



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,
Rajapalayam - 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 (P.Y. - Rs.6/- per share)	1,05,37,740
Tax on Interim Dividend	@ 16.995%	17,90,889
Final Dividend	Rs. 2 /- per share (P.Y. - Rs.6/- per share)	70,25,160
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	<u>8,21,43,424</u>

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.



DIRECTORS' REPORT

EXPORTS

On the export front during the year, we have made direct export of Cotton Yarn for a value of Rs. 84.36 Crores as against Rs. 83.80 Crores of the previous year.

Shri Ramco Bio-Tech, our Tissue Culture Unit, has exported live plantlets for a value of Rs. 70 Lakhs as against Rs. 197 Lakhs of the previous year.

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

MODERNISATION

As a part of continuous intensive modernisation programme, the Company has invested about Rs. 21.53 Crores by availing term loan under Technology Upgradation Fund (TUF) scheme for investment in state-of-the-art textile machinery & equipments like Elite Compact Set, Auto Coners, Carding Machines, TFO Machines, Soft Package Winding Machine etc.

EXPANSION

As reported in the Directors' Report in the previous year, the Company has implemented the expansion of Open End Spinning Unit at Andhra Pradesh with 1800 Nos. of automatic high speed Savio OE Rotors to produce high quality yarn at a project cost of Rs. 37.50 Crores. The project has been commissioned and commercial production has been started during December, 2008. This project is covered under Technology Upgradation Fund (TUF) scheme.

PROSPECTS FOR THE CURRENT YEAR

The cotton cost still has not come down as expected. The prices of yarn were stagnant due to recessionary trend in both domestic and global markets. The interest rates are coming down because of various measures taken by Reserve Bank of India. However, the power cut imposed in Tamil nadu to the extent of 50 % is severely affecting the operations of the Company and has also increased the power cost because of running Captive Gensets. The Company is maintaining high standards of quality yarn, cost effective production and stringent waste control measures. These measures strengthened the Company to face the challenges in the current scenario. By improving productivity, taking various measures for production of value added yarns and other cost reduction measures, your Directors are hopeful of achieving satisfactory results for the current year.

WIND MILL

The Wind Mill Division with an installed capacity of 21.90 M.W. is working satisfactorily. There were interruptions in the grid availability due to insufficient infrastructure facility at the evacuation point and also lower wind velocity during the peak season, which resulted in lower generation of power. The Division has generated 413 Lakhs Kwh as compared to 415 Lakhs Kwh of the previous year. The income during the year from the Wind Mill Division was Rs.15.55 Crores as against Rs.15.19 Crores of previous year.



DIRECTORS' REPORT

SHRI RAMCO BIOTECH (RESEARCH & DEVELOPMENT)

The working of the unit after charging all expenses but before providing interest and depreciation has resulted in operating profit of Rs.3 Lakhs. New initiatives have been taken to develop quality products and various new measures have been taken including setting up of poly house for hardening the plants near the marketing locations. With new initiatives, we hope to improve its contribution to the Company in the coming years.

PERSONNEL

Industrial relations with employees remained cordial during the year. Human Resources Development activities received considerable focus. The emphasis was on imparting training and development of the skill-set of the employees to enable them to face the challenges in the work environment.

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219 (1) (b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Member who is interested in obtaining such particulars may write to the Company.

INTERNAL CONTROL SYSTEM

Your Company has adequate internal control procedures commensurate with the size and nature of its operations. The audit committee constituted by the Board of Directors is functioning effectively. All significant audit observations were discussed in the audit committee, which met four times during the year under review. ERP System developed by Ramco Systems Ltd. has been installed for online monitoring of all functions and management information reports are being used to have better control and to take decisions in time.

DIRECTORS

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

1. Dr. K.T. Krishnan
2. Shri P.R. Venketrama Raja
3. Shri P.S. Jaganatha Raja



DIRECTORS' REPORT

PUBLIC DEPOSITS

The total deposits from the public outstanding with the Company as on 31st March, 2009 were Rs. 82.39 Lakhs including the deposits renewed in accordance with Section 58A of the Companies Act, 1956. There was no deposits unclaimed / unpaid as on 31-03-2009.

SHARES

The Company's shares are listed in Madras Stock Exchange Limited and Bombay Stock Exchange Limited. The Company has paid listing fees to the Stock Exchanges for the Financial Year 2009-10.

AUDITORS

M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants and M/s. Ramakrishna Raja And Co., Chartered Accountants, Auditors of the Company retire at the end of the 73rd Annual General Meeting and are eligible for re-appointment.

COST AUDITORS

The Government has approved the Company's proposal to appoint M/s. Geeyes & Co., Cost Accountants, Chennai for audit of Company's cost accounts for the year ended 31-03-2009 on a remuneration of Rs. 30,000/- exclusive of out-of-pocket expenses. As per Central Government's direction, cost audit will be done every year.

CONSERVATION OF ENERGY, ETC.

The Company continues to take keen interest in conservation of energy and the information required under Section 217(1) (e) of the Companies Act, 1956 read with the relevant Rules, with regard to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in Annexure I to this report.

CORPORATE GOVERNANCE

This Company has complied with the requirements regarding Corporate Governance as required under Clause 49 of the Listing Agreements with the Stock Exchanges. A Report on Corporate Governance followed by the Company together with a Certificate from the Statutory Auditors confirming compliance is set out in Annexure II to this report.



DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that -

- i) In the preparation of Annual Accounts for the year ended 31st March, 2009, the applicable accounting standards had been followed;
- ii) The selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act had been taken for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Annual Accounts were prepared on a going concern basis.

Secretarial Compliance Certificate issued by a practice Company Secretary u/s. 383(A) of the Companies Act, 1956 is given in Annexure III to this report.

ACKNOWLEDGEMENT

The Directors are grateful to the various Departments and agencies of the Central and State Governments for their help and co-operation. They are thankful to the Financial Institutions and Banks for their continued help, assistance and guidance. The Directors wish to place on record their appreciation of employees at all levels for their commitment and their contribution.

On behalf of the Board of Directors,
For RAJAPALAYAM MILLS LTD.,

RAJAPALAYAM,
25th May, 2009.

P.R.RAMASUBRAHMANEYA RAJHA
CHAIRMAN.



ANNEXURE I TO DIRECTORS' REPORT

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 : The practice of computing monthly UKG (40s converted) being continued to monitor monthly fluctuation.
- Energy Audit to check the energy consumption is being conducted periodically.
- 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.
- (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, Hong Kong, China, Egypt, Turkey, Italy, Mauritius, Netherland and Sri Lanka.
- 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 (including Capital Goods) : Rs. 7,748 Lakhs
- ii) Total foreign exchange earned : Export of Cotton Yarn - Rs. 8,436 Lakhs
- : Export of Tissue Culture Plants - Rs. 70 Lakhs



ANNEXURE I TO DIRECTORS' REPORT

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION		2008-2009	2007-2008
1. Electricity			
(a) Purchased from Electricity Boards			
Units	Lakhs KWH	636.77	669.65
Total Amount	Rs. in Lakhs.	2,743.50	2,843.78
Rate per unit	Rs.	4.30	4.25
(b) Own Generation			
Through Diesel / HFO Generator	Lakhs KWH	113.83	58.88
Unit per Litre of Diesel Oil	KWH	3.66	3.46
Cost per unit	Rs.	7.07	7.21
(c) Purchased from Third Party			
Units	Lakhs KWH	18.70	-
Total Amount	Rs. in Lakhs.	102.88	-
Rate per unit	Rs.	5.50	-
2. Furnace Oil			
Quantity	Lakhs Ltrs.	25.14	11.52
Total Cost	Rs. in Lakhs.	552.26	239.68
Average Rate	Rs.	21.96	20.81
3. Diesel Oil			
Quantity	Lakhs Ltrs.	6.17	5.48
Total Cost	Rs. in Lakhs.	219.36	185.10
Average Rate	Rs.	35.55	33.77

B. CONSUMPTION PER UNIT OF PRODUCTION

Product : Cotton Yarn
Unit : Kg. (40s Converted)

Electricity (Unit / Kg.) (Based on 40s Converted production)	5.49	5.63
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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.



ANNEXURE I TO DIRECTORS' REPORT

FORM B

FORM FOR 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
- Ongoing micropropagation system development of ornamentals like calathea, Nandina, Cordyline, Alpinia.
 - Varietal trial for various Gerbera varieties is underway at different locations for their adaptability, productivity and buyer's preference in domestic market.
 - Development of protocols for different banana varieties such as Amritsagar, Malbhog and Mizoram Cavendish is going on. Large Cardamom micropropagation system is also underway.
- 2 Benefits derived as a result of the above R & D**
- Catering the needs of growers with disease free superior quality planting material for their better livelihood.
 - To earn foreign exchange by exporting ex-agar plantlets of ornamentals.
- 3 Future course of action**
- Micropropagation system development for Strawberry and Black Pepper.
 - To increase the capacity of lab and hardening facilities to cater the needs of banana farmers of other states in the country.
- 4 Expenditure on R & D**
- | | | |
|--|---|-----|
| a. Capital | : | NIL |
| b. Recurring | : | NIL |
| c. Total | : | NIL |
| d. Total R & D expenditure as percentage of Total Turnover | : | NIL |

Technology absorption, adaption and innovation

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

Not Applicable



ANNEXURE II TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Since inception, Rajapalayam Mills Ltd is assiduously following its self determined goals on Corporate Governance. The object of the Company is to protect and enhance the value of all the stake holders of the Company viz., shareholders, creditors, customers and employees . It strives to achieve these objectives through high standards in dealings and following business ethics in all its activities.

The Company believes in continuous upgradation of technology to improve the quality of its production and productivity to achieve newer and better products for total customer satisfaction.

The Company lays great emphasis on team building and motivation. A contented and well developed worker will give to the Company better work and therefore better profits. The Company has strong faith in innate and infinite potential of human resources. It believes in the creative abilities of the people who work for the Company and believes in investing in their development and growth as foundation for strong and qualitative growth of the organization.

If there is no customer, there is no business. Customers' continued satisfaction and sensitivity to their needs are the Company's sources of strength and security.

The Company also believes that as the organization grows, the society and the community around it should also grow.

2. BOARD OF DIRECTORS

The Board of Directors is headed by the Chairman Shri P.R. Ramasubrahmaneya Rajha. The Board consists of eminent persons with considerable professional expertise in various fields such as Administration, Banking, Finance, Engineering, etc. The Board has 10 Directors out of which 9 Directors are Non-Executive. As required by the Code of Corporate Governance, 50% of the Board of Directors consists of Independent Directors. There is no pecuniary relationship or transaction of the Non - Executive Directors vis-à-vis the Company.

During the year under review, four Board Meetings were held, one each on 18-06-2008, 25-07-2008, 25-10-2008 and 24-01-2009.

