

**RAJAPALAYAM MILLS LTD**

**RAJAPALAIYAM**



**Annual Report and Accounts for the year ended 31st March 2013**



**Our Chairman discussing with Mr. Toru Yamaguchi who has been elevated as GM-Fibre Yarn & Industrial Textile Department of M/s. Mitsubishi Corporation, Kansai Branch, Japan during his recent visit to our Mills.**

**Our Chairman and President with the Officials from M/s. Mitsubishi Corporation & M/s. Nikko Textile, Japan during their visit to India.**



**Mr. V. Raju, Senior General Manager (Works) of our Mills receiving State Safety Award given by Shri S.T. Chellapandian, Hon'ble Labour Welfare Minister, Government of Tamil Nadu for the year 2009.**

FOUNDER



SHRI P.A.C. RAMASAMY RAJA





## RAJAPALAYAM MILLS LIMITED

### Board of Directors

Shri P.R. RAMASUBRAHMANEYA RAJHA, B.Sc.,  
*Chairman*

Smt R. SUDARSANAM  
*Managing Director*

Shri P.R. VENKETRAMA RAJA, B. Tech., M.B.A.,

Shri S.S. RAMACHANDRA RAJA, B.Sc.,

Shri N.K. RAMASUWAMI RAJA, B.Sc.,

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

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

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

### Bankers

Axis Bank Ltd

Canara Bank

IDBI Bank Ltd

Indian Bank

Karur Vysya Bank Ltd

Kotak Mahindra Bank Ltd

Punjab and Sind Bank

State Bank of India

Tamilnad Mercantile Bank Ltd

### Registered Office

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

### Website

[www.rajapalayammills.co.in](http://www.rajapalayammills.co.in)

### Auditors

M/s. M.S. Jagannathan & N. Krishnaswami,  
Chartered Accountants,  
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.

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## NOTICE

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### NOTICE TO THE MEMBERS

Notice is hereby given that the 77<sup>th</sup> Annual General Meeting of the Company will be held at 10.00 A.M. on Thursday, the 1<sup>st</sup> August, 2013 at P.A.C.Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C.Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Statement of Profit & Loss for the year ended 31<sup>st</sup> March, 2013 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend for the year 2012-2013.
3.
  - a) To appoint a Director in the place of Shri N.R.K. Venkatesh Raja, who retires by rotation and is eligible for re-appointment.
  - b) To appoint a Director in the place of Shri S.S. Ramachandra Raja, who retires by rotation and is eligible for re-appointment.
  - c) To appoint a Director in the place of Shri N.K. Ramasuwami Raja, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED that M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants and M/s. Ramakrishna Raja & Co, Chartered Accountants be and are hereby jointly appointed as Auditors of the Company to hold Office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting on a remuneration of Rs.1,75,000/- (Rupees One Lakh Seventy Five Thousand only) each, exclusive of out-of-pocket expenses".

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

P.R.RAMASUBRAHMANEYA RAJHA  
CHAIRMAN

RAJAPALAIYAM,  
27<sup>th</sup> May, 2013.



## NOTICE

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### NOTES:

- (i) A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company;
- (ii) 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;
- (iii) The Register of Members and the Share Transfer Books of the Company will remain closed from 27-07-2013 to 01-08-2013 (both days inclusive);
- (iv) The Dividends, on declaration, will be paid in respect of shares held in physical form to the shareholders whose names appear in the Register of Members as on 01-08-2013 and in respect of shares held in electronic form to the beneficial owners whose names appear in the list furnished by the Depositories for this purpose as on 26-07-2013;
- (v) The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend. Accordingly, dividend will be credited through National Electronic Clearing Service (NECS) to investors wherever NECS and bank details are available. In the absence of NECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. The Company is in compliance with SEBI's directive in this regard;
- (vi) Under the provisions of Section 205C of the Companies Act, 1956, dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education & Protection Fund (IEP Fund) of the Central Government. Thereafter no claim shall lie against the Fund or the Company and no payment will be made in respect of any such claims. Hence, the members who have not claimed their dividend relating to the earlier years may write to the Company for claiming the amount before it is so transferred to the Fund. The details of due dates for transfer of such unclaimed dividend to the said Fund are given below:





## NOTICE

<b>FINANCIAL YEAR ENDED</b>	<b>DATE OF DECLARATION OF DIVIDEND</b>	<b>LAST DATE FOR CLAIMING UNPAID DIVIDEND</b>	<b>DUE DATE FOR TRANSFER TO IEP FUND</b>
31-03-2006 Final Dividend	28-07-2006	27-07-2013	25-08-2013
31-03-2007 First Interim Dividend Second Interim Dividend Final Dividend	23-10-2006 25-01-2007 25-07-2007	22-10-2013 24-01-2014 24-07-2014	20-11-2013 22-02-2014 22-08-2014
31-03-2008 First Interim Dividend Second Interim Dividend Final Dividend	24-10-2007 16-01-2008 06-08-2008	23-10-2014 15-01-2015 05-08-2015	21-11-2014 13-02-2015 03-09-2015
31-03-2009 First Interim Dividend Final Dividend	25-10-2008 06-08-2009	24-10-2015 05-08-2016	22-11-2015 03-09-2016
31-03-2010 Final Dividend	04-08-2010	03-08-2017	01-09-2017
31-03-2011 Final Dividend	20-07-2011	19-07-2018	17-08-2018
31-03-2012 Final Dividend	06-08-2012	05-08-2019	03-09-2019

RAJAPALAIYAM,  
27<sup>th</sup> May, 2013.

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



## NOTICE

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

#### **1. SHRI N.R.K. VENKATESH RAJA**

Shri N.R.K. Venkatesh Raja, aged 62 years, holds a Bachelor Degree in Engineering. He has been on the Board of Rajapalayam Mills Ltd. since 1986 and he is an Independent Director.

He holds 24,320 Equity Shares of the Company.

He is also a Director in the following Companies:-

Sri Yennarkey Services Ltd

Sri Vidhiya Spinners Private Ltd

#### **2. SHRI S.S. RAMACHANDRA RAJA**

Shri S.S. Ramachandra Raja, aged 77 years, holds a Bachelor Degree in Science. He has been on the Board of Rajapalayam Mills Ltd. since 1992.

He holds 24,480 Equity Shares of the Company.

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

Share Transfer Committee

Investors Grievance Committee

He is also a Director in the following Companies:-

Ramco Industries Ltd

Sri Vishnu Shankar Mill Ltd

Ramco Systems Ltd

Sri Sethu Ramasamy Farms Private Ltd

Ramco Management Private Ltd



## NOTICE

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

Shri N.K. Ramasuwami Raja, aged 70 years, holds a Bachelor Degree in Science. He has been on the Board of Rajapalayam Mills Ltd since 1980 and he is an Independent Director.

He holds 15,400 Equity Shares of the Company.

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

Audit Committee

Remuneration Committee

Share Transfer Committee

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

He is also a Director in the following Companies:

Sri Harini Textiles Ltd

Ramco Agencies Private Ltd



## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting their 77<sup>th</sup> Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2013.

### FINANCIAL RESULTS

The financial results for the year ended 31<sup>st</sup> March, 2013 after charging all expenses and contribution to P.A.C. Ramasamy Raja Memorial Fund of Rs.57.31 Lakhs (which is within the limits laid in the Articles of Association) but before deducting finance cost and depreciation have resulted in operating profit of Rs. 8,836.01 Lakhs against Rs.6,184.36 Lakhs for the previous financial year 2011-12.

After deducting Rs. 2,648.45 Lakhs towards finance cost and providing Rs.2,812.68 Lakhs towards Depreciation, the Net Profit for the year is Rs.3,374.88 Lakhs (Previous year: Net Loss of Rs. 529.37 Lakhs). Adding the surplus of Rs.289.84 Lakhs brought forward from the previous year, your Directors propose to appropriate the total sum of Rs. 3,664.72 Lakhs as detailed below:

		Rs. in Lakhs
Provision for Taxation	Current Tax - MAT	357.00
	MAT credit entitlement	(219.15)
	Deferred Tax	859.90
Interim Dividend	Rs.5/- per share (PY: Rs.Nil)	368.81
Tax on Interim Dividend	@ 16.2225%	59.83
Final Dividend	Rs.1/- per share (PY: Rs.1/- per share)	73.76
Tax on Final Dividend	@16.995%	12.54
Transfer to General Reserve		332.30
Balance carried over to Balance Sheet		1,819.73
	TOTAL	<u>3,664.72</u>

### DIVIDEND

Your Directors have pleasure in recommending a Final Dividend of Rs. 1/- per share. Together with the Interim Dividend of Rs.5/- per share paid during the year, the total dividend for the year is Rs. 6/- per share (Previous Year: Rs.1/- per share). The dividend will be tax free income in the hands of Shareholders as the Company will pay Dividend Distribution Tax under Income Tax Act, 1961. The total amount of Dividend outgo including interim dividend for the year will be Rs.442.57 Lakhs. The amount of tax on dividends (including tax on interim dividend already paid) would be Rs.72.37 Lakhs.



## **TAXATION**

The Company is not liable to pay income tax under regular Income Tax provisions. An amount of Rs. 357.00 Lakhs towards Current Tax (MAT) and Rs. 859.90 Lakhs towards Deferred Tax has been provided for the year. The tax paid under MAT will be available for set off in the year of regular income tax liability.

## **TRADE CONDITIONS**

After a long spell of sluggishness, there was a sign of revival witnessed in Textile Industry. The cotton and yarn prices prevailed at a reasonable level. The expanded capacity with most modern and automatic machines has been utilized fully to make use of the improved demand situation. Better yarn realization coupled with higher capacity utilization have contributed for overall improved financial performance of the Company.

The severe power cut in Tamilnadu / Andhrapradesh is still continuing. Timely decision taken by your Directors to install Wind Mills in previous years and purchase of power from Third Party have helped the Company to tide over the power crisis to a greater extent. Still to meet the power short fall, we have to use Furnance Oil / Diesel Generator sets resulting in higher costs. The hike in electricity tariff rate by 30% by Government of Tamilnadu and also hike in Wheeling and other charges imposed on Wind Mills have pushed up the cost of power very steeply.

Inspite of spiraling wage cost, cost of power and logistics cost, the strategic decisions taken by the Company for installation of Wind Mills, increasing the capacity of Spindles with most advanced machineries, implementation of various cost reduction measures and production of flexible/value added count pattern have helped the Company to achieve improved results in the current market scenario.

## **EXPORTS**

On the export front during the year, we have made export of Cotton Yarn / Fabrics (including Merchant Exports) for a value of Rs. 78.64 Crores as against Rs. 95.66 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.

## **MODERNISATION**

As a part of continuous intensive modernization programme, the company has invested about Rs. 3 Crores for investment in state-of-the-art textile machinery & equipments like Soft Package, High Draft Conversion, Contamination Detector in Blow Room, Auto Doffer in Spinning, Yarn Conditioning Machines etc.



## **DIRECTORS' REPORT**

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### **PROSPECTS FOR THE CURRENT YEAR**

The high volatility in cotton prices during the current cotton season 2012-13 is creating uncertainties for Spinning Mills. The cotton prices are currently ruling high at uneconomical levels. There is no sustained demand for yarn both in domestic and global markets to absorb the increased cotton cost. The power cut imposed in Tamilnadu / Andhrapradesh and increase in power tariff are severely affecting the operations of the Company.

The Company is maintaining high standards of yarn quality, cost effective production and stringent waste control measures. The Company is focusing on more automation with a view to utilize the skilled manpower more efficiently and also focusing on value added yarn. These measures have strengthened the Company to face the challenges in the current scenario. Your Directors are hopeful of achieving satisfactory results for the current year with the implementation of above steps.

### **WIND MILL**

The Wind Mill Division with an installed capacity of 30.35 MW is working satisfactorily. There was good wind velocity during the year compared to previous year, which resulted in higher generation of power. This year our wind farm have generated 644 Lakhs Kwh as compared to 527 Lakhs Kwh of the previous year because of favourable wind season. The income during the year from the Wind Mill Division was Rs. 36.54 Crores as against Rs.22.57 Crores of previous year. All the power generated from our wind farm were consumed captively.

### **PERSONNEL**

Industrial relations with employees remained cordial during the year. Human Resources Development activities received considerable focus. The emphasis was on imparting training and development of the skill-set of the employees to enable them to face the challenges in the work environment. The scarcity of skilled labour and heavy absenteeism in labour attendance are causing loss of production. We are striving our best to retain them by implementing attractive incentive schemes to labours to achieve better attendance.

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

## **DIRECTORS' REPORT**

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### **INTERNAL CONTROL SYSTEM**

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

### **DIRECTORS**

Shri P.S. Jaganatha Raja, has resigned from the Board with effect from 27-05-2013 and he had been on the Board of the Company for 31 years.

Shri V.S. Vemban, has resigned from the Board with effect from 27-05-2013 and he had been on the Board of the Company for 35 years.

The Directors place on record the valuable and constructive contribution made by above Directors during their association with the Company.

In accordance with the provisions of Companies Act, 1956 and the Company's Articles of Association, the following Directors retire by rotation at the ensuing Annual General Meeting and they are eligible for re-appointment.

1. Shri N.R.K. Venkatesh Raja
2. Shri S.S. Ramachandra Raja
3. Shri N.K. Ramasuwami Raja

### **PUBLIC DEPOSITS**

The total deposits from the public outstanding with the Company as on 31<sup>st</sup> March, 2013 were Rs. 570.75 Lakhs including the deposits renewed in accordance with Section 58A of the Companies Act, 1956. There was no deposits unclaimed / unpaid as on 31-03-2013.

### **SHARES**

The Company's shares are listed in Madras Stock Exchange Limited and Bombay Stock Exchange Limited. The Company had paid listing fees to the Stock Exchanges for the financial year 2013-14.



## **DIRECTORS' REPORT**

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### **AUDITORS**

M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants and M/s. Ramakrishna Raja and Co., Chartered Accountants, Auditors of the Company retire at the end of the 77<sup>th</sup> Annual General Meeting and are eligible for re-appointment.

### **COST AUDITORS**

The Government has approved the Company's proposal to appoint M/s. Geeyes & Co., Cost Accountants, Chennai for audit of Company's cost accounts for the year ended 31-03-2013 on a remuneration of Rs. 75,000/- exclusive of out-of-pocket expenses. As per Central Government's direction, cost audit will be done every year.

### **SUBSIDIARY**

Government of India, Ministry of Corporate Affairs, vide their General Circular No.2/2011 dated 08-02-2011, has granted general exemption under Section 212(8) of the Companies Act, 1956 to the Companies from attaching the full text of the Financial Statements of the Subsidiaries along with the Company's accounts / Annual Report subject to certain conditions being fulfilled. As required under the said general exemption Circular, the Consolidated Financial Statements have been presented in this Annual Report and the other required disclosures on the Company's Subsidiary namely Rajapalayam Spinners Limited have also been made in this report.

The Audited Annual Accounts of the subsidiary and the related detailed information will be made available to the Shareholders of the Company and also the Shareholders of the Subsidiary Company seeking such information. The Annual Accounts of the Subsidiary Company will also be kept for inspection by any Shareholder, at the Corporate Office of the Company and of the Subsidiary Company concerned between 10.00 am to 12.00 noon on any working day of the Company and of the respective subsidiary companies, upto the date of the 77<sup>th</sup> Annual General Meeting.

### **AMALGAMATION**

At the meeting held on 28-05-2012, the Board of Directors approved the proposal for the amalgamation of its wholly owned subsidiary, Rajapalayam Spinners Private Limited ("Transferee Company") with the Company and the petition filed by the Transferee Company in CP No.71 / 2013 has already been admitted in the Madras High Court. The "Appointed Date" has been fixed as 1<sup>st</sup> April, 2012. The amalgamation is subject to all the necessary statutory / regulatory approvals and orders of the Madras High Court.





## **DIRECTORS' REPORT**

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### **CONSERVATION OF ENERGY, ETC.,**

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

### **CORPORATE GOVERNANCE**

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

### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors Confirm that -

- i) In the preparation of Annual Accounts for the year ended 31<sup>st</sup> March 2013, the applicable accounting standards had been followed;
- ii) The selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period.
- iii) Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act had been taken for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) The annual accounts were prepared on a going concern basis.

### **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,  
27<sup>th</sup> May, 2013.

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

P.R.RAMASUBRAHMANEYA RAJHA  
CHAIRMAN



## ANNEXURE I TO DIRECTORS' REPORT

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

### A. CONSERVATION OF ENERGY

- (a) Energy conservation measures taken : The practice of computing monthly UKG (40's converted) being continued to monitor monthly fluctuation.
- Energy Audit and conservation measure is being adopted periodically.
- The air leakage in the compressor pipe lines and in the machines are checked monthly once and deviation are corrected by using pump up test.
- Installed super low loss chokes for lighting and regularly replacing the conventional chokes.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption : Trial Installation of LED fitting is under progress and there is a scope for energy saving.
- (c) Impact the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods. : There is no major impact.
- (d) Total energy consumption per unit of production of goods. : Particulars given in Form A

### B. TECHNOLOGY ABSORPTION

- (e) Efforts made in Technology Absorption : Particulars given in Form B

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (f) (i) Activities relating to exports  
(ii) Initiatives taken to increase exports  
(iii) Development of new export markets for products and services  
(iv) Export plans
- Exporting Cotton Yarn to Japan, Thailand, Pakistan, Taiwan, China, Malaysia, Italy, South Korea, Turkey, Hong Kong, Indonesia, Sri Lanka, Vietnam, Madagascar.
- (g) (i) Total Foreign exchange used : Rs. 3,111.23 Lakhs  
(ii) Total Foreign exchange earned : Rs. 1,591.68 Lakhs

## ANNEXURE I TO DIRECTORS' REPORT



### FORM A

### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

#### A. POWER AND FUEL CONSUMPTION

1. Electricity		2012-13	2011-12
(a) Purchased from Electricity Board			
Unit	Lakhs KWH	53.62	107.42
Total amount	Rs. in Lakhs	1,148.46	830.87
Rate / Unit (Inclusive of demand Charges)	Rs.	21.42	7.73
(b) Own Generation			
(i) Through Diesel / HFO Generator	Lakhs KWH	85.10	39.90
Unit per litre of Diesel Oil / Furnace Oil	KWH	3.73	3.60
Cost / Unit	Rs.	12.10	10.54
(ii) Wind Energy	Lakhs in KWH	626.27	510.04
(c) Purchase from Third party			
Units	Lakhs KWH	116.07	102.23
Total amount	Rs. in Lakhs	743.26	579.16
Rate / Unit	Rs.	6.40	5.67
2. Furnace Oil			
Quantity	Lakhs Ltrs.	7.16	5.35
Total Cost	Rs. in Lakhs	330.04	201.20
Average Rate	Rs.	46.09	37.61
3. Diesel Oil			
Quantity	Lakhs Ltrs.	15.67	5.72
Total Cost	Rs. in Lakhs	699.91	219.43
Average Rate	Rs.	44.67	38.36

#### B. CONSUMPTION PER UNIT OF PRODUCTION :

Product	: Cotton Yarn - Kgs.		
Units	: Kg. (40s Converted)	5.77	5.29
Electricity (Unit/Kg.) (Based on 40s Converted production)			

#### Note :-

1. No Standard Rate of consumption can be given as several factors enter into the picture.
2. As the Company is producing different counts of Yarn separate details for each count are not given.



