

RAJAPALAYAM MILLS LIMITED

RAJAPALAIYAM



Annual Report and Accounts for the year ended 31st March 2016



Mr. P.R. Venketrama Raja, Director with Mr. Daniele, CEO of M/s. Albini, Italy during his visit to Italy.

Mr. P.R. Venketrama Raja, Director with Mr. Muharrem H. Kayhan, Chairman of M/s. Soktas, Turkey during his visit to Turkey.



Our Executives with Japanese Customers during their visit to Japan.

FOUNDER



SHRI P.A.C. RAMASAMY RAJA



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.,

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

Justice Shri P.P.S. JANARDHANA RAJA, B.L.,

Shri V. SANTHANA RAMAN, B.Com, C.A.I.I.B.,

Shri K.B. NAGENDRA MURTHY, M.Com, C.A.I.I.B.,

Smt. SOUNDARA KUMAR, B.Sc., C.A.I.I.B.,

Chief Financial Officer

Shri B. Gnanagurusamy

Secretary

Shri A. Arulpranavam

Registered Office

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

E-mail : rajacot@ramcotex.com

Phone No.: 04563-235666

Fax No.: 04563-236520

Website:

www.rajapalayammills.co.in

Corporate Identification Number :

L17111TN1936PLC002298

Bankers

Axis Bank Limited

Canara Bank

ICICI Bank Limited

IDBI Bank Limited

Indian Bank

Kotak Mahindra Bank Limited

Punjab and Sind Bank

Tamilnad Mercantile Bank Limited

Tata Capital Financial Services Limited

The Karur Vysya Bank Limited

Auditors

M/s. M.S. Jagannathan & N. Krishnaswami,
Chartered Accountants,
Unit - 5, Ground Floor,
Abirami Apartments,
No.14, V.O.C. Road,
Cantonment,
Tiruchirappalli - 620 001,
Tamil Nadu.

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

Secretarial Auditor

Shri M.R.L. Narasimha,
New No. 8 (Old No. 34-C),
Third Cross,
Ramalinga Nagar,
K.K. Pudur,
Coimbatore - 641 038.

Cost Auditor

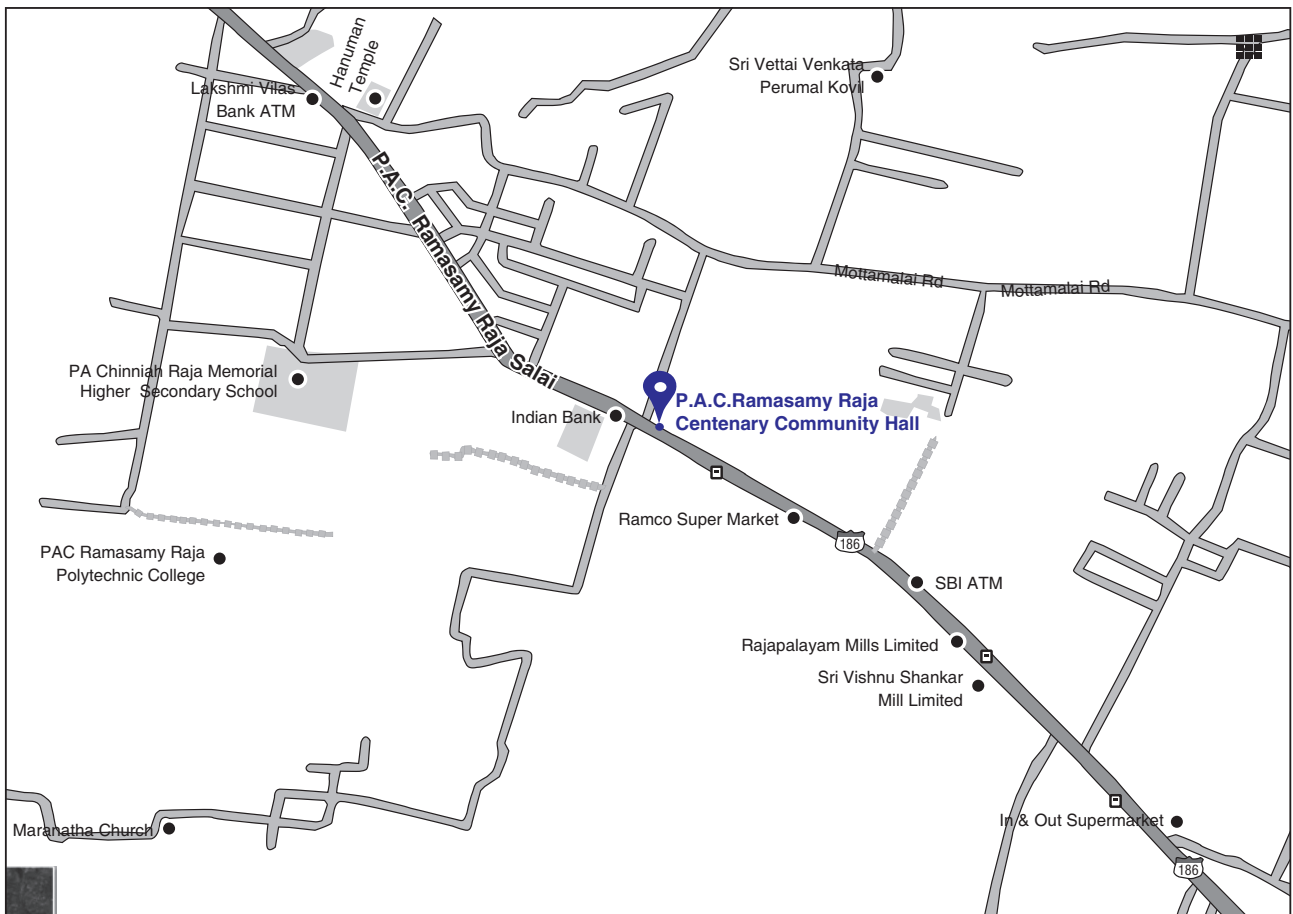
Shri M. Kannan,
IV-B Akshaya Homes,
9B-20 Tagore Nagar,
Bharathiyar 4th Street,
S S Colony,
Madurai - 625 016.



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Map Showing location of venue of 80th Annual General Meeting
Venue Address: P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens,
P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu



Land Mark: Near Indian Bank, P.A.C.R. Polytechnic College Branch

Distance from Rajapalayam Bus Stand : 3.5 KM; Distance from Rajapalayam Railway Station : 3.9 KM



NOTICE

NOTICE TO THE MEMBERS

Notice is hereby given that the 80th Annual General Meeting of the Company will be held at 10.00 A.M. on Wednesday, the 10th August, 2016 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 consider and pass the following Resolution, as an ORDINARY RESOLUTION:
"RESOLVED that the Directors' Report and the Company's Statement of Profit & Loss for the year ended 31st March 2016, Balance sheet as at that date and Cash Flow Statement for the year ended on that date and the Auditors' Report thereon be and are hereby considered and adopted."
2. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
"RESOLVED that Shri P.R. Venketrama Raja (DIN: 00331406), who retires by rotation, be and is hereby elected as Director of the Company."
3. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
"RESOLVED that Shri A.V. Dharmakrishnan (DIN: 00693181), who retires by rotation, be and is hereby elected as Director of the Company."
4. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
"RESOLVED that in terms of Section 139 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, the appointment of M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants, holding Firm Registration No: 001208S and M/s. Ramakrishna Raja and Co., Chartered Accountants, holding Firm Registration No: 005333S, as Auditors of the Company for the third consecutive year, viz. from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting, out of their term of three consecutive years as approved at the Annual General Meeting held on 04-08-2014, be and is hereby ratified."

SPECIAL BUSINESS

5. To consider and pass the following Resolution, as a SPECIAL RESOLUTION:
"RESOLVED that pursuant to Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, approval of the Company be and is hereby accorded to the appointment of Smt. R. Sudarsanam (DIN: 00433926) as Managing Director of the Company for a period of 3 years with effect from 01-04-2017, at a remuneration equivalent to 5% of the net profits of the Company.

RESOLVED FURTHER that the Nomination and Remuneration Committee be and is hereby authorised to fix the components, quantum and periodicity of the remuneration payable to the Managing Director subject however that the annual remuneration does not exceed 5% of the net profits of the Company in any financial year.



NOTICE

RESOLVED FURTHER that where in any financial year during the currency of her tenure, the Company has no profits or inadequate profits, the Managing Director shall be paid remuneration as approved by the Nomination and Remuneration Committee which shall be the double of the applicable limit as provided under (A) of Section II, Part II of Schedule V of the Companies Act, 2013 along with the following perquisites:

- (i) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961;
- (ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- (iii) Encashment of leave at the end of the tenure and other perquisites as allowed under Section IV of Schedule V of the Companies Act, 2013.

RESOLVED FURTHER that the remuneration aforesaid shall be exclusive of any fee paid for attending Meetings of the Board or any Committee thereof or for any other purpose, whatsoever as may be decided by the Board as provided in Section 197(5) of the Companies Act, 2013."

6. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:

"RESOLVED that pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Smt. Soundara Kumar (DIN: 01974515), appointed as an Additional Director of the Company on 27-08-2015 pursuant to the provisions of Section 161 of the Companies Act, 2013 and who holds office upto the date of this Annual General Meeting, and being eligible, offer herself for appointment and in respect of whom the Company has received a notice in writing from a Member, pursuant to the provisions of Section 160 of the Companies Act, 2013 signifying his intention to propose the candidature of Smt. Soundara Kumar, for the office of Director, be and is hereby appointed as a Director of the Company, under Independent Director category for a period of 5 consecutive years from the date of her appointment, viz. 27-08-2015."

7. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:

"RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs.85,000/- exclusive of Service Tax and out-of-pocket expenses payable to Shri M. Kannan, Cost Accountant (Firm Registration No. 102185) appointed as the Cost Auditor of the Company by the Board of Directors for the financial year 2016-17 for auditing the Cost Records relating to manufacture of textile products, be and is hereby ratified and confirmed."

By Order of the Board,
For RAJAPALAYAM MILLS LIMITED,

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

RAJAPALAIYAM,
28th May, 2016.



NOTICE

NOTES:

1. Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning each item of Special Business is annexed hereto.
2. **A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and that the Proxy need not be a Member.**
3. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total Share capital of the Company. 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. Proxies submitted on behalf of the companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
4. The cut-off date will be 4th August, 2016 for determining the eligibility to vote by remote e-Voting or in the General Meeting.
5. Pursuant to the provisions of Section 205 A(5) and 205 C of the Companies Act, 1956, the Company has transferred the unclaimed / unpaid dividends lying with the Company for a period of over 7 years, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unclaimed / unpaid dividends lying with the Company on the website of the Company (www.rajapalayammills.co.in), as also on the website of the Ministry of Corporate Affairs (MCA). The dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education & Protection Fund of the Central Government. 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:

FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	LAST DATE FOR CLAIMING UNPAID DIVIDEND	DUE DATE FOR TRANSFER TO IEP FUND
31-03-2009 Final Dividend	06-08-2009	05-08-2016	03-09-2016
31-03-2010 Dividend	04-08-2010	03-08-2017	01-09-2017
31-03-2011 Dividend	20-07-2011	19-07-2018	17-08-2018
31-03-2012 Dividend	06-08-2012	05-08-2019	03-09-2019
31-03-2013 Interim Dividend Final Dividend	22-02-2013 01-08-2013	21-02-2020 31-07-2020	21-03-2020 29-08-2020



NOTICE

FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	LAST DATE FOR CLAIMING UNPAID DIVIDEND	DUE DATE FOR TRANSFER TO IEP FUND
31-03-2014 Interim Dividend Final Dividend	03-02-2014 04-08-2014	02-02-2021 03-08-2021	03-03-2021 01-09-2021
31-03-2015 Dividend	12-08-2015	11-08-2022	09-09-2022
31-03-2016 Interim Dividend	16-03-2016	15-03-2023	13-04-2023

6. Electronic copy of the Notice for the Annual General Meeting and the Annual Report for 2015-16 are being sent to all the members whose E-mail IDs are registered with the Company / Depository Participant(s). Physical copy of the Notice together with the Annual Report are being sent in permitted mode, to members for whom the E-mail IDs are not available and who have requested for physical copies. The Notice and the Annual Report are also available on the Company's Website - www.rajapalayammills.co.in for their download.
7. Under Rule 18 of Companies (Management and Administration) Rules, 2014, Members, who have not got their E-mail IDs recorded are requested to register their E-mail address and changes therein with the Company in respect of physical Shares and with Depository Participants in respect of dematerialised Shares. Members are also requested to provide their Unique Identification Number and PAN (CIN in the case of Corporate Members) to the Company / Depository Participants.
8. A Route map with prominent Landmark for easy location of the venue of the meeting is given with this notice as per the requirement of Clause No. 1.2.4 of the Secretarial Standard - 2 on "General Meetings".
9. Voting through electronic means
 - A. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR) Regulations, 2015"], the Company is providing Members remote e-Voting facility to exercise their right to vote at the 80th Annual General Meeting (AGM) and the business may be transacted through such voting, through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).
 - B. The facility for voting, either through electronic voting system or ballot shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-Voting shall be able to exercise their right at the meeting.



NOTICE

- C. The members who have cast their vote by remote e-Voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The instructions for e-Voting are as under:

- i) To log on to the e-Voting website **www.evotingindia.com**
- ii) To Click on Shareholders tab.
- iii) Now enter your User ID as given below:
 - For CDSL: 16 Digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding Shares in Physical Form should enter Folio Number registered with the Company.
- iv) Next enter the Captcha Code as displayed and Click on Login.

v) **PASSWORD**

- If you are holding Shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any Company, then your existing password is to be used.
- If you are first time user, follow the steps given below:
 - (a) Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat Shareholders as well as physical Shareholders).

Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the Folio No. / Client ID in the PAN field.

In case the Folio No is less than 8 digits, enter the applicable number of 0's before the Folio No. to make it 8 digits after the first two characters of the name in CAPITAL letters. Eg. If your name is R.Murugan with folio number 1 then enter RM00000001 in the PAN Field.

- (b) Please enter any one of the following details in order to login:

Date of Birth: Enter the Date of Birth as recorded in your demat account or in the Company records in dd/mm/yyyy format.

Dividend Bank Details: Please enter Dividend Bank Details as recorded in your demat account or in the company records.

If both of the above details are not recorded with the depository or Company, please enter the User ID [mentioned in (iii) above] in the Dividend Bank details field.



NOTICE

- vi) Members holding Shares in physical form will then directly reach the Company selection screen. However, Members holding Shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-Voting through CDSL platform. It is recommended not to Share your password with any other person and take utmost care to keep your password confidential.
- vii) For members holding Shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.
- viii) Click on the relevant EVSN for RAJAPALAYAM MILLS LIMITED on which you choose to vote.
- ix) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or No as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- x) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolutions.
- xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xiii) You can also take out print of the voting done by you by clicking on "Click here to Print" option on the Voting page. It need not be sent to the Company.
- xiv) If demat account holder has forgotten the changed password then Enter the User ID and Captcha Code and click on "Forgot Password" & enter the details as prompted by the system.
- xv) Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on. The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.



NOTICE

- D. The facility for remote e-Voting shall remain open from 9.00 A.M. on Sunday the 7th August, 2016 to 5.00 P.M. on Tuesday the 9th August, 2016. During this period, the Members of the Company, holding Shares either in physical form or in dematerialised form, as on the cut-off-date, viz., Thursday the 4th August, 2016, may opt for remote e-Voting. Voting shall not be allowed beyond 5.00 P.M. on 9th August, 2016.
- E. In case you have any queries or issues regarding e-Voting, you may refer the Frequently Asked Questions ("FAQs") and e-Voting manual available at www.evotingindia.com under help Section or write an email to helpdesk.evoting@cdslindia.com
- F. The voting rights of Shareholders shall be in proportion to the Shares held by them in the paid up equity Share capital of the Company as on 04-08-2016.
- G. Shri K. Srinivasan, Chartered Accountant (Membership No: 21510), Partner, M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants has been appointed as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
- H. The Chairman shall, at the general meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting, with the assistance of scrutinizer, by use of ballot or by using an electronic voting system for all those Members who are present at the general meeting but have not cast their votes by availing the remote e-Voting facility.
- I. The Scrutinizer shall immediately after conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting there after unblock the votes cast through remote e-Voting in the presence of at least two witnesses not in the employment of the Company and make not later than three days of conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same and the Chairman or a person authorised by him in writing shall declare the result of the voting forthwith.

RAJAPALAIYAM,
28th May, 2016.

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



NOTICE

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

Smt. R. Sudarsanam (DIN: 00433926) was first appointed as Managing Director of the Company on 01-07-2002. At that time, the net worth of the Company was Rs.66 Crores and Turnover was Rs.121 Crores. Under her leadership, the Company has expanded its capacity by adding 25,000 Spindles during the year 2005 and also put up a State-of-the-art Rieter Project with 16,800 Spindles in Rajapalayam Spintext during the financial year 2007-08. During the financial year 2008-09, the Company has established an open end spinning unit with a capacity of 1,800 Rotors, which was further expanded with 4,800 Ring Spindles. The Company's net worth has increased to Rs.216 Crores as on 31-03-2016 with a Total Revenue of Rs. 414 Crores for the financial year 2015-16.

Smt. R. Sudarsanam was reappointed as Managing Director of the Company by the Board of Directors at their meeting held on 28-05-2016, subject to the approval of the Shareholders at the Annual General Meeting, for a further period of 3 years from 01-04-2017 to 31-03-2020 in accordance with the provisions of Section 197 read with Schedule V and other applicable provisions of the Companies Act, 2013.

Terms of Remuneration:

- a) 5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013.
- b) In any financial year, where the Company has no profits or inadequacy of profits, the Managing Director shall be paid as remuneration, the double of the applicable limit as provided under (A) of Section II, Part II of Schedule V of the Companies Act, 2013 along with the following perquisites:
 - (i) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961;
 - (ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
 - (iii) Encashment of leave at the end of the tenure and other perquisites as allowed under Section IV of Schedule V of the Companies Act, 2013.

The aforesaid remuneration shall be exclusive of any fee paid for attending Meetings of the Board or Committee thereof or for any other purpose, whatsoever as may be decided by the Board as provided in Section 197(5) of the Companies Act, 2013.



NOTICE

The proposed reappointment and the payment of remuneration has also been approved by the Nomination and Remuneration Committee and Audit Committee at their meetings held on 27-05-2016.

The reappointment and the remuneration proposed fulfill the conditions stipulated in Schedule V of the Companies Act, 2013. Further, as the Managing Director has attained the age of 70 years, her reappointment is proposed for approval by way of Special Resolution. Hence approval of the Central Government is not required.

Smt. R. Sudarsanam is the Director in the following Companies:

1. Sandhya Spinning Mill Limited
2. Rajapalayam Textile Limited
3. Sudarsana Farms Private Limited
4. Rajapalayam Farms Private Limited
5. Sri Sandhya Farms (India) Private Limited
6. Sri Saradha Deepa Farms Private Limited
7. Ramamandiram Agricultural Estate Private Limited
8. Nalina Agricultural Farms Private Limited
9. Nirmala Shankar Farms & Estates Private Limited
10. Sri Nithyalakshmi Farms Private Limited
11. Ram Sandhya Farms Private Limited
12. Ramco Private Limited
13. Ramco Management Private Limited
14. RCDC Securities and Investments Private Limited
15. JKR Enterprise Limited

None of the Directors and Key Managerial Personnel except Smt. R. Sudarsanam as an appointee and Shri P.R. Ramasubrahmaneya Rajha, Chairman & Shri P.R. Venketrama Raja, Director as relatives to the Managing Director may be deemed to be concerned or interested in the Resolution.



NOTICE

I. General Information:

1	Nature of Industry		Textiles	
2	Date of Commencement of Business		22-12-1936	
3	Financial performance based on given indicators			
	Year	Total Revenue Rs. in Crores	Net Profit after Tax Rs. in Crores	Dividend per Share in Rs.
	2015-16	413.63	23.53	3.00
	2014-15	395.28	12.04	2.50
	2013-14	440.72	26.59	7.50
4	Foreign investments or collaborations, if any			NIL

II. Information about the appointee:

1	Background Details	Smt. R. Sudarsanam is a Promoter & Managing Director and has been on the Board of the Company since 1996. Age : 74 Years No. of Shares held in the Company : 63,760
2	Past Remuneration	She has been paid a remuneration @ 5% of the net profits of the Company and in case of inadequacy profits, she has been paid maximum permissible remuneration as per Schedule V of the Companies Act, 2013.
3	Recognition or awards	-
4	Job profile and her suitability	Overall in-charge for Management of the affairs of the Company.
5	Remuneration proposed	5% of the net profits of the Company and in case of inadequacy of profits, the Managing Director shall be paid as remuneration, the double of the applicable limit as provided under (A) of Section II, Part II of Schedule V of the Companies Act, 2013 along with perquisites as mentioned in the resolution. She will also be entitled for sitting fees for meetings of the Board or its Committees attended by her.
6	Comparative Remuneration profile	Remuneration is comparable with respect to industry, size of the Company, profile of the position and person.
7	Relationship with managerial personnel / Pecuniary relationship directly or indirectly with the Company.	She is related to Shri P.R. Ramasubrahmaneya Rajha, Chairman and Shri P.R. Venketrama Raja, Director of the Company. She has no pecuniary relationship other than the remuneration, she is entitled to receive. Her transactions with the Company are disclosed under "Related Party Transactions" in Note No. 26 (18).



