



RAJAPALAYAM MILLS LIMITED

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

Ph. No.: 04563-235666 Fax: 04563-236520

CIN No: L17111TN1936PLC002298 Email: rajacot@ramcotex.com
Website :www.rajapalayammills.co.in

Notice of Postal Ballot

[Pursuant to Section 110 of the Companies Act, 2013 and Rule 22 of the
Companies (Management and Administration) Rules, 2014]

Dear Members,

- 1) Your kind attention is invited to the proposals of your Company to move the following Special Resolutions:
 - (a) To make investments in the Redeemable Preference Shares of Thanjavur Spinning Mill Limited.
 - (b) To create 'Charge' by way of Hypothecation / Mortgage or other Encumbrances on the Assets of the Company to secure the borrowings.
- 2) The above resolutions are proposed to be passed through the Postal Ballot process in accordance with Section 110 of the Companies Act, 2013 and other applicable rules thereunder.
- 3) Extracts of the resolutions proposed, together with the Statement of material facts; and the Postal Ballot Form are enclosed.
- 4) Mr. K. Srinivasan, Partner, M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants has been appointed as Scrutinizer to conduct the Postal ballot process in a fair and transparent manner in accordance with the said Rules.
- 5) The Company is providing a facility to the members for voting by electronic means. Members may participate in the postal ballot process either by:
 - (a) casting their vote on the enclosed postal ballot form and sending the duly completed and signed postal ballot form to:
Mr. K. Srinivasan,
C/o. Rajapalayam Mills Limited,
Rajapalayam Mills Premises,
Post Box No.1, P.A.C. Ramasamy Raja Salai,
Rajapalayam - 626 117.

- (b) casting their vote on the electronic voting platform of Central Depository Services (India) Limited [CDSL].
- 6) This notice is being sent by e-mail to the registered e-mail ID of the members who have registered their e-mail ID with the company or with their Depository Participants (in case of holdings in dematerialised form) for the purpose of receiving electronic communications.
 - 7) Members receiving this notice by e-mail, but who wish to cast their vote on the postal ballot form may request the company for the same.
 - 8) Members receiving this notice in physical form may cast their vote either on the postal ballot form or on the electronic voting platform of CDSL.
 - 9) The detailed instructions for casting vote on the postal ballot form and for voting on the electronic voting platform of CDSL are provided along with the postal ballot form.
 - 10) Postage prepaid reply envelope is enclosed with the postal ballot forms being sent to the members in physical form, for facilitating the conveyance of assent or dissent by the members.
 - 11) The last date and time for receipt of signed postal ballot forms is Tuesday, 15th July 2014, 5.30 P.M. Postal ballot forms received after that date and time will not be considered as valid and will be treated as if reply from the member has not been received.
 - 12) Voting on the electronic voting platform of CDSL shall commence from Monday, 16th June 2014, at 9.30 A.M., and end on Tuesday, 15th July 2014, at 5.30 P.M. E-voting will be disabled by CDSL thereafter, and members will not be allowed to vote on the electronic voting platform beyond that date and time.
 - 13) The results of the Postal ballot process will be declared at the Registered office of the company on Friday, 18th July 2014, at 5.30 P.M., by Shri P. R. Ramasubrahmaneya Rajha, Chairman of the Company, or in his absence by any other Director or Officer authorised by him in writing. Members who wish to be present at the time of declaration of result may be present at the above venue. The results shall then be placed on the website of the company, along with the Scrutiniser's report and intimated to Madras Stock Exchange Limited and Bombay Stock Exchange Limited.

- 14) Shri S. Kanthimathinathan, President, and Shri A. Arulpranavam, Secretary of the Company are authorized to ensure smooth conduct of the Postal Ballot process. Members requiring any clarification may contact either of them.

By order of the Board,
For RAJAPALAYAM MILLS LIMITED

RAJAPALAYAM
25-05-2014

P.R.RAMASHUBRAMANEYA RAJHA
CHAIRMAN

Annexures:

1. Extracts of the resolutions proposed, with the Statement of material facts.
2. Postal Ballot Form along with instructions for casting the vote.

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Extracts of the Resolutions proposed

Special Resolution No.1:

To make investments in the Redeemable Preference Shares of Thanjavur Spinning Mill Limited.

To consider and if thought fit, to give assent / dissent to the following **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 186 and other applicable provisions if any of the Companies Act, 2013 and subject to the approvals, consents, permissions and / or sanctions, as may be necessary of the Banks, Financial Institutions and any other appropriate authority, the Board of Directors of the Company be and are hereby authorized to invest in the Redeemable Preference Shares in Thanjavur Spinning Mill Limited upto a limit of Rs. 25 Crores."

Special Resolution No.2:

To create 'Charge' by way of Hypothecation / Mortgage or other Encumbrances on the Assets of the Company to secure the borrowings.

To consider and if thought fit, to give assent / dissent to the following **Special Resolution:**

"RESOLVED THAT pursuant to Section 180(1)(a) of the Companies Act, 2013, the approval of the members be and is hereby accorded to create charge in favour of the lender(s) of the company, by way of hypothecation or mortgage or in any other manner, and with or without the right to sell or otherwise dispose off in the event of default, on all or any of the undertakings, properties or assets of the company or any part(s) thereof, to secure such amounts as may be borrowed by the company from time to time."

