

*HUNDRED AND NINETH
ANNUAL REPORT
2019*

1009



ESTD - 1910

THE LAKSHMI MILLS COMPANY LTD
COIMBATORE

THE LAKSHMI MILLS COMPANY LIMITED

Annual Report 2018 - 2019

BOARD OF DIRECTORS

Sri R. SANTHARAM - Vice Chairman
Sri D. RAJENDRAN
Sri SATISH AJMERA
Sri SANJAY JAYAVARTHANA VELU
Smt SUGUNA RAVICHANDRAN
Sri ADITYA KRISHNA PATHY - Deputy Managing Director
Sri VIJAY VENKATASAMY

CHAIRMAN AND MANAGING DIRECTOR

Sri S. PATHY

COMPANY SECRETARY

Sri N. SINGARAVEL

CHIEF FINANCIAL OFFICER

Sri A. DORAISWAMY

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@lakshimimills.com
Website : www.lakshimimills.com
CIN : L17111TZ1910PLC000093

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THE LAKSHMI MILLS COMPANY LIMITED

686, Avanasshi 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 NINETH ANNUAL GENERAL MEETING** of the Members of the Company will be held at "Nani Palkhivala Auditorium", Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037, on **Thursday, the 12th September 2019 at 4.30 P.M** to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements including Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and 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, 2019.
3. To appoint a Director in the place of Sri Aditya Krishna Pathy (DIN 00062224), who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS:

4. **To consider and if thought fit, to pass the following resolution as a Special Resolution:**

"RESOLVED that pursuant to Sections 149, 150, 152, 160 and Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Regulation 16 (1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (as amended) and upon the recommendation of the Nomination and Remuneration Committee and Board of Directors, Sri Satish Ajmera (DIN 00208919), an Independent - Non Executive Director of the Company whose period of office is expiring on this date, who has given his consent for the re-appointment and has submitted a declaration that he meets the criteria for independence under Section 149(6) of the Act and who is eligible for reappointment, be and is hereby

reappointed as an Independent Non - Executive Director of the Company to hold office for a Second Term of 5 (FIVE) consecutive years w.e.f 12.09.2019 or the date of 114th Annual General Meeting, whichever is earlier and shall not be liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification or re-enactment thereof, for the time being in force) and Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (As amended), the consent of the members of the Company be and is hereby accorded to continue the office of directorship of Sri Satish Ajmera (DIN 00208919), who will be attaining the age of 75 years on October 26, 2019 as Non Executive Director of the Company as recommended by the Nomination and Remuneration Committee."

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

"RESOLVED that pursuant to Sections 149, 150, 152, 160 and Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Regulation 16 (1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (as amended) and upon the recommendation of the Nomination and Remuneration Committee and Board of Directors, Sri D. Rajendran (DIN 00003848), Independent - Non Executive Director of the Company whose period of office is expiring on this date, who has given his consent for the re-appointment and has submitted a declaration that he meets the criteria for independence under Section 149(6) of the Act and who is eligible for reappointment, be and is hereby reappointed as an Independent Non - Executive Director of the Company to hold office for a Second Term of 5 (FIVE) consecutive years w.e.f 12.09.2019 or the date of 114th Annual General Meeting,



whichever is earlier and shall not be liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification or re-enactment thereof, for the time being in force) and Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (As amended), the consent of the members of the Company be and is hereby accorded to continue the office of directorship of Sri D. Rajendran (DIN 00003848), who will be attaining the age of 75 years on December 17, 2023 as Non Executive Director of the Company as recommended by the Nomination and Remuneration Committee."

6. To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED that pursuant to Sections 149, 150, 152, 160 and Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 (the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Regulation 16 (1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (as amended) and upon the recommendation of the Nomination and Remuneration Committee and Board of Directors, Sri Vijay Venkatasamy (DIN 00002906), Independent - Non Executive Director of the Company whose period of office is expiring on this date, who has given his consent for the re-appointment and has submitted a declaration that he meets the criteria for independence under Section 149(6) of the Act and who is eligible for reappointment, be and is hereby reappointed as an Independent Non - Executive Director of the Company to hold office for a Second Term of 5 (FIVE) consecutive years w.e.f 12.09.2019 or the date of 114th Annual General Meeting, whichever is earlier and shall not be liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification or re-enactment thereof, for the time being in force) and Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 (As amended), the consent of the members of the Company be and is hereby accorded to continue the office of directorship of Sri Vijay Venkatasamy (DIN 00002906), who will be attaining the age of 75 years on August 12, 2022 as Non Executive Director of the Company as recommended by the Nomination and Remuneration Committee."

7. To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 180 (i)(a) and other applicable provisions, if any, of the Companies Act, 2013, and the relevant Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the enabling provisions in the Memorandum of Association and Articles of Association of the Company, approval and consent of the Members of the Company be and is hereby granted to the Board of Directors to develop, lease the surplus Land & Buildings of the Company at a fair rental as prevailing in the area."

8. 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 Rule 14 of 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 2019-20 on a remuneration of ₹ 1,00,000/- 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
06.08.2019

By Order of the Board
N. SINGARAVEL
Company Secretary

THE LAKSHMI MILLS COMPANY LIMITED

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 may note that M/s. M. S. Jagannathan and Visvanathan, Chartered Accountants, (Firm Registration No. 001209S), Coimbatore, the statutory auditors of the company were appointed by the shareholders at the 107th Annual General Meeting (AGM) held on 26.07.2017, to hold office for a period of 5 years till the conclusion of AGM to be held during the year 2022, subject to ratification by the shareholders at every AGM. However, the Ministry of Corporate Affairs vide its notification dated 07.05.2018 has amended Section 139 of the Companies Act, 2013 by omitting the requirement of seeking ratification of the members for appointment of statutory auditors at every AGM. Hence, no resolution is being proposed for ratification of appointment of statutory auditors at this 109th Annual General Meeting.
5. Members / Proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.
8. The Register of Members and Share Transfer Books of the Company will remain closed from Friday - 06.09.2019 to Thursday - 12.09.2019 (both days inclusive).
9. 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 05.09.2019 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 05.09.2019.
10. 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 2012-2013, 2013-14, 2014-15, 2015-16, 2016-17 & 2017-18 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.
11. The Company had not paid any dividend for the financial year 2011 - 2012 and hence no dividend or unclaimed shares are required to be transferred to the Investor Education and Protection Fund or to the IEPF Suspense Account respectively after conclusion of this Annual General Meeting under the provisions of Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.
12. The shareholders, whose unclaimed shares or unpaid amount stand already transferred to the IEPF Authority Account, may claim the same from the IEPF Authority by filing Form IEPF - 5 along with requisite documents.
13. Company's share transfer work and dematerialisation of shares, is done by 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.

14. 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.
15. International Securities Identification Number given to your company is INE938CO1019.
16. 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.
17. In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, securities of listed companies can only be transferred in dematerialized form with effect from April 1st, 2019. In view of the above, members are advised to dematerialise shares held by them in physical form.
18. As per the green initiative taken by the Ministry of Corporate Affairs, members are advised to register their email address with the Registrar and Share Transfer Agents M/s. S.K.D.C. Consultants Ltd., in respect of shares held in physical form and with the concerned depository participant in respect of shares held in demat form to enable the company to serve documents in electronic form.
19. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the company or to the Registrar and Share Transfer Agents - M/s. S.K.D.C. Consultants Ltd.
20. 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.
21. 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.
22. Pursuant to the provisions of Section 72 of the Companies Act, 2013, members may file nomination forms in respect of their physical shareholdings. Any member wishing to avail this facility may submit to the Company's Registrar & Share Transfer Agent in the prescribed statutory form. Should any assistance be desired, members should get in touch with the Company's Registrar & Share Transfer Agents.
23. Brief resume, details of shareholding and Directors inter-se relationship of Directors seeking election / re-election, as required under Reg. 36 of the SEBI (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.
24. 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.
25. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
26. 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

THE LAKSHMI MILLS COMPANY LIMITED

Annual Report and AGM Notice for the year 2018-19 are sent through the permitted mode separately.

27. 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
28. Members are requested to note that the venue of the 109th 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 SEBI (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. Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.
- iii. 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.
- iv. 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.
- v. The remote e-voting period commences on 09.09.2019 (9:00 AM) and ends on 11.09.2019 (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 05.09.2019, 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.

- vi. 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.nsdl.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".
 - (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 with a copy marked to 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.
- vii. 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 or call on toll free no. : 1800-222-990.
- viii. 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.
- ix. 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).
- x. 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 05.09.2019.
- xi. 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. 05.09.2019, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or 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 or contact NSDL at the following toll free no. : 1800-222-990.
- xii. 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.
- xiii. 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.
- xiv. 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.
- xv. 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.
- xvi. The results shall be declared within 2 days of the conclusion of the 109th Annual General Meeting. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company - www.lakshminilms.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.

Coimbatore
06.08.2019

By Order of the Board
N. SINGARAVEL
Company Secretary

THE LAKSHMI MILLS COMPANY LIMITED

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT

Pursuant to Section 102 of the Companies Act, 2013 Item No. 4, 5 & 6

Sri SATISH AJMERA (DIN: 00208919) and Sri D. RAJENDRAN (DIN: 00003848), were appointed as an Independent - Non-Executive Directors of the Company by the Members at the 104th Annual General Meeting held on 15th September 2014 to hold office for a term of 5 (FIVE) consecutive years till the conclusion of the 109th Annual General Meeting or 14.09.2019, whichever is earlier and Sri VIJAY VENKATASAMY (DIN: 00002906) was appointed as an Independent - Non-Executive Director of the Company by the Members at the 108th Annual General Meeting held on 20th September 2018 to hold office for a term of 1 (ONE) year till the conclusion of the 109th Annual General Meeting or 19.09.2019, whichever is earlier.

Sri Satish Ajmera (DIN: 00208919) and Sri D Rajendran (DIN: 00003848) Independent Directors shall be completing their first term of appointment upon completion of five years & Sri Vijay Venkatasamy (DIN: 00002906) shall be completing his first term of appointment upon completion of one year from the respective dates of their appointment during the current year, they are eligible for re-appointment for another term of five consecutive years subject to approval of the Members by way of passing a Special Resolutions.

The Nomination and Remuneration Committee of the Board has recommended the reappointment of Sri Satish Ajmera (DIN: 00208919), Sri D. Rajendran (DIN: 00003848) and Sri Vijay Venkatatsamy (DIN: 00002906), as Independent Directors for a second term of five (5) consecutive years from the date of conclusion of this Annual General Meeting. The Board of Directors of the Company are of the opinion that the continuation of Sri Satish Ajmera (DIN: 00208919), Sri D. Rajendran (DIN: 00003848) and Sri Vijay Venkatatsamy (DIN: 00002906), as Directors of the Company would be immeasurably beneficial to the Company.

As per Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, ("Amendment Regulations, 2018"), inter alia, provides that "no listed Company shall appoint a person or continue the directorship of any person as a non executive director who has attained the age of 75

(seventy five) years unless it is approved by the members by passing a special resolution to that effect". Accordingly, Sri Satish Ajmera (DIN:00208919), Sri D. Rajendran (DIN:00003848) and Sri Vijay Venkatasamy (DIN:00002906) will attain the age of 75 years on 26th October 2019, 17th December 2023 and 12th August 2022 respectively and hence, continuation of their directorship beyond the age of 75 years requires the approval of members by way of a special resolutions.

Sri Satish Ajmera (DIN: 00208919), Sri D. Rajendran (DIN: 00003848) and Sri Vijay Venkatatsamy (DIN: 00002906) are not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013 and not debarred from holding the office of Director by virtue of any SEBI order or any other such Regulatory Authority. They have given their consent to act as Directors along with the declaration that they meet the criteria of independence as prescribed under the Companies Act 2013 and the SEBI (LODR) Regulations, 2015.

In the opinion of the Board of Directors, Sri Satish Ajmera (DIN: 00208919), Sri D. Rajendran (DIN: 00003848) and Sri Vijay Venkatatsamy (DIN: 00002906) fulfil the conditions specified in the Companies Act, 2013 read with Rules made thereunder and the SEBI (LODR) Regulations, 2015 for their reappointment as Independent - Non Executive Directors of the Company and are independent of the management.

A notice in writing under Section 160 of the Companies Act, 2013, has been received from the member proposing Sri Satish Ajmera (DIN: 00208919), Sri D. Rajendran (DIN: 00003848) and Sri Vijay Venkatatsamy (DIN: 00002906) as a candidature for the office of Independent Directors of the Company. During their tenure of appointment, they shall not be liable to retire by rotation as provided under Section 152(6) of the Companies Act, 2013.

The Board of Directors recommends Special Resolutions for the reappointment of Sri Satish Ajmera (DIN: 00208919), Sri D. Rajendran (DIN: 00003848) and Sri Vijay Venkatatsamy (DIN: 00002906) as Independent Directors for another term of 5 (FIVE) consecutive years for approval by the Members of the Company.



The disclosures as required under Regulation 36 of the SEBI (LODR) Regulations, 2015 and Secretarial Standards 2 are furnished and forms part of this Notice of AGM.

A copy of the draft letter for re-appointment of the Independent Directors setting out the terms and conditions of their re-appointment would be available for inspection by the Members at the Registered Office of the Company during the normal business hours of the Company, other than Saturdays and Sundays, till the date of the ensuing Annual General Meeting.

Except the appointee Directors, Sri Satish Ajmera, Sri D. Rajendran and Sri Vijay Venkatasamy, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 4, 5 & 6 of the Notice of the AGM.

Item No. 7:

Members of the Company are requested to note that Section 180 (i)(a) of the Companies Act, 2013 mandates that the Board of Directors of a Company shall exercise the power to sell, lease or otherwise dispose of the whole or substantially the whole of any undertakings(s) of the Company with the approval of the Members of the Company by way of Special Resolution. Explanation (i) to Section 180(i)(a) of the Companies Act, 2013 defines an "undertaking" in which the investment of a Company exceeds twenty percent of the Company's networth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty percent of the total income of the Company during the previous financial year. Explanation (i) to Section 180(i)(a) of the Companies Act, 2013 states that the meaning of substantially the whole of the undertaking for the purpose of Section 180(i)(a) is, in any financial year, twenty percent or more of the value of the undertaking as per the audited balance sheet of the preceding financial year.

During the last quarter of the financial year ended 31.03.2019, the Company is structured into two reportable business segments - "Textiles" and "Rental Services". Textiles consist of manufacturing and sale of yarn and trading in cloth and garments. Rental Services consist of letting out of properties. Accordingly, pursuant to Section 180(i)(a) of the Companies Act, 2013, Members of the Company are requested to accord their consent by way of a Special Resolution to develop, lease

the surplus Land and Buildings of the Company at a fair rental as prevailing in the area.

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. 7.

Item No. 8:

The Board of Directors of the Company, at their meeting held on 22nd May, 2019 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 2019 - 20 at a remuneration of ₹ 1,00,000/- 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. 8.

THE LAKSHMI MILLS COMPANY LIMITED

Details of Director(s) seeking re-appointment at the Annual General Meeting in pursuance of Secretarial Standards (SS-2) and Regulation 36 of SEBI (LODR) Regulations, 2015.

