statutory Auditor in connection with the resignation.

XIX. According to the information and explanations given to us and on the basis of

- (i) The financial ratios,
- (ii) Ageing and expected dates of realization of financial assets and payment of financial liabilities,
- (iii) Other information accompanying the Standalone financial statements,
- (iv) Our knowledge of the Board of Directors and management plans and
- (v) Based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. However we have considered and relied upon the support to be provided by the promoters of the company to discharge the liabilities of the company as and when they fall due and accordingly not modified our report in this respect. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

XX. There are no unspent amounts towards Corporate Social Responsibility (CSR) in compliance the provisions of section 135 and accordingly reporting under clause 3(xx)(a) of the Order is not applicable.

XXI. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

For S S A L & ASSOCIATES
Chartered Accountants
FRN: 021621S

R Soundarya
Partner
M.No. 226944

UDIN: 26226944UDNPHR4152

Place : Salem
Date : 30-05-2026



ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 20(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

1. We have audited the Internal Financial Controls Over Financial Reporting of **Kandagiri Spinning Mills Limited** (“the Company”) as of March 31, 2026, 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 and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (‘Act’).

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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the 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, 2026, 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 S S A L & ASSOCIATES
Chartered Accountants
FRN: 021621S

Place : Salem
Date : 30-05-2026

R Soundarya
Partner
M.No. 226944
UDIN: 26226944UDNPHR4152



Kandagiri Spinning Mills Limited

Standalone Balance Sheet as at March 31, 2026

Particulars	Notes	31.03.2026 Rs in lakhs	31.03.2025 Rs in lakhs
ASSETS			
Non current assets			
Property, plant and equipment	1	962.38	1,003.96
Capital work-in-progress			
Financial assets			
Investments	2	-	200.00
Other financial asset	3	62.88	62.88
Other non-current assets	4	-	2.00
		1,025.26	1,268.84
Current assets			
Inventories	5	-	-
Financial assets			
Trade receivables	6	-	64.36
Cash and cash equivalents	7a	50.63	0.39
Other Bank balances	7b	2.29	2.60
Other financial assets	8	8.06	7.50
Advance tax assets(net)	9	-	0.13
Other current assets	10	2.15	1.96
		63.13	76.94
Total assets		1,088.39	1,345.78
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	385.74	385.74
Other equity	12	(1,436.41)	(1,111.10)
		(1,050.67)	(725.36)
Non-current liabilities			
Financial liabilities			
Borrowings	13	1,864.00	1,797.68
Deferred tax liabilities (net)	14	-	-
Provisions	15	-	-
		1,864.00	1,797.68
Current liabilities			
Financial liabilities			
Borrowings	16	-	-
Trade payables	17	-	-
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		0.07	77.55
Provisions	18	-	-
Other financial liabilities	19	269.41	191.76
Other current liabilities	20	5.58	4.15
		275.06	273.46
Total equity and liabilities		1,088.39	1,345.78

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

As per our report of even date

For and on behalf of the board

For **S S A L & Associates**

Chartered Accountants

FRN.021621S

Adinarayana Sripathy Kumar

Chairman

DIN : 00593797

S Sivakumar

Managing Director

DIN : 00002099

R Soundarya - Partner

M.No. 226944

Salem

May 30, 2026

UDIN : 26226944UDNPHR4152

Manoj Kumar Maurya

Whole - time Director and Chief Financial Officer

DIN : 00289669

J. Asifa

Company Secretary

M. No: FCS10099



Kandagiri Spinning Mills Limited

Standalone Statement of Profit and Loss for the period ended March 31, 2026

Particulars	Note No.	31.03.2026 Rs. in lakhs	31.03.2025 Rs. in lakhs
Income			
Revenue from operations	21	181.59	195.73
Other income	22	38.94	7.37
Total income		220.53	203.10
Expenses			
Cost of materials consumed	23	170.08	182.62
Changes in inventories of finished goods and work-in- progress	24	-	-
Employee benefits expense	25	86.94	18.72
Finance cost	26	217.29	23.79
Depreciation and amortization expense	27	41.64	34.39
Other expenses	28	29.86	22.86
Total Expenses		545.82	282.38
Profit/(loss) before exceptional items and tax		(325.29)	(79.28)
Exceptional item		-	-
Profit/(loss) before tax		(325.29)	(79.28)
Tax expense:			
Current tax - current year (refer note no.29b)		-	-
- prior year withdrawal		-	-
Deferred tax		-	-
Income tax expense		-	-
Profit/(loss) for the period from continuing operations		(325.29)	(79.28)
Other comprehensive income			
Other comprehensive income not to reclassified to profit or loss in subsequent periods		-	-
Re-measurement gains/(losses) on defined benefit plans		-	-
Income tax effect		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		(325.29)	(79.28)
Earning per share (Face value Rs.10 per share)			
-Basic and diluted (Rs.) (Refer note 31)		(8.45)	(2.06)

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

As per our report of even date
For **S S A L & Associates**
Chartered Accountants
FRN.021621S

For and on behalf of the board

Adinarayana Sripathy Kumar
Chairman
DIN :00593797

S Sivakumar
Managing Director
DIN :00002099

R Soundarya - Partner
M.No. 226944
Salem
May 30, 2026
UDIN : 26226944UDNPHR4152

Manoj Kumar Maurya
Whole - time Director and Chief Financial Officer
DIN :00289669

