

RAJAPALAYAM MILLS LIMITED

RAJAPALAIYAM



Annual Report and Accounts for the year ended 31st March 2015



Our Chairman presenting a memento to Mr. Toru Yamaguchi, General Manager, Mitsubishi Corporation, Kansai Branch, Osaka during his visit to our Mills.

Shri P.S. Alaghar Raja receiving First Prize from our Chairman on the Pongal Sports day event under VIP contest.



Our Chairman distributing certificate and cash award to our employee Shri N. Kannan, for completion of 35 years of service in our Mills.

FOUNDER



SHRI P.A.C. RAMASAMY RAJA



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.,

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.,

Shri K.B. NAGENDRA MURTHY, M.Com, C.A.I.I.B.,

Chief Financial Officer

Shri B. Gnanagurusamy

Secretary

Shri A. Arulpranavam

Registered Office

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

E-mail : rajacot@ramcotex.com

Phone No.: 04563-235666

Fax No.: 04563-236520

Website:

www.rajapalayammills.co.in

Corporate Identification Number :

L171111TN1936PLC002298

Bankers

Axis Bank Limited

Canara Bank

IDBI Bank Limited

Indian Bank

Kotak Mahindra Bank Limited

Punjab and Sind Bank

State Bank of India

Tamilnad Mercantile Bank Limited

The Karur Vysya Bank Limited

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.

Secretarial Auditor

Shri M.R.L. Narasimha
New No. 8 (Old No. 34-C),
Third Cross,
Ramalinga Nagar,
K.K. Pudur,
Coimbatore - 641 038.

Cost Auditor

Shri M. Kannan
IV-B Akshaya Homes,
9B-20 Tagore Nagar,
Bharathiyar 4th Street,
S S Colony,
Madurai - 625 016.



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NOTICE

NOTICE TO THE MEMBERS

Notice is hereby given that the 79th Annual General Meeting of the Company will be held at 10.00 A.M. on Wednesday, the 12th August, 2015 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 consider and pass the following Resolution, as an ORDINARY RESOLUTION:
"RESOLVED that the Directors' Report and the Company's Statement of Profit & Loss for the year ended 31st March, 2015, Balance Sheet as at that date and Cash Flow Statement for the year ended on that date and the Auditors' Report thereon be and are hereby considered and adopted."
2. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
"RESOLVED that a Dividend of Rs.2.50 per Share be and is hereby declared for the year ended 31st March, 2015."
3. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
"RESOLVED that Shri P.R. Ramasubrahmaneya Rajha, who retires by rotation, be and is hereby elected as Director of the Company."
4. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
"RESOLVED that Shri S.S. Ramachandra Raja, who retires by rotation, be and is hereby elected as Director of the Company."
5. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
"RESOLVED that in terms of Section 139 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, the appointment of M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants, holding Firm Registration No.: 001208S and M/s. Ramakrishna Raja and Co, Chartered Accountants, holding Firm Registration No: 005333S, as Auditors of the Company for the second consecutive year, viz. from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting, out of their term of three consecutive years as approved at the Annual General Meeting held on 04-08-2014, be and is hereby ratified."

SPECIAL BUSINESS

6. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
"RESOLVED that pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Shri K.B. Nagendra Murthy (DIN: 00359864), appointed as an Additional Director of the Company on 04-08-2014 pursuant to the provisions of Section 161 of the Companies Act, 2013 and who holds office upto the date of this Annual General Meeting, and being eligible, offer himself for appointment and in respect of whom the Company has received a



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notice in writing from a Member, pursuant to the provisions of Section 160 of the Companies Act, 2013 signifying his intention to propose the candidature of Shri K.B. Nagendra Murthy, for the office of Director, be and is hereby appointed as a Director of the Company, under Independent Director category for a period of 5 consecutive years from the date of his appointment, viz. 04-08-2014."

7. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:

"RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs.85,000/- exclusive of Service Tax and Out-of-pocket expenses payable to Shri M. Kannan, Cost Accountant (Firm Registration No. 102185) appointed as the Cost Auditor of the Company by the Board of Directors, for the financial year 2015-16 for auditing the Cost Records relating to manufacture of textile products, be and is hereby ratified and confirmed."

RAJAPALAIYAM,
21st May, 2015.

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



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NOTES:

1. Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning each item of Special Business is annexed hereto.
2. **A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and that the Proxy need not be a Member.**
3. 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.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 07-08-2015 to 12-08-2015 (both days inclusive).
5. A Dividend of Rs.2.50 per Share has been recommended by the Board of Directors for the year ended 31-03-2015 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 12-08-2015 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 06-08-2015. The dividend is proposed to be paid on and from the date of Annual General Meeting.
6. The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend. Accordingly, dividend will be credited through National Electronic Clearing Service (NECS) to investors wherever NECS and bank details are available. In the absence of NECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. The Company is in compliance with SEBI's directive in this regard.
7. Pursuant to the provisions of Section 205 A(5) and 205 C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends for the financial years 2006-07 (Final Dividend) and 2007-08 (First Interim and Second Interim Dividend) on due dates, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company



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has uploaded the details of unpaid and unclaimed amounts lying with the Company on the website of the Company (www.rajapalayammills.co.in), as also on the website of the Ministry of Corporate Affairs. The dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education & Protection Fund (IEPF) 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:

FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	LAST DATE FOR CLAIMING UNPAID DIVIDEND	DUE DATE FOR TRANSFER TO IEP FUND
31-03-2008 Final Dividend	06-08-2008	05-08-2015	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 Dividend	04-08-2010	03-08-2017	01-09-2017
31-03-2011 Dividend	20-07-2011	19-07-2018	17-08-2018
31-03-2012 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
31-03-2014 Interim Dividend Final Dividend	03-02-2014 04-08-2014	02-02-2021 03-08-2021	03-03-2021 01-09-2021

8. Electronic copy of the Notice for the Annual General Meeting and the Annual Report for 2014-15 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



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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.

9. Under Rule 18 of Companies (Management and Administration) Rules, 2014, Members, 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 of dematerialised shares. Members are also requested to provide their Unique Identification Number and PAN (CIN in the case of Corporate Members) to the Company / Depository Participants.
10. Voting through electronic means
 - A. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and Clause 35B of the Listing Agreement, the Company is providing members a facility to exercise their right to vote at the 79th Annual General Meeting (AGM) by electronic means and the business may be transacted through such voting, through e-Voting services provided by Central Depository Services (India) Limited (CDSL).
 - B. The facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-Voting shall be able to exercise their right at the meeting.
 - C. The members who have cast their vote by remote e-Voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The instructions for e-Voting 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) Now enter your User ID as given below:
 - 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.
- v) Next enter the Captcha Code as displayed and Click on Login.



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vi) PASSWORD

- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- If you are first time user follow the steps given below:
 - (a) Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).

Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number* in the PAN field.

*Sequence number is available in the address label pasted in the cover and / or in the e-mail sent to Members. In case the sequence number is less than 8 digits, enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is V.Ram Kumar with sequence number 1 then enter VR00000001 in the PAN Field.

- (b) Please enter any one of the following details in order to login:

Date of Birth: Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.

Dividend Bank Details: Please enter Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

If both of the above details are not recorded with the depository or Company, please enter the member ID/Folio Number in the Dividend Bank details field.

- vii) After entering these details appropriately, click on "SUBMIT" tab.
- viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Set Password' 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.
- ix) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x) Click on the relevant EVSN for RAJAPALAYAM MILLS LIMITED on which you choose to vote.



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- xi) 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.
 - xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolutions.
 - xiii) 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.
 - xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 - xv) You can also take out print of the voting done by you clicking on "Click here to Print" option on the Voting page. It need not be sent to the Company.
 - xvi) If demat account holder has forgotten the changed password then Enter the User ID and Captcha Code and click on Forgot Password & enter the details as prompted by the system.
 - xvii) 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.
- D. The facility for remote e-Voting shall remain open from 9.00 a.m. on Sunday, the 09th August, 2015 to 5.00 p.m. on Tuesday, the 11th August, 2015. During this period, the members of the Company, holding shares either in Physical Form or in Dematerialised form, as on the cut-off-date, viz., Thursday, the 06th August, 2015, may opt for remote e-Voting.
- E. In case you have any queries or issues regarding e-Voting, you may refer the Frequently Asked Questions ("FAQs") and e-Voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- F. The voting rights of shareholders shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on 06-08-2015.
- G. 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.
- H. The Chairman shall, at the general meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting, with the assistance of scrutinizer, by use of ballot or polling paper or by using an electronic voting system for all those members who are



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present at the general meeting but have not cast their votes by availing the remote e-voting facility.

- I. The Scrutinizer shall immediately after conclusion voting at the Annual General Meeting, first count the votes cast at the meeting there after unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make not later than three days of conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or person authorised by him in writing who shall countersign the same and the Chairman or a person authorised by him in writing shall declare the result of the voting forthwith.

RAJAPALAIYAM,
21st May, 2015.

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. 6

The Board of Directors, had appointed Shri K.B. Nagendra Murthy (DIN 00359864) as Additional Director on 04th August, 2014, under Non-Executive Independent Director category.

Shri K.B. Nagendra Murthy, holds Master degree in Commerce and completed CAIIB. He has served in the Banking Sector for the past four decades from 1973 to 2014. He was appointed as Probationary Officer in the year 1973 in Indian Bank and has held various positions and appointed as General Manager in the year 2002 and held that position till 2009. He was appointed as General Manager (Credit) in Tamilnad Mercantile Bank during December, 2009 and he was elevated as Managing Director and CEO of Tamilnad Mercantile Bank in the year 2012 and retired from the Bank in July, 2014.

In terms of Section 161 (1) of the Companies Act, 2013, Shri K.B. Nagendra Murthy holds Office as Additional Director upto the date of the forthcoming Annual General Meeting.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with the amount of requisite deposit from a Member signifying his intention to propose the appointment of Shri K.B. Nagendra Murthy as a Director.

Shri K.B. Nagendra Murthy is proposed to be appointed as an Independent Director for 5 consecutive years from the date of his appointment. He has furnished a declaration pursuant to Section 149(6) of the Companies Act, 2013 that he meets the criteria of Independence and is hence eligible for appointment as an Independent Director. In the opinion of the Board, Shri K.B. Nagendra Murthy fulfills the conditions specified in the Act and the Rules made thereunder and that he is Independent of the Management.

He holds no shares in Rajapalayam Mills Limited.

The Board of Directors is of the opinion that his vast knowledge and experience will be of great value to the Company and hence recommends the Resolution for your approval.

A copy of letter of appointment issued to Shri K.B. Nagendra Murthy 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 K.B. Nagendra Murthy, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is 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.



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Item No. 7

In accordance with the provisions of Section 148 of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Company is required to appoint a cost auditor to audit the cost records of Company from the financial year 2015-16, relating to manufacture of Textile Products.

On the recommendation of the Audit Committee at its meeting held on 21-05-2015, the Board had approved the appointment of Shri M. Kannan, Cost Accountant as the Cost Auditor of the Company to audit the Company's Cost Records relating to manufacture of Textile Products at a remuneration of Rs.85,000/- exclusive of Service tax and out-of-pocket expenses.

The appointment and the remuneration of the cost auditor is required to be ratified by the members in accordance with the provisions of Section 148(3) of the Act and Rule 14 of the Rules.

The Directors recommend the Resolution to the Members for their approval.

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

RAJAPALAIYAM,
21st May, 2015.

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. RAMASUBRAHMANEYA RAJHA

Shri P.R. Ramasubrahmaneya Rajha, Chairman of the Company, aged 79, has a Bachelor Degree in Science and he has been on the Board of Rajapalayam Mills Limited since 1956.

He holds 9,88,792 Equity Shares in the Company.

He is the husband of Smt. R. Sudarsanam, Managing Director and father of Shri P.R. Venketrama Raja, Director of the Company.

He is also a Director in the following Companies:-

1. The Ramco Cements Limited (Chairman & Managing Director)
2. Ramco Industries Limited (Chairman)
3. Ramco Systems Limited (Chairman)
4. The Ramaraju Surgical Cotton Mills Limited (Chairman)
5. Sri Vishnu Shankar Mill Limited (Chairman)
6. Sandhya Spinning Mill Limited (Chairman)
7. Thanjavur Spinning Mill Limited (Chairman)
8. Rajapalayam Textile Limited (Chairman)
9. Ramco Management Private Limited (Chairman)
10. Sri Sandhya Farms (India) Private Limited
11. Sri Saradha Deepa Farms Private Limited
12. Ramamandiram Agricultural Estate Private Limited
13. Nalina Agricultural Farms Private Limited
14. Ramco Systems Corporation, USA
15. Sri Ramco Lanka (Private) Limited, Sri Lanka
16. Sri Ramco Roofings Lanka Private Limited - Sri Lanka
17. RCDC Securities and Investments Private Limited
18. Nirmala Shankar Farms & Estates Private Limited
19. Sri Nithyalakshmi Farms Private Limited
20. Ram Sandhya Farms Private Limited
21. Rajapalayam Chamber of Commerce and Industry



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He is also a Member in the following Committees:

Name of the Company	Name of the Committee	Position Held
Rajapalayam Mills Limited	Share Transfer Committee	Chairman
Rajapalayam Mills Limited	Stakeholders Relationship Committee	Chairman
Rajapalayam Mills Limited	Corporate Social Responsibility Committee	Chairman
The Ramco Cements Limited	Project Management Committee	Chairman
The Ramco Cements Limited	Stakeholders Relationship Committee	Member
The Ramco Cements Limited	Share/Debenture Committee	Chairman
Ramco Industries Limited	Stakeholders Relationship Committee	Chairman
Ramco Industries Limited	Share Transfer Committee	Chairman
Ramco Industries Limited	Corporate Social Responsibility Committee	Chairman
Ramco Systems Limited	Stakeholders Relationship Committee	Chairman
The Ramaraju Surgical Cotton Mills Limited	Share Transfer Committee	Chairman
The Ramaraju Surgical Cotton Mills Limited	Stakeholders Relationship Committee	Chairman
The Ramaraju Surgical Cotton Mills Limited	Corporate Social Responsibility Committee	Chairman
Sandhya Spinning Mill Limited	Share Transfer Committee	Chairman
Sandhya Spinning Mill Limited	Corporate Social Responsibility Committee	Chairman
Sri Vishnu Shankar Mill Limited	Corporate Social Responsibility Committee	Chairman



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2. SHRI S.S. RAMACHANDRA RAJA

Shri S.S. Ramachandra Raja, Director of the Company, aged 79, has a Bachelor Degree in Science and he has been on the Board of Rajapalayam Mills Limited since 1992.

He holds 24,480 Equity Shares of the Company.

He is also a Director in the following Companies:-

1. Ramco Industries Limited
2. Sri Vishnu Shankar Mill Limited
3. Ramco Management Private Limited
4. Sudharsanam Investments Limited
5. Sri Sethu Ramasamy Farms Private Limited
6. Rajapalayam Chamber of Commerce and Industry

He is also a Member in the following Committees:

Name of the Company	Name of the Committee	Position Held
Rajapalayam Mills Limited	Share Transfer Committee	Member
Rajapalayam Mills Limited	Stakeholders Relationship Committee	Member
Sri Vishnu Shankar Mill Limited	Share Transfer Committee	Member



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their 79th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2015.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2015 after charging all expenses and contribution to P.A.C. Ramasamy Raja Memorial Fund of Rs.50 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. 5,315.38 Lakhs against Rs.9,795.88 Lakhs for the previous financial year 2013-14.

After deducting Rs.2,765.78 Lakhs towards finance cost and providing Rs.1,655.12 Lakhs towards Depreciation and considering Rs.1,019.11 Lakhs being Profit on Sale of Assets related to Rajapalayam Mills - Subramaniapuram Unit, the Net Profit for the year is Rs. 1,913.59 Lakhs, against Rs.4,125.67 Lakhs for the previous financial year 2013-14. Adding the surplus of Rs.950.13 Lakhs brought forward from the previous year, your Directors propose to appropriate the total sum of Rs.2,863.72 Lakhs as detailed below:

		Rs. in Lakhs
Provision for Taxation	Current Tax - MAT	328.71
	MAT credit entitlement	(328.71)
	MAT credit entitlement related to earlier years withdrawn	10.83
	Deferred Tax	698.45
Dividend	Rs.2.50 per share	
	(PY: Rs.7.50 per share)	184.40
Tax on Dividend	@20.358%	37.54
Transfer to General Reserve		1,000.00
Balance carried over to Balance Sheet		932.50
	TOTAL	<u>2,863.72</u>

SHARE CAPITAL

The Paid-up Capital of the Company is Rs.737.62 Lakhs (Previous Year: Rs.737.62 Lakhs) consisting of 73,76,160 Shares of Rs.10/- each.

