

*HUNDRED AND FOURTH
ANNUAL REPORT
2014*

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THE LAKSHMI MILLS COMPANY LTD
COIMBATORE

THE LAKSHMI MILLS COMPANY LIMITED

Annual Report 2013 - 2014

BOARD OF DIRECTORS

Sri R. SANTHARAM - Vice Chairman
Sri V. JAGANNATHAN
Sri D. RAJENDRAN
Sri SATISH AJMERA
Sri V.S. VELAYUTHAM
Sri SANJAY JAYAVARTHANAVELU
Sri ADITYA KRISHNA PATHY - Whole Time Director

CHAIRMAN AND MANAGING DIRECTOR

Sri S. PATHY

COMPANY SECRETARY

Sri N. SINGARAVEL

AUDITORS

M/s. SUBBACHAR & SRINIVASAN
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@lakshmimills.com
Website : www.lakshmimills.com
CIN: L17111TZ1910PLC000093

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THE LAKSHMI MILLS COMPANY LIMITED

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Hundred and Fourth 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 Monday, the 15th September 2014 at 4.35 P.M to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Statement of Profit and Loss for the financial year ended 31.03.2014, the Balance Sheet as at that date and the Report of the Board of Directors and also the Report of the Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in the place of Sri R. Santharam, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office for a period of 3 years from the conclusion of this meeting and fix their remuneration.

"Resolved that M/s. Subbachar and Srinivasan, Chartered Accountants who retires being eligible be and are hereby appointed as Auditors of the Company to hold office for a period of 3 years from the conclusion of this meeting at a remuneration of ₹ 2,75,000/- per annum excluding service tax and reimbursement of expenses."

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT, pursuant to the provisions of Sec. 197 of the Companies Act, 2013 read with Schedule V and other applicable provisions of the Companies Act, 2013, the consent of the Shareholders of the Company, be and is hereby accorded to the remuneration payable to Sri S. Pathy, Chairman and Managing Director for a period of 2 years from 24.04.2014 to 23.04.2016 i.e., upto the period of his current tenure of office, on the following terms and conditions:

MEMORANDUM OF TERMS AND CONDITIONS

- 1 Salary : ₹ 5,00,000 per month inclusive of all allowances and perquisites.
- 2 Commission : 1% on the net profit of the Company, as may be applicable.
- 3 Benefits : Company's contribution to Provident Fund and Superannuation Fund as per rules of the Company to the extent, these either singly or put together do not exceed the limits fixed under the Income Tax Act, 1961.
- 4 Gratuity : Shall not exceed half a month's salary for every completed year of service.
- 5 Leave Encashment : Shall be entitled to encashment of Leave at the end of the tenure.

The items under Sl. Nos. 3, 4 & 5 above, viz., Provident Fund, Superannuation Fund, Gratuity and Leave Encashment shall not be considered as perquisites, for the computation of ceiling on remuneration.

Perquisites

The Chairman and Managing Director shall be entitled to interchangeable perquisites like furnished accommodation, gas, electricity, water, medical reimbursement, LTA for self and family, club fees, medical insurance etc., in accordance with the rules of Company. The perquisites shall be evaluated as per Income Tax Rules wherever applicable.

Provision of a company car with driver for use on Company's business and telephone facility at his residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purposes shall be billed by the Company to the Chairman and Managing Director.

The above salary (excluding commission) and perquisites shall be paid / allowed as minimum remuneration in the event of absence or inadequacy of profits."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED that pursuant to Sections 149, 150 and 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, **Sri V. S. Velayutham (DIN 00018612)**, Director of the Company who retires by rotation at the Annual General Meeting and who in accordance with the provisions of Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing Sri V. S. Velayutham as a candidate for the office of Independent Director of the Company, together with requisite deposit, be and is hereby appointed as an Independent Director to hold office from the date of this Annual General Meeting upto the expiry of five consecutive years or the date of 109th Annual General Meeting, whichever is earlier and he is not liable to retire by rotation.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED that pursuant to Sections 149, 150 and 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, **Sri V. Jagannathan (DIN 00002643)**, an Independent Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who in accordance with the provisions of Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing Sri V. Jagannathan as a candidate for the office of Independent Director of the Company together with requisite deposit, be and is hereby appointed as an Independent Director to hold office from the date of this Annual General Meeting upto

the expiry of five consecutive years or the date of 109th Annual General Meeting, whichever is earlier.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED that pursuant to Sections 149, 150 and 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, **Sri D. Rajendran (DIN 00003848)**, an Independent Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who in accordance with the provisions of Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing Sri D. Rajendran as a candidate for the office of Independent Director of the Company together with requisite deposit, be and is hereby appointed as an Independent Director to hold office from the date of this Annual General Meeting upto the expiry of five consecutive years or the date of 109th Annual General Meeting, whichever is earlier.”

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED that pursuant to Sections 149, 150 and 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, **Sri Satish Ajmera (DIN 00208919)**, an Independent Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who in accordance with the provisions of Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing Sri Satish Ajmera as a candidate for the office of Independent Director of the Company together with requisite deposit, be and is hereby

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appointed as an Independent Director to hold office from the date of this Annual General Meeting upto the expiry of five consecutive years or the date of 109th Annual General Meeting, whichever is earlier.”

10. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

“RESOLVED that in supersession of the Resolution passed under Section 293(1)(d) of the Companies Act, 1956, at the Annual General Meeting of the Company held on August 30, 2007 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company or any Committee of the Board (hereinafter referred to as the “Board”) for borrowing for the purposes of business of the Company from time to time, such sum or sums of money by way of loans, advances, credits or otherwise which together with the monies already borrowed by the Company either secured or unsecured by the assets of the Company upto a sum not exceeding ₹ 300 Crore (apart from temporary loans obtained or to be obtained from the Bankers of the Company in the ordinary course of business), notwithstanding the fact that said figure of ₹ 300 Crore exceeds the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose for the time being.

RESOLVED FURTHER that the Board be and is hereby authorized and empowered to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit and to do all such acts, deeds and things as may be necessary and incidental for giving effect to the above, including execution of all such documents, instruments and writings, as may be required.”

11. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

“RESOLVED that in supersession of the Resolution passed under Section 293(1)(a) of the Companies Act, 1956, at the Extra-Ordinary General Meeting of the Company held on November 14, 1994 and pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors of the Company or any Committee of the Board (hereinafter referred to as the “Board”) for creation of such mortgages, charges and hypothecations as may be necessary on all or any of the immovable and movable properties of the Company, wherever situate, both present and future of the whole or substantially the whole of the undertaking or undertakings of the Company in such form and in such manner as the Board of Directors may think fit, together with power to take over the management of the business and concern of the Company in certain events, for securing any loans and / or advances already obtained or that may be obtained from any Financial Institutions / Banks / Insurance Companies / Bodies Corporate or person or persons, and / or to secure any debentures that may be issued and all interests, compound / additional interest, commitment charges, costs, charges, expenses and all other moneys payable by the Company to the concerned lenders, within the overall limit of ₹ 300 Crores.

RESOLVED FURTHER that the Board be and is hereby severally authorized to finalize with the Lending Agencies / Trustees, the documents for creating the aforesaid mortgages, charges and/or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts and things and to execute all such documents as may be necessary for giving effect to this Resolution.”

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

“RESOLVED that pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with relevant Rules thereof the Articles of Association of the Company be and

are hereby amended and altered in the manner specified below.

- i) Clause 1(2) of the Articles of Association be substituted as follows:

“The Act” means The Companies Act, 2013 and includes where the context so admits any enactment or statutory modification thereof for the time being in force.

Wherever the Sections and Rules are prescribed in the Articles of Association, shall be read pursuant to the Companies Act, 2013 and Rules made thereunder and any amendments thereof.

- ii) Clause 133 of the Articles of Association be substituted as follows:

“The Board of Directors may elect the Chairperson of its meetings and determine the period for which he / she is to hold office. In the absence of determination of the period, such Chairperson shall be the Chairperson as long as he / she is a director.

The Chairperson so appointed can be as Chairperson notwithstanding his / her being the Managing Director of the Company for the time being.”

“RESOLVED FURTHER that the consent of the Company be and is hereby accorded to the Board of Directors of the Company or any Committee of the Board and the Board or Committee be and is hereby authorized severally to do all such acts and things and to execute all such documents as may be necessary for giving effect to this Resolution.”

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT pursuant to Section 102 of the Companies Act, 2013.

Item No. 5

SRI S. PATHY was appointed as Chairman and Managing Director of the Company for a period of 5 years from 24.04.2011 and the terms and conditions for payment of remuneration for a period of three years upto 23.04.2014 was duly approved by the Members of the Company at the Annual General Meeting held on 22.09.2010. The remuneration payable for the services of the Chairman and Managing Director was fixed at ₹ 2,50,000/- with

an increment of ₹ 30,000/- every year for a period of 3 years from 24.04.2011.

In view of the increased responsibilities and time spent by Sri S. Pathy, Chairman and Managing Director, for the prospects of the Company, the Board of Directors of the Company recommend for an increase in the remuneration payable to him, commensurate with the responsibilities shouldered by him as approved by the Nomination and Remuneration Committee of the Company at their meeting held on 25.07.2014. The proposed remuneration conforms to the limits prescribed under Schedule V of the Companies Act, 2013.

The approval of the Shareholders for the remuneration payable to Sri S. Pathy is to be accorded by means of a Special Resolution.

None of the Directors except Sri Aditya Krishna Pathy is deemed to be interested in the resolution.

MEMORANDUM OF INTEREST

Sri S. Pathy as recipient and Sri Aditya Krishna Pathy as relative, are deemed to be interested in the Resolution. This may also be treated as an abstract of the terms of and conditions of remuneration of Sri S. Pathy as Chairman and Managing Director and Memorandum of concern or interest of Directors circulated to the members pursuant to Section 190 of the Companies Act, 2013.

Item No. 6

Sri V. S. VELAYUTHAM is a Non-Executive-Independent Director of the Company. He joined the Board of Directors of the Company in 2002.

Sri V. S. Velayutham retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Sri V. S. Velayutham being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a period of five consecutive years from the conclusion of this Annual General Meeting. A notice has been received from a member proposing Sri V. S. Velayutham as a candidate for the office of Independent Director of the Company.

Sri V.S. Velayutham is a Diploma holder in Textile Manufacture. After having his training for Technical and Managerial Cadre in various Mills like M/s. Premier Mills,

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M/s. The Lakshmi Mills Co. Ltd., etc., he took charge as General Manager of M/s. Gomathy Mills, Viravanallur. He is presently managing M/s. Sri Gomathy Mills Private Ltd., which is exporting yarn to European Union. He was also a Director of M/s. Subadra Textiles Pvt. Ltd., which was taken over by his family. This was a loss making unit which was turnaround into a profit making unit. In his challenging career he has started M/s. Gomathy Spinners at Bangarupalayam in Andhra Pradesh which was commissioned within 9 months. He is running a Garment manufacturing unit for exports in Tirupur under the name of M/s. Gomathy International. Recently he has started LED lights manufacturing for industrial use redesigned for Indian environment and for 24 hours working under the brand name of Laxmi lamps.

He is a Committee Member of The Indian Cotton Mills Federation, New Delhi since 1987 and Committee Member of Confederation of Indian Textile Industry, New Delhi. He was the Chairman of The Southern India Mills Association (SIMA) during 2001-2003. He was the Chairman of The Cotton Textiles Export Promotion Council, Mumbai during 2008 - 2010.

In the opinion of the Board of Directors, Sri V.S. Velayutham, fulfils the conditions specified in the Companies Act, 2013 and Rules made thereunder and he is independent of the management.

Except the appointee Director, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

Item No. 7

Sri V. JAGANNATHAN is a Non-Executive-Independent Director of the Company. He joined the Board of Directors of the Company in 1975.

Sri V. Jagannathan is qualified in Textile Technology from U.K. He was the General Manager of the Company in charge of modernization, labour administration and several other matters connected with the efficient functioning of the Company for two decades. He has promoted Wheat flour milling and textile units in the Southern Tamilnadu and Ferrous foundry to manufacture cast iron components for textile, automotive and general engineering industries. He is pioneer in setting up Sheet metal components manufacturing industry in Coimbatore and connected with promotion of various

engineering, motor and pumps manufacturing industries in Coimbatore.

Sri V. Jagannathan is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Sri V. Jagannathan being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a period of five consecutive years from the conclusion of this Annual General Meeting. A notice has been received from a member proposing Sri V. Jagannathan as a candidate for the office of Independent Director of the Company.

In the opinion of the Board of Directors, Sri V. Jagannathan, fulfils the conditions specified in the Companies Act, 2013 and Rules made thereunder and he is independent of the management.

Except the appointee Director, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 7.

Item No. 8

Sri D. RAJENDRAN is a Non-Executive-Independent Director of the Company. He joined the Board of Directors of the Company in 2006.

