



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 TO THE SHAREHOLDERS

Notice is hereby given that the Thirty Eighth Annual General Meeting of the Company will be held at the Mill Premises of Sambandam Spinning Mills Limited at Kamaraj Nagar Colony, Salem 636014 on Sunday, **the 28th September, 2014 at 11.30 a.m** to transact the following business:

ORDINARY BUSINESS

Item Adoption of Financial Statements

- No.1 To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014 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 Directors and the Auditors thereon.

Item Appointment of Sri S.Devarajan, Director Retiring by Rotation

- No.2 To appoint a director in the place of Sri S.Devarajan (holding DIN 00001910) who retires by rotation and being eligible, offers himself for re-appointment.

Item Appointment of Statutory Auditors

No.3 NOTE

M/s. M.S.Krishnaswami & Rajan, Chartered Accountants (Firm Registration No.01554S) was appointed as Statutory Auditors of the Company at the last (37th) Annual General Meeting of the Company held on 14.8.2013 to hold office till the conclusion of this annual general meeting. As per Section 139(2) of the Companies Act, 2013, a listed Company can appoint a firm of auditors for not more than two terms of five years each. M/s. M.S.Krishnaswami & Rajan have been the statutory auditors of the Company for more than ten years. However, the Act provides a period of three years from the date of enforcement of this section (i.e. from 1.4.2014) to comply with this requirement. M/s. M.S.Krishnaswami & Rajan have confirmed their eligibility and willingness to be appointed for one more year. Board recommends their appointment as statutory auditors of the Company for approval of the members.

RESOLUTION

“RESOLVED THAT, pursuant to the provisions of section 139(2) and other applicable provisions, if any, of the Companies Act 2013 and the rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. M.S.Krishnaswami & Rajan, Chartered Accountants (Firm registration No.01554S) be and they 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 2014-15 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

Item Approval for Continuation of Sri R.Selvarajan as Chairman and Managing Director

- No.4 To consider and if thought fit to pass with or without modification the following resolution as a SPECIAL RESOLUTION:

RESOLVED THAT pursuant to the provisions of Section 196 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder (including any amendment thereto or enactment thereof for the time being in force), consent be and is hereby accorded for the continuation of Sri R. Selvarajan as Chairman and Managing Director on the existing terms and conditions for his remaining period i.e., up to 30.09.2015, as approved by the Board of Directors on the recommendation of the Nomination and Remuneration Committee.

SPECIAL BUSINESS (Contd.)

Item Appointment of Sri P.S.Ananthanarayanan as a Non-Executive Independent Director

No.5 To consider and if thought fit to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri P.S. Ananthanarayanan (holding DIN 00001759), a non-executive director of the Company who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act, and in respect of whom the Company has received a notice in writing from a member under section 160 of the Act proposing his candidature for the office of Director be and is hereby appointed as a Non-Executive Independent Director of the Company not liable to retire by rotation to hold office for a period of five consecutive years from the date of this AGM till the conclusion of the 43rd AGM of the Company”.

Item Appointment of Dr. V.Gopalan as a Non-Executive Independent Director

No.6 To consider and if thought fit to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr. V. Gopalan (holding DIN 00018602), a non-executive director of the Company who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act, and in respect of whom the Company has received a notice in writing from a member under section 160 of the Act proposing his candidature for the office of Director be and is hereby appointed as a Non-Executive Independent Director of the Company not liable to retire by rotation to hold office for a period of five consecutive years from the date of this AGM till the conclusion of the 43rd AGM of the Company”.

Item Appointment of Sri N.Asoka as a Non-Executive Independent Director

No.7 To consider and if thought fit to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri N.Asoka (holding DIN 00127155), a non-executive director of the Company who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act, and in respect of whom the Company has received a notice in writing from a member under section 160 of the Act proposing his candidature for the office of Director be and is hereby appointed as a Non-Executive Independent Director of the Company not liable to retire by rotation to hold office for a period of five consecutive years from the date of this AGM till the conclusion of the 43rd AGM of the Company”.

Item Appointment of Sri S.Gnanasekharan as a Non-Executive Independent Director

No.8 To consider and if thought fit to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri S.Gnanasekharan (holding DIN 06796817), a non-executive director of the Company who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act, and in respect of whom the Company has received a notice in writing from a member under section 160 of the Act proposing his candidature for the office of Director be and is hereby appointed as a Non-Executive Independent Director of the Company not liable to retire by rotation, to hold office for a period of five consecutive years from the date of this AGM till the conclusion of the 43rd AGM of the Company”.



