

RAJAPALAYAM MILLS LIMITED

RAJAPALAIYAM



Annual Report and Accounts for the year ended 31st March 2014



Our Chairman and Mr. S. Saravanan, GM-Works, Rajapalayam Textiles participating in the Pooja at the inauguration of newly constructed Temple of Lord Sri Vishnu Ganapathy in our Rajapalayam Textiles, Perumalpatti.

Our Chairman with Mr.Tetsuo Kato, President of M/s. K. Spinning Plan Company Limited, Japan at the inauguration of newly constructed Temple of Lord Sri Vishnu Ganapathy in our Rajapalayam Textiles, Perumalpatti.



Our Chairman inaugurating the newly installed Open End Spinning Machine imported from China at Rajapalayam Mills, Rajapalayam.

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

Justice Shri P.P.S. JANARDHANA RAJA, B.L.,

Shri V. SANTHANA RAMAN, B.Com, C.A.I.I.B.,

Bankers

Axis Bank Ltd

Canara 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.

Corporate Identification Number :
L17111TN1936PLC002298

E-mail : rajacot@ramcotex.com

Phone No.: 04563-235666

Fax No.: 04563-236520

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 78th Annual General Meeting of the Company will be held at 10.00 A.M. on Monday, the 4th August, 2014 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 & Loss and Cash Flow Statement for the year ended 31st March, 2014 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend for the year 2013-2014.
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. A.V. Dharmakrishnan, 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 & Co, Chartered Accountants be and are hereby jointly appointed as Auditors of the Company to hold Office from the conclusion of this 78th Annual General Meeting till the conclusion of the 81st Annual General Meeting.

RESOLVED FURTHER that each of the Auditors shall be paid for the financial year 2014-2015 a remuneration of Rs.1,75,000/- (Rupees One Lakh Seventy Five Thousand Only) per year, exclusive of out-of-pocket expenses and for the financial years 2015-2016 and 2016-2017, the Board of Directors are authorised to fix the remuneration based on the recommendation of the Audit Committee".

SPECIAL BUSINESS

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

"RESOLVED that pursuant to the provisions of Section 14 and other applicable provisions of the Companies Act, 2013, the Articles of Association of the Company be and is hereby altered substituting the following in place of the existing Clause 16A in the Articles of Association of the Company".

"16A. The Board of Directors may from time to time appoint one of them as Chairman of the Board. The Chairman, if present shall preside at the meetings of the Board and of the General Body. The Chairman shall be liable to retire by rotation and shall be taken into



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account in determining the retirement of directors by rotation. He shall ipso facto and immediately cease to be the Chairman if he ceases to hold office of the Director for any reason".

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

"RESOLVED that pursuant to Sections 196, 197 and 203 and any other applicable provisions and the Rules thereunder, read with Schedule V of the Companies Act, 2013 and on the terms and conditions of the appointment as contained in the draft agreement, approval of the Company be and is hereby accorded to the appointment of Smt. R. Sudarsanam (DIN 00433926) as Managing Director of the Company for a period of 3 years with effect from 01-04-2014, at a remuneration equivalent to 5% of the net profits of the Company.

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

RESOLVED FURTHER that in any financial year, where the Company has no profits or inadequate profits, the Managing Director shall be paid the remuneration as approved by the Nomination and Remuneration Committee which shall not exceed the maximum remuneration as permissible under Section II in Part II of Schedule V of the Companies Act, 2013.

RESOLVED FURTHER that consequent to the above, the previous tenure of the Managing Director which was effective from 01-07-2012 to 30-6-2017, as per the Special Resolution passed by the Members of the Company at the Annual General Meeting held on 20-7-2011 be deemed as expired on 31-03-2014".

7. To consider and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED that pursuant to Section 149, 152 and such other provisions as applicable, of the Companies Act, 2013 and the Rules thereunder, the appointment of Dr. K.T. Krishnan (DIN 00707574), Director of the Company whose period of office is liable to retire by rotation and who is retiring at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member, proposing his candidature for the office of Director, as an Independent Director of the Company to hold office for 5 consecutive years from 01-04-2014 to 31-03-2019 be and is hereby approved."

8. To consider and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED that pursuant to Section 149, 152 and such other provisions as applicable, of the Companies Act, 2013 and the Rules thereunder, the appointment of Shri N.K. Ramasuwami Raja (DIN 00432698), Director of the Company whose period of office is liable to retire by



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rotation and in respect of whom the Company has received a notice in writing from a Member, proposing his candidature for the office of Director, as an Independent Director of the Company to hold office for 5 consecutive years from 01-04-2014 to 31-03-2019 be and is hereby approved."

9. To consider and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED that pursuant to Section 149, 152 and such other provisions as applicable, of the Companies Act, 2013 and the Rules thereunder, the appointment of Justice Shri P.P.S. Janardhana Raja (DIN 06702871), Director of the Company who has been appointed as Additional Director and holds office until this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a Member, proposing his candidature for the office of Director, as an Independent Director of the Company to hold office for 5 consecutive years from 01-04-2014 to 31-03-2019 be and is hereby approved."

10. To consider and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED that pursuant to Section 149, 152 and such other provisions as applicable, of the Companies Act, 2013 and the Rules thereunder, the appointment of Shri. V. Santhana Raman (DIN 00212334), Director of the Company who has been appointed as Additional Director and holds office until this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a Member, proposing his candidature for the office of Director, as an Independent Director of the Company to hold office for 5 consecutive years from 01-04-2014 to 31-03-2019 be and is hereby approved."

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

"RESOLVED that subject to the approval of the Financial Institutions / Banks, in supersession of the resolution passed at the Annual General Meeting held on 4th August, 2010 and pursuant to Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of money which together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, provided that the maximum amount of moneys so outstanding, shall not at any time exceed Rs.500 Crores (Rupees Five Hundred Crores Only)."

By Order of the Board,
For RAJAPALAYAM MILLS LIMITED,

P.R.RAMASUBRAHMANEYA RAJHA
CHAIRMAN

RAJAPALAIYAM,
25th May, 2014.



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NOTES:

1. Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts related to each item of Special Business is annexed hereto;
2. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. 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. Proxies submitted on behalf of the companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable;
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 30-07-2014 to 04-08-2014 (both days inclusive);
4. A Dividend of Rs.2.50 per share has been recommended by the Board of Directors for the year ended 31-03-2014 and subject to the approval of the Shareholders at the ensuing Annual General Meeting, is proposed to be paid in respect of shares held in physical form to the shareholders whose names appear in the Register of Members as on 04-08-2014 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 29-07-2014. The dividend is proposed to be paid on and from the date of Annual General Meeting;
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 124 (5) of the Companies Act, 2013, 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. 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:

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FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	LAST DATE FOR CLAIMING UNPAID DIVIDEND	DUE DATE FOR TRANSFER TO IEP FUND
31-03-2007 Final Dividend	25-07-2007	24-07-2014	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 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
31-03-2012 Final Dividend	06-08-2012	05-08-2019	03-09-2019
31-03-2013 Interim Dividend Final Dividend	22-02-2013 01-08-2013	21-02-2020 31-07-2020	21-03-2020 29-08-2020



NOTICE

7. Electronic copy of the Notice for the Annual General Meeting and the Annual Report for 2013-14 are being sent to all the members whose E-Mail IDs are registered with the Company / Depository Participant(s). Physical copy of the Notice together with the Annual Report are being sent in permitted mode, to members for whom the E-Mail IDs are not available and who have requested for physical copies. The Notice and the Annual Report are also available on the Company's Website - **www.rajapalayammills.co.in** for their download;
 8. Under Rule 18 of Companies (Management and Administration) Rules, 2014, Members, those who have not got their E-Mail IDs recorded are requested to register their E-Mail address and changes therein with the Company in respect of physical shares and with Depository Participants in respect to dematerialised shares; and
 9. Voting through electronic means
In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing members facility to exercise their right to vote at the 78th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).
- A) The instructions for members for voting electronically are as under:-
- (i) To log on to the e-Voting website **www.evotingindia.com**.
 - (ii) To click on "Shareholders" tab.
 - (iii) Now, select the "RAJAPALAYAM MILLS LIMITED" from the drop down menu and click on "SUBMIT"
 - (iv) User ID:
Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company) and then enter the Captcha Code as displayed and Click on Login.
 - (v) Password:
 - a) If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any company, then your existing password is to be used.
 - b) If you are a first time user, follow the steps given below, to fill up the following details in the appropriate boxes:
 - (1) Enter Permanent Account Number (PAN):
Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).



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Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of your name and the Folio No / Client ID in the PAN field. In case of Folio No is less than 8 digits, add zeros before the Folio No to make it as 8 digits.

Example:

- a) For Physical holders: If your name is V. Ram Kumar with Folio No 25 then enter VR00000025 in the PAN field.
- b) For Demat holders: If your name is Prakash K Mehta with Client ID 12345678 then enter PR12345678 in the PAN field.

(2) Please enter any one of the details in order to login

Date of Birth (DOB): Enter the Date of Birth as recorded in your demat account or in the Company records in dd/mm/yyyy format.

Dividend Bank Details (DBD): Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.

Members who have not updated their DOB / DBD with the Company/Depository Participant(s) are requested to use the default DBD number: 1234567890 in the DBD field.

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-Voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For Members holding shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.
- (ix) Click on "RAJAPALAYAM MILLS LIMITED" on which you choose to vote.
- (x) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- (xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.



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- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page. It need not be sent to the Company.
- (xv) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- (xvi) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- B) The voting period begins on 28th July, 2014 (9:00 am) and ends on 30th July, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 4th July, 2014, may cast their vote electronically. The e-Voting module shall be disabled by CDSL for voting thereafter.
- C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an e-mail to helpdesk.evoting@cdslindia.com.
- D) Shri K. Srinivasan, Chartered Accountant (Membership No:21510), Partner, M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants has been appointed as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
- E) The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-Voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- F) The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.rajapalayammills.co.in and on the website of CDSL within two days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.

RAJAPALAYAM,
25th May, 2014.

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



NOTICE

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

As per Section 152 of the Companies Act, 2013, not less than 2/3rd of total no. of Directors of a public limited company, shall be persons whose period of office is liable to determination by retirement of directors by rotation at every annual general meeting. For this purpose, total no. of Directors shall not include Independent Directors.

The present strength of our Board is 9 Directors, of which, 4 Directors are Independent. Out of remaining 5 Directors, 4 Directors (2/3rd) should be liable to retire by rotation in accordance with the above provision. Presently the office of following 3 Directors are liable to be determined by retirement of directors by rotation:

1. Shri P.R. Venketrama Raja
2. Shri S.S. Ramachandra Raja
3. Shri A.V. Dharmakrishnan

As per Clause 16 of the Articles of Association of the Company, a Managing Director shall not, whilst holding that office be subject to retire by rotation or be taken into account in determining the rotation of retirement of Directors.

As per Clause 16A of the Articles of Association of the Company, the Chairman shall not while he continues to hold that office be subject to retire by rotation and he shall not be taken into account in determining the retirement of directors by rotation.

Hence it is proposed to alter the Clause 16A of the Articles of Association in a manner that the Chairman is liable to retire by rotation in order to comply with the provisions of Section 152 of the Companies Act, 2013. As per Section 14 of the said Act, a Special Resolution is required for alteration of Articles of Association.

Disclosure of Interest:

Shri P.R. Ramasubrahmaneya Rajha is deemed to be interested in the Resolution as he is the Chairman of the Company.

Smt. R. Sudarsanam and Shri P.R. Venketrama Raja are related to Shri P.R. Ramasubrahmaneya Rajha.

No other Director or Key Managerial Personnel or any of their relatives are deemed to be interested in this Resolution.

Item No. 6

Smt. R. Sudarsanam (DIN 00433926) was first appointed as Managing Director of the Company on 01-07-2002. At that time, the net worth of the Company was Rs.66 Crores and Turnover was



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Rs.121 Crores. Under her leadership, the Company has now progressed to have a net worth of Rs.185 Crores and Turnover of Rs. 434 Crores. The earlier appointment and remuneration of Smt. R. Sudarsanam as Managing Director was approved by the Members at the Annual General Meeting held on 20-07-2011 for a period of 5 years in accordance with the Sections 269, 198 & 309 and Schedule XIII of the Companies Act, 1956.

As per Schedule V of the Companies Act, 2013, in the event the Company has no profits or its profits are inadequate, the remuneration as stipulated in the said Schedule is payable to the Managing Director if the Resolution passed by the Shareholders is a Special Resolution and the remuneration approved is for a period not exceeding 3 years. Hence it is proposed to close the existing tenure of the Managing Director on 31-03-2014 and make a fresh appointment for a period of 3 years from 01-04-2014 in alignment with the Schedule V of the Companies Act, 2013.

Terms of Remuneration:

- * 5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013.
- * In any financial year, where the Company has no profits or inadequacy of profits, the Managing Director shall be paid the maximum remuneration as per Section II, Part III of Schedule V of the Companies Act, 2013.

The proposed appointment and the payment of remuneration has been approved by the Remuneration Committee (subsequently renamed as Nomination and Remuneration Committee) at its meeting held on 24-05-2014 and by the Board of Directors at their meeting held on 25-05-2014.

The appointment and the remuneration proposed fulfill the conditions stipulated in Schedule V of the Companies Act, 2013 and hence approval of Government of India is not required.

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

A copy of the agreement setting out the terms and conditions of appointment of the Managing Director is available for inspection without any fee by the members at the Registered Office of the Company between business hours on any working day upto and including the date of the Annual General Meeting.

Smt. R. Sudarsanam holds 63,660 shares in Rajapalayam Mills Limited.