Name	Sri Aditya Krishna Pathy	Sri Satish Ajmera	Sri D. Rajendran	Sri Vijay Venkatasamy
DN	00062224	00208919	00003848	00002906
Date of Birth / Age	31.07.1986 / Indian	26.10.1944 / Indian	17.12.1948 / Indian	12.08.1947 / Indian
Date of Induction on the Board	11.06.2009	26.05.2010	14.12.2006	14.02.2018
Relationship with other director	Sri S. Pathy - Son	None	None	None
Qualification	Business Management	B.Sc., F.C.A	Higher National Diploma in BM (UK)	MBA
Experience	12 years	52 Years in Finance and Accounts Financial and other allied functions	40 Years in Textile Management	40 years in Textile Industry
Shareholding	67,625	Nil	Nil	7
Board Position held	Executive Director	Independent Director	Independent Director	Independent Director
No. of Board Meeting attended during the year	4	4	3	4
Terms and conditions of appointment	Retires by rotation and eligible for re-appointment			
Remuneration last drawn	Information disclosed in the Corporate Governance Report annexed to the Annual Report			
Remuneration sought to be paid	Salary - ₹ 3,90,000/- pm & perquisites ₹ 17,000/- pm			
List of Directorships held in other companies	<p>Listed : Nil</p> <p>Others : Lakshmi Card Clothing Mfg. Co Pvt Ltd LCC Investments Pvt Ltd The Coimbatore Lakshmi Cotton Press Pvt Ltd Space Ventures India Pvt Ltd Sans Craintes Stud Farm Pvt Ltd Sans Craintes Livestock Pvt Ltd Sans Craintes Racing and Bloodstock Pvt. Ltd The Cotton Textile Export Promotion Council Confederation of Indian Textile Industry</p>	<p>Listed : Nil</p> <p>Others : PCS Technology Ltd Wires & Fabriks (SA) Ltd Others: S. Ajmera Finance P Ltd SRP Infosystems P Ltd A & A Mines and Minerals Private Ltd GKD India Ltd</p>	<p>Listed : Nil</p> <p>Others : Premier Spinning & Weaving Mills Pvt Ltd Premier Mills Pvt. Ltd Premier Fine Linens Pvt Ltd Prima Products Pvt Ltd Coimbatore Polytex Pvt Ltd Sree Narasimha Textiles Pvt Ltd</p>	<p>Listed : Nil</p> <p>Others : Vantex Ltd Coimbatore Pioneer Fertilizers Ltd Primo Aqua Green Pvt Ltd Super Sara Textiles Ltd The Coimbatore Cosmopolitan Club</p>
Other Committee Memberships	Nil	Chairman Wires and Fabriks (SA) Ltd PCS Technology Ltd	Nil	Nil
Audit Committee	Nil	Member Wires and Fabriks (SA) Ltd PCS Technology Ltd	Nil	Nil
Nomination and Remuneration Committee	Nil	Chairman Wires and Fabriks (SA) Ltd PCS Technology Ltd	Nil	Nil
Stakeholders Relationship Committee	Nil	Chairman Wires and Fabriks (SA) Ltd PCS Technology Ltd	Nil	Nil



DIRECTORS' REPORT

Ladies and Gentlemen,

Your Directors have pleasure in presenting the Hundred and Nineth year Annual Report together with the audited accounts of the Company for the year ended 31.03.2019.

WORKING RESULTS	31.3.2019	(₹ in Lakhs)
		31.3.2018
No. of days worked	357	357
Revenue from operations	24,770.32	23,936.33
Other income	381.66	413.79
GROSS REVENUE	25,151.98	24,350.12
Profit before Tax and Exceptional Items	(386.33)	495.80
Less : Exceptional items	28.57	222.80
Profit before Taxation	(414.90)	273.00
Tax Expense	378.22	130.71
Profit after Taxation	(793.12)	142.29

OPERATIONS

The Spindles capacity remained at the same level of 1.33 lakh spindles throughout the year 2018-19. Overall utilization remained around 95% - same as that of 2017-18.

The revenue segments of the Company have been reclassified as (a) Textile Business and (b) Rental Services.

CHANGE IN NATURE OF BUSINESS

There is no change in the nature of business operations of the Company during the year.

RENTAL SERVICES

The income generated from rental services during the year was ₹ 273.60 Lakhs.

TEXTILE BUSINESS

Your Company continued to outsource fabrics both for exports as well as for domestic market. Export of yarn and fabric accounted for ₹ 3731 Lakhs as against ₹ 3529 Lakhs in the previous year, an increase of around 5.72% over the previous year's performance.

DIVIDEND

The Directors have recommended a dividend of ₹5/- per Equity Share of ₹ 100/- each, at 5% for the financial year 2018-2019 (Previous Year - 9%). The Dividend of 5%, if approved at the forth coming Annual General Meeting, will result in the outflow of ₹ 34.78 Lakhs (Previous Year ₹ 62.60 Lakhs) to the company in addition to ₹ 7.15 Lakhs (Previous Year ₹ 12.76 Lakhs) by way of dividend distribution tax.

TRANSFER TO RESERVES

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

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The Company has not declared any dividend for the year 2011-12. Hence, no amount is required to 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, 1,159 equity shares of ₹ 100/- each on which dividend had remained unclaimed for a period

THE LAKSHMI MILLS COMPANY LIMITED

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, 2019 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. The said extract is available on the website of the Company - www.lakshmill.com/Investor & Markets/Annual Return.

BOARD MEETINGS AND ITS COMMITTEES CONDUCTED DURING THE PERIOD UNDER REVIEW

During the year under review, 5 Meetings of the Board of Directors, 5 Meetings of the Audit Committee, 4 Meetings of the Nomination and Remuneration Committee, 1 Meeting of the Corporate Social Responsibility Committee, 1 Meeting of the Stakeholders Relationship Committee and 20 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 Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively. The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

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 for the year ended 31.03.2019, 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 loss of the Company for that period;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 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 was no instance of fraud identified or reported by the Statutory Auditors during the course of their audit to report to the Audit Committee and / or Board pursuant to Section 143(12) of the Companies Act, 2013 and rules framed thereunder.



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 and Regulation 16 (1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In the opinion of the Board, the Independent Directors, fulfil the conditions of independence as specified in Section 149(6) of the Act and Regulation 16 (1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Independent Directors have also confirmed that they have complied with the Company's Code of Business Conduct & Ethics.

NOMINATION AND REMUNERATION COMMITTEE AND POLICY

The composition and attendance of the Nomination and Remuneration Committee of Directors of the Company are reported elsewhere in the Annual Report.

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The Policy broadly lays down the guiding principles, philosophy and the basis for payment of remuneration to the Executive and Non-executive Directors, Key Managerial Personnel and Senior Management. The policy also provides the criteria for determining qualifications, positive attributes and Independence of Directors and criteria for appointment of Key Managerial Personnel / Senior Management and performance evaluation which are considered by the Nomination and Remuneration Committee and the Board of Directors while making selection of the candidates. The above policy has been posted on the website of the Company at - www.lakshmill.com/Policies. The abstract of the policy is annexed hereto as Annexure - 6.

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 and not material in nature and thus a disclosure in Form AOC-2 is not required. Further, there are no material related party transactions during the year under review with Promoters, Directors or Key Managerial Personnel.

The policy on Related Party Transactions as approved by the Board of Directors of the Company has been uploaded on the website of the Company and may be accessed through the link at www.lakshmill.com/Policies.

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 31.03.2019 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 forming part of this report.

THE LAKSHMI MILLS COMPANY LIMITED

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 company has adopted a Corporate Social Responsibility Policy defining therein the CSR activities to be undertaken by the Company in areas or subject specified in 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 to this report.

BOARD EVALUATION

Pursuant to the provisions of the Act and the Listing Regulations, the Board has carried out the 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, considering the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance. The Independent Directors of the Company have also convened a separate meeting for this purpose. All the results of evaluation have 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 Aditya Krishna Pathy, Director is liable to retire by rotation at the ensuing Annual General Meeting ("AGM") and being eligible offers himself for re-appointment. The Board recommends his reappointment on the consideration of the Members of the Company at the forthcoming Annual General Meeting. Brief profile of Sri Aditya Krishna Pathy has been given in the Notice convening the Annual General Meeting.

Pursuant to Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, on the recommendation of the Nomination and Remuneration Committee, the Board of Directors through the Resolution by Postal Ballot passed by the Members on 25.03.2019 have approved for the continuation of Sri R. Santharam, (DIN 00151333) who has attained the age of 75 years, as Non Executive - Non Independent Director of the Company with effect from April 1, 2019.

Pursuant to the provisions of Sections 196(3), the consent of the members was also accorded for the continuance of directorship of Sri S. Pathy, (DIN 00013899), who will attain the age of 70 years on November 17, 2019.

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors, at their meeting held on 6th August 2019 has recommended the re-appointment of Sri Satish Ajmera (DIN:00208919), Sri D. Rajendran (DIN:00003848) and Sri Vijay Venkatasamy (DIN:00002906) as Independent Directors for a second term of 5 consecutive years from the ensuing Annual General Meeting by way of passing necessary Special Resolutions in accordance with the provisions of Section 149 of the Companies Act, 2013.

The Company has also received declaration from the appointee Independent Directors that they fulfil the criteria of independence as prescribed under the provisions of Section 149(6) of the Companies Act, 2013 read with Regulation



16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including statutory re-enactment thereof for the time being in force).

Your Directors recommend the re-appointment of Independent Directors.

The 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 A. Doraiswamy - Chief Financial Officer.

Sri V. Kannappan, Chief Financial Officer of the Company resigned from office with effect from 21.09.2018.

Sri A. Doraiswamy has been appointed as Chief Financial Officer of the Company with effect from 18.03.2019.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

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

FIXED DEPOSITS

During the year under review, 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 FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls commensurate with the size, scale and complexity of its operations. Such controls have been assessed during the year under review taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Based on the results of such assessments carried out by the management, no reportable or significant deficiencies and no material weakness in the design or operation of any control was observed.

The Directors and Management confirm that the internal financial controls with reference to the Financial Statements are commensurate with the size and nature of business 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.

COMPOSITION OF AUDIT COMMITTEE AND VIGIL MECHANISM / WHISTLE BLOWER POLICY

The composition and attendance of the Audit Committee of the Board of Directors of the Company are disclosed elsewhere in the Corporate Governance 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.lakshminimills.com/Policies>. During the year under review, there were no complaints received under this mechanism.

THE LAKSHMI MILLS COMPANY LIMITED

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.

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.

There is no audit qualification, reservation or adverse remark for the year under review.

COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, as amended from time to time, the Board of Directors on the recommendation of the Audit Committee has reappointed M/s. A.R.Ramasubramania Raja & Co., (Firm Registration No. 000519) a firm of Cost Accountants, as the Cost Auditor to audit the cost records of the Company for the financial year 2019-20. M/s. A.R.Ramasubramania Raja & Co., have confirmed that their appointment is within the limits of section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under section 141(3) and proviso to section 148(3) read with section 141(4) of the Companies Act, 2013.

The Audit Committee has also received a Certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company.

Pursuant to Section 148 of the Companies Act 2013 read with the Companies (Cost Records and Audit) Rules, 2014, a resolution seeking Members' approval for the remuneration payable to the Cost Auditors for the financial year 2019-20 forms part of the Notice convening the 109th Annual General Meeting of the Company for their ratification. Accordingly, the Board recommends for the resolution seeking Members' ratification for the remuneration payable to M/s. A.R.Ramasubramania Raja & Co., Cost Auditors, is included in the Notice.

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.

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 (C.P No. 411) to undertake the Secretarial Audit of the Company. The Secretarial Audit report is annexed herewith as Annexure - 2 and forms an integral part of this Report.

CORPORATE GOVERNANCE

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the 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.

POSTAL BALLOT

Information on the Postal Ballot conducted during the year under review is available in the Corporate Governance Report.



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 is appended as Annexure - 5 to this Report.

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 2018-19.

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
6th August, 2019

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. INDUSTRY STRUCTURE AND DEVELOPMENTS

Indian Textile Industry is the largest manufacturing sector in the Country providing employment to millions of people. This sector is in two segments - the organized sector and the decentralized sector. Majority of the manufacturing activities like knitting, weaving, processing, garmenting etc., are in the decentralized sector providing large scale employment - several fold more than workers employed in the organized sector.

This sector - the back bone of the Indian Textile Industry is yet to get itself adjusted to tax compliance environment and is struggling to attain the growth as was before GST implementation.

Though the organized sector had adjusted itself to the new tax compliance environment quickly, yet it is facing acute shortage of skilled labour. Shortage of skilled personnel not only affects production activities but also affects quality aspect.

The trade policies followed in different countries had a pronounced bearing on the growth and development of manufacturing sector in the Indian Textile industry. Bangladesh has been able to step up its exports over the years, thanks to the duty free access to US markets. Some of the big names in Indian Textile industry have set up manufacturing plants outside India like Ethiopia, to get duty free access to US markets.

Though the Indian Textile Industry is endowed with adequate base of raw materials both cotton and man-made fibres, a large work force with competent technical & managerial personnel and a growing domestic market, yet because of external factors the industry is struggling to progress.

THE LAKSHMI MILLS COMPANY LIMITED

India enjoying a dominant position in the international cotton yarn trade, is losing its market share. This is mainly because of new entrants like Vietnam, Cambodia and Bangladesh, who have free access to U.S and European Markets, resulting in a fall in our country's share in cotton yarn trade.

II OPPORTUNITIES AND THREATS

Opportunities

Indian economy is rated as the World's fastest growing economy. The Textile Industry which is one of the key industries in the Country providing large scale employment in the manufacturing sector needs to grow continuously.

Textile industry wants the Government to launch a special mission for the promotion of synthetic fibre so that it could become competitive in the global trade. Global textile markets are swiftly moving from exports of cotton yarn to man-made fibre. The Indian per capita consumption of man-made fibre is 3 kg while the average per capita consumption in the World is 12 kg. It looks that Indian Textile industry needs to pay attention for the growth of man-made fibre sector - which it has not been tapping.

The Textile Policy announced by the Tamilnadu Government envisages the industry to go in for modernization in a big way so that technologically obsolete machines are replaced with modern machines to boost production, quality as well create competitive environment.

Further, the Technical Textiles is a segment which offers ample opportunities to grow and boost the economy. Though lots of promotional activities are done to popularize the products, this sector is yet to pick up. We need to identify the reservations shown by the industry in not taking efforts for the growth of the technical textiles and take steps to develop this sector. We cannot ignore this promising sector. Perhaps implementation of special mission for the growth of man-made fibre may be the right step for the growth of the technical textiles.

Threats

Cotton prices continue to be volatile. While the international cotton prices came down by more than 25%, Indian cotton prices came down only by 8%, mainly on account higher support prices fixed by the government.

The domestic textiles & apparel industry is facing threat from the neighbouring countries. Rising apparel imports from Bangladesh threatens small garment maker in the Country. Garment imports from Bangladesh increased almost 82% in 2018 - 19. Imported garments were 12% to 15% cheaper to the Indian goods. Continuing unrestrained imports from Bangladesh will seriously damage the textile value chain.

By and large, Indian Textiles and clothing exports in 2018 remained sluggish.

Further, implementation of GST Rules for entire value chain - one rate for entire textile value chain is absolute necessary. At present due to different GST rates, refund accumulates due to inversion. These impediments need to be removed.

The last three successive quarters had shown signs of slowing down in Indian economy. This trend needs to be reversed.

III. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The Company is structured into two separate business segments - "Textiles" and "Rental Services".

Textiles consist of manufacturing and sale of yarn and trading in cloth and garments.

Rental Services consist of letting out of properties.

