



## RAJAPALAYAM MILLS LIMITED

### Board of Directors

Shri P.R. RAMASUBRAHMANEYA RAJHA, B.Sc.,  
*Chairman*

Smt. R. SUDARSANAM  
*Managing Director*

Shri P.R. VENKETRAMA RAJA, B.Tech., M.B.A.,

Shri S.S. RAMACHANDRA RAJA, B.Sc.,

Shri N.K. RAMASUWAMI RAJA, B.Sc.,

Dr. K.T. KRISHNAN, M.D., F.C.C.P.,

Shri P.S. JAGANATHA RAJA

Shri N.R.K. VENKATESH RAJA, B.E.,

Shri V.S. VEMBAN

Shri A.V. DHARMAKRISHNAN, B.Com., ACA.,

### Bankers

Axis Bank Ltd

Canara Bank

Citi Bank, N.A.

Corporation Bank

HDFC Bank Ltd

HSBC Ltd

ICICI Bank Ltd

IDBI Bank Ltd

Indian Bank

Karur Vysya Bank Ltd

Punjab and Sind Bank

Standard Chartered Bank

State Bank of India

Tamilnad Mercantile Bank Ltd

### Registered Office

Rajapalayam Mills Premises,  
Post Box No.1, P.A.C. Ramasamy Raja Salai,  
Rajapalaiyam - 626 117,  
Tamil Nadu.

### Website

[www.rajapalayammills.co.in](http://www.rajapalayammills.co.in)

### Auditors

M/s. M.S. Jagannathan & N. Krishnaswami,  
Chartered Accountants,  
27, Premier Flats, Karur Bypass Road,  
Tiruchirapalli – 620 002,  
Tamil Nadu.

M/s. Ramakrishna Raja And Co.,  
Chartered Accountants,  
1-D, Shanthinikethan,  
VP Rathinasamy Nadar Road,  
Madurai - 625 002,  
Tamil Nadu.

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## RAJAPALAYAM MILLS LIMITED, RAJAPALAYAM

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### NOTICE TO THE MEMBERS

Notice is hereby given that the 74<sup>th</sup> Annual General Meeting of the Company will be held at 10.00 A.M. on Wednesday the 4<sup>th</sup> August, 2010 at P.A.C.Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C.Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2010 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the year 2009-2010.
3. a) To appoint a Director in the place of Shri V.S. Vemban, who retires by rotation and is eligible for re-appointment.  
b) To appoint a Director in the place of Shri N.R.K. Venkatesh Raja, who retires by rotation and is eligible for re-appointment.  
c) To appoint a Director in the place of Shri S.S. Ramachandra Raja, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:

“RESOLVED that M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants and M/s. Ramakrishna Raja and Co., Chartered Accountants be and are hereby jointly appointed as Auditors of the Company to hold Office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting on a remuneration of Rs. 1,10,000/- (Rupees One Lakh Ten Thousand Only) each, exclusive of out-of-pocket expenses”.

### SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass with or without modification, the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED that subject to Section 149 (2A) and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the Board of Directors of the Company for commencing and undertaking all or any of the business specified in Sub-Clauses d9 in the Object Clause of the Memorandum of Association of the Company”.

6. To consider and, if thought fit, to pass with or without modification, the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED that the following new Regulations 22 & 23 shall be inserted after Regulation 21 in the Articles of Association of the Company –

22. The Board shall provide a Common Seal of the Company and they shall have power, from time to time, to destroy the same and substitute a new Seal in lieu thereof, and the Common Seal shall be kept at the registered office of the Company and committed to the custody of the Managing Director for the time being.



## NOTICE

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23. The Seal shall not be affixed to any instrument except by authority of a resolution of the Board or of a Committee and, unless the Board otherwise determines, every deed or other instrument to which the Seal is required to be affixed shall, unless the same is executed by a duly constituted attorney for the Company, be signed by one Director or other duly authorized Officer in whose presence the seal shall have been affixed and countersigned by the Secretary, or such other person as may, from time to time, be authorized by the Board, provided nevertheless that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority to issue the same”.
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 Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company be and are hereby authorized to borrow monies with or without security for the purpose of the Company upto a limit of Rs. 500 Crores (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business).”
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 Section 293(1)(e) of the Companies Act, 1956, the Board of Directors be and is hereby authorized to contribute in any financial year to Charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amount aggregating upto Rupees One Crore or 5% of its average Net Profits as determined in accordance with the provisions of Sections 349 and 350 during the three financial years immediately preceding, whichever is higher. This is apart from the amount to be provided not exceeding 3% of the Net Profit of the Company towards P.A.C.R. Memorial Fund in accordance with Regulation 14A of the Articles of Association of the Company.”

By Order of the Board,  
For RAJAPALAYAM MILLS LTD.,

RAJAPALAIYAM,  
28<sup>th</sup> May, 2010.

P.R.RAMASUBRAHMANEYA RAJHA  
CHAIRMAN



## NOTICE

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### NOTES:

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos.5 to 8 of the Notice is annexed hereto;
2. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company;
3. Proxy Form is enclosed. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting;
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 29-07-2010 to 04-08-2010 (both days inclusive);
5. The dividend, on declaration, will be paid in respect of shares held in physical form to the shareholders whose names appear in the Register of Members as on 04-08-2010 and in respect of shares held in electronic form to the beneficial owners whose names appear in the list furnished by the Depositories for this purpose as on 28-07-2010;
6. The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend. Accordingly, dividend will be credited through National Electronic Clearing Service (NECS) to investors wherever NECS and bank details are available. In the absence of NECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. The Company is in compliance with SEBI's directive in this regard;
7. Under the provisions of Section 205C of the Companies Act, 1956, dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education & Protection Fund (IEP Fund) of the Central Government. Thereafter no claim shall lie against the Fund or the Company and no payment will be made in respect of any such claims. Hence, the members who have not claimed their dividend relating to the earlier years may write to the Company for claiming the amount before it is so transferred to the Fund. The details of due dates for transfer of such unclaimed dividend to the said Fund are given below:



## NOTICE

<b>FINANCIAL YEAR ENDED</b>	<b>DATE OF DECLARATION OF DIVIDEND</b>	<b>LAST DATE FOR CLAIMING UNPAID DIVIDEND</b>	<b>DUE DATE FOR TRANSFER TO IEP FUND</b>
31-03-2003	07-08-2003	06-08-2010	04-09-2010
31-03-2004			
Interim Dividend	15-12-2003	14-12-2010	12-01-2011
Final Dividend	05-08-2004	04-08-2011	02-09-2011
31-03-2005			
First Interim Dividend	15-09-2004	14-09-2011	12-10-2011
Second Interim Dividend	31-01-2005	30-01-2012	28-02-2012
Final Dividend	12-08-2005	11-08-2012	09-09-2012
31-03-2006			
First Interim Dividend	24-10-2005	23-10-2012	21-11-2012
Second Interim Dividend	31-01-2006	30-01-2013	28-02-2013
Final Dividend	28-07-2006	27-07-2013	25-08-2013
31-03-2007			
First Interim Dividend	23-10-2006	22-10-2013	20-11-2013
Second Interim Dividend	25-01-2007	24-01-2014	22-02-2014
Final Dividend	25-07-2007	24-07-2014	22-08-2014
31-03-2008			
First Interim Dividend	24-10-2007	23-10-2014	21-11-2014
Second Interim Dividend	16-01-2008	15-01-2015	13-02-2015
Final Dividend	06-08-2008	05-08-2015	03-09-2015
31-03-2009			
Interim Dividend	25-10-2008	24-10-2015	22-11-2015
Final Dividend	06-08-2009	05-08-2016	03-09-2016



## NOTICE

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### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

#### ITEM NO. 5

The Company is engaged in manufacture of Textiles and Tissue Culture Plants.

The Company is having Land at Ambasamudram, Tamil Nadu. Geological study report has confirmed that the above said land has good deposit of Granite. The Company is considering quarrying of Granite in the above mentioned Land. The above said activity is covered under Clause d9 of the Memorandum of Association of the Company, which is reproduced below.

d9. "To produce, manufacture, purchase, refine, prepare, process, import, export, sell and generally to deal in cement, Portland cement, alumina cement, white and coloured cement; lime and lime-stone kankar and/or by-products thereof and building materials, generally non-ferrous metals, ferro-alloys; and in connection therewith, to acquire, erect, construct, establish, operate and maintain factories mines and quarries, work-shops and other works".

The commencement of above new business is to be approved by the Shareholders by a Special Resolution in terms of Section 149(2A) of the Companies Act, 1956.

#### ITEM NO. 6

Presently the Company is adopting Table A of Schedule I to Companies Act in the matters relating to the Common Seal of the Company, as the Articles of the Company is not having any specific regulation. For administrative convenience, it is proposed to insert new regulations in the Articles of Association of the Company to enable the Company to affix Common Seal in a manner as specified in Item No. 6.

#### ITEM NO. 7

The Board of Directors are at present empowered to borrow upto a limit of Rs. 360 Crores (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) over and above the paid-up capital and free reserves. To fund the future plan of capital expenditure, the company may borrow additional funds and the existing limit of borrowing is not sufficient. Hence the consent to borrow upto a limit of Rs. 500 Crores (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) is being sought by the Board of Directors under Section 293(1)(d) of the Companies Act, 1956 as an ordinary resolution.



## NOTICE

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### ITEM NO. 8

As per Section 293(1)(e) of the Companies Act, consent of the Shareholders is to be obtained for contributing charitable and other funds in excess of Rs.50,000/- or 5% of its average net profits during the three financial years immediately preceding, whichever is greater.

The Company has consent from the Shareholders to contribute upto Rs.50,00,000/- at the EGM held on 30<sup>th</sup> November, 2000. The Company may contribute more funds for charitable activities for the benefit of the Public in general and hence it is proposed to increase the limit from Rs.50,00,000/- to Rs.1,00,00,000/-.

Your Directors recommend the resolutions for your approval.

None of the Directors is deemed to be interested in the Resolutions.

By Order of the Board,  
For RAJAPALAYAM MILLS LTD.,

RAJAPALAIYAM,  
28<sup>th</sup> May, 2010.

P.R.RAMASUBRAHMANEYA RAJHA  
CHAIRMAN





## NOTICE

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### ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

#### 1. SHRI V.S. VEMBAN

Shri V.S. Vemban, aged 63 years, has been on the Board since 1978.  
He holds 2,080 Equity shares in the Company.

#### 2. SHRI N.R.K. VENKATESH RAJA

Shri N.R.K. Venkatesh Raja, aged 59 years, holds a degree in Engineering. He has been on the Board of Rajapalayam Mills Ltd. since 1986.

He holds 12,160 Equity shares in the Company.  
He is also a Director in the following Companies:-

Sri Yennarkey Services Ltd.

Sri Vidhiya Spinners Private Ltd.

#### 3. SHRI S.S. RAMACHANDRA RAJA

Shri S.S. Ramachandra Raja, aged 75 years, holds a degree in Science. He has been on the Board of Rajapalayam Mills Ltd. since 1992.

He is a Member in the following Committees of the Company:-

Share Transfer Committee

Investor Grievances Committee

He holds 12,240 Equity shares in the Company.

He is also a Director in the following Companies:-

Ramco Industries Ltd.

Sri Vishnu Shankar Mill Ltd.

Ramco Systems Ltd.

Sri Sethu Ramasamy Farms Private Ltd.

Ramco Management Private Ltd.



## DIRECTORS' REPORT

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### TO THE MEMBERS

Your Directors have pleasure in presenting their 74<sup>th</sup> Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2010.

### FINANCIAL RESULTS

The financial results for the year ended 31<sup>st</sup> March, 2010 after charging all expenses and contribution to P.A.C.Ramasamy Raja Memorial Fund of Rs. 30,00,000/- (which is within the limits laid in the Articles of Association), but before deducting interest and depreciation have resulted in operating profit of Rs. 74,49,21,965/-.

After deducting Rs. 29,36,58,880/- towards interest cost and providing Rs.30,33,70,292/- towards Depreciation, the Net Profit for the year is Rs.14,78,92,793/-. Adding the surplus of Rs.1,55,95,709/- brought forward from the previous year, your Directors propose to appropriate the total sum of Rs.16,34,88,502/- as detailed below :

		Rs.
Provision for Taxation	- Current Tax - MAT	94,11,993
	- Deferred Tax	2,08,00,000
Dividend	Rs. 6 /- per share	2,10,75,480
	(P.Y. - Rs.5/- per share	
	Interim Dividend - Rs.3/-	
	Final Dividend - Rs.2/-)	
Tax on Dividend	@ 16.60875%	35,00,374
Transfer to General Reserve		1,17,70,000
Balance carried over to Balance Sheet		9,69,30,655
	TOTAL	<u>16,34,88,502</u>

### DIVIDEND

Your Directors have pleasure in recommending a dividend of Rs. 6/- per share. The dividend will be tax free income in the hands of Shareholders as the Company will pay Dividend Distribution Tax under Income Tax Act, 1961. The total amount of Dividend outgo (including tax on dividend) would be Rs. 2,45,75,854/-.

### TAXATION

An amount of Rs. 94.12 Lakhs towards Current Tax (MAT) and Rs. 208 Lakhs towards Deferred Tax has been provided for the year. The tax paid under MAT will be available for set off in the year of regular income tax liability.



## DIRECTORS' REPORT

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### TRADE CONDITIONS

A sign of revival of economy has been witnessed from the last quarter of the financial year under review and the demand for yarn has increased globally. However the financial results of previous 3 quarters had been affected due to various factors viz., economic crisis, higher cotton cost, increased power cost due to power cut, stagnant yarn price etc.,

There was severe power cut in Tamilnadu and Andhra Pradesh, which affected the utilisation and productivity levels to some extent. Timely decision taken by your Directors to install Furnace Oil based Gensets and Windmills in previous years and purchase of power from Third Party have helped the Company to operate the Mills at optimum utilization level and also helped the Company to tide over the power crisis.

By implementing various cost reduction measures and production of flexible count pattern with more value added yarn, your Directors were able to achieve satisfactory results in the current market scenario.

### FINANCE

The Company has availed working capital loan in foreign currency at a competitive rate of interest and gained an amount of Rs. 152 Lakhs towards exchange fluctuations, of which an amount of Rs. 102 Lakhs is notional entry made on 31-03-2010 in accordance with Accounting Standard-11. This gain is because of appreciation of rupee against dollar and the foreign currency loans were repaid at the lower exchange rates.

