

**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

Corporation Bank

ICICI Bank Ltd

IDBI Bank Ltd

Indian Bank

Karur Vysya Bank Ltd

Punjab and Sind 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

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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NOTICE TO THE MEMBERS

Notice is hereby given that the 75th Annual General Meeting of the Company will be held at 10.00 A.M. on Wednesday, the 20th July, 2011 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 31st March, 2011 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend & Platinum Jubilee dividend for the year 2010-2011.
3. a) To appoint a Director in the place of Shri N.K. Ramasuwami Raja, who retires by rotation and is eligible for re-appointment.
b) To appoint a Director in the place of Shri A.V. Dharmakrishnan, who retires by rotation and is eligible for re-appointment.
c) To appoint a Director in the place of Dr. K.T. Krishnan, 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.1,25,000/- (Rupees One Lakh Twenty Five 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 Smt R. Sudarsanam be and is hereby reappointed pursuant to Section 269 and other applicable provisions of the Companies Act, 1956 as Managing Director of the Company for a further period of 5 years with effect from 01-07-2012 to manage the entire business and affairs of the Company subject to the superintendence, control and directions of the Board”.

“RESOLVED that the Managing Director shall be paid a remuneration equivalent to 5% of the net profits of the Company calculated as per provisions of Section 198 and 309 of the Companies Act, 1956”.

“RESOLVED further that the Remuneration Committee be and is hereby authorised to fix the quantum and periodicity of the remuneration payable to the Managing Director subject however the annual remuneration does not exceed 5% of the net profits of the Company in an accounting year”.



NOTICE

“RESOLVED further that where in any financial year, the Company has no profits or inadequate profits, the Managing Director be paid-

- a) The maximum remuneration prescribed under Section II of Part II of the Schedule XIII of the Companies Act based on the effective Capital of the Company and in accordance with the approval of the Remuneration Committee of the Company which is presently Rs.2.00 Lakhs per month;
- b) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income- Tax Act,1961;
- c) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- d) Encashment of leave at the end of the tenure”

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

RAJAPALAIYAM,
28th May, 2011.

P.R.RAMASUBRAHMANEYA RAJHA
CHAIRMAN

NOTICE



NOTES:

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No. 5 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 15-07-2011 to 20-07-2011 (both days inclusive);
5. The Dividends, 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 20-07-2011 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 14-07-2011;
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

FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	LAST DATE FOR CLAIMING UNPAID DIVIDEND	DUE DATE FOR TRANSFER TO IEP FUND
31-03-2004 Final Dividend	05-08-2004	04-08-2011	02-09-2011
31-03-2005 First Interim Dividend Second Interim Dividend Final Dividend	15-09-2004 31-01-2005 12-08-2005	14-09-2011 30-01-2012 11-08-2012	12-10-2011 28-02-2012 09-09-2012
31-03-2006 First Interim Dividend Second Interim Dividend Final Dividend	24-10-2005 31-01-2006 28-07-2006	23-10-2012 30-01-2013 27-07-2013	21-11-2012 28-02-2013 25-08-2013
31-03-2007 First Interim Dividend Second Interim Dividend Final Dividend	23-10-2006 25-01-2007 25-07-2007	22-10-2013 24-01-2014 24-07-2014	20-11-2013 22-02-2014 22-08-2014
31-03-2008 First Interim Dividend Second Interim Dividend Final Dividend	24-10-2007 16-01-2008 06-08-2008	23-10-2014 15-01-2015 05-08-2015	21-11-2014 13-02-2015 03-09-2015
31-03-2009 First Interim Dividend Final Dividend	25-10-2008 06-08-2009	24-10-2015 05-08-2016	22-11-2015 03-09-2016
31-03-2010 Final Dividend	04-08-2010	03-08-2017	01-09-2017

NOTICE



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

ITEM NO.5

Smt R.Sudarsanam was first appointed as Managing Director of the Company on 01-07-2002. At that time the net worth of the Company was Rs.66 Crores and turnover was Rs.125 Crores. The Company has now progressed to have a net worth of Rs.148 Crores and turnover of Rs.305 Crores.

Smt R.Sudarsanam was reappointed as Managing Director of the Company by the Board of Directors subject to the approval of the Shareholders at the Annual General Meeting for further period of 5 years from 01-07-2012 to 30-06-2017 in accordance with the provisions of Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956.

The terms and conditions for reappointment and the remuneration payable are set out in the Resolution. There is no change in the remuneration proposed for reappointment.

The reappointment and remuneration proposed fulfill the conditions stipulated in Schedule XIII of the Companies Act, 1956 and hence approval of Government of India is not required.

As the Managing Director has attained the age of 70 years, her re-appointment is proposed to be passed as a Special Resolution in the Annual General Meeting and hence approval of the Central Government is not required in this regard also.

As per Clause 1A of Section II of Part II of the Schedule XIII of the Companies Act, 1956, provision for payment of remuneration in case of inadequacy of profits requires the approval of the Remuneration Committee to be passed by a Resolution. The details of the minimum remuneration payable are set out in the Resolution. The Remuneration Committee has passed necessary resolutions, at its Meeting held on 28-05-2011 approving the same.

A copy of the terms and conditions of reappointment of the Managing Director is available for inspection by the Members at the Registered Office of the Company between business hours on any working day and will also be available for inspection at the forthcoming Annual General Meeting.

The contents of the Resolution along with the Explanatory Statement shall be deemed to be an abstract of the terms and conditions of reappointment of Managing Director under Section 302 of the Companies Act, 1956 and the Memorandum of interest in that behalf.

Your Directors recommend the resolution for your approval.

None of the Directors except Shri.P.R.Ramasubrahmaneya Rajha, Chairman, Smt. R.Sudarsanam, Managing Director and Shri.P.R.Venketrama Raja, Director may be deemed to be concerned or interested in the Resolution.

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

RAJAPALAIYAM,
28th May, 2011.

P.R.RAMASUBRAHMANEYA RAJHA
CHAIRMAN



NOTICE

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

1. SHRI N.K. RAMASUWAMI RAJA

Shri N.K.Ramasuwami Raja aged 68 years holds a Bachelor degree in Science. He has been on the Board of Rajapalayam Mills Ltd since 1980.

Shri N.K.Ramasuwami Raja is Managing Director of Madras Chipboard Ltd .

He is also a Director in the following companies:-

Sri Harini Textiles Ltd

Ramco Agencies Private Ltd

He holds 7,700 equity shares of the Company.

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

Audit Committee

Remuneration Committee

Share Transfer Committee

2. SHRI A.V. DHARMAKRISHNAN

Shri A.V. Dharmakrishnan, a Chartered Accountant, aged 54 years started his carrier in 1982 with Madras Cements Ltd. He is presently holding the position of Executive – Director (Finance) at Madras Cements Ltd. He has specialized knowledge and rich experience in Finance and Taxation matters.

He holds 550 Equity Shares of the Company.

He is also a Director in the following Companies:-

On-Time Transport Company Ltd

Ramco Systems Ltd

3. Dr. K.T. KRISHNAN

Dr. K.T.Krishnan, M.D aged 71 years is Managing Director of Thanjavur Spinning Mill Ltd. He has been on the Board of Rajapalayam Mills Ltd since 1986.

He is also a Director in the following Companies:-

Sri Vishnu Shankar Mill Ltd

Sandhya Spinning Mill Ltd

Sudharsanam Investments Ltd

He is the Chairman in the following Committees of the Company:-

Audit Committee

Remuneration Committee

He has no shareholding in the Company.

DIRECTORS' REPORT



TO THE MEMBERS

Your Directors have pleasure in presenting their 75th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2011.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2011 after charging all expenses and contribution to P.A.C. Ramasamy Raja Memorial Fund of Rs.1,00,00,000/- (which is within the limits laid in the Articles of Association) but before deducting interest and depreciation have resulted in operating profit of Rs.99,49,87,912/-.

After deducting Rs. 28,50,77,780/- towards interest cost and providing Rs. 32,11,07,050/- towards Depreciation, the Net Profit for the year is Rs. 38,88,03,082/- adding the surplus of Rs. 9,69,30,655/- brought forward from the previous year, your Directors propose to appropriate the total sum of Rs. 48,57,33,737/- as detailed below:

		Rs.
Provision for Taxation	- Current Tax - MAT	7,30,00,000
	- Deferred Tax	12,00,00,000
	- MAT credit entitlement	(-) 7,29,00,000
Dividend	Rs. 7.50 per share	2,63,44,350
	(P.Y. - Rs.6/- per share)	
Platinum Jubilee Dividend	Rs. 7.50 per share	2,63,44,350
Tax on Dividends	@ 16.2225%	85,47,424
Transfer to General Reserve		28,00,00,000
Balance carried over to Balance Sheet		2,43,97,613
	TOTAL	48,57,33,737

DIVIDEND

Your Directors have pleasure in recommending a dividend of Rs. 7.50 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.

In view of the Platinum Jubilee of the Company, your Directors have pleasure in recommending a Platinum Jubilee Dividend and Issue of Bonus Shares as follows:

A) PLATINUM JUBILEE DIVIDEND

Your Directors have pleasure in recommending a Platinum Jubilee Dividend of Rs.7.50 per share. Inclusive of this, the total Dividend for the year is Rs.15/- per share (Previous Year Rs.6/- per share). The total amount of Dividend outgo (including tax on dividends) would be Rs. 6,12,36,124/-.



DIRECTORS' REPORT

B) ISSUE OF BONUS SHARES

Your Directors have also pleasure in recommending issue of Bonus Shares to the holders of Equity Shares in the ratio of 1:1 by capitalizing the Reserves (Share Premium Account) of Rs. 3,51,25,800/- subject to the approval of the Members at the Extraordinary General Meeting.

TAXATION

An amount of Rs. 730 Lakhs towards Current Tax (MAT) and Rs. 1,200 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.