J. Asifa
Company Secretary
M. No: FCS10099



Kandagiri Spinning Mills Limited

Statement of Standalone Cash Flows for the year ended March 31, 2026

Particulars		31.03.2026 Rs in lakhs	31.03.2025 Rs in lakhs
Cash Flows from Operating Activities			
Profit/(Loss) before Tax		(325.29)	(79.28)
Adjustments for :			
Depreciation		41.64	34.39
Interest Expense		217.29	23.79
Interest Income		(0.17)	(0.46)
(Profit)/loss on sale of PPE/Investments		(28.80)	(6.91)
Net gain or loss arising on financial asset mandatorily measured at FVTPL		-	-
Operating profit before working capital changes		(95.32)	(28.46)
Adjustments for changes in :			
Inventories		-	-
Trade receivables		64.36	94.41
Non current and current financial assets		(0.25)	(7.67)
Other non-current and current assets		1.94	6.24
Trade payables		(77.48)	(137.86)
Non current and current financial liabilities		77.65	105.24
Other non Current and current Liabilities		1.42	(1.90)
Other non current and current provisions		-	-
		(27.67)	29.99
Income Tax paid			
Net Cash Flow from Operating Activities	(A)	(27.67)	29.99
Cash Flows from Investing Activities			
Payments for acquisition of property, plant and equipment		(0.05)	(0.31)
Proceeds from sale of PPE/Investments		228.80	6.91
Interest received		0.17	0.46
	(B)	228.92	7.06
Cash Flows from Financing Activities			
Finance cost paid		(217.29)	(23.79)
Proceeds from long term borrowings - money received from directors		1,140.81	1,207.48
Repayments of long term borrowings - money repaid to directors		(1,074.53)	(1,221.07)
	(C)	(151.01)	(37.38)
Net Cash Flow from Financing Activities			
NET CASH INFLOW / (OUTFLOW)	(A+B+C)	50.24	(0.34)
Opening Cash and Cash Equivalents	(D)	0.39	0.73
Closing Cash and Cash Equivalents	(E)	50.63	0.39
NET INCREASE/ (DECREASE) IN CASH	(E-D)	50.24	(0.34)

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

As per our report of even date

For and on behalf of the board

For **S S A L & Associates**

Chartered Accountants

FRN.021621S

Adinarayana Sripathy Kumar

Chairman

DIN :00593797

S Sivakumar

Managing Director

DIN :00002099

R Soundarya - Partner

M.No. 226944

Salem

May 30, 2026

UDIN : 26226944UDNPHR4152

Manoj Kumar Maurya

Whole - time Director and Chief Financial Officer

DIN :00289669

J. Asifa

Company Secretary

M. No: FCS10099



Kandagiri Spinning Mills Limited

Statement of Changes in Equity for the period ended March 31, 2026

A. Equity share Capital

Rs in lakhs

Particulars	Balance as on 01.04.2025	Changes in equity share capital during the year	Balance at the end of March 31, 2026	Changes in equity share capital during the year	Balance at the end of March 31, 2026
Equity Share Capital	385.74	-	385.74	-	385.74

B. Other Equity

Rs in lakhs

Particulars	Reserves & Surplus			Total
	Securities Premium	General Reserve	Retained Earnings	
Balance at the beginning of April 1, 2024	548.62	2,229.04	(3,809.48)	(1,031.82)
(Loss) for the year	-	-	(79.28)	(79.28)
Other Comprehensive income	-	-	-	-
Total Comprehensive income for the year	-	-	(79.28)	(79.28)
Balance at the end of March 31, 2025	548.62	2,229.04	(3,888.76)	(1,111.10)
Profit for the year	-	-	(325.29)	(325.29)
Other Comprehensive income	-	-	-	-
Total Comprehensive income for the year	-	-	(325.29)	(325.29)
Balance at the end of March 31, 2026	548.62	2,229.04	(4,214.05)	(1,436.41)

Other comprehensive income includes Actuarial Gain/(Loss) on remeasurement of defined benefit plans.

Notes:

- No Dividend was declared/paid during the year.
- Share application money pending allotment, Equity component of Compound financial instruments, Capital Reserves, Debt/Equity instruments through OCI, effective portion of cash flow hedges, etc Rs.Nil (2024-25 Rs.Nil)

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

As per our report of even date
For **S S A L & Associates**
Chartered Accountants
FRN.021621S

For and on behalf of the board

Adinarayana Sripathy Kumar
Chairman
DIN :00593797

S Sivakumar
Managing Director
DIN :00002099

R Soundarya - Partner
M.No. 226944
Salem
May 30, 2026
UDIN : 26226944UDNPHR4152

Manoj Kumar Maurya
Whole - time Director and Chief Financial Officer
DIN :00289669

J. Asifa
Company Secretary
M. No: FCS10099



Kandagiri Spinning Mills Limited

Notes annexed to and forming part of the Standalone Financial Statements

1. PROPERTY, PLANT AND EQUIPMENT (PPE)

2025-26	Gross Carrying Amount(Cost/deemed cost)					Accumulated depreciation/Impairment			Net Carrying Amount
	01.04.2025	Additions	(Deletions)	31.03.2026		Upto 31.03.2025	Charge for the year	Disposal	Upto 31.03.2026
Land - Freehold land	510.24	-	-	510.24		-	-	-	510.24
Buildings	749.80	-	-	749.80		284.42	30.30	-	435.08
Furniture and Fixtures	5.82	-	-	5.82		2.80	0.49	-	2.53
Vehicles	74.18	-	-	74.18		49.28	10.66	-	14.24
Office equipment	0.92	0.05	-	0.97		0.50	0.20	-	0.27
Total	1,340.96	0.05	-	1,341.01		337.00	41.64	-	962.38

Description	01.04.2025	Additions	Capitalisation	31.03.2026
Capital work in progress	-	-	-	-

Description	31.03.2026			
	Less than 1 year	1-2 years	More than 3 years	Total
Projects in progress	-	-	-	-
Projects temporarily suspended	-	-	-	-



Rs in lakhs

2024-25	Gross Carrying Amount(Cost/deemed cost)				Accumulated depreciation			Net Carrying Amount
	01.04.2024	Additions	(Deletions)	31.03.2025	Upto 31.03.2024	Charge for the year	Disposal	Upto 31.03.2025
Land - Freehold land	510.24	-	-	510.24	-	-	-	510.24
Buildings	749.80	-	-	749.80	255.25	29.17	-	465.38
Furniture and Fixtures	5.82	-	-	5.82	2.31	0.49	-	3.02
Vehicles	74.18	-	-	74.18	44.64	4.64	-	24.90
Office equipment	0.61	0.31	-	0.92	0.41	0.09	-	0.42
Total	1,340.65	0.31	-	1,340.96	302.61	34.39	-	1,003.96

Description	01.04.2024	Additions	Capitalisation	31.03.2025
Capital work in progress	-	-	-	-

Description	31.03.2025			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Projects in progress	-	-	-	-
Projects temporarily suspended	-	-	-	-
				Total

Note:

1. Impairment loss recognized/reversed during the year Rs.Nil (2024-25 Rs.Nil)
2. Amount of contractual commitments for acquisition of property, plant and equipment - refer note no.36
3. There are no overdue/overrun projects in CWIP
4. There is no proceedings have been initiated during the year or are pending against the company as at March 31, 2026 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
5. Capital work-in-progress (CWIP) whose completion is overdue or has exceeded its cost compared to its original plan Rs.Nil (2024-25 Rs.Nil)
6. CWIP is to be completed in less than 1 year.
7. All the immovable properties are held in the name of the company



Kandagiri Spinning Mills Limited

Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2026	31.03.2025
	Rs. in lakhs	Rs. in lakhs
2. Non current financial asset - Investments		
Unquoted		
Investments in Equity instruments		
Associates		
Equity shares of Rs.10 each in		
SPMM Health Care Services Private Limited (2026 : Nil, 2025 : 20,00,000)	-	200.00
	-	200.00
a. Aggregate value of unquoted investments	-	200.00
Aggregate value of impairment in value of investments		
b. Investments are fully paid-up unless otherwise stated		
3. Non current - Other financial asset		
Security deposit	62.88	62.88
Employee advances	-	-
	62.88	62.88
4. Other non current assets		
(Unsecured, considered good)		
Balances with Government authorities (paid under protest)	-	2.00
	-	2.00
5. Inventories		
Raw materials	-	-
Work-in-progress	-	-
Finished goods	-	-
Stores and spares	-	-
Note:		
1. Cost of materials consumed during the year, refer note no.23		
2. Provision for obsolete/slow moving stock - Rs. Nil (2024-25 Rs. Nil)		
6. Trade receivables		
Undisputed, Unsecured - considered good related parties	-	-
Undisputed, Unsecured - considered good others	-	64.36
Undisputed, Unsecured - credit impaired	-	-
	-	64.36

Particulars	Outstanding as at March 31, 2026 for the following periods from due date of payment				
	Not due	Less than 6 months	6 months - 1 year	1-2 years	Total
a) Undisputed Trade receivables-considered good-Related Parties		-	-	-	
b) Undisputed Trade receivables-considered good-others	0.00	-	-	-	0.00
c) Undisputed which have significant credit risk		-	-	-	
d) Undisputed credit impaired		-	-	-	
e) Disputed trade receivables		-	-	-	
Total	0.00	0.00	0.00	0.00	0.00

Particulars	Outstanding as at March 31, 2025 for the following periods from due date of payment				
	Not due	Less than 6 months	6 months - 1 year	1-2 years	Total
a) Undisputed Trade receivables-considered good-Related Parties		-	-	-	
b) Undisputed Trade receivables-considered good-others	64.36	-	-	-	64.36
c) Undisputed which have significant credit risk		-	-	-	
d) Undisputed credit impaired		-	-	-	
e) Disputed trade receivables		-	-	-	
Total	64.36	0.00	0.00	0.00	64.36



Kandagiri Spinning Mills Limited

Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2026	31.03.2025
	Rs. in lakhs	Rs. in lakhs
7a. Cash and cash equivalents		
Cash on hand	0.04	0.00
Balances with banks-current accounts	50.59	0.39
	50.63	0.39
7b. Bank balances other than above		
Unclaimed dividend accounts (earmarked)	-	-
Liquid assets deposits	-	-
Deposits with Banks held as margin money	2.29	2.60
	2.29	2.60
# represents deposits with original maturity of more than 3 months and less than 12 months		
8. Other financial assets - current		
Unsecured considered good	-	-
Interest accrued on deposits	0.48	-
Other receivable	7.58	7.50
	8.06	7.50
9. Non current - Advance tax assets (net)		
Opening balance	-	8.33
Add : Taxes paid (net of refunds)	-	(8.20)
Add : Prior year tax withdrawal	-	-
Less : Current tax expense for the year	-	-
	-	0.13
10. Other current assets		
Unsecured considered good	-	-
Prepaid expenses	-	-
Supplier advances	-	-
Balance with government authorities	2.15	1.96
	2.15	1.96
11. Equity		
50,00,000 equity shares (March 31, 2026 50,00,000) of Rs. 10 each with voting rights	500.00	500.00
Issued share capital		
38,65,650 equity shares (March 31, 2026 38,65,650) of Rs. 10 each with voting rights	386.57	386.57
Subscribed and paid up share capital		
38,49,250 equity shares (March 31, 2026 38,49,250) of Rs. 10 each with voting rights	384.92	384.92
Add Forfeited shares (amount originally paid in respect of 16,400 equity shares)	0.82	0.82
	385.74	385.74

Notes

- Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**
Outstanding at the beginning and end of the year 38,49,250 38,49,250
- Terms/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, holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to number of equity shares held by the shareholders.
- Shareholding of Promoters**

Name of the share holder	No. of shares			
	31.03.2026	%	31.03.2025	%
Equity shares with voting rights				
Akshayam Creations LLP	2,500,509	64.96	-	-
S. Sivakumar	-	-	288,033	7.48
Swetha S	-	-	102,567	2.66
S Balamani	-	-	30,000	0.78

Note: The Change in shareholding of promoters during the year is due to transfer of shares between Akshayam Creations LLP and the erstwhile promoters and also existing promoters of the Company in accordance with Share Purchase Agreement executed between them and reclassification of promoter/public shareholders pursuant to Open Offer



Kandagiri Spinning Mills Limited

Notes annexed to and forming part of the Standalone Financial Statements

4. Shareholders holding more than 5% of the total share capital:

Name of Shareholder	31.03.2026	%	31.03.2025	%
Akshayam Creations LLP	2,500,509	64.96	-	-
R.Selvarajan	-	-	778,730	20.23
S. Vijay Shankar	-	-	409,582	10.64
S. Sivakumar	-	-	288,033	7.48

5. Share issue in preceeding five years

Aggregate number and class of shares allotted for consideration other than cash, bonus, etc.in the five years immediately preceeding the Balance Sheet date as on March 31, 2026 is Rs. Nil (2025 : Nil).

