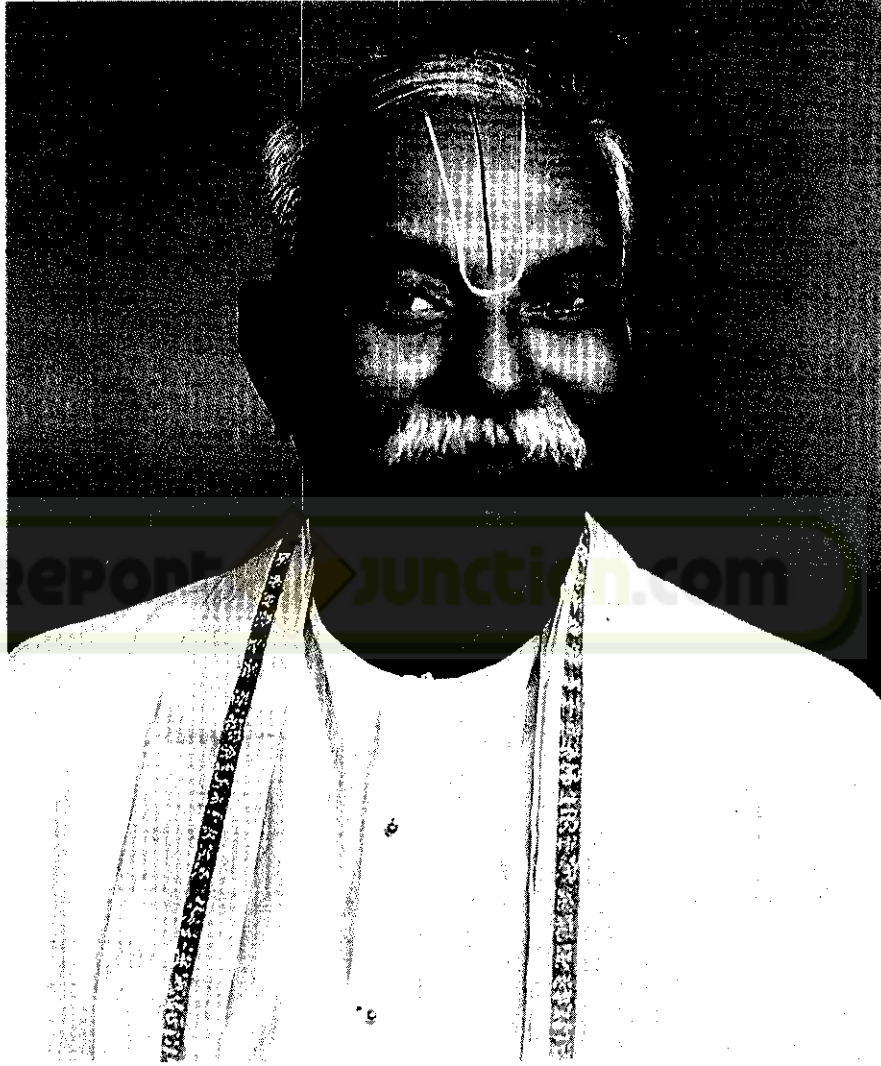


FOUNDER



SHRI P.A.C. RAMASAMY RAJA



RAJAPALAYAM MILLS LIMITED

RAJAPALAIYAM

BOARD OF DIRECTORS

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

Shri P. NAGARAJU
(Nominee Director of I.D.B.I., Chennai)

Smt R. SUDARSANAM

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

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

Shri N.K. RAMASUWAMI RAJA

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

Shri P. GURUSAMY CHETTIAR

Shri P.S. JAGANATHA RAJA

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

Shri V.S. VEMBAN

BANKERS

STATE BANK OF INDIA

AUDITORS

Messrs. M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants, Tiruchirapalli

M/s. RAMAKRISHNA RAJA AND CO.,
Chartered Accountants, Madurai

REGISTERED OFFICE

Rajapalayam Mills Premises,
P. B. No. 1, P.A.C. Ramasamy Raja Salai,
Rajapalaiyam.



RAJAPALAYAM MILLS LIMITED, RAJAPALAIYAM

NOTICE

Notice is hereby given that the Sixty fourth Annual General Meeting of the Shareholders of the Company will be held at 10.00 A.M. on Friday the 18th August, 2000 at P.A.C. Ramasamy Raja Centenary Memorial Community Hall, P.A.C. Ramasamy Raja Salai, Rajapalaiyam to transact the following business.

1. To receive and adopt the Profit and Loss Account for the year ended 31-03-2000 and the Balance Sheet as at that date and the Directors' and Auditors' Report thereon.
2. To declare dividend for the year 1999-2000.
3. (a) To appoint a Director in place of Shri P.R. Venketrama Raja who retires by rotation and is eligible for re-appointment.
(b) To appoint a Director in place of Shri. S.S. Ramachandra Raja who retires by rotation and is eligible for re-appointment.
(c) To appoint a Director in place of Shri N.K. Ramasuwarni 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.