**Statement of material facts pursuant to Section 102 of the
Companies Act, 2013**

Special Resolution No.1:

Thanjavur Spinning Mill Ltd (TSML) is a Company belonging to RAMCO Group and is having Spinning Mills at Thanjavur with the capacity of 50,160 Spindles and 776 Rotors. Because of unprecedented crisis faced by Textile Industry especially by Spinning Mills in India during the year 2011-12, TSML has incurred a loss of Rs.23.70 Crores during that year. Due to this, its net worth was eroded fully and TSML has filed a reference with BIFR. Indian bank has been appointed as an operating agency by the BIFR. The sales and profit of TSML for the years 2012-13 and 2013-14 are as under:

Particulars	2013-14	2012-13
	Rs. in Crores	
Total Revenue	154.76	103.53
Profit before interest and depreciation	19.68	21.50
Net Profit / (Loss) before tax	(4.31)	(1.69)

The above losses are mainly due to higher debt burden and consequently higher outflow of interest cost. TSML is considering various possibilities for revival which includes infusion of additional Capital by way of Redeemable Preference Shares. This would enable the Company to reduce the borrowings and make the Company viable in the long term.

Rajapalayam Mills Limited (RML), being an entity belonging to the Promoter Group of TSML proposes to invest in the Redeemable Preference Shares of TSML upto a limit of Rs.25 Crores. RML has already given an Inter Corporate Loan to the extent of Rs.25 Crores to TSML and it is proposed to convert the same into the Preference Share Capital of TSML. Hence there is no additional cash outflow for RML because of such investment.

The terms of issue of Redeemable Preference Shares are as follows:

1. The preference shares shall be entitled to payment of dividend at the rate of 9% on the paid-up value of the shares, on cumulative basis, with a preferential right to payment of dividend over Equity shares.
2. The preference shares shall not be entitled to participate in the surplus profits remaining after payment of dividend on the preference shares, with the Equity shareholders (dividend non-participating).

3. The preference shares shall not be convertible into Equity shares (non-convertible).
4. The preference shares shall be redeemable at par, once the net worth of M/s.Thanjavur Spinning Mill Limited will become positive even after redemption of such preference shares; however within a period of 20 years from the date of issue, either in single or multiple installments, as may be decided by the Board of Directors of the Company and M/s.Thanjavur Spinning Mill Limited.

Consent of the Shareholders of RML has to be obtained as per the Provision of Section 186 of the Companies Act, 2013 to make the above investment as the Company has already exhausted the limit available under the said section.

The Board of Directors recommend the resolution to the Shareholders.

Disclosure of interest:

Shri. P.R. Ramasubrahmaneya Rajha, Chairman of the Company is the Chairman of Thanjavur Spinning Mill Limited

Shri. P.R. Venketrama Raja, Director of the Company is the Director of Thanjavur Spinning Mill Limited.

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

The following Directors / Promoters of the Company are the shareholders in Thanjavur Spinning Mill Limited:

Name of the Director / Promoter	No. of Shares	Extent of shareholding
SHRI. P.R. RAMASUBRAHMANEYA RAJHA	441234	16.34%
SMT. R. SUDARSANAM	135000	5.00%
SHRI. P.R. VENKETRAMA RAJA	54000	2.00%
SHRI.S.S. RAMACHANDRA RAJA	1000	0.04%
SHRI. N.K.RAMASUWAMI RAJA	400	0.01%
DR. K.T. KRISHNAN	30008	1.11%
SHRI. P. V. ABINAV RAMASUBRAMANIAM RAJA	213300	7.90%
SMT. RAMACHANDRA RAJA CHITTAMMAL	1422	0.05%
SMT. P.V. NIRMALA	67500	2.50%
SMT. NALINA RAMALAKSHMI	270000	10.00%
SMT. SARADHA DEEPA	270000	10.00%
SMT. P.V.SRISANDHYA	67500	2.50%

None of the other Directors/Key Managerial Personnel or their relatives are in any way concerned or interested in this item of business.

Special Resolution No.2:

Pursuant to Section 180(1)(a) of the Companies Act, 2013, creating 'charge' by way of Hypothecation / Mortgage or other Encumbrances on the assets of the Company to secure the borrowings may amount to sale or otherwise disposal of the undertaking or substantially the whole of the undertaking which requires Members' approval by way of a Special Resolution.

In terms of General Circular No.04/2014 dated 25th March 2014 issued by the Ministry of Corporate Affairs, Government of India, the approval already obtained from the members is valid only upto 11th September 2014. Hence, it is proposed to obtain the approval of the members afresh in terms of Section 180(1)(a) of the Companies Act, 2013.

This proposal has to be approved by the Shareholders through Postal Ballot under Companies (Management and Administration) Rules 2014. Hence it is proposed to get the consent of the Shareholders through Postal Ballot.

None of the Directors or Key Managerial Personnel, or their relatives, are in any way concerned or interested in this item of business.

The Board of Directors recommend the resolution to the Shareholders.

By order of the Board,
For RAJAPALAYAM MILLS LIMITED

RAJAPALAYAM
25-05-2014

P.R.RAMASUBRAHMANEYA RAJHA
CHAIRMAN