## ANNEXURE I TO DIRECTORS' REPORT

### FORM B

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

##### RESEARCH AND DEVELOPMENT (R & D)

- |  |   |     |
|--|---|-----|
| <ol style="list-style-type: none"><li>1. Specific areas in which R &amp; D carried out by the Company</li><li>2. Benefits derived as a result of the above R &amp; D</li><li>3. Future plan of action</li><li>4. Expenditure on R &amp; D<ol style="list-style-type: none"><li>a) Capital</li><li>b) Recurring</li><li>c) Total</li><li>d) Total R &amp; D expenditure as a percentage of total turnover</li></ol></li></ol> | } | NIL |
|--|---|-----|

##### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- |   |   |     |
|---|---|-----|
| <ol style="list-style-type: none"><li>1. Efforts, in brief, made towards technology absorption, adaptation and innovation.</li><li>2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.</li></ol> | } | NIL |
|---|---|-----|



## ANNEXURE II TO DIRECTORS' REPORT

### REPORT ON CORPORATE GOVERNANCE

#### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

If there is no customer, there is no business. Customers' continued satisfaction and sensitivity to their needs are the Company's 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, Engineering, etc. During the financial year 2012-13, the Board had 10 Directors. On 27-05-2013 Shri. P.S.Jaganatha Raja and Shri. V.S.Vemban had resigned from the Directorship of the Company. Hence, the strength of the Board had come down to 8. Out of the 8 Directors, 7 Directors are Non-Executive Directors. As required by the Code of Corporate Governance, 50% of the Board of Directors should consist of Independent Directors. Because of the resignation of the two independent directors, the strength of the independent directors in the Board is 38% and steps have been initiated to increase the Composition of Independent Directors to 50%. There is no pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the Company.

During the year under review, Five Board Meetings were held, one each on 28-05-2012, 07-08-2012, 07-11-2012, 11-02-2013 and 22-02-2013.

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

Sl. No.	Name of the Director	Directorship	No. of Board Meetings attended	% of Meetings attended during the year
1.	Shri P.R. Ramasubrahmaneya Rajha	Chairman	5	100
2.	Smt R. Sudarsanam	Managing Director	5	100
3.	Shri P.R. Venketrama Raja	Promoter Director	1	20
4.	Shri S.S. Ramachandra Raja	Director	5	100
5.	Shri N.K. Ramasuwami Raja	Independent Director	5	100
6.	Dr. K.T. Krishnan	Independent Director	5	100
7.	Shri P.S. Jaganatha Raja #	Independent Director	2	40
8.	Shri N.R.K. Venkatesh Raja	Independent Director	5	100
9.	Shri V.S. Vemban #	Independent Director	4	80
10.	Shri A.V. Dharmakrishnan	Professional Director	5	100

# Shri P.S. Jaganatha Raja and Shri V.S. Vemban ceased to be a Director with effect from 27-05-2013.



## ANNEXURE II TO DIRECTORS' REPORT

The previous Annual General Meeting of the Company was held on 6<sup>th</sup> August, 2012 at Rajapalayam. The following Directors attended the Annual General Meeting:

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

### CODE OF CONDUCT

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

#### 1. FOR DIRECTORS

A Director being a Trustee of the Shareholders shall -

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

#### 2. FOR SENIOR MANAGEMENT PERSONNEL

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

A Senior Management personnel shall -

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



## ANNEXURE II TO DIRECTORS' REPORT

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

The Code of conduct has also been posted on the Company's website: [www.rajapalayammills.co.in](http://www.rajapalayammills.co.in)

### 3. COMMITTEES OF THE BOARD OF DIRECTORS

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

#### (A) AUDIT COMMITTEE

The terms of reference of the Audit Committee include:

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

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

The Audit Committee consists of the following Directors:

Sl. No.	Name of the Director	No. of Meetings attended
1.	Dr. K.T. Krishnan, Chairman of the Committee	5
2.	Shri N.K. Ramasuwami Raja	5
3.	Shri P.S. Jaganatha Raja (Upto 27-05-2013)	2
4.	Shri A.V. Dharmakrishnan (From 27-05-2013)	—

No. of Meetings held during the year : 5

Date of the Meetings : 28-05-2012, 07-08-2012, 07-11-2012, 11-02-2013 & 22-02-2013

The Statutory Auditors, President, General Manager - Finance, Head of Internal Audit Department are invitees to the Audit Committee Meetings. 2/3<sup>rd</sup> of the members of the Audit Committee are Independent Director as required by the Code of Corporate Governance.



## ANNEXURE II TO DIRECTORS' REPORT

### (B) REMUNERATION COMMITTEE

Sl. No.	Name of the Director
1.	Dr. K.T. Krishnan, Chairman of the Committee
2.	Shri N.K. Ramasuwami Raja
3.	Shri P.S. Jaganatha Raja (Upto 27-05-2013)
4.	Shri A.V. Dharmakrishnan (From 27-05-2013)

No. of Meetings held during the year : Nil

### (C) SHARE TRANSFER COMMITTEE

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

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

### (D) INVESTORS GRIEVANCE COMMITTEE

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

No. of Meetings held during the year : 1

Date of the Meeting : 27-03-2013

No. of complaints received and redressed during the year : 1

The above Committees meet as and when necessity arises.

## 4. BOARD PROCEDURE

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





## ANNEXURE II TO DIRECTORS' REPORT

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

### 5. REMUNERATION OF DIRECTORS

The Non - Executive Directors do not draw any remuneration from the Company except Sitting Fee which were paid @ Rs.15,000/- for each meeting of the Board / Committees of the Board attended by them.

### 6. DISCLOSURE OF SHAREHOLDINGS OF NON-EXECUTIVE DIRECTORS

Following are the details of shareholdings of the non-executive directors in the Company as on 31-03-2013.

Sl. No.	Name of the Director	No. of Shares
1.	Shri P.R. Ramasubrahmaneya Rajha	9,88,792
2.	Shri P.R. Venketrama Raja	7,44,560
3.	Shri S.S. Ramachandra Raja	24,480
4.	Shri N.K. Ramasuwami Raja	15,400
5.	Dr. K.T. Krishnan	Nil
6.	Shri P.S. Jaganatha Raja #	6,360
7.	Shri N.R.K. Venkatesh Raja	24,320
8.	Shri V.S. Vemban #	4,160
9.	Shri A.V. Dharmakrishnan	1,100

# Shri P.S. Jaganatha Raja and Shri V.S. Vemban ceased to be a Director with effect from 27-05-2013.

### 7. MANAGEMENT

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

### 8. SHAREHOLDERS

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



## ANNEXURE II TO DIRECTORS' REPORT

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### AUDITORS' CERTIFICATE

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

For M.S.JAGANNATHAN & N.KRISHNASWAMI,  
Chartered Accountants  
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,  
27<sup>th</sup> May, 2013.

## ANNEXURE II TO DIRECTORS' REPORT



### SHAREHOLDER INFORMATION

#### Registered Office

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

#### Details of Factory Location Textile Division

##### Rajapalayam, Tamilnadu

Rajapalayam Mills Limited,  
Post Box No.1,  
P.A.C. Ramasamy Raja Salai,  
Rajapalaiyam - 626 117.  
Tamilnadu.

Rajapalaiyam Spintext,  
P.A.C. Ramasamy Raja Salai,  
Rajapalaiyam - 626 117.  
Tamilnadu.

Rajapalaiyam Textiles,  
Perumalpatti Village - 627 753,  
Tirunelveli District.  
Tamilnadu.

##### Andhra Pradesh

Gopinenipalem Village,  
Vatsavai Mandal,  
Krishna District - 521 190,  
Andhra Pradesh.

#### Person to be contacted for Shareholder enquires

V. GURUSAMY  
Secretary (Compliance Officer),  
Rajapalayam Mills Limited,  
Post Box No.1, P.A.C. Ramasamy Raja Salai,  
Rajapalaiyam - 626 117, Tamilnadu  
Phone : 04563 - 235666  
Fax : 04563 - 236520  
e-mail : rajacot@ramcotex.com

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

#### Listing on Stock Exchanges

The Company's shares have been listed in Madras Stock Exchange Limited (MSE) and Bombay Stock Exchange Limited (BSE) for which Listing Fees for the year 2013-14 has been paid.

Madras Stock Exchange has a strategic arrangement with the National Stock Exchange (NSE), which provides for the facility of trading by the members of MSE on NSE platform and also for trading MSE listed companies on the NSE w.e.f. 5<sup>th</sup> November, 2009.

#### Stock Code

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



## ANNEXURE II TO DIRECTORS' REPORT

### GENERAL MEETINGS

The last 3 Annual General Meetings were held as under:

Year ended	Date	Time	Venue
31-03-2010	04-08-2010	10.00 A.M	P.A.C.R. Centenary Community Hall, P.A.C.Ramasamy Raja Salai, Rajapalayam-626 108, Tamil Nadu.
31-03-2011	20-07-2011	10.00 A.M	-do-
31-03-2012	06-08-2012	10.00 A.M	-do-

Three Special Resolutions have been passed in the previous three Annual General Meetings.

No resolution on matters requiring postal ballot as per Section 192A of the Companies Act, was passed during the year.

### ENSUING ANNUAL GENERAL MEETING

Date	Time	Venue
01-08-2013	10.00 A.M.	P.A.C.R Centenary Community Hall, P.A.C.Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu.

### FINANCIAL CALENDAR

(For the Financial year April, 2012 to March, 2013)

Board Meeting for consideration of Accounts and recommendation of dividend	27-05-2013
Posting of Annual Report	On or before 08-07-2013
Book Closure dates	27-07-2013 to 01-08-2013 (Both days inclusive)
Last date for receipt of Proxy forms	30-07-2013
Date of the 77 <sup>th</sup> AGM	01-08-2013
Dividend Payment date	Date of the AGM

### MEANS OF COMMUNICATION

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

All the financial results are provided to the Stock Exchanges.



## ANNEXURE II TO DIRECTORS' REPORT

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### SHARE TRANSFER SYSTEM

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

### DEPOSITORY SYSTEM

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

The Company is having in-house facilities for the Depository Registrar Services relating to both NSDL and CDSL. As on 31<sup>st</sup> March, 2013, 84.72% of the shares have been dematerialized.

In view of the advantages offered by the Depository System, members who have not yet dematerialized their shares are requested to avail the facility of dematerialization of the shares. They have the choice to open account with Depository Participants of either of the Depositories by quoting the Company's ISIN No. INE296E01026.

### SHARES HELD IN ELECTRONIC FORM

Shareholders holding shares in electronic form may please note that:

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

### REDRESSEL OF GRIEVANCES

There are no pending Share transfers as on 31-03-2013. Complaints from Shareholders with regard to Non-receipt of Certificates after transfer, Non-receipt of dividend, Non-receipt of Annual Reports, etc. are being acted upon by the Company immediately on receipt. The Company has taken steps to redress the grievances received during the year except in cases where, in the opinion of the Company, the matter is to be referred to Court or have already been referred to Courts. Any Shareholder who is having grievance may kindly e-mail to **[investorgrievance@ramcotex.com](mailto:investorgrievance@ramcotex.com)**.



## ANNEXURE II TO DIRECTORS' REPORT

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### DISCLOSURES

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

### OUTSTANDING GDRs / ADRs / WARRANTS OR CONVERTIBLE BONDS

There are no outstanding convertible warrants / instruments.

### SOCIAL COMMITMENTS

The Company's total expenditure for various Charitable causes, including for renovation of temples and for social developments amounted to Rs. 154.66 Lakhs.

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### DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year ended 31<sup>st</sup> March, 2013.

For RAJAPALAYAM MILLS LTD.,

RAJAPALAIYAM,  
27<sup>th</sup> May, 2013.

R. SUDARSANAM  
MANAGING DIRECTOR

## ANNEXURE II TO DIRECTORS' REPORT

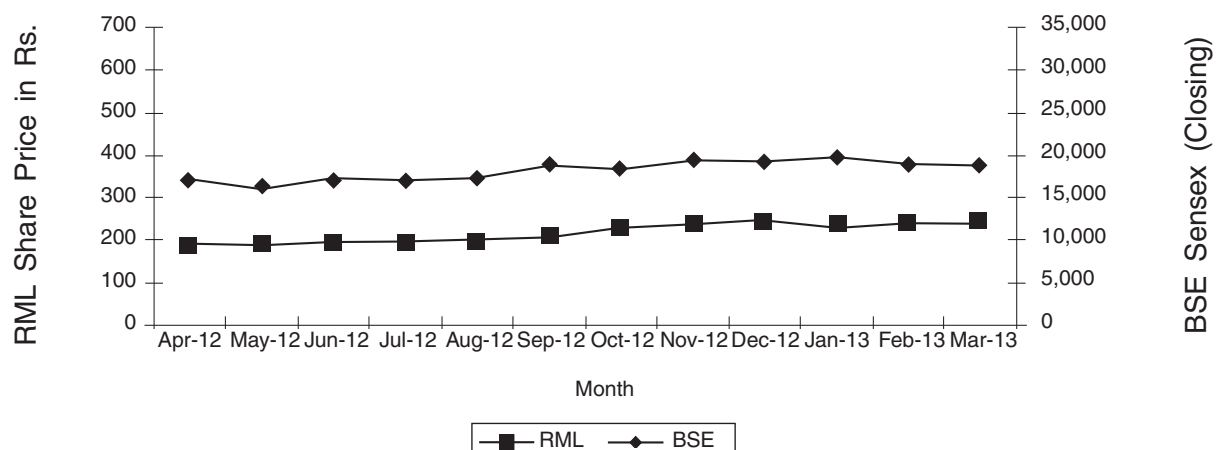


### STATISTICAL DATA

#### Share Price - High & Low / Volume (During April 2012 to March 2013 in BSE)

Month	Bombay Stock Exchange, Mumbai		
	High Rs.	Low Rs.	No. of Shares Traded
April, 2012	223	186	6,619
May	221	176	12,891
June	199	180	8,435
July	223	188	9,924
August	224	190	7,265
September	229	191	7,228
October	233	210	9,732
November	294	222	15,459
December	268	225	11,135
January, 2013	278	230	11,402
February	257	228	27,094
March	273	206	16,850

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





## ANNEXURE II TO DIRECTORS' REPORT

### Pattern of Shareholding as on 31-03-2013

Description	Total Shareholders	%	Total Shares	%
<b>A. PROMOTERS HOLDING</b>				
1. Promoters	15	0.29	3920200	53.15
Sub-total	15	0.29	3920200	53.15
<b>B. NON - PROMOTERS HOLDING</b>				
1. Banks, FI's Ins.Cos, Govt.Institutions	3	0.06	2060	0.03
2. NRIs / OCBs & Non- Domestic Companies	27	0.51	47279	0.64
3. Private Corporate Bodies	166	3.15	157854	2.14
4. Public	5054	95.99	3248767	44.04
Sub-total	5250	99.71	3455960	46.85
<b>Total</b>	<b>5265</b>	<b>100.00</b>	<b>7376160</b>	<b>100.00</b>

### Distribution of Shareholding as on 31-03-2013

No. of Shares held	Total Shareholders	%	Total Shares	%
Upto - 500	4465	84.80	443354	6.01
501 to 1000	315	5.98	236377	3.21
1001 to 2000	190	3.61	279106	3.78
2001 to 3000	91	1.73	210939	2.86
3001 to 4000	47	0.89	162959	2.21
4001 to 5000	21	0.40	95828	1.30
5001 to 10000	63	1.20	416794	5.65
10001 & above	73	1.39	5530803	74.98
<b>Total</b>	<b>5265</b>	<b>100.00</b>	<b>7376160</b>	<b>100.00</b>

### Category of Shareholding as on 31-03-2013

Category	Total Shareholders	%	Total Shares	%
Dematerialized Form:				
CDSL	1413	26.84	1145950	15.54
NSDL	3082	58.54	5103185	69.18
Physical Form	770	14.62	1127025	15.28
<b>Total</b>	<b>5265</b>	<b>100.00</b>	<b>7376160</b>	<b>100.00</b>



## 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 M/s. Rajapalayam Mills Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and 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**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 procedure to obtain audit evidence about the amounts and 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 statement whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the 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.

a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013.



## AUDITORS' REPORT TO SHAREHOLDERS

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- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that :
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441 A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable 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,  
27<sup>th</sup> May, 2013.



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**ANNEXURE TO THE AUDITOR'S REPORT**

**Annexure Referred to in paragraph 1 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 management is having a regular programme of verification of fixed assets which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) No substantial part of fixed assets of the company has been disposed off during the year.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material, and have been dealt with in the books of accounts.
- (iii) (a) The Company has granted unsecured loans of Rs. 6.25 Crores during the year to 5 parties covered in the Register maintained under Section 301 of the Act, 1956. The maximum amount outstanding at any time during the year including the opening balance and the year end balance of such loan aggregate to Rs. 33.61 Crores and Rs. 16.36 Crores respectively.
- (b) In our opinion, the rate of interest and other terms and conditions on which the loan has been given to such companies / persons are not, prima facie prejudicial to the interest of the company.
- (c) In respect of loans granted wherever stipulation have been made, the principal amounts are received as stipulated and also the payment of interest is regular where applicable.
- (d) There are no over due amount of loan granted by the company.
- (e) The Company has taken unsecured loans of Rs. 35.29 Lakhs from a party covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year end balance of unsecured loans aggregate to Rs. 35.42 Lakhs and Rs. 35.42 Lakhs respectively.
- (f) In our opinion, the rate of interest and other terms and conditions on which the loan has taken from such companies/persons are not, prima facie prejudicial to the interest of the company.
- (g) The Company is regular in payment of the principal and interest wherever applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and also with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems of the Company.



## AUDITORS' REPORT TO SHAREHOLDERS

- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of transactions made in pursuance of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5 Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The company has accepted deposits from the public and the company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provision of the companies Act and rules framed there under. No order has been passed on the Company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for non-compliance with the provision of section 58A and 58AA of the Companies Act, 1956.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the company in respect of products pursuant to the rules made by the Central Government for the maintenance of cost record under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not however made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, service tax, cess and other material statutory dues applicable to it, have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, there are no dues of income tax, wealth tax, sales tax, customs duty, excise duty, service tax and cess which have not been deposited on account of any dispute except as follows:

Name of the Statute	Forum where dispute is pending	Amount (Rs. in Lakhs)
Service Tax	Central Excise, Customs & Service Tax Appellate Tribunal, Chennai	118.90
Income Tax	The Commissioner of Income Tax (Appeal-II), Madurai	4.15

- (x) The Company has no accumulated losses at the end of the financial year nor had it incurred any cash loss during the financial year or in the immediately preceding financial year.
- (xi) According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institutions or bank during the year.



