



KANDAGIRI SPINNING MILLS LIMITED

39th Annual Report

2014 - 2015



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ISO 9001 REGISTERED



DNV Certification B.V., The Netherlands

ISO 14001 REGISTERED



DNV Certification B.V., The Netherlands



Board of Directors	R. Selvarajan	- Chairman and Managing Director
	S. Vijay Shankar	- Non Executive Director
	S. Devarajan	- Non Executive Director
	M. Rajamani	- Non Executive Director
	Dr. A. Sarayu	- Non Executive Director
	P.S. Ananthanarayanan	- Non Executive Independent Director
	Dr. V. Gopalan	- Non Executive Independent Director
	N. Asoka	- Non Executive Independent Director
	S. Gnanasekharan	- Non Executive Independent Director
	Kameshwar M Bhat	- Non Executive Independent Director
Chief Financial Officer	S. Vijay Shankar	
Company Secretary	J. Asifa	
Statutory Auditors	M.S. Krishnaswami & Rajan	
Secretarial Auditors	B.K. Sundaram & Associates	
Cost Auditors	S. Mahadevan & Co	
Bankers	State Bank of India	- Consortium Lead Bank
	Karnataka Bank Limited	- Consortium Member
	Axis Bank Limited	- Consortium Member
Registered Office	Post Box No. 3, Mill Premises, Udayapatti P.O., Salem 636 140, Tamil Nadu.	
Corporate Identity No. (CIN)	:	L17111TZ1976PLC000762
Spinning Plants	Unit I	: Udayapatti P.O., Salem 636 140, Tamil Nadu.
	Unit II	: Seshanchavadi P.O., Salem 636 111, Tamil Nadu.
	Unit III	: M. Perumapalayam, Cross Road, Mettupatty P.O., Salem 636 111, Tamil Nadu.
Wind Energy Converters	Panangudi, Pazhavor, Udhayathoor and Parameshwarapuram Villages, Radhapuram Taluk, Tirunelveli District, Tamil Nadu. Melamaruthappapuram Village, Veerakeralam Pudur Taluk, Tirunelveli District, Tamil Nadu. Gudimangalam Village, Udumalpet Taluk, Coimbatore District, Tamil Nadu.	



KANDAGIRI SPINNING MILLS LIMITED

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

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

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

Website : www.kandagirimills.com

NOTICE TO THE SHAREHOLDERS

Notice is hereby given pursuant to section 96 and other applicable provisions of the Companies Act, 2013 that the Thirty Ninth Annual General Meeting of the Company will be held at the Mill Premises of Sambandam Spinning Mills Limited at Kamaraj Nagar Colony, Salem 636 014 on Sunday, **the 27th September, 2015 at 11.45 a.m** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2015 and the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date together with the notes annexed thereto and the reports of the Board of Directors and the Auditors thereon.
2. To appoint a director in the place of Sri S. Vijay Shankar (holding DIN 00001711) who retires by rotation and being eligible, offers himself for re-appointment.

3. Appointment of Statutory Auditors

"RESOLVED THAT, pursuant to the provisions of section 139(2) and other applicable provisions, if any, of the Companies Act 2013 and the rules framed there under (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. M.S.Krishnaswami & Rajan, Chartered Accountants (Firm registration No.01554S) be and are hereby re-appointed as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting for the financial year 2015-16 on a remuneration of Rs.3,70,000/- (Rupees Three Lakhs and Seventy thousand only) excluding the out of pocket expenses that may be incurred by them in connection with the audit and excluding the applicable service tax."

SPECIAL BUSINESS

4. Reappointment of Sri R. Selvarajan as Chairman and Managing Director

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

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the members of the Company be and is hereby accorded to the re-appointment of Sri R. Selvarajan (DIN: 00001703) as Chairman and Managing Director of the Company, for a period of 3 (three) years with effect from 01st October, 2015 eventhough he has attained seventy years of age on the following terms and conditions as approved by the Nomination and Remuneration Committee and the Board

- (i) Basic Salary – Rs. 2,40,000/- per month (Rupees Two lakhs and forty Thousand Only)
- (ii) Perquisites and Allowances – Rs. 1,60,000/- per month (Rupees One lakh and Sixty Thousand Only) details of which are set out in the Explanatory Statement annexed thereto

RESOLVED FURTHER THAT Sri R. Selvarajan will draw the remuneration as stated above as the minimum remuneration even in the absence of or inadequacy of profit in any financial year."

5. Revision in the Remuneration package of Sri S. Vijay Shankar, in his capacity as Chief Financial Officer

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



"RESOLVED THAT pursuant to the provisions of Section 188(1)(f) and other applicable provisions, if any, of the Companies Act, 2013, the consent of the members of the Company be and is hereby accorded for revision in the remuneration package of Sri S. Vijay Shankar (DIN 00001711), a non-executive director and relative of Chairman and Managing director Sri R. Selvarajan and Director Dr. A. Sarayu, for holding and continuing to hold the office or place of profit designated as Chief Financial Officer for a period of three years with effect from 01.10.2015 on the following terms and conditions as approved by the Nomination and Remuneration Committee, Audit Committee and the Board

(iii) Basic Salary – Rs. 1,80,000/- per month (Rupees One lakh and Eighty Thousand Only)

(iv) Perquisites and Allowances – Rs. 1,20,000/- per month (Rupees One lakh and Twenty Thousand Only) details of which are set out in the Explanatory Statement annexed thereto."

6. Acceptance of Fixed deposits from Members of the Company

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

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

7. Ratification of remuneration payable to the Cost Auditors

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

"RESOLVED THAT the remuneration of Rs.2,50,000/- (Rupees Two lakhs Fifty thousand only) payable for audit of cost accounts of the Company for the financial year ending 31st March 2016 to M/s. S. Mahadevan & Co., Cost Accountants as recommended by the Audit Committee and approved by the Board of Directors of the Company pursuant to section 148 of the Companies Act 2013 read with rule 14 and other applicable rules of the Companies (Audit and Auditors) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) excluding the out of pocket expenses that may be incurred by them in connection with the audit and excluding the applicable service tax be and is hereby ratified.

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

8. Reissue of 16400 Forfeited Shares

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

"RESOLVED THAT sanction be and is hereby accorded to the Board of Directors pursuant to Article 31(i) of TABLE F of Schedule I to the Companies Act, 2013 to sell or otherwise dispose of on such terms and in such manner as the Board thinks fit, in the best interests of the Company, subject to obtaining necessary further approval from the Bombay Stock Exchange in which the shares are listed.

RESOLVED FURTHER THAT sanction be and is hereby accorded pursuant to Articles 33(ii) and 33(iii) of TABLE F of Schedule I of the said Act for the Board to receive the consideration, for the shares on any sale or disposal thereof and to execute transfer deeds in favour of the persons to whom the shares are sold or disposed of and the transferees shall thereupon be registered as holders of the shares.



RESOLVED FURTHER THAT sanction be and is hereby accorded to the Board of Directors to apply to the Bombay Stock Exchange pursuant to Clause 23 (a) of the Listing Agreement for their approval to issue the forfeited shares on the basis of the foregoing resolutions and to exempt the company from issuing or offering the forfeited shares to all the shareholders on pro-rata basis inasmuch as the quantum of forfeited shares constitutes just 0.4% of the issued shares of the Company."

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

Place : Salem
 Date : August 12, 2015

NOTES :

1. A Member entitled to attend and vote is entitled to appoint proxy/proxies to attend and vote instead of himself/ herself and the proxy need not be a Member. Please read the instructions printed overleaf the Proxy Form attached to this notice before using the Form. The right of e-voting and Postal Ballot Form shall not be exercised by a Proxy.
2. The explanatory statement of material facts pursuant to Section 102 of the Companies Act, 2013 in respect of special business set out under Items No. 4 to 8 of the Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday 19th September 2015 to Sunday 27th September 2015 (both days inclusive).
4. Members holding shares in physical form are requested to contact M/s Cameo Corporate Services Limited, Registrars and Share Transfer Agents of the Company, at 'Subramaniam Building', No. 1 Club House Road, Chennai – 600 002 for recording any change of address, bank mandate, or nominations and for redress of grievance or contact the Company Secretary at the Registered Office of the Company.

In case of shareholders holding shares in demat form, all such intimations are to be sent to their respective Depository Participants (Dps).

Members can also submit their grievances direct to the Company at the following email ID:

sales@kandagirimills.com; ksmcs@kandagirimills.com

5. As per the provisions of the Companies Act, facility for making nominations is available to individuals holding shares in the Company. The prescribed nomination form can be obtained from the RTA / Depository Participants.
6. As per the provisions of Section 205A of the Companies Act, 1956, and Section 124(5) of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account of the Company shall be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India. Accordingly, the Company has transferred to IEPF all unclaimed / unpaid dividends declared up to the financial year 2006-07 and for the financial year 2007-08, it will be transferred to IEPF on 02.11.2015.
 Pursuant to the provisions of Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012 the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 28th September, 2014 (date of last AGM) on the website of the Company (www.kandagirimills.com) as also on the website of the Ministry of Corporate Affairs. Shareholders can ascertain the status of their unclaimed amounts from these websites.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market for registering transfers, transpositions, transmissions etc. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the RTA, Cameo Corporate Services Limited, at 'Subramaniam Building', No.1, Club House Road, Chennai – 600 002.
9. Additional information pursuant to clause 49 of the Listing agreement with the stock exchanges in respect of Directors seeking appointment at the AGM are furnished and forms part of the Notice. The Directors have furnished the requisite consents / declarations for their appointment(s).



10. Members are requested to inform the Company their e-mail ID to facilitate quick response from the Company. Ministry of Corporate Affairs has recognised e-mail communication to share holders as effective and efficient means of communication from the Company and also member's communication to the Company. Members may register their e-mail id with the Company and also keep the Company informed of any changes in their e-mail ID.
11. Members who have not so far dematerialized their shares are advised to demat the shares held in physical form which will ensure safety and security for their shares

12 VOTING THROUGH ELECTRONIC MEANS

Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all Resolutions set forth in the Notice convening the 39th AGM. The Company has engaged the services of Central Depository Securities Limited (CDSL) for this purpose.

The voting period begins on **23.09.2015 at 9.15 a.m and ends on 26.09.2015 at 5.00 p.m.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on **21.09.2015 (cut-off date)**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

Instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

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

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



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

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

In case of members receiving the physical copy:

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

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

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

**13 VOTING THROUGH POSTAL BALLOT**

In terms of Clause 35B of the Listing Agreement, those Members, who do not have access to e-voting facility provided by the Company for the AGM in terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, may send their assent (FOR) or dissent (AGAINST) in writing on the Postal Ballot Form enclosed with the notice. For details of the scrutinizer and the steps followed for voting through postal ballot please refer instructions printed overleaf the postal ballot form.

14 VOTING AT THE VENUE OF THE AGM

In terms of the recent amendment to the Companies (Management and Administration) Rules, 2014, with respect to the voting through electronic means, the Company is pleased to offer the facility for voting by way of polling at the venue of the AGM. Members attending the meeting should note that **those who are entitled to vote but have not exercised their right to vote by 'Remote' e-voting may vote at the AGM through polling for all businesses specified in the Notice. Members who have exercised their right to vote by Remote e-voting may attend AGM but shall not vote at the AGM.** The voting rights of the members shall be in proportion to their shares of the paid up Equity Share Capital of the Company as on the 'cut-off' date being Monday, September 21, 2015.

- 15 Members can opt for only one mode of voting i.e. either by Postal Ballot or through e-voting. In case members casting their vote both by postal ballot and e-voting, then voting done through e-voting shall prevail and voting done by postal ballot will be treated as invalid.
- 16 **SHRI B. KALYANASUNDARAM (MEMBERSHIP NO. 672) OF M/S B. K. SUNDARAM & ASSOCIATES PRACTISING COMPANY SECRETARIES** has been appointed as the Scrutinizer to scrutinize the AGM voting and remote e-voting process (including the ballot form received from the members who do not have access to the e-voting process) in a fair and transparent manner.
- 17 The Scrutinizer shall, immediately after the conclusion of the voting at the general meeting, will count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of atleast two witnesses not in the employment of the Company.
- 18 The Scrutinizer not later than three days of the conclusion of the AGM shall submit a consolidated report of the total votes cast through remote e-voting process, postal ballot and votes cast at the AGM to the Chairman or any person authorised by him who shall countersign the same and declare the results of the voting forthwith.
- 19 The results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.kandagirimills.com and the website of the CDSL immediately after the declaration of result and shall also be immediately forwarded to the Stock Exchange where the Company's shares are listed.
- 20 Postal ballot Form, Proxy and Attendance Slips are enclosed in Page No. **81 & 83** respectively.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 FOR ITEMS No. 4 to 8

Item No. 4 - RE-APPOINTMENT OF SRI R. SELVARAJAN, CMD

Board of directors of the Company at their meeting dated 30th May, 2012 had recommended the reappointment of Chairman and Managing Director Sri R. Selvarajan, for a period of three years on a monthly remuneration of Rs. 3,00,000 (inclusion of allowances and perquisites) with effect from 01.10.2012 based on the recommendation of the Nomination and Remuneration Committee and the same was approved by the members at the Annual General Meeting held on 13th August, 2012 by way of Special Resolution. The members also approved the remuneration in Compliance with Section II (1)(B) of Part II of Schedule XIII of the Companies Act, 1956.



Pursuant to the provisions of Section 196 of the Companies Act, 2013 effective from 01.04.2014 which enables for passing of special resolution for continuation of existing Managing Director who has attained the age of seventy years, Board of Directors at their meeting dated 13th August 2014, had recommended the continuation of Chairman and Managing Director Sri R. Selvarajan for his remaining tenure i.e., upto 30.09.2015 inspite of his attainment of seventy years of age on 01.10.2014, based on the recommendation of Nomination and Remuneration Committee keeping in view his expertise and knowledge in the field of textiles and his contribution to the company over the years which he had served and the same was approved by the members at the Annual General Meeting held on 28.09.2014 by passing special resolution.

The current tenure of Chairman and Managing Director Sri R. Selvarajan expires on 30th September, 2015. Leadership of Chairman and Managing director Sri R. Selvarajan, has led the Company to an exciting growth phase. Taking this into account and the responsibilities shouldered by Sri R. Selvarajan, Nomination and Remuneration Committee at its meeting held on 26th May, 2015 had recommended the reappointment of Sri R. Selvarajan as Chairman and Managing Director of the Company for a period of three years with effect from 01.10.2015 eventhough he attained seventy years of age, on the payment of the remuneration as set out hereunder and the same was approved by the Board at its meeting held on 28th May, 2015. The Nomination and Remuneration Committee and the Board are of the opinion that Chairman and Managing Director Sri R. Selvarajan is fit and proper person to hold the said office and the payment of remuneration as under will be in the interest of the Company. Accordingly, Board seeks the approval of the members by way of passing special resolution for the reappointment and remuneration payable to Chairman and Managing Director Sri R. Selvarajan even in the absence of or inadequacy of profit in any financial year as per the requirements specified under the provisions of Section 196, 197 read with Section II of Part II of Schedule V of Companies Act, 2013.

- (a) Basic Salary : Rs.2,40,000/- per month (Rupees Two lakh and forty thousand only)
- (b) Perquisites and Allowances : In addition to salary the following perquisites/ allowances may be payable to the Chairman and Managing Director, Sri R.Selvarajan.
 - (i) Company's contribution to provident fund; (ii) Payment of Gratuity and other retirement benefits; (iii) Leave with full pay as per the rules of the Company with encashment of unavailed leave being allowed; (iv) Maintenance of residential accommodation, gas, water, electricity and power, furnishings and utility allowance; (v) reimbursement of medical expenses incurred in India and abroad for self and family including, in case of medical treatment abroad, air fare, boarding and lodging for patient and attendant; (vi) leave travel assistance and allowance; (vii) membership fees for clubs, including admission and life membership; (viii) hospitalisation and accident insurance; (ix) cost of insurance cover against the risk of any financial liability or loss because of any error of judgment; (x) free use of Company's car with driver for Company's work as well as for personal purpose along with driver, (xi) telephone, tele-fax and other communication facilities at Company's cost, (xii) subject to any statutory ceiling(s), the appointee may be given any other perquisites, benefits and facilities as the Nomination and Remuneration committee may, from time to time decide. Provided, however, that the aggregate of the perquisites stated above shall not exceed Rs. 1,60,000/- (Rupees one lakh and sixty thousand only) per month.
- (c) Valuation of perquisites : Perquisites shall be valued as per the income tax rules, wherever applicable and at actual cost to the company in other cases.
- (d) The Company's contribution to provident fund as per para (b)(i) above, payment of gratuity as per para (b)(ii) above and encashment of leave at the end of the tenure as per para (b)(iii) above shall not be included in the computation of perquisites for the purpose of ceiling.



The re-appointment and the remuneration proposed fulfil the conditions stipulated in Schedule V of the Companies Act, 2013 and hence approval of Central Government is not required. A copy of the agreement containing the terms and conditions of reappointment of CMD Sri R. Selvarajan is available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day upto and including the date of the Annual General Meeting.

Information required under Section II of Part II of Schedule V of the Companies Act, 2013:

I General Information

- (1) Name of the industry : Textile
 (2) Date of commencement of Commercial Production : June 1976
 (3) Financial Performance : (Rs. Lakhs)

Particulars	2014 - 15	2013 - 14
Share Holders' fund	5149.05	5011.74
Non-Current Liabilities	5051.05	4234.70
Current Liabilities	6858.83	8130.14
Non-Current Assets	11472.06	12043.16
Income	18979.35	19391.15
Expenses	18752.68	18766.19
Profit / (Loss) before tax	226.67	579.66
Profit / (Loss) after tax	155.67	381.66
Earnings per Equity Share (Face value Rs.10/-) basic and diluted (in Rs.)	4.04	9.92
Total Capital Employed	9999.11	9045.51
Net worth per share (Rs.)	133.77	130.20
Profit before interest and Depreciation	2096	2541
Retained earnings	909.56	1164.76
Dividend (%)	Nil	Nil

(Rs. Lakhs)

Particulars	2014 - 15	2013 - 14
Export Performance (i) Earnings in Foreign and net foreign exchange Exchange	223.83	389.40
(ii) Expenditure in Foreign Currencies	7.18	10.03
Foreign Investments or Collaborations, if any	Nil	Nil

II Information about the appointee:

- (1) Background details : Sri R. Selvarajan, 70 years of age, is a Matriculate. He became the Chairman and Managing Director of the Company on October 23, 2002 and has the distinction of leading the Company since then. He has been on the Board of various companies and has more than four decades of experience in the field of textiles.
- (2) Past remuneration : Rs.3,00,000/- per month inclusive of perquisites such as House rent allowance, Medical reimbursement, gas, water and electricity, leave encashment, gratuity, club subscriptions and other usual perquisites.



- | | |
|---|---|
| (3) Recognition and award | : Nil |
| (4) (i) Job profile | : As Chairman and Managing director Sri R. Selvarajan is in charge of the management of the affairs of the Company. |
| (ii) His suitability | : Experience of Sri R. Selvarajan, of about three decades as Director of Sambandam Spinning Mills Limited and for the past 13 years as Managing Director of the Company makes him ideally suitable for the said position. |
| (5) Remuneration proposed | : Rs.4,00,000/- per month inclusive of perquisites and other allowances as mentioned supra for Sri R. Selvarajan. |
| (6) Comparative remuneration Profile with respect to industry | : Information not available |
| (7) Pecuniary relationship with the Company | : Sri R. Selvarajan holds 7,78,730 equity shares of Rs.10 each in the Company |

III. Other information:

Reasons for inadequate profits, steps taken for improvement and expected increase in productivity:

The Company's profitability was affected mainly because of sudden fall in yarn prices, unexpected increase in the power tariff rate and back-outing of windmill generated power by TANGEDCO. Management is contemplating to initiate measures towards development of value added products and cost cutting measures, which are expected to improve the productivity and profitability of the company.

The proposed remuneration of Sri R.Selvarajan, Chairman and Managing Director is subject to the approval of the shareholders by way of special resolution at the ensuing Annual General Meeting of the Company.

None of the Directors and Key Managerial Personnel except Sri R. Selvarajan, Chairman and Managing Director as an appointee and Sri S. Vijay Shankar, Chief Financial Officer and Director & Dr. A. Sarayu as relative may be deemed to be concerned or interested in the Resolution.

The Notice together with this Statement may be regarded as a disclosure under Clause 49 of the Listing Agreement.

Item No. 5 - REVISION IN THE REMUNERATION PACKAGE OF SRI S. VIJAY SHANKAR, IN HIS CAPACITY AS CHIEF FINANCIAL OFFICER

Sri S. Vijay Shankar, 38 year of age, is a graduate in Master of Business Administration. He is specialized in business administration and finance and became the Joint Managing Director of the Company on October 23, 2002 and has served the company since then. Sri S. Vijay Shankar resigned from the post of Joint managing Director and continued as non- executive director from 01.04.2014 and designated as Chief Financial Officer from 01.04.2014 on a monthly remuneration of Rs. 2,50,000/- by the Board of Directors based on the recommendation of Nomination and Remuneration Committee and Audit Committee in their respective meetings held on 01.04.2014 in respect of the compliance specified under section 188(1)(f) of the Companies Act, 2013 read with the relevant rules framed thereunder and further he has not been paid any sitting fees, commission etc., in his capacity as non- executive director.

Board of directors of the Company in their meeting held on 28th May, 2015 had recommended the increase in the remuneration of Chief Financial Officer Sri S. Vijay Shankar for a period of three years with effect from 01.10.2015 as shown below based on the recommendation of Nomination and Remuneration Committee and Audit Committee and place for the approval of the members by way of passing Ordinary resolution.