DIVIDEND

Your Directors have pleasure in recommending a Dividend of Rs. 2.50 per share (Previous Year: Rs.7.50 per share). The dividend will be tax free income in the hands of Shareholders as the Company will pay Dividend Distribution Tax under Income Tax Act, 1961. The total amount of Dividend outgo for the year will be Rs.184.40 Lakhs. The amount of tax on dividends would be Rs.37.54 Lakhs.



DIRECTORS' REPORT

TAXATION

The Company is not liable to pay income tax under regular Income-Tax provisions. An amount of Rs. 328.71 Lakhs towards Current Tax (MAT) and Rs. 698.45 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.

MANAGEMENT DISCUSSION AND ANALYSIS

TRADE CONDITIONS

During the year under review, the performance of the Company was severely affected due to the following reasons:

The cotton prices have prevailed at higher level during the first half of year under review and started declining from October, 2014 onwards due to record cotton crop estimated at 400 Lakhs Bales for the cotton season 2014-15. The reduced demand of Cotton from China, have negatively impacted on the cotton prices. Because of this, cotton prices have fallen below the Minimum Support Prices and Government of India has started procuring cotton at minimum support price through Cotton Corporation of India (CCI). CCI has purchased majority of the cotton produced in Andhra Pradesh / Telangana Region during current cotton season 2014-15, which has resulted in non-availability of cotton to the Spinning Mills at reasonable price.

The fall in prices of yarn in export market due to sluggish demand for yarn in the China, Europe, Japan and other major yarn importing Countries from India has negatively impacted on the profitability of the Company. Yarn export to China, which is one of the largest Importer of Cotton Yarn from India has declined by 20% due to change in Chinese Government policy to liquidate their cotton inventory.

Because of the slowdown in export market, there has been an excess supply of cotton yarn in domestic market. This has resulted in mismatch between supply and demand for yarn in India. The increased supply of cotton yarn in domestic market has brought down the selling prices of yarn in India. Steep fall in cotton prices have also put pressure on selling prices of yarn in domestic and export markets.

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. The restrictions imposed by the Tamil Nadu Generation and Distribution Corporation (TANGEDCO) in evacuation of power generated by wind mills has continued this year also, 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.



DIRECTORS' REPORT

The reduction in yarn selling price and the increase in costs have contributed to reduction in profits for the year 2014-15, compared to the previous year.

EXPORTS

On the export front during the year, we have made export of Cotton Yarn / Fabrics (including merchant exports) for a value of Rs. 111.44 Crores as against Rs. 122.56 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. 12 Crores for investment in state-of-the-art textile machinery & equipments like Auto Coners, Open End Spinning Machines, Auto Leveller Draw Frames, Uster Quantum III, Contamination Detecting Machines etc.

WIND MILL

The Company has wind mills with installed capacity of 35.15 MW for its captive power consumption. During the year, 3 Nos. of Wind Electric Generators for an aggregate capacity of 2.40 MW were purchased during March, 2015. These wind mills are connected to the grids maintained by Tamil Nadu Generation and Distribution Corporation (TANGEDCO). The generation from wind farms has been adversely affected due to evacuation constraints imposed by TANGEDCO. Because of this, even though our wind farm areas had witnessed good wind season, the windmills were not able to generate power to its full potential. The backing down of the wind electric generators imposed by TANGEDCO during the last year has continued this year also and caused generation loss of upto 27% during peak wind season.

The wind farm has generated 515 Lakhs Kwh as compared to 546 Lakhs Kwh of the previous year. The income during the year from the Wind Mill Division was Rs.30.15 Crores as against Rs.31.55 Crores of previous year.

PROSPECTS FOR THE CURRENT YEAR

The cotton prices are prevailing at moderate level. There is a sign of revival of demand for yarn in domestic as well as international yarn markets and the prices of yarn have started improving slowly. With the moderation in cotton prices & stability in yarn prices, your Directors are hopeful in achieving satisfactory results for the year 2015-16.

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



DIRECTORS' REPORT

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 & improve the profit margins.

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

As reported in the previous Directors' Report, the Company has completed the sale of assets and liabilities of Rajapalayam Mills - Subramaniapuram Unit in accordance with the resolutions passed by Board of Directors on 24-02-2014 and special resolution passed by the Shareholders of the Company through postal ballot on 31-03-2014. There was a Net Profit of Rs. 1,019.11 Lakhs on sale of these assets, and same has been reported in statement of Profit and Loss under Exceptional Item.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The disclosures in terms of provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1), (2) and (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, relating to remuneration are provided in Annexure- I.

Having regard to the first provision to Section 136(1) of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request. The full Annual Report including the aforesaid information is being sent electronically to all those members who have registered their e-mail address and is also available on the Company's website.

INDUSTRIAL RELATIONS AND PERSONNEL

The Company has 3,200 employees as on 31-03-2015. 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.

INTERNAL FINANCIAL CONTROLS

In accordance with Section 134(5)(e) of the Companies Act, 2013, the Company has Internal Financial Controls Policy by means of Policies and Procedures commensurate with the size & nature of its operations and pertaining to financial reporting. In accordance with Rule 8(5)(viii) of Companies (Accounts) Rules, 2014, it is hereby confirmed that the Internal Financial Controls are adequate with reference to the financial statements. ERP System developed by Ramco Systems



DIRECTORS' REPORT

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.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

In accordance with Section 177(9) and (10) of the Companies Act, 2013 and Clause 49(II)(F) of the Listing Agreement, the Company has established a Vigil Mechanism and has a Whistle Blower Policy. The policy is available at the Company's website.

DIRECTORS

In accordance with the provision of the Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, the following Directors retire by rotation at the ensuing Annual General Meeting and they are eligible for re-appointment.

1. Shri P.R.Ramasubrahmaneya Rajha (DIN: 00331357)
2. Shri S.S.Ramachandra Raja (DIN: 00331491)

The Members of the Company at the last Annual General Meeting held on 4th August, 2014 have approved the appointment of following Directors as Independent Directors for a period of five years with effect from 01-04-2014:

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

We regret to report the sad demise of Dr. K.T. Krishnan (DIN: 00707574) on 30-04-2015. Dr. K.T. Krishnan was the Chairman of the Audit Committee and Nomination & Remuneration Committee of the Board. He was also a member in Corporate Social Responsibility Committee of the Board. The Directors place on record Dr. K.T. Krishnan's valuable and constructive contribution in the Board and Committee Meetings during his association of 29 years with the Company.

The Members of the Company had at the aforesaid Annual General Meeting also approved the appointment of Smt. R. Sudarsanam as Managing Director for a period of 3 years with effect from 01-04-2014.

Shri N.R.K. Venkatesh Raja (DIN: 00431919), a Non-Executive Director of the Company has resigned from the Company with effect from 25-05-2014.

Shri K.B. Nagendra Murthy (DIN: 00359864) has been co-opted on 04-08-2014 as an Additional Director under Independent Director category. He will hold the office till the date of the forthcoming Annual General Meeting. A Notice in writing has been received from a Member signifying his



DIRECTORS' REPORT

intention to propose the appointment of Shri K.B. Nagendra Murthy as a Director at the Annual General Meeting to hold office for 5 consecutive years with effect from 04-08-2014, without being subject to retirement by rotation.

Shri A. Arulpranavam has been appointed as Secretary with effect from 01-06-2014 in the place of Shri V. Gurusamy, who has resigned on 31-05-2014.

Pursuant to Rule 8(5)(iii) of Companies (Accounts) Rules, 2014, it is reported that, other than the above, there have been no changes in the Directors or Key Managerial Personnel during the year.

The Company has received necessary declarations from all the Independent Directors under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

The composition of the Audit Committee is disclosed in Corporate Governance Report in Annexure - VI. The Audit Committee has three members, out of which two are Independent Directors. Pursuant to Section 177(8) of the Companies Act, 2013, it is reported that there has not been an occasion, where the Board had not accepted any recommendation of the Audit Committee.

In accordance with Section 178(3) of the Companies Act, 2013 and based upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors have approved a policy relating to appointment and remuneration of Directors, Key Managerial Personnel and Other Employees. The objective of the Nomination and Remuneration Policy is to ensure that the level and composition of remuneration is reasonable, the relationship of remuneration to performance is clear and appropriate to the long term goals of the Company.

As required under Clause 49(II)(B)(7) of the Listing Agreement, the details of the Familiarisation Programme for Independent Directors is available at the Company's website, at the following link at <http://www.rajapalayammills.co.in/pdf/familiarisation-programme-for-independent-directors.pdf>.

BOARD EVALUATION

Pursuant to Section 134(3)(p) of the Companies Act, 2013, and Clause 49(II)(B)(6)(b)(iii) of the Listing Agreement, Independent Directors have evaluated the quality, quantity and timeliness of the flow of information between the Management and the Board, Performance of the Board as a whole and its Members and other required matters. Pursuant to Clause 49(II)(B)(5) of the Listing Agreement, the Nomination Committee has laid down evaluation criteria for performance evaluation of Independent Directors, which will be based on attendance, expertise and contribution brought in by the Independent Director at the Board Meeting, which shall be taken into account at the time of reappointment of Independent Director.

MEETINGS

During the year, Four Board Meetings were held. The details of the Meetings of the Board and its various Committees are given in Corporate Governance Report.



DIRECTORS' REPORT

ASSOCIATE COMPANY

During the year 2014-15, M/s. Ontime Industrial Services Limited has ceased to be an Associate Company.

PUBLIC DEPOSITS

The Company had fixed deposits amounting to Rs.868.58 Lakhs at the beginning of the year. The Company has decided not to accept fresh deposits from 01-04-2014. It has availed the option provided under Section 74 of the Companies Act, 2013 to repay all the existing deposits by complying with the formalities required in this regard. Accordingly, during the year, the Company has repaid all the deposits and there was no deposits unclaimed / unpaid as on 31-03-2015. There has been no default in the repayment of deposits / payment of interest thereon during the year. The Company has no deposit, which is not in compliance with the Chapter V of the Companies Act, 2013.

ORDERS PASSED BY REGULATORS

Pursuant to Rule 8(5)(vii) of Companies (Accounts) Rules, 2014, it is reported that, no significant and material orders have been passed by the Regulators or Courts or Tribunals, impacting the going concern status and Company's operations in future.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company has not given any loans during the year 2014-15 under Section 186 of the Companies Act, 2013.

The particulars of the guarantees are provided under Note No.26 (20)(i) of Disclosures forming part of financial statements.

The particulars of the investments are disclosed under Note No.10 of Notes to financial statements.

CORPORATE SOCIAL RESPONSIBILITY

In terms of Section 135 and Schedule VII of the Companies Act, 2013, the Board of Directors have constituted a Corporate Social Responsibility (CSR) Committee and adopted a CSR Policy which is based on the philosophy that "As the Organisation grows, the Society and Community around it also grows."

The Company has undertaken various projects in the areas of education, health, rural development, water and sanitation, promotion and development of traditional arts, protection of national heritage, livelihood enhancement projects, etc. largely in accordance with Schedule VII of the Companies Act, 2013.



DIRECTORS' REPORT

Your Directors are pleased to inform that the Company has fulfilled its CSR obligations pursuant to Section 135(5) of the Companies Act, 2013. As against the requirement of Rs. 44.59 Lakhs, the Company has spent Rs. 369.31 Lakhs on CSR.

The Annual Report on CSR activities as prescribed under Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as Annexure - II.

SHARES

The Company's shares are listed in Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. The Company had paid listing fee to the Stock Exchange for the financial year 2015-16.

STATUTORY AUDIT

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

In the last Annual General Meeting, the above Auditors have been appointed as a statutory auditors for a period of 3 consecutive years being their remaining eligible period in terms of Rule 6 of Companies (Audit and Auditors) Rules, 2014. The matter relating to their appointment is being placed before the Members for ratification at the ensuing Annual General Meeting, in accordance with the requirements of Section 139(1) of the Companies Act, 2013.

The Auditors have confirmed their eligibility to the effect that their re-appointment if made would be within the prescribed limit under the Companies Act, 2013 and they are not disqualified for re-appointment.

The report of the Statutory Auditors for the year ended 31st March, 2015 do not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDIT

Pursuant to the Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Shri M.R.L. Narasimha, a Practicing Company Secretary to undertake the Secretarial Audit of the Company. The Secretarial Audit Report submitted by the Secretarial Auditor for the year ended 31st March, 2015 is attached in Annexure - III.

The report does not contain any qualification, reservation or adverse remark.

COST AUDIT

The Cost Audit Report for the financial year 2013-14 due to be filed with Ministry of Corporate Affairs by 27-09-2014, had been filed on 10-09-2014.



DIRECTORS' REPORT

Cost Audit is not applicable to the Company for the financial year 2014-15. However, MCA has amended the Companies (Cost Records and Audit) Rules, 2014 vide its notification dated 31-12-2014 and Textile Mills are required to file cost audit report with effect from the next financial year 2015-16.

The Company has appointed Shri M. Kannan, Cost Accountant as Cost Auditor of the Company to audit the Company's Cost Records relating to manufacture of textile products for the year 2015-16.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Pursuant to Rule 8(3) of Companies (Accounts) Rules, 2014, the information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is attached as Annexure - IV.

EXTRACT OF ANNUAL RETURN

In Accordance with Section 92(3) of the Companies Act, 2013, read with Rule 12(1) of Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT-9 is attached herewith as Annexure - V.

CORPORATE GOVERNANCE

The Company has complied with the requirements regarding Corporate Governance as stipulated in Clause 49 of the Listing Agreement. As required under Clause 49(X) of the Listing Agreement, a Report on Corporate Governance being followed by the Company together with a Certificate from the Statutory Auditors confirming compliance as required under Clause 49 (XI) of the Listing Agreement is set out in Annexure - VI to this report.

RELATED PARTY TRANSACTION

The transaction with related party entered into by the Company are periodically placed before the Audit Committee for its approval. No transaction with the related party is material in nature, in accordance with Company's "Related Party Transaction Policy" and Clause VII(C) of the Listing Agreement. In accordance with Accounting Standard - 18 (Related Party Disclosure), the details of transactions with the related parties are set out in Note No:26 (20) of disclosures forming part of Financial Statements.

As required under Clause 49(VIII)(A)(2) of the Listing Agreement, the Company's Related Party Transaction Policy is disclosed in the Company's website and its weblink is - <http://www.rajapalayammills.co.in/pdf/related-party-tranactions-policy.pdf>.



DIRECTORS' REPORT

RISK MANAGEMENT POLICY

Pursuant to Section 134(3)(n) of the Companies Act, 2013, the Company has developed and implemented a Risk Management Policy. The Policy envisages identification of risk and procedures for assessment and minimization of risk thereof.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent 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 and loss of the Company for that period;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the Annual Accounts on a going concern basis;
- (e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

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

RAJAPALAIYAM
21st May, 2015.

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

P.R.RAMASUBRAHMANEYA RAJHA
CHAIRMAN



ANNEXURE I TO DIRECTORS' REPORT

I Disclosures relating to remuneration under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- i. & ii. The ratio of the remuneration of each director to the median remuneration of the employees of the company and the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive officer, Company Secretary or manager, if any, in the Financial Year 2014-15

Name of the Director / KMP and Designation	Remuneration of Director / KMP for financial year 2014-15 (Rs. in Lakhs)	% increase in remuneration in the financial year 2014-15	Ratio of remuneration of each Director / to median remuneration of employees	Comparison of the remuneration of the KMP against the performance of the Company
Shri P.R.Ramasubrahmaneya Rajha	3.60	118	4	–
Smt R.Sudarsanam	121.20	(44)	119	The Profit before tax decreased by 54% and Profit after tax decreased by 55% in financial year 2014-15
Shri P.R.Venketrama Raja	1.20	60	1	–
Shri S.S.Ramachandra Raja	2.70	50	3	–
Shri N.K.Ramasuwami Raja	4.50	114	4	–
Dr. K.T.Krishnan	3.00	186	3	–
Shri A.V.Dharmakrishnan	2.70	157	3	–
Justice Shri P.P.S. Janardhana Raja	1.20	300	1	–
Shri V. Santhana Raman	1.20	700	1	–
Shri K.B. Nagendra Murthy	0.60	100	1	–
Shri B.Gnanagurusamy (Chief Financial Officer)	16.27	6	16	The Profit before tax decreased by 54% and Profit after tax decreased by 55% in financial year 2014-15
Shri A. Arulpranavam (Company Secretary)	4.48	115	4	



ANNEXURE I TO DIRECTORS' REPORT

- iii. The median remuneration of the employees during the financial year was Rs. 1,01,967 and the percentage increase in the median remuneration was 9%.
- iv. There were 3,200 Permanent employees on the rolls of the Company, as on 31st March 2015.
- v. Explanation on the relationship between average increase in remuneration and the Company's performance:
There was no relationship between the average increase in remuneration and the Company's performance, as except Bonus and Incentives the rest of the components of the remuneration are not directly linked to the performance of the Company.
- vi. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:
The total remuneration of Key Managerial Personnel decreased by 40% (i.e) from Rs.2,34,66,055 in 2013-14 to Rs.1,41,94,861 in 2014-15 due to decrease in Profit before tax by 54% and decrease in profit after tax by 55% in financial year 2014-15.
- vii. a. Variations in the market capitalization of the Company: The market Capitalisation of Rs. 168.91 Crores as on 31st March 2014 had increased to Rs 217.97 Crores as on 31st March 2015, Showing an increase of 29%.
b. Price earning ratio: The price earning ratio of the Company was 18.10 as at 31st March 2015 and was 6.35 as at 31st March 2014.
c. Percentage increase or decrease in the market quotations of the Shares of the Company as compared to the rate at which the Company came out with the last public offer in the year: The Company has not come out with public issue. However, a shareholder investing Rs.100/- in the share capital of the company at the time of incorporation, would have received Rs.75,462/- as dividend. The said investment of Rs. 100/- would have risen to a value of Rs.3,02,592/- as on 31-03-2015.
- viii. Average percentage increase made in the salaries of the employees other than the managerial personnel in the financial year i.e. 2014-15 was 12.05% whereas the decrease in the managerial remuneration for the same financial year was 40%.
- ix. Comparison of the each remuneration of the key Managerial Personnel against the performance of the Company - Provided under i & ii above
- x. The Managing Director's remuneration is 5% of the profits of the Company, calculated in accordance with Section 198 of the Companies Act, 2013 and in case of inadequate profits, remuneration is based on Section II, Part II of Schedule V of the Companies Act, 2013.
- xi. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year - Not applicable.
- xii. It is hereby affirmed that the remuneration paid is as per the remuneration policy for Directors, Key Managerial Personnel and other employees.
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ANNEXURE I TO DIRECTORS' REPORT

II. DISCLOSURE RELATING TO REMUNERATION UNDER SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (2) AND (3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- i. Employed throughout the financial year 2014-15 and was in receipt of remuneration in the aggregate of not less than Rs. 60 Lakhs.

