

68th
Annual Report
2007-2008

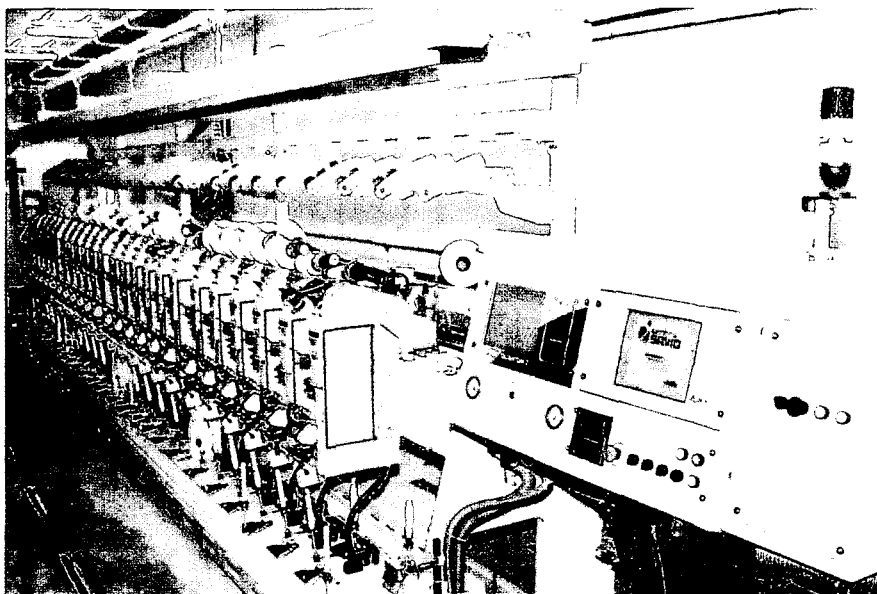
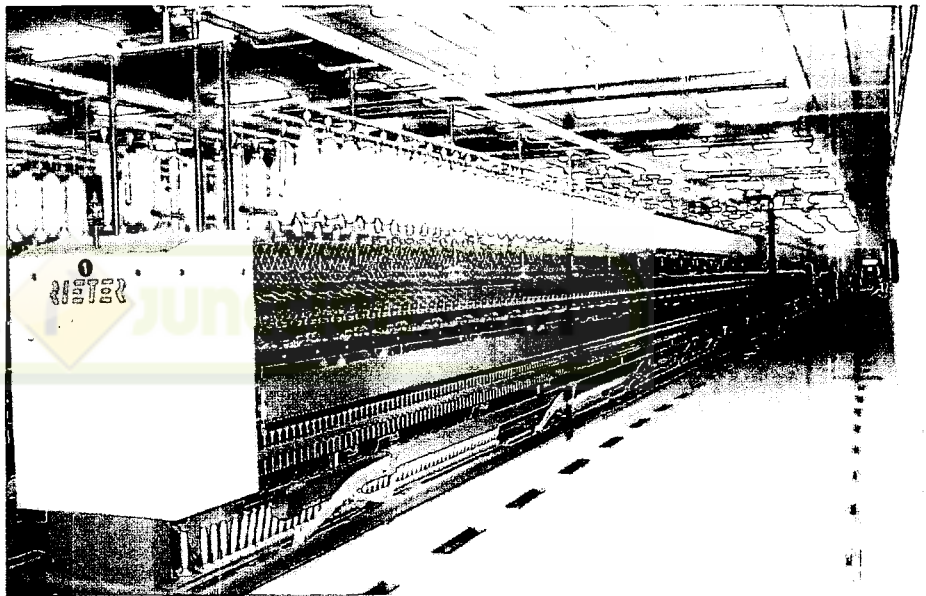
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The Ramaraju Surgical Cotton Mills Limited
Rajapalaiyam



Shri P. R. Ramasubrahmaneya Rajha, Chairman Commissioning our Rieter Comfor Spinning project at Subramaniapuram, near Rajapalaiyam.

