



RAJAPALAYAM MILLS LTD

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

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Company has on 25th November, 2010 completed the despatch of the Notice under Section 192A of the Companies Act, 1956 alongwith the postal ballot form and a self-addressed prepaid envelope in relation to the special resolution under section 372A of the Companies Act, 1956 seeking members' consent to give loans as set out therein. The Board of Directors of the Company have appointed Sri.K.Srinivasan, Chartered Accountant, as the Scrutinizer for conducting the postal ballot process.

Members are requested to note that the postal ballot duly completed and signed should reach the Scrutinizer not later than the close of the working hours on 27th December, 2010. All postal ballot forms received after the said date will be treated as if reply from the members has not been received. The voting rights of the members shall be reckoned on the paid up value of the shares registered in the name of the shareholders on 12-11-2010.

Place: Rajapalaiyam
Date : 25-11-2010

For Rajapalayam Mills Ltd
P.R.Ramasubrahmaneya Rajha
Chairman

RAJAPALAYAM MILLS LIMITED

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

Postal Ballot

NOTICE

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

Dear Members,

- 1) Your kind attention is invited to the proposal of your Company to move a special resolution for enhancing the limit to give Loans to M/s. Thanjavur Spinning Mill Limited.
- 2) As you may be aware the special resolution has to be passed only through the Postal Ballot process in accordance with section 192A of the Companies Act read with the Companies (Passing of the resolution by postal ballot) Rules, 2001 (the said Rules).
- 3) The Postal ballot form is enclosed. You may kindly refer to the text of the special resolution 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 special resolution. 27th December, 2010 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 or before 30th December, 2010. The result of the Postal Ballot process will be announced at the Registered Office of the Company on 31st December, 2010 at 4.30 P.M. Members who wish to be present at the time of declaration of result may be present at the above venue.
- 7) Mr. S. Kanthimathinathan, President and Mr. B. Gnanagurusamy, DGM - Accounts of the company are the Officers authorized to ensure smooth conduct of the Postal Ballot process. Members requiring any clarification may contact either of them.

RAJAPALAYAM
28-10-2010

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

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

RAJAPALAYAM MILLS LIMITED

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Rajapalayam - 626 117.

SPECIAL RESOLUTION

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, the Board of Directors of the Company be and is hereby authorized to give additional loans upto a limit of Rs. 30 Crores to M/s. Thanjavur Spinning Mill Ltd., in addition to the existing limits authorised by Special Resolution dated 22-01-2008 passed under Section 372A"

EXPLANATORY STATEMENT AND REASONS FOR PROPOSING THE SPECIAL RESOLUTION UNDER SECTION 372A OF THE COMPANIES ACT, 1956.

Rajapalayam Mills Limited is the flagship company of the textile companies of Ramco Group. Pursuant to Sec 372A of the Companies Act, 1956, the Shareholders of the Company, by way of Postal Ballot passed a Special Resolution dated 22-01-2008 to enable the Company to give Loans and Corporate Guarantee to its Group Companies, in which a limit of Rs. 20 Crores has been fixed for giving loans to M/s. Thanjavur Spinning Mill Limited. To strengthen its financial position, it is proposed to enhance the limit of loan from Rs. 20 Crores to Rs. 50 Crores to M/s. Thanjavur Spinning Mill Limited.

Thanjavur Spinning Mill Limited (TSML) has an installed capacity of 50,160 spindles and 776 rotors. Its financial highlights are given below:

Profit & Loss Account Highlights	For the year ended 31-03-2010 Rs. in Crores
Sales	47.62
Income from Windmills	3.93
Other Income	1.93
Total	53.48
Profit after Tax	0.94

Balance Sheet Highlights	For the year ended 31-03-2010 Rs. in Crores
Share Capital	2.70
Reserves & Surplus	2.48
Total Borrowings	122.69
Net Fixed Assets	100.99

Thanjavur Spinning Mill Limited has made a net profit of Rs.125 Lakhs for the half year ended 30-09-2010.

The proposed loans will be in excess of the limit provided under Section 372A of the Companies Act, 1956 for giving loans, guarantees and investments. In order to extend and provide loans and guarantees beyond the limit, the company requires approval of the Shareholders by way of Special Resolution to be passed as per Companies (Passing of the resolution by postal ballot) Rules 2001.

The Board of Directors recommend the resolution to the Shareholders.

Disclosure of interest :

1. Shri. P.R.Ramasubrahmaneya Rajha & Shri. P.R.Venketrama Raja are Directors of M/s. Thanjavur Spinning Mill Ltd.
2. Dr. K.T. Krishnan is Managing Director of M/s. Thanjavur Spinning Mill Ltd.

RAJAPALAYAM
28-10-2010

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