

**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 Ltd

Canara Bank

Corporation Bank

ICICI Bank Ltd

IDBI Bank Ltd

Indian Bank

Karur Vysya Bank Ltd

Punjab and Sind 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](http://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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## **NOTICE TO THE MEMBERS**

Notice is hereby given that the 75<sup>th</sup> Annual General Meeting of the Company will be held at 10.00 A.M. on Wednesday, the 20<sup>th</sup> July, 2011 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 31<sup>st</sup> March, 2011 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend & Platinum Jubilee dividend for the year 2010-2011.
3. a) To appoint a Director in the place of Shri N.K. Ramasuwami Raja, who retires by rotation and is eligible for re-appointment.  
b) To appoint a Director in the place of Shri A.V. Dharmakrishnan, who retires by rotation and is eligible for re-appointment.  
c) To appoint a Director in the place of Dr. K.T. Krishnan, 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.1,25,000/- (Rupees One Lakh Twenty Five 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 a SPECIAL RESOLUTION:

“RESOLVED that Smt R. Sudarsanam be and is hereby reappointed pursuant to Section 269 and other applicable provisions of the Companies Act, 1956 as Managing Director of the Company for a further period of 5 years with effect from 01-07-2012 to manage the entire business and affairs of the Company subject to the superintendence, control and directions of the Board”.

“RESOLVED that the Managing Director shall be paid a remuneration equivalent to 5% of the net profits of the Company calculated as per provisions of Section 198 and 309 of the Companies Act, 1956”.

“RESOLVED further that the Remuneration Committee be and is hereby authorised to fix the quantum and periodicity of the remuneration payable to the Managing Director subject however the annual remuneration does not exceed 5% of the net profits of the Company in an accounting year”.



## NOTICE

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“RESOLVED further that where in any financial year, the Company has no profits or inadequate profits, the Managing Director be paid-

- a) The maximum remuneration prescribed under Section II of Part II of the Schedule XIII of the Companies Act based on the effective Capital of the Company and in accordance with the approval of the Remuneration Committee of the Company which is presently Rs.2.00 Lakhs per month;
- b) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income- Tax Act,1961;
- c) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- d) Encashment of leave at the end of the tenure”

By Order of the Board,  
For RAJAPALAYAM MILLS LTD.,

RAJAPALAIYAM,  
28<sup>th</sup> May, 2011.

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. 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 15-07-2011 to 20-07-2011 (both days inclusive);
5. The Dividends, 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 20-07-2011 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 14-07-2011;
6. The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend. Accordingly, dividend will be credited through National Electronic Clearing Service (NECS) to investors wherever NECS and bank details are available. In the absence of NECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. The Company is in compliance with SEBI's directive in this regard;
7. 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 :



## NOTICE

FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	LAST DATE FOR CLAIMING UNPAID DIVIDEND	DUE DATE FOR TRANSFER TO IEP FUND
31-03-2004 Final Dividend	05-08-2004	04-08-2011	02-09-2011
31-03-2005 First Interim Dividend Second Interim Dividend Final Dividend	15-09-2004 31-01-2005 12-08-2005	14-09-2011 30-01-2012 11-08-2012	12-10-2011 28-02-2012 09-09-2012
31-03-2006 First Interim Dividend Second Interim Dividend Final Dividend	24-10-2005 31-01-2006 28-07-2006	23-10-2012 30-01-2013 27-07-2013	21-11-2012 28-02-2013 25-08-2013
31-03-2007 First Interim Dividend Second Interim Dividend Final Dividend	23-10-2006 25-01-2007 25-07-2007	22-10-2013 24-01-2014 24-07-2014	20-11-2013 22-02-2014 22-08-2014
31-03-2008 First Interim Dividend Second Interim Dividend Final Dividend	24-10-2007 16-01-2008 06-08-2008	23-10-2014 15-01-2015 05-08-2015	21-11-2014 13-02-2015 03-09-2015
31-03-2009 First Interim Dividend Final Dividend	25-10-2008 06-08-2009	24-10-2015 05-08-2016	22-11-2015 03-09-2016
31-03-2010 Final Dividend	04-08-2010	03-08-2017	01-09-2017

## NOTICE



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

#### ITEM NO.5

Smt R.Sudarsanam was first appointed as Managing Director of the Company on 01-07-2002. At that time the net worth of the Company was Rs.66 Crores and turnover was Rs.125 Crores. The Company has now progressed to have a net worth of Rs.148 Crores and turnover of Rs.305 Crores.

