

*74th
Annual Report
2013-2014*



The Ramaraju Surgical Cotton Mills Limited
Rajapalaiyam



SHRI P.A.C. RAMASAMY RAJA



Founder
Shri N.K. RAMARAJU

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

Board of Directors

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

Smt. R. NALINA RAMALAKSHMI, B.Sc., M.S.C.S.,
Managing Director

Smt. C. PADMAVATHY
(Nominee of Govt. of Tamilnadu)

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

Shri N.K. SHRIKANTAN RAJA, B.Com.,

Shri P.J. ALAGA RAJA, B.A.B.L.,

Shri S. KANTHIMATHINATHAN, M.Sc., M.B.A.,

Shri S.N. RAMA RAJU, B.Tech.,

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

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

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

Shri P.J. RAMKUMAR RAJHA, B.Com.,

Bankers

AXIS Bank Limited

Canara Bank

IDBI Bank Limited

Indian Bank

Karur Vysya Bank Limited

State Bank of India

Tamilnad Mercantile Bank Limited

Registered Office

The Ramaraju Surgical Cotton Mills Premises,
119, P.A.C. Ramasamy Raja Salai,
RAJAPALAIYAM - 626 117, Tamilnadu.
Corporate Identification Number :
L17111TN1939PLC002302
E-mail : rscm@ramcotex.com
Phone : 04563-235904
Fax:04563-235714

Website www.ramarajusurgical.com

Factories

Surgical Division

1. Rajapalaiyam
2. Perumalpatti

Spinning Division

Sudarsanam Spinning Mills

1. Rajapalaiyam
2. Silvassa
3. Subramaniapuram
4. Thirumalagiri Village, A.P.

Auditors

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

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THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

NOTICE TO THE MEMBERS

Notice is hereby given that the 74th Annual General Meeting of the Company will be held at 9.30 A.M. on Monday, the 4th August, 2014, at P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 108, Tamil Nadu to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Statement of Profit & Loss and Cash Flow Statement for the year ended 31st March, 2014 and the Balance Sheet as at that date and the Reports of the Directors and Auditors' thereon.
2. To declare Dividend for the year 2013-14.
3. a) To appoint a Director in the place of Shri N.K.Shrikantan Raja who retires by rotation and is eligible for re-appointment.
b) To appoint a Director in the place of Shri S. Kanthimathinathan 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 be and are hereby appointed as Auditors of the Company to hold Office from the conclusion of this 74th Annual General Meeting till the conclusion of the 77th Annual General Meeting.

RESOLVED FURTHER that the Auditors shall be paid for the financial year 2014-2015 a remuneration of Rs.1,20,000/- (Rupees One Lakh Twenty Thousand only) per year, exclusive of out-of-pocket expenses and for the financial years 2015-2016 and 2016-2017, the Board of Directors are authorised to fix the remuneration based on the recommendation of the Audit Committee”.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification, the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED that pursuant to Sections 196, 197 and 203 and any other applicable provisions and the Rules there under, read with Schedule V of the Companies Act, 2013 and on the terms and conditions of the appointment as contained in the agreement, the consent of the Company be and is hereby accorded to the appointment of Smt. R. Nalina Ramalakshmi (DIN 01364161) as Managing Director of the Company for a period of 3 years with effect from 01-04-2014, at a remuneration equivalent to 5% of the net profits of the Company.

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

RESOLVED FURTHER that in any financial year, where the Company has no profits or inadequacy of profits, the Managing Director shall be paid the remuneration as per Section II in Part II of Schedule V of the Companies Act, 2013 and as may be fixed by the Nomination and Remuneration Committee.

RESOLVED FURTHER that consequent to the above, the existing tenure of the Managing Director which was effective from 12-08-2010 to 11-08-2015, as per the Special Resolution passed by the Members of the Company at the Annual General Meeting held on 04-08-2010 be and is hereby closed and deemed as expired on 31-03-2014.”

6. To consider and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:

“RESOLVED that pursuant to Section 149, 152 and such other provisions as applicable, of the Companies Act, 2013 and the Rules there under, the appointment of Shri P.J. Alaga Raja (DIN 00446057), Director of the Company whose period of office is liable to retire by rotation and in respect of whom the Company has received a notice in writing from a Member, proposing his candidature for the office of Director, as an Independent Director of the Company to hold office for 5 consecutive years from 01-04-2014 to 31-03-2019 be and is hereby approved.”

7. To consider and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:

“RESOLVED that pursuant to Section 149, 152 and such other provisions as applicable, of the Companies Act, 2013 and the Rules there under, the appointment of Shri S.N. Rama Raju (DIN 01115384), Director of the Company whose period of office is liable to retire by rotation and in respect of whom the Company has received a notice in writing from a Member, proposing his candidature for the office of Director, as an Independent Director of the Company to hold office for 5 consecutive years from 01-04-2014 to 31-03-2019 be and is hereby approved.”

8. To consider and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:

“RESOLVED that pursuant to Section 149, 152 and such other provisions as applicable, of the Companies Act, 2013 and the Rules there under, the appointment of Justice

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Shri P.P.S. Janardhana Raja (DIN 06702871), Director of the Company who has been appointed as Additional Director and holds office until this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a Member, proposing his candidature for the office of Director, as an Independent Director of the Company to hold office for 5 consecutive years from 25-05-2014 to 24-05-2019 be and is hereby approved.”

9. To consider and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:

“RESOLVED that pursuant to Section 149, 152 and such other provisions as applicable, of the Companies Act, 2013 and the Rules there under, the appointment of Shri V. Santhana Raman (DIN 00212334), Director of the Company who has been appointed as Additional Director and holds office until this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a Member, proposing his candidature for the office of Director, as an Independent Director of the Company to hold office for 5 consecutive years from 25-05-2014 to 24-05-2019 be and is hereby approved.”

10. To consider and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:

“RESOLVED that pursuant to Section 149, 152 and such other provisions as applicable, of the Companies Act, 2013 and the Rules thereunder, the appointment of Dr. K.T. Krishnan (DIN 00707574), Director of the Company who has been appointed as Additional Director and holds office until this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a Member, proposing his candidature for the office of Director, as an Independent Director of the Company to hold office for 5 consecutive years from 25-05-2014 to 24-05-2019 be and is hereby approved.”

11. To consider and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:

“RESOLVED that pursuant to Section 149, 152 and such other provisions as applicable, of the Companies Act, 2013 and the Rules there under, the appointment of Shri P.J. Ramkumar Rajha (DIN 00487193), Director of the Company who has been appointed as Additional Director and holds office until this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a Member, proposing his candidature for the office of Director, as an Independent Director of the Company to hold office for 5 consecutive years from 25-05-2014 to 24-05-2019 be and is hereby approved.”

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12. To consider and, if thought fit, to pass with or without modification, the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED that subject to the approval of the Financial Institutions / Banks, in supersession of the resolution passed at the Annual General Meeting held on 6th August 2008 and pursuant to Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of money which together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, provided that the maximum amount of moneys so outstanding, shall not at any time exceed Rs.300 Crores (Rupees Three Hundred Crores Only).”

By Order of the Board,
For THE RAMARAJU SURGICAL COTTON MILLS LIMITED

RAJAPALAIYAM,
25th May, 2014.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

NOTICE

NOTES:

- (i) Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts related to each item of Special Business is annexed hereto;
- (ii) 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. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. Proxy Form is enclosed. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of the companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable;
- (iii) The Register of Members and the Share Transfer Books of the Company will remain closed from 30-07-2014 to 04-08-2014 (both days inclusive);
- (iv) A Dividend of Rs.3.00 per share has been recommended by the Board of Directors for the year ended 31-03-2014 and subject to the approval of the Shareholders at the ensuing Annual General Meeting, is proposed to be paid in respect of shares held in physical form to the shareholders whose names appear in the Register of Members as on 04-08-2014 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 29-07-2014. The dividend is proposed to be paid on and from the date of Annual General Meeting;
- (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 124 (5) of the Companies Act, 2013, 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. 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.

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The details of due dates for transfer of such unclaimed dividend to the said Fund are:

Financial Year Ended	Date of declaration of Dividend	Last Date for claiming unpaid Dividend	Due Date for transfer to IEP Fund
31-03-2007	25-07-2007	24-07-2014	22-08-2014
31-03-2008	06-08-2008	05-08-2015	03-09-2015
31-03-2010	04-08-2010	03-08-2017	01-09-2017
31-03-2011	20-07-2011	19-07-2018	17-08-2018
31-03-2013 Interim Dividend	22-02-2013	21-02-2020	21-03-2020
Final Dividend	01-08-2013	31-07-2020	29-08-2020

(vii) Electronic copy of the Notice for the Annual General Meeting and the Annual Report for 2013-14 are being sent to all the members whose E-mail IDs are registered with the Company / Depository Participant(s). Physical copy of the Notice together with the Annual Report are being sent in permitted mode, to members for whom the E-mail IDs are not available and who have requested for physical copies. The Notice and the Annual Report are also available on the Company's Website – www.ramarajusurgical.com for their download;

(viii) Under Rule 18 of Companies (Management and Administration) Rules, 2014, Members, those who have not got their E-mail IDs recorded are requested to register their E-mail address and changes therein with the Company in respect of physical shares and with Depository Participants with respect to dematerialised shares;

A) The instructions for members for voting electronically are as under:-

(i) To log on to the e-Voting website www.evotingindia.com.

(ii) To click on "Shareholders" tab.

(iii) Now, select the "THE RAMARAJU SURGICAL COTTON MILLS LIMITED" from the drop down menu and click on "SUBMIT"

(iv) User ID:

Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company) and then enter the Captcha Code as displayed and Click on Login.

(v) Password:

a) If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any company, then your existing password is to be used.

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- b) If you are a first time user, follow the steps given below, to fill up the following details in the appropriate boxes:

- (1) Enter Permanent Account Number (PAN):

Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).

Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of your name and the Folio No / Client ID in the PAN field. In case of Folio No is less than 8 digits, add zeros before the Folio No to make it as 8 digits.

Example:

- a) For Physical holders: If your name is S. Prem Kumar with Folio No 25 then enter SP00000025 in the PAN field.
- b) For Demat holders: If your name is Suresh K Mehta with Client ID 12345678 then enter SU12345678 in the PAN field.

- (2) Please enter any one of the details in order to login

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

Dividend Bank Details (DBD): Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.

Members who have not updated their DOB / DBD with the Company/Depository Participant(s) are requested to use the default DBD number: 1234567890 in the DBD field.

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-Voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For Members holding shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.
- (ix) Click on "THE RAMARAJU SURGICAL COTTON MILLS LIMITED" on which you choose to vote.

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- (x) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - (xi) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
 - (xii) After selecting the resolution you have decided to vote on, click on "SUBMIT".
A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 - (xiv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page. It need not be sent to the Company.
 - (xv) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
 - (xvi) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- B) The voting period begins on 30th July, 2014 (9:00 am) and ends on 31st July, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 25th June, 2014, may cast their vote electronically. The e-Voting module shall be disabled by CDSL for voting thereafter.
- C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an e-mail to helpdesk.evoting@cdslindia.com.
- D) Shri K. Srinivasan, Chartered Accountant (Membership No:21510), Partner, M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants has been appointed as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
- E) The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-Voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- F) The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.ramarajusurgical.com and on the website of CDSL within two days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchange.
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THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

NOTICE

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.5

Smt. R. Nalina Ramalakshmi (DIN 01364161) was first appointed as Managing Director of the Company on 12-08-2005. At that time, the net worth of the Company was Rs.13.92 Crores and Turnover was Rs.61.92 Crores. The Company has now progressed to have a net worth of Rs.56.70 Crores and Turnover of Rs.266.73 Crores. The earlier appointment and remuneration of Smt. R. Nalina Ramalakshmi as Managing Director was approved by the Members at the Annual General Meeting held on 04-08-2010 for a period of 5 years in accordance with the Sections 269,198 & 309 and Schedule XIII of the Companies Act, 1956.

As per Schedule V of the Companies Act, 2013, in the event the Company has no profits or its profits are inadequate, the remuneration as stipulated in the said Schedule is payable to the Managing Director if the Resolution passed by the Shareholders is a Special Resolution and the remuneration approved is for a period not exceeding 3 years. Hence it is proposed to close the existing tenure of the Managing Director on 31-03-2014 and make a fresh appointment for a period of 3 years from 01-04-2014 in alignment with the Schedule V of the Companies Act, 2013.

Terms of Remuneration:

- * 5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013.
- * In any financial year, where the Company has no profits or inadequacy of profits, the Managing Director shall be paid the maximum remuneration as per Section II, Part III of Schedule V of the Companies Act, 2013.

The proposed appointment and the payment of remuneration has been approved by the Remuneration Committee (subsequently renamed as Nomination and Remuneration Committee) at its meeting held on 24-05-2014 and by the Board of Directors at their meeting held on 25-05-2014.

The appointment and the remuneration proposed fulfill the conditions stipulated in Schedule V of the Companies Act, 2013 and hence approval of Government of India is not required.