SPECIAL BUSINESS (Contd.)

Item Appointment of Sri Kameshwar M. Bhat as a Non-Executive Independent Director

No.9 To consider and if thought fit to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013. Sri Kameshwar M. Bhat (holding DIN 06951906), who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act, and in respect of whom the Company has received a notice in writing from a member under section 160 of the Act proposing his candidature for the office of Director be and is hereby appointed as a Non-Executive Independent Director of the Company not liable to retire by rotation, to hold office for a period of five consecutive years from the date of this AGM till the conclusion of the 43rd AGM of the Company.”

Item Appointment of Dr. A.Sarayu as a Non-Executive Director

No.10 To consider and if thought fit to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act 2013 (the Act) and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) Dr. A.Sarayu (holding DIN 06953362), and in respect of whom the Company has received a notice in writing from a member under section 160 of the Act proposing her candidature for the office of Director be and is hereby appointed as non-executive director of the Company.

Item Appointment of Sri M.Rajamani as a Non-Executive Director

No.11 To consider and if thought fit to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act 2013 (the Act) and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) Sri M. Rajamani (holding DIN 00001930), and in respect of whom the Company has received a notice in writing from a member under section 160 of the Act proposing his candidature for the office of Director be and is hereby appointed as non-executive director of the Company.”

Item Authorising Board of Directors for creation of charge/mortgage on the properties of the Company

No.12 To consider and if thought fit to pass with or without modification the following resolution as a SPECIAL RESOLUTION:

Resolved that in supersession of the ordinary resolution passed at the 31st Annual General Meeting held on 6th July, 2007 and pursuant to the provisions of section 180(1)(a) and other applicable provisions, if any, of the Companies act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any committee thereof) to mortgage / pledge/hypothecate/ create charge on all the immovable and movable properties and all such assets of the company wherever situate, present and future and/or with power to enter upon and take possession of the assets of the company in certain events on such terms and conditions and at such time or times and in such form or manner as it may think fit, to or in favour of the financial institutions/banks for an aggregate nominal value not exceeding Rs.300,00,00,000/- (Rupees Three Hundred crores only) to secure the term loans together with interest, costs, charges, expenses and all other monies payable in the above connection in terms of the agreement entered or to be entered into between the company and the financial institutions/ banks, such that the security ranks pari passu with, or second or subservient to, the mortgages / pledges / hypothecations /charges already created or to be created by the company or in such manner as may be agreed to by/between the parties concerned and as may be thought expedient by the Board.



SPECIAL BUSINESS (Contd.)

RESOLVED FURTHER that the Board be and is hereby authorized to finalize and execute such documents, deeds, papers and writings for creating the aforesaid mortgages / pledges / hypothecations / charges / and to do all such deeds and things as may be necessary or expedient for implementing this resolution."

Item Authorising the Board of Directors for the borrowings

No.13 To consider and if thought fit to pass with or without modification the following resolution as a SPECIAL RESOLUTION:

"RESOLVED that in supersession of the ordinary resolution passed at the 31st Annual General Meeting held on 6th July, 2007 and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof) for borrowing, from time to time, such sums of money as the Board may deem fit for the purpose of the business of the company, notwithstanding that the moneys to be borrowed together with the monies already borrowed (apart from temporary loans obtained from the company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, the reserves not set apart for any specific purpose, provided that the total amount up to which the monies may be borrowed by the Board of Directors of the Company shall not exceed the aggregate of the paid-up capital and free reserves of the company by more than a sum of Rs.300,00,00,000/- (Rupees Three Hundred Crores only) at any one time.

RESOLVED FURTHER that the Board be and is hereby authorised, on behalf of the Company, to do all such acts, deeds and things, to execute all such documents, instruments in writing as may be required, in its absolute discretion, pursuant to the above resolution."

Item Alteration of Memorandum of Association of the Company

No.14 To consider and if thought fit to pass with or without modification the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT the Memorandum of Association of the Company be and is hereby amended by inserting the following clauses as clause 11A and clause 11B after clause 11 under III-B – **THE OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS:**

11A To take or otherwise acquire and hold shares in any other company having objects altogether or in part similar to those of this Company or carrying on any business capable of being conducted so as to directly or indirectly benefit the Company

11B To invest in the share capital of new or existing Company or Companies or joint venture(s) for carrying out such activity or activities, at such time or times as considered appropriate by the Board of Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such action as may be necessary to give effect to the above."