As reported in the Directors' Report in the previous year, the Company has approached the Banks for reschedulement of Term loan repayment installments of principal as per the norms suggested by the Reserve Bank of India and all the Banks have approved our reschedulement proposal. However the Company is prompt in making the Interest payment on due dates.

The increase in interest cost in recent period is a matter of concern, however with good standing of your company with the lenders, the company is confident of securing loans at optimum costs.

### EXPORTS

On the export front during the year, we have made direct export of Cotton Yarn for a value of Rs. 44.26 Crores as against Rs. 84.36 Crores of the previous year.

Your Directors are thankful to M/s. Mitsubishi Corporation, M/s. Doko Spinning Co. Ltd., and M/s. Unitika Ltd., Japan for their continued support and efforts for promotion of exports to Japan and other countries.

### MODERNISATION

As a part of continuous intensive modernization programme, the Company has invested about Rs. 4.36 Crores by availing term loan under Technology Upgradation Fund (TUF) scheme for investment in state-of-the-art textile machinery & equipments like Elite Compact Set, Carding Machines, Soft package winding machine etc.



## DIRECTORS' REPORT

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### PROSPECTS FOR 2010-11

The cotton prices continue to prevail at higher levels despite good yield during last cotton season due to export of cotton in huge quantities. The Domestic as well the International Yarn markets are improving after a long spell of sluggishness. The Government of India has withdrawn Export incentive Schemes viz., Duty Entitlement PassBook (DEPB) and Duty Draw Back scheme provided to cotton yarn exporters with effect from April, 2010. The Government's decision to withdraw the above scheme is very unfortunate and our prices for Yarn would not be competitive in the Global Market, which in turn will affect the profitability of the Mills. The Company is maintaining high standards of quality yarn, cost effective production and stringent waste control measures. These measures strengthened the Company to face the challenges in the current scenario. By improving productivity, taking various measures for production of value added yarns and other cost reduction measures, your Directors are hopeful of achieving satisfactory results for the year 2010-11.

### WIND MILL

The Wind Mill Division with an installed capacity of 21.90 M.W is working satisfactorily. There was good wind velocity during the year compared to previous year, which resulted in higher generation of power. The Division has generated 460 Lakhs Kwh as compared to 413 Lakhs Kwh of the previous year. The income during the year from the Wind Mill Division was Rs. 16.87 Crores as against Rs.15.55 Crores of previous year.

### SHRI RAMCO BIOTECH (RESEARCH & DEVELOPMENT)

The working of the unit after charging all expenses but before providing interest and depreciation has resulted in operating profit of Rs. 101 Lakhs. New initiatives have been taken to develop quality products and various new measures have been taken including setting up of poly house for hardening the plants near the marketing locations. With this new initiatives, we hope to improve its contribution to the Company in the coming years.

### PERSONNEL

Industrial relations with employees remained cordial during the year. Human Resources Development activities received considerable focus. The emphasis was on imparting training and development of the skill-set of the employees to enable them to face the challenges in the work environment.

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219 (1) (b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Member who is interested in obtaining such particulars may write to the Company.



## **DIRECTORS' REPORT**

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### **INTERNAL CONTROL SYSTEM**

Your Company has adequate internal control procedures commensurate with the size and nature of its operations. The audit committee constituted by the Board of Directors is functioning effectively. All significant audit observations were discussed in the audit committee, which met four times during the year under review. ERP System developed by Ramco Systems Ltd. has been installed for online monitoring of all functions and management information reports are being used to have better control and to take decisions in time.

### **DIRECTORS**

The following Directors retire by rotation at the ensuing Annual General Meeting and they are eligible for re-appointment.

1. Shri V.S. Vemban
2. Shri N.R.K. Venkatesh Raja
3. Shri S.S. Ramachandra Raja

### **PUBLIC DEPOSITS**

The total deposits from the public outstanding with the Company as on 31<sup>st</sup> March, 2010 were Rs.416.39 Lakhs including the deposits renewed in accordance with Section 58A of the Companies Act, 1956. There was no deposits unclaimed / unpaid as on 31-03-2010.

### **SHARES**

The Company's shares are listed in Madras Stock Exchange Limited and Bombay Stock Exchange Limited. The Company had paid listing fees to the Stock Exchanges for the financial year 2010-11.

### **AUDITORS**

M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants and M/s. Ramakrishna Raja And Co., Chartered Accountants, Auditors of the Company retire at the end of the 74<sup>th</sup> Annual General Meeting and are eligible for re-appointment.

### **COST AUDITORS**

The Government has approved the Company's proposal to appoint M/s. Geeyes & Co., Cost Accountants, Chennai for audit of Company's cost accounts for the year ended 31-03-2010 on a remuneration of Rs. 30,000/- exclusive of out-of-pocket expenses. As per Central Government's direction, cost audit will be done every year.

### **CONSERVATION OF ENERGY, ETC.**

The Company continues to take keen interest in conservation of energy and the information required under Section 217(1) (e) of the Companies Act, 1956 read with the relevant Rules, with regard to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in Annexure I to this report.



## DIRECTORS' REPORT

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### CORPORATE GOVERNANCE

This Company has complied with the requirements regarding Corporate Governance as required under Clause 49 of the Listing Agreements with the Stock Exchanges. A Report on Corporate Governance followed by the Company together with a Certificate from the Statutory Auditors confirming compliance is set out in Annexure II to this report.

### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that -

- i) In the preparation of Annual Accounts for the year ended 31<sup>st</sup> March 2010, the applicable accounting standards had been followed;
- ii) The selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent were made 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 that period;
- iii) Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act had been taken for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Annual Accounts were prepared on a going concern basis.

Secretarial Compliance Certificate issued by a practicing Company Secretary u/s. 383(A) of the Companies Act, 1956 is given in Annexure III to this report.

### ACKNOWLEDGEMENT

The Directors are grateful to the various Departments and agencies of the Central and State Governments for their help and co-operation. They are thankful to the Financial Institutions and Banks for their continued help, assistance and guidance. The Directors wish to place on record their appreciation of employees at all levels for their commitment and their contribution.

On behalf of the Board of Directors,  
For RAJAPALAYAM MILLS LTD.,

RAJAPALAIYAM,  
28<sup>th</sup> May, 2010.

P.R.RAMASUBRAHMANEYA RAJHA  
CHAIRMAN.



## ANNEXURE I TO DIRECTORS' REPORT

Information pursuant to section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

### A. CONSERVATION OF ENERGY:

- (a) Energy conservation measure taken : The practice of computing monthly UKG (40s converted) being continued to monitor monthly fluctuation.
- Energy Audit to check the energy consumption is being conducted periodically.
- The air-leakage in the compressor pipe lines and in the machines are checked monthly once and deviation are corrected by using pump up test.
- Installed super low loss chokes for lighting.
- (b) Additional investments and proposals, if any being implemented for reduction of consumption of energy. : ———
- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods : ———
- (d) Total energy consumption/unit of production of goods : Particulars given in Form A

### B. TECHNOLOGY ABSORPTION:

- (e) Efforts made in Technology Absorption : Particulars given in Form B

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- (f) i) Activities relating to exports : Exporting Cotton Yarn to Japan, Korea, Thailand, Hong Kong, China, Egypt, Turkey, Italy, Mauritius, Sri Lanka, Bangladesh, Greece and Switzerland.
- ii) Initiatives taken to increase exports  
iii) Development of new export markets for products and services  
iv) Export Plans } We are also exploring the possibilities of exporting yarn to western countries including EEC Countries.
- (g) i) Total foreign exchange used (including Capital Goods) : Rs. 4,362.87 Lakhs
- ii) Total foreign exchange earned : Export of Cotton Yarn - Rs. 4,426.48 Lakhs



## ANNEXURE I TO DIRECTORS' REPORT

### FORM A

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

#### A. POWER AND FUEL CONSUMPTION

	<b>2009-2010</b>	2008-2009
1. Electricity		
(a) Purchased from Electricity Boards		
Units	Lakhs KWH	636.77
Total Amount	Rs. in Lakhs.	2,743.50
Rate per unit	Rs.	4.30
(b) Own Generation		
Through Diesel / HFO Generator	Lakhs KWH	113.83
Unit per Litre of Diesel Oil	KWH	3.66
Cost per unit	Rs.	7.07
(c) Purchased from Third Party		
Units	Lakhs KWH	18.70
Total Amount	Rs. in Lakhs	102.88
Rate per unit	Rs.	5.50
2. Furnace oil		
Quantity	Lakhs Ltrs.	25.14
Total Cost	Rs. in Lakhs.	552.26
Average Rate	Rs.	21.96
3. Diesel oil		
Quantity	Lakhs Ltrs.	6.17
Total Cost	Rs. in Lakhs.	219.36
Average Rate	Rs.	35.55

#### B. CONSUMPTION PER UNIT OF PRODUCTION

Product : Cotton Yarn  
Unit : Kg. (40s Converted)

Electricity (Unit / Kg.) (Based on 40s Converted production)	<b>5.46</b>	5.49
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#### Note :-

- 1 No Standard Rate of consumption can be given as several factors enter into the picture.
- 2 As the Company is producing different counts of Yarn, separate details for each count are not given.





## ANNEXURE I TO DIRECTORS' REPORT

### FORM B

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

#### RESEARCH AND DEVELOPMENT (R & D)

- 1 Specific areas in which R & D carried out by the Company** : Plant Tissue Culture
- Ongoing micropropagation system development of ornamentals like Nandina, Cordyline, Limonium & Anthurium. In addition Phalaenopsis (Orchids) system development also is in progress.
  - Varietal trial for various Gerbera varieties is underway at different locations for their adaptability, productivity and buyer's preference in domestic market.
  - Development of protocols for different banana varieties such as Amritsagar, Malbhog and Mizoram Cavendish is in the pipeline. Large Cardamom micropropagation system has been developed.
- 2 Benefits derived as a result of the above R & D**
- Catering the needs of growers with high yielding disease free superior quality planting material for their better livelihood.
  - To earn foreign exchange by exporting ex-agar plantlets of ornamentals.
- 3 Future course of action**
- Micropropagation system development for Strawberry & Papaya.
  - To increase the capacity of lab and hardening facilities to cater the needs of banana farmers of other states in the country to avoid transit loss.
- 4 Expenditure on R & D**
- |  |   |     |
|--|---|-----|
| a. Capital   | : | NIL |
| b. Recurring   | : | NIL |
| c. Total   | : | NIL |
| d. Total R & D expenditure as percentage of Total Turnover | : | NIL |

#### Technology absorption, adaptation and innovation

- Efforts, in brief, made towards technology absorption, adaptation and innovation. : Not Applicable
- Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc. : Not Applicable



## ANNEXURE II TO DIRECTORS' REPORT

### REPORT ON CORPORATE GOVERNANCE

#### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Since inception, Rajapalayam Mills Ltd is assiduously following its self determined goals on Corporate Governance. The object of the Company is to protect and enhance the value of all the stake holders of the Company viz., shareholders, creditors, customers and employees. It strives to achieve these objectives through high standards in dealings and following business ethics in all its activities.

The Company believes in continuous upgradation of technology to improve the quality of its production and productivity to achieve newer and better products for total customer satisfaction.

The Company lays great emphasis on team building and motivation. A contented and well developed worker will give to the Company better work and therefore better profits. The Company has strong faith in innate and infinite potential of human resources. It believes in the creative abilities of the people who work for the Company and believes in investing in their development and growth as foundation for strong and qualitative growth of the organization.

If there is no customer, there is no business. Customers' continued satisfaction and sensitivity to their needs are the Company's source of strength and security.

The Company also believes that as the organization grows, the society and the community around it should also grow.

#### 2. BOARD OF DIRECTORS

The Board of Directors is headed by the Chairman Shri P.R. Ramasubrahmaneya Rajha. The Board consists of eminent persons with considerable professional expertise in various fields such as Administration, Banking, Finance, Engineering, etc. The Board has 10 Directors out of which 9 Directors are Non-Executive. As required by the Code of Corporate Governance, 50% of the Board of Directors consists of Independent Directors. There is no pecuniary relationship or transaction of the Non- Executive Directors vis-à-vis the Company.

During the year under review, four Board Meetings were held, one each on 25-05-2009, 27-07-2009, 30-10-2009 and 30-01-2010.

Details of attendance of each Director at the Board Meetings held during the year are as follows:

Sl. No.	Name of the Director	Directorship	No. of Board Meetings attended	% of Meetings attended during the year
1.	Shri P.R. Ramasubrahmaneya Rajha	Chairman	4	100
2.	Smt R. Sudarsanam	Managing Director	4	100
3.	Shri P.R. Venketrama Raja	Promoter Director	-	-
4.	Shri S.S. Ramachandra Raja	Director	4	100
5.	Shri N.K. Ramasuwami Raja	Independent Director	4	100
6.	Dr. K.T. Krishnan	Independent Director	4	100
7.	Shri P.S. Jaganatha Raja	Independent Director	3	75
8.	Shri N.R.K. Venkatesh Raja	Independent Director	4	100
9.	Shri V.S. Vemban	Independent Director	4	100
10.	Shri A.V. Dharmakrishnan	Professional Director	2	50



## ANNEXURE II TO DIRECTORS' REPORT

The previous Annual General Meeting of the Company was held on 6<sup>th</sup> August, 2009 at Rajapalayam. The following Directors attended the Annual General Meeting:

Sl.No.	Name of the Director
1.	Shri P.R. Ramasubrahmaneya Rajha, Chairman
2.	Shri S.S. Ramachandra Raja
3.	Shri N.K. Ramasuwami Raja
4.	Dr. K.T.Krishnan

### CODE OF CONDUCT

The Board has laid down the Code of Conduct for the Board Members and Senior Management Personnel of the Company. The Code of Conduct is given below :-

#### 1) FOR DIRECTORS

A Director being a Trustee of the Shareholders shall -

- i. Act always in the best interest of the Shareholders.
- ii. Maintain a high standard of probity in his relations with the Company, its subsidiaries, employees, contractors, suppliers and customers.
- iii. Maintain confidentiality of the Company on matters that come to his knowledge as Director, both during his Directorship and thereafter as well.
- iv. Conduct himself in a manner that befits his position.
- v. Assist the Company to observe the provisions of the Company law and other laws applicable to the Company, both in letter and in its spirits.
- vi. Not use this position in any manner to his personal advantage or that of his family or friends.

