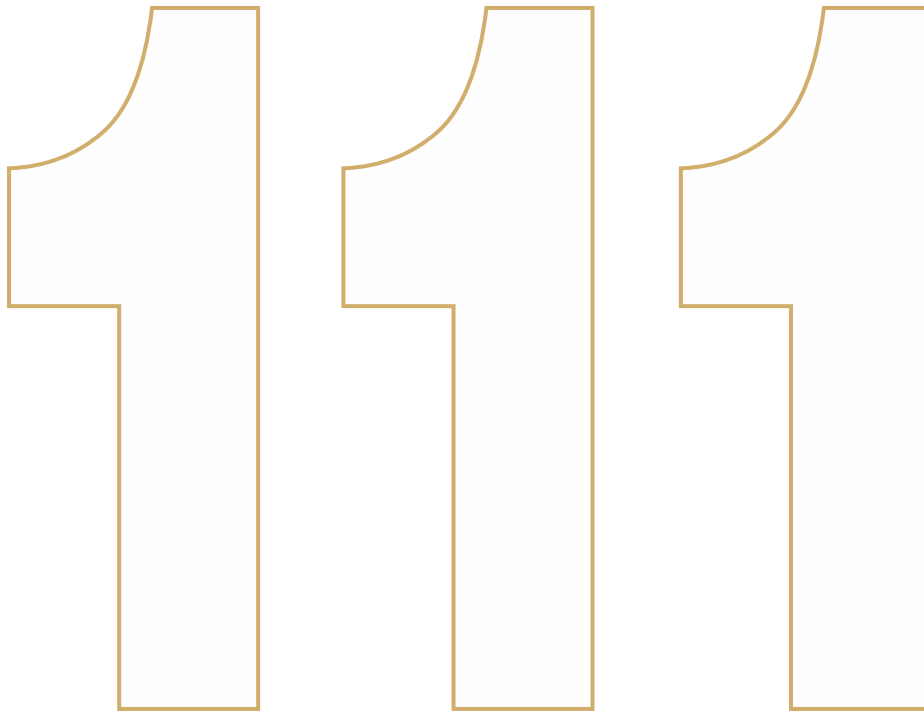


*HUNDRED AND ELEVENTH  
ANNUAL REPORT  
2021*



ESTD - 1910

THE LAKSHMI MILLS COMPANY LTD  
COIMBATORE

# THE LAKSHMI MILLS COMPANY LIMITED

Annual Report 2020 - 21

## BOARD OF DIRECTORS

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

## CHAIRMAN AND MANAGING DIRECTOR

Sri S. PATHY

## COMPANY SECRETARY

Sri N. SINGARAVEL

## CHIEF FINANCIAL OFFICER

Sri A. DORAISWAMY

## AUDITORS

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

## BANKERS

Central Bank of India  
Canara Bank  
Indian Overseas Bank

## REGISTERED OFFICE

686, Avanashi Road  
Pappanaickenpalayam  
Coimbatore - 641 037  
Phone : 91 - 0422 - 2245461 to 2245465, 4333700  
Fax : 91 - 0422 - 2246508  
E-mail : [contact@lakshimimills.com](mailto:contact@lakshimimills.com)  
Website : [www.lakshimimills.com](http://www.lakshimimills.com)  
CIN : L17111TZ1910PLC000093

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# THE LAKSHMI MILLS COMPANY LIMITED

686, Avanashi Road, Coimbatore - 641 037

Phone : 91- 0422 - 2245461 to 2245465, 4333700 Fax : 91- 0422 - 2246508

E-mail : [contact@lakshmimills.com](mailto:contact@lakshmimills.com) Website : [www.lakshmimills.com](http://www.lakshmimills.com)

CIN: L17111TZ1910PLC000093

## NOTICE TO SHAREHOLDERS

Notice is hereby given that the HUNDRED AND ELEVENTH ANNUAL GENERAL MEETING (AGM) of the Members of the Company will be held on Friday, 24<sup>th</sup> September, 2021 at 12:05 P.M. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") without the in-person presence of shareholders to transact the following businesses. The venue of the meeting shall be deemed to be the Registered Office of the Company at 686, Avanashi Road, Pappanaickenpalayam, Coimbatore 641 037.

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements including Balance Sheet as at 31<sup>st</sup> March, 2021, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and Changes in Equity for the year ended on that date together with the Directors' Report and the Auditors' Report thereon.
2. To declare a dividend for the year ended 31<sup>st</sup> March 2021.
3. To appoint a Director in the place of Sri Sanjay Jayavarthanavelu (DIN 00004505), who retires by rotation and being eligible, offers himself for reappointment.

## SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 198, 203, Schedule V and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the Articles of Association of the Company, the consent of the Shareholders of the Company, be and is hereby accorded to the re-appointment of Sri S. Pathy (DIN 00013899) as Managing Director of the Company for a further period of 5 years and

payment of remuneration for a period of 3 years with effect from 24.04.2021 on the following terms and conditions as recommended by the Nomination and Remuneration Committee and approved by the Audit Committee and the Board of Directors at their respective meetings held on 10<sup>th</sup> February 2021."

## MEMORANDUM OF TERMS AND CONDITIONS

- |                    |   |  |
|--------------------|---|--|
| 1 Salary           | : | ₹ 7,00,000/- per month with an annual increment of ₹ 50,000/- every year.  |
| 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.

## Perquisites

In addition to the salary and commission, the Managing Director shall also 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. However, the aggregate of such perquisites shall not exceed ₹ 3,60,000/- per annum. 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 Managing Director.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the aforesaid period, the salary and perquisites mentioned above shall be the minimum remuneration payable to Sri S. Pathy (DIN: 00013899) Managing Director of the Company.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to alter and vary the terms of appointment and / or remuneration payable to Sri S. Pathy, Managing Director, as it may deem fit, subject to the same not exceeding the limit as approved by the shareholders.

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

"RESOLVED THAT pursuant to the provisions of section 148(3) and all other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. A. R. Ramasubramania Raja & Co., (Registration No. 000514), Cost Accountants, Coimbatore, who was appointed as Cost Auditor by the Board of Directors of the Company on the recommendation of the Audit Committee, to conduct the audit of the cost accounting records of the Company for the financial year 2021-22 on a remuneration of ₹ 1,00,000/- exclusive of applicable taxes and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed."

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

Coimbatore  
28.06.2021

**NOTES:**

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020, June 15, 2020, September 28, 2020, December 31, 2020 and January 13, 2021 (collectively referred to as "MCA Circulars") and the Securities and Exchange Board of India vide their circulars dated May 12, 2020 and January 15, 2021 (collectively referred to as "SEBI Circulars") permitted the conduct of the Annual General Meeting ("AGM") through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. The deemed venue for the AGM shall be the Registered Office of the Company. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") MCA Circulars and SEBI Circulars, the 111<sup>th</sup> AGM of the Company is being held through VC / OAVM. Members desirous of participating in the meeting through VC/OAVM, may refer to the procedures mentioned below.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
4. Institutional/Corporate Members (i.e., other than Individuals/HUF/NRI) etc are required to send the scanned copy of the Board Resolution (pdf or jpg format) authorizing their representatives to attend the meeting through VC/OAVM on their

# THE LAKSHMI MILLS COMPANY LIMITED

behalf and to vote through remote e-voting. The said Resolution/Authorisation shall be sent to the Scrutinizer by email through its registered email address to [bk.scrutiniser@gmail.com](mailto:bk.scrutiniser@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

5. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. Members may note that M/s. M.S.Jagannathan & Visvanathan, Chartered Accountants, (Firm Registration No. 001209S), Coimbatore, the statutory auditors of the Company were appointed by the shareholders at 107<sup>th</sup> Annual General Meeting (AGM) held on 26.07.2017, to hold office for a period of 5 years till the conclusion of AGM to be held during the year 2022, subject to ratification by the shareholders at every AGM. However, the Ministry of Corporate Affairs vide its notification dated 07.05.2018 has amended Section 139 of the Companies Act, 2013 by omitting the requirement of seeking ratification of the Members for appointment of statutory auditors at every AGM. Hence, no resolution is being proposed for ratification of appointment of statutory auditors at this 111<sup>th</sup> Annual General Meeting.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday - 18.09.2021 to Friday - 24.09.2021 (both days inclusive), in compliance with Regulation 42 of the SEBI (LODR) Regulations 2015 and Section 91 of the Companies Act, 2013.
8. Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting will be paid within 30 days from the date of declaration to those Members whose names appear on the Register of Members in respect of shares held in physical form as well as in respect of shares held in electronic form as per the details received from the depositories for this purpose as at the close of the business hours on Friday, 17<sup>th</sup> September, 2021.
9. Compulsory transfer of Equity Shares to Investor Education and Protection Fund (IEPF) Authority:  
  
Pursuant to the provisions of Section 124(6) of the Act and Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit,

Transfer and Refund) Rules, 2016, ("the IEPF Rules") and amendments thereto, the Company has transferred the shares in respect of Members who have not claimed/encashed dividend for the last seven consecutive years to the Demat Account of the IEPF Authority. Details of the Members whose shares have been transferred to the Demat account of the IEPF Authority are available at the Company's website at [www.lakshmimills.com](http://www.lakshmimills.com).