TRADE CONDITIONS

Your Directors are glad to inform that the performance of the Company during the Platinum Jubilee year was commendable and has been highest in the history of the Company inspite of the unprecedented increase in cotton prices. The financial year 2010-11 witnessed a very difficult trade conditions due to the following reasons:

A) Cotton

There has been unprecedented rise in the cotton prices during the cotton season started from October, 2010 and the cotton prices have gone up by more than 100% as compared to the previous cotton season. Cotton, often referred as "White Gold" has recorded the historic highest prices. The Government of India has allowed export of more than 15% of Cotton produced in India and the good quality of cotton was shipped out of India within 3 months. This has resulted in mismatch between demand and supply of cotton and the domestic spinning mills were forced to pay higher prices for good quality cotton.

B) Electricity

The power cut in Tamilnadu continued to the extent of 100% for 4 hours during 6 P.M. to 10 P.M. and 30% during the rest of the hours, in addition to unannounced power shutdowns. This has forced the Company to operate captive Gensets in order to maintain the optimum utilization level. The power cost has increased by more than 15% as compared to previous year. Timely decision taken by your Directors to install 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.

C) Inflation & Impact on Cost of borrowing

In order to contain the inflation in India, The Reserve Bank of India has tightened the monetary policy by increasing the lending and borrowing rates. Because of these measures, all the Banks have hiked the rate of interest by 2% to 3% for all our term loans and working capital loans.

D) Cotton Yarn Export brought under Quota System

The export of cotton yarn was under Quota Raj till 1995. When the textiles and clothing were brought into the mainstream under the WTO, the quota system was abolished and export of yarn was allowed without any restriction.



DIRECTORS' REPORT

The Domestic and the International Yarn markets have started improving specifically after a long spell of sluggishness witnessed due to Global Economic Crisis during the period from 2008 to 2010. However, the Government of India has suddenly restricted the export of Cotton Yarn during December, 2010 to March, 2011 and re-introduced the Quota system. This has affected the Yarn Market both in Domestic as well as Export, which resulted in sluggishness of yarn prices & yarn movements in India.

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.42.76 Lakhs towards exchange fluctuations. This gain is because of appreciation of rupee against dollar and the foreign currency loans were repaid at the lower exchange rates.

EXPORTS

On the export front during the year, we have made direct export of Cotton Yarn / Fabric for a value of Rs. 81.44 Crores as against Rs. 44.26 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.9 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.

During the year 2008-09, an Open-End (OE) Spinning Mill with the capacity of 1,800 Rotors has been commissioned at Andhrapradesh. During the year under review, an additional capacity of 4,800 Ring Spindles has been installed in this Mill to improve the overall efficiency.

PROSPECTS FOR THE CURRENT YEAR

The cotton prices during cotton season 2010-11 are very volatile. The cotton prices which have gone up too steeply during the peak cotton season have fallen suddenly during May, 2011. As a result, the Yarn prices have also been crashed. Due to sluggishness in garment/fabric market, the demand for yarn has come down unexpectedly. The Government's decision to re-introduce the Quota system for export of cotton yarn is very unfortunate, which in turn has affected the market share & profitability of the Indian Spinning Mills due to uncertain Government Policies.

The increase in wages, fuel prices & interest cost and the increase in the power cuts in recent period definitely pose a challenge. While the cost of major inputs increasing steeply, the yarn price has started declining due to decrease in demand. The cumulative effect of the above factors



DIRECTORS' REPORT

would affect the performance of the Company substantially. Your Directors are therefore unable to predict the profitability of the Company in the current year. However, 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.

WIND MILL

The Division has generated 443 Lakhs Kwh as compared to 460 Lakhs Kwh of the previous year. The income during the year from the Wind Mill Division was Rs. 17.69 Crores as against Rs.16.87 Crores of previous year. During the year, 11 Nos. of Wind Electric Generators for an aggregate capacity 8.80 MW were purchased during September, 2010. With this, the capacity of the Wind Mills has increased to 30.70 MW comprising of 34 Wind Electric Generators.

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.

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 N.K. Ramasuwami Raja
2. Shri A.V. Dharmakrishnan
3. Dr. K.T. Krishnan

PUBLIC DEPOSITS

The total deposits from the public outstanding with the Company as on 31st March, 2011 were Rs. 494.29 Lakhs including the deposits renewed in accordance with Section 58A of the Companies Act, 1956. There was no deposits unclaimed / unpaid as on 31-03-2011.

DIRECTORS' REPORT



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 2011-12.

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 75th 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 31-03-2011 on a remuneration of Rs. 35,000/- 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.

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 -

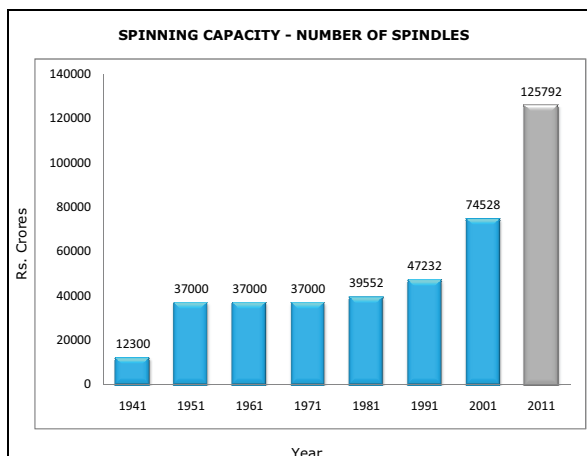
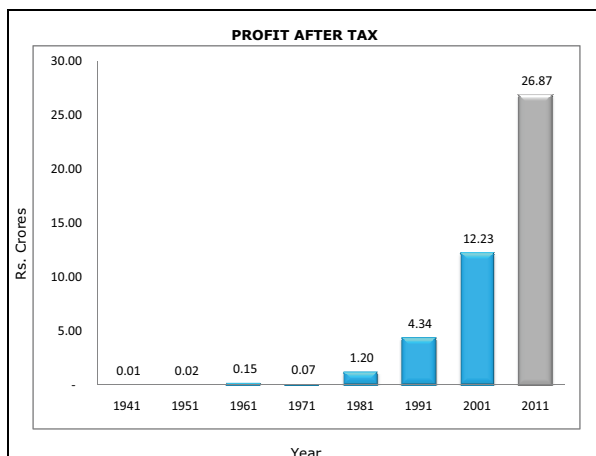
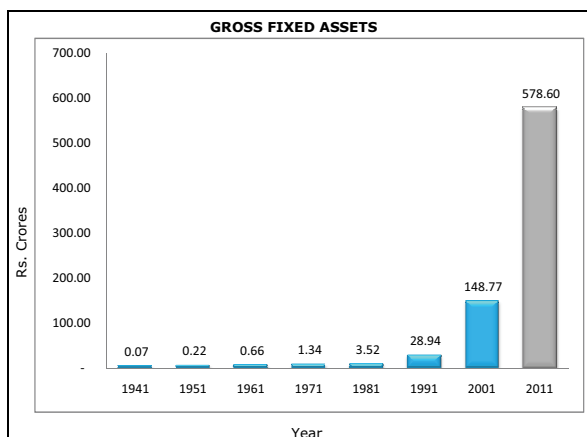
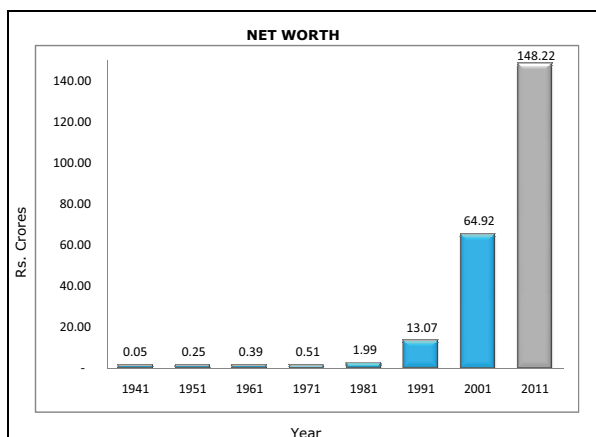
- i) In the preparation of Annual Accounts for the year ended 31st March 2011, the applicable accounting standards had been followed;
- ii) The selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent were made so as to give a true and fair view 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.



DIRECTORS' REPORT

PLATINUM JUBILEE - A JOURNEY THROUGH 75 YEARS Financial Highlights





DIRECTORS' REPORT

PLATINUM JUBILEE

The Company has entered into its Platinum Jubilee year. Looking back, the Directors wish to record the following milestones, crossed by the Company during its journey of 75 years.

- ❖ Rajapalayam Mills Ltd, was established by Shri. P.A.C. Ramasamy Raja, Founder of the Ramco Group of Companies, in 1936 after his visit to England to study the industrial development there. A nationalist at heart, he was keen to provide gainful employment to a large number of people of his home town.
- ❖ The Mill was declared open by Shri. V.V. Giri, Honourable Labour Minister in the then Madras Presidency. At the inaugural function of the Mill, Shri. P.A.C. Ramasamy Raja said- ***"A contended worker will give to the employer better work and therefore better profits"***. The Ramco Group has since been following the above belief of its Founder and has a very proud record of harmonious industrial relations for over 75 years. Today, the Ramco Group employs about 6,000 staff and workers at Rajapalayam.
- ❖ In the very first year of production, the Mill has earned profits and a dividend of 5% was declared. The Mill has the proud record of **unbroken dividend payment during the last 75 years**.
- ❖ In the year 1982, the Company imported **Open End Spinning** Machines for the **first time in India**, to manufacture 10s yarn to cater to the needs of the handloom sector.
- ❖ In the year 1988, the Company celebrated its **Golden Jubilee** and the celebrations were inaugurated by Dr. G.K. Devarajulu, the then Chairman of Lakshmi Machine Works Ltd. It was presided over by Shri G. Ramanujam, the then President, INTUC and Shri. P.Chidambaram, Honourable Union Minister for Home affairs was the Chief Guest of the Function.
- ❖ In 1991, **"Rajapalaiyam Spintext"** has been established as **100% Export Oriented Unit, first of its kind in South India**. Subsequently another Export Oriented Unit **"Rajapalaiyam Textiles"** has been established during the year 1996.
- ❖ The Ramco Group of Companies have celebrated the **Birth Centenary of its Founder and Visionary Shri. P.A.C. Ramasamy Raja** on 24th April, 1994. The celebrations were presided by Shri. R. Venkataraman, Former President of India.
- ❖ In order to improve the Yarn Quality, the Company has invested in Compact Spinning system from Suessen, Germany for the **First time** in India in a big way.
- ❖ In 2008, a state-of-the-art Spinning Mill has been commissioned with advanced compact spinning system by Rieter, Switzerland with fully automated link coners from Savio, one of the latest technologies implemented for the **First time** in India and fully imported back process machineries to produce Yarn, which is untouched by hands.
- ❖ Automatic Savio Open End Spinning Mill has been established in Andhra Pradesh in the year 2008 with 1,800 Rotors.
- ❖ The overall Spinning capacity of the Company is 1,25,792 Spindles and 3,816 Rotors.