- | | |
|--------------------------------|--|
| (a) Basic Salary | : Rs. 1,80,000/- per month (Rupees One lakh and Eighty thousand only) |
| (b) Perquisites and Allowances | : In addition to salary the following perquisites/ allowances may be payable to the Chief Financial Officer Sri S. Vijay Shankar |



(i) Company's contribution to provident fund; (ii) Payment of Gratuity and other retirement benefits; (iii) Leave with full pay as per the rules of the Company with encashment of unavailed leave being allowed; (iv) Maintenance of residential accommodation, gas, water, electricity and power, furnishings and utility allowance; (v) reimbursement of medical expenses incurred in India and abroad for self and family including, in case of medical treatment abroad, air fare, boarding and lodging for patient and attendant; (vi) leave travel assistance and allowance; (vii) membership fees for clubs, including admission and life membership; (viii) hospitalisation and accident insurance; (ix) cost of insurance cover against the risk of any financial liability or loss because of any error of judgment; (x) free use of Company's car with driver for Company's work as well as for personal purpose along with driver, (xi) telephone, tele-fax and other communication facilities at Company's cost, (xii) subject to any statutory ceiling(s), the appointee may be given any other perquisites, benefits and facilities as the remuneration committee may, from time to time decide. Provided, however, that the aggregate of the perquisites stated above shall not exceed Rs. 1,20,000/- (Rupees one lakh and twenty thousand only) per month.

(c) Valuation of perquisites : Perquisites shall be valued as per the income tax rules wherever applicable and at actual cost to the company in other cases.

(d) The Company's contribution to provident fund as per para (b)(i) above, payment of gratuity as per para (b)(ii) above and encashment of leave at the end of the tenure as per para (b)(iii) above shall not be included in the computation of perquisites for the purpose of ceiling.

Further Sri S. Vijay Shankar won't be entitled to any sitting fees, commission etc., in his capacity as non-executive director.

None of the Directors and Key Managerial Personnel except Sri S. Vijay Shankar, Chief Financial Officer and Director to whom the resolution relates and Sri R. Selvarajan, Chairman and Managing Director & Dr. A. Sarayu as relative may be deemed to be concerned or interested in the Resolution.

Item No.6 - ACCEPTANCE OF DEPOSITS FROM MEMBERS OF THE COMPANY

Section 73(2) of the Companies Act 2013 prescribes that approval of the members by passing a resolution at the General Meeting is required for the Board of Directors to accept deposits from the shareholders of the Company. The Board Do Not Contemplate To Accept Deposits As At Present. However, the rules prescribed under the Act prescribe certain procedures to be followed by the Company before accepting deposits from the members. After securing the approval of members at the AGM, board will decide about the timing for accepting deposits from the members after complying with the prescribed procedure in this regard. Board of directors recommends the resolution for members' approval.

None of the directors/Key Managerial Personnel or their relatives is interested or concerned in the resolution.

Item No.7 - RATIFICATION OF THE REMUNERATION PAYABLE TO COST AUDITORS

As recommended by the Audit Committee at the Audit Committee Meeting held on 27th May 2015, board of directors have approved the appointment of M/s. S. Mahadevan & Co., Cost Accountants for audit of cost accounts of the Company on payment of Rs.2,50,000/- (Rupees two lakhs fifty thousand only) excluding out of pocket expenses and service tax for the year ending 31st March 2016. Board of directors has accepted the recommendation of the Audit committee and approved their appointment. As per the provisions of Section 148 of the Companies Act 2013 and Rule 14 of the Companies (Audit and Auditors) Rules 2014, remuneration payable to the cost auditor as approved by the Board of directors of the Company shall be ratified by the shareholders. Resolution for this purpose is placed for consideration of members for ratification of the remuneration as stated in the resolution. None of the directors or the key managerial personnel or their relatives is interested in the resolution.

Item No.8 – REISSUE OF 16400 FORFEITED SHARES

Section 62 of the Companies Act, 2013 deals with the procedures to be followed by the existing Companies, while making, further issues of shares.



Article 31 (i) of TABLE F of Schedule I to the Companies Act, 2013 provides that a forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

Article 33 (i) and (ii) of TABLE F of Schedule I to the Companies Act, 2013 provides that the Company may receive the consideration, for the shares on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and a duly verified declaration in writing that the declarant is a Director or Manager or Secretary, of the Company, and that the shares in the Company had been duly forfeited on the date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share and the transferee shall thereupon be registered as the holder of the shares.

Thus as per TABLE F of Schedule I of the Companies Act 2013, reissue of forfeited shares is not further issue of shares and hence there is no need to comply with the provisions of Sec.62 of the Companies Act, 2013.

The Shares of the Company are listed in the Bombay Stock Exchange. Clause 23(a) of the Listing Agreement reads as follows:

The Company agrees (a) to issue or offer in the first instance all shares (including forfeited shares, unless the Exchange otherwise agrees), securities, rights, privileges and benefits to subscribe to pro-rata to the equity shareholders of the Company unless the shareholders in the general meeting decide otherwise;

A public issue of 11,36,500 Equity shares of Rs.10/- each, at a premium of Rs.40/- per share, was made in 1995. Out of the said 11,36,500 Equity shares, 16400 Equity Shares were forfeited by the Board of Directors at the meeting held on 24th June, 2002 consequent upon non payment of the allotment / call money payable in respect of those shares.

Board of Directors of the Company at the Board Meeting held on 12th August, 2015 decided to recommend to the shareholders to pass the resolutions as stated under the agenda item No.8 with reference to the conditions interalia contained in the Listing Agreement with BSE.

If the forfeited shares are to be reissued on pro-rata basis it will work out to approximately one share for every 250 shares held by the shareholder and such an offer of shares at the present market price of around Rs.80/- per share does not result in any reasonable benefit to the shareholder who opts to buy the share. Non-offer of shares on such pro-rata basis will not prejudicially affect the interest of the shareholders. The Board has therefore decided to dispose of the shares by following the procedure as laid down in Clauses 31 and 33 of TABLE F of Schedule I of the Companies Act, 2013 at the best price possible based on the prevailing market price.

Approval of the Shareholders pursuant to clause 23(a) of the Listing Agreement with the Bombay Stock Exchange is needed and hence the subject is placed before the shareholders. The Board recommends to the shareholders to pass the resolutions as ORDINARY RESOLUTIONS. On the strength of the shareholders resolutions, the Stock Exchange will be approached seeking permission to re-issue the forfeited shares by waiving the condition of offering the shares on pro-rata basis to all the shareholders of the Company.

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.

Place : Salem
Date : August 12, 2015

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



Disclosure under Clause 49 of the Listing Agreement in respect of Directors seeking Appointment / Re-appointment at the 39th AGM

Name of Director	Sri R. Selvarajan	Sri S. Vijay Shankar
DIN	00001703	00001711
Date of Birth	1-10-1944	23-01-1977
Date of Appointment (Initial appointment)	23-10--2002	23-10--2002
Qualification	Matriculate	MBA
Expertise in specific functional areas	He became the Chairman and Managing Director of the Company on 23 rd October, 2002 and has the distinction of leading the company since then. He has been on the Board of various companies and has more than four decades of experience in the field of textile industry.	He became the Joint Managing Director of the Company on 23 rd October, 2002 and has served the company since then. Sri S. Vijay Shankar resigned from the post of Joint managing Director and continued as non-executive director from 01.04.2014 and designated as Chief Financial Officer from 01.04.2014
Directorship / Committee membership in other Companies	<p>Directorship:</p> <ol style="list-style-type: none"> 1. SPMM Health Care Services Private Limited, Salem (SPMM) 2. Sambandam Siva Textiles Private Limited, Salem (SSTPL) 3. Sambandam Investment Leasing Limited, Salem (SILL) 4. Sambandam Fabrics Private Limited, Salem (SFPV) 5. Sambandam Textiles Private Limited, Salem (STPL) <p>Committee Membership : Nil</p>	<p>Directorship:</p> <ol style="list-style-type: none"> 1. SPMM Health Care Services Private Limited, Salem (SPMM) <p>Committee Membership : Nil</p>
No of shares in the Company	7,78,730	4,09,582
Inter se relationship with any other director	He is related to Chief Financial Officer & Director Sri S. Vijay Shankar and Director Dr. A. Sarayu	He is related to Chairman and Managing Director Sri R. Selvarajan and Director Dr. A. Sarayu

Place : Salem
Date : August 12, 2015

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



KANDAGIRI SPINNING MILLS LIMITED

DIRECTORS' REPORT

Your directors have pleasure in submitting their 39th Annual Report together with the audited accounts for the year ended March 31, 2015 (the year).

Performance Highlights

	2014 - 15	2013 - 14
	(Rupees in Lakhs)	
Export - Direct	224	389
- Merchandise	12706	13012
Domestic Sales	5993	5945
Other operating income	13	15
Total Turnover	18936	19361
Gross profit (i.e., Profit before interest and depreciation)	2096	2541
Cash profit (i.e., Profit / before depreciation)	981	1408
Profit before exceptional item and tax	227	625
Exceptional item - provision for diminution in investments	—	45
Profit after exceptional item (before tax) - PBT	227	580
Profit after exceptional item and tax - PAT	156	382
Earnings per share - basic and diluted Rs.	4.04	9.92

Dividend

In view of the carried over losses as at March 31, 2015, no dividend is recommended by your board of directors for the financial year 2014-15.

Reserves and Surplus

The current year profit after tax of Rs.155.67 lakhs has been added to the surplus/(deficit) at the beginning of the year of (Rs.262.16 lakhs). The written down value of fixed assets of Rs.18.37 lakhs, whose lives have been expired as at April 1, 2014, have been adjusted net of tax, in the opening balance of profit and loss account. As such surplus/(deficit) as at the end of the year amounts to (Rs.124.86 lakhs).

Financial Performance with respect to Operational Performance:

During the year under review, your company's turnover was reduced by Rs. 425 lakhs mainly because of decrease in yarn prices. However your company's production was increased to 93.58 lakh kgs of yarn from 84.00 lakh kgs of yarn as compared to previous year. During the year under review there was high volatility in the cotton and yarn prices in both domestic and global markets. Power tariff rate was also increased during the month of Jan' 2015 which resulted in additional burden to the Company. Due to the aforesaid adverse effects, your Company's profit was lowered to Rs. 227 lakhs as against Rs. 625 lakhs of the previous year.

Your company successfully commissioned the dedicated feeder line for its unit III & unit II by the month end of October 2014 and March 2015 respectively and because of this feeders, and purchase of third party power there was optimum utilisation of GENSET power and uninterrupted power supply was available to our company which resulted in the substantial reduction in the power costs inspite of increased power tariff rate by TANGEDCO. Commissioning of Dedicated feeder line for Unit I is under progress and expected to get completed by the month end of August 2015.



MANAGEMENT DISCUSSION AND ANALYSIS

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

(a) Industry structure and developments:

The FY 2014-15 witnessed high volatility in cotton prices and sluggish demand for yarn products both in domestic and international markets. The Spinning industries in Tamilnadu faced heavy competition both in the domestic and international markets because of availability of yarn at a cheaper price in the neighbouring states like Andhra Pradesh and Gujarat because of their differential tax policies and subsidy systems.

(b) Outlook

The industry expects an improvement during the current year as cotton and yarn prices are stabilizing from the first quarter of the financial year 2015-16. And with the present Government policies, demand for yarn in China and other European Countries were also encouraging. In view of this situation, the Company's performance is expected to improve further.

(c) Strategies and Future plans

The Company is also actively examining the possibility of reducing costs at all levels and evaluating new value added products, which will have fresh demand in domestic as well as international markets. To overcome the power shortage problem and to gain the maximum benefit from the captive power plants (wind turbines) during the power cut period, dedicated feeder line has been commissioned successfully in Unit II & unit III. Feeder line connection to unit 1 is expected to get completed by the month end of August 2015. This will ensure uninterrupted power supply to the spinning mills of your company which will reduce the dependence on diesel generated power and also maximize production through out the day. Further life of the electrical components could be enhanced due to avoidance of down time during frequent power cuts and thereby quality of product could be maintained /improved further.

Your directors are planning to line with new products and also to start yarn production with staple fibre in one of our units from the month of June.

(d) Risks and Concerns

The Company recognises that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner. In this regard, the Company has adopted Risk Management Mechanism which involves the following process:

a. Risk Identification

Process of systematically identifying all possible risk events which have a potential impact on the business.

b. Risk Evaluation

Prioritizing the identified risks by the likelihood and the potential impact.

c. Risk Mitigation

Managing risks by using any of the four techniques namely risk avoidance, risk transfer, risk sharing and risk reduction.

d. Monitoring and Review

Oversight and review of the risk management system and any changes that might affect it. Monitoring and reviewing occurs concurrently throughout the risk management process.

e. Communication and Consultation

Appropriate communication and consultation with internal and external stakeholders should occur at each stage of the risk management process as well as on the process as a whole.



KEY RISKS

The Company (KSML) is engaged in the manufacture and sale of cotton yarn and the company has set up wind farms for power generation. Since the Company is working in an open environment, it faces various types of risks. The risks associated with the Company and the mitigation measures are enumerated here in below:

Raw Material Risk

Raw cotton is the key raw material for the manufacture of yarn. Cotton being a seasonal agricultural commodity is prone to constant fluctuation in the prices.

Risk Mitigation measures

The Company with an experience of more than three decades in the textile industry has a sizeable presence in the market and constantly follows the global trends, which makes the Company able to take informed decisions for procuring cotton. The Company procures cotton from both domestic and international markets in sufficient quantities to meet the selling obligations. The Company maintains its cotton stock level in line with the cotton price trends.

Quality Risk

One of the Key parameter for the success of a Spinning industry is quality spectrum of the yarn product. Since Quality complaints will create an adverse impact on the market position of the Company.

Risk Mitigation measures

The Company adheres to better quality standards by carrying out adequate and comprehensive quality checks in every process of yarn production from cotton evaluation to manufacture of end product.

Technological Risks

Textile technology is upgraded from time to time. Since there is a trend of moving away from mass production of simpler products towards a wider variety of products with a higher added value, textile sector has to adapt itself to the developing technologies.

Risk Mitigation measures

The Company replaces machinery and Equipment on constant basis to suit the requirements from time to time.

Market Risks

As an intermediary product, price stability of yarn depends on both the price of cotton and the demand present in the fabric market. Yarn markets are rapidly evolving and highly competitive. And further competition gets intensified due to value added products and count varieties.

Risk Mitigation measures

The key factor that distinguishes players in the yarn market is their count ranges and value added products and the Company believes that it has a strong command over its market position by producing value added products and different count varieties blended with good marketing strategies which includes inter & intra state and export sales.

Costs Risks

Apart from raw material costs, the two other largest cost components for the Spinning Industry are labour and power.



Labour

Unlike the developed countries, Indian textile industry is only partly mechanized and continues to employ a large workforce. An optimal workforce and cordial labour relations ensures uninterrupted operations and controlled labour costs.

Risk Mitigation measures

The Company has employed adequate manpower and proper training is given at regular intervals for skill upgradation. Leave and Absenteeism are well controlled by proper recruitment policy. The Company has also devised welfare schemes.

Power

In Spinning Mills, power costs play a vital role in production costs and an uninterrupted supply of power is critical for consistent yarn quality.

Risk Mitigation measures

The Company has taken reduction measures for power costs by minimizing the usage of genset power during the power cut period by utilizing windmill power and captive power purchased from private power producers and the Company has also commissioned dedicated feeder lines for uninterrupted power supply.

Foreign Exchange Risk

Company is exposed to foreign exchange risk on account of its export sales to other countries and imports from overseas suppliers.

Risk Mitigation measures

Company manages the risk on account of foreign currency fluctuations by immediately covering the forward contracts.

Credit Risks

Company faces credit risks in case of delays in settlement of dues by dealers/customers.

Risk Mitigation measures

Company has put in place a proper system for assessment of creditworthiness of dealers/customers and also devised an appropriate recovery management and follow up. Export sales are contract based hence there is no delay in settlement dues. Domestic buyers are classified in terms of their credit period and product price fixation is done on the basis of credit period.

Legal Risks

The Company operates in a complex legal/regulatory environment and is governed by various laws and statutes. Hence the Company is exposed to legal risk exposure.

Risk Mitigation measures

Company has set up an experienced team of professionals and has established a well compliance management to deal with all legal requirements.

Losses for factors beyond Management Control

The Company has taken Insurance Policies to cover various risks of loss from factors like theft, accidents, and transit losses etc, which are beyond the control of the Management.

Other Risks

Apart from the risks mentioned above, the Company's business is exposed to other operating risks, which are mitigated through regular monitoring and corrective action.



(e) Internal control and systems

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

Your company is certified ISO 9001 and 14001 for the systems. Further, your company's laboratory is also certified by NABL.

(f) Human resources management

Employees are your company's most valuable resource. Your Company continues to create a favourable environment at work place. Your Company provides necessary accommodation and food facility to your Employees. Your Company has various welfare measures both government sponsored and privately envisaged. The company also recognises the importance of training and consequently deputed its work force to various work related courses/seminars including important areas like issues like Total Quality Management (TQM), Technical skills etc.,. The fact that the relationship with the employees continued to be cordial is testimony to the company's ability to retain high quality workforce.

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

EHS continues to receive the highest priority in all operational and functional areas at all locations of your Company. Systematic process safety analysis, audits, periodic safety inspections are carried out by expert agencies and suitable control measures adopted for ensuring safe operations at the site. Various processes, wherever required, are backed up by efficient scrubbing systems to take care of any fugitive emission into the environment.

(h) Corporate Social Responsibility and Community Development Initiatives

Board of Directors of the Company has constituted Corporate Social Responsibility (CSR) Committee and devised a CSR policy to carry out CSR initiatives in line with the requirements specified under the Companies Act, 2013. During the financial year 2014-15 the Company has not spent on CSR activities since there was no eligible average net profits available as specified under Section 135 of the Companies Act, 2013. For the financial year 2015-16, since the Company has average net profits as specified under the Companies Act, 2013 the Company will spend on CSR activities in accordance with the CSR policy. The CSR policy has been annexed and forms part of this report and also been hosted on the website of the Company www.kandagirimills.com

Extract of Annual Return

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

Number of Board Meetings

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

Establishment of Vigil Mechanism

The Company has established a vigil mechanism for Directors and employees to report their genuine concerns. The policy has been uploaded on the Company's website under the web-link:

<http://www.kandagirimills.com/investors/ksml2014-wbp.pdf>



Declaration by Independent Directors

Independent directors of the Company have submitted a declaration that each of them meets the criteria of independence as provided in Sub-Section (6) of Section 149 of the Act and revised Clause 49 of the Listing Agreements. Further, there has been no change in the circumstances which may affect their status as Independent director during the year.

Secretarial Audit Report

The Company appointed M/s B.K. Sundaram & Associates, Practising Company Secretaries as Secretarial Auditors, to conduct Secretarial Audit particularly with reference to compliance with Companies Act, 1956/2013, Listing Agreement and relevant SEBI Regulations for the financial year 2014-15. The report of the Secretarial Audit for the financial year 2014-15 in FORM MR-3 is annexed to this report and forms part of this report.

Audit Committee

Details of Composition of Audit Committee are covered under Corporate Governance Report annexed with this report and forms part of this report. Further, during this year none of the recommendations of the Audit Committee has been rejected by the Board.

Policy of Directors Appointment and Remuneration

Company's policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under section 178(3) of the Act are covered under Nomination and Remuneration Policy covered under Corporate Governance Report and forms part of this report. Further, information about elements of remuneration package of individual directors is provided in the extract of Annual Return as provided under Section 92(3) of the Act, prescribed form MGT-9 annexed with this report and forms part of this Report.

Auditors and Secretarial Auditors Report

There are no disqualifications, reservations or adverse remarks or disclaimers in the Auditors and Secretarial Auditors Report.

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.60,00,000 or more	-	Nil
(b) Employed for part of the year and in receipt of remuneration of Rs.5,00,000 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 is annexed with this report and forms part of this report.

Related Party Transactions

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

Board Evaluation

The board of directors had carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Companies Act, 2013 and clause 49 of the SEBI listing agreement.



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 at the next Board Meeting followed the meeting of the Independent directors and the Independent Directors were evaluated without the presence of the director getting evaluated and also the performance of the Board, its Committees and individual directors were also discussed by the Board. The individual directors and the board as a whole in accordance with the performance Evaluation Policy guidelines were evaluated mainly on the basis of the criteria such as attendance, participation, contribution and the benefits derived by the Company. The Chairman was evaluated on the key aspects of his role. The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc. The Performance Evaluation policy is uploaded in the Company's website.

None of the Independent directors are due for reappointment.

Familiarisation Programme of the Independent Directors

Seminars and Site visits to plant locations are organized for the Independent directors to enable them to familiarize with the strategy, operations and functions of the Company. Periodic presentations are made by Senior Management, Statutory and Internal Auditors at the Board/Committee meetings on business and performance updates of the Company, global business environment, business risks and its mitigation strategy, impact of regulatory changes on strategy etc. Updates on relevant statutory changes encompassing important laws are regularly intimated to the Independent directors.

Deposits

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

- i. Deposits Accepted from shareholders during the year (2013 - 14) : Rs. 255.87 lakhs
- ii. Remained unpaid or unclaimed as at the end of the year : NIL
- iii. Any default in repayment of deposits or payment of interest thereon during the year : NIL

Cost Audit Report

As per the directions of the Cost Audit Branch of the Ministry of Corporate Affairs, M/s. S. MAHADEVAN & CO., Cost Accountants, was appointed as Cost Auditors for audit of Cost Accounts of the Company and his report for the year ended 31st March 2014 was submitted on 24.09.2014 to the Ministry of Corporate Affairs (VIDE SRN S31227200 dated 17.09.2014). Due date for submission of Cost Audit Report in XBRL format was 180 days from the date of end of the financial year.

M/s. S. Mahadevan & Co. were again reappointed for Audit of Cost Accounts of the Company for the year ended 31.3.2015. In view of the Company maintaining the Cost Records continuously, and in order to provide the comparable audited figures for the year 2014-15, in the cost audit report for the year 2015-16, the Board decided to continue the cost audit for the year 2014-15 on a voluntary basis. The Cost Auditor will submit the report to the Board of Directors for the year 2014-15, after duly certifying the cost records, in due course.

Directors

Sri Kameshwar M. Bhat and other existing independent directors Sri P. S. Anathanarayanan, Dr V. Gopalan, Sri S. Gnanasekharan and Sri N. Asoka were appointed as Independent directors for a period of five consecutive years at the last AGM held on 28.09.2014. Non- Executive directors Sri M. Rajamani and Dr. A. Sarayu were also appointed at the last AGM held on 28.09.2014 and they are liable to retire by rotation. Sri S. Vijay Shankar resigned from the post of Joint Managing Director and continued as non- executive director from 01.04.2014 and also designated as Chief Financial Officer from 01.04.2014 and Sri S. Vijay Shankar retires by rotation this year and being eligible offers himself for reappointment. 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.