A copy of the agreement setting out the terms and conditions of appointment of the Managing Director is available for inspection without any fee by the members at the Registered Office of the Company between business hours on any working day upto and including the date of the Annual General Meeting.

Smt. R. Nalina Ramalakshmi holds 6,74,490 shares in The Ramaraju Surgical Cotton Mills Limited.

Smt. R. Nalina Ramalakshmi is the Director in the following Companies:

No.	Name of the Company	Designation
1	Sri Harini Textiles Limited	Director
2	Shri Harini Media Limited	Director

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

The Notice together with this Statement may be regarded as a disclosure under Clause 49 of the Listing Agreement.

I. General Information:

1	Nature of Industry	Textiles & Surgical Dressings		
2	Date of Commencement of Business	20-02-1939		
3	Financial performance based on given indicators			
	Year	Turnover - Rs. in Crores	Net Profit after Tax - Rs. in Crores	Dividend per share - in Rs.
	2012-13	237.98	22.55	3.00
	2011-12	196.10	(10.18)	-
	2010-11	198.63	12.59	7.50
4	Foreign investments or collaborations, if any	NIL		

II. Information about the appointee:

1	Background Details	Smt. R. Nalina Ramalakshmi is a Promoter & Managing Director.
2	Past Remuneration	She has been paid a remuneration @ 5% of the net profits of the Company and in case of inadequacy profits, she has been paid maximum permissible remuneration as per Schedule XIII of the Companies Act, 1956.
3	Recognition or awards	-
4	Job profile and his suitability	Overall in-charge for Management of the affairs of the Company.
5	Remuneration proposed	5% of the net profits of the Company and in case of inadequacy of profits, maximum permissible remuneration, in accordance with Schedule V of the Companies Act, 2013.
6	Comparative Remuneration profile	Remuneration is comparable with respect to industry, size of the Company, profile of the position and person.
7	Relationship with managerial personnel	She is related to Shri P.R.Ramasubrahmaneya Rajha and Shri P.R. Venketrama Raja, Directors of the Company.

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III. Other Information:

1	Reasons of loss or inadequate profits	The Company has been earning profits except for the financial year 2011-12. The textile industry especially spinning mills across the country faced unprecedented crisis during the financial year 2011-12 due to abnormally higher cotton prices and huge disparity between cotton cost and yarn prices. The global yarn prices fell down by more than 30%. The crisis in Europe affected the yarn exports from India resulting in huge drop in yarn selling prices both domestic and global. The above factors attributed to the huge loss for the financial year 2011-12.
2	Steps taken or proposed to be taken for improvement	Due to increase in productivity and capacity utilization, better product mix and cost control measures, the Company is earning good profit for the past two years.
3	Expected increase in productivity and profits in measurable terms	The turnover of the company is expected to increase from the last year level of Rs.267 crores during the current financial year 2014-15. The profitability of the company is also expected to increase from the last year level of Rs.16 crores.

IV. Disclosures:

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

Item No.6

Shri P.J. Alaga Raja (DIN 00446057) is an Non-executive Independent Director of the Company. He has graduate in Law.

He has been on the Board of The Ramaraju Surgical Cotton Mills Limited since 1986.

He is partner in Sri Chakra Traders.

He is also the member of the Share Transfer Committee, Audit Committee, Remuneration Committee (subsequently renamed as Nomination and Remuneration Committee) of the Company.

He holds 5,880 shares in The Ramaraju Surgical Cotton Mills Limited.

Shri P.J. Alaga Raja is a Director whose period of office is liable to determination by retirement of Directors by rotation under the erstwhile provisions of the Companies Act, 1956.

“In terms of Section 149 and other applicable provisions, of the Companies Act, 2013 and the Rules there under, the appointment of Shri P.J. Alaga Raja, Director of the Company whose period of office is liable to retire by rotation and in respect of whom the Company has received a notice in writing from a Member, proposing his candidature for the office of Director, as an Independent Director of the Company to hold office for 5 consecutive years from 01-04-2014 to 31-03-2019 be and is hereby approved.”

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

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Disclosure of Interest:

Except Shri P.J. Alaga Raja, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution. The Notice and this Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement.

Item No.7

Shri S.N. Rama Raju (DIN 01115384) is a Non-executive Independent Director of the Company, has a Bachelor Degree in Textile Technology.

He has been on the Board of The Ramaraju Surgical Cotton Mills Limited from 2009.

He holds 4,640 shares in The Ramaraju Surgical Cotton Mills Limited.

He is the Chairman of the Audit Committee, Remuneration Committee, (subsequently renamed as Nomination and Remuneration Committee) and member of CSR Committee of the Company.

He is also a Member in the following Companies:-

1. M/s. The Ramco Cements Limited
2. M/s. Ramco Industries Limited
3. M/s. Rajapalayam Mills Limited
4. M/s. Sri Vishnu Shankar Mill Limited
5. M/s. Ramco Systems Limited
6. M/s. Sandhya Spinning Mill Limited
7. M/s. Appollo Hospitals Limited
8. M/s. ETH Limited
9. M/s. HDFC Limited
10. M/s. Polyspin Exports Limited
11. M/s. HDFC Bank Limited
12. M/s. Hawkins Cookers Limited
13. M/s. Rajapalayam Cement & Chemicals Limited
14. M/s. Rajapalayam Kshatriya Rajukkal Sinthalapadi Dhayadhigal Charitable Trust

He is the Secretary in Rajapalayam Chambers of Commerce & Industry.

“RESOLVED that pursuant to Section 149, 152 and such other provisions as applicable, of the Companies Act, 2013 and the Rules there under, the appointment of Shri S.N. Rama Raju, Director of the Company whose period of office is liable to retire by rotation and in respect of whom the Company has received a notice in writing from a Member, proposing his candidature for the office

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NOTICE

of Director, as an Independent Director of the Company to hold office for 5 consecutive years from 01-04-2014 to 31-03-2019 be and is hereby approved.”

Disclosure of Interest:

Except Shri S.N. Rama Raju, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution. The Notice and this Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement.

Item No.8

Justice Shri P.P.S. Janardhana Raja (DIN 06702871) is a Non-executive Independent Director of the Company.

Justice Shri P.P.S. Janardhana Raja, a graduate in Law from the Madras Law College, had been in active practice mainly on the Taxation matters for the past four decades from 1977 till 2005. He was appointed as Additional Judge of High Court of Madras during December, 2005 and has become Permanent Judge of the High Court from April, 2007. After a term of Seven years as High Court Judge, he has retired on 21st January, 2013.

Justice Shri P.P.S. Janardhana Raja was appointed as an Additional Director by the Board of Directors of the Company on 25-05-2014. He holds office till the date of the Annual General Meeting. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Justice Shri P.P.S. Janardhana Raja being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for 5 consecutive years from 25-05-2014 to 24-05-2019. In the opinion of the Board, Justice Shri P.P.S. Janardhana Raja fulfills the conditions specified in the Act and the Rules made there under and that he is an independent of the Management.

He is a Member in the Board of Directors of the following Companies:-

1. Rajapalayam Mills Limited
2. Muthial Bet Higher Secondary School

He holds no shares in The Ramaraju Surgical Cotton Mills Limited.

A copy of the draft letter of appointment for Justice Shri P.P.S. Janardhana Raja as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

Disclosure of Interest:

Except Justice Shri P.P.S. Janardhana Raja, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution. The Notice and this Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

NOTICE

Item No.9

Shri V. Santhana Raman (DIN 00212334) is a Non-executive Independent Director of the Company.

Shri V. Santhana Raman, holds degree in Commerce and completed C.A.I.I.B. He has served in the Banking Sector for the past four decades from 1970 to 2009. He was appointed as Probationary Officer in the year 1970 in Indian Bank has held various positions and appointed as General Manager in the year 1998 and held that position till 2006. He was appointed as Executive Director of Bank of Baroda in October, 2006 and retired from the Bank during August, 2009.

Shri V. Santhana Raman was appointed as an Additional Director by the Board of Directors of the Company on 25.05.2014. He holds office till the date of the Annual General Meeting. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri V. Santhana Raman being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for 5 consecutive years from 25.05.2014 to 24.05.2019. In the opinion of the Board, Shri V. Santhana Raman fulfills the conditions specified in the Act and the Rules made there under and that he is an independent of the Management.

He is also a Director in the following Companies:-

1. M/s. GMR Infrastructure Limited
2. M/s. GMR Energy Limited
3. M/s. DQ Entertainment Plc - London
4. M/s. DQ Entertainment International Limited
(as an Alternate Director)
5. M/s. Rajapalayam Mills Limited

He holds no shares in The Ramaraju Surgical Cotton Mills Limited.

A copy of the draft letter of appointment for Shri V. Santhana Raman as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

Disclosure of Interest:

Except Shri V. Santhana Raman, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution. The Notice and this Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

NOTICE

Item No.10

Dr. K.T. Krishnan (DIN 00707574) is a Non-executive Independent Director of the Company.

He is a Member in the Board of Directors of the following Companies:-

1. M/s. Thanjavur Spinning Mill Limited
2. M/s. Sri Vishnu Shankar Mill Limited
3. M/s. Sandhya Spinning Mill Limited
4. M/s. Sudarsanam Investments Limited
5. M/s. Rajapalayam Mills Limited

Dr. K.T. Krishnan, is the Managing Director of Thanjavur Spinning Mills Limited.

He holds no shares in The Ramaraju Surgical Cotton Mills Limited.

Dr. K.T. Krishnan was appointed as an Additional Director by the Board of Directors of the Company on 25-05-2014. He holds office till the date of the Annual General Meeting. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Dr. K.T. Krishnan being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for 5 consecutive years from 25-05-2014 to 24-05-2019. In the opinion of the Board, Dr. K.T. Krishnan fulfills the conditions specified in the Act and the Rules made there under and that he is an independent of the Management.

A copy of the draft letter of appointment for Dr. K.T. Krishnan as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

Disclosure of Interest:

Except Dr. K.T. Krishnan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution. The Notice and this Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement.

Item No.11

Shri P.J. Ramkumar Rajha (DIN 00487193), is a Non-executive Independent Director aged 52 years, has Bachelor degree in Commerce. He is the Managing Director in Senthur Textiles Private Limited, Rajapalayam. He has a wide experience in textile industry since 1984.

He is also Director in the following companies:

1. M/s. Senthur Textiles Private Limited
2. M/s. Madras Chip Boards Limited
3. M/s. Rajapalayam Precision Farmers Producer Company Limited
4. M/s. Cotton Sourcing Company Limited
5. M/s. Rajapalayam Textile Limited

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

NOTICE

Shri P.J. Ramkumar Rajha was appointed as an Additional Director by the Board of Directors of the Company on 25-05-2014. He holds office till the date of the Annual General Meeting. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri P.J. Ramkumar Rajha being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for 5 consecutive years from 25-05-2014 to 24-05-2019. In the opinion of the Board, Shri P.J. Ramkumar Rajha fulfills the conditions specified in the Act and the Rules made there under and that he is an independent of the Management.

He holds 4,020 equity shares in The Ramaraju Surgical Cotton Mills Limited.

A copy of the draft letter of appointment for Shri P.J. Ramkumar Rajha as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

Disclosure of Interest:

Except Shri P.J. Ramkumar Rajha, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution. The Notice and this Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement.

Item No.12

The Members of the Company at the Annual General Meeting held on 06.08.2008 have passed an Ordinary Resolution, permitting the Company to borrow such that the maximum outstanding amount shall not, at any time exceed Rs.300 crores (Rupees Three hundred crores only), under Section 293(1)(d) of the Companies Act, 1956.

As per Circular No:4/2014 dated 25-03-2014, issued by Ministry of Corporate Affairs, the validity of the resolution is restricted upto 11-09-2014.

Under Section 180(1)(c) of the Companies Act, 2013, the Board of Directors are entitled to borrow in excess of the Company's Paid-up Capital and Free Reserves, with the consent of the Members by way of Special Resolution. Accordingly, approval is sought from Members by way of Special Resolution to authorise the Board of Directors to borrow such that the maximum outstanding, shall not at any time exceed Rs.300 crores (Rupees Three hundred crores only).

As provided under Section 180(1)(c) of the Companies Act, 2013, the limit is exclusive of loans repayable on demand or within six months from the date of the loan such as short term, cash credit, discounting of bills and other short term loans of seasonal character.

Your Directors recommend the resolution for your approval.

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

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

NOTICE

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

1. SHRI N.K. SHRIKANTAN RAJA

Shri N.K. Shrikantan Raja, aged 66 years, has Bachelor Degree in Commerce. He has been on the Board of The Ramaraju Surgical Cotton Mills Limited. since 2002. He is a Member in the following Committees:

1. Share Transfer Committee
2. Nomination and Remuneration Committee
3. Audit Committee
4. Stakeholders Relationship Committee
5. Corporate Social Responsibility Committee

He holds 5,960 Equity Shares in the Company.

