

*HUNDRED AND EIGHTH  
ANNUAL REPORT  
2018*

1008



ESTD - 1910

THE LAKSHMI MILLS COMPANY LTD  
COIMBATORE



# THE LAKSHMI MILLS COMPANY LIMITED

## Annual Report 2017-2018

**BOARD OF DIRECTORS** Sri R. SANTHARAM - Vice Chairman  
Sri D. RAJENDRAN  
Sri SATISH AJMERA  
Sri SANJAY JAYAVARTHANAVELU  
Smt SUGUNA RAVICHANDRAN  
Sri ADITYA KRISHNA PATHY - Deputy Managing Director  
Sri VIJAY VENKATASAMY (Appointed w.e.f. 14.02.2018)  
Sri V. JAGANNATHAN (Resigned w.e.f. 13.12.2017)

**CHAIRMAN AND  
MANAGING DIRECTOR** Sri S. PATHY

**COMPANY SECRETARY** Sri N. SINGARAVEL

**CHIEF FINANCIAL OFFICER** Sri V. KANNAPPAN

**AUDITORS** M/s. M.S. JAGANNATHAN & VISVANATHAN  
Chartered Accountants

**BANKERS** Central Bank of India  
Canara Bank  
Indian Overseas Bank

**REGISTERED OFFICE** 686, Avanashi Road  
Coimbatore - 641 037  
Phone : 91- 0422 - 2245461 to 2245465, 4333700  
Fax : 91- 0422 -2246508  
E-mail : contact@lakshnimills.com  
Website : www.lakshnimills.com  
CIN : L17111TZ1910PLC000093

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# THE LAKSHMI MILLS COMPANY LIMITED

686, Avanashi Road, Coimbatore - 641 037  
Phone : 91- 0422 - 2245461 to 2245465, 4333700 Fax : 91- 0422 - 2246508  
E-mail : contact@lakshmill.com Website : www.lakshmill.com  
CIN: L17111TZ1910PLC000093

## NOTICE TO SHAREHOLDERS

Notice is hereby given that the **HUNDRED AND EIGHTH ANNUAL GENERAL MEETING** of the Members of the Company will be held at "Nani Palkhivala Auditorium", Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037, Thursday, the 20th September 2018 at 4.30 PM to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements including Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year ended on that date together with the Directors' Report and the Auditors' Report thereon.
2. To declare a Dividend for the year ended 31st March, 2018.
3. To appoint a Director in the place of Sri Sanjay Jayavarthanelu (DIN 00004505), who retires by rotation and being eligible, offers himself for reappointment.
4. To continue the appointment of Statutory Auditors of the Company without ratification at every Annual General Meeting and to fix their remuneration and in this regard to pass the following Resolution as an **Ordinary Resolution**.

RESOLVED THAT, in partial modification of the Ordinary Resolution passed at the Annual General Meeting held on 26<sup>th</sup> July 2017 and in accordance with the amended Section 139 and other applicable provisions of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014 including any statutory enactments or modifications thereof, the approval of the Members be and is hereby accorded to continue the appointment of M/s. M. S. Jagannathan & Visvanathan (Firm Registration No.0012095), Chartered Accountants, Coimbatore at such remuneration as may be fixed by the Board of Directors as per the recommendations of the Audit Committee, to hold office till the conclusion of the Annual General Meeting to be held in the year 2022 and that the said appointment shall not be subject to ratification at every subsequent Annual General Meeting.

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

RESOLVED THAT pursuant to the provisions of Section 149, 150, 152, 161 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory

modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, **Sri Vijay Venkatasamy (DIN: 00002906)** who was appointed by the Board of Directors as an Additional Director of the Company at the Board Meeting held on 14.02.2018 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company for a period of One year or the date of 109<sup>th</sup> Annual General Meeting whichever is earlier, not liable to retire by rotation.

6. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

RESOLVED THAT pursuant to the provisions of section 148(3) and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. A. R. Ramasubramania Raja & Co., (Registration No. 000514), Cost Accountants, Coimbatore, who was appointed as Cost Auditor by the Board of Directors of the Company on the recommendation of the Audit Committee, to conduct the audit of the cost accounting records of the Company for the financial year 2018-19 on a remuneration of ₹75,000/- exclusive of applicable taxes and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed.

Coimbatore  
13<sup>th</sup> August, 2018

By Order of the Board  
**N. SINGARAVEL**  
Company Secretary

### NOTES:

The explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed hereto.

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (the AGM) IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE INSTRUMENTS APPOINTING THE PROXY DULY COMPLETED MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM FOR THE MEETING IS ENCLOSED.

3. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR MEMBER.
4. Members / Proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Friday - 14.09.2018 to Thursday - 20.09.2018 (both days inclusive).
6. Subject to the provisions of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the meeting, will be paid within a period of 30 days from the date of declaration, in respect of those members who hold shares in physical form, whose names appear on the Register of Members as on 13.09.2018 and for those who hold shares in electronic form as per the details furnished by the Depositories for this purpose as at the close of the business hours on 13.09.2018.
7. Pursuant to Section 124 (5) of the Companies Act, 2013, all unclaimed dividends shall be transferred to the 'Investor Education and Protection Fund' of the Central Government after a period of 7 years from the date of declaration. Shareholders who have not encashed the dividend warrants for the years 2010-2011, 2012-2013, 2013-14, 2014-15, 2015-16 & 2016-17 are requested to write to the Registrar and Share Transfer Agents of the Company, M/s. S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006 for claiming the dividend.
8. ***Dividend declared in the year 2011 for the financial year 2010 - 2011 and remaining unclaimed will be transferred to Investor Education and Protection Fund after conclusion of this Annual General Meeting. As per the provisions of Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company will be transferring unclaimed share on which the owner has not encashed any dividend warrant during the last 7 years to the IEPF Suspense Account. Details of shares due for transfer are available at the website of the Company - [www.lakshnimills.com](http://www.lakshnimills.com).***  
***The shareholders, whose unclaimed shares or unpaid amount has been transferred to the IEPF Authority Account, may claim the same from the IEPF Authority by filing Form IEPF - 5 along with requisite documents.***
9. Company's share transfer work and dematerialisation of shares, is done by M/s. S.K.D.C. Consultants Ltd., Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006.
10. It is reiterated that the request for Dematerialisation and Rematerialisation are to be made only to the DP with whom you have opened an account and not to the Company or its depository / transfer agent.
11. International Securities Identification Number given to your company is INE938CO1019.
12. Members who are holding shares in the same name in more than one folio may please advise the Registrar and Share Transfer Agents for consolidating into single folio.
13. Securities and Exchange Board of India (SEBI) and the Ministry of Corporate Affairs have made it mandatory for all the listed Companies to offer Electronic Clearing Service (ECS) facilities for payment of dividend, wherever applicable. In view of this provision, Shareholders who are interested to avail the facility of Dividend payment by National Electronic Clearing Service (NECS) are requested to fill the NECS Mandate in the prescribed form (enclosed) and send it to the company's Registrar and Share Transfer Agents M/s. S,K.D.C. Consultants Ltd, "Kanapathy Towers", 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore 641 006 - email ID: info@skdc-consultants.com.
14. Members holding shares in Physical form are requested to intimate the email id, change of address and their bank account details such as bank name, branch with address and account number for incorporating the same in Dividend Warrant / Cheque to Company's Registrar and Share Transfer Agents - M/s. S.K.D.C. Consultants Limited quoting their respective folio number. Members holding shares in Demat form are requested to intimate the email id, change of address notifications and updates of bank account details to their respective Depository Participants.
15. Securities and Exchange Board of India vide its notification dated 8th June, 2018 has mandated that the transfer of securities held in physical form, except in case of transmission or transposition, shall not be processed by the listed entities/ Registrar or Share Transfer Agent with effect from 5th December 2018. Therefore, the members holding share certificates in physical form are requested to immediately dematerialise their shareholding in the Company.

# THE LAKSHMI MILLS COMPANY LIMITED

16. Brief resume, details of shareholding and Directors inter-se relationship of Directors seeking election / re-election, as required under Reg. 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards issued by the Institute of Company Secretaries of India are provided as Annexure to this Notice.
17. Any member who needs any clarification on accounts or operations of the Company shall write to the Company Secretary, so as to reach him at least 7 days before the meeting, so that the information required can be made available at the meeting.
18. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
19. Electronic copy of the Annual Report and AGM Notice are being sent to all the members whose e-mail id is registered with the Company / Depository Participants unless any such member has requested for a hard copy of the same. For members who have not registered their e-mail id, physical copies of Annual Report and AGM Notice for the year 2017-18 are sent through the permitted mode separately.
20. The Notice of the Annual General Meeting and this communication are also available on the website of the Company and of the RTA - [www.skdc-consultants.com](http://www.skdc-consultants.com)
21. Members are requested to note that the venue of the 108th Annual General Meeting is "Nani Palkhivala Auditorium", Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037 and route map containing the complete particulars of the venue is printed on the backside of the Attendance Slip.

## Voting through Electronic Means

- i. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the members, the facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
  - ii. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
  - iii. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
  - iv. The remote e-voting period commences on 17th September, 2018 (9:00 am) and ends on 19th September, 2018 (5:00 pm). During this period, members' of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of 13th September, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
  - v. The process and manner for remote e-voting are as under:
    - A. In case a member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)] :
      - (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
      - (ii) Launch internet browser by typing the following URL: [https:// www.evoting.nsd.com/](https://www.evoting.nsd.com/)
      - (iii) Click on Shareholder - Login
      - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
      - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
      - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
      - (vii) Select "EVEN" of "The Lakshmi Mills Company Limited".



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- (viii) Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [bkcacbe@gmail.com](mailto:bkcacbe@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy] :
- (i) Initial password is provided as below/at the bottom of the Proxy Form for the AGM:  
EVEN (Remote e-voting Event Number)  
USER ID PASSWORD/PIN
- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- vi. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and remote e-voting user manual for members available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- vii. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password / PIN for casting your vote.
- viii. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- ix. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 13th September, 2018.
- x. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 13.09.2018, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [info@skdc-consultants.com](mailto:info@skdc-consultants.com).
- However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
- xi. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- xii. Sri B. Krishnamoorthi, Chartered Accountant (Membership No. 20439) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- xiii. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" or "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- xiv. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- xv. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company - [www.lakshminmills.com](http://www.lakshminmills.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

## ANNEXURE TO NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

#### Item No. 5:

Sri Vijay Venkatasamy (DIN 00002906) was appointed by the Board of Directors at their meeting held on 14.02.2018 as an Additional Director of the Company. Pursuant to the provisions of Section 161(1) of the Companies Act 2013 and the Articles of Association of the Company, Sri Vijay Venkatasamy holds office upto the date of the ensuing Annual General Meeting.

Further, a notice has been received from a member signifying his intention to propose Sri Vijay Venkatasamy, as a candidate for the office of the Director of the Company.

The Company has received from Sri Vijay Venkatasamy - (i) consent in writing to act as an Independent Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment &

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Qualification of Directors) Rules 2014; (ii) intimation in Form DIR - 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013; and (iii) a declaration to the effect that he meets the criteria of Independence as provided in sub-section (6) of Section 149 of the companies Act, 2013 and Regulation 26 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Resolution seeks the approval of members for the appointment of Sri Vijay Venkatasamy as an Independent Director of the Company for a period of ONE year or the date of 109<sup>th</sup> Annual General Meeting, whichever is earlier from the date of the ensuing Annual General Meeting.

In the opinion of the Board, Sri Vijay Venkatasamy fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder and Regulation 25 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for his appointment as an Independent Director of the Company and is independent of the Management.

Brief resume of Sri Vijay Venkatasamy, nature of his expertise in specific functional areas and name of Companies in which he holds directorships and memberships / Chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Regulation 25 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, has been detailed in the annexure attached.

Copy of the draft letter for appointment as Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at

the Registered Office of the Company between 10.00 A.M and 03.00 P.M on any day, excluding Saturday and Sunday.

The Board recommends the resolution relating to appointment of Independent Director in Item No. 5, for the approval by the shareholders of the Company.

Except Sri Vijay Venkatasamy, being the appointee, none of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

## Item No. 6:

The Board of Directors of the Company, at their meeting held on 18th May, 2018 on the recommendation of the Audit Committee, has approved the appointment of and remuneration payable to M/s. A. R. Ramasubramania Raja & Co., Cost Accountants for the audit of cost accounting records of the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, for the financial year 2018 - 19 at a remuneration of ₹ 75,000/- per annum excluding the applicable taxes and reimbursement of out of pocket expenses incurred by them in connection with the audit.

As per Section 148(3) of the Companies Act, 2013 read with Rule 14(a) of the Companies (Audit & Auditors) Rules, 2014, the remuneration payable to the Cost Auditor as determined by the Board is required to be ratified by the members of the Company. Board recommends this resolution for the approval of the members.

None of the Directors, Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

Coimbatore  
13<sup>th</sup> August, 2018

By Order of the Board  
**N. SINGARAVEL**  
Company Secretary

Details of Director(s) seeking re-appointment at the Annual General Meeting in pursuance of Secretarial Standards (SS-2) and Regulation 36 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Name	Sri Sanjay Jayavarthanavelu	Sri Vijay Venkatasamy
DIN	00004505	00002906
Date of Birth	15.06.1968	12.08.1947
Date of appointment on the Board	30.07.2010	14.02.2018
Relationship with other Directors	None	None
Qualifications	MBA (Philadelphia University, USA)	Textile Technology
Experience	27 years	40 years
Number of Shares held	13,213	Nil
Number of Board Meetings attended during the year	4	1
Terms and conditions of appointment	Retires by rotation and eligible for re-appointment.	Proposed to be appointed as an Independent Director - Not liable to retire by rotation
Remuneration sought to be paid	Nil	Nil
Remuneration last drawn	Nil	Nil
Directorships held in other companies	Lakshmi Machine Works Ltd Super Sales India Ltd Lakshmi Electrical Control System Ltd Carborundum Universal Ltd Lakshmi Cargo Company Ltd Lakshmi Life Sciences Ltd	Sara Elgi Textiles (International) Ltd Coimbatore Pioneer Fertilizers Ltd Primo Aqua Green Pvt Ltd The Coimbatore Cosmopolitan Club
Committee Chairmanship/ Membership held in other companies	Audit Committee - Member Carborundum Universal Ltd Lakshmi Cargo Company Ltd	



## DIRECTORS' REPORT

Ladies and Gentlemen,

Your Directors have pleasure in presenting the Hundred and Eighth year Annual Report together with the audited accounts of the Company for the year ended 31.03.2018.

(₹ in Lakhs)

WORKING RESULTS	31.3.2018	31.3.2017
No. of days worked	356	357
Sales	23,668.46	22,722.73
Other income	686.47	773.49
<b>GROSS REVENUE</b>	<b>24,354.93</b>	<b>23,496.22</b>
Profit before Tax and Exceptional Items	495.80	460.61
Less : Exceptional items	222.80	17.65
<b>Profit before Taxation</b>	<b>273.00</b>	<b>442.96</b>
Tax Expense	130.71	336.39
<b>Profit after Taxation</b>	<b>142.29</b>	<b>106.57</b>
Other Comprehensive Income	13,305.35	4,729.11
<b>Total Comprehensive Income</b>	<b>13,447.64</b>	<b>4,835.68</b>

### Transition to Indian Accounting Standards

The Ministry of Corporate Affairs (MCA) vide its notification dated 16.02.2015, notified the Indian Accounting Standards (Ind AS) applicable to certain classes of companies. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. For the Company, Ind AS is applicable from April 1, 2017, with a transition date of April 1, 2016.

The following are the areas which has an impact on account of transition to Ind AS:

- Expected credit loss model for provisioning on trade receivables.
- Fair valuation of investments in equity instruments.
- Fair Valuation of Rent advance.
- Employee costs pertaining to defined benefit obligation.
- Revenue Recognition.
- Recognition of dividend liability and related taxes.
- Recognition of Government Grants.
- Deferred taxes.

The reconciliations and descriptions of the effect of the transition from IGAAP to Ind AS have been provided in the notes to accounts in the standalone financial statements.

### OPERATIONS

The Spindles capacity remained at the same level of 1.33 lakh spindles throughout the year 2017-18. Overall utilisation remained around 95% - same as that of 2016-17.

Your Company continued to outsource fabrics both for exports as well as for domestic market. Export of yarn and fabric accounted for ₹ 3529 Lakhs as against ₹ 4999 Lakhs in the previous year, a decrease of around 30% over the previous year's performance.

Overall, the operational performance was better during the year, thanks to improvement in realization of yarn prices as well as power cost reduction.

There was no change in the nature of business of the Company during the financial year ended 31<sup>st</sup> March, 2018.

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## TRANSFER TO RESERVES

The Company has not transferred any amount to its Reserves during the year under review.

## DIVIDEND

The Directors have recommended a dividend of ₹.9/- per Equity Share of ₹.100/- each, at 9% for the financial year 2017-2018 (Previous Year - 9%). The Dividend of 9%, if approved at the forth coming Annual General Meeting, will result in the outflow of ₹.62.60 Lakhs to the company in addition to ₹.12.87 Lakhs by way of dividend distribution tax.

## TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of the Companies Act, 2013 any unclaimed or unpaid Dividend relating to the financial year 2010-11, will be transferred to the Investor Education and Protection Fund established by the Central Government, after the conclusion of this Annual General Meeting.

As per the requirements of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, 10,937 equity shares of Rs. 100/- each on which dividend had remained unclaimed for a period of 7 years have been transferred to the credit of Demat account identified by the IEPF Authority during the year under review.

## SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2018 was ₹.6,95,55,000/- comprising 6,95,550 shares of ₹.100/- each. During the year under review, the company has not made any fresh issue of shares.

## EXTRACT OF ANNUAL RETURN

As per the requirements of the Companies Act, 2013, the extract of annual return in the prescribed Form MGT 9 is annexed hereto as Annexure - 1 forming part of this report.

## BOARD MEETINGS AND ITS COMMITTEES CONDUCTED DURING THE PERIOD UNDER REVIEW

During the year under review, 4 Meetings of the Board of Directors, 4 Meetings of the Audit Committee, 3 Meetings of the Nomination and Remuneration Committee, 1 Meeting of the Corporate Social Responsibility Committee, 1 Meeting of the Stakeholders Relationship Committee and 18 Meetings of the Share Transfer Committee were held. Further details of the same have been enumerated in the Corporate Governance Report annexed herewith.

## STATEMENT ON COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has complied with the Secretarial Standards on Board and General Meetings issued by the Institute of Company Secretaries of India.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(3)(c) of the Companies Act, 2013, with respect to the Directors' Responsibility Statement, it is hereby confirmed that-

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from those standards;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all the applicable laws and such systems were adequate and operating effectively.

#### **DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12) OF THE COMPANIES ACT, 2013 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT**

There were no instances of frauds identified or reported by the Statutory Auditors during the course of their audit pursuant to Section 143(12) of the Companies Act, 2013.

#### **DECLARATION OF INDEPENDENT DIRECTORS**

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to act as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

#### **NOMINATION AND REMUNERATION COMMITTEE AND POLICY**

The Company has reconstituted the Nomination and Remuneration Committee of Directors of the Company and its composition and attendance are reported elsewhere in the Annual Report. The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy on Directors' appointment and remuneration including criteria for determining qualification, positive attributes, independence of a Director and other matters provided under sub-section (3) of Section 178. The said Policy is available on the website of the Company - [www.lakshimills.com](http://www.lakshimills.com). The abstract of the Policy is annexed hereto as **Annexure - 6**.

#### **EXPLANATION AND COMMENTS ON AUDITOR REPORTS**

The reports of the Statutory Auditors M/s. M. S. Jagannathan & Visvanathan (annexed elsewhere in the Annual Report) and that of the Secretarial Auditor Mr. M.D. Selvaraj, annexed hereto as **Annexure - 2** are self explanatory having no adverse comments.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013. The details of the investments made by the Company are given in the notes to the financial statements.

#### **RELATED PARTY TRANSACTIONS**

All transactions of the Company with the related parties were in the ordinary course of business and on an arm's length pricing basis. Since there are no transactions which are not on arm's length basis and material in nature, the requirement of disclosure of such related party transactions in Form AOC-2 does not arise.

The policy on Related Party Transactions as approved by the Board of Directors of the Company has been uploaded on the Company's website and may be accessed through the link at [www.lakshimills.com](http://www.lakshimills.com).

#### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There is no material change or commitments after the closure of the financial year as on 31.03.2018 and till the date of this report.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under section 134 (3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached herewith as **Annexure - 3** to this report.

#### **RISK MANAGEMENT**

The Company follows a comprehensive and integrated risk management process. The risk management process is designed to safeguard the organization from various risks through adequate and timely actions. It is designed to anticipate, evaluate and mitigate risks in order to minimize its impact on the business. The potential risks are inventoried and integrated with the management process such that they receive the necessary consideration during decision making and are periodically reviewed and revised by the Board of Directors.

#### **CORPORATE SOCIAL RESPONSIBILITY**

The Board has constituted a CSR Committee comprising of Sri S. Pathy, Sri Aditya Krishna Pathy and Sri D. Rajendran. The company has adopted a Corporate Social Responsibility Policy defining therein the CSR activities to be undertaken by the Company in line with the provisions of Schedule VII of the Companies Act, 2013. The Corporate Social Responsibility Committee of the Board is responsible for the implementation and effective monitoring of the CSR activities of the Company. The Annual Report on Company's CSR activities of the Company is furnished in the prescribed format as **Annexure - 4** and attached to this report.

# THE LAKSHMI MILLS COMPANY LIMITED

## BOARD EVALUATION

Pursuant to the provisions of the Act, the Board has carried out an annual evaluation of its own performance, the individual Directors (including the Chairman) as well as an evaluation of the working of all Board Committees. The performance evaluation was carried out on the basis of inputs received from all the Directors / Members of the Committees, as the case may be. The Independent Directors of the Company have also convened a separate meeting for this purpose. All the results of evaluation has been communicated to the Chairman of the Board of Directors.

## DIRECTORS' & KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Company, Sri Sanjay Jayavarthanavelu, Director is liable to retire by rotation at the ensuing Annual General Meeting ("AGM") and being eligible offers himself for re-appointment.