	31.03.2026 Rs. in lakhs	31.03.2025 Rs. in lakhs
12. Other equity		
Securities premium - Note A	548.62	548.62
General reserve - Note B	2,229.04	2,229.04
Retained earnings - Note C	(4,214.05)	(3,888.76)
	(1,436.41)	(1,111.10)

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

Notes : A. Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.

B. General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, Bonus issue, etc.

C. Revaluation reserve of Rs 20,83,49,118 transferred to Retained earnings on the transition date may not be available for distribution.

Particulars	31.03.2026 Rs. in lakhs	31.03.2025 Rs. in lakhs
13. Non current - Financial liabilities - Borrowings		
Secured Borrowings		
Term loan from banks	-	-
Unsecured		
Fixed deposits from directors	-	217.68
Loan from directors	1,864.00	1,580.00
	1,864.00	1,797.68
Note		
1. Refer note 19 for current maturities of non current borrowings		
2. Refer note 33 for fixed deposits held by related parties		
3. The company has not utilised the funds raised on short term basis for long term purposes		
14. Deferred tax asset/liability (net)		
Deferred tax liability	-	-
Deferred tax liability-net	-	-
Unused tax credits (MAT credit entitlement)	-	-
Net deferred tax/liability	-	-
Note : refer note 29 for details of deferred tax liability and asset		
15. Non current liabilities - Provisions		
Provision for employee benefits	-	-
Compensated absences	-	-
	-	-
16. Current financial liabilities - borrowings		
Secured borrowings - from banks		
Cash credit facilities	-	-
Current maturities of long term borrowings	-	-
	-	-
17. Current financial liabilities - trade payables		
Trade payables (Refer note 37)		
-Total outstanding dues of micro enterprises and small enterprises	0.07	77.55
-Total outstanding dues of creditors other than micro enterprises	0.07	77.55



Kandagiri Spinning Mills Limited

Notes annexed to and forming part of the Standalone Financial Statements

Trade payables - Ageings

Particulars	Outstanding as at March 31, 2026 for the following periods from due date of payment					
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
a) Micro and Small enterprises	-	-	-	-	-	-
b) Others	0.07	-	-	-	-	0.07
c) Disputed dues - Micro and small enterprises	-	-	-	-	-	-
d) Disputed dues - Others	-	-	-	-	-	-
Total	0.07	0	0	0	0	0.07

Particulars	Outstanding as at March 31, 2025 for the following periods from due date of payment					
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
a) Micro and Small enterprises	-	-	-	-	-	-
b) Others	77.55	-	-	-	-	77.55
c) Disputed dues - Micro and small enterprises	-	-	-	-	-	-
d) Disputed dues - Others	-	-	-	-	-	-
Total	77.55	0	0	0	0	77.55

Particulars	31.03.2026	31.03.2025
	Rs. in lakhs	Rs. in lakhs
18. Current provisions		
Compensated absences	-	-
	-	-
19. Other Current financial liabilities		
Interest accrued and due on borrowings	265.10	107.04
Unclaimed Dividends	-	-
Contribution to Gratuity Fund	-	56.23
Accrued expenses/liabilities	4.30	18.93
Lease rent advance	-	-
Employee payable	-	9.56
	269.41	191.76
20. Other Current liabilities		
Advance for sale of assets	-	-
Statutory liabilities	5.59	4.15
	5.58	4.15



Kandagiri Spinning Mills Limited

Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2026 Rs. in lakhs	31.03.2025 Rs. in lakhs
21. Revenue from operations		
Sale of products		
Yarn	181.59	195.73
Process waste	-	-
	181.59	195.73
22. Other income		
Interest income from		
Security deposits and bank deposits	0.17	0.46
Lease rental income received	-	-
Forfeiture of advances-net	-	-
Net gain or loss arising on financial asset mandatorily measured at FVTPL		
Profit on sale of investments	28.80	6.91
Other Income	9.97	-
	38.94	7.37
23. Cost of materials consumed		
Cotton, viscose, modal	-	-
Others-Yarn purchase for trading	170.08	182.62
	170.08	182.62
24. Changes in Inventories of finished goods and work-in-progress		
Closing stock		
Finished goods	-	-
Work-in-progress	-	-
Opening stock		
Finished goods	-	-
Work-in-progress	-	-
Net change in inventories	-	-
25. Employee benefits expense		
Salaries, wages and bonus	18.29	18.72
Contribution to provident, gratuity and other funds	68.65	-
Welfare expenses	-	-
	86.94	18.72
26. Finance costs		
Interest expense on borrowings	217.29	23.79
Others	-	-
	217.29	23.79
27. Depreciation and amortisation expense		
Property, Plant and Equipment		
Buildings	30.30	29.17
Plant and machinery	-	-
Furniture and fittings	0.49	0.49
Office equipments	0.20	0.09
Vehicles	10.66	4.64
Total depreciation on property, plant and equipment	41.64	34.39
28. Other expenses		
Consumption of stores and spares	-	-
Power and fuel	1.40	1.56
Repairs and maintenance - Buildings	-	-
- Plant and machinery	-	-
Insurance	-	-
Rates and taxes	6.59	5.55
Packing and forwarding charges	-	-
Brokerage and commission on sales	-	-
Travel and vehicle upkeep expenses	0.02	0.04
Legal and professional charges	10.77	8.07
Bank and other financial charges	0.19	0.38
Miscellaneous expenses	10.89	7.26
	29.86	22.86



Kandagiri Spinning Mills Limited

Statement on Material Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2026

1. Corporate Information

Kandagiri Spinning Mills Limited ("the Company") is a listed Public Company domiciled in India and is incorporated under the provisions of the Companies Act 2013 as applicable in India and its shares are listed on the Bombay Stock Exchange (BSE). The registered office headquartered in Salem, India. The Company is principally engaged in trading of cotton yarn. The Board of Directors approved the standalone financial statement for the year ended March 31, 2026 at their Board meeting held on 30th May 2026.

2. Material Accounting Policies

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

a) Basis of preparation of financial statements

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

(ii) **Historical cost convention:** The financial statements have been prepared on a historical cost basis, except the following:

* Certain financial assets and liabilities that are measured at fair value.

* Defined benefit plans – plan assets measured at fair value.

The fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, as described below:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets/liabilities, Either directly or indirectly

Level 3 – Inputs for the assets or liabilities that are not based on observable market data

(iii) Current and Non – current classification

All assets and liabilities have been classified as current or non current as per the company's normal operating Cycle (normally twelve months) and other criteria set out in Schedule III to the Companies Act 2013. Deferred tax assets and liabilities are classified as Non current assets/liabilities.



Kandagiri Spinning Mills Limited

Statement on Material Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2026

b) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

3. Revenue recognition

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

Sale of Goods

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

4. Other Income

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

5. Employee benefits

(i) Short term employee benefit obligations are estimated and provided for. A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date;

(ii) Retirement Benefit plans and Post-employment benefits

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



Statement on Material Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2026

the period of incurrence when the services are rendered by the employees.

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

- * Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- * Net interest expense or income; and
- * Re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. Re-measurement of net defined benefit liability/asset pertaining to gratuity comprise of actuarial gains / losses (i.e., changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

6. Property, Plant and Equipment Cost :

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

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

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

Depreciation /amortization :

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The



Statement on Material Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2026

estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013

De-recognition :

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

7. Leases

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

8. Impairment of assets

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

9. Trade receivables

Trade receivables are recognized initially at transaction price.

10. Inventories

Inventories (Other than process waste) are stated at lower of cost and net realisable value. Cost of raw materials, stores, spares and consumables comprises cost of purchases and includes taxes and duties and is net of eligible credits under applicable schemes. Cost of work-in-progress, work-made components and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overheads, which is allocated on a systematic basis. Cost of inventories also includes all other related costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The cost for the said purpose is determined as follows:

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



Statement on Material Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2026

11. Government grants

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which they accrue.

12. Borrowing costs

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

13. Research and development

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

14. Income Taxes

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

Current Tax :

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

Deferred Tax

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

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

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



Statement on Material Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2026

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

15. Provisions and contingencies

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

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

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

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

16. Financial Instruments

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

Financial assets :

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

Classification of financial assets

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



Statement on Material Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2026

After initial recognition :

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

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

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

Income on such debt instruments is recognised in profit or loss and is included in the 'Other Income'. The Company has not designated any debt instruments as fair value through other comprehensive income.

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

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

Investments in equity instruments of subsidiaries, joint ventures and associates

The Company measures its investments in equity instruments of subsidiaries, joint ventures and associates at cost in accordance with Ind AS 27. At transition date, the Company has elected to continue with the carrying value of such investments measured as per the previous GAAP and use such carrying value as its deemed cost.

Impairment of financial assets:

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

De-recognition of financial assets:

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains



Statement on Material Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2026

substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

Impairment of financial assets

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

Financial liabilities and equity instruments :

Classification as debt or equity

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

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortised cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortised costs are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the "Finance Costs". The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

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



Kandagiri Spinning Mills Limited

Statement on Material Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2026

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

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

De-recognition of financial liabilities :

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

Derivative financial instruments :

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

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

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at Fair value through profit or loss. As of the transition date, the Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed on the later of the date of first became a party to the contract and the date when there has been change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

Hedge accounting :

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk, as either fair value hedges, cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.



Kandagiri Spinning Mills Limited

Statement on Material Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2026

Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "Other Income". Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) are included in the initial measurement of the cost of the non-financial asset or non-financial liability. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

17. Cash flow statement

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

18. Cash and cash equivalents

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



Statement on Material Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2026

19. Earnings per share

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

20. Investment in Associates

The investment in associates are carried in the financial statements at historical cost except when the investment is classified as held for sale in which case it is accounted in accordance with Ind AS 105 – “Non-current assets held for sale and discontinued operations”. Investment in associates carried at cost are tested for impairment in accordance with Ind AS 36. Any impairment loss reduces the carrying value of the investment. The impairment losses so recognized is limited to the carrying value of the investment.

21. Critical accounting judgments and key sources of estimation uncertainty

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

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

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

Inventories

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



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Statement on Material Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2026

Taxation

The expense is calculated using applicable tax rate and laws that have been enacted or substantially enacted. In arriving at taxable profits and all tax bases of assets and liabilities, the Company determines the taxability based on tax enactments, relevant judicial pronouncements and tax expert opinions, and makes appropriate provisions which includes an estimation of the likely outcome of any open tax assessments / litigations. Any difference is recognised on closure of assessment or in the period in which they are agreed. Deferred income tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, unabsorbed depreciation and unused tax credits could be utilized.

Provisions

The management makes judgments based on experience regarding the level of provision required to account for potentially uncollectible receivables using information available at the Balance Sheet date. Provisions so created are based on management assessment of the receivable balances after communication with the respective debtors and are created on the receivable balances net off against related brokerage dues outstanding. Provisions for litigation and contingencies are determined based on evaluations made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgments around estimating the ultimate outcome of such past events and measurement of the obligation amount. Due to the judgments involved in such estimations, the provisions are sensitive to the actual outcome in future period.

Fair value measurements and valuation processes

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



Kandagiri Spinning Mills Limited

Notes annexed to and forming part of the Financial Statements

Particulars	31.03.2026 Rs. in lakhs	31.03.2025 Rs. in lakhs
29 Income taxes relating to continuing operations		
a) Income tax recognised in Statement of profit and loss		
Current tax		
In respect of the current year	-	-
MAT credit utilised	-	-
Deferred tax		
In respect of the current year	-	-
Total income tax expense recognised in the current year related to continuing operation	-	-
b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit/(loss) before tax from continuing operations		
Income tax expense calculated at 26% (2024-25: 26%) (Refer note below)	(325.29)	(79.28)
Income tax expense recognised in statement of profit and loss (relating to continuing operations)	-	-
Note: Since the Company opt income tax under section 115 BAA of the Income Tax Act, no provision for income tax has been considered.		
c) Income tax recognised in other comprehensive income		
Current tax	-	-
Total income tax recognised in other comprehensive income	-	-

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

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

Movement of deferred tax expense during the year ended March 31, 2026 (Rs. in Lakhs)

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

Movement of deferred tax expense during the year ended March 31, 2025 (Rs. in Lakhs)