This restructuring has been done since the last quarter of the current year and the procedure is in line with the segmentwise Information.



IV. OUTLOOK

Indian Textile industry has to be robust and growing, if the Indian economy has to prosper overall. With potential for generating huge employment next to agriculture, it has to grow.

The various State Governments as well as the Central Government need to be proactive to facilitate strong growth in the different sectors of the industry.

Government of India needs to scrap the two outdated & hindrance legislations - the Hank yarn obligation Act and the Handloom Reservation Act. Both the Acts are doing more harm to the industry than facilitating growth.

The industry needs to modernize in a big way at an affordable cost - both to improve quality as well as to reduce the cost of production.

Automation seems to be the need of the hour, if the industry has to survive.

V. RISKS AND CONCERNS

The nature and magnitude of risks associated with the company are reviewed and placed before the Board periodically. Measures have been introduced to automate some of the processes and thereby to some extent reduce the dependency on labour, which also ensures optimum capacity utilisation and quality outputs.

Government of India needs to take proactive steps to bolster up exports. Today our textile trade is very much affected by various trade barriers.

Besides free trade agreements, social sector can be another way - can have more sharing of students across the region.

Potential of the industry to grow faster be recognized and required facilities extended.

VI. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an adequate internal control system commensurate with its size of operation. Management has overall responsibility to the Company's internal control system to safeguard the assets and to ensure reliability of financial records.

VII. DISCUSSIONS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Revenue during the year was ₹ 24,770 lakhs and your company sustained a Net Loss of ₹ 415 lakhs before deferred tax of ₹ 378 lakhs.

VIII. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NO.OF WORKERS:

The relations with employees continue to be cordial. The Company had on its roll 416 employees as on 31.03.2019 as against 426 employees as on 31.03.2018.

Health, Safety and Security Environment

Our company has always been adopting all possible safety measures concerning the health of workers and staff at all levels.

IX. Details of significant changes in key financial ratios - NIL

X. Details of any change in Return on Net Worth - NIL

Coimbatore
06th August, 2019

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

THE LAKSHMI MILLS COMPANY LIMITED

ANNEXURE -1

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN as on the financial year ended 31.03.2019

[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@lakshnimills.com Website: www.lakshnimills.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 rd 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	32.50%
2.	Preparation and spinning of man-made fibre including blended man-made fibre	13114	61.20%

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 01.04.2018)				No. of Shares held at the end of the year (as on 31.03.2019)				% Change during the year
		Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
A.	Promoters									
(1)	Indian									
a)	Individual/ HUF	2,59,400	-	2,59,400	37.29	2,61,492	-	2,61,492	37.60	0.30
b)	Central Govt	-	-	-	-	-	-	-	-	-
c)	State Govt(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corp.	1,63,557	-	1,63,557	23.52	1,66,260	-	1,66,260	23.90	0.39
e)	Banks / FI	-	-	-	-	-	-	-	-	-
f)	Any other	-	-	-	-	-	-	-	-	-
	Sub Total (A)(1)	4,22,957	-	4,22,957	60.81	4,27,752	-	4,27,752	61.50	0.69
(2)	Foreign									
a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
b)	Other individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corp.	-	-	-	-	-	-	-	-	-
d)	Banks / FI	-	-	-	-	-	-	-	-	-
e)	Any other	-	-	-	-	-	-	-	-	-
	Sub Total (A)(2)	-	-	-	-	-	-	-	-	-
	Total shareholding of Promoters									
	(A) = A)(1)+A)(2)	4,22,957	-	4,22,957	60.81	4,27,752	-	4,27,752	61.50	0.69
B.	Public shareholding									
1.	Institutions									
a)	Mutual Funds	30	10	40	0.01	30	10	40	0.01	-
b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
c)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-
d)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
e)	Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
f)	FI / Banks	-	265	265	0.04	-	265	265	0.04	-
g)	Insurance Companies	37,600	-	37,600	5.41	37,600	-	37,600	5.41	-
h)	Provident Funds / Pension Funds	-	-	-	-	-	-	-	-	-
i)	Any other -Foreign Financial Institutions / Banks	20	-	20	0.00	20	0	20	0.00	-
	Sub-total (B)(1):-	37,650	275	37,925	5.45	37,650	275	37,925	5.45	-

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	
2	Central Govt / State Govt / President of India	-	5,107	5,107	0.73	-	5,107	5,107	0.73	-
	Sub-total (B)(2):-	-	5,107	5,107	0.73	-	5,107	5,107	0.73	-
3.	Non-Institutions									
a)	Bodies Corporate									
i)	Indian	30,113	20,646	50,759	7.30	30,162	20,630	50,792	7.30	-
ii)	Overseas	-	-	-	-	-	-	-	-	-
b)	Individuals									
i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh	79,362	52,522	1,31,884	18.96	84,881	40,908	1,25,789	18.09	(0.88)
ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	18,750	3,942	22,692	3.26	18,746	4,091	22,837	3.28	0.02
c)	Others									
i)	Directors and their relatives	382	-	382	0.06	382	-	382	0.06	-
ii)	Trusts	-	570	570	0.08	7	-	7	0.00	(0.08)
iii)	Non Resident Indians	2,752	74	2,826	0.41	3,040	74	3,114	0.45	0.04
iv)	Clearing Members	3,389	-	3,389	0.49	3,295	-	3,295	0.47	(0.02)
v)	Hindu Undivided Families	6,122	-	6,122	0.88	6,454	-	6,454	0.93	0.05
vi)	Investor Education and Protection Fund Authority	10,937	-	10,937	1.57	12,096	-	12,096	1.74	0.17
	Sub-total (B)(3):-	1,51,807	77,754	2,29,561	33.00	1,59,063	65,703	2,24,766	32.31	(0.69)
	Total Public Shareholding (B)=(B)(1)+ (B)(2)+ (B)(3)	1,89,457	83,136	2,72,593	39.19	1,96,713	71,085	2,67,798	38.50	(0.69)
C.	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	6,12,414	83,136	6,95,550	100.00	6,24,465	71,085	6,95,550	100.00	0.00

ii) Shareholding of Promoters

S. No.	Name of the Shareholder	No. of Shares held at the beginning of the year 01.04.2018			No. of Shares held at the end of the year 31.03.2019			% change in share holding 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	1,13,561	16.33	-	1,13,570	16.33	-	0.00
2	Aditya Krishna Pathy	65,614	9.43	-	67,625	9.72	-	0.29
3	Aishwarya Pathy	30,626	4.40	-	30,698	4.41	-	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	0.06	-	0.00
7	Abhinav Narayana B	382	0.05	-	382	0.06	-	0.00
8	K Arjun	9,318	1.34	-	9,318	1.34	-	0.00
9	K. Nithin	9,145	1.31	-	9,145	1.32	-	0.00
10	D Thayarammal	90	0.01	-	-	-	-	(0.01)
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	Shivali Jayavarthanavelu	-	-	-	90	0.01	-	0.01
17	Lakshmi Card Clothing Mfg Co Ltd	41,681	5.99	-	41,681	5.99	-	0.00
18	LCC Investments Ltd	16,145	2.32	-	16,145	2.32	-	0.00
19	Sans Craintes Stud Farm Pvt Ltd	19,415	2.79	-	19,415	2.79	-	0.00
20	Infocus Marketing & Services Ltd	7,130	1.03	-	7,130	1.03	-	0.00
21	R Santharam Marketing & Services P Ltd	4,085	0.59	-	4,085	0.59	-	0.00
22	Coimbatore Lakshmi Cotton Press Pvt Ltd	74,545	10.72	-	77,248	11.11	-	0.39
23	Sans Craintes Live Stock P Ltd	556	0.08	-	556	0.08	-	0.00
	TOTAL	4,22,957	60.81	-	4,27,752	61.50	-	0.69

THE LAKSHMI MILLS COMPANY LIMITED

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

	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	S. Pathy				
	At the beginning of the year	1,13,561	16.33		
	Bought during the year on the following dates				
	06.07.2018	9	0.00	1,13,570	16.33
	At the end of the year			1,13,570	16.33
2	Aishwarya Pathy				
	At the beginning of the year	30,626	4.40		
	Bought during the year on the following dates				
	31.08.2018	16	0.01	30,642	4.41
	12.10.2018	7	0.00	30,649	4.41
	30.11.2018	27	0.00	30,676	4.41
	22.03.2019	7	0.00	30,683	4.41
29.03.2019	15	0.00	30,698	4.41	
	At the end of the year			30,698	4.41
3	Aditya Krishna Pathy				
	At the beginning of the year	65,614	9.43		
	Bought during the year on the following dates				
	06.07.2018	37	0.00	65,651	9.44
	07.09.2018	37	0.00	65,688	9.44
	14.09.2018	44	0.01	65,732	9.45
	28.09.2018	97	0.01	65,829	9.46
	05.10.2018	1	0.00	65,830	9.46
	12.10.2018	400	0.06	66,230	9.52
	19.10.2018	126	0.02	66,356	9.54
	26.10.2018	33	0.00	66,389	9.55
	02.11.2018	262	0.03	66,651	9.58
	09.11.2018	17	0.00	66,668	9.59
	23.11.2018	125	0.01	66,793	9.60
	30.11.2018	169	0.03	66,962	9.63
	07.12.2018	272	0.04	67,234	9.67
	14.12.2018	35	0.00	67,269	9.67
	21.12.2018	31	0.00	67,300	9.68
28.12.2018	11	0.00	67,311	9.68	
18.01.2019	44	0.00	67,355	9.68	
25.01.2019	88	0.02	67,443	9.70	



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

	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
	01.02.2019	40	0.00	67,483	9.70
	22.02.2019	21	0.00	67,504	9.71
	29.03.2019	121	0.01	67,625	9.72
	At the end of the year			67,625	9.72
4	The Coimbatore Lakshmi Cotton Press Pvt. Ltd				
	At the beginning of the year	74,545	10.72		
	Bought during the year on the following dates				
	13.07.2018	490	0.07	75,035	10.79
	27.07.2018	1,000	0.14	76,035	10.93
	03.08.2018	76	0.01	76,111	10.94
	07.09.2018	752	0.11	76,863	11.05
	14.09.2018	8	0.00	76,871	11.05
	21.09.2018	20	0.00	76,891	11.06
	05.10.2018	157	0.02	77,048	11.08
	12.10.2018	200	0.03	77,248	11.11
	At the end of the year			77,248	11.11

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

THE LAKSHMI MILLS COMPANY LIMITED

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

	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	Life Insurance Corporation of India At the beginning of the year Datewise Increase/Decrease in shareholding during the year At the end of the year	37,600 - 37,600	5.41 - 5.41	- - 37,600	- - 5.41
2	Lakshmi Machine Works Ltd At the beginning of the year Datewise Increase/Decrease in shareholding during the year At the end of the year	26,916 - 26,916	3.87 - 3.87	- - 26,916	- - 3.87
3	Lakshmi Technology and Engineering Industries Ltd At the beginning of the year Datewise Increase/Decrease in shareholding during the year At the end of the year	19,914 - 19,914	2.86 - 2.86	- - 19,914	- - 2.86
4	N. Krishnaveni At the beginning of the year Datewise Increase/Decrease in shareholding during the year At the end of the year	8,146 - 8,146	1.17 - 1.17	- - 8,146	- - 1.17
5	Governor of Kerala At the beginning of the year Datewise Increase/Decrease in shareholding during the year At the end of the year	5,107 - 5,107	0.73 - 0.73	- - 5,107	- - 0.73
6	Payal Prem Raheja At the beginning of the year Datewise Increase/Decrease in shareholding during the year At the end of the year	3,000 - 3,000	0.43 - 0.43	- - 3,000	- - 0.43
7	D.Dhorrairaaj At the beginning of the year Datewise Increase/Decrease in shareholding during the year At the end of the year	2,974 - 2,974	0.43 - 0.43	- - 2,974	- - 0.43



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

	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
8	N. Jaychander At the beginning of the year Datewise Increase/Decrease in shareholding during the year At the end of the year	2,426 - 2,426	0.35 - 0.35	- - 2,426	- - 0.35
9	Krishnaraj Dwarkadas At the beginning of the year Sold during the year on the following dates 04.05.2018 At the end of the year	2,210 - 2,200	0.32 - 0.32	- (10) 2,200	- 0.00 0.32
10	E. Rangarao At the beginning of the year Datewise Increase/Decrease in shareholding during the year At the end of the year	1,659 - 1,659	0.24 - 0.24	- - 1,659	- - 0.24

v) Shareholding of Directors and Key Managerial Personnel:

	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	S. Pathy At the beginning of the year Bought during the year on the following dates 06/07/2018 At the end of the year	1,13,561 9 1,13,570	16.33 0.00 16.33	- - 1,13,570	- - 16.33
2	Sanjay Jayavarthanelu At the beginning of the year Datewise Increase/Decrease in shareholding during the year At the end of the year	13,213 - 13,213	1.90 - 1.90	- - 13,213	- - 1.90
3	Aditya Krishna Pathy At the beginning of the year Datewise Increase/Decrease in shareholding during the year 06.07.2018	65,614 - 65,651	9.43 - 9.44	- - 65,651	- - 9.44

THE LAKSHMI MILLS COMPANY LIMITED

v) Shareholding of Directors and Key Managerial Personnel:

	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
	07.09.2018	37	0.00	65,688	9.44
	14.09.2018	44	0.01	65,732	9.45
	28.09.2018	97	0.01	65,829	9.46
	05.10.2018	1	0.00	65,830	9.46
	12.10.2018	400	0.06	66,230	9.52
	19.10.2018	126	0.02	66,356	9.54
	26.10.2018	33	0.00	66,389	9.55
	02.11.2018	262	0.03	66,651	9.58
	09.11.2018	17	0.00	66,668	9.59
	23.11.2018	125	0.01	66,793	9.60
	30.11.2018	169	0.03	66,962	9.63
	07.12.2018	272	0.04	67,234	9.67
	14.12.2018	35	0.00	67,269	9.67
	21.12.2018	31	0.00	67,300	9.68
	28.12.2018	11	0.00	67,311	9.68
	18.01.2019	44	0.00	67,355	9.68
	25.01.2019	88	0.02	67,443	9.70
	01.02.2019	40	0.00	67,483	9.70
	22.02.2019	21	0.00	67,504	9.71
	29.03.2019	121	0.01	67,625	9.72
	At the end of the year			67,625	9.73
4	Vijay Venkatasamy				
	At the beginning of the year	7	0.00		
	Datewise Increase/Decrease in shareholding during the year	-	-	-	-
	At the end of the year			7	0.00

❖ No other Director except Sri S. Pathy, Sri Aditya Krishna Pathy, Sri Sanjay Jayavarthanavelu and Sri Vijay Venkatasamy 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.