Your directors recommend the re-appointment.

*Sri V. Jagannathan, Independent Director has resigned from the Board of Directors of the Company with effect from 13.12.2017 due to his advanced age.*

*Sri Vijay Venkatasamy has been inducted to the Board of Directors of the Company with effect from 14.02.2018, as an Independent Director in the place of Sri V. Jagannathan and he shall hold office upto the date of this Annual General Meeting. Accordingly, necessary resolution proposing the appointment of Sri. Vijay Venkatasamy as an Independent Director of the Company has been included in the Agenda of the Notice convening the Annual General Meeting for the approval of the members.*

Key Managerial Personnel of the Company as required pursuant to Section 2(51) and 203 of the Companies Act, 2013 are Sri S. Pathy - Chairman and Managing Director, Sri Aditya Krishna Pathy - Deputy Managing Director, Sri N. Singaravel - Company Secretary and Sri V. Kannappan - Chief Financial Officer.

## SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any joint venture, subsidiary or associate company.

## FIXED DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems to monitor business processes, financial reporting and compliance with applicable regulations. The systems are periodically reviewed for identification of control deficiencies and formulation of time bound action plans to improve efficiency at all the levels. The Audit Committee of the Board constantly reviews internal control systems and their adequacy, significant risk areas, observations made by the internal auditors on control mechanism and the operations of the Company and recommendations made for corrective action through the internal audit reports. The Committee reviews the statutory auditors' report, key issues, significant processes and accounting policies.

The Directors and Management confirm that the Internal Financial Controls (IFC) are adequate with respect to the operations of the Company. A report of Auditors pursuant to Section 143(3)(i) of the Companies Act, 2013 certifying the adequacy of Internal Financial Controls is annexed with the Auditors Report.

## AUDITORS

### STATUTORY AUDITORS

M/s. M.S.Jagannathan& Visvanathan (Firm Registration No.001209S), Chartered Accountants, Coimbatore were appointed as the Statutory Auditors of the company for a period of five years at the 107th Annual General Meeting of the company held on 26th July 2017. Pursuant to the amendment of Section 139 of the Companies Act, 2013, the Company is no longer required to seek the ratification of the appointment of the Auditor at every Annual General Meeting. Accordingly, it has been proposed to obtain the approval of the members to continue the appointment of the Statutory Auditors without ratification of their appointment at every Annual General Meeting.

The Company has received a Certificate from the Statutory Auditors to the effect that their continued appointment as the Statutory Auditors of the Company, would be within the limits prescribed under section 139 of the Companies Act, 2013. Members are requested to grant their approval for the continuation of the appointment of the Auditors for a period up to

the conclusion of the 112th Annual General Meeting of the Company which ought to be held during the year 2022 without ratification at every Annual General Meeting.

#### **SECRETARIAL AUDITORS**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. M.D.Selvaraj, MDS & Associates, Company Secretary in practice to undertake the Secretarial Audit of the Company. The Secretarial Audit report is annexed herewith as **Annexure - 2**.

#### **COST AUDITORS**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Directors on the recommendation of the Audit Committee have appointed M/s. A.R.Ramasubramania Raja & Co., a firm of Cost Accountants, as the Cost Auditor of the Company for the financial year 2018 - 19.

Pursuant to Section 148 of the Companies Act 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the remuneration payable to the Cost Auditors for the financial year 2017-18 & 2018 - 19 is subject to the approval of the shareholders in a general meeting. The Board recommends the ratification of their remuneration.

#### **COST RECORDS**

The Company has maintained the Cost Records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

#### **CORPORATE GOVERNANCE**

Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Management Discussion and Analysis Report, Report on Corporate Governance and Auditors Certificate regarding compliance of conditions of Corporate Governance provided elsewhere in this Report, forms part of the Directors' Report.

#### **COMPOSITION OF AUDIT COMMITTEE AND VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has reconstituted the Audit Committee of the Board of Directors of the Company and its composition and attendance are disclosed elsewhere in the Annual Report. The Company has devised a vigil mechanism in the form of a Whistle Blower Policy in pursuance of provisions of Section 177(10) of the Companies Act, 2013 and the policy is explained in corporate governance report and also posted on the website of company and can be accessed at the link <http://www.lakshimimills.com>. During the year under review, there were no complaints received under this mechanism.

#### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place a policy on Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Compliant Committee has been set up to redress complaints received. All employees (permanent, contractual, temporary, trainees) are covered under this policy. There were no complaints received from any employee during the financial year 2017 - 18.

#### **PARTICULARS OF EMPLOYEES**

Disclosures with respect to the remuneration of Directors and employees as required under Section 197(12) of Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been appended as **Annexure - 5** to this Report.

#### **ACKNOWLEDGEMENT**

The Board acknowledges the continued assistance from the Bankers, Cotton, Yarn and Cloth Dealers of the Company and Shareholders and appreciates the valuable services rendered by the employees at all levels.

May the Goddess Lakshmi continue to shower her choicest Blessings for the prosperity of the Company in the years to come.

By Order of the Board  
For The Lakshmi Mills Co. Ltd.,

S. PATHY  
Chairman and Managing Director  
(DIN 00013899)

Coimbatore  
13<sup>th</sup> August, 2018

# THE LAKSHMI MILLS COMPANY LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### I. INDUSTRY STRUCTURE AND DEVELOPMENTS

Indian Textile Industry continues to be the largest employer in the manufacturing sector. It provides direct employment to over 35 million workers and also another 50 million workers in the allied sectors. It has over 52 million spindles and around 8.70 lac rotors together with looms in different parts of the country. It is blessed with large acreage of Cotton cultivation to produce on an average of over 350 lacs of bales of Cotton every year. Besides, it has adequate raw material base for manmade fibres like PSF, VSF, Acrylic. With such strong base, the Indian textile industry had played a very significant role in the growth and development of Indian economy over the past many years.

However the industry is struggling to cope up with the multiple challenges that are adversely impacting the progress both in the external and internal fronts.

In the domestic front, Demonetisation followed by GST implementation had taken a severe toll on the small manufacturing enterprises which are responsible for 80% of the production across the value chain excepting spinning sector. Though the Spinning sector had been able to adjust to the post GST environment, yet the Powerloom, Knitting and Garment sectors are still grappling with numerous problems in their operations. The main problem faced by Garment Industry is the blockage in GST refunds, slow disbursement of State levies and the sharp decline in ROSL rates - resulting in Working Capital drying up.

In the export front, though total exports from the country in the Textile & Clothing segment was marginally high during 2017-18 over that of 2016-17, yet it fell very much short of the target fixed by the Government of India. Further, the share of Textile exports to total exports in the country had come down to 12% as against 13% of 2016-17 and 14% of 2015-16. Other segments appears to have fared well in export front.

The steep fall in exports in garments especially from Tiruppur during 2017-18 was a serious concern.

Today the industries in the small scale sector are in a bad shape and need remedial measures to get back to their Pre-GST regime.

### II OPPORTUNITIES AND THREATS

#### Opportunities

Indian economy has gained momentum - it is rated as the World's fastest growing economy thanks to revival in Investment demand.

It is the most competitive country in South Asia. The country has joined the top ranking countries in the world - as the country suitable for ease of doing business. Recent results of corporate earnings show that consumers demand is reviving.

Lots of foreign investments are taking place in different parts of the country in different sectors.

Economy is projected to grow faster in the years ahead, viz., 2018-19 and 2019-20.

#### Threats

The domestic textiles & apparel industry faces threat from rising imports due to removal of Countervailing duties and special additional duties in the GST regime.

China which was the largest buyer of Indian Cotton yarn has imposed import duty on yarn from India under Asia Pacific Trade Agreement. On the other hand, Vietnam has duty free access for exporting cotton yarn to China. Vietnam has now become the largest supplier of Cotton yarn to China. There is a need to enter into agreements for Free Trade access with different countries.

The surge in oil prices can weigh down heavily on Indian external position and overall growth prospects.

The continuing fall in value of Rupee is a serious concern for those relying on imports.

The Indian Banking system is facing severe stress due to huge percentage of NPAs with majority of public sector banks. Unless the health of the Banking industry is improved, industries cannot look for robust growth with Banker's help.

The Brewing Trade War amongst countries can impact India indirectly as the Country is integrated with Global economy.

### **III SEGMENT WISE OR PRODUCT-WISE PERFORMANCE**

Operations of the Company are under one broad segment - textile intermediate products and hence no further analysis is needed.

### **IV OUTLOOK**

Textile and Apparel industry will change dramatically in the long run as India has all the potentialities to grow. The industry is bound to adopt new materials that will deliver unprecedented performance and will eliminate harmful chemicals from its operations.

Government should come out with National Textile Policy targeting substantial growth in Textile exports and creating additional jobs in the industry. The textile policy also should put an end to some of the outmoded laws like Hank yarn obligation and Handloom Reservation Act. These two laws are doing more harm to the industry.

### **V RISKS AND CONCERNS**

Government need to be proactive in sorting out problem in the industry which happen in a cyclical way.

### **VI INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an adequate Internal Control System commensurate with its size and operations. Management has overall responsibility to the Company's Internal Control System to safeguard the assets and to ensure reliability of financial records. Audit Committee reviews all financial statements and ensures adequacy of internal control systems.

### **VII DISCUSSIONS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The Net Sales during the year was 23,668.46 lakhs and your company could make a Net Profit of Rs.142.29 lakhs after tax.

### **VIII MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING No. OF WORKERS**

The Company had on its roll 426 employees as on 31.03.2018 as against 557 employees as on 31.03.2017.

By Order of the Board  
For The Lakshmi Mills Co. Ltd.,  
**S. PATHY**  
Chairman and Managing Director  
(DIN 00013899)

Coimbatore  
13<sup>th</sup> August, 2018

# THE LAKSHMI MILLS COMPANY LIMITED

ANNEXURE -1

## FORM NO. MGT - 9

### EXTRACT OF ANNUAL RETURN as on the financial year ended 31.03.2018

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

I.	REGISTRATION AND OTHER DETAILS:	
i)	CIN	L17111TZ1910PLC000093
ii)	Registration Date	01.04.1910
iii)	Name of the Company	The lakshmi Mills Company limited
iv)	Category / Sub-Category of the company	Limited by Shares / Non Government Company
v)	Address of the Registered office and contact details	686, Avanashi Road, Pappanaickenpalayam, Coimbatore 641 037 Phone: 0422 - 2245461 - 465 Fax: 0422 - 2246508 Mail: contact@lakshimimills.com Website: www.lakshimimills.com
vi)	Whether Listed Company Yes / No	Yes
vii)	Name, Address and contact details of Registrar and Transfer Agent, if any	M/s. S.K.D.C. Consultants Ltd Kanapati Towers, 3 <sup>rd</sup> Floor. 1391/A-1, Sathy Road, Ganapathy, Coimbatore 641 006 Phone : 0422 - 4958995, 2539835 - 36 Fax No. 0422 - 2539837 Mail : info@skdc-consultants.com

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No	Name and Description of main products / services	NIC Code of the Products/ Service	% to total turnover of the Company
1.	Preparation and spinning of cotton fibre including blended cotton	13111	31.06%
2.	Preparation and spinning of man-made fibre including blended man-made fibre	13114	52.24%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:-

Sl. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of Shares held	Applicable Section
NIL					



#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Category Code	Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2017)				No. of Shares held at the end of the year (as on 31.03.2018)				% Change during the year
		Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
<b>A.</b>	<b>Promoters</b>									
(1)	<b>Indian</b>									
a)	Individual/ HUF	2,57,935	15	2,57,950	37.09	2,59,400	–	2,59,400	37.29	0.20
b)	Central Govt	–	–	–	–	–	–	–	–	–
c)	State Govt(s)	–	–	–	–	–	–	–	–	–
d)	Bodies Corp.	1,61,242	–	1,61,242	23.18	1,63,557	–	1,63,557	23.52	0.34
e)	Banks / FI	–	–	–	–	–	–	–	–	–
f)	Any other	–	–	–	–	–	–	–	–	–
	<b>Sub Total (A)(1)</b>	<b>4,19,177</b>	<b>15</b>	<b>4,19,192</b>	<b>60.27</b>	<b>4,22,957</b>	<b>–</b>	<b>4,22,957</b>	<b>60.81</b>	<b>0.54</b>
(2)	<b>Foreign</b>									
a)	NRIs - Individuals	–	–	–	–	–	–	–	–	–
b)	Other individuals	–	–	–	–	–	–	–	–	–
c)	Bodies Corp.	–	–	–	–	–	–	–	–	–
d)	Banks / FI	–	–	–	–	–	–	–	–	–
e)	Any other	–	–	–	–	–	–	–	–	–
	<b>Sub Total (A)(2)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
	<b>Total shareholding of Promoters (A) = A)(1)+A)(2)</b>	<b>4,19,177</b>	<b>15</b>	<b>4,19,192</b>	<b>60.27</b>	<b>4,22,957</b>	<b>–</b>	<b>4,22,957</b>	<b>60.81</b>	<b>0.54</b>
<b>B.</b>	<b>Public shareholding</b>									
1.	<b>Institutions</b>									
a)	Mutual Funds	30	10	40	0.01	30	10	40	0.01	–
b)	Banks / FI	–	265	265	0.04	–	265	265	0.04	–
c)	Central Govt	–	–	–	–	–	–	–	–	–
d)	State Govt(s)	–	5,107	5,107	0.73	–	5,107	5,107	0.73	–
e)	Venture Capital Funds	–	–	–	–	–	–	–	–	–
f)	Insurance Companies	37,600	–	37,600	5.41	37,600	–	37,600	5.41	–
g)	FIs	–	–	–	–	–	–	–	–	–
h)	Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
	<b>Others -</b>									
i)	Foreign Financial Institutions / Banks	20	–	20	0.00	20	–	20	0.00	–
	<b>Sub-total (B)(1):-</b>	<b>37,650</b>	<b>5,382</b>	<b>43,032</b>	<b>6.19</b>	<b>37,650</b>	<b>5,382</b>	<b>43,032</b>	<b>6.19</b>	<b>–</b>

# THE LAKSHMI MILLS COMPANY LIMITED

## i) Category-wise Share Holding (Contd.)

Category Code	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
<b>2.</b>	<b>Non-Institutions</b>									
<b>a)</b>	<b>Bodies Corporate</b>									
<b>i)</b>	<b>Indian</b>	32,060	20,741	52,801	7.59	30,113	20,646	50,759	7.30	(0.29)
<b>ii)</b>	<b>Overseas</b>	—	—	—	—	—	—	—	—	—
<b>b)</b>	<b>Individuals</b>									
<b>i)</b>	Individual shareholders holding nominal share capital upto ₹ 1 lakh	80,718	66,081	1,46,799	21.10	79,362	53,092	1,32,454	18.96	(2.14)
<b>ii)</b>	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	16,732	5,245	21,977	3.16	18,750	3,942	22,692	3.26	(0.10)
<b>c)</b>	<b>Others</b>									
<b>i)</b>	Trusts	382	—	382	0.05	382	—	382	0.05	—
<b>ii)</b>	Directors and their relatives	—	570	570	0.08	—	—	—	—	—
<b>iii)</b>	Non Resident Indians	1,837	79	1,916	0.28	2,752	74	2,826	0.41	0.13
<b>iv)</b>	Clearing Members	2,769	—	2,769	0.40	3,389	—	3,389	0.49	0.09
<b>v)</b>	Hindu Undivided Families	6,112	—	6,112	0.88	6,122	—	6,122	0.88	0.00
	<b>Sub-total (B)(2):-</b>	<b>1,40,610</b>	<b>92,716</b>	<b>2,33,326</b>	<b>33.55</b>	<b>1,51,807</b>	<b>77,754</b>	<b>2,29,561</b>	<b>33.00</b>	<b>(0.55)</b>
	<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>1,78,260</b>	<b>98,098</b>	<b>2,76,358</b>	<b>39.73</b>	<b>1,89,457</b>	<b>83,136</b>	<b>2,72,593</b>	<b>39.19</b>	<b>(0.54)</b>
<b>C.</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</b>	—	—	—	—	—	—	—	—	—
	<b>Grand Total (A+B+C)</b>	<b>5,97,437</b>	<b>98,113</b>	<b>6,95,550</b>	<b>100.00</b>	<b>6,12,414</b>	<b>83,136</b>	<b>6,95,550</b>	<b>100.00</b>	<b>0.00</b>

## ii) Shareholding of Promoters

S. No.	Shareholders Name	No. of Shares held at the beginning of the year 01.04.2017			No. of Shares held at the end of the year 31.03.2018			% change in shareholding during the year
		No. of Shares	% of total Share of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Share of the Company	% of Shares Pledged / encumbered to total shares	
1	S. Pathy	1,12,218	16.13	—	1,13,561	16.33	—	0.20
2	Aditya Krishna Pathy	65,614	9.43	—	65,614	9.43	—	0.00
3	Aishwarya Pathy	30,519	4.39	—	30,626	4.40	—	0.01
4	Rajshree Pathy	9,877	1.42	—	9,877	1.42	—	0.00
5	S Sunitha	3,563	0.51	—	3,563	0.51	—	0.00
6	B Anirudh	382	0.05	—	382	0.05	—	0.00
7	Abhinav Narayana B	382	0.05	—	382	0.05	—	0.00
8	K Arjun	9,318	1.34	—	9,318	1.34	—	0.00
9	K. Nithin	9,145	1.31	—	9,145	1.31	—	0.00
10	D Thayarammal	90	0.01	—	90	0.01	—	0.00
11	D. Suguna	7	0.00	—	7	0.00	—	0.00
12	Sanjay Jayavarthanavelu	13,213	1.90	—	13,213	1.90	—	0.00
13	J Rajyalakshmi	1,392	0.20	—	1,392	0.20	—	0.00
14	R Uttara	486	0.07	—	486	0.07	—	0.00
15	Nethra J S Kumar	1,744	0.25	—	1,744	0.25	—	0.00
16	Lakshmi Card Clothing Mfg Co Ltd	41,681	5.99	—	41,681	5.99	—	0.00
17	LCC Investments Ltd	16,145	2.32	—	16,145	2.32	—	0.00
18	Sans Craintes Stud Farm Pvt Ltd	19,415	2.79	—	19,415	2.79	—	0.00
19	Infocus Marketing & Services Ltd	7,130	1.03	—	7,130	1.03	—	0.00
20	R Santharam Marketing & Services P Ltd	4,085	0.59	—	4,085	0.59	—	0.00
21	Coimbatore Lakshmi CottonPress Pvt Ltd	72,230	10.39	—	74,545	10.72	—	0.33
22	Sans Craintes Live Stock P Ltd	556	0.08	—	556	0.08	—	0.00
	<b>TOTAL</b>	<b>4,19,192</b>	<b>60.27</b>	<b>—</b>	<b>4,22,957</b>	<b>60.81</b>	<b>—</b>	<b>0.54</b>

# THE LAKSHMI MILLS COMPANY LIMITED

## iii) Change in Promoters' shareholding

S. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year		
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company	
1	<b>S. Pathy</b>					
	<b>At the beginning of the year</b>		<b>1,12,218</b>	<b>16.13</b>		
	Bought during the year on the following dates					
	18.04.2017	1,231	0.18	1,13,449	16.31	
	18.09.2017	35	0.01	1,13,484	16.32	
	14.10.2017	26	0.00	1,13,510	16.32	
	11.11.2017	20	0.00	1,13,530	16.32	
	11.01.2018	31	0.00	1,13,561	16.32	
<b>At the end of the year</b>				<b>1,13,561</b>	<b>16.32</b>	
2	<b>Aishwarya Pathy</b>					
	<b>At the beginning of the year</b>		<b>30,519</b>	<b>4.39</b>		
	Bought during the year on the following dates					
	18.04.2017	100	0.01	30,619	4.40	
	18.09.2017	7	0.00	30,626	4.40	
<b>At the end of the year</b>				<b>30,626</b>	<b>4.40</b>	
3	<b>The Coimbatore Lakshmi Cotton Press Pvt. Ltd</b>					
	<b>At the beginning of the year</b>		<b>72,230</b>	<b>10.39</b>		
	Bought during the year on the following dates					
	21.04.2017	202	0.02	72,432	10.41	
	28.04.2017	200	0.02	72,632	10.44	
	05.05.2017	181	0.05	72,813	10.47	
	12.05.2017	294	0.04	73,107	10.51	
	19.05.2017	100	0.02	73,207	10.53	
	02.06.2017	45	0.00	73,252	10.53	
	13.10.2017	250	0.04	73,502	10.57	
	20.10.2017	66	0.01	73,568	10.58	
	27.10.2017	27	0.00	73,595	10.58	
	10.11.2017	129	0.02	73,724	10.60	
	17.11.2017	150	0.02	73,874	10.62	
	24.11.2017	184	0.03	74,058	10.65	
	01.12.2017	90	0.01	74,148	10.66	
	08.12.2017	43	0.01	74,191	10.67	
	22.12.2017	100	0.01	74,291	10.68	
	05.01.2018	50	0.01	74,341	10.69	
	12.01.2018	50	0.01	74,391	10.70	
	09.02.2018	100	0.01	74,491	10.71	
	09.03.2018	49	0.01	74,540	10.72	
	16.03.2018	5	0.00	74,545	10.72	
<b>At the end of the year</b>				<b>74,545</b>	<b>10.72</b>	

Note: There is no change in the shareholding of other Promoters.

iv) Shareholding Pattern of Top Ten Shareholders (Other than directors, Promoters and Holders of GDRs and ADRs)

S. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	<b>Life Insurance Corporation of India</b>				
	At the beginning of the year	37,600	5.41		
	Datewise Increase/Decrease in shareholding during the year	—	—	—	—
	At the end of the year			37,600	5.41
2	<b>Lakshmi Machine Works Ltd</b>				
	At the beginning of the year	26,916	3.87		
	Datewise Increase/Decrease in shareholding during the year	—	—	—	—
	At the end of the year			26,916	3.87
3	<b>Lakshmi Technology and Engineering Industries Ltd</b>				
	At the beginning of the year	19,914	2.86		
	Datewise Increase/Decrease in shareholding during the year	—	—	—	—
	At the end of the year			19,914	2.86
4 #	<b>Investor Education and Protection Fund Authority</b>				
	At the beginning of the year	—	—		
	Transfer during during the year - 19.12.2017	10,937	1.57	10,937	1.57
	At the end of the year			10,937	1.57
5	<b>N. Krishnaveni</b>				
	At the beginning of the year	8,146	1.17		
	Datewise Increase/Decrease in shareholding during the year	—	—	—	—
	At the end of the year			8,146	1.17
6	<b>Governor of Kerala</b>				
	At the beginning of the year	5,107	0.73		
	Datewise Increase/Decrease in shareholding during the year	—	—	—	—
	At the end of the year			5,107	0.73
7	<b>Payal Prem Raheja</b>				
	At the beginning of the year	2,525	0.36		
	Bought / Sold during the year on the following dates	—	—	—	—
	09.06.2017 - Purchases	750	0.11	3,275	0.47
	16.06.2017 - Purchases	48	0.01	3,323	0.48
	30.06.2017 - Purchases	10	0.00	3,333	0.48
	01.09.2017 - Purchases	15	0.00	3,348	0.48
	12.01.2018 - Sales	(348)	(0.05)	3,000	0.43
	At the end of the year			3,000	0.43
8	<b>D.Dhorrairaj</b>				
	At the beginning of the year	2,974	0.43		
	Datewise Increase/Decrease in shareholding during the year	—	—	—	—
	At the end of the year			2,974	0.43

# THE LAKSHMI MILLS COMPANY LIMITED

S. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
9	<b>N. Jaychander</b>				
	<b>At the beginning of the year</b>	<b>2,426</b>	<b>0.35</b>		
	Datewise Increase/Decrease in shareholding during the year	—	—	—	—
	<b>At the end of the year</b>			<b>2,426</b>	<b>0.35</b>
10	<b>Krishnaraj Dwarkadas</b>				
	<b>At the beginning of the year</b>	<b>1,960</b>	<b>0.28</b>		
	Bought/Sold during the year on the following dates				
	09.06.2017 - Purchases	10	0.00	1,970	0.28
	21.07.2017 - Purchases	490	0.07	2,460	0.35
	12.01.2018 - Sales	(250)	(0.03)	2,210	0.32
	<b>At the end of the year</b>			<b>2,210</b>	<b>0.32</b>
11	<b>MSPL Ltd</b>				
	<b>At the beginning of the year</b>	<b>2,540</b>	<b>0.37</b>		
	Sold during the year on the following dates				
	07.04.2017	(1,653)	0.24	887	0.13
	21.04.2017	(299)	0.04	588	0.09
	19.05.2017	(37)	0.01	551	0.08
	23.06.2017	(10)	0.00	541	0.08
	14.07.2017	(110)	0.02	431	0.06
	21.07.2017	(38)	0.00	393	0.06
	28.07.2017	(22)	0.00	371	0.06
	04.08.2017	(216)	0.04	155	0.02
	25.08.2017	(27)	0.00	128	0.02
	01.09.2017	(30)	0.00	98	0.01
	27.10.2017	(18)	0.00	80	0.01
	10.11.2017	(10)	0.00	70	0.01
	22.12.2017	(12)	0.00	58	0.01
	29.12.2017	(58)	0.01	0	0.00
<b>At the end of the year</b>			<b>0</b>	<b>0.00</b>	

# Not in the list of Top 10 Shareholders as on 31.3.2017. The same has been reflected above since it was one of the Top 10 Shareholders as on 31.3.2018.

v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	<b>S. Pathy</b>				
	<b>At the beginning of the year</b>	<b>1,12,218</b>	<b>16.13</b>		
	Bought during the year on the following dates				
	18.04.2017	1,231	0.18	1,13,449	16.31
	18.09.2017	35	0.01	1,13,484	16.32
	14.10.2017	26	0.00	1,13,510	16.32
	11.11.2017	20	0.00	1,13,530	16.32
	11.01.2018	31	0.00	1,13,561	16.32
	<b>At the end of the year</b>			<b>1,13,561</b>	<b>16.32</b>
2	<b>Aditya Krishna Pathy</b>				
	<b>At the beginning of the year</b>	<b>65,614</b>	<b>9.43</b>		
	Datewise Increase/Decrease in shareholding during the year	—	—	—	—
	<b>At the end of the year</b>			<b>65,614</b>	<b>9.43</b>
3	<b>V. Jagannathan*</b>				
	<b>At the beginning of the year</b>	<b>450</b>	<b>0.06</b>		
	Datewise Increase/Decrease in shareholding during the year	—	—	—	—
	<b>At the end of the year</b>			<b>450</b>	<b>0.06</b>
4	<b>Sanjay Jayavarthanavelu</b>				
	<b>At the beginning of the year</b>	<b>13,213</b>	<b>1.90</b>		
	Datewise Increase/Decrease in shareholding during the year	—	—	—	—
	<b>At the end of the year</b>			<b>13,213</b>	<b>1.90</b>

\* Sri V. Jagannathan resigned from the Board of Directors of the Company with effect from 13.12.2017.

No other Director except Sri S. Pathy, Sri Aditya Krishna Pathy and Sri Sanjay Jayavarthanavelu holds any shares in the Company.

Other than Sri S. Pathy, Chairman and Managing Director, Sri Aditya Krishna Pathy, Deputy Managing Director, no Key Managerial Personnel holds any shares in the Company.

# THE LAKSHMI MILLS COMPANY LIMITED

## V. INDEBTEDNESS

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

₹ in Lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	6,401.08	–	–	6,401.08
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
<b>Total (i+ii+iii)</b>	<b>6,401.08</b>	<b>–</b>	<b>–</b>	<b>6,401.08</b>
Change in Indebtedness during the financial year				
Addition	1,824.85	–	–	1,824.85
Reduction	559.95	–	–	559.95
<b>Net Change</b>	<b>1,264.90</b>	<b>–</b>	<b>–</b>	<b>1,264.90</b>
Indebtedness at the end of the financial year				
i) Principal Amount	7,665.98	–	–	7,665.98
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
<b>Total (i+ii+iii)</b>	<b>7,665.98</b>	<b>–</b>	<b>–</b>	<b>7,665.98</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

₹ in Lakhs

Sl. No	Particulars of Remuneration	Sri S. Pathy Chairman and Managing Director	Sri Aditya Krishna Pathy Deputy Managing Director	Total
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	65.62	42.02	107.64
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	3.60	2.04	5.64
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission as % of profit	–	–	–
5	Others, PF Employer's Contribution	7.87	5.04	12.91
	Others, Superannuation Fund Contribution	9.84	6.30	16.14
	<b>Total (A)</b>	<b>86.93</b>	<b>55.40</b>	<b>142.33</b>
Overall ceiling as per the Act		As per Schedule V of the Companies Act, 2013		



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### B. Remuneration to other Directors:

₹ in Lakhs

S. No	Name of Directors	Particulars of Remuneration			Total (B)(1)
		Fee for attending Board / Committee Meetings	Commission	Others, please specify	
1.	<b>Independent Directors</b>				
	Sri V. Jagannathan	0.40	—	—	0.40
	Sri D. Rajendran	1.85	—	—	1.85
	Sri Satish Ajmera	2.00	—	—	2.00
	Smt Suguna Ravichandran	1.40	—	—	1.40
	Sri Vijay Venkatasamy	0.20	—	—	0.20
	<b>Total (1)</b>	<b>5.85</b>	<b>—</b>	<b>—</b>	<b>5.85</b>
2.	<b>Other Non-Executive Directors</b>				
	Sri R. Santharam	2.00	—	—	2.00
	Sri Sanjay Jayavarthanavelu	1.25	—	—	1.25
	<b>Total (2)</b>	<b>3.25</b>	<b>—</b>	<b>—</b>	<b>3.25</b>
	<b>Total B = (1+2)</b>	<b>9.10</b>	<b>—</b>	<b>—</b>	<b>9.10</b>
	<b>Total Managerial Remuneration (A+B)</b>				<b>151.43</b>

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

₹ in Lakhs

Sl. No	Particulars of Remuneration	Sri N.Singaravel Company Secretary	Sri V. Kannappan Chief Financial Officer	Total Amount
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	11.96	22.93	34.89
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	0.19	0.40	0.59
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	—	—	—
2	Stock Options	—	—	—
3	Sweat Equity	—	—	—
4	Commission - as % of profit	—	—	—
5	Others, PF Employer's Contribution	0.47	0.91	1.38
	<b>Total</b>	<b>12.62</b>	<b>24.24</b>	<b>36.86</b>

# THE LAKSHMI MILLS COMPANY LIMITED

## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A. COMPANY Penalty Punishment Compounding			NONE		
B. DIRECTORS Penalty Punishment Compounding			NONE		
C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding			NONE		

Coimbatore  
13<sup>th</sup> August, 2018

By Order of the Board  
For The Lakshmi Mills Co. Ltd.,  
**S. PATHY**  
Chairman and Managing Director  
(DIN 00013899)

Form No. MR-3

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31st March 2018**

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

To

The Members,  
The Lakshmi Mills Company Limited  
(CIN: L17111TZ1910PLC000093)  
Old No. 1100, New No. 686, Avanashi Road,  
Pappanaickenpalayam,  
Coimbatore - 641037.

I have conducted the Secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. The Lakshmi Mills Company Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of M/s. The Lakshmi Mills Company Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board - processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Companies Act, 1956 (the Act) and the rules made thereunder (to the extent applicable);
- iii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iv. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- v. The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client.

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

- a. Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI);
- b. Listing Agreement entered into by the Company with BSE Limited.

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations and Standards etc., mentioned above.

# THE LAKSHMI MILLS COMPANY LIMITED

I further report that, during the year under review, there were no actions/events in pursuant of the following Rules / Regulations requiring compliance thereof by the Company:

- a. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- c. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- d. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- f. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998.

I further report that based on the information provided by the Company, its officers and authorized representatives, there are no laws specifically applicable to the Company.

I further report that having regard to the compliance system prevailing in the Company and on the review of quarterly compliance reports taken on record by the Board of Directors and on examination of the relevant documents and records in pursuance thereof, on test - check basis, the Company has complied with the labour and environmental laws as applicable.

I further report, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial auditor and other designated professionals.

## **I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non -Executive Directors, Independent Directors and a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the period, there were no instances of:

- Public / Rights / Preferential issue of shares / debentures / sweat equity
- Redemption / buy-back of securities
- Major decision taken by the members in pursuant to Section 180 of the Companies Act, 2013
- Merger / Amalgamation / Reconstruction etc
- Foreign technical collaborations

Place : Coimbatore  
Date : 13.08.2018

M D Selvaraj  
MDS & Associates  
Company Secretaries  
FCS No.: 960, C P No.: 411

This report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report



**'Annexure A'**

To

The Members,  
The Lakshmi Mills Company Limited  
(CIN: L17111TZ1910PLC000093)  
Old No. 1100, New No. 686,  
Avanashi Road,  
Pappanaickenpalayam,  
Coimbatore - 641037.

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable standards, laws, rules and regulation is the responsibility of management. My examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Coimbatore  
Date : 13.08.2018

M D Selvaraj  
MDS & Associates  
Company Secretaries  
FCS No.: 960, C P No.: 411

# THE LAKSHMI MILLS COMPANY LIMITED

ANNEXURE - 3

Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo [Section 134(3) (m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

## A. CONSERVATION OF ENERGY

### i. Steps taken for conservation of energy

A. In Palladam Mill, the following steps were taken as energy saving measures:

- i) "A" Unit Blow Room and Carding WRS Batliboi Centrifugal Fans were replaced with Energy Efficient VXL Centrifugal Fan.
- ii) 1 No. OHTC Fan and Nozzle were changed in "A" and "B" Unit.
- iii) 20 Nos. - 36W Florescent Tube Street Lights were replaced with 20W LED Street Lights.

Due to above measures, 16,746 units of energy saving per month were achieved during the year.

B. In Kovilpatti Mill, the following steps were taken as energy saving measures:

- i) 3 Nos. Savio Ecopulser new Autoconer machines having individual suction system for each spindle installed.
- ii) BEECHEM Beruspin Spindle oil used in 42 Nos. - DJ5 Spinning in "A" Unit for energy saving.
- iii) Air leakages were arrested in A, B & C Units and Main compressor air line changed.
- iii) 50 Nos. - 36W Florescent Tube Lights were replaced with 18W LED Tube Lights.

Due to above energy saving measures 28,116 Units per month of saving achieved.

### ii. Steps taken by the Company for utilizing alternate sources of energy

The Company has not initiated any alternate source of energy during the year under review.

### iii. Capital investment on energy conservation equipment - ₹ 4.39 Lakhs.

## B. TECHNOLOGY ABSORPTION

### i. Efforts made towards technology absorption, adaptation and innovation:

a. The Company has not absorbed any Technology from outsiders

### ii. Benefits derived as a result of the above efforts: Not applicable

### iii. Information of Imported Technology (imported during the last 5 years from the beginning of the Financial Year) : Not applicable

### iv. Expenditure incurred on Research & Development : Nil

## C) FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of Foreign Exchange earnings and outgo are furnished in Note Nos. 33.4, 33.5 & 33.7 to the Financial Statements.

Coimbatore  
13<sup>th</sup> August, 2018

S. PATHY  
Chairman and Managing Director  
DIN: 00013899

## Annual Report on Corporate Social Responsibility (CSR) Activities

### 1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Company has framed a Corporate Social Responsibility Policy with intent on improving the welfare of the people by providing education and basic sanitation facilities to the impoverished classes of people. Besides improving welfare, the policy framed in accordance with Schedule VII of the Companies Act, 2013 also focuses on environmental sustainability and preservation of national heritage, art and culture. The company also intends to promote sports among the rural masses through its various initiatives. The detailed policy on the Corporate Social Responsibility has been posted on the website of the Company and can be accessed at the link - [www.lakshimimills.com](http://www.lakshimimills.com)

### 2. Composition of CSR Committee

The CSR Committee of the Board of Directors has been constituted with the following directors as its members:

- \* Sri S.Pathy – Chairman
- \* Sri Aditya Krishna Pathy – Member
- \* Sri D.Rajendran – Member

### 3. Average Net Profit of the Company for last three Financial Years as per Section 198 of the Companies Act, 2013:

Average Net Profit: ₹ (5907.31) Lakhs .

### 4. Prescribed CSR Expenditure (2% of the amount as in item 3 above)

The Company was not required to spend on the Corporate Social Responsibility activities as the average net profits of the preceding three financial years of the Company was in the negative.

### 5. Details of CSR spent during the Financial Year 2017-18

- a) Total amount spent for the financial year : NIL
- b) Amount unspent, if any: NIL
- c) Manner in which the amount spent during the financial year is detailed below:

As the company was not required to spend any amount on CSR expenses, the disclosure with regard to the manner in which the amount was spent during the financial year does not arise.

### 6. Reasons for not spending an amount equal 2% of the Average Net Profits of the last three financial years:

The Company was not required to spend on the Corporate Social Responsibility activities as the average net profits of the preceding three financial years of the Company was in the negative.

### 7. Responsibility statement of the CSR Committee:

The CSR Committee confirms that the implementation and governance of CSR Programs have been elaborated in the Company's CSR policy. The CSR Committee further confirms that the implementation and monitoring of CSR Policy is in compliance with CSR Objectives and policy of the Company.

Coimbatore  
13<sup>th</sup> August, 2018

ADITYA KRISHNA PATHY  
Deputy Managing Director  
DIN: 00062224

S. PATHY  
Chairman of CSR Committee &  
Chairman and Managing Director  
DIN: 00013899

# THE LAKSHMI MILLS COMPANY LIMITED

## ANNEXURE -5

### Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i. Ratio of the remuneration of each director to the median remuneration of the Employees of the Company for the financial year 2017-18:

Sl. No	Name	Category	Ratio
1	Sri S. Pathy	Chairman & Managing Director	34.89 : 1
2	Sri Aditya Krishna Pathy	Deputy Managing Director	22.24 : 1

Note: For this purpose, sitting fees paid to the Directors have not been considered as remuneration

- ii. The percentage of increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2017-18:

Sl. No	Name	Category	%
1	Sri S. Pathy	Chairman & Managing Director	9.27
2	Sri Aditya Krishna Pathy	Deputy Managing Director	8.99
3	Sri N. Singaravel	Company Secretary	18.75
4	Sri V. Kannappan	Chief Financial Officer	11.33

The percentage increase in the median remuneration of employees in the financial year: 5.14%.

- iv. The number of permanent employees on the rolls of Company: 426 (557).
- v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The increase in remuneration for employees other than Managerial Personnel and KMP is 5.14% (0.25%) while it is 10.08% (10.82%) for Managerial Personnel and KMP.

- vi. Affirmation that the remuneration paid during the year is as per the Remuneration Policy of the Company. Yes
- vii. Particulars of employees: Rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Name (Age in years)	Designation	Gross Remuneration paid in (₹)	Qualification	Date of commencement of employment (Experience in years)	Previous employment
NIL					



## NOMINATION AND REMUNERATION POLICY

### Constitution of the Nomination and Remuneration Committee:

The Nomination and Remuneration Committee comprises of the following Non Executive Directors:

1. Sri D. Rajendran Chairman (Independent)
2. Sri R. Santharam Member (Non - Independent)
3. Sri Satish Ajmera Member (Independent)
4. Sri Sanjay Jayavarthanavelu Member (Non - Independent)

### The objective and purpose of this policy are

- ❖ To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- ❖ To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the manufacturing sector.
- ❖ To carryout evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- ❖ To compensate them to their effort, performance, dedication and achievement relating to the Company's operations.
- ❖ To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons.

### Applicability

The Policy is applicable to -

- ❖ Directors
- ❖ Key Managerial Personnel
- ❖ Senior Management Personnel

### General

- ❖ This Policy is divided in three parts:
  - Part - A covers the matters to be dealt with and recommended by the Committee to the Board,
  - Part - B covers the appointment and nomination and
  - Part - C covers remuneration and perquisites etc.
- ❖ The key features of this Company's policy shall be included in the Board's Report.

### Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Chairman and Managing Director or Deputy Managing Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

### Sitting Fees:

The Company may pay sitting fees to Directors for attending Meetings of the Board or Committees thereof such sum as may be decided by the Board of directors which shall not exceed One lakh Rupees per meeting of the Board or Committee thereof or such amount as may be prescribed by the Central Government from time to time.

### Commission:

Commission to Non Executive Directors may be paid within the monetary limit approved by shareholders, subject to the prescribed limit on the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

### Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.



# THE LAKSHMI MILLS COMPANY LIMITED

## REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2018, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

### PHILOSOPHY ON CODE OF GOVERNANCE

Lakshmi Mills is committed to the sound ethical practice of corporate functioning with maximum Customer satisfaction by offering the Quality Products at the right time at the reasonable price with the right service and comply with all regulations as applicable from time to time. At Lakshmi Mills the means of perfection is an on-going process enabling it to look back with immense satisfaction on its past achievements and look forward with confidence to a promising and challenging future. The strategy is always to maintain the position of leadership through a systematic initiative in the product development giving the customers a quality product and to ensure high ethical standard in all its business activities.

### BOARD OF DIRECTORS

In order to enable the Board to discharge its responsibilities and to have the operations effectively all statutory, significant and material information are placed before the Board on a quarterly basis.

### COMPOSITION

The Board of Directors of the Company consists of Eight (8) Directors. Sri S. Pathy is the Managing Director, Sri Aditya Krishna Pathy is the Deputy Managing Director and all other Directors are Non-Executive Directors (out of which four (4) are Independent Directors including one (1) Woman Director).

The Board met 4 times during the Financial Year on 25<sup>th</sup> May 2017, 23<sup>rd</sup> August 2017, 13<sup>th</sup> December 2017 and 14<sup>th</sup> February 2018. The composition and attendance of Directors at the Board Meetings and the Annual General Meeting held during the year is as under:-

Name of the Directors	Category	Attendance Particulars		No of Directorship in other Companies #	No. of Board Committee Memberships/ Chairmanships held \$	
		Board Meeting	Last AGM		Member	Chairman
Sri S. Pathy (DIN: 00013899)	Executive - Chairman & Managing Director	4	Yes	3	1	—
Sri R. Santharam (DIN: 000151333)	Non - Executive Vice Chairman	4	Yes	3	2	2
Sri V. Jagannathan* (DIN: 00002643)	Non - Executive - Independent	3	No	—	1	—
Sri D. Rajendran (DIN: 00003848)	Non - Executive - Independent	4	No	—	1	—
Sri Satish Ajmera (DIN: 00208919)	Non - Executive - Independent	4	Yes	3	3	3
Sri Sanjay Jayavarthanavelu (DIN: 00004505)	Non - Executive - Non Independent	4	Yes	9	—	2
Sri Aditya Krishna Pathy (DIN: 00062224)	Executive - Deputy Managing Director	4	Yes	1	—	—
Smt Suguna Ravichandran (DIN: 00170190)	Non - Executive - Independent	4	Yes	1	1	—
Sri Vijay Venkatasamy** (DIN:00002906)	Non - Executive - Independent	1	NA	2	1	—

# Excludes Alternate Directorships; Directorships in Foreign Companies, Section 8 Companies and Private Companies.

§ Only Audit Committee and Stakeholders Relationship Committee are considered.

\* Sri V. Jagannathan has resigned from the Board of Directors of the Company with effect from 13.12.2017.

\*\* Sri Vijay Venkatasamy has been inducted into the Board of Directors of the Company with effect from 14.02.2018.

Sri Aditya Krishna Pathy is the son of Sri S.Pathy. None of the other Directors are related to each Other.

As per the disclosures received from the Directors, none of the Directors serve as member of more than 10 Committees nor are they the Chairman / Chairperson of more than 5 Committees, as per the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Statement showing number of Equity Shares held by the Non-Executive Directors as on 31<sup>st</sup> March 2018-

Name of the Directors	No. of Shares	Name of the Directors	No. of Shares
Sri R. Santharam	NIL	Sri Sanjay Jayavarthanelu	13,213
Sri D. Rajendran	NIL	Smt Suguna Ravichandran	NIL
Sri Satish Ajmera	NIL		

There has been no materially significant transaction or relationship between the Company and its Non-Executive Independent Directors during the year.

