

RAJAPALAYAM MILLS LTD

RAJAPALAIYAM



Annual Report and Accounts for the year ended 31st March 2012



PLATINUM JUBILEE CELEBRATION



Platinum Jubilee Celebration of the Company held on 5th August, 2011. Our Chairman Shri P.R. Ramasubrahmaneya Rajha presenting Report on the “75 years of our Mills’ Journey”.



Our Chairman Shri P.R. Ramasubrahmaneya Rajha presenting Platinum Jubilee Memento to Shri Sanjay Jayavarthanavelu, Managing Director, Lakshmi Machine Works Ltd., who has presided over the function.



Our Chairman Shri P.R. Ramasubrahmaneya Rajha presenting Platinum Jubilee Memento to the Chief Guest Mr. Morinobu Obata, President, Textile Division, Mitsubishi Corporation, Japan.

FOUNDER



SHRI P.A.C. RAMASAMY RAJA

RAJAPALAYAM MILLS LIMITED



Board of Directors

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

Smt R. SUDARSANAM
Managing Director

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

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

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

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

Shri P.S. JAGANATHA RAJA

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

Shri V.S. VEMBAN

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

Bankers

Axis Bank Ltd

Canara Bank

City Union Bank

Corporation Bank

IDBI Bank Ltd

Indian Bank

Karur Vysya Bank Ltd

Kotak Mahindra 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,
Rajapalayam - 626 117,
Tamil Nadu.

Website

www.rajapalayammills.co.in

Auditors

M/s. M.S. Jagannathan & N. Krishnaswami,
Chartered Accountants,
Unit - 5, Ground Floor, Abirami Apartments,
No.14, V.O.C. Road, Cantonment,
Tiruchirappalli - 620 001.
Tamil Nadu.

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

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NOTICE

NOTICE TO THE MEMBERS

Notice is hereby given that the 76th Annual General Meeting of the Company will be held at 10.00 A.M. on Monday, the 6th August, 2012 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 Statement of Profit and Loss for the year ended 31st March, 2012 and the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend for the year 2011-2012.
3. a) To appoint a Director in the place of Shri P.R. Venketrama Raja, who retires by rotation and is eligible for re-appointment.
b) To appoint a Director in the place of Shri P.S. Jaganatha Raja, who retires by rotation and is eligible for re-appointment.
c) To appoint a Director in the place of Shri V.S. Vemban, 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".

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

P.R.RAMASUBRAHMANEYA RAJHA
CHAIRMAN

RAJAPALAIYAM,
28th May, 2012.



NOTICE

NOTES:

1. 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;
2. 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;
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 01-08-2012 to 06-08-2012 (both days inclusive);
4. 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 06-08-2012 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 31-07-2012;
5. 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;
6. 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
31-03-2005 Final Dividend	12-08-2005	11-08-2012	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
31-03-2011 Final Dividend	20-07-2011	19-07-2018	17-08-2018

RAJAPALAIYAM,
28th May, 2012.

By Order of the Board,
For RAJAPALAYAM MILLS LTD.,
P.R.RAMASUBRAHMANEYA RAJHA
CHAIRMAN



NOTICE

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

1. SHRI P.R. VENKETRAMA RAJA

Shri P.R. Venketrama Raja, aged 53 years, has a Bachelor Degree in Chemical Engineering from University of Madras and Master in Business Administration from University of Michigan, USA.

He has been on the Board of Rajapalayam Mills Ltd. since 1986.

He is a Member in the Investors Grievance Committee of the Company.

He holds 7,44,560 Equity Shares in the Company.

He is the son of Shri P.R. Ramasubrahmaneya Rajha, Chairman of the Company.

He is also a Director in the following Companies:-

1. Ramco Industries Limited (Vice-Chairman & Managing Director)
2. Ramco Systems Limited (Vice-Chairman & Managing Director)
3. Madras Cements Ltd
4. The Ramaraju Surgical Cotton Mills Ltd
5. Sri Vishnu Shankar Mill Ltd
6. Sandhya Spinning Mill Ltd
7. Thanjavur Spinning Mill Ltd
8. Sri Harini Textiles Limited
9. Rajapalayam Spinners Limited
10. Deccan Renewable Wind Electrics Limited
11. Sudharsanam Investments Ltd
12. Sri Sandhya Farms (India) Pvt. Ltd
13. Sri Saradha Deepa Farms Private Ltd
14. Ramamandiram Agricultural Estate Private Ltd
15. Nalina Agricultural Farms Private Ltd
16. Ramco Systems Corporation, USA
17. Ramco Systems Ltd., Switzerland
18. Ramco Systems Sdn Bhd., Malaysia
19. Ramco Systems Pte. Ltd., Singapore
20. Sri Ramco Lanka (Private) Limited, Sri Lanka
21. Sri Ramco Roofings Lanka Private Limited - Sri Lanka



NOTICE

22. RCDC Securities and Investments Private Ltd
23. Nirmla Shankar Farms & Estates Private Ltd
24. Sri Nithyalakshmi Farms Private Ltd
25. Ram Sandhya Farms Private Ltd
26. RSL Enterprise Solutions (Pty) Ltd., South Africa
27. Ramco Systems Canada Inc., Canada
28. Ramco Systems FZ-LLC

2. **SHRI P.S. JAGANATHA RAJA**

Shri P.S.Jaganatha Raja, aged 78 years has been on the Board since 1982. He holds 6,360 equity shares in the Company.

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

Audit Committee

Remuneration Committee

3. **SHRI V.S. VEMBAN**

Shri. V.S. Vemban, aged 65 years has been on the Board since 1978. He holds 4,160 equity shares in the Company.



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their 76th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2012.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2012 after charging all expenses but before deducting finance cost and depreciation have resulted in operating profit of Rs. 6,184.36 Lakhs.

After deducting Rs. 3,706.18 Lakhs towards finance cost and providing Rs. 3,007.55 Lakhs towards Depreciation, the Net Loss for the year is Rs. (-) 529.37 Lakhs. Considering reversal of Deferred Tax Liability of Rs. 660.96 Lakhs and adding the surplus of Rs. 243.98 Lakhs brought forward from the previous year, your Directors propose to appropriate the total sum of Rs. 375.57 Lakhs as detailed below:

		Rs. in Lakhs
Dividend	Rs. 1/- per share (PY : Rs.15/- per share)	73.76
Tax on Dividend	@ 16.2225%	11.97
Balance carried over to Balance Sheet		289.84
	TOTAL	<u>375.57</u>

DIVIDEND

Your Directors have pleasure in recommending a dividend of Rs. 1/- per share (Previous Year: Rs.15/- per share). The dividend will be tax free income in the hands of Shareholders as the Company will pay Dividend Distribution Tax under Income Tax Act, 1961. The total amount of Dividend outgo (including tax on dividend) would be Rs. 85.73 Lakhs.

TAXATION

The Company is not liable to pay income tax under regular method and there is no tax liability under Minimum Alternate Tax. An amount of Rs. 660.96 Lakhs has been withdrawn from Deferred Tax Liability provided in the earlier years which is in accordance with the Accounting Standards.

TRADE CONDITIONS

As reported in the Directors' Report in the previous year, Textile Industry especially Spinning Mills across the country are facing unprecedented crisis on account of inconsistent policies adopted by the Government of India with regard to export of cotton and cotton yarn. The cotton prices have gone up too steeply during the season 2010-11 due to unrealistic Government's decision to export huge quantity of cotton during peak cotton season. The Mills were forced to buy good quality cotton

DIRECTORS' REPORT



at abnormally higher prices during that season which was consumed during the financial year 2011-12. There was no parity between cotton cost and price of yarn sold. The Mills were forced to sell the yarn at very low price, though the yarn was produced with the stock of high-cost cotton procured during the season 2010-11 and thus incurred huge inventory losses.

The ban on cotton yarn exports for more than two months in the last quarter of the financial year 2010-11 and the declining domestic demand has resulted in piling up of huge stock of cotton yarn in the Mills. When export of cotton yarn was allowed in April 2011, the accumulated stock caused a crash of cotton yarn prices in the global and domestic markets. The mounting pressure of inventory with Indian Mills and their eagerness to get rid of their inventory before the arrival of new cotton, virtually pushed the global yarn prices down by more than 30 per cent within a month. The crisis in Europe had affected the exports from India and the export orders from European countries have started shrinking during the year under review.

The power cut in Tamilnadu has worsened during the year and severe power cut measures were announced and the power availability from the grid was only 25% from March, 2012 and is still continuing. The mismatch between increased demand for electricity and shortage in the supply has affected the capacity utilization of Mills in Tamilnadu. Timely decision taken by your Directors to install Windmills in previous years and purchase of power from Third Party have helped the Company to tide over the power crisis. Still to meet the full requirements, we have to use Diesel Generator sets resulting in higher costs.

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.

The cumulative effect of the above factors have adversely affected the performance of the Company.

EXPORTS

On the export front during the year, we have made direct export of Cotton Yarn / Fabrics for a value of Rs. 72.36 Crores as against Rs. 81.44 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 for investment in state-of-the-art textile machinery & equipments like Elite Compact Set, Open-End (OE) Spinning Machines, Compact Ring Spinning Machine with Automatic Link Coner, Gassing Machine, Soft Package Winding Machine, etc.



DIRECTORS' REPORT

PROSPECTS FOR THE CURRENT YEAR

The Central Government's frequent interventions in the form of imposition and removal of quantitative restrictions on export of raw cotton as well as cotton yarn without taking a comprehensive view of demand and supply requirements of various segments of textile industry has resulted in high volatility in cotton prices during the cotton season 2011-12. The cotton prices still ruling high at uneconomical levels.

The yarn prices are stagnant due to recessionary trend in both domestic and global markets. The power cut imposed in Tamilnadu to the extent of 75% is severely affecting the operations of the Company. The Government of Tamilnadu has also announced the increase in power tariff by more than 30%.

The increase in wages, power cost, fuel prices & interest cost and the increase in the power cuts in recent period definitely pose a challenge. While the cost of major inputs are increasing steeply, the yarn price has not increased. 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 withstand the challenges in the current scenario.

WIND MILL

The Wind Mill Division with an installed capacity of 30.70 MW is working satisfactorily. The Division has generated 527 Lakhs Kwh as compared to 443 Lakhs Kwh of the previous year. The full benefit of windmills purchased during September, 2010 with the capacity of 8.80 MW has accrued during the year. The income during the year from the Wind Mill Division was Rs. 22.50 Crores as against Rs. 17.69 Crores of previous year.

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. The scarcity of skilled labour and heavy absenteeism in labour attendance are causing loss of production. We are striving our best to retain them by implementing attractive incentive schemes to labours to achieve better attendance.

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

DIRECTORS' REPORT



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 P.R.Venketrama Raja
2. Shri P.S.Jaganatha Raja
3. Shri V.S.Vemban

PUBLIC DEPOSITS

The total deposits from the public outstanding with the Company as on 31st March, 2012 were Rs. 294.39 Lakhs including the deposits renewed in accordance with Section 58A of the Companies Act, 1956. There was no deposits unclaimed / unpaid as on 31-03-2012.

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 2012-13.

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 76th 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 31-03-2012 on a remuneration of Rs. 50,000/- exclusive of out-of-pocket expenses. As per Central Government's direction, cost audit will be done every year. For the year ended 31st March, 2011, the due date of filing the cost audit report was 30th September, 2011 and the actual date of filing the cost audit report was 10th September, 2011.



DIRECTORS' REPORT

SUBSIDIARY COMPANY

In terms of provisions of Section 212 of the Companies Act, 1956, the financial statements of the subsidiary company have to be attached along with the financial statements of the holding Company. Government of India, Ministry of Corporate Affairs, vide their General Circular No.2/2011 dated 08-02-2011, has granted general exemption under Section 212(8) of the Companies Act, 1956 to the Companies from attaching the full text of the Financial Statements of the Subsidiaries along with the Company's accounts / Annual Report subject to certain conditions being fulfilled. As required under the said general exemption Circular, the Consolidated Financial Statements have been presented in this Annual Report and the other required disclosures on the Company's Subsidiary namely M/s. Rajapalayam Spinners Limited have also been made in this report.

The Audited Annual Accounts of the subsidiary and the related detailed information will be made available to the Shareholders of the Company seeking such information at any point of time. The Annual Accounts of the Subsidiary Company will also be kept for inspection by any Shareholder, at the Registered Office of the Company and of the Subsidiary Company concerned.

The Board has approved a scheme of amalgamation of its wholly owned subsidiary M/s. Rajapalayam Spinners Limited with the Company, with effect from 01-04-2012, subject to completion of statutory formalities and the approval of the High Court of Judicature at Madras.

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 2012, 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;



DIRECTORS' REPORT

- 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.

ACKNOWLEDGEMENT

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

RAJAPALAIYAM,
28th May, 2012.

