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**RAJAPALAYAM
MILLS
LIMITED**
RAJAPALAIYAM



Mr. G. Checchini, Managing Director of Iitema Spinning India Ltd (Savio) presenting "**Golden Drum**" to our Chairman Shri. P.R. Ramasubrahmaneya Rajha for the largest installation of Autoconers in India.

Our Chairman honouring Mr. Hitoshi Yamaguchi, Director of M/s. Unitika Textiles Ltd., Japan during his visit to our Mills.



Our Executives with Japanese Customers 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

Shri A.V. DHARMAKRISHNAN, B.Com., ACA.,

Bankers

Axis Bank

Canara Bank

Citi Bank, N.A.

HDFC Bank Ltd

HSBC Ltd

IDBI Bank Ltd

Indian Bank

ICICI Bank

Karur Vysya Bank

Punjab and Sind Bank

Standard Chartered Bank

State Bank of India

Tamilnad Mercantile Bank Ltd

Registered Office

Rajapalayam Mills Premises,
Post Box No.1, P.A.C. Ramasamy Raja Salai,
Rajapalaiyam - 626 117,
Tamil Nadu.

Website :

www.rajapalayammills.co.in

Auditors

M/s. M.S. Jagannathan & N. Krishnaswami,
Chartered Accountants,
27, Premier Flats, Karur Bypass Road,
Tiruchirapalli – 620 002,
Tamil Nadu.

M/s. Ramakrishna Raja And Co.,
Chartered Accountants,
1-D, Shanthinikethan,
VP Rathinasamy Nadar Road,
Madurai - 625 002,
Tamil Nadu.

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RAJAPALAYAM MILLS LIMITED, RAJAPALAYAM

NOTICE TO THE MEMBERS

Notice is hereby given that the 73rd Annual General Meeting of the Company will be held at 10.00 A.M. on Thursday the 6th August, 2009 at P.A.C.Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C.Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu to transact the following business:

Ordinary Business :

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2009 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the year 2008-2009.
3.
 - a) To appoint a Director in the place of Dr. K.T. Krishnan, who retires by rotation and is eligible for re-appointment.
 - b) To appoint a Director in the place of Shri P.R. Venketrama Raja, who retires by rotation and is eligible for re-appointment.
 - c) To appoint a Director in the place of Shri P.S. Jaganatha Raja, 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. 1,10,000/- (Rupees One Lakh Ten Thousand Only) each, exclusive of out-of-pocket expenses".

By Order of the Board
For RAJAPALAYAM MILLS LTD.,

RAJAPALAIYAM,
25th May, 2009.

P.R.RAMASUBRAHMANEYA RAJHA
CHAIRMAN



NOTICE

NOTES:

1. 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;
2. 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;
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 01-08-2009 to 06-08-2009 (both days inclusive);
4. The dividend, on declaration, will be paid in respect of shares held in physical form to the shareholders whose names appear in the Register of Members as on 06-08-2009 and in respect of shares held in electronic form to the beneficial owners whose names appear in the list furnished by the Depositories for this purpose as on 31-07-2009;
5. The Securities and Exchange Board of India has made it mandatory for all Companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend;
6. 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 (IEP 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 |
|-------------------------|---------------------------------|--|-----------------------------------|
| 31-03-2002 | 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 | 28-02-2013 |
| Final Dividend | 28-07-2006 | 27-07-2013 | 25-08-2013 |
| <u>31-03-2007</u> | | | |
| First Interim Dividend | 23-10-2006 | 22-10-2013 | 20-11-2013 |
| Second Interim Dividend | 25-01-2007 | 24-01-2014 | 22-02-2014 |
| Final Dividend | 25-07-2007 | 24-07-2014 | 22-08-2014 |
| <u>31-03-2008</u> | | | |
| First Interim Dividend | 24-10-2007 | 23-10-2014 | 21-11-2014 |
| Second Interim Dividend | 16-01-2008 | 15-01-2015 | 13-02-2015 |
| Final Dividend | 06-08-2008 | 05-08-2015 | 03-09-2015 |



NOTICE

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

1. Dr. K.T. Krishnan

Dr. K.T. Krishnan, M.D. aged 69 years, is Managing Director of Thanjavur Spinning Mill Ltd. He has been on the Board of Rajapalayam Mills Ltd. since 1986.

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

Audit Committee

Remuneration Committee

He has no shareholding in the Company.

He is also a Director in the following Companies : -

Sri Vishnu Shankar Mill Ltd.

Sandhya Spinning Mill Ltd.

Sudarsanam Investments Ltd.

2. Shri P.R. Venketrama Raja

Shri P.R. Venketrama Raja, aged 50 years, has a Bachelor Degree in Chemical Engineering from University of Madras and Master 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 Investors Grievance Committee of the Company.

He holds 3,72,280 Equity 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 :-

Ramco Industries Ltd. (Vice - Chairman & Managing Director)

Ramco Systems Ltd. (Vice - Chairman & Managing Director)

Madras Cements Ltd.

The Ramaraju Surgical Cotton Mills Ltd.

Sri Vishnu Shankar Mill Ltd.