10. Members who wish to claim dividends, which remain unclaimed, are requested to correspond with the Company/Registrar & Share Transfer Agent of the Company. Members are requested to note that pursuant to Section 124 of the Companies Act, 2013 dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government under Section 125 of the Companies Act, 2013. The details of unpaid/ unclaimed dividend can be viewed on the Company's website [www.lakshmimills.com](http://www.lakshmimills.com). As per the provisions of Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016, the Company will be transferring the share(s) on which the beneficial owner has not encashed any dividend during the last seven years to the IEPF demat account as identified by the IEPF Authority. Details of shareholders whose shares are liable to be transferred to IEPF are available at the Company website: [www.lakshmimills.com](http://www.lakshmimills.com). The shareholders whose unclaimed dividend/share has been transferred to the 'Investor Education and Protection Fund' may claim the same from IEPF authority by filing Form IEPF-5 along with requisite documents. Sri N. Singaravel, Company Secretary, is the Nodal Officer of the Company for the purpose of verification of such claims.
11. Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to the Company Secretary of the Company or its RTA - M/s. S.K.D.C. Consultants Limited, "Surya", 35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore 641 028, by quoting their Folio Number or the

Client ID No. with DP ID No.

12. It is reiterated that the request for Dematerialisation and Rematerialisation are to be made only to the Depository Participant (DP) with whom you have opened an account and not to the Company or its Transfer Agent.
13. International Securities Identification Number given to your company is INE938C01019.
14. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar and Share Transfer Agent, for consolidation into a single folio.
15. Securities and Exchange Board of India has mandated that the transfer of securities held in physical form, except in case of transmission or transposition, shall not be processed by the listed entities / Registrar and Share Transfer Agents with effect from 1<sup>st</sup> April, 2019. Therefore, members holding share(s) in physical form are requested to immediately dematerialize their shareholding in the Company. Necessary prior intimation in this regard was provided to the shareholders.
16. As per the green initiative taken by the Ministry of Corporate Affairs, Members are advised to register their email address with the Registrar and Share Transfer Agents M/s. S.K.D.C. Consultants Limited, in respect of shares held in physical form and with the concerned depository participant in respect of shares held in demat form to enable the company to serve documents in electronic form.
17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the company or to the Registrar and Share Transfer Agents - M/s. S.K.D.C. Consultants Limited.
18. Securities and Exchange Board of India (SEBI) and the Ministry of Corporate Affairs have made it mandatory for all the listed Companies to offer Electronic Clearing Service (ECS) facilities for payment of dividend, wherever applicable. In view of this provision, Shareholders who are interested to avail the facility of Dividend payment by National Electronic Clearing Service (NECS) are requested to fill the NECS Mandate in the prescribed form (enclosed) and send it along with the original cancelled cheque leaf to the Company's Registrar and Share Transfer Agents M/s. S.K.D.C. Consultants Ltd, "Surya", 35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore 641 028.
19. Change of Address: Members are requested to notify any change of address and bank details to their Depository Participants in respect of their holdings in electronic form and in respect of shares held in physical form, to the Secretarial Department at the registered office of the Company or to M/s. S.K.D.C. Consultants Limited, "Surya", 35 May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028, the Registrar and Share Transfer Agent of the Company.
20. Pursuant to the provisions of Section 72 of the Companies Act, 2013, Members may file nomination forms in respect of their physical shareholdings. Any Member wishing to avail this facility may submit to the Company's Registrar and Share Transfer Agents in the prescribed statutory form. Should any assistance be desired, Members should get in touch with the Company's Registrar and Share Transfer Agents.
21. Brief resume, details of shareholding and Directors/KMP inter-se relationship of Director seeking election/re-election, as required under Reg. 36 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards 2 issued by the Institute of Company Secretaries of India are provided as Annexure to this Notice.
22. Soft copies of the Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act,



# THE LAKSHMI MILLS COMPANY LIMITED

2013 and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the Members who request for the same, during the AGM.

23. Members desirous of receiving any information on the accounts or operations of the Company are requested to forward his/her queries to the Company seven working days prior to the meeting. The same will be replied by the Company suitably.

24. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report for the year 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the physical copy of the Annual Report will not be sent. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website [www.lakshmill.com](http://www.lakshmill.com) and website of the Stock Exchange i.e., BSE Limited at [www.bseindia.com](http://www.bseindia.com) and on the website of the NSDL at <https://www.evoting.nsdl.com>. Members can attend and participate in the Annual General Meeting through VC/OAVM facility only.

25. The Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Service Limited (CDSL). The Depository System envisages the elimination of several problems involved in the script based system such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, mutilation of share certificates, etc. Simultaneously, Depository System offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc. Members, therefore, now have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL. Members are encouraged to convert their holdings to electronic mode.

26. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.

27. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of Dividend. The Company or its Registrar and Share Transfer Agents, M/s. S.K.D.C. Consultants Limited cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of Dividend are requested to write to the Company or its Registrar and Share Transfer Agents.

28. Non-Resident Indian ("NRI") Members are requested to inform the Company or its RTA or to the concerned Depository Participants, as the case may be, immediately:

- a. the change in the residential status on return to India for permanent settlement or
- b. the particulars of the NRE/NRO Account with a Bank in India, if not furnished earlier.

29. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of Shareholders with effect from 1<sup>st</sup> April, 2020 and the Company is required to deduct tax at source from dividend paid to Shareholders at the prescribed rates. For the prescribed rates for various categories, the Shareholders are requested to refer to the Finance Act, 2020 and amendments thereof.

The Shareholders are requested to update their Residential Status, Category as per Income Tax Act, 1961 ("IT Act"), Permanent Account Number ("PAN") with the Company/Registrar & Share Transfer Agent (in case of shares held in physical mode) and depositories (in case of shares held in demat mode) immediately. A resident individual Shareholder having PAN and entitled to receive dividend amount exceeding ₹ 5,000/- and who is not liable to pay income tax, can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to [info@skdc-consultants.com](mailto:info@skdc-consultants.com) on or before 24<sup>th</sup>

September, 2021. Shareholders are requested to note that in case their PAN is not registered with the Depository Participant / Company, the tax will be deducted at a higher rate of 20%. Non-resident Shareholders can avail beneficial rates under the relevant tax treaty between India and their country of residence, subject to providing necessary documents such as No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to [info@skdc-consultants.com](mailto:info@skdc-consultants.com). The aforesaid declarations and documents need to be submitted by the Shareholders on or before 24<sup>th</sup> September, 2021. Separate intimation in this regard to Shareholders will be given on or before 24<sup>th</sup> September, 2021.

30. Members holding shares in electronic form may please note that as per the regulations of Securities and Exchange Board of India (SEBI), National Security Depository Services Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the Company is obliged to print the bank details on the Cheques/Pay Orders as furnished by these depositories to the Company and the Company cannot entertain any request for deletion/change of Bank details already printed on Cheques/Pay Orders as per the information received from the concerned depositories. In this regard, Members should contact their Depository Participants (DP) and furnish particulars of any changes desired by them.