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

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 measures taken : The practice of computing monthly UKG (40's converted) being continued to monitor monthly fluctuation.
Energy Audit and conservation measure is being adopted periodically.
The air leakage in the compressor pipe lines and in the machines are checked monthly once and deviation are corrected by using pump up test.
Installed super low loss chokes for lighting and regularly replacing the conventional chokes.
In non productive areas the conventional tube lights are removed and installed by CFL fittings.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption : Trial Installation of LED fitting is under progress and there is a scope for energy saving.
- (c) Impact the measures at (a) & (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 per 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, Bahrain, China, Bangladesh, Malaysia, Italy, Korea, Macau, Turkey, UAE, Hong Kong, France.
- (g) (i) Total Foreign exchange used : Rs. 3,942.96 Lakhs
(ii) Total Foreign exchange earned : Rs. 7,236.05 Lakhs

ANNEXURE I TO DIRECTORS' REPORT



FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION

1. Electricity		2011-12	2010-11
(a) Purchased from Electricity Board			
Unit	Lakhs KWH	630.12	625.88
Total amount	Rs. in Lakhs	3,060.68	2,924.17
Rate / Unit	Rs.	4.86	4.67
(b) Own Generation			
Through Diesel / HFO Generator	Lakhs KWH	39.90	107.86
Unit per litre of Diesel Oil	KWH	3.60	3.74
Cost / Unit	Rs.	10.54	8.66
(c) Purchase from Third party			
Unit	Lakhs KWH	102.23	143.17
Total Cost	Rs. in Lakhs	579.16	689.00
Rate / Unit	Rs.	5.67	4.81
2. Furnace Oil			
Quantity	Lakhs Ltrs.	5.35	19.89
Total Cost	Rs. in Lakhs	201.20	590.88
Average Rate	Rs.	37.61	29.71
3. Diesel Oil			
Quantity	Lakhs Ltrs.	5.72	8.98
Total Cost	Rs. in Lakhs	219.43	342.78
Average Rate	Rs.	38.36	38.17

B. CONSUMPTION PER UNIT OF PRODUCTION :

Product : Cotton Yarn

Unit : Kg. (40s Converted)

Electricity (Units / Kg.)	5.34	5.28
(Based on 40s Converted production)		

Note :-

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



ANNEXURE I TO DIRECTORS' REPORT

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company
 2. Benefits derived as a result of the above R & D
 3. Future plan of action
 4. Expenditure on R & D
 - a) Capital
 - b) Recurring
 - c) Total
 - d) Total R & D expenditure as a percentage of total turnover
- NIL

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.
 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.
- NIL



ANNEXURE II TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

The Company lays great emphasis on team building and motivation. A contended 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, Five Board Meetings were held, one each on 28-05-2011, 11-08-2011, 10-10-2011, 09-11-2011 and 10-02-2012.

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	5	100
2.	Smt R. Sudarsanam	Managing Director	5	100
3.	Shri P.R. Venketrama Raja	Promoter Director	2	40
4.	Shri S.S. Ramachandra Raja	Director	5	100
5.	Shri N.K. Ramasuwami Raja	Independent Director	5	100
6.	Dr. K.T. Krishnan	Independent Director	5	100
7.	Shri P.S. Jaganatha Raja	Independent Director	2	40
8.	Shri N.R.K. Venkatesh Raja	Independent Director	4	80
9.	Shri V.S. Vemban	Independent Director	4	80
10.	Shri A.V. Dharmakrishnan	Professional Director	4	80



ANNEXURE II TO DIRECTORS' REPORT

The previous Annual General Meeting of the Company was held on 20th July, 2011 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 P.R. Venketrama Raja
3.	Shri S.S. Ramachandra Raja
4.	Shri N.K. Ramasuwami Raja
5.	Dr. K.T. Krishnan
6.	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 -

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

2. FOR SENIOR MANAGEMENT PERSONNEL

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

A Senior Management personnel shall -

- i. By his personal behaviour and conduct, set an example to his fellow employees.
- ii. Conduct himself in a manner that upholds his integrity, rectitude and fair name of the Company and give no occasion to the Management to explain his actions or behaviours.
- iii. Refrain his position for personal benefit from the employees, contractors, suppliers and customers of the Company.



ANNEXURE II TO DIRECTORS' REPORT

- iv. Maintain the confidentiality of the Company's information that has come to his notice, except where disclosure is authorised in writing by the Management.
- 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 report 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	5
2.	Shri N.K. Ramasuwami Raja	5
3.	Shri P.S. Jaganatha Raja	2

No. of Meetings held during the year : 5

Date of the Meetings : 28-05-2011, 11-08-2011, 10-10-2011, 09-11-2011 & 10-02-2012.

The Statutory Auditors, President, General Manager - Finance, 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 Code of Corporate Governance.



ANNEXURE II TO DIRECTORS' REPORT

(B) REMUNERATION COMMITTEE

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

No. of Meetings held during the year : 1

Date of the Meetings : 28-05-2011

(C) SHARE TRANSFER COMMITTEE

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

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

(D) INVESTORS GRIEVANCE COMMITTEE

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

No. of Meetings held during the year : Nil

No complaint has been received during the year 2011-12 and no complaints are pending as on 31-03-2012.

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.

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.

ANNEXURE II TO DIRECTORS' REPORT



5. REMUNERATION OF DIRECTORS

The Non - Executive Directors do not draw any remuneration from the Company except Sitting Fee which were paid @ Rs. 12,000/- for each meeting of the Board and Rs. 6,000/- 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 31-03-2012.

Sl. No.	Name of the Director	No. of Shares
1.	Shri P.R. Ramasubrahmaneya Rajha	9,88,792
2.	Shri P.R. Venketrama Raja	7,44,560
3.	Shri S.S. Ramachandra Raja	24,480
4.	Shri N.K. Ramasuwami Raja	15,400
5.	Dr. K.T. Krishnan	Nil
6.	Shri P.S. Jaganatha Raja	6,360
7.	Shri N.R.K. Venkatesh Raja	24,320
8.	Shri V.S. Vemban	4,160
9	Shri A.V. Dharmakrishnan	1,100

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.

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.



ANNEXURE II TO DIRECTORS' REPORT

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, 2012.



ANNEXURE II TO DIRECTORS' REPORT

SHAREHOLDER INFORMATION

Registered Office

RAJAPALAYAM MILLS LIMITED
Rajapalayam Mills Premises,
Post Box No.1,
P.A.C. Ramasamy Raja Salai,
Rajapalayam - 626 117, Tamilnadu.

Details of Factory Location Textile Division

Rajapalayam, Tamilnadu

Rajapalayam Mills Limited,
Post Box No.1,
P.A.C. Ramasamy Raja Salai,
Rajapalayam - 626 117, Tamilnadu.

Rajapalayam Spintext,
P.A.C. Ramasamy Raja Salai,
Rajapalayam - 626 117, Tamilnadu.

Rajapalayam Textiles,
Perumalpatti Village - 627 753,
Tirunelveli District, Tamilnadu.

Andhra Pradesh

Gopinenipalem Village,
Vatsavai Mandal,
Krishna District - 521 190,
Andhra Pradesh.

Tissue Culture Division

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

Person to be contacted for Shareholder enquires

V. GURUSAMY
Secretary (Compliance Officer),
Rajapalayam Mills Limited,
Post Box No.1, P.A.C. Ramasamy Raja Salai,
Rajapalayam - 626 117, Tamilnadu
Phone : 04563 - 235666
Fax : 04563 - 236520
e-mail : rajacot@ramcotex.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 2012-13 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
31-03-2009	06-08-2009	10.00 A.M	P.A.C.R. Centenary Community Hall, P.A.C.Ramasamy Raja Salai, Rajapalayam-626 108, Tamil Nadu.
31-03-2010	04-08-2010	10.00 A.M	-do-
31-03-2011	20-07-2011	10.00 A.M	-do-

Three Special Resolutions have been passed in the previous three Annual General Meetings.

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

ENSUING ANNUAL GENERAL MEETING

Date	Time	Venue
06-08-2012	10.00 A.M.	P.A.C.R Centenary Community Hall, P.A.C.Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu.

FINANCIAL CALENDAR

(For the Financial year April, 2011 to March, 2012)

Board Meeting for consideration of Accounts and recommendation of dividend	28-05-2012
Posting of Annual Report	On or before 13-07-2012
Book Closure dates	01-08-2012 to 06-08-2012 (Both days inclusive)
Last date for receipt of Proxy forms	04-08-2012
Date of the 76 th AGM	06-08-2012
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.



ANNEXURE II TO DIRECTORS' REPORT

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 2012, 84.33% 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.

REDRESSEL OF GRIEVANCES

There are no pending Share or Debenture transfers as on 31-03-2012. 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 e-mail to investorgrievance@ramcotex.com.



ANNEXURE II TO DIRECTORS' REPORT

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 Note "Other Disclosures".
- 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 temples and for social developments amounted to Rs. 18.05 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, 2012.

RAJAPALAIYAM,
28th May, 2012.

For RAJAPALAYAM MILLS LTD.,

SMT. R. SUDARSANAM
MANAGING DIRECTOR.



ANNEXURE II TO DIRECTORS' REPORT

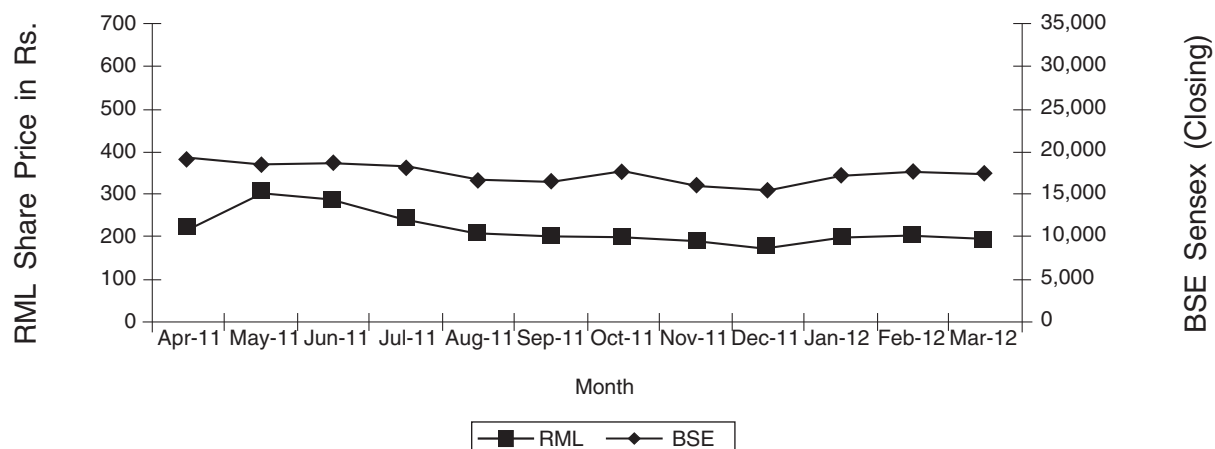
STATISTICAL DATA

Share Price - High & Low / Volume (During April 2011 to March 2012 in BSE)

Month	Bombay Stock Exchange, Mumbai		
	High Rs.	Low Rs.	No. of Shares Traded
April,2011	488	410	5,642
May	612	400	41,470
June	669	555	1,41,747
July	669	238*	72,717
August	251	188	24,767
September	225	199	8,087
October	244	195	8,321
November	215	182	10,821
December	214	173	8,406
January, 2012	200	170	5,801
February	220	187	9,760
March	207	176	11,842

* July, 2011 to March, 2012 : Share price after issue of Bonus Shares in the ratio of 1:1.

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



The share price of the Company for the entire year has been recalculated adjusting the issue of Bonus Shares made during July,2011.



ANNEXURE II TO DIRECTORS' REPORT

Pattern of Shareholding as on 31-03-2012

Description	Total Shareholders	%	Total Shares	%
A. PROMOTERS HOLDING				
1. Promoters	15	0.26	3920200	53.15
Sub-total	15	0.26	3920200	53.15
B. NON - PROMOTERS HOLDING				
1. Banks, FI's Ins.Cos, Govt.Institutions	3	0.05	2060	0.03
2. NRIs/ OCBs & Non- Domestic Companies	33	0.57	59947	0.81
3. Private Corporate Bodies	208	3.62	178244	2.42
4. Public	5481	95.50	3215709	43.59
Sub-total	5725	99.74	3455960	46.85
Total	5740	100.00	7376160	100.00

Distribution of Shareholding as on 31-03-2012

No. of Shares held	Total Shareholders	%	Total Shares	%
Upto - 500	4914	85.61	479031	6.49
501 to 1000	339	5.91	257061	3.49
1001 to 2000	191	3.33	279760	3.79
2001 to 3000	92	1.60	212353	2.88
3001 to 4000	47	0.82	164945	2.24
4001 to 5000	21	0.37	95008	1.29
5001 to 10000	64	1.11	427127	5.79
10001 & above	72	1.25	5460875	74.03
Total	5740	100.00	7376160	100.00

Category of Shareholding as on 31-03-2012

Category	Total Shareholders	%	Total Shares	%
Dematerialized Form:				
CDSL	1586	27.63	1173138	15.91
NSDL	3371	58.73	5046932	68.42
Physical Form	783	13.64	1156090	15.67
Total	5740	100.00	7376160	100.00



AUDITORS' REPORT TO SHAREHOLDERS

1. We have audited the attached Balance Sheet of Rajapalayam Mills Limited as at 31st March, 2012 and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Government of India in terms of section 227 (4A) of the Companies Act, 1956 of India (the Act) and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations give 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet and the Statement of Profit and Loss 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, 2012 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, 2012;
 - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

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

K.SRINIVASAN
Partner
Membership No. 21510

V.JAYANTHI
Partner
Membership No. 28952

RAJAPALAIYAM,
28th May, 2012.



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. 26.75 Crores during the year to 6 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. 75.11 Crores and Rs. 31.61 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. 96.99 Lakhs from a party 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. 92.45 Lakhs and Rs. 4.25 Lakhs 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.
- (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



AUDITORS' REPORT TO SHAREHOLDERS

the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal systems of the Company.

- (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 and protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, service tax, cess and other material statutory dues applicable to it 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)
Service Tax	Commissioner (Appeals)	127.40

- (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 institutions or bank during the year.