NOTICE

Smt. R. Sudarsanam is the Director in the following Companies:

1. Sandhya Spinning Mill Limited
2. Rajapalayam Textile Limited
3. Sudarsana Farms Private Limited
4. Rajapalayam Farms Private Limited
5. Sri Sandhya Farms (India) Private Limited
6. Sri Saradha Deepa Farms Private Limited
7. Ramamandiram Agricultural Estate Private Limited
8. Nalina Agricultural Farms Private Limited
9. Nirmala Shankar Farms & Estates Private Limited
10. Sri Nithyalakshmi Farms Private Limited
11. Ram Sandhya Farms Private Limited
12. Ramco Private Limited
13. Ramco Management Private Limited
14. RCDC Securities and Investments Private Limited
15. JKR Enterprise Limited

None of the Directors and Key Managerial Personnel except Smt. R. Sudarsanam as an appointee and Shri P.R. Ramasubrahmaneya Rajha, Chairman & Shri P.R. Venketrama Raja, Director as a relative to the Managing Director may be deemed to be concerned or interested in the Resolution.

The Notice together with this Statement may be regarded as a disclosure under Clause 49 of the Listing Agreement.

I. General Information:

1	Nature of Industry	Textiles		
2	Date of Commencement of Business	22-12-1936		
3	Financial performance based on given indicators			
	Year	Turnover - Rs. in Crores	Net Profit after Tax - Rs. in Crores	Dividend per share - in Rs.
	2012-13	358.24	23.77	6.00
	2011-12	324.53	1.32	1.00
	2010-11	336.96	26.87	15.00
4	Foreign investments or collaborations, if any	NIL		



NOTICE

II. Information about the appointee:

1	Background Details	Smt. R. Sudarsanam is a Promoter & Managing Director.
2	Past Remuneration	She has been paid a remuneration @ 5% of the net profits of the Company and in case of inadequacy profits, she has been paid maximum permissible remuneration as per Schedule XIII of the Companies Act, 1956.
3	Recognition or awards	–
4	Job profile and his suitability	Overall in-charge for Management of the affairs of the Company.
5	Remuneration proposed	5% of the net profits of the Company and in case of inadequacy of profits, maximum permissible remuneration, in accordance with Schedule V of the Companies Act, 2013.
6	Comparative Remuneration profile	Remuneration is comparable with respect to industry, size of the Company, profile of the position and person.
7	Relationship with managerial personnel	She is related to Shri P.R.Ramasubrahmaneya Rajha and Shri P.R.Venketrama Raja, Directors of the Company.

III. Other Information:

1	Reasons of loss or inadequate profits	Not applicable, as the Company is continuously making profits.
2	Steps taken or proposed to be taken for improvement	
3	Expected increase in productivity and profits in measurable terms	

IV. Disclosures:

As required, the information are provided under Corporate Governance Section.

Item No. 7

Dr. K.T. Krishnan (DIN 00707574) is a Non-Executive Independent Director of the Company.

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

He is also the Chairman of the Audit Committee, Remuneration Committee (subsequently renamed as Nomination and Remuneration Committee) and Corporate Social Responsibility Committee of the Company.



NOTICE

He is a Member in the Board of Directors of the following Companies:-

1. Thanjavur Spinning Mill Limited
2. The Ramaraju Surgical Cotton Mills Limited
3. Sri Vishnu Shankar Mill Limited
4. Sandhya Spinning Mill Limited
5. Sudarsanam Investments Limited

Dr. K.T. Krishnan, is the Managing Director of Thanjavur Spinning Mill Limited.

He holds no shares in Rajapalayam Mills Limited.

Dr. K.T. Krishnan is a Director whose period of office is liable to determination by retirement of Directors by rotation under the erstwhile provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Dr. K.T. Krishnan being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for 5 consecutive years from 01-04-2014 to 31-03-2019. In the opinion of the Board, Dr. K.T. Krishnan fulfills the conditions specified in the Act and the Rules made thereunder and that he is an independent of the Management.

A copy of the draft letter of appointment for Dr. K.T. Krishnan as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

Disclosure of Interest:

Except Dr. K.T. Krishnan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolution. The Notice and this Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement.

Item No. 8

Shri N.K. Ramasuwami Raja (DIN 00432698) is a Non-Executive Independent Director of the Company.

Shri N.K. Ramasuwami Raja, holds a Degree in Science and is the Managing Director of Madras Chipboard Limited.

He has been on the Board of Rajapalayam Mills Limited since 1980.

He is also the Member of the Audit Committee, Share Transfer Committee and Remuneration Committee (subsequently renamed as Nomination and Remuneration Committee) of the Company.



NOTICE

He is a Member in the Board of Directors of the following Companies:-

1. Madras Chipboard Limited
2. Sri Harini Textiles Limited
3. Ramco Agencies Private Limited
4. Rajapalayam Chamber of Commerce and Industry
5. Dig Vijai Polytex Private Limited

He holds 15,400 shares in Rajapalayam Mills Limited.

Shri N.K. Ramasuwami Raja is a Director whose period of office is liable to determination by retirement of Directors by rotation under the erstwhile provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri N.K. Ramasuwami Raja being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for 5 consecutive years from 01-04-2014 to 31-03-2019. In the opinion of the Board, Shri N.K. Ramasuwami Raja fulfills the conditions specified in the Act and the Rules made thereunder and that he is an independent of the Management.

A copy of the draft letter of appointment for Shri N.K. Ramasuwami Raja as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

Disclosure of Interest:

Except Shri N.K. Ramasuwami Raja, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolution. The Notice and this Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement.

Item No. 9

Justice Shri P.P.S. Janardhana Raja (DIN 06702871) is a Non-Executive Independent Director of the Company.

Justice Shri P.P.S. Janardhana Raja, a graduate in Law from the Madras Law College, had been in active practice mainly on the Taxation matters for the past four decades from 1977 till 2005. He was appointed as Additional Judge of High Court of Madras during December, 2005 and has become Permanent Judge of the High Court from April, 2007. After a term of Seven years as High Court Judge, he has retired on 21st January, 2013.

Justice Shri P.P.S. Janardhana Raja was appointed as an Additional Director by the Board of Directors of the Company on 28-10-2013. He holds office till the date of the Annual General Meeting. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Justice Shri P.P.S. Janardhana Raja being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for 5 consecutive years from 01-04-2014 to 31-03-2019. In the opinion of the Board, Justice Shri P.P.S. Janardhana Raja fulfills the conditions specified in the Act and the Rules made thereunder and that he is an independent of the Management.



NOTICE

He holds no shares in Rajapalayam Mills Limited.

He is a Member in the Board of Directors of the following Companies:-

1. The Ramaraju Surgical Cotton Mills Limited
2. Muthial Bet Higher Secondary School

A copy of the draft letter of appointment for Justice Shri P.P.S. Janardhana Raja as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

Disclosure of Interest:

Except Justice Shri P.P.S. Janardhana Raja, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolution. The Notice and this Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement.

Item No. 10

Shri V. Santhana Raman (DIN 00212334) is a Non-Executive Independent Director of the Company.

Shri V. Santhana Raman, holds degree in Commerce and completed C.A.I.I.B. He has served in the Banking Sector for the past four decades from 1970 to 2009. He was appointed as Probationary Officer in the year 1970 in Indian Bank has held various positions and appointed as General Manager in the year 1998 and held that position till 2006. He was appointed as Executive Director of Bank of Baroda in October, 2006 and retired from the Bank during August, 2009.

Shri V. Santhana Raman was appointed as an Additional Director by the Board of Directors of the Company on 27-12-2013. He holds office till the date of the Annual General Meeting. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri V. Santhana Raman being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for 5 consecutive years from 01-04-2014 to 31-03-2019. In the opinion of the Board, Shri V. Santhana Raman fulfills the conditions specified in the Act and the Rules made thereunder and that he is an independent of the Management.

He is also a Director in the following Companies:-

1. The Ramaraju Surgical Cotton Mills Limited
2. GMR Infrastructure Limited
3. GMR Energy Limited
4. DQ Entertainment Plc
5. DQ Entertainment International Limited (as an Alternate Director)

He holds no shares in Rajapalayam Mills Limited.

A copy of the draft letter of appointment for Shri V. Santhana Raman as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.



NOTICE

Disclosure of Interest:

Except Shri. V. Santhana Raman, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolution. The Notice and this Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement.

Item No. 11

The Members of the Company at the Annual General Meeting held on 04-08-2010 have passed an Ordinary Resolution, permitting the Company to borrow such that the maximum outstanding amount shall not, at any time exceed Rs. 500 Crores (Rupees Five Hundred Crores only), under Section 293(1)(d) of the Companies Act, 1956.

As per Circular No:4/2014 dated 25-3-2014, issued by Ministry of Corporate Affairs, the validity of the resolution is restricted upto 11-09-2014.

Under Section 180(1)(c) of the Companies Act, 2013, the Board of Directors are entitled to borrow in excess of the Company's Paid-up Capital and Free Reserves, with the consent of the Members by way of Special Resolution. Accordingly, approval is sought from Members by way of Special Resolution to authorise the Board of Directors to borrow such that the maximum outstanding, shall not at any time exceed Rs.500 Crores (Rupees Five Hundred Crores only).

As provided under Section 180(1)(c) of the Companies Act, 2013, the limit is exclusive of loans repayable on demand or within six months from the date of the loan such as short term, cash credit, discounting of bills and other short term loans of seasonal character.

Your Directors recommend the resolution for your approval.

None of the Directors, Key Managerial Personnel or their relatives are deemed to be interested in this Resolution.

RAJAPALAIYAM,
25th May, 2014.

By Order of the Board,
For RAJAPALAYAM MILLS LIMITED,
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 55 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 Limited since 1986.

He is a Member in the Stakeholder Relationship Committee and Corporate Social Responsibility 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. The Ramco Cements Limited
4. The Ramaraju Surgical Cotton Mills Limited
5. Sri Vishnu Shankar Mill Limited
6. Sandhya Spinning Mill Limited
7. Thanjavur Spinning Mill Limited
8. Sri Harini Textiles Limited
9. Rajapalayam Textile Limited
10. Sudharsanam Investments Limited
11. Sri Sandhya Farms (India) Pvt. Limited
12. Sri Saradha Deepa Farms Private Limited
13. Ramamandiram Agricultural Estate Private Limited
14. Nalina Agricultural Farms Private Limited
15. Ramco Systems Corporation, USA
16. Ramco Systems Limited, Switzerland
17. Ramco Systems Sdn Bhd., Malaysia



NOTICE

18. Ramco Systems Pte. Limited, Singapore
19. Sri Ramco Lanka (Private) Limited, Sri Lanka
20. Sri Ramco Roofings Lanka Private Limited - Sri Lanka
21. RCDC Securities and Investments Private Limited
22. Nirmala Shankar Farms & Estates Private Limited
23. Sri Nithyalakshmi Farms Private Limited
24. Ram Sandhya Farms Private Limited
25. RSL Enterprise Solutions (Pty) Limited, South Africa
26. Ramco Systems Canada Inc., Canada
27. Ramco Systems FZ-LLC

2. **SHRI A.V. DHARMAKRISHNAN**

Shri A.V. Dharmakrishnan, a Chartered Accountant aged 57 years started his carrier in 1982 at The Ramco Cements Limited (formerly Madras Cements Limited). He is presently holding the position of Chief Executive Officer at The Ramco Cements Limited. He has specialized knowledge and rich experience in Finance and Taxation matters.

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

Audit Committee

Nomination and Remuneration Committee

He holds 1,100 Equity Shares of the Company.

He is also a Director in the following Companies:-

1. Ontime Industrial Services Limited
2. Ramco Systems Limited
3. Ramco Windfarms Limited
4. Madurai Trans Carrier Limited

DIRECTORS' REPORT



TO THE MEMBERS

Your Directors have pleasure in presenting their 78th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2014.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2014 after charging all expenses and contribution to P.A.C. Ramasamy Raja Memorial Fund of Rs. 100 Lakhs (which is within the limits laid in the Articles of Association) but before deducting finance cost and depreciation have resulted in operating profit of Rs. 9,795.88 Lakhs against Rs. 8,836.01 Lakhs for the previous financial year 2012-13.

After deducting Rs. 2,849.64 Lakhs towards finance cost and providing Rs. 2,820.57 Lakhs towards Depreciation, the Net Profit for the year is Rs. 4,125.67 Lakhs, against Rs. 3,374.88 Lakhs for the previous financial year 2012-13. Adding the surplus of Rs. 1,819.73 Lakhs brought forward from the previous year and after deducting Rs. 954.00 Lakhs, being the debit balance in the profit and loss account of transferor Company on amalgamation, your Directors propose to appropriate the total sum of Rs. 4,991.40 Lakhs as detailed below:

		Rs. in Lakhs
Provision for Taxation	Current Tax - MAT	792.00
	MAT credit for current year	(792.00)
	MAT credit related to earlier year	(144.18)
	Deferred Tax	1,611.30
Interim Dividend	Rs.5/- per share (PY: Rs.5/- per share)	368.81
Tax on Interim Dividend	@ 16.995%	62.68
Final Dividend	Rs.2.50 per share (PY: Rs.1/- per share)	184.40
Tax on Final Dividend	@ 16.995%	31.34
Transfer to General Reserve		1,926.92
Balance carried over to Balance Sheet		950.13
TOTAL		<u>4,991.40</u>

DIVIDEND

Your Directors have pleasure in recommending a Final Dividend of Rs. 2.50 per share. Together with the Interim Dividend of Rs. 5/- per share paid during the year, the total dividend for the year is Rs. 7.50 per share (Previous Year: Rs. 6/- per share). The dividend will be tax free income in the hands of Shareholders as the Company will pay Dividend Distribution Tax under Income Tax Act, 1961. The total amount of Dividend outgo including interim dividend for the year will be Rs. 553.21 Lakhs. The amount of tax on dividends (including tax on interim dividend already paid) would be Rs. 94.02 Lakhs.