NOTICE

III. Other Information:

1	Reasons of loss or inadequate profits	Not applicable, as the Company is continuously making profits.
2	Steps taken or proposed to be taken for improvement	
3	Expected increase in productivity and profits in measurable terms	

IV. Disclosures:

As required, the information are provided under Corporate Governance Section.

The Notice together with this Statement may be regarded as a disclosure under Regulation 36(3) of the SEBI (LODR) Regulations, 2015.

Item No. 6

The Board of Directors, based on the recommendation of Nomination and Remuneration Committee had appointed Smt. Soundara Kumar (DIN: 01974515) as Additional Director on 27th August, 2015, under Non-Executive Independent Director category.

Smt. Soundara Kumar, aged 61, holds a degree in Science and completed CAIIB. She has served in the Banking Sector for nearly four decades from 1975 to 2014. She was appointed as Probationary Officer in the year 1975 in State Bank of India and has held various positions like General Manager (Retail Banking), Chief General Manager (Small & Medium Enterprises) and Chief General Manager (Rural Business) at SBI's Corporate Centre. She was the CEO of SBI (California) and CEO of SBI (Los Angeles) Agency during the years 2002 to 2004. She was appointed as the Managing Director of State Bank of Indore from 2008 to 2010.

She is also a Director in the following Companies:

- 1) Asset Reconstruction Company (India) Limited
- 2) Ramco Systems Limited
- 3) Religare Finvest Limited
- 4) Religare Housing Development Finance Corporation Limited
- 5) Orchid Pharma Limited
- 6) Sundaram BNP Paribas Fund Services Limited
- 7) Shanthi Gears Limited
- 8) Centrum Direct Limited
- 9) Sundaram Trustee Company Limited
- 10) Coastal Energen Private Limited



NOTICE

She is also a Member in the following Committees:

Name of the Company	Name of the Committee	Position Held (Chairperson / Member)
Asset Reconstruction Company (India) Limited	CSR Committee	Member
	Nomination and Remuneration Committee	Member
Religare Finvest Limited	Nomination and Remuneration Committee	Member
	Audit Committee	Member
Religare Housing Development Finance Corporation Limited	Nomination and Remuneration Committee	Member
	Audit Committee	Member
Sundaram BNP Paribas Fund Services Limited	Nomination and Remuneration Committee	Chairperson
	Audit Committee	Member
Shanthi Gears Limited	Audit Committee	Member

In terms of Section 161 (1) of the Companies Act, 2013, Smt. Soundara Kumar holds Office as Additional Director upto the date of the forthcoming Annual General Meeting.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with the amount of requisite deposit from a Member signifying his intention to propose the appointment of Smt. Soundara Kumar as a Director.

Smt. Soundara Kumar is proposed to be appointed as an Independent Director for 5 consecutive years from the date of her appointment. She has furnished a declaration pursuant to Section 149(6) of the Companies Act, 2013 that she meets the criteria of independence and hence eligible for appointment as an Independent Director. In the opinion of the Board, Smt. Soundara Kumar fulfills the conditions specified in the Act and the Rules made thereunder and that she is Independent of the Management.

She holds no Shares in Rajapalayam Mills Limited.

The Board of Directors is of the opinion that her vast knowledge and experience will be of great value to the Company and hence recommends the Resolution for the approval of the Members.



NOTICE

The notice received under Section 160 of the Companies Act, 2013 and a copy of letter of appointment issued to Smt. Soundara Kumar as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

The Notice and this Statement may also be regarded as a disclosure under Regulation 36(3) of the SEBI (LODR) Regulations, 2015.

Disclosure of Interest:

Except Smt. Soundara Kumar, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution.

Item No. 7

In accordance with the provisions of Section 148 of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Company is required to appoint a cost auditor to audit the cost records of Company, relating to manufacture of Textile Products for the financial year 2016-17.

On the recommendation of the Audit Committee at its meeting held on 27-05-2016, the Board had approved the appointment of Shri M. Kannan, Cost Accountant as the Cost Auditor of the Company to audit the Company's Cost Records relating to manufacture of Textile Products at a remuneration of Rs.85,000/- exclusive of Service tax and out-of-pocket expenses for the financial year 2016-17.

The remuneration of the cost auditor is required to be ratified by the Members in accordance with the provisions of Section 148(3) of the Act and Rule 14 of the Rules.

The Directors recommend the Resolution to the Members for their approval.

None of the Directors, Key Managerial Personnel or their relatives are deemed to be interested in this Resolution.

RAJAPALAIYAM,
28th May, 2016.

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



NOTICE

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

1. SHRI P.R. VENKETRAMA RAJA

Shri P.R. Venketrama Raja (DIN: 00331406), aged 57, 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 Limited since 1986.

He holds 11,06,080 Equity Shares in the Company as on 31-03-2016.

He is the son of Shri P.R. Ramasubrahmaneya Rajha, Chairman of the Company and Smt. R. Sudarsanam, Managing Director of the Company.

He is also a Director in the following Companies:-

1. Ramco Industries Limited (Vice-Chairman & Managing Director)
2. Ramco Systems Limited (Vice-Chairman & Managing Director)
3. The Ramco Cements Limited
4. The Ramaraju Surgical Cotton Mills Limited
5. Sri Vishnu Shankar Mill Limited
6. Sandhya Spinning Mill Limited
7. Rajapalayam Textile Limited
8. LYNKS Logistics Limited
9. Sri Sandhya Farms (India) Private Limited
10. Sri Saradha Deepa Farms Private Limited
11. Ramamandiram Agricultural Estate Private Limited
12. Nalina Agricultural Farms Private Limited
13. Ramco Systems Corporation, USA
14. Ramco Systems Limited, Switzerland
15. Ramco Systems Sdn Bhd., Malaysia
16. Ramco Systems Pte. Limited, Singapore
17. Sri Ramco Lanka (Private) Limited, Sri Lanka
18. Sri Ramco Roofings Lanka Private Limited - Sri Lanka
19. RCDC Securities and Investments Private Limited
20. Nirmala Shankar Farms & Estates Private Limited



NOTICE

21. Sri Nithyalakshmi Farms Private Limited
22. Ram Sandhya Farms Private Limited
23. RSL Enterprise Solutions (Pty) Limited, South Africa
24. Ramco Systems Canada Inc., Canada
25. Ramco Systems FZ-LLC
26. Ramco Systems Australia Pty Limited, Australia

He is also a Member in the following Committees:

Name of the Company	Name of the Committee	Position Held (Chairman / Member)
Rajapalayam Mills Limited	Stakeholders Relationship Committee	Member
	Corporate Social Responsibility Committee	Member
The Ramco Cements Limited	Audit Committee	Member
	Project Management Committee	Member
	Stakeholders Relationship Committee	Chairman
	Share / Debenture Committee	Member
	Nomination and Remuneration Committee	Member
	Corporate Social Responsibility Committee	Member
Ramco Industries Limited	Stakeholders Relationship Committee	Member
	Share Transfer Committee	Member
	Corporate Social Responsibility Committee	Member
	Risk Management Committee	Chairman
Ramco Systems Limited	Stakeholders Relationship Committee	Member
	Allotment Committee	Member
	Fund Raising Committee	Member
The Ramaraju Surgical Cotton Mills Limited	Stakeholders Relationship Committee	Member
Sandhya Spinning Mill Limited	Corporate Social Responsibility Committee	Member



NOTICE

2. SHRI A.V. DHARMAKRISHNAN

Shri A.V. Dharmakrishnan (DIN: 00693181), a Chartered Accountant, aged 59, started his career in 1982 at The Ramco Cements Limited. He is presently holding the position of Chief Executive Officer at The Ramco Cements Limited. He has specialized knowledge and rich experience in Finance and Taxation matters.

He has been on the Board of Rajapalayam Mills Limited since 2008.

He holds 1,100 Equity Shares in the Company as on 31-03-2016.

He is also a Director in the following Companies:-

1. Ontime Industrial Services Limited
2. Ramco Systems Limited
3. Ramco Windfarms Limited
4. Madurai Trans Carrier Limited
5. Harini Media Limited
6. LYNKS Logistics Limited

He is also a Member in the following Committees:

Name of the Company	Name of the Committee	Position Held (Chairman / Member)
Rajapalayam Mills Limited	Audit Committee	Member
	Nomination and Remuneration Committee	Member
Ramco Systems Limited	Audit Committee	Member
	Nomination and Remuneration Committee	Member
	Stakeholders Relationship Committee	Member
	Fund Raising Committee	Member
Shri Harini Media Limited	Audit Committee	Member
	Nomination and Remuneration Committee	Member
	Compensation Committee	Member
Ontime Industrial Services Limited	Nomination and Remuneration Committee	Member

DIRECTORS' REPORT



TO THE MEMBERS

Your Directors have pleasure in presenting their 80th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2016.

1. FINANCIAL RESULTS

The financial results for the year ended 31st March, 2016 after charging all expenses and contribution to P.A.C. Ramasamy Raja Memorial Fund of Rs.60 Lakhs (which is less than the limits laid in the Articles of Association) but before deducting finance cost and depreciation have resulted in operating profit of Rs. 6,216.02 Lakhs against Rs.4,965.30 Lakhs for the previous financial year 2014-15.

After deducting Rs.2,678.09 Lakhs towards finance cost and providing Rs.2,130.90 Lakhs towards Depreciation, and considering Rs.1,544.13 Lakhs being Dividends received from the shares held by the Company as investments, the Net Profit for the year is Rs.2,951.16 Lakhs, as compared to Rs.1,913.59 Lakhs for the previous financial year 2014-15. Adding the surplus of Rs.932.50 Lakhs brought forward from the previous year, your Directors propose to appropriate the total sum of Rs. 3,883.66 Lakhs as detailed below:

		Rs. in Lakhs
Provision for Taxation	- Current Tax	386.18
	- Tax Expenses related to earlier years	107.57
	- Deferred Tax	104.48
Interim Dividend	Rs. 3/- per share	221.28
Tax on Interim Dividend	@ 20.358%	45.05
Transfer to General Reserve		2,019.10
Balance carried over to Balance sheet		1,000.00
	TOTAL	<u>3,883.66</u>

2. SHARE CAPITAL

The Paid-up Capital of the Company is Rs.737.62 Lakhs (Previous Year: Rs.737.62 Lakhs) consisting of 73,76,160 Shares of Rs.10/- each.

3. DIVIDEND

Your Directors have already declared an Interim Dividend of Rs. 3/- per share for the financial year 2015-16 at the Board Meeting held on 16th March, 2016 (Previous Year Dividend: Rs.2.50 per share). The amount of Interim Dividend outgo for the year was Rs.221.28 Lakhs. The amount of tax on Interim Dividend was Rs.45.05 Lakhs. In view of conserving resources for repayment of loans, your Directors do not recommend any further dividend for the financial year 2015-16. The Interim Dividend already paid may be treated as total Dividend for the year 2015-16.



DIRECTORS' REPORT

4. TAXATION

An amount of Rs. 386.18 Lakhs towards Current Tax, Rs.107.57 Lakhs towards Income Tax expenses related to earlier years and Rs. 104.48 Lakhs towards Deferred Tax has been provided for the year.

5. MANAGEMENT DISCUSSION AND ANALYSIS

TRADE CONDITIONS

During the year, the Company has increased the spindle capacity by 6,048 Spindles and installed of 2 Nos. of Open End Machines having capacity of 576 Rotors and hence the production of yarn has increased from 143.53 Lakhs Kgs to 159.43 Lakhs Kgs.

During the year, the cotton prices have come down by 12% and correspondingly the yarn price was also declined. Sluggish yarn demand in India as well as in export market coupled with oversupply situation in India, dragged the yarn prices both in Domestic as well as Export markets.

The preferential access being given in major importing nations like European Union to other countries including Bangladesh, Cambodia, Pakistan, South Korea, Turkey and Vietnam has put India in disadvantageous position and hence the export volume of textile goods from India to Europe was severely affected. Indian textile goods attract 4 to 16 per cent duty in Europe, while the majority of the competitors in other countries enjoy zero duty access. The Chinese government's decision to offload its reserve cotton stock has reduced their dependence on import of yarn from India and the Pakistan government's decision to impose regulatory duty for import of cotton yarn into their country have affected the shipments of yarn from India.

The power cut imposed in Tamil Nadu during the previous years was lifted during the year. However, the restrictions imposed by the Tamil Nadu Generation and Distribution Corporation (TANGEDCO) in evacuation of power generated by wind mills has continued and even worsened during this year, which has resulted in loss in generation of power from wind mills to the extent of approximately 22.30 million units, which translated into Rs.15 Crores in monetary terms.

Due to shut-down of wind mills by TANGEDCO, the Company was forced to purchase the power from power generating companies / run the DG & HFO sets, which are costly compared to wind mills. Due to this, the power cost during the year has gone up substantially.

In spite of reduction in yarn selling price and the increase in power & labour costs, the strategic decision taken by the Company to make investments in value added machines like compact spinning system, TFO, gassing machines, etc., has helped the Company to increase its volume of sales in export / corporate customers, who require high quality value added yarn and also helped the Company to control the costs and to increase its operational and financial performance.



6. EXPORTS

On the export front during the year, we have made export of Cotton Yarn (including merchant exports) for a value of Rs. 114.97 Crores as against Rs. 111.44 Crores 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.

7. MODERNISATION / EXPANSION

As a part of continuous thrust on modernization and expansion programme, the Company has invested about Rs. 13.52 Crores for investment in textile machinery & equipments like, Carding Machines, Comber Machines, Ring Spinning Machines, Auto Coners, Compact Retrofit system for Ring Spinning Machines, Open End Spinning Machines, Draw Frames, Uster Quantum III, Contamination Detecting Machines, Waste Collection System, etc.,

8. PROSPECTS FOR THE CURRENT YEAR

The cotton prices are showing increasing trend due to lower production of cotton projected during the current cotton season 2015-16 because of reduced acreage of cotton plantation and whitefly attack on cotton crops in Punjab and Haryana. Due to sluggish demand for yarn, the Spinning Mills are not able to increase the yarn prices in line with the increased cotton cost. With the flexibility to produce value added super fine counts and by using more imported contamination free cotton, the Company is now focusing more on expanding the marketing activities across the globe during the current year.

The Company is maintaining high standards of yarn quality, cost effective production and stringent waste control measures and focusing on more automation with a view to utilize the skilled manpower more efficiently. The Company is making all efforts to cope up with the current challenges through continuous cost reduction, imparting training to the employees at all levels, re-engineering of process and improved customer service to protect & improve the profit margins.

9. WIND MILL

The Company has wind mills with installed capacity of 35.15 MW for its captive power consumption. There was delay in the on-set of wind season during the year under review. These wind mills continued to face evacuation constraints imposed by Tamil Nadu Generation and Distribution Corporation (TANGEDCO). Because of this, the windmills were not able to generate power to its full potential and the generation of electricity during the year was less compared to the previous year.

The wind farm has generated 394 Lakhs Kwh as compared to 515 Lakhs Kwh of the previous year. All the Units generated by wind mills were adjusted for captive consumption at our Mills in Tamil Nadu. The income during the year from the Wind Mill Division was Rs.26.27 Crores as against Rs.30.15 Crores of previous year.



DIRECTORS' REPORT

10. INTERNAL FINANCIAL CONTROLS

In accordance with Section 134(5)(e) of the Companies Act, 2013, the Company has Internal Financial Controls Policy by means of Policies and Procedures commensurate with the size & nature of its operations and pertaining to financial reporting. In accordance with Rule 8(5)(viii) of Companies (Accounts) Rules, 2014, it is hereby confirmed that the Internal Financial Controls are adequate with reference to the financial statements. ERP System developed by Ramco Systems Limited has been installed for online monitoring of all functions and management information reports are being used to have better internal control system and to take decisions in time.

11. VIGIL MECHANISM / WHISTLE BLOWER POLICY

In accordance with Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulations, 2015, the Company has established a Vigil Mechanism and has a Whistle Blower Policy. The policy is available at the Company's website.

12. DIRECTORS

Smt. R. Sudarsanam, (DIN: 00433926) was reappointed as Managing Director of the Company for a period of three years starting from 01-04-2014 to 31-03-2017 at the AGM held on 04-08-2014. Based on the recommendations of the Nomination and Remuneration Committee and Audit Committee made at their meetings held on 27-05-2016, the Board of Directors at their meeting held on 28-05-2016 have reappointed her as Managing Director for a further period of 3 years starting from 01-04-2017. Approval of the Members has been sought for her reappointment in the Notice convening the AGM.

In accordance with the provision of the Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, the following Directors retire by rotation at the ensuing Annual General Meeting and they are eligible for re-appointment.

1. Shri P.R. Venketrama Raja (DIN: 00331406)
2. Shri A.V. Dharmakrishnan (DIN: 00693181)

Shri K.B. Nagendra Murthy (DIN: 00359864) has been appointed as an Independent Director for a period of five years with effect from 04-08-2014 at the Annual General Meeting held on 12th August, 2015.

Smt. Soundara Kumar (DIN: 01974515) has been co-opted on 27th August, 2015 as an Additional Director under Independent Director category. She will hold the office till the date of the forthcoming Annual General Meeting. A Notice in writing has been received from a Member signifying his intention to propose the appointment of Smt. Soundara Kumar as a Director under Independent Director category at the Annual General Meeting to hold office for 5 consecutive years with effect from 27th August 2015, without being subject to retirement by rotation.

Pursuant to Rule 8(5)(iii) of Companies (Accounts) Rules, 2014, it is reported that, other than the above, there have been no changes in the Directors or Key Managerial Personnel during the year.



DIRECTORS' REPORT

The Company has received necessary declarations from all the Independent Directors under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

The Audit Committee has four members, out of which three are Independent Directors. Pursuant to Section 177(8) of the Companies Act, 2013, it is reported that there has not been an occasion, where the Board had not accepted any recommendation of the Audit Committee.

In accordance with Section 178(3) of the Companies Act, 2013 and based upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors have approved a policy relating to appointment and remuneration of Directors, Key Managerial Personnel and Other Employees. The objective of the Nomination and Remuneration Policy is to ensure that the level and composition of remuneration is reasonable, the relationship of remuneration to performance is clear and appropriate to the long term goals of the Company.

As required under Regulation 25 (7) of SEBI (LODR) Regulations, 2015, the Company has programmes for familiarization for the Independent Directors about the nature of the Industry, business model, roles, rights and responsibilities of Independent Directors and other relevant information. As required under Regulation 46 (2) of SEBI (LODR) Regulations, 2015 the details of familiarisation programme for Independent Directors are available of the at the Company's website at the following link at <http://www.rajapalayammills.co.in/pdf/familiarisation-programme-for-independent-directors.pdf>

The details of the familiarisation programme are explained in the Corporate Governance report also.

13. EVALUATION OF BOARD

Pursuant to Section 134(3)(p) of the Companies Act, 2013, and Regulation 25(4) of SEBI (LODR) Regulations, 2015, Independent Directors have evaluated the quality, quantity and timeliness of the flow of information between the Management and the Board, performance of the Board as a whole, its committee and its Members and other required matters. Pursuant to Schedule II, Part D of SEBI (LODR) Regulations, 2015, the Nomination and Remuneration Committee has laid down evaluation criteria for performance evaluation of Independent Directors, which will be based on attendance, expertise and contribution brought in by the Independent Director at the Board Meeting, which shall be taken into account at the time of reappointment of Independent Director.

14. MEETINGS

During the year, five Board Meetings were held. The details of the Meetings of the Board and its various Committees are given in Corporate Governance Report.

15. PUBLIC DEPOSITS

Pursuant to Rule 8(5)(v) & (vi) of Companies (Accounts) Rules, 2014, it is reported that the Company has not accepted any deposit from public during the financial year under review.



DIRECTORS' REPORT

There has been no default in the repayment of deposits / payment of interest thereon during the year. The Company has no deposit, which is not in compliance with the Chapter V of the Companies Act, 2013.

16. ORDERS PASSED BY REGULATORS

Pursuant to Rule 8(5)(vii) of Companies (Accounts) Rules, 2014, it is reported that, no significant and material orders have been passed by the Regulators or Courts or Tribunals, impacting the going concern status and Company's operations in future.

17. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Pursuant to Section 186(4) of the Companies Act, 2013, it is reported that:

- (a) the Company has not given any loans during the year 2015-16 under Section 186 of the Companies Act, 2013.
- (b) the particulars of the guarantees and investments are provided under Note No.26(18)(h) and Note No. 10 respectively of Notes forming part of financial statements. The guarantees are to secure the loans from Banks / Financial Institutions to the borrowers.