The present term of Chairman and Managing Director expires on 30th September, 2015. Nomination and Remuneration Committee at its meeting held on 26.05.2015 has recommended the reappointment of Chairman and Managing Directors for a period of three years. Board of Directors of the Company has included the resolution for the reappointment of the Chairman and Managing Director in the notice of the ensuing AGM for the approval of the members.

Key Managerial Personnel

Nomination and Remuneration Committee at its meeting held on 26.05.2015 had recommended the increase in the remuneration of Chief Financial Officer Sri S. Vijay Shankar with effect from 01.10.2015 which was subsequently approved by the Audit Committee and the Board at their respective meetings and accordingly Board of Directors has placed the proposal for the approval of the members.

Auditors

The auditors, M/S M.S. Krishnaswami & Rajan, Chartered Accountants, retire at the ensuing annual general meeting and have confirmed their eligibility and willingness to accept office, if appointed. On the recommendation of the Audit Committee your Company's board is placing the resolution u/s 139(2) of the Company's Act, 2013 for appointing him as the statutory Auditor of the Company for the current financial year.

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

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in Note 3.19 of the Notes to the financial statements.

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

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. The Company has set up a Committee for addressing issues related to women and during the financial year 2014-15, there were no complaints received on sexual harassment.

Performance of Associate Companies

Your Company has an associate M/s SPMM Healthcare Services Private Limited within the meaning specified under Section 2 (6) of Companies Act, 2013. M/s SPMM Healthcare services private Limited has recorded a total revenue of Rs. 3,92,43,57/- during the year 2014-15 as against Rs. 3,85,73,790/- in the previous year and profit after tax of Rs.43,63,920/- during the year 2014-15 as against Rs.9,89,364/- in the previous year. A separate statement containing the salient features of the financial statement of the associate in FORM AOC -1 has also been annexed with this report as per the requirements of provisions of section 129 of the Companies Act, 2013 and forms part of this report.

Material Changes and Commitments during the year, if any

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

Significant And Material Orders Passed By The Courts Or Tribunals Impacting The Company

NIL

Shares

Your Company's Shares are traded only in Bombay Stock Exchange.



Annexures to this Report

The following are the annexures to this report

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

Cautionary Note

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

Appreciation

Directors of your Company record their sincere appreciation of the dedication and commitment of all employees in achieving and sustaining excellence in all areas of the business. Your directors thank the Shareholders, Customers, Suppliers, Bankers and other stakeholders for their continued support during the year. Your Company's consistent growth has been made possible by the hard work, solidarity, cooperation and support of the management team.

The directors of your company thank State Bank of India, Karnataka Bank Limited and Axis Bank Limited, Central/State Governments and other government agencies for their support, and look forward to their continued support in future.

Salem
May 28, 2015

For and on behalf of the Board
R. Selvarajan
Chairman and Managing Director

Annexure - 1

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

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

- i. in the preparation of the annual accounts for the financial year 2014-15, the applicable accounting standards have been followed and there are no material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year;
- iii. they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;



- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating properly; and
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Annexure - 2**(ii) Conservation of energy, technology absorption and research and development and foreign exchange earnings and outgo****A. Conservation of energy****(a) Power and fuel consumption****2014-15****2013-14****1. Electricity**

(i) Purchased units*	'000 KWH	21804	19122
Total cost	Rs. Lakhs	1898	1584
Cost/unit	Rs.	8.70	8.28

*net of units generated through wind energy converters

(ii) Own generation

1) Through diesel generator			
Generated units	'000 KWH	811	2299
Units per litre of diesel	KWH	3.34	3.40
Cost/unit	Rs.	16.08	15.24
2) Through steam turbine/generator		—	—
3) Through Wind energy converters	'000 KWH	15734	16572
Generated units (fed to TNEB Grid)			
Cost/unit	Rs.	3.28	4.00

*Cost includes maintenance charges, interest and depreciation

2. Coal

— —

3. Furnace oil

— —

4. Others

— —

b) Consumption per unit of production

Production (Yarn)	Kgs. Lakhs	93.58	84.00
Consumption of electricity	'000 KWH	38349	37954
Consumption Per kg. of Yarn	KWH	4.10	4.52

B. Technology absorption and research and development

— —

C. Foreign exchange earnings and outgo

(a) Active relating to exports Yarn exports (including merchandise exports)	Rs. Lakhs	12930.20	13011.52
(b) Total Foreign exchange used and earned			
1) CIF value of Imports			
Spares for Capital goods*	Rs. Lakhs	3.35	24.27
Raw materials (cotton)*	Rs. Lakhs	1171.39	1980.22
*exclusive of net exchange difference			
2) Other expenditure in foreign Currency			
Interest	Rs. Lakhs	0.61	7.18
Other matters	Rs. Lakhs	7.84	2.85
3) Foreign exchange earned			
Yarn export	Rs. Lakhs	223.83	389.40

**FORM AOC - 1****Annexure - 3****PART "A": SUBSIDIARIES**

Not Applicable since the Company does not have any subsidiary.

PART "B": ASSOCIATES

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

Sl. No.	Name of Associate	SPMM Healthcare Services Private Limited
1.	Latest audited Balance Sheet Date	31-03-2015
2.	Shares of Associate held by the Company on the year end: Number of Shares Amount of Investment in Associates Extend of Holding %	20,00,000 Rs. 2,00,00,000 50%
3.	Description of how there is significant influence	Associate Company
4.	Reason why the associate / joint venture is not consolidated	MCA vide its notification has exempted the consolidation of accounts of associates for the financial year 2014-15 for the companies which do not have a subsidiary.
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	Rs. 72,18,756
6.	Profit for the year	Rs. 43,63,920
	Profit attributable to the Shareholding	Rs. 21,81,960

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

For and on behalf of the Board

R. Selvarajan Salem, May 28, 2015	S. Devarajan Chairman and Managing Director DIN : 00001703	J. Asifa Director DIN : 0001910	S. Vijay Shankar Company Secretary Chief Financial Officer
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Form No. AOC-2**Annexure - 4**

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

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

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

NOTE

All transactions entered by the Company with Related Parties were in the Ordinary Course of Business and at Arm's Length pricing basis. The Audit Committee granted omnibus approval for the transactions (which are repetitive in nature) and the same was reviewed by the Audit Committee and the Board of Directors. There were no materially significant transactions with Related Parties during the financial year 2014-15 which were in conflict with the interest of the Company. Hence the related party transactions of the Company for the financial year 2014-15 not fall under the purview of disclosure under Form AOC - 2. Suitable disclosures as required under AS-18 have been made in Note 3.8 of the Notes to the financial statements.



Further the Board of directors has placed the resolution for approval of the members for increase in the remuneration of Chief Financial officer with effect from 01.10.2015 in the notice of the ensuing Annual General Meeting, which the proposed remuneration is material in nature pursuant to the provisions of the Companies Act, 2013 read with the rules framed thereunder.

Salem
May 28, 2015

R. Selvarajan
Chairman and Managing Director

Annexure - 5

FORM NO. MGT - 9

**EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2015**

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service*	% to total turnover of the company
1	Manufacture and Sale of Cotton Yarn	13111	95.45

* - As per NIC 2008

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

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



IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at beginning of the year (01.04.2014)				No. of Shares held at end of the year (31.03.2015)				% Change during the year
	Demat	Physi-cal	Total	% of Total Shares	Demat	Physi-cal	Total	% of Total Shares	
A. Promoters									
(1) Indian									
g) Individual	2688852	0	2688852	69.85	2638452	0	2638452	68.54	-1.31
h) Central Govt	0	0	0	0	0	0	0	0	0
i) State Govt (s)	0	0	0	0	0	0	0	0	0
j) Bodies Corp.	0	0	0	0	0	0	0	0	0
k) Banks / FI	0	0	0	0	0	0	0	0	0
l) Any other	0	0	0	0	0	0	0	0	0
Sub - Total (A) (1):-	2688852	0	2688852	69.85	2638452	0	2638452	68.54	-1.31
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other - Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Bank / FI	0	0	0	0	0	0	0	0	0
e) Any Other...	0	0	0	0	0	0	0	0	0
Sub - Total (A) (2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A) (1) + (A) (2)	2688852	0	2688852	69.85	2638452	0	2638452	68.54	-1.31
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds / UTI	0	0	0	0	0	0	0	0	0
b) Financial Institutions / Bank	0	0	0	0	0	0	0	0	0
c) Central Government / State Govt.	0	0	0	0	0	0	0	0	0
d) Venture Capital Funds.	0	0	0	0	0	0	0	0	0
e) Insurance Companies	0	0	0	0	0	0	0	0	0
f) Foreign Institutional Investors	0	0	0	0	0	0	0	0	0
g) Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
h) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
i) Any other	0	0	0	0	0	0	0	0	0
Sub - Total (B) (1)	0	0	0	0	0	0	0	0	0



Category of Shareholders	No. of Shares held at beginning of the year (01.04.2014)				No. of Shares held at end of the year (31.03.2015)				% Change during the year
	Demat	Physi-cal	Total	% of Total Shares	Demat	Physi-cal	Total	% of Total Shares	
(2) Non - Institutions									
a) Bodies Corporate	55437	91900	147337	3.83	53259	91900	145159	3.77	-0.06
b) Individuals									
i. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	423768	144990	568758	14.78	401260	139405	540665	14.05	-0.73
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	385621	0	385621	10.02	462475	0	462475	12.01	1.99
c) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
d) Any other									
Clearing Members	0	0	0	0	100	0	100	0.002	0.002
Hindu Undivided Families	57552	0	57552	1.50	61284	0	61284	1.59	0.09
Non resident Indians	1130	0	1130	0.02	1115	0	1115	0.03	0.01
Sub - Total (B) (2):-	923508	236890	1160398	30.15	979493	231305	1210798	31.46	1.31
Total Shareholding (B) = (B) (1) + (B) (2)	923508	236890	1160398	30.15	979493	231305	1210798	31.46	1.31
Total (A) + (B)	3617945	231305	3849250	100.00	3617945	231305	3849250	100.00	0



ii). Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	R SELVARAJAN	778730	20.23	– Nil –	778730	20.23	– Nil –	–
2	S VIJAY SHANKAR	409582	10.64	– Nil –	409582	10.64	– Nil –	–
3	S SIVAKUMAR	159163	4.13	– Nil –	159163	4.13	– Nil –	–
4	S SIVAKUMAR & S SWETHA	118870	3.09	– Nil –	118870	3.09	– Nil –	–
5	S DINAKARAN	116466	3.03	– Nil –	116466	3.03	– Nil –	–
6	S NIRMALA	113040	2.94	– Nil –	113040	2.94	– Nil –	–
7	S JEGARAJAN	112057	2.91	– Nil –	112057	2.91	– Nil –	–
8	S DEVARAJAN	92227	2.40	– Nil –	92227	2.40	– Nil –	–
9	M RAJAMANI	85550	2.22	– Nil –	85550	2.22	– Nil –	–
10	S SWETHA & S SIVAKUMAR	83200	2.16	– Nil –	83200	2.16	– Nil –	–
11	R SAKUNTHALA	79600	2.07	– Nil –	79600	2.07	– Nil –	–
12	R SELVARAJAN	65520	1.70	– Nil –	65520	1.70	– Nil –	–
13	R MALARSELVI	63800	1.66	– Nil –	63800	1.66	– Nil –	–
14	KALAVATHI S	59520	1.55	– Nil –	59520	1.55	– Nil –	–
15	A SARAYU	53090	1.38	– Nil –	53090	1.38	– Nil –	–
16	M RAJAMANI & R SAKUNTHALA	36517	0.95	– Nil –	36517	0.95	– Nil –	–
17	S BALAMANI	30000	0.78	– Nil –	30000	0.78	– Nil –	–
18	A CHINTHAMANI	26600	0.69	– Nil –	26600	0.69	– Nil –	–
19	G INDIRANI	26600	0.69	– Nil –	0	0.00	– Nil –	-0.69
20	THAVAMANI R	26600	0.69	– Nil –	0	0.00	– Nil –	-0.69
21	D SARADHAMANI	25270	0.66	– Nil –	25270	0.66	– Nil –	–
22	S DEVARAJAN	17870	0.46	– Nil –	17870	0.46	– Nil –	–
23	D RADHABAI	10370	0.27	– Nil –	0	0.00	– Nil –	-0.27
24	D SENTHILNATHAN	6850	0.18	– Nil –	17220	0.45	– Nil –	+0.27
25	SUMATHI S	17200	0.45	– Nil –	17200	0.45	– Nil –	–
26	PARAMESWARI JEGARAJAN	15300	0.40	– Nil –	15300	0.40	– Nil –	–
27	M VANAJA	15000	0.39	– Nil –	15000	0.39	– Nil –	–
28	S BHARATHI	10000	0.26	– Nil –	10000	0.26	– Nil –	–
29	R JAYANTHI	10000	0.26	– Nil –	10000	0.26	– Nil –	–
30	D MANJULA	7650	0.20	– Nil –	7650	0.20	– Nil –	–
31	S P SAMBANDAM	3770	0.10	– Nil –	3770	0.10	– Nil –	–
32	V ABHINAV	0	0.00	– Nil –	2800	0.07	– Nil –	+0.07
33	D SUDHARSAN	2000	0.05	– Nil –	2000	0.05	– Nil –	–
34	J SAKTHIVEL	2000	0.05	– Nil –	2000	0.05	– Nil –	–
35	S DINAKARAN	1250	0.03	– Nil –	1250	0.03	– Nil –	–
36	S JEGARAJAN	1250	0.03	– Nil –	1250	0.03	– Nil –	–
37	J RAMYA	1170	0.03	– Nil –	1170	0.03	– Nil –	–
38	D ANUPAMA	1170	0.03	– Nil –	1170	0.03	– Nil –	–
39	D MINUSAKTHIPRIYA	1000	0.03	– Nil –	1000	0.03	– Nil –	–
40	D NIRANJANKUMAR	1000	0.03	– Nil –	1000	0.03	– Nil –	–
41	RATHIPRIYA D	1000	0.03	– Nil –	1000	0.03	– Nil –	–
42	V VALARNILA	1000	0.03	– Nil –	1000	0.03	– Nil –	–
TOTAL		2688852	69.85	–	2638452	68.54	–	-1.31


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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
	At the beginning of the year 01-04-2014	2688852	69.85%	2688852	69.85%
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.,)				
	23-05-2014 (SALE) THAVAMANI R	(-) 26,600	(-) 0.69%	2662252	69.16%
	20-06-2014 (SALE) G INDIRANI	(-) 26,600	(-) 0.69%	2635622	68.47%
	20-02-2015 (TRANSMISSION) D RADHABAI	(-) 10,370	(-) 0.27%	2625282	68.20%
	20-02-2015 (TRANSMISSION) D SENTHILNATHAN	(+) 10,370	(+) 0.27%	2635652	68.47%
	23-02-2015 (OFF MARKET TRANSFER) V ABHINAV	(+) 2,800	(+) 0.07%	2638452	68.54%
	At the End of the year 31-03-2015	2638452	68.54%	2638452	68.54%

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

Sl. No.	For Each of the Top 10 Shareholders	Date of change	Shareholding at the beginning of the year 01-04-2014		Cumulative Shareholding during the year		Shareholding at the end of the year 31-03-2015	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	MALLUR SIDDESWARA SPINNING MILLS LIMITED	—	90000	2.3381	90000	2.3381	90000	2.3381
2	SANGITA KUMARPAL PAREKH JT1 : KUMARPAL MANSUKHLAL PAREKH	—	76999	2.0003	—	—	—	—
	SANGITA KUMARPAL PAREKH JT1 : KUMARPAL MANSUKHLAL PAREKH (PURCHASE OF 225 SHARES)	09/05/2014	—	—	77224	2.0062	77224	2.0062
3	VINODCHANDRA MANSUKHLAL PAREKH JT1 : SANJEEV VINODCHANDRA PAREKH	—	76088	1.9766	—	—	—	—
	VINODCHANDRA MANSUKHLAL PAREKH JT1 : SANJEEV VINODCHANDRA PAREKH (PURCHASE OF 463 SHARES)	31/10/2014	—	—	76551	1.9887	—	—
	VINODCHANDRA MANSUKHLAL PAREKH JT1 : SANJEEV VINODCHANDRA PAREKH (PURCHASE OF 200 SHARES)	07/11/2014	—	—	76751	1.9939	—	—
	VINODCHANDRA MANSUKHLAL PAREKH JT1 : SANJEEV VINODCHANDRA PAREKH (PURCHASE OF 1622 SHARES)	21/11/2014	—	—	78373	2.0361	78373	2.0361



Sl. No.	For Each of the Top 10 Shareholders	Date of change	Shareholding at the beginning of the year 01-04-2014		Cumulative Shareholding during the year		Shareholding at the end of the year 31-03-2015	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
4	PRANAV KUMARPAL PAREKH JT1 : SANJEEV VINODCHANDRA PAREKH	—	35585	0.9244	35585	0.9244	35585	0.9245
5	SANJEEV VINODCHANDRA PAREKH JT1 : DAKSHA SANJEEV PAREKH	—	34095	0.8857	34095	0.8857	34095	0.8858
6	CHANDRIKA VINODCHANDRA PAREKH JT1 : VINODCHANDRA MANSUKHLAL PAREKH	—	33064	0.8589	33064	0.8589	33064	0.8590
7	KUMARPAL MANSUKHLAL PAREKH JT1 : SANJEEV VINODCHANDRA PAREKH	—	31055	0.8067	—	—	—	—
	KUMARPAL MANSUKHLAL PAREKH JT1 : SANJEEV VINODCHANDRA PAREKH (PURCHASE OF 149 SHARES)	23/01/2015	—	—	31204	0.8107	31204	0.8107
8	GAGANDEEP CREDIT CAPITAL PVT LTD	—	27870	0.724	27870	0.724	27870	0.7240
9	S SWETHA	—	19100	0.4962	19100	0.4962	19100	0.4962
	SWETHA S.	—	267	0.0069	267	0.0069	267	0.0069
10	VINODCHANDRA MANSUKHLAL PAREKH	—	18438	0.479	18438	0.479	18438	0.479
11	DAKSHA SANJEEV PAREKH JT1 : SANJEEV VINODCHANDRA PAREKH	—	10975	0.2851	—	—	—	—
	DAKSHA SANJEEV PAREKH JT1 : SANJEEV VINODCHANDRA PAREKH (PURCHASE OF 7538 SHARES)	09/05/2014	—	—	18513	0.4809	—	—
	DAKSHA SANJEEV PAREKH JT1 : SANJEEV VINODCHANDRA PAREKH (PURCHASE OF 649 SHARES)	16/05/2014	—	—	19162	0.4978	—	—
	DAKSHA SANJEEV PAREKH JT1 : SANJEEV VINODCHANDRA PAREKH (PURCHASE OF 26600 SHARES)	20/06/2014	—	—	45762	1.1888	—	—
	DAKSHA SANJEEV PAREKH JT1 : SANJEEV VINODCHANDRA PAREKH (PURCHASE OF 496 SHARES)	20/03/2015	—	—	46258	1.2017	46258	1.2017
12	PUSHPA MANSUKHLAL PAREKH JT1 : SANJEEV VINODCHANDRA PAREKH	—	8099	0.2104	—	—	—	—
	PUSHPA MANSUKHLAL PAREKH JT1 : SANJEEV VINODCHANDRA PAREKH (PURCHASE OF 28810 SHARES)	23/05/2014	—	—	36909	0.9589	36909	0.9589


V). Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year 01-04-2014		Cumulative Shareholding during the year		Shareholding at the end of the year 31-03-2015	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	Sri R SELVARAJAN (Chairman and Managing Director)	778730	20.2307	778730	20.2307	778730	20.2307
2	Sri S VIJAY SHANKAR (Chief Financial Officer and Director)	409582	10.6406	409582	10.6406	409582	10.6406
3	Sri S DEVARAJAN (Non- Executive Director)	92227	2.3960	92227	2.3960	92227	2.3960
4	Dr. A SARAYU (Non- Executive Director)	53090	1.3792	53090	1.3792	53090	1.3792
5	Sri M RAJAMANI (Non- Executive Director)	122067	3.1712	122067	3.1712	122067	3.1712
6	Dr. V. GOPALAN (Non- Executive Independent Director)	0	0.0000	0	0.0000	0	0.0000
7	Sri. P.S. ANANTHANARAYANAN (Non- Executive Independent Director)	0	0.0000	0	0.0000	0	0.0000
8	Sri. N. ASOKA (Non- Executive Independent Director)	0	0.0000	0	0.0000	0	0.0000
9	Sri S.GNANASEKHARAN (Non- Executive Independent Director)	0	0.0000	0	0.0000	0	0.0000
10	Sri KAMESHWAR M BHAT (Non- Executive Independent Director)	0	0.0000	0	0.0000	0	0.0000
11	Ms. J. ASIFA (Company Secretary)	0	0.0000	0	0.0000	0	0.0000
Total		1455696	37.8177	1455696	37.8177	1455696	37.8177
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):		Nil	Nil	0	0	1455696	37.8177
At the End of the year						1455696	37.8177

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebted ness
Indebtedness at the beginning of the financial year				
i) Principal Amount	8452.19	298.15	327.29	9077.63
ii) Interest due but not paid	67.52	—	16.22	83.74
iii) Interest accrued but not due	8.71	—	—	8.71
Total (i+ii+iii)	8528.42	298.15	343.51	9170.08
Change in Indebtedness during the financial year				
• Addition	2000.00	410.88	255.87	2666.75
• Reduction	2769.94	10.40	343.51	3123.85
Net Change	(-) 769.94	400.48	(-) 87.64	(-) 457.10
Indebtedness at the end of the financial year				
i) Principal Amount	7685.81	698.63	255.87	8640.31
ii) Interest due but not paid	63.02	—	—	63.02
iii) Interest accrued but not due	9.65	—	—	9.65
Total (i+ii+iii)	7758.48	698.63	255.87	8712.98

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

Sl. No.	Particulars of Remuneration	Sri R. Selvarajan (Chairman and Managing Director)	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs. 21,60,000/-	Rs. 21,60,000/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Rs. 14,40,000/-	Rs. 14,40,000/-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission		
	- as % of profit	Nil	Nil
	- others, specify	Nil	Nil
5.	Others, please specify	Nil	Nil
	Total (A)	Rs. 36,00,000/-	Rs. 36,00,000/-
	Ceiling as per the Act (As per Schedule V of the Act)	Rs. 42,00,000/-	Rs. 42,00,000/-

**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		V. Gopalan	P.S.Anantha narayanan	N.Asoka	S.Gnana sekharan	Kameshwar M Bhat	
	3. Independent Directors						
	Fee for attending Audit committee meeting	Rs. 1,40,000/-	Rs. 1,40,000/-	Rs. 1,15,000/-	Rs. 1,40,000/-	Rs. 25,000/-	Rs. 5,60,000/-
	Fee for attending Nomination and Remuneration committee meeting	Rs. 25,000/-	Rs. 25,000/-	Rs. 10,000/-	–	–	Rs. 60,000/-
	Fee for attending Separate Independent Director Meeting	Rs. 25,000/-	Rs. 25,000/-	Rs. 25,000/-	Rs. 25,000/-	–	Rs. 1,00,000/-
	Fee for attending Board Meeting:	Rs. 80,000/-	Rs. 80,000/-	Rs. 65,000/-	Rs. 80,000/-	Rs. 30,000/-	Rs. 3,35,000/-
	Commission	Nil	Nil	Nil	Nil	Nil	Nil
	Others	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)	Rs. 2,70,000/-	Rs. 2,70,000/-	Rs. 2,15,000/-	Rs. 2,45,000/-	Rs. 55,000/-	Rs.10,55,000/-
	4. Other Non-Executive Directors	S.Devarajan	A.Sarayu	S.Sivakumar	M. Rajamani	S. Vijay Shankar*	
	Fee for attending Audit Committee meeting	Rs. 1,40,000/-	–	–	–	–	Rs. 1,40,000/-
	Fee for attending Board meeting	Rs. 80,000/-	Rs. 30,000/-	Rs. 30,000/-	Rs. 30,000/-	Nil	Rs. 1,70,000/-
	Commission	Nil	Nil	Nil	Nil	Nil	Nil
	Others	Nil	Nil	Nil	Nil	Nil	Nil
	Total (2)	Rs. 2,20,000/-	Rs. 30,000/-	Rs. 30,000/-	Rs. 30,000/-	Nil	Rs. 3,10,000/-
	Total (B) = (1+2)	–	–	–	–	Nil	Rs.13,65,000/-
	Total Managerial Remuneration	Nil	Nil	Nil	Nil	Nil	Nil
	Overall Ceiling as per the Act	Rs.1 lakh per meeting	Rs.1 lakh per meeting	Rs.1 lakh per meeting	Rs.1 lakh per meeting	Rs.1 lakh per meeting	

* – Sri S. Vijay Shankar did not receive any sitting fees in his capacity as non-executive director but only receives remuneration in the capacity of CFO.