NOTICE

Sandhya Spinning Mill Ltd.
Thanjavur Spinning Mill Limited
Sudarsanam Investments Ltd.
Sri Sandhya Farms (India) Pvt. Ltd.
Sri Saradha Deepa Farms Pvt. Ltd.
Ramamandiram Agricultural Estate Pvt. Ltd.
Nalina Agricultural Farms Pvt. Ltd.
Nirmala Shankar Farms & Estates Pvt. Ltd.
RCDC Securities and Investments Pvt. Ltd.
Sri Nithyalakshmi Farms Pvt. Ltd.
Ram Sandhya Farms Pvt. Ltd.
Sri Harini Textiles Ltd.
Rajapalayam Spinners Pvt. Ltd.
Ramco Systems Corporations, USA
Ramco Systems Limited, Switzerland
Ramco Systems Sdn Bhd., Malaysia
Ramco Systems Pte. Ltd., Singapore
RSL Enterprise Solutions (Pty) Ltd., South Africa
Ramco Systems Australia (Pty) Ltd., Australia
Sri Ramco Lanka (Private) Ltd., Srilanka

3. Shri P.S. Jaganatha Raja

Shri P.S. Jaganatha Raja, aged 75 years, has been on the Board since 1982. He holds 3,180 Equity shares in the Company.

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

Audit Committee
Remuneration Committee



DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting their 73rd Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2009.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2009 after charging all expenses and contribution to P.A.C.Ramasamy Raja Memorial Fund of Rs. 10,00,000/- which is within the limits laid in the Articles of Association, but before deducting interest and depreciation have resulted in operating profit of Rs. 60,16,17,976/-

After deducting Rs. 25,27,38,986/- towards interest cost and providing Rs. 29,99,67,845/- towards Depreciation, the Net Profit for the year is Rs. 4,89,11,145/-. Considering reversal of Deferred Tax Liability of Rs. 1,65,00,000/-, excess Income Tax provision withdrawn of Rs. 34,37,319/- and the surplus of Rs. 1,32,94,960/- brought forward from the previous year, your Directors propose to appropriate the total sum of Rs. 8,21,43,424/- as detailed below :

| | | |
|---------------------------------------|---------------------------|--------------------|
| | | Rs. |
| Provision for Taxation | - Current Tax - MAT | NIL |
| | - Fringe Benefit Tax | 10,00,000 |
| Interim Dividend | Rs. 3 /- per share | 1,05,37,740 |
| | (P.Y. - Rs.6/- per share) | |
| Tax on Interim Dividend | @ 16.995% | 17,90,889 |
| Final Dividend | Rs. 2 /- per share | 70,25,160 |
| | (P.Y. - Rs.6/- per share) | |
| Tax on Final Dividend | @ 16.995% | 11,93,926 |
| Transfer to General Reserve . | | 4,50,00,000 |
| Balance carried over to Balance Sheet | | 1,55,95,709 |
| | TOTAL | 8,21,43,424 |

DIVIDEND

Your Directors have pleasure in recommending a Final dividend of Rs. 2/- per share. Together with the Interim dividend of Rs. 3/- per share paid during the year, the total dividend for the year is Rs. 5/- per share. The total amount of dividend outgo including interim dividend for the year will be Rs. 1,75,62,900/-. The amount of tax on dividends (including tax on interim dividend already paid) would be Rs. 29,84,815/-.

TAXATION

The Company is not liable to pay Income Tax under regular method and there is no tax liability under Minimum Alternate Tax(MAT). An amount of Rs.10 Lakhs has been provided for Fringe Benefit Tax (FBT) and an amount of Rs.165 Lakhs has been withdrawn from Deferred Tax liability provided in the earlier years which is in accordance with the Accounting Standards.



DIRECTORS' REPORT

TRADE CONDITIONS

The Textile Industry worldwide has been passing through the un-precedented crisis during the past 2 years. There was steep increase in the prices of cotton during the year and the cotton prices touched the high level because of various factors including the hike in Minimum Support Price by the Government of India for Cotton, huge capacity additions, which resulted in higher demand for cotton etc. The upward movement of dollar against rupee has made the import of cotton unviable. The yarn prices showed declining trend because of various reasons viz.,

- (i) Global demand for Textile products has drastically come down due to Economic slow down. Nearly 40% of our production goes for export market. Because of the Global Economic meltdown, margins on Exports came down drastically.
- (ii) The huge capacity spindle additions in short period resulted in mismatch between supply and demand. While the increased supply of yarn in the market has brought down the selling prices, the increased demand for cotton had increased the cotton prices. The cumulative effect of the above factors had affected the working of the Company substantially.

In addition to the above global crisis, there was severe power cut in Tamilnadu to the extent of 100% power cut for 4 Hours during 6 P.M. to 10 P.M. and 40% during the rest of the hours, which affected utilisation and productivity levels to a greater extent. Timely decision taken by your Directors to install Furnace Oil based Gensets and Windmills in previous years and purchase of power from Third Party have helped the Company to operate the Mills at optimum utilization level and also helped the Company to tide over the power crisis. Furnace Oil prices came down drastically during the 3rd Quarter of last year, but operating the Captive Gensets are still costlier when compared to the cost of power supplied by Electricity Board.

By implementing various cost reduction measures and production of flexible count pattern with more value added yarn, your Directors were able to achieve satisfactory results in the current market scenario.

FINANCE

The Company has availed working capital loan in foreign currency and incurred exchange loss of Rs. 880 Lakhs, of which an amount of Rs. 248 Lakhs is notional, since it is a provision entry made in accordance with Accounting Standard -11. This loss is because of rapid depreciation of rupee against dollar and the foreign currency loans were repaid at the higher exchange rate. On the other hand, because of depreciation of rupee, export sales realization was better compared to previous year, which has fully offset the above exchange loss.

To conserve the cash accruals for working capital of the Company and also considering the current working, the Company has approached the Banks for reschedulement of Term loan repayment installments of principal as per the norms suggested by the Reserve Bank of India. However the company is prompt in making the Interest payment on due dates.