#### 2) FOR SENIOR MANAGEMENT PERSONNEL

A Senior Management person is one who occupies the rank of General Manager or above and notified from time to time as a Senior Management person.

A Senior Management personnel shall -

- i. By his personal behaviour and conduct, set an example to his fellow employees.
- ii. Conduct himself in a manner that upholds his integrity, rectitude and fair name of the Company and give no occasion to the Management to explain his actions or behaviours.
- iii. Refrain his position for personal benefit from the employees, contractors, suppliers and customers of the Company.
- iv. Maintain the confidentiality of the Company's information that has come to his notice, except where disclosure is authorised in writing by the Management.



## ANNEXURE II TO DIRECTORS' REPORT

- v. Observe all prescribed safety and environmental related norms.
  - vi. Not divulge to any member of the press or media any matter concerning the company unless authorised by the Management.
  - vii. Not engage himself in any business relationship or commercial activity with or without remuneration, without the prior written permission of the Management.
- The code of conduct has also been posted on the Company's website [www.rajapalayammills.co.in](http://www.rajapalayammills.co.in)

### 3. COMMITTEES OF THE BOARD OF DIRECTORS

The Board has constituted Committees of Directors to deal with matters in detail and to monitor the activities falling within the terms of reference. The Board Committees are as follows:

#### (a) AUDIT COMMITTEE

The terms of reference of the Audit Committee include:

- i) To review the reports of Internal Audit Department;
- ii) To review the Auditors' Report on the financial statements;
- iii) To review the strength and weakness of the internal controls and to provide recommendations relating thereto;
- iv) To generally assist the Board to discharge their functions more effectively.

In addition, the Audit Committee would discharge the roles and responsibilities as prescribed by the Code of Corporate Governance and Companies Act from time to time.

The Audit Committee consists of the following Directors:

Sl.No.	Name of the Director	No. of Meetings attended
1.	Dr. K.T. Krishnan, Chairman of the Committee	4
2.	Shri N.K. Ramasuwami Raja	4
3.	Shri P.S. Jaganatha Raja	3

No. of Meetings held during the year : 4

Date of the Meetings : 25-05-2009, 27-07-2009, 30-10-2009 & 30-01-2010.

The Statutory Auditors, President, Chief Manager - Accounts, Head of Internal Audit Department are invitees to the Audit Committee Meetings. All the three members of the Audit Committee are Independent Directors as against the requirement of 2/3<sup>rd</sup> under the Code of Corporate Governance.



## ANNEXURE II TO DIRECTORS' REPORT

### (b) REMUNERATION COMMITTEE

SI.No.	Name of the Director
1.	Dr. K.T. Krishnan, Chairman of the Committee
2.	Shri N.K. Ramasuwami Raja
3.	Shri P.S. Jaganatha Raja

No. of Meetings held during the year: Nil

### (c) SHARE TRANSFER COMMITTEE

SI.No.	Name of the Director
1.	Shri P.R. Ramasubrahmaneya Rajha, Chairman
2.	Shri S.S. Ramachandra Raja
3.	Shri N.K. Ramasuwami Raja

During the year under review, Six meetings were held to consider transfer and transmission of Shares.

### (d) INVESTOR GRIEVANCE COMMITTEE

SI.No.	Name of the Director
1.	Shri P.R. Ramasubrahmaneya Rajha, Chairman
2.	Shri P.R. Venketrama Raja
3.	Shri S.S. Ramachandra Raja

No. of Meetings held during the year: Nil

No complaint has been received during the year 2009-10 and no complaints are pending as on 31-03-2010.

The above Committees meet as and when necessity arises.

## 4. BOARD PROCEDURE

The details about performance of the various Units of the Company, financial position, legal action, quarterly results, market environment and all other aspects of the Company which are relevant for review of the Board of Directors are being given in a structured format at each meeting. The said information complies with the requirements of the Code of Corporate Governance with regard to the information to be placed before the Board of Directors.



## ANNEXURE II TO DIRECTORS' REPORT

No Director is a Member in more than 10 Committees or acts as Chairman of more than 5 Committees of Companies in which he is a Director. Every Director informs the Company about the position he occupies in other Companies and notifies the changes as and when they take place.

### 5. REMUNERATION OF DIRECTORS

The details of remuneration paid to the Managing Director are given under Note No.4 of Schedule 23 to the Balance Sheet.

The Non - Executive Directors do not draw any remuneration from the Company except Sitting Fee which were paid @ Rs.10,000/- for each meeting of the Board and Rs. 5,000/- for each meeting of the Committee of the Board attended by them.

### 6. DISCLOSURE OF SHAREHOLDINGS OF NON-EXECUTIVE DIRECTORS

Following are the details of shareholdings of the non-executive directors in the Company as on 31-03-2010.

Sl.No.	Name of the Director	No. of Shares
1.	Shri P.R. Ramasubrahmaneya Rajha	3,18,896
2.	Shri P.R. Venketrama Raja	3,72,280
3.	Shri S.S. Ramachandra Raja	12,240
4.	Shri N.K. Ramasuwami Raja	7,700
5.	Dr. K.T. Krishnan	NIL
6.	Shri P.S. Jaganatha Raja	3,180
7.	Shri N.R.K. Venkatesh Raja	12,160
8.	Shri V.S. Vemban	2,080
9.	Shri A.V. Dharmakrishnan	550

### 7. MANAGEMENT

The matters that are required to be discussed under Management Discussion and Analysis report have been included in the Directors' Report to the Shareholders. Whenever commercial and financial transactions have been entered with Companies in which directors are interested, the nature of interest is being disclosed to the Board of Directors.



## ANNEXURE II TO DIRECTORS' REPORT

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### 8. SHAREHOLDERS

For appointment/re-appointment of Directors, shareholders are being provided with information at the Annual General Meeting about the Directors, their expertise and Companies in which they are interested. The information are also included in the Notice calling the Annual General Meeting.

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### AUDITORS' CERTIFICATE

This is to certify that we, the Auditors of M/s. Rajapalayam Mills Ltd., Rajapalayam, have reviewed the compliance by the Company of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges and report that all the conditions contained therein have been complied with by the Company.

For M.S.JAGANNATHAN & N.KRISHNASWAMI,  
Chartered Accountants  
Firm Registration No. : 001208S

For RAMAKRISHNA RAJA AND CO.,  
Chartered Accountants  
Firm Registration No. : 005333S

K.SRINIVASAN  
Partner  
Membership No. 21510

V.JAYANTHI  
Partner  
Membership No. 28952

RAJAPALAIYAM,  
28<sup>th</sup> May, 2010.



## ANNEXURE II TO DIRECTORS' REPORT

### SHAREHOLDER INFORMATION

#### Registered office

RAJAPALAYAM MILLS LIMITED  
Rajapalayam Mills Premises,  
Post Box No.1,  
P.A.C. Ramasamy Raja Salai,  
Rajapalaiyam – 626 117,  
Tamil Nadu.

#### Details of Factory Location

##### Textile Division

##### Tamil Nadu

Rajapalayam Mills Limited,  
Post Box No.1,  
P.A.C. Ramasamy Raja Salai,  
Rajapalaiyam – 626 117,  
Tamil Nadu.

Rajapalaiyam Spintext,  
P.A.C. Ramasamy Raja Salai,  
Rajapalaiyam – 626 117, Tamil Nadu.

Rajapalaiyam Textiles,  
Perumalpatti Village – 627 753,  
Tirunelveli District, Tamil Nadu.

##### Andhra Pradesh

Rajapalayam Mills Limited,  
Gopinenipalem Village,  
Vatsavai Mandal,  
Krishna District – 521 190,  
Andhra Pradesh.

##### Tissue Culture Division

Shri Ramco Bio-Tech,  
Mailanahalli Village,  
Nelamangala – 526 123,  
Bangalore Rural District, Karnataka.

#### Person to be contacted for Shareholder enquires

S. KANTHIMATHINATHAN  
President (Compliance Officer),  
Rajapalayam Mills Limited,  
Post Box No.1, P.A.C. Ramasamy Raja Salai,  
Rajapalaiyam – 626 117, Tamil Nadu.  
Phone : 04563 – 235666  
Fax : 04563 – 236520  
e mail : rajacot@sancharnet.in

Share Transfer Documents are to be sent to our above office address. The Share Transfer matters are being handled in-house.

#### Listing on Stock Exchanges

The Company's shares have been listed in Madras Stock Exchange Limited (MSE) and Bombay Stock Exchange Limited (BSE) for which Listing Fees for the year 2010-11 has been paid.

Madras Stock Exchange has a strategic arrangement with the National Stock Exchange (NSE), which provides for the facility of trading by the members of MSE on NSE platform and also for trading MSE listed companies on the NSE w.e.f. 5<sup>th</sup> November, 2009.

#### Stock code

Name of the Stock Exchange	Code
Madras Stock Exchange	RAJAPALAYA
Bombay Stock Exchange	532503





## ANNEXURE II TO DIRECTORS' REPORT

### GENERAL MEETINGS

The last 3 Annual General Meetings were held as under:

Year ended	Date	Time	Venue
31-03-2007	25-07-2007	10.00 A.M	P.A.C.R. Centenary Community Hall, P.A.C.Ramasamy Raja Salai, Rajapalayam-626 108. Tamil Nadu
31-03-2008	06-08-2008	10.00 A.M	-do-
31-03-2009	06-08-2009	10.00 A.M	-do-

No resolution on matters requiring postal ballot as per Section 192A of the Companies Act, was passed during the year.

### Ensuing Annual General Meeting

Date	Time	Venue
04-08-2010	10.00 A.M.	P.A.C.R. Centenary Community Hall, P.A.C.Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu.

### FINANCIAL CALENDAR

(For the Financial year April, 2009 to March, 2010)

Board Meeting for consideration of Accounts and recommendation of dividend	28-05-2010
Posting of Annual Report	On or before 12-07-2010
Book Closure dates	29-07-2010 to 04-08-2010 (both days inclusive)
Last date for receipt of Proxy forms	02-08-2010
Date of the 74 <sup>th</sup> AGM	04-08-2010
Dividend Payment date	Date of the AGM

### MEANS OF COMMUNICATION

The Unaudited Quarterly and Half yearly Financial Results and audited Annual Results are published in English in Business Line (All editions) and in Tamil in Dinamani (Madurai edition). The results were also displayed on the Company's website [www.rajapalayammills.co.in](http://www.rajapalayammills.co.in)

All the financial results are provided to the Stock Exchanges.



## ANNEXURE II TO DIRECTORS' REPORT

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### SHARE TRANSFER SYSTEM

All the transfers received are processed in-house and are approved by the Share Transfer Committee / Board of Directors. Share transfers are registered and returned within thirty days from the date of lodgment, if the documents are complete in all respects.

### DEPOSITORY SYSTEM

The Company's shares have been mandated for trading in dematerialized form by all categories of investors with effect from 17-01-2000. The Company's shares are available for dematerialization both under National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL).

The Company is having in-house facilities for the Depository Registrar Services relating to both NSDL and CDSL. As on 31<sup>st</sup> March, 2010, 81.80% of the shares have been dematerialized.

In view of the advantages offered by the Depository System, members who have not yet dematerialized their shares are requested to avail the facility of dematerialization of the shares. They have the choice to open account with Depository participants of either of the Depositories by quoting the Company's ISIN No. INE 296E01026.

### SHARES HELD IN ELECTRONIC FORM

Shareholders holding shares in electronic form may please note that:

- (i) all instructions regarding bank details which they wish to be incorporated in their dividend warrants will have to be submitted to their Depository Participants. As per the Regulations of NSDL and CDSL, the Company is obliged to print the bank details on the dividend warrants as furnished by these Depositories to the Company;
- (ii) instructions already given by them in respect of shares held in physical form will not be applicable to the dividend paid on shares held in electronic form and the Company will not entertain any request for deletion/change of bank details already printed on dividend warrants contrary to the information received from the concerned Depositories;
- (iii) all instructions regarding change of address, bank details, nomination, power of attorney etc. should be given directly to their Depository Participants and the Company will not entertain any such request directly from shareholders.

### REDRESSEL OF GRIEVANCES

There are no pending Share transfers as on 31-03-2010. Complaints from shareholders with regard to Non-receipt of Certificates after transfer, Non-receipt of dividend, Non-receipt of Annual Reports, etc. are being acted upon by the Company immediately on receipt. The Company has taken steps to redress the grievances received during the year except in cases where, in the opinion of the Company, the matter is to be referred to Court or have already been referred to Courts. Any Shareholder who is having grievance may kindly email to [investorgrievance@ramcotex.com](mailto:investorgrievance@ramcotex.com)



## ANNEXURE II TO DIRECTORS' REPORT

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### DISCLOSURES

- i) The Company has no related party transactions that may have potential conflict with the interests of the Company at large. The Audit Committee reviews the details of the significant related party transactions. A summary of the significant related party transactions have been disclosed under "Notes on accounts".
- ii) There has been no penalty/stricture imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets during the last three years.

### OUTSTANDING GDRs / ADRs / WARRANTS OR CONVERTIBLE BONDS

There are no outstanding convertible warrants / instruments.

### SOCIAL COMMITMENTS

The Company's total expenditure for various charitable causes, including for renovation of temple and for social developments amounted to Rs. 60.28 Lakhs.

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### DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year ended 31<sup>st</sup> March, 2010.

For RAJAPALAYAM MILLS LTD.,

RAJAPALAIYAM,  
28<sup>th</sup> May, 2010.

SMT. R.SUDARSANAM  
MANAGING DIRECTOR.