DIRECTORS' REPORT

TAXATION

The Company is not liable to pay income tax under regular Income Tax provisions. An amount of Rs.792.00 Lakhs towards Current Tax (MAT) and Rs.1,611.30 Lakhs towards Deferred Tax has been provided for the year. The tax paid under MAT will be available for set off in the year of regular income tax liability.

TRADE CONDITIONS

Your Directors are glad to inform you that the performance of the Company during the year was good due to good demand for our yarn, both in domestic as well as export market. Though there was volatility in cotton prices, constant demand for the value added yarn produced by your Company has helped to maintain the yarn prices at reasonable levels. The capacity of spinning and other value added facilities have been utilized well during the year. Better yarn realization coupled with higher capacity utilization have contributed for overall improved financial performance of the Company.

The power cut in Tamil Nadu / Andhra Pradesh is still continuing. Timely decision taken by your Directors to install Windmills in previous years has helped the Company to mitigate the power short fall during peak wind season. During this year, there was an unusual restrictions imposed by the Tamil Nadu Generation and Distribution Corporation (TANGEDCO) in evacuation of power generated by wind mills, which has resulted in loss in generation of power from wind mills to the extent of approximately 19 million units, which translated into Rs.11 Crores in monetary terms.

Due to shut-down of wind mills by TANGEDCO, the Company was forced to purchase the power from power generating companies / run the DG & HFO sets, which are costly compared to wind mills. Due to this, the power cost during the year has gone up substantially.

Inspite of spiraling wage cost, power cost and logistics cost, the strategic decisions taken by the Company to focus on high quality value added yarn catering to the premium customers in fabric and garment segments, both in domestic and export markets have helped the Company to improve operational and financial performance.

EXPORTS

On the export front during the year, we have made export of Cotton Yarn / Fabrics (including Merchant Exports) for a value of Rs. 122.56 Crores as against Rs.78.64 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 thrust on modernization programme, the company has invested about Rs. 31 Crores for investment in state-of-the-art textile machinery & equipment like Carding, Combers,

DIRECTORS' REPORT



Compact Ring Spinning Frames, Auto doffing System in Ring Frames, Auto Cone Winding Machines, Link Coners, Open End Spinning Machines etc. There was an increase in capacity by 3,312 Spindles & 448 Rotors because of above modernization during the current year.

PROSPECTS FOR THE CURRENT YEAR

The cotton prices are currently ruling high at uneconomical levels. Due to sluggish demand for yarn, the Spinning Mills are not able to increase the yarn prices in line with the increased cotton cost. While the cost of major inputs are increasing steeply, the yarn prices are falling due to sluggishness in both domestic and global yarn markets. There is no parity between cotton cost and yarn selling prices.

The Company is maintaining high standards of yarn quality, cost effective production and stringent waste control measures and focusing on more automation with a view to utilize the skilled manpower more efficiently. The Company is making all efforts to cope up with the current challenges through continuous cost reduction, imparting training to the employees at all levels, re-engineering of process and improved customer service to protect the profit margins. Your Directors are hopeful of achieving satisfactory results for the current year with the implementation of above steps.

WIND MILL

The Company has wind mills with installed capacity of 32.75 MW for its captive power consumption. These wind mills are connected to the grids maintained by Tamil Nadu Generation and Distribution Corporation (TANGEDCO). These wind mills were permitted to run and generate power throughout the wind season until previous years. But during this year, TANGEDCO did not evacuate the power generated by wind mills and the wind mills were forced to shut down during peak wind season, ranging from eight to twenty hours resulting in heavy financial losses to the Company. Due to this, there was drastic reduction in the power generated by our wind farm, though there was good wind season during the year compared to previous year.

The wind farm has generated 546 Lakhs Kwh as compared to 644 Lakhs Kwh of the previous year. The income during the year from the Wind Mill Division was Rs. 31.55 Crores as against Rs. 36.54 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 coupled with high labour cost is a matter of concern for textile mills. We are striving our best to retain them by implementing various attractive incentive schemes.

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



DIRECTORS' REPORT

employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219 (1) (b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Member who is interested in obtaining such particulars may write to the Company.

INTERNAL CONTROL SYSTEM

Your Company has adequate internal control procedures commensurate with the size and nature of its operations. The audit committee constituted by the Board of Directors is functioning effectively. All significant audit observations were discussed in the audit committee, which met Four times during the year under review. ERP System developed by Ramco Systems Limited, 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

Shri N.R.K. Venkatesh Raja, has resigned from the Board on 19-05-2014 and he had been on the Board of the Company for 28 years. The Directors place on record the valuable and constructive contribution made by Shri N.R.K. Venkatesh Raja during his association with the Company.

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

1. Dr. K.T. Krishnan
2. Shri A.V. Dharmakrishnan
3. Shri P.R. Venketrama Raja

During the year, Justice Shri P.P.S. Janardhana Raja and Shri V. Santhana Raman have been co-opted by the Board as Additional Directors and they will hold office till the date of the forthcoming Annual General Meeting. A Notice has been received from a Member signifying his intention to propose the appointment of Justice Shri P.P.S. Janardhana Raja and Shri V Santhana Raman as Directors at the Annual General Meeting.

In accordance with Clause 49 of the Listing Agreement, 50% of the total number of Directors should be Independent Directors. Accordingly, Members' approval is being sought to have the following as Independent Directors.

1. Dr. K.T. Krishnan
2. Shri N.K. Ramasuwami Raja
3. Justice Shri P.P.S. Janardhana Raja
4. Shri V. Santhana Raman

DIRECTORS' REPORT



As per Companies Act 2013, the independent directors have to be appointed for a term of 5 years and they are not liable to retire by rotation. The proposal for the appointment of above Independent Directors along with their profile is attached in the Notice of the AGM.

PUBLIC DEPOSITS

The total deposits from the public outstanding with the Company as on 31-03-2014 were Rs. 868.58 Lakhs including the deposits renewed in accordance with Section 58A of the Companies Act, 1956. There was no deposits unclaimed / unpaid as on 31-03-2014.

Section 74 of the Companies Act, 2013 has provided an option to repay the existing deposits accepted on or before 31-03-2014. The Company has decided not to accept fresh deposits from 01-04-2014 and to repay all the existing deposits by complying with the formalities required in this regard.

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 2014-15.

AUDITORS

M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants, and M/s. Ramakrishna Raja and Co., Chartered Accountants, are the Auditors of the Company.

Under Section 139 of the Companies Act, 2013, a listed Company can appoint an Audit Firm as Auditor for a maximum of 2 terms of 5 consecutive years. However, they are eligible for reappointment after a period of 5 years from the completion of such term. Both the Auditors have completed the maximum threshold limit of 10 consecutive years. However, a period of 3 years is given for compliance of the new requirement. Since a period of 3 years is available to continue with the existing auditors, it is proposed to appoint them for the remaining eligibility period of 3 years.

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 31-03-2014 on a remuneration of Rs.1,10,000/- exclusive of out-of-pocket expenses.

The Cost Audit Report for the financial year 2012-13 due to be filed with Ministry of Corporate Affairs by 27-09-2013, had been filed on 16-09-2013. The Cost Audit Report for the financial year 2013-14 is due to be filed within 180 days from the closure of the financial year and will be filed within the stipulated period.



DIRECTORS' REPORT

Under Section 148 of the Companies Act, 2013, the Government is yet to notify the class of companies to which the Cost Audit is applicable. Based upon such notifications as and when issued, the Company will take steps for implementation.

AMALGAMATION

At the meeting held on 28-05-2012, the Board of Directors approved the proposal for the amalgamation of its wholly owned subsidiary, Rajapalayam Spinners Limited (RSL) with the Company. The Honorable High Court of Madras vide its order dated 13-06-2013, sanctioned the 'Scheme of Amalgamation' of RSL with the Company. The "Appointed Date" has been fixed as 01-04-2012. Thus from this date, RSL stands amalgamated with the Company and more details are furnished in the Notes to the Financial Statements of this Annual Report.

SALE OF ASSETS AND LIABILITIES OF A SPINNING UNIT OF THE COMPANY

After amalgamation, the Spinning Mill owned by Rajapalayam Spinners Limited was re-named as Rajapalayam Mills - Subramaniapuram Unit. Before the acquisition, RSL has established market for coarser yarn counts. Since the other units in the Company was producing fine and super fine counts, in order to cater the coarser yarn segment also, the Company has acquired the business of RSL.

Rajapalayam Mills - Subramaniapuram Unit has very limited synergies with other Units of Rajapalayam Mills owing to super fine and value added count pattern and finest quality yarn segment, where the existing other Units focus their production and marketing.

Different ownership structure with different brand can fully utilize the capacity and business potential of Rajapalayam Mills - Subramaniapuram Unit. In these circumstances, selling off this Unit is considered to be a better proposal in the long term interests of Rajapalayam Mills Limited.

Hence the Board at its meeting held on 03-02-2014 has approved the proposal of the Company to sell the assets along with liabilities of above Unit, subject to the approval of the Shareholders of the Company and formed a Committee of Directors to decide the fair market value and other matters related to the above sale.

In order to decide the fair market value of the Assets of Rajapalayam Mills - Subramaniapuram Unit, the Company was advised to get tenders by publishing an advertisement in the leading Newspapers about the Company's proposal to sell the assets of the above said Unit. The Company has published an advertisement on 12-02-2014 in Business Line (All India Edition) and The Hindu-Tamil (Tamil Nadu Edition).

Based on the tender received in response to the above advertisement & based on the report of two independent chartered engineers, the Committee recommended that Rs. 33.31 Crores may be fixed as fair market value of fixed assets and the same has been approved by the Board on 24-02-2014. The proposal was also approved by the Shareholders of the Company by way of Special Resolution passed through Postal Ballot on 31-03-2014.

DIRECTORS' REPORT



The Company, on 25-04-2014 has completed the sale of assets and liabilities of Rajapalayam Mills - Subramaniapuram Unit in accordance with the above said Special Resolution. The effect of this sale will be given effect in the financial statements of next Financial Year 2014-15.

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

The 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 2014, the applicable accounting standards had been followed;
- ii) The selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period.
- iii) Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act had been taken for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) The annual accounts were prepared on a going concern basis.

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors,
For RAJAPALAYAM MILLS LIMITED,

P.R.RAMASUBRAHMANEYA RAJHA
CHAIRMAN

RAJAPALAIYAM,
25th May, 2014.



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) is 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.
We have installed 100 Nos of T5 Tube lamps with reflective covers and achieved energy saving.
Conventional centrifugal fan in Blow Room, Carding, Comber Waste Collection system were replaced by energy efficient centrifugal fans.
- (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
- (g) (i) Total Foreign exchange used (incl. Capital Goods) : Rs.4,401.52 Lakhs
(ii) Total Foreign exchange earned : Export of Cotton Yarn : Rs.1,474.11 Lakhs (in FOB Value)
- Exporting Cotton Yarn to Japan, China, Italy, Indonesia, Sri Lanka, Dubai, Kore and Mauritius.

ANNEXURE I TO DIRECTORS' REPORT



FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION

		2013-14	2012-13
1.	Electricity		
	(a) Purchased from Electricity Board		
	Unit	Lakhs KWH	53.62
	Total amount	Rs. in Lakhs	1,148.46
	Rate / Unit	Rs.	21.42
	(Inclusive of demand Charges and Wind Mill related expenses paid to Electricity Board)		
	(b) Own Generation		
	(i) Through Diesel / HFO Generator	Lakhs KWH	85.10
	Unit per litre of Diesel Oil / Furnace Oil	KWH	3.73
	Cost / Unit	Rs.	12.10
	(ii) Wind Energy	Lakhs in KWH	626.27
	(c) Purchase from Third party / Group Captive arrangement		
	Units	Lakhs KWH	116.07
	Total amount	Rs. in Lakhs	743.26
	Rate / Unit	Rs.	6.40
2.	Furnace Oil		
	Quantity	Lakhs Ltrs.	7.16
	Total Cost	Rs. in Lakhs	330.04
	Average Rate	Rs.	46.09
3.	Diesel Oil		
	Quantity	Lakhs Ltrs.	15.67
	Total Cost	Rs. in Lakhs	699.91
	Average Rate	Rs.	44.67

B. CONSUMPTION PER UNIT OF PRODUCTION :

Product	: Cotton Yarn		
Units	: Kg. (40s Converted)	5.85	5.77
Electricity (Unit/Kg.)	(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 Limited is assiduously following its self determined goals on Corporate Governance. The object of the Company is to protect and enhance the value of all the stake holders of the Company viz., shareholders, creditors, customers and employees. It strives to achieve these objectives through high standards in dealings and following business ethics in all its activities.

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

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

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

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

2. BOARD OF DIRECTORS

The Board of Directors is headed by the Chairman Shri P.R. Ramasubrahmaneya Rajha. The Board consists of eminent persons with considerable professional expertise in various fields such as Administration, Banking, Finance, Law, Engineering, etc. During the year 2013-2014, the Board had 10 Directors. On 19-05-2014, Shri N.R.K. Venkatesh Raja had resigned from the Directorship of the Company. Hence the strength of the Board had come down to 9 Directors. Out of the 9 Directors, 8 Directors are Non-Executive Directors. As required by the Code of Corporate Governance, 50% of the Board of Directors should consist of Independent Directors. Because of the resignation of the Independent Director, the strength of the independent directors in the Board is 44% and steps have been initiated to increase the Composition of Independent Directors to 50%. There is no pecuniary relationship or transaction of the Non- Executive Directors vis-à-vis the Company.

During the year under review, Four Board Meetings were held, one each on 27-05-2013, 30-07-2013, 28-10-2013 and 03-02-2014.