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



Kandagiri Spinning Mills Limited

Notes annexed to and forming part of the Financial Statements

Particulars	31.03.2026 Rs. in lakhs	31.03.2025 Rs. in lakhs
30. Retirement benefit plans		
Since the company has stopped all its manufacturing activities, all employees relating to manufacturing units have left the company. Only the administrative staff are working in the company, who were not coming under the retirement benefits.		
31. Earnings per share		
Basic and Diluted earnings per share		
From continuing operations	(8.45)	(2.06)
From discontinued operations	-	-
Total basic earnings per share	(8.45)	(2.06)
The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:		
Profit/(loss) for the year attributable to owners of the Company	(325.29)	(79.28)
Earnings used in the calculation of basic earnings per share	(325.29)	(79.28)
Profit/(loss) for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	-	-
Others	-	-
Earnings used in the calculation of basic earnings per share from continuing operations	(325.29)	(79.28)
Profit/(loss) for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	-	-
Others	-	-
Earnings used in the calculation of basic earnings per share from continuing operations	(325.29)	(79.28)
Weighted average number of ordinary shares for the purposes of basic earnings per share	3,849,250	3,849,250

32. Financial Instruments

Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, non-convertible debt securities, and other long-term/short-term borrowings.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 15 and 20 offset by cash and bank balances) and total equity of the Company. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

Gearing Ratio :

Debt	1,864.00	1,797.68
Less : Cash and bank balances	50.63	0.39
Net debt	1,813.37	1,797.28
Total equity	(1,050.67)	(725.36)
Net debt to total equity ratio	(1.73)	(2.48)



Kandagiri Spinning Mills Limited

Notes annexed to and forming part of the Financial Statements

Particulars	31.03.2026 Rs. in lakhs	31.03.2025 Rs. in lakhs
Categories of Financial Instruments:		
a. Measured at amortised cost:		
Cash and bank balances	50.63	0.39
Other bank balances	2.29	2.60
Trade Receivables	-	64.36
Loans	-	-
Investments in associate	-	200.00
Other financial assets	70.94	70.38
	<u>123.85</u>	<u>337.73</u>
Financial liabilities		
a. Measured at amortised cost:		
Borrowings	1,864.00	1,797.68
Trade Payables	0.07	77.55
Others	269.41	191.76
	<u>2,133.48</u>	<u>2,066.99</u>

Financial risk management objectives

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

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

Market risk

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

Interest rate risk management

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

Interest rate sensitivity analysis

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

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended March 31, 2026 would decrease/increase by Rs. 0.75 lakhs (March 31, 2025: decrease/increase by Rs. 5.00 lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Equity price risk

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



Kandagiri Spinning Mills Limited

Notes annexed to and forming part of the Financial Statements

Equity price sensitivity analysis

The fair value of equity instruments as at March 31, 2026 was Rs. Nil (March 31, 2025: Rs nil). A 5% change in prices of equity instruments held as at March 31, 2026 would result in an impact of Rs. Nil on equity (March 31, 2025: Rs. nil).

Offsetting related disclosures:

Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.

Liquidity risk management :

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital lines from various banks. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

Liquidity tables :

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Rs. in Lakhs

Particulars	Due in 1 st year	Due in 2 nd to 5 th year	Due after 5 th year	Carrying amount
March 31, 2026				
Trade payables	0.07	-	-	0.07
Other financial liabilities	269.41	-	-	269.41
Borrowings (including interest accrued thereon upto the reporting date)	-	-	-	-
	269.48	-	-	269.48
March 31, 2025				
Trade payables	77.55	-	-	77.55
Other financial liabilities	191.76	-	-	191.76
Borrowings (including interest accrued thereon upto the reporting date)	-	-	-	-
	269.31	-	-	269.31

33. Related party disclosure

a) List of related parties :

Name of the Related Party	Relationship
Adinarayana Sripathy Kumar	Chairman and Non-Executive Director
S. Sivakumar	Managing Director, Key Managerial Personnel (KMP)
Manoj Kumar Maurya	Whole-Time Director and Chief Financial Officer, Key Managerial Personnel (KMP)
Jayalakshmi Weaving Mill India Private Limited	Enterprises in which KMP or their relatives have a significance influence
J. Asifa	Company Secretary, Key Managerial Personnel (KMP)

Notes :

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



Kandagiri Spinning Mills Limited

Notes annexed to and forming part of the Financial Statements

b) Details of Transactions with Related Parties :

Rs. in Lakhs

Name of Related Party	Relation	Nature of Transaction	2025-26	2024-25
Adinarayana Sripathy Kumar	Chairman and Non-Executive Director	Unsecured Loans - Opening Balance	-	-
		Interest Accrued and Paid (net)	4.59	-
		Unsecured Loans - Received	400.00	-
		Unsecured Loans - Repaid	-	-
		Unsecured Loans - Balance Outstanding	404.59	-
S.Sivakumar	Managing Director	Unsecured Loans - Opening Balance	1,580.00	400.00
		Interest Accrued/Paid (net)	141.26	118.93
		Unsecured Loans - Received	333.50	1,180.00
		Unsecured Loans - Repaid	849.50	-
		Unsecured Loans - Balance Outstanding	1,064.00	1,580.00
Manoj Kumar Maurya	Whole-Time Director and Chief Financial Officer	Unsecured Loans - Opening Balance	-	-
		Interest Accrued and Paid (net)	12.22	-
		Unsecured Loans - Received	400.00	-
		Unsecured Loans - Repaid	-	-
		Unsecured Loans - Balance Outstanding	412.22	-
R.Selvarajan	Managing Director*	Fixed Deposits - Opening Balance	17.68	4.70
		Fixed Deposits - Received	7.35	27.48
		Fixed Deposits - Principal Repaid	25.03	14.50
		Fixed Deposits - Balance Outstanding	-	17.68
S.Devarajan	Non-Executive Director*	Fixed Deposits - Opening Balance	200.00	1,406.57
		Fixed Deposits - Received	-	-
		Fixed Deposits - Principal Repaid	200.00	1,206.57
		Fixed Deposits - Balance Outstanding	-	200.00
Jayalakshmi Weaving Mill India Private Limited	Manoj Kumar Maurya holds Directorship	Sale of Goods	14.15	-
J. Asifa	Company Secretary	Remuneration	11.00	9.00

*Ceased to be a Director and Related Party effective from 08/08/2025 consequent to the acquisition of control by Akshayam Creations LLP

