

RAJAPALAYAM MILLS LTD

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



Chairman
Shri P.R. Ramasubrahmaneya Rajha

Telephone : 91 4563 235666 (5 lines)
Telegrams : "BLISS"
Fax : 91 4563 236520
E-mail : rajacot@ramcotex.com
rajacot@sanchamet.in

No.

Date : 27-02-2014.

M/s. Madras Stock Exchange Ltd.,
Exchange Building,
Post Box No.183,
#11, Second Line Beach,
CHENNAI-600 001.

Bombay Stock Exchange Ltd,
Phiroze Jeejeebhoy Towers,
21st Floor, Dalal Street,
MUMBAI - 400 001.

Dear Sir,

We wish to inform that the Members of the Company will consider and approve the Special Resolutions by way of Postal Ballot with regard to the following:

- 1) To Sell Assets and Liabilities of Rajapalayam Mills – Subramaniapuram Unit Under section 180 of the Companies Act, 2013.
- 2) To Invest in Shares upto a limit of Rs. 15 Crores in Ramco Systems Limited Under Section 372A of the Companies Act, 1956.


We enclose herewith Six Copies of Notice, Special Resolution and Postal Ballot Form for your records.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,

For Rajapalayam Mills Ltd.,


S. Kanthimathinathan
President

Encl.: As above. TIN No. 33166040048

C.S.T No. 487801

RAJAPALAYAM MILLS LIMITED

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Postal Ballot Form

1.	Name(s) of Shareholder(s) / Beneficial Holders(s) (In block letters) including joint holders if any			
2.	Registered address of the sole/first named Shareholder			
3.	Registered Folio No/ DPID No./Client ID No.* (*Applicable to investors holding shares in dematerialized form)			
4.	Number of Shares held			
5.	I/We hereby exercise my/our vote in respect of the Special Resolution to be passed through Postal Ballot for the business stated in the Notice of the Company dated 24 th February, 2014 by sending my/our assent or dissent to the said Resolution by placing the tick (√) mark at the appropriate box below :			
	Description	No. of Shares	I / We assent to the Resolution (i.e. Vote in favour)	I/We dissent to the resolution (i.e. Vote against)
	Special Resolution for sale of assets and liabilities of Rajapalayam Mills - Subramaniapuram Unit under Section 180 of the Companies Act, 2013 as per the Draft Resolution circulated to the Shareholders			
	Special Resolution for making investments in the shares of M/s. Ramco Systems Limited under Section 372A of the Companies Act, 1956 as per the Draft Resolution circulated to the Shareholders			

Place :

Date :

(Signature of the Shareholder/Beneficial holder)

Instructions:

1. A member desiring to exercise vote by Postal Ballot may complete this Postal Ballot Form and send it to the Company in the attached self-addressed postage prepaid envelope.
2. However, envelopes containing Postal Ballots, if sent by courier at the expenses of the registered shareholder will also be accepted.
3. The Postal Ballot Form should be completed and signed by the shareholder. In case of joint holding, this form should be completed and signed (as per the specimen signature registered with the company) by the first named shareholder and in his absence, by the next named shareholder.
4. Unsigned Postal Ballot Form will be rejected.
5. Duly completed Postal Ballot Form should reach the Company not later than the close of working hours on Monday, the 31-03-2014.
6. Postal Ballot Form received after this date will be strictly treated as if the reply from the member has not been received.
7. Voting rights shall be reckoned on the paid up value of shares registered in the name of the shareholders on 21-02-2014.
8. In case of shares held by companies, trusts, societies, etc., the duly completed Postal Ballot Form should be accompanied by a Certified True Copy of the Board Resolution / Authority.
9. Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed pre-paid self-addressed envelope in as much as all such envelopes will be sent to the Scrutinizer and any extraneous paper found in such envelope would be destroyed by the Scrutinizer.



