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**RAJAPALAYAM  
MILLS  
LIMITED**  
RAJAPALAIYAM



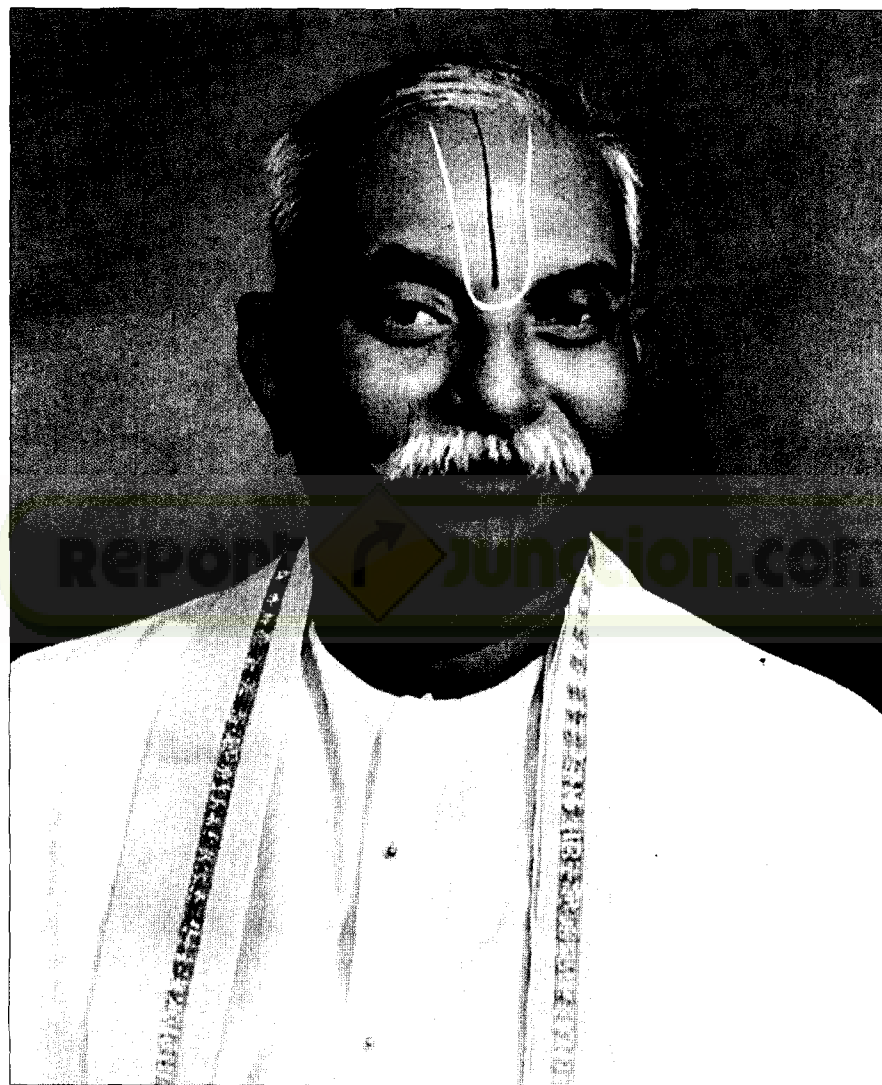
Our Chairman presenting a memento to Mr.Teruo Sasaki,President of M/s.Unitika Ltd,Japan.

Our Chairman and General Manager with Mr.Katsumi Kinoshita (left),Mr.Masaki Sudo (centre) and Mr.Shun Kagawa (right),high officials of M/s.Mitsubishi Corporation,Head Quarters in Tokyo.



Our Chairman presenting a memento to Mr.Ryozo Tachikawa, President of M/s.Docobo Co.Ltd.,Japan,during their visit to Japan.

FOUNDER



SHRI P.A.C. RAMASAMY RAJA



## RAJAPALAYAM MILLS LIMITED

### 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.

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

Shri P.S. JAGANATHA RAJA

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

Shri V.S. VEMBAN

### Bankers

Canara Bank

Citi Bank, N.A.