18. CORPORATE SOCIAL RESPONSIBILITY

In terms of Section 135 and Schedule VII of the Companies Act, 2013, the Board of Directors have constituted a Corporate Social Responsibility (CSR) Committee and adopted a CSR Policy which is based on the philosophy that "As the Organisation grows, the Society and Community around it also grows."

The Company has undertaken various projects in the areas of education, health, rural development, water and sanitation, promotion and development of traditional arts, protection of national heritage, livelihood enhancement projects, etc., largely in accordance with Schedule VII of the Companies Act, 2013.

Your Directors are pleased to inform that the Company has fulfilled its CSR obligations pursuant to Section 135(5) of the Companies Act, 2013, for the year 2015-16. As against the requirement of Rs. 58.58 Lakhs, the Company has spent Rs. 168.17 Lakhs on CSR.

The Annual Report on CSR activities as prescribed under Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as Annexure - I.

19. AUDITS

STATUTORY AUDIT

M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants, and M/s. Ramakrishna Raja and Co., Chartered Accountants, are the Statutory Auditors of the Company.



DIRECTORS' REPORT

At the 78th Annual General Meeting, the above Auditors have been appointed as a statutory auditors for a period of 3 consecutive years being their remaining eligible period in terms of Rule 6 of Companies (Audit and Auditors) Rules, 2014. The matter relating to their appointment for the third year of their term is being placed before the Members for ratification at the ensuing Annual General Meeting, in accordance with the requirements of Section 139(1) of the Companies Act, 2013.

The Auditors have confirmed their eligibility for their reappointment, under Section 141 of the Companies Act, 2013. As required under Regulation No: 33(1)(d) of SEBI (LODR) Regulations, 2015, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The report of the Statutory Auditors for the year ended 31st March, 2016 does not contain any qualification, reservation or adverse remark and no instance of fraud has been reported by Auditors under Section 143(12) of Companies Act, 2013.

SECRETARIAL AUDIT

Shri M.R.L. Narasimha, a Practicing Company Secretary has been appointed to conduct the Secretarial Audit of the Company. Pursuant to Section 204(1) of the Companies Act, 2013, the Secretarial Audit Report submitted by the Secretarial Auditor for the year ended 31st March 2016 is attached as Annexure - II. The report does not contain any qualification, reservation or adverse remark.

COST AUDIT

Cost Audit is not applicable to the Company for the financial year 2014-15. However, Ministry of Corporate Affairs has amended the Companies (Cost Records and Audit) Rules, 2014 vide its notification dated 31-12-2014 and Textile Mills are required to file cost audit report with effect from the financial year 2015-16.

The Board of Directors had approved the appointment of Shri M. Kannan, Cost Accountant as the Cost Auditor of the Company to audit the Company's Cost Records relating to manufacture of textile products for the year 2015-16 & 2016-17.

The remuneration of the cost auditor is required to be ratified by the Members in accordance with the provisions of Section 148(3) of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014. Accordingly, the matter is being placed before the Members for ratification at the ensuing Annual General Meeting.

The Cost Audit Report for the financial year 2015-16 is due to be filed within 180 days from the closure of the financial year and will be filed within the stipulated period.



DIRECTORS' REPORT

20. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Pursuant to Section 134(3)(m) of the Companies Act, 2013 and Rule 8(3) of Companies (Accounts) Rules, 2014, the information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is attached as Annexure - III.

21. EXTRACT OF ANNUAL RETURN

In Accordance with Section 92(3) of the Companies Act, 2013, read with Rule 12(1) of Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT-9 is attached herewith as Annexure - IV.

22. CORPORATE GOVERNANCE

The Company has complied with the requirements regarding Corporate Governance as stipulated in SEBI (LODR) Regulations, 2015. As required under Schedule V(C) of SEBI (LODR) Regulations, 2015, a Report on Corporate Governance being followed by the Company is attached as Annexure - V. As required under Schedule V(E) of SEBI (LODR) Regulations, 2015, a Certificate from the Auditors confirming compliance is also attached as Annexure - VI to this Report.

23. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The disclosures in terms of provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1), (2) and (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, relating to remuneration are provided in Annexure- VII.

Having regard to the first proviso to Section 136(1) of the Companies Act, 2013, the physical copy of the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any Member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request. The full Annual Report including the aforesaid information is being sent electronically to all those Members who have registered their email addresses and is also available on the Company's website.

24. INDUSTRIAL RELATIONS AND PERSONNEL

The Company has 3,198 employees as on 31-03-2016. 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.

25. RELATED PARTY TRANSACTION

Prior approval / Omini bus approval is obtained from the Audit Committee for all Related Party Transactions and the transactions are also periodically placed before the Audit Committee for its approval. No transaction with the related party is material in nature, in accordance with Company's "Related Party Transaction Policy" and Regulation 23 of SEBI (LODR) Regulations, 2015. In accordance with Accounting Standard - 18 (Related Party Disclosure), the details of transactions with the related parties are set out in Note No. 26 (18) of disclosures forming part of Financial Statements.

DIRECTORS' REPORT



As required under Regulation 46 (2) (g) of SEBI (LODR) Regulations, 2015, the Company's Related Party Transaction Policy is disclosed in the Company's website and its web link is <http://www.rajapalayammills.co.in/pdf/related-party-transaction-policy.pdf>

26. RISK MANAGEMENT POLICY

Pursuant to Section 134(3)(n) of the Companies Act, 2013 and Regulation 17(9) of SEBI (LODR) Regulations, 2015, the Company has developed and implemented a Risk Management Policy. The Policy envisages identification of risk and procedures for assessment and minimization of risk thereof.

27. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors confirm that:

- (a) they had followed the applicable accounting standards along with proper explanation relating to material departures, if any, in the preparation of the annual accounts for the year ended 31st March, 2016;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2016 and of the profit of the Company for the year ended on that date;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the Annual Accounts on a going concern basis;
- (e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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.

RAJAPALAIYAM,
28th May, 2016.

On behalf of the Board of Directors,
For RAJAPALAYAM MILLS LIMITED,

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN



ANNEXURE I TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy.

The objective of the CSR Policy is

- To ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognising the interests of all its stakeholders.
- To directly or indirectly take up programmes that benefit the communities in & around its work locations and results, over a period of time, in enhancing the quality of life & economic well being of the local populace.
- To generate, through its CSR initiatives, a community goodwill for the Company and help reinforce a positive & socially responsible image of the Company as a corporate entity.

Weblink to the CSR Policy:

<http://www.rajapalayammills.co.in/pdf/corporate-social-responsibility-policy.pdf>

2. The Composition of the CSR Committee:

- Shri P.R. Ramasubrahmaneya Rajha, Chairman of the Committee.
- Shri P.R. Venketrama Raja, Member.
- Justice Shri P.P.S. Janardhana Raja, Member.

3. Average Net Profit of the Company for last three financial years Rs. 2,929.20 Lakhs.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Rs. 58.58 Lakhs.

5. Details of CSR spent during the financial year:

- Total amount spent for the financial year: Rs. 168.17 Lakhs.
- Amount unspent, if any: Nil
- Manner in which the amount spent during the financial year is detailed below:

(Rs. in lakhs)

Sl. No.	CSR Project or Activity Identified	Sector in which the project is covered Programs was	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or Programs wise undertaken	Amount Outlay (Budget) Project or projects or	Amount Spent on the project or Programs Sub-heads: (1) Direct Expenditure on period - Rs. programs (2) Overheads:- Rs.	Cumulative Expenditure upto reporting	Amount Spent Direct or through implementing Agency
1	2	3	4	5	6	7	8
1	Eradicating Hunger, Poverty and Malnutrition, promoting health care including preventive health care and Sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available Safe Drinking Water. [Clause (i)]	Eradication of Hunger and Promotion of Healthcare including Preventive Healthcare	Virudhunagar, Coimbatore, Kanyakumari, Kumbakonam, Tirunelveli, Madurai, Dindigul & Trichy (Tamil Nadu)	11.51	11.51	11.51	11.51



ANNEXURE I TO DIRECTORS' REPORT

1	2	3	4	5	6	7	8
2.	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects [Clause (II)]	Promotion of Education including Special Education	Virudhunagar (Tamil Nadu)	150.26	150.26	150.26	150.26
3.	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga [Clause (iv)]	Ensuring Environmental Sustainability	Virudhunagar (Tamil Nadu)	2.95	2.95	2.95	2.95
4.	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public libraries; promotion and development of traditional arts and handicrafts [Clause (V)]	Promotion and Development of Traditional Arts, Restoration of Building and Sites of Historical Importance and Works of Art	Karur, Virudhunagar, Tirunelveli, Thoothukudi, Madurai & Thiruchendur (Tamil Nadu)	3.45	3.45	3.45	3.45
	TOTAL			168.17	168.17	168.17	168.17

Note:

- As per Articles of Association of the Company, every year, a provision has been made for an amount not exceeding 3% of the net profit towards P.A.C. Ramasamy Raja Memorial Fund. During the year the Company has spent an amount of Rs.150 Lakhs out of accumulated balance of the above said fund and the same has been included in the above sum of Rs.168.17 Lakhs.
- The Company has made a provision of Rs.60 Lakhs towards the above said Fund for the FY 2015-16. This amount has not been included in the above statement and will be considered when the amount is actually spent from the Fund.

The CSR Committee confirms that the implementation and monitoring of CSR Policy is in Compliance with CSR objectives and Policy of the Company.

SHRI P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SMT. R. SUDARSANAM
MANAGING DIRECTOR

RAJAPALAIYAM,
28th May, 2016.



ANNEXURE II TO DIRECTORS' REPORT

Form MR - 3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,

Rajapalayam Mills Limited, [CIN: L17111TN1936PLC002298]

Rajapalayam Mills Premises,

P.A.C. Ramasamy Raja Salai,

Post Box No.1, Rajapalayam - 626 117.

I have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **RAJAPALAYAM MILLS LIMITED** (hereinafter called "the Company") during the financial year from 1st April, 2015 to 31st March, 2016 ("the year" / "audit period" / "period under review"). I conducted the Secretarial Audit in a manner that provided me a reasonable basis for evaluating the Company's corporate conducts / statutory compliances and expressing my opinion thereon.

I am issuing this report based on my verification of the books, papers, minute books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company during the year as well as after 31st March, 2016 but before the issue of this report and the information provided by the Company, its officers, agents and authorised representatives during my conduct of the Secretarial Audit.

1. I hereby report that:

1.1. In my opinion, during the audit period covering the financial year ended on 31st March, 2016, the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with my letter of even date annexed to this report as Annexure - A.

1.2. I have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions of :

- (i) The Companies Act, 2013 (the Act), Companies Act, 1956 and the rules made thereunder.
- (ii) Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.
- (iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.
- (iv) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;



ANNEXURE II TO DIRECTORS' REPORT

- (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May, 2015);
- (c) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (applicable from 15th May, 2015); and
- (d) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (applicable from 1st December, 2015);
- (v) The following laws, that are specifically applicable to the Company:
 - (a) Essential Commodities Act 1955, with reference to "Hank Yarn Packing Notification 2003" (No.2/TDRO/8/2003 dated 17th April, 2003); and
 - (b) The Electricity Act, 2003.

1.3. I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards (SS-1) on "Meetings of the Board of Directors" and Secretarial Standards (SS-2) on "General Meetings" issued by The Institute of Company Secretaries of India (applicable from 1st July, 2015); and
- (ii) The listing agreement entered into by the Company with BSE Limited.

1.4. During the period under review, and also considering the compliance related action taken by the Company after 31st March, 2016 but before the issue of this report, the Company has, to the best of my knowledge and belief and based on the records, information and explanations furnished to me, complied with the applicable provisions / Clauses of the Acts, Rules, Regulations, Agreements and Standards mentioned under paragraphs 1.2 and 1.3 above.

1.5. I am informed that, during / in respect of the year:

- (i) The Company was not required to comply with the following laws / guidelines / regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms / returns under:
 - (a) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (b) Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (c) Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (d) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (e) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client.
 - (f) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and



ANNEXURE II TO DIRECTORS' REPORT

(g) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (upto 30th November, 2015);

(ii) There was no law, other than those specified in paragraph 1.2(v) above, that was specifically applicable to the Company, considering the nature of its business. Hence the requirement to report on compliance with any other specific laws did not arise.

2. I further report that:

2.1 The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Board also has a woman director. The change in composition of the Board of Directors that took place during the period under review was carried out in compliance with the provisions of the Act.

2.2 Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent atleast seven days before the Board meetings with the exception of the following items, which were either circulated separately or at the meetings:

- (i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts / results, unaudited financial results and connected papers; and
- (ii) Additional subjects / information and supplementary notes.

Upto 30th June, 2015 there was no statutory requirement to send the agenda and notes atleast seven days before the meeting. In respect of meetings held after 1st July, 2015, consent of the Board for circulating them separately or at the meeting was duly obtained as required under the Secretarial Standards.

2.3 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. I am informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.

3. I further report that:

3.1 There are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Rajapalayam,
28th May, 2016.

M.R.L. Narasimha
Practising Company Secretary
Membership No: 2851
Certificate of Practice: 799
34-C, 3rd Cross, R.L.Nagar
K.K.Pudur, Coimbatore - 641038.

ANNEXURE II TO DIRECTORS' REPORT



Annexure - A to Secretarial Audit Report of even date

To,

The Members,

Rajapalayam Mills Limited, [CIN: L17111TN1936PLC002298]

Rajapalayam Mills Premises,

P.A.C. Ramasamy Raja Salai,

Post Box No.1, Rajapalayam - 626 117.

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March, 2016 is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed such audit practices and processes as I considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also considered compliance related action taken by the Company after 31st March, 2016 but before the issue of this report.
4. I have verified the secretarial records furnished to me on a test basis to see whether the correct facts are reflected therein. I also examined the compliance procedures followed by the Company on a test basis. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
5. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
6. I have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
7. My Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

M.R.L. Narasimha
Practising Company Secretary

Membership No: 2851

Certificate of Practice: 799

34-C, 3rd Cross, R.L.Nagar

K.K.Pudur, Coimbatore - 641038.

Rajapalayam,
28th May, 2016.



ANNEXURE III TO DIRECTORS' REPORT

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

[Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of Companies (Accounts) Rules 2014]

A. CONSERVATION OF ENERGY

The Company pays attention at all levels to reduce energy consumption, by continuous monitoring maintenances and improvements.

- | | | |
|--|---|--|
| (i) the steps taken on conservation of energy | : | Installation of 1600 Nos. of LED Tube lamps in lighting area by replacing conventional tube lamps.

Optimisation of lighting in machinery hall. |
| Impact on conservation of energy | : | Installation of 1600 Nos. of LED lamps resulted power saving of around 3 Lakh units per annum.

Optimisation of lighting in machinery hall resulted power saving of around 2 Lakh units per annum. |
| (ii) the steps taken by the Company for utilising alternate sources of energy; | : | NIL |
| (iii) the capital investment on energy conservation equipments; | : | NIL |

B. TECHNOLOGY ABSORPTION

- | | | |
|---|---|--|
| (i) the efforts made towards technology absorption; | : | The Company installed new modernized contamination detector machines at various stages of production, which effectively eliminate contaminations in cotton and yarn. |
| (ii) the benefits derived like product improvement, cost reduction, product development or import substitution; | : | |
| (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) | : | |
| (a) the details of technology imported; | : | NIL |



ANNEXURE III TO DIRECTORS' REPORT

- | | |
|---|----------------|
| (b) the year of import; | NIL |
| (c) whether the technology been fully absorbed; | Not Applicable |
| (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and | Not Applicable |
| (iv) the expenditure incurred on Research and Development | Not Applicable |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned in terms of actual inflows during the year and : Rs. 7,790.72 Lakhs

The Foreign Exchange outgo during the year in terms of actual outflows. : Rs. 4,106.85 Lakhs

RAJAPALAIYAM,
28th May, 2016.

On behalf of the Board of Directors,
For RAJAPALAYAM MILLS LIMITED,
P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN



ANNEXURE IV TO DIRECTORS' REPORT

Form MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	L17111TN1936PLC002298
Registration Date	24-02-1936
Name of the Company	RAJAPALAYAM MILLS LIMITED
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered office and Contact details	Rajapalayam Mills Premises, P.A.C.Ramasamy Raja Salai, Post Box No.1, Rajapalaiyam, Tamilnadu, Pin: 626 117.
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	Share Transfer is being carried out in-house.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business activities contributing 10% or more of the total turnover of the Company:

Name and Description of main products/ services	NIC Code of the Product / service	% to total turnover of the Company
Yarn	13111	99.52%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
NIL				



ANNEXURE IV TO DIRECTORS' REPORT

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-Wise Share Holding

Category of Shareholder		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(1)	Indian									
a)	Individuals/ Hindu Undivided Family	20,16,380	-	20,16,380	27.34	32,41,380	-	32,41,380	43.94	16.60
b)	Central Government	-	-	-	-	-	-	-	-	-
c)	State Government(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corporate	19,05,440	-	19,05,440	25.83	6,80,440	-	6,80,440	9.23	(16.60)
e)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
f)	Any Others...	-	-	-	-	-	-	-	-	-
Sub Total(A)(1)		39,21,820	-	39,21,820	53.17	39,21,820	-	39,21,820	53.17	-
(2)	Foreign									
a)	NRIs – Individuals	-	-	-	-	-	-	-	-	-
b)	Other Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
e)	Any Others	-	-	-	-	-	-	-	-	-
Sub Total(A)(2)		-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)		39,21,820	-	39,21,820	53.17	39,21,820	-	39,21,820	53.17	-



ANNEXURE IV TO DIRECTORS' REPORT

i) Category-Wise Share Holding - (contd.)

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Financial Institutions / Banks	200	1,860	2,060	0.03	200	1,860	2,060	0.03	-
c) Central Government	-	-	-	-	-	-	-	-	-
d) State Government(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	200	1,860	2,060	0.03	200	1,860	2,060	0.03	-
(2) Non-institutions									
a) Bodies Corporate									
i) Indian *	1,82,831	32,620	2,15,451	2.92	3,68,844	9,080	3,77,924	5.12	2.20
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs.1 lakh	12,48,053	5,43,135	17,91,188	24.28	13,15,757	4,55,629	17,71,386	24.02	(0.26)
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	9,40,621	5,05,020	14,45,641	19.60	9,51,150	3,51,820	13,02,970	17.66	(1.94)
c) Others (specify)									
Sub-Total (B)(2)	23,71,505	10,80,775	34,52,280	46.80	26,35,751	8,16,529	34,52,280	46.80	-
B Total Public Shareholding (B)= (B)(1)+ (B)(2)	23,71,705	10,82,635	34,54,340	46.83	26,35,951	8,18,389	34,54,340	46.83	-
C Shares held by Custodians for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)	62,93,525	10,82,635	73,76,160	100.00	65,57,771	8,18,389	73,76,160	100.00	-

* Note : Includes 1,78,896 Shares in Unclaimed Shares Suspense Account at the beginning and at the end of the year.