RAJAPALAYAM MILLS LIMITED

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

Ph. No.: 04563-235666 email :rajacot@ramcotex.com
website :www.rajapalayammills.co.in

Postal Ballot

NOTICE

(Pursuant to Section 192A of the Companies Act, 1956)

Dear Members,

- 1) Your kind attention is invited to the proposals of your Company to move the following Special Resolutions:
 - (a) To sell Assets and Liabilities of Rajapalayam Mills – Subramaniapuram Unit.
 - (b) To invest in Shares upto a limit of Rs. 15 Crores in Ramco Systems Limited.
- 2) The above resolutions are proposed to be passed through the Postal Ballot process in accordance with section 192A of the Companies Act,1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 (the said Rules).
- 3) The Postal Ballot Form is enclosed. You may kindly refer to the text of the Special Resolutions reproduced in the said form and the Explanatory Statement attached thereat.
- 4) A 'postage' prepaid envelope is enclosed. Please use the same after you mark your votes in favour of or against the resolution. 31-03-2014 is the last date for receiving the Postal Ballot forms. Postal Ballot forms received after the said last date will be rejected.
- 5) Votes will be considered invalid on the following grounds:
 - a) If the member's signature does not tally.
 - b) If the member has marked both in favour and also against.
 - c) If the ballot paper received is torn or defaced or mutilated to an extent that it is difficult for scrutinizer to identify either the member or the number of votes or as to whether the votes are in favour or against or if the signature could not be checked or one or more of the above grounds.

- d) On such other grounds which in the opinion of the scrutinizer makes the votes invalid.
- 6) Mr. K. Srinivasan, Partner, M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants has been appointed as Scrutinizer for the Postal Ballot in accordance with the said Rules. He will submit his report to the Company on 31-03-2014. The result of the Postal Ballot process will be announced at the Registered Office of the Company on 31-03-2014 at 6.30 P.M. Members who wish to be present at the time of declaration of result may be present at the above venue.
- 7) Dr. K.T. Krishnan, Director, Shri S. Kanthimathinathan, President, and Shri V. Gurusamy, Secretary of the Company are authorized to ensure smooth conduct of the Postal Ballot process. Members requiring any clarification may contact either of them.

By order of the Board,
For RAJAPALAYAM MILLS LIMITED

RAJAPALAYAM
24-02-2014

DR K.T. KRISHNAN,
CHAIRMAN OF THE AUDIT COMMITTEE.

- Encl: 1. Resolutions with Explanatory Statement.
2. Postal Ballot Form & self-addressed postage prepaid envelope

RAJAPALAYAM MILLS LIMITED

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Rajapalayam-626 117.

SPECIAL RESOLUTIONS

1. To sell Assets and Liabilities of Rajapalayam Mills – Subramaniapuram Unit

To consider and if thought fit, to give assent / dissent to the following Special Resolution:

“RESOLVED that pursuant to the provisions of Section 180 and other applicable provisions (if any) of the Companies Act, 2013 / Companies Act, 1956 and subject to the approvals, as may be necessary of Banks and any other appropriate authority, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee constituted by the Board of Directors or any Committee which the Board of Directors may hereafter constitute to exercise one or more of its powers including the powers conferred by this resolution) to sell the Assets and Liabilities of the Spinning Unit located at Subramaniapuram to M/s. Rajapalayam Textile Limited, at a fair market value.

RESOLVED FURTHER that the fair market value of Rs.33.31 Crores (excluding taxes and duties) as recommended by Committee of the Board, at which the fixed assets of the above said Unit will be sold to M/s. Rajapalayam Textile Limited be and is hereby approved.

RESOLVED FURTHER that M/s. Rajapalayam Textile Limited shall discharge the above purchase consideration by way of -

- a) Transfer of term Loans and unsecured borrowings related to the above said Unit of Rs.21.85 Crores from Rajapalayam Mills Limited (RML) to Rajapalayam Textile Limited.
- b) Payment of Rs.11.46 Crores by Rajapalayam Textile Limited to RML.

RESOLVED FURTHER that the Board and / or the Committee be and are hereby authorized to ascertain the fair market value of investments, deposits, inventories & other current assets and current liabilities, including working capital loan as may be required to be sold / transferred as on the date of sale.

RESOLVED FURTHER that the Board and / or Committee be and are hereby authorized to accept any modifications in the proposal as may be required by the authorities / parties involved / Banks, if and to the extent necessary, and as agreed to by the Board / Committee.