Details of attendance of each Director at the Board Meetings held during the year are as follows:

Sl. No.	Name of the Director	Directorship	No. of Board Meetings attended	% of Meetings attended during the year
1.	Shri P.R. Ramasubrahmaneya Rajha	Chairman	4	100
2.	Smt R. Sudarsanam	Managing Director	4	100
3.	Shri P.R. Venketrama Raja	Promoter Director	2	50
4.	Shri S.S. Ramachandra Raja	Director	4	100
5.	Shri N.K. Ramasuwami Raja	Independent Director	4	100
6.	Dr. K.T. Krishnan	Independent Director	4	100
7.	Shri P.S. Jaganatha Raja	Independent Director	2	50
8.	Shri N.R.K. Venkatesh Raja	Independent Director	3	75
9.	Shri V.S. Vemban	Independent Director	4	100
10.	Shri A.V. Dharmakrishnan	Professional Director	2	50



ANNEXURE II TO DIRECTORS' REPORT

The previous Annual General Meeting of the Company was held on 6th August, 2008 at Rajapalayam. The following Directors attended the Annual General Meeting:

Sl.No.	Name of the Director
1.	Shri P.R. Ramasubrahmaneya Rajha, Chairman
2.	Shri P.R. Venketrama Raja
3.	Shri S.S. Ramachandra Raja
4.	Shri N.K. Ramasuwami Raja
5.	Dr. K.T.Krishnan

CODE OF CONDUCT

The Board has laid down the Code of Conduct for the Board Members and Senior Management Personnel of the Company. The Code of Conduct is given below :-

1) FOR DIRECTORS

A Director being a Trustee of the Shareholders shall -

- i. Act always in the best interest of the Shareholders.
- ii. Maintain a high standard of probity in his relations with the Company, its subsidiaries, employees, contractors, suppliers and customers.
- iii. Maintain confidentiality of the Company on matters that come to his knowledge as Director, both during his Directorship and thereafter as well.
- iv. Conduct himself in a manner that befits his position.
- v. Assist the Company to observe the provisions of the Company law and other laws applicable to the Company, both in letter and in its spirits.
- vi. Not use this position in any manner to his personal advantage or that of his family or friends.

2) FOR SENIOR MANAGEMENT PERSONNEL

A Senior Management person is one who occupies the rank of General Manager or above and notified from time to time as a Senior Management person.

A Senior Management personnel shall -

- i. By his personal behaviour and conduct, set an example to his fellow employees.
- ii. Conduct himself in a manner that upholds his integrity, rectitude and fair name of the Company and give no occasion to the Management to explain his actions or behaviours.
- iii. Refrain his position for personal benefit from the employees, contractors, suppliers and customers of the Company.
- iv. Maintain the confidentiality of the Company's information that has come to his notice, except where disclosure is authorised in writing by the Management.



ANNEXURE II TO DIRECTORS' REPORT

- v. Observe all prescribed safety and environmental related norms.
- vi. Not divulge to any member of the press or media any matter concerning the company unless authorised by the Management.
- vii. Not engage himself in any business relationship or commercial activity with or without remuneration, without the prior written permission of the Management.

The code of conduct has also been posted on the Company's website:
www.rajapalayammills.co.in

3. COMMITTEES OF THE BOARD OF DIRECTORS

The Board has constituted Committees of Directors to deal with matters in detail and to monitor the activities falling within the terms of reference. The Board Committees are as follows:

a) AUDIT COMMITTEE

The terms of reference of the Audit Committee include:

- i) To review the reports of Internal Audit Department;
- ii) To review the Auditors' Report on the financial statements;
- iii) To review the strength and weakness of the internal controls and to provide recommendations relating thereto;
- iv) To generally assist the Board to discharge their functions more effectively.

In addition, the Audit Committee would discharge the roles and responsibilities as prescribed by the Code of Corporate Governance and Companies Act from time to time.

The Audit Committee consists of the following Directors:

Sl.No.	Name of the Director	No. of Meetings attended
1.	Dr. K.T. Krishnan, Chairman of the Committee	4
2.	Shri N.K. Ramasuwami Raja	4
3.	Shri P.S. Jaganatha Raja	2

No. of Meetings held during the year : 4

Date of the Meetings : 18-06-2008, 25-07-2008, 25-10-2008 & 24-01-2009.

The Statutory Auditors, President, Chief Manager - Accounts, Head of Internal Audit Department are invitees to the Audit Committee Meetings. All the three members of the Audit Committee are Independent Directors as against the requirement of 2/3rd under the Code of Corporate Governance.



ANNEXURE II TO DIRECTORS' REPORT

(b) REMUNERATION COMMITTEE

Sl.No.	Name of the Director
1.	Dr. K.T. Krishnan, Chairman of the Committee
2.	Shri N.K. Ramasuwami Raja
3.	Shri P.S. Jaganatha Raja

(c) SHARE TRANSFER COMMITTEE

Sl.No.	Name of the Director
1.	Shri P.R. Ramasubrahmaneya Rajha, Chairman
2.	Shri S.S. Ramachandra Raja
3.	Shri N.K. Ramasuwami Raja

During the year under review, Eight meetings were held to consider transfer and transmission of Shares.

(d) INVESTORS GRIEVANCE COMMITTEE

Sl.No.	Name of the Director
1.	Shri P.R. Ramasubrahmaneya Rajha, Chairman
2.	Shri P.R. Venketrama Raja
3.	Shri S.S. Ramachandra Raja

No complaint has been received during the year 2008-09 and no complaints are pending as on 31-03-2009.

The above Committees meet as and when necessity arises.

4. BOARD PROCEDURE

The details about performance of the various Units of the Company, financial position, legal action, quarterly results, market environment and all other aspects of the Company which are relevant for review of the Board of Directors are being given in a structured format at each meeting. The said information complies with the requirements of the Code of Corporate Governance with regard to the information to be placed before the Board of Directors.



ANNEXURE II TO DIRECTORS' REPORT

No Director is a Member in more than 10 Committees or acts as Chairman of more than 5 Committees of Companies in which he is a Director. Every Director informs the Company about the position he occupies in other Companies and notifies the changes as and when they take place.

5. REMUNERATION OF DIRECTORS

The details of remuneration paid to the Managing Director are given under Note No.5 of Schedule 22 to the Balance Sheet.

The Non - Executive Directors do not draw any remuneration from the Company except Sitting Fee which were paid @ Rs.10,000/- for each meeting of the Board and Rs. 5,000/- for each meeting of the Committee of the Board attended by them.

6. DISCLOSURE OF SHAREHOLDINGS OF NON-EXECUTIVE DIRECTORS

Following are the details of shareholdings of the non-executive directors in the Company as on 31-03-2009.

Sl.No.	Name of the Director	No. of Shares
1.	Shri P.R. Ramasubrahmaneya Rajha	3,18,896
2.	Shri P.R. Venketrama Raja	3,72,280
3.	Shri S.S. Ramachandra Raja	12,240
4.	Shri N.K. Ramasuwami Raja	7,700
5.	Dr. K.T. Krishnan	NIL
6.	Shri P.S. Jaganatha Raja	3,180
7.	Shri N.R.K. Venkatesh Raja	12,160
8.	Shri V.S. Vemban	2,080
9.	Shri A.V. Dharmakrishnan	550

7. MANAGEMENT

The matters that are required to be discussed under Management Discussion and Analysis report have been included in the Directors' Report to the Shareholders. Whenever commercial and financial transactions have been entered with Companies in which directors are interested, the nature of interest is being disclosed to the Board of Directors.



ANNEXURE II TO DIRECTORS' REPORT

8. SHAREHOLDERS

For appointment/re-appointment of Directors, shareholders are being provided with information at the Annual General Meeting about the Directors, their expertise and Companies in which they are interested. The information are also included in the Notice calling the Annual General Meeting.

AUDITORS' CERTIFICATE

This is to certify that we, the Auditors of M/s. Rajapalayam Mills Ltd., Rajapalayam, have reviewed the compliance by the Company of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges and report that all the conditions contained therein have been complied with by the Company.

For M.S.JAGANNATHAN & N.KRISHNASWAMI,
Chartered Accountants

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants

K.SRINIVASAN
Partner
Membership No. 21510

V.JAYANTHI
Partner
Membership No. 28952

RAJAPALAIYAM,
25th May, 2009.



ANNEXURE II TO DIRECTORS' REPORT

SHAREHOLDER INFORMATION

Registered Office

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

Details of Factory Location

Textile Division

Tamil Nadu

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

Rajapalaiyam Spintext,
P.A.C. Ramasamy Raja Salai,
Rajapalaiyam – 626 117, Tamil Nadu.

Rajapalaiyam Textiles,
Perumalpatti Village – 627 753
Tirunelveli District, Tamil Nadu.

Andhra Pradesh

Rajapalayam Mills Limited,
Gopinenipalem Village,
Vatsavai Mandal,
Krishna District – 521 190,
Andhra Pradesh.

Tissue Culture Division

Shri Ramco Bio-Tech,
Mailanahalli Village,
Nelamangala – 526 123,
Bangalore Rural District, Karnataka.

Person to be contacted for Shareholder enquires

S. KANTHIMATHINATHAN
President (Compliance Officer),
Rajapalayam Mills Limited,
Post Box No.1, P.A.C. Ramasamy Raja Salai,
Rajapalaiyam – 626 117, Tamil Nadu.
Phone : 04563 – 235666
Fax : 04563 – 236520
e mail : rajacot@sancharnet.in

Share Transfer Documents are to be sent to our above office address. The Share Transfer matters are being handled in-house.

Listing on Stock Exchanges

The Company's shares have been listed in Madras Stock Exchange Limited and Bombay Stock Exchange Limited for which Listing Fees for the year 2009-10 has been paid.

Stock code

Name of the Stock Exchange	Code
Madras Stock Exchange	RAJAPALAYA
Bombay Stock Exchange	532503



ANNEXURE II TO DIRECTORS' REPORT

GENERAL MEETINGS

The last 3 Annual General Meetings were held as under:

Year ended	Date	Time	Venue
31-03-2006	28-07-2006	10.00 A.M	P.A.C.R. Centenary Community Hall, P.A.C.Ramasamy Raja Salai, Rajapalayam-626 108. Tamil Nadu
31-03-2007	25-07-2007	10.00 A.M	-do-
31-03-2008	06-08-2008	10.00 A.M	-do-

One Special Resolution was passed at the Annual General Meeting held on 28th July, 2006 approving re-appointment of Smt.R.Sudarsanam as Managing Director of the Company for a period of 5 Years effective from 1st July, 2007.

Ensuing Annual General Meeting

Date	Time	Venue
06-08-2009	10.00 A.M.	P.A.C.R. Centenary Community Hall, P.A.C.Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu.

FINANCIAL CALENDAR

(For the Financial year April, 2008 to March, 2009)

Board Meeting for consideration of Accounts and recommendation of dividend	25-05-2009
Posting of Annual Report	On or before 13-07-2009
Book Closure dates	01-08-2009 to 06-08-2009 (both days inclusive)
Last date for receipt of Proxy forms	04-08-2009
Date of the 73 rd AGM	06-08-2009
Dividend Payment date	Date of the AGM

MEANS OF COMMUNICATION

The Unaudited Quarterly and Half yearly Financial Results and audited Annual Results are published in English in Business Line (All editions) and in Tamil in Dinamani (Madurai edition). The results were also displayed on the Company's website: www.rajapalayammills.co.in

All the financial results are provided to the Stock Exchanges.

The financial results and other specified information are also being filed on the Electronic Data Information Filing & Retrieval (EDIFAR) website maintained by National Informatic Centre for on-line information for the Public.



ANNEXURE II TO DIRECTORS' REPORT

SHARE TRANSFER SYSTEM

All the transfers received are processed in-house and are approved by the Share Transfer Committee / Board of Directors and through Circular resolutions. Share transfers are registered and returned within thirty days from the date of lodgment, if the documents are complete in all respects.