Sri D. Rajendran has graduated in Commerce from Loyola College, Chennai and thereafter obtained his Higher National Diploma (HND) in Business Management from Huddersfield University, UK. He is the Managing Director of M/s. Premier Spinning and Weaving Mills Private Limited and Director in many other manufacturing companies. The Premier Mills are pioneers in introducing new products and is a highly reputed group in the South.

Sri D. Rajendran is a director whose period of office is liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Sri D. Rajendran being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a period of five consecutive years from the conclusion of this Annual General Meeting. A notice has been received from a member proposing

Sri D. Rajendran as a candidate for the office of Independent Director of the Company.

In the opinion of the Board of Directors, Sri D. Rajendran, fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder and he is independent of the management.

Except the appointee Director, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 8.

Item No. 9

Sri SATISH AJMERA is a Non-Executive - Independent Director of the Company. He joined the Board of Directors of the Company in 2010.

Sri Satish Ajmera, Chartered Accountant, has diversified Audit Experience of more than 48 years in Banks, Industry, Trade, Government and Semi Government organisations. He had been (i) Trustee, Unit Trust of India, (ii) Member, I.D.B.I North Zone Committee, (iii) Director, Gujarat Alkalies & Chemicals Ltd., Gujarat State Investments Ltd., Hindustan Organic Chemicals Ltd., Rajasthan Financial Corporation, Sunflag Iron & Steel Industries Ltd., Gujarat Heavy Chemical Ltd., Modi Rubber Ltd., JCT Ltd., Rajasthan State Ind & Inv Corp Ltd., Lupin Laboratories Ltd., Aristocrat Luggage Ltd., Jayant Paper Mills Ltd., Modern Syntex Ltd., Allwyn Nissan Ltd., Canfin Homes Ltd and many other companies.

He has been the consultant to Government of Rajasthan and Government of Gujarat in corporate matters. He is the Senior Partner of the auditing firm B. L. Ajmera & Co., Jaipur. He is also a former President of Jaipur Chamber of Commerce & Industry.

Sri Satish Ajmera is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Sri Satish Ajmera being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a period of five consecutive years from the conclusion of this Annual General Meeting. A notice has been received from a member proposing Sri Satish Ajmera as a candidate for the office of Independent Director of the Company.

In the opinion of the Board of Directors, Sri Satish Ajmera fulfils the conditions specified in the Companies Act, 2013 and Rules made thereunder and he is independent of the management.

Except the appointee Director, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 9.

The Board considers that the continued association of Independent Directors would be of immense benefit to the Company and it is desirable to continue to avail their services as Independent Directors. Accordingly, the Board recommends the resolution relating to appointment of Independent Directors in Item Nos. 6 to 9, for the approval by the shareholders of the Company.

Item Nos. 10 & 11:

At the Annual General Meeting held on 30.08.2007, the Members had, by way of an Ordinary Resolution and in pursuance of the provisions of Section 293(1)(d) of the Companies Act, 1956, authorized the Board to:

“borrow for the purposes of business of the Company from time to time, such sum or sums of money by way of loans, advances, credits or otherwise which together with the monies already borrowed by the Company either secured or unsecured by the assets of the Company upto a sum not exceeding ₹ 300 Crore (apart from temporary loans obtained or to be obtained from the Bankers of the Company in the ordinary course of business), notwithstanding the fact that said figure of ₹ 300 Crore exceeds the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose for the time being.”

At the Extra-Ordinary General Meeting of the Company held on 14.11.1994, the Members had, by way of an Ordinary Resolution and in pursuance of the provisions of Section 293(1)(a) of the Companies Act, 1956, authorized the Board to:

“create such mortgages, charges and hypothecations as may be necessary on all or any of the immovable and movable properties of the Company, wherever situate, both present and future of the whole or substantially the whole of the undertaking or undertakings of the Company in such form and in such manner as the Board of Directors may think fit, together with power to take over the

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management of the business and concern of the Company in certain events, for securing any loans and / or advances already obtained or that may be obtained from any Financial Institutions / Banks / Insurance Companies / Bodies Corporate or person or persons, and / or to secure any debentures that may be issued and all interests, compound / additional interest, commitment charges, costs, charges, expenses and all other moneys payable by the Company to the concerned lenders, within the overall limit of ₹ 100 Crore.”

Section 180 of the Act was notified on September 12, 2013. Under the said section, the above powers of the Board are required to be exercised only with the consent of the company by way of a Special Resolution. The Ministry of Corporate Affairs (“MCA”) had vide its General Circular No 4/2014 dated March 25, 2014, clarified that the Ordinary Resolutions passed under Section 293(1)(a) and (d) of the Companies Act, 1956 would be sufficient compliance of Section 180 of the Act until September 11, 2014.

The approval of the Members for the said borrowings and creation of a mortgage or charge for the said borrowings is, therefore, now being sought, by way of Special Resolutions, pursuant to Section 180(1)(c) and (a) of the Act, respectively.

The Directors recommend the Resolutions at Item Nos. 10 and 11 of the accompanying Notice for the approval of the Members of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the passing of the Resolutions set out at Item Nos. 10 and 11.

Item No. 12

The Board of Directors at their meeting held on 25th July 2014 have recommended for the amendment of Articles of Association of the Company by inserting new article 133 enabling the Board of Directors to appoint the same individual to hold and occupy both the positions of Chairman and Managing Director of the Company.

As per Section 14 of the Companies Act, 2013, amendment to Articles of Association requires approval of the shareholders by a Special Resolution. Hence, the Board recommend this resolution for the approval of the shareholders.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the passing of the Resolutions set out at Item No. 12.

The copy of the Articles of Association is available for inspection at the Registered Office of the Company during business hours on all working days.

Statement containing information on payment of Managerial Remuneration

I. General Information

1. Nature of Industry:

The Company is manufacturing Cotton and Synthetic yarn and outsourcing cloth. The installed capacity is 1,33,392 Ring spindles. The Company presently has two manufacturing Units, one at Palladam and another at Kovilpatti.

2. Date of commencement of Commercial Production:

01.04.1910

2013 - 14
₹ in lakhs

3. Financial Performance:

Sales	21,800.57
Profit before Interest, Depreciation and Taxation	2,564.94
Net Profit	939.95
Capital Employed	15,735.41

4. Export Performance and Net foreign exchange earnings:

Yarn	221.62
Cloth	1,449.35

5. Foreign Investments or Collaborators:

NIL

II. Information about the appointee Sri S. Pathy, Chairman and Managing Director

Sri S. Pathy was appointed as Chairman and Managing Director on the Board on 24.04.2011 for a period of 5 years. He takes care of day to day operations of the Company including modernization and global export market.

Past Remuneration : ₹ 3,10,000/- per month.

Remuneration Proposed : ₹ 5,00,000/- per month inclusive of all allowances and perquisites.

Commission : 1% on the Net Profit of the Company.

The remuneration proposed is commensurate with the size of the Company, the responsibilities and the industry norms.

Relationship with the : Sri S. Pathy is related to managerial personnel Sri Aditya Krishna Pathy

III. Other information

The Company is one of the leading Textile Mills in South India established in the year 1910. The Company has a track record of paying dividend to the shareholders without any break for the last 76 years excepting the year 2011-12. The equity shares of ₹ 100/- each of the Company were quoted at around ₹ 1541/- per share, on 31.03.2014

Due to modernization programmes undertaken by availing loans and subsequent interest burden, irregular power supply and payment of heavy fuel cost have affected the profitability of the Company during the financial year.

The working of the Company for the financial year 2013-14 has resulted in a net profit of ₹ 939.95 Lakhs and is expected to maintain the trend in future years considering the improvement in productivity owing to the modernization carried out in the manufacturing units.

IV. Disclosures

1. The shareholders of the Company are informed of the remuneration package of the managerial persons.
2. All elements of remuneration package such as salary, benefits etc. of all the Directors are mentioned in the Board of Directors' Report.

NOTES:

1. The statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
2. Brief resume, details of Shareholding and inter-se relationship of Directors seeking appointment/re-appointment as required under Clause 49 of the Listing Agreement, are provided as annexure to this Notice.

3. A MEMBER ENTITLED TO ATTEND THE MEETING IS ENTITLED TO APPOINT A PROXY INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

4. The instrument 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.

5. Members/Proxies are requested to bring duly filled Attendance Slips sent herewith to attend the meeting.

6. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.

7. The Statutory Registers, maintained under the provisions of the Companies Act, 2013 will be available for inspection by the members at the Registered Office of the Company during normal business hours on working days.

8. The Register of Members and Share Transfer Books of the Company shall remain closed between 11.09.2014 and 15.09.2014 (both days inclusive) as per Clause 16 of the Listing Agreement.

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, to those members whose names appear on the Register of Members as on 10.09.2014.

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 2007-2008, 2008-2009, 2009-2010, 2010-2011 and 2012-2013 are requested to write to the Registrar and Share Transfer Agent of the Company, M/s. SKDC Consultants Limited for claiming the dividend.

11. Dividend declared in the year 2007 for the financial year 2006-2007 and remaining unclaimed will be transferred to Investor Education and Protection Fund after conclusion of this Annual General Meeting.

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12. Company's share transfer work and dematerialisation of shares, is done by the Registrar and Share Transfer Agent. Members are requested to address all correspondences, including dividend matters, to the Registrar and Share Transfer Agent, M/s. SKDC Consultants Ltd.
 13. 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.
 14. International Securities Identification Number given to your company is INE938CO1019.
 15. Members who are holding shares in the same name in more than one folio may please advise the Registrar and Share Transfer Agent for consolidating into single folio.
 16. Investors are required to provide a copy of their PAN card for effecting share transfers, transmission and transposition in their favour.
 17. 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 Agent M/s. SKDC Consultants Limited.
 18. Members holding shares in Physical form are requested to intimate the change of address and their Bank account details such as Bank name, branch with address and account number for incorporating the same in Dividend Warrants to Company's Registrar and Share Transfer Agent M/s. SKDC Consultants Limited quoting their respective folio number.
 19. Members holding shares in Demat form are requested to intimate change of address notifications and updates of bank account details to their respective Depository Participants.
 20. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their email address with the company in respect of shares held in Physical form and with the concerned DP in respect of shares held in Demat form to enable the Company to serve documents in electronic form, in future.
 21. Electronic copy of the Annual Report and AGM Notice are being sent to all the members whose email id is registered with the Company / Depository Participant unless any member has requested for a hard copy of the same. For members who have not registered their email id, Physical copies of Annual Reports and AGM Notice for the year 2013-14 are sent through the permitted mode separately.
 22. 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.
 23. None of the items listed in the Agenda require postal Ballot.
- The instructions for shareholders voting electronically are as under:**
- i. The voting period begins on 09.09.2014 @ 9.00 A.M. and ends on 11.09.2014 @ 5.00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 08.08.2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - ii. The shareholders should log on to the e-voting website www.evotingindia.com during the voting period
 - iii. Click on "Shareholders" tab.
 - iv. Now, select the "THE LAKSHMI MILLS COMPANY LIMITED" from the drop down menu and click on "SUBMIT"
 - v. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - vi. Next enter the Image Verification as displayed and Click on Login.

- vii. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN

Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the last 8 digits of demat account/folio no. in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 1 then enter RA00000001 in the PAN field.

DOB

Enter the Date of Birth as recorded in your demat account in dd/mm/yyyy format.

Dividend Bank Details

Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the Depository or Company please enter the user id in the Dividend Bank details field as mentioned in instruction (v).

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. Members holding shares in physical form will then directly reach the THE LAKSHMI MILLS COMPANY LIMITED screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login

password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for THE LAKSHMI MILLS COMPANY LIMITED on which you choose to vote.
- xiii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xviii. If Demat account holder has forgotten the password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix. **Note for Institutional Shareholders :**
 - Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.

THE LAKSHMI MILLS COMPANY LIMITED

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.
- xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
24. The voting rights of the Members shall be in proportion to their share in the paid up equity share capital of the Company as on the Record Date.
25. Sri B. Krishnamoorthi, Chartered Accountant has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company. The results shall be declared at / after the AGM of the Company. The results declared along with the Scrutinizer's Report shall be available on the Company's and CDSL's websites within two (2) days of conclusion of the AGM of the Company and communicated to the Stock Exchanges.
26. AS THE COMPANY IS PROVIDING E-VOTING / POSTAL BALLOT VOTING IN TERMS OF CLAUSE 35B OF THE LISTING AGREEMENT, MEMBERS MAY PLEASE NOTE THAT THERE WILL BE ONLY ONE MODE OF VOTING EITHER THROUGH E-VOTING OR BY POST. THE SCRUTINIZER WILL COLLATE THE VOTES DOWNLOADED FROM THE EVOTING SYSTEM AND VOTES RECEIVED THROUGH POSTAL BALLOT TO DECLARE THE FINAL RESULT FOR EACH OF THE RESOLUTIONS FORMING PART OF THE NOTICE OF ANNUAL GENERAL MEETING.
27. A member desiring to exercise vote by postal ballot shall complete the enclosed Ballot Form with assent (for) or dissent (against) and send it to Sri B. Krishnamoorthi, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006, so as to reach him on or before 11th September 2014 by 5.00 P.M. Any Ballot Form received after the said date shall be treated as if the reply from the Members has not been received.