He is also a Director in the following Companies:-

1. M/s. Sandhya Spinning Mill Limited
2. M/s. Sri Yannarkay Servicers Limited
3. M/s. Ramco Industries Limited
4. M/s. Sri Vishnu Shankar Mill Limited
5. M/s. Ramco Systems Limited
6. M/s. Sudharsanam Investments Limited
7. M/s. N.R.K. Construction Systems Private Limited
8. M/s. N.R.K. Infra Systems Private Limited
9. M/s. Sri Harini Textiles Limited

2. SHRI S. KANTHIMATHINATHAN

Shri S. Kanthimathinathan, aged 72 years, has Master Degree in Textiles from Manchester University, F.T.I. from Textiles Institute, United Kingdom and Master of Business Administration from Madurai Kamaraj University.

He is also a Director in the following Companies:-

1. M/s. Sandhya Spinning Mill Limited
2. M/s. Sri Harini Textiles Limited
3. M/s. Sri Vishnu Shankar Mill Limited
4. M/s. Thanjavur Spinning Mills Limited
5. M/s. Rajapalayam Textile Limited

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their 74th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2014.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2014, after charging all expenses and contribution to Ramaraju Memorial Fund of Rs.74.00 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.6,718.17 Lakhs against Rs.5,996.25 Lakhs for the previous financial year 2012-13.

After deducting Rs.1,898.08 Lakhs towards finance cost and providing Rs.2,162.54 Lakhs towards Depreciation, the Net profit for the year is Rs.2,657.55 Lakhs as against Net profit of Rs.2,415.55 Lakhs for the previous year. Adding the surplus of Rs.185.79 Lakhs brought forward from the previous year, your Directors propose to appropriate the total sum of Rs.2,843.34 Lakhs as detailed below:

		Rs. in Lakhs
Provision for Taxation	- Current Tax - MAT	545.61
	- Deferred Tax	991.71
	- MAT credit entitlement	(545.61)
Dividend	Rs.3.00 per share	59.20
Tax on Dividend	@ 16.995%	10.06
Transfer to General Reserve		1,600.00
Balance carried over to Balance sheet		182.37
TOTAL		<u>2,843.34</u>

DIVIDEND

Your Directors have pleasure in recommending Dividend of Rs.3.00 per share for the year. 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 tax on dividend) would be Rs.69.26 Lakhs.

TAXATION

The Company is not liable to pay income tax under regular Income-Tax provisions. An amount of Rs.545.61 Lakhs towards current tax (MAT) and Rs.991.71 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.

SPINNING DIVISION

TRADE CONDITIONS

Your Directors are glad to inform you that the performance of the Company during the year was good due to good demand for our yarn, both in domestic as well as export market. Though there

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

was volatility in cotton prices, constant demand for the value added yarn produced by your Company has helped to maintain the yarn prices at reasonable levels. The capacity of spinning and other value added facilities have been utilized well during the year. Better yarn realization coupled with higher capacity utilization have contributed for overall improved financial performance of the Company.

The power cut in Tamilnadu / Andhrapradesh is still continuing. Timely decision taken by your Directors to install Windmills in previous years has helped the Company to mitigate the power short fall during peak wind season. During this year, there was an unusual restrictions imposed by the Tamilnadu Generation and Distribution Corporation (TANGEDCO) in evacuation of power generated by wind mills, which has resulted in loss in generation of power from wind mills to the extent of approximately 4 million units, which translated into Rs.2.31Crores in monetary terms.

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

Inspite of spiraling wage cost, power cost and logistics cost, the strategic decisions taken by the Company to focus on high quality value added yarn catering to the premium customers in fabric and garment segments, both in domestic and export markets have helped the Company to improve operational and financial performance.

EXPORTS

On the export front during the year, we have made export of Cotton Yarn / Fabrics and Surgical Dressings (including Merchant Exports) for a value of Rs. 57.35 Crores as against Rs.35.26 Crores of the previous year.

Your Directors are thankful to M/s. Cotonificio Albin SPA and M/s. Tessitura Monti SPA, Italy for their continued support and efforts for promotion of exports to Italy and other countries.

MODERNISATION

As a part of continuous thrust on modernization programme, the company has invested about Rs. 13.36 Crores for investment in Effluent Treatment Plant, state-of-the-art textile machinery & equipments, like Cotton Clearer, Fibre Scan, Carding, Combers, Cone Winding Machines, Screw Compressor etc.

PROSPECTS FOR THE CURRENT YEAR

The cotton prices are currently ruling high at uneconomical levels. Due to sluggish demand for yarn, the Spinning Mills are not able to increase the yarn prices in line with the increased cotton cost. While the cost of major inputs are increasing steeply, the yarn prices are falling due to sluggishness in both domestic and global yarn markets. There is no parity between cotton cost and yarn selling prices.

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

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

process and improved customer service to protect the profit margins. Your Directors are hopeful of achieving satisfactory results for the current year with the implementation of above steps.

WIND MILL

The Company has wind mills with installed capacity of 8.30 MW for its captive power consumption. These wind mills are connected to the grids maintained by Tamil Nadu Generation and Distribution Corporation (TANGEDCO). These wind mills were permitted to run and generate power throughout the wind season until previous years. But during this year, TANGEDCO did not evacuate the power generated by wind mills and the wind mills were forced to shut down during peak wind season, ranging from eight to twenty hours resulting in heavy financial losses to the Company. Due to this, there was drastic reduction in the power generated by our wind farm, though there was good wind season during the year compared to previous year.

The Wind Farm has generated 125 Lakhs Kwh as compared to 172 Lakhs Kwh of the previous year. The income during the year from the Wind Mill Division was Rs.7.63 Crores as against Rs.9.61 Crores of previous year.

SURGICAL DIVISION

The operation of the division has been satisfactory with good contribution to the profit of the Company due to effective utilisation of machineries. Even though Raw Material cost and other input cost had gone up, the Company had effectively managed the situation by increasing the productivity and other cost reduction measures. The Company expects to perform better in the current year by increasing the capacity utilisation. Also, the Company will have the benefit of increased production from its new products, which will enable the Company to meet the increased market demand for surgical products. The Company continues its endeavour for the sale of Absorbent Cotton Wool. By concentrating on operational efficiencies and cost reduction measures in all areas of production and distribution, the Company will strive to protect and improve its profitability.

During the year under review, the Company has established a Weaving unit with the capacity of 7 Nos. imported Airjet Looms at Perumalpatti at a cost of Rs.4.03 Crores for manufacturing of Grey Cloth which is the Raw Material for manufacturing the Surgical Gauze and Bandages. This has helped the Company to enhance the quality and reduction in the grey cloth cost by effective utilisation of machineries.

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 coupled with high labour cost is a matter of concern for textile mills. We are striving our best to retain them by implementing various attractive incentive schemes.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

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

INTERNAL CONTROL SYSTEM

Your Company has adequate internal control procedures commensurate with the size and nature of its operations. The audit committee constituted by the Board of Directors is functioning effectively. All significant audit observations were discussed in the audit committee, which met Four times during the year under review. ERP System developed by Ramco Systems Limited, 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

Smt R. Sudarsanam has resigned from the Board on 24-05-2014 who had been on the Board of the Company for 45 years.

Shri N.R.K. Ramkumar Raja has resigned from the Board on 24-05-2014 who had been on the Board of the Company for 11 years.

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

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

1. Shri N.K. Shrikantan Raja
2. Shri S. Kanthimathinathan

During the year, Justice Shri P.P.S. Janardhana Raja, Dr. K.T. Krishnan, Shri V. Santhana Raman and Shri P.J. Ramkumar Rajha have been co-opted by the Board as Additional Directors and they will hold office till the date of the forthcoming Annual General Meeting. A Notice has been received from a Member signifying his intention to propose the appointment of Justice Shri P.P.S. Janardhana Raja, Dr. K.T. Krishnan, Shri V. Santhana Raman and Shri P.J. Ramkumar Rajha as Directors at the Annual General Meeting.

In accordance with Clause 49 of the Listing Agreement, 50% of the total number of Directors should be Independent Directors. Accordingly, Members' approval is being sought to have the following as Independent Directors.

1. Shri P.J. Alaga Raja
2. Shri S.N. Rama Raju
3. Justice Shri P.P.S. Janardhana Raja
4. Dr. K.T. Krishnan

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

5. Shri V. Santhana Raman
6. Shri P.J. Ramkumar Rajha

As per Companies Act 2013, the Independent Directors have to be appointed for a term of 5 years and they are not liable to retire by rotation. The proposal for the appointment of above Independent Directors along with their profile is attached in the Notice of the AGM.

PUBLIC DEPOSITS

The total deposits from the public outstanding with the Company as on 31st March, 2014 were Rs.383.64 Lakhs including the deposits renewed in accordance with Section 58A of the Companies Act, 1956. There was no deposits unclaimed / unpaid as on 31-03-2014.

Section 74 of the Companies Act, 2013 has provided an option to repay the existing deposits accepted on or before 31-03-2014. The Company has decided not to accept fresh deposits from 01-04-2014 and to repay all the existing deposits by complying with the formalities required in this regard.

SHARES

The Company's shares are listed in Madras Stock Exchange Ltd. The Company has paid listing fee to the Stock Exchange for the financial year 2014-2015.

AUDITORS

M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants, Tiruchirapalli, the Auditors of the Company.

Under Section 139 of the Companies Act, 2013, a listed Company can appoint an Audit Firm as Auditor for a maximum of 2 terms of 5 consecutive years. However, they are eligible for reappointment after a period of 5 years from the completion of such term. The Audit Firm have completed the maximum threshold limit of 10 consecutive years. However, a period of 3 years is given for compliance of the new requirement. Since a period of 3 years is available to continue with the existing auditors, it is proposed to appoint them for the remaining eligibility period of 3 years.

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 31-03-2014 on a remuneration of Rs.1,20,000/- exclusive of out-of-pocket expenses.

The Cost Audit Report for the financial year 2012-13 due to be filed with Ministry of Corporate Affairs by 27-09-2013, had been filed on 25-09-2013. The Cost Audit Report for the financial year 2013-14 is due to be filed within 180 days from the closure of the financial year and will be filed within the stipulated period.

Under Section 148 of the Companies Act, 2013, the Government is yet to notify the class of companies to which the Cost Audit is applicable. Based upon such notifications as and when issued, the Company will take steps for implementation.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

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 Exchange. 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 31st March 2014, the applicable accounting standards had been followed;
- ii) The selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period.
- iii) Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act had been taken for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The annual accounts were prepared on a going concern basis.

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

ACKNOWLEDGEMENT

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

By Order of the Board,
For THE RAMARAJU SURGICAL COTTON MILLS LIMITED

RAJAPALAIYAM,
25th May, 2014.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE I TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2014

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 : Particulars given in Form A

B. TECHNOLOGY ABSORPTION

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (a) (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 and Madagascar.
- : We are also exploring the possibility of Yarn and Surgical Dressings to Western Countries including EEC Countries
- (b) (i) Total Foreign exchange used : Rs. 749.84 Lakhs
(ii) Total Foreign exchange earned : Rs. 3,592.38 Lakhs

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE I TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2014

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and Fuel Consumption:

		2013-14	2012-13
1. Electricity:			
a) Purchased from Electricity Board			
Units	Lakhs KWH	364.35	390.89
Total amount	Rs. In Lakhs	2,041.60	1,734.37
Rate/Unit	Rs.	5.60	4.44
b) Own Generation			
Through Diesel / HFO Generator	Lakhs KWH	24.43	75.35
Unit per litre of Diesel Oil	KWH	1.36	3.65
Cost per Unit	Rs.	15.57	12.49
c) Purchased from Third party			
Units	Lakhs KWH	97.64	45.37
Total Cost	Rs. In Lakhs	522.50	223.93
Rate per unit	Rs.	5.35	4.94
2. Furnace Oil:			
Quantity	Lakhs Ltrs	2.61	7.53
Total Cost	Rs. In Lakhs	115.92	338.89
Average rate	Rs.	44.44	44.98
3. Diesel Oil:			
Quantity	Lakhs Ltrs	5.23	15.72
Total Cost	Rs. In Lakhs	276.96	680.09
Average rate	Rs.	52.94	43.26
4. Firewood:			
Quantity	Tonnes	3,532.00	3,212.00
Total Cost	Rs. In Lakhs	99.44	93.24
Average rate	Rs.	2.82	2.90

B. Consumption per unit of production:

Products	Unit	2013-14	2012-13
Production			
100% Cotton Yarn	Kgs.	84,30,268	78,33,594
Absorbent Cotton Wool	Kgs.	8,60,170	9,16,659
Gauze and Bandages	Kgs.	1,57,686	1,56,588
Plaster of Paris Powder	Kgs.	3,17,744	3,20,702
Fabrics	Kgs.	40,425	-
Consumption per unit			
Electricity	Units per Kg.	4.96	5.35
Fire Wood	Kg/Kgm.	2.64	2.30

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.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE I TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2014

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

Research and Development (R & D):

1. Specific areas in which R & D carried out by the Company
2. Benefits derived as a result of the above R & D
3. Future plan of action
4. Expenditure on R & D
 - a) Capital
 - b) Recurring
 - c) Total
 - d) Total R & D expenditure as a percentage of total turnover

Nil

Technology absorption, adaptation and innovation:

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

Not applicable

ANNEXURE II TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2014

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

The Company believes in continuous 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, Law, Engineering, etc. During the year 2013-14 the Board has 14 Directors. On 24-05-2014, Shri N.R.K. Ramkumar Raja and Smt. R. Sudarsanam had resigned from the Directorship of the Company. Hence, the strength of the Board had come down to 12. Out of the 12 Directors, 11 Directors are Non-executive Directors. As required by the Code of Corporate Governance the board comply the 50% of the Board of Directors as Independent Directors. There is no Pecuniary relationship or transaction of the Non-executive Director vis-a-vis the Company.