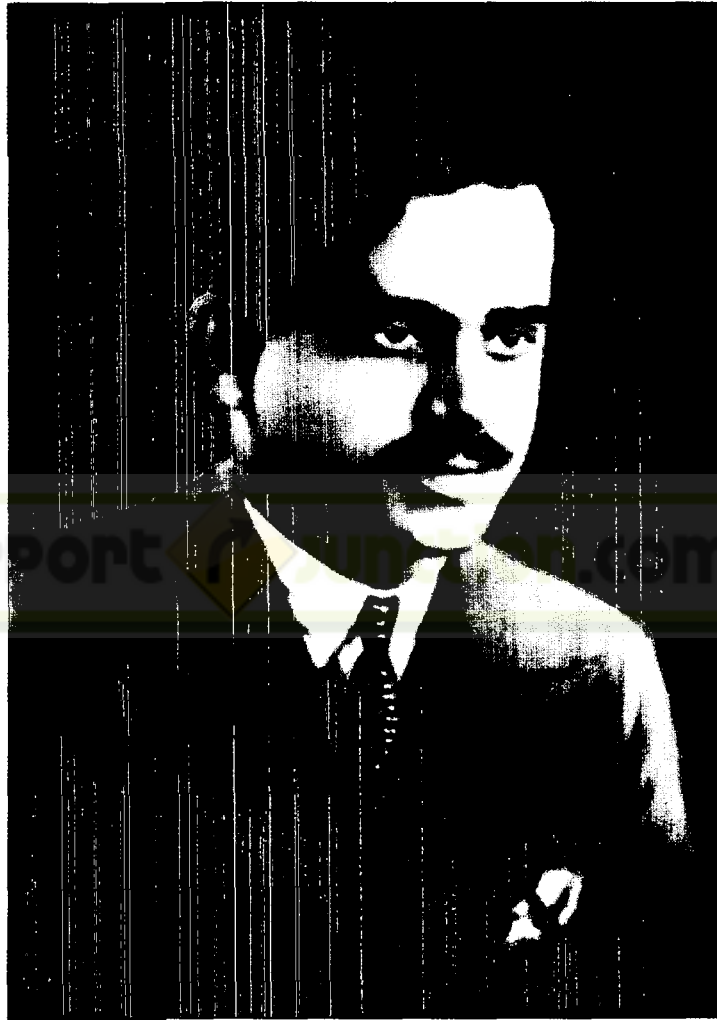
New Rieter K441 Comfor Spinning Frame installed as part of our Rieter Comfor Spinning expansion project at Subramaniapuram, near Rajapalaiyam.



New Savio Polar-I Link Coner installed as part of our Rieter Comfor spinning expansion project at Subramaniapuram, near Rajapalaiyam.



SHRI P.A.C. RAMASAMY RAJA



Founder
Shri N.K. RAMARAJU

THE RAMARAJU SURGICAL COTTON MILLS LTD., RAJAPALAIYAM.**Board of Directors**

Shri P.R. RAMASUBRAHMANEYA RAJHA
Chairman

Smt. R. NALINA RAMALAKSHMI
Managing Director

Shri M. VELUCHAMY
(Nominee of Govt. of Tamilnadu)

Shri P.R. VENKETRAMA RAJA

Smt. R. SUDARSANAM

Shri N.R.K. RAMKUMAR RAJA

Shri M.R.S. RADHAKRISHNA RAJA

Shri N.K. SHRIKANTAN RAJA

Shri P.J. ALAGA RAJA

Shri S. KANTHIMATHINATHAN

Bankers

Canara Bank

Citi Bank, N.A.

IDBI Bank Ltd

Indian Bank

Karur Vysya Bank

Punjab National Bank

State Bank of India

Tamilnad Mercantile Bank Ltd

Registered Office

The Ramaraju Surgical Cotton Mills Premises,
119, P.A.C. Ramasamy Raja Salai,
RAJAPALAIYAM - 626 117,
Tamilnadu.

Factories**Surgical Division:**

The Ramaraju Surgical Cotton Mills Ltd.,
119, P.A.C. Ramasamy Raja Salai,
RAJAPALAIYAM - 626 117,
Tamilnadu.

The Ramaraju Surgical Cotton Mills Ltd.,
PERUMALPATTI - 627 753,
Tamilnadu.

Spinning Division:

Sudarsanam Spinning Mills
118, P.A.C. Ramasamy Raja Salai,
RAJAPALAIYAM - 626 117,
Tamilnadu.