Coimbatore
25th July, 2014

By Order of the Board
N. SINGARAVEL
Company Secretary

Details of Directors seeking appointment / re-appointment at the Annual General Meeting in pursuance of Clause 49 of the Listing Agreement.

Name	Sri R. Santharam	Sri V.S. Velayutham	Sri V. Jagannathan	Sri D. Rajendran	Sri Satish Ajmera
DIN	00151333	00018612	00002643	00003848	00208919
Date of Birth	21.03.1937	28.06.1948	09.03.1932	17.12.1948	26.10.1944
Nationality	Indian	Indian	Indian	Indian	Indian
DOA on the Board	27.03.2002	27.03.2002	27.03.1975	14.12.2006	26.05.2010
Relationship with other Director	None	None	None	None	None
Qualification	Textile Management (USA)	Diploma in Textile Manufacture	B.A.ATT (Blackburn)	Higher National Diploma in BM (UK)	B.Sc., F.C.A
Expertise in area	50 Years in Textile Management	47 Years in Textile Manufacture	54 Years in Textile Technology	36 Years in Textile Management	48 Years in Finance and Accounts
No of Shares held	Nil	Nil	450	Nil	Nil
List of Directorships held in other companies	The Lakshmi Card Clothing Mfg. Co.P.Ltd Lakshmi Automatic Loom Works Ltd LCC Investments Ltd R.Santharam Maketing & Services P. Ltd Sri Revati Spinning Mills Ltd	Sri Gomathy Mills P. Ltd Exquisita Foods P. Ltd Gomathy Investments P. Ltd Mani Investments P. Ltd Sterling Texpro (India) P. Ltd	Prokop Eltex India P. Ltd Cape Flour Mills P. Ltd Mckinnon India P. Ltd	Premier Mills Pvt. Ltd Premier Fine Linens P Ltd Prima Products P. Ltd Coimbatore Polytex P. Ltd	S.Ajmera Finance P Ltd SRP Infosystems P. Ltd PCS Technology Ltd Wires & Fabriks (SA) Ltd A & A Mines and Minerals Private Ltd

Chairman / Member of the Committees :

Audit Committee	As Member in The Lakshmi Mills Company Ltd. Lakshmi Automatic Loom Works Ltd	As Member in The Lakshmi Mills Company Ltd		As Member in The Lakshmi Mills Company Ltd	As Chairman in The Lakshmi Mills Company Ltd As Member in Wires and Fabriks (SA) Ltd PCS Technology Ltd
Nomination and Remuneration Committee	As Member in The Lakshmi Mills Company Ltd	As Member in The Lakshmi Mills Company Ltd		As Chairman in The Lakshmi Mills Company Ltd	As Member in The Lakshmi Mills Company Ltd
Stakeholders Relationship Committee	As Chairman in The Lakshmi Mills Company Ltd Lakshmi Automatic Loom Works Ltd		As Member in The Lakshmi Mills Company Ltd		As Member in The Lakshmi Mills Company Ltd Wires and Fabriks (SA) Ltd

THE LAKSHMI MILLS COMPANY LIMITED

DIRECTORS' REPORT

Ladies and Gentlemen,

Your Directors have pleasure in presenting the Hundred and Fourth year Annual Report together with the audited accounts of the Company for the year ended 31.03.2014.

	31.3.2014	(₹ in lakhs)	31.3.2013
WORKING RESULTS			
No. of days worked	357		357
Sales	21,800.57		16,389.13
Other income	413.93		752.92
GROSS REVENUE	22,214.50		17,142.05
Profit/(Loss) before Tax, Exceptional Items	258.95		382.30
Add: Exceptional items	731.14		117.03
Profit/(Loss) before Taxation	990.09		499.33
Less : Current Tax	225.02	41.62	
MAT Credit entitlement	(216.74)	(38.48)	
Net Current Tax	8.28		3.14
Prior Year Taxes	203.17		-
Deferred Tax Credit (Net)	(161.31)		(608.80)
NET PROFIT/(LOSS)	939.95		1,104.99
Add/(Less): Carry forward Profit / (Loss)	349.35		(627.98)
Available for appropriation	1,289.30		477.01
Appropriation:			
General Reserve	50.00		30.00
Proposed Dividend	104.33		83.47
Corporate Tax on Dividend	17.73		14.19
Balance carried forward	1,117.24		349.35
	1,289.30		477.01

OPERATIONS

There was a marginal increase of 2736 spindles in Palladam Unit bringing the total number of spindles operated to 1.33 lakhs as follows:

S. No	Unit	Spindles in lakhs
i)	Palladam :	0.70
ii)	Kovilpatti :	0.63
	Total :	1.33

The operational performance of the Company during the year was satisfactory.

Thanks to the provision of separate electrical feeder lines in both the units during the year. Loss of utilization due to power shortage was overcome and that capacity utilization improved tremendously. The average utilization for the year was over 94%. This improved utilization had resulted in increased value of production of over 29% compared to the previous year.

Your Company continued to outsource fabrics both for exports and domestic markets. Export of yarn and fabrics accounted for over ₹ 21 Crores as against ₹ 13.64 Crores of previous year. The increase was around 50% over previous year's performance.

Overall, the operational results of the Company improved considerably during the year and thanks for optimum capacity utilization, improved market conditions and increased exports.

CURRENT INDUSTRIAL TREND AND FUTURE PROSPECTS

Textile industry as a whole saw a better year in 2013-14, thanks to the availability of raw materials both in manmade fibres and cotton.

However due to general sluggishness in the manufacturing sector, much progress could not be made during the year. The Prospects for the textile industry looks promising provided we are able to compete in the highly competitive market.

OUTLOOK

Indian Textile Industry can look forward for robust growth in the years ahead. India is endowed with adequate quantity of raw materials both in cotton and manmade fibres. With a large reservoir of well qualified technicians and managerial personnel, it should be possible to take bigger share in the world market.

Our country reported to have attained No.2 status in the textile trade in the World - next to China. Plenty of opportunities are there to surge forward. One has to take right steps to move forward for further growth and consolidation.

Your Company will proceed in the right direction in the years ahead.

DIVIDEND

The Directors have recommended a dividend of ₹ 15/- per share (15%) for the financial year 2013-2014 (Previous Year - 12%).

DIRECTORS

Sri R. Santharam, Non - Independent Director and Sri V. S. Velayutham, Independent Director retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

In order to comply with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Sri V. Jagannathan, Sri D. Rajendran and Sri Satish Ajmera are proposed to be appointed as Independent Directors. The said Directors have consented to act as Independent Directors and in respect of whom nominations with requisite deposit have been received from the members.

A brief profile of the Directors retiring by rotation and seeking re-appointment, to be provided as per Clause 49 of the Listing Agreement is annexed to the Notice of Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors state that:

- i. In the preparation of Statement of Profit and Loss for the period ended 31st March 2014 and the Balance Sheet as on that date all the applicable Accounting Standards have been followed.
- ii. Accounting Policies, that are reasonable and prudent, have been selected and applied consistently 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 the profit of the Company for the year ended 31st March 2014.
- iii. The accounting records in accordance with the provisions of the Companies Act, 1956 and for safeguarding the assets of the Company as also for preventing and detecting fraud and other irregularities, have been properly maintained and
- iv. The Statement of Profit and Loss and Balance Sheet have been prepared on a going concern basis.

THE LAKSHMI MILLS COMPANY LIMITED

CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report, Report on Corporate Governance and Auditors Certificate regarding compliance of conditions of Corporate Governance are made part of the Annual Report.

FIXED DEPOSIT

The deposit amount of ₹ 15,05,000/- claimed and unpaid due to dispute between the legal heirs was paid to the legal heirs upon Order of the Principal District Court at Coimbatore. No amount remains unclaimed as on 31st March 2014.

AUDITORS

The Company's Auditor M/s.Subbachar & Srinivasan are to retire at the ensuing Annual General Meeting. M/s. Subbachar & Srinivasan, Chartered Accountants are eligible for re-appointment.

GENERAL

The Company's Assets have been adequately insured.

The particulars required to be furnished under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out separately and form part of this Report.

During the year under review, there was no employee drawing remuneration in excess of the amount prescribed under section 217 2(A) of the Companies Act, 1956.

ACKNOWLEDGEMENT

The Board acknowledges the continued assistance from the Bankers, Cotton, Yarn and Cloth Dealers of the Company, Shareholders and Depositors and appreciate 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.

Coimbatore
25th July, 2014

By Order of the Board
For The Lakshmi Mills Co. Ltd.,
S. PATHY
Chairman and Managing Director

ANNEXURE TO DIRECTORS' REPORT

Statement containing particulars pursuant to the Companies (Disclosure of particulars in the Report of the Board of Directors') Rules, 1988 and forming part of the Directors Report.

A. CONSERVATION OF ENERGY

The following energy conservation measures were taken up in Palladam and Kovilpatti units in 2013 - 2014.

In Palladam unit A Mill, Spinning Frame No. 2 having 34 KW Kirloskar make motor was replaced with energy efficient 34 KW LEDL make motor. In C Mill, Spinning Frame Nos. 1, 4, 16, 20 & 47 having 13 KW Kirloskar make motors were replaced with energy efficient 15 KW LEDL make motors. In C unit Winding Dept 19.7 Watts LED Tube Lights were replaced for 36 Watts Florescent Tube Lights. Due to the above energy saving measures, 2668 Units per month of saving was achieved.

In Kovilpatti unit A Mill, Spinning Frame Nos. 19, 22, 23 & 26 having 13 KW Kirloskar make motors were replaced with energy efficient 15 KW LEDL make motors. In A Mill, Spinning Frame Nos. 53 & 57 having Pneumofil suction motors were replaced with conversion kits. Due to the above energy saving measures, 1027 Units per month of saving was achieved.



Requisite data in respect of energy consumption are given below:

	2013-2014	2012-2013
A) POWER & FUEL CONSUMPTION		
1. Electricity		
a) Purchased unit Lakh KWHr	444.62	294.41
Total amount (₹ in lakhs)	2,775.96	1,925.60
Rate/Unit ₹	6.24	6.54
b) Own Generation		
i. Through Diesel Generator:		
Unit - Lakh KWHr	19.34	78.09
Unit/Litre of H.S.D.	3.32	3.34
Cost/Unit ₹	15.90	14.89
ii. Through Steam Turbine units	—	—
Unit/Litre of Fuel	—	—
Cost/Unit ₹	—	—
2. Coal (Specify Quality and where used)		
Quantity in tons	—	—
Total Cost (₹ in lakhs)	—	—
Average Rate (₹)	—	—
3. Furnace Oil:		
Quantity (K. Litres)	—	—
Total Cost (₹ in lakhs)	—	—
Average Rate per KL (₹)	—	—
4. Others:		
Quantity in tons	—	—
Total Cost (₹ in lakhs)	—	—
Rate per unit (₹)	—	—
B) CONSUMPTION PER UNIT OF PRODUCTION		
Production:		
Yarn in Kgs. (Excl. outside conversion)	65,38,881	51,32,015
Cloth in L. Metres	—	—
Electricity KWHr	—	—
Yarn : KWHr/Kg.	7.095	7.258
Cloth : KWHr / L. Metres	—	—
Furnace Oil Litre/Linear Metre	—	—
Coal/Tonne	—	—
Others	—	—

B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

Our Company is a member of the following Research Institutions in India.

1. South India Textile Research Association
2. SIMA Cotton Development and Research Association

Our Company has the benefit of Research and Development work carried out at the above institutions in addition to the continuous in house study carried out at our Quality Control Department.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of Foreign Exchange earnings and outgo are furnished in Note Nos. 30.12 & 30.13 of the financial statements.

THE LAKSHMI MILLS COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. INDUSTRY STRUCTURE AND DEVELOPMENTS

Thanks to availability of abundant quantities of Cotton as well as man made fibres within the country, Indian Textile Industry has got a tremendous future to grow and expand to improve the Indian Economy. Textile Industry provides immense opportunities to provide large scale employment. It has got great potential to earn the much needed foreign exchange in a bigger way.

The Textile Industry therefore needs to draw up a road map to expand its capacities in all segments, targeting to increase its exports in the years ahead. Further domestic segment is also growing in a faster way and to this extent textile industry needs to address this area too.

Indian Textile Industry therefore needs to target to grow faster in all segments in the next few years not only to increase exports but also to cater to the ever growing domestic market.

II. OPPORTUNITIES AND THREATS

All along, the industry has been saddled with power shortage / power interruptions affecting its performance since the last three months. This situation is changing for the better. Further, there is need for the industry to go in for Non-conventional energy like, Windmill / Solar power etc. to supplement its energy requirements.