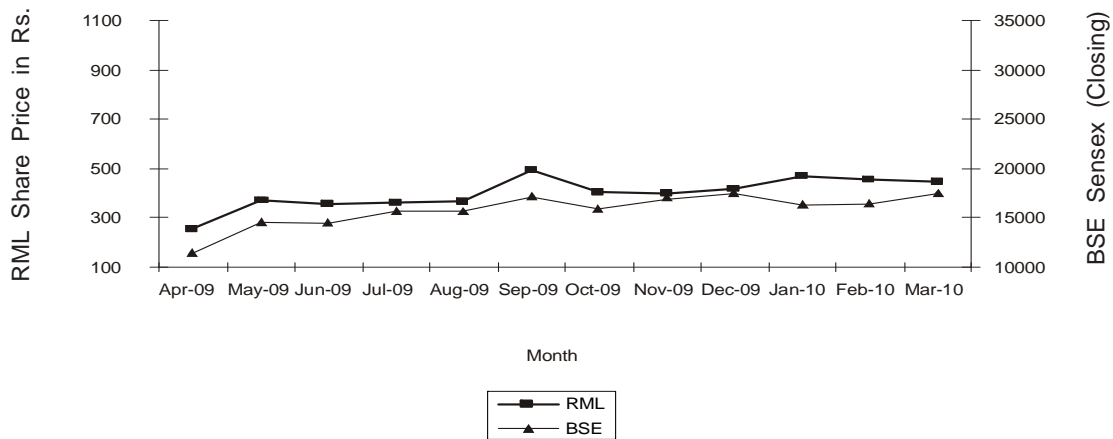
## ANNEXURE II TO DIRECTORS' REPORT

### STATISTICAL DATA

#### Share Price – High & Low / Volume (During April 2009 to March 2010 in BSE)

Month	Bombay Stock Exchange, Mumbai		
	High Rs.	Low Rs.	No. of Shares Traded
April, 2009	295	217	8087
May	401	241	11228
June	440	296	9696
July	394	294	12558
August	385	320	11250
September	555	360	33518
October	520	382	6678
November	437	378	4379
December	435	384	12809
January, 2010	572	415	20270
February	510	459	3659
March	523	437	15879

#### Rajapalayam Mills Share Price in Rs. on BSE (Closing) Vs BSE Sensex (Closing)





## ANNEXURE II TO DIRECTORS' REPORT

### Pattern of Shareholding as on 31-03-2010

Description	Total Shareholders	%	Total Shares	%
<b>A. PROMOTERS HOLDING</b>				
1. Individual / HUFS	12	0.24	1734446	49.38
Sub-Total	12	0.24	1734446	49.38
<b>B. NON-PROMOTERS HOLDING</b>				
1. Banks, FI's Ins.Cos, Govt. Institutions	3	0.06	1030	0.03
2. NRIs/OCBs & Non-domestic Companies	16	0.31	18374	0.52
3. Private Corporate Bodies	187	3.68	111142	3.16
4. Public	4866	95.71	1647588	46.91
Sub-total	5072	99.76	1778134	50.62
<b>Total</b>	<b>5084</b>	<b>100.00</b>	<b>3512580</b>	<b>100.00</b>

### Distribution of Shareholding as on 31-03-2010

No.of Shares held	Total Shareholders	%	Total Shares	%
Upto - 500	4596	90.40	353908	10.08
501 to 1000	192	3.78	145772	4.15
1001 to 2000	129	2.54	175550	5.00
2001 to 3000	51	1.00	125380	3.57
3001 to 4000	27	0.53	91053	2.59
4001 to 5000	12	0.24	52133	1.48
5001 to 10000	38	0.75	262985	7.49
10001 & above	39	0.77	2305799	65.64
<b>Total</b>	<b>5084</b>	<b>100.00</b>	<b>3512580</b>	<b>100.00</b>

### Category of Shareholding as on 31-03-2010

Category	Total Shareholders	%	Total Shares	%
Dematerialised Form				
CDSL	1358	25.18	561881	16.00
NSDL	2879	53.38	2311379	65.80
Physical Form	847	15.71	639320	18.20
<b>Total</b>	<b>5084</b>	<b>100.00</b>	<b>3512580</b>	<b>100.00</b>



## ANNEXURE III TO DIRECTORS' REPORT

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### COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

CIN L17111TN1936PLC002298  
Nominal Capital : Rs.5,00,00,000.

To

The Members,  
RAJAPALAYAM MILLS LTD.,  
Rajapalayam Mills Premises,  
P.A.C. Ramasamy Raja Salai,  
RAJAPALAYAM- 626 117.

Sir,

I have examined the registers, records, books and papers of **RAJAPALAYAM MILLS LTD.** [the company] as required to be maintained under the Companies Act, 1956, [the Act] and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2010 [financial year]. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

- 1) The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
- 2) The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Central Government within the time prescribed under the Act and the rules made thereunder. However the Company is not required to file forms and returns with the Regional Director, Company Law Board or other authorities.
- 3) The Company, being a public limited Company, has paid up capital of Rs.3,51,25,800.
- 4) The Board of Directors duly met Four times respectively on 25-05-2009, 27-07-2009, 30-10-2009 and 30-01-2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
- 5) The Company closed its Register of Members from 01-08-2009 to 06-08-2009 (both days inclusive) and necessary compliance of section 154 of the Act has been made.



### ANNEXURE III TO DIRECTORS' REPORT

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- 6) The Annual General Meeting for the financial year ended on 31<sup>st</sup> March, 2009 was held on 06-08-2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- 7) No Extra Ordinary General Meeting was held during the financial year.
- 8) The Company has not advanced any loans to its directors or persons or firms referred to under section 295 of the Act. However the company has granted unsecured loans to parties during the year in the register maintained under section 301 of the Companies Act, 1956.
- 9) The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
- 10) The Company has made necessary entries in the register maintained under section 301 of the Act.
- 11) As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
- 12) The Company has not issued any duplicate share certificates during the Financial Year.
- 13) The Company has:
  - i) Delivered all the certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act; However, there was no allotment of securities during the financial year.
  - ii) Deposited the amounts of Final dividend declared in a separate bank account on 05-08-2009 which is within five days from the date of declaration of such dividends.
  - iii) Paid/posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company with the HDFC Bank Ltd, Chennai on 05-09-2009.
  - iv) The Company has transferred the amounts in unpaid dividend account amounting to Rs.5,18,184/- relating to the year ended 31-03-2002 which have remained unclaimed or unpaid for a period of 7 years to Investor Education and Protection Fund on 14-09-2009. However the Company has no amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have been remained unclaimed or unpaid for a period of seven years to be transferred to Investor Education and Protection Fund.
  - v) Duly complied with the requirements of section 217 of the Act.



### ANNEXURE III TO DIRECTORS' REPORT

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- 14) The Board of Directors of the Company is duly constituted. However there was no appointment of Alternate/Additional Directors and director to fill casual vacancy during the financial year.
- 15) The re-appointment of Managing Director with effect from 01-07-2007 has been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act during the financial year ended 31-03-2006 and is valid upto 30-06-2012.
- 16) The company has not appointed any sole selling agents during the financial year.
- 17) The Company has filed forms for necessary approvals of the Central Government as prescribed under the various provisions of the Act as detailed below:-
  - a. Approval for appointment of Cost Auditor u/s. 233(B), filed on 29-06-2009.

However the Company was not required to obtain any approvals of the Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
- 18) The Directors have disclosed their interest in other Firms/Companies to the Board of Directors pursuant to the Provisions of the Act and the rules made there under.
- 19) The Company has not issued any debentures or other securities during the financial year.
- 20) The Company has not bought back any shares during the financial year.
- 21) The Company has not issued any preference shares/debentures and hence the question of redemption of preference shares/debentures does not arise during the financial year under review.
- 22) The Company wherever necessary has kept in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act.
- 23) The Company has complied with the provisions of section 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 in respect of deposits accepted by the Company during the year and the Company has filed the copy of Statement in lieu of Advertisement/necessary particulars as required with the Registrar of Companies, Chennai, Tamilnadu on 15-09-2009. The Company has also filed Return of Deposits with the Registrar of Companies on 29-06-2009.
- 24) The amount borrowed by the Company from directors, members, public, financial institutions, banks and other during the financial year ending 31<sup>st</sup> March, 2010 is/are within the borrowing limits of the company and that necessary resolutions as per section 293(1)(d) of the Act have been passed in duly convened Annual General Meeting held on 25-07-2007 for Rs.360 Crores. (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business).





### ANNEXURE III TO DIRECTORS' REPORT

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- 25) The Company has made loans and investments, or given guarantees to other bodies corporate in compliance with the provisions of the Act and has made the necessary entries in the register kept for the purpose.
- 26) The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
- 27) The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
- 28) The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
- 29) The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
- 30) The company has not altered its Articles of Association during the financial year.
- 31) There were no prosecution initiated against the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
- 32) The Company has not received any money as security from its employees during the financial year.
- 33) Since Employees Provident Fund Act, 1952 is applicable sec. 418 is not applicable.

RAJAPALAIYAM,  
26<sup>th</sup> May, 2010.

M.R.L.NARASIMHA  
Practicing Company Secretary  
C.P.No.799



## ANNEXURE III TO DIRECTORS' REPORT

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### ANNEXURE 'A' SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010.

RAJAPALAYAM MILLS LTD.,  
CIN L17111TN1936PLC002298  
Nominal Capital : Rs.5,00,00,000.

#### **Registers as maintained by the Company:**

- 1) Board Meeting Minutes u/s. 193
- 2) Annual General Meeting Minutes u/s. 193
- 3) Audit Committee Minutes
- 4) Share Transfer Committee Minutes
- 5) Remuneration Committee Minutes
- 6) Directors Attendance Register
- 7) Directors Sitting Fees Register
- 8) Register of Sitting Fees for Audit Committee, Share Transfer Committee and Remuneration Committee
- 9) Register of Contracts in which Directors are Interested u/s. 301 and 301(3)
- 10) Register of Directors u/s. 303
- 11) Register of Members u/s. 150
- 12) Register of Share Transfer
- 13) Register of charges and copies of instruments evidencing the charge u/s.136
- 14) Register of Investments
- 15) Register of Proxies
- 16) Register of Deposits under rule 7 of Companies (Acceptance of Deposit) Rule 1975
- 17) Register of Directors Shareholding u/s.307
- 18) Shareholders attendance Register
- 19) Register of Loans and Guarantees

RAJAPALAIYAM,  
26<sup>th</sup> May, 2010.

M.R.L.NARASIMHA  
Practicing Company Secretary  
C.P.No.799



## ANNEXURE III TO DIRECTORS' REPORT

### ANNEXURE 'B' SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED

**31<sup>ST</sup> MARCH, 2010.**

RAJAPALAYAM MILLS LTD.,

CIN L17111TN1936PLC002298

Nominal Capital : Rs.5,00,00,000.

Forms and Returns filed by the Company with the Registrar of Companies during the Financial Year Ending 31<sup>st</sup> March, 2010.

S. No.	Form No Return	Filed U/S	For	Date of Filing SRN.	Whether filed within prescribed Time	If delay in filing whether Requisite Additional fees Paid
1.	62	Rule 10 of the Companies (Acceptance of Deposit) Rules, 1975	Return of Deposit as on 31-03-2009	A64324312 29-06-2009	Yes	Not Applicable
2.	66	383(A)(1)	Secretarial Compliance Certificate for year ended 31-03-2009	P33888082 19-08-2009	Yes	Not Applicable
3.	23 AC, ACA	220	Profit & Loss Account & Balance Sheet as at 31-03-2009	P34295881 04-09-2009	Yes	Not Applicable
4.	1	Rule 3 of investor Education and Protection Fund (Awareness and Protection of Investors) Rules 2001	Statement of amounts credited to Investor Education and Protection Fund for the year ended 31-03-2002	A69788776 23-09-2009	Not Applicable	Not Applicable
5.	20 B	159	Annual Return made upto 06-08-2009	P35217660 03-10-2009	Yes	Not Applicable
6.	62	Rule 4A of Companies (Acceptance of deposit) Rules 1975	Statement in lieu of Advertisement	A69277309 15-09-2009	Yes	Not Applicable



### ANNEXURE III TO DIRECTORS' REPORT

S. No.	Form No	Filed U/S	For	Date of Filing	Whether filed within prescribed	If delay in filing whether Requisite Additional
7.	17	138	Satisfaction of charges	A68142538 28-08-2009	Yes	Not Applicable
8.	8	135	Modification of charges	A63705750 17-06-2009	Yes	Not Applicable
9.	8	125	Creation of charges	A68220680 29-08-2009	Yes	Not Applicable
10.	17	138	Satisfaction of charges	A72373160 10-11-2009	Yes	Not Applicable
11.	17	138	Satisfaction of charges	A65076382 10-07-2009	Yes	Not Applicable
12.	17	138	Satisfaction of charges	A66644352 05-08-2009	Yes	Not Applicable
13.	17	138	Satisfaction of charges	A66706532 06-08-2009	Yes	Not Applicable
14.	17	138	Satisfaction of charges	A66704974 06-08-2009	Yes	Not Applicable
15.	8	125	Creation of charges	A79556940 02-03-2010	Yes	Not Applicable
16.	17	138	Satisfaction of charges	A69724078 22-09-2009	Yes	Not Applicable
17.	17	138	Satisfaction of charges	A68492800 03-09-2009	Yes	Not Applicable
18.	17	138	Satisfaction of charges	A62646641 29-05-2009	Yes	Not Applicable
19.	17	138	Satisfaction of charges	A62645599 29-05-2009	Yes	Not Applicable
20.	17	138	Satisfaction of charges	A62645569 29-05-2009	Yes	Not Applicable
21.	8	135	Modification of charges	A58345398 20-04-2009	Yes	Not Applicable



## ANNEXURE III TO DIRECTORS' REPORT

### Central Government

S. No.	Form No Return	Filed U/S	For	Date of Filing SRN.	Whether filed within prescribed Time	If delay in filing whether Requisite Additional fees Paid
1.	23C	233(B)	For appointment of Cost Auditor for the year ended 31-03-2010	29-06-2009 A64323637	Yes	Not Applicable
2.	CAR	233(B) 600 (3) (b)	Filing of cost audit report for the year ended 31-03-2009	29-09-2009 A70033295 A70033774 A70034145 A70034301	Yes	Not Applicable

RAJAPALAIYAM,  
26<sup>th</sup> May, 2010.