RESOLVED FURTHER that for the purpose of giving effect to the above resolution, the Board / Committee be and are hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may in its discretion deem necessary or desirable for such purpose."

2. To invest in Shares upto a limit of Rs. 15 Crores in Ramco Systems Limited

To consider and if thought fit, to give assent / dissent to the following Special Resolution:

"RESOLVED that pursuant to the provisions of Section 372A and other applicable provisions (if any) of the Companies Act, 1956 / Companies Act, 2013 and subject to the approvals, consents, permissions and / or sanctions, as may be necessary of the Banks, Financial Institutions, and any other appropriate authority, the Board of Directors of the Company be and is hereby authorized to invest in Shares of Ramco Systems Limited upto a limit of Rs. 15 Crores through direct purchase from stock market or inter-se transfer from the promoters or promoter group or apply for rights issue by accepting the renounced / unsubscribed portion of the rights issue proposed by Ramco Systems Limited."

EXPLANATORY STATEMENT AND REASONS FOR PROPOSING THE SPECIAL RESOLUTIONS

Item No.1

Rajapalayam Mills Limited (RML) is currently having 1,46,480 Spindles and 4,488 Rotors for producing fine and super fine counts. The details of various units in which the above spindle capacities installed are furnished below:

Name of the Unit	No. of Spindles	No. of Rotors
Rajapalayam Mills Ltd	71,216	1,568
Rajapalaiyam Spintext	33,552	-
Rajapalaiyam Textiles	21,648	-
Rajapalayam Mills – AP Unit	4,800	1,800
Rajapalayam Mills – Subramaniapuram Unit (formerly Rajapalayam Spinners Pvt Ltd)	15,264 (Amalgamated in the year 2012)	1,120 (Addition)
Total	1,46,480	4,488

The Company has acquired the entire share capital of Rajapalayam Spinners Private Ltd (RSPL) during November, 2011 and amalgamated this company through a Scheme of Amalgamation with RML with effect from 01-04-2012 as approved by the Hon' ble High Court of Madras. At the time of Amalgamation, RSPL was having a capacity of 15,264 Spindles. After amalgamation, this unit was re-named as Rajapalayam Mills – Subramaniapuram Unit and 1,120 Rotors (OE Spinning) has been added in the unit. Few machines viz, Comber and Auto

coners have been replaced with old machines from other units of Rajapalayam Mills Limited. Before the acquisition, RSPL has established market for coarser yarn counts. Since the other units in RML was producing fine and super fine counts, in order to cater the coarser yarn segment also, RML has acquired the business of RSPL.

Rajapalayam Mills – Subramaniapuram Unit has very limited synergies with other Units of Rajapalayam Mills owing to super fine and value added count pattern and finest quality yarn segment, where the existing other Units focus their production and marketing.

In Rajapalayam Mills – Subramaniapuram Unit, the spinning capacity is very small and this Unit does not have any value added facilities viz., Two For One Twister (for producing double yarn), Gassing machines, Soft Package winders etc., All the counts produced in this Unit are single yarn. As compared to the scale of operations and other value added & modernized machines available at other Units of RML, the machineries installed in Rajapalayam Mills – Subramaniapuram Unit are very old. It is not possible to produce high quality yarn from this unit matching the quality of yarn being supplied from other Units of RML. Marketing of only Single Yarn from the Unit without any value addition also poses a challenge. Cost of modernization / installation of value added machines in Rajapalayam Mills – Subramaniapuram Unit will be very high and it will not be a viable proposition.

Different ownership structure with different brand can fully utilize the capacity and business potential of Rajapalayam Mills – Subramaniapuram Unit. In these circumstances, selling off this Unit is considered to be a better proposal in the long term interests of Rajapalayam Mills Ltd.

In addition to the Spinning Mill, Rajapalayam Mills – Subramaniapuram Unit is also having Wind Mills (3 Nos. of 800 KW each) with a total capacity of 2.40 MW for its captive consumption. It is proposed to retain these wind mills with RML as the power generated by these wind mills are required for the captive consumption by other Units of RML.