## AUDITORS' REPORT TO SHAREHOLDERS

- (xii) According to the information and explanations given to us, the company has not granted loans or advances on the basis of security by way of pledge of shares, debentures or other Investments.
- (xiii) In our opinion, the Company is not a Chit fund or a Nidhi / Mutual benefit fund / Society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditor's Report) order 2003 are not applicable to the Company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debenture or other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- (xv) The terms and conditions of the guarantee given by the Company for loans taken by others from Banks or financial institutions are not *prima facie* prejudicial to the interest of the Company.
- (xvi) On the basis of review of utilisation of funds on an overall basis in our opinion, the terms loans taken by the company were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on the basis of overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued debentures and accordingly no security or charge has been created in respect of debentures.
- (xx) The Company has not made a public issue of any its securities during the year and accordingly the provisions of clause 4(xx) of the Companies (Auditor's Report) order 2003 are not applicable to the Company.
- (xxi) According to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the course of our audit.

For M.S.JAGANNATHAN & N.KRISHNASWAMI  
Chartered Accountants  
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,  
27<sup>th</sup> May, 2013.



## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2013

		(Rs. in Lakhs)			
	Note No.	As at 31-03-2013		As at 31-03-2012	
<b>I EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' Funds</b>					
(a) Share Capital	1	737.62		737.62	
(b) Reserves and Surplus	2	16,813.96	17,551.58	14,951.77	15,689.39
<b>(2) Non Current Liabilities</b>					
(a) Long Term Borrowings	3	16,026.63		18,541.16	
(b) Deferred Tax Liabilities (Net)	4	4,260.70		3,400.80	
(c) Long Term Provisions	5	518.40	20,805.73	441.89	22,383.85
<b>(3) Current Liabilities</b>					
(a) Short Term Borrowings	6	8,568.10		7,330.09	
(b) Trade Payables		1,241.63		2,145.05	
(c) Other Current Liabilities	7	4,483.87		4,100.33	
(d) Short Term Provisions	8	954.62	15,248.22	471.51	14,046.98
<b>Total</b>			<b>53,605.53</b>		<b>52,120.22</b>
<b>II ASSETS</b>					
<b>(1) Non Current Assets</b>					
<b>(a) Fixed Assets</b>					
(i) Tangible Assets	9	28,431.25		30,693.23	
(ii) Intangible Assets	9	11.09		12.13	
(iii) Capital Work-in-Progress		176.55		28.11	
(iv) Fixed Assets pertaining to discontinuing operations and held for sale (Refer to Item No. 19 of Note No. 26)		100.04		271.69	
			<b>28,718.93</b>		<b>31,005.16</b>
<b>(b) Non Current Investments</b>	10		<b>4,644.66</b>		<b>4,648.34</b>
<b>(c) Long Term Loans and Advances</b>	11		<b>3,577.96</b>		<b>3,565.00</b>
<b>(d) Other Non Current Assets</b>	12		<b>1,356.39</b>		<b>1,180.68</b>
<b>(2) Current Assets</b>					
(a) Inventories	13	7,895.70		5,912.49	
(b) Trade Receivables	14	3,669.90		3,206.22	
(c) Cash and Bank Balances	15	451.26		381.89	
(d) Short Term Loans and Advances	16	2,656.73		1,199.31	
(e) Other Current Assets	17	634.00	15,307.59	1,021.13	11,721.04
<b>Total</b>			<b>53,605.53</b>		<b>52,120.22</b>
<b>Significant Accounting Policies</b>	25				
<b>Notes on Financial Statements</b>	26				

The notes form an integral part of these financial statements

As per our report annexed

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

K. SRINIVASAN  
Partner. M.No. 21510

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

V. JAYANTHI  
Partner. M.No. 28952

Rajapalaiyam, 27<sup>th</sup> May, 2013.

P.R. RAMASUBRAHMANEYA RAJHA  
CHAIRMAN

SMT. R. SUDARSANAM  
MANAGING DIRECTOR

V. GURUSAMY  
SECRETARY

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

DIRECTORS



# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013



		(Rs. in Lakhs)		
	Note No.	For the year ended 31-03-2013	For the year ended 31-03-2012	
I	Revenue from Operations	18	34,465.89	30,470.12
II	Other Income	19	1,358.06	1,983.19
III	<b>Total Revenue (I+II)</b>		<b>35,823.95</b>	<b>32,453.31</b>
IV	<b>EXPENSES</b>			
	Cost of Materials Consumed	20	16,303.77	17,058.34
	Changes in Inventories of Finished Goods and Work-in-progress	21	563.81	1,471.24
	Employee Benefit Expenses	22	3,436.76	2,939.32
	Finance Costs	23	2,648.45	3,706.18
	Depreciation and Amortization Expenses		2,812.68	3,007.55
	Other Expenses	24	6,683.60	4,800.05
	<b>Total Expenses</b>		<b>32,449.07</b>	<b>32,982.68</b>
V	<b>Profit / (Loss) Before Exceptional and Extraordinary items and Tax (III-IV)</b>		<b>3,374.88</b>	<b>(529.37)</b>
VI	Exceptional & Extraordinary items		—	—
VII	<b>Profit / (Loss) Before Tax (V-VI)</b>		<b>3,374.88</b>	<b>(529.37)</b>
	<b>Continuing Operations</b>			
VIII	Profit / (Loss) from Continuing Operations Before Tax		3,726.91	(527.41)
IX	Income Tax Expenses / (Savings)			
	Current Tax - MAT	427.43		—
	Deferred Tax	983.55		(659.84)
	MAT Credit Entitlement	(219.15)		—
			1,191.83	(659.84)
X	Profit / (Loss) from Continuing Operations After Tax (VIII-IX)		2,535.08	132.43
	<b>Discontinuing Operations [Note No. 26 (19)]</b>			
XI	Loss from Discontinuing Operations Before Tax		(352.03)	(1.96)
XII	Income Tax Expenses / (Savings)			
	Current Tax - MAT Expenses / (Savings)	(70.43)		—
	Deferred Tax	(123.65)		(1.12)
			(194.08)	(1.12)
XIII	Profit / (Loss) from Discontinuing Operations After Tax (XI-XII)		(157.95)	(0.84)
XIV	<b>Profit after Tax (X + XIII)</b>		<b>2,377.13</b>	<b>131.59</b>
XV	<b>Earnings per Equity Share of Rs. 10/- each</b>			
	Basic & Diluted (in Rupees) (Refer to Item No. 17 of Note No. 26)		32.23	1.84
	<b>Significant Accounting Policies</b>	25		
	<b>Notes on Financial Statements</b>	26		

The notes form an integral part of these financial statements

As per our report annexed

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

K. SRINIVASAN  
Partner. M.No. 21510

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

V. JAYANTHI  
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Rajapalaiyam, 27<sup>th</sup> May, 2013.

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A.V. DHARMAKRISHNAN  
DIRECTORS



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013

	(Rs. in Lakhs)	
	2012-13	2011-12
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before tax and prior period and extraordinary items	<b>3,374.88</b>	(529.37)
Adjustments for :		
Depreciation	<b>2,812.68</b>	3,007.55
Interest Paid	<b>2,648.45</b>	3,706.18
Interest Received	<b>(366.45)</b>	(655.49)
Dividend Received	<b>(909.81)</b>	(1,174.77)
Diminution of Value of Investments	<b>0.26</b>	—
Impairment Loss on Assets	<b>17.75</b>	—
Loss / (Profit) on Sale of Assets	<b>(9.51)</b>	7.76
Operating Profit before Working Capital Changes	<b>7,568.25</b>	4,361.86
Adjustments for :		
Trade Receivables	<b>(420.24)</b>	850.90
Loans and Advances	<b>(666.42)</b>	1,276.75
Inventories	<b>(1,983.21)</b>	5,889.41
Trade Payables & Current Liabilities	<b>89.13</b>	(234.33)
Cash generated from Operations	<b>4,587.51</b>	12,144.59
Income Tax Paid	<b>(331.84)</b>	(4.92)
<b>Net Cash from Operating Activities</b>	<b>A 4,255.67</b>	<b>12,139.67</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	<b>(680.68)</b>	(1,383.78)
Acquisition of Subsidiary Company *	<b>—</b>	(526.91)
Sale of Assets	<b>149.42</b>	65.89
Interest Received	<b>366.45</b>	655.49
Dividend Received	<b>909.81</b>	1,174.77
<b>Net Cash from / (used) in Investing Activities</b>	<b>B 745.00</b>	<b>(14.54)</b>



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013**



**(Rs. in Lakhs)**

**2012-13      2011-12**

**C. Cash Flow from Financing Activities**

Proceeds from Long Term Borrowings		<b>929.51</b>	99.08
Proceeds from Allotment of Equity Shares		–	821.34
Repayment of Long Term Loan		<b>(3,851.00)</b>	(3,785.25)
Increase / (Decrease) in Working Capital Borrowings		<b>1,238.01</b>	(7,558.72)
(Increase) / Decrease in Inter Corporate Deposits		<b>(85.00)</b>	2,275.00
Payment of Dividend and Tax thereon		<b>(514.37)</b>	(526.63)
Interest Paid		<b>(2,648.45)</b>	(3,706.18)
<b>Net Cash from / (used) in Financing Activities</b>	<b>C</b>	<b>(4,931.30)</b>	(12,381.36)
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>		<b>69.37</b>	(256.23)
<b>Opening balance of Cash and Cash Equivalents</b>			
(Refer to Note No.15)	<b>D</b>	<b>381.89</b>	638.12
<b>Closing balance of Cash and Cash Equivalents</b>			
(Refer to Note No.15)	<b>E</b>	<b>451.26</b>	381.89
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (E-D)</b>		<b>69.37</b>	(256.23)

*\* Note : Total Purchase consideration for acquisition of Subsidiary Company during the FY 2011-12 was Rs.526.91 Lakhs and the entire consideration value has been discharged by means of cash and cash equivalents.*

As per our report annexed  
For M.S. JAGANNATHAN & N.KRISHNASWAMI  
Chartered Accountants  
Firm Registration No. 001208S  
K. SRINIVASAN  
Partner. M.No. 21510  
For RAMAKRISHNA RAJA AND CO.,  
Chartered Accountants  
Firm Registration No. 005333S  
V. JAYANTHI  
Partner. M.No. 28952  
Rajapalaiyam, 27<sup>th</sup> May, 2013.

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K.T. KRISHNAN  
A.V. DHARMAKRISHNAN  
DIRECTORS



## NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at  
31-03-2013

As at  
31-03-2012

### 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 were allotted as fully paid Bonus Shares by Capitalisation of Reserves.

#### b. Reconciliation of the number of shares outstanding

Particulars	As at 31-03-2013		As at 31-03-2012	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning	73,76,160	737.62	35,12,580	351.26
Issued during the year - Bonus Issue	—	—	35,12,580	351.26
Issued during the year - Preferential Allotment	—	—	3,51,000	35.10
Number of Shares at the end	73,76,160	737.62	73,76,160	737.62

#### c. Rights / Restrictions attached to Equity Shares

- There are no special rights attached to equity shares other than those specified under provisions of various Acts.
- The preferential allotment of 3,51,000 equity shares made on 25-11-2011 are subject to a lock-in period of three years from the date of allotment.

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

Particulars	As at 31-03-2013		As at 31-03-2012	
	No. of Shares	% of holding	No. of Shares	% of holding
P.R. Ramasubrahmaneya Rajha	9,88,792	13.41%	9,88,792	13.41%
P.R. Venketrama Raja	7,44,560	10.09%	7,44,560	10.09%
Ramco Industries Ltd.	8,47,360	11.49%	8,47,360	11.49%
Madras Cements Ltd.	7,25,600	9.84%	7,25,600	9.84%

## NOTES FORMING PART OF FINANCIAL STATEMENTS



(Rs. in Lakhs)

As at  
31-03-2013                      As at  
31-03-2012

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

### NOTE NO. 2

#### RESERVES AND SURPLUS

Capital Reserve	3.75	3.75
-----------------	------	------

#### Securities Premium Reserve

Balance as per last financial statement	1,490.48	1,055.50
Less : Amounts utilized towards issue of fully paid Bonus Shares	—	351.26
Add : Premium on Issue of Equity Shares	—	786.24
	1,490.48	1,490.48

#### General Reserve

Balance as per last financial statement	13,167.70	13,167.70
Add : Balance Transfer from surplus balance in the statement of profit & loss	332.30	—
	13,500.00	13,167.70

#### Surplus / (Deficit) in the Statement of Profit & Loss

Balance as per last financial statement	289.84	243.98
Profit for the Year	2,377.13	131.59
Balance available for appropriations	2,666.97	375.57
Less : Appropriations		
Interim Dividend Paid	368.81	—
Tax on Interim Dividend	59.83	—
Proposed Final Dividend	73.76	73.76
Tax on Proposed Dividend	12.54	11.97
Transfer to General Reserve	332.30	—
Total Appropriations	847.24	85.73
Net surplus in the statement of profit and loss	1,819.73	289.84
	16,813.96	14,951.77



## NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at  
31-03-2013

As at  
31-03-2012

### NOTE NO. 3

#### LONG TERM BORROWINGS

##### Secured

Term Loan from Banks 15,442.47 18,413.46

##### Unsecured

Deposits 584.16 127.70

**16,026.63** **18,541.16**

- a) Term Loan from Banks are secured by pari-passu charge on the fixed assets of the Company and a second charge on the current assets of the Company.
- b) The Term Loans from Banks are repayable in quarterly installments. The year wise repayment of Term Loans are as follows:

Year	As at 31-03-2013	As at 31-03-2012
2013-14	—	3,812.08
2014-15	3,947.00	3,572.00
2015-16	4,143.00	3,768.00
2016-17	3,647.71	3,557.00
2017-18	2,173.92	2,173.54
2018-19	1,442.92	1,442.92
2019-20	87.92	87.92
	<b>15,442.47</b>	<b>18,413.46</b>

### 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 5,066.10 5,213.60

##### Deferred Tax Asset

Tax effect on unabsorbed depreciation under Income Tax Act, 1961 (805.40) (1,812.80)

Net Deferred Tax Liability **4,260.70** **3,400.80**

## NOTES FORMING PART OF FINANCIAL STATEMENTS



(Rs. in Lakhs)

	As at 31-03-2013	As at 31-03-2012
<b>NOTE NO. 5</b>		
LONG TERM PROVISIONS		
Provision for Employee Benefits	118.40	99.20
P.A.C.Ramasamy Raja Memorial Fund	400.00	342.69
	<u>518.40</u>	<u>441.89</u>
<b>NOTE NO. 6</b>		
SHORT TERM BORROWINGS		
<b>Secured</b>		
Loan Repayable on Demand from Banks *	7,305.73	5,415.79
<b>Unsecured</b>		
Loan Repayable on Demand from Banks	1,206.51	1,740.16
Deposits	20.44	169.89
Loan from Related Parties	35.42	4.25
(Refer to Item No. 6 of Note No. 26)	<u>8,568.10</u>	<u>7,330.09</u>
* Loan Repayable on Demand from Banks are secured by pari-passu charge on the current assets of the Company and a second charge on the fixed assets of the Company.		
<b>NOTE NO. 7</b>		
OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debts	3,900.50	3,851.00
Interest Accrued but not Due on Borrowings	19.49	58.47
Unpaid Dividends	61.07	65.23
Liabilities for Other Finance	502.81	125.63
	<u>4,483.87</u>	<u>4,100.33</u>
<b>NOTE NO. 8</b>		
SHORT TERM PROVISIONS		
Provision for Employee Benefits	511.32	385.78
Provision for Taxation	357.00	—
Proposed Dividend Re.1/- per share (PY: Re. 1/- per share)	73.76	73.76
Provision for Tax on Proposed Dividend	12.54	11.97
	<u>954.62</u>	<u>471.51</u>

## NOTES FORMING PART OF FINANCIAL STATEMENTS



### NOTE NO. 9 FIXED ASSETS

Particulars	Gross block				Depreciation				Net block As at 31-03-2013	Net block As at 31-03-2012	
	Cost as at 01-04-2012	Additions during the year	Sold/ withdrawn during the year	Transfer of Assets related to discontinuing operations*	Cost as at 31-03-2013	Up to 31-03-2012	For the year	Impairment Loss	Withdrawals	Transfer of Assets related to discontinuing operations*	Up to 31-03-2013
<b>Tangible Assets</b>											
Land	920.26	28.02	-	-	807.64	-	-	-	-	-	-
Buildings	4,494.71	26.47	-	-	4,400.59	1,066.09	137.80	-	-	33.27	1,170.62
Plant and Machinery	50,357.68	282.31	234.20	682.12	49,723.67	24,861.15	2,452.64	14.19	109.51	593.27	26,625.20
Electrical Machinery	2,343.37	83.02	-	107.42	2,318.97	1,276.93	152.08	0.08	-	100.57	1,328.52
Furniture & Office Equipments	549.72	27.15	3.94	44.55	528.38	404.81	27.42	3.10	2.98	42.48	389.87
Vehicles	291.25	85.25	64.35	10.17	301.98	152.36	41.43	-	50.11	7.91	135.77
Loose Tools	1.00	-	-	1.00	-	0.59	0.03	0.38	-	1.00	-
<b>Total - Tangible Assets</b>	<b>58,957.99</b>	<b>532.22</b>	<b>302.49</b>	<b>1,106.49</b>	<b>58,081.23</b>	<b>27,761.93</b>	<b>2,811.40</b>	<b>17.75</b>	<b>162.60</b>	<b>778.50</b>	<b>29,649.98</b>
Total - Tangible Assets for Previous Year	57,685.43	1,479.75	207.19	-	58,957.99	24,901.98	2,993.49	-	133.54	-	27,761.93
<b>INTANGIBLE ASSETS</b>											
Computer software	159.31	-	-	-	159.31	147.18	1.04	-	-	-	148.22
Intangible Assets for Previous Year	159.31	-	-	-	159.31	133.36	13.82	-	-	-	147.18

\* Please refer to Item No. 19 of Note No. 26 for Discontinuing Operations.