M.R.L.NARASIMHA  
Practicing Company Secretary  
C.P.No.799



## AUDITORS' REPORT TO SHAREHOLDERS

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1. We have audited the attached Balance Sheet of Rajapalayam Mills Limited as at 31<sup>st</sup> March, 2010, and the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Government of India in terms of section 227 (4A) of the Companies Act, 1956 of India (the Act) and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - (iii) The Balance sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274 (1) (g) of the Act;



## AUDITORS' REPORT TO SHAREHOLDERS

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- (vi) In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2010;
  - (b) in the case of the Profit and Loss account, of the profit for the year ended on that date and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For M.S. JAGANNATHAN & N. KRISHNASWAMI,  
Chartered Accountants  
Firm Registration No. : 001208S

For RAMAKRISHNA RAJA AND CO.,  
Chartered Accountants  
Firm Registration No. : 005333S

K. SRINIVASAN  
Partner  
Membership No. 21510

V. JAYANTHI  
Partner  
Membership No. 28952

RAJAPALAIYAM,  
28<sup>th</sup> May, 2010.



## AUDITORS' REPORT TO SHAREHOLDERS

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### ANNEXURE TO THE AUDITOR'S REPORT

#### Annexure Referred to in paragraph 3 of our report of even date to the Shareholders of RAJAPALAYAM MILLS LIMITED

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The management is having a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) No substantial part of fixed assets of the company has been disposed off during the year.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material, and have been dealt with in the books of accounts.
- (iii) (a) The Company has granted unsecured loans of Rs.75.30 crores during the year to 5 parties covered in the Register maintained under section 301 of the Act, 1956. The maximum amount outstanding at any time during the year and the year end balance of such loan aggregate to Rs.102.29 Crores and Rs.73.00 Crores respectively.
- (b) In our opinion, the rate of interest and other terms and conditions on which the loan has been given to such companies / persons are not, *prima facie* prejudicial to the interest of the company.
- (c) In respect of loans granted wherever stipulation have been made, the principal amounts are received as stipulated and also the payment of interest is regular where applicable.
- (d) There are no over due amount of loan granted by the company.
- (e) The Company has taken unsecured loans of Rs. 3.24 crores from 4 parties covered in the register maintained under section 301 of the Act. The maximum amount involved during the year and the year end balance of unsecured loans aggregate to Rs. 3.14 Crores and Rs. 0.14 Crore respectively.
- (f) In our opinion, the rate of interest and other terms and conditions on which the loan has taken from such companies / persons are not, *prima facie* prejudicial to the interest of the company.
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## AUDITORS' REPORT TO SHAREHOLDERS

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- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal systems.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contract or arrangement referred is in Section 301 of the Act, have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has accepted deposits from the public and the Company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provision of the Companies Act and rules framed there under.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the company in respect of products pursuant to the rules made by the Central Government for the maintenance of cost record under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been maintained. We have not however made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) Undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, service tax, cess and other material statutory dues applicable have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty, service tax and cess were in arrears, as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date they became payable.
- (x) The Company has no accumulated losses at the end of the financial year nor had it incurred any cash loss during the financial year or in the immediately preceding financial year.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutional or bank during the year.
- (xii) According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures or other Investments.



## AUDITORS' REPORT TO SHAREHOLDERS

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- (xiii) The provisions of any special statute applicable to Chit fund/Nidhi/Mutual benefit fund societies are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debenture or other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) The terms and conditions of the guarantee given by the Company for loans taken by others from banks or financial institutions are not *prima facie* prejudicial to the interest of the Company.
- (xvi) On the basis of review of utilisation of funds on an overall basis, in our opinion, the terms loans taken by the Company were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties and Companies covered in the register maintained under section 301 of the Act.
- (xix) The Company has not issued debentures and accordingly no securities or charges have been created in respect of debentures.
- (xx) The Company has not made a public issue of any its securities during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For M.S. JAGANNATHAN & N. KRISHNASWAMI,  
Chartered Accountants  
Firm Registration No. : 001208S

For RAMAKRISHNA RAJA AND CO.,  
Chartered Accountants  
Firm Registration No. : 005333S

K. SRINIVASAN  
Partner  
Membership No. 21510

V. JAYANTHI  
Partner  
Membership No. 28952

RAJAPALAIYAM,  
28<sup>th</sup> May, 2010.



## BALANCE SHEET AS AT 31ST MARCH 2010

	Schedule		As at 31-03-2010	As at 31-03-2009	(In Rupees)
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	3,51,25,800		3,51,25,800	
Reserves & Surplus	2	<u>123,96,25,655</u>		<u>114,65,20,709</u>	
			<b>127,47,51,455</b>		118,16,46,509
<b>Loan Funds</b>					
Secured Loans	3	329,34,62,010		376,03,25,617	
Unsecured Loans	4	<u>29,30,57,092</u>		<u>20,88,53,642</u>	
			<b>358,65,19,102</b>		396,91,79,259
<b>Deferred Tax Liability</b>					
			<u>28,61,75,841</u>		26,53,75,841
			<b>514,74,46,398</b>		<u>541,62,01,609</u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	5	518,51,36,886		513,22,22,210	
Less: Depreciation		<u>219,39,75,065</u>		<u>190,43,12,543</u>	
Net Block		<u>299,11,61,821</u>		<u>322,79,09,667</u>	
Add: Capital Work-in-progress		<u>2,35,42,641</u>		<u>93,53,344</u>	
			<b>301,47,04,462</b>		323,72,63,011
<b>Investments</b>					
	6		<b>38,80,39,021</b>		38,80,39,021
<b>Current Assets, Loans &amp; Advances</b>					
Inventories	7	76,92,82,824		60,82,46,291	
Sundry Debtors	8	23,88,84,961		20,50,22,763	
Cash & Bank Balances	9	5,59,31,979		2,74,15,854	
Loans & Advances	10	<u>103,60,65,532</u>		<u>122,94,61,833</u>	
		<u>210,01,65,296</u>		<u>207,01,46,741</u>	
<b>Less : Current Liabilities &amp; Provisions</b>					
Current Liabilities	11	27,16,88,025		22,55,27,573	
Provisions	12	<u>8,37,74,356</u>		<u>5,44,99,302</u>	
		<u>35,54,62,381</u>		<u>28,00,26,875</u>	
<b>Net Current Assets</b>					
			<b>174,47,02,915</b>		179,01,19,866
<b>Miscellaneous Expenditure</b>					
	13		—		<u>7,79,711</u>
			<b>514,74,46,398</b>		<u>541,62,01,609</u>
<b>Significant Accounting Policies</b>					
	22				
<b>Notes on Accounts</b>					
	23				

The Schedules referred to above form part of the accounts.

As per our report annexed  
For M.S. JAGANNATHAN & N. KRISHNASWAMI,  
Chartered Accountants  
Firm Registration No. 001208S

P.R. RAMASUBRAHMANEYA RAJHA  
CHAIRMAN

S.S.RAMACHANDRA RAJA  
N.K.RAMASUWAMI RAJA  
K.T.KRISHNAN  
N.R.K.VENKATESH RAJA  
P.S. JAGANATHA RAJA  
V.S. VEMBAN  
A.V. DHARMAKRISHNAN  
Directors

K.SRINIVASAN  
Partner  
Membership No. 21510

For RAMAKRISHNA RAJA AND CO.,  
Chartered Accountants  
Firm Registration No. 005333S

SMT. R. SUDARSANAM  
MANAGING DIRECTOR

V. JAYANTHI  
Partner  
Membership No. 28952

Rajapalayam, 28<sup>th</sup> May 2010.



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule	For the year ended 31-03-2010	(In Rupees) For the year ended 31-03-2009
<b>INCOME</b>			
Sales	14	<b>238,40,37,410</b>	219,26,84,987
Value of Power Generated from Wind Mills		<b>16,87,22,038</b>	15,54,86,030
Other Income	15	<b>28,33,03,580</b>	23,70,95,075
Increase / (Decrease) in stock	16	<b>78,09,301</b>	3,33,66,012
		<b><u>284,38,72,329</u></b>	<b><u>261,86,32,104</u></b>
<b>EXPENDITURE</b>			
Raw Material consumed		<b>122,49,12,698</b>	108,61,61,252
Trade Purchases		<b>26,15,995</b>	—
Salaries,Wages & Other amenities to employees	17	<b>23,02,45,491</b>	20,21,05,002
Power & Fuel		<b>39,18,68,920</b>	36,63,41,143
Packing Materials consumed		<b>4,42,79,855</b>	4,08,61,348
Job Work Charges		<b>46,71,671</b>	5,27,08,838
Repairs & Maintenance	18	<b>9,76,09,805</b>	8,52,68,264
Interest & Finance Charges	19	<b>29,36,58,880</b>	25,27,38,986
Managing Director's Remuneration		<b>78,06,726</b>	30,48,000
Licences & Taxes		<b>81,28,970</b>	64,63,419
Deferred Revenue Expenses		<b>7,79,711</b>	15,52,492
Administrative & Selling Expenses	20	<b>8,00,02,165</b>	17,04,02,705
Donations		<b>60,28,357</b>	21,01,665
Depreciation		<b>30,33,70,292</b>	29,99,67,845
Provision for Taxation			
Income Tax - MAT, Net	21	<b>94,11,993</b>	—
Deferred Tax		<b>2,08,00,000</b>	(1,65,00,000)
Fringe Benefit Tax		<b>—</b>	10,00,000
		<b><u>272,61,91,529</u></b>	<b><u>255,42,20,959</u></b>



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule	For the year ended 31.03.2010	(In Rupees) For the year ended 31.03.2009
<b>Profit for the year</b>		<b>11,76,80,800</b>	6,44,11,145
Add:			
Balance Brought Forward from Previous Year		<b>1,55,95,709</b>	1,32,94,960
Excess Income Tax Provision withdrawn		—	34,37,319
<b>Balance available for appropriation</b>		<b><u>13,32,76,509</u></b>	<u>8,11,43,424</u>
 <b>Appropriated as :</b>			
Transfer to General Reserve		<b>1,17,70,000</b>	4,50,00,000
Interim Dividend		—	1,05,37,740
Tax on Interim Dividend		—	17,90,889
Final Dividend		<b>2,10,75,480</b>	70,25,160
Tax on Final Dividend		<b>35,00,374</b>	11,93,926
		<b><u>3,63,45,854</u></b>	<u>6,55,47,715</u>
<b>Balance carried to Balance Sheet</b>		<b>9,69,30,655</b>	1,55,95,709
<b>Earnings per share (Basic &amp; diluted)</b>		<b>34</b>	18

**Significant Accounting Policies** 22

**Notes on Accounts** 23

The Schedules referred to above form part of the accounts.

As per our report annexed  
For M.S. JAGANNATHAN & N. KRISHNASWAMI,  
Chartered Accountants  
Firm Registration No. 001208S

P.R. RAMASUBRAHMANEYA RAJHA  
CHAIRMAN

S.S.RAMACHANDRA RAJA  
N.K.RAMASUWAMI RAJA  
K.T.KRISHNAN  
N.R.K.VENKATESH RAJA  
P.S. JAGANATHA RAJA  
V.S. VEMBAN  
A.V. DHARMAKRISHNAN

K.SRINIVASAN  
Partner  
Membership No. 21510

SMT. R. SUDARSANAM  
MANAGING DIRECTOR

Directors

For RAMAKRISHNA RAJA AND CO.,  
Chartered Accountants  
Firm Registration No. 005333S

V. JAYANTHI  
Partner  
Membership No. 28952

Rajapalayam, 28<sup>th</sup> May 2010.



## SCHEDULES TO BALANCE SHEET

	As at 31-03-2010	<b>(In Rupees)</b> As at 31-03-2009
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
Authorised		
50,00,000 Equity Shares of Rs. 10/- each	<u>5,00,00,000</u>	<u>5,00,00,000</u>
Issued, Subscribed & Fully Paid-up		
35,12,580 Equity Shares of Rs. 10/- each	<u>3,51,25,800</u>	<u>3,51,25,800</u>
	<u>3,51,25,800</u>	<u>3,51,25,800</u>
Note:		
27,01,270 Shares of Rs. 10/- each were allotted as fully paid Bonus Shares by Capitalisation of General Reserves.		
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
Capital Reserves Account	<b>3,75,000</b>	3,75,000
Share Premium	<b>10,55,50,000</b>	10,55,50,000
General Reserve		
As per Last Balance Sheet	<b>102,50,00,000</b>	98,00,00,000
Add : Transfer from Profit & Loss Account	<u>1,17,70,000</u>	<u>4,50,00,000</u>
	<b>103,67,70,000</b>	102,50,00,000
<b>SURPLUS</b>		
Balance in Profit & Loss Account	<b>9,69,30,655</b>	1,55,95,709
	<u>123,96,25,655</u>	<u>114,65,20,709</u>
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
Loans and Advances from Banks	<b>329,34,62,010</b>	376,03,25,617
Notes :		
Of the above		
(i) an amount of Rs. 22,163.67 Lakhs (Previous year Rs. 21,836.38 Lakhs) are secured by pari-passu charge on the fixed assets of the Company and a second charge on the the current assets of the Company.		
(ii) an amount of Rs. 3,770.95 Lakhs (Previous year Rs. 5,766.88 Lakhs) are secured by pari-passu charge on stock-in trade, stores and book debts of the company and a second charge on the fixed assets of the Company.		
(iii) an amount of Rs.7,000 Lakhs (Previous year Rs.10,000 Lakhs) are secured by subservient charge on rawmaterial stock of the Company.		
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS</b>		
Fixed Deposits	<b>4,16,39,000</b>	82,39,000
From Directors	<b>14,18,092</b>	6,14,642
Short Term Loan from Banks	<u>25,00,00,000</u>	<u>20,00,00,000</u>
	<u>29,30,57,092</u>	<u>20,88,53,642</u>