Item Alteration of Articles of Association of the Company

No.15 To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT the Articles of Association of the Company be and is hereby amended as specified hereunder:

(a) The following article be added as Article 13 A after Article 13:

13A The Company may purchase its own shares in accordance with the provisions of section 68 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).



SPECIAL BUSINESS (Contd.)

(b) The following article be added as Article 27A after Article 27:

27A An individual shall be appointed or reappointed to or hold the position of Chairman and also its Managing director or Chief Executive Officer (as the case may be) at the same time.

(c) The following article be added as Article 55 after Article 54:

55 Wherever reference to Sections, Schedules, Chapters, Tables, Rules and Regulations under the provisions of the Companies Act 1956 are quoted in this Articles of Association, the same are deemed to be substituted with the corresponding Sections, Schedules, Chapters, Tables, Rules and Regulations under the provisions of the Companies Act 2013 and the rules framed thereunder including any statutory modification(s) or re-enactment(s) thereof for the time being in force.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such action as may be necessary to record the above amendments in the Articles of Association of the Company."

Item Ratification of the Remuneration Payable to Cost Auditors

No.16 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 2015 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."

Item Acceptance of Fixed Deposits from the Members of the Company

No.17 To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

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

By order of the Board

Place: Salem

J.Asifa

Date : August 13, 2014

Company Secretary

NOTES :

1. A Member entitled to attend and vote is entitled to appoint proxy/proxies to attend and vote instead of himself/ herself and the proxy need not be a Member. Please read the instructions printed overleaf the Proxy Form attached to this notice before using the Form. The right of 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 17 of the Notice is annexed hereto.



3. The Register of Members and the Share Transfer Books of the Company will remain close from Thursday 18th September 2014 to Sunday 28th September 2014 (both days inclusive).
4. Members holding shares in physical form are requested to contact M/s Cameo Corporate Services Ltd., 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 SEBI Regulation (Regulation No 13) a person holding the Company's shares/acquiring the Company's shares (voting rights) exceeding 5% of the paid up share capital (one lakh ninety thousand equity shares of the Company together with their existing holdings) shall inform the Company within 4 working days of acquisition of the Company's shares before sending the share transfer documents to Cameo Corporate Services Ltd., for registering the shares in their name. Similarly persons already holding 5% or more (more than one lakh ninety thousand) equity shares of the Company shall inform the Company if they sell or transfer any of their shares within 4 working days of sale of their shares.
6. 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.
7. 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.

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 14th August 2013 (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.

8. 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 38th AGM. The Company has engaged the services of Central Depository Securities Limited (CDSL) for this purpose.



The voting period begins on **22.09.2014 at 9.15 a.m and ends on 24.09.2014 at 6.30 p.m.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on 14.08.2014 (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 any one of the details in order to login. In case both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) Click on the EVSN for the relevant <Company Name> "KANDAGIRI SPINNING MILLS LIMITED" on which you choose to vote.
- (x) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.



- (xii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xv) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- (xvi) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (xvii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

In case of members receiving the physical copy:

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

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.

IMPORTANT NOTE:

AS THE COMPANY BEING A LISTED COMPANY, E – VOTING / POSTAL BALLOT FACILITY IS PROVIDED TO THE MEMBERS OF THE COMPANY. HENCE VOTING BY SHOW OF HANDS OR POLL WILL NOT BE AVAILABLE TO THE MEMBERS AT THE 38TH AGM.

Item EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 FOR ITEMS No.4 to 17

No.4 CONTINUATION OF SRI R.SELVARAJAN, CHAIRMAN AND MANAGING DIRECTOR

Sri R. Selvarajan had been appointed as the Chairman and Managing director of the Company on a monthly remuneration of Rs. 3,00,000/- (inclusive of perquisites and allowances) for a period of three years from 01.10.2012 to 30.09.2015 by way of special resolution passed by the shareholders at the AGM held on 12th August, 2012. Section 196 of the Companies Act, 2013 stipulates that an individual shall not be continued as Managing Director, if he attains the age of 70 years, unless it is approved by the shareholders by passing a special resolution. Sri R. Selvarajan will be attaining the age of seventy on 01.10.2014. Hence a special resolution has to be passed for his continuation as Chairman and Managing director of the Company for his remaining tenure i.e., upto 30.09.2015.