DEPOSITORY SYSTEM

The Company's shares have been mandated for trading in dematerialized form by all categories of investors with effect from 17-01-2000. The Company's shares are available for dematerialization both under National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL).

The Company is having in-house facilities for the Depository Registrar Services relating to both NSDL and CDSL. As on 31st March, 2009, 79.11% of the shares have been dematerialized.

In view of the advantages offered by the Depository System, members who have not yet dematerialized their shares are requested to avail the facility of dematerialization of the shares. They have the choice to open account with Depository Participants of either of the Depositories by quoting the Company's ISIN No. INE 296E01026.

SHARES HELD IN ELECTRONIC FORM

Shareholders holding shares in electronic form may please note that:

- (i) all instructions regarding bank details which they wish to be incorporated in their dividend warrants will have to be submitted to their Depository Participants. As per the Regulations of NSDL and CDSL, the Company is obliged to print the bank details on the dividend warrants as furnished by these Depositories to the Company;
- (ii) instructions already given by them in respect of shares held in physical form will not be applicable to the dividend paid on shares held in electronic form and the Company will not entertain any request for deletion/change of bank details already printed on dividend warrants contrary to the information received from the concerned Depositories;
- (iii) all instructions regarding change of address, bank details, nomination, power of attorney etc. should be given directly to their Depository Participants and the Company will not entertain any such request directly from shareholders.

REDRESSEL OF GRIEVANCES

There are no pending Share or Debenture transfers as on 31-03-2009. Complaints from shareholders with regard to Non-receipt of Certificates after transfer, Non-receipt of dividend, Non-receipt of Annual Reports, etc. are being acted upon by the Company immediately on receipt. The Company has taken steps to redress the grievances received during the year except in cases where, in the opinion of the Company, the matter is to be referred to Court or have already been referred to Courts. Any Shareholder who is having grievance may kindly email to investorgrievance@ramcotex.com



ANNEXURE II TO DIRECTORS' REPORT

DISCLOSURES:

- i) The Company has no related party transactions that may have potential conflict with the interests of the Company at large. The Audit Committee reviews the details of the significant related party transactions. A summary of the significant related party transactions have been disclosed under "Notes on accounts".
- ii) There has been no penalty/stricture imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets during the last three years.

OUTSTANDING GDRs / ADRs / WARRANTS OR CONVERTIBLE BONDS

There are no outstanding convertible warrants / instruments.

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year ended 31st March, 2009.

For RAJAPALAYAM MILLS LTD.,

RAJAPALAIYAM,
25th May, 2009.

R.SUDARSANAM
MANAGING DIRECTOR.



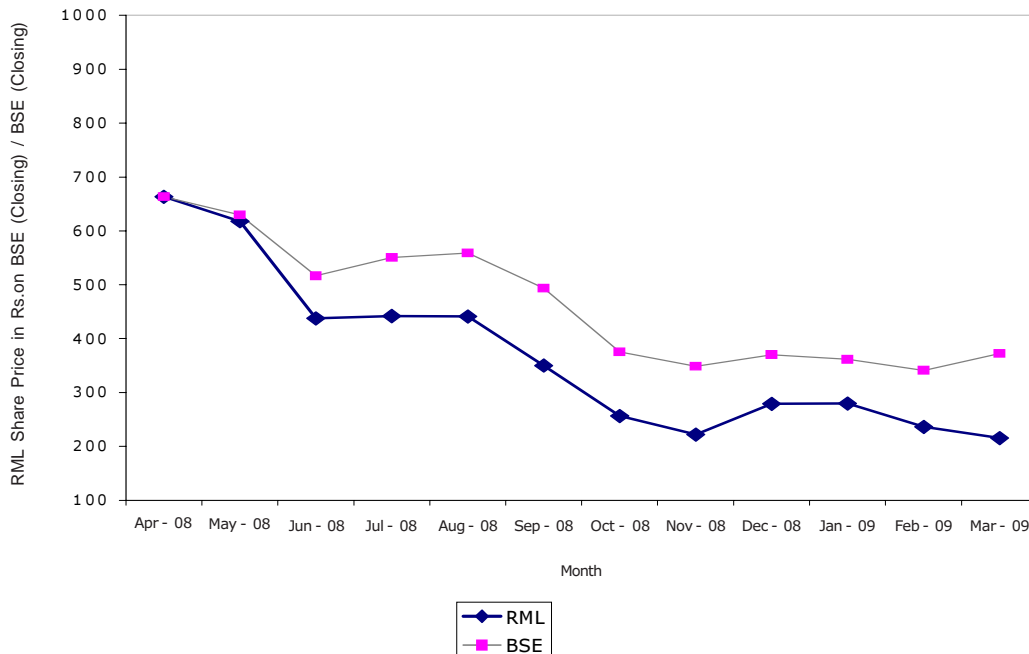
ANNEXURE II TO DIRECTORS' REPORT

STATISTICAL DATA

Share Price – High & Low / Volume (During April 2008 to March 2009 in BSE)

Month	Bombay Stock Exchange, Mumbai		
	High Rs.	Low Rs.	No. of Shares Traded
April, 2008	700	570	42773
May	680	600	25009
June	624	427	10301
July	497	397	9283
August	497	420	5759
September	512	328	7440
October	370	209	12756
November	320	200	9789
December	349	200	31066
January, 2009	299	237	33796
February	282	235	18306
March	248	202	12313

RML Share Price Movement in 2008-09





ANNEXURE II TO DIRECTORS' REPORT

Pattern of Shareholding as on 31-03-2009

Description	Total Shareholders	%	Total Shares	%
A. PROMOTERS HOLDING				
1. Individual / HUFS	12	0.22	1734446	49.38
Sub-Total	12	0.22	1734446	49.38
B. NON-PROMOTERS HOLDING				
1. Banks, FI's Ins.Cos, Govt. Institutions	3	0.06	1030	0.03
2. NRIs/OCBs & Non-domestic Companies	19	0.35	19190	0.55
3. Private Corporate Bodies	197	3.65	111154	3.16
4. Public	5162	95.72	1646760	46.88
Sub-Total	5381	99.78	1778134	50.62
Total	5393	100.00	3512580	100.00

Distribution of Shareholding as on 31-03-2009

No.of Shares held	Total Shareholders	%	Total Shares	%
Upto - 500	4901	90.88	358668	10.22
501 to 1000	193	3.58	143584	4.09
1001 to 2000	132	2.45	180016	5.12
2001 to 3000	51	0.95	124413	3.54
3001 to 4000	27	0.50	91539	2.61
4001 to 5000	12	0.22	52053	1.48
5001 to 10000	38	0.70	262462	7.47
10001 & above	39	0.72	2299845	65.47
Total	5393	100.00	3512580	100.00

Category of Shareholding as on 31-03-2009

Category	Total Shareholders	%	Total Shares	%
Dematerialised Form				
CDSL	1460	27.07	558366	15.90
NSDL	3060	56.74	2220350	63.21
Physical Form	873	16.19	733864	20.89
Total	5393	100.00	3512580	100.00



ANNEXURE III TO DIRECTORS' REPORT

COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31ST MARCH, 2009

CIN L17111TN1936PLC002298
Nominal Capital : Rs.5,00,00,000.

To

The Members,
RAJAPALAYAM MILLS LTD.,
Rajapalayam Mills Premises,
P.A.C. Ramasamy Raja Salai,
RAJAPALAIYAM- 626 117.

Sir,

I have examined the registers, records, books and papers of **RAJAPALAYAM MILLS LTD.** [the company] as required to be maintained under the Companies Act, 1956, [the Act] and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2009 [financial year]. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

- 1) The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
- 2) The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Central Government within the time prescribed under the Act and the rules made thereunder except as stated in Annexure - B. However the Company is not required to file forms and returns with the Regional Director, Company Law Board or other authorities.
- 3) The Company, being a public limited Company, has paid up capital of Rs.3,51,25,800.
- 4) The Board of Directors duly met Four times respectively on 18-06-2008, 25-07-2008, 25-10-2008 and 24-01-2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
- 5) The Company closed its Register of Members from 01-08-2008 to 06-08-2008 (both days inclusive) and necessary compliance of section 154 of the Act has been made.



ANNEXURE III TO DIRECTORS' REPORT

- 6) The Annual General Meeting for the financial year ended on 31st March, 2008 was held on 06-08-2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- 7) No Extra Ordinary General Meeting was held during the financial year.
- 8) The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act. However the Company has granted unsecured loans to a parties during the year in the register maintained under section 301 of the Companies Act, 1956.
- 9) The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
- 10) The Company has made necessary entries in the register maintained under section 301 of the Act.
- 11) As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
- 12) The duly constituted Committee of Directors has approved the issue of duplicate share certificates.
- 13) The Company has:
 - i) Delivered all the certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act; However, there was no allotment of securities during the financial year.
 - ii) Deposited the amounts of Final dividend and Interim dividend declared in a separate bank account on 06-08-2008 and 31-10-2008 respectively which is within five days from the date of declaration of such dividends.
 - iii) Paid/posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company with the Axis Bank Ltd., & HDFC Bank Ltd., Chennai on 05-09-2008 and 30-11-2008.
 - iv) The Company has transferred the amounts in unpaid dividend account amounting to Rs.3,28,860/- relating to the year ended 31-03-2001 which have remained unclaimed or unpaid for a period of 7 years to Investor Education and Protection Fund on 02-09-2008. However the Company has no amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have been remained unclaimed or unpaid for a period of seven years to be transferred to Investor Education and Protection Fund.
 - v) Duly complied with the requirements of section 217 of the Act.



ANNEXURE III TO DIRECTORS' REPORT

- 14) The Board of Directors of the Company is duly constituted and the appointment of Additional Director has been duly made. However there was no appointment of Alternate/Additional Directors and director to fill casual vacancy during the financial year.
- 15) The re-appointment of Managing Director with effect from 01-07-2007 has been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act during the financial year ended 31-03-2006 and is valid upto 30-06-2012.
- 16) The Company has not appointed any sole selling agents during the financial year.
- 17) The Company has filed forms for necessary approvals of the Central Government as prescribed under the various provisions of the Act as detailed below:-
 - a. Approval for appointment of Cost Auditor u/s. 233(B) filed on 18-07-2008 and approval is awaited.

However the Company was not required to obtain any approvals of the Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
- 18) The Directors have disclosed their interest in other Firms/Companies to the Board of Directors pursuant to the Provisions of the Act and the rules made there under.
- 19) The Company has not issued any debentures or other securities during the financial year.
- 20) The Company has not bought back any shares during the financial year.
- 21) The Company has not issued any preference shares/debentures and hence the question of redemption of preference shares/debentures does not arise during the financial year under review.
- 22) The Company wherever necessary has kept in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act.
- 23) The Company has complied with the provisions of section 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 in respect of deposits accepted by the Company during the year and the Company has filed the copy of Statement in lieu of Advertisement/necessary particulars as required with the Registrar of Companies, Chennai, Tamil Nadu on 06-08-2008 and 01-11-2008. The Company has also filed Return of Deposits with the Registrar of Companies on 30-06-2008.
- 24) The amount borrowed by the Company from directors, members, public, financial institutions, banks and other during the financial year ending 31st March, 2009 is/are within the borrowing limits of the company and that necessary resolutions as per section 293(1)(d) of the Act have been passed in duly convened Annual General Meeting held on



ANNEXURE III TO DIRECTORS' REPORT

25-07-2007 for Rs.360 Crores. (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business)

- 25) The Company has made loans and investments, or given guarantees to other bodies corporate in compliance with the provisions of the Act and has made the necessary entries in the register kept for the purpose.
- 26) The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
- 27) The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
- 28) The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
- 29) The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
- 30) The company has not altered its Articles of Association during the financial year.
- 31) There were no prosecution initiated against the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
- 32) The Company has not received any money as security from its employees during the financial year.
- 33) Since Employees Provident Fund Act, 1952 is applicable sec. 418 is not applicable.