DIRECTORS' REPORT

❖ BONUS SHARES

The Mill was started with initial Share Capital of Rs.5.38 Lakhs. Due to prudent Management, the Mill is continuously earning good profits and as a result, the Company has issued so far 50 Bonus Shares to the Shareholders for every share allotted during 1936. With the proposed Bonus Shares to commemorate the Platinum Jubilee, the total **Bonus Shares would be 100 shares for 1 share** initially allotted. This includes Bonus Shares issued in the ratio of 3:5 during Golden Jubilee Year and 1:1 issued during Birth Centenary of our Founder.

❖ The Growth history of Rajapalayam Mills Ltd continued with diversification into other Non-Textile Industries. It enjoys the unique distinction of being the **Mother Company** of Ramco Group, which consists of the following Companies:

1. M/s. Madras Cements Ltd., started by Founder Shri. P.A.C. Ramasamy Raja, went into commercial production in the year 1961 with an initial capacity of 0.66 lakh tones per annum. It has now grown having cement plants/grinding units in 8 locations in 4 States in India with an aggregate cement production capacity of 12 Million Tonnes per annum. M/s. Madras Cements Ltd is the first cement company to get “Four Leaves Award” from the Centre for Science and Environment for most dust free and environmental friendly factory.
2. M/s. Ramco Industries Ltd., started by our Chairman Shri. P.R. Ramasubrahmaneya Rajha, went into commercial production of Fibre Cement Sheets in the year 1967 with an initial capacity of 0.39 lakh tones per annum. It has now grown as one of the biggest Fibre Cement Sheet Production Company in India having 10 Factories all over India and Srilanka with combined production capacity of 9 lakhs tones per annum.
3. M/s. Ramco Systems Ltd., established in the year 1999, is developing enterprise application (ERP) and provide solutions to multiple verticals including banking, insurance, manufacturing, supply chain, aviation, transportation and logistics, healthcare, governance, retail and more. Today, Ramco System is a global provider serving over 1,25,000 users with more than 1,500 employees operating out of 15 offices in 9 countries.
4. Other Group Companies in Textile Division are M/s. The Ramaraju Surgical Cotton Mills Ltd., M/s. Sri Vishnu Shankar Mill Ltd., M/s. Sandhya Spinning Mill Ltd., M/s.Thanjavur Spinning Mill Ltd., M/s. Sri Harini Textiles Ltd, and M/s. Rajapalayam Spinners Private Ltd., having combined spindle capacity of 3.25 Lakhs Spindles.
5. The Ramco Group of Companies have installed Wind Mills with combined capacity of morethan 250 MW, which demonstrates the Group's commitment for protecting the environment.

The Combined turnover of Ramco Group is about Rs.4,300 Crores employing more than 14,000 staff and workers.



DIRECTORS' REPORT

This has been possible through the help of

- ❖ Central and State Governments, who have always encouraged the Company's initiatives.
- ❖ The Banks and Financial institutions who have sanctioned term loans and provided working capital assistances during the initial phases of the Company and consistently thereafter.
- ❖ The employees who have exhibited unstinted co-operation and dedication in discharging their duties.
- ❖ The business associates viz., Lakshmi Machine Works, Rieter, Savio, Ramco Systems, Vestas, Enercon, Suzlon and other vendors and Transport contractors who have remained loyal with the Company in a spirit of mutual benefit
- ❖ M/s. Mitsubishi Corporation, M/s. Doko Spinning Co. Ltd., M/s. Unitika Limited, Japan and Corporate Buyers & other Customers who have supported the products, which has enabled the Company to grow and create an enterprise for lasting value.

The Directors in this Platinum Jubilee year take the opportunity to record their appreciation and express their sincere thanks to those mentioned *supra* for making the Company for what it is today.

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

RAJAPALAIYAM,
28th May, 2011.

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 : Installed Humifogg system to reduce the power consumption of humidification system.
- The practice of computing monthly UKG (40's converted) being continued to monitor monthly fluctuation.
- Energy Audit to check the energy consumption is being conducted periodically.
- The air leakage in the compresor 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 and regularly replacing the conventional chokes.
- (b) Additional investments and proposals, if any being implemented for reduction of consumption of energy. : Trial Installation of LED fitting is under progress and there is a scope for energy saving.
- (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 : There is no major impact.
- (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
ii) Initiatives taken to increase exports
iii) Development of new export markets for products and services
iv) Export Plans
- Exporting Cotton Yarn to Japan, Dubai, Thailand, Pakistan, Taiwan, Baharain, China, Bangladesh, Malaysia, Italy.
- (g) i) Total foreign exchange used : Rs. 5,082 Lakhs
ii) Total foreign exchange earned : Export of Cotton Yarn / Fabric
Rs.8,144 Lakhs (in FOB Value)

ANNEXURE I TO DIRECTORS' REPORT



FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION

		2010-2011	2009-2010
1. Electricity			
(a) Purchased			
Units	Lakhs KWH	625.88	750.71
Total Amount	Rs. in Lakhs.	2,924.17	2,892.96
Rate / unit	Rs.	4.67	3.85
(b) Own Generation			
Through Diesel / HFO Generator	Lakhs KWH	107.86	94.41
Unit per Litre of Diesel / Furnace Oil	KWH	3.74	3.85
Cost per unit	Rs.	8.66	7.07
(c) Purchased from Third Party			
Units	Lakhs KWH	143.17	61.29
Total Amount	Rs. in Lakhs	689.00	337.11
Rate / unit	Rs.	4.81	5.50
2. Furnace oil			
Quantity	Lakhs Ltrs.	19.89	22.28
Total Cost	Rs. in Lakhs.	590.88	585.40
Average Rate	Rs.	29.71	26.28
3. Diesel oil			
Quantity	Lakhs Ltrs.	8.98	2.25
Total Cost	Rs. in Lakhs.	342.78	82.30
Average Rate	Rs.	38.17	36.55

B. CONSUMPTION PER UNIT OF PRODUCTION

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

Electricity (Unit / Kg.) (Based on 40s Converted production)	5.28	5.46
---	-------------	------

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 ASORPTION

RESEARCH AND DEVELOPMENT (R & D)

1 Specific areas in which R & D carried out by the Company : Plant Tissue Culture

- a. Large scale micropropagation system was developed for Nandina, Cordyline, Limonium, Anthurium and Phalaenopsis (Orchid).
- b. Protocol for different varieties of banana of North Eastern region of India was developed for the following varieties.
Preference in domestic market.
 1. Amritsagar and Malbhog (Assam)
 2. Sabri (Tripura)
 3. Mizoram Cavendish (Mizoram)
 4. Maiti Hai (Manipur)

2 Benefits derived as a result of the above R & D

- a. Ornamentals mentioned above 1(a) are meant for exort (ex-agar) for earning foreign exchange
- b. Farmers of North East India will be benefited for their better livelihood by cultivating disease free, high yielding clones of their specific varieties.

3 Future course of action

- a. Micro propagation system for Papaya and Pomegranae is under progress.
- b. To develop a good system for transportation of plants by road to different states to avoid transit loss and increment in plant cost as well.

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

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



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 28-05-2010, 03-08-2010, 28-10-2010 and 03-02-2011.

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	1	25
4.	Shri S.S. Ramachandra Raja	Director	3	75
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	2	50
9.	Shri V.S. Vemban	Independent Director	4	100
10.	Shri A.V. Dharmakrishnan	Professional Director	4	100



ANNEXURE II TO DIRECTORS' REPORT

The previous Annual General Meeting of the Company was held on 4th August, 2010 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
5.	Shri A. V. Dharmakrishnan

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 -

- Act always in the best interest of the Shareholders.
- Maintain a high standard of probity in his relations with the Company, its subsidiaries, employees, contractors, suppliers and customers.
- Maintain confidentiality of the Company on matters that come to his knowledge as Director, both during his Directorship and thereafter as well.
- Conduct himself in a manner that befits his position.
- 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.
- 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 -

- By his personal behaviour and conduct, set an example to his fellow employees.
- 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.
- Refrain his position for personal benefit from the employees, contractors, suppliers and customers of the Company.
- 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

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 : 28-05-2010, 03-08-2010, 28-10-2010 & 03-02-2011.

The Statutory Auditors, President, Deputy General 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 2/3rd under the Code of Corporate Governance.



ANNEXURE II TO DIRECTORS' REPORT

(b) REMUNERATION COMMITTEE

Sl.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

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

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

(d) INVESTOR GRIEVANCE COMMITTEE

Sl.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 2010-11 and no complaints are pending as on 31-03-2011.

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.5 of Schedule 21 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 31-03-2011.

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

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.

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,
28th May, 2011.