Smt R.Sudarsanam was reappointed as Managing Director of the Company by the Board of Directors subject to the approval of the Shareholders at the Annual General Meeting for further period of 5 years from 01-07-2012 to 30-06-2017 in accordance with the provisions of Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956.

The terms and conditions for reappointment and the remuneration payable are set out in the Resolution. There is no change in the remuneration proposed for reappointment.

The reappointment and remuneration proposed fulfill the conditions stipulated in Schedule XIII of the Companies Act, 1956 and hence approval of Government of India is not required.

As the Managing Director has attained the age of 70 years, her re-appointment is proposed to be passed as a Special Resolution in the Annual General Meeting and hence approval of the Central Government is not required in this regard also.

As per Clause 1A of Section II of Part II of the Schedule XIII of the Companies Act, 1956, provision for payment of remuneration in case of inadequacy of profits requires the approval of the Remuneration Committee to be passed by a Resolution. The details of the minimum remuneration payable are set out in the Resolution. The Remuneration Committee has passed necessary resolutions, at its Meeting held on 28-05-2011 approving the same.

A copy of the terms and conditions of reappointment of the Managing Director is available for inspection by the Members at the Registered Office of the Company between business hours on any working day and will also be available for inspection at the forthcoming Annual General Meeting.

The contents of the Resolution along with the Explanatory Statement shall be deemed to be an abstract of the terms and conditions of reappointment of Managing Director under Section 302 of the Companies Act, 1956 and the Memorandum of interest in that behalf.

Your Directors recommend the resolution for your approval.

None of the Directors except Shri.P.R.Ramasubrahmaneya Rajha, Chairman, Smt. R.Sudarsanam, Managing Director and Shri.P.R.Venketrama Raja, Director may be deemed to be concerned or interested in the Resolution.

By Order of the Board,  
For RAJAPALAYAM MILLS LTD.,

RAJAPALAIYAM,  
28<sup>th</sup> May, 2011.

P.R.RAMASUBRAHMANEYA RAJHA  
CHAIRMAN



## NOTICE

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

#### **1. SHRI N.K. RAMASUWAMI RAJA**

Shri N.K.Ramasuwami Raja aged 68 years holds a Bachelor degree in Science. He has been on the Board of Rajapalayam Mills Ltd since 1980.

Shri N.K.Ramasuwami Raja is Managing Director of Madras Chipboard Ltd .

He is also a Director in the following companies:-

Sri Harini Textiles Ltd

Ramco Agencies Private Ltd

He holds 7,700 equity shares of the Company.

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

Audit Committee

Remuneration Committee

Share Transfer Committee

#### **2. SHRI A.V. DHARMAKRISHNAN**

Shri A.V. Dharmakrishnan, a Chartered Accountant, aged 54 years started his carrier in 1982 with Madras Cements Ltd. He is presently holding the position of Executive – Director (Finance) at Madras Cements Ltd. He has specialized knowledge and rich experience in Finance and Taxation matters.

He holds 550 Equity Shares of the Company.

He is also a Director in the following Companies:-

On-Time Transport Company Ltd

Ramco Systems Ltd

#### **3. Dr. K.T. KRISHNAN**

Dr. K.T.Krishnan, M.D aged 71 years is Managing Director of Thanjavur Spinning Mill Ltd. He has been on the Board of Rajapalayam Mills Ltd since 1986.

He is also a Director in the following Companies:-

Sri Vishnu Shankar Mill Ltd

Sandhya Spinning Mill Ltd

Sudharsanam Investments Ltd

He is the Chairman in the following Committees of the Company:-

Audit Committee

Remuneration Committee

He has no shareholding in the Company.



## DIRECTORS' REPORT



### TO THE MEMBERS

Your Directors have pleasure in presenting their 75<sup>th</sup> Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2011.