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

Sl. No.	Name of the Director	Directorship	No. of Board Meetings attended	% of Meetings attended during the year
1.	Shri P.R. Ramasubrahmaneya Rajha	Chairman	4	100
2.	Smt R. Sudarsanam	Managing Director	4	100
3.	Shri P.R. Venketrama Raja	Non-Executive Director	4	100
4.	Shri S.S. Ramachandra Raja	Non-Executive Director	4	100
5.	Shri N.K. Ramasuwami Raja	Independent Director	3	75
6.	Dr. K.T. Krishnan	Independent Director	3	75
7.	Shri N.R.K. Venkatesh Raja #	Independent Director	3	75
8.	Justice Shri P.P.S. Janardhana Raja *	Independent Director	2	50
9.	Shri A.V. Dharmakrishnan	Professional Director	4	100
10.	Shri V. Santhana Raman *	Independent Director	1	25

Shri N.R.K. Venkatesh Raja ceased to be a Director with effect from 25-05-2014

* During the year, Justice Shri P.P.S. Janardhana Raja and Shri V. Santhana Raman became Directors on 28-10-2013 and 27-12-2013 respectively.



ANNEXURE II TO DIRECTORS' REPORT

The previous Annual General Meeting of the Company was held on 1st August, 2013 at Rajapalayam. The following Directors attended the Annual General Meeting:

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

CODE OF CONDUCT

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

1. FOR DIRECTORS

A Director being a Trustee of the Shareholders shall -

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

2. FOR SENIOR MANAGEMENT PERSONNEL

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

A Senior Management personnel shall -

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



ANNEXURE II TO DIRECTORS' REPORT

- v. Observe all prescribed safety and environmental related norms.
- vi. Not divulge to any member of the press or media any matter concerning the Company unless authorised by the Management.
- vii. Not engage himself in any business relationship or commercial activity with or without remuneration, without the prior written permission of the Management.

The Code of conduct has also been posted on the Company's website: www.rajapalayammills.co.in

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:

1. Compliance with Listing and other legal requirements relating to financial statements.
2. Overseeing of Vigil Mechanism.
3. Review of Internal Audit Reports and Internal Control weaknesses.
4. Appointment, removal and review of functions of Chief Financial Officer and Chief Internal Auditor.
5. Reviewing of Accounting Policies, practices, etc.
6. Recommendation to the Board with regard to appointment of statutory auditors, cost auditors and secretarial auditors.
7. Approval or any subsequent modifications of transactions of the Company with related parties.
8. Scrutiny of any Inter Corporate Loans and Investments.

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:

SI. No.	Name of the Director	No. of Meetings attended
1.	Dr. K.T. Krishnan, Chairman of the Committee	4
2.	Shri N.K. Ramaswami Raja	4
3.	Shri A.V. Dharmakrishnan #	3

Shri. A.V. Dharmakrishnan has been nominated to the Committee on 27-05-2013.



ANNEXURE II TO DIRECTORS' REPORT

No. of Meetings held during the year : 4

Date of the Meetings : 27-05-2013, 30-07-2013, 28-10-2013 & 02-02-2014

The Statutory Auditors, President, Chief Financial Officer, Head of Internal Audit Department are invitees to the Audit Committee Meetings. The Company Secretary acts as the Secretary to the Committee. 2/3rd of members of the Audit Committee are Independent Directors as required under Code of Corporate Governance.

(B) NOMINATION AND REMUNERATION COMMITTEE

Sl. No.	Name of the Director
1.	Dr. K.T. Krishnan, Chairman of the Committee
2.	Shri N.K. Ramasuwami Raja
3.	Shri A.V. Dharmakrishnan #

Shri A.V. Dharmakrishnan has been nominated to the Committee on 27-05-2013.

No. of Meetings held during the year : Nil

Existing Remuneration Committee has been renamed as Nomination and Remuneration Committee on 25-05-2014.

(C) SHARE TRANSFER COMMITTEE

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

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

(D) STAKEHOLDERS RELATIONSHIP COMMITTEE

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

No. of Meetings held during the year : 1

Date of the Meeting : 27-03-2014

ANNEXURE II TO DIRECTORS' REPORT



No. of complaints received and redressed during the year : 1

Existing Investors Grievance Committee has been renamed as Stakeholders Relationship Committee on 25-05-2014.

The above Committees meet as and when necessity arises.

(E) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In the Board Meeting held on 25-05-2014, a new committee is constituted in the name Corporate Social Responsibility Committee and the Committee shall;

1. Formulate and recommend to the Board a CSR Policy which shall indicate the activities to be undertaken.
2. Recommend the amount of expenditure to be incurred and the activities.
3. Monitor the CSR Policy.

The Corporate Social Responsibility Committee consists of the following Directors:

Sl. No.	Name of the Director
1.	Shri P.R. Ramasubrahmaneya Rajha, Chairman
2.	Shri P.R. Venketrama Raja
3.	Dr. K.T. Krishnan

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.

5. REMUNERATION OF DIRECTORS

The Non - Executive Directors do not draw any remuneration from the Company except Sitting Fee which were paid @ Rs.15,000/- for each meeting of the Board / Committees of the Board attended by them.



ANNEXURE II TO DIRECTORS' REPORT

6. DISCLOSURE OF SHAREHOLDINGS OF NON-EXECUTIVE DIRECTORS

Following are the details of shareholdings of the non-executive directors in the Company as on 31-03-2014.

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 N.R.K. Venkatesh Raja #	24,320
7.	Shri A.V. Dharmakrishnan	1,100
8.	Justice Shri P.P.S. Janardhana Raja	Nil
9.	Shri V. Santhana Raman	Nil

Shri N.R.K. Venkatesh Raja ceased to be a Director with effect from 25-05-2014

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 Limited, 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,
25th May, 2014.



ANNEXURE II TO DIRECTORS' REPORT

SHAREHOLDER INFORMATION

Registered Office

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

Details of Factory Location Textile Division

Rajapalayam, Tamilnadu

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

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

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

Andhra Pradesh

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

Fabric Division

Shed No.A-40, Palladam Hi-Tech Weaving Park,
Sukkampalayam Village, Palladam - 641 662.
Coimbatore District, Tamil Nadu.

Person to be contacted for Shareholder enquires

A. ARULPRANAVAM
Secretary (Compliance Officer),
Rajapalayam Mills Limited,
Post Box No.1, P.A.C. Ramasamy Raja Salai,
Rajapalaiyam - 626 117, Tamil Nadu
Phone : 04563 - 235666
Fax : 04563 - 236520
e-mail : rajacot@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 2014-15 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
31-03-2011	20-07-2011	10.00 A.M	P.A.C.R. Centenary Community Hall, P.A.C.Ramasamy Raja Salai, Rajapalayam-626 108, Tamil Nadu.
31-03-2012	06-08-2012	10.00 A.M	-do-
31-03-2013	01-08-2013	10.00 A.M	-do-

One Special Resolution has been passed in the previous three Annual General Meetings.

Five Resolutions on matters requiring postal ballot as per Section 192A of the Companies Act, were passed during the year.

ENSUING ANNUAL GENERAL MEETING

Date	Time	Venue
04-08-2014	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, 2013 to March, 2014)

Board Meeting for consideration of Accounts and recommendation of dividend	25 th May, 2014
Posting of Annual Report	On or before 11-07-2014
Book Closure dates	30-07-2014 to 04-08-2014 (Both days inclusive)
Last date for receipt of Proxy forms	Before 10.00 A.M. on Saturday, the 2 nd August 2014
Date of the 78 th AGM	04-08-2014
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. Share Transfers are registered and returned within fifteen 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) Limited (CDSL).

The Company is having in-house facilities for the Depository Registrar Services relating to both NSDL and CDSL. As on 31st March, 2014, 84.90% 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 transfers as on 31-03-2014. 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. 180.49 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, 2014.

For RAJAPALAYAM MILLS LIMITED,

RAJAPALAIYAM,
25th May, 2014.

R. SUDARSANAM
MANAGING DIRECTOR



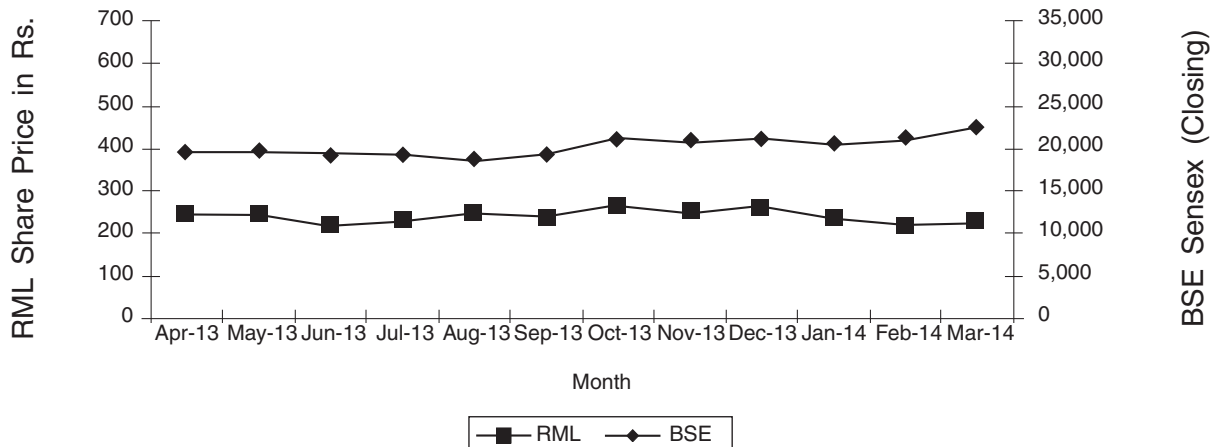
ANNEXURE II TO DIRECTORS' REPORT

STATISTICAL DATA

Share Price - High & Low / Volume (During April, 2013 to March, 2014 in BSE)

Month	Bombay Stock Exchange, Mumbai		
	High Rs.	Low Rs.	No. of Shares Traded
April, 2013	260	238	5,087
May	284	240	6,465
June	258	205	4,592
July	253	217	8,886
August	269	223	18,004
September	260	230	7,134
October	270	222	16,791
November	275	240	10,073
December	280	234	7,048
January, 2014	275	228	10,242
February	248	217	14,157
March	247	216	9,710

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



ANNEXURE II TO DIRECTORS' REPORT



Pattern of Shareholding as on 31-03-2014

Description	Total Shareholders	%	Total Shares	%
A. PROMOTERS HOLDING				
1. Promoters	15	0.30	3920200	53.15
Sub-total	15	0.30	3920200	53.15
B. NON - PROMOTERS HOLDING				
1. Banks, FI's Ins. Cos, Govt. Institutions	3	0.06	2060	0.03
2. NRIs / OCBs & Non-Domestic Companies	27	0.54	47265	0.64
3. Private Corporate Bodies	149	2.95	186763	2.53
4. Public	4851	96.15	3219872	43.65
Sub-total	5030	99.70	3455960	46.85
Total	5045	100.00	7376160	100.00

Distribution of Shareholding as on 31-03-2014

No. of Shares held	Total Shareholders	%	Total Shares	%
Upto - 500	4247	84.18	427018	5.79
501 to 1000	320	6.34	238432	3.23
1001 to 2000	181	3.59	265095	3.59
2001 to 3000	92	1.82	213462	2.89
3001 to 4000	48	0.95	167323	2.27
4001 to 5000	20	0.40	91368	1.24
5001 to 10000	64	1.27	422313	5.73
10001 & above	73	1.45	5551149	75.26
Total	5045	100.00	7376160	100.00

Category of Shareholding as on 31-03-2014

Category	Total Shareholders	%	Total Shares	%
Dematerialized Form:				
CDSL	1337	26.50	1149845	15.59
NSDL	2955	58.57	5112210	69.31
Physical Form	753	14.93	1114105	15.10
Total	5045	100.00	7376160	100.00



AUDITORS' REPORT TO SHAREHOLDERS

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. Rajapalayam Mills Limited

Report on the Financial Statements

We have audited the accompanying financial statements of M/s. Rajapalayam Mills Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13-09-2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedure to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.



AUDITORS' REPORT TO SHAREHOLDERS

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014.
- (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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that :
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) 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;
 - (c) 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;
 - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13-09-2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
 - (e) on the basis of written representations received from the Directors as on March 31, 2014, and taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2014, from being appointed as a Director in terms of Clause (g) of sub-section(1) of Section 274 of the Companies Act, 1956.

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,
25th May, 2014.



AUDITORS' REPORT TO SHAREHOLDERS

ANNEXURE TO THE AUDITOR'S REPORT

Annexure Referred to in paragraph 1 of "Report on other Legal and Regulatory requirements" of our Report of even date

- (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 of fixed assets which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) The Company during the year has disposed off Plant and Machinery and other assets excluding Land and Buildings of the Tissue Culture Operations which was discontinued, for a sum of Rs. 109.43 Lakhs (Net book value Rs. 91.00 Lakhs) as approved by the Shareholders through resolution passed on 26-07-2013. This has no impact on the going concern status of the company.
- (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 aggregating to Rs. 6,235.00 Lakhs during the year (PY: Rs. 625.00 Lakhs) to 2 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.5,036.00 Lakhs (PY: Rs. 3,361.00 Lakhs) and Rs. 3,450.00 Lakhs (PY: Rs.1,636.00 Lakhs) 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 aggregating to Rs.1,439.92 Lakhs (PY: Rs. 35.29 Lakhs) from 4 parties covered in the register maintained under

AUDITORS' REPORT TO SHAREHOLDERS



Section 301 of the Act. The maximum amount involved during the year and the year end balance of unsecured loans aggregate to Rs. 1,377.77 Lakhs (PY: Rs. 35.42 Lakhs) and Rs. 1,178.71 Lakhs (PY: Rs. 35.42 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 also with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems of the Company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of transactions made in pursuance of contracts 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 on the Company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for non-compliance with the provision of Section 58A and 58AA of the Companies Act, 1956.
- (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.