34. Details of non current borrowings

Rs. in Lakhs

Particulars	Particulars of Repayment	Year	Non current Maturities	Current Maturities	Total	Rate of Interest
a. Secured Borrowings						
Term loans from banks	-	-	-	-	-	-
b. Unsecured Borrowings						
Fixed deposits from Directors	Repaid in 2025-26: Rs. 217.68 Lakhs	As at March 31, 2026	-	-	-	-
	2026-27: Nil	As at March 31, 2025	217.68	-	217.68	9
Loan from Directors	Repaid in 2025-26: Rs. 849.50 Lakhs	As at March 31, 2026	1,864.00	-	1,864.00	10
	2026-27: Rs. 1864.00 lakhs	As at March 31, 2025	1,580.00	-	1,580.00	10

Details of current borrowings – NIL



Kandagiri Spinning Mills Limited

Notes annexed to and forming part of the Financial Statements

	31.03.2026 Rs. in lakhs	31.03.2025 Rs. in lakhs
35. Contingent liabilities and Capital Commitments		
a) Contingent liabilities		
(i) Self generation tax / cross subsidy charges to TNEB etc *	-	-
(ii) Corporate Guarantee	-	-
(iii) Others	10.71	10.71
	-	-
* As per TNEB confirmation dated 18.10.2023, the demand payable is Rs 26,47,914/- Out of the above, the Company has paid Rs 26,47,914/- under protest by adjusting our Additional Security Deposits		
b) Capital Commitments		
Capital Commitments (net of advances) not provided for	-	-
	-	-

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

36. CSR Expenditure :

Since the Company is incurring continuous losses and does not have average net profits for the last three years calculated in accordance with provisions of section 135 of the Companies Act, 2013, there is no CSR obligation for the Company for the financial year 2025-26 and accordingly the Company has not spent CSR during the financial year 2025-26

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

Particulars	31.03.2026 Rs. in lakhs	31.03.2025 Rs. in lakhs
(i) Principal amount due to suppliers under MSMED Act, as at the end of the year	-	-
(ii) Interest accrued and due to suppliers under MSMED Act, on the above amount as at the end of the year	-	-
(iii) Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
(iv) Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
(v) Interest paid to suppliers under MSMED Act (Section 16)	-	-
(vi) Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
(vii) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) + (vi)	-	-

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

38. Auditor's Remuneration :

Particulars	31.03.2026 Rs. in lakhs	31.03.2025 Rs. in lakhs
1. Statutory audit	1.00	1.00
2. Taxation matters	-	-
3. Other services	-	-



Kandagiri Spinning Mills Limited

Notes annexed to and forming part of the Financial Statements

39. Net Debt Reconciliation :

Particulars	31.03.2026 Rs. in lakhs	31.03.2025 Rs. in lakhs
1. Cash and Cash equivalents	50.63	0.39
2. Liquid investments	2.29	2.60
3. Current Borrowings	-	-
4. Non current borrowings	(1,864.00)	(1,797.68)
Net Debt	(1,811.08)	(1,794.69)

Rs. in Lakhs

Particulars	Other Assets		Liabilities from financing activities			Total
	Cash and Bank overdraft	Liquid Investments	Finance lease Obligations	Non current borrowings	Current Borrowings	
Net debt as at March 31, 2025	0.39	2.60	-	(1,797.68)	-	(1,794.69)
Cash Flows	50.24	(0.31)	-	(66.33)	-	(16.40)
Interest expense	(217.29)	-	-	-	-	-
Interest paid	217.29	-	-	-	-	-
Net debt as at March 31, 2026	50.63	2.29	-	(1,864.00)	-	(1,811.08)

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

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

Particulars	31.03.2026 Rs. in lakhs	31.03.2025 Rs. in lakhs	Purpose
i. Loans	-	-	Associate Company SPMM Health Care Services
ii. Investments (Refer note 2)	-	200	Private Limited Shares sold during the year for
iii. Security given	-	-	Rs.2,28,80,000 for the year ending 31.03.2026

42. Going Concern

Though the Company incurred loss of Rs. 325.29 lakhs and erosion in network for the year ended March 31, 2026, your Directors continued their effort to overcome the losses. As a part of measure, your Directors continued to do the yarn trading business and also exploring new business in the coming years. The promoters also started infusing funds and assured to contribute additional funds as and when necessary. Considering the above, the Board of Directors deem it fit to continue adoption of Going Concern Concept in preparation of the financial statements although the Statutory auditors have qualified their opinion with respect to the same.

43. The title deeds of immovable properties are held in the name of the Company.
44. The Company has not revalued any of its Property, Plant and Equipment during the year.
45. The Company does not have any Benami property, where any proceedings initiated or pending against the Company for holding any Benami property.
46. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
47. The Company is not declared as willful defaulter by any Bank or Financial Institution (as defined under the Companies Act, 2013) or consortium thereof or other Lender in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India



Kandagiri Spinning Mills Limited

Notes annexed to and forming part of the Financial Statements

48. The Company does not have any transaction with Companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956
49. The Company has not advanced or loaned or invested funds to any other persons or entities including foreign entities (intermediaries) with the understanding that the intermediary shall (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (ultimate Beneficiaries) or (b) provide any guarantee or security or the like on behalf of the Ultimate Beneficiaries
50. The Company has not received any fund from other persons or entities including foreign entities (intermediaries) with the understanding that the intermediary shall (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (ultimate Beneficiaries) or (b) provide any guarantee or security or the like on behalf of the Ultimate Beneficiaries
51. The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as search or survey or any other relevant provisions of the Income Tax Act, 1961)

52. Financial Ratios:-

Particulars	Numerator/Denominator	March 31, 2026	March 31, 2025	Change in Ratio	Change in %	Reason for change more than 25%
(a) Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.23	0.28	(0.05)	-18%	-
(b) Debt-Equity Ratio	$\frac{\text{Total Debts}}{\text{Shareholder's Equity}}$	(1.77)	(2.48)	0.70	28%	The variance in the debt-equity ratio is primarily due to the ongoing erosion of the company's net worth. Accumulated operational losses increased the deficit in "Other Equity" from Negative Rs. 1,111.10 lakhs to Negative Rs. 1,436.41 lakhs, compounding the negative equity base while long-term borrowings marginally increased
(c) Debt Service Coverage Ratio	$\frac{\text{Earning available for Debt Service}}{\text{Debt Service}}$	(0.05)	(0.02)	(0.03)	-185%	The negative variance in the Debt Service Coverage Ratio is a direct result of increased operational losses during the financial year, which further reduced the earnings available for debt servicing against fixed long-term repayment obligations.
(d) Return on Equity Ratio	$\frac{\text{Profit after Tax}}{\text{Average Shareholder's Equity}}$	0.37	0.12	0.25	217%	The movement in the Return on Equity ratio represents a mathematical variance resulting from the division of an increased net loss by a deeply negative average shareholder equity base. It does not indicate operational improvement.