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer	Company Secretary	Total
		Sri S.Vijay Shankar	Ms. J. Asifa	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs. 30,00,000	Rs. 3,01,200	Rs. 33,01,200
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission			
	- as % of profit	Nil	Nil	Nil
	- others, specify...			
5.	Others, please specify	Nil	Nil	Nil
	Total	Rs. 30,00,000	Rs. 3,01,200	Rs. 33,01,200

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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



B.K.SUNDARAM & ASSOCIATES

COMPANY SECRETARIES.

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

B.KALYANASUNDARAM,

B.Com., AICWA., ACS.,

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

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

To,

The Members

M/S KANDAGIRI SPINNING MILLS LIMITED

MILL PREMISES, POST BAG NO.3, UDAYAPATTI P.O., SALEM-636140

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

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by M/S Kandagiri Spinning Mills Limited (the Company) and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2015 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 2015, according to the provisions of:

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

We have also examined compliance with the applicable clauses of the 'The Listing Agreements' entered into by the Company with BSE Limited and Madras Stock Exchange Limited.



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, 2009;
 - (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We further report that :

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

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

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

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

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

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

Place : TIRUCHIRAPALLI
Date : 17/05/2015

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

**CORPORATE SOCIAL RESPONSIBILITY POLICY****PREAMBLE**

The CSR Policy has been formulated in due compliance with the provisions of section 135 of the Companies Act, 2013, read with relevant rules and Schedule VII of the Companies Act, 2013. Kandagiri Spinning Mills Limited (hereinafter called as 'Company') is committed to society, ecology and environment. This policy is framed to pursue initiatives directed towards enhancing welfare measures of the weaker sections of the society, preferably locally nearer to the factory sites of the Company.

OBJECTIVE

The objective of this policy is not only to guide the Company and its people to indulge in social activities but also to integrate the business processes with social processes. The Company believes that CSR policy is the Company's faith in socially inclusive and sustainable business as the way of doing business.

DEFINITIONS

For the purposes of this policy references to the following shall be construed as

“**Act**” means the Companies Act, 2013.

“**Board**” means Board of Directors of the Company.

“**CSR Committee**” means Corporate Social Responsibility (CSR) Committee of the Company as constituted or reconstituted by the Board from time to time.

“**Company**” refers to Kandagiri Spinning Mills Limited.

“**CSR Policy**” means the contents herein including any amendments made by the Board of Directors of the Company.

“**Net profits**” means the net profit before tax of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:-

- a. Any profit arising from any overseas branch or branches of the Company, whether operated as a separate Company or otherwise; and
- b. Any dividend received from other Companies in India, which are covered under and complying with the provisions of Section 135 of the Companies Act, 2013.

All terms not defined herein shall take their meaning from the Companies Act, 2013 and the applicable rules framed thereunder.

CONSTITUTION OF CSR COMMITTEE

The Board has the power to constitute/ reconstitute the CSR Committee from time to time with due compliance with the applicable statutory requirement to oversee the CSR obligations of the Company. At present, the CSR Committee comprises of the following Directors:

- (i) Sri R. Selvarajan – Chairman (Chairman and Managing Director)
- (ii) Sri S. Vijay Shankar – Member (Chief Financial Officer & Director)
- (iii) Sri S. Devarajan – Member (Non-Executive Director)
- (iv) Dr V. Gopalan – Member (Independent Director)



ROLE OF THE COMMITTEE

The role of the Committee inter alia will be the following:

- To formulate and recommend to the Board, a Corporate Social Responsibility Committee indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- To approve projects in line with the CSR Policy.
- To frame the modalities of execution of such projects and its implementation schedules.
- To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.
- To recommend the CSR expenditure to the Board.
- To monitor and review the CSR policy of the Company from time to time.

MANNER OF SELECTION AND EXECUTION OF CSR PROJECTS

1. A CSR project may be selected by the CSR Committee from the activities specified under Schedule VII of the Companies Act, 2013 on its own discretion and accord priority to the projects selected by it.
2. The CSR Committee, after identifying and approving a CSR project, may fix a target spending and formulate the modalities of execution and implementation thereof.
3. The CSR Committee shall periodically monitor and evaluate the performance of the Projects and the achievement of targets.

CSR THRUST AREAS OF THE COMPANY

The Company has currently identified the following CSR thrust areas which are covered under Schedule VII of the Companies Act, 2013 for CSR activities which will be implemented through below mentioned trusts which have a track record of undertaking similar programs or projects.

SI. No	THRUST AREAS	Related to Schedule VII of Companies Act, 2013	ACTIVITIES COVERED	IMPLEMENTATION ROUTE
1	Healthcare	Item No: 1 of Schedule VII • Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive healthcare and sanitation and making available safe drinking water	• Vaccination • Malnutrition • Conducting Medical Tests • Safe Drinking Water & Sanitation	Through S. Palaniandi Mudaliar Charitable Trust
2	Education	Item No: 2 of Schedule VII • Promoting education including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;	• Funding to ITI, School & Polytechnic	Through Sengunthar Education Trust
3	Enhance -ment of vocational Skills	Item No: 2 of Schedule VII • Promoting education including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;	• Providing Vocational courses including women & differently abled persons	Through Sengunthar Education Trust, IMC & Trust for Mentally Challenged Children



SI. No	THRUST AREAS	Related to Schedule VII of Companies Act, 2013	ACTIVITIES COVERED	IMPLEMENTATION ROUTE
4	Sports	Item No: 7 of Schedule VII • Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports;	• Promoting Rural Sports	Through Sri Abhinav Trust
5	Contribution to PM Relief Fund	Item No: 8 of Schedule VII • Contribution to Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled castes, the Scheduled Tribes, other backward classes, minorities and women;	• As decided by the Committee on case to case basis	Direct

The Committee may include such other activities specified under Schedule VII of the Companies Act, 2013 and amendments thereto from time to time. The Company apart from above mentioned trusts may also implement its CSR activities through some other trusts/societies or otherwise as decided by the Committee from time to time in accordance with the provisions of the Act and rules framed thereunder.

CSR EXPENDITURE

The Company will spend towards its CSR activities, an amount equivalent to atleast 2% of the average net profits of the Company made during the three immediately preceding financial years as specified under the provisions of Section 135 of the Companies Act, 2013. And the CSR Budget will be decided by the CSR Committee from time to time based on the projects undertaken as per the limits specified under Section 135 of the Companies Act, 2013 and be placed before the Board for approval.

TREATMENT OF SURPLUSES

The Surpluses arising out of the CSR projects or activities undertaken by the Company from time to time will not form part of the business profits of the Company

NOTE

The Company is not required to spend on CSR activities in the financial year 2014-15 since the Company does not have average net profits as specified under Section 135 of the Companies Act, 2013. As and when in future, the Company has any 'average net profits' as specified under Section 135 of the Companies Act, 2013, the Company will spend on CSR activities in accordance with the provisions of the Act.

IMPLEMENTATION AND MONITORING PROCESS

The CSR Committee will formulate the modalities of execution, implementation schedule and lay out the monitoring process with respect to the CSR projects undertaken.

REVIEW

The CSR Committee will review the policy from time to time based on the Changing requirement and make such modifications as may be necessary and be placed before the Board for approval.



Annexure - 8

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 follows:-

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

NON EXECUTIVE DIRECTORS *	RATIO TO MEDIAN REMUNERATION
Sri S. Devarajan	—
Sri S. Sivakumar	—
Dr .A. Sarayu	—
Sri M.Rajamani	—
Sri P. S. Ananthanarayanan	—
Dr. V. Gopalan	—
Sri N. Asoka	—
Sri. S. Gnanasekharan	—
Sri Kameshwar M Bhat	—
Sri S. Vijay Shankar#	—
EXECUTIVE DIRECTOR SRI R. SELVARAJAN, CMD	30

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

NON EXECUTIVE DIRECTORS *	% Increase in Remuneration
Sri S. Devarajan	—
Sri S. Sivakumar	—
Dr .A. Sarayu	—
Sri M.Rajamani	—
Sri P. S. Ananthanarayanan	—
Dr. V. Gopalan	—
Sri N. Asoka	—
Sri. S. Gnanasekharan	—
Sri Kameshwar M Bhat	—
EXECUTIVE DIRECTOR Sri R. Selvarajan, CMD	Nil
CHIEF FINANCIAL OFFICER Sri S. Vijay Shankar	25%
COMPANY SECRETARY Ms. J. Asifa	NIL

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

Sri S. Vijay Shankar resigned from the post of Joint Managing Director and continued as Non- Executive Director and designated as Chief Financial Officer with effect from 01.04.2014. Sri S. Vijay Shankar did not receive any sitting fees in his capacity as non-executive director but only receives remuneration in the capacity of CFO.

(c) percentage increase in median remuneration of the employees during the financial year : 8%

(b) the number of permanent employees on the rolls of the company : 591



(e) the explanation on the relationship between average increase in remuneration and company performance

On an average, employees received an increase of 8%. The increase in remuneration is in line with the market trends. In order to ensure that remuneration reflects company performance, the performance pay is linked to organization performance.

(f) Comparison of the remuneration of the KMP against the performance of the Company

Particulars	Rs in Lakhs
Remuneration of Key Managerial Personnel (KMP) during financial year 2014-15 (aggregated)	69.01
Revenue from operations	18936.17
Remuneration (as % of revenue)	0.36%
Profit Before Tax	226.67
Remuneration (as % of PBT)	30.45%

(g) variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year

Particulars	Unit	As on 31.03.2015	As on 31.03.2014	Variation
Closing rate of share at BSE	Rs.	53.65	63.45	(15.45%)
EPS (Consolidated)	Rs.	4.04	9.92	(59.27%)
Market Capitalization	Rs. in Lakhs	20694.95	24475.20	(15.45%)
Price Earnings ratio	Ratio	13.28	6.40	107.5%

Percentage in bracket represents negative percentage

(h) Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer

Particulars	Unit	As on 31.03.2015	IPO Price (1995)	Variation
Closing rate of share at BSE	Rs.	53.65	50 (Issue Price-10) Premium - 40)	7.3%

(i) 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

The average increase in salaries of employees other than managerial personnel in 2014-15 was 8%. During the year 2014-15, there was no increase in the remuneration of CMD.

(j) Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company

Particulars	Chairman and Managing Director Rs. in Lakhs	Chief Financial Officer Rs. in Lakhs	Company Secretary Rs. in Lakhs
Remuneration	36.00	30.00	3.01
Revenue	18936.17	18936.17	18936.17
Remuneration (as % of revenue)	0.19%	0.16%	0.02%
Profit Before Tax (PBT)	226.67	226.67	226.67
Remuneration (as % of PBT)	15.88%	13.24%	1.33%



(k) **Key parameters for any variable component of remuneration availed by the directors :**
NotApplicable.

(l) **Ratio of remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;**
Not applicable.

(m) **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.

CEO/CFO CERTIFICATION

To
The Board of Directors,
Kandagiri Spinning Mills Limited
Salem

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

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - b) these statements present a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing Generally Accepted Accounting Principles including Accounting Standards.
2. These are to the best of our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. The Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee are appraised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses.
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 of and which involve management or other employees who have significant role in the Company's Internal control system over financial reporting. However, there was no such instance.

Salem
28.05.2015

R.Selvarajan
Chairman and Managing Director

S. Vijay Shankar
Chief Financial Officer



REPORT ON CORPORATE GOVERNANCE

Company's philosophy on corporate governance

Company's philosophy on corporate governance is delineated below:

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

Rights of Shareholders

Your Company protects and facilitates shareholder's rights, provides adequate and timely information, opportunity to participate effectively in general meeting and ensure equitable treatment to all shareholders.

Role of stakeholders in Corporate Governance

Your Company recognises the right of stakeholders and encourages co-operation between the Company and stakeholders to enable participation in Corporate Governance process.

Disclosures and transparency

Your Company ensures timely and accurate disclosure on all material matters including the financial situation, performance, ownership and governance of the Company.

Board of directors

As on March 31, 2015 Your Company's Board comprised of 10 Directors (out of which 50% of the Directors are Independent Directors). The composition of the Board is:

Independent Directors	Non Executive Directors	Executive Director
Sri P.S. Ananthanarayanan Dr. V. Gopalan Sri S. Gnanasekharan Sri N. Asoka Sri Kameshwar M Bhat *	Sri S. Vijay Shankar Sri S. Devarajan Sri M. Rajamani** Dr. A. Sarayu**	Sri R. Selvarajan

* Sri Kameshwar M. Bhat was appointed by members at the Annual General meeting held on September 28, 2014 as an Independent Director of the Company not liable to retire by rotation to hold office for a term of five consecutive years from 28.9.2014 till the conclusion of the 43rd AGM of the Company. All the other four independent directors were also appointed by members at the same AGM on same terms.

** Dr. A.Sarayu and Sri M. Rajamani were appointed by members at the Annual General meeting held on 28.9.2014 as non-executive directors of the Company, liable to retire by rotation.

The Board of Directors met six times during the year and the time gap between any two Board meetings did not exceed 120 days. Board meetings were held on April 1, 2014, May 9, 2014, May 30, 2014, August 13, 2014, November 6, 2014 and February 6, 2015. Attendance at the Board Meetings and the last Annual General Meeting and details of membership of Directors' in Board and committees are:



Name of the Director	No. of Board meetings attended	Whether attended last AGM	No. of directorship (including Kandagiri Spinning Mills Limited)	No. of Membership of board committee (including Kandagiri Spinning Mills Limited)	No. of equity shares held
Sri R. Selvarajan	6	Yes	6	2	7,78,730
Sri S. Vijay Shankar	6	Yes	2	2	4,09,582
Sri S. Devarajan	6	Yes	8	3	92,227
Dr. A. Sarayu**	2	Yes	1	—	53,090
Sri M. Rajamani**	2	Yes	2	—	1,22,067
Sri S. Sivakumar*	2	Yes	3	—	2,78,033
Sri P.S. Ananthanarayanan	6	Yes	2	2	Nil
Dr. V. Gopalan	6	Yes	3	2	Nil
Sri N. Asoka	5	Yes	3	4	Nil
Sri S. Gnansekharan	6	No	2	2	Nil
Sri Kameshwar M Bhat**	2	Yes	2	2	Nil

* retired at the AGM held on September 28, 2014

** appointed as director w.e.f. September 28, 2014

Note : Only membership of Audit Committee, Share Transfer Committee and Stakeholders Relationship Committee are to be considered as per clause 49 (1) (c) of the Listing Agreement with Stock Exchanges.

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

Board fulfills the key functions as prescribed under Clause 49 of the Listing Agreement. Details of the Director seeking re-appointment at the ensuing Annual General Meeting have been furnished in the Notice convening the Meeting of the shareholders.

Independent Directors

Your Company appointed independent Directors who are renowned people having expertise/experience in their respective field/profession. None of the Independent Directors is a promoter or related to the promoters. They do not have any pecuniary relationship with the Company and further they do not hold two percent or more of the total voting power of the Company. All Independent Directors maintain their limits of directorship as required under Clause 49 of the Listing Agreement. The Company has issued a formal letter of appointment to all Independent Directors and the terms and conditions of their appointment have been disclosed in the website of the Company.

The Nomination and Remuneration Committee of the Board laid down the criteria for performance evaluation of all Directors. The performance evaluation has been done by the entire Board of Directors, except the Director concerned being evaluated.



During the year, meeting of Independent Directors was held to review the performance of the Board as a whole on parameters of effectiveness and to assess the quality, quantity and timeliness of flow of information between the management and the Board. Sri P.S. Ananthanarayanan, Chairman of the meeting presented the views of the Independent Directors on matters relating to Board processes and the overall affairs of the Company to the full Board.

Your Company follows a familiarization programme through various reports/codes/internal policies for all the Directors with a view to update them on the Company's policies and procedures on a regular basis.

Fees paid to the Non-executive Directors (including the Independent Directors) are fixed by the Board is within the limits prescribed under the Companies Act, 2013.

Code of Conduct

The Code of Conduct laid down by the Company is applicable to the Board of Directors (incorporating duties of Independent Directors) and the Senior Management. This Code of Conduct emphasizes the Company's commitment to comply with the highest standards of legal and ethical behaviour. All the Directors and senior management have adhered to the Code of Conduct of the Company during the year and have signed declarations of compliance to the Code of Conduct. Pursuant to Clause 49 of the Listing Agreement, the Chairman and Managing Director of the Company confirmed compliance with the Code by all members of the Board and the Senior Management.

Your Company has adopted a Code of Conduct as per Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 2015. All Directors, Designated Employees who could have access to the Unpublished Price Sensitive Information of the Company are governed by the Code. During the year under review, there has been due compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992/2015.

Whistle Blower Policy

Your Company has established a Vigil Mechanism/Whistle Blower Policy to enable stakeholders (including Directors and employees) to report unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The Policy provides adequate safeguards against victimization of Director(s)/employee(s) and direct access to the Chairman of the Audit Committee in exceptional cases. Protected Disclosures, if any reported under this Policy will be appropriately and expeditiously investigated by the Chairman. Your Company hereby affirms that no Director/employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year. The Whistle Blower Policy has been disclosed on the Company's website.

Audit Committee

The Audit Committee which acts as a link between the management, external and internal auditors and the Board of Directors of the Company is responsible for overseeing the Company's financial reporting process by providing direction to audit function and monitoring the scope and quality of internal and statutory audits.

The Audit Committee comprises of Dr.V. Gopalan, Independent Director as Chairman, Independent Directors Sri P.S. Ananthanarayanan, Sri S. Gnanasekharan, Sri N. Asoka, Sri Kameshwar M. Bhat, and Non-executive Director Sri S. Devarajan as Members. Sri Kameshwar M. Bhat was inducted as a Member of the Committee w.e.f. November 6, 2014. All members of the Audit Committee are financially literate and have expertise in accounting/financial management. The Chairman and Managing Director, Chief Financial Officer, Internal Auditor, Cost Auditors and Statutory Auditors attended meetings of the Committee as invitees. Ms.J.Asifa, Company Secretary is the Secretary to the committee.



Meetings and Attendance

The Audit Committee met six times during the year and the time gap between any two meetings did not exceed more than four months.

Date of Meetings	Total No. of Members	No. of Members Present
April 1, 2014	5	5
May 9, 2014	5	5
May 29, 2014	5	5
August 12, 2014	5	4
November 5, 2014	5	5
February 6, 2015	6	6

The broad terms of reference of the Audit Committee are:

- To review the quarterly/half-yearly/annual financial statements with reference to changes, if any in accounting policies and reasons for the same.
- Major accounting entries involving estimates based on exercise of judgment by management, adjustments, if any arising out of audit findings.
- Compliance with listing and legal requirements relating to financial statements, qualifications, if any in the draft audit report.
- Review of internal audit function and discussion on internal audit reports.
- Review of vigil mechanism and above all adequacy of internal control systems.
- Review of risk management policies especially enterprise level risk managements.
- Disclosure of related party transactions and subsequent modifications, if any.
- Scrutiny of inter-corporate loans and investments.
- Review and recommendation of appointment, remuneration and terms of appointment of Statutory auditors.
- Review of the management discussion and analysis of the financial conditions and results of operations, significant related party transactions, management letters issued by statutory auditors, internal audit reports.