Delayed monsoon rains over the cotton growing areas and the planting of crops only in 56 lakh hectares as against 102 lac hectares planted last year during the same period had cast a grim picture on the expected cotton yields and output for 2014 - 15. However, the recent spells of rain in the last week of July had made CICR expecting the total acreage under cotton plantation to touch around 110 lakh hectares as against 115 lakh hectares of last year. The expected shortfall in acreage coverage is likely to be marginal. The output for the year 2014 - 15 and yield per acre will depend on the follow up rains in September and October 2014, which will hold the key for yields and output.

Further there is urgent need to increase the skill development of textile workers. Better human relation policy needs to be drawn up to retain trained workers.

III. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

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

IV. OUTLOOK

Future looks quite bright for all the segments of the textile industry provided a long term approach is made.

V. RISKS AND CONCERNS

Textile Industry normally faces crisis in cyclical way. There is need to insulate against this by going in for long term growth and development.

VI. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

VII. DISCUSSIONS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Net Sales during the year was ₹ 21800.57 lakhs and your Company earned a Net Profit of ₹ 939.95 lakhs.

VIII. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NO.OF PEOPLE EMPLOYED

The Company had on its Roll 2050 employees as on 31.03.2014 as against 1991 as on 31.3.2013.

REPORT ON CORPORATE GOVERNANCE

PHILOSOPHY ON CODE OF GOVERNANCE

Lakshmi Mills is committed to sound practice of corporate functioning and maximise 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 pursuit 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 is headed by Chairman and Managing Director, supported by the Whole Time Director and Six Non Executive Directors.

Name of the Director	Category as per Listing Agreement	Other Directorships*	Membership in Board Committees	
			Member	Chairman
Sri S. Pathy	Executive - Chairman & Managing Director	3	-	-
Sri R. Santharam	Non-Executive - Vice Chairman	3	4	2
Sri V. Jagannathan	Non-Executive - Independent	-	1	-
Sri D. Rajendran	Non-Executive - Independent	-	2	-
Sri Satish Ajmera	Non-Executive - Independent	2	5	2
Sri V.S. Velayutham	Non-Executive - Independent	-	2	-
Sri Sanjay Jayavarthanavelu	Non-Executive - Non Independent	10	2	-
Sri Aditya Krishna Pathy	Executive - Whole Time Director	2	-	-

* The Directorships held by Directors as mentioned above do not include Alternate Directorships and Directorships of foreign Companies, Section 25 Companies and Private Limited Companies.

Number of Chairmanships / Memberships in Committees of the Directors are within the limits specified in clause 49(l) (C) (ii) of the Listing Agreement.

BOARD MEETINGS AND ATTENDANCE

Four Board meetings were held on 29.05.2013, 02.08.2013, 14.11.2013 and 12.02.2014 during the period 1st April 2013 to 31st March 2014.

THE LAKSHMI MILLS COMPANY LIMITED

Details of attendance of each Director at the meetings of the Board and various Committees of the Board during the financial year ended 31st March, 2014.

Name of the Directors	Board Meeting (4)	Audit Committee (4)	Shareholders / Investors Grievance Committee (1)	Share Transfer Committee (18)	Annual General Meeting
Sri S. Pathy	4	-	-	18	Yes
Sri R. Santharam	4	4	1	1	Yes
Sri V. Jagannathan	2	-	1	-	No
Sri D. Rajendran	2	2	-	-	Yes
Sri Satish Ajmera	4	4	1	-	No
Sri V.S. Velayutham	4	4	-	-	No
Sri Sanjay Jayavarthanavelu	3	-	-	-	Yes
Sri Aditya Krishna Pathy	4	-	-	17	Yes

The figures within brackets denote the number of meetings held during the period 1st April 2013 to 31st March, 2014.

REMUNERATION OF DIRECTORS

Remuneration paid or payable to Directors during the year 2013-14.

(in ₹)

Name of the Directors	Sitting Fees	Salary	Perquisites	Contribution to PF & Superannuation	Total
Sri S. Pathy *	NA	36,97,000	3,00,000	9,98,190	49,95,190
Sri R. Santharam	1,10,000	NA	NA	NA	1,10,000
Sri V. Jagannathan	30,000	NA	NA	NA	30,000
Sri D. Rajendran	50,000	NA	NA	NA	50,000
Sri Satish Ajmera	1,10,000	NA	NA	NA	1,10,000
Sri V.S. Velayutham	1,00,000	NA	NA	NA	1,00,000
Sri Sanjay Jayavarthanavelu	30,000	NA	NA	NA	30,000
Sri Aditya Krishna Pathy *	NA	21,41,290	1,50,000	5,78,149	28,69,439

* Remuneration as approved by the Shareholders.

Non-Executive Directors are paid Sitting Fees only 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 2014.

SHAREHOLDING OF NON-EXECUTIVE DIRECTORS

Name of the Directors	No. of Shares
Sri R. Santharam	NIL
Sri V. Jagannathan	450
Sri D. Rajendran	NIL
Sri Satish Ajmera	NIL
Sri V.S. Velayutham	NIL
Sri Sanjay Jayavarthanavelu	13,213

COMMITTEE OF DIRECTORS

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

Audit Committee

The Audit Committee comprises of the following four Non-Executive Directors as members :

- | | |
|------------------------|------------|
| 1. Sri Satish Ajmera | - Chairman |
| 2. Sri D. Rajendran | - Member |
| 3. Sri R. Santharam | - Member |
| 4. Sri V.S. Velayutham | - Member |

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

The committee has met 4 times during the financial year ended 31st March 2014 and details of attendance were furnished elsewhere in the Annual Report.

The Audit Committee would assure to the Board, 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 Listing Agreement.

Remuneration Committee

The Remuneration Committee comprises of the following four Non-Executive Directors as members to determine on behalf of the Board of Directors, with regard to the terms of reference, the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment:

- | | |
|------------------------|------------|
| 1. Sri D. Rajendran | - Chairman |
| 2. Sri R. Santharam | - Member |
| 3. Sri V.S. Velayutham | - Member |
| 4. Sri Satish Ajmera | - Member |

The nomenclature of the Remuneration Committee has been changed as "Nomination and Remuneration Committee" at the Board of Directors meeting held on 26.05.2014.

Shareholders / Investors Grievance Committee

In compliance with SEBI guidelines on Corporate Governance as well as clause 49 of the Listing Agreement, the Committee was reconstituted on 30.07.2010 to specifically look into redressal of shareholders/Investors complaints, regarding transfer of shares, non-receipt of annual reports, dividend warrants, share certificates etc., and also the action taken by the Company on the above matters.

The Committee comprises of the following three Non-Executive Directors as its members:

- | | |
|-----------------------|------------|
| 1. Sri R. Santharam | - Chairman |
| 2. Sri V. Jagannathan | - Member |
| 3. Sri Satish Ajmera | - Member |

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

The committee met on 12.02.2014 during the financial year ended 31st March 2014. During the year the company has not received any complaints from the investors and there was no outstanding complaint as on 31.03.2014.

The nomenclature of the Shareholders / Investors Grievance Committee has been changed as "Stakeholders Relationship Committee" at the Board of Directors meeting held on 26.05.2014.

Share Transfer Committee

The Share Transfer Committee has been formed from the members of the Board, representatives of the Registrar and Share Transfer Agent and the Company Secretary and there are 5 members. During the year the Committee met 18 times and approved Share Transfer, Transmission of Shares and issuance of Duplicate Share Certificates. There were no pending share transfers as on 31.03.2014.

THE LAKSHMI MILLS COMPANY LIMITED

GENERAL BODY MEETINGS

Details of the last three Annual General Meetings are given below :

Financial Year	Date	Day	Time	Venue
March 31, 2011	2.9.2011	Friday	4.35 P.M.	Nani Palkhivala Auditorium, Mani Hr. Sec. School, Coimbatore - 641037
March 31, 2012	3.9.2012	Monday	2.35 P.M.	-- do --
March 31, 2013	4.9.2013	Wednesday	4.15 P.M.	-- do --

Special Resolutions passed in the previous 3 AGMs

101st Annual General Meeting : NIL

102nd Annual General Meeting : NIL

103rd Annual General Meeting : Remuneration payable to Sri Aditya Krishna Pathy, Whole Time Director.

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

No Special Resolution on matters requiring postal balloting are placed for Shareholders approval at the ensuing Annual General Meeting.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

As required by clause 49 of Listing Agreement, the Auditors' Certificate is given elsewhere in the Annual Report.

DISCLOSURES

There are no materially significant related party transactions that would have potential conflict with the interests of the Company at large. Details of related party transactions are given elsewhere in the Annual Report.

There has been no instance of non-compliance with any legal requirements nor have been any strictures imposed by any Stock Exchange, SEBI or any matters relating to the Capital Market.

The Company has complied with Accounting Standards in the preparation of Balance Sheet, Statement of Profit & Loss and Cash Flow Statement, as referred in the Directors' Responsibility Statement.

The Company has not followed any, accounting treatment different from that prescribed in, any Accounting Standard.

There is no pecuniary relationship or transactions by Non-Executive Directors with the Company.

All the mandatory requirements have been complied with as stated in this report on Corporate Governance.

NON MANDATORY REQUIREMENTS

The Company at present does not have any Whistle Blower Policy but no personnel is being denied any access to the Audit Committee.

The Board has taken cognizance of the non mandatory requirements and shall consider adopting the same as and when necessary.

DISCLOSURE OF DIRECTORS INTERSE RELATIONSHIP

No other Director is related to each other, except Sri S. Pathy, Chairman and Managing Director and Sri Aditya Krishna Pathy, Whole Time Director as the son of Sri S. Pathy.

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 2013-14 has been affirmed by the Chairman and Managing Director (CEO).

A declaration signed by the Chairman and Managing Director is given below:

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 2013-2014.

Coimbatore
26th May 2014

S. PATHY
Chairman and Managing Director

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.lakshmimills.com. Quarterly Financial Results and Quarterly Shareholding Pattern are intimated to Stock Exchanges periodically and also posted in the portal hosted by BSE and NSE www.corpfiling.co.in

SHAREHOLDERS INFORMATION

ANNUAL GENERAL MEETING

Day & Date : Monday, 15th September, 2014
Time : 4.35 P.M.
Venue : Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037.

FINANCIAL CALENDAR

Financial year : 1st April to 31st March
Announcement of Annual Results 2013-14 : 26.5.2014
Posting of Annual Reports 2013-14 : On or before 16th August, 2014
Last date of receipt of Proxy Forms : 13.09.2014
Date of Book Closure : 11.09.2014 to 15.09.2014 (both days inclusive)
Announcement of Quarterly Results 2014-15 : July 2014, October 2014, January 2015 & May/June 2015

LISTING ON STOCK EXCHANGES

The equity shares of the Company are listed at : 1. Madras Stock Exchange, Chennai
2. Bombay Stock Exchange Limited, Mumbai

Madras Stock Exchange, Stock Code : LML
Bombay Stock Exchange Limited, Stock Code : 502958
National Stock Exchange of India Limited, Stock Code : LAKSHMIMIL

Listing fee for 2014-2015 have been paid in respect of both Madras and Bombay Stock Exchanges.

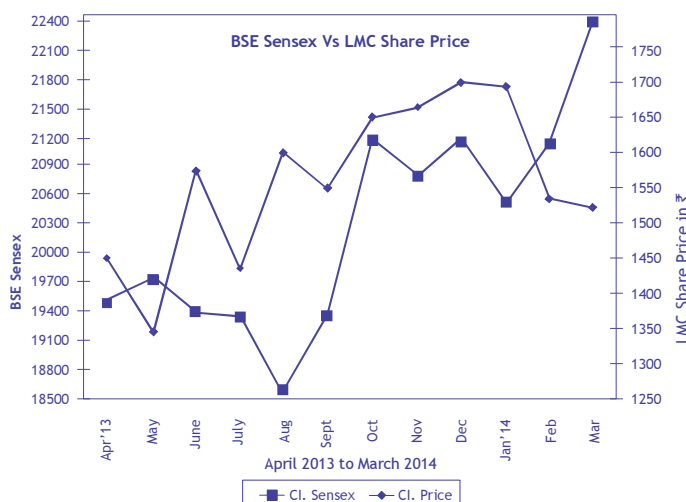
MARKET PRICE DATA

The Company's Shares are traded under permitted category in the National Stock Exchange under tie-up arrangement made by the Madras Stock Exchange from November 2009.

The High & Low during each month in the last financial year in BSE and NSE are given below.

	B S E in (₹)		N S E in (₹)	
	HIGH	LOW	HIGH	LOW
April'2013	1,625.00	1,366.00	1,598.00	1,362.25
May	1,500.00	1,275.00	1,490.00	1,271.10
June	1,629.00	1,343.00	1,560.00	1,470.00
July	1,585.00	1,435.00	1,600.00	1,450.00
August	1,600.00	1,358.00	1,521.00	1,421.00
September	1,635.00	1,451.05	1,548.75	1,386.50
October	1,799.90	1,575.00	1,790.00	1,512.00
November	1,829.90	1,586.00	1,750.00	1,530.00
December	1,760.00	1,580.00	1,780.00	1,551.00
January'2014	1,780.00	1,600.00	1,800.00	1,501.00
February	1,700.00	1,507.05	1,699.95	1,483.00
March	1,709.95	1,460.05	1,670.00	1,425.05

SHARE PERFORMANCE IN COMPARISON WITH BSE INDEX



THE LAKSHMI MILLS COMPANY LIMITED

REGISTRAR & SHARE TRANSFER/DEMAT AGENT

M/s. SKDC Consultants Ltd., Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore-641 006.