SPECIAL BUSINESS :

5. To pass with or without Modification the following as an ordinary resolution under Sec.293(1) (d) of the Companies Act, 1956.

"that the Board of Directors of the Company be and they are hereby authorised to contribute to charitable and other funds such sums not exceeding Rs.25,00,000/- (Rupees Twenty five lakhs only) in any financial year in addition to the contribution of a sum not exceeding 3% of the net profit to the P.A.C. Ramasamy Raja Memorial Fund".

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

Resolution No.5

By the Articles of Association of the Company, the Company has to contribute a sum not exceeding 3% of the net profit to the P.A.C. Ramasamy Raja Memorial Fund. At the Extra-ordinary General Meeting held on 27.04.1990 the company has authorised the Board of Directors to contribute a sum not exceeding Rs. 15,00,000/- to Charitable and other funds. In view of the increased social obligations it is necessary to increase the limit to Rs. 25,00,000/-. This will be in addition to the contribution to the P.A.C. Ramasamy Raja Memorial Fund as mentioned above. Hence the above resolution.

Rajapalaiyam,
29th May, 2000.

By Order of the Board of Directors,
P.R. Ramasubrahmaneya Rajha,
Chairman.

NOTE :

1. The Register of Members of the Company will be closed from 10th August 2000 to 18th August 2000 (both days inclusive).
2. Every member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself. Such proxy need not be a member of the company.
3. Pursuant to the provisions of the erstwhile sub section (5) of Section 205-A of the Companies Act, 1956 the dividends upto the financial year 1994-95 which remained unclaimed, have been transferred to the General Revenue Account of the Central Government. The concerned shareholders are requested to claim the amount from the Registrar of Companies, Tamilnadu. In case any assistance is required, please write to the Company at its Registered Office. In accordance with the amended provision of Section 205-A(5), (amended by the companies (Amend), Ordinance, 1999), the unclaimed dividends pertaining to the years from 1995-96 would remain with the Company for a period of 7 years, upon expiry of which they will be transferred to a fund to be established by the Central Government called The Investor Education and Protection fund.



DIRECTORS' REPORT

Ladies and Gentlemen,

Your Directors have pleasure in presenting their Sixty fourth Annual Report on the working of the Company together with the Balance Sheet and Profit and Loss Account for the year ended 31st March, 2000.

WORKING RESULTS:

The working for the year after charging all expenses but before Interest and Depreciation had resulted in an operating profit of Rs.25,44,31,119/-.

After charging Interest amounting to Rs.6,18,77,885/- and providing Depreciation for Rs.9,03,42,258/- the working had resulted in a Net Profit of Rs.10,22,10,976/-. After taking into account a sum of Rs.1,26,67,522/- being the surplus carried over from the last year and also the payment of Interim Dividend @ 30% amounting to Rs.90,37,740/- there is a balance of Rs.10,58,40,758/-, your Directors propose to appropriate the same as follows:-

	Rs.
Donation	: 12,84,500
Contributions to P.A.C.Ramasamy Raja Memorial Fund	: 20,00,000
Tax on Interim Dividend	: 9,94,151
Provision for Taxation (MAT)	: 20,00,000
Transfer to General Reserve	: 9,00,00,000
Balance Carried Over to Balance Sheet	: 95,62,107
TOTAL	: 10,58,40,758

TAXATION

The tax liability for this year is only under the Minimum Alternate Tax (MAT) in view of the unabsorbed allowances brought forward from earlier years and other allowances available under the Income Tax Act. The tax paid under MAT will be available for set off in the year of regular income tax liability.

DIVIDEND

Your Directors have declared an Interim dividend @ 30% for the year and this may please be treated as final dividend. The dividend declared is tax free in the hands of the shareholders as per the provisions of Finance Act, 1997. Hence, the Company will not be deducting tax at source on the dividend. However, the Company will be paying distributive tax on this dividend.

TRADE CONDITIONS

During the year under review, your company has achieved better results compared to last year. This was possible mainly due to saving in raw material cost by judicious and timely purchase of cotton. Though there were adverse factors like steep increase in power tariff and other input costs, the Company could achieve better results by maintaining high level of quality yarn and adopting cost effective measures.

SHRI RAMCO BIOTECH (RESEARCH & DEVELOPMENT)

Shri Ramco Biotech (Research & Development) commenced commercial operation from May,2000. This unit will contribute earnings in foreign exchange for the current year.



DIRECTORS' REPORT (Contd.)