ANNEXURE IV TO DIRECTORS' REPORT



(ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	
1.	Shri P R Ramasubrahmaneya Rajha	9,88,792	13.41	–	9,88,792	13.41	–	–
2.	Shri P R Venketrama Raja	7,46,080	10.11	–	11,06,080	14.99	–	4.88
3.	Shri P V Abinav Ramasubramaniam Raja	98,160	1.33	–	9,63,160	13.06	–	11.73
4.	Smt. R. Chittammal	82,628	1.12	–	82,628	1.12	–	–
5.	Smt. P V Nirmala	2,720	0.04	–	2,720	0.04	–	–
6.	Smt. Nalina Ramalakshmi	6,720	0.09	–	6,720	0.09	–	–
7.	Smt. Saradha Deepa	10,960	0.15	–	10,960	0.15	–	–
8.	Smt. P V Sri Sandhya	16,560	0.22	–	16,560	0.22	–	–
9.	Smt. R Sudarsanam	63,760	0.86	–	63,760	0.86	–	–
10.	Ramco Industries Limited	8,47,360	11.49	–	4,87,360	6.61	–	(4.88)
11.	The Ramaraju Surgical Cotton Mills Limited	3,00,200	4.07	–	1,35,200	1.83	–	(2.24)
12.	Sri Vishnu Shankar Mill Limited.	29,740	0.40	–	29,740	0.40	–	–
13.	Ramco Management Private Limited	2,040	0.03	–	2,040	0.03	–	–
14.	Sandhya Spinning Mill Limited	500	0.01	–	500	0.01	–	–
15.	The Ramco Cements Limited	7,25,600	9.84	–	25,600	0.35	–	(9.49)
	TOTAL	39,21,820	53.17	–	39,21,820	53.17	–	–

(iii) Change in Promoters' Shareholding

S. No.	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
	No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	39,21,820	53.17	01-04-2015	NIL	NIL	NIL	NIL
	39,21,820	53.17	31-03-2016				



ANNEXURE IV TO DIRECTORS' REPORT

(iv) Shareholding Pattern of top ten Shareholders (other than Directors and Promoters):

S. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Shri Govindlal M Parikh	1,73,932	2.36	01-04-2015	-	-	1,73,932	2.36
2.	Sri-la-srishanmukadesika-gnanasambanda Paramacharya Swamigal	1,02,400	1.39	01-04-2015	-	-	1,02,400	1.39
3.	Shri Govindlal M Parikh	63,200	0.86	01-04-2015	-	-	63,200	0.86
4.	Smt. Chinmay G Parikh	40,500	0.55	01-04-2015	-	-	40,500	0.55
		-	-	26-02-2016	15,738	Transfer	56,238	0.76
		-	-	04-03-2016	4,038	Transfer	60,276	0.82
		61,876	0.84	11-03-2016	1,600	Transfer	61,876	0.84
5.	T P Sokkalal Ramsait Factory Pvt Ltd	52,200	0.71	01-04-2015	-	-	52,200	0.71
6.	Rajapalayam Palayapalayam Rajus Common Mahimai Fund	51,200	0.69	01-04-2015	-	-	51,200	0.69
7.	Smt. Dh Dharshini Raaja	47,444	0.64	01-04-2015	-	-	47,444	0.64
8.	Shri Ganesaramasubramanian V.	46,880	0.64	01-04-2015	-	-	46,880	0.64
9.	Smt. Poosapadi Sankera Raja Ramani Devi	45,580	0.62	01-04-2015	-	-	45,580	0.62
10.	Shri Ettappanaickerayyen J.V.R.M.K.V.	40,960	0.56	01-04-2015	-	-	40,960	0.56

ANNEXURE IV TO DIRECTORS' REPORT



(v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Shri P.R. Ramasubrahmaneya Rajha	9,88,792	13.41	N.A.	N.A.	N.A.	-	-
		9,88,792	13.41	N.A.	N.A.	N.A.	9,88,792	13.41
2.	Smt. R. Sudarsanam	63,760	0.86	N.A.	N.A.	N.A.	-	-
		63,760	0.86	N.A.	N.A.	N.A.	63,760	0.86
3.	Shri P.R. Venketrama Raja	7,46,080	10.11	-	-	-	-	-
		11,06,080	14.99	28-12-2015	3,60,000	Inter-se Transfer among Promoters	11,06,080	14.99
4.	Shri S.S. Ramachandra Raja	24,480	0.33	N.A.	N.A.	N.A.	-	-
		24,480	0.33	N.A.	N.A.	N.A.	24,480	0.33
5.	Shri N.K. Ramasuwami Raja	15,400	0.21	N.A.	N.A.	N.A.	-	-
		15,400	0.21	N.A.	N.A.	N.A.	15,400	0.21
6.	Shri A.V. Dharmakrishnan	1,100	0.01	N.A.	N.A.	N.A.	-	-
		1,100	0.01	N.A.	N.A.	N.A.	1,100	0.01
7.	Justice Shri P.P.S. Janardhana Raja	Nil	Nil	N.A.	N.A.	N.A.	Nil	Nil
8.	Shri V. Santhana Raman	Nil	Nil	N.A.	N.A.	N.A.	Nil	Nil
9.	Shri K.B. Nagendra Murthy	Nil	Nil	N.A.	N.A.	N.A.	Nil	Nil
10.	Smt. Soundara Kumar*	Nil	Nil	N.A.	N.A.	N.A.	Nil	Nil
11.	Shri B. Gnanagurusamy	Nil	Nil	N.A.	N.A.	N.A.	Nil	Nil
12.	Shri A. Arulpranavam	Nil	Nil	N.A.	N.A.	N.A.	Nil	Nil

* Smt. Soundara Kumar appointed w.e.f. 27-08-2015



ANNEXURE IV TO DIRECTORS' REPORT

V. INDEBTEDNESS

(Rs. in Lakhs)

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the Beginning of the financial year				
i) Principal Amount	26,614.71	4,218.54	–	30,833.25
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	17.27	0.10	–	17.37
Total (i + ii + iii)	26,631.98	4,218.64	–	30,850.62
Change in Indebtedness during the financial year				
Addition	5,455.82	3,809.11	–	9,264.93
Reduction	7,620.29	3,688.42	–	11,308.71
Net Change	(2,164.47)	120.69	–	(2,043.78)
Indebtedness at the end of the financial year				
i) Principal Amount	24,403.16	4,326.04	–	28,729.20
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	64.35	13.29	–	77.64
Total (i + ii + iii)	24,467.51	4,339.33	–	28,806.84

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

S. No.	Particulars of Remuneration	Smt. R. Sudarsanam Managing Director	Total Amount
1	Gross salary		
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	120.00	120.00
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–
2	Stock Option	–	–
3	Sweat Equity	–	–
4	Commission as % of profit	21.36	21.36
5	Sitting Fees	1.50	1.50
6	Contribution to Provident Fund	14.40	14.40
7	Contribution to Superannuation Fund	1.00	1.00
	Total (A)	158.26	158.26
	Ceiling as per Act	5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 plus sitting fees for Board / Committee meetings attended during the year 2015-16.	

ANNEXURE IV TO DIRECTORS' REPORT



B. REMUNERATION TO OTHER DIRECTORS:

1. Independent Directors

(Rs. in Lakhs)

Particulars of Remuneration	Name of Directors					Total amount
	Shri N.K. Ramasuwami Raja	Justice Shri P.P.S. Janardhana Raja	Shri V. Santhana Raman	Shri K.B. Nagendra Murthy	Smt Soundara Kumar	
Fee for attending board / committee meetings	5.70	3.30	1.80	1.50	0.60	12.90
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total (1)	5.70	3.30	1.80	1.50	0.60	12.90

2. Other Non Executive Director

Particulars of Remuneration	Name of Directors				Total amount
	Shri P.R. Ramasubrahmaneya Rajha	Shri P.R. Venketrama Raja	Shri A.V. Dharmakrishnan	Shri S.S. Ramachandra Raja	
Fee for attending board / committee meetings	4.20	1.80	3.00	3.90	12.90
Commission	-	-	-	-	-
Others	-	-	-	-	-
Total (2)	4.20	1.80	3.00	3.90	12.90
Total B (1) + (2)					25.80
Overall Ceiling as per the Act	Rs.31,35,221 being 1% of the Net Profits of the Company, calculated as per Section 198 of the Companies Act, 2013				
Total managerial Remuneration (A+B)	184.06				

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total amount
		Shri B. Gnanagurusamy Chief Financial Officer	Shri A. Arulpranavam Company Secretary	
1	Gross salary			
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	19.01	5.91	24.92
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.22	-	0.22
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- Others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	19.23	5.91	25.14



ANNEXURE IV TO DIRECTORS' REPORT

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD/NCLT / COURT)	Appeal made, if any (give Details)
A. COMPANY Penalty Punishment Compounding			Nil		
B. DIRECTORS Penalty Punishment Compounding			Nil		
C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding			Nil		

RAJAPALAIYAM,
28th May, 2016.

On behalf of the Board of Directors,
For RAJAPALAYAM MILLS LIMITED,
P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN



ANNEXURE V TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

[Pursuant to para C of Schedule V of SEBI (LODR) REGULATIONS, 2015]

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Since inception, Rajapalayam Mills Limited 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 up-gradation 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 source 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, Law, Engineering, etc., The Board has 10 Directors. Except Smt. R. Sudarsanam, all other Directors are Non-Executive Directors. As required under Regulation 17 of the SEBI (LODR) Regulations, 2015 not less than 50% of the Board of Directors consists of Independent Directors.

During the year under review, five Board Meetings were held, one each on 21-05-2015, 11-08-2015, 07-11-2015, 14-02-2016 and 16-03-2016.



ANNEXURE V TO DIRECTORS' REPORT

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

Sl. No.	Name of the Director	DIN	Directorship	No. of Board Meetings attended	Attendance at last AGM
1.	Shri P.R. Ramasubrahmaneya Rajha	00331357	P & NE	5	Yes
2.	Smt. R. Sudarsanam	00433926	P & E	5	Yes
3.	Shri P.R. Venketrama Raja	00331406	P & NE	5	No
4.	Shri S.S. Ramachandra Raja	00331491	NE	5	Yes
5.	Shri N.K. Ramasuwami Raja	00432698	NE & ID	5	Yes
6.	Shri A.V. Dharmakrishnan	00693181	NE	5	No
7.	Justice Shri P.P.S. Janardhana Raja	06702871	NE & ID	5	Yes
8.	Shri V. Santhana Raman	00212334	NE & ID	5	No
9.	Shri K.B. Nagendra Murthy	00359864	NE & ID	4	No
10.	Smt. Soundara Kumar #	01974515	NE & ID	1	NA

Smt. Soundara Kumar has been appointed as Director with effect from 27-08-2015.

P- Promoter E - Executive NE - Non Executive ID - Independent Director

Other Directorships

The number of other Boards or Board Committees in which the Director is a Member or Chairperson as on 31-03-2016 are given below:

Sl. No.	Name of the Director	Other Directorships *	Committee Positions **	
			Chairperson	Member
1.	Shri P.R. Ramasubrahmaneya Rajha	8	3	1
2.	Smt. R. Sudarsanam	3	–	–
3.	Shri P.R. Venketrama Raja	8	1	4
4.	Shri S.S. Ramachandra Raja	3	–	–
5.	Shri N.K. Ramasuwami Raja	2	–	–
6.	Shri A.V. Dharmakrishnan	6	–	3
7.	Justice Shri P.P.S. Janardhana Raja	1	–	–
8.	Shri V. Santhana Raman	7	–	4
9.	Shri K.B. Nagendra Murthy	1	–	–
10.	Smt. Soundara Kumar	8	–	4

* Public Limited Companies, other than Rajapalayam Mills Limited.

** Audit Committee and Stakeholders' Relationship Committee of Public Limited Companies, other than Rajapalayam Mills Limited

ANNEXURE V TO DIRECTORS' REPORT



During the year, a separate meeting of the Independent Directors was held on 13-02-2016 and all the Independent Directors were present at the meeting.

Disclosure of relationships between Directors inter-se

Smt. R. Sudarsanam is wife of Shri P.R. Ramasubrahmaneya Rajha. Shri P.R. Venketrama Raja is son of Shri P.R.Ramasubrahmaneya Rajha and Smt. R. Sudarsanam.

Details of familiarisation programme for Independent Directors

The details of the Familiarisation Programme for Independent Directors are available at the Company's website, at the following link at <http://www.rajapalayammills.co.in/pdf/familiarisation-programme-for-independent-directors.pdf>

The Board of Directors periodically review Compliance Reports pertaining to all Laws applicable to the Company. No non-compliance was reported during the year under review.

The Board is also satisfied itself that plans are in place for orderly succession for appointment of Board of Directors and Senior Management.

A Code of Conduct has been laid out for all Members of the Board and Senior Management suitably incorporating the duties of Independent Directors as laid down in the Companies Act, 2013.

The minimum information to be placed before the Board of Directors at their meeting, as specified in Part A of Schedule II of SEBI (LODR) Regulations, 2015 have been adequately complied with.

3. 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 and approve the Related Party Transactions;
- iv) To review the Annual Cost Audit Report of the Cost Auditor;
- v) To review the Annual Secretarial Audit Report of the Secretarial Auditor;
- vi) To review the strength and weakness of the internal controls and to provide recommendations relating thereto;
- vii) 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 SEBI (LODR) Regulations, 2015 and Companies Act, 2013.



ANNEXURE V TO DIRECTORS' REPORT

The composition of the Audit Committee consists of the following Directors:

Sl. No.	Name of the Director	No. of Meetings attended
1.	Justice Shri P.P.S. Janardhana Raja, Chairman of the Committee (from 11-05-2015)	4
2.	Shri N.K. Ramasuwami Raja	4
3.	Shri A.V. Dharmakrishnan	4
4.	Shri K.B. Nagendra Murthy (from 14-02-2016)	NA

No. of Meetings held during the year : 4

Date of the Meetings : 21-05-2015, 11-08-2015, 07-11-2015 & 13-02-2016

The Statutory Auditors, President, Chief Financial Officer and Head of Internal Audit Department are invitees to the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

The representatives of the Cost Auditor and Secretarial Auditor are invited to attend the meeting of the Audit Committee when their reports are tabled for discussion.

3/4th of the members of the Audit Committee are Independent Directors as against the minimum requirements of 2/3rd as stipulated in Regulation 18(1) (b) of SEBI (LODR) Regulations, 2015.

4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee discharges the functions as envisaged for it by the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and functions as mandated by the Board of Directors from time to time. The Nomination and Remuneration Policy is to ensure that the level and composition of remuneration is reasonable, the relationship of remuneration to performance is clear and appropriate to the long term goals of the Company.

The complete details about the terms of reference for Nomination and Remuneration Committee and Nomination and Remuneration Policy are available at Company's website.

The composition of the Nomination and Remuneration Committee consists of the following Directors:

Sl. No.	Name of the Director	No. of Meetings attended
1.	Justice Shri P.P.S. Janardhana Raja, Chairman of the Committee (from 11-05-2015)	1
2.	Shri N.K. Ramasuwami Raja	1
3.	Shri A.V. Dharmakrishnan	1

No. of Meetings held during the year : 1

Date of the Meetings : 21-05-2015



ANNEXURE V TO DIRECTORS' REPORT

The Nomination and Remuneration Committee has laid down evaluation criteria for performance evaluation of Independent Directors, which will be based on attendance, expertise and contribution brought in by the Independent Director at the Board and Committee Meetings, which shall be taken into account at the time of re-appointment of Independent Director.

5. REMUNERATION TO DIRECTORS

The Non-Executive Directors are paid Sitting Fee of Rs.30,000/- per Meeting for attending the Board and Committees thereof.

There are no pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the Company, other than those reported in related party transactions under Note no.26(18).

The appointment and remuneration to Managing Director is governed by the Special Resolution passed by the Shareholders at the Annual General Meeting held on 04-08-2014 and the remuneration is equivalent to 5% of the Net Profits of the Company and in case of inadequacy of profits, as per Section II, Part II of Schedule V of the Companies Act, 2013.

The details of remuneration paid are as follows:

Name of Director	Amount (Rs. in Lakhs)		No. of Shares held
	Sitting fees	Remuneration	
Shri P.R. Ramasubrahmaneya Rajha	4.20	–	9,88,792
Smt. R. Sudarsanam	1.50	156.76*	63,760
Shri P.R. Venketrama Raja	1.80	–	11,06,080
Shri S.S. Ramachandra Raja	3.90	–	24,480
Shri N.K. Ramasuwami Raja	5.70	–	15,400
Shri A.V. Dharmakrishnan	3.00	–	1,100
Justice Shri P.P.S. Janardhana Raja	3.30	–	–
Shri V. Santhana Raman	1.80	–	–
Shri K.B. Nagendra Murthy	1.50	–	–
Smt. Soundara Kumar	0.60	–	–

* The remuneration paid to Managing Director consists of the following:

Particulars	Amount (Rs. in Lakhs)
Gross Salary	120.00
Contribution to Provident Fund	14.40
Contribution to Superannuation Fund	1.00
Commission as a % of Profit	21.36
Total	156.76



ANNEXURE V TO DIRECTORS' REPORT

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition of Stakeholders Relationship Committee consists of the following Directors:

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

No. of Meetings held during the year : 1

Date of the Meetings : 25-03-2016

Name of Non-executive Director heading the Committee	Shri P.R. Ramasubrahmaneya Rajha
Name and Designation of Compliance Officer	Shri A. Arulpranavam, Secretary
No. of complaints received during the year	NIL
Number not solved to the Satisfaction of shareholders	NIL
Number of pending complaints	NIL

7. SHARE TRANSFER COMMITTEE

The Composition of Share Transfer Committee consists of the following Directors:

Sl. No.	Name of the Director	No. of Meetings attended
1.	Shri P.R. Ramasubrahmaneya Rajha, Chairman	8
2.	Shri S.S. Ramachandra Raja	7
3.	Shri N.K. Ramasuwami Raja	8

No. of Meetings held during the year : 8

Date of the Meetings : 01-04-2015, 03-07-2015, 12-09-2015, 22-10-2015, 23-11-2015, 07-01-2016, 19-02-2016 & 03-03-2016

8. GENERAL MEETINGS

i. Location and time, where last three AGMs held:

Year ended	Date	Time	Venue
31-03-2013	01-08-2013	10.00 A.M	P.A.C. Ramasamy Raja Centenary Community Hall, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 108, Tamil Nadu.
31-03-2014	04-08-2014	10.00 A.M	
31-03-2015	12-08-2015	10.00 A.M	

ANNEXURE V TO DIRECTORS' REPORT



ii. Details of Special Resolutions passed in the previous three Annual General Meetings

Date of the AGM	Subject Matter of the Special Resolution
12-08-2015	No Special Resolution was passed.
04-08-2014	To Amend the Articles of Association for enabling the Chairman to retire by rotation.
-do-	To Re-appoint Smt. R. Sudarsanam, as Managing Director for a period of three years effective from 01-04-2014.
-do-	To Authorise the Company to borrow, the maximum amount so outstanding not to exceed Rs.500 Crores.
01-08-2013	No Special Resolution was passed.

iii. Special Resolution to enable the Company for making fresh Inter Corporate Loans, Investments and providing Guarantees under Section 186 of the Companies Act, 2013 upto the limit of Rs.300 Crores was passed through Postal ballot during the year under review.

The details of voting pattern are given below:

Particulars	Number of Shares	%
Total number of shares	73,76,160	100.00
Total number of votes polled	43,59,876	59.11
No. of votes in favour of the resolution, out of total number of votes polled	43,56,705	99.93
No. of votes against the resolution, out of total number of votes polled	3,171	0.07

iv) Person who conducted the Postal Ballot exercise:

A. Arulpranavam

Secretary (Compliance Officer)

Rajapalayam Mills Limited

Rajapalayam Mills Premises, Post Box No.1,

P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117, Tamil Nadu.

Phone: 04563-235666

Fax : 04563-236520

E-mail: rajacot@ramcotex.com

Scrutiniser:

Mr. K. Srinivasan, Scrutiniser

Partner

M/s. M.S. Jagannathan & N. Krishnaswami

Chartered Accountants

Unit-5, Ground Floor, Abirami Apartments

No.14, VOC Road, Cantonment, Tiruchirappalli - 620 001.



ANNEXURE V TO DIRECTORS' REPORT

- v) No Special Resolution is proposed to be conducted through Postal Ballot.
- vi) Postal Ballot had been conducted in accordance with Section 110 of the Companies Act, 2013 and Rule 22 of Companies (Management and Administration) Rules, 2014.

9. 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 at www.rajapalayammills.co.in

All the financial results are provided to Stock Exchange.

10. GENERAL SHAREHOLDER INFORMATION

i.	Annual General Meeting	On 10-08-2016 at 10.00 AM at P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai Rajapalayam - 626 108, Tamil Nadu
ii.	Financial Year	1 st April, 2015 to 31 st March, 2016
iii.	Dividend Payment date	28-03-2016 (Interim Dividend - Already paid)
iv.	Name and address of Stock exchange at which the Company's Shares are listed	The Company's shares are listed in BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. The Company has paid Annual listing fee to the Stock Exchange for the financial year 2016-17.
v.	Stock Code - BSE Limited	532503
vi.	Market Price Data	Enclosed as Annexure - A
vii.	Performance in comparison to broad based indices	
viii.	Whether the securities are suspended from trading	No
ix.	Registrar and Transfer Agents	Being carried out in-house by the Secretarial Department of the Company.
x.	Share Transfer System	For shares held in electronic mode, transfers are effected under the depository system of NSDL and CDSL. For shares held in physical mode, certificates are to be submitted to the Company along with the required security transfer forms. The Company effects the transfers within 15 days, if the documents are found in order and the certificates are sent to

ANNEXURE V TO DIRECTORS' REPORT



		the transferees. In the case of defective documents, the same are returned with the reasons to the transferees within 15 days.
xi.	Distribution of Shareholding	Enclosed as Annexure - B.
xii.	Dematerialisation of Shares & liquidity	As on 31 st March, 2016, 88.90% of the shares have been dematerialized. Regarding liquidity of our Company's shares, the details are available in Annexure - A.
xiii.	Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity	NIL
xiv.	Commodity Price Risk or Foreign Exchange Risk and Hedging Activities	With respect to Buyers' Credit in foreign currencies, forward contracts are booked taking in to account, the cost of hedging and the foreign currency receivables. The currency rate movements are monitored closely for taking covers with respect to unhedged portions, if any.

xv. Plant Locations

Textile Division:

- a. Rajapalayam Mills
Post Box No.1, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 117, Tamilnadu.
- b. Rajapalaiyam Spintext,
P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 117, Tamilnadu.
- c. Rajapalaiyam Textiles,
Perumalpatti Village - 627 753, Tirunelvel District, Tamilnadu.
- d. Rajapalayam Mills,
Gopinenipalem Village, Vatsavai Mandal, Krishna District - 521 190, Andhra Pradesh.