31. Registration of email ID and Bank Account details:

In case the shareholder's email ID is already registered with the Company/its Registrar & Share Transfer Agent (RTA)/Depositories, log in details for e-voting are being sent on the registered email address.

In case the shareholders has not registered his/her/their email address with the Company/its RTA/ Depositories and or not updated the Bank Account mandate for receipt of dividend, the following instructions are to be followed:

(i) In case of shares held in physical form, kindly provide the required details to M/s S.K.D.C

Consultants Limited, "Surya", 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028 or to the Company at 686, Avanashi Road, Coimbatore - 641037.

(ii) In the case of Shares held in Demat mode, the shareholder may please contact the Depository Participant ("DP") and register the email address and bank account details in the demat account as per the process followed and advised by the DP.

#### Voting through Electronic Means

i. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, (as amended) (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force), Regulation 44 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Secretarial Standard on General Meetings (SS - 2), the Company is providing its Members with the facility to cast their vote electronically from a place other than venue of the Annual General Meeting ("remote e-voting") using an electronic voting system provided by National Securities Depository Limited ('NSDL'), for all members of the Company to enable them to cast their votes electronically, on all the business items set forth in the Notice of Annual General Meeting and the business may be transacted through such remote e-voting. The instructions to e-voting, as given below, explain the process and manner for casting of vote(s) in a secure manner.

Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of Annual General Meeting Notice and holding shares as on Friday, 27<sup>th</sup> August, 2021, may refer to this Notice of the Annual General Meeting, posted on Company's website [www.lakshmimills.com](http://www.lakshmimills.com) for detailed procedure with regard to remote e-voting. Any person, who ceases to be the member of the Company as on the cut-off date and is in receipt of this Notice, shall treat this Notice for information purpose only.



# THE LAKSHMI MILLS COMPANY LIMITED

The Members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC/OAVM but shall not be entitled to cast their vote again. Once the vote on a Resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

- ii. The remote e-voting period begins on Tuesday the 21<sup>st</sup> September 2021 at 9:00 AM (IST) and ends on Thursday the 23<sup>rd</sup> September 2021 at 5:00 PM (IST). During this period, Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, 17<sup>th</sup> September 2021, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter.

The instructions for members for voting electronically are as under: -

Pursuant to SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode can vote through their demat account maintained with Depositories and Depository Participants.

Shareholders are advised to update their mobile number and email ID in their demat accounts to access e-Voting facility.

## How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

### Details on Step 1 are mentioned below:

#### How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under

‘Shareholders’ section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e., IDEAS, you can log-in at <https://eservices.nsdl.com> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e., Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID  For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company  For example if folio number is 001*** and EVEN is 113137 then user ID is 113137001***

5. Your password details are given below:

- a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the

system will force you to change your password.

c. How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'

(ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

a. Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

b. "Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

c. If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.

d. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open

**Details on Step 2 are given below:**

**How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of company for which you wish to cast your vote

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the resolution(s), you will not be allowed to modify your vote.

**General Guidelines for shareholders:**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [bk.scrutiniser@gmail.com](mailto:bk.scrutiniser@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or

# THE LAKSHMI MILLS COMPANY LIMITED

“Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
4. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
5. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 17.09.2021.
6. Any person, who acquires shares of the Company and become Member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e., 17.09.2021, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [info@skdc-consultants.com](mailto:info@skdc-consultants.com).
7. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” or “Physical User Reset Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800 222 990 and 1800 224 430. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as on the cut-off date i.e. 17.09.2021 may follow steps mentioned in the Notice of the AGM under “How to Log-in to NSDL e-Voting website”.

**Process for those shareholders whose email ids are not registered with the Depositories/Company for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of the shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by

email to [info@skdc-consultants.com](mailto:info@skdc-consultants.com).

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to [info@skdc-consultants.com](mailto:info@skdc-consultants.com).
3. Alternatively member may send an email request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for obtaining user id and password by providing the details mentioned in point (1) or (2) as the case may be.

**Instructions for Members for e-voting on the day of the AGM are as under:**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote in the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**Instructions for Members for Attending the AGM through VC/OAVM are as under:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/Members login by using the remote e-voting credentials. The link for VC/OAVM will be available in Shareholder/ Member’s login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following

the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further Members can also use the OTP based login for logging into the e-Voting system of NSDL.

2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
5. Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or call on toll free no. 1800-222-990 and 1800 224 430.
6. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID demat account number/folio number, PAN, mobile number at [csns@lakshimimills.com](mailto:csns@lakshimimills.com) on or before 05.00 PM IST on Friday, 17<sup>th</sup> September, 2021.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 Members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination

and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

32. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Friday, 17<sup>th</sup> September, 2021.
33. The Company has appointed Sri B. Krishnamoorthi, Chartered Accountant (Membership No. 20439), as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
34. The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow e-voting for all those Members who are present at the Annual General Meeting by electronic means but have not cast their votes by availing the remote e-voting facility.
35. The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes casted during the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
36. The results shall be declared within 2 days from the conclusion of the Annual General Meeting. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.lakshimimills.com](http://www.lakshimimills.com) and the website of the NSDL and communicated to the Stock Exchange - BSE Limited, where the shares of the Company are listed, by the Chairman or a person authorized by him.

# THE LAKSHMI MILLS COMPANY LIMITED

## ANNEXURE TO NOTICE

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

#### Item No. 4

The Board of Directors of the Company at their meeting held on 10<sup>th</sup> February 2021 have, subject to the approval of the shareholders, re-appointed Sri S. Pathy as Managing Director of the Company for a further period of 5 years with effect from 24<sup>th</sup> April 2021 on such terms and conditions set out in Item No. 4 of the Notice.

Sri S. Pathy has been tirelessly working towards improving the prospects of the Company and therefore the Board of Directors are of the view that the re-appointment of Sri S. Pathy as the Managing Director for a further period of 5 years would be in the best interests of the Company.

As per Section 178 of the Companies Act, 2013 the Nomination and Remuneration Committee at their meeting held on 10<sup>th</sup> February 2021 had, taking into consideration the factors detailed above, proposed the appointment of Sri S. Pathy as the Managing Director of the Company for a period of 5 years with effect from 24<sup>th</sup> April, 2021 and determined his remuneration as set out in the resolution and recommended the same to the Board. The proposed remuneration is well within the limits prescribed in the Companies Act, 2013, the Schedule and Rules made thereunder.

As per Section 177 of the Companies Act, 2013 and pursuant to the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audit Committee at the meeting held on 10<sup>th</sup> February 2021 had also approved the remuneration payable to Sri S. Pathy as the Managing Director of the Company for a period of 5 years and recommended the same to the Board.

Pursuant to the provisions of Section 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 the re-appointment and payment of remuneration to the Managing Director shall be subject to the approval of the shareholders of the Company in the ensuing General Meeting. Hence the necessary resolution has been set out in Item No. 4 of the Notice for the approval of the Members.

The details as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, brief bio-data of Sri S. Pathy and other disclosures as per Secretarial Standard 2 are furnished and form a part of this notice.

Except Sri S. Pathy, being the appointee director and Sri Aditya Krishna Pathy being his relative, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolutions set out at Item No. 4.

#### Item No. 5

The Board of Directors of the Company, at their meeting held on 28<sup>th</sup> June, 2021 on the recommendation of the Audit Committee, has approved the appointment of and remuneration payable to M/s. A. R. Ramasubramania Raja & Co., Cost Accountants for the audit of cost accounting records of the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, for the financial year 2021-22 at a remuneration of ₹ 1,00,000/- per annum excluding the applicable taxes and reimbursement of out of pocket expenses incurred by them in connection with the audit.

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

None of the Directors, Key Managerial Personnel of the Company or their relatives is concerned or interested, financial or otherwise, in the Resolution set out at Item No. 5.

#### I. General Information

##### 1. Nature of Industry:

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



The Company has also entered into Rental Services on development of Coimbatore Unit and letting out the properties.