RAJAPALAIYAM,
25th May, 2009.

M.R.L.NARASIMHA
Practicing Company Secretary
C.P.No.799



ANNEXURE III TO DIRECTORS' REPORT

ANNEXURE 'A'
SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED
31ST MARCH, 2009.

RAJAPALAYAM MILLS LTD.,
CIN L17111TN1936PLC002298
Nominal Capital : Rs.5,00,00,000.

Registers as maintained by the Company:

- 1) Board Meeting Minutes u/s. 193
- 2) Annual General Meeting Minutes u/s. 193
- 3) Audit Committee Minutes
- 4) Share Transfer Committee Minutes
- 5) Remuneration Committee Minutes
- 6) Directors Attendance Register
- 7) Directors Sitting Fees Register
- 8) Register of Sitting Fees for Audit Committee, Share Transfer Committee and Remuneration Committee
- 9) Register of Contracts in which Directors are Interested u/s. 301 and 301(3)
- 10) Register of Directors u/s. 303
- 11) Register of Members u/s. 150
- 12) Register of Share Transfer
- 13) Register of charges and copies of instruments evidencing the charge u/s. 136
- 14) Register of Investments
- 15) Register of Proxies
- 16) Register of Deposits under rule 7 of Companies (Acceptance of Deposit) Rule 1975
- 17) Register of Directors Shareholding u/s. 307
- 18) Shareholders attendance Register
- 19) Register of Loans and Guarantees

RAJAPALAIYAM,
25th May, 2009.

M.R.L.NARASIMHA
Practicing Company Secretary
C.P.No.799



ANNEXURE III TO DIRECTORS' REPORT

ANNEXURE 'B'

SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED

31ST MARCH, 2009.

RAJAPALAYAM MILLS LTD.,

CIN L17111TN1936PLC002298

Nominal Capital : Rs.5,00,00,000.

Forms and Returns filed by the Company with the Registrar of Companies during the Financial Year Ending 31st March, 2009.

Sl. No.	Form No. Return	Filed U/S	For	Date of Filing SRN.	Whether filed within prescribed Time	If delay in filing whether Requisite Additional fees Paid
1.	62	Rule 10 of the Companies (Acceptance of Deposit) Rules, 1975	Return of Deposit as on 31-03-2008	A40339491 30-06-2008	Yes	Not Applicable
2.	62	Rule 4A of Companies (Acceptance of Deposit) Rules, 1975	Statement in lieu of Advertisement - AGM	A42701599 06-08-2008	Yes	Not Applicable
3.	23 AC, ACA	220	Profit & Loss Account & Balance Sheet as at 31-03-2008	P20958203 04-09-2008	Yes	Not Applicable
4.	32	303 (2)	Change in designation of Shri A.V.Dharmakrishnan, from Additional Director to Director	A44330587 04-09-2008	Yes	Not Applicable
5.	1	Rule 3 of Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001	Statement of amounts credited to Investor Education and Protection Fund for the year ended 31-03-2001	A44626976 10-09-2008	Not Applicable	Not Applicable
6.	20 B	159	Annual Return made upto 06-08-2008	P22103451 27-09-2008	Yes	Not Applicable



ANNEXURE III TO DIRECTORS' REPORT

Sl. No.	Forum No. Return	Filed U/S	For	Date of Filing SRN.	Whether filed within prescribed Time	If delay in filing whether Requisite Additional fess Paid
7.	62	Rule 4A of Companies (Acceptance of deposit) Rules, 1975	Statement in lieu of Advertisement-Revised rate of Interest	A40339491 01-11-2008	Yes	Not Applicable
8.	8	135	Modification of charges	A53191193 30-12-2008	Yes	Not Applicable
9.	17	138	Satisfaction of charges	A53834784 09-01-2009	Yes	Not Applicable
10.	8	135	Modification of charges	A54416359 19-01-2009	Yes	Not Applicable
11.	8	135	Modification of charges	A47300132 17-10-2008	No	Yes
12.	8	125	Creation of charges	A55004899 28-01-2009	Yes	Not Applicable
13.	8	135	Modification of charges	A58345398 20-03-2009	Yes	Not Applicable

Central Government.

Sl. No.	Forum No. Return	Filed U/S	For	Date of Filing SRN.	Whether filed within prescribed Time	If delay in filing whether Requisite Additional fees Paid
1.	23 C	233 (B)	For appointment of Cost Auditor for the year ended 31-03-2009	18-07-2008 A41566084	Yes	Not Applicable
2.	CAR	233(B) 600 (3) (b)	Filing of cost audit report for the year ended 31-03-2008	27-09-2008 A45794377	Yes	Not Applicable

RAJAPALAIYAM,
25th May, 2009.

M.R.L.NARASIMHA
Practicing Company Secretary
C.P.No.799



AUDITORS' REPORT TO SHAREHOLDERS

1. We have audited the attached Balance Sheet of Rajapalayam Mills Limited as at 31st March, 2009 and the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Government of India in terms of section 227 (4A) of the Companies Act, 1956 (the Act) and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations give to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The Balance sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of Section 274 (1) (g) of the Act.



AUDITORS' REPORT TO SHAREHOLDERS

- (vi) In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2009;
 - (b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For M.S. JAGANNATHAN & N. KRISHNASWAMI,
Chartered Accountants

K. SRINIVASAN
Partner
Membership No. 21510

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants

V. JAYANTHI
Partner
Membership No. 28952

RAJAPALAIYAM,
25th May, 2009.



AUDITORS' REPORT TO SHAREHOLDERS

ANNEXURE TO THE AUDITOR'S REPORT

Annexure Referred to in paragraph 3 of our report of even date to the Shareholders of RAJAPALAYAM MILLS LIMITED

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The management is having a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) No substantial part of fixed assets of the company has been disposed off during the year.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material, and have been dealt with in the books of accounts.
- (iii) (a) The Company has granted unsecured loans to a party (5 parties during the year) covered in the Register maintained under section 301 of the Act, 1956. The maximum amount involved during the year and the year end balance of such loan aggregate to Rs. 110.35 Crores and Rs. 94.29 Crores respectively.
 - (b) In our opinion, the rate of interest and other terms and conditions on which the loan has been given to such companies / persons are not, *prima facie* prejudicial to the interest of the company.
 - (c) In respect of loans granted wherever stipulation have been made, the principal amounts are received as stipulated and also the payment of interest is regular where applicable.
 - (d) There are no over due amount of loan granted by the company.
 - (e) The Company has taken unsecured loans from 3 persons covered in the register maintained under section 301 of the Act. The maximum amount involved during the year and the year end balance of unsecured loans aggregate to Rs. 419.70 Lakhs and Rs. 11.96 Lakhs respectively.
 - (f) In our opinion, the rate of interest and other terms and conditions on which the loan has taken from such companies / persons are not, *prima facie* prejudicial to the interest of the company.



AUDITORS' REPORT TO SHAREHOLDERS

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal systems.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contract or arrangement referred is in Section 301 of the Act, have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has accepted deposits from the public and the Company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provision of the Companies Act and rules framed there under.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the company in respect of products pursuant to the rules made by the Central Government for the maintenance of cost record under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been maintained. We have not however made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) Undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, service tax, cess and other material statutory dues applicable have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty, service tax and cess were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable.
- (c) The disputed Statutory dues aggregating to Rs.37.04 Lakhs that have not been deposited on account of matter pending before appropriate authority are :

Name of the statute	Forum where dispute is pending	Amount (Rs. in Lakhs)
Service Tax	Commissioner, Appeals	7.60
Tamilnadu General Sales Tax Act, Interest payable(2001-02)	The Joint Commissioner of Commercial Taxes	29.44



AUDITORS' REPORT TO SHAREHOLDERS

- (x) The Company has no accumulated losses at the end of the financial year nor had it incurred any cash loss during the financial year or in the immediately preceding financial year.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutional or bank during the year.
- (xii) According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures or other Investments.
- (xiii) The provisions of any special statute applicable to Chit fund/Nidhi/Mutual benefit fund societies are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debenture or other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) The terms and conditions of the guarantee given by the Company for loans taken by others from banks or financial institutions are not *prima facie* prejudicial to the interest of the Company.
- (xvi) On the basis of review of utilisation of funds on an overall basis, in our opinion, the term loans taken by the Company were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties and Companies covered in the register maintained under section 301 of the Act.
- (xix) The Company has not issued debentures and accordingly no securities or charges have been created in respect of debentures.
- (xx) The Company has not made a public issue of any its securities during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For M.S. JAGANNATHAN & N. KRISHNASWAMI,
Chartered Accountants

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants

K. SRINIVASAN
Partner
Membership No. 21510

V. JAYANTHI
Partner
Membership No. 28952

RAJAPALAIYAM,
25th May, 2009.



BALANCE SHEET AS AT 31ST MARCH 2009

	Schedule		As at 31-03-2009		(In Rupees) As at 31-03-2008
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	3,51,25,800		3,51,25,800	
Reserves & Surplus	2	<u>114,65,20,709</u>	118,16,46,509	<u>109,92,19,960</u>	113,43,45,760
Loan Funds					
Secured Loans	3	376,03,25,617		260,16,76,857	
Unsecured Loans	4	<u>20,88,53,642</u>	396,91,79,259	<u>42,98,60,649</u>	303,15,37,506
Deferred Tax Liability					
			26,53,75,841		24,19,40,000
			<u>541,62,01,609</u>		<u>440,78,23,266</u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	513,22,22,210		458,96,98,350	
Less: Depreciation		<u>190,43,12,543</u>		<u>171,21,13,717</u>	
Net Block		322,79,09,667		287,75,84,633	
Add: Capital Work-in-progress		<u>93,53,344</u>	323,72,63,011	<u>3,58,24,616</u>	291,34,09,249
Investments					
	6		38,80,39,021		38,80,39,021
Current Assets, Loans & Advances					
Inventories	7	60,82,46,291		62,63,40,267	
Sundry Debtors	8	20,50,22,763		22,92,08,791	
Cash & Bank Balances	9	2,74,15,854		3,30,34,768	
Loans & Advances	10	<u>122,94,61,833</u>		<u>58,98,24,461</u>	
		<u>207,01,46,741</u>		<u>147,84,08,287</u>	
Less :					
Current Liabilities & Provisions					
Current Liabilities	11	22,55,27,573		27,09,60,047	
Provisions	12	<u>5,44,99,302</u>		<u>10,34,05,447</u>	
		<u>28,00,26,875</u>		<u>37,43,65,494</u>	
Net Current Assets					
			179,01,19,866		110,40,42,793
Miscellaneous Expenditure					
	13		7,79,711		23,32,203
			<u>541,62,01,609</u>		<u>440,78,23,266</u>
Significant Accounting Policies 21					
Notes on Accounts 22					

The Schedules referred to above form part of the accounts.