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

Rajapalayam, 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

Gopinenipalem Village,
Vatsavi 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@vsnl.com

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 2011-12 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. 5th 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
31-03-2008	06-08-2008	10.00 A.M	P.A.C.R Centenary Community Hall, P.A.C.Ramasamy Raja Salai, Rajapalaiyam-626 108. Tamil Nadu
31-03-2009	06-08-2009	10.00 A.M	-do-
31-03-2010	04-08-2010	10.00 A.M	-do-

Two Special Resolutions were passed at the Annual General Meeting held on 4th August, 2010 approving the commencement 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 and to insert new regulations in the Articles of Association of the Company to enable the Company to affix Common Seal.

During the year 2010-11, the Shareholders of the Company, through postal ballot process approved the following special resolution:

Subject	Name of the Scrutinizer	Votes for the resolution (Number of Shares of Rs.10 each and %)	Votes against the resolution (Number of Shares of Rs.10 each and %)
To enhance the limit of Inter Corporate Loan to M/s. Thanjavur Spinning Mill Ltd.	K. Srinivasan Chartered Accountant	20,71,745 99.93%	1,419 0.07%

Ensuing Annual General Meeting

Date	Time	Venue
20-07-2011	10.00 A.M.	P.A.C.R. Centenary Community Hall, P.A.C.Ramasamy Raja Salai, Rajapalaiyam - 626 108, Tamil Nadu.

FINANCIAL CALENDAR

(For the Financial year April, 2010 to March, 2011)

Board Meeting for consideration of Accounts and recommendation of dividend	28-05-2011
Posting of Annual Report	On or before 25-06-2011
Book Closure dates	15-07-2011 to 20-07-2011 (both days inclusive)
Last date for receipt of Proxy forms	18-07-2011
Date of the 75 th AGM	20-07-2011
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**

All the financial results are provided to the Stock Exchanges.

SHARE TRANSFER SYSTEM

All the transfers received are processed in-house and are approved by the Share Transfer Committee / Board of Directors and through Circular resolutions. 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 31st March, 2011, 82.31% 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. INE296E01026.

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.



ANNEXURE II TO DIRECTORS' REPORT

REDRESSAL OF GRIEVANCES

There are no pending Share or Debenture transfers as on 31-03-2011. 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**

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. 141.36 Lakhs.

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 31st March, 2011.

For RAJAPALAYAM MILLS LTD.,

RAJAPALAYAM,
28th May, 2011.

SMT. R. SUDARSANAM
MANAGING DIRECTOR.

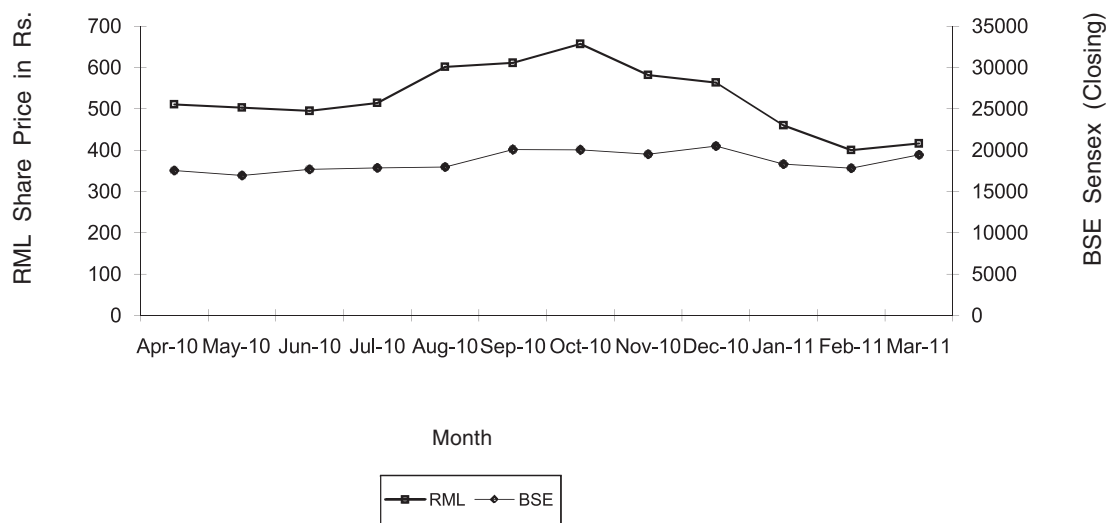


STATISTICAL DATA

Share Price – High & Low / Volume (During April 2010 to March 2011 in BSE)

Month	Bombay Stock Exchange, Mumbai		
	High Rs.	Low Rs.	No. of Shares Traded
April, 2010	550	455	17,174
May	517	460	12,913
June	524	456	10,846
July	530	488	7,329
August	775	530	72,127
September	700	600	22,128
October	699	561	24,933
November	690	540	12,936
December	605	521	5,383
January, 2011	600	438	7,570
February	486	370	19,505
March	433	380	9,230

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





ANNEXURE II TO DIRECTORS' REPORT

Pattern of Shareholding as on 31-03-2011

Description	Total Shareholders	%	Total Shares	%
A. PROMOTERS HOLDING				
1. Promoters	12	0.23	1734446	49.38
Sub-Total	12	0.23	1734446	49.38
B. NON-PROMOTERS HOLDING				
1. Banks, FI's Ins.Cos, Govt. Institutions	3	0.06	1030	0.03
2. NRIs/OCBs & Non-domestic Companies	23	0.44	26479	0.75
3. Private Corporate Bodies	213	4.07	111109	3.16
4. Public	4981	95.20	1639519	46.68
Sub-total	5220	99.77	1778134	50.62
Total	5232	100.00	3512580	100.00

Distribution of Shareholding as on 31-03-2011

No. of Shares held	Total Shareholders	%	Total Shares	%
Upto - 500	4743	90.66	362980	10.33
501 to 1000	193	3.69	143673	4.09
1001 to 2000	135	2.58	185925	5.29
2001 to 3000	48	0.92	118804	3.38
3001 to 4000	30	0.57	101782	2.90
4001 to 5000	9	0.17	39550	1.13
5001 to 10000	31	0.59	200576	5.71
10001 & above	43	0.82	2359290	67.17
Total	5232	100.00	3512580	100.00

Category of Shareholding as on 31-03-2011

Category	Total Shareholders	%	Total Shares	%
Dematerialised Form:				
CDSL	1462	27.94	583606	16.61
NSDL	2953	56.44	2307692	65.70
Physical Form	817	15.62	621282	17.69
Total	5232	100.00	3512580	100.00

ANNEXURE III TO DIRECTORS' REPORT



COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31ST MARCH, 2011

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 31st March, 2011 [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 28-05-2010, 03-08-2010, 28-10-2010 and 03-02-2011 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 29-07-2010 to 04-08-2010 (both days inclusive) and necessary compliance of section 154 of the Act has been made.



ANNEXURE III TO DIRECTORS' REPORT

- 6) The Annual General Meeting for the financial year ended on 31st March, 2010 was held on 04-08-2010 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 duly constituted Committee of Directors has approved the issue of duplicate Share Certificates.
- 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 dividend declared in a separate bank account on 04-08-2010 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 Axis Bank Ltd, Rajapalayam on 09-09-2010.
 - iv) The Company has transferred the amounts in unpaid dividend account amounting to Rs.5,29,890/- and Rs.2,13,801/-relating to the year ended 31-03-2003 and interim dividend for 31-03-2004 respectively which have remained unclaimed or unpaid for a period of 7 years to Investor Education and Protection Fund on 17-09-2010 and 18-01-2011 respectively. 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



- 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 30-06-2010. Approved vide letter dated 12-07-2010.

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 04-08-2010. The Company has also filed Return of Deposits with the Registrar of Companies on 30-06-2010.
- 24) The amount borrowed by the Company from directors, members, public, financial institutions, banks and other during the financial year ending 31st March, 2011 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 04-08-2010 for Rs. 500 Crores. (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business).
- 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.



ANNEXURE III TO DIRECTORS' REPORT

- 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 altered its Articles of Association during the financial year after obtaining approval of members in the General Meeting held on 04-08-2010 and the amendments to the Articles of Association have been duly filed with the Register of Companies, Chennai.
- 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,
24th May, 2011.

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

ANNEXURE III TO DIRECTORS' REPORT



ANNEXURE 'A' SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31ST MARCH, 2011.

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,
24th May, 2011.

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

31ST MARCH, 2011.

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 31st March, 2011.

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 31-03-2010	30-06-2010 A88074752	Yes	Not Applicable
2.	66	383(A)(1)	Secretarial Compliance Certificate for year ended 31-03-2010	24-08-2010 P50126424	Yes	Not Applicable
3.	23 AC, ACA	220	Profit & Loss Account & Balance Sheet as at 31-03-2010	02-09-2010 P51764744	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 31-03-2003	27-01-2011 B04003992	Not Applicable	Not Applicable
5.	20B	159	Annual Return made upto 04-08-2010	29-09-2010 P53143475	Yes	Not Applicable
6.	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 31-03-2004 (Interim Dividend)	18-02-2011 B05868120	Not Applicable	Not Applicable

ANNEXURE III TO DIRECTORS' REPORT



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 fess Paid
7.	62	Rule 4A of Companies (Acceptance of deposit) Rules 1975	Statement in lieu of Advertisement	04-08-2010 A90561655	Yes	Not Applicable
8.	17	138	Satisfaction of charges	17-06-2010 A87275111	Yes	Not Applicable
9.	8	135	Modification of charges	12-06-2010 A86932613	Yes	Not Applicable
10.	8	125	Creation of charges	08-02-2011 B05075270	Yes	Not Applicable
11.	17	138	Satisfaction of charges	04-12-2010 A99841603	Yes	Not Applicable
12.	8	125	Creation of charges	19-10-2010 A96267349	Yes	Not Applicable
13.	8	135	Modification of charges	13-08-2010 A91386854	Yes	Not Applicable
14.	20A	149(2A) (ii)	Declaration of Compliance U/s. 149(2A)	02-09-2010 A93123859	Yes	Not Applicable
15.	23	192	1. Commencement of new business. 2. Alteration of Articles of Association 3. Increase in Borrowing Limits of Board of Directors U/s.293(1)(b). 4. Power to Donate to Board of Directors U/s.293(1)(e).	02-09-2010 A93124865	Yes	Not Applicable
16.	23	192	To give additional loan upto Rs.30 Crores to Thanjavur Spinning Mill Ltd. U/s.372A	27-01-2011 B04015798	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 31-03-2011	30-06-2010 A88076153	Yes	Not Applicable
2.	CAR	233(B) 600 (3) (b)	Filing of cost audit report for the year ended 31-03-2010	01-09-2010 A93014686 A93014439 A93015089 A93015311	Yes	Not Applicable

RAJAPALAIYAM,
24th May, 2011.