Sudarsanam Spinning Mills
Kherdi Village,
SILVASSA - 396 230, UT of DNH

Auditors

M/s. M.S. JAGANNATHAN & N. KRISHNASWAMI,
Chartered Accountants,
27, Premier Flats, Karur Bypass Road,
Tiruchirapalli - 620 002,
Tamil Nadu.

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THE RAMARAJU SURGICAL COTTON MILLS LTD., RAJAPALAIYAM.

NOTICE TO THE MEMBERS

Notice is hereby given that the 68th Annual General Meeting of the Members of the Company will be held at 9.30 A.M. on Wednesday the 6th August, 2008 at P.A.C.Ramasamy Raja Centenary Community Hall, P.A.C.Ramasamy Raja Salai, Rajapalayam to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2008 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend for the year 2007-2008.
3. a) To appoint a Director in the place of Shri P.R. Ramasubrahmaneya Rajha who retires by rotation and is eligible for re-appointment.
b) To appoint a Director in the place of Smt. R. Sudarsanam who retires by rotation and is eligible for re-appointment.
c) To appoint a Director in the place of Shri M.R.S. Radhakrishna Raja who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration. The retiring Auditors M/s.M.S. Jagannathan & N. Krishnaswami, Chartered Accountants, Tiruchirapalli are eligible for re-appointment.

SPECIAL BUSINESS:

5. To consider and if thought fit to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:
"RESOLVED that Shri S. Kanthimathinathan who has been appointed as Additional Director and holds office until this Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation."
6. To consider and if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION under Sec. 293(1) (d) of the Companies Act, 1956.
"RESOLVED that the Board of Directors of the Company be and are hereby authorised to borrow monies with or without security for the purpose of the Company upto a limit of Rs.300 Crores (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) over and above the paid-up capital and free reserves, that is to say, reserves not set apart for any specific purpose of the Company".

By Order of the Board,
For THE RAMARAJU SURGICAL COTTON MILLS LTD.,

Rajapalayam,
18.06.2008

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

THE RAMARAJU SURGICAL COTTON MILLS LTD., RAJAPALAIYAM.

NOTICE

NOTES:

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No.5 & 6 of the Notice is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the Proxy need not be a member of the Company.
3. Proxy form is enclosed. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 1.8.2008 to 6.8.2008 (both days inclusive).
5. Under the provisions of Section 205 C of the Companies Act, 1956, dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education & Protection Fund of the Central Government. Thereafter no claim shall lie against the Fund or the Company and no payment will be made in respect of any such claims. Hence, the members who have not claimed their dividend relating to the earlier years may write to the Company for claiming the amount before it is so transferred to the Fund.



THE RAMARAJU SURGICAL COTTON MILLS LTD., RAJAPALAIYAM.

NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO.5**

Shri S. Kanthimathinathan was appointed as an additional Director by the Board of Directors of the Company on 16.01.2008. He holds office till the date of the Annual General Meeting under Section 257(1) of the Companies Act, 1956. A notice in writing has been received from a Member signifying his intention to propose the appointment of Shri S. Kanthimathinathan as a Director, at the Annual General Meeting.

Shri S. Kanthimathinathan, is presently holding the position of President in M/s. Rajapalayam Mills Ltd. He has specialised knowledge and rich experience in Textile Industry.

He is presently, a Director in the following companies-

1. Sandhya Spinning Mill Limited
2. On-Time Transport Company Limited
3. Rajapalayam Spinners Private Limited

None of the Directors is deemed to be interested in the resolution.

ITEM NO.6

The Board of Directors are at present empowered to borrow upto a limit of Rs.200 Crores (apart from temporary loans obtained from the Company's Bankers in the ordinary course of Business) over and above the paid-up capital and free reserves. The Company is planning expansion of spindles capacity. To meet the cost of such expansion, the Company requires additional funds as the existing limit of borrowing is not sufficient.

Hence the consent to borrow upto a limit of Rs.300 Crores (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) over and above the paid-up capital and free reserves is being sought by the Board of Directors under Sec.293(1)(d) of the Companies Act, 1956 as an ordinary resolution.

None of the Directors is deemed to be interested in the resolution.

By Order of the Board,
For THE RAMARAJU SURGICAL COTTON MILLS LTD.,

Rajapalayam,
18.06.2008

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

THE RAMARAJU SURGICAL COTTON MILLS LTD., RAJAPALAIYAM.