As per our report annexed
For M.S. JAGANNATHAN & N. KRISHNASWAMI,
Chartered Accountants
K.SRINIVASAN
Partner. M.No.21510

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
V. JAYANTHI
Partner. M.No.28952
Rajapalayam, 25th May 2009.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SMT. R.SUDARSANAM
MANAGING DIRECTOR

S.S.RAMACHANDRA RAJA
N.K.RAMASUWAMI RAJA
K.T.KRISHNAN
N.R.K.VENKATESH RAJA
V.S.VEMBAN
A.V. DHARMAKRISHNAN

Directors



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	Schedule	For the year ended 31-03-2009	(In Rupees) For the year ended 31-03-2008
INCOME			
Sales	14	219,26,84,987	204,76,06,926
Value of Power Generated from Wind Mills		15,54,86,030	15,19,13,709
Other Income	15	23,70,95,075	24,52,58,835
Increase / (Decrease) in stock	16	3,33,66,012	(2,26,37,220)
		<u>261,86,32,104</u>	<u>242,21,42,250</u>
EXPENDITURE			
Raw Material consumed		108,61,61,252	99,33,75,161
Trade Purchases		—	1,17,33,501
Salaries,Wages & Other amenities to employees	17	20,21,05,002	18,18,10,482
Power & Fuel		36,63,41,143	33,12,61,110
Packing Materials consumed		4,08,61,348	4,14,37,667
Job Work Charges		5,27,08,838	9,08,48,533
Repairs & Maintenance	18	8,52,68,264	10,02,58,042
Interest & Finance Charges	19	25,27,38,986	15,13,53,821
Managing Director's Remuneration		30,48,000	55,28,530
Licences & Taxes		64,63,419	66,58,409
Deferred Revenue Expenses		15,52,492	83,34,840
Administrative & Selling Expenses	20	17,04,02,705	8,80,14,934
Donations		21,01,665	53,93,026
Depreciation		29,99,67,845	26,56,15,626
Provision for Taxation			
Current Tax - MAT		—	96,00,000
Deferred Tax		(1,65,00,000)	1,90,00,000
Fringe Benefit Tax		10,00,000	15,00,000
		<u>255,42,20,959</u>	<u>231,17,23,682</u>



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	Schedule	For the year ended 31.03.2009	(In Rupees) For the year ended 31.03.2008
Profit for the year		6,44,11,145	11,04,18,568
Add:			
Balance Brought Forward from Previous Year		1,32,94,960	1,88,30,908
Excess Income Tax Provision withdrawn		34,37,319	—
Balance available for appropriation		8,11,43,424	12,92,49,476
Appropriated as :			
Transfer to General Reserve		4,50,00,000	6,66,40,000
Interim Dividend		1,05,37,740	2,10,75,480
Tax on Interim Dividend		17,90,889	35,81,778
Final Dividend		70,25,160	2,10,75,480
Tax on Final Dividend		11,93,926	35,81,778
		6,55,47,715	11,59,54,516
Balance carried to Balance Sheet		1,55,95,709	1,32,94,960
Earnings per Share (Basic & diluted)		18	31
Significant Accounting Policies	21		
Notes on Accounts	22		

The Schedules referred to above form part of the accounts.

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI,
Chartered Accountants
K.SRINIVASAN
Partner. M.No.21510

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
V. JAYANTHI
Partner. M.No.28952
Rajapalayam, 25th May 2009.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SMT. R.SUDARSANAM
MANAGING DIRECTOR

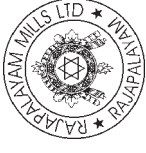
S.S.RAMACHANDRA RAJA
N.K.RAMASUWAMI RAJA
K.T.KRISHNAN
N.R.K.VENKATESH RAJA
V.S.VEMBAN
A.V. DHARMAKRISHNAN

Directors



SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH 2009

	As at 31-03-2009	(In Rupees) As at 31-03-2008
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
50,00,000 Equity Shares of Rs. 10/- each	<u>5,00,00,000</u>	<u>5,00,00,000</u>
Issued, Subscribed & Fully Paid-up		
35,12,580 Equity Shares of Rs. 10/- each	<u>3,51,25,800</u>	<u>3,51,25,800</u>
	<u>3,51,25,800</u>	<u>3,51,25,800</u>
Note:		
27,01,270 Shares of Rs. 10/- each were allotted as fully paid Bonus Shares by Capitalisation of General Reserves.		
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserves Account	3,75,000	3,75,000
Share Premium	10,55,50,000	10,55,50,000
General Reserve		
As per Last Balance Sheet	98,00,00,000	91,33,60,000
Add : Transfer from Profit & Loss Account	<u>4,50,00,000</u>	<u>6,66,40,000</u>
	102,50,00,000	98,00,00,000
SURPLUS		
Balance in Profit & Loss Account	1,55,95,709	1,32,94,960
	<u>114,65,20,709</u>	<u>109,92,19,960</u>
SCHEDULE 3		
SECURED LOANS		
Loans and Advances from Banks	376,03,25,617	260,16,76,857
Notes :		
Of the above		
(i) an amount of Rs. 21,836.38 Lakhs (Previous year Rs.19,726.94 Lakhs) are secured by pariassu charge on the fixed assets of the company and a second charge on the current assets of the Company.		
(ii) an amount of Rs. 5,766.88 Lakhs (Previous year Rs. 6,289.83 Lakhs) are secured by pariassu charge on stock-in-trade, stores and book debts of the company and a second charge on the fixed assets of the Company.		
(iii) an amount of Rs. 10,000 Lakhs (Previous year - Nil) are secured by subservient charge on rawmaterial stock of the Company.		
SCHEDULE 4		
UNSECURED LOANS		
Cumulative Deposits	82,39,000	58,55,000
From Directors	6,14,642	4,10,30,013
Short Term Loan from Bank	<u>20,00,00,000</u>	<u>38,29,75,636</u>
	<u>20,88,53,642</u>	<u>42,98,60,649</u>



SCHEDULES TO BALANCE SHEET

SCHEDULE 5 FIXED ASSETS

Particulars	Cost as at 01-04-2008	Additions during the year	Sold/ withdrawn during the year	Cost as at 31-03-2009	Depreciation upto 01-04-2008	Depreciation for the year	Depreciation Withdrawn	Depreciation upto 31-03-2009	Net Value as at 31-03-2009	Net Value as at 31-03-2008
Land	5,59,41,784	66,51,349	—	6,25,93,133	—	—	—	—	6,25,93,133	5,59,41,784
Buildings	32,49,39,302	9,45,89,214	—	41,95,28,516	5,62,79,223	1,06,79,551	—	6,69,58,774	35,25,69,742	26,86,60,079
Plant & Machinery	395,81,33,397	50,50,95,974	11,29,10,050	435,03,19,321	157,30,11,187	26,97,65,355	10,68,80,400	173,58,96,142	261,44,23,179	238,51,22,210
Electrical Machinery	19,95,99,808	4,54,27,356	—	24,50,27,164	5,34,40,087	1,37,56,963	—	6,71,97,050	17,78,30,114	14,61,59,721
Furniture & Office Equipments	3,31,57,639	26,66,657	9,76,070	3,48,48,226	2,10,01,954	29,22,226	7,03,400	2,32,20,780	1,16,27,446	1,21,55,685
Vehicles	1,77,88,500	22,15,435	1,98,133	1,98,05,802	83,03,938	28,39,011	1,47,347	1,09,95,602	88,10,200	94,84,562
Loose Tools	1,37,920	—	37,872	1,00,048	77,328	4,739	37,872	44,195	55,853	60,592
	458,96,98,350	65,66,45,985	11,41,22,125	513,22,22,210	171,21,13,717	29,99,67,845	10,77,69,019	190,43,12,543	322,79,09,667	287,75,84,633



SCHEDULES TO BALANCE SHEET

			As at 31-03-2009	(In Rupees) As at 31-03-2008
SCHEDULE 6				
INVESTMENTS				
Non - Trade				
Name of the Company	No. of Shares	Total Face Value Rs.		
a) Quoted				
Madras Cements Ltd (including 1,64,52,500 Bonus Shares allotted during the year) Rs. 10/- face value sub-divided to Re.1/- per share	3,29,05,000	3,29,05,000	37,79,94,215	37,79,94,215
Ramco Industries Ltd	3,96,034	39,60,340	92,39,596	92,39,596
The Ramaraju Surgical Cotton Mills Ltd	1,000	10,000	5,026	5,026
Mafatlal Engineering Industries Ltd	140	14,000	14,000	14,000
Lakshmi Automatic Loom Works Ltd	2,500	25,000	25,000	25,000
Tamilnadu Jai Bharath Mills Ltd	1,200	12,000	12,000	12,000
Sub - Total			38,72,89,837	38,72,89,837
b) Unquoted				
(i) SHARES OF JOINT STOCK COMPANIES : FULLY PAID-UP				
Sri Vishnu Shankar Mill Ltd	38,400	3,84,000	2,11,022	2,11,022
Miot Hospitals Ltd	2,500	25,000	25,000	25,000
Ontime Transport Co. Ltd	50,000	5,00,000	5,00,000	5,00,000
(ii) SHARES OF JOINT STOCK COMPANIES : PARTLY PAID-UP				
Bharat Paper Mills Ltd. Rs.5/- paid-up per share.	2,500	25,000	12,562	12,562
(iii) OTHERS				
Ramco Group Employee's Co-op Stores Ltd	50	500	500	500
Srivilliputhur Uganda Producers Co-operative Society	10	100	100	100
Sub- Total			7,49,184	7,49,184
Total			38,80,39,021	38,80,39,021
Aggregate Value of:				
Quoted Investments - Cost			38,72,89,837	38,72,89,837
- Market Value			249,56,95,141	582,39,84,897
Unquoted Investments - Cost			7,49,184	7,49,184



SCHEDULES TO BALANCE SHEET

	As at 31-03-2009	(In Rupees) As at 31-03-2008
SCHEDULE 7		
INVENTORIES		
Raw Materials	40,08,26,823	45,76,97,534
Stores, Spares, Packing Materials etc.	1,71,21,041	1,17,10,318
Process Stock	4,55,74,737	2,88,78,340
Finished Goods	14,47,23,690	12,80,54,075
	<u>60,82,46,291</u>	<u>62,63,40,267</u>
SCHEDULE 8		
SUNDRY DEBTORS (UNSECURED-CONSIDERED GOOD)		
Outstanding for a period exceeding six months	1,69,60,164	34,43,032
Other debts	18,80,62,599	22,57,65,759
	<u>20,50,22,763</u>	<u>22,92,08,791</u>
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash on Hand	2,30,310	1,35,783
Balance with Scheduled Banks		
In Current Account	2,00,66,422	2,62,60,962
In Dividend Warrant Account	63,19,122	50,88,023
In Deposit Account	8,00,000	15,50,000
	<u>2,74,15,854</u>	<u>3,30,34,768</u>
SCHEDULE 10		
LOANS AND ADVANCES		
Unsecured : Considered Good		
Advances Recoverable in Cash or in Kind	114,14,52,008	47,50,76,363
Advance Income Tax paid, Income-Tax deducted at source and refund receivable	2,61,49,807	5,37,45,026
Deposits	4,61,22,678	5,32,75,539
Prepaid Expenses	1,57,37,340	77,27,533
	<u>122,94,61,833</u>	<u>58,98,24,461</u>
SCHEDULE 11		
CURRENT LIABILITIES		
Liabilities for Purchases	16,41,82,588	21,52,49,086
Interest Accrued but not due on Loans	2,93,012	4,49,172
Liabilities for Expenses	5,28,03,092	3,96,74,852
Other Liabilities	19,29,759	1,04,98,914
Unclaimed Dividend	63,19,122	50,88,023
	<u>22,55,27,573</u>	<u>27,09,60,047</u>
SCHEDULE 12		
PROVISIONS		
Provision for Taxation	55,00,000	4,69,12,431
Provision for Provident Fund Scheme	3,48,722	—
Provision for Staff Benefit Scheme	1,91,62,736	1,15,67,000
Proposed Dividend	70,25,160	2,10,75,480
Provision for Tax on Dividend	11,93,926	35,81,778
P.A.C. Ramasamy Raja Memorial Fund	2,12,68,758	2,02,68,758
	<u>5,44,99,302</u>	<u>10,34,05,447</u>



SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended 31-03-2009	(In Rupees) For the year ended 31-03-2008
SCHEDULE 13		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Deferred Revenue Expenses		
(a) Research & Development Expenses		
Opening Balance	20,70,203	41,78,690
Add : Incurred during the year	—	—
	<u>20,70,203</u>	<u>41,78,690</u>
Less : Amortised during the year	<u>12,90,492</u>	<u>21,08,487</u>
	7,79,711	20,70,203
(b) Voluntary Retirement Scheme		
Opening Balance	2,62,000	64,88,353
Add : Incurred during the year	—	—
	<u>2,62,000</u>	<u>64,88,353</u>
Less : Amortised during the year	<u>2,62,000</u>	<u>62,26,353</u>
	—	2,62,000
	<u>7,79,711</u>	<u>23,32,203</u>
SCHEDULE 14		
SALES		
Sale of Yarn & Garments	216,76,46,695	201,38,69,290
Sale of Tissue Culture Plants	2,50,38,292	3,37,37,636
	<u>219,26,84,987</u>	<u>204,76,06,926</u>
SCHEDULE 15		
OTHER INCOME		
Waste Cotton Sales	1,47,17,416	98,34,793
Interest Received (Tax Deducted at Source - Rs. 98,74,256/-)	5,43,81,609	4,41,87,991
Rent Received	3,74,618	2,77,000
Export Incentives	4,23,87,065	5,93,57,443
Miscellaneous Income	4,20,40,539	2,78,97,553
Dividend Received	7,19,86,910	5,55,36,910
Exchange Fluctuations (Net)	—	1,11,25,773
Profit on Sale of Investments	—	3,59,26,506
Profit on Sale of Assets	<u>1,12,06,918</u>	<u>11,14,866</u>
	<u>23,70,95,075</u>	<u>24,52,58,835</u>
SCHEDULE 16		
INCREASE / (DECREASE) IN STOCK		
Closing Stock :		
Process Stock	4,55,74,737	2,88,78,340
Finished Goods	<u>14,47,23,690</u>	<u>12,80,54,075</u>
	19,02,98,427	15,69,32,415
Opening Stock :		
Process Stock	2,88,78,340	4,11,93,401
Finished Goods	<u>12,80,54,075</u>	<u>13,83,76,234</u>
	15,69,32,415	17,95,69,635
	<u>3,33,66,012</u>	<u>(2,26,37,220)</u>



SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended 31-03-2009	(In Rupees) For the year ended 31-03-2008
SCHEDULE 17		
SALARIES, WAGES AND OTHER AMENITIES TO EMPLOYEES		
Salaries, Wages and Bonus	16,50,41,425	14,92,07,630
Contribution to Provident Fund and other Funds	2,99,48,154	2,43,41,234
Staff and Labour Welfare Expenses	71,15,423	82,61,618
	<u>20,21,05,002</u>	<u>18,18,10,482</u>
SCHEDULE 18		
REPAIRS AND MAINTENANCE		
Repairs to Buildings	1,34,68,712	1,84,71,887
Repairs to Machinery	3,29,90,467	5,09,69,449
Repairs - General	3,88,09,085	3,08,16,706
	<u>8,52,68,264</u>	<u>10,02,58,042</u>
SCHEDULE 19		
INTEREST AND FINANCE CHARGES		
Interest on Fixed Loans	13,37,53,883	9,21,76,372
Interest on Cumulative Deposits	4,90,059	5,18,013
Interest on Other Loans	11,84,95,044	5,86,59,436
	<u>25,27,38,986</u>	<u>15,13,53,821</u>
SCHEDULE 20		
ADMINISTRATIVE EXPENSES		
Postage, Telegram & Telephone	17,84,773	22,20,184
Printing & Stationery	17,39,555	17,11,444
Travelling & Conveyance	40,66,904	51,97,883
Maintenance of Motor Car & Other Vehicles	48,70,609	48,88,865
Insurance	53,31,061	76,79,647
Bank Charges	31,12,234	33,53,893
Sales Expenses & Commission	3,53,95,744	3,37,24,345
Export Sales Expenses	1,75,93,011	2,31,17,724
Exchange Fluctuations (Net)	8,80,45,394	—
Directors Sitting Fees	4,60,000	4,75,000
Rent	2,59,436	3,10,550
Audit, Accountancy & Legal Charges	15,89,952	12,42,551
Miscellaneous Expenses	61,54,032	40,92,848
	<u>17,04,02,705</u>	<u>8,80,14,934</u>



SIGNIFICANT ACCOUNTING POLICIES

SCHEDULE: 21

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements

- (i) The financial statements have been prepared under the historical cost convention and in accordance with the generally accepted accounting principles, the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956, as adopted consistently by the Company.
- (ii) The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

2. Depreciation

(i) For Buildings, Plant & Machinery and Electrical Machineries

Depreciation has been provided on straight-line basis at the rate specified under Rules/ Schedule XIV to the Companies Act, 1956, prevailing at the time of acquisition of the Asset.

(ii) On Other Assets

Under Written Down Value Method as per rates specified in Schedule XIV.

3. Investments

All Investments being long term & non-trade are stated at cost.

4. Fixed Assets

Fixed Assets are stated at cost (net of CENVAT/VAT wherever applicable) less accumulated Depreciation.

5. Inventories

- (i) Raw materials, stores, spares, packing materials etc., are valued at cost including the cost incurred in bringing the inventories to their present location and condition or net realisable value whichever is lower.
- (ii) Process stock is valued at cost including the cost of conversion. The cost of conversion includes direct costs.
- (iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost includes cost of conversion and other costs incurred in bringing the inventory to their present location and condition.

6. Sales

Net Sales exclude VAT / CST.

7. Income from Wind Mills

Units generated from Wind Mills are adjusted against the consumption of power at our Mills. The monetary value of the units so adjusted, calculated at the prevailing EB rates net of wheeling charges has been included in power & fuel and the same value has been taken as Income from Wind Mills in Profit and Loss Account. The value of unadjusted units as on Balance Sheet date has been included under loans and advances.



SIGNIFICANT ACCOUNTING POLICIES

8. Employee Benefits

- (i) Short-term employee benefit viz. Salaries and Wages, are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which the related service is rendered.
- (ii) Defined Contribution plan viz., Contributions to Provident Fund and Superannuation Fund are recognized as an expense in the profit and loss account for the year in which the employees have rendered services. The Company contributes to Provident Fund administered by the Government on a monthly basis at 12% of employee's basic salary. The Company also contributed for superannuation a sum equivalent to 15% of the employee's eligible annual basic salary to funds administered by trustees and managed by LIC of India annually. There are no other obligations other than the above defined contribution plans.

(iii) Defined Benefit Plan

Gratuity

The Company has its own approved Gratuity Fund. It is in the form of lump sum payments to vested employees on resignation, retirement, death while in employment or on termination of employment of an amount equivalent to 15 Day's basic salary payable for each completed year of service. Vesting occurs upon completion of five years of continuous service. The Company makes annual contributions to funds administered by trustees and managed by LIC of India, based on the actuarial valuation by an independent external actuary as at the Balance sheet date using the projected unit credit method.

Leave Encashment

The Company has a policy of encashing unavailed leave for its employees. The obligation for the leave encashment is recognized based on an independent external actuarial valuation at the Balance Sheet date. The expense is recognized at the present value of the amount payable determined based on actuarial valuation using projected unit credit method.

9. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Un-provided contingent liabilities are disclosed in the Accounts by way of Notes. Contingent Assets are not recognized.

10. Research and Development Expenditure

Expenditure on Research & Development of revenue nature incurred by the Company during earlier period is amortized over a period of 5 years. No such expenditure incurred during the current year.



SIGNIFICANT ACCOUNTING POLICIES

11. Borrowing Costs

Borrowing Costs that are directly attributable to the acquisition, construction of qualifying assets are capitalized as part of the cost of those assets as per AS-16. All other borrowing costs are charged to revenue.

12. Government Subsidy / Grant

Interest subsidy under Technology Upgradation Fund Scheme (TUF) is credited to the Interest and Finance Charges.

13. Foreign Currency Transactions

- (i) Transactions in Foreign Currency are accounted at the exchange rates prevailing during the period of transaction.
- (ii) Monetary assets and liabilities are valued at the rate prevailing on the Balance Sheet date. The exchange difference on account of this is recognized in the Profit and Loss Account as per Accounting Standard-11 (The Effects of Changes in Foreign Exchange Rates).
- (iii) The Exchange difference arising out of Foreign Currency loan specifically availed for acquisition of assets has been adjusted in the cost of assets as per AS-11 (Revised).
- (iv) There is no Exchange gain / loss on account of forward exchange contract as the company has not entered any forward exchange contract.

14. Earnings Per Share

Net profit after tax is divided by the number of equity shares outstanding as on Balance Sheet date.

15. Income tax

The tax provision is considered as stipulated in Accounting Standard-22 (Accounting for Taxes on income) and includes current, deferred and fringe benefit tax liability. The Company recognises the deferred tax liability based on the accumulated timing difference using the current tax rate.

16. Segment Reporting

The Company has disclosed business segment as the primary segment as per AS-17. The three reportable segments viz., Textiles, Tissue Culture and Power Generation from Wind Mills were identified considering the nature of the products, the differing risks and returns. The valuation of inter segment transfers are based on prevailing market prices.

17. Miscellaneous Expenditure

Compensation paid under Voluntary Retirement Schemes and Research & Development Expenditure which is expected to yield enduring benefits are held under Miscellaneous Expenditure and amortized over the expected beneficial period, not exceeding five years.



NOTES ON ACCOUNTS

SCHEDULE: 22

NOTES ON ACCOUNTS

		As at 31-03-2009
1. Contingent Liabilities		
(i) Liability on Letter of Credit opened		
Capital Goods	Rs.	Nil
Others	Rs.	101 Lakhs
(ii) Estimated amount of contracts remaining to be executed on capital account not provided	Rs.	79 Lakhs
(iii) Liability on guarantees given by the bankers	Rs.	64 Lakhs
(iv) Liability on guarantees given to the bankers	Rs.	61,672 Lakhs
2. Income tax assessments have been completed up to the accounting year ended on 31-03-2006 i.e., Assessment Year 2006-07.		

The break up of net deferred tax liability of Rs. 2,654 Lakhs as at 31-03-2009 is as under:

(Rs. in Lakhs)

	Deferred tax Liability
Timing differences on account of:	
Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	2,651
Tax effect on Amortization of Deferred Revenue Expenditure	3
Deferred tax liability	2,654

In the opinion of Management, the provision for deferred tax is not expected to crystallise into liability. Since there is no tax liability as per Income Tax Act for the current year, no provision has been made for current tax.