Wind Farm Division:

Dhanakkarkulam, Irukkanthurai, Uthumalai, Aralvoimozhy, Chinnaputhur, Kolumakondan, Melkaraipatti, Muthunayakkanpatti in Tamil Nadu.

xvi. Address of Registered Office for Correspondence for shareholder enquiries

A. Arulpranavam,
Secretary (Compliance Officer),
Rajapalayam Mills Limited,
Rajapalayam Mills Premises,
Post Box No.1, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117, Tamil Nadu.
Phone : 04563-235666; Fax : 04563-236520
E-mail : rajacot@ramcotex.com



ANNEXURE V TO DIRECTORS' REPORT

11. OTHER DISCLOSURES

- i. There are no materially significant related party transactions made by the Company that may have potential conflict with the interests of the Company at large.
 - ii. There are no instances of non-compliance by the Company, and no penalties or strictures were imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years.
 - iii. The Company has a Whistle Blower Policy, available at the Company's website and it is affirmed that no personnel has been denied access to the Audit Committee.
 - iv. The Company has complied with the mandatory requirements of Corporate Governance stipulated under SEBI (LODR) Regulations, 2015. The status of adoption of the non-mandatory requirements are given below:
 - a. The Company's financial statements are unqualified for the year 2015-16.
 - b. The Company has appointed separate persons to the post of Chairperson and Managing Director.
 - v. The Company has no Subsidiary. Hence, disclosure about "Material Subsidiary Policy" is not applicable.
 - vi. The Related Party Transaction Policy is disclosed in the Company's website and its weblink is - <http://www.rajapalayammills.co.in/pdf/related-party-transaction-policy.pdf>
 - vii. The details relating to commodity price risks and commodity hedging activities are not applicable.
- 12.** The Company has complied with the requirements of Corporate Governance Report of sub-para (2) to (10) of Schedule V of SEBI (LODR) Regulations, 2015.
- 13.** The extent to which the discretionary requirements specified in Part E of Schedule II have been adopted, is given against Clause 11(iv) above.
- 14.** Senior Management Personnel discloses to the Board of Directors all material, financial and commercial transactions where they have personal interest that may have a potential conflict with the Company's interest, if any.
- 15.** The Company submits quarterly compliance report on Corporate Governance to the Stock Exchange, in the prescribed format within 15 days from the close of the quarter duly signed by the Compliance Officer.
- 16.** As required under Regulation 46(2) of SEBI (LODR) Regulations, 2015 the following information have been duly disseminated in the Company's website:
- Terms and conditions of appointment of Independent Directors.
 - Composition of various committees of Board of Directors.
 - Code of Conduct of Board of Directors and Senior Management Personnel.
 - Details of establishment of Vigil Mechanism / Whistle Blower Policy.
 - Policy on dealing with Related Party Transactions.
 - Details of Familiarization Programmes imparted to Independent Directors.



ANNEXURE V TO DIRECTORS' REPORT

17. The various disclosures made in the Directors' Report, may be considered as disclosures made under this report.
18. The Company has Corporate Social Responsibility Committee and it consists of following Directors as the Members of the Committee:

S.No	Name of Director
1.	Shri P.R. Ramasubrahmaneya Rajha, Chairman of the Committee
2.	Shri P.R. Venketrama Raja
3.	Justice Shri P.P.S. Janardhana Raja

No. of meetings held during the year : NIL

19. DISCLOSURES WITH RESPECT TO UNCLAIMED SUSPENSE ACCOUNT

[Pursuant to Schedule V (F) of SEBI (LODR) Regulations, 2015]

There were 1,78,896 Shares of Rs.10/- each belonging to 114 Shareholders at the beginning / end of the year lying at the "Rajapalayam Mills Limited Unclaimed Suspense Account" in dematerialised form. No Shareholder has approached the Company for transfer of Shares from Suspense account during the year. The voting rights of these Shares shall remain frozen till the rightful owner of such Shares claims the Shares.

20. Declaration signed by the Managing Director of the Company as per Schedule V(D) of SEBI (LODR) Regulations, 2015 on compliance with the Code of Conduct is annexed.
21. Compliance Certificate as per Regulation 17(8) read with Part B of Schedule II of SEBI (LODR) Regulations, 2015 provided by Managing Director and Chief Financial Officer is annexed.

On behalf of the Board of Directors,
For RAJAPALAYAM MILLS LIMITED,

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

RAJAPALAIYAM,
28th May, 2016.

DECLARATION

As provided under Schedule V (D) of the SEBI (LODR) Regulations, 2015 the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year ended 31st March, 2016.

For RAJAPALAYAM MILLS LIMITED,

Smt. R. SUDARSANAM
MANAGING DIRECTOR

RAJAPALAIYAM,
28th May, 2016.



ANNEXURE V TO DIRECTORS' REPORT

To

The Board of Directors,
Rajapalayam Mills Limited,
Rajapalayam.

CERTIFICATION UNDER REGULATION 17(8) OF SEBI (LODR) REGULATIONS, 2015

We hereby certify that -

- A. We have reviewed Financial Statements and the Cash Flow Statement for the year 2015-16 and that to the best of our knowledge and belief :
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee that -
1. there are no significant changes in internal control over financial reporting during the year;
 2. there are no significant changes in Accounting Policies, during the year, except the following:
 - i. The company was previously depreciating its tangible assets based on useful life prescribed by the schedule II of the Companies Act, 2013. With effect from 01-04-2015, it has become mandatory that the computation of depreciation has to be based on useful life of significant part of the asset, where useful life of that part is different from useful life of the remaining asset. Accordingly the useful life and the value of such parts of tangible asset have been determined based on technical advice.
 - ii. As per the transitional provisions of Schedule II of the Companies Act, 2013, the Company opted to adjust the carrying amount of the parts of asset as on 01-04-2015 in the Retained earnings, where the remaining useful life of components of such assets is Nil after retaining the residual value of 5%, net of applicable adjustment of deferred taxes.
 3. there are no instances of significant fraud of which we have become aware.

B. GNANAGURUSAMY
Chief Financial Officer

Smt. R. SUDARSANAM
Managing Director

RAJAPALAIYAM,
28th May, 2016.

ANNEXURE V TO DIRECTORS' REPORT



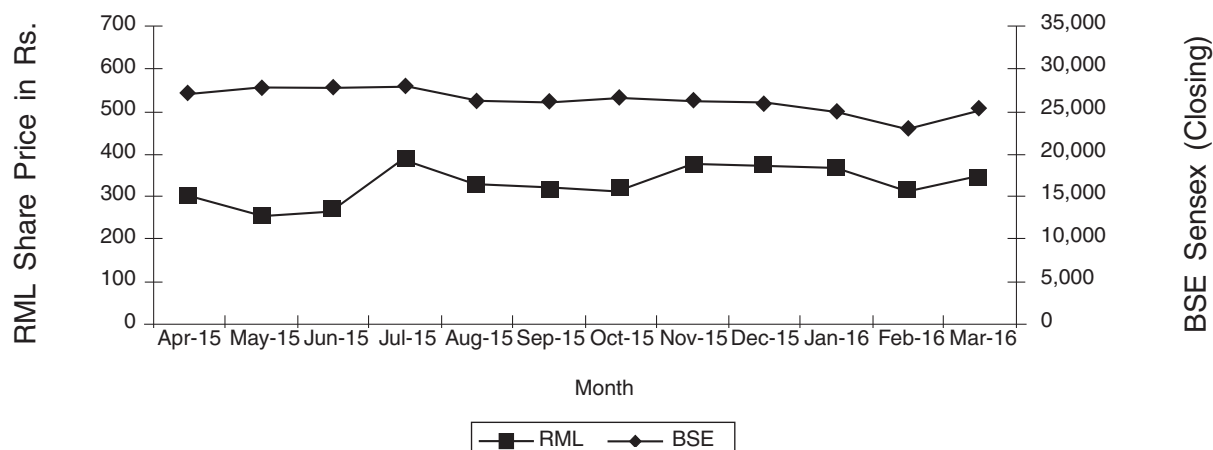
ANNEXURE - A

STATISTICAL DATA

Share Price - High & Low / Volume (During April, 2015 to March, 2016 in BSE)

Month	BSE Limited, Mumbai		
	High Rs.	Low Rs.	No. of Shares Traded
April, 2015	338	287	32,141
May	310	229	30,897
June	297	221	23,178
July	400	265	1,50,478
August	454	270	1,27,744
September	350	297	26,860
October	345	306	19,063
November	400	320	58,606
December	415	333	4,76,780
January, 2016	417	325	8,05,490
February	387	289	51,911
March	364	309	2,11,844

Rajpalayam Mills Share Price in Rs. on BSE (Closing) Vs BSE Sensex (Closing)





ANNEXURE V TO DIRECTORS' REPORT

ANNEXURE - B

Pattern of Shareholding as on 31-03-2016

Description	Total Shareholders	%	Total Shares	%
A. PROMOTERS HOLDING				
1. Promoters	15	0.29	39,21,820	53.17
Sub-total	15	0.29	39,21,820	53.17
B. NON - PROMOTERS HOLDING				
1. Banks, FI'S INS. Cos, Govt. Institutions	3	0.06	2,060	0.03
2. NRIs / OCBs & Non-Domestic Companies	36	0.71	7,495	0.10
3. Private Corporate Bodies	143	2.81	3,77,924	5.12
4. Public	4,893	96.13	30,66,861	41.58
Sub-total	5,075	99.71	34,54,340	46.83
Total	5,090	100.00	73,76,160	100.00

Distribution of Shareholding as on 31-03-2016

No. of Shares held	Total Shareholders	%	Total Shares	%
Upto - 500	4,280	84.09	4,55,544	6.18
501-1000	340	6.68	2,58,387	3.50
1001-2000	200	3.93	2,89,032	3.92
2001-3000	80	1.57	1,88,358	2.55
3001-4000	42	0.83	1,46,733	1.99
4001-5000	25	0.49	1,12,837	1.53
5001-10000	65	1.28	4,25,133	5.76
10001 & above	58	1.14	55,00,136	74.57
Total	5,090	100.00	73,76,160	100.00

Category of Shareholding as on 31-03-2016

Category	Total Shareholders	%	Total Shares	%
Dematerialized Form:				
CDSL	1,549	30.43	5,34,024	7.24
NSDL	2,884	56.66	60,23,747	81.66
Physical Form	657	12.91	8,18,389	11.10
Total	5,090	100.00	73,76,160	100.00



ANNEXURE VI TO DIRECTORS' REPORT

CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

[Pursuant to paragraph E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To

The Members of
Rajapalayam Mills Limited,
[CIN: L17111TN1936PLC002298]
Rajapalayam Mills Premises,
P.A.C. Ramasamy Raja Salai,
Post Box No.1, Rajapalaiyam - 626 117.

We have examined the compliance of the conditions of Corporate Governance by Rajapalayam Mills Limited ("the Company") for the financial year ended 31st March, 2016, as stipulated under Clause 49 of the Company's Listing Agreement with BSE Limited (upto 30th November, 2015) and Regulation numbers 17 to 27, 46(2)(b) to (i), Schedule II and Schedule V (paragraphs C, D and E) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.

The Company's management is responsible for compliance with the conditions of Corporate Governance. We have broadly reviewed the procedures adopted by the Company for ensuring compliance with the conditions of Corporate Governance and implementation thereof. Our review was neither an audit nor an expression of opinion on the financial statement of the Company.

We hereby certify that, in our opinion and to the best of our information and based on the records furnished for our verification and the explanations given to us by the Company, its officers and agents, the Company has, during the year ended 31st March, 2016, complied with the applicable conditions of Corporate Governance.

We further wish to state that our opinion regarding such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company during the said financial year.

For M.S. JAGANNATHAN & N. KRISHNASWAMI,
Chartered Accountants
Firm Registration No. 001208S

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
Firm Registration No. 005333S

K. SRINIVASAN
Partner
Membership No. 21510

V. JAYANTHI
Partner
Membership No. 28952

RAJAPALAIYAM,
28th May, 2016.



ANNEXURE VII TO DIRECTORS' REPORT

Disclosures relating to remuneration under Section 197(12) of the Companies Act, 2013 read with Rule 5(1), (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

i. & ii. The ratio of the remuneration of each director to the median remuneration of the employees of the Company and the percentage increase in remuneration of each Director, Managing Director, Chief Financial Officer and Company Secretary in the Financial Year 2015-16

Name of the Director / KMP and Designation	Remuneration of Director / KMP for financial year 2015-16 (Rs in Lakhs)	% increase in remuneration in the financial year 2015-16	Ratio of remuneration of each Director / to median remuneration of employees	Comparison of the remuneration of the KMP against the performance of the Company
Shri P.R. Ramasubrahmaneya Rajha	4.20	17	4	–
Smt. R. Sudarsanam, (Managing Director)	142.86	18	135	The Profit before tax Increased by 54 % and Profit after tax Increased by 95 % in financial year 2015-16
Shri P.R. Venketrama Raja	1.80	50	2	–
Shri S.S. Ramachandra Raja	3.90	44	4	–
Shri N.K. Ramasuwami Raja	5.70	27	5	–
Shri A.V. Dharmakrishnan	3.00	11	3	–
Justice Shri P.P.S. Janardhana Raja	3.30	175	3	–
Shri V. Santhana Raman	1.80	50	2	–
Shri K.B. Nagendra Murthy	1.50	150	1	–
Smt. Soundara Kumar *	0.60	NA	1	
Shri B. Gnanagurusamy (Chief Financial Officer)	19.23	18	18	The Profit before tax Increased by 54 % and Profit after tax Increased by 95 % in financial year 2015-16
Shri A. Arulpranavam (Company Secretary)	5.91	32	6	

* Smt. Soundara Kumar has been appointed as Director with effect from 27-08-2015



ANNEXURE VII TO DIRECTORS' REPORT

- iii. The median remuneration of the employees during the financial year was Rs. 1,06,151 and the percentage increase in the median remuneration was 4%.
- iv. There were 3,198 Permanent employees on the rolls of the Company, as on 31st March, 2016.
- v. Explanation on the relationship between average increase in remuneration and the Company's performance:

There was no relationship between the average increase in remuneration and the Company's performance, as except Bonus and Incentives the rest of the components of the remuneration are not directly linked to the performance of the Company.
- vi. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

The total remuneration of Key Managerial Personnel increased by 18% (i.e) from Rs.141.95 Lakhs in 2014-15 to Rs.168.00 Lakhs in 2015-16, whereas the Profit before tax increased by 54 % and profit after tax increased by 95 % in financial year 2015-16.
- vii.
 - a. Variations in the market capitalization of the Company: The market Capitalisation of Rs. 217.97 Crores as on 31st March, 2015 had increased to Rs. 254.40 Crores as on 31st March, 2016, showing an increase of 17%.
 - b. Price earning ratio: The price earning ratio of the Company was 10.81 as at 31st March, 2016 and was 18.10 as at 31st March, 2015.
 - c. Percentage increase or decrease in the market quotations of the Shares of the Company as compared to the rate at which the Company came out with the last public offer in the year: The Company has not come out with public issue.
- viii. Average percentage increase made in the salaries of the employees other than the managerial personnel in the financial year i.e. 2015-16 was 11% and the increase in the managerial remuneration for the same financial year was 18%. This was because, the remuneration of Managing Director was linked to the Profit of the Company which had increased by 54%.
- ix. Comparison of the each remuneration of the key Managerial Personnel against the performance of the Company - Provided under i & ii above.
- x. The Managing Director's remuneration is 5% of the profits of the Company, calculated in accordance with section 198 of the Companies Act, 2013.
- xi. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year - Not applicable.
- xii. It is hereby affirmed that the remuneration paid is as per the remuneration policy for Directors, Key Managerial Personnel and other employees.



ANNEXURE VII TO DIRECTORS' REPORT

DISCLOSURE RELATING TO REMUNERATION UNDER SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (2) AND (3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- i) Employed throughout the financial year 2015-16 and was in receipt of remuneration in the aggregate of not less than Rs. 60 Lakhs.

Sl. No.	Name of Employee	Age (Yrs)	Designation	Remuneration Paid / payable Rs. in Lakhs	Qualification and experience (Years)	Date of Commencement of employment	Last Employment
1	Smt. R. Sudarsanam	74	Managing Director	156.76	50 Years	July 1, 2002	-

NOTE:

1. The Managing Director's employment is contractual.
2. Remuneration includes Salary, Company's contribution to Provident Fund, Superannuation Fund and Commission but does not include Provision for Gratuity and Leave encashment.
3. The Managing Director is related to Shri P.R. Ramasubrahmaneya Rajha, Chairman and Shri P.R. Venketrama Raja, Director.

RAJAPALAIYAM,
28th May, 2016.

On behalf of the Board of Directors,
For RAJAPALAYAM MILLS LIMITED,

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN



AUDITORS' REPORT TO SHAREHOLDERS

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. Rajapalayam Mills Limited

Report on the Financial Statements

We have audited the accompanying financial statements of RAJAPALAYAM MILLS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statement that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

AUDITORS' REPORT TO SHAREHOLDERS



An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the State of affairs of the Company as at 31st March, 2016, its profit and its cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) We have enclosed our separate report in "Annexure B" with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.



AUDITORS' REPORT TO SHAREHOLDERS

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The details of the pending litigations and its impact on the financial statements have been disclosed in Note No 26 (4), (6) and (7) of the 'Disclosures forming part of Financial Statements' for the year ended 31st March, 2016;
 - ii. The Company has made provision, as required under applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts and the details have been disclosed in Note No. 26 (13) of the 'Disclosures forming part of Financial Statements' for the year ended 31st March, 2016;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
Firm Registration No. 005333S

K. SRINIVASAN
Partner
Membership No. 21510

V. JAYANTHI
Partner
Membership No. 28952

RAJAPALAIYAM,
28th May, 2016.

AUDITORS' REPORT TO SHAREHOLDERS



"ANNEXURE - A" TO THE INDEPENDENT AUDITORS' REPORT - 31ST MARCH, 2016

(Referred to Paragraph 1 under the heading of - "Report on other Legal and Regulatory Requirements" of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets.
- (c) According to the information and explanations given to us on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventories, except goods in transit, have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventories lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on verification between the physical stocks and book records were not material.
- (iii) The Company has granted loan to one body corporate covered in the register maintained under Section 189 of the Companies Act, 2013.
 - (a) In our opinion, the rate of interest and other terms and conditions on which the loan had been granted to the body corporate listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.
 - (b) In the case of loans granted to the body corporate listed in the register maintained under Section 189 of the Act, the borrowers have been regular in the payment of interest as stipulated. The terms of arrangements do not stipulate any repayment schedule and the loan is repayable on demand. Accordingly paragraph (iii) (b) of the Order is not applicable to the Company in respect of repayment of the principal amount.
 - (c) There are no overdue amounts in respect of the loan granted to a body corporate listed in the register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans, investments, guarantees and security made.



AUDITORS' REPORT TO SHAREHOLDERS

- (v) The Company has not accepted any deposits within the meaning of Section 73 to 76 of the act and Companies (Acceptance of Deposits) Rules 2014 from the public during the year.
- (vi) The Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 has specified maintenance of cost records for the Company and such accounts and records have been made and maintained by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues were in arrears as at 31st March, 2016 for a period of more than six months from the date they become payable.

- (b) According to the information and explanations given to us, the following dues of service tax has not been deposited by the Company on account of disputes:

Name of the Statute	Amount (Rs. in Lakhs)	Forum where dispute is pending
Service Tax	182.97	Central Excise, Customs & Service Tax Appellate Tribunal, Chennai

- (viii) The Company has not defaulted in repayment of loans or borrowing to financial institutions or bank. The Company did not have any loans or borrowings from the government or borrowings by way of debentures.
- (ix) The Company has not raised any money by way of initial public offer (including debt instruments). The moneys raised by way of Term Loans were applied for the purposes for which they were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us, and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

AUDITORS' REPORT TO SHAREHOLDERS



- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to information and explanations given to us, and based on our examination of the records of the Company, transactions with related parties are in compliance with Sections 177 and 188 of the Act where applicable. The details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and base on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
Firm Registration No. 005333S

K. SRINIVASAN
Partner
Membership No. 21510

V. JAYANTHI
Partner
Membership No. 28952

RAJAPALAIYAM,
28th May, 2016.



AUDITORS' REPORT TO SHAREHOLDERS

"Annexure - B" to the Independent Auditor's Report of even date on the Financial Statements of Rajapalayam Mills Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Rajapalayam Mills Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

AUDITORS' REPORT TO SHAREHOLDERS



Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
Firm Registration No. 005333S

K. SRINIVASAN
Partner
Membership No. 21510

V. JAYANTHI
Partner
Membership No. 28952

RAJAPALAIYAM,
28th May, 2016.