## NOTES FORMING PART OF FINANCIAL STATEMENTS



(Rs. in Lakhs)

As at 31-03-2013      As at 31-03-2012

### NOTE NO. 10

#### NON-CURRENT INVESTMENTS

##### A. Investment Property

Land	—	—
Building	15.12	15.12
Less: Accumulated depreciation as at the beginning of the year	(5.22)	(4.98)
Depreciation for the year	(0.24)	(0.24)
	<u>9.66</u>	<u>9.90</u>

##### B. Investment property - relating to Discontinuing Operations

Land	140.64	140.64
Building	120.59	120.59
Less: Accumulated depreciation at the end of the year (Refer to Item No.19 of Note No.26)	(33.27)	(30.10)
	<u>227.96</u>	<u>231.13</u>
Total Investment Property (A)	<u>237.62</u>	<u>241.03</u>

##### C. Investment in Equity Instruments, Non - Trade

Name of the Company	No. of Shares	Total face Value	Cost	Cost
<b>1) Quoted</b>				
<b>Associate Companies</b>				
Madras Cements Ltd	3,29,05,000	329.05	3,779.94	3,779.94
Ramco Industries Ltd	79,20,680	79.21	92.40	92.40
The Ramaraju Surgical Cotton Mills Ltd	1,000	0.10	0.05	0.05
<b>Others</b>				
Mafatlal Engineering Industries Ltd *	140	0.14	—	0.14
Lakshmi Automatic Loom Works Ltd	2,500	0.25	0.25	0.25
Tamilnadu Jai Bharath Mills Ltd	1,200	0.12	0.12	0.12
<b>Total quoted Investments (B)</b>			<u>3,872.76</u>	<u>3,872.90</u>
<b>2) Unquoted</b>				
<b>(i) Fully paid-up</b>				
<b>Subsidiary Company</b>				
Rajapalayam Spinners Limited	60,00,000	600.00	526.91	526.91
<b>Associate Companies</b>				
Sri Vishnu Shankar Mill Ltd	38,400	3.84	2.11	2.11
Ontime Transport Co. Ltd	50,000	5.00	5.00	5.00
<b>Others</b>				
Miot Hospitals Ltd	2,500	0.25	0.25	0.25
<b>(ii) Partly paid-up</b>				
Bharat Paper Mills Ltd Rs.5/- paid up per share.*	2,500	0.25	—	0.13
<b>Total un-quoted Investments (C)</b>			<u>534.27</u>	<u>534.40</u>

##### D. Other Non-current Investments, Non-Trade

Ramco Group Employees' Co-operative Stores Ltd	50	0.01	0.01	0.01
Srivilliputhur Uganda Producers Co-operative Society	10	—	—	—
<b>Total other Investments (D)</b>			<u>0.01</u>	<u>0.01</u>
<b>Aggregate Value of Investments (A+B+C+D)</b>			<u>4,644.66</u>	<u>4,648.34</u>
<b>Aggregate Value of:</b>				
Quoted Investments - Cost			3,872.76	3,872.90
Quoted Investments - Market Value			87,090.68	53,987.96
Unquoted Investments - Cost			771.90	775.44

\* Refer to Item No. 13 of Note No. 26



## NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at	As at
	31-03-2013	31-03-2012
<b>NOTE NO. 11</b>		
LONG TERM LOANS AND ADVANCES		
<b>Unsecured, considered good</b>		
Loans and Advances to Related Parties (Refer to Item No. 20 of Note No.26)	3,246.00	3,161.00
Security Deposits	331.96	404.00
	<u>3,577.96</u>	<u>3,565.00</u>
<b>NOTE NO. 12</b>		
OTHER NON-CURRENT ASSETS		
MAT Credit Entitlement	1,356.39	1,137.24
Trade Receivables, Unsecured Considered Good	—	43.44
	<u>1,356.39</u>	<u>1,180.68</u>
<b>NOTE NO. 13</b>		
INVENTORIES		
Finished Goods	1,325.97	1,898.28
Rawmaterials - Cotton & Cotton Waste	5,211.79	2,666.03
Stores and Spares	206.06	204.80
Work-in-progress	1,151.88	1,143.38
	<u>7,895.70</u>	<u>5,912.49</u>
<b>Details of Work-in-progress</b>		
Cotton Yarn	1,151.88	938.32
Others	—	205.06
	<u>1,151.88</u>	<u>1,143.38</u>

Mode of valuation of inventories are disclosed in Significant Accounting Policies in Item No. 7 of Note No.25.



## NOTES FORMING PART OF FINANCIAL STATEMENTS



	As at 31-03-2013	(Rs. in Lakhs) As at 31-03-2012
<b>NOTE NO. 14</b>		
TRADE RECEIVABLES		
<b>Unsecured, considered good</b>		
Outstanding for a period of exceeding six months	0.12	4.25
Other Trade Receivables	3,669.78	3,201.97
	<u>3,669.90</u>	<u>3,206.22</u>
<b>NOTE NO. 15</b>		
CASH AND BANK BALANCES		
Cash on Hand	2.95	2.52
<b>Balance with Bank</b>		
In Current Account	349.64	206.66
In Deposit Account for Margin Money	37.60	107.48
In Unclaimed Dividend Warrant Account	61.07	65.23
	<u>451.26</u>	<u>381.89</u>
<b>NOTE NO. 16</b>		
SHORT TERM LOANS AND ADVANCES		
<b>Unsecured, considered good</b>		
Advance to Suppliers	2,200.71	1,075.13
Advance Income Tax & TDS and Refund Due	456.02	124.18
	<u>2,656.73</u>	<u>1,199.31</u>
<b>NOTE NO. 17</b>		
OTHER CURRENT ASSETS		
Accrued Income	462.32	747.35
Prepaid Expenses	99.01	89.53
Other Current Assets	72.67	184.25
	<u>634.00</u>	<u>1,021.13</u>



## NOTES FORMING PART OF FINANCIAL STATEMENTS

		(Rs. in Lakhs)
	For the year ended 31-03-2013	For the year ended 31-03-2012
<b>NOTE NO. 18</b>		
<b>REVENUE FROM OPERATIONS</b>		
<b>Sale of Products</b>		
Yarn	32,671.67	29,298.71
Fabrics	514.50	55.59
Tissue Culture Plants	161.98	342.69
Waste Cotton	280.15	183.19
	<b>33,628.30</b>	29,880.18
<b>Other Operating Revenues</b>		
Value of Power Generated from Wind Mills (Refer to Item No.14 of Note No.26)	48.75	26.64
Export Incentive	39.43	436.32
Jobwork Charges Received	749.41	126.98
	<b>34,465.89</b>	30,470.12
<b>NOTE NO. 19</b>		
<b>OTHER INCOME</b>		
Interest Received	366.45	655.49
Rent Received	28.89	19.67
Dividend Income	909.81	1,174.77
Profit / (Loss) on Sale of Assets	9.51	(7.76)
Carbon Credit Sale	—	30.52
Industrial Promotion Assistance	5.33	37.42
Exchange Gain on Foreign Currency Transactions (Net)	26.56	53.70
Miscellaneous Income	11.51	19.38
	<b>1,358.06</b>	1,983.19
<b>NOTE NO. 20</b>		
<b>COST OF MATERIALS CONSUMED</b>		
Rawmaterials Consumed		
Cotton & Cotton Waste	16,303.77	17,058.34

## NOTES FORMING PART OF FINANCIAL STATEMENTS



(Rs. in Lakhs)

For the year ended  
31-03-2013

For the year ended  
31-03-2012

### NOTE NO. 21

#### CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

##### Opening Stock

Finished Goods	1,898.28	2,773.83
Work-in-progress	<u>1,143.38</u>	<u>1,739.07</u>
	3,041.66	4,512.90

##### Less: Closing Stock

Finished Goods	1,325.97	1,898.28
Work-in-progress	<u>1,151.88</u>	<u>1,143.38</u>
	2,477.85	3,041.66
	<u><u>563.81</u></u>	<u><u>1,471.24</u></u>

### NOTE NO. 22

#### EMPLOYEE BENEFIT EXPENSES

Salaries, Wages and Bonus	2,912.99	2,418.06
Contribution to Provident and Other Funds	377.58	388.96
Staff and Labour Welfare Expenses	146.19	132.30
	<u><u>3,436.76</u></u>	<u><u>2,939.32</u></u>

### NOTE NO. 23

#### FINANCE COSTS

Interest Expenses	2,555.88	3,463.19
Other Borrowing Costs	57.94	92.44
Exchange Fluctuation (Net) applicable to Finance Costs	34.63	150.55
	<u><u>2,648.45</u></u>	<u><u>3,706.18</u></u>



## NOTES FORMING PART OF FINANCIAL STATEMENTS

	For the year ended 31-03-2013	(Rs. in Lakhs) For the year ended 31-03-2012
<b>NOTE NO. 24</b>		
<b>OTHER EXPENSES</b>		
<b>MANUFACTURING EXPENSES</b>		
Power and Fuel (Refer to Item No. 14 of Note No. 26 )	2,922.22	1,830.66
Packing Materials	505.12	485.93
Repairs to Buildings	215.51	222.03
Repairs to Plant and Machinery	623.33	366.27
Repairs - General	631.28	485.02
Jobwork Charges Paid	176.98	24.50
	5,074.44	3,414.41
<b>ESTABLISHMENT EXPENSES</b>		
Managing Director's Remuneration	141.93	28.53
Rates and Taxes	115.63	87.90
Insurance	57.44	73.75
Postage and Telephone	20.03	17.92
Printing and Stationery	22.99	21.26
Travelling Expenses	50.96	50.63
Vehicle Maintenance	87.69	77.03
Directors Sitting Fees	10.65	5.77
Rent	13.92	12.36
Audit and Legal Expenses	25.27	22.11
Corporate Social Responsibility Expenses	154.66	18.05
Bad Debts written off	42.93	—
Impairment of Assets (Refer to Item No.19 of Note No.26)	17.75	—
Miscellaneous Expenses	212.62	369.36
	974.47	784.67
<b>SELLING EXPENSES</b>		
Sales Commission	313.93	300.44
Export Expenses	34.40	93.84
Other Selling Expenses	286.36	206.69
	634.69	600.97
	6,683.60	4,800.05



**NOTE NO. 25**

**SIGNIFICANT ACCOUNTING POLICIES:**

**1. 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, the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act 1956, as adopted consistently by the Company.
- (ii) The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
- (iii) During the year the monetary value of the power generated at wind farms that are consumed at Mills are not treated as revenue but have been set off against the cost of Power & Fuel in accordance with the announcement of Institute of Chartered Accountants of India on Treatment of inter-divisional transfers. Hitherto such value was treated as revenue in the wind farms and included as expenditure in Textile Divisions grouped under Power & Fuel. The change in presentation does not have any impact in the financial statements.

**2. Use of Estimates**

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

**3. Tangible Fixed Assets**

- (i) Tangible Fixed Assets are stated at cost of acquisition (net of CENVAT/VAT wherever applicable) less accumulated depreciation/amortisation and impairment losses if any, except freehold land which is carried at cost less impairment losses if any. 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. 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) Depreciation has been provided on Straight line / Written down value method at the rates specified under rules / Schedule XIV to the Companies Act 1956, prevailing at the time of acquisition of the asset.
- (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.



## NOTES FORMING PART OF FINANCIAL STATEMENTS

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### 4. Intangible Assets

The cost of computer software that are installed are accounted at cost for 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.

### 5. Investments

All Investments being long term & non-trade are stated at cost less permanent diminution in value, if any.

### 6. 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. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment loss if any.
- (ii) Depreciation on building component of investment property is calculated on straight-line basis using the rate prescribed under Schedule XIV to the Companies Act, 1956.
- (iii) 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.

### 7. 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.
- (ii) Work-in-progress is valued at cost including the cost of conversion. The cost of conversion includes direct costs.
- (iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost includes cost of conversion and other costs incurred in bringing the inventory to their present location and condition.

### 8. 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) 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, VAT and CST.
- (iii) Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.
- (iv) Income from Wind Mills:  
The monetary value of the power generated at wind farms that are consumed at Mills are not treated as revenue 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.



## 9. 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. The Company contributes to Provident fund administered by the Government on a monthly basis at 12% of employee's basic salary. The Company also contributed for Superannuation a sum equivalent to 15% of the employee's eligible annual basic salary subject to a maximum of Rs. 1 Lakh per employee to funds administered by trustees and managed by LIC of India annually. There are no other obligations other than the above defined contribution plans.

### (iii) Defined Benefit Plan

#### Gratuity

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

#### Leave Encashment

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

## 10. Provision, Contingent Liabilities and Contingent Assets

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

## 11. Borrowing Costs

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



## NOTES FORMING PART OF FINANCIAL STATEMENTS

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### 12. Government Subsidy / Grant

- (i) Interest subsidy under Technology Upgradation Fund Scheme (TUF) is credited to the Finance Costs.
- (ii) Power Subsidy under Industrial Investment Promotion Policy of Andhra Pradesh is credited to the Power & Fuel cost.
- (iii) Other subsidies under Industrial Investment Promotion Policy of Andhra Pradesh are credited to Industrial Promotion Assistance under Note "Other Income".

### 13. 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) Covered liabilities in foreign currencies are accounted at the rate at which they have been covered. Uncovered liabilities in foreign currency 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 as per Accounting Standard - 11 (The Effects of Changes in Foreign Exchange Rates).
- (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.

### 14. Earnings per share

Net profit after tax is divided by weighted average number of equity shares as stipulated in Accounting Standard - 20 (Earnings per share).

### 15. Income tax

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

The Company considered credit entitlement of Minimum Alternate Tax (MAT) where it is reasonably certain that this will be available for setoff in accordance with the provisions of the Income Tax Act, 1961.

### 16. Segment Reporting

The Company has identified three reportable segments viz., Textiles, Tissue Culture and Power generation from Windmills as primary business segments considering the nature of the products, the differing risks and returns as per Accounting Standard - 17 (Segment Reporting). The valuation of inter segment transfers are based on prevailing market prices.

### 17. Impairment of Assets

The recoverable amount of an individual asset related to Discontinuing Operation is determined at the reporting date and where the carrying amount of an asset exceeds its recoverable amount, the value of the asset is written down to its recoverable amount as per Accounting Standard - 28 (Impairment of Assets). The recoverable amount is determined based on the asset's net selling price.



**NOTES FORMING PART OF FINANCIAL STATEMENTS**



**(Rs. in Lakhs)**

	<b>As at 31-03-2013</b>	<b>As at 31-03-2012</b>
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**NOTE NO. 26**

**OTHER DISCLOSURES**

1. Contingent Liabilities

Liability on guarantees given to the Bankers

*(Refer to Item No.20E of Note No.26)*

	<b>51,208</b>	59,394
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Of which, actual loan amount outstanding as  
at the end of the year

	<b>29,925</b>	35,762
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2. Commitments

(i) Estimated amount of contracts remaining to be  
executed on capital account not provided

	<b>1,299</b>	1,697
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(ii) Other Commitments

Liability on Letter of Credit opened for Capital Goods

	<b>219</b>	–
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Liability on Letter of Credit opened for Others

	<b>58</b>	94
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3. Sales Tax Assessment upto year ended 31<sup>st</sup> March, 2007 has been completed.

4. In respect of Service Tax matters, appeals are pending with Appellate Authorities for a demand amount of Rs.118.90 Lakhs (PY: Rs.127.40 Lakhs) towards manpower recruitment or supply agency services. In respect of Income Tax matter, appeals are pending with Appellate Authorities for a demand amount of Rs.4.15 Lakhs (PY: Rs. NIL) towards Book Profit payable on the disallowance made U/s. 14A of the Income Tax Act,1961. 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.

5. An amount of Rs. 110.97 Lakhs (PY: Rs. NIL) considered as MAT Credit in earlier years has now been reversed based on conservative estimates and adjusted against Current Year's MAT Credit entitlement.

6. Details of Loans from Directors under "Loan from Related Parties" are:-

Name	Closing Balance as on		Interest Paid	
	31-03-2013	31-03-2012	2012-13	2011-12
Smt. R. Sudarsanam	<b>35.42</b>	4.25	<b>1.22</b>	6.75

7. Contribution to Gratuity Fund includes an amount of Rs. NIL (PY: Rs.25.09 Lakhs) related to past service transitional liability in accordance with Accounting Standard-15 (Employee Benefits).

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

		<b>2012-13</b>	2011-12
A. Statutory Auditors			
a. As Auditors	- Fees	<b>2.50</b>	2.50
	- Expenses reimbursed	<b>1.45</b>	0.62
b. In other Capacities	- Tax Audit Fees	<b>0.30</b>	0.30
c. Certification Work	- Fees	<b>0.81</b>	0.95
		<u><b>5.06</b></u>	<u>4.37</u>
B. Cost Auditors			
As Auditors		<b>0.75</b>	0.50
		<u><b>5.81</b></u>	<u>4.87</u>



## NOTES FORMING PART OF FINANCIAL STATEMENTS

9. Company's shares are listed in Madras Stock Exchange Limited and Bombay Stock Exchange Limited, for which listing fee for the year 2013-14 has been paid.
10. There are no dues to micro and small enterprises as at 31-03-2013 (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.
11. The unadjusted units generated from the Windmills as on 31-03-2013 are 25.31 Lakhs KWH (PY: 16.96 Lakhs KWH) and its monetary value of Rs. 92.55 Lakhs (PY: Rs. 68.63 Lakhs) has been included in Other Current Assets.
12. 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. 51.02 Lakhs (PY: Rs.85.48 Lakhs) has been amortized and the same is included in Finance Costs.
13. An amount of Rs.0.27 Lakhs (PY: Rs. NIL) have been written off as there is permanent diminution in the value of Investments and has been charged to Statement of Profit and Loss under the Other Expenses.
14. The value of power generated from windmills and adjusted against own consumption at the Mills (captive consumption) of Rs.3,605.22 Lakhs (PY: Rs.2,230.28 Lakhs) have been set-off against cost of "Power and Fuel". The value of unadjusted units available of Rs.48.75 Lakhs as on 31-03-2013 (PY: Rs.26.64 Lakhs) and sold to the Electricity Board are shown under Income from Wind Mills. In the previous year all the above amount have been classified under Income from Wind Mills.
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)**

**2012-13      2011-12**

### **Defined Contribution Plan:**

Employer's Contribution to Provident Fund	<b>208.22</b>	201.46
Employer's Contribution to Superannuation Fund	<b>16.52</b>	15.19

### **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 01-04-2012	<b>465.42</b>	448.80
Current Service Cost	<b>38.79</b>	35.68
Interest Cost	<b>37.72</b>	33.17
Actuarial (gain) / loss	<b>17.60</b>	16.48
Benefits paid	<b>(-) 53.58</b>	(-) 68.71
Defined Benefit obligation as on 31-03-2013	<b>505.95</b>	465.42