During the year under review, four Board Meetings were held, one each on 27-05-2013, 30-07-2013, 28-10-2013 and 03-02-2014.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2014

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

Sl. No.	Name of the Director	Directorship	No. of Board Meetings attended	% of Meetings attended during the year
1.	Shri P.R. Ramasubrahmaneya Rajha	Chairman	4	100
2.	Smt. R. Nalina Ramalakshmi	Managing Director	2	50
3.	Smt. C. Padmavathy	Govt. Nominee Director	4	100
4.	Shri P.R. Venketrama Raja	Promoter Director	2	50
5.	Smt. R. Sudarsanam *	Promoter Director	4	100
6.	Shri N.R.K. Ramkumar Raja *	Promoter Director	–	–
7.	Shri N.K. Shrikantan Raja	Non-Executive Director	3	75
8.	Shri P.J. Alaga Raja	Independent Director	4	100
9.	Shri S. Kanthimathinathan	Professional Director	3	75
10.	Shri S.N. Rama Raju	Independent Director	4	100
11.	Justice Shri P.P.S. Janardhana Raja #	Independent Director	–	–
12.	Shri V. Santhana Raman #	Independent Director	–	–
13.	Dr. K.T. Krishnan #	Independent Director	–	–
14.	Shri P.J. Ramkumar Rajha #	Independent Director	–	–

* Smt. R.Sudarsanam and Shri N.R.K. Ramkumar Raja ceased to be directors from 24.05.2014.

Justice Shri P.P.S. Janardhana Raja, Shri V. Santhana Raman, Dr. K.T. Krishnan and Shri P.J. Ramkumar Rajha become directors on 25-05-2014.

The previous Annual General Meeting of the Company was held on 1st August, 2013 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 N.K. Shrikantan Raja
3.	Shri P.J. Alaga Raja
4.	Shri S.N. Rama Raju

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2014

CODE OF CONDUCT

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

1. FOR DIRECTORS

A Director being a Trustee of the Shareholders shall –

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

2. FOR SENIOR MANAGEMENT PERSONNEL

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

A Senior Management personnel shall -

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

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:

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2014

(a) AUDIT COMMITTEE

The terms of reference of the Audit Committee include:

- i) Compliance with Listing and other legal requirements relating to financial statements.
- ii) Overseeing of Vigil Mechanism
- iii) Review of internal audit reports and internal control weaknesses.
- iv) Appointment, removal and review of functions of Chief Financial Officer and Chief Internal Auditor.
- v) Reviewing of accounting policies, practices, etc.
- vi) Recommendation to the Board with regard to appointment of statutory auditors, cost auditors and secretarial auditors.
- vii) Approval or any subsequent modifications of transactions of the Company with related parties.
- viii) Scrutiny of any Inter Corporate Loans and Investments.

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:

SI. No.	Name of the Director	No. of Meetings attended
1.	Shri S.N. Rama Raju, Chairman of the Committee	4
2.	Shri N.K. Shrikantan Raja	3
3.	Shri P.J. Alaga Raja	4

No. of Meetings held during the year : 4

Date of the Meetings : 27-05-2013, 30-07-2013, 28-10-2013 & 03-02-2014

The Statutory Auditors, Deputy General Manager - Administration, Head of Internal Audit Department are invitees to the Audit Committee Meetings. 2/3rd of the Members of the Audit Committee are Independent Directors as required by the Code of Corporate Governance.

(b) NOMINATION AND REMUNERATION COMMITTEE

SI.No.	Name of the Director
1.	Shri S.N. Rama Raju, Chairman of the Committee
2.	Shri N.K. Shrikantan Raja
3.	Shri P.J. Alaga Raja

No. of Meetings held during the year : Nil

Existing Remuneration Committee has been renamed as Nomination and Remuneration Committee on 25-05-2014.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2014

(c) SHARE TRANSFER COMMITTEE

Sl.No.	Name of the Director
1.	Shri P.R. Ramasubrahmaneya Rajha, Chairman
2.	Smt. R. Sudarsanam*
3.	Shri N.K. Shrikantan Raja
4.	Shri P.J. Alaga Raja

* Smt. R.Sudarsanam ceased to be member from 24.05.2014.

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

The above Committees meet as and when necessity arises.

(d) STAKEHOLDERS RELATIONSHIP COMMITTEE

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

No. of Meetings held during the year : Nil

No complaint has been received during the year 2013-14 and no complaints are pending as on 31-03-2014.

Existing Investors Grievance Committee has been renamed as Stakeholders Relationship Committee on 25-05-2014.

The above Committees meet as and when necessity arises.

(e) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In the Board Meeting held on 25-05-2014, a new committee is constituted in the name Corporate Social Responsibility Committee and the Committee shall;

1. Formulate and recommend to the Board a CSR Policy which shall indicate the activities to be undertaken.
2. Recommend the amount of expenditure to be incurred and the activities.
3. Monitor the CSR Policy.

The Corporate Social Responsibility Committee consists of the following Directors:

Sl.No.	Name of the Director
1.	Shri P.R. Ramasubrahmaneya Rajha, Chairman
2.	Smt R. Nalina Ramalakshmi
3.	Shri N.K. Shrikantan Raja
4.	Shri S.N. Rama Raju

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2014

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.

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.5,000/- for each meeting of the Board / Committees 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 31.03.2014.

Sl.No.	Name of the Director	No of Shares
1.	Shri P.R. Ramasubrahmaneya Rajha	69,740
2.	Shri P.R. Venketrama Raja	2,700
3.	Smt. R. Sudarsanam *	4,680
4.	Shri N.R.K. Ramkumar Raja *	70,480
5.	Shri N.K. Shrikantan Raja	5,960
6.	Shri P.J. Alaga Raja	5,880
7.	Shri S.N. Rama Raju	4,640
8.	Smt. C. Padmavathy	Nil
9.	Shri S. Kanthimathinathan	Nil
10.	Justice Shri P.P.S. Janardhana Raja #	Nil
11.	Shri V. Santhana Raman #	Nil
12.	Dr. K.T. Krishnan #	Nil
13.	Shri P.J. Ramkumar Rajha #	4,020

* Smt. R. Sudarsanam and Shri N.R.K. Ramkumar Raja ceased to be directors from 24-05-2014.

Justice Shri P.P.S. Janardhana Raja, Shri V. Santhana Raman, Dr. K.T. Krishnan and Shri P.J. Ramkumar Rajha become directors on 25-05-2014.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2014

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.

AUDITORS' CERTIFICATE

This is to certify that we, the Auditor of M/s. The Ramaraju Surgical Cotton Mills Limited, 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 Exchange 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

K.SRINIVASAN
Partner
Membership No. 21510

Rajapalayam,
25th May, 2014.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2014

SHAREHOLDER INFORMATION

Registered Office

THE RAMARAJU SURGICAL COTTON MILLS LIMITED
Ramaraju Surgical Cotton Mills Premises,
Post Box No.2,P.A.C. Ramasamy Raja Salai,
Rajapalaiyam - 626 117, Tamilnadu.
CIN : L17111TN1939PLC002302

Details of Factory Location

Surgical Division

Rajapalaiyam, Tamilnadu

- 1) The Ramaraju Surgical Cotton Mills Limited,
Post Box No.2,
P.A.C. Ramasamy Raja Salai,
Rajapalaiyam - 626 117, Tamilnadu.
- 2) Perumalpatti Village - 627 753.
Tirunelveli Dt., Tamilnadu.

Textile Division

Rajapalaiyam, Tamilnadu

- 1) Sudarsanam Spinning Mills,
P.A.C. Ramasamy Raja Salai,
Rajapalaiyam - 626 117,
Tamilnadu.
- 2) Sudarsanam Spinning Mills,
Subramaniapuram,
Srivilliputhur Taluk,
Tamilnadu.

Silvassa

- 3) Sudarsanam Spinning Mills,
Kherdi Village,
Silvassa,
U.T. of Dadra & Nagar Haveli.

Thirumalagiri Village, Andhra Pradesh

- 4) Sudarsanam Spinning Mills,
Thirumalagiri Village,
Jaggayyapet Mandal,
Krishna District - 521 178,
Andhra Pradesh.

Person to be contacted for Shareholder enquires

P.R. RAMASUBRAMANIAN
Deputy General Manager (Compliance Officer),
The Ramaraju Surgical Cotton Mills Limited,
Post Box No.2,
P.A.C. Ramasamy Raja Salai,
Rajapalaiyam - 626 117,
Tamilnadu.
Phone : 04563 - 235904
Fax : 04563 - 235714
e-mail : rscm@ramcotex.com
Web : www.ramarajusurgical.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 Exchange

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

Stock Code

Name of the Stock Exchange	Code
Madras Stock Exchange	RAMARAJU

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2014

GENERAL MEETINGS

The last 3 Annual General Meetings were held as under:

Year ended	Date	Time	Venue
31-03-2011	20-07-2011	9.30 A.M	P.A.C.R. Centenary Community Hall, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 108 Tamil Nadu.
31-03-2012	06-08-2012	9.30 A.M	- do -
31-03-2013	01-08-2013	9.30 A.M	- do -

Ensuing Annual General Meeting

Date	Time	Venue
04-08-2014	9.30 A.M.	P.A.C.R. Centenary Community Hall, P.A.C.Ramasamy Raja Salai, Rajapalaiyam - 626 108 Tamil Nadu.

FINANCIAL CALENDAR

(For the Financial year April, 2013 to March, 2014)

Board Meeting for consideration of Accounts	25-05-2014
Posting of Annual Report	On or before 11-07-2014
Book Closure date	30-07-2014 to 04-08-2014 (both days inclusive)
Last date for receipt of Proxy form	02-08-2014
Date of the 74 th AGM	04-08-2014
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.ramarajusurgical.com

All the financial results are provided to the Stock Exchange.

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 lodgement, if the documents are complete in all respects.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2014

DEPOSITORY SYSTEM

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

The Company is having in-house facilities for the Depository Registrar Services relating to both NSDL and CDSL. As on 31st March, 2014, 78.95% 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. INE328E01027.

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.

REDRESSAL OF GRIEVANCES

There are no pending Share transfers as on 31.03.2014. 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 **rscminvestorgrievance@gmail.com**.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2014

DISCLOSURES

- i) The Company has no related party transactions that may have potential conflict with the interests of the Company at large. The Audit Committee reviews the details of the significant related party transactions. A summary of the significant related party transactions have been disclosed under "Notes on accounts".
- ii) There has been no penalty/stricture imposed on the Company by Stock Exchange 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.89.16 Lakhs.

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, the Board Members and the Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year ended 31st March 2014.

For THE RAMARAJU SURGICAL COTTON MILLS LIMITED

Rajapalaiyam,
25th May, 2014.

R. NALINA RAMALAKSHMI
MANAGING DIRECTOR

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2014

Pattern of Shareholding as on 31-03-2014

Description	Total Shareholders	%	Total Shares	%
A. PROMOTERS HOLDING				
1. Promoters	9	0.66	828690	42.00
Sub-total	9	0.66	828690	42.00
B. NON - PROMOTERS HOLDING				
1. Banks, FI's, Ins.Cos, Govt. Institutions	1	0.07	100	0.01
2. NRIs / OCBs & Non-domestic Companies	4	0.30	1200	0.06
3. Private Corporate Bodies	9	0.67	10400	0.52
4. Public	1332	98.30	1132890	57.41
Sub-total	1346	99.34	1144590	58.00
Total	1355	100.00	1973280	100.00

Distribution of Shareholding as on 31-03-2014

No. of Shares held	Total Shareholders	%	Total Shares	%
Upto - 500	1032	76.16	154929	7.85
501 to 1000	130	9.59	100622	5.10
1001 to 2000	76	5.61	111727	5.66
2001 to 3000	32	2.36	80740	4.09
3001 to 4000	15	1.11	55940	2.84
4001 to 5000	15	1.11	68560	3.47
5001 to 10000	31	2.29	216452	10.97
10001 & above	24	1.77	1184310	60.02
Total	1355	100.00	1973280	100.00

Category of Shareholding as on 31-03-2014

Category	Total Shareholders	%	Total Shares	%
Dematerialised Form:				
CDSL	130	9.59	110724	5.61
NSDL	530	39.12	1447228	73.34
Physical Form	695	51.29	415328	21.05
Total	1355	100.00	1973280	100.00

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2014

COMPLIANCE CERTIFICATE

CIN L17111TN1939PLC002302

Nominal Capital : Rs.3,00,00,000.

To

The Members,
THE RAMARAJU SURGICAL COTTON MILLS LIMITED,
P.A.C. Ramasamy Raja Salai,
RAJAPALAIYAM- 626 117.