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

AUDITORS' REPORT TO SHAREHOLDERS



1. We have audited the attached Balance Sheet of Rajapalayam Mills Limited as at 31st March, 2011, 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 (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, 2011 from being appointed as a director in terms of Section 274 (1) (g) of the Act;



AUDITORS' REPORT TO SHAREHOLDERS

- (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 31st March, 2011;
 - (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

K. SRINIVASAN
Partner
Membership No. 21510

RAJAPALAIYAM,
28th May, 2011.

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

V. JAYANTHI
Partner
Membership No. 28952



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.87.90 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 including the opening balance and the year end balance of such loan aggregate to Rs.93.00 Crores and Rs.54.36 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. 2.52 crores from 2 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. 2.52 Crores and Rs. 0.57 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.
- (g) The Company is regular in payment of the principal and interest wherever applicable.



AUDITORS' REPORT TO SHAREHOLDERS

- (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 arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (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 and exceeding the value of Rs. 5 lakhs in respect of any party during the year 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. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (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, there are no dues of income tax, wealth tax, sales tax, customs duty, excise duty, service tax and cess which have not been deposited on account of any dispute except as follows :

Name of the Statute	Forum where dispute is pending	Amount (Rs. in Lakhs)
TN VAT Act	The Joint Commissioner of Commercial Tax	87.55
Service Tax	Commissioner(Appeals)	0.48

AUDITORS' REPORT TO SHAREHOLDERS



- (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 institution 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.
- (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 term 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 of 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,
28th May, 2011.



BALANCE SHEET AS AT 31ST MARCH 2011

Schedule		As at		(In Rupees)
		31-03-2011		As at 31-03-2010
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	3,51,25,800	3,51,25,800	
Reserves & Surplus	2	144,70,92,613	123,96,25,655	127,47,51,455
		148,22,18,413		
Loan Funds				
Secured Loans	3	354,11,86,556	329,34,62,010	
Unsecured Loans	4	55,51,55,149	29,30,57,092	
		409,63,41,705		358,65,19,102
Deferred Tax Liability				
		40,61,75,841		28,61,75,841
		598,47,35,959		514,74,46,398
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	5	578,59,91,154	518,51,36,886	
Less: Depreciation		250,40,37,480	219,39,75,065	
Net Block		328,19,53,674	299,11,61,821	
Add: Capital Work-in-progress		1,24,08,474	2,35,42,641	
		329,43,62,148		301,47,04,462
Investments	6	38,80,39,021		38,80,39,021
Current Assets, Loans & Advances				
Inventories	7	118,01,90,088	76,92,82,824	
Sundry Debtors	8	41,42,74,486	23,88,84,961	
Cash & Bank Balances	9	6,38,11,799	5,59,31,979	
Loans & Advances	10	111,55,43,404	103,60,65,532	
		277,38,19,777	210,01,65,296	
Less: Current Liabilities & Provisions				
Current Liabilities	11	27,57,07,170	27,09,87,898	
Provisions	12	19,57,77,817	8,44,74,483	
		47,14,84,987	35,54,62,381	
Net Current Assets				
		230,23,34,790		174,47,02,915
		598,47,35,959		514,74,46,398
Significant Accounting Policies				
Notes on Accounts	20			

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

K.SRINIVASAN
Partner. M.No.21510

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

V. JAYANTHI
Partner. M.No.28952

Rajapalaiyam, 28th May 2011.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SMT. R. SUDARSANAM
MANAGING DIRECTOR

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

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011



	Schedule	For the year ended 31-03-2011	(In Rupees) For the year ended 31-03-2010
INCOME			
Sales	13	304,85,10,331	238,40,37,410
Value of Power Generated from Wind Mills		17,69,30,748	16,87,22,038
Other Income	14	15,87,82,466	28,33,03,580
Increase / (Decrease) in stock	15	25,31,82,434	78,09,301
		<u>363,74,05,979</u>	<u>284,38,72,329</u>
EXPENDITURE			
Raw Material consumed		154,47,36,883	122,49,12,698
Trade Purchases		—	26,15,995
Salaries,Wages & Other amenities to employees	16	29,31,38,849	22,98,38,041
Power & Fuel		46,05,34,943	39,18,68,920
Packing Materials consumed		5,32,79,321	4,42,79,855
Job Work Charges		72,43,323	46,71,671
Repairs & Maintenance	17	13,64,02,835	9,76,09,805
Interest & Finance Charges	18	28,50,77,780	29,36,58,880
Managing Director's Remuneration		2,04,86,215	78,06,726
Rates & Taxes		92,17,181	81,28,970
Deferred Revenue Expenses		—	7,79,711
Administrative & Selling Expenses	19	10,32,42,490	8,04,09,615
Corporate Social Responsibility Expenditure		1,41,36,027	60,28,357
Depreciation		32,11,07,050	30,33,70,292
Provision for Taxation			
Current Tax - MAT		7,30,00,000	1,03,00,000
Deferred Tax		12,00,00,000	2,08,00,000
MAT Credit Entitlement		(7,29,00,000)	(1,02,00,000)
Withdrawal of MAT credit related to earlier years		—	93,11,993
		<u>336,87,02,897</u>	<u>272,61,91,529</u>
Profit for the year		26,87,03,082	11,76,80,800



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	Schedule	For the year ended 31-03-2011	(In Rupees) For the year ended 31-03-2010
Profit for the year		26,87,03,082	11,76,80,800
Add: Balance Brought Forward from Previous Year		9,69,30,655	1,55,95,709
Balance available for appropriation		36,56,33,737	13,32,76,509
Appropriated as :			
Transfer to General Reserve		28,00,00,000	1,17,70,000
Dividend		2,63,44,350	2,10,75,480
Tax on Dividend		42,73,712	35,00,374
Platinum Jubilee Dividend		2,63,44,350	—
Tax on Platinum Jubilee Dividend		42,73,712	—
		34,12,36,124	3,63,45,854
Balance carried to Balance Sheet		2,43,97,613	9,69,30,655
Earnings per share (Basic & diluted)		76	34
Significant Accounting Policies	20		
Notes on Accounts	21		

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
K.SRINIVASAN
Partner. M.No.21510
For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
Firm Registration No. 005333S
V. JAYANTHI
Partner. M.No.28952
Rajapalayam, 28th May 2011.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SMT. R. SUDARSANAM
MANAGING DIRECTOR

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

SCHEDULES TO BALANCE SHEET



	As at 31-03-2011	(In Rupees) As at 31-03-2010
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
50,00,000 Equity Shares of Rs. 10/- each	5,00,00,000	5,00,00,000
Issued, Subscribed & Fully Paid-up		
35,12,580 Equity Shares of Rs. 10/- each	3,51,25,800	3,51,25,800
	<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.		
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserves Account	3,75,000	3,75,000
Share Premium	10,55,50,000	10,55,50,000
General Reserve		
As per Last Balance Sheet	103,67,70,000	102,50,00,000
Add : Transfer from Profit & Loss Account	28,00,00,000	1,17,70,000
	131,67,70,000	103,67,70,000
SURPLUS		
Balance in Profit & Loss Account	2,43,97,613	9,69,30,655
	<u>144,70,92,613</u>	<u>123,96,25,655</u>
SCHEDULE 3		
SECURED LOANS		
Loans and Advances from Banks	354,11,86,556	329,34,62,010
Notes :		
Of the above		
i) an amount of Rs. 25,950.63 Lakhs (Previous Year Rs. 22,163.67 Lakhs) are secured by pari- passu charge on the fixed assets of the company and a second charge on the current assets of the company.		
ii) an amount of Rs. 6,961.25 Lakhs (Previous Year Rs. 3,770.95 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. 2,500 Lakhs (Previous Year Rs. 7,000 Lakhs) are secured by subservient charge on rawmaterial stock of the company.		
SCHEDULE 4		
UNSECURED LOANS		
Fixed Deposits	4,94,29,000	4,16,39,000
From Directors	57,26,149	14,18,092
Short Term Loan from Banks	50,00,00,000	25,00,00,000
	<u>55,51,55,149</u>	<u>29,30,57,092</u>

SCHEDULES TO BALANCE SHEET



SCHEDULE 5 FIXED ASSETS

Particulars	Cost as at 01-04-2010	Additions during the year	Sold / withdrawn during the year	Cost as at 31-03-2011	Depreciation upto 01-04-2010	Depreciation for the year	Depreciation Withdrawn	Depreciation upto 31-03-2011	Net Value as at 31-03-2011	Net Value as at 31-03-2010
Land	6,57,74,870	2,62,50,769	—	9,20,25,639	—	—	—	—	9,20,25,639	6,57,74,870
Buildings	42,53,36,863	1,27,47,466	—	43,80,84,329	8,00,95,479	1,27,34,849	—	9,28,30,328	34,52,54,001	34,52,41,384
Plant & Machinery	438,37,19,672	56,22,99,464	1,08,52,684	493,51,66,452	199,42,93,575	26,13,65,353	97,16,102	224,59,42,826	268,92,23,626	238,94,26,097
Electrical Machinery	25,00,88,592	63,92,568	—	25,64,81,160	8,18,54,333	4,09,13,100	—	12,27,67,433	13,37,13,727	16,82,34,259
Furniture & Office Equipments	3,71,60,367	11,50,999	1,36,670	3,81,74,696	2,62,23,493	25,09,707	96,170	2,86,37,030	95,37,666	1,09,36,874
Vehicles	2,29,56,474	43,93,497	13,91,141	2,59,58,830	1,14,59,238	35,79,289	12,32,363	1,38,06,164	1,21,52,666	1,14,97,236
Loose Tools	1,00,048	—	—	1,00,048	48,947	4,752	—	53,699	46,349	51,101
	518,51,36,886	61,32,34,763	1,23,80,495	578,59,91,154	219,39,75,065	32,11,07,050	1,10,44,635	250,40,37,480	328,19,53,674	299,11,61,821