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	7,665.98	—	—	7,665.98
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	10.23	—	—	10.23
Total (i+ii+iii)	7,676.21	—	—	7,676.21
Change in Indebtedness during the financial year				
Addition	—	—	—	—
Reduction	890.06	—	—	890.06
Net Change	890.06	—	—	890.06
Indebtedness at the end of the financial year				
i) Principal Amount	6,786.15	—	—	6,786.15
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	6,786.15	—	—	6,786.15

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
	Gross Salary			
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	71.62	45.62	117.24
	(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	8.59	5.47	14.06
	Others, Superannuation Fund Contribution	10.74	6.84	17.58
	Total (A)	94.55	59.98	154.53
	Overall ceiling as per the Act	As per Schedule V of the Companies Act, 2013		

THE LAKSHMI MILLS COMPANY LIMITED

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.	Independent Directors				
	Sri D. Rajendran	1.35	-	-	1.35
	Sri Satish Ajmera	2.00	-	-	2.00
	Smt Suguna Ravichandran	1.75	-	-	1.75
	Sri Vijay Venkatasamy	1.15	-	-	1.15
	Total (1)	6.25			6.25
2.	Other Non-Executive Directors				
	Sri R. Santharam	2.00	-	-	2.00
	Sri Sanjay Jayavarthanavelu	1.25	-	-	1.25
	Total (2)	3.25			3.25
	Total B = (1+2)	9.50			9.50
	Total Managerial Remuneration (A+B)				164.03

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

₹ in Lakhs

Sl. No	Particulars of Remuneration	Sri. N.Singaravel Company Secretary	Sri A. Doraiswamy Chief Financial Officer**	Sri. Kannappan Chief Financial Officer *	Total Amount
	Gross Salary				
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	12.73	0.58	8.41	21.72
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	0.38	-	0.16	0.54
	(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	-	-	-	-
	- others, PF Employer's Contribution	0.51	-	1.38	-
5	Others, please specify	-	-	-	-
	Total	13.62	0.58	8.83	23.03

* Sri V. Kannappan resigned with effect from 21.09.2018

** Sri A. Doraiswamy is appointed with effect from 18.03.2019



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
6th August, 2019

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

THE LAKSHMI MILLS COMPANY LIMITED

ANNEXURE - 2

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2019

[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 and pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To
The Members,
The Lakshmi Mills Company Limited
(CIN: L17111TZ1910PLC000093)
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, 2019, 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, 2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- iv. 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 except that one of the promoter director has purchased 1481 equity shares of Rs.100/- each during the quarter "October 2018 to December 2018", which has been disclosed by the Company to



the Stock Exchange under Regulation 7(2)(b) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 belatedly on 30th May 2019.

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, 2018.

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

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.

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 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

M D Selvaraj
MDS & Associates
Company Secretaries

Place : Coimbatore

Date : 06.08.2019

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

THE LAKSHMI MILLS COMPANY LIMITED

'Annexure A'

To

The Members,
The Lakshmi Mills Company Limited
(CIN: L17111TZ1910PLC000093)
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 laws, rules, regulations and standards 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 : 06.08.2019

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



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) 16 Nos. OHTC Fans and Nozzle were changed in "B" Unit.
- ii) 20 Nos. - 9 W CFL Lights were replaced with 5 W LED bulbs and 30 Nos. 20 W CFL lights were replaced with 14 W LED bulbs at Ladies Hostel.

Due to above measures, 3,788 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) 150 Nos. - 36W Florescent Tube Lights were replaced with 18W LED Tube Lights.
- ii) BEECHEM Beruspin Spindle oil used in 56 Nos. - Spinning Machines in "A", "B" and "C" Units for energy saving.

Due to above energy saving measures 6,408 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 - ₹ Nil

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, 33.6 & 33.7 to the Financial Statements.

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

S. PATHY

Chairman and Managing Director
(DIN 00013899)

Coimbatore
6th August, 2019

THE LAKSHMI MILLS COMPANY LIMITED

ANNEXURE- 4

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 the 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.lakshmill.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: ₹ (5,448.88) 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 2018-19**

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 to 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
6th August, 2019

D. RAJENDRAN
Independent Director
DIN: 00003848

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



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 2018-19:

Sl. No	Name	Category	Ratio
1	Sri S. Pathy	Chairman & Managing Director	35.93 : 1
2	Sri Aditya Krishna Pathy	Deputy Managing Director	22.79 : 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 2018-19:

Sl. No	Name	Category	%
1	Sri S. Pathy	Chairman & Managing Director	8.77
2	Sri Aditya Krishna Pathy	Deputy Managing Director	8.27
3	Sri N. Singaravel	Company Secretary	8.00
4	Sri V. Kannappan*	Chief Financial Officer	-

* resigned with effect from 21.09.2018

- iii. The percentage increase in the median remuneration of employees in the financial year: **7.19% (5.14%)**
- iv. The number of permanent employees on the rolls of Company: 416 (426).
- 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 7.19% (5.14%) while it is 8.53% (10.08%) 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					

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

S. PATHY

Chairman and Managing Director
(DIN 00013899)

Coimbatore
6th August, 2019

THE LAKSHMI MILLS COMPANY LIMITED

ANNEXURE - 6

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 Whole Time 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.



REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2019, 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 5 times during the Financial Year on 18th May 2018, 13th August 2018, 14th November 2018, 12th February 2019 and 18th March 2019. 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	5	Yes	2	1	-
Sri R. Santharam (DIN: 000151333)	Non - Executive Vice Chairman	4	Yes	2	2	2
Sri D. Rajendran (DIN: 00003848)	Non - Executive Independent	3	No	-	1	-
Sri Satish Ajmera (DIN: 00208919)	Non - Executive - Independent	4	Yes	4	1	5
Sri Sanjay Jayavarthanelu (DIN: 00004505)	Non - Executive - Non Independent	4	Yes	7	2	1
Sri Aditya Krishna Pathy (DIN: 00062224)	Executive - Deputy Managing Director	5	Yes	-	-	-
Smt Suguna Ravichandran (DIN: 00170190)	Non - Executive - Independent	5	Yes	1	1	-
Sri Vijay Venkatasamy (DIN: 00002643)	Non - Executive - Independent	5	Yes	3	1	-

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

\$ Only Audit Committee and Stakeholders Relationship Committee are considered.

THE LAKSHMI MILLS COMPANY LIMITED

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.

None of the Directors holds directorship in more than 20 Companies (including limit of maximum directorships in 10 public companies) pursuant to the provisions of the Companies Act, 2013. Further, none of the Directors including Independent Directors hold directorships in more than the maximum number of Directorships prescribed under Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Other Directorship

Directors	Details of other listed entities where the Directors hold directorship	
	Name of the listed entity	Designation
Sri S. Pathy	Lakshmi Automatic Loom Works Ltd	Promoter, Chairman, Non Executive Non Independent Director
	Lakshmi Machine Works Ltd	Promoter, Non Executive - Non Independent Director
Sri R. Santharam	Lakshmi Automatic Loom Works Ltd	Promoter, Vice Chairman, Non Executive - Non Independent Director
Sri D. Rajendran	Nil	Nil
Sri Satish Ajmera	PCS Technology Ltd	Independent Director
	Wires & Fabriks (SA) Ltd	Independent Director
Sri Sanjay Jayavarthanavelu	Lakshmi Machine Works Ltd	Promoter, Executive Chairman
	Carborandum Universal Ltd	Independent Director
	Lakshmi Electrical Control Systems Ltd	Non Executive - Non Independent Director
	Super Sales India Ltd	Promoter, Chairman, Non Executive Non Independent Director
Sri Vijay Venkatasamy	Nil	Nil
Sri Aditya Krishna Pathy	Nil	Nil
Smt Suguna Ravichandran	Super Spinning Mills Ltd	Women - Independent Director

Statement showing number of Equity Shares held by the Non-Executive Directors as on 31st March 2019 -

Name of the Directors	No. of Shares	Name of the Directors	No. of Shares
Sri R. Santharam	NIL	Sri Sanjay Jayavarthanavelu	13,213
Sri D. Rajendran	NIL	Smt Suguna Ravichandran	Nil
Sri Satish Ajmera	NIL	Sri Vijay Venkatasamy	7

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 Program

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.lakshimimills.com

KEY BOARD QUALIFICATIONS, EXPERTISE AND ATTRIBUTES:

The Board of Directors comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective decisions or contributions to the Board, its committees and the management.

The list of core skills / expertise / competency identified by the Board of Directors as required in the context of its business(es) and sector(s) for functioning effectively and those already available with the Board as follows:

Leadership skills	Leadership skills in effective participation in decision making
Industrial Knowledge and Experience	Knowledge on Company's businesses, policies and culture (including the Mission, Vision and Values), major risks / threats and potential opportunities and knowledge of the industry in which the Company operates
Technical / Professional Skills	Technical / professional skills and specialist knowledge to assist with ongoing aspects of the board's role in relation to Company's business
Board services and Corporate Governance	Experience in Board services and Corporate Governance to protect the interest of the stakeholders, at large and various rules and regulations applicable to the Company
Business strategy	Experience in Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making
Financial and Management skills	Experience and ability to read and understand the financial statements, proficiency in financial function, reporting and processes
Human resources / Soft skills	Experience in people management, dispute resolution, inter personal relations and liaison with stakeholders

INDEPENDENT DIRECTORS MEETING

During the year under review, the Independent Directors met on 12th February, 2019, 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.

THE LAKSHMI MILLS COMPANY LIMITED

All the independent Directors except Sri.D.Rajendran 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:

- 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 5 times during the financial year - 18th May 2018, 13th August 2018, 14th November 2018, 12th February 2019 and 18th March 2019. 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	5	4
Sri D. Rajendran (Member)	Non-Executive - Independent	5	3
Sri R. Santharam (Member)	Non-Executive - Vice Chairman	5	4
Smt Suguna Ravichandran (Member)	Non-Executive - Independent	5	5

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 4 times during the Financial Year on 13th August 2018, 14th November 2018, 12th February 2019 and 18th March 2019. 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	4	2
Sri Satish Ajmera (Member)	Non-Executive - Independent	4	3
Sri R. Santharam (Member)	Non-Executive - Vice Chairman	4	3
Sri Sanjay Jayavarthanavelu (Member)	Non-Executive-Non Independent	4	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.lakshmill.com

One of the member of the Nomination and Remuneration Committee, who was authorised by the Chairman of the Committee, had attended the Annual General Meeting held on 20.09.2018.

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 2018 - 19 are given below: (in ₹)

Name of the Directors	Sitting Fees	Salary	Perquisites	Contribution to PF & Superannuation	Total
Sri S. Pathy *	NA	71,61,667	3,60,000	19,33,650	94,55,317
Sri R. Santharam	2,00,000	NA	NA	NA	2,00,000
Sri D. Rajendran	1,35,000	NA	NA	NA	1,35,000
Sri Satish Ajmera	2,00,000	NA	NA	NA	2,00,000
Sri Sanjay Jayavarthanavelu	1,25,000	NA	NA	NA	1,25,000
Sri Aditya Krishna Pathy *	NA	45,61,935	2,04,000	12,31,722	59,97,657
Smt Suguna Ravichandran	1,75,000	NA	NA	NA	1,75,000
Sri Vijay Venkatasamy	1,15,000	NA	NA	NA	1,15,000

* Remuneration as approved by the Shareholders.

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 31st March 2019. 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

THE LAKSHMI MILLS COMPANY LIMITED

well as Stakeholder 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 - adherence of service standards adopted by the Company in respect of services rendered by the Registrar and Share Transfer Agents, measures taken for effective exercise of voting rights by shareholders, measures to reduce the quantum of unclaimed dividends, timely receipt of dividend warrants, annual reports, notices, etc., 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 12th February, 2019 during the financial year ended 31st March 2019.

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 Vijay Venkatasamy(Member)	Non-Executive - Independent	1	1
Sri Satish Ajmera (Member)	Non-Executive - Independent	1	1

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 31.03.2019.

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 20 times and approved Transfer of shares, Transmission of Shares and the issuance of Duplicate Share Certificates. There were no pending share transfers as on 31.03.2019.

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 Exchange 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, 1,159 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 opening demat account for the unclaimed 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.



c. 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 12th February, 2019 during the financial year ended 31st March 2019. All the members except Sri D. Rajendran 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 for 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 st March 2016	15.09.2016	4.35 P.M.	Nani Palkhivala Auditorium, Mani Hr. Sec. School, Coimbatore - 641037	Nil
31 st March 2017	26.07.2017	4.35 P.M.	Nani Palkhivala Auditorium, Mani Hr. Sec. School, Coimbatore - 641037	Nil
31 st March 2018	20.09.2018	4.30 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.

The following Special Resolutions were put through postal ballot during the year under review.

The details of resolution passed through Postal Ballot last year and the voting pattern for the said resolutions are disclosed as under:

Date of Postal Ballot Notice: 12.02.2019

Cut off Date: 15.02.2019

Voting Period for Postal Ballot & E - Voting: 22.02.2019 - 23.03.2019

Date of Approval: 23.03.2019

Date of Declaration of results: 25.03.2019

THE LAKSHMI MILLS COMPANY LIMITED

Particulars of Resolution	Type of Resolution	No. of Votes polled	Votes cast in favour		Votes cast against		Invalid Votes cast
			No. of Votes	%	No. of Votes	%	
Approval for continuation of Sri R. Santharam as Director who has attained more than 75 years of age.	Special	3,64,468	3,64,403	99.98	65	0.02	Nil
Approval for payment of remuneration to Sri S. Pathy, Managing Director of the Company.	Special	3,64,466	3,64,443	99.99	23	0.01	Nil

Sri B. Krishnamoorthi, FCA, Chartered Accountant, Coimbatore was appointed as the scrutinizer for carrying on the postal ballot process in a fair and transparent manner.

Pursuant to Section 108 & 110 of the Companies Act, 2013 read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014 as amended and pursuant to Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the resolutions as specified in the Notice of the Postal Ballot dated 12th February 2019 (as specified above) were transacted through Postal Ballot / E-voting.

The Company had engaged the services of National Security Depository Ltd (NSDL) for providing e-voting facility to the Members.

The members were provided the option of exercising their right to vote on the said resolutions through postal ballot / e- voting during the period commencing from February 22, 2019 to March 23, 2019. Upon completion of the voting period, the Scrutinizer completed the scrutiny of votes cast and submitted the Consolidated Scrutinizer's Report to the Chairman and Managing Director. The results of the voting were declared on Saturday, 23rd March 2019 on the website of the Stock Exchange, Company and NSDL.

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.lakshmill.com.

Quarterly Financial Results and Quarterly Shareholding Pattern are intimated to Stock Exchanges periodically and also posted in the portal hosted by BSE and www.corpfiling.co.in/Listing.bseindia.com. The Company has not made any presentations to the institutional investors or to the analysts.

SHAREHOLDERS INFORMATION

109th ANNUAL GENERAL MEETING

Day & Date	: Thursday, 12 th September, 2019
Time	: 4.30 P.M.
Venue	: Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037.



FINANCIAL CALENDAR

Financial year	: 1 st April, 2018 to 31 st March, 2019
Announcement of Annual Results 2018-19	: 22.05.2019
Posting of Annual Reports 2018-19	: On or before 19 th August, 2019
Evoting period	: 09.09.2019 - 9.00 AM to 11.09.2019 - 5.00 P.M
Last date of receipt of Proxy Forms	: 10.09.2019
Date of Book Closure	: 06.09.2019 - Friday to 12.09.2019 - Thursday (both days inclusive)
Date of payment of Dividend	: On or before 27.09.2019
Announcement of Quarterly Results 2019-20	: August '19, November '19, February '20 & May '20

LISTING ON STOCK EXCHANGES

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

Bombay Stock Exchange Limited, Stock Code : 502958

ISIN No. : INE938CO1019

Listing fee for 2019-2020 have been paid in respect of BSE Ltd.