Kandagiri Spinning Mills Limited

Notes annexed to and forming part of the Financial Statements

Particulars	Numerator/Denominator	March 31, 2026	March 31, 2025	Change in Ratio	Change in %	Reason for change more than 25%
(e) Inventory turnover ratio	$\frac{\text{Total Turnover}}{\text{Average Inventories}}$	-	-	-	-	-
(f) Trade receivables turnover ratio	$\frac{\text{Average Trade Receivable}}{\text{Total Turnover}}$	64.68	208	(143.37)	-69%	The decrease in this ratio is attributable to a significant drop in the outstanding trade receivables balance, which was reduced from Rs. 64.36 lakhs in the previous year to Nil as of March 31, 2026, thereby lowering the average receivables balance.
(g) Trade payables turnover ratio	$\frac{\text{Average Trade Payable}}{\text{Total Purchases}}$	83.29	293	(209.23)	-72%	The decrease in this ratio is attributable to a significant drop in the outstanding trade Payable balance, which was reduced from Rs. 77.55 lakhs in the previous year to Rs.0.07 Lakhs as of March 31, 2026, thereby lowering the average payable balance.
(h) Net capital turnover ratio	$\frac{\text{Total Turnover}}{\text{Working Capital}}$	(0.86)	(1.00)	0.14	14%	-
(i) Net profit ratio	$\frac{\text{Net Profit}}{\text{Total Turnover}}$	-179.13%	-40.51%	(1.39)	-342%	The variation in the net profit ratio is due to an increased net loss sustained by the company during the year, which significantly reduced profitability margins relative to total revenue.
(j) Return on Capital employed	$\frac{\text{Earning before interest and taxes}}{\text{Average Capital Employed}}$	(0.08)	(0.05)	(0.03)	-56%	Return on Capital employed decreased by 56% because of continuing operating losses deeply reduced operational earnings (EBIT)
(k) Return on investment	$\frac{\text{Return on Investment}}{\text{Average Investment}}$	0.00%	4.32%	(0.04)	-100%	The 100% reduction in ROI is due to the complete disposal of the company's non-current financial investments, which fell from Rs. 200.00 lakhs to Nil, completely eliminating investment-related income streams.

Note

- Current Assets and Current Liabilities as per Balance sheet.
- Total debt: Long term borrowings (including current maturities of long term borrowings) and short term borrowings;
Total Equity : Issued Equity share capital +Other Equity (excluding revaluation reserve)



Kandagiri Spinning Mills Limited

Notes annexed to and forming part of the Financial Statements

3. Average shareholder's equity= Average of Opening equity and closing equity
4. Inventory = Raw materials

Average Inventory = Average of Opening and closing Inventory;

Raw material consumed includes cost of materials consumed and change in inventories of finished goods and work in progress
5. Cost of materials consumed includes raw materials and yarn purchases for trading
6. Working Capital = [(Current Assets as per Balance sheet) – (Current Liabilities as per balance sheet excluding current maturities of long term debts)]
7. Average Capital Employed =(Shareholder's equity +Total Debt +Deferred tax liability)
53. The Company does not have any subsidiary Company and accordingly the provisions with respect to the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 to read with the Companies (Restriction on number of Layers) Rules, 2017 is not applicable to the Company.
54. The Company has not traded or invested in Crypto currency or Virtual currency during the financial year 2025-26
55. **Revenue from Contract with Customers (Ind AS 115)**

I. Disaggregated revenue information

Particulars	31.03.2026 Rs. in lakhs	31.03.2025 Rs. in lakhs
Type of goods and service		
Sale of products		
Yarn	181.59	195.73
Process waste	-	-
Total Revenue from Contract with Customers	181.59	195.73
India	181.59	195.73
Outside India	-	-
Total Revenue from Contract with Customers	181.59	195.73

Timing of Revenue Recognition

Rs. in lakhs

Particulars	31.03.2026		31.03.2025	
	At a point of time	Over a period of time	At a point of time	Over a period of time
Sale of products and Other Operating revenues	181.59	-	195.73	-
Less : Rebates and Discounts	-	-	-	-
Total Revenue from contract with customers	181.59	-	195.73	-

II. Contract balance

Rs. in lakhs

Particulars	31.03.2026 Rs lakhs	31.03.2025 Rs lakhs
Trade receivables	-	64.36
Contract Assets / Liabilities	-	-



Kandagiri Spinning Mills Limited

Notes annexed to and forming part of the Financial Statements

III. Reconciliation of Revenue recognised in the Statement of Profit and Loss with the Contracted price:

Particulars	31.03.2026 Rs. in lakhs	31.03.2025 Rs. in lakhs
Revenue as per contracted price	181.59	195.73
Adjustments:-		
Rebates and discounts	-	-
Total Revenue from contract with customers	181.59	195.73

56. During the year there is no approved scheme of arrangements.

57. Previous year figures have been regrouped / reclassified / amended wherever necessary to confirm to current year classification.

As per our report of even date
For **S S A L & Associates**
Chartered Accountants
FRN.021621S

R Soundarya - Partner

M.No. 226944
Salem
May 30, 2026
UDIN : 26226944UDNPHR4152

Adinarayana Sripathy Kumar

Chairman
DIN :00593797

Manoj Kumar Maurya

Whole - time Director and Chief Financial Officer
DIN :00289669

For and on behalf of the board

S Sivakumar

Managing Director
DIN :00002099

J. Asifa

Company Secretary
M. No: FCS10099

50th Annual Report



KANDAGIRI
SPINNING MILLS LIMITED