Sir,

I have examined the registers, records, books and papers of THE RAMARAJU SURGICAL COTTON MILLS LIMITED [the Company] as required to be maintained under the Companies Act, 1956, and Companies Act, 2013 (wherever applicable) [the Act] and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2014 [financial year]. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Central Government within the time prescribed under the Act and the rules made there under. However the Company is not required to file forms and returns with the Regional Director, Company Law Board or other authorities.
3. The Company, being a public limited company, has paid up capital of Rs.1,97,32,800.
4. The Board of Directors duly met four times respectively 27-05-2013, 30-07-2013, 28-10-2013 and 03.02.2014 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 27-07-2013 to 01-08-2013 (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March, 2013 was held on 01.08.2013 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2014

SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31-03-2014

7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms referred to under Section 295 of the Act and Section 185 of the Companies Act, 2013 during the period under review.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificate.
13. The Company has:
 - i) Delivered all the certificates on lodgement thereof for transfer / transmission or any other purpose in accordance with the provisions of the Act.
 - ii) Deposited the amount of dividend declared on 01-08-2013 in a separate bank account on 01-08-2013 which within 5 days from the date of declaration of such dividend.
 - iii) Paid / posted warrants for dividend to all members within a period of 30 (thirty) days from the date of declaration and that all unclaimed / unpaid dividend has been transferred / to unpaid dividend account of the Company with Axis Bank Limited, Rajapalayam on 07-09-2013.
 - iv) The Company has transferred the amounts in unpaid dividend account amounting to Rs.60,030/- relating to the year ended 31-03-2006 which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund on 30-09-2013. However the Company has no amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have been remained unclaimed or unpaid for a period of seven years to be transferred to Investor Education and Protection Fund.
 - v) Duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of Alternate / Additional Directors and Director to fill casual vacancy during the financial year.
15. The re-appointment of Managing Director with effect from 12-08-2010 has been made with the approval of the Central Government during the financial year ended 31-03-2011 which is valid up to 11-08-2015.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2014

SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31-03-2014

16. The Company has not appointed any sole selling agents during the financial year.
17. The Company has applied for necessary approvals of the Central Government as prescribed under the various provisions of the Act as detailed below:-
 - i) Approval for appointment of Cost Auditor u/s. 233(B). Applied on 27-06-2013.
However the Company was not required to obtain any approvals of the Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other Firms / Companies to the Board of Directors pursuant to the Provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the Financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares / debentures and hence the question of redemption of preference shares/debentures does not arise during the financial year under review.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has complied with the provisions of Section 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 in respect of deposits accepted by the Company during the year and the Company has filed the copy of Statement in lieu of Advertisement / necessary particulars as required with the Registrar of Companies, Chennai, Tamilnadu on 02-08-2013. The Company has also filed return of deposits with the Registrar of Companies on 28-06-2013.
24. The amount borrowed by the Company from directors, members, public, financial institutions, banks and other during the financial year ending 31st March, 2014 is / are within the borrowing limits of the company and that necessary resolutions as per Section 293(1)(d) of the Act have been passed in duly convened Annual General Meeting held on 06-08-2008 for Rs.300.00 Crores (apart from temporary loans obtained from the company's bankers in the ordinary course of business over and above the paid up capital and free reserves)

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2014

SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31-03-2014

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

Rajapalayam,
20th May, 2014.

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

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2014

ANNEXURE 'A'

SECRETARIAL COMPLIANCE CERTIFICATE

THE RAMARAJU SURGICAL COTTON MILLS LIMITED

CIN L17111TN1939PLC002302

Nominal Capital : Rs.3,00,00,000

Registers as maintained by the Company:

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

Rajapalaiyam,
20th May, 2014.

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

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE 'B'**SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31-03-2014**

THE RAMARAJU SURGICAL COTTON MILLS LIMITED

CIN L17111TN1939PLC002302

Nominal Capital : Rs.3,00,00,000Forms and Returns filed by the Company with the Registrar of Companies during the Financial Year Ending 31st March, 2014.

S. No.	Form No. Return	Filed U/s	For	Date of Filing. SRN.	Whether filed within the prescribed Time	If delay in Filing whether Requisite Additional fees paid
1	62	Rule 10 of the Companies (Acceptance of Deposit) Rules, 1975	Return of Deposit as on 31.03.2013	28.06.2013 B78245503	Yes	Not Applicable
2	62	Rule 4A of Companies (Acceptance of deposit) Rules 1975	Statement in lieu of Advertisement	02.08.2013 B80745904	Yes	Not Applicable
3	66	383 A (1)	Secretarial Compliance certificate for the year ended 31.03.2013	06.08.2013 Q09910076	Yes	Not Applicable
4	Form 5 INV	Rule 3 of IEPF (uploading of Information regarding unpaid and unclaimed amounts lying with Co.'s) Rules 2012	Statement of unclaimed and unpaid amount as on 01.08.2013	30.10.2013 S26437434	Yes	Not Applicable
5	17	138	Satisfaction of charge- PNB Rs.8 Crores	11.04.2013 B72480387	Yes	Not Applicable
6	20 B	159	Annual Return made upto 01.08.2013	21.09.2013 Q11459948	Yes	Not Applicable

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

S. No.	Form No. Return	Filed U/s	For	Date of Filing. SRN.	Whether filed within the prescribed Time	If delay in Filing whether Requisite Additional fees paid
7	1 INV	Rule 3 of Investor Education and Protection Fund (Awareness and Protection of Investors) Rules 2001	Statement of amounts credited to Investor Education and Protection fund for the year ended 31.03.2006	03.10.2013 B85908499	Yes	Not Applicable
8	23 AC-XBRL, 23 ACA-XBRL	220	Profit & Loss Account and Balance Sheet as at 31.03.2013	30.08.2013 Q10604817	Yes	Not Applicable

Central Government

1	23 C	233 (B)	For appointment of Cost Auditor for the year ended 31.03.2014 for Textiles and Pharmaceuticals	27.06.2013 S21383062	Yes	Not Applicable
2	A-XBRL	209(1)(d) 600(3)(b)	Filing of cost audit compliance report for the year ended 31.03.2013	24.09.2013 S22464507	Yes	Not Applicable
3	1-XBRL	233(B)(4) 600(3)(b)	Filing of cost audit report for the year ended 31.03.2013	25.09.2013 S22495436	Yes	Not Applicable

Rajapalaiyam,
20th May, 2014.

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

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. The Ramaraju Surgical Cotton Mills Limited

Report on the Financial Statements

We have audited the accompanying financial statements of M/s. The Ramaraju Surgical Cotton Mills Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, 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") read with the General Circular 15/2013 dated 13-09-2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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 judgement, 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

AUDITORS' REPORT TO SHARE HOLDERS

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, 2014.
- 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 notified under the companies Act 1956 (the Act) read with the General Circular No.15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013.
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section(1) of Section 274 of the Companies Act, 1956.

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

K.SRINIVASAN
Partner
Membership No. 21510

Rajapalaiyam,
25th May, 2014.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE TO THE AUDITORS' REPORT

Annexure Referred to in paragraph 1 of our "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 not granted any unsecured loans during the year.
- (b) The Company has taken unsecured loans of Rs.100.27 Lakhs (PY. 488.00 Lakhs) in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs.172.96 Lakhs (PY. Rs.404.40 Lakhs and the year end balance of unsecured loans aggregate to Rs.146.17Lakhs (PY. Rs.104.40 Lakhs)
- (c) 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.
- (d) 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 with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal systems of the Company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act, 1956 have been so entered.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE TO THE AUDITORS' REPORT

- (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 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 provisions 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) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, there are no dues which are outstanding for a period of more than six month as on 31st March, 2014.
- (b) Undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, service tax, cess and other material statutory dues applicable have generally been regularly deposited with the appropriate authorities.
- (c) 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.
- (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.
- (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.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

ANNEXURE TO THE AUDITORS' REPORT

- (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) Based on information and explanations given to us, the terms and conditions of the guarantee taken by the Company from Rajapalayam Mills Limited for Rs.11,457 Lakhs (Loans outstanding Rs.6,248 Lakhs) are not 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 an overall examination of the balance sheet of the Company, we report that the Company has utilised Rs.702.26 Lakhs (PY. Rs.586.55 Lakhs) from short term sources towards long term obligations.
- (xviii) The company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Act.
- (xix) The Company has not issued debentures and accordingly no securities or charges have been created in respect of debentures.
- (xx) The Company has not made a public issue of any its securities during the year 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

K.SRINIVASAN
Partner
Membership No. 21510

Rajapalaiyam,
25th May, 2014.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

BALANCE SHEET AS AT 31ST MARCH 2014

		(Rs. in Lakhs)			
		Note No.	As at 31-03-2014		As at 31-03-2013
EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
	1	197.33		197.33	
Share Capital					
	2	5,472.73	5,670.06	3,876.15	4,073.48
Reserves and Surplus					
(2) Non-current Liabilities					
	3	8,136.77		10,893.14	
Long Term Borrowings					
	4	2,712.61		1,720.90	
Deferred Tax Liabilities (Net)					
	5	327.96	11,177.34	282.89	12,896.93
Long Term Provisions					
(3) Current Liabilities					
	6	10,683.22		5,989.10	
Short Term Borrowings					
		840.12		584.85	
Trade Payables					
	7	3,840.68		3,864.62	
Other Current Liabilities					
	8	906.66	16,270.68	712.05	11,150.62
Short Term Provisions					
TOTAL			33,118.08	28,121.03	
ASSETS					
(1) Non Current Assets					
Fixed Assets					
	9	18,363.05		19,238.30	
Tangible Assets					
	9	10.60		26.23	
Intangible Assets					
		6.88	18,380.53	70.02	19,334.55
Capital Work-in-Progress					
Non Current Investments	10		1,129.18		220.42
Long Term Loans and Advances	11		136.58		174.80
Other non current assets	12		1,558.80		1,013.19
(2) Current Assets					
	13	6,825.11		3,659.60	
Inventories					
	14	3,067.21		2,465.15	
Trade Receivables					
	15	97.24		140.13	
Cash and Bank Balances					
	16	1,220.17		734.27	
Short Term Loans and Advances					
	17	703.26	11,912.99	378.92	7,378.07
Other Current Assets					
TOTAL			33,118.08	28,121.03	
Significant Accounting Policies	25				
Notes on Financial Statements	26				

The notes form an integral part of these financial statements

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

P.R.RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SMT. C.PADMAVATHY
Justice P.P.S.JANARDHANA RAJA
DR. K.T.KRISHNAN
P.J. ALAGA RAJA
S.N. RAMA RAJU
S.KANTHIMATHINATHAN
N.K.SHRIKANTAN RAJA
V. SANTHANA RAMAN
P.J.RAMKUMAR RAJHA
DIRECTORS

K.SRINIVASAN
Partner
Membership No. 21510

SMT. R.NALINA RAMALAKSHMI
MANAGING DIRECTOR

Rajapalaiyam,
25th May, 2014.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

		(Rs. in Lakhs)	
	Note No.	For the year ended 31-03-2014	For the year ended 31-03-2013
I	Revenue from Operations	26,900.96	24,017.91
	Less: Excise Duty	<u>227.31</u>	<u>220.09</u>
		26,673.65	23,797.82
II	Other Income	1,116.44	177.93
III	Total Revenue (I+II)	<u><u>27,790.09</u></u>	<u><u>23,975.75</u></u>
IV	EXPENSES		
	Cost of Materials Consumed	12,918.51	10,900.72
	Trade Purchase	1,237.75	15.99
	Changes in Inventories of Finished Goods and Work-in-Progress	21 (892.84)	(41.04)
	Employee Benefit Expenses	22 2,155.56	1,940.31
	Finance Costs	23 1,898.08	2,183.92
	Depreciation	2,162.54	1,396.78
	Other Expenses	24 5,652.94	5,163.52
	Total Expenses	<u><u>25,132.54</u></u>	<u><u>21,560.20</u></u>
V	Profit / (Loss) Before Tax (III-IV)	2,657.55	2,415.55
VI	Tax Expenses		
	Current Tax - MAT	545.61	414.91
	Deferred Tax	991.71	759.16
	MAT Credit Entitlement	(545.61)	(1,013.19)
		991.71	160.88
VII	Profit / (Loss) for the Year (V-VI)	<u><u>1,665.84</u></u>	<u><u>2,254.67</u></u>
VIII	Earnings per Equity Share of Rs. 10/- each	84.42	114.26
	Basic & Diluted (In Rupees)		
	(Refer to Item No.12 of Note No.26)		
	Significant Accounting Policies	25	
	Notes on Financial Statements	26	

The notes form an integral part of these financial statements

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

P.R.RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SMT. C.PADMAVATHY
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S.KANTHIMATHINATHAN
N.K.SHRIKANTAN RAJA
V. SANTHANA RAMAN
P.J.RAMKUMAR RAJHA
DIRECTORS

K.SRINIVASAN
Partner
Membership No. 21510

SMT. R.NALINA RAMALAKSHMI
MANAGING DIRECTOR

Rajapalaiyam,
25th May, 2014.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(Rs. in Lakhs)