AUDITORS' REPORT TO SHAREHOLDERS

- (ix) (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Production Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amount payable in respect of Provident Fund, Investor Education and Production Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax and other material statutory dues were in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (c) The disputed statutory dues aggregating to Rs.157.17 Lakhs (PY: 123.05 Lakhs) that have not been deposited an account of matters pending before appropriate authorities are as under:

Name of the Statute	Forum where dispute is pending	Amount (Rs. in Lakhs)
Service Tax	Central Excise, Customs & Service Tax Appellate Tribunal, Chennai	153.02
Income Tax	The Commissioner of Income Tax (Appeal-II), Madurai	4.15

- (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.
- (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) In our opinion, the Company is not a Chit fund or a Nidhi / Mutual benefit fund / Society. Therefore the provisions of Clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 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.

AUDITORS' REPORT TO SHAREHOLDERS



- (xv) The terms and conditions of the guarantee given by the Company for loans taken by others from Banks or financial institutions are not prima facie prejudicial to the interest of the Company.
- (xvi) On the basis of review of utilisation of funds on an overall basis in our opinion, the terms loans taken by the company were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on the basis of overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued debentures and accordingly no security or charge has been created in respect of debentures.
- (xx) The Company has not made a public issue of any its securities during the year and accordingly the provisions of Clause 4(xx) of the Companies (Auditor's Report) order 2003 are not applicable to the Company.
- (xxi) According to the information and explanations given to us, no material 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,
25th May, 2014.



BALANCE SHEET AS AT 31ST MARCH 2014

				(Rs. in Lakhs)		
		Note No.	As at 31-03-2014	As at 31-03-2013		
I EQUITY AND LIABILITIES						
(1) Shareholders' Funds						
(a)	Share Capital	1	737.62	737.62		
(b)	Reserves and Surplus	2	17,944.36	18,681.98	16,813.96	17,551.58
(2) Non Current Liabilities						
(a)	Long Term Borrowings	3	13,520.27		16,026.63	
(b)	Deferred Tax Liabilities (Net)	4	5,471.60		4,260.70	
(c)	Long Term Provisions	5	153.52	19,145.39	118.40	20,405.73
(3) Current Liabilities						
(a)	Short Term Borrowings	6	15,583.36		8,568.10	
(b)	Trade Payables		2,893.40		1,241.63	
(c)	Other Current Liabilities	7	5,645.55		4,883.87	
(d)	Short Term Provisions	8	1,642.18	25,764.49	954.62	15,648.22
Total				63,591.86		53,605.53
II ASSETS						
(1) Non Current Assets						
(a) Fixed Assets						
(i)	Tangible Assets	9	32,260.25		28,431.25	
(ii)	Intangible Assets	9	10.48		11.09	
(iii)	Capital Work-in-Progress		50.50		176.55	
(iv)	Fixed Assets pertaining to discontinuing operations and held for sale [Refer to Note No. 26(18)]		—		100.04	
				32,321.23		28,718.93
(b)	Non Current Investments	10	4,115.54			4,644.66
(c)	Long Term Loans and Advances	11	3,746.96			3,577.96
(d)	Other Non Current Assets	12	2,292.57			1,356.39
(2) Current Assets						
(a)	Inventories	13	12,841.54		7,895.70	
(b)	Trade Receivables	14	4,075.63		3,669.90	
(c)	Cash and Bank Balances	15	685.03		451.26	
(d)	Short Term Loans and Advances	16	2,376.65		2,656.73	
(e)	Other Current Assets	17	1,136.71	21,115.56	634.00	15,307.59
Total				63,591.86		53,605.53
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, 25th May, 2014.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SMT. R. SUDARSANAM
MANAGING DIRECTOR

V. GURUSAMY
SECRETARY

B. GNANAGURUSAMY
CHIEF FINANCIAL OFFICER

S.S. RAMACHANDRA RAJA
N.K. RAMASUWAMI RAJA

K.T. KRISHNAN

JUSTICE P.P.S. JANARDHANA RAJA

A.V. DHARMAKRISHNAN

V. SANTHANA RAMAN

DIRECTORS



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

		Note No.	For the year ended 31-03-2014	(Rs. in Lakhs) For the year ended 31-03-2013
I	Revenue from Operations	18	43,388.62	34,465.89
II	Other Income	19	682.98	1,358.06
III	Total Revenue (I+II)		44,071.60	35,823.95
IV	EXPENSES			
	Cost of Materials Consumed	20	21,406.41	16,303.77
	Changes in Inventories of Finished Goods and Work-in-progress	21	(641.07)	563.81
	Employee Benefit Expenses	22	4,438.96	3,436.76
	Finance Costs	23	2,849.64	2,648.45
	Depreciation and Amortization Expenses	9 & 10	2,820.57	2,812.68
	Other Expenses	24	9,071.42	6,683.60
	Total Expenses		39,945.93	32,449.07
V	Profit / (Loss) Before Tax (III-IV)		4,125.67	3,374.88
	Continuing Operations			
VI	Profit / (Loss) from Continuing Operations Before Tax		4,107.24	3,726.91
VII	Income Tax Expenses / (Savings)			
	Current Tax - MAT		792.00	427.43
	MAT Credit for the current year		(792.00)	(219.15)
	MAT Credit related to earlier years		(144.18)	-
	Deferred Tax		1,607.68	983.55
			1,463.50	1,191.83
VIII	Profit from Continuing Operations After Tax (VI-VII)		2,643.74	2,535.08
IX	Discontinuing Operations [Refer to Note No. 26 (18)]			
	a. Loss from ordinary activities attributable to Discontinuing Operation		-	(352.03)
	b. Profit on sale of assets attributable to Discontinuing Operation (Net)		18.43	-
X	Income Tax Expenses / (Savings)			
	Current Tax - MAT		-	(70.43)
	Deferred Tax		3.62	(123.65)
			3.62	(194.08)
XI	Profit / (Loss) from Discontinuing Operations After Tax (IX-X)		14.81	(157.95)
XII	Profit After Tax (VIII + XI)		2,658.55	2,377.13
XIII	Earnings per Equity Share of Rs. 10/- each			
	Basic & Diluted (in Rupees) [Refer to Note No. 26(16)]		36.04	32.23
	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, 25th May, 2014.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SMT. R. SUDARSANAM
MANAGING DIRECTOR

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A.V. DHARMAKRISHNAN

V. SANTHANA RAMAN

DIRECTORS



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

	(Rs. in Lakhs)	
	2013-14	2012-13
A. Cash Flow from Operating Activities		
Net Profit before tax and extraordinary items	4,125.67	3,374.88
Adjustments for :		
Depreciation	2,820.57	2,812.68
Interest Paid	2,849.64	2,648.45
Interest Received	(244.52)	(366.45)
Dividend Received	(344.90)	(909.81)
Diminution of Value of Investments	–	0.26
Impairment Loss on Assets	–	17.75
Profit on Sale of Assets	(33.47)	(9.51)
Operating Profit before Working Capital Changes	9,172.99	7,568.25
Adjustments for :		
Trade Receivables	(162.34)	(420.24)
Loans and Advances	923.67	(666.42)
Inventories	(4,329.31)	(1,983.21)
Trade Payables & Current liabilities	650.85	89.13
Cash generated from Operations	6,255.86	4,587.51
Income Tax Paid	(836.47)	(331.84)
Net Cash from Operating Activities	A 5,419.39	4,255.67
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(3,197.46)	(680.68)
Investment in Ramco Wind Farms Limited	(5.50)	–
Sale of Assets	171.41	149.42
Interest Received	244.52	366.45
Dividend Received	344.90	909.81
Net Cash from / (used) in Investing Activities	B (2,442.13)	745.00

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014



		(Rs. in Lakhs)	
		2013-14	2012-13
C. Cash Flow from Financing Activities			
Proceeds from Long Term Borrowings		1,296.14	929.51
Repayment of Long Term Loan		(4,251.62)	(3,851.00)
Increase in Working Capital Borrowings		5,562.66	1,238.01
Increase in Inter Corporate Deposits		(2,000.00)	(85.00)
Payment of Dividend and Tax thereon		(517.79)	(514.37)
Interest Paid		(2,849.64)	(2,648.45)
Net Cash used in Financing Activities	C	(2,760.25)	(4,931.30)
Net Increase in Cash and Cash Equivalents	(A+B+C)	217.01	69.37
Opening balance of Cash and Cash Equivalents	D	451.26	381.89
<i>(Refer to Note No.15)</i>			
Cash and Cash Equivalents acquired on Amalgamation of RSL	E	16.76	–
<i>[Refer to Note No.26(17)]</i>			
Closing balance of Cash and Cash Equivalents	F	685.03	451.26
<i>(Refer to Note No.15)</i>			
Net Increase in Cash and Cash Equivalents	(F-E-D)	217.01	69.37

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

K. SRINIVASAN
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For RAMAKRISHNA RAJA AND CO.,
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A.V. DHARMAKRISHNAN

V. SANTHANA RAMAN

DIRECTORS



NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at
31-03-2014 As at
31-03-2013

NOTE NO. 1

SHARE CAPITAL

Authorised

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

(PY: 1,50,00,000 Equity Shares of Rs.10/- each)

1,500.00

1,500.00

Issued, Subscribed and Fully Paid-up

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

(PY: 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 (PY: 62,13,850 Equity Shares) of Rs. 10/- each, which were allotted as fully paid Bonus Shares by Capitalisation of Reserves.

b. Reconciliation of the number of shares outstanding

Particulars	As at 31-03-2014		As at 31-03-2013	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning	73,76,160	737.62	73,76,160	737.62
Issued during the year - Bonus Issue	-	-	-	-
Issued during the year - Preferential Allotment	-	-	-	-
Number of Shares at the end	73,76,160	737.62	73,76,160	737.62

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.

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

Particulars	As at 31-03-2014		As at 31-03-2013	
	No. of Shares	% of holding	No. of Shares	% of holding
P.R. Ramasubrahmaneya Rajha	9,88,792	13.41%	9,88,792	13.41%
P.R. Venketrama Raja	7,44,560	10.09%	7,44,560	10.09%
Ramco Industries Limited	8,47,360	11.49%	8,47,360	11.49%
The Ramco Cements Limited	7,25,600	9.84%	7,25,600	9.84%

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

NOTES FORMING PART OF FINANCIAL STATEMENTS



	(Rs. in Lakhs)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 2		
RESERVES AND SURPLUS		
Capital Reserve	3.75	3.75
Securities Premium Reserve	1,490.48	1,490.48
General Reserve		
Balance as per last Financial Statement	13,500.00	13,167.70
Add: Excess of the book value of investments in the Equity Share Capital of Rajapalayam Spinners Limited over the face value of such Share Capital adjusted on Amalgamation [Refer to Note No.26(17)].	73.08	—
Add: Balance through from Surplus balance in the Statement of Profit and Loss	1,926.92	332.30
	15,500.00	13,500.00
Surplus / (Deficit) in the Statement of Profit & Loss		
Balance as per last Financial Statement	1,819.73	289.84
Profit for the Year	2,658.55	2,377.13
Balance of Profit and Loss of Rajapalayam Spinners Limited as on 01-04-2012 adjusted on Amalgamation [Refer to Note No.26(17)]	(794.46)	—
Post Amalgamation Loss of Rajapalayam Spinners Limited for the period April, 2012 to March, 2013 [Refer to Note No.26(17)]	(159.54)	—
Balance available for Appropriations	3,524.28	2,666.97
Less : Appropriations		
Interim Dividend Paid	368.81	368.81
Tax on Interim Dividend	62.68	59.83
Proposed Final Dividend	184.40	73.76
Tax on Proposed Dividend	31.34	12.54
Transfer to General Reserve	1,926.92	332.30
Total Appropriations	2,574.15	847.24
Net Surplus in the Statement of Profit and Loss	950.13	1,819.73
	17,944.36	16,813.96



NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at
31-03-2014 As at
31-03-2013

NOTE NO. 3

LONG TERM BORROWINGS

Secured

Term Loan from Banks **13,520.27** 15,442.47

Unsecured

Deposits – 584.16

13,520.27 16,026.63

- 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 31-03-2014	As at 31-03-2013
2014-15	–	3,947.00
2015-16	4,494.12	4,143.00
2016-17	4,283.12	3,647.71
2017-18	2,899.66	2,173.93
2018-19	1,755.45	1,442.91
2019-20	87.92	87.92
	<u>13,520.27</u>	<u>15,442.47</u>

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 **5,714.40** 5,066.10

Deferred Tax Asset

Tax effect on unabsorbed depreciation under Income Tax Act, 1961 **(33.60)** (805.40)

Tax effect on Provision for Bonus and Leave Encashment **(209.20)** –

Net Deferred Tax Liability **5,471.60** 4,260.70

NOTES FORMING PART OF FINANCIAL STATEMENTS



	As at 31-03-2014	(Rs. in Lakhs) As at 31-03-2013
NOTE NO. 5		
LONG TERM PROVISIONS		
Provision for Employee Benefits	153.52	118.40
	<u>153.52</u>	<u>118.40</u>
NOTE NO. 6		
SHORT TERM BORROWINGS		
Secured		
Loan Repayable on Demand from Banks *	12,754.51	7,305.73
Unsecured		
Loan Repayable on Demand from Banks	781.56	1,206.51
Deposits	868.58	20.44
<i>[Refer to Note No. 26(13)]</i>		
Loan from Related Parties	1,178.71	35.42
<i>[Refer to Note No. 26(7)]</i>		
	<u>15,583.36</u>	<u>8,568.10</u>
* <i>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.</i>		
NOTE NO. 7		
OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debt	4,368.20	3,900.50
Interest Accrued but not Due on Borrowings	126.87	19.49
Unclaimed Dividends	68.02	61.07
P.A.C.R. Memorial Fund	450.00	400.00
Liabilites for Other Finance	632.46	502.81
	<u>5,645.55</u>	<u>4,883.87</u>
NOTE NO. 8		
SHORT TERM PROVISIONS		
Provision for Employee Benefits	634.44	511.32
Provision for Taxation	792.00	357.00
Proposed Dividend Rs. 2.50 per share (PY: Re. 1/- per share)	184.40	73.76
Provision for Tax on Proposed Dividend	31.34	12.54
	<u>1,642.18</u>	<u>954.62</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS



NOTE NO. 9 FIXED ASSETS

Particulars	Gross Block				Depreciation			Net Block			
	Cost as at 01-04-2013	Additions on Amalgamation of RSL [@]	Transfer from assets held for sale #	Sold / Withdrawn during the year	Cost as at 31-03-2014	Upto 31-Mar-2013	Additions on Amalgamation of RSL [@] For the year	Transfer from assets held for sale #	Upto 31-03-2014	As at 31-03-2014	As at 31-03-2013
Tangible Assets											
Land	807.64	24.60	-	-	832.24	-	-	-	-	832.24	807.64
Buildings	4,400.59	1,054.92	162.09	-	5,617.60	1,170.62	140.98	-	1,484.70	4,132.90	3,229.97
Plant and Machinery	49,723.67	2,559.14	2,809.10	18.61	54,860.83	26,625.20	433.99	13.04	29,222.96	25,637.87	23,098.47
Electrical Machinery	2,318.97	377.83	240.91	0.84	2,937.23	1,328.52	110.31	0.46	1,622.75	1,314.48	990.45
Furniture & Office Equipments	528.38	18.53	56.27	16.88	616.02	389.87	10.52	15.76	444.39	171.63	138.51
Vehicles	301.98	1.93	59.90	10.17	335.73	135.77	0.77	8.20	164.60	171.13	166.21
Total - Tangible Assets	58,081.23	4,036.95	3,328.27	46.50	65,199.65	29,649.98	696.57	37.46	32,939.40	32,260.25	28,431.25
Total - Tangible Assets for Previous Year	58,957.99	-	532.22	-	58,081.23	27,761.93	-	162.60	29,649.98	28,431.25	31,196.06
INTANGIBLE ASSETS											
Computer software	159.31	7.68	-	-	166.99	148.22	6.22	2.07	156.51	10.48	11.09
Intangible Assets for Previous Year	159.31	-	-	-	159.31	147.18	-	1.04	148.22	11.09	12.13

[@] Refer to Note No.26(17) for Additions on Amalgamation of Rajapalayam Spinnings Limited.

Refer to Note No.26(18) for Transfer from Assets held for Sale

NOTES FORMING PART OF FINANCIAL STATEMENTS



		(Rs. in Lakhs)		
		As at	As at	
		31-03-2014	31-03-2013	
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		(5.46)	(5.22)	
Depreciation for the year		(0.25)	(0.24)	
		<u>9.41</u>	<u>9.66</u>	
B. Investment property - relating to Discontinuing Operations				
Land		138.98	140.64	
Building		110.93	120.59	
Less: Accumulated depreciation as at the beginning of the year		(33.27)	(30.10)	
Depreciation (provided) / withdrawn during the year [Refer to Note No.26(18)]		3.86	(3.17)	
		<u>220.50</u>	<u>227.96</u>	
Total Investment Property	(A)	<u>229.91</u>	<u>237.62</u>	
C. Investment in Equity Instruments, Non - Trade				
Name of the Company	No. of Shares	Total face Value	Cost	Cost
1) Quoted				
Associate Companies				
The Ramco Cements Limited	3,29,05,000	329.05	3,779.94	3,779.94
Ramco Industries Limited	79,20,680	79.21	92.40	92.40
The Ramaraju Surgical Cotton Mills Limited	2,000	0.20	0.05	0.05
Others				
Lakshmi Automatic Loom Works Limited	2,500	0.25	0.25	0.25
Tamilnadu Jai Bharath Mills Limited	1,200	0.12	0.12	0.12
Total quoted Investments	(B)		<u>3,872.76</u>	<u>3,872.76</u>
2) Unquoted				
Subsidiary Company				
Rajapalayam Spinners Limited [Refer to Note No.26(17)]	60,00,000	600.00	-	526.91
Associate Companies				
Sri Vishnu Shankar Mill Limited	38,400	3.84	2.11	2.11
Ontime Industrial Services Limited	50,000	5.00	5.00	5.00
Ramco Wind Farms Limited	5,50,000	5.50	5.50	-
Others				
Miot Hospitals Limited	2,500	0.25	0.25	0.25
A.R.S. Metal Private Limited [Refer to Note No.26(19)]			-	-
Total un-quoted Investments	(C)		<u>12.86</u>	<u>534.27</u>
D. Other Non-current Investments, Non-Trade				
Ramco Group Employees' Co-operative Stores Limited	500	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>4,115.54</u>	<u>4,644.66</u>
Aggregate Value of:				
Quoted Investments	- Cost		3,872.76	3,872.76
	- Market Value		73,701.81	87,090.68
Unquoted Investments	- Cost		242.78	771.90



NOTES FORMING PART OF FINANCIAL STATEMENTS

	As at 31-03-2014	(Rs. in Lakhs) As at 31-03-2013
NOTE NO. 11		
LONG TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
Loans and Advances to Related Parties <i>[Refer to Note No. 26(20)]</i>	3,450.00	3,246.00
Security Deposits	296.96	331.96
	<u>3,746.96</u>	<u>3,577.96</u>
NOTE NO. 12		
OTHER NON-CURRENT ASSETS		
MAT Credit Entitlement	2,292.57	1,356.39
	<u>2,292.57</u>	<u>1,356.39</u>
NOTE NO. 13		
INVENTORIES		
Finished Goods	1,976.86	1,325.97
Rawmaterials - Cotton & Cotton Waste	9,155.55	5,211.79
Stores and Spares	245.63	206.06
Work-in-Progress	1,463.50	1,151.88
	<u>12,841.54</u>	<u>7,895.70</u>
Details of Work-in-Progress		
Cotton Yarn	1,412.25	1,066.51
Fabrics	51.25	85.37
	<u>1,463.50</u>	<u>1,151.88</u>

Mode of valuation of inventories are disclosed in Significant Accounting Policies in Note No. 25(7)

NOTES FORMING PART OF FINANCIAL STATEMENTS



	As at 31-03-2014	(Rs. in Lakhs) As at 31-03-2013
NOTE NO. 14		
TRADE RECEIVABLES		
Secured, considered good		
Trade Receivables less than six months	1,898.92	1,639.65
Unsecured, considered good		
Trade Receivables more than six months	0.58	0.12
Trade Receivables less than six months	2,176.13	2,030.13
	<u>4,075.63</u>	<u>3,669.90</u>
NOTE NO. 15		
CASH AND BANK BALANCES		
Cash on Hand	3.73	2.95
Balance with Bank		
In Current Account	583.51	349.64
In Deposit Account for Margin Money	29.77	37.60
In Unclaimed Dividend Warrant Account	68.02	61.07
	<u>685.03</u>	<u>451.26</u>
NOTE NO. 16		
SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Advance to Suppliers / Others	1,441.16	2,200.71
Advance Income Tax & TDS and Refund Due	935.49	456.02
	<u>2,376.65</u>	<u>2,656.73</u>
NOTE NO. 17		
OTHER CURRENT ASSETS		
Accrued Income	856.59	462.32
Prepaid Expenses	207.81	99.01
Other Current Assets	72.31	72.67
	<u>1,136.71</u>	<u>634.00</u>



NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	For the year ended 31-03-2014	For the year ended 31-03-2013
NOTE NO. 18		
REVENUE FROM OPERATIONS		
Sale of Products		
Yarn	41,754.23	32,671.67
Fabrics	1,109.33	514.50
Tissue Culture Plants	–	161.98
Waste Cotton	353.08	280.15
	<u>43,216.64</u>	<u>33,628.30</u>
Other Operating Revenues		
Sale of Power Generated from Wind Mills	–	48.75
Export Incentive	12.38	39.43
Jobwork Charges Received	159.60	749.41
	<u>43,388.62</u>	<u>34,465.89</u>
NOTE NO. 19		
OTHER INCOME		
Interest Received	244.52	366.45
Rent Received	24.99	28.89
Dividend Income	344.90	909.81
Profit on Sale of Assets	33.47	9.51
Industrial Promotion Assistance	1.94	5.33
Miscellaneous Income	33.16	11.51
Exchange Gain on Foreign Currency Transactions (Net)	–	26.56
	<u>682.98</u>	<u>1,358.06</u>
NOTE NO. 20		
COST OF MATERIALS CONSUMED		
Yarn:		
Cotton & Cotton Waste	20,299.03	16,303.77
Fabrics:		
Yarn Consumed	1,107.38	–
	<u>21,406.41</u>	<u>16,303.77</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS



	(Rs. in Lakhs)	
For the year ended 31-03-2014	For the year ended 31-03-2013	
NOTE NO. 21		
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Opening Stock		
Finished Goods	1,325.97	1,898.27
Work-in-Progress	1,151.88	2,477.85
	<u>3,440.36</u>	<u>1,143.39</u>
		3,041.66
Addition on Amalgamation		
<i>[Refer to Note No.26(17)]</i>		
Finished Goods	213.35	
Work-in-Progress	108.09	
	<u>321.44</u>	
	2,799.29	
Less: Closing Stock		
Finished Goods	1,976.86	1,325.97
Work-in-Progress	1,463.50	1,151.88
	<u>3,440.36</u>	<u>2,477.85</u>
Net (Increase) / Decrease in Stock	<u>(641.07)</u>	<u>563.81</u>
NOTE NO. 22		
EMPLOYEE BENEFITS		
Salaries, Wages and Bonus	3,770.15	2,912.99
Contribution to Provident and Other Funds	451.66	377.58
Staff and Labour Welfare Expenses	217.15	146.19
	<u>4,438.96</u>	<u>3,436.76</u>
NOTE NO. 23		
FINANCE COSTS		
Interest Expenses	2,752.27	2,555.88
Other Borrowing Costs	76.20	57.94
Exchange Fluctuation (Net) applicable to Finance Costs	21.17	34.63
	<u>2,849.64</u>	<u>2,648.45</u>



NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	For the year ended 31-03-2014	For the year ended 31-03-2013
NOTE NO. 24		
OTHER EXPENSES		
MANUFACTURING EXPENSES		
Power and Fuel	4,133.44	2,922.22
Packing Materials	593.77	505.12
Repairs to Buildings	300.58	215.51
Repairs to Plant and Machinery	1,041.42	623.33
Repairs - General	851.22	631.28
Jobwork Charges Paid	291.63	176.98
	<u>7,212.06</u>	<u>5,074.44</u>
ESTABLISHMENT EXPENSES		
Managing Director's Remuneration	217.22	141.93
Rates and Taxes	119.66	115.63
Insurance	95.82	57.44
Postage and Telephone	23.71	20.03
Printing and Stationery	30.38	22.99
Travelling Expenses	80.71	50.96
Vehicle Maintenance	90.95	87.69
Exchange Loss on Foreign Currency Transactions	0.27	-
Directors Sitting Fees	9.30	10.65
Rent	13.14	13.92
Audit and Legal Expenses	33.96	25.27
Corporate Social Responsibility Expenses	180.49	154.66
Bad Debts written off	-	42.93
Impairment of Assets	-	17.75
Miscellaneous Expenses	214.91	212.62
	<u>1,110.52</u>	<u>974.47</u>
SELLING EXPENSES		
Sales Commission	379.62	313.93
Export Expenses	33.67	34.40
Other Selling Expenses	335.55	286.36
	<u>748.84</u>	<u>634.69</u>
	<u><u>9,071.42</u></u>	<u><u>6,683.60</u></u>



NOTE NO. 25

SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of preparation and presentation of financial statements

- (i) The financial statements have been prepared under the historical cost convention 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, which continuous to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular No.15/2013 dated 13-09-2013 of the Ministry of Corporate Affairs and the relevant provisions of the Companies Act, 1956 and the Companies Act, 2013 as applicable, 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. 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 of 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 non-current & non-trade are stated at cost less permanent diminution in value, if any.

6. Investment Properties

- (i) An investment in land or buildings, which are not intended to be occupied substantially for use by, or in the operations of the Company, are classified as investment properties. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment loss if any.
- (ii) Depreciation on buildings under of investment properties, which are held for rental to others, are 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 computed on a moving weighted average basis 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, Trade discounts, rebates and returns.
- (iii) Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.
- (iv) Income from Wind Mills:
The monetary value of the power generated at Wind Farms that are consumed at Mills are not treated as revenue but have been set off against the cost of Power & Fuel. The value of unadjusted units available if any, at the end of the financial year and sold to the Electricity Board at an agreed rate / Tariff rate are recognised and shown as Income from Wind Mills.

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 Employees' Provident Fund and Employees' Pension 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 Officer's eligible annual basic salary subject to a maximum of Rs. 1 Lakh per employee per annum and is remitted to "Rajapalayam Mills Limited Officers Superannuation Fund" administered by trustees and managed by LIC of India. 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 "Rajapalayam Mills Limited Employees Gratuity Fund" 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 Financial Statements. Contingent Assets are not recognized.