AUDITORS' REPORT TO SHAREHOLDERS

- (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) Based on information and explanations given to us, the terms and conditions of the guarantee given by the Company to parties consisting of related parties ([The Ramaraju Surgical Cotton Mills Limited - Guarantee given Rs. 15,199 Lakhs; Loans outstanding Rs. 9,125 Lakhs]; [Sri Vishnu Shankar Mills Limited - Guarantee given Rs. 15,964 Lakhs; Loans outstanding Rs. 8,379 Lakhs]; [Sandhya Spinning Mill Limited - Guarantee given Rs. 15,556 Lakhs; Loans outstanding Rs. 9,716 Lakhs], [Thanjavur Spinning Mills Limited - Guarantee given Rs. 12,675 Lakhs ; Loans outstanding Rs. 8,542 Lakhs]); to secure loans availed from banks by the respective companies are not prejudicial to the interests of Rajapalayam Mills Limited.
- (xvi) On the basis of review of utilisation of funds on an overall basis in our opinion, the terms loans taken by the company were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has made preferential allotment of shares during the year to a party covered in the register maintained under section 301 of the Companies Act. In our opinion the price at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) The Company has not issued debentures and accordingly no securities or charges have been created in respect of debentures.
- (xx) The Company has not made a public issue of any its securities during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

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

K.SRINIVASAN
Partner
Membership No. 21510

V.JAYANTHI
Partner
Membership No. 28952

RAJAPALAIYAM,
28th May, 2012.



BALANCE SHEET AS AT 31ST MARCH 2012

				(Rs. in Lakhs)	
		Note No.	As at 31-03-2012	As at 31-03-2011	
I EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a)	Share Capital	1	737.62	351.26	
(b)	Reserves and Surplus	2	<u>14,951.77</u>	<u>15,689.39</u>	14,470.93
(2) Non Current Liabilities					
(a)	Long Term Borrowings	3	18,541.16	22,311.26	
(b)	Deferred Tax Liabilities (Net)	4	3,400.80	4,061.76	
(c)	Long Term Provisions	5	<u>441.89</u>	<u>22,383.85</u>	471.00
(3) Current Liabilities					
(a)	Short Term Borrowings	6	7,330.09	14,888.81	
(b)	Trade Payables		2,145.05	1,854.68	
(c)	Other Current Liabilities	7	4,100.33	4,219.91	
(d)	Short Term Provisions	8	<u>471.51</u>	<u>14,046.98</u>	1,934.49
Total			<u><u>52,120.22</u></u>	<u><u>64,564.10</u></u>	
II ASSETS					
(1) Non Current Assets					
(a) Fixed Assets					
(i)	Tangible Assets	9	31,196.06	32,783.45	
(ii)	Intangible Assets	9	12.13	25.95	
(iii)	Capital Work-in-Progress		<u>28.11</u>	<u>31,236.30</u>	124.08
(b)	Non Current Investments	10	4,417.20	3,890.53	
(c)	Long Term Loans and Advances	11	3,565.00	5,823.68	
(d)	Other Non Current Assets	12	1,180.68	1,185.88	
(2) Current Assets					
(a)	Inventories	13	5,912.49	11,801.90	
(b)	Trade Receivables	14	3,206.22	4,051.92	
(c)	Cash and Bank Balances	15	381.89	638.12	
(d)	Short Term Loans and Advances	16	1,199.31	2,582.56	
(e)	Other Current Assets	17	<u>1,021.13</u>	<u>11,721.04</u>	1,656.03
Total			<u><u>52,120.22</u></u>	<u><u>64,564.10</u></u>	
Significant Accounting Policies		25			
Notes on Financial Statements		26			

The notes form an integral part of these financial statements

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, 2012.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SMT. R. SUDARSANAM
MANAGING DIRECTOR

V. GURUSAMY
SECRETARY

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

DIRECTORS

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012



		(Rs. in Lakhs)	
	Note No.	For the year ended 31-03-2012	For the year ended 31-03-2011
I	Revenue from Operations	18 32,723.09	32,601.31
II	Other Income	19 1,990.95	1,094.92
III	Total Revenue (I+II)	<u>34,714.04</u>	<u>33,696.23</u>
IV	EXPENSES		
	Cost of Materials Consumed	20 17,058.34	15,447.37
	Changes in Inventories of Finished Goods and Work-in-progress	21 1,471.24	(2,531.83)
	Employee Benefit Expenses	22 2,939.32	2,931.38
	Finance Costs	23 3,706.18	2,850.78
	Depreciation and Amortization Expenses	3,007.55	3,211.07
	Other Expenses	24 7,060.78	7,899.43
	Total Expenses	<u>35,243.41</u>	<u>29,808.20</u>
V	Profit / (Loss) Before Exceptional and Extraordinary items and Tax (III-IV)	(529.37)	3,888.03
VI	Exceptional & Extraordinary items	—	—
VII	Profit / (Loss) Before Tax (V-VI)	(529.37)	3,888.03
VIII	Tax Expenses		
	Current Tax - MAT	—	730.00
	Deferred Tax	(660.96)	1,200.00
	MAT Credit Entitlement	—	(729.00)
IX	Profit for the year (VII-VIII)	<u>131.59</u>	<u>2,687.03</u>
X	Earnings per Equity Share of Rs. 10/- each		
	Basic & Diluted (in Rupees)	1.84	38.25
	Significant Accounting Policies	25	
	Notes on Financial Statements	26	

The notes form an integral part of these financial statements

As per our report annexed

For M.S. JAGANNATHAN & N.KRISHNASWAMI
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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

	(Rs. in Lakhs)	
	2011-12	2010-11
A. Cash flow from Operating Activities		
Net Profit before tax and prior period and extraordinary items	(529.37)	3,888.03
Adjustments for :		
Depreciation	3,007.55	3,211.07
Interest Paid	3,706.18	2,850.78
Interest Received	(655.49)	(646.74)
Dividend Received	(1,174.77)	(236.98)
Loss / (Profit) on Sale of Assets	7.76	(28.48)
Operating Profit before Working Capital Changes	<u>4,361.86</u>	<u>9,037.68</u>
Adjustments for :		
Trade Receivables	850.90	(1,753.89)
Loans and Advances	1,276.75	(1,349.76)
Inventories	5,889.41	(4,109.07)
Trade Payables & Current Liabilities	(234.33)	171.56
Cash generated from Operations	<u>12,144.59</u>	<u>1,996.52</u>
Income Tax Paid	(4.92)	(687.95)
Net Cash from Operating Activities	A <u>12,139.67</u>	<u>1,308.57</u>
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(1,383.78)	(6,021.01)
Acquisition of Subsidiary Company *	(526.91)	-
Sale of Assets	65.89	41.84
Interest Received	655.49	646.74
Dividend Received	1,174.77	236.98
Net Cash used in Investing Activities	B <u>(14.54)</u>	<u>(5,095.45)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012



(Rs. in Lakhs)

2011-12 2010-11

C. Cash Flow from Financing Activities

Proceeds from Long Term Borrowings		99.08	4,170.96
Proceeds from Allotment of Equity Shares		821.34	–
Repayment of Long Term Loan		(3,785.25)	(384.00)
Increase / (Decrease) in Working Capital Borrowings		(7,558.72)	1,311.26
Decrease in Inter Corporate Deposits		2,275.00	1,864.00
Payment of Dividend and Tax thereon		(526.63)	(245.76)
Interest Paid		(3,706.18)	(2,850.78)
Net cash from / (used) in Financing Activities	C	(12,381.36)	<u>3,865.68</u>
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		(256.23)	78.80
Opening balance of Cash and Cash Equivalents			
<i>(Refer to Note No.15)</i>	D	638.12	559.32
Closing balance of Cash and Cash Equivalents			
<i>(Refer to Note No.15)</i>	E	381.89	638.12
Net Increase / (Decrease) in Cash and Cash Equivalents (E-D)		(256.23)	78.80

* Note : Total Purchase consideration for acquisition of Subsidiary Company : Rs. 526.91 Lakhs and the entire consideration value has been discharged by means of cash and cash equivalents.

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.,
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Firm Registration No. 005333S

V. JAYANTHI
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Rajapalayam, 28th May, 2012.

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K.T. KRISHNAN
V.S. VEMBAN
A.V. DHARMAKRISHNAN

DIRECTORS



NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

**As at
31-03-2012** **As at
31-03-2011**

NOTE NO. 1

SHARE CAPITAL

Authorised

1,50,00,000 Equity Shares of Rs.10/- each (PY: 5,00,000 Equity Shares of Rs.10/- each)	1,500.00	<u>500.00</u>
---	-----------------	---------------

Issued, Subscribed and fully Paid-up

73,76,160 Equity Shares of Rs.10/- each (PY: 35,12,580 Equity Shares of Rs.10/- each)	737.62	351.26
--	---------------	--------

	<u>737.62</u>	<u>351.26</u>
--	----------------------	---------------

a. Issued, Subscribed and fully Paid-up Shares includes 62,13,850 Equity Shares (PY: 27,01,270 Equity Shares) of Rs. 10/- each were allotted as fully paid Bonus Shares by Capitalisation of Reserves.

b. Reconciliation of the number of shares outstanding

Particulars	As at 31-03-2012		As at 31-03-2011	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning	35,12,580	351.26	35,12,580	351.26
Issued during the Year - Bonus Issue	35,12,580	351.26	-	-
Issued during the Year - Preferential Allotment	3,51,000	35.10	-	-
Number of Shares at the end	73,76,160	737.62	35,12,580	351.26

c. Rights / Restrictions attached to Equity Shares

- There are no special rights attached to equity shares other than those specified under provisions of various Acts.
- The preferential allotment of 3,51,000 equity shares made on 25-11-2011 are subject to a lock-in period of three years from the date of allotment.

NOTES FORMING PART OF FINANCIAL STATEMENTS



(Rs. in Lakhs)

As at
31-03-2012

As at
31-03-2011

d. List of Shareholders holding more than 5 percent in the Company.

Particulars	As at 31-03-2012		As at 31-03-2011	
	No. of Shares	% of holding	No. of Shares	% of holding
P.R. Ramasubrahmaneya Rajha	9,88,792	13.41%	3,18,896	9.08%
P.R. Venketrama Raja	7,44,560	10.09%	3,72,280	10.60%
Ramco Industries Ltd	8,47,360	11.49%	4,23,680	12.06%
Madras Cements Ltd	7,25,600	9.84%	3,62,800	10.33%

e. Aggregate number of Equity Shares allotted as fully paid up by way of Bonus Shares during the last 5 years : 35,12,580.

NOTE NO. 2

RESERVES AND SURPLUS

Capital Reserve	3.75	3.75
Securities Premium Reserve		
Opening Balance	1,055.50	1,055.50
Less : Amounts utilized towards issue of fully paid Bonus Shares	(351.26)	—
Add : Premium on Issue of Equity Shares	786.24	—
	1,490.48	1,055.50
General Reserve	13,167.70	13,167.70
Surplus in the Statement of Profit and Loss		
Opening Balance	243.98	969.31
Add : Profit for the Year	131.59	2,687.03
Less : Appropriations		
Proposed Dividends	(73.76)	(526.89)
Tax on Dividends	(11.97)	(85.47)
Transfer to General Reserve	—	(2,800.00)
	289.84	243.98
	14,951.77	14,470.93



NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at
31-03-2012

As at
31-03-2011

NOTE NO. 3

LONG TERM BORROWINGS

Secured

Term Loan from Banks **18,413.46** 22,165.38

Unsecured

Deposits **127.70** 145.88
18,541.16 **22,311.26**

- a) Term Loan from Banks are secured by *pari-passu* charge on the fixed assets of the Company and a second charge on the current assets of the Company.
- b) The Term Loans from Banks are repayable in quarterly installments. The year wise repayment of Term Loans are as follows:

Year	As at 31-03-2012	As at 31-03-2011
2012-13	–	3,851.00
2013-14	3,812.08	3,713.00
2014-15	3,572.00	3,572.00
2015-16	3,768.00	3,768.00
2016-17	3,557.00	3,557.00
2017-18	2,173.54	2,173.54
2018-19	1,442.92	1,442.92
2019-20	87.92	87.92
	18,413.46	22,165.38

NOTE NO. 4

DEFERRED TAX LIABILITY (NET)

Deferred Tax Liability

Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961 **5,213.60** 4,783.22

Deferred Tax Asset

Tax effect on unabsorbed depreciation under Income Tax Act, 1961 **(1,812.80)** (721.46)

Net Deferred Tax Liability **3,400.80** **4,061.76**

NOTES FORMING PART OF FINANCIAL STATEMENTS



(Rs. in Lakhs)

	As at 31-03-2012	As at 31-03-2011
NOTE NO. 5		
LONG TERM PROVISIONS		
Provision for Employee Benefits	99.20	128.31
P.A.C.Ramasamy Raja Memorial Fund	342.69	342.69
	441.89	471.00
NOTE NO. 6		
SHORT TERM BORROWINGS		
Secured		
Loan Repayable on Demand from Banks *	5,415.79	9,461.24
Unsecured		
Loan Repayable on Demand from Banks	1,740.16	5,000.00
Deposits	169.89	370.31
Loan from Related Parties (Refer to Note No. 26)	4.25	57.26
	7,330.09	14,888.81
* Loan Repayable on Demand from Banks are secured by <i>pari-passu</i> charge on the current assets of the Company and a second charge on the fixed assets of the Company.		
NOTE NO. 7		
OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debts	3,851.00	3,785.25
Interest Accrued but not Due on Borrowings	58.47	95.70
Unpaid Dividends	65.23	60.69
Liabilites for Other Finance	125.63	278.27
	4,100.33	4,219.91
NOTE NO. 8		
SHORT TERM PROVISIONS		
Provision for Employee Benefits	385.78	592.13
Provision for Taxation	-	730.00
Proposed Dividend Rs.1 per share (PY: Rs. 15/- per share)	73.76	526.89
Provision for Tax on Proposed Dividend	11.97	85.47
	471.51	1,934.49