**NOTES FORMING PART OF FINANCIAL STATEMENTS**



	<b>(Rs. in Lakhs)</b>	
	<b>2012-13</b>	<b>2011-12</b>
<b>Reconciliation of opening and closing balances of fair value of plan assets:</b>		
Fair value of plan assets as on 01-04-2012	<b>428.68</b>	335.56
Expected return on plan assets	<b>40.70</b>	33.73
Actuarial gain / (loss)	<b>(-) 0.88</b>	(-) 0.84
Employer Contribution	<b>76.23</b>	128.94
Benefits paid	<b>(-) 53.58</b>	(-) 68.71
Fair value of plan assets as on 31-03-2013	<b>491.15</b>	428.68
<b>Actual Return of plan assets:</b>		
Expected return of plan assets	<b>40.70</b>	33.73
Actuarial gain / (loss) on plan assets	<b>(-) 0.88</b>	(-) 0.84
Actual return on plan assets	<b>39.82</b>	32.89
<b>Reconciliation of fair value of assets and obligations:</b>		
Fair value of plan assets	<b>491.15</b>	428.68
Present value of obligation	<b>505.95</b>	465.42
Difference	<b>14.80</b>	36.74
Unrecognized transitional liability	<b>NIL</b>	NIL
Unrecognized past service cost non vested benefits	<b>NIL</b>	NIL
Amount recognized in Balance Sheet	<b>14.80</b>	36.74
<b>Expense recognized during the year:</b>		
Current Service Cost	<b>38.79</b>	35.68
Interest Cost	<b>37.72</b>	33.17
Expected return on plan assets	<b>(-) 40.70</b>	(-) 33.73
Actuarial (gain) / loss	<b>18.48</b>	17.32
Transitional liability recognized in the year	<b>—</b>	25.09
Past service cost-non-vested benefits	<b>NIL</b>	NIL
Past service cost-vested benefits	<b>NIL</b>	NIL
Net Cost	<b>54.29</b>	77.53
<b>Investment Details:</b>		
GOI Securities	<b>0.49%</b>	0.59%
State Government Securities	<b>NIL</b>	NIL
High Quality Corporate Bonds	<b>NIL</b>	NIL
Funds with LIC	<b>99.24%</b>	99.20%
Bank balance	<b>0.17%</b>	0.09%
Others	<b>0.10%</b>	0.12%
Total	<b>100.00%</b>	100.00%



## NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	2012-13	2011-12
<b>Actuarial assumptions:</b>		
LIC 1994-96 Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a	8.30%	8.60%
Expected rate of return on plan assets p.a	9.30%	9.25%
Rate of escalation in salary p.a	3.00%	3.00%
<b>Details of Leave encashment plan (Unfunded) are as follows:</b>		
<b>Reconciliation of opening and closing balances of Obligation:</b>		
Defined Benefit Obligation as on 01-04-2012	138.46	148.37
Current Service Cost	16.65	14.85
Interest Cost	10.47	11.07
Actuarial (gain) / loss	20.52	(-) 15.77
Benefits paid	(-) 33.42	(-) 20.06
Defined Benefit obligation as on 31-03-2013	152.68	138.46
<b>Reconciliation of opening and closing balances of fair value of plan assets:</b>		
Fair value of plan assets as on 01-04-2012	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	NIL	NIL
Employer Contribution	33.42	20.06
Benefits paid	(-) 33.42	(-) 20.06
Fair value of plan assets as on 31-03-2013	NIL	NIL
<b>Actual Return of plan assets:</b>		
Expected return of plan assets	NIL	NIL
Actuarial gain / (loss) on plan assets	NIL	NIL
Actual return on plan assets	NIL	NIL
<b>Reconciliation of fair value of assets and obligations:</b>		
Fair value of plan assets	NIL	NIL
Present value of obligation	152.68	138.46
Difference	152.68	138.46
Unrecognized transitional liability	NIL	NIL
Unrecognized past service cost non vested benefits	NIL	NIL
Amount recognized in Balance Sheet	152.68	138.46

## NOTES FORMING PART OF FINANCIAL STATEMENTS



	(Rs. in Lakhs)	
	2012-13	2011-12
<b>Expense recognized during the year:</b>		
Current Service Cost	16.65	14.85
Interest Cost	10.47	11.07
Expected return on plan assets	NIL	NIL
Actuarial (gain) / loss	20.52	(-) 15.77
Transitional liability recognized in the year	NIL	NIL
Past service cost-non-vested benefits	NIL	NIL
Past service cost-vested benefits	NIL	NIL
Net Cost	47.64	10.15
<b>Investment Details as on 31-03-2013:</b>		
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
<b>Actuarial assumptions:</b>		
LIC 1994-96 Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a	8.30%	8.60%
Expected rate of return on plan assets p.a	NIL	NIL
Rate of escalation in salary p.a	3.00%	3.00%



**16. Segment Information for the year ended 31<sup>st</sup> March, 2013**

**(Rs. in Lakhs)**

Particulars	Textiles		Discontinuing Operations- Tissue Culture*		Windmill Power		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>REVENUE</b>								
External Sales (Net)	34,255.16	30,100.79	161.98	342.69	48.75	26.64	34,465.89	30,470.12
Inter Segment Sale	–	–	–	–	3,605.22	2,230.28	3,605.22	2,230.28
Total Sales	34,255.16	30,100.79	161.98	342.69	3,653.97	2,256.92	38,071.11	32,700.40
Other Income	73.69	120.64	8.56	2.24	–	30.52	82.25	153.40
<b>Total Revenue</b>	<b>34,328.85</b>	<b>30,221.43</b>	<b>170.54</b>	<b>344.93</b>	<b>3,653.97</b>	<b>2,287.44</b>	<b>38,153.36</b>	<b>32,853.80</b>
<b>RESULT</b>								
Segment Result	3,291.97	322.57	(352.03)	(1.96)	1,807.58	1,026.43	4,747.52	1,347.04
Unallocated Income							909.36	1,174.30
Unallocated Expenses								
Operating Profit							5,656.88	2,521.34
Interest Expenses							2,648.45	3,706.20
Interest Income							366.45	655.49
Provision for Taxation								
Current Tax							357.00	–
Deferred Tax							859.90	(660.96)
MAT Credit entitlement							(219.15)	–
Profit from ordinary activities							2,377.13	131.59
Exceptional Items							–	–
<b>Net Profit</b>							<b>2,377.13</b>	<b>131.59</b>
<b>OTHER INFORMATION</b>								
Segment Assets	38,499.63	35,586.38	354.40	911.77	7,088.81	8,043.85	45,942.84	44,542.00
Unallocated Assets							7,662.69	7,578.22
Total Assets							53,605.53	52,120.22
Segment Liabilities	3,293.11	3,282.32	4.91	25.43	–	–	3,298.02	3,307.75
Unallocated Liabilities							32,755.93	33,123.08
Total Liabilities							36,053.95	36,430.83
Capital Expenditure	680.68	1,378.28	–	5.50	–	–	680.68	1,383.78
Unallocated Capital Expenditure							–	–
Depreciation	1,826.39	1,977.50	28.12	32.42	958.17	997.63	2,812.68	3,007.55
Unallocated Depreciation Expenditure							–	–
Non-Cash expenses other than Depreciation	–	–	–	–	–	–	–	–

\* Please refer to Item No. 19 of Note No. 26 for Discontinuing Operations.

## NOTES FORMING PART OF FINANCIAL STATEMENTS



### 17. Earnings per Share

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Net Profit after Tax - Rs. in Lakhs (A)	2,377.13	131.59
Adjusted Weighted average number of Equity Shares - In Lakhs (B)	73.76	71.43
Basic & Diluted earnings per share for Rs.10/- each - In Rupees (A)/(B)	32.23	1.84

(No. in Lakhs)

Reconciliation of Weighted average number of Equity Shares		
No. of Shares at the beginning of the year	73.76	35.13
Bonus Shares issued during 2011-12	-	35.13
Total (A)	<u>73.76</u>	<u>70.26</u>
Equity Shares allotted on preferential basis during 25 <sup>th</sup> November, 2011 (B)	-	3.51
Adjusted Weighted average number of Equity Shares (A) + (B/12*4)	73.76	71.43

### 18. Amalgamation

The Board of Directors approved the scheme of amalgamation of Rajapalayam Spinners Limited, a wholly owned subsidiary with the Company on 28-05-2012. The scheme of amalgamation has been filed with Hon'ble High Court, Madras and it was admitted by the Court in CP No. 71/2013. In terms of the scheme, the appointed date is 01-04-2012. Pending approval by the Hon'ble High Court, no effect of the above mentioned proposed amalgamation schemes have been recognized in these financial statements.

### 19. Discontinuing Operations

The Company has decided to discontinue the operations of Tissue Culture division w.e.f. January, 2013 in order to concentrate on its core business viz. Textiles. The Tissue Culture division contributes only 1% of the Company's revenue. The Company is in the process of selling all the assets of this division. The Tissue Culture division is being reported as a separate Segment "Tissue Culture" under Item No. 16 of Note No.26.

Following are the details of the discontinuing operations:

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Total Assets	354.40	911.77
Total Liabilities	4.91	25.43
Total Revenue	170.54	344.94
Total Expenses	522.57	346.90
Loss for the year (Before tax)	(352.03)	(1.96)



## NOTES FORMING PART OF FINANCIAL STATEMENTS

The Company has initiated the process of selling the machineries, electrical equipments, Furniture etc. of Tissue Culture Division. The Company has written down these assets to the net realizable value of Rs.100.04 Lakhs and recognised an impairment loss of Rs.17.75 Lakhs, which is included in "Other Expenses" in the Statement of Profit and Loss. These assets have been disclosed separately as "Fixed assets pertaining to discontinuing operations held for sale" on the face of the Balance Sheet. The remaining assets (other than machineries, Electrical items etc.,) viz., land and building attributable to discontinuing operations has been classified as "Non-current Investments" under Note No.10. Though the discontinuance of Tissue Culture division is effective from January, 2013, amounts relating to Discontinuing Operations have been restated for the previous year also in order to make the amounts comparable.

The net cash flows attributable to the discounting operations are as follows:

**(Rs. in Lakhs)**

Net Cash Flow from	2012-13	2011-12
Operating Activities	<b>67.63</b>	(5.70)
Investing Activities	<b>162.56</b>	(5.51)
Financing Activities	<b>(245.90)</b>	2.09

### 20. 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 Management Personnel & Relatives

Shri P.R. Ramasubrahmaneya Rajha, Chairman

Smt. R. Sudarsanam, Managing Director

Shri P.R. Venketrama Raja, Director

The Company's transactions with the above persons are furnished in Item No. 6 of Note No. 26 above.

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

M/s. Madras Cements Limited

M/s. Sri Vishnu Shankar Mill Limited

M/s. The Ramaraju Surgical Cotton Mills Limited

M/s. Thanjavur Spinning Mill Limited

M/s. Ramco Industries Limited

M/s. Ramco Systems Limited

M/s. Sandhya Spinning Mill Limited

M/s. Sri Harini Textiles Limited

c. Subsidiary Company

M/s. Rajapalayam Spinners Limited



## NOTES FORMING PART OF FINANCIAL STATEMENTS



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

(a) Inter Corporate Deposits given

(Rs. in Lakhs)

Name of the Related Party	Maximum Outstanding		Outstanding as on	
	2012-13	2011-12	31-03-2013	31-03-2012
The Ramaraju Surgical Cotton Mills Ltd	300.00	1,350.00	–	300.00
Sri Vishnu Shankar Mill Ltd	425.00	250.00	–	–
Sandhya Spinning Mill Ltd	186.00	786.00	186.00	186.00
Thanjavur Spinning Mill Ltd	1,500.00	3,500.00	500.00	1,500.00
Sri Harini Textile Ltd	950.00	1,350.00	950.00	950.00
Rajapalayam Spinners Ltd	1,610.00	275.00	1,610.00	225.00

Interest on Inter Corporate Deposits given

Name of the Related Party	Interest		Outstanding as on	
	2012-13	2011-12	31-03-2013	31-03-2012
The Ramaraju Surgical Cotton Mills Ltd	26.88	120.09	NIL	NIL
Sri Vishnu Shankar Mill Ltd	3.24	23.95	NIL	NIL
Sandhya Spinning Mill Ltd	20.81	75.04	NIL	NIL
Thanjavur Spinning Mill Ltd	78.12	233.19	NIL	NIL
Sri Harini Textiles Ltd	105.92	137.20	NIL	NIL
Rajapalayam Spinners Ltd	86.21	5.14	NIL	NIL

(b) Goods Supplied / Services rendered

Name of the Related Party	Value		Outstanding as on	
	2012-13	2011-12	31-03-2013	31-03-2012
The Ramaraju Surgical Cotton Mills Ltd	105.51	47.00	NIL	NIL
Sri Vishnu Shankar Mill Ltd	2,112.90	301.47	NIL	NIL
Sandhya Spinning Mill Ltd	191.12	59.17	NIL	NIL
Thanjavur Spinning Mill Ltd	43.13	30.48	NIL	NIL
Ramco Industries Ltd	4,087.37	1,353.81	NIL	NIL
Madras Cements Ltd	–	55.05	NIL	NIL
Sri Harini Textiles Ltd	–	2.43	NIL	NIL
Rajapalayam Spinners Ltd	275.91	37.45	NIL	NIL

(c) Sale of Wind Electric Generators with capacity of 330 KW

Name of the Related Party	Value		Outstanding as on	
	2012-13	2011-12	31-03-2013	31-03-2012
Ramco Industries Ltd	123.44	–	NIL	NIL



## NOTES FORMING PART OF FINANCIAL STATEMENTS

(d) Cost of Goods & Services purchased / availed

(Rs. in Lakhs)

Name of the Related Party	Value		Outstanding as on	
	2012-13	2011-12	31-03-2013	31-03-2012
The Ramaraju Surgical Cotton Mills Ltd	13.92	231.63	NIL	NIL
Sri Vishnu Shankar Mill Ltd	510.97	134.33	NIL	NIL
Sandhya Spinning Mill Ltd	511.64	0.30	NIL	NIL
Thanjavur Spinning Mill Ltd	11.18	82.06	NIL	NIL
Ramco Industries Ltd	209.31	152.06	NIL	NIL
Madras Cements Ltd	363.64	291.86	NIL	NIL
Ramco Systems Ltd	12.76	12.67	NIL	NIL
Sri Harini Textiles Ltd	0.86	0.03	NIL	NIL
Rajapalayam Spinners Ltd	92.45	240.89	NIL	NIL

(e) Corporate Guarantee given

Name of the Related Party	Guarantee Amount	
	31-03-2013	31-03-2012
The Ramaraju Surgical Cotton Mills Ltd	11,457.00	15,199.00
Sri Vishnu Shankar Mill Ltd	13,020.00	15,964.00
Sandhya Spinning Mill Ltd	14,056.00	15,556.00
Thanjavur Spinning Mill Ltd	12,675.00	12,675.00

(f) Purchase of shares of Rajapalayam Spinners Limited: NIL (PY: Rs. 526.91 Lakhs).

### 21. Other Additional information pursuant to the Revised Schedule VI of the Companies Act, 1956.

(a) Value of Imports calculated on CIF Value

	2012-13	2011-12
Raw Materials	2,628.49	2,949.56
Components and Spares	115.82	73.80
Capital Goods	27.61	729.88

(b) Expenditure in Foreign Exchange during the year

	2012-13	2011-12
Interest	36.92	77.24
Export Sales Commission	148.11	110.17
Foreign Travel	10.39	2.31
Others	143.89	—
Total	339.31	189.72



## NOTES FORMING PART OF FINANCIAL STATEMENTS

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

(Rs. in Lakhs)				
	2012-13		2011-12	
	Amount	%	Amount	%
Raw Materials				
Imported	2,064.85	13	2,947.49	17
Indigenous	14,238.92	87	14,110.85	83
Spares and Components				
Imported	112.44	8	98.69	10
Indigenous	1,213.32	92	895.89	90

### (d) Earnings in Foreign exchange (FOB Value)

	2012-13	2011-12
Export on Yarn	1,591.68	7,180.46
Export on Fabrics	—	55.59

22. Previous year figures have been regrouped / restated wherever necessary to make them comparable with the current year's figures.
23. Figures have been rounded off to Lakhs with two decimals.

As per our report annexed  
For M.S. JAGANNATHAN & N.KRISHNASWAMI  
Chartered Accountants  
Firm Registration No. 001208S  
K. SRINIVASAN  
Partner. M.No. 21510  
For RAMAKRISHNA RAJA AND CO.,  
Chartered Accountants  
Firm Registration No. 005333S  
V. JAYANTHI  
Partner. M.No. 28952  
Rajapalaiyam, 27<sup>th</sup> May, 2013.

P.R. RAMASUBRAHMANEYA RAJHA  
CHAIRMAN

SMT. R. SUDARSANAM  
MANAGING DIRECTOR

V. GURUSAMY  
SECRETARY

P.R. VENKETRAMA RAJA  
S.S. RAMACHANDRA RAJA  
N.K. RAMASUWAMI RAJA  
N.R.K. VENKATESH RAJA  
K.T. KRISHNAN  
A.V. DHARMAKRISHNAN  
DIRECTORS



## RAJAPALAYAM MILLS LIMITED, RAJAPALAYAM

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2013 STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of Subsidiary Company : **RAJAPALAYAM SPINNERS LIMITED** (Wholly Owned Subsidiary)

1. The Company holds 60,00,000 Equity Shares of Rs.10/- each as on 31-03-2013.
2. The Net aggregate of Profit / (Loss) of the subsidiary company for its Financial Year so far as they concern the members of Rajapalayam Mills Ltd -

Name of Subsidiary	Dealt within the accounts of Rajapalayam Mills Ltd for the year ended		Not dealt within the accounts of Rajapalayam Mills Ltd for the year ended	
	31-03-2013	31-03-2012*	31-03-2013	31-03-2012*
Rajapalayam Spinners Ltd.	NIL	NIL	(243.74)	(136.30)

*\* The Previous Year Loss is calculated for the period from the date on which Parent-Subsidiary relationship came into existence i.e., from 14-11-2011 to 31-03-2012.*

P.R. RAMASUBRAHMANEYA RAJHA  
CHAIRMAN

SMT. R. SUDARSANAM  
MANAGING DIRECTOR

V. GURUSAMY  
SECRETARY

Rajapalaiyam, 27<sup>th</sup> May, 2013.

P.R. VENKETRAMA RAJA  
S.S. RAMACHANDRA RAJA  
N.K. RAMASUWAMI RAJA  
N.R.K. VENKATESH RAJA  
K.T. KRISHNAN  
A.V. DHARMAKRISHNAN  
  
DIRECTORS

**CONSOLIDATED FINANCIAL STATEMENTS OF  
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY**



**INDEPENDENT AUDITOR'S REPORT**

**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF RAJAPALAYAM MILLS LIMITED ON  
THE CONSOLIDATED FINANCIAL STATEMENT OF RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY**

We have audited the accompanying consolidated financial statements of Rajapalayam Mills Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013 and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and the summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013 ;
- b) in the case of the consolidated Profit and Loss Account, of the profit / loss for the year ended on that date ; and
- c) in the case for the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

RAJAPALAYAM,  
27<sup>th</sup> May, 2013.