### FINANCIAL RESULTS

The financial results for the year ended 31<sup>st</sup> March, 2011 after charging all expenses and contribution to P.A.C. Ramasamy Raja Memorial Fund of Rs.1,00,00,000/- (which is within the limits laid in the Articles of Association) but before deducting interest and depreciation have resulted in operating profit of Rs.99,49,87,912/-.

After deducting Rs. 28,50,77,780/- towards interest cost and providing Rs. 32,11,07,050/- towards Depreciation, the Net Profit for the year is Rs. 38,88,03,082/- adding the surplus of Rs. 9,69,30,655/- brought forward from the previous year, your Directors propose to appropriate the total sum of Rs. 48,57,33,737/- as detailed below:

		Rs.
Provision for Taxation	- Current Tax - MAT	7,30,00,000
	- Deferred Tax	12,00,00,000
	- MAT credit entitlement	(-) 7,29,00,000
Dividend	Rs. 7.50 per share	2,63,44,350
	(P.Y. - Rs.6/- per share)	
Platinum Jubilee Dividend	Rs. 7.50 per share	2,63,44,350
Tax on Dividends	@ 16.2225%	85,47,424
Transfer to General Reserve		28,00,00,000
Balance carried over to Balance Sheet		2,43,97,613
	TOTAL	<u>48,57,33,737</u>

### DIVIDEND

Your Directors have pleasure in recommending a dividend of Rs. 7.50 per share. The dividend will be tax free income in the hands of Shareholders as the Company will pay Dividend Distribution Tax under Income Tax Act, 1961.

In view of the Platinum Jubilee of the Company, your Directors have pleasure in recommending a Platinum Jubilee Dividend and Issue of Bonus Shares as follows:

#### A) PLATINUM JUBILEE DIVIDEND

Your Directors have pleasure in recommending a Platinum Jubilee Dividend of Rs.7.50 per share. Inclusive of this, the total Dividend for the year is Rs.15/- per share (Previous Year Rs.6/- per share). The total amount of Dividend outgo (including tax on dividends) would be Rs. 6,12,36,124/-.



## DIRECTORS' REPORT

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### **B) ISSUE OF BONUS SHARES**

Your Directors have also pleasure in recommending issue of Bonus Shares to the holders of Equity Shares in the ratio of 1:1 by capitalizing the Reserves (Share Premium Account) of Rs. 3,51,25,800/- subject to the approval of the Members at the Extraordinary General Meeting.

### **TAXATION**

An amount of Rs. 730 Lakhs towards Current Tax (MAT) and Rs. 1,200 Lakhs towards Deferred Tax has been provided for the year. The tax paid under MAT will be available for set off in the year of regular income tax liability.

### **TRADE CONDITIONS**

Your Directors are glad to inform that the performance of the Company during the Platinum Jubilee year was commendable and has been highest in the history of the Company inspite of the unprecedented increase in cotton prices. The financial year 2010-11 witnessed a very difficult trade conditions due to the following reasons:

#### **A) Cotton**

There has been unprecedented rise in the cotton prices during the cotton season started from October, 2010 and the cotton prices have gone up by more than 100% as compared to the previous cotton season. Cotton, often referred as "White Gold" has recorded the historic highest prices. The Government of India has allowed export of more than 15% of Cotton produced in India and the good quality of cotton was shipped out of India within 3 months. This has resulted in mismatch between demand and supply of cotton and the domestic spinning mills were forced to pay higher prices for good quality cotton.

#### **B) Electricity**

The power cut in Tamilnadu continued to the extent of 100% for 4 hours during 6 P.M. to 10 P.M. and 30% during the rest of the hours, in addition to unannounced power shutdowns. This has forced the Company to operate captive Gensets in order to maintain the optimum utilization level. The power cost has increased by more than 15% as compared to previous year. Timely decision taken by your Directors to install 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.

#### **C) Inflation & Impact on Cost of borrowing**

In order to contain the inflation in India, The Reserve Bank of India has tightened the monetary policy by increasing the lending and borrowing rates. Because of these measures, all the Banks have hiked the rate of interest by 2% to 3% for all our term loans and working capital loans.

#### **D) Cotton Yarn Export brought under Quota System**

The export of cotton yarn was under Quota Raj till 1995. When the textiles and clothing were brought into the mainstream under the WTO, the quota system was abolished and export of yarn was allowed without any restriction.