Sl. No.	Name of Employee	Age (Years)	Designation	Remuneration Paid / Payable Rs.	Qualification and experience (Years)	Date of Commencement of employment	Last Employment
1	Smt. R. Sudarsanam	73	Managing Director	1,35,40,000	49 Years	July 1, 2002	–

NOTE:

1. The Managing Director's employment is contractual.
2. Remuneration includes Salary, Company's contribution to Provident Fund and Superannuation Fund, but does not include Provision for Gratuity and Leave encashment.
3. The Managing Director is related to Shri P.R. Ramasubrahmaneya Rajha, Chairman and Shri P.R. Venketrama Raja, Director.



ANNEXURE II TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy.

The objective of the CSR Policy is

- to ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognising the interests of all its stakeholders.
- to directly or indirectly take up programmes that benefit the communities in & around its work locations and results, over a period of time, in enhancing the quality of life & economic well being of the local populace.
- to generate, through its CSR initiatives, a community goodwill for the Company and help reinforce a positive & socially responsible image of the Company as a corporate entity.

Weblink to the CSR Policy:

<http://www.rajapalayammills.co.in/pdf/corporate-social-responsibility-policy.pdf>

2. The Composition of the CSR Committee:

- Shri P.R.Ramasubrahmaneya Rajha, Chairman of the Committee
- Shri P.R.Venketrama Raja, Member
- Dr. K.T.Krishnan, Member (upto 30-04-2015)
- Justice Shri P.P.S. Janardhana Raja, Member (from 11-05-2015)

3. Average Net Profit of the Company for last three financial years Rs. 2,229.28 Lakhs

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):

The Company is required to spend Rs. 44.59 Lakhs towards CSR.

5. Details of CSR spent during the financial year:

- Total amount spent for the financial year: Rs. 369.31 Lakhs
- Amount unspent, if any: Nil
- Manner in which the amount spent during the financial year is detailed below:

(Rs. in lakhs)

S. No.	CSR Project or Activity identified & identified & Sector in covered	Locations	Amount Outlay (Budget) Project or Programs wise	Amount Spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency
			Actuals	Direct Expenditure		Spent Directly
1	Promotion of Paralympic Sports	Ayikudy (Tamil Nadu)	0.15	0.15	0.15	0.15
2.	Enhancing Vocational Skills	Thirumangalam Madurai & Tirunelveli (Tamil Nadu)	0.38	0.38	0.38	0.38



ANNEXURE II TO DIRECTORS' REPORT

(Rs. in lakhs)

S. No.	CSR Project or Activity identified & identified & Sector in covered	Locations	Amount Outlay (Budget) Project or Programs wise	Amount Spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency
			Actuals	Direct Expenditure		Spent Directly
3.	Promotion of Healthcare including Preventive Healthcare	Rajapalayam Chennai & Madurai (Tamil Nadu)	1.50	1.50	1.50	1.50
4.	Promotion and Development of Traditional Arts	Chennai & Karur (Tamil Nadu)	0.30	0.30	0.30	0.30
5.	Eradication of of Hunger	Chokkanathan Puthur, Kazhugumalai, Rajapalayam, Srivilliputhur Thiruvannamalai (Tamil Nadu)	1.07	1.07	1.07	1.07
6.	Promotion of Education	Coimbatore & Rajapalayam (Tamil Nadu)	360.00	360.00	360.00	360.00
7.	Restoration of Building and Sites of Historical Importance and Works of Art	Rajapalayam, Sivalingapuram sudarapandiam & Watrap (Tamil Nadu) and Sringeri (Karnataka)	5.72	5.72	5.72	5.72
8.	Livelihood Enhancement Projects	Tirunelveli (Tamil Nadu)	0.19	0.19	0.19	0.19
	Total		369.31	369.31	369.31	369.31

The CSR Committee Confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

Note:

- As per Articles of Association of the Company, every year, a provision has been made for an amount not exceeding 3% of the net profit towards P.A.C. Ramasamy Raja Memorial Fund. During the year the Company has spent an amount of Rs.350 Lakhs out of accumulated balance of the above said fund and the same has been included in the above sum of Rs.369.31 Lakhs.
- The Company has made a provision of Rs.50 Lakhs towards the above said Fund for the FY 2014-15. This amount has not been included in the above statement and will be considered when the amount is actually spent from the Fund.

SHRI P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SMT. R. SUDARSANAM
MANAGING DIRECTOR



ANNEXURE III TO DIRECTORS' REPORT

Form MR - 3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,

Rajapalayam Mills Limited, [CIN: L17111TN1936PLC002298]

Rajapalayam Mills Premises,

P.A.C. Ramasamy Raja Salai,

Post Box No.1, Rajapalayam - 626 117.

I have conducted a secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **M/s. RAJAPALAYAM MILLS LIMITED** (hereinafter called "the Company"). I have conducted the Secretarial Audit in a manner that provided me a reasonable basis for evaluating the Company's corporate conducts/statutory compliances and expressing my opinion thereon.

I am issuing this report based on my verification of the books, papers, minute books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company, during the financial year ended 31st March 2015 and also after 31st March 2015 but before the issue of this report and the information provided by the Company, its officers, agents and authorized representatives during my conduct of secretarial audit.

I hereby report that, in my opinion, during the audit period covering the financial year ended on 31st March 2015 (hereinafter referred to as "the year"), the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with my letter of even date annexed to this report as Annexure - A.

1. I have examined the books, papers, minute books and other records maintained by the Company and the forms and returns filed during the year according to the applicable provisions of:
 - i. The Companies Act 2013 (the Act), the rules made thereunder.
 - ii. The Companies Act 1956.
 - iii. The Securities Contracts (Regulation) Act 1956 ('SCRA') and the rules made thereunder.
 - iv. The Depositories Act 1996 and the regulations and bye-laws framed thereunder.
 - v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act 1992 ('SEBI Act'):-



ANNEXURE III TO DIRECTORS' REPORT

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992; and
- vi. The following laws, that are specifically applicable to the Company:
- (a) Essential Commodities Act 1955, with reference to "Hank Yarn Packing Notification 2003" (No.2/TDRO/8/2003 dated 17th April, 2003).
 - (b) The Electricity Act, 2003.
2. I am informed that, during the year the Company was not required to maintain any books, papers, minute books or other records or to file any forms / returns according to the provisions of:
- i. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - ii. The following Regulations and Guidelines prescribed under the SEBI Act:
 - (a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999;
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008;
 - (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations 1998;
 - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009;
 - (e) The Securities and Exchange Board of India (Registrars to an issue and share transfer agents) Regulations, 1993 regarding the Companies Act 2013 and dealing with client; and
 - (f) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
3. I am also informed that for the year, there were no other laws specifically applicable to the company, the books, papers, minute books, forms and returns of which were required to be examined by me for the purpose of this report.



ANNEXURE III TO DIRECTORS' REPORT

4. I have not examined compliance with the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India as they become applicable only from 1st July 2015.
5. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2015 but before the issue of this report, the Company has complied with the provisions of the Acts, Rules, Regulations and Agreements mentioned under paragraph 1 above, to the extent applicable.
6. I further report that:
 - (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
 - (ii) Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent less than seven days before the meeting, since there was no statutory requirement during the year to send them seven days in advance of the meeting.
 - (iii) A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. I am informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.
 - (iv) There are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
 - (v) During the audit period, the members have passed a special resolutions under Section 180(1)(a) to create Charge to secure the Borrowings of the Company and under Section 180(1)(c) of the Act empowering the Board of Directors to borrow moneys provided that the amounts borrowed and outstanding at any point of time does not exceed Rs.500 crores, apart from temporary loans from company's bankers in the ordinary course of business.

Rajapalayam,
21st May, 2015.

M.R.L. Narasimha
Practising Company Secretary
Membership No: 2851
Certificate of Practice: 799
34-C, 3rd Cross, R.L.Nagar
K.K.Pudur, Coimbatore - 641038.

ANNEXURE III TO DIRECTORS' REPORT



Annexure - A to Secretarial Audit Report of even date

To,

The Members,

Rajapalayam Mills Limited, [CIN: L17111TN1936PLC002298]

Rajapalayam Mills Premises,

P.A.C. Ramasamy Raja Salai,

Post Box No.1, Rajapalaiyam - 626 117.

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March, 2015 is to be read along with this letter.

1. Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also taken into consideration the compliance related action taken by the Company after 31st March, 2015 but before the issue of this report.
4. I have verified the records on a test basis to see whether the correct facts are reflected in the secretarial records. I also examined the compliance procedures followed by the Company on a test basis. I believe that the processes and practices I followed provide a reasonable basis for my opinion. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
5. I have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
6. My Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Rajapalayam,
21st May, 2015.

M.R.L. Narasimha
Practising Company Secretary
Membership No: 2851
Certificate of Practice: 799
34-C, 3rd Cross, R.L.Nagar
K.K.Pudur, Coimbatore - 641038.



ANNEXURE IV TO DIRECTORS' REPORT

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

A. CONSERVATION OF ENERGY

- (i) the steps taken on conservation of energy; : Installation of 240 Nos of LED Tube lamps on lighting circuits.
- Optimisation of plant humidification plants.
- Reduction of motor rating wherever lesser loads were available.
- Use of Super Energy Efficient motors for humidification plants.
- Energy audit and energy conservation measures are being adopted periodically.
- Efficient operation of compressors.
- Impact on conservation of energy : Installation of 240 Nos of LED lamps resulted in power saving of around 50,000 units per annum.
- Optimisation of humidification plant had resulted in power saving of 1,45,000 units per annum.
- Installation of Super Premium Energy Efficient Fan motor for Humidification plant had resulted in energy saving of 4,600 units per annum.
- (ii) the steps taken by the Company for utilising alternate sources of energy; : Already the Company had invested on Windmills to generate green energy for their captive consumption.
- During the financial year, we have purchased additionally 3 Nos of 800KW Wind Electric Generator and the total capacity of Wind Mill is 35.15MW.
- (iii) the capital investment on energy conservation equipments; : NIL



ANNEXURE IV TO DIRECTORS' REPORT

B. TECHNOLOGY ABSORPTION

- (i) the efforts made towards technology absorption and the benefits derived like product improvement, cost reduction, product development or import substitution; :
- (a) The Company installed new modernized contamination detector machines at various stages of production, which effectively eliminate contamination in cotton and yarn.
- (b) The Company has installed spindle monitoring system for short frame thereby minimized the waste of yarn in Ring Frames since it helps spinning operator to attend the broken end easily and quickly.
- (ii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) :
- (a) the details of technology imported; : NIL
- (b) the year of import; : NIL
- (c) whether the technology been fully absorbed; : Not Applicable
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and : Not Applicable
- (iii) the expenditure incurred on Research and Development : Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned in terms of actual inflows during the year and : Rs. 3,050.65 Lakhs

The Foreign Exchange outgo during the year in terms of actual outflows. : Rs. 3,722.78 Lakhs



ANNEXURE V TO DIRECTORS' REPORT

Form MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	L17111TN1936PLC002298
Registration Date	24-02-1936
Name of the Company	RAJAPALAYAM MILLS LIMITED
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered office and Contact details	Rajapalayam Mills Premises, P.A.C.Ramasamy Raja Salai, Post Box No.1, Rajapalaiyam, Tamilnadu, Pin: 626 117.
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	Share Transfer is being carried out in-house.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business activities contributing 10% or more of the total turnover of the Company:

Name and Description of main products/ services	NIC Code of the Product / service	% to total turnover of the Company
Yarn	13,111	97.48%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
NIL				



ANNEXURE V TO DIRECTORS' REPORT

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-Wise Share Holding

Category of Shareholder		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(1)	Indian									
a)	Individuals/ Hindu Undivided Family	20,14,760	-	20,14,760	27.31	20,16,380	-	20,16,380	27.34	0.02
b)	Central Government	-	-	-	-	-	-	-	-	-
c)	State Government(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corporate	19,05,440	-	19,05,440	25.83	19,05,440	-	19,05,440	25.83	-
e)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
f)	Any Others...	-	-	-	-	-	-	-	-	-
Sub Total(A)(1)		39,20,200	-	39,20,200	53.15	39,21,820	-	39,21,820	53.17	0.02
(2)	Foreign									
a)	NRIs – Individuals	-	-	-	-	-	-	-	-	-
b)	Other Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
e)	Any Others	-	-	-	-	-	-	-	-	-
Sub Total(A)(2)		-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)		39,20,200	-	39,20,200	53.15	39,21,820	-	39,21,820	53.17	0.02



ANNEXURE V TO DIRECTORS' REPORT

i) Category-Wise Share Holding - (contd.)

