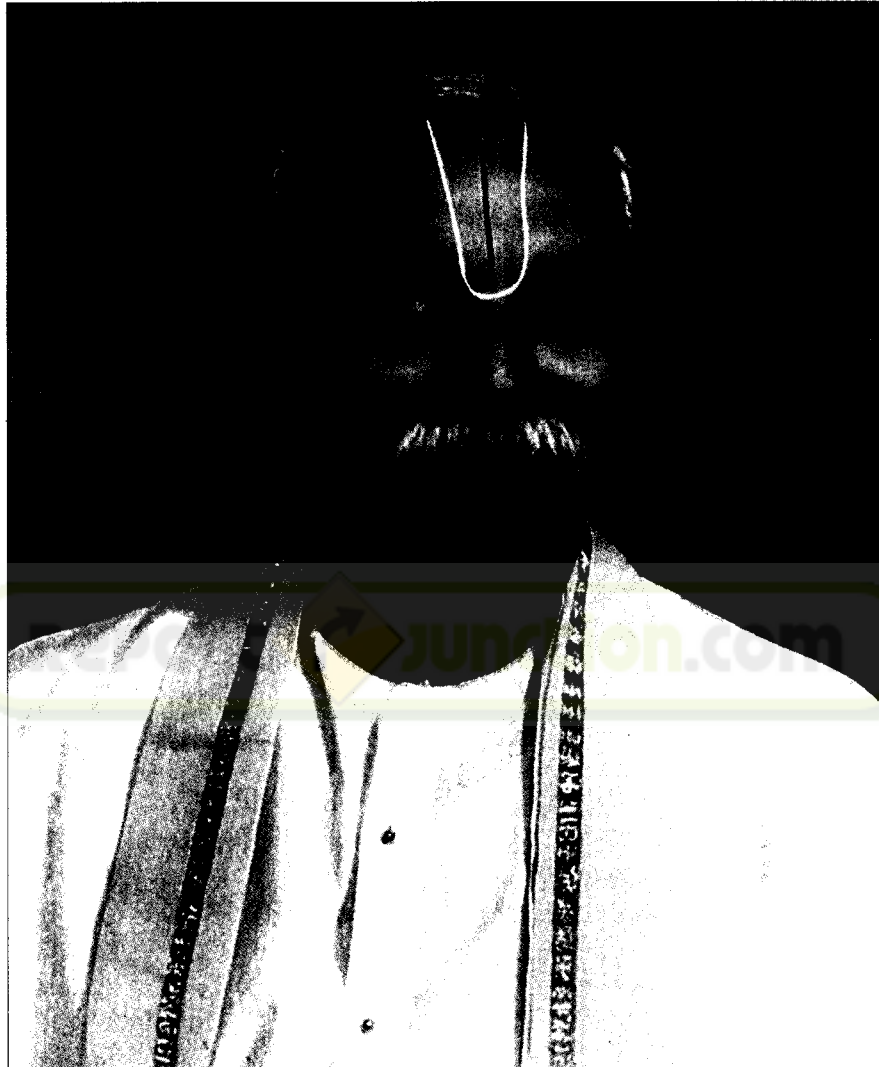


FOUNDER



SHRI P.A.C. RAMASAMY RAJA



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RAJAPALAYAM MILLS LIMITED  
RAJAPALAIYAM

**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

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**

M/s. M.S. JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants, Tiruchirapalli.

M/s. RAMAKRISHNA RAJA & 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 seventh Annual General Meeting of the Shareholders of the Company will be held at 10.00 A.M. on Thursday, the 7<sup>th</sup> August, 2003 at P.A.C. Ramasamy Raja Centenary 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 31.03.2003 and the Balance Sheet as that date and the Directors' and Auditors' Report thereon.
2. To declare divided for the year 2002-2003.
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. Ramasuwami 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.

Rajapalaiyam,  
16<sup>th</sup> June, 2003.

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 1<sup>st</sup> August, 2003 to 7<sup>th</sup> August, 2003 (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 shareholder 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 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 Seventh Annual Report on the working of the Company together with the Balance Sheet and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2003.