## INDEPENDENT DIRECTORS

### Directors' Induction and Familiarization

The Chief Executive Officer and the Company Secretary are jointly responsible for ensuring that such induction and familiarization programmes are provided to the Directors. The management provides information such as specific project, activity or process of the Company at the meeting of Board of Directors or otherwise.

Presentations are made in all the Board Meetings, briefing the results of operations of the Company, Financial movements, capacity utilisation, productions, sales, stock status of all units, power consumption and internal audit reports, new developments on the operations of the Company and regulatory changes from time to time are apprised to the Directors at the Meetings. Newly appointed Director was oriented with the operations of the Company by Senior Managerial Personnel.

The familiarization program for Independent Directors and the appointment letters of the Independent Directors has been posted in the website - [www.lakshimills.com](http://www.lakshimills.com)

## INDEPENDENT DIRECTORS MEETING

During the year under review, the Independent Directors met on 14<sup>th</sup> February, 2018, inter alia, to discuss:

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as a Whole;
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
3. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the independent Directors were present at the meeting.

## COMMITTEE OF DIRECTORS

The Board has constituted the following Committee of Directors to deal with matters referred to it for timely decisions:

# THE LAKSHMI MILLS COMPANY LIMITED

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

## AUDIT COMMITTEE

The role, powers and functions of the Audit Committee are as per Section 177 of the Companies Act 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of this Committee are as required by SEBI - under Regulation 18 read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit committee reviews reports of the internal auditor, meets statutory auditors as and when required and discusses their findings, suggestions, observations and other related matters. It also reviews major accounting policies followed by the company, compliance of adequate internal control system, Accounting Standards and financial disclosure and other issues conforming to the requirements specified by the Companies Act, 2013 and by the Stock Exchanges in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Committee met 4 times during the financial year 25<sup>th</sup> May 2017, 23<sup>rd</sup> August 2017, 13<sup>th</sup> December 2017 and 14<sup>th</sup> February 2018. The composition and the attendance of the members at the Committee Meetings held during the year are as under:

Name of the Members	Category	No. of Meetings held during the year	No. of Meetings attended
Sri Satish Ajmera (Chairman)	Non-Executive - Independent	4	3
Sri D. Rajendran (Member)	Non-Executive - Independent	4	4
Sri R. Santharam (Member)	Non-Executive - Vice Chairman	4	4
Smt Suguna Ravichandran (Member)	Non-Executive - Independent	4	4

Sri N. Singaravel, Company Secretary is the Secretary of the Audit Committee.

The Chief Financial Officer has also attended the Committee meetings. The Board has accepted the recommendations of the Committee and there were no incidences of deviation from such recommendations during the financial year under review.

The Chairman of the Audit Committee had attended the Annual General Meeting.

## NOMINATION AND REMUNERATION COMMITTEE

The role, powers and functions of the Nomination and Remuneration Committee are as per Section 178 of the Companies Act 2013, and the guidelines set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of this Committee are as required by SEBI - under Regulation 19 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee was constituted for identifying the persons to be appointed as Directors and Senior Management personnel, recommend to the Board - the appointment and removal of Directors, carry out evaluation of Directors, formulate the criteria for determining qualifications, positive attributes and independence of Directors, and to recommend a policy relating to the remuneration of Directors.

The Committee met 3 times during the Financial Year on 25<sup>th</sup> May 2017, 13<sup>th</sup> December 2017 and 14<sup>th</sup> February 2018. The composition and attendance of the members at the Committee Meetings held during the year are as under:

Name of the Members	Category	No. of Meetings held during the year	No. of Meetings attended
Sri D. Rajendran (Chairman)	Non-Executive - Independent	3	3
Sri Satish Ajmera (Member)	Non-Executive - Independent	3	3
Sri R. Santharam (Member)	Non-Executive - Vice Chairman	3	3
Sri Sanjay Jayavarthanelu (Member)	Non-Executive-Non Independent	3	3

The Committee had formulated performance evaluation criteria for the evaluation of the Chairman, the Board as a whole, Committees of the Board, Independent Directors and Non - Independent Directors. The evaluations were carried out as per the criteria determined by this Committee.

The remuneration policy of the Company can be accessed on the Company's website at [www.lakshimills.com](http://www.lakshimills.com)

## REMUNERATION OF DIRECTORS

The Directors appointments are governed by the resolutions passed at the Annual General Meeting of the Company pursuant to the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Remuneration paid or payable to Directors during the year 2017-18 are given below: (in ₹)

Name of the Directors	Sitting Fees	Salary	Perquisites	Contribution to PF & Superannuation	Total
Sri S. Pathy *	NA	65,61,667	3,60,000	17,71,650	86,93,317
Sri R. Santharam	2,00,000	NA	NA	NA	2,00,000
Sri V. Jagannathan	40,000	NA	NA	NA	40,000
Sri D. Rajendran	1,85,000	NA	NA	NA	1,85,000
Sri Satish Ajmera	2,00,000	NA	NA	NA	2,00,000
Sri Sanjay Jayavarthanelu	1,25,000	NA	NA	NA	1,25,000
Sri Aditya Krishna Pathy *	NA	42,01,935	2,04,000	11,34,522	55,40,457
Smt Suguna Ravichandran	1,40,000	NA	NA	NA	1,40,000
Sri Vijay Venkatasamy**	20,000	NA	NA	NA	20,000

\* Remuneration as approved by the Shareholders. \*\* inducted into the Board with effect from 14.02.2018.

The Managing Director is not entitled to any sitting fees for attending meetings of the Board and Committees. Non-Executive Directors are only paid sitting fees for Board / Committee Meetings attended by them.

No Stock options granted to Non-executive Directors and Independent Directors during the financial year ended 31<sup>st</sup> March 2018. No service contracts were entered into with Directors.

## PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board who were evaluated on parameters such as level of engagement and contribution and independence of judgment thereby safeguarding the interest of the Company.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors were carried out by the Independent Directors. The board also carried out annual performance evaluation of the working of its Audit, Nomination and Remuneration as well as Stakeholders Relationship Committee. The Directors have expressed their satisfaction with the evaluation process.

## STAKEHOLDERS RELATIONSHIP COMMITTEE

The Committee has been formed comprising of the following three Non-Executive Directors as its members to specifically serve the grievance of the shareholders / investors. The Committee reviews the services rendered namely - redressal of complaints of the shareholders like delay in transfer of shares, non receipt of Annual Report, non receipt of dividends, etc., and also the action taken by the Company on such matters. The committee met on 14<sup>th</sup> February, 2018 during the financial year ended 31<sup>st</sup> March 2018.

# THE LAKSHMI MILLS COMPANY LIMITED

Consequent to the resignation of Sri V. Jagannathan, Independent Director from the Board of Directors of the Company with effect from 13.12.2017, the Committee was reconstituted by inducting Sri Vijay Venkatasamy, Independent Director of the Company as a member of the Committee with effect from 14.02.2018.

Name of the Members	Category	No. of Meetings held during the year	No. of Meetings attended
Sri R. Santharam(Chairman)	Non-Executive - Vice Chairman	1	1
Sri Satish Ajmera (Member)	Non-Executive - Independent	1	1
Sri Vijay Venkatasamy (Member)	Non-Executive - Independent	—	—

Sri N. Singaravel, Company Secretary is the Compliance Officer.

During the year, the company had received one (1) complaint from the investor, which was adequately resolved on time to the satisfaction of the shareholder. There was no complaint / query remaining unresolved as on 31.03.2018.

The Chairman of the Stakeholders' Relationship Committee had attended the Annual General Meeting.

## SHARE TRANSFER COMMITTEE

The Share Transfer Committee has been formed from the members of the Board, representatives of the Registrar and Share Transfer Agents and the Company Secretary and there are 5 members. During the year, the Committee met 18 times and approved Transfer of shares, Transmission of Shares and the issuance of Duplicate Share Certificates. There were no pending share transfers as on 31.03.2018.

Pursuant to Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practising Company Secretary has been submitted to the Stock Exchanges within the stipulated time.

Pursuant to Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, 10,937 equity shares of ₹100/- each on which dividend had remained unclaimed for a period of 7 years have been transferred to the credit of demat Account identified by the IEPF Authority during the year under review.

## UNCLAIMED SUSPENSE ACCOUNT

The Company is in the process of sending reminders to the shareholders who have not claimed their shares.

## CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

In compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted the Corporate Social Responsibility Committee.

The terms of reference of this Committee, assigned by their Board encompasses:

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as specified in schedule VII of the Companies Act, 2013.
- To recommend the amount of expenditure to be incurred on the activities referred to in clause A.
- To monitor the CSR policy of the Company from time to time.

Any other matter that may be referred by the Board from time to time or as may be necessary for compliance with the Companies Act, 2013 or Rules made thereunder or any other statutory laws of India.

Name of the Members	Category	Designation
Sri S. Pathy	Executive - Chairman and Managing Director	Chairman
Sri Aditya Krishna Pathy	Executive - Deputy Managing Director	Member
Sri D. Rajendran	Non - Executive - Independent	Member

The committee met on 14<sup>th</sup> February, 2018 during the financial year ended 31st March 2018. All the members were present for the meeting.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report forms a part of this Annual Report.

## GENERAL BODY MEETINGS

Location and time of the last three AGMs held and the special resolutions, if any, passed thereat, are as given below:

Financial Year ended	Date of Meeting	Time of Meeting	Venue of the Meeting	Special Resolutions Passed, if any
31 <sup>st</sup> March 2015	04.09.2015	4.35 P.M.	Nani Palkhivala Auditorium, Mani Hr. Sec. School, Coimbatore - 641037	Re-appointment and payment of remuneration to Sri S. Pathy, Chairman & Managing Director. Adoption of new set of Articles of Association of the Company.
31 <sup>st</sup> March 2016	15.09.2016	4.35 P.M.	Nani Palkhivala Auditorium, Mani Hr. Sec. School, Coimbatore - 641037	Nil
31 <sup>st</sup> March 2017	26.07.2017	4.35 P.M.	Nani Palkhivala Auditorium, Mani Hr. Sec. School, Coimbatore - 641037	Nil

## EGM AND POSTAL BALLOT

No EGM was held during the year under review. No Special Resolution was required to be put through postal ballot during the last financial year.

No Special resolution requiring postal ballot is being proposed.

## MEANS OF COMMUNICATION

The quarterly and annual financial results are published in the Business Line (English) and Dinamani (Tamil).

The Company Profile, Corporate information, Shareholding Pattern, Financial Statements, Code of Conduct for Directors and Officers and Product range are displayed in the Company's website [www.lakshimimills.com](http://www.lakshimimills.com).

Quarterly Financial Results and Quarterly Shareholding Pattern are intimated to the Stock Exchange periodically and also posted in the portal hosted by BSE and [www.listing.bseindia.com](http://www.listing.bseindia.com). The Company has not made any presentations to the institutional investors or to the analysts.

## SHAREHOLDERS INFORMATION ON 108<sup>th</sup> ANNUAL GENERAL MEETING

Day & Date	:	Thursday, 20th September, 2018
Time	:	4.30 P.M.
Venue	:	Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037.

# THE LAKSHMI MILLS COMPANY LIMITED

## FINANCIAL CALENDAR

Financial year	:	1 <sup>st</sup> April, 2017 to 31 <sup>st</sup> March, 2018
Announcement of Annual Results 2017-18	:	18.05.2018
Posting of Annual Reports 2017-18	:	On or before 27th August, 2018
E-voting period	:	17.09.2018 - 9.00 AM to 19.09.2018 - 5.00 PM
Last date of receipt of Proxy Forms	:	18.09.2018
Date of Book Closure	:	14.09.2018 - Friday to 20.09.2018 - Thursday (both days inclusive)
Date of payment of Dividend	:	On or before 15.10.2018
Announcement of Quarterly Results 2018-19	:	August 2018, November 2018, February 2019 & May/June 2019

## LISTING ON STOCK EXCHANGES

The equity shares of the Company are listed at : BSE Limited, Mumbai - 400 001.

BSE Limited, Stock Code : 502958

ISIN No. : INE938CO1019

Listing fee for 2018-2019 have been paid in respect of BSE Ltd.

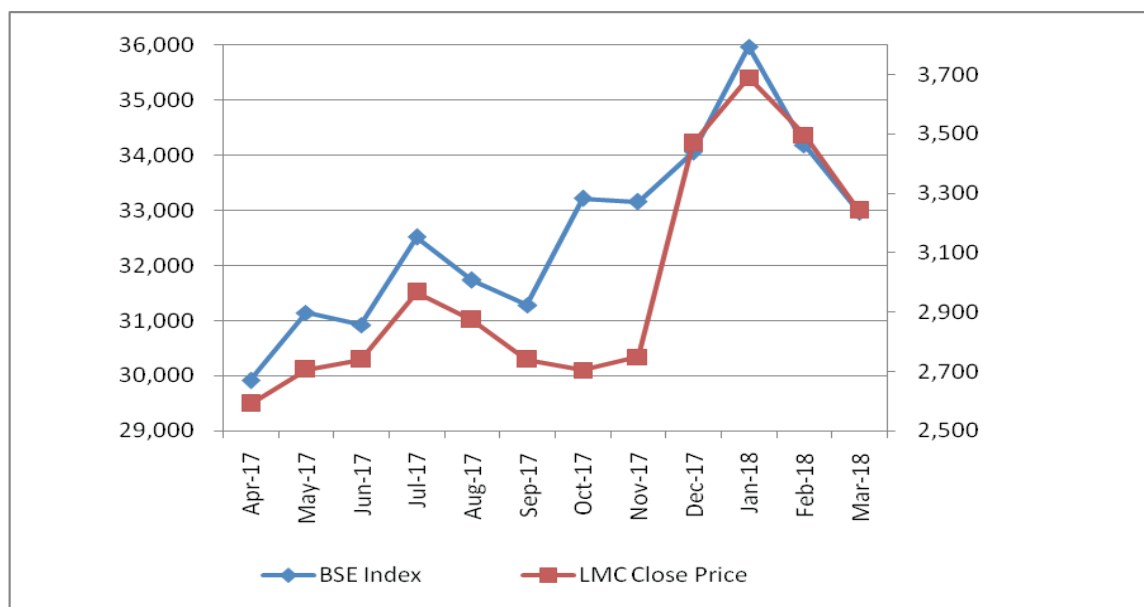
## MARKET PRICE DATA

The Company's Shares were traded under permitted category in the National Stock Exchange under a tie - up arrangement made by the Madras Stock Exchange from November 2009. Since the Madras Stock Exchange was liquidated, no trading would be undertaken in National Stock Exchange any further.

The High and Low prices during each month in the last financial year in BSE are given below:

Month	High Price	Low Price	Month	High Price	Low Price
April - 2017	2,997.50	2,548.00	October	2,999.95	2,540.15
May	3,099.95	2,500.00	November	2,899.00	2,651.00
June	3,060.00	2,600.00	December	3,912.00	2,709.05
July	3,070.00	2,615.00	January - 2018	4,299.00	3,401.00
August	2,950.00	2,555.10	February	3,800.00	2,811.00
September	2,943.95	2,600.00	March	3,899.00	2,825.05

## SHARE PERFORMANCE IN COMPARISON WITH BSE INDEX





## REGISTRAR & SHARE TRANSFER/DEMAT AGENTS

M/s. S.K.D.C. Consultants Ltd.,  
Kanamathy Towers, 3rd Floor,  
1391/A-1, Sathy Road, Ganapathy,  
Coimbatore - 641 006.  
Phone : 0422 4958995 / 2539835 - 36  
Email : info@skdc-consultants.com

## DETAILS OF COMPLIANCE OFFICER

Sri N. Singaravel,  
Company Secretary  
The Lakshmi Mills Company Limited  
686, Avanashi Road, Coimbatore - 641 037, India.  
Phone: +91-422-2245461 - 65, 4333700  
Fax: +91-422-2246508  
E-Mail: [secretarial@lakshmill.com](mailto:secretarial@lakshmill.com)

## SHARE TRANSFER SYSTEM

The share transfers are registered and the share certificates are returned within 15 days from the date of receipt if all the documents are in order. The share transfers are approved by the Share Transfer Committee.

## SHAREHOLDING PATTERN (as on 31.03.2018)

Sl. No.	Category	No. of Share holders	No. of Shares held	% to paid-up capital
1	Promoters and Promoters group	22	4,22,957	60.81
2	Financial Institutions, Banks and Mutual Funds	14	37,905	5.45
3	Central / State Government(s)	1	5,107	0.73
4	Foreign Financial Institutions / Banks	1	20	0.00
5	Bodies Corporate	78	50,759	7.30
6	Individuals	5,402	1,54,576	22.22
7	Others	177	24,226	3.48
	<b>Total</b>	<b>5,695</b>	<b>6,95,550</b>	<b>100.00</b>

## DISTRIBUTION OF SHARE HOLDING (as on 31.03.2018)

Range (No. of Shares)	No. of Shareholders	No. of Shares	% held
1 - 50	5,098	55,770	8.02
51 - 100	275	20,264	2.91
101 - 200	159	22,070	3.17
201 - 300	55	13,506	1.94
301 - 400	34	11,798	1.70
401 - 500	21	9,493	1.36
501 - 1000	22	15,686	2.26
1001 - 10000	19	76,796	11.04
10001 and Above	12	4,70,167	67.60
<b>Total</b>	<b>5,695</b>	<b>6,95,550</b>	<b>100.00</b>

## DEMATERIALISATION OF SHARES

The fully paid-up Equity shares of the Company are admitted in the demat mode by both the depositories of the country i.e. National Securities Depository Limited and Central Depository Services (India) Limited.

# THE LAKSHMI MILLS COMPANY LIMITED

As on 31.03.2018, 6,12,414 Shares constituting 88.05% of the total paid-up capital of the Company have been dematerialised. In view of the numerous advantages offered by the depository system, members have been requested to avail the facility of dematerialisation of the Company's shares.

## **Outstanding GDRs/ADRs/Warrants or any Convertible Instruments and their likely impact on equity**

There are no outstanding warrants or any convertible instruments. The Company has not issued GDR/ADR.

## **NOMINATION FACILITY**

The Companies Act, 2013 has provided the facility of nomination for the shares of the Company. The nomination form (Form SH-13) along with instructions is provided to the members on request.

## **PLANT LOCATIONS**

The Company has 2 Plants situated at the following locations:

Unit I : Lakshmipuram P.O., Kovilpatti.

Unit II : Kuppaswamy Naidupuram, Palladam.

## **ADDRESS FOR CORRESPONDENCE**

All correspondence from shareholders should be addressed to:

**Sri N. Singaravel**

Company Secretary

The Lakshmi Mills Company Limited

686, Avanashi Road, Pappanaickenpalayam, Coimbatore - 641 037, India.

Phone: +91-422-2245461 - 65, 4333700 Fax: +91-422-2246508

E-Mail: csns@lakshmill.com

Investors' grievances email id : secretarial@lakshmill.com

## **DISCLOSURES**

- a) Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large.

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large.

The details of the transactions with Related Party are provided in the Company's financial statements in accordance with the Accounting Standards. All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature.

A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

Kindly refer to the notes forming part of accounts for the details of Related Party Transactions.

- b) Details of non-compliance by the company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authorities, on any matter relating to capital markets, during the last three years.

No penalty, strictures was imposed on the Company by Stock Exchanges or SEBI or any Statutory Authorities, on any matter relating to Capital Markets during the last three years.

- c) Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee.  
A Whistle Blower Policy is adopted by the Company. The whistle blower mechanism is in operation and no personnel has been denied access to the Audit Committee.
- d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements.  
The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.  
The Board has taken cognizance of the non-mandatory requirements and shall consider adopting the same as and when necessary.
- e) Disclosure on “material” subsidiaries. The Company has no material subsidiary.
- f) Web link where policy on dealing with related party transactions is disclosed.  
The Company has framed Related Party Transaction Policy and the same is placed on the Company’s website and the web link for the same is <http://www.lakshimills.com/policies.html>
- g) Disclosure of commodity price risks and commodity hedging activities.  
The Company is not undertaking any commodity hedging activities; hence there is no risk of commodity hedging to the Company.
- h) Disclosure on accounting treatment.  
In the preparation of the financial statements, the Company has followed the accounting standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.
- i) Disclosure on risk management.  
Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board.  
All the requirements of Corporate Governance Report of sub - paragraphs (2) to (10) of Schedule V has been duly complied with.  
None of the discretionary requirements as specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been adopted.  
The Company is fully compliant with the Corporate Governance requirements as specified by Regulation 17 to 27 and clauses (b) to (i) of Sub - Regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **CERTIFICATE FROM CEO / CFO**

The CEO and CFO certification of the financial statements for the year has been submitted to the Board of directors, in its meeting held on 18th May, 2018 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **AUDITORS’ CERTIFICATE ON CORPORATE GOVERNANCE**

As required by Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Compliance Certificate from the Auditors’ regarding compliance of conditions of Corporate Governance forms part of this Report.

#### **CODE FOR PREVENTION OF INSIDER TRADING**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company.

The Company has also formulated “The Code of Fair Disclosure of Unpublished Price Sensitive Information (UPSI)” in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

# THE LAKSHMI MILLS COMPANY LIMITED

## CODE OF CONDUCT

The Code of Conduct for the Directors and Senior Management Personnel of the Company has been laid down and posted on the Website of the Company. The compliance of the said Code of Conduct by the Directors and Senior Management Personnel for the year 2017-18 has been affirmed by the Chairman and Managing Director (CEO).

## DECLARATION FOR CODE OF CONDUCT

I hereby confirm that the Company has obtained from the members of the Board and Senior Management Personnel their affirmation on compliance of the Code of conduct laid down by the Company for the financial year 2017 - 2018.