BALANCE SHEET AS AT 31ST MARCH 2016

	Note No.	(Rs. in Lakhs)	
		As at 31-03-2016	As at 31-03-2015
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	737.62	737.62
(b) Reserves and Surplus	2	<u>20,896.96</u>	<u>18,846.43</u>
		21,634.58	19,584.05
(2) Non Current Liabilities			
(a) Long Term Borrowings	3	10,041.44	10,284.23
(b) Deferred Tax Liabilities (Net)	4	6,214.60	6,128.70
(c) Long Term Provisions	5	<u>214.91</u>	<u>182.06</u>
		16,470.95	16,594.99
(3) Current Liabilities			
(a) Short Term Borrowings	6	13,473.44	15,639.02
(b) Trade Payables		604.45	508.19
(c) Other Current Liabilities	7	6,433.16	6,046.03
(d) Short Term Provisions	8	<u>844.54</u>	<u>958.22</u>
		21,355.59	23,151.46
Total		<u>59,461.12</u>	<u>59,330.50</u>
II ASSETS			
(1) Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	29,977.43	30,633.89
(ii) Intangible Assets	9	44.01	65.75
(iii) Capital Work-in-Progress		<u>39.24</u>	<u>291.66</u>
		30,060.68	30,991.30
(b) Non Current Investments	10	7,752.33	7,751.36
(c) Long Term Loans and Advances	11	1,673.22	1,316.21
(d) Other Non Current Assets	12	2,524.55	2,610.45
(2) Current Assets			
(a) Inventories	13	10,840.99	9,979.32
(b) Trade Receivables	14	4,109.52	4,136.14
(c) Cash and Cash Equivalents	15	233.30	371.09
(d) Short Term Loans and Advances	16	864.83	949.78
(e) Other Current Assets	17	<u>1,401.70</u>	<u>1,224.85</u>
		17,450.34	16,661.18
Total		<u>59,461.12</u>	<u>59,330.50</u>
Significant Accounting Policies	25		
Notes on Financial Statements	26		

The notes form an integral part of these financial statements

As per our report annexed

For and on behalf of the Board

For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
Firm Registration No. 005333S

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

K. SRINIVASAN
Partner, M.No. 21510
Rajapalayam,
28th May, 2016.

V. JAYANTHI
Partner, M.No. 28952

B. GNANAGURUSAMY
CHIEF FINANCIAL OFFICER
A. ARULPRANAVAM
SECRETARY

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016



	Note No.	For the year ended 31-03-2016	(Rs. in Lakhs) For the year ended 31-03-2015
I REVENUE			
Revenue from Operations	18	39,464.60	38,864.54
II Other Income	19	1,898.65	663.01
III Total Revenue (I+II)		<u>41,363.25</u>	<u>39,527.55</u>
IV EXPENSES			
Cost of Materials Consumed	20	18,705.05	19,299.64
Trade Purchases		1,335.43	670.34
Changes in Inventories of Finished Goods and Work-in-progress	21	(845.14)	926.35
Employee Benefit Expenses	22	4,776.63	4,604.69
Finance Costs	23	2,678.09	2,765.78
Depreciation and Amortization Expenses	9 & 10	2,130.90	1,655.12
Other Expenses	24	9,631.13	8,711.15
Total Expenses		<u>38,412.09</u>	<u>38,633.07</u>
V Profit Before Exceptional and Extraordinary items and Tax (III-IV)		2,951.16	894.48
VI Exceptional & Extraordinary items		–	1,019.11
VII Profit Before Tax (V+VI)		<u>2,951.16</u>	<u>1,913.59</u>
VIII Income Tax Expenses / (Savings)			
Current Tax		386.18	328.71
Income Tax related to earlier years		107.57	–
MAT Credit for the current year		–	(328.71)
MAT Credit relating to earlier years		–	10.83
Deferred Tax		104.48	698.45
		<u>598.23</u>	<u>709.28</u>
IX Profit After Tax (VII-VIII)		<u>2,352.93</u>	<u>1,204.31</u>
X Earnings per Equity Share of Rs. 10/- each			
Basic & Diluted (in Rupees) [Refer to Note No.26 (17)]		31.90	16.33
Significant Accounting Policies	25		
Notes on Financial Statements	26		

The notes form an integral part of these financial statements

As per our report annexed

For and on behalf of the Board

For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
Firm Registration No. 005333S

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

K. SRINIVASAN
Partner, M.No. 21510
Rajapalayam,
28th May, 2016.

V. JAYANTHI
Partner, M.No. 28952

B. GNANAGURUSAMY
CHIEF FINANCIAL OFFICER

A. ARULPRANAVAM
SECRETARY



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

	(Rs. in Lakhs)	
	2015-16	2014-15
A. Cash Flow from Operating Activities		
Net Profit before tax and extraordinary items	2,951.16	1,913.59
Adjustments for :		
Depreciation & Amortisation	2,130.90	1,655.12
Interest Paid	2,678.09	2,765.78
Interest Received	(184.46)	(235.08)
Dividend Received	(1,544.13)	(350.08)
Profit on Sale of Assets	(47.82)	(1,006.29)
Operating Profit before Working Capital Changes	<u>5,983.74</u>	<u>4,743.04</u>
Adjustments for :		
Trade Receivables	26.62	(60.51)
Loans and Advances	(456.14)	1,282.67
Inventories	(861.67)	2,862.22
Trade Payables & Current liabilities	184.74	(705.20)
Cash generated from Operations	<u>4,877.29</u>	<u>8,122.22</u>
Income Tax Paid	(257.28)	(340.78)
Net Cash generated from Operating Activities	A	<u>4,620.01</u>
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets (Including Capital work-in-progress)	(1,297.02)	(2,837.56)
Investment in Shares of Ramco Systems Limited	-	(1,141.55)
Investment in Shares - Others (Net)	(1.21)	-
Sale of Investment shares in Ramco Windfarm Limited	-	5.50
Proceeds from Sale of Assets	90.16	66.24
Interest Received	184.46	235.08
Dividend Received	1,544.13	350.08
Exceptional Item Sale of Assets of Rajapalayam Mills - Subramaniapuram Unit, Net of Liabilities Transferred	-	1,116.33
Net Cash from / (used) in Investing Activities	B	<u>520.52</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016



		(Rs. in Lakhs)	
		2015-16	2014-15
C. Cash Flow from Financing Activities			
Proceeds from Long Term Borrowings		5,391.37	2,801.76
Repayment of Long Term Loan		(5,329.84)	(4,374.00)
Repayment of Short Term Borrowings (Net)		(2,165.58)	(1,341.12)
Payment of Dividend and Tax thereon		(488.27)	(215.74)
Interest Paid		(2,678.09)	(2,765.78)
Net Cash used in Financing Activities	C	(5,270.41)	(5,894.88)
Net Decrease in Cash and Cash Equivalents	(A+B+C)	(129.88)	(319.32)
Opening balance of Cash and Cash Equivalents	D	297.69	617.01
Closing balance of Cash and Cash Equivalents	E	167.81	297.69
Net Decrease in Cash and Cash Equivalent	(E-D)	(129.88)	(319.32)
Earmarked balances with Banks (*)	F	65.49	73.40
Closing Cash and Bank Balances			
[Refer to Note No. 15]	(E+F)	233.30	371.09

(*) These balances are not available for use by the Company as they represent unpaid dividend liabilities.

See accompanying notes to the financial statements.

As per our report annexed

For and on behalf of the Board

For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
Firm Registration No. 005333S

P.R. RAMASUBRAHMANEYA RAJHA
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Partner, M.No. 21510
Rajapalayam,
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V. JAYANTHI
Partner, M.No. 28952

B. GNANAGURUSAMY
CHIEF FINANCIAL OFFICER

A. ARULPRANAVAM
SECRETARY



NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

**As at
31-03-2016** **As at
31-03-2015**

NOTE NO. 1

SHARE CAPITAL

Authorised

1,50,00,000 Equity Shares of Rs.10/- each

(PY: 1,50,00,000 Equity Shares of Rs.10/- each) 1,500.00 1,500.00

Issued, Subscribed and Fully Paid-up

73,76,160 Equity Shares of Rs.10/- each

(PY: 73,76,160 Equity Shares of Rs.10/- each) 737.62 737.62

a. Issued, Subscribed and fully paid-up Shares includes 62,13,850 Equity Shares (PY: 62,13,850 Equity Shares) of Rs. 10/- each, which were allotted as fully paid Bonus Shares by Capitalisation of Reserves.

b. Reconciliation of the number of shares outstanding

Particulars	As at 31-03-2016		As at 31-03-2015	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning	73,76,160	737.62	73,76,160	737.62
Issued during the year - Bonus Issue	-	-	-	-
Issued during the year - Preferential Allotment	-	-	-	-
Number of Shares at the end	<u>73,76,160</u>	<u>737.62</u>	73,76,160	737.62

c. List of Shareholders holding more than 5 percent in the Company

Particulars	As at 31-03-2016		As at 31-03-2015	
	No. of Shares	% of holding	No. of Shares	% of holding
P.R. Venketrama Raja	11,06,080	15.00%	7,46,080	10.11%
P.R. Ramasubrahmaneya Rajha	9,88,792	13.41%	9,88,792	13.41%
P.V. Abinav Ramasubramaniam Raja	9,63,160	13.06%	98,160	1.33%
Ramco Industries Limited	4,87,360	6.61%	8,47,360	11.49%
The Ramco Cements Limited	25,600	0.35%	7,25,600	9.84%

d. Aggregate number of Equity Shares allotted as fully paid up by way of Bonus Shares during the last 5 years : 35,12,580.

NOTES FORMING PART OF FINANCIAL STATEMENTS



	(Rs. in Lakhs)	
	As at 31-03-2016	As at 31-03-2015
NOTE NO. 2		
RESERVES AND SURPLUS		
Capital Reserve	3.75	3.75
Securities Premium Reserve	1,490.48	1,490.48
General Reserve		
Balance as per last Financial Statement	16,419.70	15,500.00
Less: Residual Value of Components / Assets whose remaining useful life is nil, net of Deferred Tax. [Refer to Note No. 26(14)]	36.07	80.30
Add: Amount transferred from Surplus balance in the Statement of Profit and Loss	2,019.10	1,000.00
	18,402.73	16,419.70
Surplus in the Statement of Profit & Loss		
Opening Balance	932.50	950.13
Add: Profit for the Year	2,352.93	1,204.31
Balance available for appropriations	3,285.43	2,154.44
Less : Appropriations		
Interim Dividend [Amount per Share Rs.3/-]	221.28	—
Tax on Interim Dividend	45.05	—
Proposed Equity Dividend [Amount per Share NIL (PY: Rs.2.50)]	—	184.40
Tax on Proposed Equity Dividend	—	37.54
Transfer to General Reserve	2,019.10	1,000.00
Total Appropriations	2,285.43	1,221.94
Net Surplus in the Statement of Profit and Loss	1,000.00	932.50
	20,896.96	18,846.43



NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at 31-03-2016	As at 31-03-2015
NOTE NO. 3		
LONG TERM BORROWINGS		
Secured		
Term Loan from Banks	5,480.43	9,575.90
Working Capital Term Loan from Banks / Financial Institutions	4,352.68	–
Unsecured		
Working Capital Term Loan from Banks	208.33	708.33
	<u>10,041.44</u>	<u>10,284.23</u>

- a) Term Loan from Banks are secured by *pari-passu* first charge on the Fixed Assets of the Company and *pari-passu* second charge on the Current Assets of the Company.
- b) Working Capital Term Loan from Banks / FIs are secured by *pari-passu* first charge on the Fixed Assets of the Company.
- c) The Long Term Borrowings from Banks / FIs are repayable in monthly / quarterly installments. The year wise repayment of term loan are follows:

Year	As at 31-03-2016	As at 31-03-2015
2016-17	–	4,699.00
2017-18	4,375.00	3,023.33
2018-19	3,428.00	2,076.99
2019-20	1,946.00	484.91
2020-21	292.44	–
	<u>10,041.44</u>	<u>10,284.23</u>

NOTE NO. 4
DEFERRED TAX LIABILITY (NET)

Deferred Tax Liability

Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	6,414.20	6,335.50
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Deferred Tax Asset

Tax effect on unabsorbed depreciation under the Income Tax Act, 1961	–	(26.00)
Tax effect on Provision for Bonus and Leave Encashment	(199.60)	(180.80)
Net Deferred Tax Liability	<u>6,214.60</u>	<u>6,128.70</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS



	(Rs. in Lakhs)	
	As at 31-03-2016	As at 31-03-2015
NOTE NO. 5		
LONG TERM PROVISIONS		
Provision for Employee Benefits	214.91	182.06
	<u>214.91</u>	<u>182.06</u>
NOTE NO. 6		
SHORT TERM BORROWINGS		
Secured		
Loan Repayable on Demand from Banks *	9,855.73	12,628.81
Unsecured		
Loan Repayable on Demand from Banks	2,602.99	3,009.23
Loan from Related Parties [Refer to Note No. 26(8)]	1,014.72	0.98
	<u>13,473.44</u>	<u>15,639.02</u>
* Loan Repayable on Demand from Banks are secured by <i>pari-passu</i> first charge on the current assets of the Company and <i>pari-passu</i> second charge on the fixed assets of the Company.		
NOTE NO. 7		
OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debt	5,214.32	4,910.00
Interest Accrued but not Due on Borrowings	77.64	17.37
Unclaimed Dividends	65.49	73.40
P.A.C.R. Memorial Fund	60.00	150.00
Liabilities for Other Finance	1,015.71	895.26
	<u>6,433.16</u>	<u>6,046.03</u>
NOTE NO. 8		
SHORT TERM PROVISIONS		
Provision for Employee Benefits	701.20	736.28
Provision for Taxation	143.34	–
Proposed Dividend	–	184.40
Provision for Tax on Proposed Dividend	–	37.54
	<u>844.54</u>	<u>958.22</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS



**NOTE NO. 9
FIXED ASSETS**

Particulars	Gross Block					Depreciation					Net Block		
	Cost as at 01-04-2015	Additions made during the year	Cost as at 31-03-2016	Upto 31-Mar-2015	Adjustment made during the year #	Adjustment made during PY 2014-15 *	Depreciation for the year	Depreciation PY 2014-15	Withdrawn during the year	Withdrawn during the PY 2014-15@	Upto 31-03-2016	As at 31-03-2016	As at 31-03-2015
Tangible Assets													
Land	830.85	1.40	832.25	-	-	-	-	-	-	-	-	832.25	830.85
Buildings	4,745.09	66.08	4,811.17	1,531.30	-	78.82	149.86	146.41	-	178.64	1,681.16	3,130.01	3,213.79
Plant and Machinery	54,518.39	1,369.13	55,618.97	29,108.86	34.69	7.75	1,692.55	1,212.68	235.74	1,328.40	30,600.36	25,018.61	25,409.53
Electrical Machinery	2,607.30	22.62	2,629.92	1,740.79	19.94	7.38	199.76	212.79	-	139.88	1,960.49	669.43	866.51
Furniture & Office Equipments	607.74	24.99	624.72	448.56	0.01	27.66	37.84	39.92	4.88	24.19	481.53	143.19	159.18
Vehicles	329.54	65.22	366.17	175.51	-	0.04	28.91	26.97	22.19	16.09	182.23	183.94	154.03
Total - Tangible Assets	63,638.91	1,549.44	64,883.20	33,005.02	54.64	121.65	2,108.92	1,638.77	262.81	1,687.20	34,905.77	29,977.43	30,633.89
Intangible Assets													
Computer software	159.31	-	159.31	157.80	-	-	1.51	8.59	-	7.30	159.31	-	1.51
Power Transmission System	79.37	-	79.37	15.13	-	-	20.23	7.53	-	-	35.36	44.01	64.24
Total - Intangible Assets	238.68	-	238.68	172.93	-	-	21.74	16.12	-	7.30	194.67	44.01	65.75

@ Amount specified in Sold/withdrawn in the Gross block / Depreciation during PY 2014-15 includes Rs. 3,888.53 Lakhs and Rs. 1,576.64 Lakhs respectively related to Sale of Rajapalayam Mills Subramaniapuram Unit made during the FY 2014-15.

Adjustment made during the year in Depreciation represents residual value of key components of assets, whose remaining useful life is nil [Refer to Note No.26 (14)(a)].

* Adjustment made during PY 2014-15 in Depreciation represents residual value of assets, whose remaining useful life is nil [Refer to Note No.26 (14)(b)].

NOTES FORMING PART OF FINANCIAL STATEMENTS



(Rs. in Lakhs)
As at 31-03-2016 As at 31-03-2015

NOTE NO. 10

NON-CURRENT INVESTMENTS

I. Investment Property

Land		138.98	138.98
Building		126.05	126.05
Less: Accumulated depreciation as at the beginning of the year		35.35	35.12
Less: Depreciation for the year		0.24	0.23
Total Investment property	(A)	229.44	229.68

II. Investment in Equity Instruments, Non - Trade

Name of the Company	No.of Shares	Total face Value	Cost	Cost
1) Quoted				
The Ramco Cements Limited	3,29,05,000	329.05	3,779.94	3,779.94
Ramco Industries Limited	79,20,680	79.21	92.40	92.40
Ramco System Limited	7,33,531	73.35	1,141.55	1,141.55
Lakshmi Automatic Loom Works Limited	2,500	0.25	0.25	0.25
Tamilnadu Jai Bharath Mills Limited	1,200	0.12	0.12	0.12
Total quoted Investments	(B)		5,014.26	5,014.26
2) Unquoted				
The Ramaraju Surgical Cotton Mills Limited	2,000	0.20	0.05	0.05
Sri Vishnu Shankar Mills Limited	38,400	3.84	2.11	2.11
Ontime Industrial Services Limited	50,000	5.00	5.00	5.00
Miot Hospitals Limited	2,500	0.25	0.25	0.25
ARS Energy Private Limited	440	0.04	1.21	-
Total un-quoted Investments	(C)		8.62	7.41

III. Investment in Preference Shares, Non-Trade - Unquoted

Thanjavur Spinning Mill Limited	(D)	2,50,00,000	10.00	2,500.00	2,500.00
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Note: The investment in the above preference shares have been made by conversion of Inter Corporate Loan given by the Company to Thanjavur Spinning Mill Limited.

IV. Other Non-current Investments, Non-Trade - Unquoted

Ramco Group Employees' Co-operative Stores Limited		500	0.01	0.01	0.01
Srivilliputhur Uganda Producers Co-operative Society		10	-	-	-
Total other Investments	(E)			0.01	0.01
Total Unquoted Investments	(C+D+E)			2,508.63	2,507.42

Aggregate Value of Investments				7,752.33	7,751.36
Aggregate Value of: Quoted Investments	-	Cost		5,014.26	5,014.26
	-	Market Value		1,44,278.39	1,10,422.04



NOTES FORMING PART OF FINANCIAL STATEMENTS

	As at 31-03-2016	(Rs. in Lakhs) As at 31-03-2015
NOTE NO. 11		
LONG TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
Loans and Advances to Related Parties <i>[Refer to Note No. 26(18)]</i>	950.00	950.00
Security Deposits	723.22	366.21
	<u>1,673.22</u>	<u>1,316.21</u>
NOTE NO. 12		
OTHER NON-CURRENT ASSETS		
MAT Credit Entitlement	2,524.55	2,610.45
	<u>2,524.55</u>	<u>2,610.45</u>
NOTE NO. 13		
INVENTORIES		
Finished Goods	1,989.59	1,591.30
Rawmaterials - Cotton & Cotton Waste	7,285.20	7,241.36
Stores, Spares, Fuel and Packing Materials	196.64	223.95
Works-in-progress (Cotton Yarn)	1,369.56	922.71
	<u>10,840.99</u>	<u>9,979.32</u>
<i>Mode of valuation of inventories are disclosed in Significant Accounting Policies in Note No. 25(4)</i>		
NOTE NO. 14		
TRADE RECEIVABLES		
Secured, considered good		
Trade Receivables less than six months	2,640.97	1,690.53
Unsecured, considered good		
Trade Receivables less than six months	1,468.55	2,445.61
	<u>4,109.52</u>	<u>4,136.14</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS



	As at	As at
	31-03-2016	31-03-2015
(Rs. in Lakhs)		
NOTE NO. 15		
CASH AND BANK BALANCES		
Cash on Hand	2.83	3.43
Balance with Bank		
In Current Account	52.89	101.60
In Deposit Account for Margin Money	112.09	192.66
In Unclaimed Dividend Warrant Account	65.49	73.40
	<u>233.30</u>	<u>371.09</u>
NOTE NO. 16		
SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Advance to Suppliers / Others	716.50	794.22
Advance Income Tax Paid, TDS and Refund Receivables	148.33	155.56
	<u>864.83</u>	<u>949.78</u>
NOTE NO. 17		
OTHER CURRENT ASSETS		
Accrued Income	1,123.88	910.34
Prepaid Expenses	155.86	192.21
Other Current Assets	121.96	122.30
	<u>1,401.70</u>	<u>1,224.85</u>



NOTES FORMING PART OF FINANCIAL STATEMENTS

	For the year ended 31-03-2016	(Rs. in Lakhs) For the year ended 31-03-2015
NOTE NO. 18		
REVENUE FROM OPERATIONS		
Sale of Products		
Yarn	38,853.91	37,524.52
Fabrics	–	513.60
Sale of Process Stock	–	148.91
Waste Cotton	187.59	309.41
	39,041.50	38,496.44
Other Operating Revenues		
Export Incentive	219.69	70.91
Job Work Charges Received	203.41	297.19
	39,464.60	38,864.54
NOTE NO. 19		
OTHER INCOME		
Interest Income	184.46	235.08
Rent Receipts	30.54	27.47
Dividend Income	1,544.13	350.08
Profit on Sale of Assets	47.82	–
Carbon Credit Sale	1.06	–
Industrial Promotion Assistance	3.23	4.74
Miscellaneous Income	13.35	45.64
Exchange Gain on Foreign Currency Transactions (Net)	74.06	–
	1,898.65	663.01
NOTE NO. 20		
COST OF MATERIALS CONSUMED		
Yarn		
Cotton & Cotton Waste	18,705.05	19,178.38
Fabrics		
Yarn Consumed	–	121.26
	18,705.05	19,299.64