NOTES FORMING PART OF FINANCIAL STATEMENTS



NOTE NO. 9 TANGIBLE ASSETS

Particulars	Gross block				Depreciation			Net block		
	Cost as at 01-04-2011	Additions during the year	Sold / withdrawn during the year	Cost as at 31-03-2012	Up to 31-03-2011	For the year	Withdrawn	Up to 31-03-2012	As at 31-03-2012	As at 31-03-2011
Tangible Assets										
Land	920.26	-	-	920.26	-	-	-	-	920.26	920.26
Buildings	4,371.40	123.31	-	4,494.71	928.71	137.38	-	1,066.09	3,428.62	3,442.69
Plant and Machinery	49,336.24	1,147.17	125.73	50,357.68	22,346.32	2,622.16	107.33	24,861.15	25,496.53	26,989.92
Electrical Machinery	2,307.20	36.17	-	2,343.37	1,107.65	169.28	-	1,276.93	1,066.44	1,199.55
Furniture &										
Office Equipments	489.75	61.24	1.27	549.72	380.70	24.80	0.69	404.81	144.91	109.05
Vehicles	259.58	111.86	80.19	291.25	138.06	39.82	25.52	152.36	138.89	121.52
Loose Tools	1.00	-	-	1.00	0.54	0.05	-	0.59	0.41	0.46
Total - Tangible Assets	57,685.43	1,479.75	207.19	58,957.99	24,901.98	2,993.49	133.54	27,761.93	31,196.06	32,783.45
Total - Tangible Assets for Previous Year	51,676.88	6,132.35	123.80	57,685.43	21,819.99	3,192.44	110.45	24,901.98	32,783.45	29,856.89
INTANGIBLE ASSETS										
Computer software	159.31	-	-	159.31	133.36	13.82	-	147.18	12.13	25.95
Intangible Assets for Previous Year	159.31	-	-	159.31	114.98	18.38	-	133.36	25.95	44.33

NOTES FORMING PART OF FINANCIAL STATEMENTS



		(Rs. in Lakhs)		
		As at 31-03-2012	As at 31-03-2011	
NOTE NO. 10				
NON-CURRENT INVESTMENTS				
A. Investment Property				
Land		-	-	
Building		15.12	15.12	
Less: Accumulated depreciation as at the beginning of the year		(4.98)	(4.73)	
Depreciation for the year		(0.24)	(0.25)	
Total Investment Property	(A)	<u>9.90</u>	<u>10.14</u>	
Name of the Company	No. of Shares	Total face Value	Cost	Cost
B. Investment in Equity Instruments, Non - Trade				
1) Quoted				
Associate Companies				
Madras Cements Ltd	3,29,05,000	329.05	3,779.94	3,779.94
Ramco Industries Ltd	79,20,680	79.21	92.40	92.40
The Ramaraju Surgical Cotton Mills Ltd	2,000	0.10	0.05	0.05
Others				
Mafatlal Engineering Industries Ltd	140	0.14	0.14	0.14
Lakshmi Automatic Loom Works Ltd	2,500	0.25	0.25	0.25
Tamilnadu Jai Bharath Mills Ltd	1,200	0.12	0.12	0.12
Total quoted Investments	(B)		<u>3,872.90</u>	<u>3,872.90</u>
2) Unquoted				
(i) Fully paid-up				
Subsidiary Company				
Rajapalayam Spinners Limited	60,00,000	600.00	526.91	-
Associate Companies				
Sri Vishnu Shankar Mill Ltd	38,400	3.84	2.11	2.11
Ontime Transport Co.Ltd	50,000	5.00	5.00	5.00
Others				
Miot Hospitals Ltd	2,500	0.25	0.25	0.25
(ii) Partly paid-up				
Bharat Paper Mills Ltd Rs.5/- paid up per share.	2,500	0.25	0.12	0.12
Total un-quoted Investments	(C)		<u>534.39</u>	<u>7.48</u>
C. Other Non-current Investments, Non-Trade				
Ramco Group Employees' Co-operative Stores Ltd	50	0.01	0.01	0.01
Srivilliputhur Uganda Producers Co-operative Society	10	-	-	-
Total other Investments	(D)		<u>0.01</u>	<u>0.01</u>
Aggregate Value of Investments	(A+B+C+D)		<u>4,417.20</u>	<u>3,890.53</u>
Aggregate Value of:				
Quoted Investments - Cost			3,872.90	3,872.90
- Market Value			53,987.96	37,110.53
Unquoted Investments - Cost			544.30	17.63



NOTES FORMING PART OF FINANCIAL STATEMENTS

	As at 31-03-2012	(Rs. in Lakhs) As at 31-03-2011
NOTE NO. 11		
LONG TERM LOANS AND ADVANCES		
Unsecured, considered good		
Loans and Advances to Related Parties (Refer to Note No.26)	3,161.00	5,436.00
Security Deposits	404.00	387.68
	<u>3,565.00</u>	<u>5,823.68</u>
NOTE NO. 12		
OTHER NON-CURRENT ASSETS		
MAT Credit Entitlement	1,137.24	1,137.24
Trade Receivables, Unsecured Considered Good	43.44	48.64
	<u>1,180.68</u>	<u>1,185.88</u>
NOTE NO. 13		
INVENTORIES		
Finished Goods	1,898.28	2,773.83
Rawmaterials - Cotton & Cotton Waste	2,666.03	7,048.77
Stores and Spares	204.80	240.23
Work-in-progress	1,143.38	1,739.07
	<u>5,912.49</u>	<u>11,801.90</u>
Details of Work-in-progress		
Cotton Yarn	938.32	1,567.53
Others	205.06	171.54
	<u>1,143.38</u>	<u>1,739.07</u>

Mode of valuation of inventories are disclosed in Significant Accounting Policies in Note No.25.

NOTES FORMING PART OF FINANCIAL STATEMENTS



	(Rs. in Lakhs)	
	As at	As at
	31-03-2012	31-03-2011
NOTE NO. 14		
TRADE RECEIVABLES		
Unsecured, considered good		
Outstanding for a period of exceeding six months	4.25	15.33
Other Trade Receivables	3,201.97	4,036.59
	<u>3,206.22</u>	<u>4,051.92</u>
NOTE NO. 15		
CASH AND BANK BALANCES		
Cash on Hand	2.52	2.90
Balance with Bank		
In Current Account	206.66	437.62
In Deposit Account for Margin Money	107.48	136.91
In Unclaimed Dividend Warrant Account	65.23	60.69
	<u>381.89</u>	<u>638.12</u>
NOTE NO. 16		
SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Advance to Suppliers	1,075.13	1,733.30
Advance Income-Tax & TDS and Refund Due	124.18	849.26
	<u>1,199.31</u>	<u>2,582.56</u>
NOTE NO. 17		
OTHER CURRENT ASSETS		
Accrued Income	747.35	1,285.32
Prepaid Expenses	89.53	87.39
Other Current Assets	184.25	283.32
	<u>1,021.13</u>	<u>1,656.03</u>



NOTES FORMING PART OF FINANCIAL STATEMENTS

	For the year ended 31-03-2012	(Rs. in Lakhs) For the year ended 31-03-2011
NOTE NO. 18		
REVENUE FROM OPERATIONS		
Sale of Products		
Yarn	29,298.71	30,011.83
Fabrics	55.59	89.58
Tissue Culture Plants	342.69	383.69
Waste Cotton	183.19	151.94
	<u>29,880.18</u>	30,637.04
Other Operating Revenues		
Value of Power Generated from Wind Mills	2,279.61	1,769.31
Export Incentive	436.32	44.59
Job Work Charges Received	126.98	150.37
	<u>32,723.09</u>	<u>32,601.31</u>
NOTE NO. 19		
OTHER INCOME		
Interest Received	655.49	646.74
Rent Received	19.67	19.39
Dividend Income	1,174.77	236.98
Carbon Credit Sale	30.52	-
Industrial Promotion Assistance	37.42	-
Miscellaneous Income	19.38	149.05
Exchange Gain on Foreign Currency Transactions (Net)	53.70	42.76
	<u>1,990.95</u>	<u>1,094.92</u>
NOTE NO. 20		
COST OF MATERIALS CONSUMED		
Rawmaterials Consumed		
Cotton & Cotton Waste	17,058.34	15,447.37

NOTES FORMING PART OF FINANCIAL STATEMENTS



(Rs. in Lakhs)

**For the year ended
31-03-2012**

**For the year ended
31-03-2011**

NOTE NO. 21

**CHANGES IN INVENTORIES OF FINISHED GOODS
AND WORK-IN-PROGRESS**

Opening Stock

Finished Goods	2,773.83	1,310.58	
Work-in-progress	<u>1,739.07</u>	<u>670.49</u>	
	4,512.90		1,981.07

Less: Closing Stock

Finished Goods	1,898.28	2,773.83	
Work-in-progress	<u>1,143.38</u>	<u>1,739.07</u>	
	3,041.66		4,512.90
	<u>1,471.24</u>		<u>(2,531.83)</u>

NOTE NO. 22

EMPLOYEE BENEFIT EXPENSES

Salaries, Wages and Bonus	2,418.06	2,434.60	
Contribution to Provident and Other Funds	388.96	384.59	
Staff and Labour Welfare Expenses	132.30	112.19	
	<u>2,939.32</u>	<u>2,931.38</u>	

NOTE NO. 23

FINANCE COSTS

Interest Expenses	3,463.19	2,821.52	
Other Borrowing Costs	92.44	29.26	
Exchange Fluctuation (net) applicable to Finance Costs	150.55	-	
	<u>3,706.18</u>	<u>2,850.78</u>	



NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	For the year ended 31-03-2012	For the year ended 31-03-2011
NOTE NO. 24		
OTHER EXPENSES		
MANUFACTURING EXPENSES		
Power and Fuel	4,083.62	4,605.35
Packing Materials	485.93	532.79
Repairs to Buildings	222.03	209.34
Repairs to Plant and Machinery	366.27	575.28
Repairs - General	485.02	579.41
Job Work Charges Paid	24.50	74.06
	5,667.37	6,576.23
ESTABLISHMENT EXPENSES		
Managing Director's Remuneration	28.53	204.86
Rates and Taxes	87.90	92.17
Insurance	73.75	55.75
Postage and Telephone	17.92	20.30
Printing and Stationery	21.26	18.38
Travelling Expenses	50.63	57.74
Vehicle Maintenance	77.03	64.15
Directors Sitting Fees	5.77	4.35
Rent	12.36	6.68
Audit and Legal Expenses	22.11	23.18
Corporate Social Responsibility Expenses	18.05	141.36
Loss / (Profit) on Sale of Assets	7.76	(28.48)
Miscellaneous Expenses	369.37	63.82
	792.44	724.26
SELLING EXPENSES		
Sales Commission	300.44	314.77
Export Expenses	93.84	118.22
Other Selling Expenses	206.69	165.95
	600.97	598.94
	7,060.78	7,899.43



NOTE NO. 25

SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of preparation of financial statements

- (i) The financial statements have been prepared under the historical cost convention and in accordance with the generally accepted accounting principles, the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006 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. Use of Estimates

The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates in the future periods.

3. Tangible Fixed Assets

- (i) Tangible Fixed Assets are stated at cost of acquisition (net of CENVAT/VAT wherever applicable) less accumulated depreciation/amortisation and impairment losses if any, except freehold land which is carried at cost less impairment losses if any. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the asset beyond its previously assessed standard of performance. All other expenses on fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.
- (ii) Depreciation has been provided on straight line / Written down value method at the rates specified under rules / Schedule XIV to the Companies Act 1956, prevailing at the time of acquisition of the asset.
- (iii) Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of such assets are recognised in the statement of profit and loss.

4. Intangible Assets

The cost of computer software that are installed are accounted at cost for acquisition of such software and are carried at cost less accumulated amortisation and impairment, if any. Internally generated software is not capitalized and the expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.



NOTES FORMING PART OF FINANCIAL STATEMENTS

5. Investments

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

6. Investment Property

- (i) An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operations of the Company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment loss if any.
- (ii) Depreciation on building component of investment property is calculated on straight-line basis using the rate prescribed under Schedule XIV to the Companies Act, 1956.
- (iii) Gains or losses arising from disposal of investment properties are measured as the difference between the net disposal proceeds and the carrying amount of such investment properties are recognised in the statement of profit and loss.

7. 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.
- (ii) Work-in-progress 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.

8. Revenue recognition

- (i) Revenue is recognised to the extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- (ii) Sale of products is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer. Sale value excludes Excise duty, Education Cess, Secondary and Higher education cess, VAT and CST.
- (iii) Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.
- (iv) Income from Wind Mills:

Units generated from windmills 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. The value of unadjusted units as on the Balance Sheet date has been included in Accrued Income under the note Other Current Assets.



9. Employee Benefits

- (i) Short-term employee benefit viz., Salaries and Wages, are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss 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 Statement of Profit and Loss 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.

10. 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.

11. Borrowing Costs

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



NOTES FORMING PART OF FINANCIAL STATEMENTS

12. Government Subsidy / Grant

- (i) Interest subsidy under Technology Upgradation Fund Scheme (TUF) is credited to the Finance Costs.
- (ii) Power Subsidy under Industrial Investment Promotion Policy of Andhra Pradesh is credited to the Power & Fuel cost.
- (iii) Other subsidies under Industrial Investment Promotion Policy of Andhra Pradesh are credited to Industrial Promotion Assistance under Note "Other Income".