Coimbatore  
13<sup>th</sup> August, 2018

**S. PATHY**  
Chairman and Managing Director  
DIN: 00013899

## **Auditor's Certificate on compliance of conditions of Corporate Governance as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To THE MEMBERS OF THE LAKSHMI MILLS COMPANY LIMITED, Coimbatore,

We have examined the compliance of conditions of Corporate Governance by THE LAKSHMI MILLS COMPANY LIMITED for the year ended on 31<sup>st</sup> March 2018 as stipulated in the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the directors and management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

On the basis of representation received from the Registrar and Share Transfer Agents of the Company and on the basis of the records maintained by the Stakeholders Relationship Committee of the Company, we state that no investor grievance is pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Coimbatore  
13<sup>th</sup> August, 2018

For M S Jagannathan & Visvanathan  
Firm Registration No. 001209S  
Chartered Accountants

**M.V. Jeganathan**  
Partner  
Membership No. 214178

## INDEPENDENT AUDITOR'S REPORT

To the Members of The Lakshmi Mills Company Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of The Lakshmi Mills Company Limited, ("the Company"), which comprise of the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's board of directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit

report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143 (11) of the Act.

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

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended as on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, based on our audit we report that:

# THE LAKSHMI MILLS COMPANY LIMITED

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) the balance sheet, the statement of profit and loss including other comprehensive income, statement of changes in equity and the statement of cash flow dealt with by this report are in agreement with the books of account;
- d) in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;
- e) on the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the board of directors, none of the directors are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure "B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting; and
- g) with respect to the other matters to be included in the auditors' report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements under Note 29;
  - ii The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii There has been no delay in transferring amounts, required to be transferred, to the investor education and protection fund by the Company.

## Other matters

The financial statements of the Company for the year ended March 31, 2017 prepared in accordance with Companies (Accounting Standards) Rules, 2006, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated 25-05-2017, expressed an unmodified opinion on those financial statements.

For M S Jagannathan & Visvanathan  
Firm Registration No. 001209S  
Chartered Accountants

**M.V. Jeganathan**  
Partner  
Membership No. 214178

Coimbatore  
18<sup>th</sup> May, 2018

## Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of The Lakshmi Mills Company Limited of even date)

1. A The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- B The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the period and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

- C According to the information and explanations given to us and the records examined by us and based on the evidences received from Banks, Immovable properties whose title deeds have been pledged as security for Term Loans and cash credit facilities availed from Banks are held in the name of the Company. In respect of freehold properties these have been confirmed by the management.
2. A As explained to us, inventories have been physically verified by the management at regular intervals during the year.
- B In our opinion and according to the information and explanations given to us, 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 In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification as compared to the book of records.
3. During the year, the company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and hence, Clause (b) and (c) is not applicable.
4. During the year, Company has not made any loans or investments or given any guarantees and hence disclosure under this clause related to compliance with the provisions of Section 185 and 186 of the Act does not arise.
5. The company has not accepted any deposits from the public and as such clause 3(v) of the Order is not applicable.
6. We have broadly reviewed the cost records maintained by the company specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, as applicable to the company, and are of the opinion that prima facie the specified cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. A According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State insurance, Income tax, Service Tax, value added tax, and any other statutory dues with the appropriate authorities during the year.
- According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2018 for a period of more than six months from the date they became payable
- B According to the information and explanations given to us, the details of disputed statutory dues that have not been deposited on account of dispute is as under:
- | Nature of Statue             | Nature of Dues | Amount Rs. lakhs | Amount paid / adjusted | Period to which the amount relates | Forum where dispute is pending                   |
|------------------------------|----------------|------------------|------------------------|------------------------------------|--|
| Central Excise / Service Tax | Rebate claim   | 57.96            | -                      | April 2015 to March 2017           | Commissioner of GST and Central Excise (Appeals) |
| Income tax                   | Income tax     | 28.57            | 4.30                   | A Y 2014-15                        | CIT (Appeals)                                    |
8. In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to any of the banks.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The Company had utilised the term loans for the purpose for which it was raised.
10. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year that causes the financial statements to be materially misstated.

# THE LAKSHMI MILLS COMPANY LIMITED

11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, clause 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him. Accordingly paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act 1934.

For M S Jagannathan & Visvanathan  
Firm Registration No. 001209S  
Chartered Accountants

**M.V. Jeganathan**  
Partner

Membership No. 214178

Coimbatore  
18<sup>th</sup> May, 2018

## **Annexure “B” to the Independent Auditor’s Report**

(Referred to in paragraph 2 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of The Lakshmi Mills Company Limited of even date)

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

We have audited the internal financial controls over financial reporting of The Lakshmi Mills Company Limited (“the Company”) as of March 31, 2018, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

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



## Auditors' Responsibility

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

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

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

## Meaning of Internal Financial Controls over Financial Reporting

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

## Limitations of Internal Financial Controls over Financial Reporting

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

## Opinion

In our opinion and according to the information and explanations given to us, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M S Jagannathan & Visvanathan  
Firm Registration No. 001209S  
Chartered Accountants

**M.V. Jeganathan**  
Partner  
Membership No. 214178

Coimbatore  
18<sup>th</sup> May, 2018

# THE LAKSHMI MILLS COMPANY LIMITED

## Balance Sheet as at 31<sup>st</sup> March, 2018

(₹ in Lakhs)

Particulars	Note No	31.03.2018	31.03.2017	01.04.2016
<b>ASSETS</b>				
<b>1 Non-current assets</b>				
(a) Property, plant and equipment	4	16,052.81	15,267.90	14,964.51
(b) Capital work-in-progress		—	7.76	—
(c) Intangible assets	4	7.07	10.63	7.84
(d) Financial assets				
(i) Investments	5	36,252.11	22,312.96	17,589.96
(ii) Other financial assets	6	266.87	240.59	207.14
(e) Deferred tax assets (net)	25	1,711.63	2,298.64	2,571.24
(f) Other non-current assets	7	136.66	98.09	70.55
<b>Total non - current assets</b>		<b>54,427.15</b>	<b>40,236.57</b>	<b>35,411.24</b>
<b>2 Current assets</b>				
(a) Inventories	8	3,153.11	3,660.66	3,634.45
(b) Financial assets				
(i) Trade receivables	9	3,373.52	1,986.69	1,564.01
(ii) Cash and cash equivalents	10	136.43	33.70	39.53
(iii) Bank balances	10	265.57	210.77	78.08
(iv) Other financial assets	6	23.60	22.43	12.45
(c) Current tax assets (net)		—	—	21.87
(d) Other current assets	7	203.98	252.33	332.93
<b>Total Current Assets</b>		<b>7,156.21</b>	<b>6,166.58</b>	<b>5,683.32</b>
<b>Total Assets</b>		<b>61,583.36</b>	<b>46,403.15</b>	<b>41,094.56</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital	11	695.55	695.55	695.55
(b) Other equity	12	48,437.11	35,064.81	30,304.47
<b>Total Equity</b>		<b>49,132.66</b>	<b>35,760.36</b>	<b>31,000.02</b>
<b>LIABILITIES</b>				
<b>1 Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	13	2,467.92	1,490.69	1,483.00
(ii) Other financial liabilities	16	79.34	69.84	61.48
(b) Provisions	14	295.39	345.87	357.32
(c) Other liabilities	17	243.94	229.93	220.43
<b>Total Non - Current Liabilities</b>		<b>3,086.59</b>	<b>2,136.33</b>	<b>2,122.23</b>



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(₹ in Lakhs)

Particulars	Note No	31.03.2018	31.03.2017	01.04.2016
<b>2 Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	13	4,346.24	4,316.81	4,180.36
(ii) Trade payables	15	2,917.37	2,395.62	2,197.30
(iii) Other financial liabilities	16	1,603.96	1,175.36	1,117.73
(b) Provisions	14	68.96	87.98	65.39
(c) Other liabilities	17	424.23	489.91	411.53
(d) Current tax liabilities (net)		3.35	40.78	—
<b>Total current liabilities</b>		<b>9,364.11</b>	<b>8,506.46</b>	<b>7,972.31</b>
<b>Total Liabilities</b>		<b>12,450.70</b>	<b>10,642.79</b>	<b>10,094.54</b>
<b>Total Equity and Liabilities</b>		<b>61,583.36</b>	<b>46,403.15</b>	<b>41,094.56</b>

See accompanying notes to the financial statements 1-34

For and on behalf of the Board

**S. Pathy**

Chairman & Managing Director  
DIN: 00013899

Coimbatore  
18<sup>th</sup> May 2018

**R. Santharam**

Vice Chairman  
DIN: 00151333

**N. Singaravel**  
Company Secretary

**V. Kannappan**  
Chief Financial Officer

In terms of our report of even date  
For M.S.Jagannathan & Visvanathan  
Firm Registration No. 001209S  
Chartered Accountants

**M.V.Jeganathan**  
Partner  
Membership No. 214178

# THE LAKSHMI MILLS COMPANY LIMITED

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2018

(₹ in Lakhs)

Particulars	Note No	31.03.2018	31.03.2017
<b>I INCOMES</b>			
Revenue from operations	18	23,668.46	22,722.73
Other income	19	686.47	773.49
<b>Total income</b>		<b>24,354.93</b>	<b>23,496.22</b>
<b>II EXPENSES</b>			
Cost of materials consumed	20.a	11,003.64	10,956.60
Purchases of Stock-in-trade	20.b	1,726.65	1,780.44
Changes in stock of finished goods, work-in-progress and stock-in-trade	20.c	904.43	165.82
Employee benefit expense	21	3,427.59	3,391.38
Finance costs	22	865.05	829.20
Depreciation and amortisation expense	4	907.55	694.33
Power and Fuel charges		2,717.92	2,821.95
Other expenses	23	2,306.30	2,395.89
<b>Total Expenses</b>		<b>23,859.13</b>	<b>23,035.61</b>
<b>Profit before exceptional item and tax</b>		<b>495.80</b>	<b>460.61</b>
<b>III Exceptional item</b>	24	<b>222.80</b>	<b>17.65</b>
<b>Profit before tax after exceptional item</b>		<b>273.00</b>	<b>442.96</b>
<b>IV Tax expense</b>	25		
Current tax		27.48	63.11
Less: MAT credit		(27.40)	(61.24)
Tax relating to earlier years		3.23	3.92
Deferred tax		127.40	330.60
<b>Total tax</b>		<b>130.71</b>	<b>336.39</b>
<b>Profit for the year</b>		<b>142.29</b>	<b>106.57</b>
<b>V Other comprehensive income</b>			
(i) Items that will not be reclassified to the statement of profit or loss			
(a) Remeasurement of employee defined benefit plans		(146.79)	9.35
(b) Fairvalue of quoted investments		13,939.15	4,723.00
(c) Income tax on (a & b) above		(487.01)	(3.24)
<b>Total Other comprehensive income</b>		<b>13,305.35</b>	<b>4,729.11</b>
<b>Total comprehensive income for the year</b>		<b>13,447.64</b>	<b>4,835.68</b>
<b>VI Earnings per equity share of ₹ 10/-</b>			
Basic (in Rs.)	27	20.46	15.32
Diluted (in Rs.)	27	20.46	15.32
See accompanying notes to the financial statements	1-34		

For and on behalf of the Board

**S. Pathy**

Chairman & Managing Director  
DIN: 00013899

Coimbatore  
18<sup>th</sup> May 2018

**R. Santharam**

Vice Chairman  
DIN: 00151333

**N. Singaravel**  
Company Secretary

**V. Kannappan**  
Chief Financial Officer

In terms of our report of even date  
For M.S.Jagannathan & Visvanathan  
Firm Registration No. 001209S  
Chartered Accountants

**M.V.Jeganathan**  
Partner  
Membership No. 214178



ESTD - 1910

**Cash Flow Statement for the year ended 31<sup>st</sup> March 2018**

(₹ in Lakhs)

Particulars	31.03.2018	31.03.2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	273.00	442.96
Adjustments for:		
Depreciation and amortisation expense	907.55	694.33
Provision for doubtful debts	—	25.00
Net loss/(gain) on disposal of property, plant and equipment	(17.18)	(7.74)
Interest income	(27.77)	(14.77)
Dividend income	(182.00)	(208.00)
Net unrealised exchange loss/(gain)	(94.35)	(260.80)
Interest expense	865.05	829.20
<b>Operating profit before working capital changes</b>	<b>1,724.30</b>	<b>1,500.18</b>
<b>Adjustments for (increase)/decrease in operating assets:</b>		
Inventories	507.55	(26.21)
Trade receivables	(1,292.48)	(186.88)
Other current financial assets	0.22	(15.31)
Other current assets	48.35	80.60
Other non-current financial assets	(26.28)	(33.45)
Other non-current assets	(33.39)	0.09
<b>Adjustments for increase/(decrease) in operating liabilities:</b>		
Other non-current financial liabilities	9.50	8.36
Other non-current liabilities	14.01	9.50
Trade payables	521.75	198.32
Provisions	(216.29)	20.49
Other financial liabilities	137.70	47.63
Other current liabilities	(65.68)	78.38
Cash used in / generated from operations	1,329.26	1681.70
Net income tax (paid) / refunds	(73.32)	(32.01)
<b>Net cash flow from operating activities (A)</b>	<b>1,255.94</b>	<b>1649.69</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant and equipment (including capital advances)	(1,682.30)	(,1018.69)
Proceeds from sale of property, plant and equipment	18.34	18.16
Bank balances not considered as cash and cash equivalents	(54.80)	(132.69)
Dividend income	182.00	208.00
Interest received	38.00	14.77
<b>Net cash used in investing activities (B)</b>	<b>(1,498.76)</b>	<b>(910.45)</b>

# THE LAKSHMI MILLS COMPANY LIMITED

## Cash Flow Statement for the year ended 31<sup>st</sup> March 2018

(₹ in Lakhs)

Particulars	31.03.2018	31.03.2017
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	1,817.60	(577.09)
Repayment of long term borrowings	(559.70)	594.78
Proceeds from short term borrowings (net)	29.43	136.45
Finance costs	(866.44)	(823.87)
Dividends paid, including tax thereon	(75.34)	(74.33)
Transfer of unclaimed dividend to IEPF	—	(1.01)
<b>Net cash flow used in financing activities (C)</b>	<b>345.55</b>	<b>(745.07)</b>
<b>Net increase in Cash and cash equivalents (A+B+C)</b>	<b>102.73</b>	<b>(5.83)</b>
Cash and cash equivalents at the beginning of the year (refer note 10)	33.70	39.53
Cash and cash equivalents at the end of the year (refer note 10)	136.43	33.70

See accompanying notes to the financial statements 1 - 34

For and on behalf of the Board

**S. Pathy**

Chairman & Managing Director  
DIN: 00013899

Coimbatore  
18<sup>th</sup> May 2018

**R. Santharam**

Vice Chairman  
DIN: 00151333

**N. Singaravel**  
Company Secretary

**V. Kannappan**  
Chief Financial Officer

In terms of our report of even date

For M.S.Jagannathan & Visvanathan  
Firm Registration No. 001209S  
Chartered Accountants

**M.V.Jeganathan**  
Partner

Membership No. 214178

## Statement of Changes in Equity for the year ended March 31, 2018

(₹ in Lakhs)

### a. Equity share capital

Balance as at April 1, 2016	695.55
Changes in equity share capital during the year	—
Balance as at March 31, 2017	695.55
Changes in equity share capital during the year	—
<b>Balance as at March 31, 2018</b>	<b>695.55</b>

### b. Other Equity

(₹ in Lakhs)

Particulars	Reserves & Surplus					Other Comprehensive Income		
	Securities premium reserve	Capital reserve	General reserve	Investment fluctuation reserve	Retained earnings	Equity instruments through OCI	Employee defined benefit plan	Total other equity
Balance as at April 1, 2016	101.89	9.00	1,344.86	46.71	11,382.94	17,419.07	—	30,304.47
Profit for the year (net of taxes)	—	—	—	—	106.57	—	—	106.57
Other Comprehensive Income for the year (net of taxes)	—	—	—	—	—	4,723.00	6.11	4,729.11
Total Comprehensive income for the year	—	—	—	—	106.57	4,723.00	6.11	4,835.68
Transfer to General reserve	—	—	46.71	(46.71)	—	—	—	—
Dividend paid	—	—	—	—	(62.60)	—	—	(62.60)
Tax on dividend paid	—	—	—	—	(12.74)	—	—	(12.74)
Balance as at March 31, 2017	101.89	9.00	1,391.57	—	11,414.17	22,142.07	6.11	35,064.81
Profit for the year (net of taxes)	—	—	—	—	142.29	—	—	142.29
Other Comprehensive Income for the year (net of taxes)	—	—	—	—	—	13,502.94	(197.59)	13,305.35
Total Comprehensive income for the year	—	—	—	—	142.29	13,502.94	(197.59)	13,447.64
Dividend paid	—	—	—	—	(62.60)	—	—	(62.60)
Tax on dividend paid	—	—	—	—	(12.74)	—	—	(12.74)
<b>Balance as at March 31, 2018</b>	<b>101.89</b>	<b>9.00</b>	<b>1,391.57</b>	<b>—</b>	<b>11,481.12</b>	<b>35,645.01</b>	<b>(191.48)</b>	<b>48,437.11</b>

See accompanying notes to the financial statements 1 - 34

For and on behalf of the Board

**S. Pathy**  
Chairman & Managing Director  
DIN: 00013899

**R. Santharam**  
Vice Chairman  
DIN: 00151333

Coimbatore  
18<sup>th</sup> May 2018

**N. Singaravel**  
Company Secretary

**V. Kannappan**  
Chief Financial Officer

In terms of our report of even date  
For M.S.Jagannathan & Visvanathan  
Firm Registration No. 001209S  
Chartered Accountants

**M.V.Jeganathan**  
Partner  
Membership No. 214178

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2018

### 1 CORPORATE INFORMATION

The Lakshmi Mills Company Limited, "the Company", is a public company domiciled in India and incorporated under the provisions of The Companies Act, 1956. Its shares are listed with BSE Limited, Mumbai. The Company is engaged in the manufacture of Yarn and trading in cloth and garments. The Company caters to both domestic and international markets.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### (i) Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standard ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 read with section 133 of the Companies Act, 2013.

Up to the year ended March 31, 2017, the Company had prepared and presented its financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016. Refer note 3 for the details of first-time adoption exemptions availed by the Company.

#### (ii) Basis of preparation and presentation

The financial statements have been prepared on accrual basis under the historical cost convention except for the certain financial instruments that are measured at fair values at the end of each reporting period, as below:

- a) certain financial assets and liabilities
- b) defined employee benefit plans - plan assets are measured at fair value

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### (iii) Use of estimates and judgement

In the application of the Company's accounting policies, the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that

are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

#### (iv) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

#### (v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates, and similar allowances.

- a) **Sale of goods:** Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:
  - the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
  - the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
  - the amount of revenue can be measured reliably;
  - it is probable that the economic benefits associated with the transaction will flow to



## Notes to the financial statements for the year ended March 31, 2018

the Company; and

- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

- b) **Service income:** Service income is recognised on rendering of services.
- c) **Interest income:** Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset of that asset's net carrying amount on initial recognition.

### (vi) Government Grants

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

The benefit of a government loan at a below market rate of interest is treated as a government grant, measured at the difference between proceeds received and the fair value of the loan based on prevailing market rates.

The Company has applied Ind AS 109 'Financial Instruments' and Ind AS 20 'Accounting for Government Grants and Disclosure of Government Assistance' prospectively to government loans existing at the date of transition and the Company has not recognised the corresponding benefit of the government loans at the below-market rate of interest as a government grant. Consequently, the Company has used the previous GAAP carrying amounts of the government loans at the date of transition as the carrying amount of these loans in the opening Ind AS Balance Sheet.

### (vii) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. However, where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals, if any, arising under operating leases are recognised as an expense in the period in which they are incurred.

### (viii) Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the statement of profit and loss in the period in which they arise except for exchange differences on transactions designated as fair value hedge.

### (ix) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### (x) Employee benefits

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2018

obligation to provide agreed benefits to the employees. The related actuarial risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

### Short-term employee benefits

All short-term employee benefits such as salaries, wages, bonus, and other benefits which fall within 12 months of the period in which the employee renders related services which entitles them to avail such benefits and non-accumulating compensated absences are recognised on an undiscounted basis and charged to the statement of profit and loss.

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

### Defined contribution plan

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

### Defined benefit plan

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The gratuity fund is unfunded. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method. Actuarial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.

Remeasurement, comprising actuarial gains and losses is reflected immediately in the balance

sheet with charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected in retained earnings and is not reclassified to the statement of profit and loss.

### (xi) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

- a) Current tax: Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.
- b) Minimum Alternate Tax (MAT): MAT paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.
- c) Deferred tax: Deferred tax is recognized using the balance sheet approach. Deferred tax assets and liabilities are recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

## Notes to the financial statements for the year ended March 31, 2018

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### (xii) Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price/ acquisition cost, net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of Property, plant and equipment and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Depreciation on Property, plant and equipment (other than freehold land) has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

The estimated useful life of the tangible assets and the useful life are reviewed at the end of the each financial year and the depreciation period is revised to reflect the changed pattern, if any.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and

the carrying amount of the asset and is recognised in the statement of profit and loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

### (xiii) Intangible assets

Intangible assets include cost of software and designs. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use.

Intangible assets with finite lives are amortized over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible Assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

### (xiv) Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2018

### (xv) Inventories

Inventories are stated at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost is determined using weighted average basis.

Cost comprises all costs of purchase including duties and taxes (other than those subsequently recoverable by the Company), freight inwards and other expenditure directly attributable to acquisition. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### (xvi) Provisions and contingencies

**Provisions:** A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount in the present value of those cash flows (when the effect of time value of money is material).

**Contingent liabilities:** Contingent liabilities are not recognised but are disclosed in notes to accounts.

### (xvii) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognised at fair value. Transaction costs that are directly attributable to financial assets and liabilities [other than financial assets and liabilities measured at fair value through profit and loss (FVTPL)] are added to or deducted from the fair value of the financial assets or liabilities, as appropriate on initial recognition. Transaction costs directly attributable to acquisition of financial assets or liabilities measured at FVTPL are recognised immediately in the statement of profit and loss.

- a) **Non-derivative Financial assets:** All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets at amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met:

- i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

#### Effective interest method:

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets. Interest income is recognised in profit or loss and is included in the "Other income" line item.