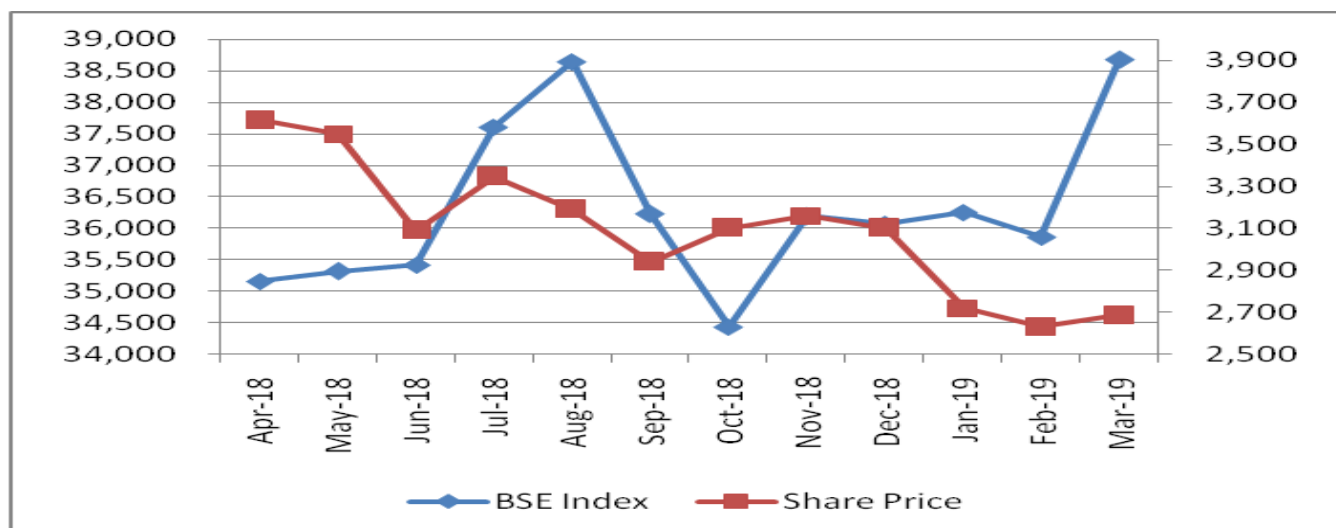
MARKET PRICE DATA

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 - 2018	3,630.00	3,350.00	October	3,340.20	2,511.00
May	4,325.00	3,265.00	November	3,599.00	3,000.10
June	3,550.00	2,970.00	December	3,550.00	2,910.20
July	3,370.00	2,700.00	January - 2019	3,099.00	2,700.00
August	3,550.00	2,928.00	February	2,990.00	2,605.00
September	3,399.00	2,900.00	March	2,834.90	2,500.00

SHARE PERFORMANCE IN COMPARISON WITH BSE INDEX



THE LAKSHMI MILLS COMPANY LIMITED

REGISTRAR & SHARE TRANSFER/DEMAT AGENTS

M/s. S.K.D.C. Consultants Ltd.,
Kanapathy 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

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.

The shares of the company are regularly traded and in no point of time the shares were suspended for trading in the stock exchange.

With effect from 1st April, 2019, the applications for transfer of shares held in physical form will not be processed by the listed entity / Registrar and Share Transfer Agent, except in case of transmission or transposition, in accordance with the amended Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SHAREHOLDING PATTERN (as on 31.03.2019)

Sl. No.	Category	No. of Share holders	No. of Shares held	% to paid-up capital
1	Promoters and Promoters group	22	4,27,752	61.50
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	66	50,792	7.30
6	Individuals	5,182	1,48,633	21.37
7	Others	195	25,341	3.65
	Total	5,481	6,95,550	100.00

DISTRIBUTION OF SHARE HOLDING (as on 31.03.2019)

Range (No. of Shares)	No. of Shareholders	No. of Shares	% held
1 - 50	4,898	53,515	7.69
51 - 100	274	20,288	2.92
101 - 200	157	21,867	3.14
201 - 300	49	11,962	1.72
301 - 400	31	10,614	1.53
401 - 500	19	8,534	1.23
501 - 1000	23	16,792	2.41
1001 and Above	30	5,51,978	79.36
Total	5,481	6,95,550	100.00

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.



As on 31.03.2019, 6,24,465 Shares constituting 89.78% 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.

CREDIT RATING

The Company does not have any Debt instruments or fixed deposit programme or any scheme or proposal involving mobilization of funds either in India or abroad that requires Credit Rating

PLANT LOCATIONS

The Company has 2 Plants situated at the following locations:

Unit I : Lakshmipuram P.O., Kovilpatti.

Unit II : Kuppuswamy 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, Coimbatore - 641 037, India.

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

E-Mail: csns@lakshmimills.com

Investors' grievances email id : secretarial@lakshmimills.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.

THE LAKSHMI MILLS COMPANY LIMITED

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.lakshmill.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.

OTHER DISCLOSURES

- a. The Company has not raised any funds through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- b. A certificate from a Company Secretary in whole time practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Security Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority has been



obtained and is annexed to this report.

- c. During the year under review, the recommendations made by the different Committees have been accepted and there were no instances where the Board of Directors had not accepted any recommendation of the Committees.
- d. The Company has paid a sum of ₹ 3.50 Lakhs as fees on consolidated basis to the Statutory auditor and all entities in the network firm / entity of which the Statutory auditor is a part for the services rendered by them.
- e. As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted an Internal Complaints Committee. During the year 2018-19, no complaint was received by the committee. As such, there are no complaints pending as at the end of the financial year.

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 22nd May, 2019 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.

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 2018-19 has been affirmed by the Chairman and Managing Director (CEO) of the Company.

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 2016 - 2017.

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

S. PATHY

Chairman and Managing Director
(DIN 00013899)

Coimbatore
6th August, 2019

THE LAKSHMI MILLS COMPANY LIMITED

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members of
M/s. The Lakshmi Mills Company Limited
CIN: L17111TZ1910PLC000093
686 Avanashi Road
Coimbatore - 641037

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. THE LAKSHMI MILLS COMPANY LIMITED having CIN:L17111TZ1910PLC000093 and having registered office at 686, Avanashi Road, Coimbatore - 641037 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Mr. Sundaram Pathy (Chairman & Managing Director)	00013899	27/09/1995
2	Mr. Rangaswamy Santharam	00151333	27/03/2002
3	Mr. Damotharan Rajendran	00003848	14/12/2005
4	Mr. Satish Ajmera	00208919	26/05/2010
5	Mr. Sanjay Jayavarthanavelu	00004505	30/07/2010
6	Mrs. Suguna Ravichandran	00170190	11/02/2015
7	Mr. Aditya Krishna Pathy (Deputy Managing Director)	00062224	11/06/2009
8	Mr. Bakthavatsal Venkatasamy Vijay	00002906	14/02/2018

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Coimbatore

Date : 06.08.2019

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



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 31st March 2019 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.

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

(M.V Jeganathan)
Partner
Membership No. 214178

Coimbatore
6th August 2019

THE LAKSHMI MILLS COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT

To the Members of The Lakshmi Mills Company Limited Report on the Audit of Standalone Financial Statements Opinion

We have audited the standalone financial statements of The Lakshmi Mills Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement and for the year then ended, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information. (hereinafter referred to as standalone financial statements).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ["the Act"], in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the Loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the

Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Standalone Ind AS financial statements section of our report, including in relation to these matters.

S.No.	Key Audit Matters	Auditor's Response
1	<p>Evaluation of uncertain tax positions</p> <p>The Company has uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p>	<p>Principal Audit Procedures</p> <p>We obtained details of completed tax assessments and demands received upto the end of the financial year and till the date of finalisation of our report, from management. We analysed the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. We considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions to evaluate whether any change was required to management's position on these uncertainties.</p>

S.No.	Key Audit Matters	Auditor's Response
2	<p>Recoverability of Income tax assets and Receivables from Government authorities</p> <p>As at March 31, 2019, non-current assets in respect of Income tax assets to the extent of Rs.32.11 lakhs and Receivable from government authorities to the extent of Rs. 43.66 lakhs are outstanding.</p>	<p>Principal Audit Procedures</p> <p>We analysed and reviewed the nature of the amounts recoverable, the sustainability and the likelihood of recoverability upon final resolution. The income tax assets represents tax deducted at sources; the amounts receivable from government authorities represent input tax credits eligible for set off and as such we considered and concluded that these recoverables are sustainable upon final resolution.</p>
3	<p>Revenue from contracts with Customers</p> <p>Ind AS 115 on Revenue from Contracts with customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period, etc.</p> <p>Accordingly, revenue recognition relating to the above was determined as a key audit matter in our audit of the standalone financial statements.</p>	<p>Principal Audit Procedures</p> <p>We assessed the company's revenue recognition policy as per Ind AS 115 and the design and operating effectiveness of internal controls related to revenue recognition. Our audit procedure included making sample tests of individual transactions relating to revenue and whether such revenue was recognized as per the stated accounting policy adopted pursuant to Ind AS 115. It was concluded that Ind AS 115 had no impact on the revenue.</p>

We have determined that there are no other key audit matters to communicate in our report.

Information Other than the standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis Report, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude

that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the standalone 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 standalone 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

THE LAKSHMI MILLS COMPANY LIMITED

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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures

that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in the paragraph 3 and 4 of the order, to the extent applicable
2. As required by Section 143 (3) of the Act, based on our audit we report that:
 - (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 cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules 2014;
 - (e) On the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the board of directors, none of the directors are disqualified as on March 31, 2019 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**";
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Companies Act 2013 and

- (h) 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 standalone financial statements - Refer Note No. 29 to the standalone financial statements.
 - 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.

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

(M.V Jeganathan)

Partner

Membership No. 214178

Coimbatore
22nd May 2019

THE LAKSHMI MILLS COMPANY LIMITED

Annexure - A to the Independent Auditors' 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, physical verification of inventories has been conducted at reasonable intervals by the management and no material discrepancies were noticed.
 - 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 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, Goods and Service 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 2019 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:

Name of the Statute	Nature of Dues	Amount ₹ in Lakhs	Amount paid/adjusted [₹ in Lakhs]	Period to which the amount relates	Forum where dispute is pending
Central Excise / Service Tax	Rebate Claim	57.96	-	April 2015 - March 2017	Commissioner of GST and Central Excise (Appeals)
Income Tax Act, 1961	Tax and Interest	28.57	4.30	A Y 2014 - 15	CIT (A)

8. In our opinion and according to the information and explanations 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.
11. According to the information and explanations given 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-IA of the Reserve Bank of India Act 1934.

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

(M.V Jeganathan)
Partner
Membership No. 214178

Coimbatore
22nd May 2019

THE LAKSHMI MILLS COMPANY LIMITED

Annexure - B to the Independent Auditors' 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, 2019, 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 controls 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 controls 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 controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial controls 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 controls 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 controls 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 controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls 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 M.S.Jagannathan & Visvanathan
Chartered Accountants
Firm Registration No. 001209S

(M.V Jeganathan)
Partner
Membership No. 214178

Coimbatore
22nd May 2019

THE LAKSHMI MILLS COMPANY LIMITED

Balance Sheet as at 31st March, 2019

(₹ in Lakhs)

Particulars	Note No	31.03.2019	31.03.2018
ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	3	15,204.15	15,974.26
(b) Capital work-in-progress		72.05	-
(c) Intangible assets	3	5.15	7.07
(d) Investment Property	4	74.91	78.55
(e) Financial assets			
(i) Investments	5	31,945.29	36,252.11
(ii) Other financial assets	6	230.07	266.87
(f) Deferred tax assets (net)	25	1,832.06	1,711.63
(g) Other non-current assets	7	138.99	136.66
Total non - current assets		49,502.67	54,427.15
2 Current assets			
(a) Inventories	8	3,268.69	3,153.11
(b) Financial assets			
(i) Trade receivables	9	3,273.81	3,373.52
(ii) Cash and cash equivalents	10	191.68	136.43
(iii) Bank balances other than (ii) above	10	95.01	265.57
(iv) Other financial assets	6	22.77	23.60
(c) Current tax assets (net)		27.10	-
(d) Other current assets	7	210.72	203.98
Total Current Assets		7,089.78	7,156.21
Total Assets		56,592.45	61,583.36
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11	695.55	695.55
(b) Other Equity	12	43,662.13	48,437.11
Total Equity		44,357.68	49,132.66
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	1,699.87	2,467.92
(ii) Other financial liabilities	16	14.96	79.34
(b) Provisions	14	370.95	295.39
(c) Other non-current liabilities	17	161.71	243.94
Total Non - Current Liabilities		2,247.49	3,086.59



(₹ in Lakhs)

Particulars	Note No	31.03.2019	31.03.2018
2 Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	4,444.86	4,346.24
(ii) Trade payables	15		
Total outstanding dues of micro enterprises and small enterprises		12.31	56.37
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,490.25	2,861.00
(iii) Other financial liabilities	16	1,460.92	1,603.96
(b) Provisions	14	107.04	68.96
(c) Other liabilities	17	471.90	424.23
(d) Current tax liabilities (net)		-	3.35
Total current liabilities		9,987.28	9,364.11
Total Liabilities		12,234.77	12,450.70
Total Equity and Liabilities		56,592.45	61,583.36

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

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

Coimbatore

22nd May 2019

N. Singaravel

Company Secretary

A. Doraisamy

Chief Financial Officer

THE LAKSHMI MILLS COMPANY LIMITED

Statement of Profit and Loss for the year ended 31st March, 2019

(₹ in Lakhs)

Particulars	Note No	31.03.2019	31.03.2018
I INCOMES			
Revenue from operations	18	24,770.32	23,936.33
Other income	19	381.66	413.79
Total income		25,151.98	24,350.12
II EXPENSES			
Cost of materials consumed	20.a	13,318.59	11,003.64
Purchases of Stock-in-trade	20.b	1,440.45	1,726.65
Changes in stock of finished goods, work-in-progress and stock-in-trade	20.c	(631.02)	904.43
Employee benefit expense	21	3,574.35	3,422.78
Finance costs	22	1,002.96	865.05
Depreciation and amortisation expense	4	1,139.88	907.55
Power and Fuel charges		2,897.33	2,717.92
Other expenses	23	2,795.77	2,306.30
Total Expenses		25,538.31	23,854.32
Profit before exceptional item and tax		(386.33)	495.80
III Exceptional item	24	28.57	222.80
Profit before tax after exceptional item		(414.90)	273.00
IV Tax expense	25		
Current tax		-	27.48
Less: MAT credit		-	(27.40)
Tax relating to earlier years		-	3.23
Deferred tax		378.22	127.40
Total tax		378.22	130.71
Profit for the year		(793.12)	142.29
V Other comprehensive income			
(i) Items that will not be reclassified to the statement of profit or loss			
(a) Remeasurement of employee defined benefit plans		(98.33)	(146.79)
(b) Fairvalue of quoted investments		(4,306.82)	13,939.15
(c) Income tax on (a & b) above		498.64	(487.01)
Total Other comprehensive income		(3,906.51)	13,305.35
Total comprehensive income for the year		4,699.63	13,447.64
VI Earnings per equity share of ₹ 100/-			
Basic (in Rs.)	27	(114.03)	20.46
Diluted (in Rs.)	27	(114.03)	20.46
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
22nd May 2019

N. Singaravel
Company Secretary

A. Doraisamy
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



Cash Flow Statement for the year ended 31st March 2019

(₹ in Lakhs)