13. Foreign Currency Transactions

- (a) Transactions in Foreign Currency are accounted at the exchange rates prevailing at the time of transaction. The difference in exchange rates arising on the settlement of monetary items are recognized as income or expenses in the Statement of Profit and Loss.
- (b) 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. The exchange difference on account of this is recognized in the Statement of Profit and Loss as per Accounting Standard-11 (The Effects of Changes in Foreign Exchange Rates).
- (c) 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.

14. Earnings per share

Net profit after tax is divided by weighted average number of equity shares as stipulated in Accounting Standard - 20 (Earnings per share).

15. Income tax

The tax provision is considered as stipulated in Accounting Standard-22 (Accounting for Taxes on income) and includes current and deferred tax liability. The Company recognizes 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.

16. Segment Reporting

The Company has identified three reportable segments viz., Textiles, Tissue Culture and Power generation from Windmills 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 FORMING PART OF FINANCIAL STATEMENTS



(Rs. in Lakhs)

NOTE NO. 26 **As at 31-03-2012** **As at 31-03-2011**

OTHER DISCLOSURES

1. Contingent Liabilities
 - (i) Liability on guarantees given by the Bankers **29** 36
 - (ii) Liability on guarantees given to the Bankers **59,394** 61,399
2. Commitments
 - (i) Estimated amount of contracts remaining to be executed on capital account not provided **1,697** 1,720
 - (ii) Other Commitments
 - Liability on Letter of Credit opened for Capital Goods **–** 833
 - Liability on Letter of Credit opened for Others **94** 396
3. Sales Tax Assessment upto year ended 31st March, 2002 has been completed.
4. In respect of Service Tax matters, appeals are pending with Appellate Authorities for a demand amount of Rs. 127.40 Lakhs (PY: NIL) towards manpower recruitment or supply agency services. In view of the various case laws decided in favour of the Company and in the opinion of the management, there may not be any tax liability.
5. Details of Loans from Directors under "Loan from Related Parties" are:-

Name	Closing Balance as on		Interest Paid	
	31-03-2012	31-03-2011	2011-12	2010-11
Smt. R. Sudarsanam	4.25	57.26	6.75	4.45
Shri. P.R. Venketrama Raja	–	–	–	1.67

6. Contribution to Gratuity Fund includes an amount of Rs. 25.09 Lakhs (PY: 25.08 Lakhs) recognized in the current period related to past service transitional liability in accordance with Accounting Standard-15 (Employee Benefits).
7. Auditors' remuneration (excluding Service Tax) & expenses:

	2011-12	2010-11
A. Statutory Auditors		
a. As Auditors		
- Fees	2.50	2.20
- Expenses reimbursed	0.62	0.22
b. In other Capacities		
- Tax Audit Fees	0.30	0.30
c. Certification Work - Fees	0.95	0.53
	4.37	3.25
B. Cost Auditors		
As Auditors	0.50	0.35
	4.87	3.60



NOTES FORMING PART OF FINANCIAL STATEMENTS

8. Company's shares are listed in Madras Stock Exchange Limited and Bombay Stock Exchange Limited, for which listing fee for the year 2012-13 has been paid.
9. There are no dues to micro and small enterprises as at 31-03-2012 (PY: NIL). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
10. The unadjusted units generated from the Windmills as on 31-03-2012 are 16.96 Lakhs KWH (PY 9.07 Lakhs KWH) and its monetary value of Rs. 68.63 Lakhs (PY Rs. 38.11 Lakhs) has been included in Other Current Assets.
11. The premium on forward exchange contracts not intended for trading or speculation purpose is amortized as expenses over the life of the contract. During the current year Rs. 85.48 Lakhs (PY: 12.20 Lakhs) has been amortized and the same is included in Finance Costs.
12. As per Accounting Standard -15 (Employee Benefits), the disclosures of employee benefits as defined in the Accounting Standard are given below:

	(Rs. in Lakhs)	
	2011-12	2010-11
Defined Contribution Plan:		
Employer's Contribution to Provident Fund	201.46	176.35
Employer's Contribution to Superannuation Fund	15.19	14.11
Details of the post retirement gratuity plan (Funded) are as follows:		
Reconciliation of opening and closing balances of defined benefit plan:		
Defined Benefit Obligation as on 01-04-2011	448.80	356.57
Current Service Cost	35.68	33.73
Interest Cost	33.17	27.61
Actuarial (gain) / loss	16.48	21.66
Past Service Cost - (Vested Benefits)	-	32.28
Benefits paid	(-) 68.71	(-) 23.05
Defined Benefit obligation as on 31-03-2012	465.42	448.80
Reconciliation of opening and closing balances of fair value of plan assets:		
Fair value of plan assets as on 01-04-2011	335.56	225.65
Expected return on plan assets	33.73	24.26
Actuarial gain / (loss)	(-) 0.84	(-) 0.33
Employer Contribution	128.94	109.03
Benefits paid	(-) 68.71	(-) 23.05
Fair value of plan assets as on 31-03-2012	428.68	335.56

NOTES FORMING PART OF FINANCIAL STATEMENTS



	(Rs. in Lakhs)	
	2011-12	2010-11
Actual Return of plan assets:		
Expected return of plan assets	33.73	24.26
Actuarial gain / (loss) on plan assets	(-) 0.84	(-) 0.33
Actual return on plan assets	32.89	23.93
Reconciliation of fair value of assets and obligations:		
Fair value of plan assets	428.68	335.56
Present value of obligation	465.42	448.80
Difference	36.74	113.24
Unrecognized transitional liability	NIL	25.08
Unrecognized past service cost non vested benefits	NIL	NIL
Amount recognized in Balance Sheet	36.74	88.16
Expense recognized during the year:		
Current Service Cost	35.68	33.73
Interest Cost	33.17	27.61
Expected return on plan assets	(-) 33.73	(-) 24.26
Actuarial (gain) / loss	17.32	21.99
Transitional liability recognized in the year	25.09	25.08
Past service cost-non-vested benefits	NIL	NIL
Past service cost-vested benefits	NIL	32.28
Net Cost	77.53	116.43
Investment Details:		
GOI Securities	0.59%	1.25%
State Government Securities	NIL	NIL
High Quality Corporate Bonds	NIL	NIL
Funds with LIC	99.20%	98.45%
Bank balance	0.09%	0.15%
Others	0.12%	0.15%
Total	100.00%	100.00%
Actuarial assumptions:		
LIC 1994-96 Ultimate Table applied for Service		
Mortality rate	Yes	Yes
Discount rate p.a	8.60%	8.00%
Expected rate of return on plan assets p.a	9.25%	9.25%
Rate of escalation in salary p.a	3.00%	4.00%



NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	2011-12	2010-11
Details of Leave encashment plan (Unfunded) are as follows:		
Reconciliation of opening and closing balances of Obligation:		
Defined Benefit Obligation as on 01-04-2011	148.37	134.72
Current Service Cost	14.85	15.91
Interest Cost	11.07	10.34
Actuarial (gain) / loss	(-) 15.77	2.75
Benefits paid	(-) 20.06	(-) 15.35
Defined Benefit Obligation as on 31-03-2012	138.46	148.37
Reconciliation of opening and closing balances of fair value of plan assets:		
Fair value of plan assets as on 01-04-2011	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	NIL	NIL
Employer Contribution	20.06	15.35
Benefits paid	(-) 20.06	(-) 15.35
Fair value of plan assets as on 31-03-2012	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
Reconciliation of fair value of assets and obligations:		
Fair value of plan assets	NIL	NIL
Present value of obligation	138.46	148.37
Difference	138.46	148.37
Unrecognized transitional liability	NIL	NIL
Unrecognized past service cost non vested benefits	NIL	NIL
Amount recognized in Balance Sheet	138.46	148.37

NOTES FORMING PART OF FINANCIAL STATEMENTS



	(Rs. in Lakhs)	
	2011-12	2010-11
Expense recognized during the year:		
Current Service Cost	14.85	15.91
Interest Cost	11.07	10.34
Expected return on plan assets	NIL	NIL
Actuarial (gain) / loss	(-) 15.77	2.75
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	10.15	29.00
Investment Details as on 31-03-2012:		
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	8.60%	8.00%
Expected rate of return on plan assets p.a	NIL	NIL
Rate of escalation in salary p.a	3.00%	4.00%



13. Segment Information for the year ended 31st March, 2012 (Rs. in Lakhs)

Particulars	Textiles		Tissue Culture		Windmill Power		Total
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2010-11
REVENUE							
External Sales (Net)	30,100.79	30,448.31	342.69	383.69	-	-	30,832.00
Inter Segment Sale	-	-	-	-	2,279.61	1,769.31	1,769.31
Total Sales	30,100.79	30,448.31	342.69	383.69	2,279.61	1,769.31	32,601.31
Other Income	128.40	207.88	1.76	3.32	30.52	-	211.20
Total Revenue	30,229.19	30,656.19	344.45	387.01	2,310.13	1,769.31	32,812.51
RESULT							
Segment Result	322.57	5,196.97	(19.66)	(56.44)	1,043.64	714.55	5,855.08
Unallocated Income							236.98
Unallocated Expenses							-
Operating Profit							6,092.06
Interest Expenses							2,850.77
Interest Income							646.74
Provision for Taxation							-
Current Tax							730.00
Deferred Tax							1,200.00
MAT Credit entitlement							(729.00)
Profit from ordinary activities							131.59
Exceptional Items							-
Net Profit							2,687.03
OTHER INFORMATION							
Segment Assets	35,586.38	45,328.71	911.77	867.38	8,043.85	9,041.48	55,237.57
Unallocated Assets							9,326.53
Total Assets							64,564.10
Segment Liabilities	3,282.32	4,629.84	25.43	65.00	-	-	4,694.84
Unallocated Liabilities							45,047.07
Total Liabilities							49,741.91
Capital Expenditure	1,474.25	1,341.16	5.50	32.04	-	4,759.15	6,132.35
Unallocated Capital Expenditure							-
Depreciation	1,977.50	2,332.82	32.42	38.58	997.63	839.67	3,211.07
Unallocated Depreciation Expenditure							-
Non-Cash expenses other than Depreciation	-	-	-	-	-	-	-

NOTES FORMING PART OF FINANCIAL STATEMENTS



14. Earnings per Share

Particulars	2011-12	2010-11
Net Profit after Tax - Rs. in Lakhs (A)	131.59	2,687.03
Adjusted Weighted average number of Equity Shares - In Lakhs (B)	71.43	70.26
Basic & Diluted earnings per share for Rs.10/- each - In Rupees (A)/(B)	1.84	38.25
(No. in Lakhs)		
Reconciliation of Weighted average number of Equity Shares		
No. of Shares at the beginning of the year	35.13	35.13
Bonus Shares issued during 2011-12	35.13	35.13
Total (A)	70.26	70.26
Equity Shares allotted on preferential basis during 25 th November, 2011 (B)	3.51	-
Adjusted Weighted average number of Equity Shares (A) + (B/12*4)	71.43	70.26

15. Related Party Transactions

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

a. 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 Item No. 5 of Note No. 26 above.

b. 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

c. Subsidiary Company

M/s. Rajapalayam Spinners Limited



NOTES FORMING PART OF FINANCIAL STATEMENTS

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

(a) Inter Corporate Deposits given

(Rs. in Lakhs)

Name of the Related Party	Maximum Outstanding		Outstanding as on	
	2011-12	2010-11	31-03-2012	31-03-2011
The Ramaraju Surgical Cotton Mills Ltd	1,350.00	2,450.00	300.00	1,350.00
Sri Vishnu Shankar Mill Ltd	250.00	1,950.00	–	250.00
Sandhya Spinning Mill Ltd	786.00	1,800.00	186.00	786.00
Thanjavur Spinning Mill Ltd	3,500.00	2,500.00	1,500.00	2,000.00
Sri Harini Textiles Ltd	1,350.00	1,300.00	950.00	1,050.00
Rajapalayam Spinners Ltd	275.00	–	225.00	–

Interest on Inter Corporate Deposits

Name of the Related Party	Interest		Outstanding as on	
	2011-12	2010-11	31-03-2012	31-03-2011
The Ramaraju Surgical Cotton Mills Ltd	120.09	130.79	NIL	NIL
Sri Vishnu Shankar Mill Ltd	23.95	83.95	NIL	NIL
Sandhya Spinning Mill Ltd	75.04	85.75	NIL	NIL
Thanjavur Spinning Mill Ltd	233.19	173.23	NIL	NIL
Sri Harini Textiles Ltd	137.20	98.87	NIL	NIL
Rajapalayam Spinners Ltd	5.14	–	NIL	NIL

(b) Goods Supplied / Services rendered

Name of the Related Party	Value		Outstanding as on	
	2011-12	2010-11	31-03-2012	31-03-2011
The Ramaraju Surgical Cotton Mills Ltd	47.00	226.11	NIL	NIL
Sri Vishnu Shankar Mill Ltd	301.47	191.97	NIL	NIL
Sandhya Spinning Mill Ltd	59.17	96.05	NIL	NIL
Thanjavur Spinning Mill Ltd	30.48	593.83	NIL	NIL
Ramco Industries Ltd	1,353.81	150.40	NIL	NIL
Madras Cements Ltd	55.05	0.03	NIL	NIL
Sri Harini Textiles Ltd	2.43	2.45	NIL	NIL
Rajapalayam Spinners Ltd	37.45	77.20	NIL	NIL

(c) Purchase of Wind Electric Generators with capacity of 800 KVA

Name of the Related Party	Value		Outstanding as on	
	2011-12	2010-11	31-03-2012	31-03-2011
Madras Cements Ltd	–	4,759.16	NIL	NIL

NOTES FORMING PART OF FINANCIAL STATEMENTS



(d) Cost of Goods & Services purchased / availed

(Rs. in Lakhs)

Name of the Related Party	Value		Outstanding as on	
	2011-12	2010-11	31-03-2012	31-03-2011
The Ramaraju Surgical Cotton Mills Ltd	231.63	342.08	NIL	NIL
Sri Vishnu Shankar Mill Ltd	134.33	20.16	NIL	NIL
Sandhya Spinning Mill Ltd	0.30	76.64	NIL	NIL
Thanjavur Spinning Mill Ltd	82.06	40.43	NIL	NIL
Ramco Industries Ltd	152.06	342.99	NIL	NIL
Madras Cements Ltd	291.86	273.75	NIL	NIL
Ramco Systems Ltd	12.67	12.91	NIL	NIL
Sri Harini Textiles Ltd	0.03	–	NIL	NIL
Rajapalayam Spinners Ltd	240.89	418.63	NIL	NIL

(e) Corporate Guarantee given

Name of the Related Party	Guarantee Amount	
	31-03-2012	31-03-2011
The Ramaraju Surgical Cotton Mills Ltd	15,199.00	15,199.00
Sri Vishnu Shankar Mill Ltd	15,964.00	15,964.00
Sandhya Spinning Mill Ltd	15,556.00	16,556.00
Thanjavur Spinning Mill Ltd	12,675.00	13,680.00

(f) Assets Purchased during the year: **NIL** (PY: Rs. 263.69 Lakhs).