- b) **Derecognition of financial assets:** A financial asset is derecognised only when the:
- Company has transferred the rights to receive cash flows from the financial asset; or
  - retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the

## Notes to the financial statements for the year ended March 31, 2018

financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. When the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

- c) **Foreign exchange gains and losses:** The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in statement of profit and loss.

- d) **Investments**

The Company measures investments in quoted equity investments (other than the investment in subsidiaries, joint ventures and associates which are measured at cost) at fair value. Where the Company has elected to present fair value gains and losses on equity investments in Other Comprehensive Income ("FVOCI"), there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Company's right to receive payment is established.

At the date of transition to Ind AS, the Company has made an irrevocable election to present in Other Comprehensive Income subsequent changes in the fair value of equity investments that are not held for trading.

When the equity investment is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from Other Comprehensive Income to the Retained Earnings directly.

Other Investments are carried at cost inclusive of all expenses incidental to acquisition. Provision for diminution in value of such investments is made only if such a decline is other than temporary in nature.

- e) **Financial liabilities:** All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

### Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in statement of profit and loss. The net gain or loss recognised in statement of profit and loss incorporates any interest paid on the financial liability and is included in the 'Other income/Other expenses' line item.

### Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the statement of profit and loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2018

end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the statement of profit and loss.

### Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

An exchange of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability

### (xviii) Segment reporting

Operating segments are reported in the manner consistent with the internal reporting to the chief operating decision maker (CODM) as per Ind AS 108. The Company is reported at an overall level, and hence there is only one reportable segments viz., 'Textile Intermediary products business'. Geographic information is based on business sources from that geographic region. Accordingly the geographical segments are determined as Domestic ie., within India and External ie., Outside India.

### (xix) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks.

### (xx) Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## 3 EXEMPTIONS AVAILED AND MANDATORY EXCEPTIONS

These are the Company's first financial statements prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. The adoption of Ind AS was carried out in accordance with Ind AS 101 - 'First-time Adoption of Indian Accounting Standards' using transition date as April 1, 2016.

Ind AS 101 requires that all Ind AS be consistently and retrospectively applied for all fiscal years presented. The Company has prepared opening Balance Sheet on the transition date and subsequent financials based on the accounting policies set out in Note-2.

In preparing these financials, the Company has availed following exemptions in the transition from previous GAAP to Ind AS in accordance with Ind AS 101.

- (i) Since there is no change in the functional currency, the Company has elected to continue with the carrying value as at 1 April 2016 for all of its property plant & equipment as recognised in its Previous GAAP financial as deemed cost at the transition date.
- (ii) Upon an assessment of the estimates made under Indian GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by Indian GAAP.

## Notes to the financial statements for the year ended March 31, 2018

### NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Freehold Land	Buildings	Plant & Equipment	Electrical Plant & Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Computers	Total Property, Plant and Equipment	Intangible Assets (Software)
<b>I. Gross Block (cost or deemed cost)</b>										
Balance as at April 1, 2016	1,1555.35	1,042.24	2,139.91	111.71	3.29	89.09	21.21	1.71	14,964.51	7.84
Additions	-	127.53	825.77	30.25	-	15.79	2.94	3.79	1,006.07	4.86
Disposals	-	-	0.58	-	-	9.76	-	0.08	10.42	-
<b>Balance as at March 31, 2017</b>	<b>11,555.35</b>	<b>1,169.77</b>	<b>2,965.10</b>	<b>141.96</b>	<b>3.29</b>	<b>95.12</b>	<b>24.15</b>	<b>5.42</b>	<b>15,960.16</b>	<b>12.70</b>
Additions	1.99	76.01	1,563.33	12.55	-	26.98	7.66	1.54	1,690.06	-
Disposals	0.02	-	0.56	-	-	0.45	0.20	-	1.23	-
<b>Balance as at March 31, 2018</b>	<b>11,557.32</b>	<b>1,245.78</b>	<b>4,527.87</b>	<b>154.51</b>	<b>3.29</b>	<b>121.65</b>	<b>31.61</b>	<b>6.96</b>	<b>17,648.99</b>	<b>12.70</b>
<b>II. Accumulated Depreciation and Impairment</b>										
Balance as at April 1, 2016	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	96.15	528.64	26.50	1.24	29.60	5.90	4.23	692.26	2.07
Disposals	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2017</b>	<b>-</b>	<b>96.15</b>	<b>528.64</b>	<b>26.50</b>	<b>1.24</b>	<b>29.60</b>	<b>5.90</b>	<b>4.23</b>	<b>692.26</b>	<b>2.07</b>
Charge for the year	-	94.26	754.28	23.43	-	24.30	5.18	2.54	903.99	3.56
Disposals	-	-	-	-	-	-	0.07	-	0.07	-
<b>Balance as at March 31, 2018</b>	<b>-</b>	<b>190.41</b>	<b>1,282.92</b>	<b>49.93</b>	<b>1.24</b>	<b>53.90</b>	<b>11.01</b>	<b>6.77</b>	<b>1,596.18</b>	<b>5.63</b>
<b>Net block (I-II)</b>										
Balance as at March 31, 2018	11,557.32	1,055.37	3,244.95	104.58	2.05	67.75	20.60	0.19	16,052.81	7.07
Balance as at March 31, 2017	1,1555.35	1,073.62	2,436.46	115.46	2.05	65.52	18.25	1.19	15,267.90	10.63
Balance as at April 1, 2016	1,1555.35	1,042.24	2,139.91	111.71	3.29	89.09	21.21	1.71	14,964.51	7.84

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2018

(₹ in Lakhs)

Particulars	Note No	31.03.2018	31.03.2017	01.04.2016
<b>NOTE 5: INVESTMENTS</b>				
<b>Investment in equity instruments</b>				
<b>A. Non Trade, Quoted and fully paid up (at Fair value)</b>				
Lakshmi Machine Works Limited		35,913.02	22,037.34	17,327.70
520,000 shares of Rs 10/- each (520,000 shares of ₹ 10/- each)				
Lakshmi Automatic Loom Works Limited		204.93	72.60	109.73
330,000 shares of Rs 10/- each (330,000 shares of ₹ 10/- each)				
Rajshree Sugars & Chemicals Limited		66.66	135.52	85.03
220,000 shares of Rs 10/- each (220,000 shares of ₹ 10/- each)				
		<u>36,184.61</u>	<u>22,245.46</u>	<u>17,522.46</u>
<b>B. Non Trade, Unquoted and fully paid up (at Cost)</b>				
LCC Investments Limited		15.00	15.00	15.00
150,000 shares of Rs 10/- each (150,000 shares of ₹ 10/- each)				
Sai Regency Power Corporation Limited		52.50	52.50	52.50
525,000 shares of Rs 10/- each (525,000 shares of ₹ 10/- each)				
		<u>67.50</u>	<u>67.50</u>	<u>67.50</u>
<b>Total</b>		<u>36,252.11</u>	<u>22,312.96</u>	<u>17,589.96</u>
<b>Aggregate value of unquoted investments</b>		67.50	67.50	67.50
<b>Aggregate amount of impairment in value of investments</b>		-	-	-
<b>NOTE 6 : OTHER FINANCIAL ASSETS</b>				
(Unsecured and considered good)				
<b>Non-current</b>				
<b>Measured at amortised cost</b>				
Bank deposits with more than 12 months maturity		25.51	53.34	7.69
Security Deposits		241.36	187.25	199.45
<b>Total</b>		<u>266.87</u>	<u>240.59</u>	<u>207.14</u>
<b>Current</b>				
<b>At cost</b>				
Interest accrued on deposits		4.80	3.41	8.74
Security Deposits and advances		18.80	19.02	3.71
<b>Total</b>		<u>23.60</u>	<u>22.43</u>	<u>12.45</u>
<b>NOTE 7 - OTHER ASSETS</b>				
(Unsecured and considered good)				
<b>Non-current</b>				
Deposits and other loans		103.85	70.46	70.55
Advance Income Tax (Net of provisions)		32.81	27.63	-
<b>Total</b>		<u>136.66</u>	<u>98.09</u>	<u>70.55</u>
<b>Current</b>				
Balances with revenue authorities		36.47	59.57	71.45
Prepaid expenses		16.51	30.12	50.24
Other assets (Income receivable)		151.00	162.64	211.24
<b>Total</b>		<u>203.98</u>	<u>252.33</u>	<u>332.93</u>





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**Notes to the financial statements for the year ended March 31, 2018**

(₹ in Lakhs)

Particulars	Note No	31.03.2018	31.03.2017	01.04.2016
<b>NOTE 8 - INVENTORIES</b>				
(Lower of cost or net realisable value)				
Raw materials		1,120.98	727.09	529.69
Work-in-progress		576.60	531.91	466.85
Finished goods (other than those acquired for trading)				
Yarn		1,238.26	1,926.23	2,318.60
Waste		29.17	36.70	16.04
Stock-in-trade				
Yarn		3.54	12.09	15.12
Cloth		16.71	259.68	110.32
Garments		0.19	2.29	7.79
Stores and spares		167.66	164.67	170.04
<b>Total</b>		<b>3,153.11</b>	<b>3,660.66</b>	<b>3,634.45</b>

**Notes:**

The mode of valuation of inventories has been stated in note 2(xv)

The cost of inventories recognised as an expense amounted to ₹13,634.72 Lakhs ( Previous year ₹ 12,902.86 Lakhs).

**NOTE 9 - TRADE RECEIVABLES****Unsecured****Considered good**

Outstanding for a period exceeding six months from the due date	1.97	9.59	29.42
Others	3,371.55	1,977.10	1,534.59

**Considered doubtful**

Outstanding for a period exceeding six months from the due date	139.77	139.77	114.77
Less: Provision for doubtful debts	(139.77)	(139.77)	(114.77)
<b>Total*</b>	<b>3,373.52</b>	<b>1,986.69</b>	<b>1,564.01</b>

\* includes due from related parties - refer note 30

**NOTE 10 - CASH AND BANK BALANCES****Cash and cash equivalents**

Cash in hand	9.13	8.50	7.75
Balances with banks			
(i) Current accounts	109.76	7.76	15.54
(ii) Unpaid Dividend Warrant Accounts	17.54	17.44	16.24
<b>Total</b>	<b>136.43</b>	<b>33.70</b>	<b>39.53</b>

**Bank balances**

(i) Fixed deposits held as margin money against borrowings and guarantees (maturity of less than 12 months from the balance sheet date)	265.57	210.72	78.03
(ii) Savings Certificate	-	0.05	0.05
<b>Total</b>	<b>265.57</b>	<b>210.77</b>	<b>78.08</b>

# THE LAKSHMI MILLS COMPANY LIMITED

Particulars	31.03.2018		31.03.2017		01.04.2016	
	No. of shares	Amount Rs. in lakhs	No. of shares	Amount Rs. in lakhs	No. of shares	Amount Rs. in lahs
<b>NOTE 11 - SHARE CAPITAL</b>						
<b>(a) Authorised</b>						
Equity shares of ₹100 each with voting rights	1000000	1,000.00	1000000	1,000.00	1000000	1,000.00
<b>(b) Issued, Subscribed and fully paid up</b>						
Equity shares of ₹100 each with voting rights	695550	695.55	695550	695.55	695550	695.55
<b>Total</b>	<b>695550</b>	<b>695.55</b>	<b>695550</b>	<b>695.55</b>	<b>695550</b>	<b>695.55</b>

**(c) Rights, preferences and restrictions attached to shares**

The company has issued only one class of Equity Share having par value of Rs.100 each. Each holder of Equity share is entitled to one vote per share. The Company declares dividends in Indian Rupees. The dividend proposed by the Board of directors is subject to the approval by the shareholders at the Annual General Meeting. Repayment of share capital on liquidation will be in proportion to the number of equity shares held.

**(d) Reconciliation of the shares outstanding at the beginning and at the end of the year**

Particulars	Opening Balance	Fresh Issue / Conversion / Redemption	Bonus Issue	Closing Balance
<b>Equity shares with voting rights</b>				
<b>Year ended March 31, 2018</b>				
- Number of shares	695550	-	-	695550
- Amount (in lakhs)	695.55	-	-	695.55
<b>Year ended March 31, 2017</b>				
- Number of shares	695550	-	-	695550
- Amount (in lakhs)	695.55	-	-	695.55
<b>Year ended April 1, 2016</b>				
- Number of shares	695550	-	-	695550
- Amount (in lakhs)	695.55	-	-	695.55

**(e) Shareholders holding more than 5% shares in the Company**

Class of Shares / Name of the Shareholders	As at March 31,2018		As at March 31,2017		As at April 1, 2016	
	No. of shares held	% of holding	No. of shares held	% of holding	No. of shares held	% of holding
<b>Equity shares with voting rights</b>						
Lakshmi Card Clothing Mfg. Co.P Ltd	41,681	5.99	41,681	5.99	41,681	5.99
Coimbatore Lakshmi Cotton Press P.Ltd	74,545	10.72	72,230	10.38	68,906	9.91
Life Insurance Corporation of India	37,600	5.41	37,600	5.41	37,600	5.41
S. Pathy	1,13,561	16.33	1,12,218	16.13	1,11,790	16.07
Aditya Krishna Pathy	65,614	9.43	65,614	9.43	64,725	9.31

**(f) Aggregate number of equity shares allotted as fully paid up bonus shares during the period of 5 years immediately preceding the balance sheet date**

	2017	2016	2015	2014	2013
<b>Equity shares with voting rights</b>					
Fully paid up by way of bonus shares	-	-	-	-	-



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**Notes to the financial statements for the year ended March 31, 2018**

(₹ in Lakhs)

Particulars	31.03.2018	31.03.2017	01.04.2016
<b>NOTE 12 - OTHER EQUITY</b>			
<b>Securities premium reserve</b>	101.89	101.89	101.89
(Amounts received on issue of shares in excess of the par value has been classified as securities premium)			
<b>Capital reserve</b>	9.00	9.00	9.00
<b>General reserve</b>	1,391.57	1,391.57	1,344.86
(General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.)			
<b>Investment fluctuation reserve</b>	—	—	46.71
<b>Retained earnings</b>	11,481.12	11,414.17	11,382.94
(Retained earnings comprise of the Company's undistributed earnings after taxes)			
<b>Other comprehensive income</b>	35,645.01	22,142.07	17,419.07
Equity instruments through OCI	(191.48)	6.11	—
(Items of other comprehensive income consists of remeasurement of net defined benefit liability/asset)			
	<u>4,8437.11</u>	<u>35,064.81</u>	<u>30,304.47</u>

(₹ in Lakhs)

Particulars	31.03.2018	31.03.2017
<b>12.a Securities premium reserve</b>		
Balance at the beginning of the year	101.89	101.89
Movement during the year	-	-
<b>Balance at the end of the year</b>	<u>101.89</u>	<u>101.89</u>
<b>12.b Capital reserve</b>		
Balance at the beginning of the year	9.00	9.00
Movement during the year	-	-
<b>Balance at the end of the year</b>	<u>9.00</u>	<u>9.00</u>
<b>12.c General reserve</b>		
Balance at the beginning of the year	1,391.57	1,344.86
Transfer from Investment fluctuation reserve	-	46.71
<b>Balance at the end of the year</b>	<u>1,391.57</u>	<u>1,391.57</u>
<b>12.d Investment fluctuation reserve</b>		
Balance at the beginning of the year	-	46.71
Transfer to General reserve	-	(46.71)
<b>Balance at the end of the year</b>	<u>-</u>	<u>-</u>

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2018

Particulars	(₹ in Lakhs)	
	31.03.2018	31.03.2017
<b>12.e Retained earnings</b>		
Balance at the beginning of the year	11,414.17	11,382.94
Profit attributable to owners of the Company	142.29	106.57
Proposed dividend	(62.60)	(62.60)
Tax on dividend	(12.74)	(12.74)
<b>Balance at the end of the year</b>	<u>11,481.12</u>	<u>11,414.17</u>
<b>12.f Other comprehensive income</b>		
Balance at the beginning of the year	22,148.18	17,419.07
Equity instruments through OCI	13,502.94	4,723.00
Remeasurement of defined benefit obligations (net of tax)	(197.59)	6.11
<b>Balance at the end of the year</b>	<u>35,453.53</u>	<u>22,148.18</u>

Particulars	31.03.2018	(₹ in Lakhs)	
		31.03.2017	01.4.2016

### NOTE 13 - BORROWINGS

#### Non-current

Secured - at amortised cost

Terms loans from banks (refer note below)	3319.74	2061.84	2044.15
Less: Current maturities of long-term debt (refer note 16)	<u>(851.82)</u>	<u>(571.15)</u>	<u>(561.15)</u>
<b>Total</b>	<u>2,467.92</u>	<u>1,490.69</u>	<u>1,483.00</u>

(i) Details of terms of repayment of long-term borrowings and interest thereon are as follows:

Particulars	Terms of Repayment	31.03.2018	31.03.2017	01.04.2016
Central Bank of India (TUF loan)	The loan is repayable in 4 quarterly instalments upto 2018-19. The loans carries an interest rate of 11.35% per annum	210.55	419.22	628.49
Canara Bank (TUF loan)	The loan is repayable in 14 quarterly instalments upto 2021-22. The loans carries an interest rate of 11.80% per annum	624.67	436.21	424.63
Indian Overseas Bank (TUF loan)	The loan is repayable in 26 monthly instalments upto 2020-21. The loans carries an interest rate of 11.55% per annum	210.30	317.01	452.98
Canara Bank (Vehicle loan)	There are various loans which are repayable on monthly basis. The maximum tenure is 38 months ending during 2020-21 and carries interest rate in the range of 8.95% to 12.95%	14.26	31.18	41.08
Canara Bank DPN loan - FD	The loan is repayable in 6 monthly instalments upto 2018-19. The loans carries an interest rate of 11.80% per annum	22.50	67.50	112.50
Canara Bank - Supplier line of credit (sub-limit of TUF loan)	The loan is repayable in 14 quarterly instalments upto 2021-22. The loans carries an interest rate of 11.80% per annum	-	354.55	384.47



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**Notes to the financial statements for the year ended March 31, 2018**

(₹ in Lakhs)

Particulars	Terms of Repayment	(₹ in Lakhs)		
		31.03.2018	31.03.2017	01.04.2016
Indian Overseas Bank - Supplier line of credit (sub-limit of term loan)	The loan is repayable in 66 monthly instalments upto 2022-23. The loans carries an interest rate of 11.55% per annum	613.37	416.04	-
Central Bank of India - Supplier line of credit (sub-limit of term loan)	The loan is repayable in 60 monthly instalments upto 2023-24. The loans carries an interest rate of 11.80% per annum	304.35	-	-
Central Bank of India - Other term loans	The loan is repayable in 24 quarterly instalments upto 2023-24. The loans carries an interest rate of 11.35% per annum	596.60	-	-
Canara Bank - Term loan	The loan is repayable in 60 monthly instalments upto 2023-24. The loans carries an interest rate of 11.80% per annum	707.14	20.13	-
Indian Overseas Bank - Term loan	The loan is repayable in 66 monthly instalments upto 2022-23. The loans carries an interest rate of 11.55% per annum	16.00	-	-
<b>Current</b>				
<b>Secured - at amortised cost</b>				
Working capital loans from banks (refer note below)		4,346.24	4,316.81	4,180.36
<b>Total</b>		<b>4,346.24</b>	<b>4,316.81</b>	<b>4,180.36</b>
<b>(i) Details of security for the secured short-term borrowings:</b>				
<b>Loans repayable on demand from banks</b>				
Central Bank of India		1,222.61	1,292.19	1,302.36
Canara Bank		2,641.70	2,767.32	2,626.98
Indian Overseas Bank		481.93	257.30	251.02
<b>Total</b>		<b>4,346.24</b>	<b>4,316.81</b>	<b>4,180.36</b>

Note: Term loans from Central Bank of India, Canara Bank and Indian Overseas Bank are secured by first charge on relevant assets of Kovilpatti and Palladam units purchased under project loan.

Working Capital and Term Loan from Indian Overseas Bank and Canara Bank is secured by pari passu first charge on the fixed assets at Coimbatore. Working Capital and Term Loan from Central Bank of India is secured by first charge on fixed assets at Palldam and Kovilpatti unit.

Working Capital Loans from banks are secured by first charge on book debts and hypothecation of inventories and pari passu second charge on the fixed assets at Coimbatore, Kovilpatti and Palladam units.