### WORKING RESULTS :

The working for the year after charging all expenses but before providing Interest and Depreciation had resulted in an operating profit of Rs.33,86,32,300/-.

After charging Interest amounting to Rs.8,62,13,721/- and providing Depreciation for Rs.14,46,11,568/- the working had resulted in a Profit before tax of Rs.10,78,07,011/-. After providing for income tax Rs.25 lakhs and Deferred tax Rs. 128 lakhs, the profit after tax is Rs.9,25,07,011/-. After taking into account a sum of Rs.1,03,69,060/- being the surplus carried over from last year there is a balance of Rs.10,28,76,071/- available for appropriation. Your Directors propose to appropriate the same as follows :-

	Rs.
Proposed Dividend @ 40%	1,20,50,320
Tax on Dividend @ 12.81%	15,43,947
Transfer to General Reserve	7,90,00,000
Balance Carried over to Balance Sheet	1,02,81,804
<b>TOTAL</b>	<b>10,28,76,071</b>

### DIVIDEND :

Your Directors have pleasure in recommending a dividend of 40% for the year. This dividend is not taxable in the hands of the shareholders as per the Finance Act, 2003. However, the company is liable to pay tax @ 12.81% on the amount of dividend declared.

### TAXATION :

An amount of Rs. 153 Lakhs has been provided for Income Tax. However, the cash outflow for Income-tax is only Rs. 25 Lakhs under the provisions of MAT. The balance of Rs. 128 Lakhs has been provided towards Deferred Tax Liability for the current year.

**DIRECTORS' REPORT (Contd.,)**

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**TRADE CONDITIONS :**

The raw material cost prevailed at reasonable level during the first three quarter of the year. However the cotton price increased during the last quarter of the year. There was increase in power & fuel cost during the year due to steep increase in furnace oil price. There was fall in yarn prices due to the sluggish market conditions. Despite these adverse factors your directors were able to achieve increased profitability due to better product mix, reduction in interest cost by availing loans at lower rate of interest and other cost reduction measures. Also, the modernisation of units with the latest state-of-the-art technology machines has improved the productivity resulting in improved working results.

**SHRI RAMCO BIOTECH (RESEARCH & DEVELOPMENT) :**

The high quality plants developed through continued Research and Development of this unit has earned a good name in export market in U.S.A. and U.K. The order position is showing an increased trend. We hope this division will soon contribute its share to the company.

**MODERNISATION :**

As a part of continuous intensive modernisation programme to face the Global challenges in the textile trade, the company has installed state-of the-art textile machines at a cost of Rs.11.30 crores under Technology Upgradation Fund (TUF) Scheme.

**EXPORT :**

On the export front during the year, we have exported Cotton Yarn for a value of Rs.15.75 Crores from Rajapalayam Mills Limited and Rs.52.46 Crores from our Export Oriented Units. The total exports during the year is Rs.68.21 Crores.

Shri Ramco Bio-Tech, our Tissue Culture Unit, has exported live plantlets for a value of Rs.1.19 Crores to U.K., Netherlands, France and U.S.A.

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 PROSPECTS :**

The market conditions continue to be sluggish and cotton prices on the increasing trend. However in view of the benefits of modernization, your directors hope that the profit will be maintained in the current year also.



## DIRECTORS' REPORT (Contd.,)

### 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

### DIRECTOR'S RESPONSIBILITY STATEMENT :

In terms of Section 217 (2AA) of the Companies Act, 1956, the Directors would like to state that :-

1. In the preparation of Annual Accounts for the year ended 31<sup>st</sup> March 2003, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The Directors had selected such accounting policies and applied them consistently and made judgements 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 ended 31<sup>st</sup> March, 2003 and of the profit of the Company for that period;
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the annual accounts on a going concern basis.

### PUBLIC DEPOSIT :

No deposit that has become due for payment on or before 31<sup>st</sup> March, 2003 remains unpaid.

### CORPORATE GOVERNANCE :

The report on Corporate Governance is attached as Annexure III.

### 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, M/s.ICICI Bank Ltd and M/s.IDBI Bank Ltd for their continued financial support.