SHARE TRANSFER SYSTEM

The share transfers are registered and share certificates returned within 20 days from the date of receipt if documents are in order. The share transfers are approved by the Share Transfer Committee.

SHAREHOLDING PATTERN (as on 31.03.2014)

Sl. No.	Category	No. of Share holders	No. of Shares held	% to paid-up capital
1	Promoters and Promoters group	22	3,99,401	57.42
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	108	56,176	8.08
6	Individuals	6,804	1,84,546	26.54
7	Others	181	12,395	1.78
	Total	7,131	6,95,550	100.00

DISTRIBUTION OF SHARE HOLDING (as on 31.03.2014)

Range (No. of Shares)	No. of Shareholders	No. of Shares	% held
1 - 50	6,422	69,317	9.96
51 - 100	337	24,617	3.54
101 - 200	187	26,469	3.81
201 - 300	72	17,439	2.50
301 - 400	28	9,790	1.41
401 - 500	29	12,779	1.84
501 - 1000	24	17,811	2.56
1001 - 10000	21	81,654	11.74
10001 and Above	11	4,35,674	62.64
Total	7,131	6,95,550	100.00

DEMATERIALISATION OF SHARES

The fully paid up Equity shares (ISIN No.INE938CO1019) 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 31.3.2014, 5,87,783 Shares constituting 84.51 % 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.

The Company has not issued any ADR/GDR/Warrants or any Convertible instruments.

NOMINATION FACILITY

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

PLANT LOCATIONS

The Company has 2 Plants situated at the following locations:

Unit I : Lakshmipuram P.O., Kovilpatti.

Unit II : Kuppaswamy Naidupuram, Palladam.

ADDRESS FOR CORRESPONDENCE

All correspondence from shareholders should be addressed to:

M/s. SKDC Consultants Limited

Registrar and Share Transfer Agent

Unit : The Lakshmi Mills Company Limited

Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore-641 006.

Phone : 0422-6549995, 2539835 - 36 Fax : 0422-2539837 Email : info@skdc-consultants.com

Investors' grievances email id : secretarial@lakshmill.com

INDEPENDENT AUDITORS' REPORT

To

The Members of

The Lakshmi Mills Company Limited

Report on the Financial Statements:

We have audited the accompanying financial statements of **M/s. The Lakshmi Mills Company Limited** ('the Company') which comprise the Balance Sheet as at **31st March 2014**, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at **31st March 2014**;
- (ii) In the case of the Statement of Profit and Loss, of the **profit** for the year ended on that date; and
- (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013, referred to in sub Section (3C) of Section 211 of the Companies Act, 1956; and
 - e. On the basis of written representations received from the directors as on 31st March 2014, and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For Subbachar & Srinivasan
Firm Registration No. 0040835
Chartered Accountants
T.S.V. Rajagopal
Partner
Membership No. 200380

Coimbatore
26th May 2014

THE LAKSHMI MILLS COMPANY LIMITED

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of **M/s. The Lakshmi Mills Company Limited** ('the Company') for the year ended 31st March 2014. We report that:

- i. In respect of fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. Some of the fixed assets were physically verified during the year by the management in accordance with the programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c. The fixed assets disposed off during the year, in our opinion do not constitute a substantial part of the fixed assets of the Company and such disposals has, in our opinion not affected the going concern status of the Company.
- ii. In respect of its inventories:
 - a. As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
 - b. In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and 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.
- iii. The company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence the provisions of clauses 4 (iii) (b) to (d), (f) & (g) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control systems that commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of the goods and services. During the course of the audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- v. In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - a. The particulars of contracts or arrangements referred to Section 301 that needed to be entered into the register maintained under the said section have been so entered.
 - b. In our opinion and according to explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 with regard to the deposits accepted from the public.
- vii. In our opinion, the internal audit functions carried out during the year by Independent Chartered Accountants appointed by the management have been commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of account and records maintained by the Company relating to the manufacture of textiles pursuant to the order made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act 1956 and are of the opinion that prima facie prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

ix. In respect of Statutory dues:

- According to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Cess and any other material statutory dues with the appropriate authorities during the year. There are no undisputed statutory dues which are outstanding for more than six months as at the Balance Sheet date.
- According to the information and explanations given to us the details of disputed tax which have not been deposited as on 31.03.2014 on account of any dispute are given below:

Name of the Statute	Nature of Dues	Amount ₹ in Lakhs	Period to which the amount relates	Forum where dispute is pending
Excise Act 1944 / Service Tax Act	Excise Duty	1.61	1995 - 96	High Court
	Service Tax	2.95	1997 - 99	High Court
	Cenvat	2.79	2004 - 05	Deputy Commissioner-Coimbatore
	Cenvat	1.07	2013 - 14	Commissioner of Central Excise - Madurai

- The company has no accumulated losses as at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- On the basis of our audit procedures, in our opinion and according to the information and explanations given to us, the Company has not defaulted in the payment of dues to financial institutions and Banks.
- The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence the provisions of this clause 4 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- The company is not a chit fund or Nidhi mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- The company is not dealing in or trading in shares, securities, debentures and other investments. Hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from Banks and Financial Institutions during the year.
- To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion term loans availed by the Company were, prima facie, applied by the Company during the year for the purpose for which the loans were obtained.
- According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- The provisions of clause 4 (xviii) (xix) and (xx) of the Companies (Auditor's Report) Order 2003 are not applicable since the Company has not issued any shares or debentures during the year.
- 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.

Coimbatore
26th May 2014

For Subbachar & Srinivasan
Firm Registration No. 0040835
Chartered Accountants
T.S.V. Rajagopal
Partner
Membership No. 200380

THE LAKSHMI MILLS COMPANY LIMITED

Balance Sheet as at 31st March, 2014

		(₹ in Lakhs)	
Particulars	Note No	31.3.2014	31.3.2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	3	695.55	695.55
(b) Reserves and Surplus	4	12,518.41	11,700.52
Non - Current Liabilities			
(a) Long term borrowings	5	2,050.53	2,190.92
(b) Other Long term liabilities	6	120.54	106.28
(c) Long term provisions	7	332.60	287.14
Current Liabilities			
(a) Short term borrowings	8	3,551.36	3,336.55
(b) Trade payables	9	2,454.12	1,822.80
(c) Other current liabilities	10	2,042.36	2,515.76
(d) Short term provisions	11	286.88	115.52
TOTAL		24,052.35	22,771.04
ASSETS			
Non - current assets			
(a) Fixed assets	12		
(i) Tangible assets		4,461.64	4,058.31
(ii) Intangible assets		12.99	5.52
(iii) Capital work-in-progress		-	-
(b) Non-current investments	13	170.89	174.22
(c) Deferred tax assets (net)	14	2,108.85	1,947.54
(d) Long term loans and advances	15	651.86	681.82
Current assets			
(a) Stock in Trade of Land		10,607.93	10,607.93
(b) Inventories	16	3,002.84	2,208.45
(c) Trade receivables	17	2,406.87	2,282.27
(d) Cash and cash equivalents	18	398.43	227.13
(e) Short-term loans and advances	19	37.27	57.11
(f) Other current assets	20	192.78	520.74
TOTAL		24,052.35	22,771.04
Significant accounting policies	2		
See accompanying notes on additional information to financial statements	30		

S. Pathy
Chairman & Managing Director

Coimbatore
26th May 2014

R. Santharam
Vice Chairman

N. Singaravel
Company Secretary

In terms of our report of even date
For Subbachar & Srinivasan
Firm Registration No. 0040835
Chartered Accountants
T.S.V. Rajagopal
Partner
Membership No. 200380



Statement of Profit and Loss for the year ended 31st March, 2014

Particulars	Note No	31.3.2014	(₹ in Lakhs) 31.3.2013
REVENUE			
Revenue from operations	21	21,800.57	16,389.13
Less: Excise Duty		-	-
		21,800.57	16,389.13
Other Income	22	413.93	752.92
Total Revenue		22,214.50	17,142.05
EXPENSES			
Cost of materials consumed	23	10,916.29	7,421.00
Purchase of Stock-in-Trade	24	1,868.51	1,278.40
(Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade	25	(534.92)	(782.24)
Employee benefits expense	26	2,700.80	2,240.71
Finance costs	27	1,066.09	1,379.15
Depreciation and amortization expense	12	508.76	545.68
Power and fuel charges		3,139.67	3,122.55
Other expenses	28	2,290.35	1,554.50
Total Expenses		21,955.55	16,759.75
Profit before exceptional and extraordinary items and tax		258.95	382.30
Exceptional Items (Net)	29	731.14	117.03
Profit before tax		990.09	499.33
Tax expense			
Current tax		225.02	41.62
MAT Credit entitlement		(216.74)	(38.48)
Net Current tax		8.28	3.14
Prior Year Taxes		203.17	-
Deferred tax		(161.31)	(608.80)
Total Tax Expenses		50.14	(605.66)
Profit after tax		939.95	1,104.99
Basic & Diluted Earnings per share [in ₹] [Face Value ₹ 100 per share]	30.7		
Before exceptional items		30.02	142.04
After exceptional items		135.14	158.87
Significant accounting policies	2		
See accompanying notes on additional information to financial statements	30		

S. Pathy
Chairman & Managing Director

R. Santharam
Vice Chairman

Coimbatore
26th May 2014

N. Singaravel
Company Secretary

In terms of our report of even date
For Subbachar & Srinivasan
Firm Registration No. 004083S
Chartered Accountants
T.S.V. Rajagopal
Partner
Membership No. 200380

THE LAKSHMI MILLS COMPANY LIMITED

Cash Flow Statement for the year ended 31st March 2014

Particulars	₹ in Lakhs)	
	31.3.2014	31.3.2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and after exceptional items [net exceptional items of ₹ 731.14 lakhs (P.Y. ₹ 117.03 lakhs)]-Refer Note: 29	990.09	499.33
Adjustments for :		
Depreciation	508.76	545.68
Additional depreciation-Exceptional Item	-	1,914.94
Investment Income	(104.00)	(360.00)
Interest Expenditure	982.43	1,298.83
Interest Income	(55.35)	(55.03)
Profit on sale of assets	(11.34)	(213.38)
Profit on sale of Investments-Exceptional Item [Refer Note 29]	(1,976.52)	(2,037.97)
Unrealised (gain) on foreign currency cash and cash equivalents	(0.94)	-
Operating Profit before Working Capital Changes	333.13	1,093.07
(Increase)/Decrease in trade and other receivables	319.36	1,592.40
(Increase)/Decrease in inventories	(794.39)	(1,067.89)
Increase/(Decrease) in trade and other payables	798.37	(1,150.78)
Cash generated from operations	323.34	1,028.85
Direct taxes (paid)/refund received	656.47	(1,189.82)
Net Cash from Operating activities (A)	545.25	402.58
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(928.77)	(130.81)
Proceeds from sale of assets (including ₹ 11.07 lakhs from discontinuing operations); (Previous year ₹ 192.32 lakhs)	20.55	240.06
Proceeds from sale of Investments	1,979.85	2,041.30
Amount refundable towards Land Sale	-	37.87
Decrease / (Increase) in other Bank Balances	(93.28)	529.95
Interest received	35.95	74.28
Dividend received	104.00	360.00
Net cash used in investing activities (B)	1,118.30	3,152.65
C. CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from/(Repayment of) long term borrowings	(140.39)	(1,721.12)
Proceeds from/(Repayment of) short term borrowings	(362.90)	(501.68)
Interest paid [Including exceptional item ₹ 21.21 lakhs-Refer Note 29]	(985.18)	(1,364.81)
Dividend paid	(86.07)	(3.30)
Dividend transferred to IEPF	2.26	(1.53)
Corporate Dividend tax paid	(14.19)	-
Net cash used in financing activities (C)	(1,586.47)	(3,592.44)
Net increase/(Decrease) in cash and cash equivalents (A+B+C)	77.08	(54.79)



Cash Flow Statement for the year ended 31st March 2014

Particulars	31.3.2014	(₹ in Lakhs) 31.3.2013
Cash and cash equivalents at beginning of the year	16.50	71.29
Cash and cash equivalents at end of the year	94.52	16.50
Less: Unrealised (gain) in foreign currency cash and cash equivalents	(0.94)	-
	<u>93.58</u>	<u>16.50</u>
Net Increase/(Decrease) in cash and cash equivalents	77.08	(54.79)
Note: Cash and bank balances include the following balances which are restricted and not available for use by the Company		
Unpaid Dividend Warrant Account	11.35	11.69
Margin Money Deposit	237.55	160.29

S. Pathy
Chairman & Managing Director

R. Santharam
Vice Chairman

Coimbatore
26th May 2014

N. Singaravel
Company Secretary

In terms of our report of even date
For Subbachar & Srinivasan
Firm Registration No. 004083S
Chartered Accountants
T.S.V. Rajagopal
Partner
Membership No. 200380

Auditors' Certificate on compliance of conditions of Corporate Governance as per clause 49 of the Listing Agreement with Stock Exchanges.