Category of Shareholder		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B.	Public shareholding									
(1)	Institutions									
a)	Mutual Funds	-	-	-	-	-	-	-	-	-
b)	Financial Institutions / Banks	200	1,860	2,060	0.03	200	1,860	2,060	0.03	-
c)	Central Government	-	-	-	-	-	-	-	-	-
d)	State Government(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)		200	1,860	2,060	0.03	200	1,860	2,060	0.03	-
(2)	Non-institutions									
a)	Bodies Corporate									
i)	Indian	1,79,743	32,620	2,12,363	2.88	1,82,831	32,620	2,15,451	2.92	0.04
ii)	Overseas	-	-	-	-	-	-	-	-	-
b)	Individuals									
i)	Individual shareholders holding nominal share capital up to Rs.1 lakh	11,59,364	5,62,105	17,21,469	23.34	12,48,053	5,43,135	17,91,188	24.28	0.95
ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	10,02,548	5,17,520	15,20,068	20.61	9,40,621	5,05,020	14,45,641	19.60	(1.01)
c)	Others (specify)									
Sub-Total (B)(2)		23,41,655	11,12,245	34,53,900	46.83	23,71,505	10,80,775	34,52,280	46.80	(0.02)
B	Total Public Shareholding (B)= (B)(1)+(B)(2)	23,41,855	11,14,105	34,55,960	46.85	23,71,705	10,82,635	34,54,340	46.83	(0.02)
C	Shares held by Custodians for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)		62,62,055	11,14,105	73,76,160	100.00	62,93,525	10,82,635	73,76,160	100.00	-



ANNEXURE V TO DIRECTORS' REPORT

(ii) Shareholding of Promoters

S. No.	Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	
1.	Shri P R Ramasubrahmaneya Rajha	9,88,792	13.41	-	9,88,792	13.41	-	-
2.	Shri P R Venketrama Raja	7,44,560	10.09	-	7,46,080	10.11	-	0.02
3.	Shri P V Abinav Ramasubramaniam Raja	98,160	1.33	-	98,160	1.33	-	-
4.	Smt. R. Chittammal	82,628	1.12	-	82,628	1.12	-	-
5.	Smt. P V Nirmala	2,720	0.04	-	2,720	0.04	-	-
6.	Smt. Nalina Ramalakshmi	6,720	0.09	-	6,720	0.09	-	-
7.	Smt. Saradha Deepa	10,960	0.15	-	10,960	0.15	-	-
8.	Smt. P V Sri Sandhya	16,560	0.22	-	16,560	0.22	-	-
9.	Smt. R Sudarsanam .	63,660	0.86	-	63,760	0.86	-	-
10.	Ramco Industries Limited	8,47,360	11.49	-	8,47,360	11.49	-	-
11.	The Ramaraju Surgical Cotton Mills Limited	3,00,200	4.07	-	3,00,200	4.07	-	-
12.	Sri Vishnu Shankar Mill Limited.	29,740	0.40	-	29,740	0.40	-	-
13.	Ramco Management Private Limited	2,040	0.03	-	2,040	0.03	-	-
14.	Sandhya Spinning Mill Limited	500	0.01	-	500	0.01	-	-
15.	The Ramco Cements Limited	7,25,600	9.84	-	7,25,600	9.84	-	-
	TOTAL	39,20,200	53.15	-	39,21,820	53.17	-	0.02

(iii) Change in Promoters' Shareholding

S. No.	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
	No. of Shares at the beginning (01-04-2014) / end of the year (31-03-2015)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	39,20,200	53.15	01-04-2014				
			08-12-2014	100	Transfer	39,20,300	53.15
	39,21,820	53.17	19-03-2015	1,520	Transfer	39,21,820	53.17



ANNEXURE V TO DIRECTORS' REPORT

(iv) Shareholding Pattern of top ten Shareholders (other than Directors and Promoters):

S. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
		No. of Shares at the beginning (01-04-2014) / end of the year (31-03-2015)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Shri Govindlal M Parikh	1,73,932	2.36	01-04-2014			1,73,932	2.36
2.	Sri-la-srishanmukadesika-gnanasambanda	1,02,400	1.39	01-04-2014			1,02,400	1.39
3.	Shri Govindlal M Parikh	63,200	0.86	01-04-2014			63,200	0.86
4.	T P Sokkhalal Ramsait Factory Pvt Ltd	52,200	0.71	01-04-2014			52,200	0.71
5.	Rajapalayam Palayapalayam Rajus Common	51,200	0.69	01-04-2014			51,200	0.69
6.	Smt. Dh Dharshini Raaja	35,754	0.48	01-04-2014				
				11-04-2014	6,062	Transfer	41,816	0.57
				18-04-2014	1,164	Transfer	42,980	0.58
		47,444	0.64	25-04-2014	4,464	Transfer	47,444	0.64
7.	Shri Ganesaramasubramanian V.	46,880	0.64	01-04-2014			46,880	0.64
8.	Smt. Poosapadi Sankera Raja Ramani Devi	25,580	0.35	01-04-2014				
		45,580	0.62	30-06-2014	20,000	Transfer	45,580	0.62
9.	Shri Ettappanaickerayyen J.V.R.M.K.V.	40,960	0.56	01-04-2014			40,960	0.56
10.	Smt. Chinmay G Parikh	40,500	0.55	01-04-2014			40,500	0.55



ANNEXURE V TO DIRECTORS' REPORT

(v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
		No. of Shares at the beginning (01-04-2014) / end of the year (31-03-2015)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Shri P.R. Ramasubrahmaneya Rajha	9,88,792	13.41	N.A.	N.A.	N.A.		
		9,88,792	13.41	N.A.	N.A.	N.A.	9,88,792	13.41
2.	Smt. R. Sudarsanam	63,660	0.86					
		63,760	0.86	08-12-2014	100	Transfer	63,760	0.86
3.	Shri P.R. Venketrama Raja	7,44,560	10.09					
		7,46,080	10.11	13-03-2015	1,520	Transfer	7,46,080	10.11
4.	Shri S.S. Ramachandra Raja	24,480	0.33	N.A.	N.A.	N.A.		
		24,480	0.33	N.A.	N.A.	N.A.	24,480	0.33
5.	Shri N.K. Ramasuwami Raja	15,400	0.21	N.A.	N.A.	N.A.		
		15,400	0.21	N.A.	N.A.	N.A.	15,400	0.21
6.	Dr. K.T. Krishnan #	Nil	Nil	N.A.	N.A.	N.A.	Nil	Nil
7.	Shri N.R.K. Venkatesh Raja*	24,320	0.33	N.A.	N.A.	N.A.		
		24,320	0.33	N.A.	N.A.	N.A.	24,320	0.33
8.	Shri A.V. Dharmakrishnan	1,100	0.01	N.A.	N.A.	N.A.		
		1,100	0.01	N.A.	N.A.	N.A.	1,100	0.01
9.	Justice Shri P.P.S. Janardhana Raja	Nil	Nil	N.A.	N.A.	N.A.	Nil	Nil
10.	Shri V. Santhana Raman	Nil	Nil	N.A.	N.A.	N.A.	Nil	Nil
11.	Shri K.B. Nagendra Murthy	Nil	Nil	N.A.	N.A.	N.A.	Nil	Nil
12.	Shri B. Gnanagurusamy	Nil	Nil	N.A.	N.A.	N.A.	Nil	Nil
13.	Shri A. Arulpranavam	Nil	Nil	N.A.	N.A.	N.A.	Nil	Nil

Dr. K.T. Krishnan expired on 30-04-2015

* Ceased to be a Director on 25-05-2014



ANNEXURE V TO DIRECTORS' REPORT

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the Beginning of the financial year				
i) Principal Amount	30,359	4,733	869	35,961
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	33	–	112	145
Total (i + ii + iii)	30,392	4,733	981	36,106
Change in Indebtedness during the financial year				
Addition	2,802	327	–	3,129
Reduction	6,080	1,343	980	8,403
Net Change	(3,278)	(1,016)	(980)	(5,274)
Indebtedness at the end of the financial year				
i) Principal Amount	27,115	3,718	–	30,833
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	17	–	–	17
Total (i + ii + iii)	27,132	3,718		30,850

VI. REMUNERATION OF DIRECTORS AND KEYMANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

S. No.	Particulars of Remuneration	Smt. R. Sudarsanam Managing Director	Total Amount
1	Gross salary		
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	120.00	120.00
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–
2	Stock Option	–	–
3	Sweat Equity	–	–
4	Commission	–	–
	as % of profit	–	–
	Others, (Sitting Fees)	1.20	1.20
5	Others, please specify	–	–
	Total (A)	121.20	121.20
	Ceiling as per Act	Managing Director remuneration is fixed at 5% of net profits of the Company and in case, no profits or inadequacy of profits, the Managing Director shall be paid the maximum remuneration as per Section II, Part II of Schedule V of the Companies Act, 2013 which works out to Rs. 120 Lakhs.	



ANNEXURE V TO DIRECTORS' REPORT

B. REMUNERATION TO OTHER DIRECTORS:

1. Independent Directors

(Rs. in Lakhs)

Particulars of Remuneration	Name of Directors					Total amount
	Shri N.K. Ramasuwami Raja	Dr. K.T. Krishnan	Justice Shri P.P.S.Janardhana Raja	Shri V. Santhana Raman	Shri K.B. Nagendra Murthy	
Fee for attending board / committee meetings	4.50	3.00	1.20	1.20	0.60	10.50
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (1)	4.50	3.00	1.20	1.20	0.60	10.50

2. Other Non Executive Director

Particulars of Remuneration	Name of Directors				Total amount
	Shri P.R. Ramasubrahmaneya Rajha	Shri P.R. Venketrama Raja	Shri A.V. Dharmakrishnan	Shri S.S. Ramachandra Raja	
Fee for attending board / committee meetings	3.60	1.20	2.70	2.70	10.20
Commission	–	–	–	–	–
Others	–	–	–	–	–
Total (2)	3.60	1.20	2.70	2.70	10.20
Total B (1) + (2)					20.70
Overall Ceiling as per the Act	Rs.16,04,692 being 1% of the Net Profits of the Company, calculated as per Section 198 of the Companies Act, 2013				
Total managerial Remuneration (A+B)					141.90

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total amount
		Shri B. Gnanagurusamy Chief Financial Officer	Shri A. Arulpranavam Company Secretary	
1	Gross salary			
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	16.05	4.48	20.53
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.22	–	0.22
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission	–	–	–
	- as % of profit	–	–	–
	- Others, specify	–	–	–
5	Others, please specify			
	Total	16.27	4.48	20.75



ANNEXURE V TO DIRECTORS' REPORT

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD/NCLT / COURT)	Appeal made, if any (give Details)
A. COMPANY Penalty Punishment Compounding			Nil		
B. DIRECTORS Penalty Punishment Compounding			Nil		
C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding			Nil		

RAJAPALAIYAM
21st May, 2015.

On behalf of the Board of Directors,
For RAJAPALAYAM MILLS LIMITED,
P.R.RAMASUBRAHMANEYA RAJHA
CHAIRMAN



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 2014-2015, the Board had 10 Directors. Due to the sudden demise of Dr. K.T. Krishnan on 30-04-2015 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 and as on 31-03-2015, the Company has complied with this requirement. Due to the sudden demise of Dr. K.T. Krishnan, an Independent Director of the Company on 30-04-2015, the strength of the Independent Directors in the Board has reduced from 50% to 44%. Under Clause 49 II D of the Listing Agreement, the Company is required to fill the vacancy caused by death of Dr. K.T. Krishnan on or before 30-07-2015 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 25-05-2014, 03-08-2014, 10-11-2014 and 11-02-2015.



ANNEXURE VI TO DIRECTORS' REPORT

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	Attendance at last AGM
1.	Shri P.R. Ramasubrahmaneya Rajha	Chairman	4	Yes
2.	Smt R. Sudarsanam	Managing Director	4	Yes
3.	Shri P.R. Venketrama Raja	Promoter Director	2	Yes
4.	Shri S.S. Ramachandra Raja	Director	3	No
5.	Shri N.K. Ramasuwami Raja	Independent Director	4	Yes
6.	Dr. K.T. Krishnan*	Independent Director	4	Yes
7.	Shri A.V. Dharmakrishnan	Professional Director	4	No
8.	Justice Shri P.P.S. Janardhana Raja	Independent Director	4	No
9.	Shri V. Santhana Raman	Independent Director	4	No
10.	Shri K.B. Nagendra Murthy#	Independent Director	2	NA

* Dr. K.T. Krishnan expired on 30-04-2015

Shri K.B. Nagendra Murthy has been appointed as Director with effect from 04-08-2014.

Other Directorships

The number of other Boards or Board Committees in which the Director is a Member or Chairperson as on 31-03-2015 are given below:

Sl. No.	Name of the Director	Other Directorships *	Committee Positions **	
			Chairperson	Member
1.	Shri P.R. Ramasubrahmaneya Rajha	8	4	1
2.	Smt. R. Sudarsanam	3	–	–
3.	Shri P.R. Venketrama Raja	7	1	5
4.	Shri S.S. Ramachandra Raja	3	–	–
5.	Shri N.K. Ramasuwami Raja	2	–	–
6.	Dr. K.T. Krishnan	5	2	1
7.	Shri A.V. Dharmakrishnan	5	–	3
8.	Justice Shri P.P.S. Janardhana Raja	1	–	–
9.	Shri V. Santhana Raman	8	–	7
10.	Shri K.B. Nagendra Murthy	–	–	–

* Public Limited Companies, other than Rajapalayam Mills Limited.

** Audit Committee and Stakeholders' Relationship Committee of Public Limited Companies, other than Rajapalayam Mills Limited



ANNEXURE VI TO DIRECTORS' REPORT

REMUNERATION TO DIRECTORS

The Non-Executive Directors are paid Sitting Fee of Rs.30,000/- per Meeting for attending the Board and Committees thereof.

Name of the Director	(Rs. in Lakhs)			No. of Shares held
	Sitting fee	Remuneration	Commission	
Shri P.R. Ramasubrahmaneya Rajha	3.60	–	–	9,88,792
Smt. R. Sudarsanam	1.20	120.00	–	63,760
Shri P.R. Venketrama Raja	1.20	–	–	7,46,080
Shri S.S. Ramachandra Raja	2.70	–	–	24,480
Shri N.K. Ramasuwami Raja	4.50	–	–	15,400
Dr. K.T. Krishnan	3.00	–	–	–
Shri A.V. Dharmakrishnan	2.70	–	–	1,100
Justice Shri P.P.S. Janardhana Raja	1.20	–	–	–
Shri V. Santhana Raman	1.20	–	–	–
Shri K.B. Nagendra Murthy	0.60	–	–	–

The appointment and remuneration to Managing Director is governed by the resolution passed by the shareholders at the Annual General Meeting held on 04-08-2014 and the remuneration is equivalent to 5% of the Net Profits of the Company and in case of inadequacy of profits, as per Section II, Part II of Schedule V of the Companies Act, 2013.

Disclosure of relationships between Directors inter-se

[Pursuant to Clause 49(VIII)(E)(2) of the Listing Agreement]

Smt. R. Sudarsanam is wife of Shri P.R. Ramasubrahmaneya Rajha and Shri P.R. Venketrama Raja is son of Shri P.R. Ramasubrahmaneya Rajha and Smt. R. Sudarsanam.

3. AUDIT COMMITTEE

The terms of reference of the Audit Committee include:

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

In addition, the Audit Committee would discharge the roles and responsibilities as prescribed by the Listing Agreement and Companies Act, 2013.



ANNEXURE VI TO DIRECTORS' REPORT

Composition:

The Audit Committee consists of the following Directors:

Sl. No.	Name of the Director	No. of Meetings attended
1.	Dr. K.T. Krishnan, Chairman of the Committee (upto 30-04-2015)	4
2.	Justice Shri P.P.S. Janardhana Raja, Chairman of the Committee (from 11-05-2015)	–
3.	Shri N.K. Ramasuwami Raja	4
4.	Shri A.V. Dharmakrishnan	4

No. of Meetings held during the year : 4

Date of the Meetings : 24-05-2014, 03-08-2014, 10-11-2014, & 11-02-2015

The Statutory Auditors, President, Chief Financial Officer and 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 by the Code of Corporate Governance.

4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee discharges the functions as envisaged for it by the Companies Act, 2013, the Listing Agreement and functions as mandated by the Board of Directors from time to time. The Nomination and Remuneration Policy is to ensure that the level and composition of remuneration is reasonable, the relationship of remuneration to performance is clear and appropriate to the long term goals of the Company.

The complete details about the terms of reference for Nomination and Remuneration Committee and Nomination and Remuneration Policy are available at Company's website.

Composition:

The Nomination and Remuneration Committee consists of the following Directors:

Sl. No.	Name of the Director
1.	Dr. K.T. Krishnan, Chairman of the Committee (upto 30-04-2015)
2.	Justice Shri P.P.S. Janardhana Raja, Chairman of the Committee (from 11-05-2015)
3.	Shri N.K. Ramasuwami Raja
4.	Shri A.V. Dharmakrishnan

No. of Meetings held during the year : 2

Date of the Meetings : 24-05-2014 & 09-11-2014



ANNEXURE VI TO DIRECTORS' REPORT

The details of remuneration paid to Directors are given in Form MGT-9, forming part of annexure to Directors' Report.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

Name of Non-executive Director heading the Committee	Shri P.R. Ramasubrahmaneya Rajha
Name and Designation of Compliance Officer	Shri A. Arulpranavam, Secretary
No. of complaints received during the year	NIL
Number not solved to the Satisfaction of shareholders	NIL
Number of pending complaints	NIL

6. GENERAL MEETINGS

i. Location and time, where last three AGMs held:

Year ended	Date	Time	Venue
31-03-2012	06-08-2012	10.00 A.M	P.A.C.R. Centenary Community Hall,
31-03-2013	01-08-2013	10.00 A.M	P.A.C.Ramasamy Raja Salai, Rajapalayam-626 108,
31-03-2014	04-08-2014	10.00 A.M	Tamil Nadu.

ii. Details of Special Resolutions passed in the previous three Annual General Meetings

Date of the AGM	Subject Matter of the Special Resolution
04-08-2014	Amendment of Clause 16A in the Articles of Association to enable the Chairman to retire by rotation and shall be taken into account in determining the retirement of directors by rotation.
-do-	Appointment of Smt. R. Sudarsanam, as Managing Director for a period of three years effective from 01-04-2014 to 31-03-2017.
-do-	To authorise the Company to borrow money up to Rs.500 crores.
01-08-2013	No Special Resolution was passed.
06-08-2012	No Special Resolution was passed.

iii. During the year under review two Special Resolutions have been passed through postal ballot as per Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 and the details of voting pattern is given below:

1. To make investments in the Redeemable Preference Shares of Thanjavur Spinning Mill Limited.
2. To create 'Charge' by way of Hypothecation / Mortgage or other Encumbrances on the Assets of the Company to secure the borrowings.



ANNEXURE VI TO DIRECTORS' REPORT

S.No.	Particulars	Resolution - 1	Resolution - 2
A	Total number of shares	73,76,160	73,76,160
B	Total number of shares for which postal ballots / electronic votes were received	45,17,281	45,17,281
C	Total number of shares for which voting considered invalid	160	160
D	Total number of valid votes	45,17,121	45,17,121
E	Total number of shares for which the postal ballots / electronic votes assented to the resolution	44,98,786	44,97,691
F	Total number of shares for which the postal ballots / electronic votes dissented to the resolution	18,335	19,430
	Share of votes that assented to the resolution	99.59%	99.57%

Mr. K. Srinivasan, Partner, M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants had been appointed as Scrutinizer to conduct the Postal Ballot process in a fair and transparent manner in accordance with Companies Act, 2013.

iv. No Special Resolution is proposed to be conducted through Postal Ballot.