**2. Date of commencement of Commercial Production:** 01.04.1910

**3. Financial Performance:** ₹ in lakhs

Particulars	2020-2021	2019-2020
Sales	18,586.37	21,268.50
Profit before Interest, Depreciation and Taxation	2,405.73	1,036.06
Net Profit	366.96	42.60
Effective Capital	4,432.10	23,986.09

**4. Export Performance and Net foreign exchange earnings:**

Particulars	2020-2021	2019-2020
Yarn	287.24	2,300.59
Cloth and Garments	2,033.75	1,879.23

**5. Foreign Investments or Collaborators:** Nil

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

Sri S. Pathy was re-appointed as Managing Director by the Board of Directors at their meeting held on 10.02.2021 for a period of 5 years effective from 24.04.2021. He takes care of the day to day operations of the Company including modernization and global export market and Rental Services.

<b>Past Remuneration</b>	₹ 6,00,000/- per month with an annual increment of ₹ 50,000/- every year
<b>Remuneration Proposed</b>	₹ 7,00,000/- per month with annual increment of ₹ 50,000/- every year
<b>Commission</b>	1% on the Net Profit of the Company
<b>Relationship with the managerial personnel</b>	Sri S. Pathy is related to Sri Aditya Krishna Pathy, Deputy Managing Director

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

**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 continuously for the last 80 years excepting the year 2011-12 and the year 2019-20. The equity shares of ₹ 100/- each of the Company were quoted at around ₹ 2,314/- per share on 31.03.2021. The working of the Company for the financial year 2020-21 has resulted in a net profit of ₹ 366.96 Lakhs and is expected to grow in future years considering the development in Rental Services and Textiles.

**IV. Disclosures**

The following disclosures have been mentioned in the Board of Directors' Report under the heading "Corporate Governance" attached to the financial statements

- All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors:
- Details of fixed component and performance linked incentives along with the performance criteria.
- Service contracts, notice period, severance fees.
- Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

# THE LAKSHMI MILLS COMPANY LIMITED

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

Name	Sri S. Pathy	Sri Sanjay Jayavarthanavelu
DIN	00013899	00004505
Date of Birth	17.11.1949	15.06.1968
Nationality	Indian	Indian
Date of appointment on the Board	27.09.1995	30.07.2010
Relationship with other Directors	Sri Aditya Krishna Pathy	Not related to any other Directors of the Company
Qualifications	B.Com	MBA
Experience	48 Years	31 years
Number of Shares held	1,13,570	13,213
Board Position held	Executive - Chairman and Managing Director	Non Executive - Non Independent Director
No. of Board Meeting attended during the year	4	4
Terms and conditions of appointment	Re-appointment for a period of 5 years.	Liable to retire by rotation.
Remuneration last drawn	Information disclosed in the Corporate Governance Report annexed to the Annual Report	
Remuneration sought to be paid	₹ 7,00,000/- per month with an annual increment of ₹ 50,000/- every year.	Sitting Fees for attending the Board and Committee Meetings
Directorships held in other companies	<p>Lakshmi Automatic Loom Works Ltd Lakshmi Machine Works Ltd Lakshmi Card clothing Mfg. Co. Pvt Ltd LCC Investments Pvt. Ltd The Coimbatore Lakshmi Cotton Press Pvt Ltd Sans Craintes Stud Farm Pvt Ltd Sans Craintes Livestock Pvt Ltd Rasakondalu Developers Pvt Ltd Sans Craintes Power Pvt Ltd</p>	<p>Lakshmi Machine Works Ltd Super Sales India Ltd Lakshmi Electrical Control System Ltd Carborandum Universal Ltd Lakshmi Cargo Company Ltd Lakshmi Life Sciences Ltd Lakshmi Tech &amp; Engg Ind Ltd Lakshmi Ring Travellers (Cbe) P Ltd Chakradhara Aerospace P Ltd Alampara Hotels &amp; Resorts P Ltd</p>
Committee Membership held in other companies		
Audit Committee	Nil	Member Carborandum Universal Ltd
Nomination and Remuneration Committee	Member Lakshmi Machine Works Ltd	Member Carborandum Universal Ltd The Lakshmi Mills Company Ltd
Stakeholders Relationship Committee	Member Lakshmi Machine Works Ltd	Nil

## DIRECTORS' REPORT

Ladies and Gentlemen,

Your Directors have pleasure in presenting the Hundred and Eleventh year Annual Report together with the audited accounts of the Company for the year ended 31.03.2021.

### FINANCIAL SUMMARY / HIGHLIGHTS

	31.03.2021	31.03.2020
No. of days worked	304	349
	(₹ in Lakhs)	
Revenue from operations	18,390.28	21,845.05
Other income	196.09	371.37
GROSS REVENUE	18,586.37	22,216.42
Profit / (Loss) before Tax and Exceptional Items	716.93	(807.30)
Less : Exceptional items	(74.30)	849.90
Profit / (Loss) before Taxation	642.63	42.60
Tax Expense	275.67	194.52
Profit / (Loss) after Taxation	366.96	(151.92)

### OPERATIONS

The installed capacity remained at the same level of 1.33 lakh spindles throughout the year 2020-21. The operations of the Company were fully suspended from 1<sup>st</sup> April, 2020 to 5<sup>th</sup> May, 2020 due to the total lockdown imposed by the Government to control the spread of COVID-19. After commencing the operations partially from 6<sup>th</sup> May, 2020, with the relaxations announced, the Company gradually ramped up its capacity utilization. The performance of the Company improved substantially in the second half of the year as the demand for yarn increased. The Company achieved better results on account of change in yarn count pattern and increase in rental income.

The revenue segments of the Company is continued to be structured with two business segments as (a) Textiles and (b) Rental Services.

### CHANGE IN NATURE OF BUSINESS

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

### RENTAL SERVICES

The income generated from rental services during the year was ₹ 601.97 Lakhs (Previous year - ₹ 397.62 Lakhs).

### TEXTILE BUSINESS

Your Company apart from manufacturing of Cotton and Synthetic yarn continued to outsource fabrics both for exports as well as for domestic market. Export of yarn and fabrics accounted for ₹ 2,321 Lakhs as against ₹ 4,180 Lakhs in the previous year, a decrease of around 44.47% from the previous year's performance.

### DIVIDEND

For the financial year 2020-21, the Board of Directors at their meeting held on 28<sup>th</sup> June, 2021, has recommended a dividend of 15/- per share (15%) on the paid-up share capital of 6,95,550 equity shares of ₹ 100/- each. Subject to the approval of shareholders, an amount of ₹ 104.33 Lakhs will be paid as dividend after deducting applicable taxes. (Previous Year - NIL).

# THE LAKSHMI MILLS COMPANY LIMITED

## TRANSFER TO RESERVES

The Company has not transferred any amount to its Reserves during the year under review. However, an amount of ₹ 366.96 Lakhs of the current profits has been carried forward under the head retained earnings.

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

In terms of Sections 124 and 125 of the Companies Act, 2013, unclaimed or unpaid Dividend relating to the financial year 2013-14 is due for remittance to the Investor Education and Protection Fund established by the Central Government.

## SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2021 was ₹ 6,95,55,000/- comprising 6,95,550 shares of ₹ 100/- each. During the year under review, the Company has not made any fresh issue of shares.

## WEBLINK OF ANNUAL RETURN

The Annual Return of the Company for the financial year 2020-21 as required under Section 92(3) of the Companies Act, 2013 is available on the website of the Company at the link [www.lakshmimills.com](http://www.lakshmimills.com).

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

During the year under review, 4 Meetings of the Board of Directors, 4 Meetings of the Audit Committee, 3 Meetings of the Nomination and Remuneration Committee, 2 Meetings of the Corporate Social Responsibility Committee, 1 Meeting of the Stakeholders Relationship Committee and 7 Meetings of the Share Transfer Committee were held. Further details of the same have been enumerated in the Corporate Governance Report annexed herewith.

## STATEMENT ON COMPLIANCE WITH SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of applicable Secretarial Standards and that such systems are adequate and operating effectively. The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) In the preparation of the annual accounts for the year ended 31.03.2021, the applicable accounting standards have been followed and there are no material departures from those standards;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts on a going concern basis;
- (v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) the Directors have devised proper systems to ensure compliance with the provisions of the applicable laws and such systems were adequate and operating effectively.