MODERNISATION

The Ministry of Textiles, Government of India, has launched a Technology Upgradation Fund Scheme for Textile Industry effective from 01.04.99. Under the scheme interest reimbursement of 5% has been provided to the eligible textile mills for investments in technologically improved machineries and repayment of principal in 8 years including moratorium period of 2 years. Your Directors are pleased to inform you that your company has undertaken a modernisation programme under this scheme at a cost of about Rs.30 Crores. M/s. State Bank of India has sanctioned the necessary loan under the Technology Upgradation Fund Scheme and also term Loan. Machineries like High Production Cards, Combers etc., have already been installed under this Scheme so far and more machines will be added during current year.

Under this modernisation scheme, one frame of Hi-tech cotton spinning system called EliTe Spinning, imported from Germany, is being installed. After satisfying ourselves with the results, we will be installing a total of 6048 spindles working under this system. We expect the yarn produced in this type of frames will have good demand in export markets.

HFO POWER PLANT

The Company, in order to ensure full and uninterrupted power supply at economical cost, is in the process of installing Power Plants using Furnace Oil with a total capacity of 6.36 MW at a cost of about Rs. 16 Crores. The plant is expected to be commissioned by July, 2000. This investment will bring down the power cost. This project has also been financed under Technology Upgradation Fund Scheme.

EXPORT

On the export front during the year, we have exported Melange Yarn for a value of Rs. 3.22 Crores from Rajapalayam Mills Limited and cotton yarn from our Export Oriented Units for a value of Rs. 47.17 Crores. The total exports during the year is Rs. 50.39 Crores, an increase of Rs. 4.05 Crores over the last year.

Your Directors are thankful to M/s. Mitsubishi Corporation, M/s. Doko Spinning Co.Ltd., M/s. Uniace Ltd. and M/s. Unitika Ltd., Japan for their continued support and efforts for promotion of exports to Japan and other countries.

CURRENT YEAR

It is expected that the cotton price will remain steady and also the market movement of cotton yarn is normal. The company is maintaining high standards of quality yarn, cost effective production and stringent waste control measures. Your directors are confident of achieving satisfactory working result despite various fluctuation in textiles industry.

RETIREMENT OF DIRECTORS

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

1. Shri P. R. Venketrama Raja
2. Shri S.S. Ramachandra Raja
3. Shri N.K. Ramasuwami Raja

PUBLIC DEPOSIT

No deposit that has become due for payment on or before 31st March, 2000 remains unpaid.

DIRECTORS' REPORT (Contd)



Y2K COMPLIANT

The Company is fully Y2K Compliant.

GENERAL

The particulars of employees as required under Sec. 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 and information as required under Companies (Disclosure of particulars with Report of Directors) Rules 1988 are annexed to this report.

Your Directors are thankful to M/s. State Bank of India and M/s. Industrial Development Bank of India for their continued financial support.

LISTING

The Company's shares are listed with

M/s. Madras Stock Exchange Ltd,
Exchange Building,
P.B. No. 183, 11, Second Line Beach,
CHENNAI - 600 001.

The Company has paid listing fees to the Stock Exchange for the financial year 2000-2001.

AUDITORS

M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants, Tiruchirapalli and M/s. Ramakrishna Raja And Co., Chartered Accountants, Madurai, Auditors of the Company retire and are eligible for re-appointment.

Rajapalaiyam,
29th May, 2000.

By Order of the Board,
P.R. Ramasubrahmaneya Rajha,
Chairman.



ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2000

Information pursuant to Section 217(2A) of the Companies Act, 1956 and Companies
(Particulars of Employees) Rules 1975.

Sl. No.	Name of Employee	Age	Designation/ Nature of Duties	Remuneration paid/payable Rs.	Qualification & Experience (Years)	Date of Commence- ment of Employment	Last Employ- ment
1.	Shri S.R. Rajagopalan	76	President	11,39,713	Textile Technology (57 years)	18-06-1943	—
2.	Shri S.N. Subramanian	69	Vice-President (Personnel)	6,53,211	B.A., B.T., (45 years)	05-12-1954	—
3.	Shri S. Kanthimathinathan	57	General Manager	6,65,449	M.Sc. Tech. (Manchester), C. Text., F.T.I. (Fellow of the Textile Institute, U.K.), M.B.A., A.C.I. Arb. (Associate of the Chartered Institute of Arbitrators, London) (37 years)	02-06-1995	5 years as Senior General Manager of Soundararaja Mills, Dindigul.

Note :

1. Nature of Employment of the above employees is permanent.
2. Remuneration includes Salary, House Rent Allowance, Bonus, Leave Salary, Company's contribution to Provident Fund, Gratuity Fund and Superannuation Fund.
3. The above employees are not related to any Director of the Company.



ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2000

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY:

- (a) Energy conservation measures taken : The Energy Conservation measures initiated in 1999-2000.
- a. The practice of computing monthly UKG (40s converted) is continued to monitor improvement over months.
 - b. The Spinning drafting was converted to spring loading from pneumatic to conserve energy due to stopping of compressed air (21 frames changed).
 - c. The Tin Roller drive was changed to individual pulley in Spinning in all the frames (Power saving about 3.5%).
 - d. Plant Rooms and Compressors were judiciously operated.
 - e. The air-leakage in the Compressor air lines and machines was completely arrested and air-tight fittings provided.
 - f. Gensets using Furnace oil, cheaper than Diesel, are being installed. Saving expected is Rs. 1.00 per unit.
 - g. Electronic ballasts were provided in about 300 Tubelight fittings.
- (b) Additional investments and proposals if any : —
being implemented for reduction of consumption of energy.
- (c) Impact of the measures at (a) and (b) : —
above for reduction of energy consumption and consequent impact on the cost of production of goods.
- (d) Total energy consumption/unit of production of goods : Particulars given in Form A

B. TECHNOLOGY ABSORPTION:

- (e) Efforts made in Technology Absorption : Particulars given in Form B

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

- (f) i) Activities relating to exports : Exporting Cotton Yarn to Japan, Australia and New Zealand
- ii) Initiatives taken to increase exports
 - iii) Development of new export markets for products and services
 - iv) Export Plans
- We are also exploring the possibilities of exporting yarn to western countries including EEC countries.
- (g) i) Total foreign exchange used : Rs. 2201 lakhs
- ii) Total foreign exchange earned : Export of Cotton Yarn - Rs.5039 lakhs (F.O.B. value)



FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION:

1. Electricity

(a) Purchased

		Current Year	Previous Year
Unit KWH		2,93,52,418	2,62,96,476
Total Amount	Rs.	11,48,64,920	9,32,90,918
Rate/unit	Rs.	3.913	3.548

(b) Own Generation

(i) Through Diesel generator	KWH	1,04,23,593	1,37,45,015
Unit/litre of diesel oil	KWH	3.77	3.59
Cost per unit	Rs.	2.87	2.58

(ii) Through Steam turbine/generator

Units

Units/litre of fuel oil/gas

Cost/unit

2. Coal (specify quality and where used)

Quantity (tonnes)

Total Cost Rs.

Average rate

3. Furnace oil

Quantity (k. ltrs)

Total amount

Average rate

Not applicable

4. Others/internal generation
(please give details)

Quantity (Tonnes)

Total Cost

Rate/Unit (Tonne)

B. CONSUMPTION PER UNIT OF PRODUCTION

Products (with details) : Cotton Yarn - Kgs.

Electricity (Unit/Kg) 5.157 5.553

(Based on 40s converted production)

Note : 1. No standard Rate of consumption can be given as several factors enter into the picture.

2. As the Company is producing different counts of Yarn separate details for each count are not given.



FORM B
FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company : Plant Tissue Culture
 - a. To control genetic variation in various banana clones.
 - b. Collection and evaluation of potential ornamental banana plants for market development.
 - c. Micropropagation system Development : System and process development is underway for Musa, Cannas, Hedichium and varigated Cordylines for our overseas customers.
 - d. Dihaploid production in Gerbera : We have undertaken anther and pollen culture of Gerbera varieties for dihaploid production. This would help us to produce pure breeding lines for production of newer varieties.
 - e. Autotrophic micro-propagation : In Dendrobium Orchids for lowering production cost.
 - f. Control of segregation of varigated cultures in micropropagation process.
2. Benefits derived as a result of the above R & D
 - a. The genetic variations in Dwarf Cavendish T.C. banana population has been reduced to an acceptable limit.
 - b. We have introduced four new Anthurium cut flower variants to domestic market.
 - c. We have developed micropropagation system for varigated Yucca and Cordylines. We have also completed pilot scale trial of Yucca and Cardylines production at our new facility at Bangalore. The sample plants are sent to customers abroad for evaluation.
3. Future course of action
 - a. To Commission virus indexing lab at our new facility at Nelamangala, Bangalore rural Dist.
 - b. Value addition in tissue cultured plants of Canna and Hedichium, species.
 - c. Develop regenerating cultures from Ornamental Musa species.
4. Expenditure on R & D

(a) Capital	: Rs. 874 Lakhs
(b) Recurring	: Rs. —
(c) Total	: Rs. 874 Lakhs
(d) Total R & D expenditure as a percentage of total turnover	: 7.80%

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.
2. Benefits derived as a result of the above efforts e.g., product improvement, cost reduction, product development import substitution, etc.
 - (a) Technology imported
 - (b) Year of import
 - (c) Has technology fully absorbed?
 - (d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.

Not applicable