## SCHEDULES TO BALANCE SHEET

### SCHEDULE 5 FIXED ASSETS

Particulars	(In Rupees)									
	Cost as at 01-04-2009	Additions during the year	Sold / withdrawn during the year	Cost as at 31-03-2010	Depreciation upto 01-04-2009	Depreciation for the year	Depreciation Withdrawn	Depreciation upto 31-03-2010	Net Value as at 31-03-2010	Net Value as at 31-03-2009
Land	6,25,93,133	31,81,737	—	6,57,74,870	—	—	—	—	6,57,74,870	6,25,93,133
Buildings	41,95,28,516	58,08,347	—	42,53,36,863	6,69,58,774	1,31,36,705	—	8,00,95,479	34,52,41,384	35,25,69,742
Plant & Machinery	435,03,19,321	4,56,14,676	1,22,14,325	438,37,19,672	173,58,96,142	26,97,35,246	1,13,37,813	199,42,93,575	238,94,26,097	261,44,23,179
Electrical Machinery	24,50,27,164	50,61,428	—	25,00,88,592	6,71,97,050	1,46,57,283	—	8,18,54,333	16,82,34,259	17,78,30,114
Furniture & Office Equipments	3,48,48,226	24,89,999	1,77,858	3,71,60,367	2,32,20,780	31,26,529	1,23,816	2,62,23,493	1,09,36,874	1,16,27,446
Vehicles	1,98,05,802	62,00,085	30,49,413	2,29,56,474	1,09,95,602	27,09,777	22,46,141	1,14,59,238	1,14,97,236	88,10,200
Loose Tools	1,00,048	—	—	1,00,048	44,195	4,752	—	48,947	51,101	55,853
	513,22,22,210	6,83,56,272	1,54,41,596	518,51,36,886	190,43,12,543	30,33,70,292	1,37,07,770	219,39,75,065	299,11,61,821	322,79,09,667



## SCHEDULES TO BALANCE SHEET

			(In Rupees)	
			As at 31-03-2010	As at 31-03-2009
<b>SCHEDULE 6</b>				
<b>INVESTMENTS</b>				
<b>Non - Trade</b>				
Name of the Company	No.of Shares	Total Face Value Rs.		
<b>a) Quoted</b>				
Madras Cements Ltd	3,29,05,000	3,29,05,000	<b>37,79,94,215</b>	37,79,94,215
Ramco Industries Ltd	79,20,680	79,20,680	<b>92,39,596</b>	92,39,596
<small>(including 39,60,340 Bonus Shares allotted during the year) Rs. 10/- face value sub-divided to Re.1/- per share</small>				
The Ramaraju Surgical Cotton Mills Ltd	1,000	10,000	<b>5,026</b>	5,026
Mafatlal Engineering Industries Ltd	140	14,000	<b>14,000</b>	14,000
Lakshmi Automatic Loom Works Ltd	2,500	25,000	<b>25,000</b>	25,000
Tamilnadu Jai Bharath Mills Ltd	1,200	12,000	<b>12,000</b>	12,000
Sub - Total			<b>38,72,89,837</b>	38,72,89,837
<b>b) Unquoted</b>				
<b>(i) SHARES OF JOINT STOCK COMPANIES : FULLY PAID-UP</b>				
Sri Vishnu Shankar Mill Ltd	38,400	3,84,000	<b>2,11,022</b>	2,11,022
Miot Hospitals Ltd	2,500	25,000	<b>25,000</b>	25,000
Ontime Transport Co. Ltd	50,000	5,00,000	<b>5,00,000</b>	5,00,000
<b>(ii) SHARES OF JOINT STOCK COMPANIES : PARTLY PAID-UP</b>				
Bharat Paper Mills Ltd. Rs.5/- paid-up per share	2,500	25,000	<b>12,562</b>	12,562
<b>(iii) OTHERS</b>				
Ramco Group Employee's Co-op Stores Ltd	50	500	<b>500</b>	500
Srivilliputhur Uganda Producers Co-operative Society	10	100	<b>100</b>	100
Sub- Total			<b>7,49,184</b>	7,49,184
Total			<b>38,80,39,021</b>	38,80,39,021
<b>Aggregate Value of:</b>				
Quoted Investments - Cost			<b>38,72,89,837</b>	38,72,89,837
- Market Value			<b>445,41,16,558</b>	249,56,95,141
Unquoted Investments - Cost			<b>7,49,184</b>	7,49,184





## SCHEDULES TO BALANCE SHEET

	As at 31-03-2010	(In Rupees) As at 31-03-2009
<b>SCHEDULE 7</b>		
INVENTORIES		
Raw Materials	55,26,85,670	40,08,26,823
Stores, Spares, Packing Materials etc.	1,84,89,426	1,71,21,041
Process Stock	6,70,49,446	4,55,74,737
Finished Goods	13,10,58,282	14,47,23,690
	<u>76,92,82,824</u>	<u>60,82,46,291</u>
<b>SCHEDULE 8</b>		
SUNDRY DEBTORS (UNSECURED-CONSIDERED GOOD)		
Outstanding for a period exceeding six months	1,25,31,435	1,69,60,164
Other debts	22,63,53,526	18,80,62,599
	<u>23,88,84,961</u>	<u>20,50,22,763</u>
<b>SCHEDULE 9</b>		
CASH AND BANK BALANCES		
Cash on Hand	6,99,475	2,30,310
Balance with Scheduled Banks		
In Current Account	3,82,60,816	2,00,66,422
In Dividend Warrant Account	60,39,532	63,19,122
In Deposit Account	1,09,32,156	8,00,000
	<u>5,59,31,979</u>	<u>2,74,15,854</u>
<b>SCHEDULE 10</b>		
LOANS AND ADVANCES		
Unsecured : Considered Good		
Advances Recoverable in Cash or in Kind	94,51,51,964	114,14,52,008
Advance Income Tax paid, Income-Tax deducted at source and refund receivable	2,69,24,035	2,61,49,807
Deposits	5,51,33,272	4,61,22,678
Prepaid Expenses	88,56,261	1,57,37,340
	<u>103,60,65,532</u>	<u>122,94,61,833</u>
<b>SCHEDULE 11</b>		
CURRENT LIABILITIES		
Liabilities for Purchases	21,05,16,266	16,41,82,588
Interest Accrued but not due on Loans	59,71,625	2,93,012
Liabilities for Expenses	4,56,69,920	5,28,03,092
Other Liabilities	34,90,682	19,29,759
Unclaimed Dividends	60,39,532	63,19,122
	<u>27,16,88,025</u>	<u>22,55,27,573</u>
<b>SCHEDULE 12</b>		
PROVISIONS		
Provision for Taxation	1,07,93,247	55,00,000
Provision for Provident Fund Scheme	25,14,796	3,48,722
Provision for Staff Benefit Scheme	2,16,21,701	1,91,62,736
Proposed Dividend	2,10,75,480	70,25,160
Provision for Tax on Dividend	35,00,374	11,93,926
P.A.C. Ramasamy Raja Memorial Fund	2,42,68,758	2,12,68,758
	<u>8,37,74,356</u>	<u>5,44,99,302</u>



## SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended 31-03-2010	(In Rupees) For the year ended 31-03-2009
<b>SCHEDULE 13</b>		
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Deferred Revenue Expenses		
Research & Development Expenses		
Opening Balance	7,79,711	20,70,203
Add : Incurred during the year	—	—
	7,79,711	20,70,203
Less : Amortised during the year	7,79,711	12,90,492
	—	7,79,711
	—	—
<b>SCHEDULE 14</b>		
SALES		
Sale of Yarn & Garments	235,08,88,863	216,76,46,695
Sale of Tissue Culture Plants	3,31,48,547	2,50,38,292
	238,40,37,410	219,26,84,987
<b>SCHEDULE 15</b>		
OTHER INCOME		
Waste Cotton Sales	1,47,26,401	1,47,17,416
Interest Received (Tax Deducted at Source - Rs. 97,02,764/-)	9,26,92,654	5,43,81,609
Rent Received	11,96,200	3,74,618
Export Incentives	3,71,77,237	4,23,87,065
Miscellaneous Income	3,23,36,833	4,20,40,539
Dividend Income from Investments-Non-Trade	8,78,10,726	7,19,86,910
Exchange Fluctuations (Net)	1,52,43,284	—
Profit on Sale of Assets	21,20,245	1,12,06,918
	28,33,03,580	23,70,95,075
<b>SCHEDULE 16</b>		
INCREASE / (DECREASE) IN STOCK		
Closing Stock :		
Process Stock	6,70,49,446	4,55,74,737
Finished Goods	13,10,58,282	19,81,07,728
	19,81,07,728	14,47,23,690
Opening Stock :		
Process Stock	4,55,74,737	2,88,78,340
Finished Goods	14,47,23,690	19,02,98,427
	19,02,98,427	12,80,54,075
	78,09,301	3,33,66,012
<b>SCHEDULE 17</b>		
SALARIES, WAGES AND OTHER AMENITIES TO EMPLOYEES		
Salaries, Wages and Bonus	18,82,59,006	16,50,41,425
Contribution to Provident Fund and other Funds	3,39,31,156	2,99,48,154
Staff and Labour Welfare Expenses	80,55,329	71,15,423
	23,02,45,491	20,21,05,002



## SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended 31-03-2010	For the year ended 31-03-2009
<b>(In Rupees)</b>		
<b>SCHEDULE 18</b>		
REPAIRS AND MAINTENANCE		
Repairs to Buildings	1,62,82,727	1,34,68,712
Repairs to Machinery	4,18,78,554	3,29,90,467
Repairs - General	3,94,48,524	3,88,09,085
	<b>9,76,09,805</b>	<b>8,52,68,264</b>
<b>SCHEDULE 19</b>		
INTEREST AND FINANCE CHARGES		
Interest on Fixed Loans	15,84,61,352	13,37,53,883
Interest on Fixed Deposits	23,27,827	4,90,059
Interest on Other Loans	13,28,69,701	11,84,95,044
	<b>29,36,58,880</b>	<b>25,27,38,986</b>
<b>SCHEDULE 20</b>		
ADMINISTRATIVE & SELLING EXPENSES		
Postage, Telegram & Telephone	19,26,249	17,84,773
Printing & Stationery	15,57,556	17,39,555
Travelling & Conveyance	54,20,822	40,66,904
Maintenance of Motor Car & Other Vehicles	46,88,606	48,70,609
Insurance	53,62,285	53,31,061
Bank Charges	34,84,187	31,12,234
Selling Expenses	1,54,02,558	1,30,81,730
Sales Commission & Brokerage	2,54,84,426	2,23,14,014
Export Sales Expenses	88,89,440	1,75,93,011
Exchange Fluctuations (Net)	—	8,80,45,394
Directors Sitting Fees	4,35,000	4,60,000
Rent	5,29,963	2,59,436
Audit, Accountancy & Legal Charges	15,40,754	15,89,952
Miscellaneous Expenses	52,80,319	61,54,032
	<b>8,00,02,165</b>	<b>17,04,02,705</b>
<b>SCHEDULE 21</b>		
INCOME TAX - MAT		
Current Tax - MAT	1,03,00,000	—
Withdrawal of MAT credit entitlement related to earlier years	93,11,993	—
MAT Credit entitlement - current year (Note No. 2 of Schedule 23)	(1,02,00,000)	—
	<b>94,11,993</b>	<b>—</b>



## SIGNIFICANT ACCOUNTING POLICIES

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### SCHEDULE: 22

### SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of preparation of financial statements

- (i) The financial statements have been prepared under the historical cost convention and in accordance with the generally accepted accounting principles, the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956, as adopted consistently by the Company.
- (ii) The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

#### 2. Depreciation

##### (i) For Buildings, Plant & Machinery and Electrical Machineries

- (a) On additions to Buildings, Plant & Machinery and Electrical Machineries from 1978-79 to 1986-87: Under Straight Line Method in accordance with Circular No.1/86 dated 21-05-1986 issued by the Department of Company Affairs as per rates then in force.
- (b) On additions to Buildings, Plant & Machinery and Electrical Machineries from 1987-88 to 1992-93: Under Straight Line Method as per rates specified in Schedule XIV.
- (c) On additions to Buildings, Plant & Machinery and Electrical Machineries from 1993-94 onwards: Under Straight Line Method as per rates specified in Schedule XIV vide notification dated 16-12-1993.

##### (ii) On Other Assets

Under Written Down Value Method as per rates specified in Schedule XIV.

#### 3. Investments

All Investments being long term & non-trade are stated at cost.

#### 4. Fixed Assets

Fixed Assets are stated at cost (net of CENVAT/VAT wherever applicable) less accumulated Depreciation.

#### 5. Inventories

- (i) Raw materials, stores, spares, packing materials etc., are valued at cost including the cost incurred in bringing the inventories to their present location and condition or net realisable value whichever is lower.
- (ii) Process stock is valued at cost including the cost of conversion. The cost of conversion includes direct costs.
- (iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost includes cost of conversion and other costs incurred in bringing the inventory to their present location and condition.



## SIGNIFICANT ACCOUNTING POLICIES

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### 6. Sales

Net Sales exclude VAT / CST.

### 7. Income from Wind Mills

Units generated from Wind Mills are adjusted against the consumption of power at our Mills. The monetary value of the units so adjusted, calculated at the prevailing EB rates net of wheeling charges has been included in power & fuel and the same value has been taken as Income from Wind Mills in Profit and Loss Account. The value of unadjusted units as on Balance Sheet date has been included under loans and advances.

### 8. Employee Benefits

- (i) Short-term employee benefit viz., Salaries and Wages, are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which the related service is rendered.
- (ii) Defined Contribution plan viz., Contributions to Provident Fund and Superannuation Fund are recognized as an expense in the profit and loss account for the year in which the employees have rendered services. The Company contributes to Provident Fund administered by the Government on a monthly basis at 12% of employee's basic salary. The Company also contributes for superannuation a sum equivalent to 15% of the employee's eligible annual basic salary subject to a maximum of Rs.1 Lakh per employee to funds administered by trustees and managed by LIC of India annually. There are no other obligations other than the above defined contribution plans.

#### (iii) Defined Benefit Plan

##### **Gratuity**

The Company has its own approved Gratuity Fund. It is in the form of lump sum payments to vested employees on resignation, retirement, death while in employment or on termination of employment of an amount equivalent to 15 Day's basic salary payable for each completed year of service. Vesting occurs upon completion of five years of continuous service. The Company makes annual contributions to funds administered by trustees and managed by LIC of India, based on the actuarial valuation by an independent external actuary as at the Balance sheet date using the projected unit credit method.

##### **Leave Encashment**

The Company has a policy of encashing unavailed leave for its employees. The obligation for the leave encashment is recognized based on an independent external actuarial valuation at the Balance Sheet date. The expense is recognized at the present value of the amount payable determined based on actuarial valuation using projected unit credit method.

### 9. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Un-provided contingent liabilities are disclosed in the Accounts by way of Notes. Contingent Assets are not recognized.