NOTES FORMING PART OF FINANCIAL STATEMENTS



	(Rs. in Lakhs)	
	For the year ended 31-03-2016	For the year ended 31-03-2015
NOTE NO. 21		
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Opening Stock		
Finished Goods	1,591.30	1,976.86
Work-in-Progress	922.71	1,463.50
	2,514.01	3,440.36
Closing Stock		
Finished Goods	1,989.59	1,591.30
Work-in-Progress	1,369.56	922.71
	3,359.15	2,514.01
Net (Increase) / Decrease in Stock	(845.14)	926.35
NOTE NO. 22		
EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages and Bonus	4,024.03	3,792.07
Contribution to Provident and Other Funds	548.40	592.07
Staff and Labour Welfare Expenses	204.20	220.55
	4,776.63	4,604.69
NOTE NO. 23		
FINANCE COSTS		
Interest Expenses	2,526.10	2,680.12
Other Borrowing Costs	14.85	46.58
Exchange Fluctuation (Net) applicable to Finance Costs	137.14	39.08
	2,678.09	2,765.78



NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	For the year ended 31-03-2016	For the year ended 31-03-2015
NOTE NO. 24		
OTHER EXPENSES		
MANUFACTURING EXPENSES		
Power and Fuel	5,024.04	4,205.45
Packing Materials Consumptions	654.59	599.79
Repairs to Buildings	75.72	138.46
Repairs to Plant and Machinery	1,000.23	952.41
Repairs - General	954.68	878.94
Jobwork Charges Paid	180.27	129.68
	<u>7,889.53</u>	<u>6,904.73</u>
ESTABLISHMENT EXPENSES		
Managing Director's Remuneration	156.76	135.40
Rates and Taxes	129.09	230.29
Insurance	78.78	84.42
Postage and Telephone	21.27	20.60
Printing and Stationery	20.45	21.62
Travelling Expenses	92.25	63.97
Vehicle Maintenance	74.66	85.11
Exchange Loss on Foreign Currency Transactions	-	8.98
Loss on Sale of Assets	-	12.82
Directors Sitting Fees	27.30	21.90
Rent	6.29	8.92
Audit and Legal Expenses	27.23	25.53
Corporate Social Responsibility Expenses	80.94	73.46
Miscellaneous Expenses	140.65	225.79
	<u>855.67</u>	<u>1,018.81</u>
SELLING EXPENSES		
Sales Commission	447.70	409.98
Export Expenses	120.21	57.37
Other Selling Expenses	318.02	320.26
	<u>885.93</u>	<u>787.61</u>
	<u><u>9,631.13</u></u>	<u><u>8,711.15</u></u>



NOTE NO. 25

1. Corporate Information

Rajapalayam Mills Limited is a Public Limited Company domiciled and headquartered in India and incorporated under the provisions of the Companies Act. Its shares are listed in BSE Limited. The Company is mainly engaged in manufacture of Yarn.

SIGNIFICANT ACCOUNTING POLICIES:

2. Basis of preparation and presentation of financial statements

- (i) The financial statements have been prepared under the historical cost convention and in accordance with the generally accepted accounting principles in India, and in compliance of the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of Companies Act, 2013 and Companies Act, 1956 to the extent applicable.
- (ii) The accounting policies that are adopted in preparation of the financial statements are consistently followed as in the previous years except for change in the accounting policy for depreciation as given below:

The Company was previously depreciating its tangible assets based on useful life prescribed by the schedule II of the Companies Act, 2013. With effect from 01-04-2015, it became mandatory that the computation of depreciation has to be done based on useful life of significant components that are materially different from the remaining components of those assets. Accordingly, the useful life and the value of significant components of tangible assets have been determined based on technical advice.

As per the transitional provisions of Schedule II of the Companies Act, 2013 the Company opted to adjust the carrying amount of the components of assets (net of deferred tax) as on 01-04-2015 in the General Reserve, where the remaining useful life of components of such assets is Nil after retaining the residual value of 5%.

- (iii) The financial statements are presented in Indian Rupees and the amounts are rounded to the nearest Lakhs with two decimals, except as stated otherwise.
- (iv) The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
- (v) The Company has considered its operating cycle as 12 months for the purpose of Current or Non-current classification of assets and liabilities.
- (vi) The previous year figures are regrouped / restated wherever necessary.

3. Use of Estimates

- (i) The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the



NOTES FORMING PART OF FINANCIAL STATEMENTS

disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates in the future periods.

- (ii) Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

4. 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 after providing for obsolescence and other losses or net realisable value whichever is lower. However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.
- (ii) Process stock is valued at cost including the cost of conversion with systematic allocation of production and administration overheads or net realisable value whichever is lower.
- (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.
- (iv) Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

5. Cash flow Statements

- (i) Cash flows are presented using indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.
- (ii) Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances, highly liquid investments that are readily convertible into cash.

6. Depreciation & Amortization

- (i) Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value, except for process control systems whose residual value is considered as Nil.
- (ii) Freehold lands are not depreciated.
- (iii) Depreciation is provided on straight-line method based on useful life of significant components of certain class of tangible assets viz., Plant & Machinery and Electrical Machinery based on technical advice.
- (iv) The Company determines the useful life of the significant components of certain class of tangible assets on best estimate basis upon technical advice, which is different from the

NOTES FORMING PART OF FINANCIAL STATEMENTS



useful life of remaining asset as prescribed under Part C of Schedule II of the Companies Act, 2013, as below:

Type of Plant and Machinery	Useful life of such components ranging from
Textile Machineries / Equipment	4 to 20 Years
Wind Mills	22 to 30 Years
HFO & DG Sets	12 to 24 Years
Electrical Machineries	3 to 5 Years

- (v) The Company does not consider it appropriate to componentise certain class of tangible assets viz., Building, Furniture & Office Equipments and Vehicles as these assets are generally replaced in entirety. For these classes of assets, the useful life prescribed in Schedule II to the Companies Act, 2013 have been adopted.
- (vi) Depreciation for tangible assets on additions is calculated on pro-rata basis from the date of such additions. For deletion / disposals, the depreciation is calculated on pro-rata basis upto the date on which such assets have been discarded / sold.
- (vii) Intangible Assets are amortised over their estimated useful life on straight line method and is included in "Depreciation & Amortisation". The estimated useful lives of intangible assets are given below:

Nature of Intangible Assets	Estimated useful life
Computer software	6 Years
Power transmission system	5 Years

- (viii) The estimated useful life of the both tangible and intangible assets is reviewed each financial year to reflect the changed pattern, if any.

7. Revenue recognition

- (i) Revenue is recognised to the extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- (ii) Revenue from Operations:
- a) Sale of products is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer. Sale value excludes Excise duty, Education Cess, Secondary and Higher education cess, trade discounts, VAT / CST and sales returns, if any.
- b) Income from Job Work:
Income from job work is recognized on the basis of work executed as per the contract / agreement.
- c) Power generated from Wind Mills:
The monetary value of the power generated at wind farms that are consumed at Mills under wheeling and banking arrangement with TANGEDCO are not treated as revenue



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but have been set off against the cost of Power & Fuel. The value of unadjusted units available if any, at the end of the financial year and sold to the Electricity Board at an agreed rate / Tariff rate are recognised and shown as Income from Wind Mills.

(iii) Other Income:

- a) Dividend Income is recognised when the Company's right to receive dividend is established by the reporting date.
- b) Industrial Promotion Assistance (IPA) is recognised when the Company's right to receive the same is established.
- c) Interest Income and Rental Income are recognised on time proportion basis.
- d) Scrap Sales does not include Excise duty, Education Cess, Secondary and Higher education cess, VAT / CST.
- e) Sale of Carbon Credits are recognised upon execution of firm sale contract for the eligible credits.

8. Tangible Fixed Assets

- (i) Tangible Fixed Assets are stated at cost of acquisition (net of CENVAT/VAT wherever applicable) less accumulated depreciation/amortization and impairment losses if any, except freehold land which is carried at cost. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the asset beyond its previously assessed standard of performance.

Machinery spares that are purchased alongwith the original equipments, machineries which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised at cost.

Pursuant to Schedule II of the Companies Act, 2013 the Company has componentized all the tangible fixed assets except furniture & office equipments and vehicles. The cost of replacement of significant components are capitalised and the carrying amount of replaced components are de-recognised.

All other expenses on fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

- (ii) Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash transaction. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident.



- (iii) Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of such assets are recognised in the statement of profit and loss under "Other income".
- (iv) Projects / tangible fixed assets, which are not yet ready for their intended use are carried at cost, including related expenses and attributable interest are recognised as "Capital Work-in-Progress".

9. Foreign Currency Transactions

- (i) Transactions in Foreign Currency are accounted at the exchange rates prevailing at the time of transaction. The difference in exchange rates arising on the settlement of monetary items are recognized as income or expenses in the Statement of Profit and Loss.
- (ii) Monetary Assets and Liabilities in foreign currencies that are covered under a forward contract are accounted at the rate at which they have been covered. Uncovered Monetary Assets and Liabilities in foreign currencies are accounted at the rates as on the Balance Sheet date. The exchange difference on account of this is recognized in the Statement of Profit and Loss.
- (iii) The difference between the forward rate and the exchange rate at the inception of a forward exchange contract is recognized as income or expense over the life of contract. Any profit or loss arising on cancellation or renewal of such forward exchange contract is recognized as income or expense in the period in which such cancellation or renewal is made.

10. Government Subsidy / Grant

- (i) Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under Loans and advances.
- (ii) Revenue related grants are recognised upon fulfilment of conditions attached thereto on accrual basis, wherever there is reasonable certainty and are disclosed as under:
 - a) Interest subsidy under Technology Up-gradation Fund Scheme (TUFS) is recognised on accrual basis and credited to the Interest and Finance cost.
 - b) Power Subsidy under Industrial Investment Promotion Policy of Andhra Pradesh is credited to the Power & Fuel cost.
 - c) Other subsidies under Industrial Investment Promotion Policy of Andhra Pradesh are credited to Industrial Promotion Assistance and disclosed in Note No. 19 "Other Income".



NOTES FORMING PART OF FINANCIAL STATEMENTS

11. Investments

- (i) All investments being non-current and non-trade are valued at cost. Costs of investments include acquisition charges such as brokerage, fees and duties.
- (ii) The carrying amount of long term investments is determined on an individual investment basis.
- (iii) As at the balance sheet date, provision for diminution, if any, is made to recognise the decline other than temporary, in the value of investments. The reduction in carrying amount is charged to statement of profit and loss. This reduction amount is reversed when there is a rise in the value of investment other than temporary.
- (iv) On disposal of an investment, the difference between the carrying amount and the net disposal proceeds is recognised in the Statement of Profit and Loss under "Other income".

12. Investment Property

- (i) An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operations of the Company, is classified as investment property.
- (ii) Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment loss if any.
- (iii) Depreciation on buildings under investment property, which are held for rental to others, is calculated on straight-line method based on useful life prescribed under Schedule II to the Companies Act, 2013.
- (iv) As at the balance sheet date, provision for diminution, if any, is made to recognise the decline other than temporary, in the value of investment property. The reduction in carrying amount is charged to statement of profit and loss. This reduction amount is reversed when there is a rise in the value of investment property, other than temporary.
- (v) Gains or losses arising from disposal of investment properties are measured as the difference between the net disposal proceeds and the carrying amount of such investment properties are recognised in the statement of profit and loss.

13. Employee Benefits

- (i) Short-term employee benefit viz., Salaries and Wages, are recognized as an expense at the undiscounted amount in the statement of profit and loss 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 statement of profit and loss for the year in which the employees have rendered services.
- (iii) The Company contributes to Provident fund administered by the Government on a monthly basis at 12% of employee's basic salary & dearness allowance.
- (iv) The Company also contributes for superannuation a sum equivalent to 15% of the employee's eligible annual basic salary subject to a maximum of Rs. 1 Lakh per employee to "Rajapalayam Mills Limited Officers' Superannuation Fund" administered by trustees and managed by LIC of India.

There are no other obligations other than the above defined contribution plans.



(v) Defined Benefit Plan:

(a) 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 Days' 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 "Rajapalayam Mills Limited Employees' Gratuity Fund" 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.

(b) Leave Encashment:

The Company has a policy of allowing encashment of un-availed leave for its employees. The expense is recognized at the present value of the amount payable determined based on an independent external actuarial valuation as at the balance sheet date, using projected unit credit method.

Actuarial gains and losses, if any, in respect of Defined Benefit plans are charged to Statement of Profit and Loss.

14. Borrowing Costs

- (i) Borrowing cost include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.
- (ii) Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets are capitalized as part of the cost of those assets upto the date of capitalization of such asset.

15. Segment Reporting

- (i) The Company prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.
- (ii) The Company identifies business segment as the primary segment. Under the primary segment, there are two reportable segments viz., Textiles and Power generation from Windmills.
- (iii) Segments were identified considering the nature of the products, the differing risks and returns as per Accounting Standard -17 (Segment Reporting). The inter-segment transfers of units of power from windmills are recognized at the applicable tariff rates of the electricity boards for the purpose of segment reporting as per the relevant accounting standard.



NOTES FORMING PART OF FINANCIAL STATEMENTS

- (iv) Costs are allocated to the respective segment based upon the actual incidence of respective cost. Unallocated items include general other income and expenses which are not allocated to any business segment.

16. Leases

- (i) Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the Lessor are recognised as operating lease.
- (ii) Operating lease receipts and payments are recognised in the Statement of Profit and Loss on accrual basis as per the lease terms.

17. Earnings per share

Basic earnings per share is computed by dividing net profit after tax by weighted average number of equity shares outstanding during the year.

18. Income Tax

- (i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income tax Act, 1961 and other applicable tax laws.
- (ii) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability is recognised as an asset to the extent there is convincing evidence that the Company will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period. The said asset is recognised as "MAT Credit Entitlement" and the same is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Recognition". The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income tax during the specified period.
- (iii) Current tax assets and liabilities are offset since the Company has legally enforceable right to set off the recognised amounts and intends to settle the asset and the liability on a net basis.
- (iv) Deferred tax is recognised on timing difference between taxable income and the accounting income that originates in one period and is capable of reversal in one or more subsequent periods. It is recognised based on the accumulated timing difference using the tax rates and the tax laws enacted or substantially enacted as on reporting date.
- (v) The deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is un-absorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognised only if

NOTES FORMING PART OF FINANCIAL STATEMENTS



there is a virtual certainty of realisation of such assets. This is reviewed for realisability at each Balance Sheet date.

- (vi) Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by same governing tax laws and the Company has legally enforceable right for such set off.
- (vii) Deferred tax on items directly recognised in reserves is also recognised in reserves and not in the Statement of Profit and Loss.

19. Intangible Assets

- (i) The costs of computer software that are installed are accounted at cost of acquisition of such software and are carried at cost less accumulated amortisation and impairment, if any. Internally generated software is not capitalized and the expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.
- (ii) The cost incurred for establishing power transmission system for drawl of power from State grid to the Mills is capitalised as the Company is expected to yield future economic benefits for its unrestricted usage.
- (iii) The intangible assets that are not yet ready for their intended use are carried at cost including related expenses and attributable interest are recognised as Intangible assets under development.

20. Impairment of Assets

- (i) The carrying values of tangible assets, cash generating units and intangible assets at each balance sheet date are reviewed for impairment if any indication of impairment based on internal and external factors exists.
- (ii) Tangible asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. The intangible assets are treated as impaired when the asset is not available for use and no future economic benefits are expected from its use. After recognition of impairment loss, the depreciation for the fixed assets is provided for remaining useful life based on the revised carrying amount, less its residual value if any, on straight line basis.
- (iii) An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.
- (iv) An impairment loss is reversed when there is an indication that the impairment loss may no longer exist or may have decreased.



NOTES FORMING PART OF FINANCIAL STATEMENTS

21. Provision, Contingent Liabilities and Contingent Assets

- (i) 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 in respect of which a reliable estimate can be made. Such provisions are not discounted to their present value except relating to retirement benefits. These provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- (ii) Insurance claims are accounted for on the basis of claims admitted or expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.
- (iii) Contingent liability is a possible obligation that may arise from past events and its existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the same are not recognised but disclosed its existence in the financial statements. Contingent Assets are neither recognised nor disclosed.

22. Research & Development Expenditure

Expenditure, if any incurred on Research & Development of revenue nature incurred by the Company is charged to statement of Profit & Loss under the respective revenue heads, while those of capital nature are treated as fixed assets, under the respective asset heads and depreciated in accordance with the policies stated for Tangible Fixed Assets.

(Rs. in Lakhs)

As at 31-03-2016	As at 31-03-2015
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NOTE NO. 26

OTHER DISCLOSURES

1. Contingent Liabilities

Liability on guarantees given to the Bankers (Refer to Item No. 18(h) of Note No. 26)	49,509	47,109
Of which, actual loan amount outstanding as at the end of the year	15,516	19,383

2. Commitments

(i) Estimated amount of contracts remaining to be executed on capital account not provided	465	356
(ii) Other Commitments		
Liability on Letter of Credit opened for Capital Goods	171	73
Liability on Letter of Credit opened for Cotton	35	NIL

3. Sales Tax Assessment upto year ended 31st March, 2007 has been completed.

NOTES FORMING PART OF FINANCIAL STATEMENTS



4. In respect of Service Tax matters, appeals are pending with Appellate Authorities for a demand amount of Rs. 182.97 Lakhs (PY: Rs. 172.15 Lakhs) towards manpower recruitment or supply agency services, of which we have already deposited Rs. 11.21 Lakhs and disclosed under Other Current Assets. In view of the various case laws decided in favour of the Company and in the opinion of the management, there may not be any tax liability on this matter.
5. Income Tax Assessment have been completed upto the Accounting Year ended 31st March, 2013 i.e. AY 2013-14.
6. In respect of Electricity matters, Appeals / Writ petition are pending with TNERC / APTEL / High Court for various matters for which no provision has been made in the books of accounts to the extent of Rs. 477.08 Lakhs (PY: Rs. 434.18 Lakhs). In view of the various case laws decided in favour of the Company and in the opinion of the management, there may not be any tax liability on the this matter.
7. Income Tax department has filed an appeal before the Hon'ble Supreme Court / High Court against the order of the High Court / ITAT in the matter of Replacement Expenditure allowed in favour of the Company in previous years. The Hon'ble Supreme Court / High Court had remanded the mater back to the Commissioner of Income Tax / Assessing Authorities to consider the matter afresh. On these issues there is no pending demand from the department. However the Company has made a provision of Rs. 107.57 Lakhs towards Income Tax in the financial year 2015-16 and the same is included in "Income Tax expenses relating to earlier years".

The amount of interest, if any that would be payable on account of above issues cannot be currently ascertained considering various legal options available to the Company and hence no provision has been made for the same.