2013-14 2012-13

A. Cash Flow from Operating Activities

Net Profit before tax and prior period and extraordinary Items **2,657.55** 2,415.55

Adjustments for :

 Depreciation **2,162.54** 1,396.78

 Interest Paid **1,898.08** 2,183.92

 Interest Received **(19.30)** (30.15)

 Dividend Received **(54.52)** (110.11)

 (Profit) / Loss on Sale of Assets **(912.10)** 0.67

Operating Profit before Working Capital Changes **5,732.25** 5,856.66

Adjustments for :

 Trade Receivables **(1,147.67)** (351.81)

 Loans and Advances **(666.85)** 213.52

 Inventories **(3,165.51)** (984.53)

 Trade Payables & Current Liabilities **399.50** 934.32

Cash generated from Operations **1,151.72** 5,668.16

 Income Tax Paid **(549.00)** (527.34)

Net Cash from Operating Activities **A** **602.72** **5,140.82**

B. Cash Flow from Investing Activities

Purchase of Fixed Assets **(1,273.45)** (499.56)

Purchase of Investments **(909.05)** –

Sale of Assets **977.32** 13.50

Interest Received **19.30** 30.15

Dividend Received **54.52** 110.11

Net Cash from / (used) in Investing Activities **B** **(1,131.36)** **(345.80)**

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(Rs. in Lakhs)

2013-14 2012-13

C. Cash Flow from Financing Activities

Repayment of Long Term Borrowings		(3,185.86)	(3,581.90)
Proceeds from Long Term Loan		887.12	-
Increase / (Decrease) in Working Capital Borrowings		4,694.12	691.98
Decrease in Inter Corporate Deposits		-	300.00
Payment of Dividend and Tax thereon		(11.55)	(68.88)
Interest Paid		(1,898.08)	(2,183.92)
Net cash from / (used) in Financing Activities	C	485.75	(4842.72)

Net Increase / (Decrease) in Cash and Cash Equivalent (Refer to Note No. 15)	(A+B+C)	(42.89)	(47.70)
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Opening balance of Cash and Cash Equivalents	D	140.13	187.83
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Closing balance of Cash and Cash Equivalents (Refer to Note No. 15)	E	97.24	140.13
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Net Increase / (Decrease) in Cash and Cash Equivalent	(E-D)	(42.89)	(47.70)
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As per our report annexed
For M.S.JAGANNATHAN & N.KRISHNASWAMI
Chartered Accountants
Firm Registration No. 001208S

P.R.RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SMT. C.PADMAVATHY
Justice P.P.S.JANARDHANA RAJA
DR. K.T.KRISHNAN
P.J. ALAGA RAJA
S.N. RAMA RAJU
S.KANTHIMATHINATHAN
N.K.SHRIKANTAN RAJA
V. SANTHANA RAMAN
P.J.RAMKUMAR RAJHA
DIRECTORS

K.SRINIVASAN
Partner
Membership No. 21510

SMT. R.NALINA RAMALAKSHMI
MANAGING DIRECTOR

Rajapalaiyam,
25th May, 2014.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at
31-03-2014

As at
31-03-2013

NOTE NO. 1

SHARE CAPITAL

Authorised

30,00,000 Equity Shares of Rs.10/- each 300.00 300.00

Issued, Subscribed and Fully Paid-up

19,73,280 Equity Shares of Rs.10/- each 197.33 197.33

197.33 197.33

a. Issued, Subscribed and fully paid-up Shares includes 9,86,640 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	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning	19,73,280	197.33	19,73,280	197.33
Number of Shares at the end	19,73,280	197.33	19,73,280	197.33

c. Rights attached to Equity Shares

There are no special rights attached to equity shares other than those specified under provisions of various Acts.

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

Particulars	As at 31 st March 2014		As at 31 st March 2013	
	No. of Shares	% of holding	No. of Shares	% of holding
Smt. R. Nalina Ramalakshmi	6,74,490	34.18	6,73,450	34.13

e. Aggregate number of Equity Shares allotted as fully paid up by way of bonus shares during the last 5 years : 9,86,640.

NOTE NO. 2

RESERVES AND SURPLUS

Capital Reserve 17.63 17.63

General Reserve

Balance as per last Financial Statement 3,672.73 1,672.73

Add : Balance through from Surplus balance
in the Statement of Profit and Loss 1,600.00 5,272.73 2,000.00 3,672.73

Surplus / (Deficit) in the Statement of Profit and Loss

Balance as per last Financial Statement 185.79 -

Add : Profit for the Year 1,665.84 2,254.67

Balance available for appropriations 1,851.63 2,254.67

Less : Appropriations:

Interim Dividend paid - 49.33

Tax on Interim Dividend - 8.00

Proposed Dividend 59.20 9.87

Tax on Proposed Dividend 10.06 1.68

Transfer to General Reserve 1,600.00 2,000.00

Total Appropriations 1,669.26 2,068.88

Net Surplus in the Statement of Profit and Loss 182.37 185.79

5,472.73 3,876.15

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF FINANCIAL STATEMENTS

	As at 31-03-2014	(Rs. in Lakhs) As at 31-03-2013
NOTE NO. 3		
LONG TERM BORROWINGS		
Secured		
Term Loan from Banks	8,136.77	10,538.65
Unsecured		
Deposits	–	354.49
	8,136.77	10,893.14

- 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) Term Loan from Indian Bank **Rs.226.00 Lakhs** (PY: Rs.338.00 Lakhs) and **Rs.1,061.44 Lakhs** (PY: Rs.1,385.44 Lakhs) are secured by pledge of The Ramco Cements Limited Shares.
 Term Loan from Indian Bank **Rs.1,061.44 Lakhs** (PY: Rs.1,385.44 Lakhs) and Term Loan from Canara Bank **Rs.5,187.34 Lakhs** (PY: Rs.6,237.32 Lakhs) are backed by Corporate Guarantee of M/s. Rajapalayam Mills Limited.
- c) The Term Loans from Banks are repayable in quarterly installments. The year wise repayment of Term Loans are as follows:

Year	Amount	Amount
2014-15	–	3,129.32
2015-16	2,699.00	2,459.00
2016-17	2,579.03	2,309.16
2017-18	1,524.10	1,363.63
2018-19	1,026.61	969.51
2019-20	189.93	189.93
2020-21	118.10	118.10
	8,136.77	10,538.65

NOTE NO. 4

DEFERRED TAX LIABILITY

Deferred Tax Liability

Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961

1,720.90 961.74

Deferred Tax (Asset) / Liability

Tax effect on unabsorbed depreciation under Income Tax Act, 1961

991.71 759.16

Net Deferred Tax Liability

2,712.61 **1,720.90**

Deferred Tax Asset / Liability calculated on the unabsorbed depreciation is based on the recent assessment orders & estimated depreciation Loss calculated as per the provision of the Income Tax Act, 1961.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF FINANCIAL STATEMENTS

	As at 31-03-2014	(Rs. in Lakhs) As at 31-03-2013
NOTE NO. 5		
LONG TERM PROVISIONS		
Provision for Employee Benefits	43.50	71.43
Ramaraju Memorial Fund	284.46	211.46
	327.96	282.89
NOTE NO. 6		
SHORT TERM BORROWINGS		
Secured		
Loan Repayable on Demand from Banks *	8,597.48	5,865.72
Unsecured		
Loan Repayable on Demand from Banks	1,555.55	–
Deposits (Refer to Item No.10 of Note No.26)	383.64	18.60
Loan from Other Parties	0.38	0.38
Loan from Related Parties (Refer to Item No.5 of Note No.26)	146.17	104.40
	10,683.22	5,989.10
* Loan Repayable on Demand from Banks are secured by <i>pari-passu</i> charge on the current assets of the Company and a second charge on the fixed assets of the Company.		
NOTE NO. 7		
OTHER CURRENT LIABILITIES		
Current maturities of Long Term Debts	3,289.00	3,185.86
Interest accrued but not due on Borrowings	65.86	42.12
Unpaid Dividends	8.24	15.50
Liabilities for Other Finance	477.58	621.14
	3,840.68	3,864.62
NOTE NO. 8		
SHORT TERM PROVISIONS		
Provision for Employee Benefits	291.79	252.66
Provision for Taxation	545.61	447.84
Proposed Dividend	59.20	9.87
Provision for Tax on Proposed Dividend	10.06	1.68
	906.66	712.05

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAYAM.
NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE : 9

Description	Gross block		Depreciation		Net block		
	Cost as at 01-04-2013	Cost as at 31-03-2014	Up to 01-04-2013	For the year	Up to 31-03-2014	As at 31-03-2014	As at 31-03-2013
Land	560.34	548.45	-	-	-	548.45	560.34
Buildings	4,034.02	4,233.61	921.76	133.74	1,055.50	3,178.11	3,112.26
Plant and machinery	22,250.48	23,059.42	8,137.48	1,884.05	9,877.51	13,181.91	14,113.00
Electrical machinery	1,953.51	2,045.97	573.82	87.02	655.23	1,390.74	1,379.69
Furniture, Office Equipments	270.68	281.77	252.96	24.40	277.36	4.41	17.72
Vehicles	120.62	141.35	65.38	16.59	81.97	59.38	55.24
Loose Tools	0.09	0.09	0.04	-	0.04	0.05	0.05
Total - Tangible Assets	29,189.74	30,310.66	9,951.44	2,145.80	11,947.61	18,363.05	19,238.30
As on 31-03-2013	28,756.70	29,189.74	8,616.41	1,376.48	9,951.44	19,238.30	21,040.29
Intangible Assets							
Computer Software	140.95	141.77	114.72	16.45	131.17	10.60	26.23
Total - Intangible Assets	140.95	141.77	114.72	16.45	131.17	10.60	26.23
As on 31-03-2013	137.52	140.95	94.71	20.01	114.72	26.23	42.81

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at
31-03-2014 As at
31-03-2013

NOTE NO. 10

NON-CURRENT INVESTMENTS

A. Investment Property

Building		8.72	8.72
Less: Accumulated depreciation as at the beginning of the year		(1.33)	(1.04)
Depreciation for the year		(0.29)	(0.29)

Total Investment property	(A)	7.10	7.39
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B. Investment in Equity Instruments, Non-Trade

Name of the Company	No. of Shares	Total face Value Rs.	Cost	Cost
1) Quoted				
Associate Companies				
M/s. The Ramco Cements Limited	36,24,000	36.24	19.86	19.86
M/s. Ramco Industries Limited	1,35,880	1.36	0.53	0.53
M/s. Rajapalayam Mills Limited	3,00,200	30.02	28.81	28.81
M/s. Ramco Systems Limited	12,739	1.27	12.15	12.15
Sub-Total			61.35	61.35
2) Unquoted - Fully Paid-up				
Associate Companies				
M/s. Sri Harini Textiles Limited	14,90,000	149.00	149.00	149.00
Other Companies				
M/s. Sri Vishnu Shankar Mill Limited	11,200	1.12	1.68	1.68
M/s. Ontime Transport Co. Limited	10,000	1.00	1.00	1.00
M/s. Ramco Windfarms Limited	7,00,000	7.00	7.00	-
M/s. Shri Harini Media Limited	60,00,500	60.01	60.01	-
M/s. Suryadev Alloys and Power Pvt Limited	1,500	0.15	2.04	-
Sub-Total			220.73	151.68

Total Quoted & Unquoted investments	(B)	282.08	213.03
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M/s. Shri Harini Media Ltd - 9% Non Convertible Redeemable Preference Share	84,00,000	(C)	840	840.00	-
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Aggregate Value of Total Investment	(A+B+C)	1,129.18	220.42
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Aggregate Value of:

Quoted Investments - Cost		61.35	61.35
- Market Value		8,551.88	9,938.65
Unquoted Investments - Cost		1,067.83	159.07

Refer to Item No.5 of Note No.25

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF FINANCIAL STATEMENTS

	As at 31-03-2014	(Rs. in Lakhs) As at 31-03-2013
NOTE NO. 11		
LONG TERM LOANS AND ADVANCES		
Unsecured and Considered good		
Loans and advances to related parties*	10.00	10.00
Security deposits	126.58	164.80
	<u>136.58</u>	<u>174.80</u>
<i>* Details of Loans and advances to related parties are given in Item No.15 of Note No. 26.</i>		
NOTE NO. 12		
OTHER NON CURRENT ASSETS		
MAT Credit Entitlement	1,558.80	1,013.19
	<u>1,558.80</u>	<u>1,013.19</u>
NOTE NO. 13		
INVENTORIES		
Finished goods	1,818.77	1,063.08
Rawmaterials - Cotton & Cotton Waste	4,343.52	2,113.34
Stores and Spares	199.97	157.48
Work-in-Progress	462.85	325.70
	<u>6,825.11</u>	<u>3,659.60</u>
Details of Work-in-Progress		
Yarn	397.96	307.12
Surgical Dressings	64.89	18.58
	<u>462.85</u>	<u>325.70</u>
<i>Method of valuation of inventories are disclosed in Significant Accounting Policies in Note No. 25.</i>		
NOTE NO. 14		
TRADE RECEIVABLES		
Unsecured and Considered good		
Outstanding for a period exceeding six months	-	88.90
Other Trade Receivables	3,067.21	2,376.25
	<u>3,067.21</u>	<u>2,465.15</u>
NOTE NO. 15		
CASH AND BANK BALANCES		
Cash on hand	2.90	1.99
Balance with bank		
In Current Account	19.25	39.71
In Deposit Account for margin money	66.85	82.93
In Unclaimed Dividend warrant account	8.24	15.50
	<u>97.24</u>	<u>140.13</u>