7. DISCLOSURES

- i. There are no materially significant related party transactions made by the Company that may have potential conflict with the interests of the Company at large.
- ii. There are no instances of non-compliance by the Company, and no penalties or strictures were imposed on the company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years.
- iii. The Company has a Whistle Blower Policy, available at the Company's website and it is affirmed that no personnel has been denied access to the Audit Committee.
- iv. The Company has complied with the Mandatory requirements of Clause 49 of the Listing Agreement. The status of adoption of the Non-Mandatory requirements, pursuant to Annexure - XIII is given below:
 - a. The Company's financial statements are unqualified for the year 2014-15.

8. 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 VI TO DIRECTORS' REPORT



9. GENERAL SHAREHOLDER INFORMATION

i.	Annual General Meeting	On 12-08-2015 at 10.00 AM at P.A.C.R.Centenary Community Hall, Sudarsan Gardens, P.A.C.Ramasamy Raja Salai Rajapalayam - 626 108, Tamil Nadu
ii.	Financial Year	2014-15
iii.	Date of Book Closure	07-08-2015 to 12-08-2015 (Both days inclusive)
iv.	Dividend Payment date	Date of the AGM
v.	Listing on Stock Exchanges	Bombay Stock Exchange Limited
vi.	Stock Code Bombay Stock Exchange Limited	532503
vii.	Market Price Data	Enclosed as Annexure - A
viii.	Performance in comparison to broad based indices	
ix.	Registrar and Transfer Agents	Being carried out in-house by the Secretarial Department of the Company.
x.	Share Transfer System	For shares held in electronic mode, transfers are effected under the depository system of NSDL and CDSL. For shares held in physical mode, certificates are to be submitted to the Company along with the required security transfer forms. The company effects the transfers within 15 days, if the documents are found in order and the certificates are sent to the transferees. In the case of defective documents, the same are returned with the reasons to the transferees within 15 days.
xi.	Distribution of Shareholding	Enclosed as Annexure - B.
xii.	Dematerialisation of Shares & liquidity	As on 31 st March, 2015, 85.32% of the shares have been dematerialized. Regarding liquidity of our Company's shares, the details are available in Annexure - A.
xiii.	Outstanding GDRs/ ADRs / Warrants or any Convertible instruments, date and likely impact on equity	NIL



ANNEXURE VI TO DIRECTORS' REPORT

xiv. Plant Locations

Textile Division:

- a. Rajapalayam Mills Limited,
Post Box No.1, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 117, Tamilnadu.
- b. Rajapalaiyam Spintext,
P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 117, Tamilnadu.
- c. Rajapalaiyam Textiles,
Perumalpatti Village - 627 753, Tirunelveli District, Tamilnadu.
- d. Rajapalayam Mills,
Gopinenipalem Village, Vatsavai Mandal, Krishna District - 521 190, Andhra Pradesh

Wind Farm Division:

- a. Dhanakkarkulam Village, Radhapuram Taluk, Tirunelveli District, Tamilnadu.
- b. Irukkanthurai Village, Radhapuram Taluk, Tirunelveli District, Tamilnadu.
- c. Uthumalai Village, Veerakeralampudur Taluk, Tirunelveli District, Tamilnadu.
- d. Aralvoimozhy Village, Thovalai Taluk, Kanyakumari District, Tamilnadu.
- e. Chinnaputhur Village, Dharapuram Taluk, Tirupur District, Tamilnadu.
- f. Kolumakondan Village, Palani Taluk, Dindigul District, Tamilnadu.
- g. Melkaraipatti Village, Palani Taluk, Dindigul District, Tamilnadu.
- h. Muthunayakkanpatti Village, Palani Taluk, Dindigul District, Tamilnadu.

xv. Address of Registered Office for Correspondence for shareholder enquiries

A. ARULPRANAVAM

Secretary (Compliance Officer)

Rajapalayam Mills Limited

Rajapalayam Mills Premises

Post Box No.1,

P.A.C. Ramasamy Raja Salai,

Rajapalayam - 626 117,

Tamil Nadu.

Phone: 04563-235666

Fax: 04563-236520

E-Mail: rajacot@ramcotex.com



DECLARATION

As provided under Clause 49 (II) (E) (2) 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, 2015.

For RAJAPALAYAM MILLS LIMITED,

RAJAPALAIYAM,
21st May, 2015.

Smt. R. SUDARSANAM
MANAGING DIRECTOR



ANNEXURE VI TO DIRECTORS' REPORT

To

The Board of Directors
Rajapalayam Mills Limited
Rajapalayam

CERTIFICATION UNDER CLAUSE 49(IX) OF THE LISTING AGREEMENT

We hereby certify that -

- A. We have reviewed financial statements and the cash flow statement for the year 2014-15 and that to the best of our knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee that -
1. there are no significant changes in internal control over financial reporting during the year;
 2. there are no significant changes in accounting policies during the year;
 3. there are no instances of significant fraud of which we have become aware.

B. Gnanagurusamy
Chief Financial Officer

Smt. R. Sudarsanam
Managing Director

RAJAPALAYAM,
21st May, 2015.



ANNEXURE VI TO DIRECTORS' REPORT

CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of
Rajapalayam Mills Limited
(CIN: L17111TN1936PLC002298)

We have examined the compliance of the conditions of Corporate Governance by Rajapalayam Mills Limited ("the Company") for the financial year ended 31st March, 2015, as stipulated in Clause 49 (as it stood upto 30th September, 2014 and as modified with effect from 1st October, 2014) of the Company's Listing Agreements with the Bombay Stock Exchange Limited and Madras Stock Exchange Limited.

Compliance with the conditions of Corporate Governance is the responsibility of the Company's management. We have broadly reviewed the procedures adopted by the Company for ensuring compliance with the conditions of Corporate Governance and implementation thereof. Our examination was neither an audit nor an expression of opinion on the financial statement of the Company.

We hereby certify that, in our opinion and to the best of our information and based on the explanations given to us, the Company has, during the year ended 31st March, 2015, complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above referred Listing Agreements.

We further wish to state that our opinion regarding such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company during the said financial year.

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,
21st May, 2015.



ANNEXURE VI TO DIRECTORS' REPORT

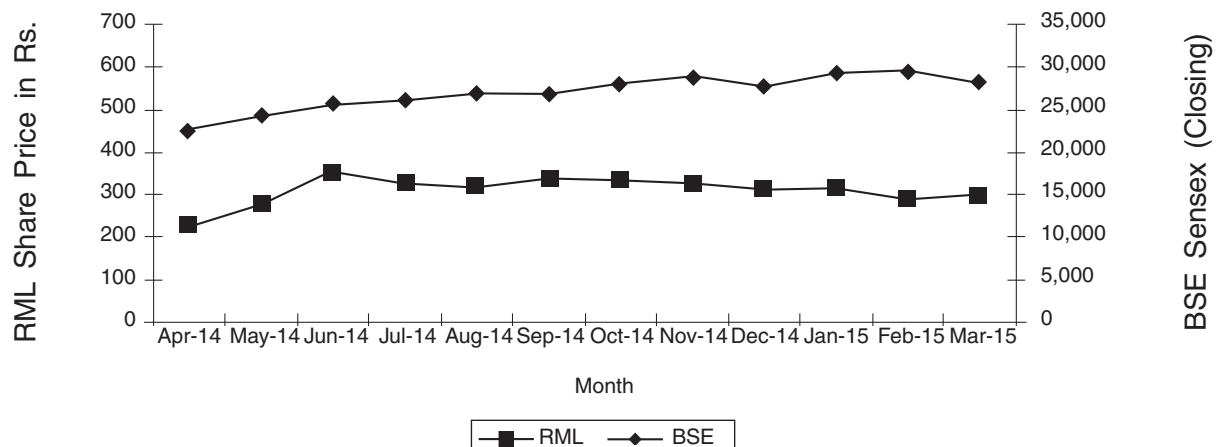
ANNEXURE - A

STATISTICAL DATA

Share Price - High & Low / Volume (During April, 2014 to March, 2015 in BSE)

Month	Bombay Stock Exchange, Mumbai		
	High Rs.	Low Rs.	No. of Shares Traded
April, 2014	235	218	23,624
May	320	220	66,733
June	376	268	75,589
July	357	300	24,055
August	345	298	22,953
September	399	315	33,789
October	395	325	11,283
November	354	315	16,889
December	344	290	22,971
January, 2015	327	300	8,802
February	324	278	23,979
March	322	275	31,351

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



ANNEXURE VI TO DIRECTORS' REPORT



ANNEXURE - B

Pattern of Shareholding as on 31-03-2015

Description	Total Shareholders	%	Total Shares	%
A. PROMOTERS HOLDING				
1. Promoters	15	0.31	39,21,820	53.17
Sub-total	15	0.31	39,21,820	53.17
B. NON - PROMOTERS HOLDING				
1. Banks, FI's Ins. Cos, Govt. Institutions	3	0.06	2,060	0.03
2. NRIs / OCBs & Non-Domestic Companies	30	0.61	38,412	0.52
3. Private Corporate Bodies	140	2.86	1,89,851	2.57
4. Public	4,709	96.16	32,24,017	43.71
Sub-total	4,882	99.69	34,54,340	46.83
Total	4,897	100.00	73,76,160	100.00

Distribution of Shareholding as on 31-03-2015

No. of Shares held	Total Shareholders	%	Total Shares	%
Upto - 500	4,072	83.15	4,30,018	5.83
501 to 1000	328	6.70	2,47,040	3.35
1001 to 2000	195	3.98	2,82,982	3.84
2001 to 3000	97	1.98	2,25,899	3.06
3001 to 4000	49	1.00	1,71,079	2.32
4001 to 5000	21	0.43	96,333	1.30
5001 to 10000	67	1.37	4,35,172	5.90
10001 & above	68	1.39	54,87,637	74.40
Total	4,897	100.00	73,76,160	100.00

Category of Shareholding as on 31-03-2015

Category	Total Shareholders	%	Total Shares	%
Dematerialized Form:				
CDSL	1,357	27.71	11,81,345	16.01
NSDL	2,802	57.22	51,12,180	69.31
Physical Form	738	15.07	10,82,635	14.68
Total	4,897	100.00	73,76,160	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 RAJAPALAYAM MILLS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 procedures to obtain audit evidence about the amounts and the 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 statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair

AUDITORS' REPORT TO SHAREHOLDERS



view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and operating effectiveness of such controls. . An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2015, and its profit and its 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, 2015 ("the order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the Annexure, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.



AUDITORS' REPORT TO SHAREHOLDERS

- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund 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,
21st May, 2015.



ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 1 of Report on the legal and regulatory requirements of our report of even date:

- 1) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) All assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- 2) (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) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- 3) (a) The Company has granted loans to two parties covered in the register maintained under section 189 of the Companies Act, 2013.
(b) In the case of loans granted to the parties listed in the register maintained under Section 189 of the Act, the borrowers have been regular in the payment of interest as stipulated. The terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand. Accordingly, paragraph 3(iii) (a) of the Order is not applicable to the company in respect of repayment of the principal amount.
(c) There are no overdue amounts in respect of the loans granted to the parties listed in the register maintained under Section 189 of the Act.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- 5) The Company has not accepted any deposits within the meaning of Companies (Acceptance of Deposits) Rules 2014, from the public during the year. The Deposits accepted by the



AUDITORS' REPORT TO SHAREHOLDERS

Company before the Commencement of the Companies Act, 2013 have been repaid as per the provisions of Section 74 of the Act. No order has been passed by the Company Law Board or the National Company Law Tribunal or by any Court or by any other Tribunal against the Company.

- 6) The Company is maintaining the accounts and records which have been specified by the Central Government under of Section 148(1) of the Companies Act, 2013.
- 7) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, wealth tax, sales tax, value added tax, service tax, duty of customs, cess and other statutory dues were in arrears as at 31st March 2015 for a period of more than six months from the date they become payable.

- (b) According to the information and explanations given to us, the following dues of income tax, Value added tax, service tax have not been deposited by the Company on account of disputes:

Name of the Statute	Amount (Rs. in Lakhs)	Forum where dispute is pending
Service Tax	172.15	Central Excise, Customs & Service Tax Appellate Tribunal, Chennai
Income Tax	92.95	The Commissioner of Income Tax (Appeal-II), Madurai

- (c) According to the information and explanations given to us, the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under has been transferred to such fund within time.
- 8) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- 9) The company has not defaulted in repayment of dues to financial institutions or banks. The Company has not issued any debenture during the year.



AUDITORS' REPORT TO SHAREHOLDERS

- 10) The company has given guarantee for loans taken by others from banks or financial institutions and the terms and conditions whereof are not prejudicial to the interest of the Company.
- 11) The Term Loans obtained by the Company were applied for the purpose for which the loans were obtained.
- 12) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

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,
21st May, 2015.



BALANCE SHEET AS AT 31ST MARCH 2015

		(Rs. in Lakhs)			
		Note No.	As at 31-03-2015		As at 31-03-2014
I EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a)	Share Capital	1	737.62		737.62
(b)	Reserves and Surplus	2	<u>18,846.43</u>	<u>19,584.05</u>	<u>17,944.36</u>
					18,681.98
(2) Non Current Liabilities					
(a)	Long Term Borrowings	3	10,284.23		13,520.27
(b)	Deferred Tax Liabilities (Net)	4	6,128.70		5,471.60
(c)	Long Term Provisions	5	<u>182.06</u>	<u>16,594.99</u>	<u>153.52</u>
					19,145.39
(3) Current Liabilities					
(a)	Short Term Borrowings	6	15,639.02		18,072.81
(b)	Trade Payables		508.19		403.95
(c)	Other Current Liabilities	7	6,044.91		5,645.55
(d)	Short Term Provisions	8	<u>1,286.93</u>	<u>23,479.05</u>	<u>1,642.18</u>
					25,764.49
Total				<u><u>59,658.09</u></u>	<u><u>63,591.86</u></u>
II ASSETS					
(1) Non Current Assets					
(a) Fixed Assets					
(i)	Tangible Assets	9	30,698.13		32,260.25
(ii)	Intangible Assets	9	1.51		10.48
(iii)	Capital Work-in-Progress		<u>291.66</u>		<u>50.50</u>
				<u>30,991.30</u>	32,321.23
(b)	Non Current Investments	10		7,751.36	4,115.54
(c)	Long Term Loans and Advances	11		1,316.21	3,746.96
(d)	Other Non Current Assets	12		2,610.45	2,292.57
(2) Current Assets					
(a)	Inventories	13	9,979.32		12,841.54
(b)	Trade Receivables	14	4,136.14		4,075.63
(c)	Cash and Bank Balances	15	371.09		685.03
(d)	Short Term Loans and Advances	16	1,278.49		2,376.65
(e)	Other Current Assets	17	<u>1,223.73</u>	<u>16,988.77</u>	<u>1,136.71</u>
					21,115.56
Total				<u><u>59,658.09</u></u>	<u><u>63,591.86</u></u>
Significant Accounting Policies		25			
Notes on Financial Statements		26			

The notes form an integral part of these financial statements

As per our report annexed

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

K. SRINIVASAN
Partner, M.No. 21510

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

V. JAYANTHI
Partner, M.No. 28952
Rajapalayam, 21st May, 2015.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SMT. R. SUDARSANAM
MANAGING DIRECTOR

A. ARULPRANAVAM
SECRETARY

B. GNANAGURUSAMY
CHIEF FINANCIAL OFFICER

P.R. VENKETRAMA RAJA

S.S. RAMACHANDRA RAJA

N.K. RAMASUWAMI RAJA

JUSTICE P.P.S. JANARDHANA RAJA

A.V. DHARMAKRISHNAN

V. SANTHANA RAMAN

K.B. NAGENDRA MURTHY

DIRECTORS



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015

	Note No.	For the year ended 31-03-2015	(Rs. in Lakhs) For the year ended 31-03-2014	
I REVENUE				
Revenue from Operations	18	38,864.54		43,388.62
II Other Income	19	663.01		682.98
III Total Revenue (I+II)		<u>39,527.55</u>		<u>44,071.60</u>
IV EXPENSES				
Cost of Materials Consumed	20	19,299.64		21,406.41
Trade Purchases		670.34		–
Changes in Inventories of Finished Goods and Work-in-progress	21	926.35		(641.07)
Employee Benefit Expenses	22	4,604.69		4,438.96
Finance Costs	23	2,765.78		2,849.64
Depreciation and Amortization Expenses	9	1,655.12		2,820.57
Other Expenses	24	8,711.15		9,071.42
Total Expenses		<u>38,633.07</u>		<u>39,945.93</u>
V Profit Before Exceptional and Extraordinary items and Tax (III-IV)		894.48		4,125.67
VI Exceptional & Extraordinary items		1,019.11		–
VII Profit Before Tax (V+VI)		<u>1,913.59</u>		<u>4,125.67</u>
Continuing Operations				
VIII Profit from Continuing Operation before Tax		1,913.59		4,107.24
IX Income Tax Expenses / (Savings)				
Current Tax - MAT		328.71		792.00
MAT Credit for the current year		(328.71)		(792.00)
MAT Credit relating to earlier years		10.83		(144.18)
Deferred Tax		698.45	709.28	1,607.68
X Profit from Continuing Operations After Tax (VIII - IX)		<u>1,204.31</u>		<u>2,643.74</u>
Discontinuing Operations				
XI Profit on sale of assets attributable to discontinuing operation (Net)		–		18.43
XII Income Tax Expenses				
Deferred Tax		–		3.62
XIII Profit from Discontinuing Operations After Tax (XI - XII)		–		14.81
XIV Profit After Tax (X + XIII)		<u>1,204.31</u>		<u>2,658.55</u>
XV Earnings per Equity Share of Rs. 10/- each				
Basic & Diluted (in Rupees) [Refer to Note No.26 (19)]		16.33		36.04
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, 21st May, 2015.