SCHEDULES TO BALANCE SHEET



			(In Rupees)
			As at
			31-03-2011
			As at
			31-03-2010
SCHEDULE 6			
INVESTMENTS			
Non - Trade			
Name of the Company	No. of Shares	Total Face Value Rs.	
a) Quoted			
Fully paid-up Equity Shares in:			
Madras Cements Ltd	3,29,05,000	3,29,05,000	37,79,94,215
Ramco Industries Ltd	79,20,680	79,20,680	92,39,596
The Ramaraju Surgical Cotton Mills Ltd	1,000	10,000	5,026
Mafatlal Engineering Industries Ltd	140	14,000	14,000
Lakshmi Automatic Loom Works Ltd	2,500	25,000	25,000
Tamilnadu Jai Bharath Mills Ltd	1,200	12,000	12,000
Sub - Total			38,72,89,837
b) Unquoted			
(i) Fully paid-up Equity Shares in:			
Sri Vishnu Shankar Mill Ltd	38,400	3,84,000	2,11,022
Miot Hospitals Ltd	2,500	25,000	25,000
Ontime Transport Co. Ltd	50,000	5,00,000	5,00,000
(ii) Partly paid-up Equity Shares in:			
Bharat Paper Mills Ltd.			
Rs.5/- paid-up per share	2,500	25,000	12,562
(iii) OTHERS			
Ramco Group Employee's Co-op Stores Ltd	50	500	500
Srivilliputhur Uganda Producers Co-operative Society	10	100	100
Sub - Total			7,49,184
Total			38,80,39,021
Aggregate Value of:			
Quoted Investments - Cost			38,72,89,837
- Market Value			371,10,52,590
Unquoted Investments - Cost			7,49,184



SCHEDULES TO BALANCE SHEET

	As at 31-03-2011	(In Rupees) As at 31-03-2010
SCHEDULE 7		
INVENTORIES		
Raw Materials	70,48,76,767	55,26,85,670
Stores, Spares, Packing Materials etc.	2,40,23,159	1,84,89,426
Process Stock	17,39,07,111	6,70,49,446
Finished Goods	27,73,83,051	13,10,58,282
	<u>118,01,90,088</u>	<u>76,92,82,824</u>
SCHEDULE 8		
SUNDRY DEBTORS (UNSECURED-CONSIDERED GOOD)		
Outstanding for a period exceeding six months	63,96,416	1,25,31,435
Other debts	40,78,78,070	22,63,53,526
	<u>41,42,74,486</u>	<u>23,88,84,961</u>
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash on Hand	2,90,225	6,99,475
Balance with Scheduled Banks		
In Current Account	4,37,61,991	3,82,60,816
In Unclaimed Dividend Warrant Account	60,69,074	60,39,532
In Deposit Account	1,36,90,509	1,09,32,156
	<u>6,38,11,799</u>	<u>5,59,31,979</u>
SCHEDULE 10		
LOANS AND ADVANCES		
Unsecured : Considered Good		
Advances Recoverable in Cash or Kind	98,41,48,859	94,51,51,964
Advance Income Tax paid, Income-Tax deducted at source and refund receivable	8,49,26,133	2,69,24,035
Deposits	3,79,18,316	5,51,33,272
Prepaid Expenses	85,50,096	88,56,261
	<u>111,55,43,404</u>	<u>103,60,65,532</u>
SCHEDULE 11		
CURRENT LIABILITIES		
Liabilities for Purchases	18,54,68,318	21,05,16,266
Interest Accrued but not due on Loans	1,00,63,602	59,71,625
Liabilities for Expenses	6,93,89,206	4,49,69,793
Other Liabilities	47,16,970	34,90,682
Unclaimed Dividends	60,69,074	60,39,532
	<u>27,57,07,170</u>	<u>27,09,87,898</u>
SCHEDULE 12		
PROVISIONS		
Provision for Taxation	7,30,00,000	1,07,93,247
Provision for Provident Fund Scheme	27,47,958	25,14,796
Provision for Staff Benefit Scheme	2,45,24,977	2,23,21,828
Proposed Dividends	5,26,88,700	2,10,75,480
Provision for Tax on Dividends	85,47,424	35,00,374
P.A.C. Ramasamy Raja Memorial Fund	3,42,68,758	2,42,68,758
	<u>19,57,77,817</u>	<u>8,44,74,483</u>

SCHEDULES TO PROFIT AND LOSS ACCOUNT



	For the year ended 31-03-2011	(In Rupees) For the year ended 31-03-2010
SCHEDULE 13		
SALES		
Sale of Yarn & Fabric	301,01,41,311	235,08,88,863
Sale of Tissue Culture Plants	3,83,69,020	3,31,48,547
	<u>304,85,10,331</u>	<u>238,40,37,410</u>
SCHEDULE 14		
OTHER INCOME		
Waste Cotton Sales	1,51,93,611	1,47,26,401
Interest Received (Tax Deducted at Source - Rs. 61,97,695/-)	6,46,74,206	9,26,92,654
Rent Received	19,38,658	11,96,200
Export Incentives	44,58,945	3,71,77,237
Miscellaneous Income	4,16,95,145	3,23,36,833
Dividend Income from Investments - Non- Trade	2,36,97,812	8,78,10,726
Exchange Fluctuations (Net)	42,75,601	1,52,43,284
Profit on Sale of Assets	28,48,488	21,20,245
	<u>15,87,82,466</u>	<u>28,33,03,580</u>
SCHEDULE 15		
INCREASE / (DECREASE) IN STOCK		
Closing Stock :		
Process Stock	17,39,07,111	6,70,49,446
Finished Goods	27,73,83,051	45,12,90,162
	<u>45,12,90,162</u>	13,10,58,282
Opening Stock :		
Process Stock	6,70,49,446	4,55,74,737
Finished Goods	13,10,58,282	19,81,07,728
	<u>19,81,07,728</u>	14,47,23,690
	<u>25,31,82,434</u>	<u>78,09,301</u>
SCHEDULE 16		
SALARIES, WAGES AND OTHER AMENITIES TO EMPLOYEES		
Salaries, Wages and Bonus	24,34,60,389	18,82,59,006
Contribution to Provident Fund and other Funds	3,84,59,102	3,39,31,156
Staff and Labour Welfare Expenses	1,12,19,358	76,47,879
	<u>29,31,38,849</u>	<u>22,98,38,041</u>
SCHEDULE 17		
REPAIRS AND MAINTENANCE		
Repairs to Buildings	2,09,33,935	1,62,82,727
Repairs to Machinery	6,24,88,044	4,18,78,554
Repairs - General	5,29,80,856	3,94,48,524
	<u>13,64,02,835</u>	<u>9,76,09,805</u>



SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended 31-03-2011	(In Rupees) For the year ended 31-03-2010
SCHEDULE 18		
INTEREST AND FINANCE CHARGES		
Interest on Fixed Loans	18,72,01,809	13,98,63,223
Interest on Fixed Deposits	49,19,925	23,27,827
Interest on Other Loans	9,29,56,046	15,14,67,830
	<u>28,50,77,780</u>	<u>29,36,58,880</u>
SCHEDULE 19		
ADMINISTRATIVE & SELLING EXPENSES		
Postage, Telegram & Telephone	20,30,124	19,26,249
Printing & Stationery	18,38,088	15,57,556
Travelling Expenses	57,73,786	54,20,822
Maintenance of Vehicles	64,15,037	46,88,606
Insurance	55,75,046	53,62,285
Bank Charges	31,53,769	34,84,187
Selling Expenses	1,65,94,607	1,54,02,558
Sales Commission & Brokerage	3,14,77,361	2,54,84,426
Exporting Expenses	1,18,21,926	88,89,440
Directors Sitting Fees	4,35,000	4,35,000
Rent	6,68,075	9,37,413
Audit, Accountancy & Legal Charges	23,17,753	15,40,754
Miscellaneous Expenses	1,51,41,918	52,80,319
	<u>10,32,42,490</u>	<u>8,04,09,615</u>

**SCHEDULE: 20****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**

- (a) On additions to Buildings, Plant & Machinery 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 from 1987-88 to 1992-93: Under Straight Line Method as per rates specified in Schedule XIV.
- (c) On additions to Buildings, Plant & Machinery 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, then in force in accordance with period stated above.

3. Investments

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

4. Fixed Asset

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

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 contributed 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 allowing encashment of 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.

**10. 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.

11. Government Subsidy / Grant

Interest subsidy under Technology Upgradation Fund Scheme (TUF) is credited to interest and finance charges.

12. 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.

13. Earnings Per Share

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

14. 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.

The Company considered credit entitlement of Minimum Alternate Tax (MAT) where it is reasonably certain that this will be available for setoff in accordance with the provisions of the Income Tax Act, 1961.

15. 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

SCHEDULE: 21

(Rs . in Lakhs)

	As at 31-03-2011	As at 31-03-2010
1. Contingent Liabilities		
(i) Liability on Letter of Credit opened		
Capital Goods	833	27
Others	396	301
(ii) Estimated amount of contracts remaining to be executed on capital account not provided	1,720	299
(iii) Liability on guarantees given by the bankers	36	32
(iv) Liability on guarantees given to the bankers	61,399	57,539

2. The tax liability for the company for the financial year 2010-11 is under MAT which works out to Rs. 730 Lakhs. The tax provision of Rs.729 Lakhs made for the current year under MAT will be available for set-off within a period of 10 years and hence the entitlement MAT Credit to the same extent has been taken and included in Loans and advances as per Accounting Standard-22 (Accounting for Taxes on income).