TO THE MEMBERS OF
THE LAKSHMI MILLS COMPANY LIMITED
Coimbatore.

We have examined the compliance of conditions of Corporate Governance by THE LAKSHMI MILLS COMPANY LIMITED for the year ended on 31.3.2014 as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges.

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. 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, we certify

Coimbatore
25th July 2014

that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

On the basis of details received from the Share Transfer Agents of the Company and on the basis of the records maintained by the Shareholders' / Investors' Grievance 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 Subbachar & Srinivasan
Firm Registration No. 004083S
Chartered Accountants
T.S.V. Rajagopal
Partner
Membership No. 200380

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements

1 CORPORATE INFORMATION

The Lakshmi Mills Company Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The company is engaged in the manufacturing of Yarn and trading in cloth and garments. The company caters to both domestic and international markets.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Method of Accounting

The financial statements have been prepared under the historical cost convention on an accrual basis and in accordance with the Accounting Principles generally accepted in India (Indian GAAP) and comply with mandatory Accounting Standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 to the extent applicable.

2.2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made, that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known / materialised.

2.3 Fixed Assets

Fixed assets are stated at historical cost net of Cenvat credit / Value Added Tax, including appropriate direct and allocated expenses and interest on specific borrowings related to qualifying assets up to the commencement of production less accumulated depreciation and impairment losses, if any.

2.4 Investments

Long Term Investments are carried at cost inclusive of all expenses incidental to acquisition. Provision for diminution in value of long term investments is made only if such a decline is other than temporary in nature in the opinion of the management. Diminution with respect to market value, if temporary, is not recognized.

2.5 Valuation of Inventories

Inventories are valued as under -

- a) Finished goods: Yarn and cloth at lower of weighted average cost and net realizable value (Including excise duty) wherever applicable.
- b) Waste at contracted prices.
- c) Raw materials and stock-in-process at lower of weighted average cost and net realisable value.
- d) Stores and spare parts, components at weighted average cost.
- e) Stock in trade of land under development comprises of Freehold land and buildings at net book value, converted from fixed assets into Stock in trade and expenses related / attributable to the development of the said property. The same is valued at lower of such net book value or Net realisable value.

2.6 Translation of Foreign Currency Transactions

Foreign currency transactions are recorded at the prevailing exchange rates at the time of initial recognition. Exchange differences arising on final settlement are adjusted and recognized as income or expense in the profit and loss statement. Outstanding balances of monetary items denominated in foreign currency are restated at closing exchange rates and the difference adjusted as income or expense in the profit and loss statement.

The premium or discount arising at the inception of forward exchange contracts is accounted as income or expense over the life of the contract. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense in the period in which they arise.

2.7 Depreciation

Depreciation is provided on all assets on WDV basis except Factory Buildings which are provided in SLM basis at the rates specified in Schedule XIV of the Companies Act, 1956. For additions and deletions, depreciation is provided on pro-rata basis.

2.8 Recognition of Revenue

Income and Expenditure are recognized and accounted on accrual basis as and when they are earned or incurred. Revenue from sale transaction is recognized as and when significant risks and rewards attached to ownership in the goods is transferred to the buyer. Revenue from service transactions is recognized when invoiced / upon completion of work based on confirmed contracts. Dividend from Investments and Export incentives are recognized when the right to receive payment / credit is established and no significant uncertainty as to measurability or collectability exists.

2.9 Borrowing costs

Borrowing costs, if any, attributable to acquisition/construction of qualifying assets are capitalized and included in the cost of the asset, as appropriate.

2.10 Earning per share

Basic Earning per share is calculated by dividing the Net Profit after tax attributable to the equity shareholders by the weighted average number of Equity Shares outstanding during the year.

2.11 Employee Benefits

Short term employee benefits (other than termination benefits) which are payable within 12 months after the end of the period in which the employees rendered service are accounted on accrual basis.

Defined Contribution Plans

Company's contributions paid/payable during the year to Provident Fund and Superannuation Fund and ESI are recognized in the profit and loss statement.

Defined Benefit Plans

Company's liabilities towards gratuity is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognized on a straight line basis over the average period until the amended benefits becomes vested. Actuarial gains or losses are recognized immediately in the statement of profit and loss as income or expenses. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the balance sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligations. The expected return on plan assets is based on market expectations at the beginning of the period for returns over the entire life of the related obligations.

There is no scheme for encashment of unavailed leave on retirement since unavailed earned leave is settled annually and accounted on payment.

The cost of termination benefits, namely voluntary retirement payments are expensed in the year of payment.

2.12 Taxes on Income

Current Tax is determined as per the provisions of the Income-tax Act, 1961 in respect of taxable income for the year and based on the expected outcome of assessment /appeals.

Deferred Tax assets and liabilities are recognized on timing differences between accounting income and taxable income that originate in one period and are capable of reversal in one or more subsequent period and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date.

Deferred Tax assets arising on account of unabsorbed depreciation or carried forward business losses are recognized only when there is virtual certainty with convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets and liabilities are reviewed at each balance sheet date.

2.13 Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes to financial statements. Contingent assets are neither recognized nor disclosed in the financial statements. Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date and adjusted to reflect the best current estimate.

2.14 Cash Flow Statements

Cash Flows are reported using the Indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. Cash and cash equivalents include cash on hand and balance with banks in current and deposit accounts with necessary disclosure of cash and cash equivalent balances that are not available for use by the company.

2.15 Impairment of assets

An asset is treated as impaired when the carrying amount of the asset exceeds its estimated recoverable value. Carrying amounts of fixed assets are reviewed at each balance sheet date to determine indications of impairment, if any, of those assets. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss equal to the excess of the carrying amount over its recoverable value is recognized as an impairment loss. The impairment loss, if any, recognized in prior accounting period is reversed if there is a change in estimate of recoverable amount.

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements

Particulars	(₹ in lakhs)	
	31.3.2014	31.3.2013
NOTE 3: SHARE CAPITAL		
Authorised		
10,00,000 Equity Shares of ₹100/- each	<u>1,000.00</u>	<u>1,000.00</u>
Issued, Subscribed & Fully Paid up		
6,95,550 Equity Shares of ₹ 100/- each	<u>695.55</u>	<u>695.55</u>
Total	<u>695.55</u>	<u>695.55</u>

Equity shareholders holding more than 5% Equity shares	31.3.2014		31.3.2013	
	Number	%	Number	%
Lakshmi Machine Works Limited	26,916	3.87	39,297	5.65
Lakshmi Card Clothing Mfg. Co. P. Ltd	41,681	5.99	41,681	5.99
Coimbatore Lakshmi Cotton Press P. Ltd	64,880	9.33	52,349	7.53
Life Insurance Corporation of India	37,600	5.41	38,208	5.49
S. Pathy	104,559	15.03	103,901	14.94
Aditya Krishna Pathy	63,095	9.07	60,065	8.64
Total	<u>338,731</u>		<u>335,501</u>	
Number of Equity Shares at the beginning of the period	695,550		695,550	
Number of Equity Shares at the end of the period	695,550		695,550	

The company has issued only one class of Equity Share having par value of ₹ 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.

Particulars	(₹ in lakhs)	
	31.3.2014	31.3.2013
NOTE 4 : RESERVES AND SURPLUS		
1. Capital Reserve		
As per last Balance Sheet	9.00	9.00
2. Securities Premium Account		
As per last Balance Sheet	101.89	101.89
3. General Reserve		
As per last Balance Sheet	1,244.86	1,214.86
Add : Transfer from Statement of Profit & Loss	<u>50.00</u>	<u>30.00</u>
	<u>1,294.86</u>	<u>1,244.86</u>
4. Investment Fluctuation Reserve		
As per last Balance Sheet	46.71	46.71
5. Revaluation Reserve		
As per last Balance Sheet	9,948.71	9,948.71
6. Surplus in Statement of Profit & Loss		
As per last Balance Sheet	349.35	(627.98)
Add/(Less): Transfer from Statement Profit & Loss	<u>939.95</u>	<u>1,104.99</u>
	<u>1,289.30</u>	<u>477.01</u>
Less : Allocations & Appropriations during the year		
Transfer to General Reserve	50.00	30.00
Proposed Dividend	104.33	83.47
Tax on Proposed Dividend	<u>17.73</u>	<u>14.19</u>
Closing balance	<u>1,117.24</u>	<u>349.35</u>
Total	<u>12,518.41</u>	<u>11,700.52</u>



Notes to the financial statements

Particulars	(₹ in lakhs)	
	31.3.2014	31.3.2013
NOTE 5: LONG-TERM BORROWINGS		
Secured		
Term Loans from Banks [Refer Note No. 30.2 & 30.3]	2,050.53	2,187.37
Unsecured		
Fixed Deposits-Directors	-	3.00
Fixed Deposits-Others	-	0.55
Total	2,050.53	2,190.92
NOTE 6 : OTHER LONG TERM LIABILITIES		
Rent Advance	120.54	106.28
Total	120.54	106.28
NOTE 7 : LONG TERM PROVISIONS		
Provision for employee benefits		
Provision for Gratuity	332.60	287.14
Total	332.60	287.14
NOTE 8 : SHORT TERM BORROWINGS		
Secured		
Working capital loan from banks [Refer Note No. 30.2 & 30.3]	3,551.36	3,336.55
Total	3,551.36	3,336.55
NOTE 9 : TRADE PAYABLES		
Micro, Small and Medium Enterprises	-	-
Other creditors	2,454.12	1822.80
Total	2,454.12	1822.80
NOTE 10 : OTHER CURRENT LIABILITIES		
Current maturities of long term debt		
Term loans from Banks	927.81	1,491.68
Fixed Deposit - Others	158.02	159.67
Fixed Deposit - Directors	3.00	-
Interest accrued but not due on borrowings	9.79	10.05
Interest accrued and due on borrowings	-	2.49
Unpaid dividends - Covered by IEPF	11.35	11.69
Matured deposits not paid due to disputes among claimants	-	15.05
Other payables		
Liabilities for expenses	293.87	216.75
Other liabilities	105.54	75.26
Trade Deposits from customers	50.13	50.27
Advance Refundable towards Land Sale	482.85	482.85
Total	2,042.36	2,515.76
NOTE 11 : SHORT TERM PROVISIONS		
Provision for Gratuity	17.79	17.86
Provision for Direct Taxes(Net of advance taxes paid)	147.03	-
Proposed Dividend	104.33	83.47
Tax on Proposed Dividend	17.73	14.19
Total	286.88	115.52

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements

NOTE 12 : FIXED ASSETS

(₹ in lakhs)

S. No.	Particulars	GROSS BLOCK (COST)				DEPRECIATION				NET BLOCK	
		As at 1.4.2013	Additions	Disposals	As at 31.3.2014	As at 1.4.2013	For the year	Disposals	As at 31.3.2014	As at 31.3.2014	As at 31.3.2013
A	Tangible Assets										
1	Land	928.57	17.34	-	945.91	-	-	-	-	945.91	928.57
2	Buildings	1,597.61	112.53	-	1,710.14	632.43	38.64	-	671.07	1,039.07	965.18
3	Plant & Equipment	11,669.18	713.04	44.58	12,337.64	9,813.54	403.05	42.74	10,173.85	2,163.79	1,855.64
4	Electrical Plant & Equipment	1,082.89	14.52	0.39	1,097.02	879.94	33.97	0.34	913.57	183.45	202.95
5	Furniture & Fixtures	35.28	-	-	35.28	29.52	0.90	-	30.42	4.86	5.76
6	Vehicles	184.00	47.36	34.54	196.82	141.83	16.59	27.51	130.91	65.91	42.17
7	Office Equipments	161.81	4.20	1.16	164.85	110.65	8.60	0.87	118.38	46.47	51.16
8	Computer Equipments	147.88	8.74	-	156.62	141.00	3.44	-	144.44	12.18	6.88
	Sub Total	15,807.22	917.73	80.67	16,644.28	11,748.91	505.19	71.46	12,182.64	4,461.64	4,058.31
B	Intangible Assets										
	Computer Software	15.34	11.04	-	26.38	9.82	3.57	-	13.39	12.99	5.52
C	Capital Work-In-Progress										
		-	-	-	-	-	-	-	-	-	-
	Total	15,822.56	928.77	80.67	16,670.66	11,758.73	508.76	71.46	12,196.03	4,474.63	4,063.83
	Previous Year (2012-13)	15,966.45	130.81	274.70	15,822.56	9,546.13	2,460.62 *	248.02	11,758.73	4,063.83	