**CONSOLIDATED FINANCIAL STATEMENTS OF  
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY  
BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2013**

				(Rs. in Lakhs)	
	Note No.	As at 31-03-2013		As at 31-03-2012	
<b>I EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' Funds</b>					
(a) Share Capital	1	737.62		737.62	
(b) Reserves and Surplus	2	15,919.63	16,657.25	14,178.29	14,915.91
<b>(2) Non Current Liabilities</b>					
(a) Long Term Borrowings	3	18,892.36		21,675.23	
(b) Deferred Tax Liabilities (Net)	4	3,860.30		3,052.50	
(c) Long Term Provisions	5	524.26	23,276.92	447.37	25,175.10
<b>(3) Current Liabilities</b>					
(a) Short Term Borrowings	6	8,655.94		8,163.18	
(b) Trade Payables		1,249.10		2,152.25	
(c) Other Current Liabilities	7	4,956.12		4,511.12	
(d) Short Term Provisions	8	981.04	15,842.20	491.99	15,318.54
<b>Total</b>			<b>55,776.37</b>		<b>55,409.55</b>
<b>II ASSETS</b>					
<b>(1) Non Current Assets</b>					
<b>(a) Fixed Assets</b>					
(i) Tangible Assets	9	31,771.51		34,147.94	
(ii) Intangible Assets	9	12.72		14.85	
(iii) Capital Work-in-Progress		190.36		42.04	
(iv) Fixed Assets pertaining to discontinuing operations and held for sale (Refer to Item No. 17 of Note No. 26)		100.04		271.69	
			<b>32,074.63</b>		<b>34,476.52</b>
<b>(b) Non Current Investments</b>	10	4,117.74			4,121.43
<b>(c) Long Term Loans and Advances</b>	11	2,012.42			3,392.50
<b>(d) Other Non Current Assets</b>	12	1,356.39			1,181.96
<b>(2) Current Assets</b>					
(a) Inventories	13	8,498.81		6,121.40	
(b) Trade Receivables	14	3,913.29		3,407.30	
(c) Cash and Bank Balances	15	468.03		449.18	
(d) Short Term Loans and Advances	16	2,660.62		1,205.39	
(e) Other Current Assets	17	674.44	16,215.19	1,053.87	12,237.14
<b>Total</b>			<b>55,776.37</b>		<b>55,409.55</b>
<b>Significant Accounting Policies</b>	25				
<b>Notes on Financial Statements</b>	26				

The notes form an integral part of these financial statements

As per our report annexed  
For M.S. JAGANNATHAN & N.KRISHNASWAMI  
Chartered Accountants  
Firm Registration No. 001208S

K. SRINIVASAN  
Partner. M.No. 21510

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

V. JAYANTHI  
Partner. M.No. 28952  
Rajapalayam, 27<sup>th</sup> May, 2013.

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CHAIRMAN

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K.T. KRISHNAN  
A.V. DHARMAKRISHNAN  
DIRECTORS

**CONSOLIDATED FINANCIAL STATEMENTS OF  
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013**



			(Rs. in Lakhs)
	Note No.	For the year ended 31-03-2013	For the year ended 31-03-2012
I	Revenue from Operations	1836,671.47	31,105.50
II	Other Income	191,252.36	1,970.46
III	<b>Total Revenue (I+II)</b>	<b>37,923.83</b>	<b>33,075.96</b>
IV	<b>EXPENSES</b>		
	Cost of Materials Consumed	2017,421.34	17,470.02
	Changes in Inventories of Finished Goods and Work-in-progress	21401.13	1,407.59
	Employee Benefit Expenses	223,652.10	3,016.99
	Finance Costs	233,051.34	3,894.43
	Depreciation and Amortization Expenses	3,009.14	3,081.82
	Other Expenses	247,185.57	4,882.58
	Deferred Revenue Expenditure	1.28	0.50
	<b>Total Expenses</b>	<b>34,721.90</b>	<b>33,753.93</b>
V	<b>Profit / (Loss) Before Exceptional and Extraordinary items and Tax (III-IV)</b>	<b>3,201.93</b>	<b>(677.97)</b>
VI	Exceptional & Extraordinary items	—	—
VII	<b>Profit / (Loss) Before Tax (V-VI)</b>	<b>3,201.93</b>	<b>(677.97)</b>
	<b>Continuing Operations</b>		
VIII	Profit / (Loss) from Continuing Operations Before Tax	3,553.96	(676.01)
IX	Income tax expenses / (Savings)		
	Current Tax - MAT	427.43	—
	Deferred Tax	931.45	(672.14)
	MAT Credit Entitlement	(219.15)	—
		1,139.73	(672.14)
X	Profit / (Loss) from Continuing Operations After Tax (VIII-IX)	2,414.23	(3.87)
	<b>Discontinuing Operations [Note No. 26 (17)]</b>		
XI	Loss from Discontinuing Operations Before Tax	(352.03)	(1.96)
XII	Income tax Expenses / (Savings)		
	Current Tax - MAT Expenses / (Savings)	(70.43)	—
	Deferred Tax	(123.65)	(1.12)
		(194.08)	(1.12)
XIII	Profit / (Loss) from Discontinuing Operations After Tax (XI-XII)	(157.95)	(0.84)
XIV	<b>Profit / (Loss) After Tax (X + XIII)</b>	<b>2,256.28</b>	<b>(4.71)</b>
XV	<b>Earnings per Equity Share of Rs. 10/- each</b>		
	Basic & Diluted (in Rupees) (Refer to Item No. 15 of Note No. 26)	30.59	(0.07)
	<b>Significant Accounting Policies</b>	25	
	<b>Notes on Financial Statements</b>	26	

The notes form an integral part of these financial statements

As per our report annexed

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

K. SRINIVASAN  
Partner. M.No. 21510

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

V. JAYANTHI  
Partner. M.No. 28952

Rajapalayam, 27<sup>th</sup> May, 2013.

P.R. RAMASUBRAHMANEYA RAJHA  
CHAIRMAN

SMT. R. SUDARSANAM  
MANAGING DIRECTOR

V. GURUSAMY  
SECRETARY

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

DIRECTORS



**CONSOLIDATED FINANCIAL STATEMENTS OF  
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013**

		(Rs. in Lakhs)	
		2012-13	2011-12
<b>A. Cash Flow from Operating Activities</b>			
Net Profit before tax and prior period and extraordinary items		<b>3,201.93</b>	(677.97)
Adjustments for :			
Depreciation		<b>3,009.14</b>	3,081.82
Interest Paid		<b>3,051.34</b>	3,894.43
Interest Received		<b>(284.39)</b>	(653.50)
Dividend Received		<b>(909.81)</b>	(1,174.77)
Deferred Revenue Expenditure written off		<b>1.28</b>	0.50
Impairment of Loss on Assets		<b>17.75</b>	–
Diminution of value of Investments		<b>0.26</b>	–
(Profit) / Loss on Sale of Assets		<b>(9.51)</b>	6.78
Operating Profit before Working Capital Changes		<b>8,077.99</b>	4,477.29
Adjustments for :			
Trade Receivables		<b>(462.55)</b>	1,073.28
Loans and Advances		<b>(663.47)</b>	1,267.04
Inventories		<b>(2,377.41)</b>	5,889.48
Trade Payables & Current Liabilities		<b>200.69</b>	(224.36)
Cash generated from Operations		<b>4,775.25</b>	12,482.73
Income Tax Paid		<b>(332.25)</b>	(4.96)
<b>Net Cash from Operating Activities</b>	<b>A</b>	<b>4,443.00</b>	12,477.77
<b>B. Cash Flow from Investing Activities</b>			
Purchase of Fixed Assets		<b>(761.49)</b>	(1,446.12)
Acquisition of Subsidiary Company *		–	(526.91)
Sale of Assets		<b>149.43</b>	126.49
Interest Received		<b>284.39</b>	653.50
Dividend Received		<b>909.81</b>	1,174.77
<b>Net Cash from / (used) in Investing Activities</b>	<b>B</b>	<b>582.14</b>	(18.27)



**CONSOLIDATED FINANCIAL STATEMENTS OF  
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013**



		(Rs. in Lakhs)	
		2012-13	2011-12
<b>C. Cash Flow from Financing Activities</b>			
Proceeds from Long Term Borrowings		<b>968.78</b>	99.08
Proceeds from Allotment of Equity Shares		–	821.34
Repayment of Long Term Loan		<b>(4,202.12)</b>	(3,960.81)
Increase / (Decrease) in Working Capital Borrowings		<b>492.76</b>	(7,704.74)
Decrease in Inter Corporate Deposits		<b>1,300.00</b>	2,500.00
Payment of Dividend and Tax thereon		<b>(514.37)</b>	(526.63)
Interest Paid		<b>(3,051.34)</b>	(3,894.43)
<b>Net Cash used in Financing Activities</b>	C	<b>(5,006.29)</b>	(12,666.19)
<b>Net Increase in Cash and Cash Equivalent</b>	(A+B+C)	<b>18.85</b>	(206.69)
<b>Opening balance of Cash and Cash Equivalents</b>			
(Refer to Note No.15)	D	<b>449.18</b>	655.87
<b>Closing balance of Cash and Cash Equivalents</b>			
(Refer to Note No.15)	E	<b>468.03</b>	449.18
<b>Net Increase in Cash and Cash Equivalent</b>	(E-D)	<b>18.85</b>	(206.69)

\* Note : Total Purchase consideration for acquisition of Subsidiary Company during the FY 2011-12 was Rs.526.91 Lakhs and the entire consideration value has been discharged by means of cash and cash equivalents.

As per our report annexed  
For M.S. JAGANNATHAN & N.KRISHNASWAMI  
Chartered Accountants  
Firm Registration No. 001208S  
K. SRINIVASAN  
Partner. M.No. 21510  
For RAMAKRISHNA RAJA AND CO.,  
Chartered Accountants  
Firm Registration No. 005333S  
V. JAYANTHI  
Partner. M.No. 28952  
Rajapalayam, 27<sup>th</sup> May, 2013.

P.R. RAMASUBRAHMANEYA RAJHA  
CHAIRMAN

SMT. R. SUDARSANAM  
MANAGING DIRECTOR

V. GURUSAMY  
SECRETARY

P.R. VENKETRAMA RAJA  
S.S. RAMACHANDRA RAJA  
N.K. RAMASUWAMI RAJA  
N.R.K. VENKATESH RAJA  
K.T. KRISHNAN  
A.V. DHARMAKRISHNAN  
DIRECTORS



**CONSOLIDATED FINANCIAL STATEMENTS OF  
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY  
NOTES FORMING PART OF FINANCIAL STATEMENTS**

(Rs. in Lakhs)

As at  
31-03-2013

As at  
31-03-2012

**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 were allotted as fully paid Bonus Shares by Capitalisation of Reserves.

**b. Reconciliation of the number of shares outstanding**

Particulars	As at 31-03-2013		As at 31-03-2012	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning	73,76,160	737.62	35,12,580	351.26
Issued during the year - Bonus Issue	—	—	35,12,580	351.26
Issued during the year - Preferential Allotment	—	—	351,000	35.10
Number of Shares at the end	73,76,160	737.62	73,76,160	737.62

**c. Rights / Restrictions attached to Equity Shares**

- The rights attached to equity shares are those specified under Law / Memorandum and Articles of Association of the Company.
- The preferential allotment of 3,51,000 equity shares made on 25-11-2011 are subject to a lock-in period of three years from the date of allotment.

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

Particulars	As at 31-03-2013		As at 31-03-2012	
	No. of Shares	% of holding	No. of Shares	% of holding
P.R. Ramasubrahmaneya Rajha	9,88,792	13.41%	9,88,792	13.41%
P.R. Venketrama Raja	7,44,560	10.09%	7,44,560	10.09%
Ramco Industries Ltd.	8,47,360	11.49%	8,47,360	11.49%
Madras Cements Ltd.	7,25,600	9.84%	7,25,600	9.84%

**CONSOLIDATED FINANCIAL STATEMENTS OF  
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY  
NOTES FORMING PART OF FINANCIAL STATEMENTS**



(Rs. in Lakhs)

**As at  
31-03-2013**

**As at  
31-03-2012**

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

**NOTE NO. 2**

**RESERVES AND SURPLUS**

**Capital Reserve**

Balance as per last financial statement	3.75	3.75
Add : Capital Reserve on Consolidation of Subsidiary	—	—
	3.75	3.75

**Securities Premium Reserve**

Balance as per last financial statement	1,490.48	1,055.50
Less : Amounts utilized towards issue of fully paid Bonus Shares	—	351.26
Add : Premium on Issue of Equity Shares	—	786.24
	1,490.48	1,490.48

**General Reserve**

Balance as per last financial statement	12,530.52	13,167.70
Less : Transfer from Capital Reserve on Consolidation	—	637.18
Add : Balance Transfer from surplus balance in the statement of profit & loss	332.30	—
	12,862.82	12,530.52

**Surplus / (Deficit) in the Statement of Profit & Loss**

Balance as per last financial statement	153.54	243.98
Profit / (Loss) for the year	2,256.28	(4.71)
Balance available for appropriations	2,409.82	239.27
Less : Appropriations		
Interim Dividend Paid	368.81	—
Tax on Interim Dividend	59.83	—
Proposed Final Dividend	73.76	73.76
Tax on Proposed Dividend	12.54	11.97
Transfer to General Reserve	332.30	—
Total Appropriations	847.24	85.73
Net surplus in the statement of profit and loss	1,562.58	153.54
	15,919.63	14,178.29



**CONSOLIDATED FINANCIAL STATEMENTS OF  
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY  
NOTES FORMING PART OF FINANCIAL STATEMENTS**

(Rs. in Lakhs)

As at  
**31-03-2013**                      As at  
31-03-2012

**NOTE NO. 3**

**LONG TERM BORROWINGS**

**Secured**

Term Loan from Banks 17,161.45 20,483.57

**Unsecured**

Deposits 584.16 127.70

Loan from Related Parties 1,146.75 1,063.96

*(Refer to Item No.5 and Item No. 18 of Note No.26)*

**18,892.36** **21,675.23**

- a) Term Loan from Banks are secured by pari-passu charge on the fixed assets of the Company and a second charge on the current assets of the Company
- b) The Term Loans from Banks are repayable in quarterly installments. The year wise repayment of Term Loans are as follows:

Year	As at 31-03-2013	As at 31-03-2012
2013-14	—	4,163.20
2014-15	4,298.12	3,923.12
2015-16	4,494.12	4,119.12
2016-17	3,998.83	3,908.12
2017-18	2,525.03	2,524.66
2018-19	1,757.43	1,757.43
2019-20	87.92	87.92
	<b><u>17,161.45</u></b>	<b><u>20,483.57</u></b>

**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 5,639.10 5,738.28

**Deferred Tax Asset**

Tax effect on unabsorbed depreciation under Income Tax Act, 1961 (1,778.80) (2,685.78)

Net Deferred Tax Liability **3,860.30** **3,052.50**

**CONSOLIDATED FINANCIAL STATEMENTS OF  
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY  
NOTES FORMING PART OF FINANCIAL STATEMENTS**



	(Rs. in Lakhs)	
	As at 31-03-2013	As at 31-03-2012
<b>NOTE NO. 5</b>		
LONG TERM PROVISIONS		
Provision for Employee Benefits	124.26	104.68
P.A.C.Ramasamy Raja Memorial Fund	400.00	342.69
	<u>524.26</u>	<u>447.37</u>
<b>NOTE NO. 6</b>		
SHORT TERM BORROWINGS		
<b>Secured</b>		
Loan Repayable on Demand from Banks *	7,393.57	6,248.88
<b>Unsecured</b>		
Loan Repayable on Demand from Banks	1,206.51	1,740.16
Deposits	20.44	169.89
Loan from Related Parties	35.42	4.25
(Refer to Note No. 5 of Note No. 26)	<u>8,655.94</u>	<u>8,163.18</u>
* Loan Repayable on Demand from Banks are secured by pari-passu charge on the current assets of the Company and a second charge on the fixed assets of the Company.		
<b>NOTE NO. 7</b>		
OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debts	4,290.90	4,202.12
Interest Accrued but not Due on Borrowings	41.74	94.30
Unpaid Dividends	61.07	65.23
Liabilities for Other Finance	562.41	149.47
	<u>4,956.12</u>	<u>4,511.12</u>
<b>NOTE NO. 8</b>		
SHORT TERM PROVISIONS		
Provision for Employee Benefits	537.74	406.26
Provision for Taxation	357.00	—
Proposed Dividend Re.1/- per share (PY: Re. 1/- per share)	73.76	73.76
Provision for Tax on Proposed Dividend	12.54	11.97
	<u>981.04</u>	<u>491.99</u>

**CONSOLIDATED FINANCIAL STATEMENTS OF  
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY  
NOTES FORMING PART OF FINANCIAL STATEMENTS**



**NOTE NO. 9  
FIXED ASSETS**

Particulars	Gross block				Depreciation				Net block	(Rs. in Lakhs)	
	Cost as at 01-04-2012	Additions during the year	Sold/ withdrawn during the year	Transfer of Assets related to discontinuing operations*	Cost as at 31-03-2013	Up to 01-04-2012	For the year	Impairment Loss	Transfer of Assets related to discontinuing operations*	Net block As at 31-03-2012	As at 31-03-2012
<b>Tangible Assets</b>											
Land	944.86	28.02	-	140.64	832.24	-	-	-	-	944.85	140.64
Buildings	5,544.35	31.75	-	120.59	5,455.51	1,172.00	172.87	-	33.27	4,372.33	90.49
Plant and Machinery	52,860.30	338.87	234.20	682.12	52,282.85	25,162.77	2,585.01	14.19	109.50	27,697.56	243.08
Electrical Machinery	2,704.24	99.99	-	107.42	2,696.81	1,361.34	177.98	0.08	-	1,342.90	9.12
Furniture & Office Equipments	567.20	28.19	3.94	44.55	546.90	413.70	29.21	3.10	2.98	163.50	8.29
Vehicles	292.10	86.35	64.35	10.17	303.93	152.89	41.66	-	50.09	139.21	10.79
Loose Tools	1.00	-	-	1.00	-	0.59	0.03	0.38	-	0.41	0.41
<b>Total - Tangible Assets</b>	62,914.05	613.17	302.49	1,106.49	62,118.24	28,263.29	3,006.76	17.75	162.57	34,650.76	502.82
Total - Tangible Assets for Previous Year	57,685.43	5,507.05	278.43	-	62,914.05	24,901.98	3,067.09	-	145.16	32,344.07	-
<b>INTANGIBLE ASSETS</b>											
Computer software	166.99	-	-	-	166.99	152.14	2.13	-	-	14.85	-
Intangible Assets for Previous Year	159.31	7.68	-	-	166.99	137.65	14.49	-	-	21.66	-

**CONSOLIDATED FINANCIAL STATEMENTS OF  
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY  
NOTES FORMING PART OF FINANCIAL STATEMENTS**