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF FINANCIAL STATEMENTS

	As at 31-03-2014	(Rs. in Lakhs) As at 31-03-2013
NOTE NO. 16		
SHORT TERM LOANS AND ADVANCES		
Unsecured, Considered good		
Advance to Suppliers	585.59	204.86
Advance Income Tax, TDS and Refund Due	634.58	529.41
	1,220.17	734.27
NOTE NO. 17		
OTHER CURRENT ASSETS		
Accrued Income	275.29	120.45
Prepaid Expenses	122.24	49.10
Other Current Assets	305.73	209.37
	703.26	378.92
NOTE NO. 18		
REVENUE FROM OPERATIONS		
Sale of Products		
Yarn	21,200.74	18,471.89
Surgical Dressings	3,742.17	3,506.03
Fabrics	1,190.15	1,102.50
Waste Cotton	675.05	614.04
	26,808.11	23,694.46
Other Operating Revenues		
Value of Power Generated from Wind Mills	-	14.51
Export Incentive	89.58	53.96
Job Work Charges Received	3.27	254.98
	26,900.96	24,017.91
NOTE NO. 19		
OTHER INCOME		
Interest Received	19.30	30.15
Rent Received	3.31	1.06
Dividend Income	54.52	110.11
Carbon Credit Sale	2.56	-
Industrial Promotion Assistance	6.60	19.07
Miscellaneous Income	3.04	2.42
Profit / (Loss) on sale of assets	912.10	(0.67)
Exchange Gain on Foreign Currency Transactions	115.01	15.79
	1,116.44	177.93

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	For the year ended 31-03-2014	For the year ended 31-03-2013
NOTE NO. 20		
COST OF MATERIALS CONSUMED		
Rawmaterials consumed		
Cotton & Cotton Waste	<u>12,918.51</u>	<u>10,900.72</u>
	<u>12,918.51</u>	<u>10,900.72</u>
NOTE NO. 21		
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Opening stock		
Finished Goods	1,063.08	1,094.40
Work-in-Progress	<u>325.70</u>	<u>253.34</u>
	1,388.78	1,347.74
Less:		
Closing Stock		
Finished Goods	1,818.77	1,063.08
Work-in-Progress	<u>462.85</u>	<u>325.70</u>
	<u>2,281.62</u>	<u>1,388.78</u>
	<u>(892.84)</u>	<u>(41.04)</u>
NOTE NO. 22		
EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages and Bonus	1,845.45	1,637.26
Contribution to Provident and Other Funds	176.88	210.38
Staff and Labour Welfare Expenses	<u>133.23</u>	<u>92.67</u>
	<u>2,155.56</u>	<u>1,940.31</u>
NOTE NO. 23		
FINANCE COSTS		
Interest Expenses	1,726.96	2,022.24
Other Borrowing Costs	69.52	86.82
Exchange Fluctuation (Net) applicable to Finance Costs	<u>101.60</u>	<u>74.86</u>
	<u>1,898.08</u>	<u>2,183.92</u>

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	For the year ended 31-03-2014	For the year ended 31-03-2013
NOTE NO. 24		
OTHER EXPENSES		
MANUFACTURING EXPENSES		
Power and Fuel	2,504.01	2,594.63
Packing Materials	540.77	534.19
Job work Charges Paid	128.38	171.08
Repairs to Buildings	149.20	77.42
Repairs to Plant and Machinery	515.42	324.37
Repairs - General	508.84	331.53
	4,346.62	4,033.22
ESTABLISHMENT EXPENSES		
Managing Director Remuneration	91.95	114.15
Rates and Taxes	55.88	58.22
Postage and Telephone	14.14	14.34
Printing and Stationery	8.56	8.73
Travelling Expenses	27.78	36.28
Vehicle Maintenance	65.63	43.27
Insurance	46.36	31.63
Directors Sitting Fees	1.59	1.97
Rent	2.82	6.76
Audit and Legal Expenses	12.85	16.39
Miscellaneous Expenses	161.92	79.92
Corporate Social Responsibility Expenses	89.16	70.12
	578.64	481.78
SELLING AND DISTRIBUTION EXPENSES		
Sales Commission	512.12	459.99
Export Expenses	29.60	16.74
Other Selling Expenses	185.96	171.79
	727.68	648.52
	5,652.94	5,163.52

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF FINANCIAL STATEMENTS

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 which continuous to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular No.15/2013 dated 13-09-2013 of the Ministry of Corporate Affairs and the relevant provisions of the Companies Act 2013, 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. Previous figures are restated and regrouped wherever necessary.

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 basis / 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. However in respect of the unit at A.P. Plant and Machinery depreciation has been calculated at WDV method.
- 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.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF FINANCIAL STATEMENTS

4. Intangible Assets

The cost of computer software that are installed are accounted at cost of acquisition of such software and are carried at cost less accumulated amortisation and impairment, if any. Internally generated software is not capitalized and the expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

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 which are held for rental to others 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 valued at cost including the cost of conversion. The cost of conversion includes direct costs.
- iii. Finished goods of Surgical units are valued at cost including Excise Duty or net realisable value whichever is lower and Finished goods of Spinning Mills 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. Interest and rental incomes are recognised on time proportion basis.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF FINANCIAL STATEMENTS

v. **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 benefits viz., Salaries and Wages, are recognised 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 recognised 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 contributes for superannuation a sum equivalent to 15% of the employee's eligible annual basic salary subject to a maximum of Rs.1 Lakh per employee to 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 recognised based on an independent external actuarial valuation at the Balance Sheet date. The expense is recognised 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 recognised 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 recognised.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF FINANCIAL STATEMENTS

11. Borrowing costs

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

12. Government Subsidy / Grant

- i. Interest subsidy under Technology Upgradation Fund Scheme (TUF) is credited to the interest and 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

- a. 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 recognised as income or expenses in the Statement of Profit and Loss.
- b. 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 recognised in the Statement of Profit and Loss as per Accounting Standard-11 (The Effects of Changes in Foreign Exchange Rates).
- c. The difference between the forward rate and the exchange rate at the inception of a forward exchange contract is recognised as income or expense over the life of contract.

14. Earnings Per Share

Net profit after tax is divided by 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 recognises the Deferred Tax Liability based on the accumulated timing difference using the current tax rate. The Company considered credit entitlement of Minimum Alternative 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, Surgical Dressings 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.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at
31-03-2014 As at
31-03-2013

NOTE NO. 26

OTHER DISCLOSURES

1. Contingent Liabilities

i. Liability on letter of credit opened

Capital Goods	-	-
Others	-	-

ii. Estimate amount of contract remaining

to be executed on Capital account not provided

- -

iii. Liability on guarantees given by the bankers **132.07** 131.33

2. Sales Tax Assessment upto year ended 31st March, 2012 has been completed.

3. Income Tax Assessment completed upto the Assessment year 2011-2012.

4. In respect of Electricity matters, Appeals / Writ petition are pending with TNERC / APTEL / High Court for various matters for which no provision has been made in the books of accounts to the extent of Rs.41.04 Lakhs. In view of the various case laws decided in favour of the Company and in the opinion of the management, there may not be any tax liability on the above.

5. Details of loans from Director under "Loan from Related Parties" are: (Rs. in Lakhs)

Name	Closing Balance as on		Interest Paid	
	31.03.2014	31.03.2013	2013-14	2012-13
Smt. R. Nalina Ramalakshmi	146.17	104.40	19.13	10.20

6. There is a change in the method of depreciation with respect to plant and machinery of the spinning unit at Andhra Pradesh. The depreciation has been calculated on WDV basis as against the straight line method used until previous year. Due to the above, a sum of Rs. 714.00 Lakhs has been included in the depreciation account.

7. Auditors' remuneration (excluding Service Tax) and expenses: (Rs. in Lakhs)

	2013-14	2012-13
A. Statutory Auditors		
a. As Auditors - Fees	0.90	0.90
b. In other Capacities - Tax Audit Fees	0.30	0.20
c. Certification Work - Fees	0.10	-
	1.30	1.10
B. Cost Auditor:		
As Auditors	1.20	0.75
	2.50	1.85

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF FINANCIAL STATEMENTS

8. The Company' shares are listed in Madras Stock Exchange Limited for which listing fee for the year 2014-15 has been paid.
9. There are no dues to micro and small enterprises as at 31-03-2014 (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.
10. Fixed Deposit accepted by the Company under Section 58A of the Companies Act, 1956 from public will be repaid on or before 31-03-2015 irrespective of their actual maturity date in accordance with Section 74 of the Companies Act, 2013. Hence all the deposits outstanding as on 31-03-2014 has been classified under "Short Term Borrowings" under Note No.6.
11. As per Accounting Standard 15 (Employee Benefits) the disclosures of employee benefits as defined in the Accounting Standard are given below:

	(Rs. in Lakhs)	
	2013-14	2012-13
Defined Contribution Plan:		
Employer's Contribution to Provident Fund	42.70	34.15
Employer's Contribution to Superannuation Fund	6.53	2.68
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 01-04-2013	321.66	271.54
Current Service Cost	22.53	23.47
Interest Cost	27.50	22.20
Actuarial (gain) / loss	(-) 22.07	25.16
Past service cost - (vested benefits)	NIL	NIL
Benefits paid	(-) 25.26	(-) 20.71
Defined Benefit obligation as on 31-03-2014	324.36	321.66
Reconciliation of opening and closing balances of fair value of plan assets:		
Fair value of plan assets as on 01-04-2013	297.38	206.47
Expected return on plan assets	25.98	21.68
Actuarial gain / (loss)	10.70	0.47
Employer Contribution	24.28	89.47
Benefits paid	(-) 25.26	(-) 20.71
Fair value of plan assets as on 31-03-2014	333.08	297.38

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	2013-14	2012-13
Actual Return of plan assets:		
Expected return of plan assets	25.98	21.68
Actuarial (gain) / loss on plan assets	10.70	0.47
Actual return on plan assets	36.68	22.15
Reconciliation of opening and closing balance of fair value of Plan assets:		
Fair value of plan assets	324.36	321.66
Present value of the obligation	333.08	297.38
Difference	(-) 8.72	24.28
Unrecognized transitional liability	NIL	NIL
Unrecognized past service cost non-vested benefits	NIL	NIL
Amount recognized in Balance Sheet	(-) 8.72	24.28
Expense recognized during the year:		
Current Service Cost	22.53	23.47
Interest Cost	27.50	22.20
Expected return on plan assets	(-) 25.98	(-) 21.68
Actuarial gain / (loss)	(-) 32.77	24.69
Transitional liability recognised in the year	NIL	NIL
Past service cost-non-vested benefits	NIL	NIL
Past service cost-vested benefits	NIL	NIL
Net Cost	(-) 8.72	48.68
Investment Details as on 31-03-2014		
GOI Securities	0.44%	0.55%
State Government Securities	NIL	NIL
High quality Corporate Bonds	NIL	NIL
Funds with LIC	98.93%	99.26%
Bank Balance	0.63%	0.19%
Others	NIL	NIL
Total	100%	100%

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)
2013-14 2012-13

Actuarial assumptions:

Indian Assured Lives (2006-08) Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a.	8.90%	7.90%
Expected rate of return on plan assets p.a.	8.75%	9.25%
Rate of escalation in salary p.a.	5.00%	5.00%

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

Reconciliation of opening and closing balances of defined benefit plan:

Defined Benefit Obligation as on 01-04-2013	71.42	44.17
Current Service Cost	12.17	11.68
Interest Cost	5.28	3.58
Actuarial (gain) / loss	(-) 23.96	16.13
Benefits paid	(-) 9.18	(-) 4.12
Defined Benefit obligation as on 31-03-2014	55.73	71.42

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

Fair value of plan assets as on 01-04-2013	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	NIL	NIL
Employer Contribution	9.18	4.12
Benefits paid	(-) 9.18	(-) 4.12
Fair value of plan assets as on 31-03-2014	NIL	NIL

Actual Return of plan assets:

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

Reconciliation of fair value of assets and obligations:

Fair value of plan assets	NIL	NIL
Present value of obligation	55.74	71.42
Difference	55.74	71.42
Unrecognized transitional liability	NIL	NIL
Unrecognized past service cost non vested benefits	NIL	NIL
Amount recognized in Balance Sheet	55.74	71.42

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	2013-14	2012-13
Expense recognized during the year:		
Current Service Cost	12.17	11.68
Interest Cost	5.28	3.58
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	(-) 23.96	16.12
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	(-) 6.51	31.38
Investment Details as on 31-03-2014:		
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
Actuarial assumptions:		
Indian Assured Lives (2006-08) Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a.	8.90%	7.90%
Expected rate of return on plan assets p.a.	N.A.	N.A.
Rate of escalation in salary p.a.	5.00%	5.00%
Total	NIL	NIL