The Audit Committee also looks into the matters as are specifically referred to it by the Board of Directors besides looking into the mandatory requirements of the Listing Agreement and Provisions of Section 177 of the Companies Act, 2013.

Nomination and Remuneration Committee

In line with the Provisions of the Companies Act, 2013 / Clause 49 of the Listing Agreement requirements, the nomenclature of this Committee has been changed to Nomination and Remuneration Committee. The Nomination and Remuneration Committee comprises of Sri P.S. Ananthanarayanan, Independent Director as Chairman, Dr. V. Gopalan and Sri N. Asoka, Independent Directors as Members. The Nomination and Remuneration Policy formulated by the Committee and approved by the Board is annexed at the end of this Report. Details of remuneration paid to all Directors are furnished in this annual report.

Meetings and Attendance

Date of Meetings	Total No. of Members	No. of Members Present
April 1, 2014	3	3
August 13, 2014	3	2



The broad terms of the Nomination and Remuneration Committee are (i) to formulate Remuneration Policy, (ii) formulate criteria for evaluation of Directors and the Board, (iii) ensure that the Remuneration Policy includes the criteria for determining qualifications, positive attributes and independence of a Director and to recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees, (iv) identify persons who are qualified to become Directors and who may be appointed to Senior Management positions in accordance with the criteria laid down, recommend to the Board their appointment and / or removal and carry out evaluation of every Director's performance, (iv) ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully; relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

Risk Management

Your Company laid down procedures to inform Board members about risk assessment and minimization and has implemented the Risk Management plan and continuously monitors it.

Related Party Transactions

Your company has formulated a Policy on materiality of Related Party Transactions and also dealing with Related Party Transactions. Necessary disclosures regarding the transactions with related parties are given in the Notes to the financial statements. During the year under review, Your Company had not entered into any material transaction with any of its related parties.

Disclosures

(i) Related Party Transactions

The Policy on Related Party Transactions is hosted on the website of the Company under the web link <http://www.kandagirimills.com/investors/ksml2014-rtp.pdf>

(ii) Disclosure of Accounting Treatment

Your Company has not adopted any alternative accounting treatment different from that prescribed under the Accounting Standards.

(iii) Remuneration of Directors

Non-executive Directors are entitled to a Sitting Fee for attending each meeting of the Board or any Committee(s) of the Board. Details of payment of Sitting Fee for the year 2014-15 are as follows.

Name of the Director	Sitting fees (#) Rs.
Sri R. Selvarajan	—
Sri S. Vijay Shankar	—
Sri S. Devarajan	2,20,000
Dr. A. Sarayu**	30,000
Sri M. Rajamani**	30,000
Sri S. Sivakumar*	30,000
Sri P.S. Ananthanarayanan	2,70,000
Dr. V. Gopalan	2,70,000
Sri N. Asoka	2,15,000
Sri S. Gnansekharan	2,45,000
Sri Kameshwar M Bhat**	55,000

*retired at the AGM held on September 28, 2014

**appointed as director w.e.f. September 28, 2014

(#) excluding reimbursement of travel and other expenses incurred by the Director for attending the Meetings of the Company.


Details of the Remuneration paid to the Managing Director and other executive Directors for the financial year ended March 31, 2015

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

The above have been approved by the Nomination and Remuneration Committee. The Company has no Employee Stock Options Scheme in force at present.

(iv) Management

Management Discussion and Analysis including all the information prescribed under Clause 49 (VIII)(D) of the Listing Agreement is furnished in the Directors' Report.

Disclosures have been made by the Senior Management relating to all material, financial and commercial transactions with personal interests, if any. Based on the declarations made, no transaction is in conflict with the interest of the Company.

(v) Shareholders

Details relating to appointment and re-appointment of Directors as required under Clause 49(VIII)(E) of the Listing Agreement is provided in the Notice to the Annual general Meeting.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

In line with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement the nomenclature of this Committee has been changed to Stakeholders' Relationship Committee. The Committee consists of Sri N. Asoka, Independent Director as Chairman, Chairman and Managing Director Sri R. Selvarajan and Sir S. Vijay Shankar, Chief Financial Officer & Director as Members.

The Committee considers and resolves the grievances of the stake holders. The Committee also reviews the manner and time-lines of dealing with complaint letters received from all stake holders including the Stock Exchange/ SEBI/ Ministry of Corporate Affairs etc., and the response thereto. Ms.J.Asifa, Company Secretary is the Secretary to the Committee and the Compliance Officer appointed for the compliance of capital market related laws.

Meetings and Attendance

Date of Meetings	Total No. of Members	No. of Members Present
May 30, 2014	3	3
August 13, 2014	3	2
November 6, 2014	3	3
February 6, 2015	3	3

During the year, 28 request letters were received from investors on routine matters and all these were dealt with satisfactorily. No complaints were received and no complaint was pending as on March 31, 2015.

SHARE TRANSFER COMMITTEE

The Share transfer committee has been constituted mainly to look into transfer and transmission of shares. Share transfers are effected by the Registrar and Transfer Agent (RTA) Cameo Corporate Services Limited, Chennai, on the authorization given by the Board. The transfers/transmissions effected by the Registrar are submitted to the Share Transfer Committee for confirmation. Sri R.Selvarajan, Chairman and Managing Director, chairs the meetings of the committee. Sri S. Vijay Shankar, Chief Financial Officer & Director and Sri S. Devarajan, non-executive director are the members of the committee. Ms.J.Asifa, Company Secretary is the secretary of the committee and the compliance officer. As on March 31, 2015, no share transfers/transmission was pending.

**Meetings and Attendance:-**

Date of Meetings	Total No. of Members	No. of Members Present
May 30, 2014	3	3
August 13, 2014	3	3
November 6, 2014	3	3
February 6, 2015	3	3

(vi) There have been no public issues, rights issues or other public offerings during the past five years.

(vii) Strictures and penalties

There has been no instances of non-compliance by the Company on any matters related to the capital markets, nor has any penalty / Strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on such matters during the last three years. Your Company has complied with the mandatory requirements of the Listing Agreement.

GENERAL INFORMATION**a) General Body Meetings**

Details of location and time of holding the last three Annual General Meeting (AGM)

Year	Location	Date & Time
38th AGM - 2014	Sambandam Spinning Mill's Premises, Kamaraj Nagar Colony, Salem-636014.	September 28, 2014 at 11.30 a.m.
37th AGM - 2013	Sambandam Spinning Mill's Premises, Kamaraj Nagar Colony, Salem-636014.	August 14, 2013 at 11.30 a.m.
36th AGM - 2012	Sambandam Spinning Mill's Premises, Kamaraj Nagar Colony, Salem-636014.	August 13, 2012 at 11.30 a.m.

Chairman of the Audit Committee was present at all the above AGMs. No EGM was held in the last three years. Special Resolutions have been passed in the previous three Annual General Meetings held in 2012, 2013 and 2014. Postal Ballot as well as electronic voting facility was provided to members for all the Resolutions included in the Notice of the 38th AGM held on 28.9.2014.

Postal Ballot:

Pursuant to the Sections 108 and 110 of the Companies Act, 2013 and Rules 20(3)(xi) and 22(9) of the Companies (Management and Administration) Rules, 2014 the Company conducted Postal Ballot for passing Special and ordinary resolution at the 38th Annual General Meeting held on 28-09-2014.

Sri S. Solaiyappan, Practising Company Secretary having office at No.25/11-A4, Guru Ragavendra Nagar, Yerikkarai Road, Reddiyur, Salem 636 004 was appointed as Scrutinizer for scrutinizing voting process.

Share holders were advised to send their assent (FOR) or dissent (AGAINST) in writing on the Postal Ballot Form enclosed with Notice and the details of the scrutinizer and the steps followed for voting through postal ballot were instructed in the postal ballot form. The Postal Ballot was conducted in a fair and transparent manner.

12 ordinary resolutions and 5 special resolutions were passed through postal ballot and e-voting at the 38th Annual General Meeting held on 28-09-2014.

One Special resolution is proposed to be passed through postal ballot during this year and the procedure for conducting postal ballot is same as last year.

**b) Means of Communication**

- (i) **Quarterly results:** Financial Results have been published in national (English) business newspaper and in one vernacular (Tamil) newspaper. The quarterly results and presentations are also displayed on the Company's website www.kandagrimills.com
- (ii) **Website:** The Company's website contains a dedicated section "Investor" which displays details / information of interest to various stakeholders.

c) General shareholder information

a. 39th Annual General Meeting Day, Date and Time	27 th September, 2015 at 11.45 a.m.
Venue	Sambandam Spinning Mill's Premises, Kamaraj Nagar Colony, Salem - 636 014.
b. Financial Calendar Unaudited results for the First quarter ending June 30, 2015	2 nd week of August 2015
Unaudited results for the Second quarter / half year ending September 30, 2015	2 nd week of November 2015
Unaudited results for the Third quarter ending December 31, 2015	2 nd week of February 2016
Audited Results for the Fourth quarter and the year ending March 31, 2016.	Before 31 st May 2016
c. Book Closure Date	From Saturday 19/9/2015 to Sunday 27/9/2015 (both days inclusive).
d. Dividend Payment Date	Not applicable since no dividend has been declared by the Company for the year 2014-15.
e. (i) Listing of Equity Shares*	Bombay Stock Exchange Limited (Stock Code : 521242)
(ii) For Dematerialisation (Company ISIN No. : INE292D01019)	National Securities Depository Limited, Central Depository Services (India) Limited
Listing Fee	Annual listing fee for the financial year 2014-15 paid to BSE Limited.
f. Stock Code Trading Symbol at	BSE Limited (Demat) 521242 / KANDAGIRI
Demat ISIN Numbers is NSDL & CDSL	Equity Shares INE292D01019

** - Company's shares were delisted from Madras Stock Exchange because of closure of operations of Madras Stock Exchange.*

d. Market Price (BSE) during the Period April 1, 2014 to March 31, 2015

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
Apr - 14	71.90	58.80	Oct - 14	74.95	63.30
May - 14	71.10	58.70	Nov - 14	74.70	60.15
Jun - 14	71.45	61.55	Dec - 14	77.90	66.90
Jul - 14	90.00	73.45	Jan - 15	79.00	65.25
Aug - 14	89.30	68.15	Feb - 15	74.25	55.00
Sep - 14	75.95	64.80	Mar - 15	70.55	48.35

**e. Registrar and Transfer Agents**

M/s Cameo Corporate Services Limited, Subramanian Building, No.1 Club house Road, Chennai 600 002 deal with all aspects of investor servicing relating to shares in both physical and demat form.

f) Distribution of Shareholding as on March 31, 2015

No. of Shares	Shareholders		No. of shares	
	Number	%	Number	%
10 – 5000	2843	93.15	292180	7.59
5001 – 10000	71	2.33	53529	1.39
10001 – 20000	39	1.28	53821	1.40
20001 – 30000	23	0.75	55453	1.44
30001 – 40000	15	0.49	53869	1.40
40001 – 50000	2	0.06	9454	0.24
50001 – 100000	17	0.56	128510	3.34
100001 and above	42	1.38	3202434	83.20
Total	3052	100.00	3849250	100.00

Details of Shares

Mode	No. of Shares	% to paid up Capital	No. of Holders
Physical	231305	6.00%	1087
Electronic :			
NSDL	3513846	91.30%	1410
CDSL	104099	2.70%	555
Total	3849250	100.00%	3052

g) Shareholding pattern as on March 31, 2015

Sl. No.	Category	No. of Holders	No. of Shares	% to Paid up Capital
1.	Promoters	39	26,38,452	68.54
2.	Residents (Individuals)	2961	10,64,424	27.65
3.	Financial Institutions/Insurance Co./ State Govt./ Govt. Companies/ UTI	0	0	0
4.	Foreign Institutional Investors	0	0	0
5.	Non-Resident Indians / OCB / Corporate Bodies - Foreign / Bank - Foreign / Foreign Nationals / Foreign Port Folio Investor / corporate	3	1,115	0.03
6.	Corporate Bodies / Limited Liability Partnership	48	1,45,159	3.77
7.	Mutual Funds	0	0	0
8.	Trusts	0	0	0
9.	Banks	0	0	0
10.	Clearing Members	1	100	0.01
	Total	3052	38,49,250	100.00

h. Dematerialization of Shares and Liquidity

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

**Status of dematerialization of shares – as on March 31, 2015**

Holders	Physical		Demat		Total	
	No. of Shares	% to paid up capital	No. of Shares	% to paid up capital	No. of Shares	% to paid up capital
Promoters List	0	0	2638452	68.54%	2638452	68.54%
Others	231305	6.01%	979493	25.45%	3849250	31.46%

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

The equity share of the Company is regularly traded in BSE Limited.

i. Plant Locations Spinning mills

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

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

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

Wind energy converters

Panangudi, Pazhavor, Udhayathoor and Parameshwarapuram villages, Radhapuram Taluk, Tirunelveli District, Tamil Nadu.

Melamaruthappapuram Village, Veerakeralam Pudur Taluk, Tirunelveli District, Tamil Nadu.

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

a. Address for Correspondence

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

For any other general matters
or in case of any difficulties/

Secretarial Department
Kandagiri Spinning Mills Limited
Post Box No. 3, Udayapatti, Salem - 636 140.
Phone : 0427 -2244400
Fax : 0427 – 2244422
e-mail: sales@kandagirimills.com
www.kandagirimills.com
ksmcs@kandagirimills.com
Ms.J.Asifa, Company Secretary

Website Address

Email ID of Investor Grievances

Name of the Compliance Officer

Code of Conduct

Members of the Board and the Senior Management, shall

- Always act in good faith and in the best interests of the Company, its employees, the shareholders, the community and for the protection of the environment.
- Adopt the highest standards of personal ethics, integrity, confidentiality and discipline in dealing with all matters relating to the Company.
- Apply themselves diligently and objectively in discharging their responsibilities and contribute to the conduct of the business and the progress of the Company, and not be associated simultaneously with competing organizations either as Director or in any managerial or advisory capacity, without the prior approval of the board.
- Always adhere and conform to the various statutory and mandatory regulations/guidelines applicable to the operations of the Company avoiding violations of non-conformities.



- e) Not derive personal benefit or undue advantages(financial or otherwise)by virtue of their position or relationship with the company and for this purpose
 - (i) Shall adopt total transparency in their dealings with the Company.
 - (ii) Shall disclose full details of any direct or indirect personal interests in dealings/transactions with the Company.
 - (iii) Shall not be party to transactions or decisions involving conflict between their personal interest and the Company's interest.
 - (iv) Shall not assign his/her office and any assignment so made shall be void.
- f) Conduct themselves and their activities outside the company in such manner as not to adversely affect the image or reputation of the Company.
- g) Inform the Company immediately if there is any personal development (relating to his/her business/professional activities) which could be incompatible with the level and stature of his/her position and responsibility with the Company.
- h) Bring to the attention of the Board, Chairman or the Managing Director as appropriate, any information or development either within the Company (relating to its employees or other stakeholders) or external, which could impact the company operations and which in the normal course, may not have come to the knowledge of the Board or Chairman or Managing Director.
- i) Always abide by the above Code of Conduct, and shall be accountable to the Board for their actions/violations/defaults.

In addition to the above, an Independent Director on the Board of the Company shall:

1. Exercise his responsibilities in a bona fide manner in the interest of the Company;
2. Devote sufficient time and attention to his/her professional obligations for informed and balanced decision making;
3. Not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
4. Not abuse his position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or disadvantage for any associated person;
5. Refrain from any action that would lead to loss of his independence;
6. Where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
7. Assist the Company in implementing the best corporate governance practices.

Code of Conduct for the Senior Management

As required under Clause 49(1)(D) of the Listing Agreement with the Stock Exchanges, I hereby declare that all the Board members and senior management personnel of the Company have complied with the Code of Conduct of the Company for the year ended March 31, 2015.

Salem
May 28, 2015

R. Selvarajan
Chairman and Managing Director

NOMINATION AND REMUNERATION POLICY

PREAMBLE

This Policy has been formulated in compliance with Section 178 (3) of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the SEBI Equity Listing Agreement.



OBJECTIVE

The objectives of this Policy is to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and officials comprising the senior management. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

DEFINITIONS

For the purposes of this policy references to the following shall be construed as

“Applicable Law” shall mean the Companies Act, 2013 and the rules framed thereunder, the listing agreement and include any other statute, law, standards, regulations or other governmental instruction as may be applicable to the Company from time to time.

“Board” means Board of Directors of the Company.

“Committee” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board from time to time.

“Company” refers to Kandagiri Spinning Mills Limited.

“Independent Director” shall have the meaning as defined under the Companies Act, 2013 read with relevant rules and the Clause 49 of the Listing agreement; as amended from time to time.

“Key Management Personnel” means Chairman and Managing Director, Company Secretary, Whole Time Director, Chief Financial Officer and such other Officer as may be prescribed under Applicable law.

“Policy” means the contents herein including any amendments made by the Board of Directors of the Company.

“Senior Management Personnel” means Personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive Directors including the Functional heads.

All terms not defined herein shall take their meaning from the Applicable Law.

EFFECTIVE DATE

This Policy shall become effective from the date of its adoption by the Board.

SCOPE

This Policy applies to

- (i) Directors (Executive, Non-Executive & Independent)
- (ii) Key Managerial Personnel
- (iii) Senior Management Personnel

CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE:

The Board has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement. At present, the Nomination and Remuneration Committee comprises of the following Directors:

- (i) Sri P. S. Ananthanarayanan – Chairman (Independent Director)
- (ii) Dr V. Gopalan – Member (Independent Director)
- (iii) Sri N. Asoka – Member (Independent Director)

ROLE OF THE COMMITTEE

- ♦ To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- ♦ Formulate criteria for evaluation of Independent Directors and the Board.
- ♦ Identify persons who are qualified to become Directors and who may be appointed in Senior management in accordance with the criteria laid down in this policy.
- ♦ To carry out evaluation of every Director's performance.
- ♦ To recommend to the Board the appointment and removal of Directors and Senior Management.



- ♦ To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- ♦ Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- ♦ To devise a policy on Board diversity.
- ♦ To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- ♦ To develop a succession plan for the Board and to regularly review the plan.
- ♦ To perform such other functions as may be necessary or appropriate for the performance of its duties.

NOMINATION AND REMOVAL CRITERIA

♦ Appointment Criteria & Qualifications

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned.
3. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

♦ TERM /TENURE

1. Managing Director/Whole-time Director/Manager (Managerial Person):

The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1 October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves, is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

♦ REMOVAL

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.



♦ **RETIREMENT:**

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

REMUNERATION:

The Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, KMP and Senior Management Personnel to the Board for their approval. The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

♦ **For Executive Directors (Managing Directors and Whole time Directors)**

- ♦ Section 197(1) of the Companies Act, 2013 provides for the total managerial remuneration payable by the Company to its directors, including managing director and whole time director, and its manager in respect of any financial year shall not exceed eleven percent of the net profits of the Company computed in the manner laid down in Section 198 in the manner as prescribed under the Act.
- ♦ The Company with the approval of the Shareholders and Central Government may authorise the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V.
- ♦ The Company may with the approval of the shareholders authorise the payment of remuneration upto five percent of the net profits of the Company to its anyone Managing Director/Whole Time Director/Manager and ten percent in case of more than one such officer.

♦ **For Non-Executive / Independent Directors**

- ♦ The Company may pay remuneration to its directors, other than Managing Director and Whole Time Director upto one percent of the net profits of the Company, if there is a managing director or whole time director or manager and three percent of the net profits in any other case.
- ♦ Section 197(5) provides for remuneration by way of a fee to a director for attending meetings of the Board of Directors and Committee meetings or for any other purpose as may be decided by the Board.
- ♦ The Independent Directors shall not be entitled to any stock option and may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose as may be decided by the Board.
- ♦ The sitting fee to the Independent Directors & Woman Director shall not be less than the sitting fee payable to other directors.

♦ **For Key Managerial Personnel and Senior Management Personnel**

- ♦ The remuneration payable to the Key Managerial Personnel and the Senior Management shall be as per the criteria decided by the Committee having regard to their experience, leadership abilities, initiative taking abilities and knowledge base and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

♦ **For other employees**

- ♦ The policy for determination of the remuneration of employees other than Directors, KMPs and Senior Management personnel shall be as per the normal process followed by the Company.

♦ **Directors and Officers' Insurance:**

Where any insurance is taken by the Company on behalf of its Directors, KMPs/ Senior Management Personnel etc. for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.



BOARD DIVERSITY

The Committee will assist the Board in ensuring Board Nomination process with the diversity of gender, thought, experience, knowledge and perspective in the Board in accordance with the Board Diversity policy.

EVALUATION

The Committee shall carry out the evaluation of the performance of every director and the Board in accordance with the performance evaluation policy.

SUCCESSION PLANNING

The Company recognizes the need of a formal, proactive process which can assist in building a leadership pipeline/talent pool to ensure continuity of leadership for all critical positions. Succession planning involves assessment of challenges and opportunities facing the company, and an evaluation of skills and expertise that would be required in future. The nomination and remuneration committee will work with the Board to develop plans and processes for orderly succession to the board and senior management. The Committee shall endeavor to develop a diverse pool of candidates who may be considered to fill the gap in Board positions or senior management. The committee would ensure that the Company is prepared for changes in senior management, either planned or unplanned. Succession Planning Process would cover identification of internal candidates, development plans for internal candidates, and identification of external candidates. The Committee would also assist in formulating an emergency succession contingency plan for unforeseen events like death, disability etc. The Board will periodically monitor and review the succession planning process.

DISCLOSURE OF THE POLICY

This Nomination & Remuneration policy shall be disclosed in the Board's report as required under the Companies Act, 2013 and in the Listing Agreement.

REVIEW OF THE POLICY

This Policy shall be reviewed by the Nomination and Remuneration Committee and any changes or amendments made to the policy by the Committee due to changes in the applicable law or any other reasons felt appropriate by the Committee would be placed before the Board for approval.