P.R. RAMASUBRAHMANEYA RAJHA
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SMT. R. SUDARSANAM
MANAGING DIRECTOR
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SECRETARY
B. GNANAGURUSAMY
CHIEF FINANCIAL OFFICER

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S.S. RAMACHANDRA RAJA
N.K. RAMASUWAMI RAJA
JUSTICE P.P.S. JANARDHANA RAJA
A.V. DHARMAKRISHNAN
V. SANTHANA RAMAN
K.B. NAGENDRA MURTHY
DIRECTORS



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

	(Rs. in Lakhs)	
	2014-15	2013-14
A. Cash Flow from Operating Activities		
Net Profit before tax and extraordinary items	1,913.59	4,125.67
Adjustments for :		
Depreciation	1,655.12	2,820.57
Interest Paid	2,765.78	2,849.64
Interest Received	(235.08)	(244.52)
Dividend Received	(350.08)	(344.90)
Profit on Sale of Assets	(1,006.29)	(33.47)
Operating Profit before Working Capital Changes	4,743.04	9,172.99
Adjustments for :		
Trade Receivables	(60.51)	(162.34)
Loans and Advances	1,282.67	923.67
Inventories	2,862.22	(4,329.31)
Trade Payables & Current liabilities	(699.82)	650.85
Cash generated from Operations	8,127.60	6,255.86
Income Tax Paid	(340.78)	(836.47)
Net Cash from Operating Activities	A 7,786.82	5,419.39
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(2,837.56)	(3,197.46)
Investment in Shares of Ramco Windfarms Limited	-	(5.50)
Investment in Shares of Ramco Systems Limited	(1,141.55)	-
Sale of Investment shares in Ramco Windfarms Limited	5.50	-
Sale of Assets	66.24	171.41
Interest Received	235.08	244.52
Dividend Received	350.08	344.90
Exceptional Item		
Sale of Assets of Rajapalayam Mills - Subramaniapuram Unit, Net of Liabilities Transferred [Refer to Note No.26(16)]	1,116.33	-
Net Cash from / (used) in Investing Activities	B (2,205.88)	(2,442.13)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015



		(Rs. in Lakhs)	
		2014-15	2013-14
C. Cash Flow from Financing Activities			
Proceeds from Long Term Borrowings		2,801.76	1,296.14
Repayment of Long Term Loan		(4,374.00)	(4,251.62)
Increase / (Decrease) in Working Capital Borrowings		(1,341.12)	5,562.66
Increase in Inter Corporate Deposits		-	(2,000.00)
Payment of Dividend and Tax thereon		(215.74)	(517.79)
Interest Paid		(2,765.78)	(2,849.64)
Net Cash used in Financing Activities	C	(5,894.88)	(2,760.25)
Net Increase in Cash and Cash Equivalents	(A+B+C)	(313.94)	217.01
Opening balance of Cash and Cash Equivalents	D	685.03	451.26
<i>(Refer to Note No.15)</i>			
Cash and Cash Equivalents acquired on Amalgamation of RSL	E	-	16.76
Closing balance of Cash and Cash Equivalents	F	371.09	685.03
<i>(Refer to Note No.15)</i>			
Net Increase in Cash and Cash Equivalents	(F-E-D)	(313.94)	217.01

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
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 JUSTICE P.P.S. JANARDHANA RAJA
 A.V. DHARMAKRISHNAN
 V. SANTHANA RAMAN
 K.B. NAGENDRA MURTHY
 DIRECTORS



NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

**As at
31-03-2015** **As at
31-03-2014**

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 31-03-2015		As at 31-03-2014	
	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. List of Shareholders holding more than 5 percent in the Company.

Particulars	As at 31-03-2015		As at 31-03-2014	
	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	7,46,080	10.11%	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%

d. 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 31-03-2015	As at 31-03-2014
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	15,500.00	13,500.00
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.	-	73.08
Less: Residual Value of Assets whose remaining useful life is nil, net of Deferred Tax. [Refer to Note No. 26(15)]	80.30	-
Add: Balance through from Surplus balance in the Statement of Profit and Loss	1,000.00	1,926.92
	16,419.70	15,500.00
Surplus in the Statement of Profit & Loss		
Opening Balance	950.13	1,819.73
Profit for the Year	1,204.31	2,658.55
Balance of Profit and Loss of Rajapalayam Spinners Limited as on 01-04-2012 adjusted on Amalgamation	-	(794.46)
Post Amalgamation Loss of Rajapalayam Spinners Limited for the period April 2012 to March 2013	-	(159.54)
	2,154.44	3,524.28
Balance available for Appropriations		
Less : Appropriations		
Interim Dividend	-	368.81
Tax on Interim Dividend	-	62.68
Proposed Final Dividend [Amount per Share Rs. 2.50 (PY: Rs.2.50)]	184.40	184.40
Tax on Proposed Dividend	37.54	31.34
Transfer to General Reserve	1,000.00	1,926.92
Total Appropriations	1,221.94	2,574.15
Net Surplus in the Statement of Profit and Loss	932.50	950.13
	18,846.43	17,944.36



NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at 31-03-2015	As at 31-03-2014
NOTE NO. 3		
LONG TERM BORROWINGS		
Secured		
Term Loan from Banks	9,575.90	13,520.27
Unsecured		
Working Capital Term Loan from Banks	708.33	–
	<u>10,284.23</u>	<u>13,520.27</u>

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

Year	As at 31-03-2015	As at 31-03-2014
2015-16	–	4,494.12
2016-17	4,699.00	4,283.12
2017-18	3,023.33	2,899.66
2018-19	2,076.99	1,755.45
2019-20	484.91	87.92
	<u>10,284.23</u>	<u>13,520.27</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	6,335.50	5,714.40
--	-----------------	----------

Deferred Tax Asset

Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(26.00)	(33.60)
Tax effect on Provision for Bonus and Leave Encashment	(180.80)	(209.20)
Net Deferred Tax Liability	<u>6,128.70</u>	<u>5,471.60</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS



	(Rs. in Lakhs)	
	As at 31-03-2015	As at 31-03-2014
NOTE NO. 5		
LONG TERM PROVISIONS		
Provision for Employee Benefits	182.06	153.52
	<u>182.06</u>	<u>153.52</u>
NOTE NO. 6		
SHORT TERM BORROWINGS		
Secured		
Loan Repayable on Demand from Banks *	12,628.81	12,470.89
Unsecured		
Loan Repayable on Demand from Banks	3,009.23	3,554.63
Deposits	-	868.58
[Refer to Note No. 26(8)]		
Loan from Related Parties	0.98	1,178.71
[Refer to Note No. 26(9)]		
	<u>15,639.02</u>	<u>18,072.81</u>
* Loan Repayable on Demand from Banks are secured by <i>pari-passu</i> first charge on the current assets of the Company and a <i>pari-passu</i> second charge on the fixed assets of the Company.		
Note No. 7		
OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debt	4,910.00	4,368.20
Interest Accrued but not Due	17.37	126.87
Unclaimed Dividends	73.40	68.02
P.A.C.R. Memorial Fund	150.00	450.00
Liabilites for Other Finance	894.14	632.46
	<u>6,044.91</u>	<u>5,645.55</u>
NOTE NO. 8		
SHORT TERM PROVISIONS		
Provision for Employee Benefits	736.28	634.44
Provision for Taxation	328.71	792.00
Proposed Dividend	184.40	184.40
Provision for Tax on Proposed Dividend	37.54	31.34
	<u>1,286.93</u>	<u>1,642.18</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS



NOTE NO. 9 FIXED ASSETS

Particulars	Gross Block					Depreciation					Net Block				
	Cost as at 01-04-2014	Additions during the year	Additions L.Y. 2013-14	Sold / withdrawn during the year @	Sold / Withdrawn L.Y. 2013-14	Cost as at 31-03-2015	Upto 31-Mar-2014 during the year #	Adjustment made during the year # 2014-15 *	For the year 2013-14	For L.Y. 2013-14	Withdrawn @ 2014-15	L.Y. Withdrawn 2013-14	Upto 31-03-2015	As at 31-03-2015	As at 31-03-2014
Tangible Assets															
Land	832.24	16.67	-	18.06	-	830.85	-	-	-	-	-	-	-	830.85	832.24
Buildings	5,617.60	183.37	162.09	1,055.88	-	4,745.09	78.82	146.41	173.10	178.64	-	-	1,531.29	3,213.80	4,132.90
Plant and Machinery	54,860.83	2,225.22	2,809.10	2,562.67	249.69	54,523.38	7.75	1,212.68	2,377.85	1,328.40	1,328.40	227.12	29,114.99	25,408.39	25,637.87
Electrical Machinery	2,937.23	91.39	240.91	385.83	1.32	2,642.79	7.38	220.32	184.68	139.88	139.88	1.22	1,710.57	932.22	1,314.48
Furniture & Office Equipments	616.02	61.27	56.27	30.66	4.04	646.63	27.66	39.92	31.80	24.19	24.19	3.56	487.78	158.85	171.63
Vehicles	335.73	18.48	59.90	24.67	38.25	329.54	0.04	26.97	50.82	16.09	16.09	30.96	175.52	154.02	171.13
Total - Tangible Assets	65,199.65	2,596.40	3,328.27	4,077.77	293.30	63,718.28	121.65	1,646.30	2,818.25	1,687.20	1,687.20	262.86	33,020.15	30,698.13	32,260.25
INTANGIBLE ASSETS															
Computer software	166.99	-	-	7.68	-	159.31	156.51	8.59	2.07	7.30	-	-	157.80	1.51	10.48

@ Includes Rs. 3,888.53 Lakhs in Gross Block and Rs. 1,576.64 Lakhs in Depreciation withdrawn related to Sale of Rajapalayam Mills Subramaniapuram Unit [Refer to Note No. 26(16)]

Adjustment made during the year in Depreciation represents residual value of assets, whose remaining useful life is nil [Refer to Note No.26 (15)]

* Depreciation charged in the statement of Profit and Loss of Rs. 1,655.12 Lakhs for the year 2014-15 is the aggregation of depreciation of Rs. 1,646.30 Lakhs related to Tangible Assets, Rs.8.59 Lakhs related to Intangible Assets and Rs. 0.23 Lakhs related to Investment Property disclosed in Note No.10.

NOTES FORMING PART OF FINANCIAL STATEMENTS



(Rs. in Lakhs)
As at 31-03-2015 As at 31-03-2014

NOTE NO. 10

NON-CURRENT INVESTMENTS

I. Investment Property

Land		138.98	138.98
Building		126.05	126.05
Less: Accumulated depreciation as at the beginning of the year		(35.12)	(38.73)
Depreciation for the year		(0.23)	(0.25)
Depreciation withdrawn		-	3.86
Total Investment property	(A)	229.68	229.91

Note: Investment in property relating to discontinuing operation disclosed separately in last financial statement has been merged with Investment in property during the current year.

II. Investment in Equity Instruments, Non - Trade

Name of the Company	No.of Shares	Total face Value	Cost	Cost
1) Quoted				
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
Ramco System Limited	7,33,531	73.35	1,141.55	-
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)		5,014.26	3,872.71
2) Unquoted				
The Ramaraju Surgical Cotton Mills Limited	2,000	0.20	0.05	0.05
Sri Vishnu Shankar Mills Limited	38,400	3.84	2.11	2.11
Ontime Industrial Services Limited	50,000	5.00	5.00	5.00
Ramco Windfarms Limited	5,50,000	5.50	-	5.50
Miot Hospitals Limited	2,500	0.25	0.25	0.25
Total un-quoted Investments	(C)		7.41	12.91

III. Investment in Preference Shares, Non-Trade

Thanjavur Spinning Mill Limited	(D) 2,50,00,000	2,500	2,500.00	-
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Note: The investment in the above preference shares have been made by conversion of Inter Corporate Loan given by the Company to Thanjavur Spinning Mill Limited.

IV. 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	(E)		0.01	0.01

Aggregate Value of Investments	(A+B+C+D+E)		7,751.36	4,115.54
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Aggregate Value of:				
Quoted Investments	-	Cost	5,014.26	3,872.71
		Market Value	1,10,422.04	73,699.61
Unquoted Investments	-	Cost	2,737.10	242.83



NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at 31-03-2015	As at 31-03-2014
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>	950.00	3,450.00
Security Deposits	366.21	296.96
	<u>1,316.21</u>	<u>3,746.96</u>
NOTE NO. 12		
OTHER NON-CURRENT ASSETS		
MAT Credit Entitlement	2,610.45	2,292.57
	<u>2,610.45</u>	<u>2,292.57</u>
NOTE NO. 13		
INVENTORIES		
Finished Goods	1,591.30	1,976.86
Rawmaterials - Cotton & Cotton Waste	7,241.36	9,155.55
Stores, Spares, Fuel and Packing Materials	223.95	245.63
Works-in-progress	922.71	1,463.50
	<u>9,979.32</u>	<u>12,841.54</u>
Details of Work-in-Progress		
Cotton Yarn	922.71	1,412.25
Fabrics	—	51.25
	<u>922.71</u>	<u>1,463.50</u>

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

NOTES FORMING PART OF FINANCIAL STATEMENTS



	(Rs. in Lakhs)	
	As at	As at
	31-03-2015	31-03-2014
NOTE NO. 14		
TRADE RECEIVABLES		
Secured, considered good		
Trade Receivables less than six months	1,690.53	1,898.92
Unsecured, considered good		
Trade Receivables more than six months	–	0.58
Trade Receivables less than six months	2,445.61	2,176.13
	<u>4,136.14</u>	<u>4,075.63</u>
NOTE NO. 15		
CASH AND BANK BALANCES		
Cash on Hand	3.43	3.73
Balance with Bank		
In Current Account	101.60	583.51
In Deposit Account for Margin Money	192.66	29.77
In Unclaimed Dividend Warrant Account	73.40	68.02
	<u>371.09</u>	<u>685.03</u>
NOTE NO. 16		
SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Advance to Suppliers / Others	794.22	1,441.16
Advance Income Tax Paid, TDS and Refund Receivables	484.27	935.49
	<u>1,278.49</u>	<u>2,376.65</u>
NOTE NO. 17		
OTHER CURRENT ASSETS		
Accrued Income	873.27	856.59
Prepaid Expenses	192.21	207.81
Other Current Assets	158.25	72.31
	<u>1,223.73</u>	<u>1,136.71</u>



NOTES FORMING PART OF FINANCIAL STATEMENTS

	For the year ended 31-03-2015	(Rs. in Lakhs) For the year ended 31-03-2014
NOTE NO. 18		
REVENUE FROM OPERATIONS		
Sale of Products		
Yarn	37,524.52	41,754.23
Fabrics	513.60	1,109.33
Sale of Process Stock	148.91	–
Waste Cotton	309.41	353.08
	<u>38,496.44</u>	<u>43,216.64</u>
Other Operating Revenues		
Export Incentive	70.91	12.38
Jobwork Charges Received	297.19	159.60
	<u>38,864.54</u>	<u>43,388.62</u>
NOTE NO. 19		
OTHER INCOME		
Interest Income	235.08	244.52
Rent Receipts	27.47	24.99
Dividend Income	350.08	344.90
Profit on Sale of Assets	–	33.47
Industrial Promotion Assistance	4.74	1.94
Miscellaneous Income	45.64	33.16
	<u>663.01</u>	<u>682.98</u>
NOTE NO. 20		
COST OF MATERIALS CONSUMED		
Yarn		
Cotton & Cotton Waste	19,178.38	20,299.03
Fabrics		
Yarn Consumed	121.26	1,107.38
	<u>19,299.64</u>	<u>21,406.41</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS



(Rs. in Lakhs)