* Includes ₹ 1,914.94 lakhs additional depreciation charge due to change in accounting policy in F.Y. 2012-13

(₹ in lakhs)

Particulars	Face value per Share ₹	No. of Shares	31.3.2014 Amount	No. of Shares	31.3.2013 Amount
NOTE 13 : NON CURRENT INVESTMENTS					
Investments in Equity Instruments (at Cost)					
A. Non Trade-Quoted-Long Term-Fully paid up					
Lakshmi Machine Works Limited	10	520000	17.34	620000	20.67
Lakshmi Automatic Loom Works Limited	10	330000	64.05	330000	64.05
Rajshree Sugars & Chemicals Limited	10	220000	22.00	220000	22.00
Sub Total			103.39		106.72
B. Non-Trade - Unquoted - Long Term - Fully paid up					
LCC Investments Limited	10	150000	15.00	150000	15.00
Sai Regency Power Corporation Limited	10	525000	52.50	525000	52.50
Total			170.89		174.22
	Cost		Market Value	Cost	Market Value
(i) Market value of Non-Current Investments-Quoted	103.39	16,472.43	106.72	11,626.45	
(ii) Value of Non-Current Investments -Unquoted	67.50	-	67.50	-	
Total	170.89	16,472.43	174.22	11,626.45	

Notes to the financial statements

Particulars	(₹ in lakhs)	
	31.3.2014	31.3.2013
NOTE 14 : DEFERRED TAX ASSET (NET)		
Deferred Tax Asset		
43 B Disallowance-Gratuity	104.54	94.13
Unabsorbed Depreciation and Carry Forward losses	2,340.04	2,228.35
Voluntary Retirement Scheme	14.47	7.56
Others	0.84	2.38
	<u>2,459.89</u>	<u>2,332.42</u>
Deferred Tax Liability		
Depreciation	351.04	384.88
Deferred Tax Asset (Net)	<u>2,108.85</u>	<u>1,947.54</u>
NOTE 15 : LONG TERM LOANS AND ADVANCES (Unsecured, considered good)		
Electricity deposits	194.78	93.75
Other deposits	8.89	8.91
Advances recoverable in cash or in kind or for value to be received	146.27	324.04
Advance Payment of Direct Taxes (Net of Provisions therefor)	-	143.73
MAT Credit Entitlement	301.92	111.39
	<u>651.86</u>	<u>681.82</u>
NOTE 16 : INVENTORIES (At lower of cost or net realisable value)		
Raw materials	822.73	551.38
Work in progress-Yarn	502.03	366.53
Finished goods		
Yarn	1,013.73	963.74
Waste	12.33	7.84
Stock in Trade- Trading		
Cloth	484.56	145.40
Garments	5.94	0.16
Stores and spares	161.52	173.40
	<u>3,002.84</u>	<u>2,208.45</u>
NOTE 17 : TRADE RECEIVABLES (Unsecured, Considered good)		
Outstanding for a period exceeding six months from due date	63.26	-
Others	2,343.61	2,282.27
	<u>2,406.87</u>	<u>2,282.27</u>
(Unsecured, Considered doubtful)		
Outstanding for a period exceeding six months from due date	78.19	-
Others	-	-
	<u>78.19</u>	<u>-</u>
Less: Provision for doubtful debts	78.19	-
	<u>-</u>	<u>-</u>
	<u>2,406.87</u>	<u>2,282.27</u>
NOTE 18 : CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances with banks		
In Current Account	84.78	12.50
Cash on hand	9.74	4.00
	<u>94.52</u>	<u>16.50</u>
Other Bank Balances		
Bank deposits held as margin money	237.55	160.29
Bank deposits with more than 12 months maturity	13.20	-
Other Bank Deposits	41.76	38.60
Unpaid Dividend warrant accounts	11.35	11.69
Savings Certificate	0.05	0.05
	<u>303.91</u>	<u>210.63</u>
	<u>398.43</u>	<u>227.13</u>

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements

Particulars	31.3.2014	(₹ in lakhs) 31.3.2013
NOTE 19 : SHORT-TERM LOANS AND ADVANCES (Unsecured, considered good)		
Balance with Central Excise/ Sales tax authorities	37.27	57.11
Total	37.27	57.11
NOTE 20 : OTHER CURRENT ASSETS		
Prepaid expenses	18.85	1.53
Interest accrued on Bank Deposits	24.90	5.50
Income Receivable	149.03	513.71
Total	192.78	520.74
NOTE 21 : REVENUE FROM OPERATIONS		
Revenue from Sale of products		
Manufactured - Cotton and Synthetic Yarn	18,689.82	14,597.62
Cloth	609.02	-
Trading - Cotton and Synthetic Yarn	5.59	4.64
Cloth	1,931.71	1,339.56
Garments	25.26	34.95
Waste	464.87	315.73
Raw Materials	5.24	-
Sub Total	21,731.51	16,292.50
Other operating revenues		
Sale of Scrap	21.12	45.06
Export incentives	47.94	51.57
Sub Total	69.06	96.63
Total Revenue from Operations	21,800.57	16,389.13
Less: Excise Duty	-	-
Total	21,800.57	16,389.13
NOTE 22 : OTHER INCOME		
Interest income	55.35	55.03
Dividend income	104.00	360.00
Rent	239.42	102.48
Other Income	2.88	4.05
Foreign Exchange gain	0.94	17.98
Profit on sale of assets	11.34	213.38
Total	413.93	752.92
NOTE 23 : MATERIALS CONSUMED		
Opening Stock	551.38	199.79
Add : Purchases	11,187.64	7,772.59
Less : Closing Stock	822.73	551.38
Cost of Materials Consumed	10,916.29	7,421.00
NOTE 24 : PURCHASES OF STOCK-IN-TRADE		
Purchase for resale		
Yarn	5.05	4.19
Cloth	1,852.37	1,247.98
Garment	11.09	26.23
Total	1,868.51	1,278.40

Notes to the financial statements

Particulars	(₹ in lakhs)	
	31.3.2014	31.3.2013
NOTE 25 : CHANGES IN INVENTORY OF FINISHED GOODS AND WIP		
Opening Stock		
Yarn	963.74	391.82
Cloth	145.40	26.67
Garments	0.16	1.93
Waste	7.84	4.27
Work in Progress	366.53	276.74
Sub Total	1,483.67	701.43
Closing Stock		
Yarn	1,013.73	963.74
Cloth	484.56	145.40
Garments	5.94	0.16
Waste	12.33	7.84
Work in Progress	502.03	366.53
Sub Total	2,018.59	1,483.67
(Increase)/Decrease in Stocks	(534.92)	(782.24)
NOTE 26 : EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages & Bonus	2,256.79	1,837.52
Managing Directors' Remuneration (Minimum)	78.65	70.92
Contribution to PF & Administrative Charges	105.95	112.68
Gratuity	80.51	76.03
Contribution to Superannuation Fund	0.86	0.83
ESI Contribution	62.46	52.93
Welfare Expenses	115.58	89.80
Total	2,700.80	2,240.71
NOTE 27 : FINANCE COSTS		
Interest on Bank borrowings	965.12	1,281.58
Interest on Fixed Deposit	17.31	17.25
Bank Charges	83.66	80.32
Total	1,066.09	1,379.15
NOTE 28 : OTHER EXPENSES		
Consumption of stores and spare parts	168.29	98.03
Consumption of Packing materials	260.30	189.29
Rent	9.60	9.60
Repairs to Buildings	82.21	66.49
Repairs to Machinery	298.49	227.65
Insurance	16.79	10.75
Rates and Taxes, excluding taxes on income	96.86	63.42
Other Manufacturing Expenses	167.55	28.02
Sales Commission	223.60	178.57
Sales Expenses, Advertisement, Export Expenses & Freight	266.22	208.24
Foreign Exchange loss	64.53	-
Office Maintenance & Administration Expenses	289.35	255.58
Directors' Sitting Fees	4.30	3.70
Auditor's Remuneration		
Audit fees	2.00	2.00
Taxation matters	1.29	1.40
Certification	1.70	0.97
Reimbursement of expenses	0.47	0.53
Miscellaneous Expenses [Refer Note No. 30.11]	336.80	210.26
Total	2,290.35	1,554.50

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements

Particulars	31.3.2014	(₹ in lakhs) 31.3.2013
NOTE 29 : EXCEPTIONAL ITEMS (NET)		
Profit on sale of investments	1,976.52	2,037.97
Less : Additional depreciation on change in accounting policy	-	1,914.94
Electricity generation tax on gas power purchase	158.83	-
Dedicated Power feeder line expenses	263.89	-
Special repairs for modernisation	296.46	-
Voluntary Retirement Scheme Expenses	43.20	6.00
Ineligible TUF Subsidy written off	378.94	-
Interest on matured FDs paid on settlement of dispute among claimants	21.21	-
Prior year electricity charges	82.85	-
Total	731.14	117.03
NOTE 30 : ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS		
30.1 Contingent liabilities and commitments (to the extent not provided for)		
Contingent liabilities		
Letters of Credit	1,323.00	1,119.68
Bills discounted with banks	599.81	679.75
Central Excise / Service tax disputed demands	8.42	9.08
Disputed Electricity charges	102.58	-
Sub Total	2,033.81	1,808.51
Commitments		
Estimated amount of contracts unexecuted on capital account	-	-
Sub Total	-	-
Total	2,033.81	1,808.51
30.2 Long Term Borrowings and Short Term Borrowings		
a) Long Term Borrowings		
Term Loans From Banks-Secured		
a) Term Loan under TUF Scheme		
Central Bank of India	845.75	1,039.38
Canara Bank	470.31	940.00
b) Canara Bank VRS Loan	62.54	107.99
c) Central Bank of India Working Capital Term Loan	-	100.00
d) IOB Term Loan under TUF Scheme	242.69	-
e) Suppliers' line of credit	429.24	-
Total	2,050.53	2,187.37
b) Short Term Borrowings		
Working Capital Loan from Banks-Secured		
Cash Credit	3,411.36	3,196.55
Packing Credit	140.00	140.00
Total	3,551.36	3,336.55

30.3 a) Terms of repayment of long term borrowings

Particulars	Maturity term	Instalments	Rate of Interest
Central Bank of India Working Capital Loan	2014-15	4 Quarterly	15.00%
Canara Bank TUF Loan	2015-16	8 Quarterly	14.00%
Canara Bank VRS Loan	2015-16	8 Quarterly	14.45%
Central Bank of India TUF Loan	2018-19	20 Quarterly	14.00%
Indian Overseas Bank Term Loan	2020-21	72 Monthly	14.25%

b) Details of securities on Long Term and Short Term borrowings from banks

Term loans from Central Bank of India and Canara Bank are secured by first charge on fixed assets of Kovilpatti and Palladam units.

Term Loan from Indian Overseas Bank and Canara Bank is secured by pari passu first charge on the fixed assets at Coimbatore.

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

30.4 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of the information available with the Company. There are no overdues to parties on account of principal amount and / or interest and accordingly no additional disclosures have been made.

30.5 a) The net deferred tax assets carried over as at 31st March 2014 comprises of the following :

(₹ in lakhs)			
Particulars	Opening as on 1.4.2013	Movement for the year	Closing as on 31.3.2014
Deferred Tax Asset			
43 B Disallowance-Gratuity	94.13	10.41	104.54
Unabsorbed Depreciation and Carry Forward Losses	2,228.35	111.69	2,340.04
Voluntary Retirement Scheme	7.56	6.91	14.47
Others	2.38	(1.54)	0.84
Deferred Tax Liability			
Depreciation	384.88	(33.84)	351.04
Deferred Tax Asset (Net)	1,947.54	161.31	2,108.85

b) In the opinion of the Company, with the proposed profitable alternate use of lands rendered surplus which have been converted into stock in trade, it is virtually certain to result in realisation of deferred tax assets on account of unabsorbed depreciation and unabsorbed business losses against future taxable income.

30.6 Discontinuing Operations

As part of over all restructuring plans for economising operations, the company had decommissioned one of its plants at Coimbatore in the financial year 2008-09. After relocating the viable and productive machinery to other units the substantial part of machinery rendered surplus have been disposed off. The profit on sale of machinery during the financial year is ₹ 3.82 lakhs (Previous year ₹174.61 lakhs). The land rendered available for development and converted into stock in trade has a carrying amount of ₹ 10607.93 lakhs (Previous year ₹ 10607.93 lakhs).

Particulars	31.3.2014	31.3.2013
30.7 Earnings per Share (Gross)		
Profit after tax as per Statement of Profit & Loss -		
Before exceptional items (₹ in lakhs)	208.80	987.96
After exceptional items (₹ in lakhs)	939.95	1,104.99
Weighted average number of equity shares outstanding	695,550	695,550
Basic and diluted earnings per share -		
Before exceptional items (in ₹) (Face value ₹ 100 per share)	30.02	142.04
After exceptional items (in ₹) (Face value ₹100 per share)	135.14	158.87

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements

30.8 Segment Reporting

The present operations of the company are under a single broad segment "Textile Intermediary products". These in the context of Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India are considered as one single primary segment.