To the Members of Kandagiri Spinning Mills Limited

1. We have examined the compliance with the conditions of Corporate Governance by **Kandagiri Spinning Mills Limited** (the Company) for the year ended March 31, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India, with the relevant records and documents maintained by the Company and furnished to us and the Report on Corporate Governance as approved by the Board of Directors.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to procedures and implementation thereof, adopted by the Company for ensuring the said compliance. It is neither an audit nor is this certificate an expression of opinion on the financial statements of the Company.
3. Based on the aforesaid examination and according to the information and explanations given to us, we certify that the Company has complied with the said conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

R. Krishnen - Partner
Membership no.201133

Salem
May 28, 2015

**INDEPENDENT AUDITORS' REPORT****To the Members of Kandagiri Spinning Mills Limited****Report on the Financial Statements**

We have audited the accompanying financial statements of **Kandagiri Spinning Mills Limited** ("the Company") which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring and accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.



As required by Section 143(3) of the Act, 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has, in accordance with the generally accepted accounting practice, disclosed the impact of pending litigations on its financial position in its financial statements.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses under the applicable law or accounting standards.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Salem
May 28, 2015

R. Krishnen-Partner
Membership No.201133

Annexure to the Independent Auditors' Report

The Annexure referred to in our report to members of Kandagiri Spinning Mills Limited ("the Company") for the year ended March 31, 2015

1. In respect of its Fixed assets:
 - (i) the company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (ii) the fixed assets were physically verified during the year by the Management in accordance with a phased programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company, nature and value of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
2. In respect of its inventories:
 - (i) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (ii) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (iii) In our opinion and according to the information and explanations given to us, the Company has generally maintained proper records of its inventories and no material discrepancies were noticed on such physical verification.



3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under section 189 of the Companies Act 2013, and accordingly, the provisions of clause (iii) of paragraph 3 of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventories and fixed assets and for the sale of goods and services, and during the course of our audit, we have not observed any continuing failure to correct major weakness in such internal control system.
5. According to the information and explanations given to us, the Company has not accepted any deposits from public and in respect of the deposits accepted from shareholders, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the Companies (Acceptance of Deposit) Rules, 2014.
6. In our opinion and according to the information and explanations given to us, the requirement for maintenance of cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014 specified by the Central Government of India under Section 148 of the Companies Act, 2013 are not applicable to the Company for the year under audit.
7. According to the information and explanations given to us and the books of account examined by us, in respect of statutory dues:
 - (i) The Company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities during the year.
 - (ii) There were no undisputed amounts payable in respect of the aforesaid statutory dues outstanding as at March 31, 2015 for a period of more than six months from the date they became payable.
 - (iii) There are no dues of Income tax, Wealth tax, Excise duty, Service tax and Customs duty which have not been deposited on account of any dispute with the relevant authorities. Details of dues towards sales tax and value added tax that have not been deposited as at March 31, 2015 on account of dispute is stated below: (Nature of dues, dues, period to which the amount relates, forum where dispute is pending) – Sales tax Rs.35,909, Financial year 2000-01, Sales tax Appellate Tribunal.
 - (iv) The amounts required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under, have been transferred to such fund within time.
8. The company has accumulated losses of Rs.1,24,85,620 as at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
9. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
10. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
11. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
12. To the best of our knowledge and belief, and according to the information and explanations given to us, and considering the size and nature of the Company's operations, no fraud of material significance on the Company or no fraud by the Company has been noticed or reported during the year.

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

R. Krishnen-Partner
Membership No.201133

Salem
May 28, 2015



Balance Sheet as at March 31, 2015

Particulars	Note No.	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1.1	3,85,74,500	3,85,74,500
Reserves and surplus	1.2	47,63,30,592	46,25,99,954
		51,49,05,092	50,11,74,454
Non-Current liabilities			
Long - term borrowings	1.3	32,23,30,000	24,85,60,378
Deferred tax liabilities (Net)	1.4	16,83,83,772	16,22,25,167
Long - term provisions	1.5	1,43,92,097	1,26,84,277
		50,51,05,869	42,34,69,822
Current liabilities			
Short - term borrowings	1.6	40,43,32,080	35,22,56,722
Trade payables	1.7	12,30,24,105	13,40,32,978
Other current liabilities	1.8	15,80,47,254	32,62,56,796
Short - term provisions	1.9	4,79,829	4,67,893
		68,58,83,268	81,30,14,389
TOTAL		170,58,94,229	173,76,58,665
ASSETS			
Non-Current assets			
Fixed assets			
Tangible assets	1.10	98,54,52,545	105,57,13,686
Capital work-in-progress	1.10	27,20,141	0
		98,81,72,686	105,57,13,686
Non-current investments	1.11	2,00,99,500	2,00,94,000
Long-term loans and advances	1.12	13,89,34,163	12,85,08,936
Other non-current assets	1.13	4,17,362	6,94,259
		114,76,23,711	120,50,10,881
Current assets			
Inventories	1.14	43,17,90,029	37,43,01,649
Trade receivables	1.15	9,34,38,689	10,64,01,234
Cash and bank balances	1.16	1,54,17,981	85,20,462
Short-term loans and advances	1.17	1,28,81,114	3,27,93,803
Other current assets	1.18	47,42,705	1,06,30,636
		55,82,70,518	53,26,47,784
TOTAL		170,58,94,229	173,76,58,665

Significant Accounting Policies

See accompanying notes forming part of the financial statements

As per our report of even date
For **M.S. Krishnaswami & Rajan**
Chartered Accountants
Firm Registration No. 01554S
R. Krishnen - Partner
Membership No. 201133
Salem
May 28, 2015

For and on behalf of the board

R. Selvarajan
Chairman and Managing Director
Din No. : 00001703
J. Asifa
Company Secretary

S. Devarajan
Director
Din No. : 00001910
S. Vijay Shankar
Chief Financial Officer


Statement of Profit and Loss for the year ended March 31, 2015

Particulars	Note No.	For the year ended March 31, 2015		For the year ended March 31, 2014
		Rupees	Rupees	Rupees
Income				
Revenue from operations	2.1	189,36,17,431		193,61,24,353
Other income	2.2	43,17,751		29,90,225
Total Revenue			189,79,35,182	193,91,14,578
Expenses				
Cost of materials consumed	2.3	114,65,06,730		120,30,66,189
Changes in inventories of finished goods and stock-in-trade	2.4	-11,89,123		-2,66,42,695
		114,53,17,607		117,64,23,494
Employee benefits expense	2.5	20,40,02,884		18,77,95,442
Finance cost	2.6	11,15,41,004		11,33,30,138
Depreciation and amortization expense	2.7	7,53,89,207		7,83,10,235
Other Expenses	2.8	33,90,17,256		32,07,59,979
Total Expenses			187,52,67,958	187,66,19,288
Profit before exceptional items and tax			2,26,67,224	6,24,95,290
Exceptional item	2.9		—	45,29,000
Profit before tax			2,26,67,224	5,79,66,290
Tax expense :				
Current tax		—		—
Deferred tax		71,00,000		1,98,00,000
			71,00,000	1,98,00,000
Profit for the year after tax			1,55,67,224	3,81,66,290
Earnings per Equity share (Face value Rs. 10)				
Basic and Diluted (in Rs.)			4.04	9.92

Significant Accounting Policies

See accompanying notes forming part of the financial statements

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

R. Krishnen - Partner
Membership No. 201133

Salem
May 28, 2015

For and on behalf of the board

R. Selvarajan
Chairman and Managing Director
Din No. : 00001703

J. Asifa
Company Secretary

S. Devarajan
Director
Din No. : 00001910
S. Vijay Shankar
Chief Financial Officer

Particulars	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
1. Cash flows from operating activities		
1.1 Profit before tax and exceptional item	2,26,67,224	5,79,66,290
1.2 Adjustment for		
Depreciation and amortisation	7,53,89,207	7,83,10,235
Loan raising expenditure - amortised	2,76,897	3,47,124
- incurred		
Amount considered under investing activities		
(Profit)/Loss on disposal of assets	0	15,026
Income from investments	-1,80,000	0
Amount considered under financing activities		
Interest paid	11,15,00,413	10,80,21,112
Interest received	-29,88,387	-20,15,121
Provision for diminution in value of long term investments	0	45,29,000
1.3 Operating profit before working capital changes	20,66,65,354	24,71,73,666
1.4 Adjustment for changes in		
Increase / (Decrease) in trade payables	-110,08,873	9,02,79,361
Increase / (Decrease) in long term provisions	17,07,820	28,709
Increase / (Decrease) in short term provisions	11,936	15,237
Increase / (Decrease) in other current liabilities	13,68,152	28,16,336
Decrease / (Increase) in trade receivables	1,29,62,545	2,91,80,946
Decrease / (Increase) in inventories	-5,74,88,380	-9,13,93,642
Decrease / (Increase) in long term advances	-1,15,84,468	-2,45,99,133
Decrease / (Increase) in short term advances	1,99,12,689	-1,32,80,022
Decrease / (Increase) in other current assets	50,47,798	-19,78,135
1.5 Cash generated from operating activities	16,75,94,573	23,82,43,324
1.6 Income tax paid/(refund)	-2,57,879	-1,03,80,557
Net cash flow from operating activities before exceptional items	16,73,36,694	22,78,62,767
Exceptional items	0	0
Net cash flow from operating activities [A]	16,73,36,694	22,78,62,767
2. Cash flows from investing activities		
2.1 Purchase of tangible assets, intangible assets, CWIP and capital advances	-92,09,068	-2,53,91,889
2.2 Proceeds from sale of tangible assets	0	2,49,786
2.3 Refund of terminal excise duty	0	0
2.4 Investment in equity shares	-5,500	-1,23,000
2.5 Interest received	29,88,387	20,15,121
2.6 Dividend received	1,80,000	0
2.7 Changes in Advances (Net)		
Net cash flow used in investing activities [B]	-60,46,181	-2,32,49,982


Cash Flow Statement for the period ended March 31, 2015 (contd..)

Particulars	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
3. Cash flows from operating activities		
3.1 Proceeds from long term borrowings	23,29,06,000	2,83,83,500
3.2 Repayments of long term borrowings	-32,87,14,072	-13,56,50,410
3.3 Proceeds from short term borrowings	0	11,07,22,574
3.4 Repayments of short term borrowings	-3,88,02,492	-12,11,47,001
3.5 Changes in cash credit facilities	9,08,77,850	1,98,49,063
3.6 Interest paid - Net	-11,15,00,413	-10,80,21,112
3.7 Dividend paid on equity shares	0	0
3.8 Dividend Tax paid on equity dividend paid	0	0
Net cash flow from financing activities [C]	-15,52,33,127	-20,58,63,386
Net cash inflow / (outflow) [A+B+C]	60,57,386	-12,50,601
Opening cash and cash equivalents	6,88,304	19,38,905
Closing cash and cash equivalents	67,45,690	6,88,304
Net increase / (decrease) in cash and cash equivalents	60,57,386	-12,50,601
Notes to the cash flow statement		
Components of cash and cash equivalents:		
Cash and bank balances excluding unclaimed dividend and earmarked deposits held by banks as margin money	67,45,690	6,88,304
	67,45,690	6,88,304

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

R. Krishnen - Partner
Membership No. 201133

Salem
May 28, 2015

For and on behalf of the board

R. Selvarajan
Chairman and Managing Director
Din No. : 00001703

J. Asifa
Company Secretary

S. Devarajan
Director
Din No. : 00001910

S. Vijay Shankar
Chief Financial Officer



Statement on Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2015

1. **Basis of preparation of financial statements** - The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) to comply with the Accounting standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention except in so far as they relate to revaluation of net assets. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the revised schedule II to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has determined its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.
2. **Use of estimates** – The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements, disclosure of contingent liabilities and reported amounts of revenues and expenses for the year. Estimates are based on historical experience, where applicable and other assumptions that management believes are reasonable under the circumstances. Actual results could vary from these estimates and any such differences are dealt with in the period in which the results are known/materialise.
3. **Revenue recognition** – Revenue from sale of products is recognized on despatch of goods to customers in accordance with the terms of sales. Revenue from services is recognized in accordance with the specific terms of contract on performance. Other operating revenues comprise of income from ancillary activities incidental to the operations of the company and is recognized when the right to receive the income is established as per the terms of the contract.
4. **Other Income** – Interest income is accounted on accrual basis. Dividend income is accounted when the right to receive is established.
5. **Foreign currency transactions** – Foreign currency transactions (including booking/cancellation of forward contracts) are recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency, other than those covered by forward exchange contracts, are translated at year end foreign exchange rates. Exchange differences arising on settlements are recognized in the Statement of Profit and Loss. In case of forward exchange contracts which are entered into hedge the foreign currency risk of a receivable/payable recognized in these financial statements, premium or discount on such contracts are amortised over the life of the contract and exchange differences arising thereon in the reporting period are recognised in the Statement of Profit and loss. Forward exchange contracts which are arranged to hedge the foreign currency risk of a firm commitment is marked to market at the year end and the resulting losses, if any, are charged to the Statement of Profit and loss.
6. **Employee benefits** – (i) Short term employee benefit obligations are estimated and provided for; (ii) Post employment benefits and other long term employee benefits – (1) Company's contribution to provident fund, labour welfare fund, employees state insurance corporation and other funds are determined under the relevant schemes and /or statute and charged to revenue; (2) Company's liability towards gratuity and compensated absences are actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognised in revenue.
7. **Fixed Assets** – Tangible fixed assets - All costs relating to acquisition of fixed assets net of value added tax and terminal excise duty refund under Export Promotion Capital Goods Scheme, subject to the economic life and the cost being in excess of certain limits, are capitalised. Expenditure directly related and incidental to construction are capitalized upto the date of attainment of commercial production. Interest and other related costs, including amortised cost of borrowings attributable only to major projects are capitalized as part of the cost of the respective assets. In the case of Wind energy converters, cost of land on which the converters have been erected is capitalised as cost of the said converters. Cost of structures on leasehold land, where the estimated useful life is more than ten years, is capitalized. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.



Statement on Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2015 (Contd..)

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

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

9. Impairment of assets – The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised in the Statement of Profit and Loss wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. Provision for impairment will be reviewed periodically and amended depending on changes in circumstances.
10. Investments – Non-current investments are stated at cost. However, provision for diminution is made to recognize a decline, other than temporary, in the value of the investment, if any. Current investments are valued at lower of cost and fair value.
11. Inventories – The governing principle of valuation of Inventories (other than process waste) is the lower of cost and net realisable value. The cost for the said purpose (i) in the case of stores and spare parts, is the weighted average cost (net of Cenvat credit/value added tax, if any), (ii) in the case of cotton in process and manufactured yarn, is the cost adopting the absorption costing method, and (iii) is without deduction of the adjustment made for power generated through Wind energy convertors and adjusted against the cost of power purchased from state electricity board. Process waste is valued at net realizable value. Provision is made for obsolete, slow moving and damaged items of inventory, if any.
12. Government grants – Capital grants from government relating to depreciable assets are treated as deferred income and disclosed as a capital reserve and amortised over the useful life of the concerned asset. Cenvat credit relating to capital assets acquired is treated as capital reserve and amortised over the useful life of the concerned assets by transfer profit and loss account and considered under depreciation. Grants/incentives other than those mentioned above are reckoned in the profit and loss account in the year of eligibility.
13. Borrowing costs - Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Profit and Loss Statement in the period in which they are incurred.
14. Research and development – Revenue expenditure on research and development is charged to the profit and loss account as incurred. Capital expenditure on research and development, where the same represents cost of plant, machinery, equipment and other tangible assets, if any, is given the same accounting treatment as applicable to other capital expenditure.
15. Deferred tax - Deferred income tax charge reflects the impact of the current period timing differences between taxable income and accounting income, other than differences capable of getting reversed during the 'tax holiday' period, subject to consideration of prudence. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets/liabilities are reviewed as at each balance sheet date based on developments during the period and available case laws to reassess realisation/liabilities.
16. Provisions and contingencies - To recognise a provision when (i) the company has a present obligation as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation. A disclosure of a contingent liability is made when there is a possible obligation that may, but probably will not, require outflow of resources. Where there is possible obligation or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.



Notes annexed to and forming part of the Financial Statements

Particulars	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
1.1 Share Capital		
Authorised		
Equity Share Capital		
50,00,000 (2014 : 50,00,000) Equity shares of Rs.10 each with voting rights	5,00,00,000	5,00,00,000
Issued		
38,65,650 (2014 : 38,65,650) Equity shares of Rs.10 each with voting rights	3,86,56,500	3,86,56,500
Subscribed		
38,49,250 (2014 : 38,49,250) Equity shares of Rs.10 each fully paid with voting rights	3,84,92,500	3,84,92,500
Add Forfeited shares (amount originally paid up in respect of 16,400 equity shares)	82,000	82,000
	3,85,74,500	3,85,74,500
Notes :		
1. Reconciliation of Number of Shares		
Equity Shares with voting rights		
Shares outstanding as at April 1, 2014/April 1, 2013	38,49,250	38,49,250
Shares outstanding as at March 31, 2015/March 31, 2014	38,49,250	38,49,250
2. Shareholders holding more than 5% of the total share capital:		
Name of the shareholder	No. of shares	
	2015	%
R. Selvarajan	7,78,730	20.23
S. Vijay Shankar	4,09,582	10.64
	2014	%
	7,78,330	20.22
	4,09,582	10.64
3. Rights and restrictions in respect of equity shares		
The company has one class of equity shares having a par value of Rs.10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.		
1.2 Reserves and Surplus		
a) Securities Premium as at the beginning and end of the year	5,48,61,631	5,48,61,631
b) Revaluation Reserve		
As at the beginning of the year	21,64,54,581	21,93,43,828
Transfer to General reserve		
(refer note no.3.10 to the Financial Statements)	27,01,821	28,89,247
As at the end of the year	21,37,52,760	21,64,54,581
c) General Reserve		
As at the beginning of the year	21,75,00,000	21,75,00,000
Transfer from Revaluation Reserve	27,01,821	
(refer note no.3.10 to the Financial Statements)		
Transfer from Statement of Profit and Loss	—	
As at the end of the year	22,02,01,821	21,75,00,000
d) Surplus/(Deficit) - balance in Statement of Profit and Loss		
As at the beginning of the year	(2,62,16,258)	(6,43,82,548)
Add: Current year profit	1,55,67,224	3,81,66,290
Less: Adjustment relating to Fixed Assets		
(refer note no.3.11 to the Financial Statements)	18,36,586	
As at the end of the year	(1,24,85,620)	(2,62,16,258)
	47,63,30,592	46,25,99,954



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

Particulars	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
1.3 Long term borrowings		
Secured - Term loans from banks	22,68,80,000	19,99,48,378
Unsecured - Fixed deposits	9,54,50,000	4,86,12,000
	<u>32,23,30,000</u>	<u>24,85,60,378</u>
Notes:		
i) Refer note no.3.17 to the Financial Statements for the terms the loans		
ii) Fixed deposits includes deposits from directors Rs.6,98,63,000 (2014 : Rs.2,98,15,000)		
1.4 Deferred tax liabilities (net)		
Deferred tax liabilities		
- Timing differences on account of depreciation	17,31,64,467	17,81,55,987
Deferred tax assets		
- Unabsorbed tax depreciation and loss	0	1,17,17,420
- Provision for employees benefit	47,80,695	42,13,400
	<u>16,83,83,772</u>	<u>16,22,25,167</u>
1.5 Long term provisions		
Provision for employee benefit Compensated absences	1,43,92,097	1,26,84,277
	<u>1,43,92,097</u>	<u>1,26,84,277</u>
1.6 Short term borrowings		
Secured from banks		
Cash credit facilities	40,43,32,080	31,34,54,230
Goods loan facilities	0	2,51,07,048
Buyer's credit facilities	0	1,36,95,444
	<u>40,43,32,080</u>	<u>35,22,56,722</u>
Notes :		
Refer note no.3.17 to the Financial Statements for the terms the loans		
1.7 Current Liabilities - Trade payables		
Trade payables - including acceptances		
Micro, Small and Medium enterprises	1,34,598	8,57,915
Other trade payables	12,28,89,507	13,31,75,063
	<u>12,30,24,105</u>	<u>13,40,32,978</u>
1.8 Other current liabilities		
Current maturities of Long term debts	13,73,68,563	30,69,46,257
Interest accrued but not due on borrowings	9,64,792	8,71,169
Interest accrued and due on borrowings	63,02,385	83,73,516
Unclaimed dividends	4,33,498	6,82,988
Other payables	1,29,78,016	93,82,866
	<u>15,80,47,254</u>	<u>32,62,56,796</u>
Notes :		
i) Refer note no.3.17 to the Financial Statements for terms of current maturities of long term debts		
ii) Other payables include :		
- contribution payable to Gratuity Fund	77,74,793	35,21,996
- advance from customers	40,47,198	25,77,170
- sales tax payable	1,59,725	1,10,849
1.9 Short term provisions		
Provision for employee benefit Compensated absences	4,79,829	4,67,893
	<u>4,79,829</u>	<u>4,67,893</u>



Notes annexed to and forming part of the Financial Statements (contd..)
1.10 Tangible assets and Capital work in progress

Description	Gross block (Cost / valuation)			Depreciation / amortisation / impairment					NET BLOCK		Rupees
	As on 01.04.2014	Additions	Deductions	As on 31.03.2015	Upto 31.03.2014	Charge during the year	Transitional difference of depreciation	Deductions/ Adjustments	Upto 31.03.2015	As on 31.03.2015	As on 31.03.2014
Land - freehold	16,14,57,056			16,14,57,056						16,14,57,056	16,14,57,056
Buildings	38,88,32,590	9,65,760		38,97,98,350	10,77,12,789	1,13,50,952			11,90,63,741	27,07,34,609	28,11,19,801
Plant and machinery	109,65,04,003	68,84,297		110,33,88,300	66,26,21,840	4,17,56,566	16,57,072		70,60,35,478	39,73,52,822	43,38,82,163
Wind energy converters	48,14,81,624			48,14,81,624	31,36,36,577	2,02,33,036			33,38,69,613	14,76,12,011	16,78,45,047
Furniture and fittings	29,19,156			29,19,156	18,63,386	1,00,747	37,615		20,01,748	9,17,408	10,55,770
Vehicles	1,76,18,450			1,76,18,450	85,82,089	17,16,408	2,53,946		1,05,52,443	70,66,007	90,36,361
Office Equipment	31,54,024	55,990		32,10,014	20,63,477	2,31,498	8,29,348		31,24,323	85,691	10,90,547
Live stock	2,26,941			2,26,941						2,26,941	2,26,941
TOTAL	215,21,93,844	79,06,047		216,00,99,891	109,64,80,158	7,53,89,207	27,77,981		117,46,47,346	98,54,52,545	105,57,13,686
Previous year	213,19,45,582	2,12,71,925	10,23,663	215,21,93,844	101,60,54,553	7,83,10,235		7,73,877	109,64,80,158	105,57,13,686	111,58,91,029
Capital work in progress											
Previous year				27,20,141						27,20,141	0
				0						0	0