A Committee of Directors comprising of following Members has been formed to decide the fair market value of the above assets & liabilities and other matters related to the above sale:

1. Dr. K.T. Krishnan
2. Justice Shri P.P.S. Janarthana Raja
3. Shri. A.V. Dharmakrishnan

In order to decide the fair market value of the Assets of Rajapalayam Mills – Subramaniapuram Unit, the Company was advised to get tenders by publishing an advertisement in the leading Newspapers about the Company's proposal to sell the assets of the above said Unit. The Company has published an advertisement on 12-2-2014 in Business Line (All India Edition) and The Hindu-Tamil (Tamilnadu Edition).

The Company has not received any worthwhile offers for acquiring the entire Unit from any party in response to the advertisement except from one

Company, M/s. Rajapalayam Textile Limited. Hence in order to arrive at the fair market value, the Company was advised to get the valuation report from two independent chartered engineers who are in the panel list of registered valuers in any of the nationalized banks and to float enquiries among the leading buyers in the field of buying / selling of second hand machineries.

The Company has floated enquiries among the leading buyers in the field of buying / selling of second hand machineries and received their quotations for plant and machinery proposed to be sold. The Company also received the valuation report from two independent chartered engineers who are in the panel list of registered valuers in Nationalized Banks. The details are given below:

a) Comparison of Offers received from Dealers of second hand machineries and the Offer received from Rajapalayam Textile Limited for Plant and Machinery

Name	(Rs. in Crores)
	Amount Quoted for General and other Machineries
M/s.Sri Lakshme Engineering, Rajapalayam	16.20
M/s.Sri Venkatachalapathy Industries, Madurai	15.70
M/s.Supreme Mills (India) Pvt Ltd, Coimbatore	14.78
Offer given by Rajapalayam Textile Limited	18.31

b) Comparison of Market Value arrived by Independent Chartered Engineers and the Offer received from Rajapalayam Textile Limited

Particulars	(Rs. in Crores)		
	For Land & Building	For General and other Machineries	Total
Market Value assessed by an Independent Chartered Engineer	14.61	17.81	32.42
Market Value assessed by another Independent Chartered Engineer	14.65	17.50	32.15
Offer given by Rajapalayam Textile Limited *	15.00	18.31	33.31

* Taxes / Stamp Duty / other government levies will be extra and to be borne by the Buyer.

Based on the above, the Committee recommended that Rs.33.31 Crores may be fixed as fair market value of fixed assets. This value has been quoted by M/s. Rajapalayam Textile Limited, a Company promoted by Smt. R.Sudarsanam, Managing Director of RML. The Committee recommended to sell the above assets to M/s. Rajapalayam Textile Limited, since it has quoted

the highest value among the tenders / offers / valuation reports received by the Company.

It is proposed to transfer Term Loans and Un-secured Loans related to Rajapalayam Mills – Subramaniapuram Unit of Rs.21.85 Crores as detailed below:

Particulars	Amount (Rs. in Crores)
Term Loan	11.22
Unsecured Loan	10.63
Total	21.85

M/s. Rajapalayam Textile Limited has agreed to settle the net amount of Rs. 11.46 Crores by cheque once the above assets are sold & above loans are transferred to them by RML.

It is proposed to sell the assets on 1st April, 2014 after getting necessary consent from the Members of the Company. It is proposed to sell Cotton, Stores Stock and Work in Process, which are lying in the Rajapalayam Mills-Subramaniapuram Unit as on 31-3-2014 (Closing stock) and other current assets, deposits, investments and current liabilities including working capital loan related to Rajapalayam Mills- Subramaniapuram Unit.

The Committee recommended to sell the above at the market value by obtaining a valuation certificate from Statutory Auditors of the Company certifying the market value as on 31-3-2014.

There will be a profit of Rs.10.20 Crores to Rajapalayam Mills Ltd on account of sale of these fixed assets as detailed below:

Particulars	Amount Rs. (in Crores)	
Proposed Sale Value (Offer given by Rajapalayam Textile Limited)		33.31
Gross Value of Fixed Assets proposed to be sold	38.89	
Accumulated Depreciation upto 31-3-2014	15.78	
Net Value of Fixed Assets		23.11
Profit on Sale of Fixed Assets		10.20

It is noted that the approval of the Members of the Company by way of Special Resolution is required in terms of Sec 180 of the Companies Act, 2013 for sale of said assets and liabilities of the Subramaniapuram Unit. In terms of Sec 192A of the Companies Act, 1956 read with Companies (Passing of the resolutions by postal ballot) Rules, 2011, the Special Resolution of the Members has to be passed by way of postal ballot.