**DIRECTORS' REPORT (Contd.,)**

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**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 had paid listing fees to the Stock Exchange for the financial year 2003 - 2004.

**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,  
16<sup>th</sup> June, 2003.

On Behalf of the Board,  
For Rajapalayam Mills Limited,  
P.R.Ramasubrahmaneya Rajha,  
Chairman.





## ANNEXURE I TO DIRECTORS' REPORT FOR THE YEAR ENDED 31.03.2003

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 measure taken  | : a. The practice of computing monthly UKG (40s converted) being continued to monitor monthly fluctuation.                                      |
|  | b. Plant Rooms and Compressors were judiciously operating, using Inverter Drives.   |
|  | c. The air-leakage in the compressor pipe lines and in the machines are checked monthly once and deviation are corrected by using pump up test. |
|  | d. Installation of Wind Mills is under serious contemplation.   |
| (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, Korea, Thailand, Honduras, Malaysia, Dominican Republic, China Indonesia & Italy.       |
| ii) Initiatives taken to increase exports                        | We are also exploring the possibilities of exporting yarn to western countries including EEC Countries.                   |
| iii) Development of new export markets for products and services |   |
| iv) Export Plans   |   |
| (g) i) Total foreign exchange used                               | : Rs. 1178 Lakhs  |
| ii) Total foreign exchange earned                                | : Export of Cotton Yarn - Rs.6821 Lakhs (F.O.B.Value)<br>Export of Tissue Culture Plants - Rs.102.66 Lakhs (F.O.B. Value) |



**FORM A****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT CONSERVATION OF ENERGY.****A. POWER AND FUEL CONSUMPTION :**

		<b>Current Year</b>	<b>Previous Year</b>
<b>1. Electricity</b>			
(a) Purchased			
Units	KWH	<b>23,74,514</b>	55,40,424
Total Amount	Rs.	<b>1,91,38,991</b>	3,00,94,844
Rate/unit	Rs.	<b>8.060</b>	5.432
(b) Own Generation			
(i) Through Diesel Generator	KWH	<b>9,27,158</b>	12,02,384
Unit / litre of diesel oil	KWH	<b>3.241</b>	3.413
Cost per unit	Rs.	<b>4.919</b>	4.558
(ii) Through HFO Gen Sets	KWH	<b>4,03,58,280</b>	3,54,23,495
Unit/litre of Furnace Oil	KWH	<b>3.725</b>	3.708
Oil Cost per unit	Rs.	<b>2.844</b>	2.626

**B. CONSUMPTION PER UNIT OF PRODUCTION :**

Products (with details) : Cotton Yarn - Kgs.

Electricity (Unit/Kg.)	<b>5.481</b>	5.361
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(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. Standardisation of meristem cloning in commercial caladium cultivars.
  - b. Varietal improvement of Anthurium through induced mutation and hybridization.
  - c. Control of mutations in tissue culture induced buds in Gerbera and day lillies.
  - d. Standardisation of cost effective micropropagation system development in imported clone of Grandnaine Banana
  - e. Stabilisation of variegated shoots in micropagation process
  - f. To develop two stage process for Cordyline
2. Benefits derived as a result of the above R & D
  - a. The Imported banana cultures were used in our protocol to produce plants which showed less than 2% variation in greenhouse level.
  - b. Micropropagation system is developed for propagation of caladium
3. Future course of action.
  - a. To develop protocol for imore-meristem culture of caladiums
  - b. Develop a protocol for detection of virusus in cultures of micropogated plant.
  - c. Dihaploid plants in gerbera cultivars
  - d. Improvement of existing production systems of Banana, Anthuriums and Cordylines to produce plant in a cost effective method.
  - e. Use of chemicals to control microbial contamination in culture media.

**Expenditure on R & D**

a. Capital	:	Rs. 9.09 Lakhs
b. Recurring	:	Rs. 55.13 Lakhs
c. Total	:	Rs. 64.22 Lakhs
d. Total R & D expenditure as percentage of Total Turnover	:	0.55 %

**Technology absorption, adaption and innovation**

1. Efforts, in brief, made, towards technology absorption 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 therefore and future plants of action.

Not Applicable