11. Borrowing Costs

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

12. Government Subsidy / Grant

Revenue related to grants/subsidies are recognised on accrual basis wherever there is reasonable certainty and are disclosed as follows:

- (i) Interest subsidy under Technology Upgradation Fund Scheme (TUF) is credited to the Interest and Finance cost.
- (ii) Power Subsidy under Industrial Investment Promotion Policy of Andhra Pradesh is credited to the Power & Fuel cost.



NOTES FORMING PART OF FINANCIAL STATEMENTS

- (iii) Other subsidies under Industrial Investment Promotion Policy of Andhra Pradesh are credited to Industrial Promotion Assistance under Note "Other Income".
- (iv) Receivables of such grant / subsidies are shown under Loans & Advances.

13. Foreign Currency Transactions

- (i) 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.
- (ii) Covered liabilities in foreign currencies are accounted at the rate at which they have been covered. Uncovered liabilities in foreign currency are accounted at the rates as on the Balance Sheet date. 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).
- (iii) The difference between the forward rate and the exchange rate at the inception of a forward exchange contract is recognized as income or expense over the life of contract.

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.

17. Impairment of Assets

The recoverable amount of an individual asset related to Discontinuing Operation is determined at the reporting date and where the carrying amount of an asset exceeds its recoverable amount, the value of the asset is written down to its recoverable amount as per Accounting Standard - 28 (Impairment of Assets). The recoverable amount is determined based on the asset's net selling price.

18. Amalgamation

The amalgamation has been accounted for under the "pooling of interests" method as prescribed by Accounting Standard - 14 'Accounting for Amalgamations'.

NOTES FORMING PART OF FINANCIAL STATEMENTS



	As at 31-03-2014	As at 31-03-2013		
(Rs. in Lakhs)				
NOTE NO. 26				
OTHER DISCLOSURES				
1. Contingent Liabilities				
Liability on guarantees given to the Bankers <i>[Refer to Note No.26 (20(i))]</i>	46,428	51,208		
Of which, actual loan amount outstanding as at the end of the year	23,592	29,925		
2. Commitments				
(i) Estimated amount of contracts remaining to be executed on capital account not provided	1,946	2,993		
(ii) Other Commitments				
Liability on Letter of Credit opened for Capital Goods	299	219		
Liability on Letter of Credit opened for Others	170	58		
3. Sales Tax Assessment upto year ended 31 st March, 2007 has been completed.				
4. In respect of Service Tax matters, appeals are pending with Appellate Authorities for a demand amount of Rs. 153.02 Lakhs (PY: Rs. 118.90 Lakhs) towards manpower recruitment or supply agency services.				
5. In respect of Income Tax matter, appeals are pending with Appellate Authorities for a demand amount of Rs. 4.15 Lakhs (PY: Rs. 4.15 Lakhs) towards Book Profit payable on the disallowance made U/s. 14A of the Income Tax Act, 1961.				
6. In respect of Electricity matters, Appeals / Writ petition are pending with TNERC / APTEL / High Court for various matters for which no provision has been made in the books of accounts to the extent of Rs. 428.50 Lakhs.				
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 on the above matters mentioned in point no. 4 to 6 above.				
7. Details of Loans from Directors under "Loan from Related Parties" are:-				
	Closing Balance as on		Interest Paid	
Name	31-03-2014	31-03-2013	2013-14	2012-13
Shri P.R. Ramasubrahmaneya Rajha	1,087.79	-	101.43	-
Smt. R. Sudarsanam	90.92	35.42	9.73	1.22
8. Auditors' remuneration (excluding Service Tax) & expenses:				
			2013-14	2012-13
A. Statutory Auditors				
a. As Auditors				
- Fees			2.50	2.50
- Expenses reimbursed			1.94	1.45
b. In other Capacities				
- Tax Audit Fees			0.40	0.30
c. Certification Work				
- Fees			1.36	0.81
			<u>6.20</u>	<u>5.06</u>
B. Cost Auditors				
As Auditors			<u>1.10</u>	<u>0.75</u>
			<u>7.30</u>	<u>5.81</u>



NOTES FORMING PART OF FINANCIAL STATEMENTS

9. Company's shares are listed in Madras Stock Exchange Limited and Bombay Stock Exchange Limited, for which listing fee for the year 2014-15 has been paid.
10. There are no dues to micro and small enterprises as at 31-03-2014 (PY: Rs.NIL). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
11. The unadjusted units generated from the Windmills as on 31-03-2014 are 24.35 Lakhs KWH (PY: 25.31 Lakhs KWH) and its monetary value of Rs. 140.63 Lakhs (PY: Rs. 92.55 Lakhs) has been included in Other Current Assets, which will be adjusted in the forthcoming months.
12. 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. 64.32 Lakhs (PY: Rs.51.02 Lakhs) has been amortized and the same is included in Finance Costs.
13. Fixed Deposit accepted by the Company under Section 58A of the Companies Act,1956 from public will be repaid on or before 31-03-2015 irrespective of their actual maturity date in accordance with Section 74 of the Companies Act, 2013. Hence all the deposits outstanding as on 31-03-2014 has been classified under "Short Term Borrowings" under Note No.6.
14. As per Accounting Standard - 15 (Employee Benefits), the disclosures of employee benefits as defined in the Accounting Standard are given below:

	(Rs. in Lakhs)	
	2013-14	2012-13
Defined Contribution Plan:		
Employer's Contribution to Provident Fund	254.61	211.10
Employer's Contribution to Superannuation Fund	19.63	16.52

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 01-04-2013	505.95	465.42
Addition on Amalgamation [Refer to Note No.26(17)]	13.46	-
Current Service Cost	43.54	38.79
Interest Cost	39.89	37.72
Actuarial (gain) / loss	7.34	17.60
Benefits paid	(-) 77.65	(-) 53.58
Defined Benefit obligation as on 31-03-2014	532.53	505.95

NOTES FORMING PART OF FINANCIAL STATEMENTS



	(Rs. in Lakhs)	
	2013-14	2012-13
Reconciliation of opening and closing balances of fair value of plan assets:		
Fair value of plan assets as on 01-04-2013	491.15	428.68
Addition on Amalgamation [Refer to Note No.26(17)]	9.56	–
Expected return on plan assets	43.82	40.70
Actuarial gain / (loss)	(–) 2.73	(–) 0.88
Employer Contribution	18.70	76.23
Benefits paid	(–) 77.65	(–) 53.58
Fair value of plan assets as on 31-03-2014	482.85	491.15
Actual Return of plan assets:		
Expected return of plan assets	43.82	40.70
Actuarial gain / (loss) on plan assets	(–) 2.73	(–) 0.88
Actual return on plan assets	41.09	39.82
Reconciliation of fair value of assets and obligations:		
Fair value of plan assets	482.85	491.15
Present value of obligation	532.53	505.95
Difference	49.68	14.80
Unrecognized transitional liability	NIL	NIL
Amount recognized in Balance Sheet	49.68	14.80
Expense recognized during the year:		
Current Service Cost	43.54	38.79
Interest Cost	39.89	37.72
Expected return on plan assets	(–) 43.82	(–) 40.70
Actuarial (gain) / loss	10.07	18.48
Past service cost-non-vested benefits	NIL	NIL
Past service cost-vested benefits	NIL	NIL
Net Cost	49.68	54.29



NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	2013-14	2012-13
Investment Details:		
GOI Securities	0.35%	0.49%
State Government Securities	NIL	NIL
High Quality Corporate Bonds	NIL	NIL
Funds with LIC	99.12%	99.24%
Bank balance	0.42%	0.17%
Others	0.11%	0.10%
Total	100.00%	100.00%
Actuarial assumptions:		
Indian Assured Lives (2006-08) Ultimate Table applied for Service Mortality rate	YES	YES
Discount rate p.a	9.10%	8.30%
Expected rate of return on plan assets p.a	9.30%	9.30%
Rate of escalation in salary p.a	3.00%	3.00%
Details of Leave Encashment Plan (Unfunded) are as follows:		
Reconciliation of opening and closing balances of Obligation:		
Defined Benefit Obligation as on 01-04-2013	152.68	138.46
Addition on Amalgamation [Refer to Note No.26(17)]	6.18	–
Current Service Cost	19.07	16.65
Interest Cost	11.74	10.47
Actuarial (gain) / loss	23.84	20.52
Benefits paid	(–) 34.88	(–) 33.42
Defined Benefit obligation as on 31-03-2014	178.63	152.68
Reconciliation of opening and closing balances of fair value of plan assets:		
Fair value of plan assets as on 01-04-2013	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	NIL	NIL
Employer Contribution	34.88	33.42
Benefits paid	(–) 34.88	(–) 33.42
Fair value of plan assets as on 31-03-2014	NIL	NIL

NOTES FORMING PART OF FINANCIAL STATEMENTS



	(Rs. in Lakhs)	
	2013-14	2012-13
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	178.63	152.68
Difference	178.63	152.68
Unrecognized past service cost non vested benefits	NIL	NIL
Amount recognized in Balance Sheet	178.63	152.68
Expense recognized during the year:		
Current Service Cost	19.07	16.65
Interest Cost	11.74	10.47
Expected return on plan assets	NIL	NIL
Actuarial (gain) / loss	23.84	20.52
Past service cost-non-vested benefits	NIL	NIL
Past service cost-vested benefits	NIL	NIL
Net Cost	54.65	47.64
Investment Details as on 31-03-2014:		
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:		
Indian Assured Lives (2006-08) Ultimate Table applied for Service Mortality rate	YES	YES
Discount rate p.a	9.10%	8.30%
Expected rate of return on plan assets p.a	NIL	NIL
Rate of escalation in salary p.a	3.00%	3.00%



NOTES FORMING PART OF FINANCIAL STATEMENTS

15. Segment Information for the year ended 31st March, 2014 **(Rs. in Lakhs)**

Particulars	Textiles		Discontinuing Operations- Tissue Culture*		Power from Windmills		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
REVENUE								
External Sales (Net)	43,388.62	34,255.16	-	161.98	-	48.75	43,388.62	34,465.89
Inter Segment Sale	-	-	-	-	3,154.60	3,605.22	3,154.60	3,605.22
Total Sales	43,388.62	34,255.16	-	161.98	3,154.60	3,653.97	46,543.22	38,071.11
Other Income	49.11	73.69	18.43	8.56	-	-	67.54	82.25
Total Revenue	43,437.73	34,328.85	18.43	170.54	3,154.60	3,653.97	46,610.76	38,153.36
RESULT								
Segment Result	4,815.04	3,206.45	18.43	(352.03)	1,526.40	1,893.10	6,359.87	4,747.52
Unallocated Income							370.92	909.36
Unallocated Expenses								
Operating Profit							6,730.79	5,656.88
Interest Expenses							2,849.64	2,648.45
Interest Income							244.52	366.45
Provision for Taxation								
Current Tax							792.00	357.00
Deferred Tax							1,611.30	859.90
MAT Credit entitlement							(792.00)	(219.15)
MAT Credit entitlement-PY							(144.18)	-
Net Profit							2,658.55	2,377.13
OTHER INFORMATION								
Segment Assets	48,939.71	38,461.39	232.11	392.64	6,548.09	7,088.81	55,719.91	45,942.84
Unallocated Assets							7,871.95	7,662.69
Total Assets							63,591.86	53,605.53
Segment Liabilities	5,966.30	3,254.86	0.15	43.16	-	-	5,966.45	3,298.02
Unallocated Liabilities							38,943.43	32,755.93
Total Liabilities							44,909.88	36,053.95
Capital Expenditure	3,197.46	675.18	-	5.50	-	-	3,197.46	680.68
Unallocated Capital Expenditure							-	-
Depreciation	2,047.87	1,826.39	-	28.12	772.70	958.17	2,820.57	2,812.68
Unallocated Depreciation Expenditure							-	-

* Refer to Note No. 26(18) for Discontinuing Operations.

NOTES FORMING PART OF FINANCIAL STATEMENTS



16. Earnings per Share

Particulars		2013-14	2012-13
Net Profit after Tax - Rs. in Lakhs	(A)	2,658.55	2,377.13
Number of Equity Shares - In Lakhs	(B)	73.76	73.76
Basic & Diluted earnings per share for Rs.10/- each - In Rupees	(A)/(B)	36.04	32.23

17. Amalgamation

The Board of Directors approved the scheme of amalgamation of Rajapalayam Spinners Limited (RSL), a wholly owned subsidiary with the Company on 28-05-2012. The scheme of amalgamation has been filed with Honorable High Court, Madras and it was admitted by the Court in CP No. 71/2013. In terms of the scheme, the appointed date is 01-04-2012.

Pursuant to the scheme of amalgamation ("the scheme") of the erstwhile RSL with the Company under sections 391 to 394 of the Companies Act, 1956 sanctioned by the Honorable High Court of Madras on 13-06-2013, the assets and liabilities of the erstwhile RSL were transferred to and vested in the Company. Accordingly, the scheme has been given effect to in these accounts.

The amalgamation has been accounted for under the "pooling of interests" method as prescribed by AS - 14 'Accounting for Amalgamations'. Accordingly, the accounting treatment has been given as under-

- (i) The Assets, Liabilities and debit balance in the Profit and Loss account of RSL as at 1st April, 2012 have been incorporated at their book values in the financial statements of the Company.
- (ii) 60,00,000 Equity Shares of Rs.10/- each, fully paid up of RSL and investments in such Equity Shares held by the Company of Rs. 526.91 Lakhs stands cancelled.
- (iii) The accounts of RSL for the year ended 31st March, 2013 were finalized as a separate entity. The Net Loss after tax amounting to Rs. 159.54 Lakhs of RSL for the financial year 2012-13, has been adjusted in the balance in Profit and Loss account of the Company.

Consequently, the financial statements for the year ended 31st March, 2014 include the operations of RSL.