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2018

Particulars	31.03.2018	₹ in Lakhs)	
		31.03.2017	01.04.2016
<b>NOTE 14 PROVISIONS</b>			
<b>Non-current</b>			
Provision for employee benefits	295.39	345.87	357.32
<b>Total</b>	<b>295.39</b>	<b>345.87</b>	<b>357.32</b>
<b>Current</b>			
Provision for employee benefits	68.96	87.98	65.39
Provision for tax (net of advance tax )	-	-	-
<b>Total</b>	<b>68.96</b>	<b>87.98</b>	<b>65.39</b>
<b>NOTE 15 - TRADE PAYABLES</b>			
Payable to micro and small enterprises (refer note below)	56.37	86.74	138.96
Others	2,861.00	2,308.88	2,058.34
<b>Total</b>	<b>2,917.37</b>	<b>2,395.62</b>	<b>2,197.30</b>
<p>Note: (i) There are no dues to enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 which is on the basis of such parties having been identified by the management and relied upon by the auditors. Hence, disclosures relating to amount unpaid as at year end together with interest paid/payable under this Act have not been given.</p> <p>(ii) The average credit period on purchases is normally 30 days. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that payables are paid within the pre-agreed credit terms.</p>			
<b>NOTE 16 - OTHER FINANCIAL LIABILITIES</b>			
<b>Non-current</b>			
Rent advance	79.34	69.84	61.48
<b>Total</b>	<b>79.34</b>	<b>69.84</b>	<b>61.48</b>
<b>Current</b>			
Current maturities of long-term debt	851.82	571.15	561.15
Unclaimed dividends	17.54	17.44	16.24
Interest accrued but not due	10.23	-	-
Rent advance	93.63	91.65	31.75
Amount refundable towards land sale	482.85	482.85	482.85
Security deposits from customers	147.89	12.27	25.74
<b>Total</b>	<b>1,603.96</b>	<b>1,175.36</b>	<b>1,117.73</b>
<b>NOTE 17 - OTHER LIABILITIES</b>			
<b>Non-current</b>			
Deferred Income	239.36	217.64	200.43
Deferred Rent advance	4.58	12.29	20.00
<b>Total</b>	<b>243.94</b>	<b>229.93</b>	<b>220.43</b>
<b>Current</b>			
Liabilities for expenses	216.08	288.69	227.93
Other Liabilities	208.15	201.22	183.60
<b>Total</b>	<b>424.23</b>	<b>489.91</b>	<b>411.53</b>

## Notes to the financial statements for the year ended March 31, 2018

Particulars	(₹ in Lakhs)	
	31.03.2018	31.03.2017
<b>NOTE 18 - REVENUE FROM OPERATIONS</b>		
Revenue from sale of goods, including excise duty		
Manufactured - Cotton and Synthetic Yarn	19,580.93	19,981.17
- Cloth	1,076.07	228.11
Trading - Cotton and Synthetic Yarn	409.66	175.10
- Cloth	1,758.34	1,558.41
- Garments	13.75	21.98
Waste	510.12	461.63
Raw Materials	157.44	2.16
	<u>23,506.31</u>	<u>22,428.56</u>
Other operating revenue (refer note (i) below)	162.15	294.17
<b>Total</b>	<b><u>23,668.46</u></b>	<b><u>22,722.73</u></b>
Other operating revenue comprises:		
Sale of scrap	48.86	22.89
Export incentives	113.29	271.28
<b>Total</b>	<b><u>162.15</u></b>	<b><u>294.17</u></b>
<b>NOTE 19 - OTHER INCOME</b>		
Interest Income earned on financial assets that are not designated at fair value through profit or loss:		
i. Bank deposits	18.35	6.92
ii. Other financial assets	9.42	7.85
Dividend Income	182.00	208.00
Rental Income	272.68	234.11
Miscellaneous income	11.24	10.74
Net gain on foreign currency transactions and translation	94.35	260.80
Deferred Income	81.25	37.33
Gain on disposal of property, plant and equipment	17.18	7.74
<b>Total</b>	<b><u>686.47</u></b>	<b><u>773.49</u></b>
<b>NOTE 20.A - COST OF MATERIALS CONSUMED</b>		
Opening stock	727.09	529.69
Add: Purchases	11,397.53	11,154.00
	<u>12,124.62</u>	<u>11,683.69</u>
Less: Closing stock	(1,120.98)	(727.09)
<b>Total</b>	<b><u>11,003.64</u></b>	<b><u>10,956.60</u></b>
<b>NOTE 20.B - PURCHASES OF STOCK-IN-TRADE</b>		
Purchase for resale		
Yarn	342.98	180.02
Cloth	1,376.32	1,591.89
Garments	7.35	8.53
<b>Total</b>	<b><u>1,726.65</u></b>	<b><u>1,780.44</u></b>

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2018

Particulars	(₹ in Lakhs)	
	31.03.2018	31.03.2017
<b>NOTE 20.C - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
Inventories at the end of the year:		
Yarn	1,241.80	1,938.32
Cloth	16.71	259.68
Garments	0.19	2.29
Waste	29.17	36.70
Work-in-progress	576.60	531.91
	<u>1,864.47</u>	<u>2,768.90</u>
Inventories at the beginning of the year:		
Yarn	1,938.32	2,333.72
Cloth	259.68	110.32
Garments	2.29	7.79
Waste	36.70	16.04
Work-in-progress	531.91	466.85
	<u>2,768.90</u>	<u>2,934.72</u>
<b>Net increase</b>	<u>904.43</u>	<u>165.82</u>
<b>NOTE 21 - EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	2,896.21	2,829.01
Managing Directors' Remuneration (Minimum)	142.34	130.39
Contribution to PF and other funds	183.97	198.97
Gratuity	45.78	71.00
Welfare expenses	159.29	162.01
<b>Total</b>	<u>3,427.59</u>	<u>3,391.38</u>
<b>NOTE 22 - FINANCE COST</b>		
Interest Expenses	865.05	829.20
<b>Total</b>	<u>865.05</u>	<u>829.20</u>
<b>NOTE 23 - OTHER EXPENSES</b>		
Consumption of stores and spare parts	140.54	185.24
Consumption of Packing materials	300.73	306.81
Rent	39.32	37.51
Repairs to Buildings	174.14	147.16
Repairs to Machinery	209.25	227.92
Insurance	18.65	12.92
Rates and Taxes, excluding taxes on income	68.17	107.08
Other Manufacturing Expenses	364.65	170.46
Sales Commission	154.83	229.81
Sales Expenses, Advertisement, Export Expenses & Freight	217.01	324.46
Office Maintenance & Administration Expenses	282.60	270.33
Directors' Sitting Fees	9.10	7.90



## Notes to the financial statements for the year ended March 31, 2018

Particulars	(₹ in Lakhs)	
	31.03.2018	31.03.2017
Auditor's Remuneration		
Audit fees	3.00	3.00
Taxation matters	-	1.60
Certification	-	1.05
Reimbursement of expenses	-	0.46
Bank charges	113.51	128.34
Miscellaneous Expenses [Refer Note No. 34.9]	210.80	233.84
<b>Total</b>	<b>2,306.30</b>	<b>2,395.89</b>
<b>NOTE 24 - EXCEPTIONAL ITEM</b>		
Voluntary Retirement Scheme Expenses	222.80	17.65
<b>Total</b>	<b>222.80</b>	<b>17.65</b>
<b>NOTE 25 - TAX EXPENSE</b>		
<b>Current tax</b>		
In respect of the current year	27.48	63.11
Less: MAT Credit	(27.40)	(61.24)
In respect of prior years	3.23	3.92
<b>Deferred tax</b>	<b>127.40</b>	<b>330.60</b>
<b>Total income tax expense recognised in the current year</b>	<b>130.71</b>	<b>336.39</b>
The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:		
<b>Current Tax:</b>		
Profit before tax	273.00	442.96
Enacted income tax rate	33.60%	33.60%
Computed expected tax expense	91.74	148.85
<b>Effect of:</b>		
Effect due to MAT @ 20.39%	(36.07)	(58.53)
Exempt income - Dividend	(61.15)	(69.89)
Adjustments recognised in the current year in relation to prior years	3.23	3.92
Adjustment on account of Ind AS and other adjustments	32.98	(18.55)
Adjustment on account on MAT credit availed	(27.40)	-
<b>Income tax expense recognised in the profit or loss</b>	<b>3.31</b>	<b>5.79</b>
<b>Deferred Tax:</b>		
Relating to the origination and reversal of temporary differences (see below)	127.40	330.60
<b>Tax expense reported in the Statement of Profit and Loss</b>	<b>130.71</b>	<b>336.39</b>

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2018

Particulars	(₹ in Lakhs)	
	31.03.2018	31.03.2017
<b>Deferred tax</b>		
Opening balance	(2,298.64)	(2,571.24)
MAT Credit Entitlement	(27.4)	(61.24)
Recognised in Profit or loss		
Property, plant and equipment	(11.25)	(39.37)
43B Disallowances - Gratuity & Bonus	71.10	(16.60)
Unabsorbed depreciation and carry forward losses	116.03	433.67
Voluntary Retirement Scheme	(50.64)	-
Straightlining of lease rentals	-	1.27
Provision for doubtful debts	2.16	(48.37)
	127.40	330.60
Recognised in Other Comprehensive Income		
Defined benefit obligation	(50.80)	(3.24)
Fair value of equity investments	(436.21)	-
<b>Closing balance</b>	<b>(1,711.63)</b>	<b>(2,298.64)</b>

### NOTE 26 - SEGMENT INFORMATION

The Chief Operating Decision Maker (CODM) of the company examines the performance from the perspective of company as a whole viz. 'Textile Intermediary products business' and hence there are no separate reportable segments as per Ind AS 108.

### NOTE 27 - EARNINGS PER SHARE (EPS)

<b>Profit attributable to ordinary shareholders - for Basic and Diluted EPS</b>	142.29	106.57
Weighted Average number of Equity Shares used as denominator for calculating Basic EPS	695550	695550
Weighted average number of equity shares used in the calculation of diluted earnings per share	695550	695550
Earnings per share (Face value ₹ 100/- per share)		
- Basic (in ₹)	20.46	15.32
- Diluted (in ₹)	20.46	15.32

Particulars	(₹ in Lakhs)		
	31.03.2018	31.03.2017	01.04.2016

### NOTE 28 - CONTINGENT LIABILITIES

#### (a) Other monies for which the Company is contingently liable:

Letter of credit	1,812.91	1,468.19	1,322.80
Bills discounted with Banks	236.00	612.84	632.76
Income tax liability	28.57	28.57	-
Central Excise / Service Tax disputed demand	57.96	-	2.68
Disputed Electricity charges	83.22	83.22	49.22
EPCG obligation	314.63	473.40	1,048.54
Sub Total	2,533.29	2,666.22	3,056.00

#### (b) Commitments

Estimated amount of contracts remaining to be executed on capital account	22.35	110.80	41.25
Sub Total	22.35	110.80	41.25
<b>Total</b>	<b>2,555.64</b>	<b>2,777.02</b>	<b>3,097.25</b>

## Notes to the financial statements for the year ended March 31, 2018

Future cash flows in respect of the above matters are determinable only on receipt of judgements/decisions pending at various forums/authorities. Management is hopeful of successful outcome in the appellate proceedings.

Disputed tax dues are appealed before concerned appellate authorities. The Company is advised that the cases are likely to be disposed off in favour of the Company and hence no provision is considered necessary therefor.

### NOTE 29 - EMPLOYEE BENEFIT PLANS

#### (a) Defined Contribution Plan

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company has recognised ₹ 129.15 Lakhs (for the year ended March 31, 2017: ₹ 144.06 Lakhs) as contribution to Provident Fund, and ₹ 53.88 Lakhs (for the year ended March 31, 2017 ₹53.98 Lakhs) as contribution to Employee State Insurance (ESI) in the Statement of Profit and Loss. These contributions have been made at the rates specified in the rules of the respective schemes and has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

#### (b) Defined Benefit Plans:

##### Gratuity

The Company has funded its gratuity obligations. The following table sets out the status of the defined benefit schemes and the amount recognised in the financial statements as per the Actuarial Valuation done by an Independent Actuary:

Particulars	₹ in Lakhs	
	31.03.2018	31.03.2017
<b>Reconciliation of opening and closing balances of Defined Benefit Obligation</b>		
Defined Benefit Obligation at beginning of the year	500.54	489.04
Current service cost	23.00	40.67
Interest cost	27.94	35.44
Actuarial (Gain) / Loss	147.55	(9.37)
Benefits paid	(257.96)	(55.24)
Defined Benefit Obligation at the year end	<u>441.07</u>	<u>500.54</u>
<b>Reconciliation of opening and closing balances of fair value of Plan Assets</b>		
Fair value of Plan Assets at the beginning of the year	66.46	66.10
Employer contributions	261.90	50.51
Expected Return on Plan Assets	5.16	5.11
Actuarial Gain / (Loss)	0.76	(0.02)
Benefits paid	(257.96)	(55.24)
Fair value of Plan Assets at the year end	<u>76.32</u>	<u>66.46</u>
<b>Expenses recognised during the year</b>		
<b>In Income Statement</b>		
Current service cost	23.00	40.67
Interest on net defined benefit liability/ (asset)	27.94	35.44
Expected Return on Plan Assets	(5.16)	(5.11)
Net Cost	<u>45.78</u>	<u>71.00</u>
<b>In Other Comprehensive Income</b>		
Actuarial (Gain) / Loss	<u>146.79</u>	<u>(9.35)</u>
<b>Net (Income)/ Expense for the period recognised in OCI</b>	<u><b>146.79</b></u>	<u><b>(9.35)</b></u>

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2018

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss.

The remeasurement of the net defined liability is included in other comprehensive income.

### Actuarial assumptions

Particulars	31.03.2018	31.03.2017	01.04.2016
Discount Rate (per annum)	7.52 %	7.29 %	7.68 %
Expected rate of return on plan assets	7.52 %	8.00 %	7.68 %
Rate of escalation in Salary (per annum)	4.00 %	4.75 %	3.50 %
Attrition rate (per annum)	1.00 %	1.67 %	1.00 %

The retirement age of employees of the Company is 58 years.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. The mortality rates considered are as per the published rates in the Indian Assured Lives Mortality (2006-08) Ult table.

### Sensitivity analysis

The key actuarial assumptions to which the defined benefit plans are particularly sensitive to, are discount rate and full salary escalation rate. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

Particulars	Discount rate	Salary escalation rate
(₹ in Lakhs)		
<b>As at March 31, 2018</b>		
Defined benefit obligation on plus 100 basis points	471.84	472.74
Defined benefit obligation on minus 100 basis points	413.80	412.56
<b>As at March 31, 2017</b>		
Defined benefit obligation on plus 100 basis points	466.00	538.58
Defined benefit obligation on minus 100 basis points	545.09	473.00

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

### Maturity profile of defined benefit obligation

Particulars	31.03.2018	31.03.2017
(₹ in Lakhs)		
Expected total benefit payments		
Within 1 year	28.00	37.41
1 year to 2 years	26.16	35.19
2 years to 3 years	24.95	37.61
3 years to 4 years	26.47	32.14
4 years to 5 years	27.75	39.61
5 years to 10 years	307.74	318.58

These plan's typically expose the Company to actuarial risks such as: longevity risk and salary risk.

**Longevity Risk:** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk:** The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan's participants will increase the plan's liability.

## Notes to the financial statements for the year ended March 31, 2018

### NOTE 30 - RELATED PARTY DISCLOSURES

List of related parties where control exists and also related parties with whom transactions have taken place and relationships

(a) Key Management Personnel (KMP)	Sri S Pathy - Chairman and Managing Director Sri Aditya Krishna Pathy - Deputy Managing Director Sri N Singaravel - Company Secretary Sri V Kannappan - Chief Financial Officer
(b) Post retirement employee benefit plans	The Lakshmi Mills Co Ltd. Employees Gratuity Fund The Lakshmi Mills Superannuation Fund
(c) Enterprises over which Key Managerial Personnel are able to exercise significant influence	Lakshmi Card Clothing Manufacturing Company Pvt Ltd Lakshmi Automatic Loom Works Limited Balakumar Shipping & Clearing Agency Private Limited Aloha Tours & Travels (India) Private Limited Sans Craintes Knitters Major Corporate Services (India) Limited

Transactions with related parties during the year are set out in the table below

(Previous year figures are in brackets)

(₹ in Lakhs)

Nature of transaction	Key Management Personnel (KMP)	Post retirement employee benefit plans	Enterprises over which Key Managerial Personnel are able to exercise significant influence	Total
<b>Transactions during the year</b>				
Purchase of Goods / Assets	—	—	39.54	39.54
	—	—	(28.41)	(28.41)
Sale of Goods / Assets	—	—	0.83	0.83
	—	—	(1.01)	(1.01)
Receiving of Services	—	—	65.89	65.89
	—	—	(115.55)	(115.55)
Rendering of Services	—	—	39.63	39.63
	—	—	(37.02)	(37.02)
Remuneration	179.20	—	—	179.20
	(162.78)	—	—	(162.78)
Contribution to funds	—	278.99	—	278.99
	—	(66.18)	—	(66.18)
<b>Balance as on balance sheet date</b>				
Receivables/Outstanding(Net) from Related Parties	—	—	48.95	48.95
	—	—	(47.51)	(47.51)
Payables (Net) to Related Parties	—	217.56	153.09	370.65
	—	(433.85)	(135.96)	(569.81)

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2018

Disclosure in respect of material Related Party Transactions during the year:

- Purchase of goods/assets includes Lakshmi Card Clothing Manufacturing Company P Ltd ₹ 39.54 Lakhs; (Previous year ₹ 28.41 Lakhs).
- Sale of Goods / assets include Lakshmi Card Clothing Mfg. Co.P.Ltd ₹ 0.83 Lakhs. (Previous year ₹ 1.01 Lakhs).
- Receiving of Services include Balakumar Shipping & Clearing Agency P.Ltd ₹ 36.93 Lakhs (Previous year ₹ 33.24 Lakhs); Aloha Tours & Travels (India) Private Ltd ₹ 22.84 Lakhs (Previous year ₹ 27.83 Lakhs); Major Corporate Services (India) Ltd Nil (Previous year ₹ 49.63 Lakhs); Lakshmi Card Clothing Mfg. Co. P Ltd ₹ 6.13 Lakhs (Previous year ₹ 4.69 Lakhs) and Sans Craintes Knitters ₹ 0.15 Lakhs (Previous year ₹ 0.15 Lakhs)
- Rendering of Services include Lakshmi Card Clothing Mfg. Co. P. Ltd ₹ 12.73 Lakhs (Previous year ₹ 11.88 Lakhs); Lakshmi Automatic Loom Works Ltd ₹ 23.23 Lakhs (Previous year ₹ 21.69 Lakhs) and Sans Craintes Knitters ₹ 3.67 Lakhs (Previous year ₹ 3.45 Lakhs).
- Remuneration to Key Managerial Personnel includes Sri S. Pathy ₹ 86.93 Lakhs (Previous year ₹ 79.55 Lakhs); Sri Aditya Krishna Pathy ₹ 55.41 Lakhs (Previous year ₹ 50.83 Lakhs); Sri N.Singaravel ₹ 12.62 Lakhs (Previous year ₹ 10.63 Lakhs); Sri V.Kannappan ₹ 24.24 Lakhs (Previous year ₹ 21.77 Lakhs)
- Contribution to Gratuity Fund ₹ 261.90 Lakhs (Previous year ₹ 50.51 Lakhs).
- Contribution to Superannuation Fund ₹ 17.09 Lakhs (Previous year ₹ 15.67 Lakhs).
- Amount Receivable from other related parties includes Lakshmi Automatic Loom Works Ltd ₹ 2.00 Lakhs (Previous year ₹ 2.20 Lakhs); Balakumar Shipping & Clearing Agency P Ltd ₹ 46.25 Lakhs (Previous year ₹ 45.09 Lakhs) and Sans Craintes Knitters ₹ 0.70 Lakhs (Previous year ₹ 0.22 Lakhs)
- Amount payable for Post retirement employee benefit plan includes The Lakshmi Mills Co. Ltd. Employees Gratuity Fund ₹ 217.56 Lakhs (Previous year ₹ 433.85 Lakhs)
- Amount payable to other related parties include Lakshmi Card Clothing Mfg. Co. Pvt Ltd ₹ 145.59 Lakhs (Previous year ₹ 132.77 Lakhs); Aloha Tours & Travels (India) Private Ltd ₹ 7.50 Lakhs (Previous year ₹ 1.90 Lakhs); Major Corporate Services (India) Ltd Nil (Previous year ₹ 1.29 Lakhs).

The remuneration of directors and other members of key managerial personnel during the year was as follows:

Particulars	31.03.2018	31.03.2017
Short-term employee benefits	155.06	135.07
Post-employment benefits	24.14	27.71

### Note 31 FINANCIAL INSTRUMENTS

#### 31.1 Capital management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to create value for shareholders by facilitating the meeting of long term and short term goals of the Company.

The Company determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic expansion plans. The funding needs are met through equity, cash generated from operations, long term and short term bank borrowings.

The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Company. Net debt includes interest bearing borrowings less cash and cash equivalents and other bank balances (including non-current earmarked balances)

The table below summarises the capital, net debt and net debt to equity ratio (Gearing ratio) of the Company (₹ in Lakhs)

Particulars	31.03.2018	31.03.2017	01.04.2016
Net Debts	7,263.98	6,134.18	6,106.90
Total Equity	49,132.66	35,760.36	31,000.02
Gearing ratio	0.15	0.17	0.20

## Notes to the financial statements for the year ended March 31, 2018

### 31.2 Categories of Financial Instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments. The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, and financial liability are disclosed in Note 2(xvii)

#### A. Financial assets and liabilities

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

(₹ in Lakhs)

Particulars	31.03.2018		31.03.2017		01.04.2016	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>						
Measured at amortised cost						
Investments (unquoted)	36,252.11	36,252.11	22,312.96	22,312.96	17,589.96	17,589.96
Others financial assets - non current	266.87	266.87	240.59	240.59	207.14	207.14
Trade receivables	3,373.52	3,373.52	1,986.69	1,986.69	1,564.01	1,564.01
Cash and cash equivalents	136.43	136.43	33.70	33.70	39.53	39.53
Others financial assets - current	23.60	23.60	22.43	22.43	12.45	12.45
<b>Total financial assets</b>	<b>40,052.53</b>	<b>40,052.53</b>	<b>24,596.37</b>	<b>24,596.37</b>	<b>19,413.09</b>	<b>19,413.09</b>
<b>Financial liabilities</b>						
Measured at amortised cost						
Borrowings	6,814.16	6,814.16	5,807.50	5,807.50	5,663.36	5,663.36
Trade payables	2,917.37	2,917.37	2,395.62	2,395.62	2,197.30	2,197.30
Others financial liabilities	1,603.96	1,603.96	1,175.36	1,175.36	1,117.73	1,117.73
<b>Total financial liabilities</b>	<b>11,335.49</b>	<b>11,335.49</b>	<b>9,378.48</b>	<b>9,378.48</b>	<b>8,978.39</b>	<b>8,978.39</b>

The management assessed that fair values of cash and bank balances, trade receivables, other financial assets, trade payables and other financial liabilities recorded at amortised cost is considered to be a reasonable approximation of fair value.

The following methods and assumptions were used to estimate the fair values:

- Fair values of the Company's interest-bearing borrowings are determined by using EIR method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2018 was assessed to be insignificant.
- The Company enters into derivative financial instruments with various counterparties, principally banks with investment grade credit ratings. As at March 31, 2018, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financials instruments recognised at fair value.

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2018

### B. Fair value hierarchy

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### Quantitative disclosures fair value measurement hierarchy

The derivative instruments in designated hedge accounting relationships is measured at fair value at level 1, with valuation technique being use of market available inputs such as foreign exchange rates.