## SIGNIFICANT ACCOUNTING POLICIES

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### 10. Research and Development Expenditure

Expenditure on Research & Development of revenue nature incurred by this Company during earlier period is amortized over a period of 5 years. No such expenditure incurred during the current year.

### 11. Borrowing Costs

Borrowing Costs that are directly attributable to the acquisition, construction of qualifying assets are capitalized as part of the cost of those assets as per Accounting Standard -16 (Borrowing Costs). All other borrowing costs are charged to revenue.

### 12. Government Subsidy / Grant

Interest subsidy under Technology Upgradation Fund Scheme (TUF) is credited to the Interest and Finance Charges.

### 13. Foreign Currency Transactions

- (i) Transactions in Foreign Currency are accounted at the exchange rates prevailing at the time of transaction.
- (ii) Covered liabilities in Foreign Currencies are accounted at the rate at which they have been covered. Uncovered liabilities in Foreign Currency are accounted at the rates as on the Balance Sheet date.
- (iii) The difference between the forward rate and the exchange rate at the inception of a forward exchange contract is recognized as income or expense over the life of contract.
- (iv) Exchange difference in respect of uncovered foreign currency liabilities are recognized in the profit and loss account.

### 14. Earnings Per Share

Net profit after tax is divided by the number of equity shares outstanding as on Balance Sheet date.

### 15. Income tax

The tax provision is considered as stipulated in Accounting Standard-22 (Accounting for Taxes on income) and includes current and deferred tax liability. The Company recognises the deferred tax liability based on the accumulated timing difference using the current tax rate.

### 16. Segment Reporting

The Company has identified three reportable segments viz., Textiles, Tissue Culture and Power generation from Wind Mills as primary business segments considering the nature of the products, the differing risks and returns as per Accounting Standard -17 (Segment Reporting). The valuation of inter segment transfers are based on prevailing market prices.



## NOTES ON ACCOUNTS

### 17. Miscellaneous Expenditure

Amount spent on Research & Development Expenditure which is expected to yield enduring benefits are held under Miscellaneous Expenditure and amortized over the expected beneficial period, not exceeding five years.

#### SCHEDULE: 23

NOTES ON ACCOUNTS	As at 31-03-2010	As at 31-03-2009
<b>(Rs. in Lakhs)</b>		
1. Contingent Liabilities		
(i) Liability on Letter of Credit opened		
Capital Goods	27	Nil
Others	301	101
(ii) Estimated amount of contracts remaining to be executed on capital account not provided	299	79
(iii) Liability on guarantees given by the bankers	32	64
(iv) Liability on guarantees given to the bankers	57,539	61,672

2. The tax liability for the company for the financial year 2009-10 is under MAT which works out to Rs. 94.12 Lakhs. The company has MAT credit entitlement of Rs. 399 Lakhs included in Loans and Advances, of which an amount of Rs.93.12 Lakhs has been reversed during the current year as the company will not be in a position to utilize the credit within the time limit specified under the Income-tax Act, 1961. However, the tax payable to the extent of Rs.102 Lakhs for the current year under MAT will be available for set-off within a period of 7 years and hence the entitlement MAT Credit of Rs.102 Lakhs has been taken and included in Loans and advances as per Accounting Standard-22 (Accounting for Taxes on income) . The tax liability, "Income Tax-MAT" shown in the profit and loss account is net of above adjustments.

Income tax assessments have been completed up to the accounting year ended on 31-03-2007 i.e., Assessment Year 2007-08.

The break up of net deferred tax liability of Rs. 2,862 Lakhs as at 31-03-2010 is as under:

	<b>(Rs. in Lakhs)</b>
Timing differences on account of:	Deferred tax Liability
Tax effect on difference between book depreciation and depreciation under the Income Tax Act,1961	4,507
Tax effect on Amortization of Deferred Revenue Expenditure	(1,645)
Deferred tax liability (Net)	2,862

In the opinion of Management, the provision for deferred tax is not expected to crystallise into liability.



## NOTES ON ACCOUNTS

3. Sales Tax Assessment upto year ended 31<sup>st</sup> March, 2002 has been completed.

4. Managing Director's Remuneration for the year 2009-10.

	(In Rupees)
Salary	24,00,000
Commission	49,94,042
Contribution to Provident Fund	2,88,000
Medical Reimbursements	24,684
Contribution to Superannuation Fund	1,00,000
<b>Total</b>	<b><u>78,06,726</u></b>

Computation of Net Profits in accordance with section 349 of the Companies Act, 1956 for the purpose of calculating Managing Director's Remuneration for the year ended 31-03-2010.

	(In Rupees)
Net Profit before tax as per Profit and Loss Account	14,78,92,793
Add : Sitting Fees to Directors	4,35,000
Managing Director's Remuneration	<u>78,06,726</u>
Net Profit under Section 349 of the Companies Act, 1956	<u>15,61,34,519</u>
<b>Remuneration to Managing Director @ 5% of the above</b>	<b><u>78,06,726</u></b>

5. Details of Loans from Directors under "Unsecured Loans" are:

Name	Closing Balance as on 31-03-2010	(In Rupees) Interest
1. Shri P.R. Ramasubrahmaneya Rajha	—	2,763
2. Shri P.R. Venketrama Raja	1,91,944	20,506
3. Smt R. Sudarsanam	<u>12,26,148</u>	<u>25,468</u>
<b>Total</b>	<b><u>14,18,092</u></b>	<b><u>48,737</u></b>

6. Contribution to Gratuity Fund includes an amount of Rs. 25.08 Lakhs recognized in the current period related to past service transitional liability. An amount of Rs. 50.16 Lakhs related to past services transitional liability remains unrecognized as at the Balance Sheet in accordance with Accounting Standard -15 (Employee Benefits).





## NOTES ON ACCOUNTS

### 7. Auditors' remuneration (including Service Tax) & expenses:

	<b>2009-10</b>	<b>(In Rupees)</b> 2008-09
<b>A. Statutory Auditors:</b>		
a. As Auditors		
(i) Fees	<b>2,31,330</b>	1,89,270
(ii) Expenses reimbursed	<b>22,871</b>	34,358
b. In other Capacities		
(i) Tax Audit Fees	<b>33,090</b>	39,303
(ii) Management Service Fees	<b>82,725</b>	-
(iii) Expenses reimbursed	<b>85,556</b>	1,08,487
c. Certification work	<b>1,500</b>	55,635
	<b>4,57,072</b>	<b>4,27,053</b>
<b>B. Cost Auditors:</b>		
As Auditors	<b>30,000</b>	30,000
	<b>4,87,072</b>	<b>4,57,053</b>

8. The Company's shares are listed in Madras Stock Exchange Limited and Bombay Stock Exchange Limited, for which Listing Fees for the year 2010-11 has been paid.
9. There are no dues to micro and small enterprises as at 31-03-2010 (PY: NIL). This information as 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.
10. The unadjusted units generated from the Wind Mills as on 31-03-2010 are 15.02 Lakhs KWH (PY 7.26 Lakhs KWH) and its monetary value of Rs.54.67 Lakhs (PY Rs. 25.27 Lakhs) has been included in Loans & Advances.
11. The premium on forward exchange contracts not intended for trading or speculation purpose is amortized as expenses over the life of the contract. During the current year Rs. 6.19 Lakhs (PY: NIL) has been amortized and the same is included in interest & finance charges.
12. As per Accounting Standard -15 (Employee Benefits), the disclosures of employee benefits as defined in the Accounting Standard are given below:

#### **Defined Contribution Plan:**

		<b>Rs.in Lakhs</b>
	<b>2009-10</b>	2008-09
Employer's Contribution to Provident Fund	<b>146.11</b>	127.97
Employer's Contribution to Superannuation Fund	<b>13.34</b>	13.18



## NOTES ON ACCOUNTS

**Details of the post retirement gratuity plan (Funded) are as follows:**

**Reconciliation of opening and closing balances of obligation:**

	2009-10	2008-09
Defined Benefit Obligation as on 01-04-2009	295.96	265.31
Current Service Cost	29.65	25.11
Interest Cost	22.34	20.30
Actuarial (gain) / loss	42.14	8.41
Benefits paid	(-) 33.52	(-) 23.17
Defined Benefit obligation as on 31-03-2010	356.57	295.96

Rs. in Lakhs

**Reconciliation of opening and closing balances of fair value of plan assets:**

Fair value of plan assets as on 01-04-2009	150.79	106.79
Expected return on plan assets	15.82	10.90
Actuarial gain / (loss)	(-) 0.77	11.05
Employer Contribution	92.59	45.22
Benefits paid	(-) 33.52	(-) 23.17
Fair value of plan assets as on 31-03-2010	224.91	150.79

**Actual Return of assets:**

Expected return of plan assets	15.82	10.90
Actuarial gain / (loss) on plan assets	(-) 0.77	11.05
Actual return on plan assets	15.05	21.95

**Reconciliation of fair value of assets and obligations:**

Fair value of plan assets	224.91	150.79
Present value of obligation	356.57	295.96
Difference	131.66	145.17
Unrecognized transitional liability	50.16	75.24
Unrecognized past service cost non vested benefits	NIL	NIL
Amount recognized in Balance Sheet	81.50	69.93

**Expense recognized during the year:**

Current Service Cost	29.65	25.11
Interest Cost	22.34	20.30
Expected return on plan assets	(-) 15.82	(-) 10.90
Actuarial (gain) / loss	42.91	(-) 2.63
Transitional Liability recognized in the year	25.08	25.08
Past service cost - non - vested benefits	NIL	NIL
Past service cost - vested benefits	NIL	NIL
Net Cost	104.16	56.96



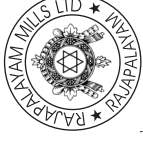
## NOTES ON ACCOUNTS

	2009-10	Rs.in Lakhs 2008-09
<b>Investment Details as on 31-03-2010:</b>		
GOI Securities	2.93%	6.67%
State Government Securities	NIL	NIL
High Quality Corporate Bonds	NIL	NIL
Funds with LIC	96.45%	92.46%
Bank Balance	0.39%	0.53%
Others	0.23%	0.34%
Total	100%	100%
<b>Actuarial assumptions:</b>		
LIC 1994 - 96 Ultimate Table applied for		
Service Mortality rate	Yes	Yes
Discount rate p.a	8.00%	8.00%
Expected rate of return on plan assets p.a	9.25%	9.25%
Rate of escalation in salary p.a	4.00%	4.00%
<b>Details of Leave encashment plan (Unfunded) are as follows:</b>		
<b>Reconciliation of opening and closing balances of obligation:</b>		
Defined Benefit Obligation as on 01-04-2009	120.48	115.67
Current Service Cost	12.40	9.05
Interest Cost	9.29	8.64
Actuarial (gain) / loss	3.50	2.45
Benefits paid	(-) 10.95	(-) 15.33
Defined Benefit Obligation as on 31-03-2010	134.72	120.48
<b>Reconciliation of opening and closing balances of fair value of plan assets:</b>		
Fair value of plan assets as on 01-04-2009	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	NIL	NIL
Employer Contribution	10.95	15.33
Benefits paid	(-) 10.95	(-) 15.33
Fair value of plan assets as on 31-03-2010	NIL	NIL
<b>Actual Return of plan assets:</b>		
Expected return of plan assets	NIL	NIL
Actuarial gain / (loss) on plan assets	NIL	NIL
Actual return on plan assets	NIL	NIL



## NOTES ON ACCOUNTS

	2009-10	Rs.in Lakhs 2008-09
<b>Reconciliation of fair value of assets and obligations:</b>		
Fair value of plan assets	NIL	NIL
Present value of obligation	134.72	120.48
Difference	134.72	120.48
Unrecognized transitional liability	NIL	NIL
Unrecognized past service cost non vested benefits	NIL	NIL
Amount recognized in Balance Sheet	134.72	120.48
<b>Expense recognized during the year:</b>		
Current Service Cost	12.40	9.05
Interest Cost	9.29	8.64
Expected return on plan assets	NIL	NIL
Actuarial (gain) / loss	3.50	2.45
Transitional liability recognized in the year	NIL	NIL
Past service cost-non-vested benefits	NIL	NIL
Past service cost-vested benefits	NIL	NIL
Net Cost	25.19	20.16
<b>Investment Details as on 31-03-2010:</b>		
GOI Securities	NIL	NIL
State Government Securities	NIL	NIL
High Quality Corporate Bonds	NIL	NIL
Funds with LIC	NIL	NIL
Bank Balance	NIL	NIL
Others	NIL	NIL
Total	NIL	NIL
<b>Actuarial Assumptions:</b>		
LIC 1994-96 Ultimate Table applied for Service		
Mortality rate	Yes	Yes
Discount rate p.a	8.00%	8.00%
Expected rate of return on plan assets p.a	NIL	NIL
Rate of escalation in salary p.a	4.00%	4.00%



**13. The Segment Information for the year ended 31st March, 2010 detailed as below**

(Rupees in Lakhs)

Particulars	Textiles		Windmill Power		Tissue Culture		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
<b>REVENUE</b>								
External Sales (Net)	23,508.88	21,676.47	1,687.22	1,444.30	331.49	250.38	23,840.37	21,926.85
Inter Segment Sale							1,687.22	1,444.30
Total Sales	23,508.88	21,676.47	1,687.22	1,444.30	331.49	250.38	25,527.59	23,371.15
Other Income	991.50	984.90	—	110.56	3.34	6.55	994.84	1,102.01
<b>Total Revenue</b>	<b>24,500.38</b>	<b>22,661.37</b>	<b>1,687.22</b>	<b>1,554.86</b>	<b>334.83</b>	<b>256.93</b>	<b>26,522.43</b>	<b>24,473.16</b>
<b>RESULT</b>								
Segment Result	1,779.13	1,141.07	746.69	638.31	51.50	-142.38	2,577.32	1,637.00
Unallocated Income							911.27	835.68
Unallocated Expenses							—	—
Operating Profit							3,488.59	2,472.68
Interest Expense							2,936.59	2,527.39
Interest Income							926.93	543.82
Current Tax							94.12	—
Deferred Tax							208.00	-165.00
Fringe Benefit Tax							—	10.00
Profit from ordinary activities							1,176.81	644.11
Exceptional Items							—	—
<b>Net Profit</b>							<b>1,176.81</b>	<b>644.11</b>
<b>OTHER INFORMATION</b>								
Segment Assets	38,785.24	37,961.22	3,580.04	4,333.33	889.88	794.75	43,255.16	43,089.30
Unallocated Assets							11,773.92	13,872.99
Total Assets							55,029.09	56,962.29
Segment Liabilities	3,508.64	2,760.04			45.99	40.23	3,554.62	2,800.27
Unallocated Liabilities							38,726.95	42,345.55
Total Liabilities							42,281.57	45,145.82
Capital Expenditure	644.12	6,502.09			39.44	64.37	683.56	6,566.46
Unallocated Capital Expenditure							—	—
Depreciation	2,239.43	2,160.81	753.29	746.67	40.98	92.21	3,033.70	2,999.68
Unallocated Depreciation Expenditure							—	—
Non-Cash expenses other than Depreciation	—	2.62	—	—	7.80	12.90	7.80	15.52



## NOTES ON ACCOUNTS

### 14. Earnings per Share

(In Rupees)

Particulars	2009-10	2008-09
Net Profit after tax (A)	11,76,80,800	6,44,11,145
No. of Shares (B)	35,12,580	35,12,580
Basic & Diluted earnings per share for Rs.10/- each (A)/(B)	34	18

### 15. RELATED PARTY TRANSACTIONS

As per Accounting Standard-18 (Related Party Disclosures) issued by the Institute of Chartered Accountants of India, the Company's related parties are given below:

Key Management Personnel & Relatives:

- Shri P.R. Ramasubrahmaneya Rajha, Chairman
- Smt. R. Sudarsanam, Managing Director
- Shri P.R. Venketrama Raja, Director

The Company's transactions with the above persons are furnished in Note No. 4 and 5 above.