30.9 Disclosure of related parties and related party transactions:

Related Parties

Associates

1. Lakshmi Card Clothing Manufacturing Company Private Limited
2. Lakshmi Automatic Looms Works Limited
3. Balakumar Shipping & Clearing Agency Private Limited
4. Aloha Tours & Travels (India) Private Limited

Key Managerial Personnel

1. Sri S. Pathy
2. Sri Aditya Krishna Pathy

(₹ in lakhs)

Transaction with related parties	Associates		Key Managerial Personnel	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
Purchase of Goods/assets	27.59	18.57	-	-
Sale of goods/assets	1.21	1.73	-	-
Receiving of services	51.04	37.58	-	-
Managerial Remuneration	-	-	78.64	70.92
Interest paid	-	-	0.28	0.28
Amount receivable	61.42	27.94	-	-
Amount payable	74.66	316.51	0.77	4.30

Note: Related party relationships are as identified by the management

Disclosure in respect of Material Related Party Transactions during the year:-

1. Purchase of goods/assets includes Lakshmi Card Clothing Manufacturing Company P Ltd ₹ 27.59 lakhs; (Previous year ₹18.57 lakhs).
2. Sale of Goods / assets include Lakshmi Card Clothing Mfg. Co. P. Ltd ₹ 1.21 Lakhs. (Previous year ₹ 1.73 Lakhs).
3. Receiving of Services include Balakumar Shipping & Clearing Agency P. Ltd ₹ 21.69 lakhs (Previous year ₹ 22.76 Lakhs); Aloha Tours & Travels (India) Private Ltd ₹ 27.01 lakhs (Previous year ₹ 12.33 lakhs) and Others ₹ 2.34 lakhs (Previous year ₹ 2.49 lakhs).
4. Managerial Remuneration includes Sri S. Pathy ₹ 49.95 Lakhs (Previous year ₹ 45.28 Lakhs); Sri Aditya Krishna Pathy ₹ 28.69 Lakhs (Previous year ₹ 25.64 Lakhs).
5. Interest includes Sri Aditya Krishna Pathy ₹ 0.28 Lakhs (Previous year ₹ 0.28 Lakhs).
6. Amount Receivable includes Lakshmi Automatic Loom Works Ltd ₹ 4.98 lakhs (Previous year ₹ 4.24 lakhs) and Balakumar Shipping & Clearing Agency P Ltd ₹ 56.44 lakhs (Previous year ₹ 23.70 lakhs).
7. Amount payable include Lakshmi Card Clothing Manufacturing Company Pvt Ltd ₹ 73.39 lakhs (Previous year ₹ 311.49 lakhs); Aloha Tours & Travels (India) Private Ltd ₹ 1.27 Lakhs (Previous year ₹ 5.02 Lakhs); Sri S.Pathy ₹ Nil. (Previous year ₹ 1.04 lakhs); Sri. Aditya Krishna Pathy ₹ 0.77 lakhs (Previous year ₹ 3.26 lakhs).



Notes to the financial statements

Particulars	(₹ in Lakhs)		
	31.3.2014	31.3.2013	31.3.2012
30.10 Employees benefits			
(a) Defined Benefit Plans			
A. Expense recognised during the year			
1. Current Service cost	26.35	22.18	21.79
2. Interest cost	32.60	25.30	22.92
3. Expected return on plan assets	(5.50)	(5.65)	(6.16)
4. Actuarial Losses / (Gains) during the year	27.05	34.20	26.91
5. Total Expense	80.50	76.03	65.46
B. Actual return on Plan assets			
1. Expected return on plan assets	5.50	5.65	6.16
2. Actuarial (Loss) / Gain on Plan assets	0.36	(1.10)	2.69
3. Actual return on plan assets	5.86	4.55	8.85
C. Net Asset/(Liability) recognised in the Balance Sheet			
1. Present value of the obligation at the beginning of the year	421.94	377.04	332.19
2. Fair value of plan assets as at the end of the year	71.55	71.80	73.09
3. Funded status surplus/(deficit)	(350.39)	(305.24)	(259.10)
4. Unrecognised past service cost	0.00	0.00	0.00
5. Net Asset/(Liability) recognised in the Balance Sheet	(350.39)	(305.24)	(259.10)
D. Change in Present value of the Obligation during the year			
1. Present value of the obligation as at the beginning of the year	377.04	332.19	309.68
2. Current service cost	26.35	22.18	21.79
3. Interest cost	32.60	25.30	22.92
4. Benefits paid	(41.46)	(35.73)	(46.42)
5. Actuarial (gain)/loss on obligation	27.41	33.10	24.22
6. Present value of the obligation at the end of the year	421.94	377.04	332.19
E. Change in Plan Assets during the year			
1. Fair value of plan assets as at the beginning of the year	71.80	73.09	74.81
2. Expected return on plan assets	5.50	5.65	6.16
3. Contributions made	35.35	29.89	41.23
4. Benefits paid	(41.46)	(35.73)	(46.42)
5. Actuarial gain/(loss) on plan assets	0.36	(1.10)	(2.69)
6. Fair value of plan assets as at the end of the year	71.55	71.80	73.09
F. Net Actuarial Gain/Loss recognised			
1. Actuarial (Gain)/ Loss on benefit obligation	27.41	33.10	24.22
2. Actuarial Gain / (Loss) on Plan Assets	0.36	(1.10)	(2.69)
3. Net Actuarial (Gain) / Loss recognised	27.05	34.20	26.91
G. Major categories of plan assets as a percentage of total plan			
Special Deposit Schemes	91.54%	91.22%	89.61%
Bank Balances and recoverables	8.46%	8.78%	10.39%
Total	100.00%	100.00%	100.00%
H. Actuarial Assumptions			
1. Discount rate	9.15%	8.05%	8.00%
2. Salary escalation	7.00%	5.00%	5.00%
3. Expected rate of return on plan assets	8.00%	8.05%	8.00%
4. Attrition rate	3.00%	2.00%	2.00%
5. Mortality rate	(2006-08)	(2006-08)	(1994-96)
	IAL	IAL	LIC
	Ultimate	Ultimate	Ultimate
(b) Defined Contribution Plan			
Employer's Contribution to Provident and Family Pension Fund	112.95	118.96	105.31
Employer's Contribution to Superannuation Fund	9.62	8.69	7.81

Note:

The salary escalation considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The company's best estimate of contribution to be made in the next financial year is ₹ 25,00,000.

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements

		(₹ in lakhs)	
Particulars		31.3.2014	31.3.2013
30.11 Miscellaneous Expenses			
Cost Audit Fees		0.75	0.50
Repairs to Others		21.33	19.33
Printing, Stationery & Subscription		21.76	22.56
Travelling, Postage, Telex, Telephone & Transport Charges		188.69	150.68
Legal and Consultancy Expenses		12.44	5.56
Provision for doubtful debts		78.19	-
Bad Debts written off		13.64	11.63
Total		336.80	210.26
30.12 Expenditure in foreign currency on account of			
Travel		16.07	5.78
Sales Commission		43.58	57.39
Subscription		1.01	0.73
Total		60.66	63.90
30.13 Earnings in foreign exchange-Export of goods on FOB value			
Cloth		1,449.35	1,239.90
Yarn		221.62	32.17
Total		1,670.97	1,272.07
30.14 CIF Value of Imports			
Raw Materials		-	3.41
Components & Spares		306.18	4.97
		306.18	8.38

		(₹ in lakhs)	
Particulars		31.3.2014 Value	31.3.2013 Value
30.15 Value of Raw Materials, Stores, and Components consumed			
a) Cotton, Fibre and Yarn			
Imported	-	-	0.05
Indigenous	100.00	10,916.29	99.95
		10,916.29	7,421.00
b) Stores consumed			
Imported	2.59	11.10	1.73
Indigenous	97.41	417.49	98.27
		428.59	287.32

30.16 In the opinion of the Board of Directors, assets other than fixed assets and non current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

		(₹ in lakhs)	
Particulars		31.3.2014	31.3.2013
30.17 Details of dividend proposed			
Amount of dividend proposed		104.33	83.47
Amount of dividend per Equity share [in ₹]		15.00	12.00

Notes to the financial statements

- 30.18** a) The company does not have any derivatives, financial instruments either for hedging or for speculation purpose outstanding as on the Balance Sheet date.
- b) Details of foreign currency exposures that are not hedged by any derivative instrument or otherwise are

Particulars		Amount in foreign currency		Equivalent ₹ in lakhs	
		31.3.2014	31.3.2013	31.3.2014	31.3.2013
Sundry Debtors	USD	245,344	Nil	150.33	Nil
Sundry Debtors	GBP	387,160	404,993.40	389.31	358.70
Sundry Creditors		Nil	Nil	Nil	Nil
Bank balances (EEFC A/c)	USD	70,003	Nil	40.92	Nil
Supplier's line of credit	EURO	511,000	Nil	429.24	Nil

- 30.19** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

S. Pathy
Chairman & Managing Director

Coimbatore
26th May 2014

R. Santharam
Vice Chairman

N. Singaravel
Company Secretary

In terms of our report of even date
For Subbachar & Srinivasan
Firm Registration No. 0040835
Chartered Accountants
T.S.V. Rajagopal
Partner
Membership No. 200380

NOTES

To

M/s. SKDC Consultants Limited,
Kanapathy Towers, 3rd Floor,
1391/A-1, Sathy Road,
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)

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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.



THE LAKSHMI MILLS COMPANY LIMITED

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

FORM NO. MGT - 11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s):

Registered address:

E-mail ID:

Folio No./Client ID:

DP ID:

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

1) Name:

Address

Email ID

Signature

or failing him/her

2) Name:

Address

Email ID

Signature

or failing him/her

3) Name:

Address

Email ID

Signature

as my/our proxy to attend and vote (on poll) for me/us and on my/our behalf at the 104th Annual General Meeting of the Company, to be held on Monday, the 15th day of September, 2014 at 4.35 p.m. "Nani Palkhivala Auditorium", Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037, and at any adjournment thereof in respect of such resolutions set out in the Notice convening the meeting, as are indicated herein:

P.T.O.

Resolution Number	Resolution	Vote (see note 2)	
		For	Against
Ordinary Business			
1	Adoption of Financial Statements for the year ended 31.03.2014	<input type="checkbox"/>	<input type="checkbox"/>
2	Approval of dividend for the year ended 31.03.2014	<input type="checkbox"/>	<input type="checkbox"/>
3	Reappointment of the Director Sri R. Santharam, who retires by rotation	<input type="checkbox"/>	<input type="checkbox"/>
4	Appointment of Auditors and to fix their remuneration	<input type="checkbox"/>	<input type="checkbox"/>
Special Business			
5	Approval of terms of appointment of Sri S. Pathy, Chairman and Managing Director	<input type="checkbox"/>	<input type="checkbox"/>
6	Appointment of Sri V. S. Velayutham, who retire by rotation, as an Independent Director	<input type="checkbox"/>	<input type="checkbox"/>
7	Appointment of Sri V. Jagannathan, as an Independent Director	<input type="checkbox"/>	<input type="checkbox"/>
8	Appointment of Sri D. Rajendran, as an Independent Director	<input type="checkbox"/>	<input type="checkbox"/>
9	Appointment of Sri Satish Ajmera, as an Independent Director		
10	Special Resolution under Section 180 (1) (c) of the Companies Act, 2013, to borrow money upto Rs. 300 Crores over and above the aggregate of the Paid up Capital and Free Reserves of the Company	<input type="checkbox"/>	<input type="checkbox"/>
11	Special Resolution under Section 180 (1) (a) of the Companies Act, 2013, to mortgage, charge, hypothecate all any of the movable and immovable properties of the Company, upto the overall limit of Rs. 300 Crores.	<input type="checkbox"/>	<input type="checkbox"/>
12	Amendment of Articles of Association	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of 2014

Signature of shareholder :

Signature of Proxy holder (s) :

Affix
Revenue
Stamp

Note :

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. It is optional to indicate your preference. If you leave the for, against, abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner he/she may deem applicable.



THE LAKSHMI MILLS COMPANY LIMITED

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

ATTENDANCE SLIP

Hundred and Fourth Annual General Meeting 15th September, 2014

For Demat Shareholders

Name & Address of the Shareholder	DP Client ID	No. of Shares held

For Physical Shareholders

Name & Address of the Shareholder	Regd. Folio No.	No. of Shares held

I hereby record my presence at the 104th Annual General Meeting of the Company at 4.35 p.m. at “Nani Palkhivala Auditorium”, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037 on Monday, the 15th day of September, 2014 ,

If Shareholder, please sign here	If Proxy, please sign here

Note:

- 1) Members attending the meeting in person or by Proxy are requested to complete the Attendance Slip and hand it over at the entrance of the meeting room.
- 2) Members are requested to bring their copy of Annual Report to the meeting.
- 3) Members who have received soft copy of the Annual Report may kindly take a print out of the Attendance Slip and handover at the venue.