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

There was no instance of fraud identified or reported by the Statutory Auditors during the course of their audit to report to the Audit Committee and/or Board pursuant to Section 143(12) of the Companies Act, 2013 and rules framed thereunder.

## **DECLARATION OF INDEPENDENT DIRECTORS**

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as stipulated in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that their name is included in the data bank as per Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014. During the year, the Independent Directors of the Company had no pecuniary relationship or transactions with the Company other than sitting fees for the purpose of attending meetings of the Board of directors and Committee(s). The details of remuneration and /or other benefits of the Independent director are mentioned in the Corporate Governance Report. Further, they have also declared that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. In the opinion of the Board, the Independent Directors, fulfil the conditions of independence as specified in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Independent Directors have also confirmed that they have complied with the Company's Code of Business Conduct & Ethics.

Based on the confirmation/disclosures received from the Directors and on the evaluation of the relationships disclosed, the following Non-Executive Directors are Independent:

Sri. D Rajendran, Sri. Satish Ajmera, Sri. Vijay Venkataswamy and Smt. Suguna Ravichandran

Pursuant to Companies (Appointment and Qualification of Directors) Rules, 2014 the Certificate of Registration as required from all the Independent Directors of the Company was taken on note by the Board of Directors of the Company.

## **STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR**

The Board of Directors have evaluated the Independent Directors during the year 2020-21 and opined that the integrity, expertise and experience (including proficiency) of the Independent Directors is satisfactory.

## **FAMILIARIZATION PROGRAMMES**

In compliance with the requirements of the Listing Regulations, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their roles, rights and responsibilities as Independent Directors, the working of the Company, nature of the industry in which the Company operates, business model and so on. The same is also available on the Company website at [www.lakshimimills.com](http://www.lakshimimills.com).

## **COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND OTHER MATTERS PROVIDED UNDER SECTION 178(3) OF THE COMPANIES ACT, 2013**

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

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The Policy broadly lays down the guiding principles, philosophy and the basis for payment of remuneration to the Executive Directors, Key Managerial



# THE LAKSHMI MILLS COMPANY LIMITED

Personnel and Senior Management. The policy also provides the criteria for determining qualifications, positive attributes and Independence of Directors and criteria for appointment of Key Managerial Personnel / Senior Management and their performance evaluation which are considered by the Nomination and Remuneration Committee and the Board of Directors while making selection of the appointees. The above policy has been posted on the website of the Company at - [www.lakshmill.com/Policies](http://www.lakshmill.com/Policies). The abstract of the policy is annexed hereto as Annexure - 1.

## COMMENTS ON AUDITORS' REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. M.S.Jagannathan & Visvanathan, Statutory Auditors and Sri M.D. Selvaraj, MDS & Associates, Secretarial Auditor, in their respective reports.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013. However, the details in respect of investments made in the earlier years have been disclosed in the notes to the Financial Statements.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions of the Company with the related parties were in the ordinary course of business and on an arm's length pricing basis and not material in nature and thus a disclosure in Form AOC-2 is not required. Further, there are no material related party transactions during the year under review with Promoters, Directors or Key Managerial Personnel.

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

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

There is no material change or commitment affecting the financial position of the Company after the closure of the financial year as on 31.03.2021 and till the date of this report.

## COVID-19

The Company has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The Company has used the principles of prudence in applying judgments, estimates and assumptions based on the estimates, the Company was able to recover from the operational and financial crisis faced by the industry during the COVID - 19 pandemic period.

The Company has taken all preventive measures as per the guidelines issued by the Government from time to time and provided all health and safety measures to the employees and workers across the Company such as work from home, social distancing, hand wash, face mask, temperature monitoring, oxygen monitoring, etc.

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

The information pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under section 134 (3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached herewith as Annexure - 2 forming part of this report.

## RISK MANAGEMENT

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

## DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Board had formed a Corporate Social Responsibility Committee comprising of the following Directors:

1. Sri S. Pathy
2. Sri Aditya Krishna Pathy and
3. Sri D. Rajendran

The company has adopted a Corporate Social Responsibility Policy defining therein the CSR activities to be undertaken by the Company in areas or subject specified in Schedule VII of the Companies Act, 2013. The Corporate Social Responsibility Committee of the Board is responsible for the implementation and effective monitoring of the CSR activities of the Company. The CSR policy may be accessed on the Company's website [www.lakshimills.com](http://www.lakshimills.com). The Annual Report on Company's CSR activities of the Company is furnished in the prescribed format as Annexure - 3 to this report.

The provisions of the Corporate Social Responsibility under Section 135 of the Companies Act 2013 read with Schedule VII is not applicable to the Company for the year 2021-22.

## ANNUAL EVALUATION OF THE BOARD ON ITS OWN PERFORMANCE AND OF THE INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Act and the Listing Regulations, the Board has carried out the annual evaluation of its own performance, the individual Directors (including the Chairman) as well as an evaluation of the working of all Board Committees. The performance evaluation was carried out on the basis of inputs received from all the Directors/Members of the Committees, considering the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance. The Independent Directors of the Company have also convened a separate meeting for this purpose. The results of evaluation have been communicated to the Chairman of the Board of Directors.

## DIRECTORS' & KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Company, Sri Sanjay Jayavarthanelu, (DIN 00004505) Director is liable to retire by rotation at the ensuing Annual General Meeting ("AGM") and being eligible offers himself for re-appointment. The Board recommends his reappointment for the consideration of the Members of the Company at the forthcoming Annual General Meeting. Brief profile of Sri Sanjay Jayavarthanelu has been given in the Notice convening the Annual General Meeting.

Sri S. Pathy was appointed as Managing Director for a period of 5 years from 24.04.2016 and his term of office expired on 23.04.2021. The Nomination and Remuneration Committee and Audit Committee at their respective meetings held on 10.02.2021 have recommended to the Board the reappointment of Sri S. Pathy as Managing Director for a further period of 5 years and payment of remuneration for a period of 3 years with the terms and conditions, and the Board at its meeting held on 10.02.2021 has approved the reappointment of Sri S. Pathy as Managing Director for a period of 5 years from 24.04.2021 and the payment of remuneration for a period of 3 years subject to the approval of the Shareholders at the ensuing Annual General Meeting.

# THE LAKSHMI MILLS COMPANY LIMITED

Your Directors recommend the reappointment of Sri S. Pathy, as Managing Director of the Company.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on 24<sup>th</sup> June 2020 has re-appointed Sri Aditya Krishna Pathy (DIN: 00062224) as Deputy Managing Director of the Company for a further period of 5 (Five) years with effect from 30<sup>th</sup> July 2020. Subsequently, the members at the Annual General Meeting held on 3<sup>rd</sup> September 2020 approved the said appointment.

Further, based on the recommendation of the Nomination and Remuneration Committee, and the Board of Directors, at their meetings held on 7<sup>th</sup> August, 2020, the members at the Annual General Meeting held on 3<sup>rd</sup> September 2020 re-appointed Smt Suguna Ravichandran (DIN: 00170190) as Independent Director of the Company for a second term of 5 consecutive years with effect from 3<sup>rd</sup> September, 2020, by way of passing a special resolution.

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

## **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

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

## **FIXED DEPOSITS**

Since the Company has not accepted any fixed deposit covered under Chapter V of the Companies Act, 2013, there are no deposits remaining unclaimed or unpaid as on 31<sup>st</sup> March, 2021 and accordingly, the question of default in repayment of deposits or payment of interest thereon during the year does not arise.

## **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE**

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

## **ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

Your Company has in place adequate internal financial controls commensurate with the size, scale and complexity of its operations. Such controls have been assessed during the year under review taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Based on the results of such assessments carried out by the management, no reportable or significant deficiencies and no material weakness in the design or operation of any control were observed. The Audit Committee of the Board periodically reviews the Internal Financial Control Systems and their adequacy and recommends corrective action as and when necessary to ensure that an effective internal control mechanism is in place.

The Directors and Management confirm that the internal financial controls with reference to the Financial Statements are commensurate with the size and nature of business of the Company. A report of Auditors pursuant to Section 143(3)(i) of the Companies Act, 2013 certifying the adequacy of Internal Financial Controls is annexed with the Auditors Report.