Enterprises over which the above persons exercise significant influences and with which the Company had transactions during the year:

- M/s. Madras Cements Limited
- M/s. Sri Vishnu Shankar Mill Limited
- M/s. The Ramaraju Surgical Cotton Mills Limited
- M/s. Thanjavur Spinning Mill Limited
- M/s. Ramco Industries Limited
- M/s. Ramco Systems Limited
- M/s. Sandhya Spinning Mill Limited
- M/s. Sri Harini Textiles Limited
- M/s. Rajapalayam Spinners Private Limited

The Company's transactions with the above Related Parties are summarized below:

(a) Inter Corporate Deposits given:

(In Rupees)

Name of the Related Party	Maximum Outstanding during the year	Interest	Outstanding as on 31-03-2010	
			ICD	Interest
The Ramaraju Surgical Cotton Mills Ltd.	29,84,00,000	2,66,04,323	18,00,00,000	NIL
Sri Vishnu Shankar Mill Ltd	29,70,00,000	1,85,67,583	12,50,00,000	NIL
Sandhya Spinning Mill Ltd	28,50,00,000	1,92,63,114	12,00,00,000	NIL
Thanjavur Spinning Mill Ltd	20,00,00,000	1,61,21,235	19,50,00,000	NIL
Sri Harini Textiles Ltd	11,00,00,000	68,19,316	11,00,00,000	NIL



## NOTES ON ACCOUNTS

(b) Inter Corporate Deposits Accepted:

(In Rupees)

Name of the Related Party	Maximum Outstanding during the year	Interest	Outstanding as on 31-03-2010	
			ICD	Interest
Ramco Industries Ltd	3,00,00,000	1,08,493	NIL	NIL

(c) Goods Supplied / Services rendered:

Name of the Related Party	Value	Outstanding as on 31-03-2010
The Ramaraju Surgical Cotton Mills Ltd	1,33,76,010	NIL
Sri Vishnu Shankar Mill Ltd	20,52,43,847	NIL
Sandhya Spinning Mill Ltd	76,94,180	NIL
Thanjavur Spinning Mill Ltd	18,21,430	NIL
Ramco Industries Ltd	3,41,71,612	NIL
Sri Harini Textiles Ltd	28,101	NIL
Rajapalayam Spinners Private Ltd	3,43,40,288	NIL

(d) Cost of Goods & Services purchased / availed:

Name of the Related Party	Value	Outstanding as on 31-03-2010
The Ramaraju Surgical Cotton Mills Ltd	2,96,00,220	NIL
Sri Vishnu Shankar Mill Ltd	1,63,15,043	NIL
Sandhya Spinning Mill Ltd	2,00,75,323	NIL
Thanjavur Spinning Mill Ltd	6,85,200	NIL
Ramco Industries Ltd	7,55,30,354	NIL
Madras Cements Ltd	4,38,82,837	NIL
Ramco Systems Ltd	32,98,405	NIL
Rajapalayam Spinners Private Ltd	63,88,380	NIL

(e) Corporate Guarantee given:

Name of the Related Party	Guarantee Amount
The Ramaraju Surgical Cotton Mills Ltd	151,99,00,000
Sri Vishnu Shankar Mill Ltd	159,64,00,000
Sandhya Spinning Mill Ltd	165,56,00,000
Thanjavur Spinning Mill Ltd	98,20,00,000

(f) Investment Made during the year : Nil

(g) Investment Sold during the year : Nil



## NOTES ON ACCOUNTS

16. Additional information pursuant to provision of paragraphs III & IV of part II of the Schedule VI of the Companies Act, 1956.

**a) Annual Capacities and Production:**

Installed Capacity	UOM	2009-10	2008-09
Spindles	Nos	1,21,856	1,21,856
Rotors	Nos	3,816	3,816
Wind Mills	MW	21.90	21.90
<b>Production</b>			
Yarn	Kgs	1,46,21,858	1,31,18,438
Power from Wind Mills	Lakhs - KWH	460	413

(In Rupees)

**b) Particulars in respect of Sales, Opening and Closing Stock of goods manufactured:**

Yarn	UOM	2009-10		2008-09	
		Quantity	Value	Quantity	Value
Opening Stock	Kgs	6,00,354	12,10,21,925	6,61,600	11,64,96,912
Sales	Kgs	1,47,85,271	235,08,88,863	1,31,79,684	216,76,46,695
Closing Stock	Kgs	4,36,941	13,20,07,245	6,00,354	12,10,21,925

**c) Raw Materials Consumed:**

Cotton & Cotton Waste	Kgs	1,79,48,982	122,49,12,698	1,56,69,516	108,61,61,252
-----------------------	-----	-------------	---------------	-------------	---------------

**d) Value of Imports calculated on CIF Value:**

Raw Materials	41,66,52,555	31,29,79,365
Components and Spares	1,00,73,009	1,08,65,051
Capital Goods	15,59,759	43,92,32,076

**e) Expenditure in Foreign Exchange during the year**

43,62,86,976	77,48,25,788
--------------	--------------

**f) Earnings in Foreign exchange (FOB Value) :**

Export - Yarn	44,26,48,255	84,35,78,590
Export - Tissue Culture Plants	—	69,66,567





## NOTES ON ACCOUNTS

### g) Value of Raw Materials, Stores & Spare Parts consumed :

	2009-10		2008-09	
	Rs.	%	Rs.	%
Raw Materials				
Imported	<b>26,18,73,325</b>	<b>21</b>	30,13,48,732	27
Indigenous	<b>96,30,39,373</b>	<b>79</b>	78,48,12,520	73
Spares and Components				
Imported	<b>1,10,50,544</b>	<b>11</b>	94,81,718	6
Indigenous	<b>9,06,29,308</b>	<b>89</b>	14,65,25,108	94

17. Previous year figures have been regrouped / restated wherever necessary to make them comparable with the current year's figures.

18. Figures have been rounded off to the nearest rupee.

#### Signature to Schedules 1 to 23

As per our report annexed  
For M.S. JAGANNATHAN & N. KRISHNASWAMI,  
Chartered Accountants  
Firm Registration No. 001208S

K.SRINIVASAN  
Partner  
Membership No. 21510

For RAMAKRISHNA RAJA AND CO.,  
Chartered Accountants  
Firm Registration No. 005333S

V. JAYANTHI  
Partner  
Membership No. 28952

Rajapalayam, 28<sup>th</sup> May 2010.

P.R. RAMASUBRAHMANEYA RAJHA  
CHAIRMAN

SMT. R. SUDARSANAM  
MANAGING DIRECTOR

S.S.RAMACHANDRA RAJA  
N.K.RAMASUWAMI RAJA  
K.T.KRISHNAN  
N.R.K.VENKATESH RAJA  
P.S. JAGANATHA RAJA  
V.S. VEMBAN  
A.V. DHARMAKRISHNAN  
Directors



## CASH FLOW STATEMENT

	31-03-2010	(Rs. in Lakhs) 31-03-2009
<b>A. Cash flow from Operating Activities</b>		
Net Profit before tax and prior period and extraordinary items	1,478.93	489.11
Adjustments for :		
Depreciation	3,033.70	2,999.68
Interest paid	2,936.59	2,527.39
Interest Received	(926.93)	(543.82)
Dividend Received	(878.11)	(719.87)
Deferred revenue expenditure written off	7.80	15.52
Profit on sale of assets	(21.20)	(112.07)
Operating Profit before Working Capital changes	5,630.78	4,655.94
Decrease / (Increase) in Sundry Debtors	(338.62)	241.86
Decrease / (Increase) in Loans and Advances	(187.29)	586.68
Decrease / (Increase) in Inventories	(1,610.37)	180.94
Increase / (Decrease) in Current liabilities	537.85	(364.88)
Cash generated from Operations	4,032.35	5,300.54
Income Tax Paid	(48.93)	(113.80)
<b>Net Cash from Operating activities</b>	<b>A</b> <u>3,983.42</u>	<u>5,186.74</u>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(825.46)	(6,301.75)
Sale of Assets	38.54	175.60
Interest Received	926.93	543.82
Dividend Received	878.11	719.87
<b>Net Cash from / (used) in Investing activities</b>	<b>B</b> <u>1,018.12</u>	<u>(4,862.46)</u>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Long Term borrowings	462.38	4,622.63
Repayment of Long Term Loan	(135.10)	(2,513.19)
Proceeds from / (Repayment) of Short Term borrowings	(4,153.88)	7,266.99
Decrease / (Increase) in Inter Corporate Deposits	2,129.00	(6,859.65)
Dividend Paid	(82.19)	(369.86)
Interest Paid	(2,936.59)	(2,527.39)
<b>Net Cash used in Financing Activities</b>	<b>C</b> <u>(4,716.38)</u>	<u>(380.47)</u>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(A+B+C)</b>	285.16 (56.19)
<b>Opening Cash and Cash Equivalents</b>	<b>D</b>	274.16 330.35
<b>Closing Cash and Cash Equivalents</b>	<b>E</b>	559.32 274.16
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(E-D)</b>	285.16 (56.19)

As per our report annexed  
For M.S. JAGANNATHAN & N. KRISHNASWAMI,  
Chartered Accountants  
Firm Registration No. 001208S

K.SRINIVASAN  
Partner  
Membership No. 21510

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Firm Registration No. 005333S

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P.S. JAGANATHA RAJA  
V.S. VEMBAN  
A.V. DHARMAKRISHNAN  
Directors



## RAJAPALAYAM MILLS LIMITED, RAJAPALAYAM

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### I. REGISTRATION DETAILS

Registration No. 

L	1	7	1	1	1	T	N	1	9	3	6	P	L	C	0	0	2	2	9	8
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Balance Sheet Date 

3	1	0	3	2	0	1	0
---	---	---	---	---	---	---	---

 State Code 

1	8
---	---

  
Date                      Month                      Year

#### II. CAPITAL RAISED DURING THE YEAR (Rs. in Thousands)

Public Issue 

				N	I	L
--	--	--	--	---	---	---

 Right Issue 

				N	I	L
--	--	--	--	---	---	---

  
 Bonus Issue 

				N	I	L
--	--	--	--	---	---	---

 Private Placement 

				N	I	L
--	--	--	--	---	---	---

#### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Rs. in Thousands)

Total Liabilities 

5	1	4	7	4	4	6
---	---	---	---	---	---	---

 Total Assets 

5	1	4	7	4	4	6
---	---	---	---	---	---	---

##### Sources of Funds

Paid up Capital 

		3	5	1	2	6
--	--	---	---	---	---	---

 Reserves & Surplus 

1	2	3	9	6	2	5
---	---	---	---	---	---	---

  
 Secured Loans 

3	2	9	3	4	6	2
---	---	---	---	---	---	---

 Unsecured Loans 

	2	9	3	0	5	7
--	---	---	---	---	---	---

  
 Deferred Tax Liability 

	2	8	6	1	7	6
--	---	---	---	---	---	---

##### Application of Funds

Net Fixed Assets 

3	0	1	4	7	0	4
---	---	---	---	---	---	---

 Investments 

	3	8	8	0	3	9
--	---	---	---	---	---	---

  
 Net Current Assets 

1	7	4	4	7	0	3
---	---	---	---	---	---	---

 Miscellaneous Expenditure 

				N	I	L
--	--	--	--	---	---	---

  
 Accumulated Losses 

				N	I	L
--	--	--	--	---	---	---

#### IV PERFORMANCE OF THE COMPANY (Rs. in Thousands)

Turnover\* 

2	8	3	6	0	6	3
---	---	---	---	---	---	---

 Profit Before Tax 

	1	4	7	8	9	3
--	---	---	---	---	---	---

##### \*Turnover includes Wind Mill Generation and other Income

Total Expenditure 

2	7	1	8	3	8	2
---	---	---	---	---	---	---

 Profit After Tax 

	1	1	7	6	8	1
--	---	---	---	---	---	---

  
 Earnings per share in Rs. 

					3	4
--	--	--	--	--	---	---

 Dividend Rate % 

					6	0
--	--	--	--	--	---	---

#### V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY

Item Code No. (ITC Code) 

			5	2	0	5
--	--	--	---	---	---	---

Product Description 

C	O	T	T	O	N	Y	A	R	N
---	---	---	---	---	---	---	---	---	---

Item Code No. (ITC Code) 

			6	0	2	9	9	0	9
--	--	--	---	---	---	---	---	---	---

Product Description 

T	I	S	S	U	E	C	U	L	T	U	R	E	P	L	A	N	T	S
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

As per our report annexed  
For M.S. JAGANNATHAN & N. KRISHNASWAMI,  
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Firm Registration No. 001208S

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