					(Rs. in Lakhs)	
					As at	As at
					31-03-2013	31-03-2012
<b>NOTE NO. 10</b>						
<b>NON-CURRENT INVESTMENTS</b>						
<b>A. Investment Property</b>						
Land					—	—
Building					15.12	15.12
Less: Accumulated depreciation as at the beginning of the year					(5.22)	(4.98)
Depreciation for the year					(0.25)	(0.24)
					<u>9.65</u>	<u>9.90</u>
<b>B. Investment property - relating to Discontinuing Operations</b>						
Land					140.64	140.64
Building					120.59	120.59
Less: Accumulated depreciation at the end of the year (Refer to Item No.17 of Note No.26)					(33.27)	(30.10)
					<u>227.96</u>	<u>231.13</u>
Total Investment Property	(A)				<u>237.61</u>	<u>241.03</u>
<b>C. Investment in Equity Instruments, Non - Trade</b>						
Name of the Company	No.of Shares	Total face Value	Cost	Cost		
<b>1) Quoted</b>						
<b>Associate Companies</b>						
Madras Cements Ltd	3,29,05,000	329.05	3,779.94	3,779.94		
Ramco Industries Ltd	79,20,680	79.21	92.40	92.40		
The Ramaraju Surgical Cotton Mills Ltd	1,000	0.10	0.05	0.05		
<b>Others</b>						
Mafatlal Engineering Industries Ltd *	140	0.14	—	0.14		
Lakshmi Automatic Loom Works Ltd	2,500	0.25	0.25	0.25		
Tamilnadu Jai Bharath Mills Ltd	1,200	0.12	0.12	0.12		
Total quoted Investments	(B)		<u>3,872.76</u>	<u>3,872.90</u>		
<b>2) Unquoted</b>						
<b>(i) Fully paid-up</b>						
<b>Associate Companies</b>						
Sri Vishnu Shankar Mill Ltd	38,400	3.84	2.11	2.11		
Ontime Transport Co.Ltd	50,000	5.00	5.00	5.00		
<b>Others</b>						
Miot Hospitals Ltd	2,500	0.25	0.25	0.25		
<b>(ii) Partly paid-up</b>						
Bharat Paper Mills Ltd Rs.5/- paid up per share.*	2,500	0.25	—	0.13		
Total un-quoted Investments	(C)		<u>7.36</u>	<u>7.49</u>		
<b>D. Other Non-current Investments, Non-Trade</b>						
Ramco Group Employees' Co-operative Stores Ltd	50	0.01	0.01	0.01		
Srivilliputhur Uganda Producers Co-operative Society	10	—	—	—		
Total other Investments	(D)		<u>0.01</u>	<u>0.01</u>		
Aggregate Value of Investments	(A+B+C+D)		<u>4,117.74</u>	<u>4,121.43</u>		
Aggregate Value of: Quoted Investments	- Cost		<u>3,872.76</u>	3,872.90		
	- Market Value		<u>87,090.68</u>	53,987.96		
Unquoted Investments	- Cost		<u>244.98</u>	248.53		

\* Refer to Item No. 11 of Note No. 26



**CONSOLIDATED FINANCIAL STATEMENTS OF  
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY  
NOTES FORMING PART OF FINANCIAL STATEMENTS**

	As at 31-03-2013	(Rs. in Lakhs) As at 31-03-2012
<b>NOTE NO. 11</b>		
LONG TERM LOANS AND ADVANCES		
<b>Unsecured Considered good</b>		
Loans and Advances to Related Parties (Refer to Item No.18 of Note No.26)	1,636.00	2,936.00
Security Deposits	376.42	456.50
	<u>2,012.42</u>	<u>3,392.50</u>
<b>NOTE NO. 12</b>		
OTHER NON-CURRENT ASSETS		
MAT Credit Entitlement	1,356.39	1,137.24
Trade Receivables, Unsecured Considered Good	—	43.44
Miscellaneous Expenditure to the extent not written off	—	1.28
	<u>1,356.39</u>	<u>1,181.96</u>
<b>NOTE NO. 13</b>		
INVENTORIES		
Finished Goods	1,539.32	1,992.98
Rawmaterials - Cotton & Cotton Waste	5,476.44	2,710.24
Stores and Spares	223.08	210.73
Work in Progress	1,259.97	1,207.45
	<u>8,498.81</u>	<u>6,121.40</u>
<b>Details of Work in Progress</b>		
Cotton Yarn	1,259.97	1,002.39
Others	—	205.06
	<u>1,259.97</u>	<u>1,207.45</u>

*Mode of valuation of Inventories are disclosed in Standalone Significant Accounting Policies in Item No.7 of Note No.25.*



**CONSOLIDATED FINANCIAL STATEMENTS OF  
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY  
NOTES FORMING PART OF FINANCIAL STATEMENTS**



	As at 31-03-2013	(Rs. in Lakhs) As at 31-03-2012
<b>NOTE NO. 14</b>		
TRADE RECEIVABLES		
<b>Unsecured, Considered good</b>		
Outstanding for a period of exceeding Six Months	0.12	4.25
Other Trade Receivables	3,913.17	3,403.05
	<u>3,913.29</u>	<u>3,407.30</u>
<b>NOTE NO. 15</b>		
CASH AND BANK BALANCES		
Cash on Hand	3.35	2.56
<b>Balance with Bank</b>		
In Current Account	366.01	271.72
In Deposit Account for Margin Money	37.60	109.67
In Unclaimed Dividend Warrant Account	61.07	65.23
	<u>468.03</u>	<u>449.18</u>
<b>NOTE NO. 16</b>		
SHORT TERM LOANS AND ADVANCES		
<b>Unsecured, Considered good</b>		
Advance to Suppliers	2,203.72	1,080.74
Advance Tax & TDS and Refund Due	456.90	124.65
	<u>2,660.62</u>	<u>1,205.39</u>
<b>NOTE NO. 17</b>		
OTHER CURRENT ASSETS		
Accrued Income	487.35	773.38
Prepaid Expenses	113.88	94.66
Other Current Assets	73.21	185.83
	<u>674.44</u>	<u>1,053.87</u>



**CONSOLIDATED FINANCIAL STATEMENTS OF  
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY  
NOTES FORMING PART OF FINANCIAL STATEMENTS**

	For the year ended 31-03-2013	(Rs. in Lakhs) For the year ended 31-03-2012
<b>NOTE NO. 18</b>		
<b>REVENUE FROM OPERATIONS</b>		
<b>Sale of Products</b>		
Yarn	34,964.93	29,943.93
Fabrics	514.50	55.59
Tissue Culture Plants	161.98	342.69
Waste Cotton	246.76	172.11
	<u>35,888.17</u>	<u>30,514.32</u>
<b>Other Operating Income</b>		
Value of Power Generated from Wind Mills (Refer to Item No.12 of Note No. 26)	60.79	27.88
Export Incentive	39.43	436.32
Jobwork Charges Received	683.08	126.98
	<u>36,671.47</u>	<u>31,105.50</u>
<b>NOTE NO. 19</b>		
<b>OTHER INCOME</b>		
Interest Received	284.39	653.50
Rent Received	4.74	12.17
Dividend Income	909.81	1,174.77
Profit / (Loss) on Sale of Assets	9.51	(6.78)
Carbon Credit Sale	—	30.52
Industrial Promotion Assistance	5.33	37.42
Exchange Gain on Foreign Currency Transactions (Net)	26.56	53.70
Miscellaneous Income	12.02	15.16
	<u>1,252.36</u>	<u>1,970.46</u>
<b>NOTE NO. 20</b>		
<b>COST OF MATERIALS CONSUMED</b>		
Rawmaterials Consumed		
Cotton & Cotton Waste	<u>17,421.34</u>	<u>17,470.02</u>

**CONSOLIDATED FINANCIAL STATEMENTS OF  
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY  
NOTES FORMING PART OF FINANCIAL STATEMENTS**



**(Rs. in Lakhs)**

**For the year ended  
31-03-2013**

**For the year ended  
31-03-2012**

**NOTE NO. 21**

**CHANGES IN INVENTORIES OF FINISHED GOODS  
AND WORK-IN-PROGRESS**

**Opening Stock**

Finished Goods	<b>1,992.98</b>	2,823.81
Work-in-progress	<b>1,207.45</b>	1,784.21
	<b>3,200.43</b>	4,608.02

**Less: Closing Stock**

Finished Goods	<b>1,539.33</b>	1,992.98
Work-in-progress	<b>1,259.97</b>	1,207.45
	<b>2,799.30</b>	3,200.43
	<b>401.13</b>	1,407.59

**NOTE NO. 22**

**EMPLOYEE BENEFITS**

Salaries, Wages and Bonus	<b>3,083.80</b>	2,481.92
Contribution to Provident and Other Funds	<b>399.23</b>	397.52
Staff and Labour Welfare	<b>169.07</b>	137.55
	<b>3,652.10</b>	3,016.99

**NOTE NO. 23**

**FINANCE COSTS**

Interest Expenses	<b>2,956.47</b>	3,645.51
Other Borrowing Costs	<b>60.24</b>	98.37
Exchange Fluctuation (Net) applicable to Finance Costs	<b>34.63</b>	150.55
	<b>3,051.34</b>	3,894.43



**CONSOLIDATED FINANCIAL STATEMENTS OF  
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY  
NOTES FORMING PART OF FINANCIAL STATEMENTS**

	For the year ended 31-03-2013	(Rs. in Lakhs) For the year ended 31-03-2012
<b>NOTE NO. 24</b>		
<b>OTHER EXPENSES</b>		
<b>MANUFACTURING EXPENSES</b>		
Power and Fuel (Refer to Item No.12 of Note No.26 )	3,185.15	1,847.99
Packing Materials	542.85	495.75
Repairs to Buildings	237.09	227.19
Repairs to Plant and Machinery	714.80	383.56
Repairs - General	668.88	491.38
Jobwork Charges Paid	181.86	27.50
	<b>5,530.63</b>	<b>3,473.37</b>
<b>ESTABLISHMENT EXPENSES</b>		
Managing Director's Remuneration	141.93	27.83
Rates and Taxes	121.85	88.72
Insurance	61.57	74.75
Postage and Telephone	20.90	18.31
Printing and Stationery	24.25	21.97
Travelling Expenses	51.81	51.06
Vehicle Maintenance	89.10	77.64
Directors Sitting Fees	10.65	5.77
Rent	14.52	10.82
Audit and Legal Expenses	28.49	23.27
Corporate Social Responsibility Expenses	154.66	18.05
Bad debts written off	42.93	—
Impairment of Assets (Refer to Item No.17 of Note No.26)	17.75	—
Miscellaneous Expenses	212.13	373.92
	<b>992.54</b>	<b>792.11</b>
<b>SELLING EXPENSES</b>		
Sales Commission	335.43	310.36
Export Expenses	34.40	93.84
Other Selling Expenses	292.57	212.90
	<b>662.40</b>	<b>617.10</b>
	<b>7,185.57</b>	<b>4,882.58</b>

**CONSOLIDATED FINANCIAL STATEMENTS OF  
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY  
NOTES FORMING PART OF FINANCIAL STATEMENTS**



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**NOTE NO. 25**

**SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of preparation of financial statements**

- (i) The financial statements of the subsidiary used in the consolidation are drawn upto the same reporting date as that the Parent Company, i.e. year 31<sup>st</sup> March, 2013. The Previous Year results of operations of subsidiary are included in the Consolidated Financial Results from the date on which Parent-Subsidiary relationship came into existence. i.e., from 14-11-2011.
- (ii) The financial statements have been prepared under the historical cost convention and in accordance with the generally accepted accounting principles, the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act 1956, as adopted consistently by the Company.
- (iii) The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

**2. Principles of Consolidation**

The Consolidated Financial Statements relate to M/s. Rajapalayam Spinners Ltd., the Wholly Owned Subsidiary.

The Consolidated Financial Statements have been prepared on the following basis:

The Financial Statements of the Subsidiary have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions resulting in unrealized profits or losses.

The Consolidated Financial Statements are prepared by adopting uniform accounting policies for like transactions or other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's separate financial statements.

**3. Other Significant Accounting Policies**

These are set out in the Notes under "Significant Accounting Policies" of the financial statements of Rajapalayam Mills Ltd.



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(Rs. in Lakhs)

	As at <b>31-03-2013</b>	As at 31-03-2012
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**NOTE NO. 26**

**OTHER DISCLOSURES**

1. Contingent Liabilities

Liability on guarantees given to the bankers (Refer to Item No.18F of Note No.26)	51,208	59,394
Of which, actual loan amount outstanding as at the end of the year	29,925	35,762

2. Commitments

(i) Estimated amount of contracts remaining to be executed on capital account not provided	1,306	1,699
(ii) Other Commitments:		
Liability on Letter of Credit opened for Capital Goods	219	–
Liability on Letter of Credit opened for Others	58	94

3. In respect of Service Tax matters, appeals are pending with Appellate Authorities for a demand amount of Rs. 118.90 Lakhs (PY: Rs.127.40 Lakhs) towards manpower recruitment or supply agency services. In respect of Income Tax matter, appeals are pending with Appellate Authorities for a demand amount of Rs. 4.15 Lakhs (PY: Rs. NIL) towards Book Profit payable on the disallowance made U/s. 14A of the Income Tax Act,1961. 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.

4. An amount of Rs. 110.97 Lakhs (PY: Rs. NIL) considered as MAT Credit in earlier years has now been reversed based on conservative estimates and adjusted against Current Year's MAT Credit entitlement.

5. Details of Loans from Directors under "Loan from Related Parties" are:-

Name	Closing Balance as on 31-03-2013	31-03-2012	Interest Paid 2012-13	2011-12
Shri P.R. Ramasubrahmaneya Rajha	996.50	919.71	85.32	30.68
Smt R. Sudarsanam	35.42	4.25	1.22	6.75

6. Contribution to Gratuity Fund includes an amount of Rs. NIL (PY: Rs. 25.09 Lakhs) related to past service transitional liability in accordance with Accounting Standard -15 (Employee Benefits).

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

	2012-13	2011-12
A. Statutory Auditors		
a. As Auditors		
- Fees	2.62	2.60
- Expenses reimbursed	1.46	0.63
b. In other Capacities		
- Tax Audit Fees	0.47	0.30
c. Certification Work		
- Fees	1.08	1.08
	5.63	4.61
B. Cost Auditors		
As Auditors	0.75	0.50
	6.38	5.11

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8. There are no dues to micro and small enterprises as at 31-03-2013 (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.
9. The unadjusted units generated from the Windmills as on 31-03-2013 are 35.83 Lakhs KWH (PY: 18.53 Lakhs KWH) and its monetary value of Rs. 126.85 Lakhs (PY: Rs. 76.33 Lakhs) has been included in Other Current Assets.
10. 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. 51.02 Lakhs (PY: Rs. 85.48 Lakhs) has been amortized and the same is included in interest & finance charges.
11. An amount of Rs. 0.27 Lakhs (PY: Rs. NIL) have been written off as there is permanent diminution in the value of Investments and has been charged to Statement of Profit and Loss under the Other Expenses.
12. The value of power generated from windmills and adjusted against own consumption at the Mills (captive consumption) of Rs. 3,935.19 Lakhs (PY: Rs. 2,331.46 Lakhs) have been set-off against cost of "Power and Fuel". The value of unadjusted units available of Rs. 60.79 Lakhs as on 31-03-2013 (PY: Rs. 27.88 Lakhs) and sold to the Electricity Board are shown under Income from Wind Mills. In the previous year all the above amount have been classified under Income from Wind Mills.
13. As per Accounting Standard -15 (Employee Benefits), the disclosures of employee benefits as defined in the Accounting Standard are given below:

	<b>(Rs. in Lakhs)</b>	
	<b>2012-13</b>	<b>2011-12</b>
<b>Defined Contribution Plan:</b>		
Employer's Contribution to Provident Fund	<b>218.40</b>	205.14
Employer's Contribution to Superannuation Fund	<b>16.17</b>	15.47
<b>Details of the post retirement gratuity plan (Funded) are as follows:</b>		
<b>Reconciliation of opening and closing balances of defined benefit plan:</b>		
Defined Benefit Obligation as on 01-04-2012	<b>476.07</b>	455.42
Current Service Cost	<b>42.97</b>	36.84
Interest Cost	<b>38.56</b>	33.68
Actuarial (gain) / loss	<b>17.45</b>	17.46
Past Service Cost - (Non-vested Benefits)	<b>—</b>	1.98
Benefits paid	<b>(-) 55.63</b>	(-) 69.31
Defined Benefit obligation as on 31-03-2013	<b>519.42</b>	476.07



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	(Rs. in Lakhs)	
	2012-13	2011-12
<b>Reconciliation of opening and closing balances of fair value of plan assets:</b>		
Fair value of plan assets as on 01-04-2012	439.33	338.94
Expected return on plan assets	41.57	34.31
Actuarial gain / (loss)	(-) 0.89	(-) 0.82
Employer Contribution	76.33	136.21
Benefits paid	(-) 55.63	(-) 69.31
Fair value of plan assets as on 31-03-2013	500.71	439.33
<b>Actual Return of plan assets:</b>		
Expected return of plan assets	41.57	34.31
Actuarial gain / (loss) on plan assets	(-) 0.89	(-) 0.82
Actual return on plan assets	40.68	33.49
<b>Reconciliation of fair value of assets and obligations:</b>		
Fair value of plan assets	500.71	439.33
Present value of obligation	519.42	476.07
Difference	18.71	36.74
Unrecognized transitional liability	NIL	NIL
Unrecognized past service cost non vested benefits	NIL	NIL
Amount recognized in Balance Sheet	18.71	36.74
<b>Expense recognized during the year:</b>		
Current Service Cost	42.97	36.84
Interest Cost	38.56	33.68
Expected return on plan assets	(-) 41.57	(-) 34.31
Actuarial (gain) / loss	18.34	18.28
Transitional liability recognized in the year	—	25.09
Past service cost-non-vested benefits	NIL	NIL
Past service cost-vested benefits	NIL	NIL
Net Cost	58.30	79.58
<b>Investment Details:</b>		
GOI Securities	0.48%	0.58%
State Government Securities	NIL	NIL
High Quality Corporate Bonds	NIL	NIL
Funds with LIC	99.21%	99.20%
Bank balance	0.21%	0.10%
Others	0.10%	0.12%
Total	100.00%	100.00%



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(Rs. in Lakhs)

<b>Actuarial assumptions:</b>	<b>Parent</b>		<b>Subsidiary</b>	
	<b>2012-13</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2011-12</b>
LIC 1994-96 Ultimate Table applied for				
Service Mortality rate	<b>Yes</b>	Yes	<b>Yes</b>	Yes
Discount rate p.a	<b>8.30%</b>	8.60%	<b>8.10%</b>	8.70%
Expected rate of return on plan assets p.a	<b>9.30%</b>	9.25%	<b>9.00%</b>	9.00%
Rate of escalation in salary p.a	<b>3.00%</b>	3.00%	<b>8.00%</b>	8.00%

**Details of Leave encashment plan (Unfunded) are as follows:**

**Reconciliation of opening and closing balances of Obligation:**

	<b>2012-13</b>	<b>2011-12</b>
Defined Benefit Obligation as on 01-04-2012	<b>144.23</b>	151.20
Current Service Cost	<b>18.49</b>	16.30
Interest Cost	<b>10.92</b>	11.24
Actuarial (gain) / loss	<b>19.89</b>	(-) 13.15
Benefits paid	<b>(-) 34.67</b>	(-) 21.36
Defined Benefit obligation as on 31-03-2013	<b>158.86</b>	144.23