(g) Purchase of Shares of Rajapalayam Spinners Ltd : **Rs.526.91** Lakhs (PY: NIL)

16. Other Additional information pursuant to the Revised Schedule VI of the Companies Act,1956.

(Rs. in Lakhs)

(a) Value of Imports calculated on CIF Value

	2011-12	2010-11
Raw Materials	2,949.56	4,457.12
Components and Spares	73.80	117.77
Capital Goods	729.88	378.22

(b) Expenditure in Foreign Exchange during the year

	2011-12	2010-11
Interest	77.24	56.41
Export Sales Commission	110.17	108.89
Foreign Travel	2.31	11.91
Total	189.72	177.21



NOTES FORMING PART OF FINANCIAL STATEMENTS

(c) Value of Raw Materials, Stores & Spare parts consumed

	(Rs. in Lakhs)			
	2011-12		2010-11	
	Amount	%	Amount	%
Raw Materials				
Imported	2,947.49	17	4,323.55	28
Indigenous	14,110.85	83	11,123.82	72
Spares and Components				
Imported	98.69	7	103.46	5
Indigenous	1,321.41	93	2,105.46	95

(d) Earnings in Foreign exchange (FOB Value)

	2011-12	2010-11
Export on Yarn	7,180.46	8,054.39
Export on Fabrics	55.59	89.36

17. The Financial Statement for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI of the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the Financial Statement for the year ended 31st March, 2012 are prepared under revised Schedule VI. Accordingly the previous year's figures have also been reclassified to confirm to the current year's classification.

18. Figures have been rounded off to Lakhs with two decimals.

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, 2012.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN.

SMT. R. SUDARSANAM
MANAGING DIRECTOR

V. GURUSAMY
SECRETARY

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

DIRECTORS



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of Subsidiary Company : **RAJAPALAYAM SPINNERS LIMITED** (Wholly Owned Subsidiary)

1. The Company holds 60,00,000 Equity Shares of Rs.10/- each as on 31-03-2012.
2. The Net Loss of Rs.(-) 136.30 Lakhs of the Subsidiary Company for the year ended 31-03-2012 has not been dealt with in the Company's account. The above Loss is calculated for the period from the date on which Parent-Subsidiary relationship came into existence i.e., from 14-11-2011 to 31-03-2012. The figures for the previous period are not applicable.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SMT. R. SUDARSANAM
MANAGING DIRECTOR

V. GURUSAMY
SECRETARY

S.S. RAMACHANDRA RAJA
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P.S. JAGANATHA RAJA
K.T. KRISHNAN
V.S. VEMBAN
A.V. DHARMAKRISHNAN

DIRECTORS

Rajapalayam, 28th May, 2012.



**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY**

**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF RAJAPALAYAM MILLS LIMITED
ON THE CONSOLIDATED FINANCIAL STATEMENT OF RAJAPALAYAM MILLS LIMITED
AND ITS SUBSIDIARY**

We have examined the attached Consolidated Balance Sheet of Rajapalayam Mills Limited and its subsidiary as at 31st March, 2012 and the Consolidated Statement of Profit and Loss for the year ended 31st March, 2012.

These financial statements are the responsibility of the management of Rajapalayam Mills Limited. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with identified financial reporting framework and are free from material misstatements. 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 statements. We believe our audit provides a reasonable basis for our opinion.

We did not audit the separate financial statements to the subsidiary, Rajapalayam Spinners Limited. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion insofar as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, on Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Rajapalayam Mills Limited and its subsidiary included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual financial statements of Rajapalayam Mills Limited and its aforesaid subsidiary, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting policies generally accepted in India:

- (a) In the case of the Consolidated balance Sheet of the consolidated state of affairs of Rajapalayam Mills Limited and its subsidiary as at March 31, 2012; and
- (b) In the case of the Consolidated Statement of Profit and Loss of the consolidated results of the operations of Rajapalayam Mills Limited and its subsidiary for the year then ended.
- (c) In the case of the Consolidated Cash Flow Statements of the Cash flows of Rajapalayam Mills Limited and its subsidiary for the year then ended.

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, 2012.

**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
BALANCE SHEET AS AT 31ST MARCH 2012**



	Note No.		(Rs. in Lakhs) As at 31-03-2012
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	737.62	
(b) Reserves and Surplus	2	<u>14,178.29</u>	14,915.91
(2) Non Current Liabilities			
(a) Long Term Borrowings	3	21,675.23	
(b) Deferred Tax Liabilities (Net)	4	3,052.50	
(c) Long Term Provisions	5	<u>447.37</u>	25,175.10
(3) Current Liabilities			
(a) Short Term Borrowings	6	8,163.18	
(b) Trade Payables		2,152.24	
(c) Other Current Liabilities	7	4,511.12	
(d) Short Term Provisions	8	<u>491.99</u>	15,318.53
Total			<u><u>55,409.54</u></u>
II ASSETS			
(1) Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	34,650.76	
(ii) Intangible Assets	9	14.85	
(iii) Capital Work-in-progress		<u>42.04</u>	
			34,707.65
(b) Non Current Investments	10		3,890.29
(c) Long Term Loans and Advances	11		3,392.50
(c) Other Non Current Assets	12		1,181.96
(2) Current Assets			
(a) Inventories	13	6,121.40	
(b) Trade Receivables	14	3,407.30	
(c) Cash and Bank Balances	15	449.18	
(d) Short Term Loans and Advances	16	1,205.39	
(e) Other Current Assets	17	<u>1,053.87</u>	12,237.14
Total			<u><u>55,409.54</u></u>
Significant Accounting Policies	25		
Notes on Financial Statements	26		

The notes form an integral part of these financial statements

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, 2012.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SMT. R. SUDARSANAM
MANAGING DIRECTOR

V. GURUSAMY
SECRETARY

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

DIRECTORS



**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY**

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

	Note No.	(Rs. in Lakhs) For the year ended 31-03-2012
I Revenue from Operations	18	33,459.65
II Other Income	19	1,977.24
III Total Revenue (I+II)		35,436.89
IV EXPENSES		
Cost of Materials Consumed	20	17,470.02
Changes in Inventories of Finished Goods and Work-in-progress	21	1,407.59
Employee Benefit Expenses	22	3,016.99
Finance Costs	23	3,894.43
Depreciation and Amortization Expenses		3,081.82
Other Expenses	24	7,243.51
Deferred Revenue Expenditure		0.50
Total Expenses		36,114.86
V Loss Before Exceptional and Extraordinary items and Tax (III-IV)		(677.97)
VI Exceptional & Extraordinary items		-
VII Loss Before Tax (V-VI)		(677.97)
VIII Tax Expenses		
Deferred Tax		(673.26)
IX Loss for the year (VII-VIII)		(4.71)
X Earnings per Equity Share of Rs. 10/- each		
Basic & Diluted (In Rupees)		(0.07)
Significant Accounting Policies	25	
Notes on Financial Statements	26	

The notes form an integral part of these financial statements

As per our report annexed		
For M.S. JAGANNATHAN & N.KRISHNASWAMI Chartered Accountants Firm Registration No. 001208S	P.R. RAMASUBRAHMANEYA RAJHA CHAIRMAN	S.S. RAMACHANDRA RAJA N.K. RAMASUWAMI RAJA N.R.K. VENKATESH RAJA P.S. JAGANATHA RAJA K.T. KRISHNAN
K. SRINIVASAN Partner. M.No. 21510		P.S. JAGANATHA RAJA K.T. KRISHNAN
For RAMAKRISHNA RAJA AND CO., Chartered Accountants Firm Registration No. 005333S	SMT. R. SUDARSANAM MANAGING DIRECTOR	V.S. VEMBAN A.V. DHARMAKRISHNAN
V. JAYANTHI Partner. M.No. 28952	V. GURUSAMY SECRETARY	DIRECTORS
Rajapalayam, 28 th May, 2012.		

**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012**



		(Rs. in Lakhs) 2011-12
A. Cash flow from Operating Activities		
Net Profit before tax and prior period and extraordinary items		(677.97)
Adjustments for :		
Depreciation		3,081.82
Interest Paid		3,894.43
Interest Received		(653.50)
Dividend Received		(1,174.77)
Deferred Revenue Expenditure Written Off		0.50
Loss on Sale of Assets		6.78
Operating Profit before Working Capital Changes		4,477.29
Adjustments for :		
Trade Receivables		1,073.28
Loans and Advances		1,267.04
Inventories		5,889.48
Trade Payables & Current Liabilities		(224.36)
Cash generated from Operations		12,482.73
Income Tax Paid		(4.96)
Net Cash from Operating Activities	A	12,477.77
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets		(1,446.12)
Acquisition of Subsidiary Company *		(526.91)
Sale of Assets		126.49
Interest Received		653.50
Dividend Received		1,174.77
Net Cash used in Investing Activities	B	(18.27)



**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012**

		(Rs. in Lakhs) 2011-12
C. Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings		99.08
Proceeds from Allotment of Equity Shares		821.34
Repayment of Long Term Loan		(3,960.81)
Decrease in Working Capital Borrowings		(7,704.74)
Decrease in Inter Corporate Deposits		2,500.00
Payment of Dividend and Tax thereon		(526.63)
Interest Paid		(3,894.43)
Net cash used in Financing Activities	C	<u>(12,666.19)</u>
Net Decrease in Cash and Cash Equivalents	(A+B+C)	<u>(206.69)</u>
Opening balance of Cash and Cash Equivalents (Refer to Note No.15)	D	655.87
Closing balance of Cash and Cash Equivalents (Refer to Note No.15)	E	449.18
Net Decrease in Cash and Cash Equivalents	(E-D)	(206.69)

* Note : Total Purchase consideration for acquisition of Subsidiary Company : Rs. 526.91 Lakhs and the entire consideration value has been discharged by means of cash and cash equivalents.

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, 2012.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SMT. R. SUDARSANAM
MANAGING DIRECTOR

V. GURUSAMY
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S.S. RAMACHANDRA RAJA
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P.S. JAGANATHA RAJA
K.T. KRISHNAN
V.S. VEMBAN
A.V. DHARMAKRISHNAN

DIRECTORS

**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
NOTES FORMING PART OF FINANCIAL STATEMENTS**



(Rs. in Lakhs)
As at
31-03-2012

NOTE NO. 1

SHARE CAPITAL

Authorised

1,50,00,000 Equity Shares of Rs.10/- each 1,500.00

Issued, Subscribed and fully paid-up

73,76,160 Equity Shares of Rs.10/- each 737.62

737.62

a. Issued, Subscribed and fully paid-up Shares includes 62,13,850 Equity Shares of Rs. 10/- each were allotted as fully paid Bonus Shares by Capitalisation of Reserves.

b. Rights / Restrictions attached to Equity Shares

1. The rights attached to equity shares are those specified under Law / Memorandum and Articles of Association of the Company.
2. The preferential allotment of 3,51,000 equity shares made on 25-11-2011 are subject to a lock-in period of three years from the date of allotment.

c. List of Shareholders holding more than 5 percent in the Company

Particulars	No. of Shares	% of holding
P.R. Ramasubrahmaneya Rajha	9,88,792	13.41%
P.R. Venketrama Raja	7,44,560	10.09%
Ramco Industries Ltd	8,47,360	11.49%
Madras Cements Ltd	7,25,600	9.84%

d. Aggregate number of Equity Shares allotted as fully paid up by way of Bonus Shares during the last 5 years : 35,12,580.



**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
NOTES FORMING PART OF FINANCIAL STATEMENTS**

(Rs. in Lakhs)
As at
31-03-2012

NOTE NO. 2

RESERVES AND SURPLUS

Capital Reserve		3.75
Capital Reserve on Consolidation		
Equity Capital of the Subsidiary at the date on which investment in subsidiary was made	600.00	
Less: Cost of investment made in Subsidiary	(526.91)	
Capital Reserve on Consolidation	73.09	
Balance in Surplus account of Subsidiary	(710.27)	
	(637.18)	
Transfer to General Reserve	637.18	-
Securities Premium Reserve		
Opening Balance	1,055.50	
Less : Amounts utilized towards issue of fully paid Bonus Shares	(351.26)	
Add : Premium on Issue of Equity Shares	786.24	
		1,490.48
General Reserve		
Opening Balance	13,167.70	
Transfer from Capital Reserve on Consolidation	(637.18)	
		12,530.52
Surplus in the Statement of Profit and Loss		
Opening Balance	243.98	
Add : Profit for the Year	(4.71)	
Less : Appropriations		
Dividends	(73.76)	
Tax on Dividends	(11.97)	
		153.54
		<u>14,178.29</u>

NOTE NO. 3

LONG TERM BORROWINGS

Secured		
Term Loan from Banks		20,483.57
Unsecured		
Deposits		127.70
Loan from Related Parties		1,063.96
(Refer to Note No.26)		
		<u>21,675.23</u>

- a) Term Loan from Banks are secured by *pari-passu* charge on the fixed assets of the Company and a second charge on the current assets of the Company.