**For the year ended
31-03-2015**

For the year ended
31-03-2014

NOTE NO. 21

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

Opening Stock

Finished Goods	1,976.86		1,539.32	
Work-in-Progress	1,463.50		1,259.97	
		3,440.36		2,799.29

Closing Stock

Finished Goods	1,591.30		1,976.86	
Work-in-Progress	922.71		1,463.50	
		2,514.01		3,440.36

Net (Increase) / Decrease in Stock		926.35		(641.07)
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NOTE NO. 22

EMPLOYEE BENEFITS EXPENSES

Salaries, Wages and Bonus	3,792.07	3,770.15
Contribution to Provident and Other Funds	592.07	451.66
Staff and Labour Welfare Expenses	220.55	217.15
	4,604.69	4,438.96

NOTE NO. 23

FINANCE COSTS

Interest Expenses	2,680.12	2,752.27
Other Borrowing Costs	46.58	76.20
Exchange Fluctuation (Net) applicable to Finance Costs	39.08	21.17
	2,765.78	2,849.64



NOTES FORMING PART OF FINANCIAL STATEMENTS

		(Rs. in Lakhs)	
	For the year ended 31-03-2015	For the year ended 31-03-2014	
NOTE NO. 24			
OTHER EXPENSES			
MANUFACTURING EXPENSES			
Power and Fuel	4,205.45	4,133.44	
Packing Materials Consumptions	599.79	593.77	
Repairs to Buildings	138.46	300.58	
Repairs to Plant and Machinery	952.41	1,041.42	
Repairs - General	878.94	851.22	
Jobwork Charges Paid	129.68	291.63	
	<u>6,904.73</u>	<u>7,212.06</u>	
ESTABLISHMENT EXPENSES			
Managing Director's Remuneration	135.40	217.22	
Rates and Taxes	102.88	119.66	
Insurance	84.42	95.82	
Postage and Telephone	20.60	23.71	
Printing and Stationery	21.62	30.38	
Travelling Expenses	63.97	80.71	
Vehicle Maintenance	85.11	90.95	
Exchange Loss on Foreign Currency Transactions	8.98	0.27	
Loss on Sale of Assets	12.82	—	
Directors Sitting Fees	21.90	9.30	
Rent	8.92	13.14	
Audit and Legal Expenses	25.53	33.96	
Corporate Social Responsibility Expenses	73.46	180.49	
Miscellaneous Expenses	353.20	214.91	
	<u>1,018.81</u>	<u>1,110.52</u>	
SELLING EXPENSES			
Sales Commission	409.98	379.62	
Export Expenses	57.37	33.67	
Other Selling Expenses	320.26	335.55	
	<u>787.61</u>	<u>748.84</u>	
	<u><u>8,711.15</u></u>	<u><u>9,071.42</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 and in accordance with the generally accepted accounting principles in India, and in compliance of the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act 1956 and Companies Act 2013, as applicable.
- (ii) The accounting policies that are adopted in preparation of the financial statements are consistently followed as in the previous years except for change in the accounting policy for depreciation, as adopted consistently by the Company.
- (iii) Pursuant to the notification of Schedule II to the Companies Act, 2013 for computation of Depreciation with effect from 01-04-2014, the Company revised the estimated useful life of its assets to align the useful life with those specified in Schedule II. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value. The carrying amount of the asset whose useful life as on 01-04-2014 is NIL, after retaining the residual value, is adjusted in the General Reserve.
- (iv) Assets individually costing Rs. 5,000/- or less that were fully depreciated earlier in the year of purchase, are now depreciated based on the useful life considered by the Company for the respective category of assets.
- (v) The financial statements are presented in Indian Rupees and the amounts are rounded to the nearest Lakhs with two decimals, except as stated otherwise.
- (vi) The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
- (vii) The Company has considered its operating cycle as 12 months for the purpose of Current or Non-current classification of assets and liabilities.
- (viii) The previous year figures are regrouped / restated wherever necessary.

2. Use of Estimates

The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make judgments, 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.



NOTES FORMING PART OF FINANCIAL STATEMENTS

3. Tangible Fixed Assets

- (i) Tangible Fixed Assets are stated at cost of acquisition (net of CENVAT / VAT wherever applicable) less accumulated depreciation / amortization and impairment losses if any, except freehold land which is carried at cost less impairment losses if any. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the asset beyond its previously assessed standard of performance. All other expenses on fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.
- (ii) Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash transaction. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident.
- (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.
- (iv) Projects / tangible fixed assets, which are not yet ready for their intended use are carried at cost, including related expenses and attributable interest are recognised as "Capital Work-in-Progress".

4. Intangible Assets

The costs 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.

5. Investments

- (i) All investments being non-current and non-trade are valued at cost. Costs of investments include acquisition charges such as brokerage, fees and duties.
- (ii) The carrying amount of long term investments is determined on an individual investment basis.
- (iii) As at the balance sheet date, provision for diminution, if any, is made to recognise the decline other than temporary, in the value of investments. The reduction in carrying amount is charged to statement of profit and loss. This reduction amount is reversed when there is a rise in the value of investment other than temporary.



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, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment loss if any.
- (ii) Depreciation on building component of investment property, which are held for rental to others, is calculated on straight-line basis using the rate prescribed under Schedule II to the Companies Act, 2013.
- (iii) Gains or losses arising from disposal of investment properties, measured as the difference between the net disposal proceeds and the carrying amount of such investment properties are recognised in the statement of profit and loss.

7. Inventories

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

8. Revenue Recognition

- (i) Revenue is recognised to the extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- (ii) Sale of products is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer. Sale value excludes Excise duty, Education Cess, Secondary and Higher education cess, trade discounts, VAT /CST and returns.
- (iii) Industrial Promotion Assistance (IPA) is recognised when the Company's right to receive the same is established with reasonable certainty.
- (iv) Power Generated from Wind Mills:
The monetary value of the power generated at Wind Farms that are consumed at Mills under wheeling and banking arrangement with TANGEDCO 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.
- (v) Dividend Income is recognised when the Company's right to receive dividend is established by the reporting date.
- (vi) Interest Income and Rental income are recognised on time proportion basis.
- (vii) Scrap Sales does not include Excise duty, Education Cess, Secondary and Higher education cess, VAT / CST.
- (viii) Exports Incentives are recognised on accrual basis against goods exported.



NOTES FORMING PART OF FINANCIAL STATEMENTS

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.
- (iii) The Company contributes to Provident Fund administered by the Government on a monthly basis at 12% of employee's eligible salary.
- (iv) The Company also contributes for superannuation a sum equivalent to 15% of the employee's eligible annual basic salary subject to a maximum of Rs. 1 Lakh per employee to "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.

(v) 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 expense is recognized at the present value of the amount payable determined based on an independent external actuarial valuation as at the balance sheet date, using projected unit credit method.

10. Provision, Contingent Liabilities and Contingent Assets

- (i) 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 in respect of which a reliable estimate can be made. Such provisions are not discounted to their present value except relating to retirement benefits. These provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.



- (ii) Un-provided contingent liabilities are disclosed in the financial statements. Contingent Assets are neither recognized nor disclosed in the financial statements.
- (iii) Insurance claims are accounted for on the basis of claims admitted or expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

11. Borrowing Costs

- (i) Borrowing cost include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.
- (ii) Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets are capitalized as part of the cost of those assets upto the date of capitalization of such asset.

12. Government Subsidy / Grant

- (i) Revenue related grants are recognised on accrual basis wherever there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.
- (ii) Interest subsidy under Technology Up-gradation Fund Scheme (TUFS) is recognised on accrual basis and credited to the Interest and Finance cost.
- (iii) Power Subsidy under Industrial Investment Promotion Policy of Andhra Pradesh is credited to the Power & Fuel cost.
- (iv) Other subsidies under Industrial Investment Promotion Policy of Andhra Pradesh are credited to Industrial Promotion Assistance under Note No. 19 "Other Income".

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) Monetary Assets and Liabilities in foreign currencies that are covered under a forward contract are accounted at the rate at which they have been covered. Uncovered Monetary Assets and liabilities in foreign currencies 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.
- (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. Any profit or loss arising on cancellation or renewal of such forward exchange contract is recognized as income or expense in the period in which such cancellation or renewal is made.



NOTES FORMING PART OF FINANCIAL STATEMENTS

14. Earnings per share

Basic earnings per share is computed by dividing net profit after tax by weighted average number of equity shares outstanding during the year as stipulated in Accounting Standard - 20 (Earnings per share).

15. Income tax

- (i) The tax provision is considered as stipulated in Accounting Standard - 22 (Accounting for Taxes on Income) and includes Current and Deferred Tax Liability.
- (ii) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income tax Act, 1961 and other applicable tax laws.
- (iii) 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.
- (iv) Deferred tax is recognized on timing difference between taxable income and the accounting income that originates in one period and is capable of reversal in one or more subsequent periods. It is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date.
- (v) Current and deferred tax relating to items directly recognized in reserves is recognized in reserves and not in the Statement of Profit and Loss.

16. Segment Reporting

- (i) The company prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the company as a whole.
- (ii) The Company identifies business segment as the primary segment. Under the primary segment, there are two reportable segments viz., Textiles and Power generation from Windmills.
- (iii) Segments were identified considering the nature of the products, the differing risks and returns as per Accounting Standard - 17 (Segment Reporting). The inter-segment transfers of units of power from windmills are recognized at the applicable tariff rates of the electricity boards for the purpose of segment reporting as per the relevant accounting standard.
- (iv) Costs are allocated to the respective segment based upon the actual incidence of respective cost. Unallocated items include general other income and expenses which are not allocated to any business segment.

17. Impairment of Assets

- (i) The carrying values of tangible assets, cash generating units and intangible assets at each balance sheet date are reviewed for impairment if any indication of impairment exists.



- (ii) Tangible asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. The intangible assets are treated as impaired when the asset is not available for use.
- (iii) An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.

18. Amalgamation

The amalgamation of wholly owned subsidiary of Company made during the last year has been accounted for under the "pooling of interests" method as prescribed by Accounting Standard - 14 (Accounting for Amalgamations).

19. Cash flow statement

- (i) Cash flows are presented using indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the company is segregated based on the available information.
- (ii) Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances, highly liquid investments that are readily convertible into cash.

20. Depreciation & Amortization

- (i) Depreciation has been provided for Tangible assets on straight-line basis as per the useful life prescribed in Schedule II to the Companies Act, 2013. Till 31-03-2014, the Company had followed Straight Line / Written down value method of depreciation for various categories of Fixed Assets in accordance with rate specified under Schedule XIV of the Companies Act, 1956. Hence there is a change in method of charging depreciation. The impact of the change has been disclosed in Note No. 26(15).
- (ii) Intangible assets are amortized over their estimated useful life on straight line method. This is included under "Depreciation & Amortization".
- (iii) The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year to reflect the changed pattern, if any.

21. Research & Development Expenditure

Expenditure, if any incurred on Research & Development of revenue nature incurred by the Company is charged to statement of Profit & Loss under the respective revenue heads, while those of capital nature are treated as fixed assets, under the respective asset heads and depreciated in accordance with the policies stated for Tangible Fixed Assets.



NOTES FORMING PART OF FINANCIAL STATEMENTS

	As at 31-03-2015	(Rs. in Lakhs) As at 31-03-2014
NOTE NO. 26		
OTHER DISCLOSURES		
1. Contingent Liabilities		
Liability on guarantees given to the Bankers (Refer to Item No. 20(i) of this Note)	47,109	46,428
Of which, actual loan amount outstanding as at the end of the year	19,383	23,592
2. Commitments		
(i) Estimated amount of contracts remaining to be executed on capital account not provided	356	1,946
(ii) Other Commitments		
Liability on Letter of Credit opened for Capital Goods	73	299
Liability on Letter of Credit opened for Others	NIL	170
3. Sales Tax Assessment upto year ended 31st March, 2007 has been completed.		
4. In respect of Service Tax matters, appeals are pending with Appellate Authorities for a demand amount of Rs. 172.15 Lakhs (PY: Rs. 153.02 Lakhs) towards manpower recruitment or supply agency services, of which we have already deposited Rs. 11.21 Lakhs.		
5. Income Tax Assessment have been completed upto the Accounting Year ended 31 st March, 2012 i.e. AY 2012-13. The Company has preferred Appeals before Appellate Authorities in respect of various disallowances and wrong demands raised without considering the taxes already paid by the Company. These appeals are pending and as against the tax demand of Rs. 92.95 Lakhs (PY Rs. 4.15 Lakhs), the Company has already paid an amount of Rs. 85.47 Lakhs, which was not considered by the Department, while raising the demand.		
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. 434.18 Lakhs (PY: Rs. 428.50 Lakhs).		
7. Income Tax department has filed an appeal before the Hon'ble Supreme Court / High Court against the order of the High Court / ITAT in the matter of Replacement Expenditure allowed in favour of the Company in previous years. The Hon'ble Supreme Court / High Court had remanded the matter back to the Commissioner of Income Tax / Assessing Authorities to consider the matter a fresh. On these issues there was no pending demand from the department. The Tax amount involved in these litigations is Rs. 156.19 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 7 above.		

NOTES FORMING PART OF FINANCIAL STATEMENTS



8. An amount of Rs.868.58 Lakhs was outstanding at the beginning of the year towards Deposits accepted from public under the erstwhile Companies Act,1956. The Company has availed the option provided under Section 74 of the New Companies Act, 2013 to repay all the above deposits by complying with the formalities required in this regard. Accordingly, during the year 2014-15, the Company has repaid all the deposits.

9. Details of Loans from Directors under "Loan from Related Parties" are:- (Rs. in Lakhs)

Name	Closing Balance as on		Interest Paid	
	31-03-2015	31-03-2014	2014-15	2013-14
Shri P.R. Ramasubrahmaneya Rajha	NIL	1,087.79	5.42	101.43
Smt. R. Sudarsanam	0.98	90.92	5.23	9.73

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

	2014-15	2013-14
Statutory Auditors		
a. As Auditors		
- Fees	3.50	2.50
- Expenses reimbursed	1.61	1.94
b. In other Capacities		
- Tax Audit Fees	0.50	0.40
c. Certification Work		
- Fees	0.93	1.36
	<u>6.54</u>	<u>6.20</u>

11. Company's shares are listed in Bombay Stock Exchange Limited, for which listing fee for the year 2015-16 has been paid.

12. There are no dues to micro and small enterprises as at 31-03-2015 (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.

13. The unadjusted units generated from the Windmills as on 31-03-2015 are 18.44 Lakhs KWH (PY 24.35 Lakhs KWH) and its monetary value of Rs. 122.93 Lakhs (PY: Rs. 140.63 Lakhs) has been included in Other Current Assets, which will be adjusted in the forthcoming months.

14. 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. 33.66 Lakhs (PY: Rs.64.32 Lakhs) has been amortized and the same is included in Finance Costs.