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

Fair value of plan assets as on 01-04-2012	<b>NIL</b>	NIL
Expected return on plan assets	<b>NIL</b>	NIL
Actuarial gain / (loss)	<b>NIL</b>	NIL
Employer Contribution	<b>34.67</b>	21.36
Benefits paid	<b>(-) 34.67</b>	(-) 21.36
Fair value of plan assets as on 31-03-2013	<b>NIL</b>	NIL

**Actual Return of plan assets:**

Expected return of plan assets	<b>NIL</b>	NIL
Actuarial gain / (loss) on plan assets	<b>NIL</b>	NIL
Actual return on plan assets	<b>NIL</b>	NIL

**Reconciliation of fair value of assets and obligations:**

Fair value of plan assets	<b>NIL</b>	NIL
Present value of obligation	<b>158.86</b>	144.23
Difference	<b>158.86</b>	144.23
Unrecognized transitional liability	<b>NIL</b>	NIL
Unrecognized past service cost non vested benefits	<b>NIL</b>	NIL
Amount recognized in Balance Sheet	<b>158.86</b>	144.23



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	(Rs. in Lakhs)	
	2012-13	2011-12
<b>Expense recognized during the year:</b>		
Current Service Cost	<b>18.49</b>	16.30
Interest Cost	<b>10.92</b>	11.24
Expected return on plan assets	<b>NIL</b>	NIL
Actuarial (gain) / loss	<b>19.89</b>	(-) 13.15
Transitional liability recognized in the year	<b>NIL</b>	NIL
Past service cost-non-vested benefits	<b>NIL</b>	NIL
Past service cost-vested benefits	<b>NIL</b>	NIL
Net Cost	<b>49.30</b>	14.39

**Investment Details as on 31-03-2013:**

GOI Securities	<b>NIL</b>	NIL
State Government Securities	<b>NIL</b>	NIL
High Quality Corporate Bonds	<b>NIL</b>	NIL
Funds with LIC	<b>NIL</b>	NIL
Bank balance	<b>NIL</b>	NIL
Others	<b>NIL</b>	NIL
Total	<b>NIL</b>	NIL

**Actuarial assumptions:**

	Parent		Subsidiary	
	2012-13	2011-12	2012-13	2011-12
LIC 1994-96 Ultimate Table applied for Service Mortality rate	<b>Yes</b>	Yes	<b>Yes</b>	Yes
Discount rate p.a	<b>8.30%</b>	8.60%	<b>8.10%</b>	8.70%
Expected rate of return on plan assets p.a	<b>NIL</b>	NIL	<b>NIL</b>	NIL
Rate of escalation in salary p.a	<b>3.00%</b>	3.00%	<b>8.00%</b>	8.00%



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**14. Consolidated Segment Information for the year ended 31<sup>st</sup> March, 2013 (Rs. in Lakhs)**

Particulars	Textiles		Discontinuing Operations Tissue Culture*		Windmill Power		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>REVENUE</b>								
External Sales (Net)	36,448.70	30,734.93	161.98	342.69	60.79	27.88	36,671.47	31,105.50
Inter Segment Sale					3,935.19	2,331.46	3,935.19	2,331.46
Total Sales	36,448.70	30,734.93	161.98	342.69	3,995.98	2,359.34	40,606.66	33,436.96
Other Income	(32.00)	107.92	8.56	2.24	—	30.52	(23.44)	140.68
<b>Total Revenue</b>	<b>36,416.70</b>	<b>30,842.85</b>	<b>170.54</b>	<b>344.93</b>	<b>3,995.98</b>	<b>2,389.86</b>	<b>40,583.22</b>	<b>33,577.64</b>
<b>RESULT</b>								
Segment Result	3,311.98	285.12	(352.02)	(1.96)	2,017.52	1,103.52	4,977.48	1,386.68
Unallocated Income							987.25	1,176.28
Unallocated Expenses								
Operating Profit							5,964.73	2,562.96
Interest Expenses							3,051.35	3,894.43
Interest Income							288.55	653.50
Provision for Taxation								
Current Tax							357.00	—
Deferred Tax							807.80	(673.26)
MAT Credit entitlement							(219.15)	—
Profit from ordinary activities							2,256.28	(4.71)
Exceptional Items							—	—
<b>Net Profit</b>							<b>2,256.28</b>	<b>(4.71)</b>
<b>OTHER INFORMATION</b>								
Segment Assets	40,113.45	38,367.65	354.40	911.77	8,172.74	9,078.82	48,640.59	48,358.24
Unallocated Assets							7,135.78	7,051.29
Total Assets	3,414.70	3,375.15	4.91	25.43	—	—	55,776.37	55,409.53
Segment Liabilities					—	—	3,419.61	3,400.58
Unallocated Liabilities							35,699.50	37,093.04
Total Liabilities	761.49	1,440.62	—	5.50	—	—	39,119.11	40,493.62
Capital Expenditure							761.49	1,446.12
Unallocated Capital Expenditure							—	—
Depreciation	1,956.92	2,026.74	28.12	32.42	1,024.10	1,022.66	3,009.14	3,081.82
Unallocated Depreciation							—	—
Non-Cash expenses other than Depreciation	—	—	—	—	—	—	—	—

\* Please refer to Item No. 17 of Note No. 26 for Discontinuing Operations.



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**15. Earnings per Share** (Rs. in Lakhs)

Particulars	2012-13	2011-12
Net Profit after Tax - Rs. in Lakhs (A)	2,256.28	(-) 4.71
Adjusted Weighted average number of Equity Shares - In Lakhs (B)	73.76	71.43
Basic & Diluted earnings per share for Rs.10/- each - In Rupees (A)/(B)	30.59	(-) 0.07

(No. in Lakhs)

Adjusted Weighted average number of Equity Shares		
No. of Shares at the beginning of the year	73.76	35.13
Bonus Shares issued during 2011-12	-	35.13
Total (A)	<u>73.76</u>	<u>70.26</u>
Equity Shares allotted on preferential basis during 25 <sup>th</sup> November, 2011 (B)	-	3.51
Adjusted Weighted average number of Equity Shares (A) + (B/12*4)	73.76	71.43

**16. Amalgamation**

The Board of Directors approved the scheme of amalgamation of Rajapalayam Spinners Limited, a wholly owned subsidiary with the Company on 28-05-2012. The scheme of amalgamation has been filed with Hon'ble High Court, Madras and it was admitted by the Court in CP No. 71/2013. In terms of the scheme, the appointed date is 01-04-2012. Pending approval of the aforesaid Hon'ble High Court, no effect of the above mentioned proposed amalgamation schemes have been recognized in these financial statements.

**17. Discontinuing Operations**

The Company has decided to discontinue the operations of Tissue Culture division w.e.f. January, 2013 in order to concentrate on its core business viz. Textiles. The Tissue Culture division contributes only 1% of the Company's revenue. The Company is in the process of selling all the assets of this division. The Tissue Culture division is being reported as a separate Segment "Tissue Culture" under Item No.14 of Note No.26.

Following are the details of the discontinuing operations:

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Total Assets	354.40	911.77
Total Liabilities	4.91	25.43
Total Revenue	170.54	344.94
Total Expenses	522.57	346.90
Loss for the year (Before tax)	(352.03)	(1.96)

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The Company has initiated the process of selling the machineries, electrical equipments, Furniture etc. of Tissue Culture Division. The Company has written down these assets to the net realizable value of Rs.100.04 Lakhs and recognised an impairment loss of Rs.17.75 Lakhs, which is included in "Other Expenses" in the Statement of Profit and Loss. These assets have been disclosed separately as "Fixed assets pertaining to discontinuing operations held for sale" on the face of the Balance Sheet. The remaining assets (other than machineries, Electrical items etc.,) viz., land and building attributable to discontinuing operations has been classified as "Non-current Investments" under Note No.10. Though the discontinuance of Tissue Culture division is effective from January, 2013, amounts relating to Discontinuing Operations have been restated for the previous year also in order to make the amounts comparable.

The net cash flows attributable to the discounting operations are as follows:

<b>(Rs. in Lakhs)</b>		
Net Cash Flow from	<b>2012-13</b>	2011-12
Operating Activities	<b>67.63</b>	(5.70)
Investing Activities	<b>162.56</b>	(5.51)
Financing Activities	<b>(245.90)</b>	2.09

#### **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 Management Personnel & Relatives

Shri P.R. Ramasubrahmaneya Rajha, Chairman

Smt. R. Sudarsanam, Managing Director

Shri P.R. Venketrama Raja, Director

The Company's transactions with the above persons are furnished in Item No.5 of Note No. 26 above.

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

M/s. Madras Cements Limited

M/s. Sri Vishnu Shankar Mill Limited

M/s. The Ramaraju Surgical Cotton Mills Limited

M/s. Thanjavur Spinning Mill Limited

M/s. Ramco Industries Limited

M/s. Ramco Systems Limited

M/s. Sandhya Spinning Mill Limited

M/s. Sri Harini Textiles Limited

M/s. Ramco Management Private Limited

M/s. RCDC Securities & Investments Private Limited



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(Rs. in Lakhs)

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

(a) Inter Corporate Deposits given

Name of the Related Party	Maximum Outstanding		Outstanding as on	
	2012-13	2011-12	31-03-2013	31-03-2012
The Ramaraju Surgical Cotton Mills Ltd	300.00	1,350.00	–	300.00
Sri Vishnu Shankar Mill Ltd	425.00	250.00	–	–
Sandhya Spinning Mill Ltd	186.00	786.00	186.00	186.00
Thanjavur Spinning Mill Ltd	1,500.00	3,500.00	500.00	1,500.00
Sri Harini Textiles Ltd	950.00	1,350.00	950.00	950.00

Interest on Inter Corporate Deposits given

Name of the Related Party	Interest		Outstanding as on	
	2012-13	2011-12	31-03-2013	31-03-2012
The Ramaraju Surgical Cotton Mills Ltd	26.88	120.09	NIL	NIL
Sri Vishnu Shankar Mill Ltd	3.24	23.95	NIL	NIL
Sandhya Spinning Mill Ltd	20.81	75.04	NIL	NIL
Thanjavur Spinning Mill Ltd	78.12	233.19	NIL	NIL
Sri Harini Textiles Ltd	105.92	137.20	NIL	NIL

(b) Inter Corporate Deposits Accepted

Name of the Related Party	Maximum Outstanding		Outstanding as on	
	2012-13	2011-12	31-03-2013	31-03-2012
RCDC Securities & Investments Private Limited	71.00	71.00	71.00	71.00
Ramco Management Private Ltd.	79.25	73.25	79.25	73.25

Interest on Inter Corporate Deposits Accepted

Name of the Related Party	Maximum Outstanding		Outstanding as on	
	2012-13	2011-12	31-03-2013	31-03-2012
RCDC Securities & Investments Private Limited	4.62	1.76	NIL	NIL
Ramco Management Private Ltd.	4.61	0.79	NIL	NIL

(c) Goods Supplied / Services rendered

Name of the Related Party	Value		Outstanding as on	
	2012-13	2011-12	31-03-2013	31-03-2012
The Ramaraju Surgical Cotton Mills Ltd	111.47	110.63	NIL	NIL
Sri Vishnu Shankar Mill Ltd	2,112.90	301.47	NIL	NIL
Sandhya Spinning Mill Ltd.,	223.98	59.17	NIL	NIL
Thanjavur Spinning Mill Ltd	43.13	30.48	NIL	NIL
Ramco Industries Ltd	4,087.37	1,353.81	NIL	NIL
Madras Cements Ltd	–	56.03	NIL	NIL
Sri Harini Textile Ltd	–	2.43	NIL	NIL

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(Rs. in Lakhs)

(d) Sale of Wind Electric Generators with capacity of 330 KW

Name of the Related Party	Value		Outstanding as on	
	2012-13	2011-12	31-03-2013	31-03-2012
Ramco Industries Ltd	123.44	–	NIL	NIL

(e) Cost of Goods & Services purchased / availed

Name of the Related Party	Value		Outstanding as on	
	2012-13	2011-12	31-03-2013	31-03-2012
The Ramaraju Surgical Cotton Mills Ltd	14.23	295.41	NIL	NIL
Sri Vishnu Shankar Mill Ltd	510.97	134.48	NIL	NIL
Sandhya Spinning Mill Ltd	552.86	0.30	NIL	NIL
Thanjavur Spinning Mill Ltd	11.18	82.06	NIL	NIL
Ramco Industries Ltd	245.97	219.39	NIL	NIL
Madras Cements Ltd	377.34	295.95	NIL	NIL
Ramco Systems Ltd	14.12	13.49	NIL	NIL
Sri Harini Textiles Ltd	0.86	0.03	NIL	NIL

(f) Corporate Guarantee given

Name of the Related Party	Guarantee Amount	
	31-03-2013	31-03-2012
The Ramaraju Surgical Cotton Mills Ltd	11,457.00	15,199.00
Sri Vishnu Shankar Mill Ltd	13,020.00	15,964.00
Sandhya Spinning Mill Ltd	14,056.00	15,556.00
Thanjavur Spinning Mill Ltd	12,675.00	12,675.00

(g) Purchase of Shares of Rajapalayam Spinners Ltd: NIL (PY: Rs.526.91 Lakhs).

19. The detail of subsidiary in terms of General circular no. 2/2011 dated 8<sup>th</sup> February, 2011 issued by Government of India, Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956 are as follows:

Name of Subsidiary Company: **Rajapalayam Spinners Limited** (Wholly owned Subsidiary)

Sl. No.	Particulars	2012-13	2011-12*
1	Capital	600.00	600.00
2	Reserves & Surplus	(-) 954.00	(-) 846.57
3	Total Assets	4,721.55	4,389.54
4	Total Liabilities	4,721.55	4,389.54
5	Total Investments	NIL	NIL
6	Total Income	2,717.57	736.56
7	Profit before Taxation	(-) 159.54	(-) 148.60
8	Provision for Taxation - Deferred Tax Asset	(-) 52.10	(-) 12.30
9	Profit after Taxation	(-) 107.44	(-) 136.30
10	Dividends	NIL	NIL

\* The Previous Year Loss is calculated for the period from the date on which Parent-Subsidiary relationship came into existence i.e., from 14-11-2011 to 31-03-2012.



**CONSOLIDATED FINANCIAL STATEMENTS OF  
RAJAPALAYAM MILLS LIMITED AND ITS SUBSIDIARY  
NOTES FORMING PART OF FINANCIAL STATEMENTS**

**20. Other Additional information pursuant to the Revised Schedule VI of the Companies Act, 1956.**

(Rs. in Lakhs)

(a) Value of Imports calculated on CIF Value

	2012-13	2011-12
Raw Materials	2,628.49	2,949.56
Components and Spares	115.82	73.80
Capital Goods	32.27	729.88

(b) Expenditure in Foreign Exchange during the year

	2012-13	2011-12
Interest	36.92	77.24
Export Sales Commission	148.11	110.17
Foreign Travel	10.39	2.31
Others	143.89	—
Total	339.31	189.72

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

	2012-13		2011-12	
	Amount	%	Amount	%
Raw Materials				
Imported	2,064.85	12	2,947.49	17
Indigenous	15,356.49	88	14,522.53	83
Spares and Components				
Imported	112.44	7	98.69	9
Indigenous	1,329.91	93	967.01	91

(d) Earnings in Foreign exchange (FOB Value)

	2012-13	2011-12
Export on Yarn	1,591.68	7,180.46
Export on Fabrics	—	55.59

21. Previous year figures have been regrouped / restated wherever necessary to make them comparable with the current year's figures.

22. Figures have been rounded off to Lakhs with two decimals.

As per our report annexed  
For M.S. JAGANNATHAN & N.KRISHNASWAMI  
Chartered Accountants  
Firm Registration No. 001208S

K. SRINIVASAN  
Partner. M.No. 21510

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

V. JAYANTHI  
Partner. M.No. 28952  
Rajapalayam, 27<sup>th</sup> May, 2013.

P.R. RAMASUBRAHMANEYA RAJHA  
CHAIRMAN

SMT. R. SUDARSANAM  
MANAGING DIRECTOR

V. GURUSAMY  
SECRETARY

P.R. VENKETRAMA RAJA  
S.S. RAMACHANDRA RAJA  
N.K. RAMASUWAMI RAJA  
N.R.K. VENKATESH RAJA  
K.T. KRISHNAN  
A.V. DHARMAKRISHNAN  
DIRECTORS



## PROXY FORM



### RAJAPALAYAM MILLS LIMITED

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

I/We.....Son of /Wife of/Daughter of..... residing  
at.....being a member/members of  
RAJAPALAYAM MILLS LIMITED do hereby appoint Sri/Smt/Miss.....Son of/Wife of/Daughter  
of..... residing at.....or failing  
him Sri/Smt/Miss.....Son  
of/Wife of/Daughter of.....  
residing at.....as my/our proxy to vote for me/us on  
my/our behalf at 77<sup>th</sup> Annual General Meeting of the Company to be held on Thursday the  
1<sup>st</sup> August, 2013 at 10.00 A.M. and at any adjournment thereof.

Signed this ..... day of .....2013.

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

Affix 1 Rupee  
Revenue  
Stamp and  
Sign over it

Note : Any member entitled to attend and vote at the meeting is entitled to attend and either vote in person or by Proxy and that the Proxy need not be a member of the Company. This form thus completed should be deposited at the Registered Office of the Company at Rajapalaiyam before 10.00 A.M. on Tuesday the 30<sup>th</sup> July, 2013.





Our Chairman distributing Certificate and Cash Award to our Employee Shri P. Sethuram, for the completion of 41 Years of Service.

Newly installed Trutzschler Carding Machines at Rajapalayam Textiles (A Division of Rajapalayam Mills Ltd), Perumalpatti.



A view of fully Automatic Savio OE Spinning Machines with automatic piecing and cleaning facility installed at Rajapalayam Mills, Andhra Pradesh.



Madras Stock Exchange Ltd.  
Chennai - 600 001.

Bombay Stock Exchange Ltd.  
Mumbai - 400 001.

Dear Sir,

Sub: Compliance of Clause 31 of the Listing Agreement

Ref: SEBI Circular CIR/CFD/DIL/7/2012 dt. 13.08.2012

### Form A

1.	Name of the Company	Rajapalayam Mills Limited
2.	Annual Financial Statements for the year ended	31 <sup>st</sup> March 2013
3.	Type of Audit Observation	Unqualified
4.	Frequency of Observation	Does not arise
5.	Name	Signature
	R. Sudarsanam, Managing Director	<i>R. Sudanam</i>
	B. Gnanagurusamy, GM - Finance	<i>B. Gnanagurusamy</i>
	K. Srinivasan, M.S. Jagannathan & N. Krishnaswami, Chartered Accountants	<i>K. Srinivasan</i>
	V. Jayanthi, Ramakrishna Raja and Co., Chartered Accountants	<i>V. Jayanthi</i>
	Dr. K.T. Krishnan, Audit Committee Chairman	<i>K.T. Krishnan</i>