3. Sales Tax Assessment upto year ended 31st March, 2002 has been completed.
4. (i) The Sales Tax Authorities (Tamilnadu) have issued demand notice to the Company for a sum of Rs.29,44,265/- related to Assessment Year 2001-02 as interest payable with regard to tax payable on cotton purchases against which the Company has obtained a stay order from the Joint Commissioner of Commercial Taxes.
(ii) In respect of Service Tax matters, appeals are pending with Appellate Authorities for a demand amount of Rs.7.60 Lakhs towards various issues.
5. Managing Director's Remuneration for the year 2008-09:

	(In Rupees)
Salary	24,00,000
Contribution to Provident Fund	2,88,000
Contribution to Superannuation Fund	3,60,000
Total	30,48,000

The total amount paid as stated above is minimum remuneration according to terms of appointment and is within the limit prescribed in schedule XIII of the Companies Act, 1956.



NOTES ON ACCOUNTS

6. Details of Loans from Directors under “Unsecured Loans” are:

Name	Closing Balance as on 31-03-2009	(In Rupees) Interest
1. Shri P.R. Ramasubrahmaneya Rajha	4,08,314	7,18,514
2. Shri P.R. Venketrama Raja	1,73,557	16,098
3. Smt. R. Sudarsanam	32,771	85,693
Total	6,14,642	8,20,305

7. As per the accounting policy followed by the company in respect of payment under Voluntary Retirement Scheme to the employees, 1/5 of the expenditure amounting to Rs. 2,62,000/- has been charged to current year's profit and loss account.

8. Contribution to Gratuity Fund includes an amount of Rs. 25.08 Lakhs recognised in the current period related to past service transitional liability. An amount of Rs. 75.24 Lakhs related to past services transitional liability remains unrecognised as at the Balance Sheet in accordance with Accounting Standard - 15 (Revised) .

9. Excess provision of Income Tax withdrawn of Rs.34.37 Lakhs represents provision for Income Tax accounted in the earlier years withdrawn since the actual liability is less than the amount provided in the accounts.

10. The Company had considered availability of MAT Credit entitlement under Income Tax Act of Rs. 3.99 Crores upto the year end 31-03-2008. The Deferred Tax Liability amount presented was net of this amount. The MAT Credit entitlement of Rs. 3.99 Crores has now been included under “Loans and Advances” and correspondingly the Deferred Tax Liability has been restated at gross value.

11. The Company has exercised the option as per AS-11 (Revised) and an amount of Rs. 35.35 Lakhs related to previous year's loss on exchange fluctuation charged to Profit and Loss account has now been capitalized in the current year by adjusting the same in Exchange Fluctuations.

12. Auditors' remuneration (including Service Tax) & expenses:

	2008-09	(In Rupees) 2007-08
<u>Statutory Auditors:</u>		
a. As Auditors	1,89,270	1,91,124
b. In other Capacities		
(i) For Tax Audit / Tax Representation	39,303	47,753
(ii) Certification Work	55,635	—
(iii) Management Consultancy	—	1,01,624
(iv) Expenses reimbursed	1,42,845	1,89,372
	4,27,053	5,29,873



NOTES ON ACCOUNTS

13. The Company's shares are listed in Madras Stock Exchange Limited and Bombay Stock Exchange Limited, for which Listing Fees for the year 2009-10 has been paid.
14. As at 31-03-2009, the company has no outstanding dues to Micro, Small and Medium Enterprises/ Small-Scale Industrial Undertaking. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
15. The unadjusted units generated from the Wind Mills as on 31-03-2009 are 7.26 Lakhs KWH (PY 12.53 Lakhs KWH) and its monetary value of Rs. 25.27 Lakhs (PY Rs. 44.42 Lakhs) has been included in Loans & Advances.
16. As per Accounting Standard -15 (Revised 2005) "Employee Benefits", the disclosures of employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan:	Rs.in Lakhs
	(2008-09)
Employer's Contribution to Provident Fund	54.59
Employer's Contribution to Superannuation Fund	13.18

Reconciliation of opening and closing balances of defined benefit plan:

	Gratuity (Funded)	Leave Encashment (Unfunded)
Defined Benefit Obligation as on 01-04-2008	265.31	115.67
Current Service Cost	25.11	9.05
Interest Cost	20.30	8.64
Actuarial (gain) / loss	8.41	2.45
Benefits paid	(-) 23.17	(-) 15.33
Defined Benefit obligation as on 31-03-2009	295.96	120.48

Reconciliation of opening and closing balances of fair value of plan assets:

Fair value of plan assets as on 01-04-2008	106.79	Nil
Expected return on plan assets	10.90	Nil
Actuarial gain / (loss)	11.05	Nil
Employer Contribution	45.22	15.33
Benefits paid	(-) 23.17	(-)15.33
Fair value of plan assets as on 31-03-2009	150.79	Nil



NOTES ON ACCOUNTS

	Gratuity (Funded)	Leave Encashment (Unfunded)
Actual Return of plan assets:		
Expected return of plan assets	10.90	Nil
Actuarial gain / (loss) on plan assets	11.05	Nil
Actual return on plan assets	21.95	Nil

Reconciliation of fair value of assets and obligations:

Fair value of plan assets	150.79	Nil
Present value of obligation	295.96	120.48
Difference	145.17	120.48
Unrecognized transitional liability	75.24	Nil
Unrecognized past service cost non vested benefits	Nil	Nil
Amount recognized in Balance Sheet	69.93	120.48

Expense recognized during the year:

	25.11	
Current Service Cost	20.30	9.05
Interest Cost	(-) 10.90	8.64
Expected return on plan assets	(-) 2.63	Nil
Actuarial (gain) / loss		2.45
Transitional liability recognized in the year	25.08	Nil
Past service cost-non-vested benefits	Nil	Nil
Past service cost-vested benefits	Nil	Nil
Net Cost	56.96	20.14

Investment Details as on 31-03-2009:

GOI Securities	6.67%	Nil
State Government Securities	Nil	Nil
High Quality Corporate Bonds	Nil	Nil
Funds with LIC	92.46%	Nil
Bank balance	0.53%	Nil
Others	0.34%	Nil
Total	100%	Nil

Actuarial assumptions:

LIC 1994-96 Ultimate Table applied for		
Service Mortality rate	Yes	Yes
Discount rate p.a	8.00%	8.00%
Expected rate of return on plan assets p.a	9.25%	Nil
Rate of escalation in salary p.a	4.00%	4.00%



17. The Segment Information for the year ended 31st March, 2009 detailed as below

(Rupees in Lakhs)

Particulars	Textiles		Windmill Power		Tissue Culture		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
REVENUE								
External Sales (Net)	21,676.47	20,138.69			250.38	337.38	21,926.85	20,476.07
Inter Segment Sale			1,444.30	1,478.79			1,444.30	1,478.79
Total Sales	21,676.47	20,138.69	1,444.30	1,478.79	250.38	337.38	23,371.15	21,954.86
Other Income	984.90	1,070.03	110.56	40.35	6.55	12.13	1,102.01	1,122.51
Total Revenue	22,661.37	21,208.72	1,554.86	1,519.14	256.93	349.51	24,473.16	23,077.37
RESULT								
Segment Result	1,141.07	893.51	638.31	666.75	-142.38	-11.96	1,637.00	1,548.30
Unallocated Income							835.68	928.55
Unallocated Expenses								
Operating Profit								
Interest Expense							2,472.68	2,476.85
Interest Income							2,527.39	1,513.54
Current Tax							543.82	441.88
Defferred Tax								96.00
Fringe Benefit Tax							-165.00	190.00
Profit from ordinary activities							10.00	15.00
Exceptional Items							644.11	1,104.19
Net Profit							644.11	1,104.19
OTHER INFORMATION								
Segment Assets	37,961.22	34,926.70	4,333.33	4,807.67	794.75	841.71	43,089.30	40,576.08
Unallocated Assets							13,872.99	7,245.81
Total Assets	37,961.22	34,926.70	4,333.33	4,807.67	794.75	841.71	56,962.29	47,821.89
Segment Liabilities	2,760.04	3,676.94			40.23	66.71	2,800.27	3,743.65
Unallocated Liabilities							42,345.55	32,734.78
Total Liabilities	2,760.04	3,676.94			40.23	66.71	45,145.82	36,478.43
Capital Expenditure	6,502.09	8,204.94			64.37	50.62	6,566.46	8,255.56
Unallocated Capital Expenditure								
Depreciation	2,160.81	1,817.86	746.67	749.33	92.21	88.97	2,999.68	2,656.16
Unallocated Depreciation Expenditure								
Non-Cash expenses other than Depreciation	2.62	62.26			12.90	21.08	15.52	83.34



NOTES ON ACCOUNTS

18. Earnings per Share

(In Rupees)

Particulars	2008-09	2007-08
Net Profit after tax (A)	6,44,11,145	11,04,18,568
No. of Shares (B)	35,12,580	35,12,580
Basic & Diluted earnings per share for Rs. 10/- each (A) / (B)	18	31

19. RELATED PARTY TRANSACTIONS

As per Accounting Standard -18 (Related Party Disclosures) issued by the Institute of Chartered Accountants of India, the Company's related parties are given below:

Key Management Personnel & Relatives :

- Shri P.R. Ramasubrahmaneya Rajha, Chairman
- Smt. R. Sudarsanam, Managing Director
- Shri P.R. Venketrama Raja, Director

The Company's transactions with the above persons are furnished in Note No.4 and 5 above.

Enterprises over which the above persons exercise significant influences and with which the Company had transactions during the year:

- M/s Madras Cements Limited
- M/s Sri Vishnu Shankar Mill Limited
- M/s The Ramaraju Surgical Cotton Mills Limited
- M/s Thanjavur Spinning Mill Limited
- M/s Ramco Industries Limited
- M/s Ramco Systems Limited
- M/s Sandhya Spinning Mill Limited
- M/s Ramco Management Private Limited
- M/s Sri Harini Textiles Limited
- M/s Rajapalayam Spinners Private Limited

The Company's transactions with the above Related Parties are summarized below:

(a) Inter Corporate Deposits given:

(In Rupees)

Name of the Related Party	Maximum Outstanding during the year	Interest	Outstanding as on 31-03-2009	
			ICD	Interest
The Ramaraju Surgical Cotton Mills Ltd	27,00,00,000	2,02,49,391	27,00,00,000	NIL
Sri Vishnu Shankar Mill Ltd	27,70,00,000	61,23,802	27,70,00,000	NIL
Sandhya Spinning Mill Ltd	25,74,00,000	1,25,27,184	25,74,00,000	NIL
Thanjavur Spinning Mill Limited	20,00,00,000	1,11,11,919	10,85,00,000	NIL
Sri Harini Textiles Ltd	3,00,00,000	9,34,247	3,00,00,000	NIL

(b) Inter Corporate Deposit Accepted :

Name of the Related Party	Maximum Outstanding during the year	Interest	Outstanding as on 31-03-2009	
			ICD	Interest
Madras Cements Ltd	10,00,00,000	9,61,644	NIL	NIL



NOTES ON ACCOUNTS

(c) Goods Supplied / Service rendered :

(In Rupees)

Name of the Related Party	Value	Outstanding as on 31-03-2009
The Ramaraju Surgical Cotton Mills Ltd	1,13,20,193	NIL
Sri Vishnu Shankar Mill Ltd	1,84,59,200	NIL
Sandhya Spinning Mill Ltd	32,06,243	NIL
Thanjavur Spinning Mill Limited	9,38,581	NIL
Ramco Industries Ltd	83,46,938	NIL
Sri Harini Textiles Ltd	14,14,409	NIL
Rajapalayam Spinners Private Ltd	1,72,37,640	NIL

(d) Cost of Goods & Services purchased / availed:

Name of the Related Party	Value	Outstanding as on 31-03-2009
The Ramaraju Surgical Cotton Mills Ltd	4,26,52,168	NIL
Sri Vishnu Shankar Mill Ltd	9,34,18,612	NIL
Sandhya Spinning Mill Ltd	3,14,52,083	NIL
Thanjavur Spinning Mill Limited	63,65,040	NIL
Madras Cements Ltd	1,51,31,614	NIL
Ramco Industries Ltd	3,28,94,653	NIL
Ramco Systems Ltd	8,92,974	NIL
Rajapalayam Spinners Private Ltd	25,05,120	NIL

(e) Corporate Guarantee given:

Name of the Related Party	Guarantee Amount
The Ramaraju Surgical Cotton Mills Ltd	151,99,00,000
Sri Vishnu Shankar Mill Ltd	159,64,00,000
Sandhya Spinning Mill Ltd	165,56,00,000
Thanjavur Spinning Mill Limited	98,20,00,000
Sri Harini Textiles Ltd	41,33,00,000

(f) Investment Made during the year: NIL

(g) Investment Sold during the year: NIL

20. Additional information pursuant to provision of paragraphs III & IV of part II of the Schedule VI of the Companies Act, 1956.