Particulars	31.03.2019	31.03.2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	(414.90)	273.00
Adjustments for:		
Depreciation and amortisation expense	1,139.88	907.55
Provision for doubtful debts	-	-
Net loss/(gain) on disposal of property, plant and equipment	(11.95)	(17.18)
Interest income	(14.67)	(27.77)
Dividend income	(208.00)	(182.00)
Net unrealised exchange loss/(gain)	(45.78)	(94.35)
Interest expense	1,002.96	865.05
Operating profit before working capital changes	1,447.54	1,724.30
Adjustments for (increase)/decrease in operating assets:		
Inventories	(115.58)	507.55
Trade receivables	145.49	(1,292.48)
Other current financial assets	(3.97)	0.22
Other current assets	(6.74)	48.35
Other non-current financial assets	36.80	(26.28)
Other non-current assets	(3.03)	(33.39)
Adjustments for increase/(decrease) in operating liabilities:		
Other non-current financial liabilities	(64.38)	9.50
Other non-current liabilities	(82.23)	14.01
Trade payables	585.19	521.75
Provisions	15.31	(216.29)
Other financial liabilities	76.47	137.60
Other current liabilities	47.67	(65.68)
Cash used in / generated from operations	2,078.54	1,329.26
Net income tax (paid) / refunds	(29.75)	(73.32)
Net cash flow from operating activities (A)	2,048.79	1,255.94
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment (including capital advances)	(439.31)	(1,682.30)
Proceeds from sale of property, plant and equipment	15.00	18.34
Bank balances not considered as cash and cash equivalents	170.56	(54.80)
Dividend income	208.00	182.00
Interest received	19.47	26.38
Net cash used in investing activities (B)	(26.28)	(1,510.38)

THE LAKSHMI MILLS COMPANY LIMITED

Cash Flow Statement for the year ended 31st March 2019

(₹ in Lakhs)

Particulars	Note No	31.03.2019	31.03.2018
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term borrowings		-	1,817.60
Repayment of long term borrowings		(978.45)	(559.70)
Proceeds from short term borrowings (net)		98.62	29.43
Finance costs		(1,013.19)	(854.82)
Dividends paid, including tax thereon		(74.24)	(75.24)
Transfer of unclaimed dividend to IEPF		-	-
Net cash flow used in financing activities (C)		(1,967.26)	(357.27)
Net increase in Cash and cash equivalents (A+B+C)		55.25	102.73
Cash and cash equivalents at the beginning of the year (refer note 10)		136.43	33.70
Cash and cash equivalents at the end of the year (refer note 10)		191.68	136.43

See accompanying notes to the financial statements 1-34

For and on behalf of the Board

S. Pathy

Chairman & Managing Director
DIN: 00013899

Coimbatore
22nd May 2019

R. Santharam

Vice Chairman
DIN: 00151333

N. Singaravel
Company Secretary

A. Doraisamy
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, 2019

(₹ in Lakhs)

a. Equity share capital

Balance as at March 31, 2017	695.55
Changes in equity share capital during the year	-
Balance as at March 31, 2018	695.55
Changes in equity share capital during the year	-
Balance as at March 31, 2019	695.55

b. Other Equity

(₹ in Lakhs)

Particulars	Reserves & Surplus				Other Comprehensive Income		
	Securities premium	Capital reserve	General reserve	Retained earnings	Equity instruments through OCI	Employee defined benefit plan	Total other equity
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)
Balance as at March 31, 2018	101.89	9.00	1,391.57	11,481.12	35,645.01	(191.48)	48,437.11
Profit for the year (net of taxes)	-	-	-	(793.12)	-	-	(793.12)
Other Comprehensive Income for the year (net of taxes)	-	-	-	-	(3,800.91)	(105.59)	(3,906.50)
Total Comprehensive income for the year	-	-	-	(793.12)	(3,800.91)	(105.59)	(4,699.62)
Transfer to Retained Earnings	-	-	-	(297.07)	-	297.07	-
Dividend paid	-	-	-	(62.60)	-	-	(62.60)
Tax on dividend paid	-	-	-	(12.76)	-	-	(12.76)
Balance as at March 31, 2019	101.89	9.00	1,391.57	10,315.57	31,844.10	-	43,662.13

Note:

Securities Premium - Amounts received on issue of shares in excess of the par value has been classified as securities premium.

Capital reserve represents the realised capital profits of earlier years.

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.

Retained earnings comprise of the Company's undistributed earnings after taxes.

Other Comprehensive Income (OCI) - Items of other comprehensive income consists of remeasurement of net defined benefit liability/asset and fair value of equity instruments designated through OCI.

See accompanying notes to the financial statements 1-34

S. Pathy

Chairman & Managing Director
DIN: 00013899

R. Santharam

Vice Chairman
DIN: 00151333

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

Coimbatore
22nd May 2019

N. Singaravel
Company Secretary

A. Doraisamy
Chief Financial Officer

M.V.Jeganathan
Partner
Membership No. 214178

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements for the year ended March 31, 2019

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, 1882. Its shares are listed with BSE Limited, Mumbai. The Company is mainly 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.

(ii) Basis of preparation and presentation

The financial statements have been prepared on accrual basis under the historical cost convention except for 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 and services:** Revenue from the sale of goods and services is recognised when the company transfers control of goods or services to its customer at the amount to which the company expects to be entitled.

b) **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 attaching 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



Notes to the financial statements for the year ended March 31, 2019

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 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

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements for the year ended March 31, 2019

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.

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.



Notes to the financial statements for the year ended March 31, 2019

Depreciation on Property, plant and equipment (other than freehold land) has been provided on the WDV 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 sale 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) Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the

net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

For transition to Ind AS, the Company has elected to continue with the carrying value of its investment property 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.

(xv) 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.

(xvi) Non-Current assets held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell and disclosed separately in balance sheet. Liabilities

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Notes to the financial statements for the year ended March 31, 2019

associated with assets classified as held for sale are estimated and disclosed separately in the balance sheet.

(xvii) 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.

(xviii) 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.

(xix) 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 market place.

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:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) 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 financial asset is derecognised. Where the

Notes to the financial statements for the year ended March 31, 2019

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 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

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Notes to the financial statements for the year ended March 31, 2019

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 between a lender 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

(xx) 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 structured into two reportable business segments "Textile" and "Rental Services". Textiles consists of manufacturing and sale of yarn and trading in cloth and garments. Rental services consist of letting out of properties. During the last quarter of the current year, the Company has restructured its verticals and accordingly, as required by the accounting standards, comparatives have been restated and presented in line with the current segments. The reportable business segments are in line with the segment wise information which is being presented to the CODM. Geographic information is based on business sources from that geographic region. Accordingly the geographical segments are determined as Domestic i.e., within India and External i.e. Outside India.

(xxi) 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.

(xxii) 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.

(xxiii) Recent accounting pronouncements

1 Ind AS 116 Leases : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

2 Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition -

i) Full retrospective approach - Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the

Notes to the financial statements for the year ended March 31, 2019

standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

- 3 Amendment to Ind AS 12 - Income taxes : On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

- 4 Amendment to Ind AS 19 - plan amendment, curtailment or settlement: On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity: to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

NOTE 3 - 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)
I. Gross Block (cost or deemed cost)										
Balance as at March 31, 2017	11,555.35	1,169.77	2,965.10	141.96	3.29	95.12	24.15	5.42	15,960.16	12.70
Reclassification	3.89	82.50	-	-	-	-	-	-	86.39	-
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	-
Balance as at March 31, 2018	11,553.43	1,163.28	4,527.87	154.51	3.29	121.65	31.61	6.96	17,562.60	12.70
Additions	-	163.34	178.22	1.52	-	1.36	16.72	6.10	367.26	-
Disposals	0.27	-	15.55	-	-	19.23	0.48	-	35.53	-
Balance as at March 31, 2019	11,553.16	1,326.62	4,690.54	156.03	3.29	103.78	47.85	13.06	17,894.33	12.70
II. Accumulated Depreciation and Impairment										
Balance as at March 31, 2017	-	96.15	528.64	26.50	1.24	29.60	5.90	4.23	692.26	2.07
Reclassification	-	4.02	-	-	-	-	-	-	4.02	-
Charge for the year	-	90.44	754.28	23.43	0.00	24.30	5.18	2.54	900.17	3.56
Disposals	-	-	-	-	-	-	0.07	-	0.07	-
Balance as at March 31, 2018	-	182.57	1,282.92	49.93	1.24	53.90	11.01	6.77	1,588.34	5.63
Charge for the year	-	87.07	998.59	17.37	0.46	20.30	8.39	2.14	1,134.32	1.92
Disposals	-	-	14.85	-	-	17.19	0.44	-	32.48	-
Balance as at March 31, 2019	-	269.64	2,266.66	67.30	1.70	57.01	18.96	8.91	2,690.18	7.55
Net block (I-II)										
Balance as at March 31, 2019	11,553.16	1,056.98	2,423.88	88.73	1.59	46.77	28.89	4.15	15,204.15	5.15
Balance as at March 31, 2018	11,553.43	9,80.71	3,244.95	104.58	2.05	67.75	20.60	0.19	15,974.26	7.07

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Notes to the financial statements for the year ended March 31, 2019

(₹ in Lakhs)

Particulars	31.03.2019	31.03.2018
Note 4 - INVESTMENT PROPERTY		
Cost or deemed cost		
Balance at the beginning of the year	86.39	-
Reclassification	-	86.39
Additions/(Disposals)	-	-
Transfer from asset held for sale	-	-
Balance at the end of the year	86.39	86.39
Accumulated depreciation		
Balance at the beginning of the year	7.84	-
Reclassification	-	4.02
Additions/(Disposals)	3.64	3.82
Balance at the end of the year	11.48	7.84
Net Block	74.91	78.55
Information regarding income and expenditure of investment property		
Rental Income derived from investment properties	273.60	267.87
Direct operating expenses (including repairs and maintenance)	39.63	37.82
Profit arising from investment properties before depreciation	233.97	230.05
Depreciation	3.64	3.82
Profit arising from investment properties	230.33	226.23
<p>The Company's investment properties consist of Freehold land and Buildings. The Company's investment properties consist of Coimbatore unit properties in the nature of land and buildings in India. As at March 31, 2019 and March 31, 2018, the fair values of the properties are ₹82.31 crores and ₹78.38 crores respectively. These are based on valuations performed by independent valuers. The fair value hierarchy is at level 2, which is derived using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data. (refer note 32.2B for note on fair value hierarchy)</p>		
NOTE 5: INVESTMENTS		
Investment in equity instruments		
A. Non Trade, Quoted and fully paid up (at Fair value)		
Lakshmi Machine Works Limited	31,683.86	35,913.02
520,000 shares of ₹ 10/- each (520,000 shares of ₹ 10/- each)		
Lakshmi Automatic Loom Works Limited	145.53	204.93
330,000 shares of ₹ 10/- each (330,000 shares of ₹ 10/- each)		
Rajshree Sugars & Chemicals Limited	48.40	66.66
220,000 shares of ₹ 10/- each (220,000 shares of ₹ 10/- each)		
	<u>31,877.79</u>	<u>36,184.61</u>
B. Non Trade, Unquoted and fully paid up (at Cost)		
LCC Investments Limited	15.00	15.00
150,000 shares of ₹ 10/- each (150,000 shares of ₹ 10/- each)		
Sai Regency Power Corporation Limited	52.50	52.50
525,000 shares of ₹ 10/- each (525,000 shares of ₹ 10/- each)		
	67.50	67.50
Total	<u>31,945.29</u>	<u>36,252.11</u>
Aggregate value of unquoted investments	<u>67.50</u>	<u>67.50</u>
Aggregate amount of impairment in value of investments	-	-



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Notes to the financial statements for the year ended March 31, 2019

(₹ in Lakhs)

Particulars	31.03.2019	31.03.2018
NOTE 6 : OTHER FINANCIAL ASSETS (Unsecured and considered good)		
Non-current		
Measured at amortised cost		
Bank deposits with more than 12 months maturity	25.51	25.51
Security Deposits	204.56	241.36
Total	230.07	266.87
Current		
At fair value		
Interest accrued on deposits	-	4.80
Security Deposits and advances	22.77	18.80
Total	22.77	23.60
NOTE 7 - OTHER ASSETS (Unsecured and considered good)		
Non-current		
Deposits and other loans	106.88	103.85
Advance Income Tax (Net of provisions)	32.11	32.81
Total	138.99	136.66
Current		
Balances with revenue authorities	43.66	36.47
Prepaid expenses	55.24	16.51
Other assets (Income receivable)	111.82	151.00
Total	210.72	203.98
NOTE 8 - INVENTORIES (Lower of cost or net realisable value)		
Raw materials	605.86	1120.98
Work-in-progress	633.89	576.60
Finished goods (other than those acquired for trading)		
Yarn	1,714.67	1,238.26
Waste	38.80	29.17
Stock-in-trade		
Yarn	8.78	3.54
Cloth	99.24	16.71
Garments	0.11	0.19
Stores and spares	167.34	167.66
Total	3,268.69	3,153.11

Notes:

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

The cost of inventories recognised as an expense amounted to ₹14,128.02 Lakhs (Previous year ₹ 13,634.72 Lakhs).

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements for the year ended March 31, 2019

(₹ in Lakhs)

Particulars	31.03.2019	31.03.2018
NOTE 9 - TRADE RECEIVABLES		
Trade receivables - considered good and secured	-	-
Trade receivables - considered good and unsecured		
Outstanding for a period exceeding six months from the due date	2.45	1.97
Others	3,271.36	3,371.55
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired		
Outstanding for a period exceeding six months from the due date	139.77	139.77
Less: Expected credit loss	(139.77)	(139.77)
Total	<u>3,273.81</u>	<u>3,373.52</u>

* includes due from related parties - refer note 31

NOTE 10 - CASH AND BANK BALANCES

Cash and cash equivalents

Cash in hand	14.26	9.13
Balances with banks		
(i) Current accounts	158.76	109.76
(ii) Unpaid Dividend Warrant Accounts	18.66	17.54
Total	<u>191.68</u>	<u>136.43</u>

Bank balances

(i) Fixed deposits held as margin money against borrowings and guarantees (maturity of less than 12 months from the balance sheet date)	95.01	265.57
Total	<u>95.01</u>	<u>265.57</u>

(₹ in Lakhs)

Particulars	31.03.2019		31.03.2018	
	No. of shares	Amount	No. of shares	Amount
NOTE 11 - SHARE CAPITAL				
(a) Authorised				
Equity shares of ₹100 each with voting rights	1000000	1000.00	1000000	1000.00
(b) Issued, Subscribed and fully paid up				
Equity shares of ₹100 each with voting rights	695550	695.55	695550	695.55
Total	<u>695550</u>	<u>695.55</u>	<u>695550</u>	<u>695.55</u>

(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.