8. Details of Loans from Directors under "Loan from Related Parties" are:- **(Rs. in Lakhs)**

Name	Closing Balance as on		Interest Paid	
	31-03-2016	31-03-2015	2015-16	2014-15
Shri P.R. Ramasubrahmaneya Rajha	982.88	NIL	47.65	5.42
Smt. R. Sudarsanam	31.84	0.98	3.18	5.23

9. Auditors' remuneration (excluding Service Tax) & expenses:

		2015-16	2014-15
Statutory Auditors			
a. As Auditors	- Fees	4.00	3.50
	- Expenses reimbursed	0.74	1.61
b. In other Capacities	- Tax Audit Fees	0.50	0.50
c. Certification Work	- Fees	1.30	0.93
d. IT Representation	- Fees	1.20	-
		7.74	6.54



NOTES FORMING PART OF FINANCIAL STATEMENTS

10. Company's shares are listed in BSE Limited, for which listing fee for the year 2016-17 has been paid.
11. There are no dues to micro and small enterprises as at 31-03-2016 (PY: Rs. NIL). 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.
12. The unadjusted units generated from the Windmills as on 31-03-2016 are 5.87 Lakhs KWH (PY: 18.44 Lakhs KWH) and its monetary value of Rs. 39.11 Lakhs (PY: Rs. 122.93 Lakhs) has been included in Other Current Assets, which will be adjusted in the forthcoming months.
13. The premium on forward exchange contracts not intended for trading or speculation purpose is amortized as expenses over the life of the contract. During the current year Rs. 14.96 Lakhs (PY: Rs. 33.66 Lakhs) has been amortized and the same is included in Finance Costs.
14. a) Pursuant to the Schedule II of the Companies Act, 2013 the Company has componentised its fixed assets based on technical advice and separately assessed the useful life of the significant components, forming part of the main asset. Consequently, the depreciation for the year ended 31-03-2016 is higher by Rs. 326.69 Lakhs. The Company has opted to adjust the carrying value of the significant component of Rs. 54.64 Lakhs to the General Reserves as per the transitional provisions of the said Act. The deferred tax impact of Rs. 18.58 Lakhs on the said transitional adjustment is credited to the General Reserves.
b) During last year, pursuant to implementation of Schedule II of the Companies Act, 2013 with effect from 01-04-2014, the Company has calculated the depreciation on all the assets under Straight Line Method based on the useful life prescribed under the said schedule. Accordingly, during the financial year 2014-15, the value of assets whose useful life is exhausted as on 01-04-2014, as per the new Act, amounting to Rs. 121.65 Lakhs had been charged off to the General Reserves. The deferred tax impact of Rs. 41.35 Lakhs on the said transitional adjustment is credited to the General Reserves.
15. As per Accounting Standard - 15 (Employee Benefits), the disclosures of employee benefits as defined in the Accounting Standard are given below:

	(Rs. in Lakhs)	
	2015-16	2014-15
Defined Contribution Plan:		
Employer's Contribution to Provident Fund	314.11	289.12
Employer's Contribution to Superannuation Fund	18.69	19.23

NOTES FORMING PART OF FINANCIAL STATEMENTS



(Rs. in Lakhs)

2015-16 2014-15

Details of the Post Retirement Gratuity Plan (Funded) are as follows:

Reconciliation of opening and closing balances of defined benefit plan:

Defined Benefit Obligation as on 01-04-2015	656.65	532.53
Current Service Cost	51.87	44.12
Interest Cost	49.21	44.35
Actuarial (gain) / loss	40.69	125.95
Benefits paid	(-) 51.71	(-) 90.30
Defined Benefit obligation as on 31-03-2016	746.71	656.65

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

Fair value of plan assets as on 01-04-2015	484.55	482.85
Expected return on plan assets	50.70	43.03
Actuarial gain / (loss)	(-) 5.05	(-) 0.75
Employer Contribution	172.93	49.72
Benefits paid	(-) 51.71	(-) 90.30
Fair value of plan assets as on 31-03-2016	651.42	484.55

Actual Return of plan assets:

Expected return of plan assets	50.70	43.03
Actuarial gain / (loss) on plan assets	(-) 5.05	(-) 0.75
Actual return on plan assets	45.65	42.28

Reconciliation of fair value of assets and obligations:

Fair value of plan assets	651.42	484.55
Present value of obligation	746.71	656.65
Difference	95.29	172.10
Unrecognized transitional liability	NIL	NIL
Amount recognized in Balance Sheet	95.29	172.10



NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	2015-16	2014-15
Expense recognized during the year:		
Current Service Cost	51.87	44.12
Interest Cost	49.21	44.35
Expected return on plan assets	(-) 50.70	(-) 43.03
Actuarial (gain) / loss	45.74	126.70
Past service cost-non-vested benefits	NIL	NIL
Past service cost-vested benefits	NIL	NIL
Net Cost	96.12	172.14
Investment Details:		
GOI Securities	NIL	0.08%
Funds with LIC	99.33%	99.12%
Bank balance	0.67%	0.70%
Others	NIL	0.10%
Total	100.00%	100.00%
Actuarial assumptions:		
Indian Assured Lives (2006-08) Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a	8.00%	7.80%
Expected rate of return on plan assets p.a	8.00%	9.30%
Rate of escalation in salary p.a	3.00%	3.00%
Details of Leave Encashment Plan (Unfunded) are as follows:		
Reconciliation of opening and closing balances of Obligation:		
Defined Benefit Obligation as on 01-04-2015	202.57	178.63
Current Service Cost	23.95	19.45
Interest Cost	14.72	14.33
Actuarial (gain) / loss	19.37	32.36
Benefits paid	(-) 27.70	(-) 42.20
Defined Benefit obligation as on 31-03-2016	232.91	202.57
Reconciliation of opening and closing balances of fair value of plan assets:		
Fair value of plan assets as on 01-04-2015	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	NIL	NIL
Employer Contribution	27.70	42.20
Benefits paid	(-) 27.70	(-) 42.20
Fair value of plan assets as on 31-03-2016	NIL	NIL

NOTES FORMING PART OF FINANCIAL STATEMENTS



	(Rs. in Lakhs)	
	2015-16	2014-15
Actual Return of plan assets:		
Expected return of plan assets	NIL	NIL
Actuarial gain / (loss) on plan assets	NIL	NIL
Actual return on plan assets	NIL	NIL
Reconciliation of fair value of assets and obligations:		
Fair value of plan assets	NIL	NIL
Present value of obligation	232.91	202.57
Difference	232.91	202.57
Unrecognized past service cost non vested benefits	NIL	NIL
Amount recognized in Balance Sheet	232.91	202.57
Expense recognized during the year:		
Current Service Cost	23.95	19.45
Interest Cost	14.72	14.33
Expected return on plan assets	NIL	NIL
Actuarial (gain) / loss	19.37	32.36
Net Cost	58.04	66.14
Investment Details as on 31-03-2016:		
GOI Securities	NIL	NIL
State Government Securities	NIL	NIL
High Quality Corporate Bonds	NIL	NIL
Funds with LIC	NIL	NIL
Bank balance	NIL	NIL
Others	NIL	NIL
Total	NIL	NIL
Actuarial assumptions:		
Indian Assured Lives (2006-08) Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a	8.00%	7.80%
Expected rate of return on plan assets p.a	NIL	NIL
Rate of escalation in salary p.a	3.00%	3.00%



NOTES FORMING PART OF FINANCIAL STATEMENTS

16. Segment Information for the year ended 31st March, 2016 **(Rs. in Lakhs)**

Particulars	Textiles		Others		Power from Windmills		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
REVENUE								
External Sales (Net)	39,464.60	38,864.54	-	-	-	-	39,464.60	38,864.54
Inter Segment Sale	-	-	-	-	2,626.93	3,015.17	2,626.93	3,015.17
Total Sales	39,464.60	38,864.54	-	-	2,626.93	3,015.17	42,091.53	41,879.71
Other Income	170.06	77.86	-	-	-	-	170.06	77.86
Total Revenue	39,634.66	38,942.40	-	-	2,626.93	3,015.17	42,261.59	41,957.57
RESULT								
Segment Result	2,541.23	1,304.78	-	-	1,359.43	1,770.33	3,900.66	3,075.11
Unallocated Income	-	-	-	-	-	-	1,544.13	350.07
Operating Profit	-	-	-	-	-	-	5,444.79	3,425.18
Interest Expenses	-	-	-	-	-	-	2,678.09	2,765.78
Interest Income	-	-	-	-	-	-	184.46	235.08
Provision for Taxation	-	-	-	-	-	-	-	-
Current Tax	-	-	-	-	-	-	386.18	328.71
Income Tax related to earlier years	-	-	-	-	-	-	107.57	-
Deferred Tax	-	-	-	-	-	-	104.48	698.45
MAT Credit entitlement	-	-	-	-	-	-	-	(328.71)
MAT Credit entitlement-py	-	-	-	-	-	-	-	10.83
Profit from ordinary activities	-	-	-	-	-	-	2,352.93	185.20
Exceptional Items	-	-	-	-	-	-	-	1,019.11
Net Profit							2,352.93	1,204.31
OTHER INFORMATION								
Segment Assets	41,559.66	42,733.57	221.12	221.12	9,198.53	7,894.98	50,979.31	50,849.67
Unallocated Assets	-	-	-	-	-	-	8,481.81	8,480.84
Total Assets	2,882.74	2,784.52	-	-	-	-	59,461.12	59,330.51
Segment Liabilities	1,297.02	1,799.22	-	-	-	1,038.34	2,882.74	2,784.52
Unallocated Liabilities	1,718.29	1,278.03	-	-	412.61	377.09	34,943.80	36,961.93
Total Liabilities	1,297.02	1,799.22	-	-	-	-	37,826.54	39,746.45
Capital Expenditure	-	-	-	-	-	-	1,297.02	2,837.56
Unallocated Capital Expenditure	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Unallocated Depreciation	-	-	-	-	-	-	2,130.90	1,655.12
Expenditure	-	-	-	-	-	-	-	-
Non-Cash expenses other than Depreciation	-	-	-	-	-	-	-	-

NOTES FORMING PART OF FINANCIAL STATEMENTS



17. Earnings per Share

Particulars		2015-16	2014-15
Net Profit after Tax - Rs. in Lakhs	(A)	2,352.93	1,204.31
Number of Equity Shares - In Lakhs	(B)	73.76	73.76
Basic & Diluted earnings per share for Rs.10/- each - In Rupees	(A)/(B)	31.90	16.33

18. 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:

a. Key Managerial Personnel (including KMP under Companies Act, 2013)

Shri P.R. Ramasubrahmaneya Rajha, Chairman
Smt. R. Sudarsanam, Managing Director
Shri P.R. Venketrama Raja, Director
Shri B. Gnanagurusamy, Chief Financial Officer
Shri A. Arulpranavam, Secretary

b. Relatives of Key Managerial Personnel

Smt. R. Chittammal, sister of Shri P.R. Ramasubrahmaneya Rajha
Smt. Nalina Ramalakshmi, daughter of Shri P.R. Ramasubrahmaneya Rajha
Smt. Saradha Deepa, daughter of Shri P.R. Ramasubrahmaneya Rajha
Smt. P.V. Nirmala, wife of Shri P.R. Venketrama Raja
Smt. B. Sri Sandhya Raju, daughter of Shri P.R. Venketrama Raja
Shri P.V. Abinav Ramasubramaniam Raja, son of Shri P.R. Venketrama Raja

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

(i) Companies:

M/s. The Ramco 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. Sri Harini Textiles Limited
M/s. Ramco Management Private Limited
M/s. Shri Harini Media Limited
M/s. Madras Chip Board Limited
M/s. Rajapalayam Textile Limited



NOTES FORMING PART OF FINANCIAL STATEMENTS

(ii) Public Trusts

P.A.C.R. Sethurammal Charity Trust

P.A.C.R. Sethurammal Charities

Raja Charity Trust

d. Employee Benefit Funds where control exists

Rajapalayam Mills Limited Officers' Superannuation Fund

Rajapalayam Mills Limited Employees' Gratuity Fund

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

(a) Amount paid to Key Managerial Personnel

(Rs. in Lakhs)

Name of the Related Party	Amount		Nature of Payment
	2015-16	2014-15	
P.R. Ramasubrahmaneya Rajha	47.65	5.42	Interest Paid
	4.20	3.60	Sitting Fees
	54.38	24.72	Dividend Paid
Smt. R. Sudarsanam	3.18	5.23	Interest Paid
	1.50	1.20	Sitting Fees
	3.51	1.59	Dividend Paid
P.R. Venketrama Raja	1.80	1.20	Sitting Fees
	51.83	18.61	Dividend Paid

(b) (i) Inter Corporate Deposits given

Name of the Related Party	Maximum Outstanding		Outstanding as at	
	2015-16	2014-15	31-03-2016	31-03-2015
Thanjavur Spinning Mill Limited	NIL	2,500.00	NIL	NIL
Sri Harini Textiles Limited	950.00	950.00	950.00	950.00

The Inter Corporate Deposits have been given to strengthen the financial position of the above Companies.

(ii) Interest received on Inter Corporate Deposits given

Name of the Related Party	Interest @11% P.A.		Outstanding as at	
	2015-16	2014-15	31-03-2016	31-03-2015
Thanjavur Spinning Mill Limited	NIL	83.63	NIL	NIL
Sri Harini Textiles Limited	104.79	104.50	NIL	NIL

NOTES FORMING PART OF FINANCIAL STATEMENTS



(c) (i) Security Deposit given (Rs. in Lakhs)

Name of the Related Party	Interest free Security Deposit Outstanding		Nature of Transaction
	2015-16	2014-15	
	The Ramco Cements Limited (TRCL)	13.00	

(ii) Amount paid by virtue of Joint Ownership of Shares of APGPCL

Name of the Related Party	Amount Paid		Nature of Transaction
	2015-16	2014-15	
The Ramco Cements Limited	2.22	2.07	The Company is paying 10 paise per unit to TRCL for the power supplied by APGPCL to the Company by virtue of above Joint Ownership of the Shares.

(d) Sale of Goods / Services rendered

Name of the Related Party	Value		Outstanding as at	
	2015-16	2014-15	31-03-2016	31-03-2015
The Ramaraju Surgical Cotton Mills Limited	1,384.65	6,433.50	NIL	NIL
Sri Vishnu Shankar Mill Limited	638.05	247.33	NIL	NIL
Sandhya Spinning Mill Limited	175.18	314.81	NIL	NIL
Thanjavur Spinning Mill Limited	6.61	90.64	NIL	NIL
Ramco Industries Limited	335.16	98.91	NIL	NIL
Ramco Systems Limited	0.68	0.68	NIL	NIL
Rajapalayam Textile Limited	187.10	1,498.76	NIL	NIL
Sri Harini Textiles Limited	0.02	Nil	NIL	NIL



NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

(e) Sale of Assets

Name of the Related Party	Value		Outstanding as at	
	2015-16	2014-15	31-03-2016	31-03-2015
The Ramaraju Surgicals Cotton Mills Limited	0.84	NIL	NIL	NIL
Sandhya Spinning Mill Limited	3.00	NIL	NIL	NIL
Ramco Industries Limited	0.21	NIL	NIL	NIL
Raja Charity Trust	3.50	NIL	NIL	NIL
Rajapalayam Textile Limited	NIL	3,443.36	NIL	NIL

(f) Cost of Goods Purchased & Services availed

Name of the Related Party	Value		Outstanding as at	
	2015-16	2014-15	31-03-2016	31-03-2015
The Ramaraju Surgical Cotton Mills Limited	9.71	114.81	NIL	NIL
Sri Vishnu Shankar Mill Limited	192.93	222.58	NIL	NIL
Sandhya Spinning Mill Limited	292.67	14.73	NIL	NIL
Thanjavur Spinning Mill Limited	298.71	437.56	NIL	NIL
Ramco Industries Limited	329.62	296.75	NIL	NIL
The Ramco Cements Limited	248.23	690.79	NIL	NIL
Ramco Systems Limited	18.86	16.24	NIL	NIL
Rajapalayam Textile Limited	727.11	210.04	NIL	NIL
Shri Harini Media Limited	1.05	1.40	NIL	NIL
Madras Chipboard Limited	0.09	NIL	NIL	NIL
P.A.C.R. Sethurammam Charity Trust	39.70	63.03	NIL	NIL
P.A.C.R. Sethurammam Charities	NIL	0.92	NIL	NIL

(g) Purchase of Fixed Assets

Name of the Related Party	Value		Outstanding as at	
	2015-16	2014-15	31-03-2016	31-03-2015
Sandhya Spinning Mill Limited	0.32	NIL	NIL	NIL
Thanjavur Spinning Mill Limited	572.84	1,303.28	NIL	NIL
Ramco Industries Limited	23.75	NIL	NIL	NIL

NOTES FORMING PART OF FINANCIAL STATEMENTS



(Rs. in Lakhs)

(h) Corporate Guarantee given

Name of the Related Party	Guarantee given to Bank as at		Amount of Loan outstanding as at	
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
The Ramaraju Surgical Cotton Mills Limited	11,457	11,457	3,481	4,875
Sri Vishnu Shankar Mill Limited	14,050	11,550	5,167	4,004
Sandhya Spinning Mill Limited	14,346	12,346	5,245	4,714
Thanjavur Spinning Mill Limited	9,656	11,756	1,623	5,790

These Guarantees have been given as an additional security to secure the borrowings of the above Companies for their modernization / expansion.

(i) CSR Expenses

Name of the Related Party	2015-16	2014-15
P.A.C.R. Sethurammammal Charities	150.00	350.00

The above contribution towards CSR expenses was made by the Company from the balance available in P.A.C.R. Memorial Fund [Refer to Note No.7].

(j) Investments made and Dividend Received

Investment details are given under Note No.10

Name of the Related Party	2015-16	2014-15
The Ramco Cements Limited	1,480.73	329.05
Ramco Industries Limited	63.37	19.80
The Ramaraju Surgical Cotton Mills Limited	0.04	0.06
Sri Vishnu Shankar Mills Limited	NIL	1.15



NOTES FORMING PART OF FINANCIAL STATEMENTS

(k) Dividend Paid **(Rs. in Lakhs)**

Name of the Related Party	2015-16	2014-15
The Ramco Cements Limited	18.91	18.14
Ramco Industries Limited	35.80	21.18
The Ramaraju Surgical Cotton Mills Limited	16.51	7.51
Sri Vishnu Shankar Mills Limited	1.64	0.74
Sandhya Spinning Mill Limited	0.03	0.01
Ramco Management Private Limited	0.11	0.05
Smt. R. Chittammal	4.54	2.07
Smt. Nalina Ramalakshmi	0.37	0.17
Smt. Saradha Deepa	0.60	0.27
Smt. P.V. Nirmala	0.08	0.07
Smt. B. Sri Sandhya Raju	0.91	0.41
Shri P.V. Abinav Ramasubramaniam Raja	26.40	2.45

(l) Rent Paid

Name of the Related Party	2015-16	2014-15
Smt. Saradha Deepa	1.32	1.26

(m) Remuneration to Key Managerial Personnel

Name of the Related Party	2015-16	2014-15
Smt. R. Sudarsanam, Managing Director	156.76	135.40
Shri B. Gnanagurusamy, Chief Financial Officer	19.23	16.27
Shri A. Arulpranavam, Secretary	5.91	4.48

(n) Contribution to Superannuation Fund / Gratuity Fund

Name of the Related Party	2015-16	2014-15
Rajapalayam Mills Limited Officers' Superannuation Fund	18.69	19.23
Rajapalayam Mills Limited Employees' Gratuity Fund	96.12	172.14

19. Other Additional information pursuant to the Schedule III of the Companies Act, 2013.

(a) Value of Imports calculated on CIF Value

	2015-16	2014-15
Raw Materials	3,617.33	2,817.85
Components and Spares	115.69	103.44
Capital Goods	234.37	657.18

NOTES FORMING PART OF FINANCIAL STATEMENTS



(b) Expenditure in Foreign Exchange during the year **(Rs. in Lakhs)**

	2015-16	2014-15
Interest	12.25	8.44
Export Sales Commission	76.60	35.70
Foreign Travel	21.53	8.04
Others	29.08	92.13
Total	139.46	144.31

(c) Value of Raw Materials, Stores & Spare parts consumed

	2015-16		2014-15	
	Amount	%	Amount	%
Raw Materials				
Imported	3,784.36	20	3,315.28	17
Indigenous	14,920.69	80	15,984.36	83
Spares and Components				
Imported	110.06	4	97.93	4
Indigenous	2,437.47	96	2,322.25	96

(d) Earnings in Foreign exchange (FOB Value)

	2015-16	2014-15
Export on Yarn	7,790.72	3,050.65

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S

K. SRINIVASAN
Partner, M.No. 21510
Rajapalayam,
28th May, 2016.

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
Firm Registration No. 005333S

V. JAYANTHI
Partner, M.No. 28952

For and on behalf of the Board

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

B. GNANAGURUSAMY
CHIEF FINANCIAL OFFICER

A. ARULPRANAVAM
SECRETARY



PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

RAJAPALAYAM MILLS LIMITED

[CIN : L17111TN1936PLC002298]

Regd. Office : Rajapalayam Mills Premises, P.A.C. Ramasamy Raja Salai,
Post Box No.1, Rajapalayam, Tamil Nadu, Pin : 626 117.

Name of the Member(s) :

Registered address :

E-mail Id :

Folio No. / DP Id. Client Id. :

I/We, being the Member(s) of shares of the above named Company, hereby appoint

1. Name : Address :

E-mail Id : Signature : or failing him,

2. Name : Address :

E-mail Id : Signature : or failing him,

3. Name : Address :

E-mail Id : Signature :

as my/our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 80th Annual General Meeting of the Company, to be held on Wednesday, the 10th August, 2016 at 10.00 a.m. at P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution
Ordinary Business	
1	Adoption of Financial Statements for the year ended 31 st March, 2016.
2	Appointment of Shri P.R. Venketrama Raja as Director, who retires by rotation.
3	Appointment of Shri A.V. Dharmakrishnan as Director, who retires by rotation.
4	Ratification of Appointment of M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants and M/s. Ramakrishna Raja and Co., Chartered Accountants, as Auditors.
Special Business	
5	Reappointment of Smt. R. Sudarsanam as the Managing Director.
6	Appointment of Smt. Soundara Kumar as an Independent Director.
7	Ratification of fee payable to Shri M. Kannan, Cost Accountant, appointed as Cost Auditor of the Company for the financial year 2016-17.

Signed this..... day of 2016

Signature of Shareholder

Signature of Proxy holder(s)

Affix
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



Mr. Tetsuo Kato, President of M/s. K. Spinning Plan Co Limited, Japan Receiving first Prize from our Chairman on the Pongal Sports Day event under VIP Contest.

Our Chairman distributing certificate and cash award to our President Mr. S. Kanthimathinathan for completion of 20 years of service in our Mills.



Rajapalayam Mills Limited being awarded "Corporate Governance Appreciation Award" by Southern Indian Regional Council of the Institute of Company Secretaries of India, Madurai Chapter.