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting their 68th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2008.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2008 after charging all expenses and contribution to Ramaraju Memorial Fund of Rs.8,13,143 which is within the limits laid in the Articles of Association, but before deducting interest and providing depreciation has resulted in an Operating Profit of Rs. 17,02,84,151.

After deducting Rs.6,27,67,988 towards interest cost and providing Rs.6,76,72,144 towards depreciation, the Net Profit for the year is Rs.3,98,44,019. Adding the surplus of Rs. 23,43,149 brought forward from the previous year, your Directors propose to appropriate the total sum of Rs. 4,21,87,168 as detailed below:

| | | Rs. |
|---------------------------------------|----------------------|-------------|
| Provision for Taxation | - Current Tax - MAT | 38,50,000 |
| | - Deferred Tax | 1,71,50,000 |
| | - Fringe Benefit Tax | 7,00,000 |
| Dividend | @ 60% (P.Y.- 60%) | 59,19,840 |
| Tax on Dividend | @ 16.995% | 10,06,077 |
| Transfer to General Reserve | | 1,00,00,000 |
| Balance carried over to Balance Sheet | | 35,61,251 |
| Total | | 4,21,87,168 |

DIVIDEND

Your Directors have pleasure in recommending a dividend at 60% for the year. This dividend is tax free income in the hands of the Shareholders. The total amount of dividend outgo including tax on dividend would be Rs. 69.26 Lakhs.

TAXATION

An amount of Rs. 217.00 Lakhs has been provided towards Income-Tax (MAT), Fringe Benefit Tax (FBT) and Deferred Tax. However, the cash outflow for Income-Tax is only Rs.45.50 Lakhs under the provisions of MAT and FBT. The balance of Rs.171.50 Lakhs has been provided towards Deferred Tax Liability for the current year. The tax paid under MAT will be available for set off in the year of regular income tax liability.

THE RAMARAJU SURGICAL COTTON MILLS LTD., RAJAPALAIYAM.

DIRECTORS' REPORT**SPINNING DIVISION****TRADE CONDITIONS**

The Textile Industry, in general, has been passing through the un-precedented crisis during last year. There was steep increase in the prices of cotton during the year when compared to last year. The yarn prices showed declining trend because of various reasons viz., recession in the US economy, appreciation of rupee, huge capacity addition etc., The rupee has appreciated against dollar by more than 10% during the last year, which means that margin on exports has reduced to that extent, impacted heavily on the profits of the Company.

Furnace oil prices have gone up substantially and frequent power failure forced the company to operate Captive Gensets, which resulted in higher power cost. Timely decision taken by your Directors to install windmills in previous years has helped the company to maintain the power cost at reasonable level. By implementing various modernisation programmes and production of flexible count pattern with more value added yarn, your Directors were able to achieve satisfactory results in the current market scenario.

EXPORTS

On the Export front during the year, we have made direct export of Cotton Yarn and Surgical Dressings for a value of Rs.14.66 Crores and Merchant Export of Rs.7.50 Crores as against Rs.12.15 Crores and Rs.2.90 Crores of the previous year. Your Directors are thankful to overseas buyers and merchant exporters for their continued support.

MODERNISATION

Your company had increased the open end yarn production capacity by installing latest technology High Speed fully automatic Savio imported machinery which gives superior quality yarn fetching higher price. Further TFO capacity was increased, Gassing and necessary additional equipments were installed and old machinery were replaced during this year at a cost of Rs.15.50 Crores.

EXPANSION

As reported in the Directors' Report in the previous year, the Company has implemented the expansion of spindles capacity by 16,800 spindles with state-of-the-art textile machineries at a project cost of Rs.48 Crores at Subramaniapuram, near Rajapalayam. The project has been commissioned and commercial production has been started during June, 2008. All the machineries installed in the Unit are with most advanced spinning systems from Rieter Compact K 441 with Link Coner from Savio. The entire back process machineries were imported from Rieter with latest Blow Room, Carding and Auto-piecing Combers except Speed Frames from China. The Unit is producing yarn with Excellent Quality, which are incomparable with normal yarn as it is untouched by hands in the process. As expected, the demand for this type of yarn is very good and the benefit of this project will accrue from June, 2008.