Notes :

- Gross block includes Rs.23,09,00,807 added on revaluation of land and buildings as at March 31, 2009 based on report by an external valuer.
- Borrowing cost capitalised - Rs. Nil (2014 Rs. Nil)



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

Particulars	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
1.11 Non-Current Investments		
Non-Trade Investments		
Investments in Equity instruments		
i) Associates		
20,00,000 (2014 : 20,00,000) Equity shares of Rs.10 each in SPMM Health Care Services Private Limited	2,00,00,000	2,00,00,000
ii) Others		
90,000 (2014 : 90,000) Equity shares of Rs.10 each in Sambandam Spinning Mills Limited #	45,00,000	45,00,000
220 (2014 : 200) Equity shares of Rs.10 each in ARS Energy Private Limited*	60,500	55,000
(* Formerly known as ARS Metals Private Limited)		
500 (2014 : 500) Equity shares of Rs.10 each in Suryadev Alloys and Power Private Limited	68,000	68,000
	<u>2,46,28,500</u>	<u>2,46,23,000</u>
Less Provision for diminution in value towards SPMM Health Care Services Private Limited	45,29,000	45,29,000
	<u>2,00,99,500</u>	<u>2,00,94,000</u>
Notes :		
i) All investments are fully paid-up		
ii) Quoted investments (#) - Cost	45,00,000	45,00,000
- Market value	53,91,000	59,58,000
iii) Unquoted investments - Cost	2,01,28,500	2,01,23,000
1.12 Long term Loans and advances		
Unsecured, considered good		
Capital advances	88,19,600	1,02,36,720
Security deposits	3,34,76,166	2,18,72,508
Other loans and advances		
- employee advances	93,500	1,12,690
- Sales tax, ESI and others paid under protest	2,96,73,623	2,96,73,623
- Advance income tax (net of provisions)	6,93,040	29,35,161
- MAT credit entitlement	6,61,78,234	6,36,78,234
	<u>13,89,34,163</u>	<u>12,85,08,936</u>
1.13 Other Non-current assets		
Unamortised loan raising expenses	4,17,362	6,94,259
	<u>4,17,362</u>	<u>6,94,259</u>
1.14 Inventories		
Raw materials - Cotton	24,22,66,661	18,80,21,956
Work-in-progress - Cotton in process	12,41,91,003	9,86,61,849
Finished goods - Yarn	4,83,25,534	7,15,71,006
- Process waste	1,17,38,625	1,28,33,184
Stores and spares	52,68,206	32,13,654
	<u>43,17,90,029</u>	<u>37,43,01,649</u>



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

Particulars	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
1.15 Trade receivables		
Unsecured, considered good		
Trade receivables		
Outstanding for morethan six months from the date they are due for payment	27,000	0
Others	9,34,11,689	10,64,01,234
	<u>9,34,38,689</u>	<u>10,64,01,234</u>
1.16 Cash and bank balances		
(i) Cash and cash equivalents		
Balances with banks in Current account	61,60,683	3,52,462
Cash on hand	5,85,007	3,35,842
	<u>67,45,690</u>	<u>6,88,304</u>
(ii) Other bank balances		
Earmarked balances with Banks - Unclaimed dividend accounts	4,33,498	6,83,144
- Liquid assets deposits *	13,56,568	13,56,568
Deposits with Banks held as margin money	68,82,225	57,92,446
* under Companies (Acceptance of Deposits) Rules, 1975 Of the above		
Bank deposits with morethan 12 months maturities Rs.34,56,700		
2014 Rs.48,12,345)		
	<u>1,54,17,981</u>	<u>85,20,462</u>
1.17 Short-term loans and advances		
Unsecured, considered good		
Material advances	32,09,028	1,86,07,367
Employee advances	7,38,045	3,96,350
Other receivables	89,34,041	1,37,90,086
	<u>1,28,81,114</u>	<u>3,27,93,803</u>
Of the above,		
Other receivables include :		
- VAT credit	7,06,899	3,01,220
- Prepaid expenses	61,33,999	79,06,871
- Advance VAT/CST tax	-	37,09,320
1.18 Other current assets		
Interest accrued on deposits	3,18,898	2,29,210
Interest subsidy receivable	35,39,813	88,86,097
Export incentive receivable	5,36,870	11,68,205
Unamortised loan raising expenses	3,47,124	3,47,124
	<u>47,42,705</u>	<u>1,06,30,636</u>



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

Particulars	For the year ended March 31, 2015 Rupees	For the year ended March 31, 2014 Rupees
2.1 Revenue from operations		
Sale of products		
Yarn	180,73,73,479	186,94,76,234
Fabric	2,57,01,665	0
Process waste	5,96,83,596	6,51,78,753
	<u>189,27,58,740</u>	<u>193,46,54,987</u>
Other operating revenues		
Scrap sales	6,58,676	7,20,334
Export incentives	6,71,486	8,20,632
	<u>189,40,88,902</u>	<u>193,61,95,953</u>
Less Trade rebate and discounts	4,71,471	71,600
	<u>189,36,17,431</u>	<u>193,61,24,353</u>
2.2 Other income		
Interest income from		
Security deposits and bank deposits	29,88,387	22,01,458
Others	0	1,86,337
Dividend income from Non-current investments	1,80,000	0
Net gain on foreign currency transactions and translations	11,49,364	6,02,430
	<u>43,17,751</u>	<u>29,90,225</u>
2.3 Cost of materials consumed		
Cotton	112,90,18,868	119,69,21,432
Others	1,74,87,862	61,44,757
	<u>114,65,06,730</u>	<u>120,30,66,189</u>
Of the above		
Imported items - Amount	7,33,49,124	19,80,21,812
- Percentage	6.40	16.46
Indigenous items - Amount	107,31,57,606	100,50,44,377
- Percentage	93.60	83.54
2.4 Changes in Inventories of finished goods and work-in-progress		
Work-in-progress	(2,55,29,154)	21,02,030
Finished goods	2,43,40,031	(2,87,44,725)
Net change in inventories	<u>(11,89,123)</u>	<u>(2,66,42,695)</u>
2.5 Employee benefits expense		
Salaries, wages and bonus	18,38,01,431	17,01,07,886
Contribution to provident, gratuity and other funds	1,01,44,300	86,01,481
Welfare expenses	1,00,57,153	90,86,075
	<u>20,40,02,884</u>	<u>18,77,95,442</u>
2.6 Finance costs		
Interest	11,15,00,413	10,80,21,112
Other borrowing costs	40,591	53,09,026
	<u>11,15,41,004</u>	<u>11,33,30,138</u>
Other borrowing costs include amortisation on :		
Premium on forward contracts	40,591	53,09,026



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

Particulars	For the year ended March 31, 2015 Rupees	For the year ended March 31, 2014 Rupees
2.7 Depreciation and amortisation expense		
Tangible assets		
Buildings	1,13,50,952	1,26,45,407
Plant and machinery	4,17,56,566	4,17,28,591
Wind energy converters	2,02,33,036	2,49,09,721
Furniture and fittings	1,00,747	1,93,275
Office equipments	2,31,498	2,53,691
Vehicles	17,16,408	14,68,797
	<u>7,53,89,207</u>	<u>8,11,99,482</u>
Less Transfer from revaluation reserve	0	28,89,247
Total depreciation on tangible assets	<u>7,53,89,207</u>	<u>7,83,10,235</u>
2.8 Other expenses		
Conversion charges	1,05,25,923	31,82,624
Consumption of stores and spares	2,54,75,756	2,35,17,350
Power and fuel-net	20,11,14,404	19,34,83,494
Repairs and maintenance - Buildings	7,95,238	12,68,777
- Plant and machinery	2,05,08,245	2,35,98,698
Insurance	13,39,338	14,17,361
Rates and taxes	10,03,088	11,13,333
Packing and forwarding chages	3,14,32,597	2,71,28,057
Brokerage and commission on sales	1,86,32,509	1,91,13,330
Travel and vehicle upkeep expenses	1,16,00,407	1,14,99,553
Donation and charity	0	3,71,916
Premium on hank yarn obligation charges	67,688	5,32,401
Printing and stationery	7,90,737	8,50,463
Directors' sitting fees	13,65,000	7,10,000
Bank and other financial charges	76,64,293	72,69,851
Loss on sale of assets	0	15,026
Miscellaneous expenses	67,02,033	56,87,745
	<u>33,90,17,256</u>	<u>32,07,59,979</u>
2.9 Exceptional item		
Diminution in value of long term investment		
- SPM Health Care Services Private Limited	0	45,29,000
	<u>0</u>	<u>45,29,000</u>
3. Notes annexed to and forming part of the Financial Statements		
	March 31, 2015	March 31, 2014
3.1 Information regarding Imports (c.i.f)		
Raw materials	11,71,39,432	19,80,21,812
Machinery spares	3,34,510	24,27,177
3.2 Foreign currency transactions and other financial information		
(i) Expenditure in foreign currency		
Interest	61,561	7,18,116
Travel	61,248	60,504
Others	5,89,999	2,24,800
(ii) Earnings in foreign currency		
Export of goods (FOB value)	2,23,82,893	3,89,40,130
Others (freight recoveries)	1,93,245	2,70,290
(iii) Remittance of dividend to Non-Resident Shareholders	-	-



	March 31, 2015	March 31, 2014
3.3 Auditors' remuneration		
(included under Miscellaneous expenses (refer Note 2.8 to the Financial statements))		
(i) For financial audit	3,70,000	3,70,000
(ii) For cost audit	2,50,000	2,50,000
(iii) For taxation matters	1,65,000	1,50,000
(iv) For other services	1,70,000	1,72,000
(v) For reimbursement of expenses	1,32,456	1,25,125
3.4 Contingent liabilities		
(i) Claims against the company not acknowledged as debts	3,65,08,688	3,65,08,688
(ii) Bills discounted with banks	47,89,500	2,76,85,194
Out flow relating to above not practicable to indicate in view of the uncertainties involved		
3.5 Capital commitments not provided for (net of advances)	5,08,17,482	5,08,17,482
3.6 Earnings per share		
Profit after taxation as per Statement of Profit and Loss (A)	1,55,67,224	3,81,66,290
Number of equity shares outstanding (B)	38,49,250	38,49,250
Basic and Diluted earnings per share (in Rupees) – Basic (A/B)	4.04	9.92
3.7 Segment information		
The company's primary segment is identified as business segment based on nature of products, risks, return and the internal business reporting system (i.e. cotton yarn) and operates in a single geographical segment as per Accounting Standard 17.		
3.8 Related party disclosure (as required under As 18)		
(i) Related parties with whom transactions have taken place during the year		
(1) Key management personnel		
Sri R. Selvarajan – Chairman and Managing Director		
Sri S. Vijay Shankar – Chief Financial Officer		
Ms. J. Asifa – Company Secretary		
(2) Associate		
SPMM Healthcare Services Private Limited		
(3) Parties where significant influence exists		
S. Palaniandi Mudaliar Charitable Trust		
Kandagiri Spinning Mills Gratuity Trust		
Sambandam Siva Textiles Private Limited		
Sambandam Spinning Mills Limited		
(ii) Transactions with related parties		
(1) Key management personnel		
R. Selvarajan		
- Interest payment	31,54,113	27,52,801
- Dividend payment	–	–
- Remuneration	36,00,000	36,00,000
- Fixed deposits received	52,19,000	54,00,000
- Fixed deposits repaid	15,00,000	15,00,000
- Outstanding balances under Fixed deposits	3,00,94,000	2,65,08,015
S. Vijay Shankar		
- Remuneration	30,00,000	24,00,000*
*in the capacity of Joint Managing Director		
J. Asifa		
- Remuneration	3,01,200	68,650*
*from December 31, 2013		



(2) Parties where significant influence exists		
S. Palaniandi Mudaliar Charitable Trust		
- Payments for employee welfare services	6,96,134	6,09,128
Kandagiri Spinning Mills Gratuity Trust		
- Contribution paid/payable	42,52,797	35,21,996
Sambandam Siva Textiles Private Limited		
- Sale of hank yarn obligation	1,16,330	—
Sambandam Spinning Mills Limited		
-Yarn testing charges paid	5,75,103	5,07,675

3.9 The land and buildings of the company were revalued as on March 31, 2009 by an external valuer on the basis of estimated market value in the case of land and estimated depreciated replacement cost in the case of buildings. The resulting net surplus on such revaluation aggregating Rs.23,09,00,807 has been credited to revaluation reserve.

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

3.11 Pursuant to the enactment of Companies Act, 2013, the Company has applied the estimated useful lives as specified in Schedule II, except in respect of certain assets as disclosed in Accounting Policy on Depreciation/Amortization. Accordingly the unamortized carrying value is being depreciated/amortised over the revised/remaining useful lives. The written down value of Fixed Assets whose lives have expired as at April 1, 2014 have been adjusted net of tax, in the opening balance of profit and loss account amounting to Rs.18,36,586.

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

3.13 Derivatives - The company uses derivative financial instruments such as forward contracts and option to hedge certain currency exposures, present and anticipated, denominated mostly in US dollars, Euro and Swiss Franks. Generally such contracts are taken for exposures materializing in the next six months. The company actively manages its currency rate exposures and uses these derivatives to mitigate the risk from such exposures. The company has hedged exposure of US \$ Nil (March 31, 2014 US \$ Nil) as at March 31, 2015 and has a net unhedged exposure of US \$ Nil (March 31, 2014 US\$ 2,22,178).

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

3.15 Power and fuel is net of value of power generated by Wind energy converters Rs.8,63,00,718 (2013-14 Rs.9,44,09,019).

3.16 Human resources – Particulars of managerial remuneration (i) To Managing Director – Salary Rs.21,60,000 (2013-14 Rs.21,60,000), Perquisites Rs.14,40,000 (2013-14 Rs.14,40,000); and (ii) To Joint Managing Director – Salary Rs.Nil (2013-14 Rs.14,40,000), Perquisites Rs.Nil (2013-14 Rs.9,60,000).



3.17 Details of Long Term Borrowings:

	Bank Name	March 31, 2015				Particulars of Repayment	March 31, 2014			
		Non Current Rupees	Current Rupees	Total Rupees	Rate of Interest %		Non Current Rupees	Current Rupees	Total Rupees	Rate of Interest %
a.	Secured Loans:									
i)	Term loans from Banks									
	State Bank of India TL 1						0	2,62,00,000	2,62,00,000	13.75
						5 monthly instalment of Rs.18 lakhs each and one monthly instalment of Rs.19 lakhs (2013-14 Rs.125 lakhs, 2013-14 Rs.115 lakhs, 2015-16 Rs.109 lakhs)				
	State Bank of India TL 3	0	1,09,00,000	1,09,00,000	14.10		1,09,00,000	1,20,00,000	2,29,00,000	13.75
	State Bank of India TL 4	5,99,40,000	103,20,000	7,02,60,000	13.75	12 monthly instalment of Rs.8.60 lakhs each, 12 monthly instalment of Rs.29 lakhs each and 6 monthly instalment of Rs.41.90 lakhs each (2015-16 Rs.103.20 lakhs, 2016-17 Rs.348 lakhs and 2017-18 Rs.251.40 lakhs)	7,02,60,000	51,60,000	7,54,20,000	13.85
	Karnataka Bank TL 1	0	3,32,00,000	3,32,00,000	14.00	8 monthly instalments of Rs.36 lakhs each and one monthly instalment of Rs.44 lakhs (2015-16 Rs.332 lakhs)	3,28,99,812	2,30,00,000	5,58,99,812	14.00
	Karnataka Bank TL 2						0	20,38,82,972	20,38,82,972	14.00
	Karnataka Bank TL 3						0	1,04,80,484	1,04,80,484	14.00
	Karnataka Bank TL 4	5,99,40,000	103,20,000	7,02,60,000	13.75	12 monthly instalment of Rs.8.60 lakhs each, 12 monthly instalment of Rs.29 lakhs each and 6 monthly instalment of Rs.41.90 lakhs each (2015-16 Rs.103.20 lakhs, 2016-17 Rs.348 lakhs and 2017-18 Rs.251.40 lakhs)	7,02,60,000	51,60,000	7,54,20,000	13.75



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

	Bank Name	March 31, 2015				Particulars of Repayment	March 31, 2014			
		Non Current Rupees	Current Rupees	Total Rupees	Rate of Interest %		Non Current Rupees	Current Rupees	Total Rupees	Rate of Interest %
	Axis Bank TL	90,00,000	60,00,000	1,50,00,000	14.15	30 monthly instalments of Rs.5 lakhs each (2015-16 Rs.60 lakhs and 2016-17 Rs.30 lakhs)	150,00,000	60,00,000	2,10,00,000	13.75
	Karnataka Bank TL 5	980,00,000	660,00,000	16,40,00,000	13.75					
	HDFC Bank bus loan		1,71,420	1,71,420	11.00	36 monthly instalments	1,71,143	2,49,040	4,20,183	11.00
	HDFC Bank bus loan		1,71,428	1,71,428	10.51	36 monthly instalments	2,85,571	3,43,000	6,28,571	10.51
	HDFC Bank bus loan		2,85,715	2,85,715	10.51	36 monthly instalments	1,71,852	4,11,000	5,82,852	10.51
	Federal Bank car loan							1,27,761	1,27,761	10.25
ii)	Cash credit from banks									
	State Bank of India		14,36,24,340	14,36,24,340	13.75	On demand		13,83,61,829	13,83,61,829	13.75
	State Bank of India adhoc		5,06,37,690	5,06,37,690	14.75	On demand				
	Karnataka Bank		13,33,10,178	13,33,10,178	13.75	On demand		14,90,02,341	14,90,02,341	13.75
	Karnataka Bank adhoc		5,05,84,146	5,05,84,146	13.75	On demand				
	Axix Bank		2,61,75,726	2,61,75,726	13.15	On demand		2,60,90,060	2,60,90,060	13.25
iii)	Short term loan from banks									
	Goods loan from Karur Vysya Bank					Repayable on March 16, 2015		2,51,07,048	2,51,07,048	12.00
	Buyers credit term loan (FC)					Repayable on April 17, 2013, July 22, 2013, July 26, 2013, July 29, 2013, August 2, 2013,		1,36,95,444	1,36,95,444	1.82
		22,68,80,000	54,17,00,643	76,85,80,643			19,99,48,378	64,52,70,979	84,52,19,357	



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

- (i) Term loans from banks aggregating Rs.35,27,20,000 (March 31, 2014 Rs.45,78,22,784) are secured by a first charge on the Company's fixed assets subject to the charge stated in (ii) to (v) infra and secured by a second charge on the Company's current assets; (ii) Term loans from banks to an extent of Rs.1,09,00,000 (March 31, 2014 Rs.3,33,80,484) are secured by a first charge on the Company's wind mills; (iii) Term loans from banks to an extent of Rs.6,28,563 (March 31, 2014 Rs.17,59,367) are secured by hypothecation of certain buses and cars; (iv) Cash credit / short term loan / buyers credit facilities are secured by a first charge on the Company's current assets except the stock of cotton pledged for goods loan facility and by a second charge on the Company's fixed assets excluding the charges mentioned in (ii) to (iii) supra; (v) Goods loan facilities are secured by pledge of stock of cotton; (vi) All the above loans are guaranteed by three directors.