HDFC Bank Ltd

HSBC Ltd

IDBI Bank Ltd

Indian Bank

Karur Vysya Bank

Standard Chartered Bank

State Bank of India

Tamilnad Mercantile Bank Ltd

UTI Bank

### Registered Office

Rajapalayam Mills Premises,  
Post Box No.1, P.A.C. Ramasamy Raja Salai,  
Rajapalaiyam,  
Tamilnadu.

### Auditors

M/s. M.S. Jagannathan & N. Krishnaswami,  
Chartered Accountants,  
31, Premier Flats, Karur Bypass Road,  
Tiruchirappalli – 620 002,  
Tamilnadu.

M/s. Ramakrishana Raja and Co.,  
Chartered Accountants,  
5, N.C.C. Office Road,  
Visalakshipuram,  
Madurai - 625 014,  
Tamilnadu.

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## RAJAPALAYAM MILLS LIMITED, RAJAPALAYAM

### NOTICE TO THE MEMBERS

Notice is hereby given that the 71<sup>st</sup> Annual General Meeting of the Shareholders of the Company will be held at 10.00 A.M. on Wednesday the 25<sup>th</sup> July, 2007 at P.A.C.Ramasamy Raja Centenary Community Hall, P.A.C.Ramasamy Raja Salai, Rajapalaiyam to transact the following business:

#### Ordinary Business :

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2007 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the year 2006-2007.
3. a) To appoint a Director in the place of Shri P.R.Venketrama Raja who retires by rotation and is eligible for re-appointment.  
b) To appoint a Director in the place of Shri P.S.Jaganatha Raja who retires by rotation and is eligible for re-appointment.  
c) To appoint a Director in the place of Shri V.S.Vemban who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and, if thought fit, to pass with or without modification the following Resolution as an ORDINARY RESOLUTION:

“RESOLVED that M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants and M/s. Ramakrishna Raja and Co., Chartered Accountants be and are hereby jointly appointed as Auditors of the Company to hold Office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting on a remuneration of Rs. 90,000/- (Rupees Ninety thousand only) each, exclusive of out-of-pocket expenses”.

#### Special Business :

5. 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.360 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”.

RAJAPALAIYAM,  
28<sup>th</sup> April, 2007.

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



## NOTICE

### NOTES:

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No.5 of the Notice is annexed hereto;
2. The Register of Members of the Company will be closed from 20-07-2007 to 25-07-2007 (both days inclusive);
3. 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;
4. 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;
5. Under the provisions of Section 205C 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 details of due dates for transfer of such unclaimed dividend to the said Fund are given below:

FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	LAST DATE FOR CLAIMING UNPAID DIVIDEND	DUE DATE FOR TRANSFER TO IEP FUND
31-03-2001	03-08-2001	02-08-2008	31-08-2008
31-03-2002	12-08-2002	11-08-2009	09-09-2009
31-03-2003	07-08-2003	06-08-2010	04-09-2010
<u>31-03-2004</u>			
Interim Dividend	15-12-2003	14-12-2010	12-01-2011
Final Dividend	05-08-2004	04-08-2011	02-09-2011
<u>31-03-2005</u>			
First Interim Dividend	15-09-2004	14-09-2011	12-10-2011
Second Interim Dividend	31-01-2005	30-01-2012	28-02-2012
Final Dividend	12-08-2005	11-08-2012	09-09-2012
<u>31-03-2006</u>			
First Interim Dividend	24-10-2005	23-10-2012	21-11-2012
Second Interim Dividend	31-01-2006	30-01-2013	29-02-2013
Final Dividend	28-07-2006	27-07-2013	25-08-2013





## NOTICE

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### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

#### ITEM NO. 5

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. 360 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 concerned or interested in the resolution.

RAJAPALAIYAM,  
28<sup>th</sup> April, 2007.

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



## NOTICE

### ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING.

#### 1. Shri. P.R.Venketrama Raja

Shri P.R.Venketrama Raja, aged 48, has a Bachelor's degree in Chemical Engineering from University of Madras and Masters in Business Administration from University of Michigan, USA.

He has been on the Board of Rajapalayam Mills Ltd Since 1986.

He is a Member in the investor Grievances Committee of the Company.

He holds 3,72,280 shares in the Company.

He is the son of Shri.P.R.Ramasubrahmaneya Rajha, Chairman of the Company.