Income tax assessments have been completed up to the accounting year ended on 31-03-2008 i.e., Assessment year 2008-09.

The break up of net deferred tax liability of Rs. 4,062 Lakhs as at 31-03-2011 is as under:

(Rs. in Lakhs)

Timing differences on account of:	Deferred tax Liability
Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	4,821
Tax effect on unabsorbed depreciation (Deferred Tax Asset)	(-) 759
Deferred tax liability as on 31-03-2011	4,062

3. Sales Tax Assessment upto year ended 31st March, 2002 has been completed.
4. (i) The Sales Tax Authorities (Tamil Nadu) have issued demand notice to the Company for a sum of Rs. 87.55 Lakhs for the Assessment Year 2010-11 for reversal of VAT Input Credit taken on Wind Mills purchased. The company has filed a Revision Petition with the Joint Commissioner of Commercial Taxes. In the opinion of the management, there may not be any tax liability.
- (ii) In respect of Service Tax matters, appeals are pending with Appellate Authorities for a demand amount of Rs. 0.48 Lakhs towards rent on immovable properties. In the opinion of the management, there may not be any tax liability.

NOTES ON ACCOUNTS



5. Managing Director's remuneration for the year 2010-11.

(In Rupees)

Salary	24,00,000
Commission	1,76,38,707
Contribution to Provident Fund	2,88,000
Medical Reimbursements	59,508
Contribution to Superannuation Fund	1,00,000
Total	<u>2,04,86,215</u>

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 31-03-2011.

(In Rupees)

Net Profit before tax as per Profit and Loss Account	38,88,03,082
Add: Sitting Fees to Directors	4,35,000
Managing Director's Remuneration	<u>2,04,86,215</u>
	<u>2,09,21,215</u>
Net Profit under Section 349 of the companies Act, 1956	<u>40,97,24,297</u>
Remuneration to Managing Director @ 5% of the above	<u>2,04,86,215</u>

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

(In Rupees)

Name	Closing Balance as on 31-03-2011	Interest
1. Shri P.R. Venketrama Raja	—	1,67,239
2. Smt R. Sudarsanam	57,26,149	4,45,521
Total	<u>57,26,149</u>	<u>6,12,760</u>

7. 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 25.08 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

8. Auditors' remuneration (excluding Service Tax) & expenses:

		(In Rupees)
	2010-11	2009-10
A. Statutory Auditors:		
a. As Auditors		
- Fees	2,20,000	2,20,000
- Expenses reimbursed	22,098	22,871
b. In other Capacities		
- Tax Audit Fees	30,000	30,000
c. Certification / other work - Fees	52,500	1,500
	<u>3,24,598</u>	<u>2,74,371</u>
B. Cost Auditors:		
As Auditors	35,000	30,000
	<u>3,59,598</u>	<u>3,04,371</u>

9. The Company's shares are listed in Madras Stock Exchange Limited and Bombay Stock Exchange Limited, for which Listing Fee for the year 2011-12 has been paid.
10. There are no dues to micro and small enterprises as at 31-03-2011 (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.
11. The proposed Dividends are not subject to deduction of Income Tax as the company is paying Dividend Distribution Tax U/s 115O of the Income Tax Act, 1961.
12. The unadjusted units generated from the Windmills as on 31-03-2011 are 9.07 Lakhs KWH (PY 15.02 Lakhs KWH) and its monetary value of Rs.38.11 Lakhs (PY Rs. 54.67 Lakhs) has been included in Loans & Advances.
13. 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.12.20 Lakhs (PY: 6.19 Lakhs) has been amortized and the same is included in interest & finance charges.
14. As per Accounting Standard -15 (Employee Benefits), the disclosures of employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan:

		Rs.in Lakhs
	2010-11	2009-10
Employer's Contribution to Provident Fund	176.35	146.11
Employer's Contribution to Superannuation Fund	14.11	13.34

NOTES ON ACCOUNTS



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

Reconciliation of opening and closing balances of defined benefit plan:

	Rs. in Lakhs	
	2010-11	2009-10
Defined Benefit Obligation as on 01-04-2010	356.57	295.96
Current Service Cost	33.73	29.65
Interest Cost	27.61	22.34
Actuarial (gain) / loss	21.66	42.14
Past Service Cost - (Vested Benefits)	32.28	NIL
Benefits paid	(-) 23.05	(-) 33.52
Defined Benefit obligation as on 31-03-2011	448.80	356.57

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

Fair value of plan assets as on 01-04-2010	225.65	150.79
Expected return on plan assets	24.26	15.82
Actuarial gain / (loss)	(-) 0.33	(-) 0.77
Employer Contribution	109.03	92.59
Benefits paid	(-) 23.05	(-) 33.52
Fair value of plan assets as on 31-03-2011	335.56	224.91

Actual Return of plan assets:

Expected return of plan assets	24.26	15.82
Actuarial gain / (loss) on plan assets	(-) 0.33	(-) 0.77
Actual return on plan assets	23.93	15.05

Reconciliation of fair value of assets and obligations:

Fair value of plan assets	335.56	224.91
Present value of obligation	448.80	356.57
Difference	131.24	131.66
Unrecognized transitional liability	25.08	50.16
Unrecognized past service cost non vested benefits	NIL	NIL
Amount recognized in Balance Sheet	88.16	81.50

Expense recognized during the year:

Current Service Cost	33.73	29.65
Interest Cost	27.61	22.34
Expected return on plan assets	(-) 24.26	(-) 15.82
Actuarial (gain) / Loss	21.99	42.91
Transitional Liability recognized in the year	25.08	25.08
Past service cost - non - vested benefits	NIL	NIL
Past service cost - vested benefits	32.28	NIL
Net Cost	116.43	104.16



NOTES ON ACCOUNTS

	2010-11	2009-10
Investment Details:		
GOI Securities	1.25%	2.93%
State Government Securities	NIL	NIL
High Quality Corporate Bonds	NIL	NIL
Funds with LIC	98.45%	96.45%
Bank Balance	0.15%	0.39%
Others	0.15%	0.23%
Total	100.00%	100.00%

Actuarial assumptions

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%

Details of Leave encashment plan (Unfunded) are as follows:

Reconciliation of opening and closing balances of obligation:

(Rs. in Lakhs)

Defined Benefit Obligation as on 01-04-2010	134.72	120.48
Current Service Cost	15.91	12.40
Interest Cost	10.34	9.29
Actuarial (gain) / loss	2.75	3.50
Benefits paid	(-) 15.35	(-) 10.95
Defined Benefit obligation as on 31-03-2011	148.37	134.72

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

Fair value of plan assets as on 01-04-2010	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	NIL	NIL
Employer Contribution	15.35	10.95
Benefits paid	(-) 15.35	(-) 10.95
Fair value of plan assets as on 31-03-2011	NIL	NIL

Actual Return of plan assets:

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



	2010-11	Rs.in Lakhs 2009-10
Reconciliation of fair value of assets and obligations:		
Fair value of plan assets	NIL	NIL
Present value of obligation	148.37	134.72
Difference	148.37	134.72
Unrecognized transitional liability	NIL	NIL
Unrecognized past service cost non vested benefits	NIL	NIL
Amount recognized in Balance Sheet	148.37	134.72
Expense recognized during the year:		
Current Service Cost	15.91	12.40
Interest Cost	10.34	9.29
Expected return on plan assets	NIL	NIL
Actuarial (gain) / loss	2.75	3.50
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	29.00	25.19
Investment Details as on 31-03-2011:		
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
Actuarial Assumptions:		
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%



15. The Segment Information for the year ended 31st March, 2011 is detailed below

(Rs. in Lakhs)

Particulars	Textiles		Windmill Power		Tissue Culture		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
REVENUE								
External Sales (Net)	30,101.41	23,508.88			383.69	331.49	30,485.10	23,840.37
Inter Segment Sale			1,769.31	1,687.22			1,769.31	1,687.22
Total Sales	30,101.41	23,508.88	1,769.31	1,687.22	383.69	331.49	32,254.41	25,527.59
Other Income	648.60	991.50	—	—	7.63	3.34	656.23	994.84
Total Revenue	30,750.01	24,500.38	1,769.31	1,687.22	391.32	334.83	32,910.64	26,522.43
RESULT								
Segment Result	5,170.33	1,779.13	677.36	746.69	(-)40.47	51.50	5,807.22	2,577.32
Unallocated Income							284.85	911.27
Operating Profit							—	—
Interest Expense							6,092.07	3,488.59
Interest Income							2,850.78	2,936.59
Provision for Taxation							646.74	926.93
Current Tax - MAT							—	—
Deferred Tax							730.00	103.00
MAT Credit Entitlement							1,200.00	208.00
Withdrawal of MAT credit related to earlier years							(-)729.00	(-) 102.00
							—	93.12
Net Profit							2,687.03	1,176.81
OTHER INFORMATION								
Segment Assets	44,805.11	37,070.30	9,041.31	5,294.98	867.38	889.88	54,713.80	43,255.16
Unallocated Assets							9,848.41	11,773.92
Total Assets							64,562.21	55,029.09
Segment Liabilities	4,649.85	3,508.64	—	—	65.00	45.99	4,714.85	3,554.62
Unallocated Liabilities							45,025.18	38,726.95
Total Liabilities							49,740.03	42,281.57
Capital Expenditure	1,341.16	644.12	4,759.15	—	32.04	39.44	6,132.35	683.56
Unallocated Capital Expenditure							—	—
Depreciation	2,332.82	2,239.43	839.67	753.29	38.58	40.98	3,211.07	3,033.70
Unallocated Depreciation Expenditure							—	—
Non-Cash expenses other than Depreciation	—	—	—	—	—	7.80	—	7.80



NOTES ON ACCOUNTS

16. Earnings per Share

(In Rupees)

Particulars	2010-11	2009-10
Net Profit after tax (A)	26,87,03,082	11,76,80,800
No. of Shares (B)	35,12,580	35,12,580
Basic & Diluted earnings per share of Rs.10/- each (A)/(B)	76	34