**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
NOTES FORMING PART OF FINANCIAL STATEMENTS**



(Rs. in Lakhs)
As at
31-03-2012

- b) The Term Loans from Banks are repayable in quarterly installments. The year wise repayment of Term Loans are as follows:

Year	Amount
2012-13	-
2013-14	4,163.20
2014-15	3,923.12
2015-16	4,119.12
2016-17	3,908.12
2017-18	2,524.66
2018-19	1,757.43
2019-20	87.92
	<u>20,483.57</u>

NOTE NO. 4

DEFERRED TAX LIABILITY (NET)

Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	5,738.28
Deferred Tax Asset	
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(2,685.78)
Net Deferred Tax Liability	<u>3,052.50</u>

NOTE NO. 5

LONG TERM PROVISIONS

Provision for Employee Benefits	104.68
P.A.C. Ramasamy Raja Memorial Fund	342.69
	<u>447.37</u>



**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
NOTES FORMING PART OF FINANCIAL STATEMENTS**

(Rs. in Lakhs)
As at
31-03-2012

NOTE NO. 6

SHORT TERM BORROWINGS

Secured

Loan Repayable on Demand from Banks * 6,248.88

Unsecured

Loan Repayable on Demand from Banks 1,740.16

Deposits 169.89

Loan from Related Parties 4.25

(Refer to Note No. 26)

8,163.18

* Loan Repayable on Demand from Banks are secured by *pari-passu* charge on the current assets of the Company and a second charge on the fixed assets of the Company.

NOTE NO. 7

OTHER CURRENT LIABILITIES

Current Maturities of Long Term Debt 4,202.12

Interest Accrued but not Due on Borrowings 94.30

Unpaid Dividends 65.23

Liabilities for Other Finance 149.47

4,511.12

NOTE NO. 8

SHORT TERM PROVISIONS

Provision for Employee Benefits 406.26

Proposed Dividend Rs. 1/- per share 73.76

Provision for Tax on Proposed Dividend 11.97

491.99

**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
NOTES FORMING PART OF FINANCIAL STATEMENTS**



**NOTE NO. 9
TANGIBLE ASSETS**

(Rs. in Lakhs)

Particulars	Gross block			Depreciation			Net block			
	Cost as at 01-04-2011	Additions during the year	Sold / withdrawn during the year	Cost as at 31-03-2012	Up to 31-03-2011	Up to 13-11-2011 related to subsidiary	For the year	Withdrawn	Up to 31-03-2012	As at 31-03-2012
Land	920.26	24.60	-	944.86	-	-	-	-	-	944.86
Buildings	4,371.40	1,172.95	-	5,544.35	928.71	92.40	150.89	-	1,172.00	4,372.35
Plant and Machinery	49,336.24	3,721.03	196.97	52,860.30	22,346.32	263.76	2,671.64	118.95	25,162.77	27,697.53
Electrical Machinery	2,307.20	397.04	-	2,704.24	1,107.65	74.76	178.93	-	1,361.34	1,342.90
Furniture & Office Equipments	489.75	78.72	1.27	567.20	380.70	7.97	25.72	0.69	413.70	153.50
Vehicles	259.58	112.71	80.19	292.10	138.06	0.49	39.86	25.52	152.89	139.21
Loose Tools	1.00	-	-	1.00	0.54	-	0.05	-	0.59	0.41
Total - Tangible Assets	57,685.43	5,507.05	278.43	62,914.05	24,901.98	439.38	3,067.09	145.16	28,263.29	34,650.76
INTANGIBLE ASSETS										
Computer software	159.31	7.68	-	166.99	133.36	4.29	14.49	-	152.14	14.85

Note: Being the first year of consolidation, additions during the year includes cost of fixed assets of Rs.4,034.98 Lakhs owned by the Subsidiary. The cost of fixed assets owned by subsidiary as on 13-11-2011 is Rs.3,960.47 Lakhs.



**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
NOTES FORMING PART OF FINANCIAL STATEMENTS**

(Rs. in Lakhs)
As at
31-03-2012

NOTE NO. 10

NON-CURRENT INVESTMENTS

A. Investment Property

Land		-
Building		15.12
Less: Accumulated depreciation as at the beginning of the year		(4.98)
Depreciation for the year		(0.24)
Total Investment Property	(A)	9.90

B. Investment in Equity Instruments, Non - Trade

Name of the Company	No.of Shares	Total face Value	Cost
1) Quoted			
Associate Companies			
Madras Cements Ltd	3,29,05,000	329.05	3,779.94
Ramco Industries Ltd.	79,20,680	79.21	92.40
The Ramaraju Surgical Cotton Mills Ltd	2,000	0.10	0.05
Others			
Mafatlal Engineering Industries Ltd	140	0.14	0.14
Lakshmi Automatic Loom Works Ltd	2,500	0.25	0.25
Tamilnadu Jai Bharath Mills Ltd	1,200	0.12	0.12
Total quoted Investments	(B)		3,872.90
2) Unquoted			
(i) Fully paid-up			
Associate Companies			
Sri Vishnu Shankar Mill Ltd	38,400	3.84	2.11
Ontime Transport Co.Ltd	50,000	5.00	5.00
Others			
Miot Hospitals Ltd	2,500	0.25	0.25
(ii) Partly paid-up			
Bharat Paper Mills Ltd. Rs.5/- paid up per share.	2,500	0.25	0.12
Total un-quoted Investments	(C)		7.48

C. Other Non-current Investments, Non-Trade

Ramco Group Employees' Co-operative Stores Ltd	50	0.01	0.01
Srivilliputhur Uganda Producers Co-operative Society	10	-	-
Total other Investments	(D)		0.01

Aggregate Value of Investments (A+B+C+D) 3,890.29

Aggregate Value of:

Quoted Investments - Cost	3,872.90
- Market Value	53,987.96
Unquoted Investments - Cost	17.39

**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
NOTES FORMING PART OF FINANCIAL STATEMENTS**



(Rs. in Lakhs)
As at
31-03-2012

NOTE NO. 11

LONG TERM LOANS AND ADVANCES

Loans and Advances to Related Parties (Refer to Note No.26)	2,936.00
--	----------

Security Deposits	456.50
	3,392.50

NOTE NO. 12

OTHER NON-CURRENT ASSETS

MAT Credit Entitlement	1,137.24
------------------------	----------

Trade Receivables, Unsecured Considered Good	43.44
--	-------

Miscellaneous Expenditure to the extent not written off	1.28
	1,181.96

NOTE NO. 13

INVENTORIES

Finished Goods	1,992.98
----------------	----------

Rawmaterials - Cotton & Cotton Waste	2,710.24
--------------------------------------	----------

Stores and Spares	210.73
-------------------	--------

Work-in-progress	1,207.45
------------------	----------

	6,121.40
--	----------

Details of Work-in-progress

Cotton Yarn	1,002.38
-------------	----------

Others	205.07
--------	--------

	1,207.45
--	----------

Mode of valuation of Inventories are disclosed in Standalone Significant Accounting Policies in Note No. 25.

NOTE NO. 14

TRADE RECEIVABLES

Unsecured, Considered Good

Outstanding for a period of exceeding Six Months	4.25
--	------

Other Trade Receivables	3,403.05
-------------------------	----------

	3,407.30
--	----------



**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
NOTES FORMING PART OF FINANCIAL STATEMENTS**

(Rs. in Lakhs)

As at
31-03-2012

NOTE NO. 15

CASH AND BANK BALANCES

Cash on Hand	2.56
Balance with Bank	
In Current Account	271.72
In Deposit Account	-
In Deposit Account for Margin Money	109.67
In Unclaimed Dividend Warrant Account	65.23
	<u>449.18</u>

NOTE NO. 16

SHORT TERM LOANS AND ADVANCES

Unsecured, Considered Good	
Advance to Suppliers	1,080.74
Advance Tax & TDS and Refund Due	124.65
	<u>1,205.39</u>

NOTE NO. 17

OTHER CURRENT ASSETS

Accrued Income	773.38
Prepaid Expenses	94.66
Other Current Assets	185.83
	<u>1,053.87</u>

**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
NOTES FORMING PART OF FINANCIAL STATEMENTS**



(Rs. in Lakhs)
For the year ended
31-03-2012

NOTE NO. 18

REVENUE FROM OPERATIONS

Sale of Products

Yarn	29,943.93	
Fabrics	55.59	
Tissue Culture Plants	342.69	
Waste Cotton	172.11	
		30,514.32

Other Operating Revenues

Value of Power Generated from Wind Mills		2,382.03
Export Incentive		436.32
Job Work Charges Received		126.98
		33,459.65

NOTE NO. 19

OTHER INCOME

Interest Received		653.50
Rent Received		12.17
Dividend Income		1,174.77
Carbon Credit Sale		30.52
Industrial Promotion Assistance		37.42
Miscellaneous Income		15.16
Exchange Gain on Foreign Currency Transactions (Net)		53.70
		1,977.24

NOTE NO. 20

COST OF MATERIALS CONSUMED

Rawmaterials Consumed

Cotton & Cotton Waste		17,470.02



**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
NOTES FORMING PART OF FINANCIAL STATEMENTS**

(Rs. in Lakhs)
For the year ended
31-03-2012

NOTE NO. 21

CHANGES IN INVENTORIES OF FINISHED GOODS
AND WORK-IN-PROGRESS

Opening Stock

Finished Goods	2,823.81	
Work-in-progress	1,784.21	
		4,608.02

Less: Closing Stock

Finished Goods	1,992.98	
Work-in-progress	1,207.45	
		3,200.43
		1,407.59

NOTE NO. 22

EMPLOYEE BENEFIT EXPENSES

Salaries and Wages and Bonus	2,481.92
Contribution to Provident and Other Funds	397.52
Staff and Labour Welfare	137.55
	3,016.99

NOTE NO. 23

FINANCE COSTS

Interest Expenses	3,645.51
Other Borrowing Costs	98.37
Exchange Fluctuation (Net) applicable to Finance Costs	150.55
	3,894.43

**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
NOTES FORMING PART OF FINANCIAL STATEMENTS**



(Rs. in Lakhs)
For the year ended
31-03-2012

NOTE NO. 24

OTHER EXPENSES

MANUFACTURING EXPENSES

Power and Fuel	4,202.14	
Packing Materials	495.75	
Repairs to Buildings	227.19	
Repairs to Plant and Machinery	383.56	
Repairs - General	491.38	
Jobwork Charges Paid	27.50	
		5,827.52

ESTABLISHMENT EXPENSES

Managing Director's Remuneration	27.83	
Rates and Taxes	88.72	
Insurance	74.75	
Postage and Telephone	18.31	
Printing and Stationery	21.97	
Travelling Expenses	51.06	
Vehicle Maintenance	77.64	
Directors Sitting Fees	5.77	
Rent	10.82	
Audit and Legal Expenses	23.27	
Corporate Social Responsibility Expenses	18.05	
Loss on Sale of Assets	6.78	
Miscellaneous Expenses	373.92	
		798.89

SELLING EXPENSES

Sales Commission	310.36	
Export Expenses	93.84	
Other Selling Expenses	212.90	
		617.10
		7,243.51



**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
NOTES FORMING PART OF FINANCIAL STATEMENTS**

NOTE NO. 25

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements

- (i) The financial statements of the subsidiary used in the consolidation are drawn upto the same reporting date as that the Parent Company, i.e., 31st March, 2012. The results of operations of subsidiary are included in the Consolidated Financial Results from the date on which Parent-Subsidiary relationship came into existence. i.e., from 14-11-2011. The comparative figures for the previous period for consolidated financial results are not given since this is the first occasion that consolidated financial statements are presented.
- (ii) 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 notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act 1956, as adopted consistently by the Company.
- (iii) The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

2. Principles of Consolidation

The Consolidated Financial Statements relate to M/s. Rajapalayam Spinners Ltd., the Wholly Owned Subsidiary.

The Consolidated Financial Statements have been prepared on the following basis:

The Financial Statements of the Subsidiary have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions resulting in unrealized profits or losses.

The Consolidated Financial Statements are prepared by adopting uniform accounting policies for like transactions or other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's separate financial statements.

3. Other Significant Accounting Policies

These are set out in the Notes under "Significant Accounting Policies" of the financial statements of Rajapalayam Mills Ltd.

**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
NOTES FORMING PART OF FINANCIAL STATEMENTS**



(Rs. in Lakhs)
As at
31-03-2012

NOTE NO. 26

OTHER DISCLOSURES

1. Contingent Liabilities
 - (i) Liability on guarantees given by the Bankers 51
 - (ii) Liability on guarantees given to the Bankers 59,394
2. Commitments
 - (i) Estimated amount of contracts remaining to be executed on capital account not provided 1,699
 - (ii) Other Commitments

Liability on Letter of Credit opened for Capital Goods	-
Liability on Letter of Credit opened for Others	94
3. In respect of Service Tax matters, appeals are pending with Appellate Authorities for a demand amount of Rs. 127.40 Lakhs towards manpower recruitment or supply agency services. In view of the various case laws decided in favour of the Company and in the opinion of the management, there may not be any tax liability.