Notes to the financial statements for the year ended March 31, 2019

(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
Equity shares with voting rights				
Year ended March 31, 2019				
- Number of shares	695550	-	-	695550
- Amount (in lakhs)	695.55	-	-	695.55
Year ended March 31, 2018				
- Number of shares	695550	-	-	695550
- Amount (in lakhs)	695.55	-	-	695.55

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

	As at 31.03.2019		As at 31.03.2018	
	No. of shares held in that class of shares	% of holding	No. of shares held in that class of shares	% of holding
Equity shares with voting rights				
Lakshmi Card Clothing Mfg. Co.P Ltd	41,681	5.99	41,681	5.99
Coimbatore Lakshmi Cotton Press P.Ltd	77,248	11.11	74,545	10.72
Life Insurance Corporation of India	37,600	5.41	37,600	5.41
S. Pathy	1,13,570	16.33	1,13,561	16.33
Aditya Krishna Pathy	67,625	9.72	65,614	9.43

(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

	2019	2018	2017	2016	2015
Equity shares with voting rights					
Fully paid up by way of bonus shares	-	-	-	-	-

(₹ in Lakhs)

Particulars	31.03.2019	31.03.2018
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NOTE 12 - OTHER EQUITY

Securities premium reserve	101.89	101.89
Capital reserve	9.00	9.00
General reserve	1,391.57	1,391.57
Retained earnings	10,315.57	11,481.12
Other comprehensive income		
Equity instruments through OCI (net of tax)	31,844.10	35,645.01
Remeasurement of net defined benefit liability/asset	-	(191.48)
	43,662.13	48,437.11
12.a Securities premium reserve		
Balance at the beginning of the year	101.89	101.89
Movement during the year	-	-
Balance at the end of the year	101.89	101.89
12.b Capital reserve		
Balance at the beginning of the year	9.00	9.00
Movement during the year	-	-
Balance at the end of the year	9.00	9.00

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements for the year ended March 31, 2019

(₹ in Lakhs)

Particulars	31.03.2019	31.03.2018
12.c General reserve		
Balance at the beginning of the year	1,391.57	1,391.57
Transfer from Investment fluctuation reserve	-	-
Balance at the end of the year	1,391.57	1,391.57
12.d Retained earnings		
Balance at the beginning of the year	11,481.12	11,414.17
Profit attributable to owners of the Company	(793.12)	142.29
Proposed dividend	(62.60)	(62.60)
Tax on dividend	(12.76)	(12.74)
Transfer from other comprehensive income	(297.07)	-
Balance at the end of the year	10,315.57	11,481.12
12.e Other comprehensive income		
Balance at the beginning of the year	35,453.53	22,148.18
Equity instruments through OCI (net of tax)	(3,800.91)	13,502.94
Remeasurement of defined benefit obligations (net of tax)	(105.59)	(197.59)
Transferred to Retained earnings	297.07	-
Balance at the end of the year	31,844.10	35,453.53

NOTE 13 - BORROWINGS

Non current

Secured - at amortised cost

Term loans from banks (refer note below)	2,341.29	3,319.74
Less: Current maturities of long-term debt (refer note 16)	(641.42)	(851.82)
Total	1,699.87	2,467.92

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

Particulars	Terms of Repayment	31.03.2019	31.03.2018
Central Bank of India (TUF loan)	The loan was repayable in 4 quarterly instalments upto 2018-19. The loan carried an interest rate of 11.35% per annum	-	210.55
Canara Bank (TUF loan)	The loan is repayable in 14 quarterly instalments upto 2021-22. The loan carries an interest rate of 11.80% per annum	446.13	624.67
Indian Overseas Bank (TUF loan)	The loan is repayable in 26 monthly instalments upto 2020-21. The loan carries an interest rate of 11.55% per annum	101.38	210.30
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%	8.40	14.26
Canara Bank DPN loan - FD	The loan was repayable in 6 monthly instalments upto 2018-19. The loan carried an interest rate of 11.80% per annum	-	22.50



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Notes to the financial statements for the year ended March 31, 2019

(₹ in Lakhs)

Particulars	Terms of Repayment	31.03.2019	31.03.2018
Indian Overseas Bank - Supplier line of credit (sub-limit of term loan)	The loan is repayable in 66 monthly instalments upto 2022-23. The loan carries an interest rate of 11.55% per annum	430.50	613.37
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 loan carries an interest rate of 11.80% per annum	249.73	304.35
Central Bank of India - Other term loans	The loan is repayable in 24 quarterly instalments upto 2023-24. The loan carries an interest rate of 11.35% per annum	510.50	596.60
Canara Bank - Term loan	The loan is repayable in 60 monthly instalments upto 2023-24. The loan carries an interest rate of 11.80% per annum	594.64	707.14
Indian Overseas Bank - Term loan	The loan is repayable in 66 monthly instalments upto 2022-23. The loan carries an interest rate of 11.55% per annum	-	16.00

Current**Secured - at amortised cost**

Working capital loans from banks (refer note below)	4,444.86	4,346.24
Total	<u>4,444.86</u>	<u>4,346.24</u>

Details of short-term borrowings:

Loans repayable on demand from banks

Central Bank of India	1,278.87	1,222.61
Canara Bank	2,685.91	2,641.70
Indian Overseas Bank	480.08	481.93
Total	<u>4,444.86</u>	<u>4,346.24</u>

Details of securities for borrowings

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 Palladam 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, 2019

Particulars	(₹ in Lakhs)	
	31.03.2019	31.03.2018
NOTE 14 PROVISIONS		
Non-current		
Provision for employee benefits	370.95	295.39
Total	370.95	295.39
Current		
Provision for employee benefits	107.04	68.96
Total	107.04	68.96
NOTE 15 - TRADE PAYABLES		
Payable to micro and small enterprises (refer note below)	12.31	56.37
Others	3,490.25	2,861.00
Total	3,502.56	2,917.37
Refer note 33.2 for disclosure under Micro, Small and Medium Enterprises Act.		
NOTE 16 - OTHER FINANCIAL LIABILITIES		
Non-current		
Rent advance	14.96	79.34
Total	14.96	79.34
Current		
Current maturities of long-term debt	641.42	851.82
Unclaimed dividends	18.66	17.54
Interest accrued but not due	-	10.23
Rent advance	277.03	93.63
Amount refundable towards land sale	482.85	482.85
Security deposits from customers	40.96	147.89
Total	1,460.92	1,603.96
NOTE 17 - OTHER LIABILITIES		
Non-current		
Deferred Income	160.43	239.36
Deferred Rent advance	1.28	4.58
Total	161.71	243.94
Current		
Liabilities for expenses	313.25	216.08
Other Liabilities	158.65	208.15
Total	471.90	424.23



Notes to the financial statements for the year ended March 31, 2019

Particulars	(₹ in Lakhs)	
	31.03.2019	31.03.2018
NOTE 18 - REVENUE FROM OPERATIONS		
Revenue from sale of goods		
Manufactured - Cotton and Synthetic Yarn	20,459.19	19,580.93
- Cloth	1,966.16	1,072.54
Trading - Cotton and Synthetic Yarn	177.85	409.66
- Cloth	1,331.20	1,772.09
- Garments	6.41	3.53
Waste	404.74	510.12
Raw Materials	0.14	157.44
	<u>24,345.69</u>	<u>23,506.31</u>
Other operating revenue (refer note below)	424.63	430.02
Total	<u>24,770.32</u>	<u>23,936.33</u>
Note:		
Other operating revenue comprises:		
Sale of scrap	92.69	48.86
Rental income	273.60	267.87
Export incentives	58.34	113.29
Total	<u>424.63</u>	<u>430.02</u>
NOTE 19 - OTHER INCOME		
Interest Income earned on financial assets that are not designated at fair value through profit or loss:		
(i) Bank deposits	5.81	18.35
(ii) Other financial assets	8.86	9.42
Dividend Income	208.00	182.00
Miscellaneous income	22.33	11.24
Net gain on foreign currency transactions and translation	45.78	94.35
Deferred Income	78.93	81.25
Gain on disposal of property, plant and equipment	11.95	17.18
Total	<u>381.66</u>	<u>413.79</u>
NOTE 20.A - COST OF MATERIALS CONSUMED		
Opening stock	1,120.98	727.09
Add: Purchases	12,803.47	11,397.53
	<u>13,924.45</u>	<u>12,124.62</u>
Less: Closing stock	(605.86)	(1,120.98)
Total	<u>13,318.59</u>	<u>11,003.64</u>
NOTE 20.B - PURCHASES OF STOCK-IN-TRADE		
Purchase for resale		
Yarn	158.97	342.98
Cloth	1,268.61	1,376.32
Garments	12.87	7.35
Total	<u>1,440.45</u>	<u>1,726.65</u>

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements for the year ended March 31, 2019

Particulars	(₹ in Lakhs)	
	31.03.2019	31.03.2018
NOTE 20.C - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Inventories at the end of the year:		
Yarn	1,723.45	1,241.80
Cloth	99.24	16.71
Garments	0.11	0.19
Waste	38.80	29.17
Work-in-progress	633.89	576.60
	<u>2,495.49</u>	<u>1,864.47</u>
Inventories at the beginning 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>
Net increase	<u>(631.02)</u>	<u>904.43</u>
NOTE 21 - EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	3,058.41	2,891.40
Managing Directors' Remuneration (Minimum)	154.53	142.34
Contribution to PF and other funds	166.34	183.97
Gratuity	53.29	45.78
Welfare expenses	141.78	159.29
Total	<u>3,574.35</u>	<u>3,422.78</u>
NOTE 22 - FINANCE COST		
Interest Expenses	1,002.96	865.05
Total	<u>1,002.96</u>	<u>865.05</u>
NOTE 23 - OTHER EXPENSES		
Consumption of stores and spare parts	152.42	140.54
Consumption of Packing materials	354.02	300.73
Rent	40.81	39.32
Repairs to Buildings	172.78	174.14
Repairs to Machinery	280.62	209.25
Insurance	24.22	18.65
Rates and Taxes, excluding taxes on income	81.37	68.17
Other Manufacturing Expenses	622.36	364.65
Sales Commission	166.54	154.83
Sales Expenses, Advertisement, Export Expenses & Freight	269.54	217.01
Office Maintenance & Administration Expenses	286.34	282.60
Directors' Sitting Fees	9.50	9.10



Notes to the financial statements for the year ended March 31, 2019

Particulars	(₹ in Lakhs)	
	31.03.2019	31.03.2018
Auditor's Remuneration		
Audit fees	3.50	3.00
Bank charges	101.82	113.51
Miscellaneous Expenses [Refer Note No. 33.8]	229.93	210.80
Total	<u>2,795.77</u>	<u>2,306.30</u>
NOTE 24 - EXCEPTIONAL ITEM		
Voluntary Retirement Scheme Expenses	28.57	222.80
Total	<u>28.57</u>	<u>222.80</u>
NOTE 25 - TAX EXPENSE		
Current tax		
In respect of the current year	-	27.48
Less: MAT Credit	-	(27.40)
In respect of prior years	-	3.23
Deferred tax	378.22	127.40
Total income tax expense recognised in the current year	<u>378.22</u>	<u>130.71</u>
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:		
Current Tax:		
Profit before tax	(414.90)	273.00
Enacted income tax rate	26%	33.60%
Computed expected tax expense	-	91.74
Effect of:		
Effect due to MAT @ 20.39%	-	(36.07)
Exempt income - Dividend	-	(61.16)
Adjustments recognised in the current year in relation to prior years	-	3.23
Adjustment on account of Ind AS and other adjustments	-	32.98
Adjustment on account on MAT credit availed	-	(27.40)
Income tax expense recognised in the profit or loss	<u>-</u>	<u>3.31</u>
Deferred Tax:		
Relating to the origination and reversal of temporary differences (see below)	378.22	127.40
Tax expense reported in the Statement of Profit and Loss	<u>378.22</u>	<u>130.71</u>
Deferred Tax:		
Opening balance	(1,711.63)	(2,298.64)
MAT Credit Entitlement	-	(27.40)
Recognised in Profit or loss		
Property, plant and equipment	(33.21)	(11.25)
43B Disallowances - Gratuity & Bonus	10.35	71.10
Unabsorbed depreciation and carry forward losses	376.97	116.03
Voluntary Retirement Scheme	15.51	(50.64)

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements for the year ended March 31, 2019

Particulars	(₹ in Lakhs)	
	31.03.2019	31.03.2018
Straightlining of lease rentals	(1.27)	-
Expected credit loss	9.87	127.40
	<u>378.22</u>	<u>127.40</u>
Recognised in Other Comprehensive Income		
Defined benefit obligation	(7.26)	(50.80)
Fair value of equity investments	505.91	(436.21)
Closing balance	<u>(1,832.06)</u>	<u>(1,711.63)</u>

NOTE 26 - SEGMENT INFORMATION

"The Chairman & Managing Director of the company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108 Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes. Accordingly, segment information has been presented. The Company is structured into two reportable business segments - "Textiles" and "Rental Services". Textiles consists of manufacturing and sale of yarn and trading in cloth and garments. Rental services consists of letting out of properties. During the last quarter of the current year, the Company has restructured its verticals and accordingly, as required by accounting standards, comparatives have been restated and presented in line with the current segments. The reportable business segments are in line with the segment wise information which is being presented to the CODM."

Each segment item reported is measured at the measure used to report to the Chief Operating Decision Maker for the purposes of making decisions about allocating resources to the segment and assessing its performance. Geographic information is based on business sources from that geographic region. Accordingly the geographical segments are determined as Domestic i.e., within India and External i.e., Outside India.

Income and direct expenses in relation to segments are categorized based on items that are individually identifiable to that segment, while the remainder of costs are apportioned on an appropriate basis. Certain expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The management therefore believes that it is not practicable to provide segment disclosures relating to such expenses and accordingly such expenses are separately disclosed as "unallocated" and directly charged against total income.

Business Segment

Particulars	31.03.2019	31.03.2018
Segment Revenue		
Net Sales/Income		
a. Textiles	24,643.76	23,855.30
b. Rental services	273.60	267.87
c. Unallocated revenue	234.62	226.95
Total	<u>25,151.98</u>	<u>24,350.12</u>
Segment Results		
Profit / (Loss)		
a. Textiles	319.81	861.59
b. Rental services	230.33	226.23
Total	<u>550.14</u>	<u>1,087.82</u>
Less: Finance costs	1,002.96	865.05
Add /(Less): Other unallocable Income net of unallocable expenses	37.92	50.23
Total Profit/Loss before Tax	<u>(414.90)</u>	<u>273.00</u>



Notes to the financial statements for the year ended March 31, 2019

Particulars	(₹ in Lakhs)	
	31.03.2019	31.03.2018
Segment Assets		
a. Textiles	54,626.27	59,760.37
b. Rental services	74.91	78.55
c. Unallocated	1,891.27	1,744.44
Total	56,592.45	61,583.36
Segment Liabilities		
a. Textiles	11,941.50	12,269.80
b. Rental services	293.27	177.55
c. Unallocated	-	3.35
Total	12,234.77	12,450.70
Capital Expenditure	439.31	1,682.30
Depreciation	1,139.88	907.55
Geographical Segment		
Revenues		
a. Domestic	21,421.08	21,140.28
b. External	3,730.90	3,209.84
Net Sales/ Income from operations	25,151.98	24,350.12

Note:

There are two customers who contributed 10% or more to the company's revenue for both 2018-19 and 2017-18.