17. 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. 5 and 6 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 31-03-2011	
			ICD	Interest
The Ramaraju Surgical Cotton Mills Ltd.	24,50,00,000	1,30,78,904	13,50,00,000	NIL
Sri Vishnu Shankar Mill Ltd	19,50,00,000	83,95,308	2,50,00,000	NIL
Sandhya Spinning Mill Ltd	18,00,00,000	85,74,793	7,86,00,000	NIL
Thanjavur Spinning Mill Ltd	25,00,00,000	1,73,23,290	20,00,00,000	NIL
Sri Harini Textiles Ltd	13,00,00,000	98,86,713	10,50,00,000	NIL



NOTES ON ACCOUNTS

(b) Good Supplied / Services rendered:

(In Rupees)

Name of the Related Party	Value	Outstanding as on 31-03-2011
The Ramaraju Surgical Cotton Mills Ltd	2,26,11,113	NIL
Sri Vishnu Shankar Mill Ltd	1,91,97,076	NIL
Sandhya Spinning Mill Ltd	96,05,616	NIL
Thanjavur Spinning Mill Ltd	5,93,82,889	NIL
Ramco Industries Ltd	1,50,40,181	NIL
Madras Cements Ltd	3,134	NIL
Sri Harini Textiles Ltd	2,44,931	NIL
Rajapalayam Spinners Private Ltd	77,20,464	NIL

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

Name of the Related Party	Value	Outstanding as on 31-03-2011
The Ramaraju Surgical Cotton Mills Ltd	3,42,08,030	NIL
Sri Vishnu Shankar Mill Ltd	20,15,625	NIL
Sandhya Spinning Mill Ltd	76,63,791	NIL
Thanjavur Spinning Mill Ltd	40,43,388	NIL
Ramco Industries Ltd	3,42,98,829	NIL
Madras Cements Ltd	2,73,74,571	NIL
Ramco Systems Ltd	12,91,328	NIL
Rajapalayam Spinners Private Ltd	4,18,63,038	NIL

(d) Amount paid by virtue of joint ownership of shares of APGPCL:

Name of the Related Party	Value	Outstanding as on 31-03-2011
Madras Cements Ltd	3,88,076	NIL

(e) Purchase of Wind Electric Generators with capacity of 800 KVA:

Name of the Related Party	No. of Machines	Value	Outstanding as on 31-03-2011
Madras Cements Ltd	11 Nos	47,59,15,985	NIL

(f) 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	136,80,00,000

NOTES ON ACCOUNTS



(g) Assets Purchased during the year :

Name of the Related Party	Value (Rs.)	Outstanding	Nature
Shri. P.R. Venkatrama Raja	2,63,68,600	NI L	Purchase of Land & Building

(h) Investments sold during the year : NIL

18. 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	2010-11	2009-10
Spindles	Nos	1,25,792	1,21,856
Rotors	Nos	3,816	3,816
Wind Mills	MW	30.70	21.90
Production			
Yarn	Kgs	1,37,28,874	1,46,21,858
Power from Wind Mills	Lakhs - KWH	443	460

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

(In Rupees)

Yarn	UOM	2010-2011		2009-2010	
		Quantity	Value	Quantity	Value
Opening Stock	Kgs	4,36,941	13,10,58,282	6,00,354	12,10,21,925
Sales	Kgs	1,30,47,482	300,12,05,119	1,47,85,271	235,08,88,863
Closing Stock	Kgs	11,18,333	27,73,83,051	4,36,941	13,10,58,282

(c) Raw Materials Consumed:

Cotton & Cotton Waste	Kgs	1,64,25,368	154,47,36,883	1,79,48,982	122,49,12,698
-----------------------	-----	-------------	---------------	-------------	---------------

(d) Value of Imports calculated on CIF Value:

Raw Materials	44,57,12,373	41,66,52,555
Components and Spares	1,17,77,138	1,00,73,009
Capital Goods	3,78,21,947	15,59,759

(e) Expenditure in Foreign Exchange during the year:

Total Value	50,82,05,989	43,62,86,976
-------------	--------------	--------------

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

Export on Yarn	80,54,39,438	44,26,48,255
Export on Fabric	89,36,192	—



NOTES ON ACCOUNTS

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

	2010-2011		2009-2010	
	Rs.	%	Rs.	%
Raw Materials				
Imported	43,23,55,531	27	26,18,73,325	21
Indigenous	114,03,22,089	73	96,30,39,373	79
Spare and Components				
Imported	1,03,46,343	5	1,10,50,544	11
Indigenous	21,05,45,519	95	9,06,29,308	89

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

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

Signatures to Schedules 1 to 21

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

K.SRINIVASAN
Partner. M.No.21510

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

V. JAYANTHI
Partner. M.No.28952

Rajapalaiyam, 28th May 2011.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SMT. R. SUDARSANAM
MANAGING DIRECTOR

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

Directors



CASH FLOW STATEMENT

		(Rs. in Lakhs)
	31-03-2011	31-03-2010
A. Cash flow from Operating Activities		
Net Profit before tax and prior period and extraordinary items	4,617.03	1,478.93
Adjustments for :		
Depreciation	3,211.07	3,033.70
Interest paid	2,850.78	2,936.59
Interest Received	(646.74)	(926.93)
Dividend Received	(236.98)	(878.11)
Deferred revenue expenditure written off	—	7.80
Profit on sale of assets	(28.48)	(21.20)
Operating Profit before Working Capital changes	9,766.68	5,630.78
Increase in Sundry Debtors	(1,753.90)	(338.62)
Increase in Loans and Advances	(2,078.76)	(187.29)
Increase in Inventories	(4,109.07)	(1,610.37)
Increase in Current liabilities	171.56	537.85
Cash generated from Operations	1,996.51	4,032.35
Income tax Paid	(687.95)	(48.93)
Net Cash from Operating activities	A 1,308.56	3,983.42
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(6,021.01)	(825.46)
Sale of Assets	41.84	38.54
Interest Received	646.74	926.93
Dividend Received	236.98	878.11
Net Cash from / (used) in Investing activities	B (5,095.45)	1,018.12
C. Cash Flow from Financing Activities		
Proceeds from Long Term borrowings	4,170.96	462.38
Repayment of Long Term Loan	(384.00)	(135.10)
Increase/(Decrease) in working capital borrowings	1,311.27	(4,153.88)
Decrease in Inter Corporate Deposits	1,864.00	2,129.00
Payment of dividend and tax there on	(245.76)	(82.19)
Interest Paid	(2,850.78)	(2,936.59)
Net Cash from / (used) in Financing Activities	C 3,865.69	(4,716.38)
Net Increase in Cash and Cash Equivalent	(A+B+C) 78.80	285.16
Opening Cash and Cash Equivalent	D 559.32	274.16
Closing Cash and Cash Equivalent	E 638.12	559.32
Net Increase in Cash and Cash Equivalent	(E-D) 78.80	285.16

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

K.SRINIVASAN
Partner. M.No.21510

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

V. JAYANTHI
Partner. M.No.28952

Rajapalayam, 28th May 2011.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SMT. R. SUDARSANAM
MANAGING DIRECTOR

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S.S.RAMACHANDRA RAJA
N.K.RAMASUWAMI RAJA
K.T.KRISHNAN
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	1
---	---	---	---	---	---	---	---

 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	9	8	4	7	3	6
---	---	---	---	---	---	---

 Total Assets

5	9	8	4	7	3	6
---	---	---	---	---	---	---

Sources of Funds

Paid up Capital

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

 Reserves & Surplus

1	4	4	7	0	9	3
---	---	---	---	---	---	---

Secured Loans

3	5	4	1	1	8	6
---	---	---	---	---	---	---

 Unsecured Loans

	5	5	5	1	5	5
--	---	---	---	---	---	---

Deferred Tax Liability

	4	0	6	1	7	6
--	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

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

 Investments

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

Net Current Assets

2	3	0	2	3	3	5
---	---	---	---	---	---	---

 Miscellaneous

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

Accumulated Losses

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

 Expenditure

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

IV PERFORMANCE OF THE COMPANY (Rs. in Thousands)

Turnover*

3	3	8	4	2	2	4
---	---	---	---	---	---	---

 Profit Before Tax

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

*Turnover includes Wind Mill Generation and other Income

Total Expenditure

2	9	9	5	4	2	1
---	---	---	---	---	---	---

 Profit After Tax

	2	6	8	7	0	3
--	---	---	---	---	---	---

Earnings per share in Rs.

					7	6
--	--	--	--	--	---	---

 Dividend Rate %

				1	5	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)

		0	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,
Chartered Accountants
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K.SRINIVASAN
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K.T.KRISHNAN
V.S. VEMBAN
A.V. DHARMAKRISHNAN

Directors

PROXY FORM



RAJAPALAYAM MILLS LIMITED

Regd. Office: Rajapalayam Mills Premises, P.A.C.Ramasamy Raja Salai,

Post Box No. 1, RAJAPALAIYAM – 626 117.

I/WeSon of/Wife of/Daughter of
residing at.....being a member/members of
RAJAPALAYAM MILLS LTD., do hereby appoint Sri/Smt/Miss.....Son of/Wife of/Daughter of
.....residing at..... or failing him
Sri/Smt/Miss.....Son of/
Wife of/Daughter of.....residing
atas my/our proxy to vote for me/us on my /our
behalf at the 75th Annual General Meeting of the Company to be held on Wednesday the 20th July, 2011 at
10.00 A.M. and at any adjournment thereof.

Signed thisday of 2011.



Folio No / DP ID / CL ID	No. of Shares

Affix 1 Rupee
Revenue
Stamp and
Sign over it

Note : Any member entitled to attend and vote at the meeting is entitled to attend and either vote in person or by Proxy and that the Proxy need not be a member of the Company. This form thus completed should be deposited at the Registered Office of the Company at Rajapalayam before 10.00 A.M. on Monday the 18th July, 2011.