15. Till 31-03-2014, the Company had followed Straight Line / Written down value method of depreciation for various categories of Fixed Assets in accordance with rates specified under Schedule XIV of the Companies Act, 1956 prevailing at the time of acquisition of assets. Pursuant to implementation of Schedule II of the Companies Act, 2013 with effect from 01-04-2014, the Company has calculated the depreciation on all the assets under Straight Line Method. Accordingly:-



NOTES FORMING PART OF FINANCIAL STATEMENTS

- a) The value of assets whose useful life is exhausted as on 01-04-2014, as per the new Act, amounting to Rs. 121.65 Lakhs had been credited to the Depreciation Reserves. A sum of Rs. 80.30 Lakhs (net of Deferred Tax of Rs. 41.35 Lakhs) corresponding to the above has been adjusted in General Reserve.
- b) The depreciation provided for the year ended 31-03-2015 is lower by Rs. 740 Lakhs when compared to the calculation of depreciation under the Companies Act, 1956.
16. The Company on 25-04-2014 has completed the sale of Assets and Liabilities of Rajapalayam Mills Subramaniapuram Unit in accordance with the Special Resolution passed by the Shareholders through postal ballot on 31-03-2014. Accordingly Assets relating to this Unit having WDV of Rs. 2,311.89 Lakhs [Gross Value of Rs. 3,888.53 Lakhs and depreciation withdrawn of Rs. 1,576.64 Lakhs] have been sold for Rs. 3,331.00 Lakhs and the profit of Rs. 1,019.11 Lakhs have been shown as an Exceptional Item in the Statement of Profit and Loss.
- The Company has received an amount of Rs. 1,116.33 Lakhs towards the above sales consideration and balance amount has been settled by way of transfer of Term Loan and unsecured loan to the extent of Rs. 2,214.67 Lakhs.
17. As per Accounting Standard -15 (Employee Benefits), the disclosures of employee benefits as defined in the Accounting Standard are given below:

	(Rs. in Lakhs)	
	2014-15	2013-14
Defined Contribution Plan:		
Employer's Contribution to Provident Fund	289.12	254.61
Employer's Contribution to Superannuation Fund	19.23	19.63

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 01-04-2014	532.53	505.95
Addition on Amalgamation	NIL	13.46
Current Service Cost	44.12	43.54
Interest Cost	44.35	39.89
Actuarial (gain) / loss	125.95	7.34
Benefits paid	(-) 90.30	(-) 77.65
Defined Benefit obligation as on 31-03-2015	656.65	532.53

NOTES FORMING PART OF FINANCIAL STATEMENTS



	(Rs. in Lakhs)	
	2014-15	2013-14
Reconciliation of opening and closing balances of fair value of plan assets:		
Fair value of plan assets as on 01-04-2014	482.85	491.15
Addition on Amalgamation	NIL	9.56
Expected return on plan assets	43.03	43.82
Actuarial gain / (loss)	(-) 0.75	(-) 2.73
Employer Contribution	49.72	18.70
Benefits paid	(-) 90.30	(-) 77.65
Fair value of plan assets as on 31-03-2015	484.55	482.85
Actual Return of plan assets:		
Expected return of plan assets	43.03	43.82
Actuarial gain / (loss) on plan assets	(-) 0.75	(-) 2.73
Actual return on plan assets	42.28	41.09
Reconciliation of fair value of assets and obligations:		
Fair value of plan assets	484.55	482.85
Present value of obligation	656.65	532.53
Difference	172.10	49.68
Unrecognized transitional liability	NIL	NIL
Amount recognized in Balance Sheet	172.10	49.68
Expense recognized during the year:		
Current Service Cost	44.12	43.54
Interest Cost	44.35	39.89
Expected return on plan assets	(-) 43.03	(-) 43.82
Actuarial (gain) / loss	126.70	10.07
Past service cost-non-vested benefits	NIL	NIL
Past service cost-vested benefits	NIL	NIL
Net Cost	172.14	49.68



NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	2014-15	2013-14
Investment Details:		
GOI Securities	0.08%	0.35%
State Government Securities	NIL	NIL
High Quality Corporate Bonds	NIL	NIL
Funds with LIC	99.12%	99.12%
Bank balance	0.70%	0.42%
Others	0.10%	0.11%
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	7.80%	9.10%
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 01-04-2014	178.63	152.68
Addition on Amalgamation	NIL	6.18
Current Service Cost	19.45	19.07
Interest Cost	14.33	11.74
Actuarial (gain) / loss	32.36	23.84
Benefits paid	(-) 42.20	(-) 34.88
Defined Benefit obligation as on 31-03-2015	202.57	178.63
Reconciliation of opening and closing balances of fair value of plan assets:		
Fair value of plan assets as on 01-04-2014	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	NIL	NIL
Employer Contribution	42.20	34.88
Benefits paid	(-) 42.20	(-) 34.88
Fair value of plan assets as on 31-03-2015	NIL	NIL

NOTES FORMING PART OF FINANCIAL STATEMENTS



	(Rs. in Lakhs)	
	2014-15	2013-14
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	202.57	178.63
Difference	202.57	178.63
Unrecognized past service cost non vested benefits	NIL	NIL
Amount recognized in Balance Sheet	202.57	178.63
Expense recognized during the year:		
Current Service Cost	19.45	19.07
Interest Cost	14.33	11.74
Expected return on plan assets	NIL	NIL
Actuarial (gain) / loss	32.36	23.84
Past service cost-non-vested benefits	NIL	NIL
Past service cost-vested benefits	NIL	NIL
Net Cost	66.14	54.65
Investment Details as on 31-03-2015:		
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	7.80%	9.10%
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

18. Segment Information for the year ended 31st March, 2015 **(Rs. in Lakhs)**

Particulars	Textiles		Others		Power from Windmills		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
REVENUE								
External Sales (Net)	38,864.54	43,388.62	-	-	-	-	38,864.54	43,388.62
Inter Segment Sale	-	-	-	-	3,015.17	3,154.60	3,015.17	3,154.60
Total Sales	38,864.54	43,388.62	-	-	3,015.17	3,154.60	41,879.71	46,543.22
Other Income	77.86	49.11	-	18.43	-	-	77.86	67.54
Total Revenue	38,942.40	43,437.73	-	18.43	3,015.17	3,154.60	41,957.57	46,610.76
RESULT								
Segment Result	1,304.78	4,815.04	-	18.43	1,770.33	1,526.40	3,075.11	6,359.87
Unallocated Income							350.07	370.92
Unallocated Expenses								
Operating Profit							3,425.18	6,730.79
Interest Expenses							2,765.78	2,849.64
Interest Income							235.08	244.52
Provision for Taxation								
Current Tax							328.71	792.00
Deferred Tax							698.45	1,611.30
MAT Credit entitlement							(328.71)	(792.00)
MAT Credit entitlement-py							10.83	(144.18)
Profit from ordinary activities							185.20	2,658.55
Exceptional Items							1,019.11	-
Net Profit							1,204.31	2,658.55
OTHER INFORMATION								
Segment Assets	43,061.15	48,999.71	221.12	232.11	7,894.98	6,548.09	51,177.25	55,719.91
Unallocated Assets							8,480.84	7,871.94
Total Assets							59,658.09	63,591.85
Segment Liabilities	3,112.11	3,476.84	-	0.15	-	-	3,112.11	3,476.99
Unallocated Liabilities							36,961.93	41,432.88
Total Liabilities							40,074.04	44,909.87
Capital Expenditure	1,799.22	3,197.46	-	-	1,038.34	-	2,837.56	3,197.46
Unallocated Capital Expenditure							-	-
Depreciation	1,278.03	2,047.87	-	-	377.09	772.70	1,655.12	2,820.57
Unallocated Depreciation Expenditure							-	-

NOTES FORMING PART OF FINANCIAL STATEMENTS



19. Earnings per Share

Particulars		2014-15	2013-14
Net Profit after Tax - Rs. in Lakhs	(A)	1,204.31	2,658.55
Number of Equity Shares - In Lakhs	(B)	73.76	73.76
Basic & Diluted earnings per share for Rs.10/- each - In Rupees	(A)/(B)	16.33	36.04

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:

a. Key Managerial Personnel

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

b. 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

c. 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 Textile 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. Rajapalayam Textile Limited



NOTES FORMING PART OF FINANCIAL STATEMENTS

- (ii) Public Trusts
 Smt. Lingammal Ramaraju Shastra Prathishta Trust
 P.A.C.R. Sethurammal Charity Trust
 Ramco Welfare 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
	2014-15	2013-14	
P.R. Ramasubrahmaneya Rajha	5.42	101.43	Interest Paid
	3.60	1.65	Sitting Fees
Smt. R. Sudarsanam	135.40	217.22	Managerial Remuneration
	5.23	9.73	Interest Paid
	1.20	NIL	Sitting Fees
P.R. Venketrama Raja	1.20	0.75	Sitting Fees

(b) (i) Inter Corporate Deposits given

Name of the Related Party	Maximum Outstanding		Outstanding as on	
	2014-15	2013-14	31-03-2015	31-03-2014
Sri Vishnu Shankar Mill Limited	NIL	1,400.00	NIL	NIL
Sandhya Spinning Mill Limited	NIL	186.00	NIL	NIL
Thanjavur Spinning Mill Limited	2,500.00	2,500.00	NIL	2,500.00
Sri Harini Textile Limited	950.00	950.00	950.00	950.00

The Inter Corporate Deposits have been given to strengthen the financial position of the above Companies.

(ii) Interest received on Inter Corporate Deposits given

Name of the Related Party	Interest		Outstanding as on	
	2014-15	2013-14	31-03-2015	31-03-2014
Sri Vishnu Shankar Mill Limited	NIL	16.55	NIL	NIL
Sandhya Spinning Mill Limited	NIL	14.61	NIL	NIL
Thanjavur Spinning Mill Limited	83.63	89.21	NIL	NIL
Sri Harini Textile Limited	104.50	100.52	NIL	NIL

NOTES FORMING PART OF FINANCIAL STATEMENTS



(c) (i) Inter Corporate Deposits Accepted **(Rs. in Lakhs)**

Name of the Related Party	Maximum Outstanding		Outstanding as on	
	2014-15	2013-14	31-03-2015	31-03-2014
RCDC Securities & Investments Private Limited	NIL	72.25	NIL	NIL
Ramco Management Private Limited	NIL	80.54	NIL	NIL

(ii) Interest paid on Inter Corporate Deposits Accepted

Name of the Related Party	Interest		Outstanding as on	
	2014-15	2013-14	31-03-2015	31-03-2014
RCDC Securities & Investments Private Limited	NIL	1.25	NIL	NIL
Ramco Management Private Limited	NIL	1.29	NIL	NIL

(d) (i) Security Deposit given

Name of the Related Party	Interest free Security Deposit Outstanding		Nature of Transaction
	2014-15	2013-14	
The Ramco Cements Limited (TRCL)	13.00	13.00	3,48,400 Shares of Andhra Pradesh Gas Power Corporation Ltd (APGPCL) purchased by TRCL are being held jointly by the Company & TRCL. The Joint Ownership entitles the Company to purchase from APGPCL. To have the Joint Ownership of above shares, the Company has deposited this amount with TRCL.

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

Name of the Related Party	Amount Paid		Nature of Transaction
	2014-15	2013-14	
The Ramco Cements Limited	2.07	3.90	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.



NOTES FORMING PART OF FINANCIAL STATEMENTS

(e) Goods Supplied / Services rendered (Rs. in Lakhs)

Name of the Related Party	Value		Outstanding as on	
	2014-15	2013-14	31-03-2015	31-03-2014
The Ramaraju Surgical Cotton Mills Limited	6,433.50	1,006.11	NIL	NIL
Sri Vishnu Shankar Mill Limited	247.33	1,032.75	NIL	NIL
Sandhya Spinning Mill Limited	314.81	5,430.65	NIL	NIL
Thanjavur Spinning Mill Limited	90.64	1,308.37	NIL	NIL
The Ramco Cements Limited	NIL	0.60	NIL	NIL
Ramco Industries Limited	98.91	1,557.30	NIL	NIL
Ramco Systems Limited	0.68	0.68	NIL	NIL
Rajapalayam Textile Limited	1,498.76	NIL	NIL	NIL

(f) Sale of Assets

Name of the Related Party	Value		Outstanding as on	
	2014-15	2013-14	31-03-2015	31-03-2014
Sri Vishnu Shankar Mill Limited	NIL	6.30	NIL	NIL
Sandhya Spinning Mill Limited	NIL	1.59	NIL	NIL
Thanjavur Spinning Mill Limited	NIL	5.15	NIL	NIL
Smt. Lingammal Ramaraju Shastra Prathishta Trust	NIL	1.39	NIL	NIL
Rajapalayam Textile Limited	3,443.36	NIL	NIL	NIL

(g) Cost of Goods Purchased & Services availed

Name of the Related Party	Value		Outstanding as on	
	2014-15	2013-14	31-03-2015	31-03-2014
The Ramaraju Surgical Cotton Mills Limited	114.81	66.84	NIL	NIL
Sri Vishnu Shankar Mill Limited	222.58	352.65	NIL	NIL
Sandhya Spinning Mill Limited	14.73	1,158.31	NIL	NIL
Thanjavur Spinning Mill Limited	437.56	253.86	NIL	NIL
Ramco Industries Limited	296.75	238.74	NIL	NIL
The Ramco Cements Limited	690.79	587.96	NIL	NIL
Ramco Systems Limited	16.24	9.58	NIL	NIL
Rajapalayam Textile Limited	210.04	NIL	NIL	NIL
Shri Harini Media Limited	1.40	1.40	NIL	NIL
Madras Chipboard Limited	NIL	0.13	NIL	NIL
P.A.C.R. Sethurammam Charity Trust	63.03	167.04	NIL	NIL
P.A.C.R. Sethurammam Charities	0.92	NIL	NIL	NIL

NOTES FORMING PART OF FINANCIAL STATEMENTS



(h) Purchase of Fixed Assets **(Rs. in Lakhs)**

Name of the Related Party	Value		Outstanding as on	
	2014-15	2013-14	31-03-2015	31-03-2014
Thanjavur Spinning Mill Limited	1,303.28	4.08	NIL	NIL

(i) Corporate Guarantee given

Name of the Related Party	Guarantee given		Amount of Loan outstanding as on	
	31-03-2015	31-03-2014	31-03-2015	31-03-2014
The Ramaraju Surgical Cotton Mills Limited	11,457.00	11,457.00	4,875.00	6,248.00
Sri Vishnu Shankar Mill Limited	11,550.00	11,550.00	4,004.00	5,341.00
Sandhya Spinning Mill Limited	12,346.00	12,346.00	4,714.00	6,205.00
Thanjavur Spinning Mill Limited	11,756.00	11,075.00	5,790.00	5,798.00

These Guarantees have been given as an additional security to secure the borrowings of the above Companies for their modernization / expansion.

(j) Donations given

Name of the Related Party	2014-15	2013-14
P.A.C.R. Sethurammam Charities	350.00	50.00

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	
	2014-15	2013-14
The Ramco Cements Limited	329.05	329.05
Ramco Industries Limited	19.80	15.84
The Ramaraju Surgical Cotton Mills Limited	0.06	0.01
Sri Vishnu Shankar Mills Limited	1.15	NIL



NOTES FORMING PART OF FINANCIAL STATEMENTS

(l) Dividend Paid (Rs. in Lakhs)

Name of the Related Party	Dividend Paid	
	2014-15	2013-14
The Ramco Cements Limited	18.14	43.54
Ramco Industries Limited	21.18	50.84
The Ramaraju Surgical Cotton Mills Limited	7.51	18.01
Sri Vishnu Shankar Mills Limited	0.74	1.78
Sandhya Spinning Mill Limited	0.01	0.03
Ramco Management Private Limited	0.05	0.12

(m) Rent Paid

Name of the Related Party	2014-15	2013-14
Smt. Saradha Deepa	1.26	1.26

21. Other Additional information pursuant to the Schedule III of the Companies Act, 2013.

(a) Value of Imports calculated on CIF Value

	2014-15	2013-14
Raw Materials	2,817.85	3,524.41
Components and Spares	103.44	97.15
Capital Goods	657.18	634.32

(b) Expenditure in Foreign Exchange during the year

	2014-15	2013-14
Interest	8.44	13.54
Export Sales Commission	35.70	23.79
Foreign Travel	8.04	18.55
Others	92.13	89.76
Total	144.31	145.64

NOTES FORMING PART OF FINANCIAL STATEMENTS



(c) Value of Raw Materials, Stores & Spare parts consumed (Rs. in Lakhs)

	2014-15		2013-14	
	Amount	%	Amount	%
Raw Materials				
Imported	3,315.28	17	4,114.48	19
Indigenous	15,984.36	83	17,291.93	81
Spares and Components				
Imported	97.93	4	99.17	5
Indigenous	2,322.25	96	1,807.13	95

(d) Earnings in Foreign exchange (FOB Value)

	2014-15	2013-14
Export on Yarn	3,050.65	1,474.11

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, 21st May, 2015.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SMT. R. SUDARSANAM
MANAGING DIRECTOR

A. ARULPRANAVAM
SECRETARY

B. GNANAGURUSAMY
CHIEF FINANCIAL OFFICER

P.R. VENKETRAMA RAJA
S.S. RAMACHANDRA RAJA
N.K. RAMASUWAMI RAJA
JUSTICE P.P.S. JANARDHANA RAJA
A.V. DHARMAKRISHNAN
V. SANTHANA RAMAN
K.B. NAGENDRA MURTHY

DIRECTORS



PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

RAJAPALAYAM MILLS LIMITED

[CIN : L17111TN1936PLC002298]

Regd. Office : Rajapalayam Mills Premises, P.A.C. Ramasamy Raja Salai,
Post Box No.1, Rajapalaiyam, 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 79th Annual General Meeting of the Company, to be held on Wednesday the 12th August 2015 at 10.00 a.m. at P.A.C.Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 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 31 st March 2015
2	Declaration of Dividend for the year 2014-15
3	Appointment of Shri P.R. Ramasubrahmaneya Rajha as Director, who retires by rotation
4	Appointment of Shri S.S. Ramachandra Raja as Director, who retires by rotation
5	Ratification of Appointment of M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants and M/s. Ramakrishna Raja and Co., Chartered Accountants, as Auditors
Special Business	
6	Appointment of Shri K.B. Nagendra Murthy as an Independent Director
7	Ratification of fee payable to Shri M. Kannan, Cost Accountant, appointed as Cost Auditor of the Company for the financial year 2015-16

Signed this..... day of 2015

Signature of Shareholder

Signature of Proxy holder(s)



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.



Rajapalayam Mills, Rajapalayam has secured “State Safety Award” for the year 2011 and 2012 in recognition of accident free factory for longest period from the Honourable Labour Minister, Govt. of Tamil Nadu.



New “Murata FPRO Drumless” Auto Cone Winding Machine installed at our unit Rajapalayam Spintex, Rajapalayam.