NOTE 27 - EARNINGS PER SHARE (EPS)

Profit attributable to ordinary shareholders - for Basic and Diluted EPS	(793.12)	142.29
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 ₹)	(114.03)	20.46
- Diluted (in ₹)	(114.03)	20.46

Particulars	(₹ in Lakhs)		
	Land	Buildings	Total

NOTE 28 - ASSETS ON OPERATING LEASES

28.1 The above includes following assets given on operating lease :

As at 31 March 2019

Gross Block	3.89	82.50	86.39
Accumulated Depreciation	-	11.48	11.48
Net Block	3.89	71.02	74.91
Depreciation for the year	-	3.64	3.64

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Notes to the financial statements for the year ended March 31, 2019

Particulars	(₹ in Lakhs)		
	Land	Buildings	Total
As at 31 March 2018			
Gross Block	3.89	82.50	86.39
Accumulated Depreciation	-	7.84	7.84
Net Block	3.89	74.66	78.55
Depreciation for the year	-	3.82	3.82

Particulars	(₹ in Lakhs)	
	31.3.2019	31.3.2018

NOTE 29 - CONTINGENT LIABILITIES

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

Letter of credit	1,757.49	1,812.91
Bills discounted with Banks	705.75	236.00
Income tax liability	28.57	28.57
Central Excise / Service Tax disputed demand	48.63	57.96
Disputed Electricity charges	83.22	83.22
EPCG obligation	-	314.63
Sub Total	<u>2,623.66</u>	<u>2,533.29</u>

(b) Commitments

Estimated amount of contracts remaining to be executed on capital account	-	22.35
Sub Total	-	22.35
Total	<u>2,623.66</u>	<u>2,555.64</u>

Future cash flows in respect of certain 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 30 - 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 ₹ 111.65 Lakhs (for the year ended March 31, 2018: ₹ 129.15 Lakhs) as contribution to Provident Fund, and ₹ 53.50 Lakhs (for the year ended March 31, 2018 ₹ 53.88 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:



Notes to the financial statements for the year ended March 31, 2019

Particulars	(₹ in Lakhs)	
	31.03.2019	31.03.2018
Reconciliation of opening and closing balances of Defined Benefit Obligation		
Defined Benefit Obligation at the beginning of the year	441.07	500.54
Current service cost	26.95	23.00
Interest cost	31.64	27.94
Actuarial (Gain) / Loss	99.01	147.55
Benefits paid	(51.63)	(257.96)
Defined Benefit Obligation at the year end	547.04	441.07
Reconciliation of opening and closing balances of fair value of Plan Assets		
Fair value of Plan Assets at the beginning of the year	76.32	66.46
Employer contributions	38.00	261.90
Expected Return on Plan Assets	5.30	5.16
Actuarial Gain / (Loss)	0.68	0.76
Benefits paid	(51.63)	(257.96)
Fair value of Plan Assets at year end	68.67	76.32
Expenses recognised during the year		
In Income Statement		
Current service cost	26.95	23.00
Interest on net defined benefit liability/(asset)	31.64	27.94
Expected Return on Plan Assets	(5.30)	(5.16)
Net Cost	53.29	45.78
In Other Comprehensive Income		
Actuarial (Gain) / Loss	98.33	146.79
Net (Income)/Expense for the period Recognised in OCI	98.33	146.79
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		
Discount Rate (per annum)	7.62%	7.52%
Expected rate of return on plan assets	7.62%	7.52%
Rate of escalation in Salary (per annum)	6.00%	4.00%
Attrition rate (per annum)	3.00%	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:

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements for the year ended March 31, 2019

Particulars	(₹ in Lakhs)	
	Discount rate	Salary escalation rate
As at March 31, 2019		
Defined benefit obligation on plus 100 basis points	515.67	581.38
Defined benefit obligation on minus 100 basis points	582.16	515.83
As at March 31, 2018		
Defined benefit obligation on plus 100 basis points	413.80	472.74
Defined benefit obligation on minus 100 basis points	471.84	412.56

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	31.03.2019	31.03.2018
Expected total benefit payments		
Within 1 year	46.18	28.00
1 year to 2 years	41.57	26.16
2 years to 3 years	44.22	24.95
3 years to 4 years	50.76	26.47
4 years to 5 years	43.78	27.75
5 years to 10 years	320.53	307.74

These plans 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.

NOTE 31 - 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 A.Doraisamy - Chief Financial Officer, with effect from 18.03.2019 Sri V.Kannappan - Chief Financial Officer, ceased with effect from 21.09.2018
(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 Private Limited Lakshmi Automatic Loom Works Limited Balakumar Shipping & Clearing Agency Private Limited Aloha Tours & Travels (India) Private Limited Sans Craintes Knitters Chakradhara Aerospace and Cargo Private Ltd Lavik Estates Ltd



Notes to the financial statements for the year ended March 31, 2019

Transactions with related parties during the year are set out in the table below
(Previous year figures are in brackets)

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
Transactions during the year				
Purchase of Goods / Assets	-	-	28.32	28.32
	-	-	(39.54)	(39.54)
Sale of Goods / Assets	-	-	7.92	7.92
	-	-	(0.83)	(0.83)
Receiving of Services	-	-	77.46	77.46
	-	-	(65.89)	(65.89)
Rendering of Services	-	-	41.89	41.89
	-	-	(39.63)	(39.63)
Remuneration	177.56	-	-	177.56
	(185.75)	-	-	(185.75)
Contribution to funds	-	56.77	-	56.77
	-	(278.99)	-	(278.99)
Balance as on balance sheet date				
Receivables/Outstanding(Net) from Related Parties	-	-	33.28	33.28
	-	-	(48.95)	(48.95)
Payables (Net) to Related Parties	-	-	144.52	144.52
	-	(217.56)	(153.09)	(370.65)

Disclosure in respect of Related Party Transactions during the year:

- Purchase of goods/assets includes Lakshmi Card Clothing Mfg Company P. Ltd ₹ 28.32 Lakhs; (Previous year ₹ 39.54 Lakhs).
- Sale of Goods / assets include Lakshmi Card Clothing Mfg. Co.P. Ltd ₹ 0.68 Lakhs. (Previous year ₹ 0.83 Lakhs); Lakshmi Automatic Loom Works Ltd ₹ 7.00 Lakhs (Previous year Nil) and Sans Craintes Knitters ₹ 0.24 Lakhs (Previous year Nil).
- Receiving of Services include Balakumar Shipping & Clearing Agency P. Ltd ₹ 38.45 Lakhs (Previous year ₹ 36.93 Lakhs); Aloha Tours & Travels (India) P. Ltd ₹ 22.22 Lakhs (Previous year ₹ 22.84 Lakhs); Lakshmi Card Clothing Mfg Company P. Ltd ₹ 7.36 Lakhs (Previous year ₹ 6.13 Lakhs); Sans Craintes Knitters ₹ Nil Lakhs (Previous year ₹ 0.15 Lakhs); Lavik Estates Ltd ₹ 8.85 Lakhs (Previous year Nil); and Chakradhara Aerospace & Cargo P.Ltd ₹ 0.58 Lakhs (Previous year ₹ Nil).
- Rendering of Services include Lakshmi Card Clothing Mfg Company P. Ltd ₹ 13.49 Lakhs (Previous year ₹ 12.73 Lakhs); Lakshmi Automatic Loom Works Ltd ₹ 24.60 Lakhs (Previous year ₹ 23.23 Lakhs) and Sans Craintes Knitters ₹ 3.81 Lakhs (Previous year ₹ 3.67 Lakhs).
- Remuneration to Key Managerial Personnel includes Sri S. Pathy ₹ 94.55 Lakhs (Previous year ₹ 90.95 Lakhs); Sri Aditya Krishna Pathy ₹ 59.98 Lakhs (Previous year ₹ 57.94 Lakhs); Sri N.Singaravel ₹ 13.62 Lakhs (Previous year ₹ 12.62 Lakhs); Sri V.Kannappan ₹ 8.83 Lakhs (Previous year ₹ 24.24 Lakhs); Sri A.Doraisamy ₹ 0.58 Lakhs (Previous year ₹ Nil).

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements for the year ended March 31, 2019

6. Contribution to Gratuity Fund ₹ 38.00 Lakhs (Previous year ₹ 261.90 Lakhs).
7. Contribution to Superannuation Fund ₹ 18.77 Lakhs (Previous year ₹ 17.09 Lakhs).
8. Amount receivable from other related parties includes Lakshmi Automatic Loom Works Ltd ₹ 2.10 Lakhs (Previous year ₹ 2.00 Lakhs); Balakumar Shipping & Clearing Agency P. Ltd ₹ 30.27 Lakhs (Previous year ₹ 46.25 Lakhs) and Sans Craintes Knitters ₹ 0.91 Lakhs (Previous year ₹ 0.70 Lakhs)
9. Amount payable for Post retirement employee benefit plan includes The Lakshmi Mills Co. Ltd. Employees Gratuity Fund ₹ 477.99 Lakhs (Previous year ₹364.36 Lakhs)
10. Amount payable to other related parties include Lakshmi Card Clothing Mfg Company P. Ltd ₹ 138.44Lakhs (Previous year ₹ 145.59 Lakhs); Alpha Tours & Travels (India) P. Ltd ₹ 2.96 Lakhs (Previous year ₹ 7.50 Lakhs); Lavik Estates Ltd ₹ 8.85 Lakhs (Previous year ₹ Nil).

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

Particulars	31.03.2019	31.03.2018
Short-term employee benefits	145.14	152.72
Post-employment benefits	32.42	33.03

Note 32 FINANCIAL INSTRUMENTS

32.1 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

Particulars	31.03.2019	31.03.2018
Net Debts	6,499.46	7,263.98
Total Equity	44,357.68	49,132.66
Gearing ratio	0.15	0.15

32.2 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(xix)

A. Financial assets and liabilities

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

Notes to the financial statements for the year ended March 31, 2019

Particulars	31.03.2019		31.03.2018	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Measured at amortised cost				
Investments (unquoted)	31,945.29	31,945.29	36,252.11	36,252.11
Others financial assets - non current	230.07	230.07	266.87	266.87
Trade receivables	3,273.81	3,273.81	3,373.52	3,373.52
Cash and cash equivalents	191.68	191.68	136.43	136.43
Others financial assets - current	22.77	22.77	23.60	23.60
Total financial assets	35,663.62	35,663.62	40,052.53	40,052.53
Financial liabilities				
Measured at amortised cost				
Borrowings	6,144.73	6,144.73	6,814.16	6,814.16
Trade payables	3,502.56	3,502.56	2,917.37	2,917.37
Others financial liabilities	1,460.92	1,460.92	1,603.96	1,603.96
Total financial liabilities (a+b)	11,108.21	11,108.21	11,335.49	11,335.49

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:

- i) 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, 2019 was assessed to be insignificant.
- ii) The Company enters into derivative financial instruments with various counterparties, principally banks with investment grade credit ratings. As at March 31, 2019, the market-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.

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.

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements for the year ended March 31, 2019

32.3 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 derivatives 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:

Particulars	Foreign Currency (FC)	Amount in FC		Equivalent ₹ in Lakhs	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018
Trade Receivables	USD	390,691	112,195	268.25	72.03
Trade Receivables	GBP	119,000	182,874	106.43	163.97
Suppliers' line of credit	EURO	-	1,138,311	-	917.73

Notes to the financial statements for the year ended March 31, 2019

Foreign currency sensitivity analysis

The above 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 Rupees strengthens 5% against the relevant currency will increase the profit and equity by ₹18.73 lakhs (Previous year ₹ 34.08 Lakhs). For a 5% weakening of the Rupees 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 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.

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

	Less than 1 year	1-3 year	More than 3 year	Total
March 31, 2019				
Borrowings	4,444.86	1,268.71	431.16	6,144.73
Trade payable	3,502.56	-	-	3,502.56
Other financial liabilities	1,460.92			1,460.92
Total	9,408.34	1,268.71	431.16	11,108.21
March 31, 2018				
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
Total	8,867.58	1,713.36	754.56	11,335.49

Note - 33 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

33.1 Dividend

In respect of the current year, the directors propose that a dividend of ₹ 5/- per share be paid on equity shares on or before 27-09-2019. This equity dividend is subject to approval by shareholders at the Annual General Meeting 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 05-09-2019. The total estimated equity dividend to be paid is ₹ 34.78 Lakhs. The payment of this dividend is estimated to result in payment of dividend tax of ₹ 7.18 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

Particulars	₹ in Lakhs	
	31.03.2019	31.03.2018
(i) Principal amount remaining unpaid to MSME suppliers as at the end of each accounting year	12.31	56.37
(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.

33.4 Value of imports calculated on CIF basis:

	₹ in Lakhs	
	31.03.2019	31.03.2018
Raw materials	366.00	787.68
Components & Spares	-	-



Notes to the financial statements for the year ended March 31, 2019

		₹ in Lakhs			
		31.03.2019		31.03.2018	
33.5	Expenditure in foreign currency on account of:				
	Travel	4.25		6.10	
	Sales commission	39.99		31.87	
	Subscription	5.57		2.44	
33.6	Value of Raw materials, Stores and Components consumed				
		31.03.2019		31.03.2018	
		₹ in Lakhs	%	₹ in Lakhs	%
Cotton, Fibre and Yarn					
	Imported	621.98	4.67	589.78	5.36
	Indigeneous	12,696.61	95.33	10,413.86	94.64
	Total	<u>13,318.59</u>	<u>100.00</u>	<u>11,003.64</u>	<u>100.00</u>
Stores, Spare Parts and Packing Materials consumed					
	Imported	-	-	1.24	0.28
	Indigeneous	506.44	100.00	440.03	99.72
	Total	<u>506.44</u>	<u>100.00</u>	<u>441.27</u>	<u>100.00</u>
		₹ in Lakhs			
		31.03.2019		31.03.2018	
33.7	Earnings in foreign exchange				
	Export of goods on FOB value				
	Cloth	1,270.00		1,360.02	
	Yarn	2,421.92		1,884.84	
33.8	Details of Miscellaneous expenses				
	Cost audit fees	0.75		0.75	
	Repairs to others	22.15		17.13	
	Printing, Stationery & Subscription	23.11		22.27	
	Travel, Postage, Telex, Telephone & Transport charges	155.50		149.12	
	Legal and Consultancy expenses	<u>28.42</u>		<u>21.53</u>	
		229.93		210.80	
34	The total financial statements of the Company were approved by the Board of Directors and authorised for issue on 22.05.2019.				

For and on behalf of the Board

S. Pathy
Chairman & Managing Director
DIN: 00013899

R. Santharam
Vice Chairman
DIN: 00151333

Coimbatore
22nd May 2019

N. Singaravel
Company Secretary

A. Doraisamy
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

To

M/s. S.K.D.C. Consultants Limited,
Kanapathy Towers, 3rd Floor,
1391/A-1, Sathy Road, Ganapathy
Coimbatore 641 006.

Unit : **THE LAKSHMI MILLS COMPANY LIMITED**
NATIONAL ELECTRONIC CLEARING SERVICE (CREDIT CLEARING)

1. Particulars of the shareholder
- a) Regd. Folio No. :
- b) Name of the first Regd. Holder (in block letters) :
2. Particulars of the Bank
- a) Name of the Bank :
- b) Address of the Branch :
- c) Account No. :
(As appearing in the cheque book)
- d) Ledger Folio No. (if any) of the bank account :
- e) Account Type :
(Please Tick relevant box)
- | | | |
|---------|---------|-------------|
| SAVINGS | CURRENT | CASH CREDIT |
|---------|---------|-------------|
- f) Nine Digit code number of the bank and branch appearing on the MICR / CTS cheque issued by the bank (Please attach a photocopy of a cheque for verifying the accuracy of the code number)
- | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|

DECLARATION

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effective at all for reasons of incomplete or incorrect information, I would not hold the Company responsible.

(Signature of the first Regd. holder)
as per specimen signature with the Company

Place :

Date :

Name :

Address :

.....Pincode

- Note : 1. Please send the form to the address mentioned above, if shares are held in physical form.
2. Shareholders holding shares in Demat form and wish to avail NECS facility are requested to contact their Depository Participant.
3. In case the scheme does not meet with the desired response or due to any other operational reasons it is found to be unviable, the Company reserves the right to pay dividend by issue of Warrants.