4. Details of Loans from Directors under "Loan from Related Parties" are:-

Name	Closing Balance as on 31-03-2012	Interest Paid 2011-12
Shri P.R. Ramasubrahmaneya Rajha	919.71	30.68
Smt. R. Sudarsanam	4.25	6.75

5. Contribution to Gratuity Fund includes an amount of Rs. 25.09 Lakhs recognized in the current period related to past service transitional liability in accordance with Accounting Standard-15 (Employee Benefits).

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

	2011-12
A. Statutory Auditors	
a. As Auditors	
- Fees	2.60
- Expenses reimbursed	0.63
b. In other Capacities	
- Tax Audit Fees	0.30
c. Certification Work - Fees	1.08
	4.61
B. Cost Auditors	
As Auditors	0.50
	5.11



**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
NOTES FORMING PART OF FINANCIAL STATEMENTS**

7. There are no dues to micro and small enterprises as at 31-03-2012. 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.
8. The unadjusted units generated from the Windmills as on 31-03-2012 are 18.53 Lakhs KWH and its monetary value of Rs. 76.33 Lakhs has been included in Other Current Assets.
9. 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. 85.48 Lakhs has been amortized and the same is included in interest & finance charges.
10. As per Accounting Standard -15 (Employee Benefits), the disclosures of employee benefits as defined in the Accounting Standard are given below:

(Rs. in Lakhs)
2011-12

Defined Contribution Plan:

Employer's Contribution to Provident Fund	205.14
Employer's Contribution to Superannuation Fund	15.47

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

Reconciliation of opening and closing balances of defined benefit plan:

Defined Benefit Obligation as on 01-04-2011	455.42
Current Service Cost	36.84
Interest Cost	33.68
Actuarial (gain) / loss	17.46
Past Service Cost - (Vested Benefits)	-
Past Service Cost - (Non-vested Benefits)	1.98
Benefits paid	(-) 69.31
Defined Benefit obligation as on 31-03-2012	476.07

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

Fair value of plan assets as on 01-04-2011	338.94
Expected return on plan assets	34.31
Actuarial gain / (loss)	(-) 0.82
Employer Contribution	136.21
Benefits paid	(-) 69.31
Fair value of plan assets as on 31-03-2012	439.33

Actual Return of plan assets:

Expected return of plan assets	34.31
Actuarial gain / (loss) on plan assets	(-) 0.82
Actual return on plan assets	33.49

**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
NOTES FORMING PART OF FINANCIAL STATEMENTS**



	(Rs. in Lakhs)
	2011-12
Reconciliation of fair value of assets and obligations:	
Fair value of plan assets	439.33
Present value of obligation	476.07
Difference	36.74
Unrecognized transitional liability	NIL
Unrecognized past service cost non vested benefits	NIL
Amount recognized in Balance Sheet	36.74
Expense recognized during the year:	
Current Service Cost	36.84
Interest Cost	33.68
Expected return on plan assets	(-) 34.31
Actuarial (gain) / loss	18.28
Transitional liability recognized in the year	25.09
Past service cost-non-vested benefits	NIL
Past service cost-vested benefits	NIL
Net Cost	79.58
Investment Details:	
GOI Securities	0.58%
State Government Securities	NIL
High Quality Corporate Bonds	NIL
Funds with LIC	99.20%
Bank balance	0.10%
Others	0.12%
Total	100.00%

	Parent	Subsidiary
Actuarial assumptions:		
LIC 1994-96 Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a	8.60%	8.70%
Expected rate of return on plan assets p.a	9.25%	9.00%
Rate of escalation in salary p.a	3.00%	8.00%

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

Reconciliation of opening and closing balances of Obligation:

Defined Benefit Obligation as on 01-04-2011	151.20
Current Service Cost	16.30
Interest Cost	11.24
Actuarial (gain) / loss	(-) 13.15
Benefits paid	(-) 21.36
Defined Benefit obligation as on 31-03-2012	144.23



**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
NOTES FORMING PART OF FINANCIAL STATEMENTS**

(Rs. in Lakhs)

2011-12

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

Fair value of plan assets as on 01-04-2011	NIL
Expected return on plan assets	NIL
Actuarial gain / (loss)	NIL
Employer Contribution	21.36
Benefits paid	(-) 21.36
Fair value of plan assets as on 31-03-2012	NIL

Actual Return of plan assets:

Expected return of plan assets	NIL
Actuarial gain / (loss) on plan assets	NIL
Actual return on plan assets	NIL

Reconciliation of fair value of assets and obligations:

Fair value of plan assets	NIL
Present value of obligation	144.23
Difference	144.23
Unrecognized transitional liability	NIL
Unrecognized past service cost non vested benefits	NIL
Amount recognized in Balance Sheet	144.23

Expense recognized during the year:

Current Service Cost	16.30
Interest Cost	11.24
Expected return on plan assets	NIL
Actuarial (gain) / loss	(-) 13.15
Transitional liability recognized in the year	NIL
Past service cost-non-vested benefits	NIL
Past service cost-vested benefits	NIL
Net Cost	14.39

Investment Details as on 31-03-2012:

GOI Securities	NIL
State Government Securities	NIL
High Quality Corporate Bonds	NIL
Funds with LIC	NIL
Bank balance	NIL
Others	NIL
Total	NIL

Actuarial assumptions:

	Parent	Subsidiary
LIC 1994-96 Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a	8.60%	8.70%
Expected rate of return on plan assets p.a	NIL	NIL
Rate of escalation in salary p.a	3.00%	8.00%

**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
NOTES FORMING PART OF FINANCIAL STATEMENTS**



11. Segment Information for the year ended 31st March,2012

(Rs. in Lakhs)

Particulars	Textiles 2011-12	Tissue Culture 2011-12	Windmill Power 2011-12	Total 2011-12
REVENUE				
External Sales (Net)	30,734.93	342.69	–	31,077.62
Inter Segment Sale	–	–	2,382.03	2,382.03
Total Sales	30,734.93	342.69	2,382.03	33,459.65
Other Income	114.70	1.76	30.52	146.98
Total Revenue	30,849.63	344.45	2,412.55	33,606.63
RESULT				
Segment Result	285.12	(19.66)	1,120.74	1,386.20
Unallocated Income				1,176.76
Unallocated Expenses				–
Operating Profit				2,562.96
Interest Expenses				3,894.43
Interest Income				653.50
Provision for Taxation				
Deferred Tax				(673.26)
Profit from ordinary activities				(4.71)
Exceptional Items				–
Net Profit				(4.71)
OTHER INFORMATION				
Segment Assets	38,367.65	911.77	9,078.82	48,358.24
Unallocated Assets				7,051.29
Total Assets				55,409.53
Segment Liabilities	3,375.15	25.43	–	3,400.58
Unallocated Liabilities				37,093.04
Total Liabilities				40,493.62
Capital Expenditure	1,548.75	5.50	–	1,554.25
Unallocated Capital Expenditure				–
Depreciation	2,026.74	32.42	1,022.66	3,081.82
Unallocated Depreciation Expenditure				–
Non-Cash expenses other than Depreciation	–	–	–	–



**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
NOTES FORMING PART OF FINANCIAL STATEMENTS**

12. Earnings per Share

Particulars		2011-12
Net Loss after tax - Rs. in Lakhs	(A)	(-) 4.71
Adjusted Weighted average number of Equity Shares - In Lakhs	(B)	71.43
Basic & Diluted earnings per share for Rs.10/- each - In Rupees	(A)/(B)	(-) 0.07
		(No. in Lakhs)
Adjusted Weighted average number of Equity Shares		35.13
No. of Shares at the beginning of the year		35.13
Bonus Shares issued during 2011-12		35.13
Total	(A)	<u>70.26</u>
Equity Shares allotted on preferential basis during 25 th November, 2011	(B)	3.51
Adjusted Weighted average number of Equity shares (A) + (B/12*4)		71.43

13. 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:

a. 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 Item No. 4 of Note No. 26 above.

b. 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. Ramco Management Private Limited

M/s. RCDC Securities & Investments Private Limited

**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
NOTES FORMING PART OF FINANCIAL STATEMENTS**



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

(Rs. in Lakhs)

(a) Inter Corporate Deposits given

Name of the Related Party	Maximum Outstanding during the year 2011-12	Interest 2011-12	Outstanding as on	
			31-03-2012 ICD	31-03-2012 Interest
The Ramaraju Surgical Cotton Mills Ltd	1,350.00	120.09	300.00	NIL
Sri Vishnu Shankar Mill Ltd	250.00	23.95	-	NIL
Sandhya Spinning Mill Ltd	786.00	75.04	186.00	NIL
Thanjavur Spinning Mill Ltd	3,500.00	233.19	1,500.00	NIL
Sri Harini Textiles Ltd	1,350.00	137.20	950.00	NIL

(b) Inter Corporate Deposits Accepted

Name of the Related Party	Maximum Outstanding during the year 2011-12	Interest 2011-12	Outstanding as on	
			31-03-2012 ICD	31-03-2012 Interest
RCDC Securities & Investments Private Limited	71.00	1.76	71.00	NIL
Ramco Management Private Limited	73.25	0.79	73.25	NIL

(c) Good Supplied / Services rendered

Name of the Related Party	Value 2011-12	Outstanding as on 31-03-2012
The Ramaraju Surgical Cotton Mills Ltd	110.63	NIL
Sri Vishnu Shankar Mill Ltd	301.47	NIL
Sandhya Spinning Mill Ltd	59.17	NIL
Thanjavur Spinning Mill Ltd	30.48	NIL
Ramco Industries Ltd	1,353.81	NIL
Madras Cements Ltd	56.03	NIL
Sri Harini Textiles Ltd	2.43	NIL

(d) Cost of Goods & Services purchased / availed

Name of the Related Party	Value 2011-12	Outstanding as on 31-03-2012
The Ramaraju Surgical Cotton Mills Ltd	295.41	NIL
Sri Vishnu Shankar Mill Ltd	134.48	NIL
Sandhya Spinning Mill Ltd	0.30	NIL
Thanjavur Spinning Mill Ltd	82.06	NIL
Ramco Industries Ltd	219.39	NIL
Madras Cements Ltd	295.95	NIL
Ramco Systems Ltd	13.49	NIL
Sri Harini Textiles Ltd	0.03	NIL



**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
NOTES FORMING PART OF FINANCIAL STATEMENTS**

(Rs. in Lakhs)

(e) Corporate Guarantee given

Name of the Related Party	Guarantee Amount 31-03-2012
The Ramaraju Surgical Cotton Mills Ltd	15,199.00
Sri Vishnu Shankar Mill Ltd	15,964.00
Sandhya Spinning Mill Ltd	15,556.00
Thanjavur Spinning Mill Ltd	12,675.00

(f) Assets Purchased during the year: **NIL**

(g) Purchase of Shares of Rajapalayam Spinners Ltd : **Rs.526.91 Lakhs.**

14. The detail of subsidiary in terms of General circular no. 2/2011 dated 8th February, 2011 issued by Government of India, Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956 are as follows:

Name of Subsidiary Company: Rajapalayam Spinners Limited (Wholly owned Subsidiary)

Sl. No.	Particulars	2011-12
1	Capital	600.00
2	Reserves & Surplus	(-) 846.57
3	Total Assets	4,389.54
4	Total Liabilities	4,389.54
5	Total Investments	NIL
6	Total Income	736.56
7	Profit before Taxation	(-) 148.60
8	Provision for Taxation	(-) 12.30
9	Profit after Taxation	(-) 136.30
10	Dividends	NIL

15. Other Additional information pursuant to the Revised Schedule VI of the Companies Act, 1956.

(Rs. in Lakhs)

(a) Value of Imports calculated on CIF Value

	2011-12
Raw Materials	2,949.56
Components and Spares	73.80
Capital Goods	729.88

**CONSOLIDATED FINANCIAL STATEMENTS OF
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY
NOTES FORMING PART OF FINANCIAL STATEMENTS**



(Rs. in Lakhs)

(b) Expenditure in Foreign Exchange during the year

	2011-12
Interest	77.24
Export Sales Commission	110.17
Foreign Travel	2.31
Total	189.72

(c) Value of Raw Materials, Stores & Spare parts consumed

	2011-12	
	Rs.	%
Raw Materials		
Imported	2,947.49	17
Indigenous	14,522.53	83
Spares and Components		
Imported	98.69	7
Indigenous	1,363.34	93

(d) Earnings in Foreign exchange (FOB Value)

	2011-12
Export on Yarn	7,180.46
Export on Fabrics	55.59

16. Figures have been rounded off to Lakhs with two decimals.

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, 2012.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SMT. R. SUDARSANAM
MANAGING DIRECTOR

V. GURUSAMY
SECRETARY

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

DIRECTORS

PLATINUM JUBILEE CELEBRATION



Release of Platinum Jubilee Commemoration Book by Shri J. Thulasidharan, Chairman, Southern India Mills' Association, Coimbatore and first copy being received by Mr. Morinobu Obata, President, Textile Division, Mitsubishi Corporation, Japan.



Shri P.R. Venketrama Raja, our Director presenting Platinum Jubilee Memento to Mr. Yanagawa, General Manager, Mitsubishi Corporation, Japan.



Mr. Morinobu Obata, President, Textile Division, Mitsubishi Corporation, Japan presenting a Platinum Jubilee Memento to Shri V. Vasudevan, Vice-President of M/s. Raymond Zambaiti Ltd., Kolhapur.



Shri J. Thulasidharan, Chairman, Southern India Mills' Association, Coimbatore presenting a Platinum Jubilee Memento to our cotton supplier Shri Devendrabhai Patel of M/s. Popatlal Girdharlal Cotton Co., Ahmedabad.