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

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

### AUDITORS

#### STATUTORY AUDITORS

M/s. M.S.Jagannathan & Visvanathan (Firm Registration No.001209S), Chartered Accountants, Coimbatore were appointed as the Statutory Auditors of the Company for a period of five years at the 107<sup>th</sup> Annual General Meeting of the company held on 26<sup>th</sup> July 2017.

The Company has received a Certificate from the Statutory Auditors confirming that they are not disqualified from continuing as statutory auditors of the Company and that their continued appointment as the Statutory Auditors of the Company, would be within the limits prescribed under section 139 of the Companies Act, 2013.

#### COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, as amended from time to time, the Board of Directors on the recommendation of the Audit Committee has reappointed M/s. A.R.Ramasubramania Raja & Co., (Firm Registration No. 000519) a firm of Cost Accountants, as the Cost Auditor to audit the cost records of the Company for the financial year 2021-22. M/s. A.R.Ramasubramania Raja & Co., have confirmed that their appointment is within the limits of section 141(3) (g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under section 141(3) and proviso to section 148(3) read with section 141(4) of the Companies Act, 2013.

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

As per the provisions of the Companies Act 2013 read with the Companies (Cost Records and Audit) Rules, 2014, a resolution seeking Members' approval for the remuneration payable to the Cost Auditors for the financial year 2021-22 forms part of the Notice convening the 111<sup>th</sup> Annual General Meeting of the Company for their ratification. Accordingly, the Board recommends for the resolution seeking Members' ratification for the remuneration payable to M/s. A.R.Ramasubramania Raja & Co., Cost Auditors.

#### COST RECORDS

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

#### SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Sri M.D.Selvaraj, MDS & Associates, Company Secretary in Practice (C.P No. 411) to undertake the Secretarial Audit of the Company. The Secretarial Audit report is annexed herewith as Annexure - 4 and forms an integral part of this Report.

#### CORPORATE GOVERNANCE

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

# THE LAKSHMI MILLS COMPANY LIMITED

## PARTICULARS OF EMPLOYEES

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

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

The Company has in place a policy on Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Compliant Committee has been set up to redress complaints received. All employees (permanent, contractual, temporary, trainees) are covered under this policy. There were no complaints received from any employee of the Company during the financial year 2020-21.

## CEO/CFO CERTIFICATION

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Chairman and Managing Director & Chief Executive Officer and the Chief Financial Officer have furnished necessary certificate to the Board on the financial statements presented.

## DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 DURING THE YEAR

No applications have been made and no proceedings are pending against the Company under the Insolvency and Bankruptcy Code, 2016.

## DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

The disclosure under this clause is not applicable as the Company has not undertaken any one-time settlement with the banks or financial institutions.

## ACKNOWLEDGEMENT

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

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

Coimbatore  
28<sup>th</sup> June, 2021

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



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### I. INDUSTRY STRUCTURE AND DEVELOPMENTS:

Indian Textile and Clothing industry continues to be the second largest employment provider providing employment to over 105 million people including the unorganized labour. The womenfolk account for over 20% of the employment in this sector.

Textile and Clothing industry contributes to around 7% of India's production. Over 25% of the exports from the country are from Textile and Clothing segment, accounting for sizable earnings in foreign exchange.

COVID-19 factor which had aggravated the situation globally including our Country since the last week of March '20 had affected normalcy in operation during the first half of the year under review.

### II. OPPORTUNITIES AND THREATS:

#### a) Opportunities

Indian economy is a growing economy. Textile and Clothing industry is a major segment which needs continuous and aggressive growth in the context of providing not only employment but also for the robust growth of the economy.

COVID-19 pandemic had given an opportunity to the textile industry for new thinking by going in for production and marketing of health care products. One of the outstanding achievements during the COVID-19 pandemic was the scaling up production of PPE suits in a span of less than 90 days. There is scope for the development and growth of health care products in the years ahead.

Further, Technical Textiles is a segment which offers ample opportunities. Our Country's need in Technical Textiles is at present met mostly by imports. The share of domestic manufacturers is now negligible. Government had drawn up several measures to boost the production of Technical Textiles in the Country.

#### b) Threats:

The COVID-19 pandemic which surfaced during the last week of March '20 affected the Country as a whole in all segments looked subdued by the end of December '20 giving hopes that the economic and social activities in the Country would come back to normalcy. Unfortunately since the beginning of April '21, the second wave of COVID-19 pandemic started in a more virulent way.

Hope things would certainly improve and the second half of 2021-22 may bring normalcy in operation.

### III. SEGMENT WISE OR PRODUCT WISE PERFORMANCE:

This company is structured with two separate business segments - 'Textiles' and 'Rental Services'. Textiles consist of manufacturing and sale of yarn and trading in cloth and garments. Rental services consist of letting out of properties.

This structuring was done during the financial year 2018-19 and is in line with the segment wise information.

The Textiles Division earned a revenue and PBT of ₹ 17,916.55 Lakhs and ₹ 1,526.89 Lakhs as against ₹ 21,616.47 and ₹ 755.55 Lakhs in 2019-20. The Rental Services Division earned a revenue and PBT of ₹ 601.97 Lakhs and ₹ 379.22 Lakhs as against ₹ 397.62 Lakhs and ₹ 296.44 Lakhs in 2019-20.

### IV. OUTLOOK:

It is gratifying to note that our working results had improved. So also the markets we are catering had recovered during the second half of the year.

# THE LAKSHMI MILLS COMPANY LIMITED

The position in the raw material front looks comfortable. Only requirements of Long Staple Cotton may have to be imported to meet the Company's needs. In this context the import duty imposed on the import of Cotton and the imposition of anti dumping duty on Viscose Staple fibre need to be withdrawn to enable the domestic industry to be competitive in the export front. Government is taking steps for the growth of the Textile industry.

## V. RISKS AND CONCERNS:

The nature of risks associated with the Company are reviewed and placed before the Board periodically.

Measures are taken as and when needed to ensure that our products are competitive both in the export and domestic segments. The change in the yarn count pattern has helped to improve the Production by over 10% during the year under review.

## VI. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an adequate Internal Control System commensurate with its size and operations. Management has overall responsibility for the Company's Internal Control System to safeguard the assets and to ensure reliability of financial records.

## VII. DISCUSSIONS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

The revenue during the year was ₹ 18,390.28 Lakhs and your Company earned a net profit of ₹ 642.63 Lakhs before tax of ₹ 275.67 Lakhs.

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

The relations with employees continue to be cordial. The Company had on its Roll 383 employees as on 31.3.2021 as against 394 employees as on 31.3.2020.

## IX. KEY FINANCIAL RATIOS:

Sl. No	Description	31.03.2021	31.03.2020	% change
1	Debtors Turnover	6.47	7.39	(12.51)
2	Inventory Turnover	5.95	6.57	(9.42)
3	Interest Coverage Ratio	1.62	0.18	793.48
4	Current Ratio	0.72	0.68	6.19
5	Debt Equity Ratio	0.17	0.35	(50.72)
6	Operating Profit Margin %	0.10	0.01	961.33
7	Net Profit Margin (%) or sector specific equivalent ratio	0.02	(0.01)	388.72
8	Return on Net Worth (₹ in Lakhs)	47,669.76	24,305.49	96.13

### Explanation:

3, 6 & 7 - Due to loss in the previous year on account of the impact of COVID-19 and market conditions  
5 & 8 - Due to increase in fair value of Equity Instruments

Coimbatore  
28<sup>th</sup> June, 2021

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

**NOMINATION AND REMUNERATION POLICY****Constitution of the Nomination and Remuneration Committee:**

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

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

The objective and purpose of this policy are

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

**Applicability**

The Policy is applicable to -

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

**General**

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

**Minimum Remuneration:**

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

**Sitting Fees:**

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

**Commission:**

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

**Stock Options:**

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

# THE LAKSHMI MILLS COMPANY LIMITED

## ANNEXURE - 2

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

### A. Conservation of Energy

#### i. Steps taken for conservation of energy

In Kovilpatti Mills, due to replacement of 50 Nos of LED 18 Watts tube lights in place of Fluorescent Tube Lights and use of BEECHEM Beruspin Spindle oil in 70 Nos - Spinning Machines in A, B & C Unit, 5,832 Units per month of energy saving achieved.