The Board of Directors recommend the resolution to the Shareholders.

Disclosure of interest:

Shri.P.R. Ramasubrahmaneya Rajha, Chairman, Smt. R. Sudarsanam, Managing Director and Shri. P.R. Venketrama Raja, Director of the Company are the Directors of Rajapalayam Textile Limited.

The following Directors / Promoters of the Company are the Shareholders in Rajapalayam Textile Limited:

Name of the Director / Promoter	Extent of Shareholding
SMT. R. SUDARSANAM	81.20%
SHRI. P.R. RAMASUBRAHMANEYA RAJHA	5.00%
SHRI. P.R. VENKETRAMA RAJA	5.00%
SMT. R.NALINA RAMALAKSHMI	2.40%
SMT. S. SHARADA DEEPA	2.40%
SHRI N.K.RAMASUWAMI RAJA	2.00%

Item No.2

Ramco Systems Limited (RSL), a Company belonging to RAMCO Group was incorporated as a public limited company in 1997. RSL is one of the leading software Companies focused on ERP (Enterprise Resource Planning), HCM (Human Capital Management) and Aviation MRO / M&E (Maintenance Repair Overhaul /Maintenance & Engineering) products. It focuses on providing innovative business solutions that can be delivered quickly and cost effectively in complex environments. It has more than 1,50,000 users from more than 1000 customer organisations globally. It provides solutions to multiple verticals including banking, insurance, manufacturing, supply chain, aviation, transportation and logistics, healthcare, governance, retail and more.

RSL's competitive strength includes:

- a. Developing products with latest technology trends
- b. Possessing deep domain knowledge
- c. Focus on Research & Development, Expansion and Innovation
- d. Strong customer base
- e. Qualified and experienced management and motivated employee base
- f. Diversified client base

RSL is taking various initiatives to increase its reach and penetration. It is also concentrating on cloud solutions, having launched Ramco Connected Enterprise (RACE) to achieve leadership position and global presence.

Ramco Systems Limited has initiated plans to improve business and bring down expenses and is poised for better performance. To meet fund requirements, the Board of RSL at their meeting held on May 30, 2013 decided to make the rights issue to the extent of Rs.125 Crores, with a right to renounce.

The Objects of the Issue are:

- Repayment/Pre-payment, in full or in part, of certain loans availed by RSL; and
- General corporate purposes.

Rajapalayam Mills Limited, being an entity belonging to the promoter group of RSL proposes to invest in the shares of Ramco Systems Limited upto a limit of Rs.15 Crores. It is proposed to acquire the shares of Ramco Systems Limited through direct purchase from stock market / inter-se transfer from promoters or promoter group / apply for rights issue by accepting the renounced / unsubscribed portion of the proposed rights issue etc.

Consent of the Shareholders has to be obtained as per the provisions of Section 372A of the Companies Act, 1956 to make the above investment as the Company has already exhausted the limits available under the said section.

The Board of Directors recommend the Resolution to the Shareholders.

Disclosure of interest:

Shri. P.R. Ramasubrahmaneya Rajha, Chairman of the Company is Chairman of Ramco Systems Limited and is holding 2.30% of shares in Ramco Systems Limited.

Shri. P.R. Venketrama Raja, Director is Vice-Chairman and Managing Director of Ramco Systems Limited and is holding 13.59% of shares in Ramco Systems Limited.

Shri. S.S. Ramachandra Raja and Shri. A.V. Dharmakrishnan, Director of the Company are also Directors in Ramco Systems Limited and are holding 0.19% and 0.02% respectively of shares in Ramco Systems Limited.

By order of the Board,
For RAJAPALAYAM MILLS LIMITED

RAJAPALAYAM
24-02-2014

DR K.T. KRISHNAN,
CHAIRMAN OF THE AUDIT COMMITTEE.