### 31.3 Financial risk management objective

The Company's activities expose it to a variety of financial risks. The Company's primary focus is to foresee the unpredictability of such risks and seek to minimize potential adverse effects on its financial performance.

The Company has a robust risk management process and framework in place. This process is coordinated by the Board, which meets regularly to review risks as well as the progress against the planned actions. The Board seeks to identify, evaluate business risks and challenges across the Company through such framework. These risks include market risks, credit risk and liquidity risk.

The risk management process aims to:

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- identify risk accumulations
- provide management with reliable information on the Company's risk situation"
- improve financial returns

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements:

Risk	Exposure arising from	Risk management
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (₹ )	Periodic review by management
Market risk - interest rate	Borrowings at variable rates	Mix of borrowings taken at fixed and floating rates
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments and other financial assets	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Availability of committed credit lines and borrowing facilities

#### Market risk - Foreign exchange

The Company undertakes transactions denominated in foreign currencies and thus it is exposed to exchange rate fluctuations. The Company actively manages its currency rate exposures, arising from transactions entered and denominated in foreign currencies, through a centralised treasury division and uses derivative instruments such as foreign currency forward contracts to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by Management.

The Company does not have any derivative financial instruments either for hedging or for speculation purpose.

The details of foreign currency exposures that are not hedged by any derivative instrument or otherwise are:



## Notes to the financial statements for the year ended March 31, 2018

Particulars	Foreign Currency (FC)	Amount in FC		Equivalent ₹ in Lakhs	
		31.03.2018	31.03.2017	31.03.2018	31.03.2017
Trade Receivables	USD	1,12,195	5,48,802	72.03	355.84
Trade Receivables	GBP	1,82,874	3,45,800	163.97	279.68
Suppliers' line of credit	EURO	11,38,311	11,12,800	917.73	770.58

### Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 5% increase and decrease in the ₹ against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where the ₹ strengthens 5% against the relevant currency will increase the profit and equity by ₹ 34.08 lakhs. For a 5% weakening of the ₹ against the relevant currency, there would be an equal and opposite impact on profit and equity.

### Market risk - Interest rate

#### (i) Liabilities:

The Company's borrowings are carried at amortised cost and are at fixed rate only. They are, therefore, not subject to interest rate risk since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

#### (ii) Assets:

The Company's financial assets are carried at amortised cost and are at fixed rate only. They are, therefore, not subject to interest rate risk since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

### Credit Risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due to the Company causing financial loss. It arises from cash and cash equivalents, deposits with banks and financial institutions, security deposits, loans given and principally from credit exposures to customers relating to outstanding receivables. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting date.

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. Credit risk on receivables is limited as the nature of the business is cash and carry except for related parties and other large number of individual customers in various geographical areas. The Company has very limited history of customer default, and considers the credit quality of trade receivables that are not past due or impaired to be good.

Therefore, the Company does not expect any material risk on account of non performance by any of the Company's counterparties. The credit risk for cash and cash equivalents, bank deposits, security deposits and loans is considered negligible, since the counterparties are reputable organisations with high quality external credit ratings.

### Liquidity risk

The Company requires funds both for short-term operational needs as well as for long-term expansion programmes. The Company remains committed to maintaining a healthy liquidity ratio, deleveraging and strengthening the balance sheet. The Company manages liquidity risk by maintaining adequate support of facilities from its holding company, and by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2018

The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The Company's financial liability is represented significantly by long term and short term borrowings from banks and trade payables. The maturity profile of the Company's short term and long term borrowings and trade payables based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Company.

	Less than 1 year	1-3 year	More than 3 year	Total
<b>March 31, 2018</b>				
Borrowings	4,346.24	1,713.36	754.56	6,814.16
Trade payable	2,917.37	-	-	2,917.37
Other financial liabilities	1,603.96	-	-	1,603.96
<b>Total</b>	<b>8,867.58</b>	<b>1,713.36</b>	<b>754.56</b>	<b>11,335.49</b>
<b>March 31, 2017</b>				
Borrowings	4,316.81	1,269.59	221.10	5,807.50
Trade payable	2,395.62	-	-	2,395.62
Other financial liabilities	1,175.36	-	-	1,175.36
<b>Total</b>	<b>7,887.79</b>	<b>1,269.59</b>	<b>221.10</b>	<b>9,378.48</b>
<b>April 1, 2016</b>				
Borrowings	4,180.36	1,378.09	104.91	5,663.36
Trade payable	2,197.30	-	-	2,197.30
Other financial liabilities	1,117.73	-	-	1,117.73
<b>Total</b>	<b>7,495.39</b>	<b>1,378.09</b>	<b>104.91</b>	<b>8,978.39</b>

### 32 First-time Ind AS adoption reconciliation

This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the Balance Sheet as at April 1, 2016 and the financial statements as at and for the year ended March 31, 2017.

#### 32.1 Effect of Ind AS adoption on the balance sheet as at March 31, 2017 and April 1, 2016

Particulars	Notes	As at March 31, 2017 (End of last period presented under previous GAAP)			As at April 1, 2016 (Date of transition)		
		Previous GAAP (Regrouped)	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP (Regrouped)	Effect of transition to Ind AS	As per Ind AS balance sheet
<b>ASSETS</b>							
<b>1 Non-current assets</b>							
(a) Property, plant and equipment	(i)(ii)	4,458.49	10,809.41	15,267.90	4,166.62	10,797.89	14,964.51
(b) Capital work-in-progress		7.76	-	7.76	-	-	-
(c) Intangible assets		10.63	-	10.63	7.84	-	7.84
(d) Financial assets							
(i) Investments	(iii)	170.89	22,142.07	22,312.96	170.89	17,419.07	17,589.96
(ii) Other financial assets		187.25	53.34	240.59	199.45	7.69	207.14
(e) Deferred tax assets (net)	(x)	2,298.64	-	2,298.64	2,571.24	-	2,571.24

## Notes to the financial statements for the year ended March 31, 2018

Particulars	Notes	As at March 31, 2017 (End of last period presented under previous GAAP)			As at April 1, 2016 (Date of transition)		
		Previous GAAP (Regrouped)	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP (Regrouped)	Effect of transition to Ind AS	As per Ind AS balance sheet
(f) Other non-current assets		98.09	—	98.09	70.55	—	70.55
<b>Total non - current assets</b>		<b>7,231.75</b>	<b>33,004.82</b>	<b>40,236.57</b>	<b>7,186.59</b>	<b>28,224.65</b>	<b>35,411.24</b>
<b>2 Current assets</b>							
(a) Inventories	(iv)	3,060.59	600.07	3,660.66	3,055.95	578.5	3,634.45
(b) Financial assets							
(i) Trade receivables	(iv)	2,603.09	(616.40)	1,986.69	2,158.09	(594.08)	1564.01
(ii) Cash and cash equivalents		33.70	-	33.70	39.53	-	39.53
(iii) Bank balances other than cash and cash equivalents		264.11	(53.34)	210.77	85.77	(7.69)	78.08
(iv) Other financial assets		22.43	-	22.43	12.45	-	12.45
(c) Current tax assets (net)		-	-	-	21.87	-	21.87
(d) Other current assets		252.33	-	252.33	332.93	-	332.93
<b>Total Current Assets</b>		<b>6,236.25</b>	<b>(69.67)</b>	<b>6,166.58</b>	<b>5,706.59</b>	<b>(23.27)</b>	<b>5,683.32</b>
Assets classified as held for sale		10,607.93	(10,607.93)	-	10,607.93	(10,607.93)	-
<b>Total Assets</b>		<b>24,075.93</b>	<b>22,327.22</b>	<b>46,403.15</b>	<b>23,501.11</b>	<b>17,593.45</b>	<b>41,094.56</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
(a) Equity share capital		695.55	-	695.55	695.55	-	695.55
(b) Other equity	(v)	12,931.95	22,132.86	35,064.81	12,816.83	17,487.64	30,304.47
<b>Total Equity</b>		<b>13,627.50</b>	<b>22,132.86</b>	<b>35,760.36</b>	<b>13,512.38</b>	<b>17,487.64</b>	<b>31,000.02</b>
<b>LIABILITIES</b>							
<b>1 Non-current liabilities</b>							
(a) Financial liabilities							
(i) Borrowings	(ii)(vi)	1,513.12	(22.43)	1,490.69	1,500.78	(17.78)	1,483.00
(ii) Other financial liabilities	(vii)	70.69	(0.85)	69.84	62.98	(1.50)	61.48
(b) Provisions		345.87	-	345.87	357.32	-	357.32
(c) Other liabilities	(i)(vii)	12.29	217.64	229.93	20.00	200.43	220.43
<b>Total Non - Current Liabilities</b>		<b>1,941.97</b>	<b>194.36</b>	<b>2,136.33</b>	<b>1,941.08</b>	<b>181.15</b>	<b>2,122.23</b>
<b>2 Current liabilities</b>							
(a) Financial liabilities							
(i) Borrowings		4,316.81	-	4,316.81	4,180.36	-	4,180.36
(ii) Trade payables		2,395.62	-	2,395.62	2,197.30	-	2,197.30
(iii) Other financial liabilities		1,175.36	-	1,175.36	1,117.73	-	1,117.73
(b) Provisions	(ix)	87.98	-	87.98	140.73	(75.34)	65.39
(c) Other current liabilities		489.91	-	489.91	411.53	-	411.53
(d) Current tax liabilities (net)		40.78	-	40.78	-	-	-
<b>Total current liabilities</b>		<b>8,506.46</b>	<b>-</b>	<b>8,506.46</b>	<b>8,047.65</b>	<b>(75.34)</b>	<b>7,972.31</b>
<b>Total Equity and Liabilities</b>		<b>24,075.93</b>	<b>22,327.22</b>	<b>46,403.15</b>	<b>23,501.11</b>	<b>17,593.45</b>	<b>41,094.56</b>

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2018

### 32.2 Reconciliation of total equity as at March 31, 2017 and April 1, 2016

Particulars	Notes	As at March 31, 2017 (End of last period presented under previous GAAP)	As at April 1, 2016 (Date of transition)
Total equity (shareholders' funds) under previous GAAP		13,627.50	13,512.38
Adjustments:			
Proposed dividend and tax thereon adjustment	(ix)	—	75.34
Impact of revenue deferral (Net)	(iv)	(16.33)	(15.58)
Impact on restatement of transaction cost of borrowings (Net)	(ii)(vi)	6.27	7.31
Impact due to fair valuation of Rent advance (Net)		0.85	1.50
Increase in fair value of equity investments (FVTOCI)	(iii)	22,142.07	17,419.07
<b>Total equity under Ind AS</b>		<b>35,760.36</b>	<b>31,000.02</b>

### 32.3 Effect of Ind AS adoption on the statement of profit and loss for the year ended March 31, 2017

Particulars	Notes	Year ended March 31, 2017 (Latest period presented under previous GAAP)		
		Previous GAAP (Regrouped)	Effect of transition to Ind AS	As per Ind AS
<b>INCOMES</b>				
Revenue from operations	(iv)(xiii)	22,745.05	(22.32)	22,722.73
Other income	(i)(viii)	728.45	45.04	773.49
<b>Total income</b>		<b>23,473.50</b>	<b>22.72</b>	<b>23,496.22</b>
<b>EXPENSES</b>				
Cost of materials consumed		10,956.60	—	10,956.60
Purchases of Stock-in-trade		1,780.44	—	1,780.44
Changes in stock of finished goods, work-in-progress and stock-in-trade	(iv)	187.39	(21.57)	165.82
Employee benefit expense	(xi)	3,382.03	9.35	3,391.38
Finance costs	(ii)(vi)	944.83	(115.63)	829.20
Depreciation and amortisation expense	(i)	660.31	34.02	694.33
Power and Fuel charges		2,821.95	-	2,821.95
Other expenses		2,267.55	128.34	2,395.89
<b>Total Expenses</b>		<b>23,001.10</b>	<b>34.51</b>	<b>23,035.61</b>
<b>Profit before exceptional item and tax</b>		<b>472.40</b>	<b>(11.79)</b>	<b>460.61</b>
Exceptional item		17.65	—	17.65
<b>Profit before tax</b>		<b>454.75</b>	<b>(11.79)</b>	<b>442.96</b>

## Notes to the financial statements for the year ended March 31, 2018

32.3 Effect of Ind AS adoption on the statement of profit and loss for the year ended March 31, 2017 Rs. in lakhs

Particulars	Notes	Year ended March 31, 2017 (Latest period presented under previous GAAP)		
		Previous GAAP (Regrouped)	Effect of transition to Ind AS	As per Ind AS balance sheet
<b>Tax expense</b>				
Current tax		63.11	—	63.11
Less: MAT credit		(61.24)	—	(61.24)
Tax relating to earlier years		3.92	—	3.92
Deferred tax	(xi)	333.84	(3.24)	330.60
<b>Total tax</b>		<b>339.63</b>	<b>(3.24)</b>	<b>336.39</b>
<b>Profit for the year</b>		<b>115.12</b>	<b>(8.55)</b>	<b>106.57</b>
<b>Other comprehensive income</b>				
Items that will not be reclassified to the statement of profit or loss				
(a) Remeasurement of employee defined benefit plans	(xii)(xi)	—	9.35	9.35
(b) Fair value of quoted investments	(xii)(iii)	—	4,723.00	4,723.00
(c) Income tax on (a) above	(xi)	—	(3.24)	(3.24)
<b>Total Comprehensive Income</b>		<b>115.12</b>	<b>4,720.56</b>	<b>4,835.68</b>

32.4 Reconciliation of total comprehensive income for the year ended March 31, 2017 ₹ in lakhs

Particulars	Notes	Year ended March 31, 2017 (Latest period presented under previous GAAP)
<b>Profit as per previous GAAP</b>		<b>115.12</b>
Adjustments:		
Actuarial gain on defined benefit plan reclassified to Other Comprehensive Income" (Net)	(xi)	(9.35)
Impact of revenue deferral (Net)	(iv)(xiii)	(0.75)
Impact on restatement of transaction cost of borrowings (Net)	(ii)(vi)	(1.04)
Impact due to fair valuation of Rent advance (Net)	(viii)	(0.65)
Tax adjustments	(xi)	3.24
<b>Profit for the year as per Ind AS</b>		<b>106.57</b>
Actuarial gain on employee define plan (Net)	(xii)(xi)	6.11
Increase in fair value of equity investments (FVTOCI)	(xii)(iii)	4,723.00
<b>Total comprehensive income under Ind AS</b>		<b>4,835.68</b>

Note: Under previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit under the previous GAAP.

32.5 Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2017

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2018

### 32.6 Notes

- (i) Under previous GAAP, the Company had adjusted government grant received against the cost of the fixed assets. Under Ind AS, government grants received for capital assets are recognised as deferred income and amortized on a systematic basis in line with Ind AS.
- (ii) Under previous GAAP, certain long term borrowings (for aquisition of property, plant and equipment) were considered as intergral and were accordingly accounted. Under Ind AS, borrowings are reckoned as seperate financial liabilities and are measured at amortised cost (using effective interest method) and at fair value respectively. The effect of these (carrying values, finance costs, capitalised exchange differences and depreciation thereon) is reflected in total equity and profit or loss. Further, the effect, in case of all other borrowings measured at amortised cost, is reflected similarly in total equity and profit or loss.
- (iii) Under previous GAAP, long term quoted equity investments were measured at cost less diminution in value which is other than temporary. Under Ind AS, such non-current investments are measured at fair value through other comprehensive income. Consequently, the differences, as at the transition date and as at the end of year 2016-17, respectively between carrying value as per previous GAAP and fair value, are reflected in total equity and other comprehensive income.
- (iv) Under previous GAAP, revenue is recognised when (i) significant risks and rewards of ownership is transferred (ii) no significant uncertainty exist regarding the amount of consideration and (iii) at the time of performance, it is not unreasonable to expect ultimate collection. Revenue from sale of goods is recognised when seller has transferred the property in goods to the buyer for a consideration - which in most cases results or coincides with transfer of significant risks and rewards of ownership. As per Ind AS, entity should recognise revenue to depict the transfer of promised goods or services to the customers for an amount that reflects the considerations to which the entity expects to be entitled in exchange for those goods or services.
- (v) Under previous GAAP, the fixed assets of the Company were revalued and a revaluation reserve was created. Under Ind AS, the Company has adopted previous GAAP carrying value as deemed cost for PPE as on transition date and accordingly revaluation reserve has been transferred to retained earnings.
- (vi) In accordance with Ind AS 109 "Financial Instruments", transaction costs on borrowings from banks and financial institutions are required to be considered at effective finance costs and recognised in the statement of profit and loss using the effective interest rate. Consequently, transaction costs recognised in the statement of profit and loss using a different approach under the Previous GAAP has been reversed and are now recognised through the statement of profit and loss using the effective interest rate.
- (vii) Under previous GAAP, Rent advance were recognised at amount paid by lessees. Under Ind AS, Rent advance are carried at amortised cost over the period of deposits.
- (viii) Under previous GAAP, lease income was recognised at amount paid by the leaces. Under Ind AS, lease income arising from operating lease is recognized as income over the lease period on a straight line basis except where the periodic increase in lease rentals is in line with expected general inflation.
- (ix) Under previous GAAP, proposed dividends were recognised as a provision in the financial statements, even if declared after the balance sheet date. Under Ind AS, dividends are recognised when declared. This resulted in a timing difference and has been reflected in total equity of the relevant financial years.
- (x) Under previous GAAP, miminum alternate tax entitlements were classified under other non-current assets. Under Ind AS, it is classified as unused tax credits under deferred tax.
- (xi) Under previous GAAP, actuarial gains and losses on employees defined benefit obligations were recognised in profit or loss. Under Ind AS, the actuarial gains and losses on re-measurement of net defined benefit obligations are recognised in other comprehensive income. This resulted in a reclassification between profit or loss and other comprehensive income.
- (xii) Under previous GAAP, there was no separate record in the financial statements for Other Comprehensive Income (OCI). Under Ind AS, specified items of income, expense, gains and losses are presented under OCI.
- (Xiii) Previous periods figures have been re-grouped / re-classified, wherever necessary to comply with Ind AS accounting.

## Notes to the financial statements for the year ended March 31, 2018

### Note - 33 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

#### 33.1 Dividend

In respect of the current year, the directors propose that a dividend of ₹ 9 per share be paid subject to approval by shareholders at the Annual General Meeting on 20.09.2018 and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members on 13.09.2018. The total estimated equity dividend to be paid is ₹62.60 lakhs. The payment of this dividend is estimated to result in payment of dividend tax of ₹12.87 lakhs @ 20.56% on the amount of dividends grossed up for the related dividend distribution tax.

#### 33.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (₹ in Lakhs)

Particulars	31.03.2018	31.03.2017
i) Principal amount remaining unpaid to MSME suppliers as at the end of each accounting year	56.37	86.74
(ii) Interest due on unpaid principal amount to MSME suppliers as at the end of each accounting year	—	—
(iii) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day	—	—
(iv) The amount of interest due and payable for the year (without adding the interest under MSME Development Act)	—	—
(v) The amount of interest accrued and remaining unpaid as on	—	—
(vi) The amount of interest due and payable to be disallowed under Income Tax Act, 1961	—	—

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

#### 33.3 Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges

The Company has not given any loans and advances in the nature of loans given to subsidiaries, associates, firms / companies in which directors are interested. (₹ in Lakhs)

#### 33.4 Value of imports calculated on CIF basis: 31.03.2018 31.03.2017

Raw materials	787.68	375.68
Components & Spares	—	—

#### 33.5 Expenditure in foreign currency on account of:

Travel	6.10	8.73
Sales commission	31.87	48.00
Subscription	2.44	4.80

#### 33.6 Value of Raw materials, Stores and Components consumed

	Value	%	Value	%
<b>Cotton, Fibre and Yarn</b>				
Imported	589.78	5.36	424.03	3.87
Indigenous	10,413.86	94.64	10,532.57	96.13
	<b>11,003.64</b>	<b>100.00</b>	<b>10,956.60</b>	<b>100.00</b>
<b>Stores, spare parts and packing material consumed</b>				
Imported	1.24	0.28	-	-
Indigenous	440.03	99.72	492.05	100.00
	<b>441.27</b>	<b>100.00</b>	<b>492.05</b>	<b>100.00</b>

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2018

(₹ in Lakhs)

	31.03.2018	31.03.2017
<b>33.7 Earnings in foreign exchange-Export of goods on FOB value</b>		
Cloth	1,360.02	1,743.81
Yarn	1,884.84	3,675.64

### 33.8 Discontinued operations

As part of overall restructuring plans for economising operations, the company had decommissioned one of its plants at Coimbatore in the financial year 2008-09. After relocating the viable and productive machinery to other units the substantial part of machinery rendered surplus have been disposed off. The loss on sale of machinery during the financial year is Nil (Previous year Nil). The land rendered available for development and converted into stock in trade has a carrying amount of ₹ 10,607.93 Lakhs (Previous year ₹ 10,607.93 Lakhs).

### 33.9 Details of Miscellaneous expenses

(₹ in Lakhs)

	31.03.2018	31.03.2017
Cost audit fees	0.75	0.75
Repairs to others	17.13	16.79
Printing, Stationery & Subscription	22.27	17.56
Travel, Postage, Telex, Telephone & Transport charges	149.12	154.04
Legal and Consultancy expenses	21.53	19.70
Provision for doubtful debts	—	25.00
	<b>210.80</b>	<b>233.84</b>

34 The financial statements of Lakshmi Mills Company Limited were approved by the Board of Directors and authorised for issue on 18.05.2018.

For and on behalf of the Board

**S. Pathy**  
Chairman & Managing Director  
DIN: 00013899

**R. Santharam**  
Vice Chairman  
DIN: 00151333

Coimbatore  
18<sup>th</sup> May 2018

**N. Singaravel**  
Company Secretary

**V. Kannappan**  
Chief Financial Officer

In terms of our report of even date  
For M.S.Jagannathan & Visvanathan  
Firm Registration No. 001209S  
Chartered Accountants

**M.V.Jeganathan**  
Partner  
Membership No. 214178