	Bank Name	March 31, 2015				Particulars of Repayment	March 31, 2014			
		Non Current Rupees	Current Rupees	Total Rupees	Rate of Interest %		Non Current Rupees	Current Rupees	Total Rupees	Rate of Interest %
b.	Unsecured Loans: Fixed deposits	9,54,50,000	0	9,54,50,000	11.00		4,86,12,000	139,32,000	6,25,44,000	9.00 to 12.50
		9,54,50,000	0	9,54,50,000			4,86,12,000	139,32,000	6,25,44,000	

3.18 Employee benefits -

(i) Defined Employee benefit plans - As per Actuarial valuation as on March 31, 2015

	Gratuity (funded)					Compensated absences (unfunded)					Rs. lakhs
	2014-15	2013-14	2012-13	2011-12	2010-11	2014-15	2013-14	2012-13	2011-12	2010-11	
A. Expenses recognised in the statement of profit and Loss Accounting for the year ended Mar 31, 2014											
(i) Current service cost	21.34	19.86	16.38	14.40	11.05	0.87	0.89	1.08	1.02	1.00	
(ii) interest cost	14.14	14.81	12.06	9.90	8.47	11.29	10.13	10.47	9.40	9.12	
(iii) Expected return on plan assets	-6.09	-9.02	-7.63	-6.81	-4.98	-	-	-	-	-	
(iv) Net actuarial (gain) / loss recognised during the year	13.14	9.57	-6.42	14.10	-4.97	4.92	-10.73	-5.35	-7.53	-6.61	
Total expenses	42.53	35.22	14.39	31.59	9.58	17.08	0.29	6.20	2.89	3.51	
B. Actual return on plan assets											
(i) Expected return on plan assets	6.09	9.02	7.63	6.81	4.98						
(ii) Actuarial (gain) / loss on plan assets	-17.84	14.38	13.18	3.78	15.78						
(iii) Actual return on plan assets	-11.75	23.40	20.81	10.59	20.76						



3.18 Employee benefits - (Contd..)		Rs. lakhs							
		Gratuity (funded)				Compensated absences (unfunded)			
		2014-15	2013-14	2012-13	2011-12	2010-11	2014-15	2013-14	2012-13
C. Net asset / (liability) recognised in the balance sheet									
(i) Present value of the obligation		237.22	191.33	176.55	160.31	129.28	143.92	126.84	126.56
(ii) Fair value of plan assets		110.26	106.90	127.34	84.31	84.88	-	-	-
(iii) Funded status (surplus/deficit)		-126.96	-84.43	-49.21	-75.99	-44.40	-143.92	-126.84	-126.56
(iv) Unrecognised past service cost		-	-	-	-	-	-	-	-
(v) Net Asset / (liability) recognised in the balance sheet		-126.96	-84.43	-49.21	-75.99	-44.40	-143.92	-126.84	-126.56
D. Change in Present value of the obligation during the year									
(i) Present value of the obligation as at beginning of the year		191.33	176.55	160.31	129.28	112.90	126.85	126.56	120.36
(ii) Current service cost		21.34	19.86	16.38	14.40	11.05	0.87	0.89	1.08
(iii) interest cost		14.14	14.81	12.06	9.90	8.47	11.29	10.13	10.47
(iv) Benefits paid		-20.57	-29.46	-18.97	-11.16	-13.96	-	-	-
(v) Actural (gain) / loss on obligation		30.98	9.57	6.76	17.89	10.82	4.91	-10.73	-5.35
(vi) Present value of obligation as at end of the year		237.22	191.33	176.55	160.31	129.28	143.92	126.85	126.56
E. Change in assets during the year									
(i) Fair value of plan assets as at beginning of the year		106.89	127.34	84.31	84.88	60.46	-	-	-
(ii) Expected return on plan assets		6.09	9.02	7.63	6.81	4.98	-	-	-
(iii) Contributions		-20.57	14.38	41.19	-	17.62	-	-	-
(iv) Benefits paid		17.85	-29.46	-18.97	-11.16	-13.96	-	-	-
(v) Actural (gain) / loss on plan assets		110.26	14.38	13.18	3.78	15.78	-	-	-
(vi) Fair value of plan assets as at end of the year		-	106.89	127.34	84.31	84.88	-	-	-
F. Experience adjustments in									
(i) Plan liabilities - loss(gain)		30.98	9.57	6.76	17.89	10.82	4.92	-10.73	-5.35
(ii) Plan assets - loss(gain)		-17.84	14.38	13.18	3.78	15.78	-	-	-
G. Major categories of plan assets as a percentage of total plan									
(i) Government of India securities		-	-	-	6%	6%	Unfunded	Unfunded	Unfunded
(ii) State Government Securities		5%	5%	5%	8%	8%	Unfunded	Unfunded	Unfunded
(iii) High Quality Corporate bonds		-	-	-	-	-	Unfunded	Unfunded	Unfunded
(iv) Special Deposit Scheme		-	-	-	-	-	Unfunded	Unfunded	Unfunded
(v) Other (Bank deposits)		34%	34%	34%	46%	37%	Unfunded	Unfunded	Unfunded
(vi) SBI Life insurance company		61%	61%	61%	40%	49%	Unfunded	Unfunded	Unfunded
(vii) Total		100%	100%	100%	100%	100%	Unfunded	Unfunded	Unfunded
H. Actuarial Assumptions									
(i) Discount rate		7.81%	9.15%	8%	8%	8%	7.81%	8.90%	8%
(ii) Salary escalation rate		4%	4%	4%	4%	4%	4.00%	7.50%	4%
(iii) Attrition rate		1%	1%	1%	1%	1%	1%	1%	1%
(iv) Expected return on plan assets		8%	8%	8%	8%	8%	0%	0%	0%

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

**3.18 Employee benefits - (Contd..)**

- ii) Gratuity fund is administered through group gratuity scheme with SBI Life Insurance and by the Gratuity Trust through trustees.
 iii) During the year, the company has recognised the following amounts in the Statement of Profit and Loss:
- Salaries, wages and bonus include compensated absences of Rs.21,12,807 (2013-14 Rs.4,53,631) Contribution to provident, gratuity and other funds include contribution to provident fund and family pension fund contribution of Rs.58,91,503 (2013-14 Rs.50,79,485) and gratuity fund of Rs.42,52,797 (2013-14 Rs.35,21,996). Workmen and staff welfare expenses include contribution to employees state insurance of Rs.22,81,226 (2013-14 Rs.16,89,508)

3.19 Disclosure as required under Section 186(4) of the Companies Act, 2013

Particulars	31.03.2015 Amount (Rs.)
i) Loans given	—
ii) Investments	
- SPMM Health Care Services Private Limited	2,00,00,000
- Sambandam Spinning Mills Limited	45,00,000
- ARS Energy Private Limited *	
Opening Balance	55,000
Investment sold during the year	13,750
Investment made during the year	19,250
Closing Balance	60,500
- Suryadev Alloys and Power Private Limited	68,000
iii) Guarantees given	—
(* Formerly known as ARS Metals Private Limited)	

The above disclosure was not applicable for the previous year.

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

Signatures to Statement of Accounting Policies and Notes to Financial Statements

	For and on behalf of the Board
R. Selvarajan	S. Devarajan
Chairman and Managing Director	Director
DIN : 00001703	DIN : 0001910
J. Asifa	S. Vijay Shankar
Company Secretary	Chief Financial Officer

Salem,
May 28, 2015



KANDAGIRI SPINNING MILLS LIMITED

Corporate Identity Number (CIN) : L17111TZ1976PLC000762

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

Tel : 0427 2244400 Fax : 0427 2244422

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

POSTAL BALLOT FORM

1.	Name of Sole / First Member	
2.	Name(s) of Joint Member (s), if any	
3.	Registered Folio / DP ID / Client ID No.	
4.	Number of Shares held	

I / We hereby exercise my / our vote in respect of the Resolution(s) to be passed through Postal Ballot for the business stated in AGM Notice dated 12th August, 2015 of the Company by conveying my / our assent (Yes) or dissent (No) to the said Resolution(s) by placing the tick (✓) mark at the appropriate box below.

Sl. No.	Resolutions	Type of Resolution	No. of Shares Held	Yes	No
1.	ADOPTION OF FINANCIAL STATEMENTS	ORDINARY			
2.	APPOINTMENT OF SRI S. VIJAY SHANKAR, DIRECTOR RETIRING BY ROTATION	ORDINARY			
3.	APPOINTMENT OF STATUTORY AUDITORS	ORDINARY			
4.	REAPPOINTMENT OF SRI. R. SELVARAJAN, CHAIRMAN AND MANAGING DIRECTOR	SPECIAL			
5.	REVISION IN THE REMUNERATION PACKAGE OF SRI S. VIJAY SHANKAR, IN HIS CAPACITY AS CHIEF FINANCIAL OFFICER	ORDINARY			
6.	ACCEPTANCE OF DEPOSITS FROM MEMBERS OF THE COMPANY	ORDINARY			
7.	RATIFICATION OF REMUNERATION PAYABLE TO THE COST AUDITORS	ORDINARY			
8.	REISSUE OF FORFEITED SHARES	ORDINARY			

- Note : 1) Kindly read the instructions printed overleaf (next page) before filling the form.
2) Last date of receipt of this Form by the Scrutinizer is 5.00 P.M. of 26.09.2015.

Place :
Date :

(Signature of Member)



POSTAL BALLOT FORM INSTRUCTIONS

- 1) This Ballot Form is provided for the benefit of Members who do not have access to e-voting facility.
- 2) A Member can opt for only one mode of voting (i.e. E-voting, Postal Ballot or Voting at the AGM). If a Member casts votes through more than one mode, then voting done through e-voting shall prevail and ballot shall be treated as invalid.
- 3) Members who have voted already prior to the meeting date either through e-voting or postal ballot would not be entitled to vote at the venue of the AGM.
- 4) Board of Directors has appointed Shri B. Kalyanasundaram as the Scrutinizer for the postal ballot.
- 5) The Scrutinizer will collate the votes downloaded from the e-voting system and votes received through post to declare the final result for each of the Resolutions forming part of the Notice of the AGM.
- 6) SHRI B. KALYANASUNDARAM (MEMBERSHIP NO. 672) OF M/S B. K. SUNDARAM & ASSOCIATES PRACTISING COMPANY SECRETARIES has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

Process and manner for Members opting to vote by using the Ballot Form

- 1) Please complete and sign the Ballot Form (no other form or photocopy thereof is permitted) and send it to Shri B. Kalyanasundaram, Scrutinizer, 30, Pandamangalam Agraharam, Worur, Trichy-620003. Ballot Forms deposited in person or sent by post or courier at the expense of the Member will be accepted.
- 2) The Form should be signed by the Member as per the specimen signature registered with the Company/Depositories. In case of joint holding, the Form should be completed and signed by the first named Member and in his/her absence, by the next named joint holder. A Power of Attorney (POA) holder may vote on behalf of a Member, mentioning the registration number of the POA registered with the Company or enclosing an attested copy of the POA. Exercise of vote by Ballot is not permitted through proxy.
- 3) In case the shares are held by companies, trusts, societies, etc. the duly completed Ballot Form should be accompanied by a certified true copy of the relevant Board Resolution/Authorization.
- 4) Votes should be cast in case of each resolution, either in favour or against by putting the tick (✓) mark in the column provided in the Ballot.
- 5) The voting rights of shareholders shall be in proportion of the shares held by them in the paid up equity share capital of the Company as on September 21, 2015 and as per the Register of Members of the Company.
- 6) Duly completed Ballot Form should reach the Scrutinizer not later than Saturday 26th September, 2015 (5.00. p.m. IST). Ballot Form received after 5.00 p.m. on 26.09.2015 will be strictly treated as if the reply from the Members has not been received.
- 7) A Member may request for a duplicate Ballot Form, if so required. However, duly filled in and signed duplicate Form should reach the Scrutinizer not later than the date and time specified in serial no. 6 above.
- 8) Unsigned, incomplete, improperly or incorrectly tick marked Ballot Forms will be rejected. A Form will also be rejected if it is received torn, defaced or mutilated to an extent which makes it difficult for the Scrutinizer to identify either the Member or as to whether the votes are in favour or against or if the signature cannot be verified.



KANDAGIRI SPINNING MILLS LIMITED

Corporate Identity Number (CIN) : L17111TZ1976PLC000762

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

Tel : 0427 2244400 Fax : 0427 2244422

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

PROXY FORM

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

Name of the Member(s) :

Registered Address :

E-mail Id :

Folio No DP ID No Client ID No

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

1. Name:E-mail Id

Address:

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

2. Name:E-mail Id

Address:

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

3. Name:E-mail Id

Address:

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

as my / our proxy to attend for me/us and on my / our behalf at the Thirty Ninth Annual General Meeting of
the Company held at the Mill Premises of Sambandam Spinning Mills Limited at Kamaraj Nagar Colony.
Salem – 636 014 on Sunday, the 27th September 2015 at 11.45 a.m and at adjournment thereof in respect of
such resolutions as are indicated below: (Please turn to next page)



KANDAGIRI SPINNING MILLS LIMITED

Corporate Identity Number (CIN) : L17111TZ1976PLC000762

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

Attendance Slip

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

I hereby record my presence at the Thirty Ninth Annual General Meeting of the Company held at the Mill Premises
of Sambandam Spinning Mills Limited at Kamaraj Nagar Colony. Salem – 636 014 on Sunday, the 27th September
2015 at 11.45 a.m and any adjournment thereof

Folio No / DP ID No / Client ID No

Name of the Member Signature.....

Name of the Proxy holder Signature.....

1. Only Member / Proxy holder can attend the Meeting.

2. Member / Proxy holder should bring the AGM notice and the Annual Report for reference at the meeting

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

Sl. No.	Resolutions	Type of Resolution	No. of Shares Held	Yes	No
1.	ADOPTION OF FINANCIAL STATEMENTS	ORDINARY			
2.	APPOINTMENT OF SRI S. VIJAY SHANKAR, DIRECTOR RETIRING BY ROTATION	ORDINARY			
3.	APPOINTMENT OF STATUTORY AUDITORS	ORDINARY			
4.	REAPPOINTMENT OF SRI. R. SELVARAJAN, CHAIRMAN AND MANAGING DIRECTOR	SPECIAL			
5.	REVISION IN THE REMUNERATION PACKAGE OF SRI S. VIJAY SHANKAR, IN HIS CAPACITY AS CHIEF FINANCIAL OFFICER	ORDINARY			
6.	ACCEPTANCE OF DEPOSITS FROM MEMBERS OF THE COMPANY	ORDINARY			
7.	RATIFICATION OF REMUNERATION PAYABLE TO THE COST AUDITORS	ORDINARY			
8.	REISSUE OF FORFEITED SHARES	ORDINARY			

Place :

Date :

(Signature of Member)

Signed this day of September 2015

Signature of Member

Signature of Proxy holder(s)

Affix
Re.1
Revenue
Stamp

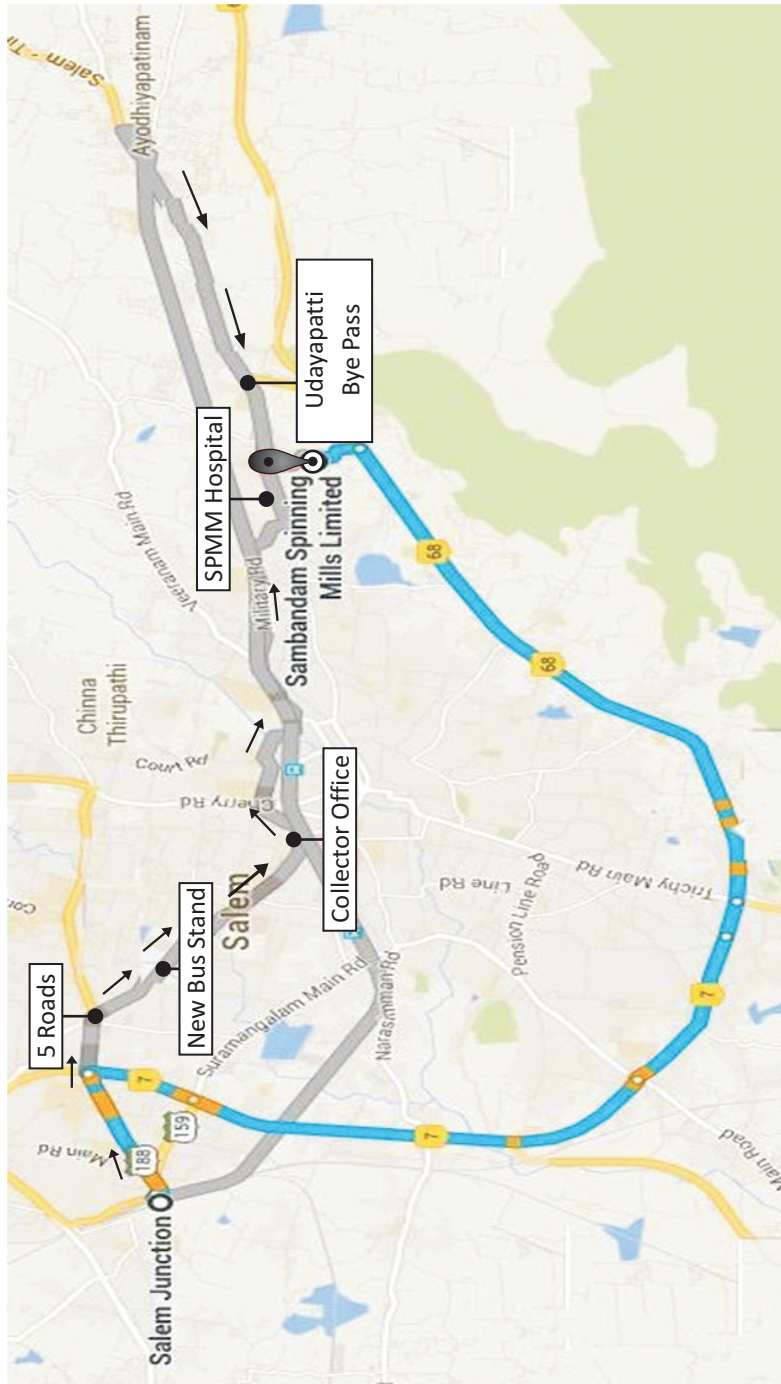
Note: This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting, i.e. before 11.45 am on 25.09.2015.

Note :

- 1) This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting, i.e. before 11.45 am on 25.09.2015.
- 2) Proxies submitted on behalf of Limited Companies, Societies, etc., must be supported by appropriate Resolutions / Authority, as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
- 3) During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member is entitled to inspect the proxies lodged at any time during the business hours of the Company, provided not less than 3 days advance notice in writing is given to the Company.



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





39th Annual Report

To

If undelivered, kindly return to :

Kandagiri Spinning Mills Limited,

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



Kandagiri Spinning Mills Ltd.

Ref: KSML/CS/ 104/2014-15

31st August, 2015

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

Dear Sir,

Notice of our 39th AGM on 27-09-2015 and our Annual Report for 2014-15

Pursuant to Clause 31 of the Listing Agreement, we send herewith SIX printed copies of our 39th Annual Report for the financial year 2014-15 together with the Notice of 39th Annual General Meeting of our Company scheduled to be held at the Mill Premises of Sambandam Spinning Mills Limited, Kamaraj Nagar Colony, Salem - 636 014 on Sunday, the 27th September, 2015 at 11.45 a.m..

The Company has provided remote e-voting, postal ballot (in lieu of remote e-voting) and polling (at the venue of the AGM) facilities to its members, holding shares either in physical form or in dematerialized form as on the cut-off date i.e., 21-09-2015, to cast their votes for all the resolutions contained in the notice of the 39th AGM. Details and instructions pertaining to remote e-voting and postal ballot processes have been mentioned in the Notice.

Physical copy of the AGM Notice together with the Annual Report has already been sent to the members on 29-08-2015. The Company has also forwarded electronic copy of the above documents to those members who have registered their e-mail addresses.

Kindly note that the Registrar of Members and the Share Transfer Books of our Company will remain closed from Saturday 19th September, 2015 to Sunday 27th September, 2015 (both days inclusive) for the purpose of the AGM. We have also arranged for the publication in news paper as per the enclosure.

Thanking you,

Yours faithfully,
For Kandagiri Spinning Mills Limited

J. Asifa

Company Secretary

Encl.: As above

CC: To all other recognized Stock Exchanges in India - together a copy of our 39th Annual Report with Notice.




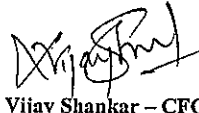
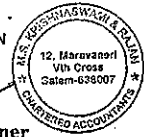

Cameo Corporate Services, Chennai
Regd. Off : Mill Premises, Udayapatti (P.O.), P.B. No. 3, Salem - 636 140. Phone : Mill : 0427-2244400
Fax: 0427-2244422 Grams: SUPERSPIN E-mail: sales@kandagirimills.com Web: www.kandagirimills.com

CIN : L17111TZ1976PLC000762



FORM A

Format of covering letter of the annual report to be filled with the Stock Exchanges

1	Name of the Company	Kandagiri Spinning Mills Limited
2	Annual financial statements for the year ended	March 31, 2015
3	Type of Audit observation	Un-qualified
4	Frequency of observation	NA
5	To be signed by-	
	• CEO/Managing Director	 R. Selvarajan – Chairman and Managing Director
	• CFO	 S. Vijay Shankar – CFO
	• Auditor of the Company	<p>For M.S. KRISHNASWAMI & RAJAN Chartered Accountants, Reg. No. 015545</p>  <p>R. Krishnan - Partner Member R. Krishnan - Partner M.S. Krishnaswami & Rajan</p>
	• Audit Committee Chairman	 Dr. V. Gopalan – Chairman of Audit Committee

KANDAGIRI SPINNING MILLS LIMITED

Corporate Identity Number (CIN): L17111TZ1976PLC000762

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

Tel: 0427 2244400 Fax: 0427 2244422

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

Notice is hereby given that the 39th Annual General Meeting (AGM) of the Company will be held on Sunday, 27-09-2015 at 11.45 a.m. at the Mill Premises of Sambandam Spinning Mills Limited, Kamaraj Nagar Colony, Salem – 636 014. Dispatch of the physical copy of the notice convening the meeting, together with the Postal Ballot Form and Annual Report for the year 2014-15 in the permitted mode to the members has been completed on 29-08-2015 and also electronic copy of the above documents has been sent to those members who have registered their email addresses. Full text of the above documents has also been hosted in the Company's website www.kandagirimills.com. These documents are also available for inspection at the Registered Office of the Company during business hours up to the date of the AGM on 27.09.2015.

Notice is given pursuant to Section 91 of the Companies Act, 2013 (the Act) that the Register of Members and the Share Transfer books will remain closed from 19-09-2015 to 27-09-2015 (both days inclusive).

In compliance with the provisions of Section 108 of the Act, read with the relevant Rules as amended and Clause 35B of the Listing agreement, the Company has offered members remote e-voting and postal ballot (for those who do not have access to e-voting) facilities to cast their vote for all the resolutions mentioned in the Notice of the 39th AGM. The Company has engaged the services of Central Depository Services Limited (CDSL) to provide remote e-voting facility. The e-voting commences at 9.15 a.m. on 23.09.2015 and ends at 5.00 p.m. on 26.09.2015. No e-voting will be allowed beyond the said date and time. The duly completed Postal Ballot Form should reach the Scrutinizer before 5.00 p.m. on 26-09-2015. The facility of voting through polling shall be made available at the venue of the AGM and the members attending AGM who have not cast their vote through remote e-voting/postal ballot are entitled to vote at the AGM through poll. Members exercised their vote through remote e-voting/postal ballot shall attend the AGM but are not entitled to vote at the venue of the AGM.

A person whose name appears in the register of members/beneficial owners on the cut-off date i.e., 21.09.2015 only shall be entitled to avail the facility of remote e-voting/postal ballot as well as voting at the AGM. Members including those who become member of the Company after dispatch of the notice and holding shares on the cut-off date shall refer the detailed instructions for e-voting described under clause 12 "voting through electronic means" of notes of the AGM notice to cast their vote through remote e-voting facility. Postal ballot instructions are described overleaf of the postal ballot form.

CS B. Kalyanasundaram of B.K. Sundaram & Associates, Practising Company Secretary has been appointed as the Scrutinizer for remote e-voting, postal ballot and polling processes.

Any query/grievance relating to remote e-voting/Postal Ballot Form should be addressed to the Company Secretary, at the address or e-mail ID or phone No. mentioned above.

In case of any queries relating to remote e-voting, members may also refer to the Frequently Asked Questions (FAQs) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

Salem
31.08.2015

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