18. Discontinuing Operations

The Company has decided to discontinue the operations of Tissue Culture division w.e.f. January, 2013 in order to concentrate on its core business viz. Textiles. The Tissue Cultural division was contributing only 1% of the Company's revenue.



NOTES FORMING PART OF FINANCIAL STATEMENTS

Following are the details of the Discontinuing Operations:

(Rs. in Lakhs)

Particulars	2013-14	2012-13
Total Assets	231.73	354.40
Total Liabilities	0.15	4.91
Total Revenue	18.43	170.54
Total Expenses	–	522.57
Profit / (Loss) for the year (Before Tax)	18.43	(352.03)

During the year, the fixed assets (other than land & building) held for sale related to the above division have been disposed off fully and there was a profit on sale of these assets to the extent of Rs.18.43 Lakhs, which are credited in the "Profit on Sale of Assets" under note No.19.

Fixed assets having written down value of Rs. 9.04 Lakhs (Cost Rs. 46.50 Lakhs and accumulated Depreciation Rs. 37.46 Lakhs) related to the above division have been transferred to other Units of the Company and included in Fixed Assets under Note No.9.

The net cash flows attributable to the discounting operations are as follows:

Net Cash Flow from	2013-14	2012-13
Operating Activities	–	67.63
Investing Activities	115.54	162.56
Financing Activities	(122.02)	(245.90)

19. During the year, the Company made an investment of Rs. 4.37 Lakhs in the Equity Shares of M/s. A.R.S. Metals Private Limited in order to enable the Company to purchase electricity from them under Group Captive arrangement for the period from October, 2013 to March, 2014. The Company has not renewed the power purchase agreement beyond March, 2014 and hence sold the above investment for Rs. 4.37 Lakhs during March, 2014.

20. Related Party Transactions

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

Key Managerial Personnel

Shri P.R. Ramasubrahmaneya Rajha, Chairman

Smt. R. Sudarsanam, Managing Director

Shri V. Gurusamy, Company Secretary

Relatives of Key Managerial Personnel

Shri P.R. Venketrama Raja, Director, son of Shri P.R. Ramasubrahmaneya Rajha

Smt. Saradha Deepa, daughter of Shri P.R. Ramasubrahmaneya Rajha

NOTES FORMING PART OF FINANCIAL STATEMENTS



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

(i) Companies:

- M/s. The Ramco 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
- M/s. Shri Harini Media Limited
- M/s. Madras Chip Board Limited
- M/s. Ramco Wind Farms Limited
- M/s. Rajapalayam Spinners Limited [*Refer to Note No.26(17)*]
(erstwhile Subsidiary Company now Amalgamated)

(ii) Public Trusts

- Smt. Lingammal Ramaraju Shastra Prathishta Trust
- P.A.C.R. Sethurammal Charity Trust
- P.A.C.R. Sethurammal Charities

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

a) Amount paid to Key Managerial Personnel

(Rs. in Lakhs)

Name of the Related Party	Amount		Nature of Payment
	2013-14	2012-13	
P.R. Ramasubrahmaneya Rajha	101.43	NIL	Interest Paid
	1.65	2.07	Sitting Fees
Smt. R. Sudarsanam	217.22	141.93	Managerial Remuneration
	9.73	1.22	Interest Paid
P.R. Venketrama Raja	0.75	0.30	Sitting Fees



NOTES FORMING PART OF FINANCIAL STATEMENTS

(b) Inter Corporate Deposits given

(Rs. in Lakhs)

Name of the Related Party	Maximum Outstanding		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
The Ramaraju Surgical Cotton Mills Limited	NIL	300.00	NIL	NIL
Sri Vishnu Shankar Mill Limited	1,400.00	425.00	NIL	NIL
Sandhya Spinning Mill Limited	186.00	186.00	NIL	186.00
Thanjavur Spinning Mill Limited	2,500.00	1,500.00	2,500.00	500.00
Sri Harini Textile Limited	950.00	950.00	950.00	950.00
Rajapalayam Spinners Limited	NIL	1,610.00	NIL	1,610.00

Interest received on Inter Corporate Deposits given

Name of the Related Party	Interest		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
The Ramaraju Surgical Cotton Mills Limited	NIL	26.88	NIL	NIL
Sri Vishnu Shankar Mill Limited	16.55	3.24	NIL	NIL
Sandhya Spinning Mill Limited	14.61	20.81	NIL	NIL
Thanjavur Spinning Mill Limited	89.21	78.12	NIL	NIL
Sri Harini Textile Limited	100.52	105.92	NIL	NIL
Rajapalayam Spinners Limited	NIL	86.21	NIL	NIL

(c) Inter Corporate Deposits Accepted

Name of the Related Party	Maximum Outstanding		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
RCDC Securities & Investments Private Limited	72.25	NIL	NIL	NIL
Ramco Management Private Limited	80.54	NIL	NIL	NIL

Interest paid on Inter Corporate Deposits Accepted

Name of the Related Party	Interest		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
RCDC Securities & Investments Private Limited	1.25	NIL	NIL	NIL
Ramco Management Private Limited	1.29	NIL	NIL	NIL

NOTES FORMING PART OF FINANCIAL STATEMENTS



(d) (i) Security Deposit given

(Rs. in Lakhs)

Name of the Related Party	Interest free Security Deposit Outstanding		Nature of Transaction
	2013-14	2012-13	
	The Ramco Cements Limited (TRCL)	13.00	

(ii) Amount paid by virtue of Joint Ownership of Shares of APGPCL

Name of the Related Party	Amount Paid		Nature of Transaction
	2013-14	2012-13	
The Ramco Cements Limited	3.90	3.16	The Company is paying 10 paise per unit to TRCL for the power supplied by APGPCL to the Company by virtue of above Joint Ownership of the Shares.

(e) Goods Supplied / Services rendered

Name of the Related Party	Value		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
The Ramaraju Surgical Cotton Mills Limited	1,006.11	105.51	NIL	NIL
Sri Vishnu Shankar Mill Limited	1,032.75	2,112.90	NIL	NIL
Sandhya Spinning Mill Limited	5,430.65	184.82	NIL	NIL
Thanjavur Spinning Mill Limited	1,308.37	43.13	NIL	NIL
The Ramco Cements Limited	0.60	0.60	NIL	NIL
Ramco Industries Limited	1,557.30	4,087.37	NIL	NIL
Ramco Systems Limited	0.68	0.68	NIL	NIL
Rajapalayam Spinners Limited	NIL	275.91	NIL	NIL



NOTES FORMING PART OF FINANCIAL STATEMENTS

(f) Sale of Assets **(Rs. in Lakhs)**

Name of the Related Party	Value		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
Ramco Industries Limited	NIL	123.44	NIL	NIL
Sri Vishnu Shankar Mill Limited	6.30	NIL	NIL	NIL
Sandhya Spinning Mill Limited	1.59	6.30	NIL	NIL
Thanjavur Spinning Mill Limited	5.15	NIL	NIL	NIL
Smt. Lingammal Ramaraju Shastra Prathishta Trust	1.39	NIL	NIL	NIL

(g) Cost of Goods & Services purchased / availed

Name of the Related Party	Value		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
The Ramaraju Surgical Cotton Mills Limited	66.84	13.92	NIL	NIL
Sri Vishnu Shankar Mill Limited	352.65	510.97	NIL	NIL
Sandhya Spinning Mill Limited	1,158.31	511.64	NIL	NIL
Thanjavur Spinning Mill Limited	253.86	11.18	NIL	NIL
Ramco Industries Limited	238.74	209.31	NIL	NIL
The Ramco Cements Limited	587.96	360.48	NIL	NIL
Ramco Systems Limited	9.58	12.76	NIL	NIL
Sri Harini Textile Limited	NIL	0.86	NIL	NIL
Rajapalayam Spinners Limited	NIL	92.45	NIL	NIL
Shri Harini Media Limited	1.40	1.75	NIL	NIL
Madras Chipboard Limited	0.13	NIL	NIL	NIL
P.A.C.R. Sethurammam Charity Trust	167.04	114.41	NIL	NIL

(h) Purchase of Fixed Assets

Name of the Related Party	Value		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
Thanjavur Spinning Mill Limited	4.08	NIL	NIL	NIL

(i) Corporate Guarantee given

Name of the Related Party	Guarantee Amount	
	31-03-2014	31-03-2013
The Ramaraju Surgical Cotton Mills Limited	11,457.00	11,457.00
Sri Vishnu Shankar Mill Limited	11,550.00	13,020.00
Sandhya Spinning Mill Limited	12,346.00	14,056.00
Thanjavur Spinning Mill Limited	11,075.00	12,675.00

NOTES FORMING PART OF FINANCIAL STATEMENTS



(j) Donations given **(Rs. in Lakhs)**

Name of the Related Party	2013-14	2012-13
P.A.C.R. Sethurammammal Charities	50.00	NIL

This donation was made by the Company from the balance available in P.A.C.R. Memorial Fund [Refer to Note No.7].

(k) Investments made and Dividend Received

Investment details are given under Note No.10

Name of the Related Party	Dividend Received	
	2013-14	2012-13
The Ramco Cements Limited	329.05	822.63
Ramco Industries Limited	15.84	87.13
The Ramaraju Surgical Cotton Mills Limited	0.01	0.05
Sri Vishnu Shankar Mill Limited	NIL	NIL00
Ramco Wind Farms Limited	NIL	NIL

(l) Dividend Paid

Name of the Related Party	Dividend Paid	
	2013-14	2012-13
The Ramco Cements Limited	43.54	43.54
Ramco Industries Limited	50.84	50.84
The Ramaraju Surgical Cotton Mills Limited	18.01	18.01
Sri Vishnu Shankar Mills Limited	1.78	1.78
Sandhya Spinning Mill Limited	0.03	0.03
The Ramco Management Private Limited	0.12	0.12

(m) Rent Paid

Name of the Related Party	2013-14	2012-13
Smt. Saradha Deepa	1.26	1.20

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

(a) Value of Imports calculated on CIF Value

	2013-14	2012-13
Raw Materials	3,524.41	2,628.49
Components and Spares	97.15	115.82
Capital Goods	634.32	27.61



NOTES FORMING PART OF FINANCIAL STATEMENTS

(b) Expenditure in Foreign Exchange during the year (Rs. in Lakhs)

	2013-14	2012-13
Interest	13.54	36.92
Export Sales Commission	23.79	27.96
Foreign Travel	18.55	10.39
Others	89.76	143.89
Total	145.64	219.16

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

	2013-14		2012-13	
	Amount	%	Amount	%
Raw Materials				
Imported	4,114.48	19	2,064.85	13
Indigenous	17,291.93	81	14,238.92	87
Spares and Components				
Imported	99.17	5	112.44	8
Indigenous	1,807.13	95	1,213.32	92

(d) Earnings in Foreign exchange (FOB Value)

	2013-14	2012-13
Export on Yarn	1,474.11	1,591.68

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

23. 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, 25th May, 2014.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SMT. R. SUDARSANAM
MANAGING DIRECTOR

V. GURUSAMY
SECRETARY

B. GNANAGURUSAMY
CHIEF FINANCIAL OFFICER

S.S. RAMACHANDRA RAJA
N.K. RAMASUWAMI RAJA

K.T. KRISHNAN
JUSTICE P.P.S. JANARDHANA RAJA

A.V. DHARMAKRISHNAN
V. SANTHANA RAMAN

DIRECTORS

PROXY FORM

RAJAPALAYAM MILLS LIMITED

[CIN : L17111TN1936PLC002298]

Regd. Office : Rajapalayam Mills Premises, P.A.C. Ramasamy Raja Salai,
Post Box No.1, Rajapalayam, Tamil Nadu, Pin : 626 117.



Name of the member(s) :
Registered address :
E-mail ID :
Folio No. / DP ID. Client ID.:

I/We, being the member(s) of shares of the above named Company, hereby appoint

1. Name : Address :
E-mail ID : Signature : or failing him,
2. Name : Address :
E-mail ID : Signature : or failing him,
3. Name : Address :
E-mail ID : Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 78th Annual General Meeting of the Company, to be held on Monday, the 4th August 2014 at 10.00 A.M. at P.A.C.Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution
Ordinary Business	
1	Adoption of Financial Statements for the year ended 31st March 2014
2	Declaration of Dividend for the year 2013-14
3 (a)	Appointment of Shri P.R. Venketrama Raja, who retires by rotation and is eligible for re-appointment.
(b)	Appointment of Shri A.V. Dharmakrishnan, who retires by rotation and is eligible for re-appointment.
4	Appointment of M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants and M/s. Ramakrishna Raja and co., Chartered Accountants, as Auditors
Special Business	
5	Amendment of Clause 16A in the Articles of Association
6	Appointment of Smt. R. Sudarsanam as Manaing Director
7	Appointment of Dr. K.T. Krishnan as Independent Director
8	Appointment of Shri N.K. Ramasuwami Raja as Independent Director
9	Appointment of Justice Shri. P.P.S. Janardhana Raja as Independent Director
10	Appointment of Shri V. Santhana Raman as Independent Director
11	Authority to borrow money upto Rs.500 Crores

Signed this..... day of 2014

Signature of Shareholder

Signature of Proxy holder(s)

Affix Rs. 1
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



Our Chairman with Mr. Toru Yamaguchi, GM-Fibre Yarn & Industrial Textile Department of M/s. Mitsubishi Corporation, Kansai Branch & Mr. Tetsuo Kato, President of M/s. K. Spinning Plan Company Limited, Japan during the inauguration of Budha Sculpture.

Mr. V. Raju, Associate Vice President-Technical, Rajapalayam Mills receiving the Second Prize for “RAMCO EXCEL AWARD” from our Chairman during the Pongal Sports Day function.



Newly installed Trutzschler – TC 5 Carding Machines at our Rajapalaiyam Textiles, Perumalpatti.