(a) Annual Capacities and Production :

Installed Capacity	UOM	2008-09	2007-08
Spindles	Nos	1,21,856	1,22,864
Rotors	Nos	3,816	2,016
Wind Mills	MW	21.90	21.90
Production			
Yarn	Kgs	1,31,18,438	1,36,23,197
Power From Wind Mills	Lakhs - KWH	413	415



NOTES ON ACCOUNTS

(b) Particulars in respect of Sales, Opening and Closing Stock of goods manufactured:

Yarn	UOM	2008-09		2007-08	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Opening Stock	Kgs	6,61,600	11,64,95,912	7,84,558	11,99,02,330
Yarn Purchase	Kgs	—	—	1,11,197	1,17,33,501
Sales	Kgs	1,31,79,684	216,76,46,695	1,38,57,352	201,37,14,583
Closing Stock	Kgs	6,00,354	12,10,21,925	6,61,600	11,64,95,912

(c) Raw Materials Consumed :

Cotton & Cotton Waste	Kgs	1,56,69,516	108,61,61,252	1,59,17,781	99,33,75,161
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(d) Value of Imports calculated on CIF Value:

Raw Materials	31,29,79,365	25,59,52,723
Components and Spares	1,08,65,051	1,53,34,763
Capital Goods	43,92,32,076	49,99,96,481

(e) Expenditure in Foreign

Exchange during the year	77,48,25,788	77,91,66,650
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(f) Earnings in Foreign exchange (FOB Value) :

(Rs. in Lakhs)

Export - Yarn	8,436	8,380
Export - Tissue Culture Plants	70	197

(g) Value of Raw Materials, Stores & Spare Parts consumed:

(In Rupees)

	2008-09	%	2007-08	%
Cotton & Cotton Waste				
Imported	30,13,48,732	27	14,75,85,115	15
Indigenous	78,48,12,520	73	84,57,90,045	85
Spares and Components				
Imported	94,81,718	6	1,57,82,379	11
Indigenous	14,65,25,108	94	13,10,87,498	89



NOTES ON ACCOUNTS

21. Previous years figures have been regrouped/restated wherever necessary to make them comparable with the current year's figures.
22. Figures have been rounded off to the nearest rupee.

Signature to Schedules 1 to 22

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI,
Chartered Accountants
K.SRINIVASAN
Partner. M.No.21510

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

S.S.RAMACHANDRA RAJA
N.K.RAMASUWAMI RAJA
K.T.KRISHNAN
N.R.K.VENKATESH RAJA
V.S.VEMBAN
A.V. DHARMAKRISHNAN

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
V. JAYANTHI
Partner. M.No.28952
Rajapalayam, 25th May 2009.

SMT. R.SUDARSANAM
MANAGING DIRECTOR

Directors



CASH FLOW STATEMENT

	31-03-2009	(Rs. in Lakhs) 31-03-2008
A. Cash flow from Operating Activities		
Net Profit before tax and prior period and extraordinary items	489.11	1,405.19
Adjustments for :		
Depreciation	2,999.68	2,656.16
Interest paid	2,527.39	1,513.54
Interest Received	(543.82)	(441.88)
Dividend Received	(719.87)	(555.37)
Deferred revenue expenditure written off	15.52	83.35
Profit on sale of assets	(112.07)	(11.15)
Profit on sale of investments	—	(359.27)
Operating Profit before Working Capital changes	<u>4,655.94</u>	<u>4,290.57</u>
Decrease / (Increase) in Sundry Debtors	241.86	(1,075.55)
Decrease in Loans and Advances	586.68	68.39
Decrease / (Increase) in Inventories	180.94	(745.14)
Decrease in Current liabilities	<u>(364.88)</u>	<u>(34.78)</u>
Cash generated from Operations	<u>5,300.54</u>	<u>2,503.49</u>
Income Tax Paid	<u>(113.80)</u>	<u>(162.53)</u>
Net Cash from Operating activities	<u>5,186.74</u>	<u>2,340.96</u>
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(6,301.75)	(8,415.57)
Advance to Machinery Suppliers	—	(561.64)
Sale of Investments	—	977.80
Sale of Assets	175.60	86.26
Interest Received	543.82	441.88
Dividend Received	719.87	555.37
Net Cash used in Investing activities	<u>(4,862.46)</u>	<u>(6,915.90)</u>
C. Cash Flow from Financing Activities		
Proceeds from Long Term borrowings	4,622.63	5,666.35
Repayment of Long Term Loan	(2,513.19)	(2,965.00)
Increase in Short Term borrowings	7,266.99	4,320.13
Increase in Inter Corporate Deposits	(6,859.65)	(336.35)
Dividend Paid	(369.86)	(493.15)
Interest Paid	(2,527.39)	(1,513.54)
Net Cash used in Financing Activities	<u>(380.47)</u>	<u>4,678.44</u>
Net Increase / (Decrease) in Cash and Cash Equivalent (A+B+C)	(56.19)	103.50
Opening Cash and Cash Equivalent (D)	330.35	226.85
Closing Cash and Cash Equivalent (E)	274.16	330.35
Net Increase / (Decrease) in Cash and Cash Equivalent (E-D)	(56.19)	103.50

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI,
Chartered Accountants
K.SRINIVASAN
Partner. M.No.21510

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

S.S.RAMACHANDRA RAJA
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A.V. DHARMAKRISHNAN

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
V. JAYANTHI
Partner. M.No.28952
Rajapalayam, 25th May 2009.

SMT. R.SUDARSANAM
MANAGING DIRECTOR

Directors



RAJAPALAYAM MILLS LIMITED, RAJAPALAYAM

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.

L	1	7	1	1	1	T	N	1	9	3	6	P	L	C	0	0	2	2	9	8
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Balance Sheet Date

3	1
---	---

 /

0	3
---	---

 /

2	0	0	9
---	---	---	---

 State Code

1	8
---	---

Date Month Year

II. CAPITAL RAISED DURING THE YEAR (Rs. in Thousands)

Public Issue

						N	I	L
--	--	--	--	--	--	---	---	---

 Right Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Bonus Issue

						N	I	L
--	--	--	--	--	--	---	---	---

 Private Placement

						N	I	L
--	--	--	--	--	--	---	---	---

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Rs. in Thousands)

Total Liabilities

5	4	1	6	2	0	2
---	---	---	---	---	---	---

 Total Assets

5	4	1	6	2	0	2
---	---	---	---	---	---	---

Sources of Funds

Paid up Capital

			3	5	1	2	6
--	--	--	---	---	---	---	---

 Reserves & Surplus

1	1	4	6	5	2	0
---	---	---	---	---	---	---

Secured Loans

3	7	6	0	3	2	6
---	---	---	---	---	---	---

 Unsecured Loans

	2	0	8	8	5	4
--	---	---	---	---	---	---

Deferred Tax Liability

	2	6	5	3	7	6
--	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

3	2	3	7	2	6	3
---	---	---	---	---	---	---

 Investments

	3	8	8	0	3	9
--	---	---	---	---	---	---

Net Current Assets

1	7	9	0	1	2	0
---	---	---	---	---	---	---

 Miscellaneous Expenditure

					7	8	0
--	--	--	--	--	---	---	---

Accumulated Losses

						N	I	L
--	--	--	--	--	--	---	---	---

IV PERFORMANCE OF THE COMPANY (Rs. in Thousands)

Turnover*

2	5	8	5	2	6	6
---	---	---	---	---	---	---

 Profit/Loss Before Tax

		4	8	9	1	1
--	--	---	---	---	---	---

*Turnover includes Wind Mill Generation and other Income

Total Expenditure

2	5	3	6	3	5	5
---	---	---	---	---	---	---

 Profit After Tax

		6	4	4	1	1
--	--	---	---	---	---	---

Earnings per share in Rs.

					1	8
--	--	--	--	--	---	---

 Dividend Rate %

					5	0
--	--	--	--	--	---	---

V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY

Item Code No. (ITC Code)

			2	3	5	1
--	--	--	---	---	---	---

Product Description

C	O	T	T	O	N	Y	A	R	N
---	---	---	---	---	---	---	---	---	---

Item Code No. (ITC Code)

		0	6	0	2	9	9	0	9
--	--	---	---	---	---	---	---	---	---

Product Description

T	I	S	S	U	E	C	U	L	T	U	R	E	P	L	A	N	T	S
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI,
Chartered Accountants
K.SRINIVASAN
Partner. M.No.21510

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For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
V. JAYANTHI
Partner. M.No.28952
Rajapalayam, 25th May 2009.

SMT. R.SUDARSANAM
MANAGING DIRECTOR

Directors



PROXY FORM

RAJAPALAYAM MILLS LIMITED

Regd. Office: Rajapalayam Mills Premises, P.A.C.Ramasamy Raja Salai,

Post Box No. 1, RAJAPALAIYAM – 626 117.

I/WeSon of/Wife of/Daughter of
residing at.....being a member/members of
RAJAPALAYAM MILLS LTD., do hereby appoint Sri/Smt/Miss.....Son of/Wife of/Daughter of
.....residing at..... or failing him
Sri/Smt/Miss.....Son of/
Wife of/Daughter of.....residing
atas my/our proxy to vote for me/us on my /our
behalf at the 73rd Annual General Meeting of the Company to be held on Thursday the 6th August, 2009
at 10.00 A.M. and at any adjournment thereof.

Signed thisday of 2009.



Folio No / DP ID / CL ID	No. of Shares

Affix 1 Rupee
Revenue
Stamp and
Sign over it

Note : Any member entitled to attend and vote at the meeting is entitled to attend and either vote in person or by Proxy and that the Proxy need not be a member of the Company. This form thus completed should be deposited at the Registered Office of the Company at Rajapalayam before 10.00 A.M. on Tuesday the 4th August, 2009.

