



KANDAGIRI SPINNING MILLS LIMITED

39th Annual Report

2014 - 2015



CONTENTS

	Page No.
Corporate Information	01
Notice	02
Directors' Report	14
CEO / CFO Certification	42
Corporate Governance Report	43
Independent Auditors' Report	58
Balance Sheet	61
Statement of Profit and Loss	62
Cash Flow Statement	63
Significant Accounting Policies	65
Notes on Financial Statements	67
Postal Ballot Form	81
Proxy Form / Attendance Slip	83



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*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>* 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,</p> <p>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'.</p>
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 evoting, 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.