He is also a Director in the following Companies-

1. Ramco Industries Limited (Vice-Chairman & Managing Director)
2. Ramco Systems Limited (Vice-Chairman & Managing Director)
3. Madras Cements Ltd
4. The Ramaraju Surgical Cotton Mills Ltd
5. Thanjavur Spinning Mill Ltd
6. Sri Vishnu Shankar Mill Ltd
7. Sandhya Spinning Mill Ltd
8. Sri Sandhya Farms (India) Pvt. Ltd.
9. Sri Saradha Deepa Farms Private Ltd
10. Ramamandiram Agricultural Estate Private Ltd
11. Nalina Agricultural Farms Private Ltd
12. Sudharsanam Investments Ltd
13. Ramco Systems Corporation, USA
14. Ramco Systems Ltd, Switzerland
15. Ramco Systems Sdn Bhd., Malaysia
16. Ramco Systems Pte. Ltd., Singapore
17. Sri Ramco Lanka (Private) Limited, Sri Lanka
18. RCDC Securities and Investments Private Ltd.
19. Nirmala Shankar Farms & Estates Private Ltd.
20. Sri Nithyalakshmi Farms Private Ltd
21. Ram Sandhya Farms Private Ltd.
22. Ramco Infotech Solutions Ltd.
23. RSL Enterprise Solutions (Pty) Ltd., South Africa
24. Sri Harini Textiles Limited





## NOTICE

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### 2. Shri. P.S.Jaganatha Raja

Shri P.S.Jaganatha Raja, aged 73 years, has been on the Board since 1982. He holds 3,180 shares in the Company.

He is a Member in the following Committees of the Company:

- a) Audit Committee
- b) Remuneration Committee

### 3. Shri. V.S.Vemban

Shri.V.S.Vemban, aged 60 years, has been on the Board since 1978. He holds 2,080 shares in the Company.





## DIRECTORS' REPORT

### To the Members

Your Directors have pleasure in presenting their 71<sup>st</sup> Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2007.

### FINANCIAL RESULTS

The financial results for the year ended 31<sup>st</sup> March, 2007 after charging all expenses and contribution to P.A.C.Ramasamy Raja Memorial Fund of Rs. 50,00,000/- which is within the limits laid in the Articles of Association, but before deducting interest and providing depreciation has resulted in operating profit of Rs. 57,56,68,552/-.

After deducting Rs.10,85,15,799/- towards interest cost and providing Rs. 23,23,54,069/- towards Depreciation, the Net Profit for the year is Rs. 23,47,98,684/-. Adding the surplus of Rs. 1,12,20,800/- brought forward from the previous year, your Directors propose to appropriate the total sum of Rs. 24,60,19,484/- as detailed below:

		Rs.
Provision for Taxation	- Current Tax - MAT	2,20,00,000
	- Deferred Tax	4,50,00,000
	- Fringe Benefit Tax	15,00,000
First Interim Dividend	@ 30% (P.Y. - 25%)	1,05,37,740
Second Interim Dividend	@ 30% (P.Y. - 25%)	1,05,37,740
Tax on Interim Dividends	@ 14.025%	29,55,838
Final Dividend	@ 60% (P.Y. - 50%)	2,10,75,480
Tax on Final Dividend	@ 16.995%	35,81,778
Transfer to General Reserve		11,00,00,000
Balance carried over to Balance sheet		1,88,30,908
		<u>24,60,19,484</u>

### DIVIDEND

Your Directors have pleasure in recommending a final dividend of 60%. Together with the 1<sup>st</sup> Interim dividend of 30% and 2<sup>nd</sup> Interim dividend of 30% paid during the year, the total dividend for the year is 120 %. The total amount of dividend outgo including interim dividends for the year will be Rs. 4,21,50,960/-. The amount of tax on dividends (including tax on interim dividends already paid) would be Rs. 65,37,616/-.

### TAXATION

An amount of Rs. 685 Lakhs has been provided for Income-Tax (MAT), Fringe Benefit Tax and Deferred Tax. However, the cash outflow for Income-Tax is only Rs. 235 Lakhs under the provisions of MAT and FBT. The balance of Rs. 450 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.