Nomination and Remuneration Committee at its meeting held on 13th August 2014 recommended to the Board that Sri R. Selvarajan be continued as Chairman and Managing director for his remaining tenure on the existing terms and conditions which is in the interest of the company considering his experience. Sri R.Selvarajan has been serving the Company as Chairman and Managing Director for the past 12 years. He has been on the Board of various companies and has more than four decades of experience in the field of textiles. His vast experience and knowledge provides an invaluable contribution to the company. Hence his continued association would be of immense benefit to the Company. The Board has approved and commends passing of the resolution.



Item EXPLANATORY STATEMENT FOR ITEMS No.4 to 17 (Contd.)

Except Sri R. Selvarajan, interested director and Sri S. Vijay Shankar, relative to the interested director, no other director or Key Managerial Personnel or their relatives are concerned or interested in this Resolution

No.5 APPOINTMENT OF INDEPENDENT DIRECTOR

to 8 Pursuant to the provisions of clause 49 of the listing agreement, Company had appointed Sri P.S. Anathanarayanan, Dr. V.Gopalan, Sri N.Asoka and Sri S. Gnanasekharan as Independent Directors of the Company, whose period of office is liable to determination by retirement of directors by rotation under the applicable provisions of the Companies Act, 1956. As per the provisions of Section 149 of the Companies Act, 2013 which came into effect from April 1, 2014, Independent directors shall hold office for a term of five consecutive years and they are not liable to retire by rotation.

The Nomination and Remuneration Committee at its meeting held on 13th August, 2014 has recommended the appointment of these directors as Independent directors for a period of five consecutive years from the date of the ensuing AGM of the Company. The Company has received notice from the members along with the requisite deposit amount under section 160 of the Companies Act, 2013 proposing the candidature of the aforesaid directors for the office of Independent director. The company has also received from the aforesaid directors, a declaration to the effect that they meet the criteria of independence as provided under section 149(6) of the Companies Act, 2013. Accordingly, Board places the resolution for the appointment of these directors as Independent directors before the members for their approval. Details of the directors to be appointed as required under clause 49 of the listing agreement is given in the annexure.

Except the directors to whom the respective resolution relates, no other director or Key Managerial Personnel or their relatives are concerned or interested in the resolutions.

No.9 APPOINTMENT OF SRI KAMESHWAR M.BHAT, INDEPENDENT DIRECTOR

Company has received a notice from a member u/s 160 of the Act together with the requisite deposit amount proposing the appointment of Sri Kameshwar M. Bhat as an independent director of the Company. Sri Kameshwar M. Bhat was the Assistant General Manager of Karnataka Bank Ltd. He took voluntary retirement from the Bank after serving 23 years in that bank. Sri Kameshwar M. Bhat expressed his willingness to be an independent director on the board of directors of the Company for a term of five years, if appointed. His vast experience in the bank for over two decades will be of great support to the Company. He is not holding any shares in the Company. Nomination and Remuneration Committee at its meeting held on 13th August, 2014 considered his candidature for appointment as an independent director on the board of directors of the Company and recommended to the Board to include his appointment in the notice of the ensuing AGM of the Company. Accordingly Board commends the resolution for the approval of members.

None of the directors or Key Managerial Personnel or their relatives are concerned or interested in the resolution

No.10 APPOINTMENT OF DR. A.SARAYU, NON-EXECUTIVE DIRECTOR

As per the provisions of Section 149 of the Companies Act 2013 and Clause 49 of the listing agreement all listed companies should have at least one woman director on the Board of Directors of the Company. Notice under Section 160 of the Act has been received from a member together with the requisite deposit amount proposing the appointment of Dr. A. Sarayu as a director of the Company. She holds 53,090 equity shares in the Company. Nomination and Remuneration Committee at its meeting held on 13th August, 2014 considered appointing Dr. A. Sarayu who is related to Sri R. Selvarajan, Chairman and Managing Director and Sri S. Vijay Shankar, Director & Chief Financial Officer of the Company and recommended to the Board to include her appointment in the notice of the ensuing AGM of the Company. No other director or Key Managerial Personnel or their relatives are interested in the appointment of Dr. A.Saray. Accordingly Board commends the resolution set out under item No.10 for the approval of members.