12. Earnings per Share

Particulars	2013-14	2012-13
Net profit / (Loss) after tax (A)	1,665.84	2,254.67
No. of Shares (B)	19.73	19.73
Basic & Diluted earnings per share of Rs. 10/- each (A/B)	84.42	114.26

- 13.** The Company has utilised short term funds amount of Rs.702.26 Lakhs (PY Rs.586.55 Lakhs) towards long term purposes. The Company in order to cash emerging business opportunities raised in Short term Borrowings and the Company intends renewing / rolling over these loans.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM.
NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	14. Segment Information for the year ended 31 st March, 2014						(Rs. in lakhs)	
	Textiles		Surgical		Windmill Power		Total	
	31-Mar-2014	31-Mar-2013	31-Mar-2014	31-Mar-2013	31-Mar-2014	31-Mar-2013	31-Mar-2014	31-Mar-2013
REVENUE								
External Sales (Net)	23,036.71	20,449.16	3,636.94	3,334.14	-	14.51	26,673.65	23,797.81
Inter Segment Sale	-	-	-	-	763.46	946.04	763.46	946.04
Total Sales	23,036.71	20,449.16	3,636.94	3,334.14	763.46	960.55	27,437.11	24,743.85
Other Income	1,038.93	34.79	3.69	2.88	-	-	1,042.62	37.67
Total Revenue	24,075.64	20,483.95	3,640.63	3,337.02	763.46	960.55	28,479.73	24,781.52
RESULT								
Segment Result	3,344.73	3,216.04	679.52	566.97	457.56	676.20	4,481.81	4,459.21
Unallocated Income							54.52	110.11
Unallocated Expenses							4,536.33	4,569.32
Operating Profit							1,898.08	2,183.92
Interest Expenses							19.30	30.15
Interest Income							545.61	414.91
Provision for Taxation:							991.71	759.16
Current Tax							(545.61)	(1,013.19)
Deferred Tax							1,665.84	2,254.67
MAT Credit entitlement							-	-
Profit from ordinary activities							1,665.84	2,254.67
Exceptional Items							-	-
Net Profit							1,665.84	2,254.67
OTHER INFORMATION								
Segment Assets	27,881.24	24,023.72	1,547.21	1,119.94	2,560.45	2,757.00	31,988.90	27,900.61
Unallocated Assets	-	-	-	-	-	-	1,129.18	220.42
Total Assets	27,881.24	24,023.72	1,547.21	1,119.94	2,560.45	2,757.00	33,118.08	28,121.03
Segment Liabilities	24,966.62	21,852.47	1,315.02	744.66	1,166.38	1,450.42	27,448.02	24,047.55
Unallocated Liabilities							-	-
Total Liabilities	24,966.62	21,852.47	1,315.02	744.66	1,166.38	1,450.42	27,448.02	24,047.55
Capital Expenditure	820.29	382.55	516.30	109.54	-	-	1,336.39	492.09
Unallocated							-	-
Capital Expenditure	1,902.67	1,167.94	62.92	32.07	196.95	196.77	2,162.54	1,396.78
Depreciation							-	-
Unallocated							-	-
Depreciation Expenditure							-	-
Non-Cash expenses							-	-
other than Depreciation							-	-

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF FINANCIAL STATEMENTS

15. 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. Individuals having significant influence

Shri P.R. Ramasubrahmaneya Rajha, Chairman
 Shri P.R. Venketrama Raja, Director

b. Key Management personnel

Smt. R. Nalina Ramalakshmi, Managing Director

c. Relatives of a & b above

Shri N.R.K. Ramkumar Raja, husband of Smt. R. Nalina Ramalakshmi

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

M/s. The Ramco Cements Limited	M/s. Sri Vishnu Shankar Mill Limited
M/s. Rajapalayam 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. Shri Harini Media Limited	

Public Trusts:

1. P.A.C.R. Sethurammam Charity Trust
2. Smt. Lingammal Ramaraju Shastra Prathishta Trust
3. Ramco Welfare Trust
4. P.A.C.R. Sethurammam Charities

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

a) Amount paid to Key Managerial Personnel:

Name of the Related Party	Amount		Nature of Payment
	2013-14	2012-13	
Shri P.R. Ramasubrahmaneya Rajha	0.22	0.29	Sitting Fees
Smt. R. Sudarsanam	0.22	0.29	Sitting Fees
Shri P.R. Venketrama Raja	0.10	0.05	Sitting Fees
Smt. R. Nalina Ramalakshmi	91.95	114.15	Managerial Remuneration
	0.63	0.60	Rent
	19.13	10.20	Interest Paid

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF FINANCIAL STATEMENTS

(b) Inter Corporate Deposits given: (Rs. in Lakhs)

Name of the Related Party	Maximum Outstanding		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
M/s. Sri Harini Textiles Limited	10.00	10.00	10.00	10.00

Interest on Inter Corporate Deposits: (Rs. in Lakhs)

Name of the Related Party	Interest		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
M/s. Sri Harini Textiles Limited	1.05	1.12	NIL	NIL

(c) Inter Corporate Deposits accepted:

Name of the Related Party	Maximum Outstanding		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
M/s. Rajapalayam Mills Limited	NIL	300.00	NIL	NIL

(d) Goods supplied / Service rendered: (Rs. in Lakhs)

Name of the Related Party	Value		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
M/s. Rajapalayam Mills Limited	66.84	13.92	NIL	NIL
M/s. Sri Vishnu Shankar Mill Limited	46.76	0.43	NIL	NIL
M/s. Sandhya Spinning Mill Limited	104.66	158.50	NIL	NIL
M/s. Thanjavur Spinning Mill Limited	58.83	3.09	NIL	NIL
M/s. Ramco Industries Limited	79.29	531.69	NIL	NIL
M/s. The Ramco Cements Limited	–	0.22	NIL	NIL
M/s. Sri Harini Textiles Limited	326.98	176.88	NIL	NIL
M/s. Rajapalayam Spinners Limited	–	0.31	NIL	NIL

(e) Cost of Goods & Services purchased / availed: (Rs. in Lakhs)

Name of the Related Party	Value		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
M/s. Rajapalayam Mills Limited	1006.11	105.51	NIL	NIL
M/s. Sri Vishnu Shankar Mill Limited	120.85	39.05	NIL	NIL
M/s. Sandhya Spinning Mill Limited	78.88	4.59	NIL	NIL
M/s. Thanjavur Spinning Mill Limited	94.66	74.73	NIL	NIL
M/s. Ramco Industries Limited	309.77	242.13	NIL	NIL
M/s. The Ramco Cements Limited	121.27	77.15	NIL	NIL
M/s. Ramco Systems Limited	7.09	8.10	NIL	NIL
M/s. Sri Harini Textiles Limited	11.26	16.40	NIL	NIL
M/s. Rajapalayam Spinners Limited	NIL	5.96	NIL	NIL
M/s. Shri Harini Media Limited	6.50	NIL	NIL	NIL
M/s. P.A.C.R. Sethurammal Charity Trust	6.01	NIL	NIL	NIL

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF FINANCIAL STATEMENTS

(f) Investment held Jointly:

Name of the Related Party	Security deposit Outstanding		Nature of Transaction
	2013-14	2012-13	
M/s. The Ramco Cements Limited (TRCL)	11.50	11.50	3,08,200 shares of Andhra Pradesh Gas Power Corporation Ltd (APGPCL) purchased by TRCL are being held jointly by the Company & TRCL. The Joint ownership entitles the Company to purchase from APGPCL. To have the Joint ownership of above shares, the Company has deposited this amount with TRCL.

(g) Amount paid by virtue of Joint ownership of shares of APGPCL:

Name of the Related Party	Value		Nature of Transaction
	2013-14	2012-13	
M/s. The Ramco Cements Limited (TRCL)	3.45	2.85	The Company is paying 10 paise per unit to TRCL for the Power Supplied by APGPCL to the Company by virtue of above Joint ownership of the shares.

(h) Sale of Fixed Assets:

Name of the Related Party	Value		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
M/s. The Ramco Cements Limited	933.88	-	NIL	NIL

(i) Investments made and Dividend Received:

Name of the Related Party	Dividend Received	
	2013-14	2012-13
M/s The Ramco Cements Limited	36.24	90.60
M/s Ramco Industries Limited	0.27	1.49
M/s Rajapalayam Mills Limited	18.01	18.01

(j) Dividend Paid: (Rs. in Lakhs)

Name of the Related Party	Dividend Paid	
	2013-14	2012-13
M/s Rajapalayam Mills Limited	0.01	0.05
M/s Sri Vishnu Shankar Mill Limited	0.01	0.03

THE RAMARAJU SURGICAL COTTON MILLS LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF FINANCIAL STATEMENTS

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

(a) Value of Imports calculated on CIF Value (Rs. in Lakhs)

	Value 2013-14	Value 2012-13
Raw Materials	533.14	902.19
Components and Spares	76.59	85.37
Capital Goods	-	-

(b) Expenditure in Foreign Exchange during the year

	2013-14	2012-13
Interest	28.11	35.65
Export Sales Commission	109.19	95.98
Foreign Travel	2.81	13.28
Total	140.11	144.91

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

	2013-14	%	2012-13	%
i) Raw Materials:				
Cotton, Cotton Waste, Grey Pieces, Gypsum Gauze Cloth & Plaster of Paris Powder				
Imported	428.93	3	1,070.55	10
Indigenous	12,489.58	97	9,830.17	90
ii) Stores and Components:				
Imported	80.27	5	86.11	4
Indigenous	1,515.95	95	2,047.08	96

(d) Earnings in Foreign exchange (FOB) Value

Export of Yarn and Surgical Dressings	3,592.38	2,812.96
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17. Previous year figures have been regrouped / restated wherever necessary to make them comparable with the current years figures.

18. 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
Membership No. 21510

Rajapalaiyam,
25th May, 2014.

P.R.RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SMT. R.NALINA RAMALAKSHMI
MANAGING DIRECTOR

SMT. C.PADMAVATHY
Justice P.P.S.JANARDHANA RAJA
DR. K.T.KRISHNAN
P.J. ALAGA RAJA
S.N. RAMA RAJU
S.KANTHIMATHINATHAN
N.K.SHRIKANTAN RAJA
V. SANTHANA RAMAN
P.J.RAMKUMAR RAJHA
DIRECTORS

PROXY FORM

THE RAMARAJU SURGICAL COTTON MILLS LIMITED

[CIN : L17111TN1939PLC002302]

Regd. Office: RSCM Premises, 119 P.A.C. Ramasamy Raja Salai,
Rajapalayam - 626 117. Tamil Nadu

Name of the member(s) :

Registered address :

E-mail ID :

Folio No. / DP ID. Client ID:

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

1. Name : Address :
E-mail ID : Signature : or failing him,

2. Name : Address :
E-mail ID : Signature : or failing him,

3. Name : Address :
E-mail ID : Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 74th Annual General Meeting of the Company, to be held on Monday, the 4th August 2014 at 9.30 A.M. at P.A.C.Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution
Ordinary Business	
1	Adoption of Financial Statements for the year ended 31st March 2014
2	Declaration of Dividend for the year 2013-14
3 (a)	Appointment of Shri N.K. Shrikantan Raja, who retires by rotation and is eligible for re-appointment.
(b)	Appointment of Shri S. Kanthimathinathan, who retires by rotation and is eligible for re-appointment.
4	Appointment of M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants, as Auditors
Special Business	
5	Appointment of Smt. R. Nalina Ramalakshmi as Manaing Director
6	Appointment of Shri P.J. Alaga Raja as an Independent Director
7	Appointment of Shri S.N. Rama Raju as an Independent Director
8	Appointment of Justice Shri P.P.S. Janardhana Raja as an Independent Director
9	Appointment of Shri V. Santhana Raman as an Independent Director
10	Appointment of Shri Dr. K.T. Krishnan as an Independent Director
11	Appointment of Shri P.J. Ramkumar Rajha as an Independent Director
12	Authority to borrow money upto Rs.300 Crores

Signed this..... day of 2014

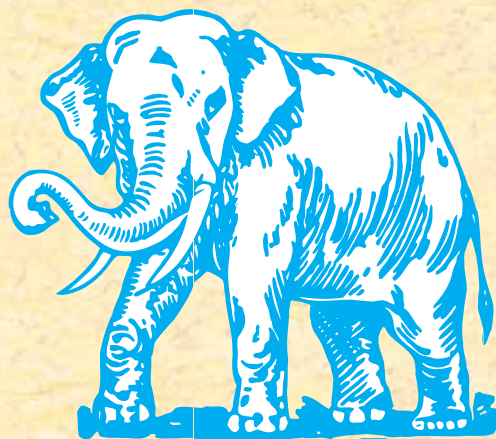
Signature of Shareholder

Signature of Proxy holder(s)

Affix Rs. 1
Revenue
Stamp

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

SUDARSANAM SPINNING MILLS



TRADE MARK IRAVATHAM