No.11 APPOINTMENT OF SRI M. RAJAMANI, NON-EXECUTIVE DIRECTOR

Company has received a notice from a member u/s 160 of the Act together with the requisite deposit amount proposing the appointment of Sri M. Rajamani as a director of the Company. Sri M.Rajamani is an Industrialist. He had been a director of the Company for three years from the year 2008 to 2011. He has vast experience in textile trade for over two decades. He holds 1,22,067 equity shares of the Company. Accordingly Board places the resolution for approval. None of the Directors, Key Managerial Personnel or their relatives are concerned or interested in the resolution.



Item **EXPLANATORY STATEMENT FOR ITEMS No.4 to 17 (Contd.)**

No.12 AUTHORISING BOARD OF DIRECTORS FOR CREATION OF CHARGE/MORTGAGE ON THE PROPERTIES OF THE COMPANY

The Shareholders of the Company had at the annual general meeting of the Company held on 6th July 2007 passed a ordinary resolution under section 293(1)(a) of the Companies Act, 1956, authorising the Board to mortgage/pledge/hypothecate/create charge on all movable and immovable properties of the company in favour of banks/financial institutions up to the maximum amount of Rupees Three Hundred Crore. According to the provisions of Section 180(1)(a) of the Companies Act, 2013 the Board of Directors has to obtain the consent of the Company by way of passing a special resolution to mortgage or to create charge on assets of the company in favour of financial institutions and banks. Hence Board places the resolution before the members for approval by passing special resolution. None of the directors, Key Managerial Personnel of the Company and their relatives are concerned or interested in the proposed resolution.

No.13 AUTHORISING THE BOARD OF DIRECTORS FOR THE BORROWINGS

The Shareholders of the Company had at the annual general meeting of the Company held on 6th July 2007 passed a ordinary resolution under section 293(1)(d) of the Companies Act, 1956, fixing the maximum amount of Rupees Three Hundred Crore, upto which the Board of Directors of the Company could borrow funds from financial institutions and banks in excess of the Company's paid-up capital and free reserves. According to the provisions of Section 180(1)(c) of the Companies Act, 2013 the Board of Directors has to obtain the consent of the Company by way of passing a special resolution to borrow funds from financial institutions and banks in excess of the Company's paid-up capital and free reserves. Hence Board places the resolution before the members for approval by passing special resolution. None of the directors, Key Managerial Personnel of the Company and their relatives are concerned or interested in the proposed resolution.

No.14 ALTERATION OF MEMORANDUM OF ASSOCIATION OF THE COMPANY

The proposed resolution for amendment of the Memorandum of Association is to include an enabling provision in the Memorandum of Association of the Company to enable the Company to make investment in the share capital of an existing Company or a new Company to be formed as a joint venture for improving the bussiness prospects of the Company and for rendering effective service to the society. Board of directors commends the resolution for members' approval. None of the Directors is interested or concerned in this resolution.

No.15 ALTERATION OF ARTICLES OF ASSOCIATION OF THE COMPANY

The proposed resolution for amendment of the Articles of Association is to include enabling provisions in the Articles of Association of the Company for (a) purchase of the Company's shares in accordance with the provisions of the Companies Act, 2013 and the Rules framed there under as deemed appropriate by the Board of Directors of the Company; (b) to provide that the Managing Director of the Company can also be Chairman of the Company, in accordance with the provisions of the Companies Act, 2013 and the Rules framed there under in the opinion of the Board of Directors of the Company; and (c) to record the change in the reference to various Sections, Chapters, Schedules, Tables, Rules and Regulations as stated in the Companies Act 1956 which is replaced by the Companies Act 2013 as and when the relevant Sections, Chapters, Schedules, etc are enforced by the Ministry of Corporate Affairs (MCA). None of the directors of the Company, except the Managing Director and other directors holding shares in the Company to the extent of their shareholding, is interested in the resolution.

No.16 RATIFICATION OF REMUNERATION PAYABLE TO THE COST AUDITORS

As recommended by the Audit Committee at the Audit Committee Meeting held on 29th May 2014, board of directors have approved the appointment of M/s. S.Mahadevan & Co., Cost Accountants for audit of the Cost accounts of the Company on payment of remuneration of Rs.2,50,000/- (excluding out of pocket expenses and service tax) for the financial year ending 31st March 2015. 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. Accordingly, Board places the resolution before the members for ratification of the remuneration as stated in the resolution. None of the directors or Key Managerial personnel or their relatives are concerned or interested in the resolution.