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

No alternate source of energy initiation was taken during the year under review. However, utilization of alternate sources of energy is in the active consideration of the Company..

#### iii. Capital investment on energy conservation equipment - ₹ Nil.

### B. Technology Absorption

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

a. The Company has not absorbed any Technology from outsiders

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

#### iii. Information of Imported Technology (imported during the last 5 years

from the beginning of the Financial Year): Not applicable

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

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	₹ in Lakhs
Foreign Exchange earnings	2320.99
Foreign Exchange outgo	440.11

Coimbatore  
28<sup>th</sup> June, 2021

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

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

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

CSR is a sense of responsibility towards the community and environment in which we operate. It can be expressed through contribution / participation in educational and social programs, pollution control, Green Movement etc., Considering the vital role played by education in producing good citizens, who can nurture strong and healthy nation, we primarily concentrate on promotion of education besides other social objectives. The CSR activities under the Policy are those covered under the ambit of Schedule VII of the Companies Act 2013. CSR projects are subject to audit.

2. Composition of CSR Committee

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Sri S. Pathy	Managing Director (Chairman of the Committee)	2	2
2	Sri Aditya Krishna Pathy	Deputy Managing Director	2	2
3	Sri D. Rajendran	Non-Executive Independent Director (Member)	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

The disclosure on composition of the CSR committee, CSR Policy and CSR projects approved by the board are available in the website of the Company at [www.lakshimimills.com](http://www.lakshimimills.com).

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable

The Company has not carried out Impact assessment of CSR projects in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014 as the same is not applicable to the Company.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, and amount required for set off for the financial year, if any

There is no amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and hence disclosure under this clause is not applicable to the Company.

6. Average net profit of the company as per section 135(5): There was net loss for the immediately preceding three financial years.

7. (a) Two percent of average net profit of the company as per section 135(5): The Company was not required to spend on the Corporate Social Responsibility activities as the average net profits of the preceding three financial years of the Company was in the negative.

# THE LAKSHMI MILLS COMPANY LIMITED

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b-7c): Nil

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹ )	Amount Unspent (in ₹ )				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
Nil	Nil	Not Applicable	Not Applicable	Nil	Not Applicable

(b) Details of CSR amount spent against ongoing projects for the financial year:

The Company has not spent any amount against ongoing projects during the financial year under review.

(c) Details of CSR amount spent against other than ongoing projects for the financial year

Sl. No	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (₹ in millions)	Mode of implementation - Direct (Yes/No)	Mode of implementation -Through implementing agency	
				State	District			Name	CSR registration number
As the Company was not required to spend any amount on CSR expenses the disclosure with regard to the manner in which the amount was spent during the financial year does not arise									

(d) Amount spent in Administrative Overheads - Nil

(e) Amount spent on Impact Assessment, if applicable - Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Nil

(g) Excess amount for set off, if any: Nil

Sl. No.	Particular	Amount (in ₹ )
(i)	Two percent of average net profit of the company as per section 135(5)	Nil
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	



**9. (a) Details of Unspent CSR amount for the preceding three financial years**

The Company does not have any unspent CSR amount in any of the preceding three financial years and hence disclosure under this clause does not arise

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s)**

The Company does not have any ongoing projects in any of the preceding financial years and hence disclosure under this clause does not arise.

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)**

The company has not created or acquired any capital asset through CSR spending in the financial year and hence reporting under this clause does not arise.

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5)**

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

Coimbatore  
28<sup>th</sup> June, 2021

**Aditya Krishna Pathy**  
Member &  
Deputy Managing Director  
DIN: 00062224

**S. PATHY**  
Chairman of CSR Committee &  
Chairman and Managing Director  
(DIN 00013899)

# THE LAKSHMI MILLS COMPANY LIMITED

FORM NO. MR-3

ANNEXURE - 4

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To

The Members,

The Lakshmi Mills Company Limited

(CIN: L17111TZ1910PLC000093)

686, Avanashi Road,

Pappanaickenpalayam

Coimbatore - 641 037.

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

Based on my verification of M/s. The Lakshmi Mills Company Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2021 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- iv) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and
  - e) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018

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

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

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

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

- a. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- c. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014;
- d. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- f. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018;

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

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

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

#### **I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. There were no changes in the composition of the Board of Directors during the period under review.

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

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

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

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

- Public / Rights / Preferential issue of Shares / Debentures / Sweat Equity.
- Redemption / buy-back of securities
- Major decision taken by the members in pursuant to Section 180 of the Companies Act, 2013
- Merger / Amalgamation / Reconstruction etc.
- Foreign technical collaborations.

Place: Coimbatore  
Date : 28.06.2021

**M D SELVARAJ**  
**MDS & Associates**  
**Company Secretaries**  
**FCS No.: 960, C P No.: 411**  
**PR 985/2020**  
**UDIN: F000960C000515727**

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

# THE LAKSHMI MILLS COMPANY LIMITED

‘Annexure A’

To

The Members,  
The Lakshmi Mills Company Limited  
(CIN: L17111TZ1910PLC000093)  
686, Avanashi Road  
Pappanaickenpalayam  
Coimbatore - 641 037.

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

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

Place: Coimbatore  
Date : 28.06.2021

**M D SELVARAJ**  
**MDS & Associates**  
**Company Secretaries**  
**FCS No.: 960, C P No.: 411**  
**PR 985/2020**  
**UDIN: F000960C000515727**

## ANNEXURE - 5

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

- i. Ratio of the remuneration of each director to the median remuneration of the Employees of the Company for the financial year 2020-21:

Sl. No	Name	Category	Ratio
1	Sri S. Pathy	Chairman & Managing Director	36.04 : 1
2	Sri Aditya Krishna Pathy	Deputy Managing Director	22.71 : 1

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

- ii. The percentage of increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2020-21:

Sl. No	Name	Category	%
1	Sri S. Pathy	Chairman & Managing Director	-1.49
2	Sri Aditya Krishna Pathy	Deputy Managing Director	-2.63
3	Sri N. Singaravel	Company Secretary	-6.73
4	Sri A. Doraiswamy	Chief Financial Officer	-7.60

- iii. The percentage increase in the median remuneration of employees in the financial year: 3.86% (1.26%).

- iv. The number of permanent employees on the rolls of Company: 383 (394).

- v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The increase in remuneration for employees other than Managerial Personnel and KMP is 0.39% (1.26%) and -2.70% (7.30%) for Managerial Personnel and KMP.

- vi. Affirmation that the remuneration paid during the financial year 2020-21 is as per the Remuneration Policy of the Company.

It is affirmed that the remuneration paid during the financial year 2020-21 is as per the Remuneration Policy of the Company

# THE LAKSHMI MILLS COMPANY LIMITED

## Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(a). Statement showing the names of the top ten employees in terms of remuneration drawn during the financial year 2020-21

Name (Age in Years)	Designation	Gross Remuneration paid	Qualification	Date of Commencement of employment (Experience in Years)	Previous Employment
S. Pathy (71 Years)	Chairman and Managing Director	9,975,916	B.Com	24-04-1996 (47 Years)	-
Aditya Krishna Pathy (34 Years)	Deputy Managing Director	6,284,973	GRADUATE IN BUSINESS MGMT	30-07-2010 (10 Years)	-
N. Jaychander (60 Years)	Vice President - Operations	1,991,286	POST GRAD. IN BUSINESS ADMN	27-01-1985 (36 Years)	-
K. Kumar (55 Years)	General Manager - Projects	1,712,861	M.Com, MBA	06-06-2019 (24 Years)	Dhanalakshmi Paper Mills Ltd
N. Varadarajan (60 Years)	General Manager - Yarn Sales	1,551,021	B.Com, FICWA, ACS	24-06-2004 (39 Years)	Sri Renga Textiles
N. Ravi (68 Years)	General Manager - Exports	1,549,109	MSc, MBA, FTC	20-01-1999 (42 Years)	Sundaram Textiles Ltd
K. Ruthrappasamy (62 Years)	Vice President - Technical	1,498,084	DTT	20-08-2012 (38 Years)	Soundararaja Mills Ltd, B Mill
A. Doraiswamy (79 Years)	Chief Financial Officer	1,359,375	ACA, ACS	18-03-2019 (55 Years)	Lakshmi Automatic Loom Works Limited
G. Radhakrishnan (66 Years)	Senior General Manager	1,350,739	B.Tech	22-03-2019 (42 Years)	The Palaniandavar Mills Ltd
N. Singaravel (53 Years)	Company Secretary	1,271,576	ACS	20-02-2013 (21 Years)	Pricol Properties Limited



(b). Statement showing the name of every employee, who -

(i)	if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees;	NONE
(ii)	if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month;	
(iii)	if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.	

**Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 read with Rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

**NOT APPLICABLE**

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

**S. PATHY**

Chairman and Managing Director  
(DIN 00013899)

Coimbatore  
28<sup>th</sup> June, 2021

# THE LAKSHMI MILLS COMPANY LIMITED

## REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2021, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

## PHILOSOPHY ON CODE OF GOVERNANCE

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

## BOARD OF DIRECTORS

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

## COMPOSITION

The composition of the Board ensures a judicious mix of Executive, Non-Executive and Independent Directors. The Board of Directors of the Company consists of Eight (8) Directors. Sri S. Pathy is the Managing Director, Sri Aditya Krishna Pathy is the Deputy Managing Director and all other Directors are Non-Executive Directors (out of which four (4) are Independent Directors including one (1) Woman Director). The composition of the Company's Board is in conformity with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board met 4 times during the Financial Year on 24<sup>th</sup> June 2020, 7<sup>th</sup> August 2020, 13<sup>th</sup> November 2020 and 10<sup>th</sup> February 2021. The composition and attendance of Directors at the Board Meetings and the Annual General Meeting held during the year is as under:-

Name of the Directors	Category	Attendance Particulars		No of Directorship in other Companies#	No. of Board Committee Memberships/ Chairmanships held\$	
		Board Meeting	Last AGM		Member	Chairman
Sri S. Pathy (DIN: 00013899)	Executive - Chairman & Managing Director	4	Yes	2	1	-
Sri R. Santharam (DIN: 000151333)	Non - Executive - Vice Chairman	4	Yes	2	2	2
Sri D. Rajendran (DIN: 00003848)	Non - Executive - Independent	4	Yes	-	1	-
Sri Satish Ajmera (DIN: 00208919)	Non - Executive - Independent	3	Yes	3	1	5
Sri Sanjay Jayavarthanavelu (DIN: 00004505)	Non - Executive - Non Independent	4	Yes	7	1	2
Sri Aditya Krishna Pathy (DIN: 00062224)	Executive - Deputy Managing Director	4	Yes	-	-	-
Smt Suguna Ravichandran (DIN: 00170190)	Non - Executive - Independent	4	Yes	2	1	2
Sri Vijay Venkataswamy (DIN: 00002906)	Non - Executive - Independent	4	Yes	2	1	-

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

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

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

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

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

#### Other Directorship

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

#### Details of the Board meetings held during the financial year 2020-21

Four Board meetings were held during the year and the date on which the Board meetings were held are as follows:

S. No	Date of Board Meeting	No. of Directors Attended
1	24.06.2020	4
2	07.08.2020	4
3	13.11.2020	3
4	10.02.2021	4

# THE LAKSHMI MILLS COMPANY LIMITED

The information as required under Part A of Schedule II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is made available to the Board. The Board also reviews the declarations made by the Company Secretary and Chief Financial Officer regarding compliance with all applicable laws, on a quarterly basis.

Statement showing the number of Equity Shares held by the Non-Executive Directors as on 31<sup>st</sup> March, 2021

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

There has been no materially significant transaction or relationship between the Company and its Non -Executive Independent Directors during the year. The company has not issued any type of convertible instruments to Non-Executive Directors. None of the Directors were issued ESOPs.

## INDEPENDENT DIRECTORS

All Independent Directors of the Company have been appointed/re-appointed as per the provisions of the Companies Act, 2013. Formal letters of appointment have been issued to the Independent Directors. The Company has also obtained declarations from all the Independent Directors pursuant to section 149 (7) of the Companies Act, 2013. The terms and conditions of their appointment are disclosed on the Company's website.

## DIRECTORS' INDUCTION AND FAMILIARIZATION PROGRAM

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

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

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

## KEY BOARD QUALIFICATIONS, EXPERTISE AND ATTRIBUTES

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

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

Leadership skills	Leadership skills in effective participation in decision making
Industrial Knowledge and Experience	Knowledge on Company's businesses, policies and culture (including the Mission, Vision and Values), major risks / threats and potential opportunities and knowledge of the industry in which the Company operates
Technical / Professional Skills	Technical / professional skills and specialised knowledge to assist with ongoing aspects of the board's role in relation to Company's business

Leadership skills	Leadership skills in effective participation in decision making
Board services and Corporate Governance	Experience in Board services and Corporate Governance to protect the interest of the stakeholders, at large and various rules and regulations applicable to the Company
Business strategy	Experience in Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration and Decision Making
Financial and Management skills	Experience and ability to read and understand the financial statements, proficiency in financial function, reporting and processes
Human resources / Soft skills	Experience in people management, dispute resolution, inter personal relations and liaison with stakeholders

In the table below, the specific areas of focus or expertise of individual Board members have been highlighted:

Name of the Director	Board Qualifications						
	Area of Expertise						
	Leadership Skills	Industrial Knowledge and Experience	Technical / Professional Skills	Board Services and Corporate Governance	Business Strategy	Financial and Management Skills	Human Resources and Soft Skills
Sri S. Pathy	✓	✓	✓	✓	✓	✓	✓
Sri R. Santharam	✓	✓	✓	✓	✓	✓	✓
Sri Satish Ajmera	✓	✓	✓	✓	✓	✓	✓
Sri D. Rajendran	✓	✓	✓	✓	✓	✓	✓
Sri Vijay Venkataswamy	✓	✓	✓	✓	✓	✓	✓
Sri Sanjay Jayavarthanavelu	✓	✓	✓	✓	✓	✓	✓
Sri Aditya Krishna Pathy	✓	✓	✓	✓	✓	✓	✓
Smt Suguna Ravichandran	✓	✓	✓	✓	✓	✓	✓

## CONFIRMATION ON THE FULFILLMENT OF THE CONDITIONS OF INDEPENDENCE

Based on the declarations received from the Independent Directors, the Board of Directors are of the opinion that the Independent Directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 and are independent of the management.

## INDEPENDENT DIRECTORS MEETING

During the year under review, the Independent Directors met on 10<sup>th</sup> February, 2021, inter alia, to discuss:

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

All the independent Directors were present at the meeting.

During the year under review, none of the Independent Director has resigned before the expiry of the tenure.

# THE LAKSHMI MILLS COMPANY LIMITED

## COMMITTEE OF DIRECTORS

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

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

## AUDIT COMMITTEE

The role, powers and functions of the Audit Committee are as per Section 177 of the Companies Act 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of this Committee are as required by SEBI - under Regulation 18 read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Three out of Four members of the Committee are Independent Directors including Chairman. They possess sound knowledge on accounts, audit, finance, taxation, internal controls etc. The Audit committee reviews reports of the internal auditor, meets statutory auditors as and when required and discusses their findings, suggestions, observations and other related matters. It also reviews major accounting policies followed by the Company, compliance of adequate internal control system, Accounting Standards and financial disclosure and other issues conforming to the requirements specified by the Companies Act, 2013 and by the Stock Exchange in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Committee met 4 times during the financial year - 24<sup>th</sup> June 2020, 7<sup>th</sup> August 2020, 13<sup>th</sup> November 2020 and 10<sup>th</sup> February 2021. The composition and the attendance of the members at the Committee Meetings held during the year are as under:

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

The quarterly financial results were reviewed by the Committee before submission to the Board. On quarterly basis, the Committee continues to review whistle-blower complaints, litigations, related party transactions and policy violation instances, the corrective actions and mitigating controls put in place thereof.

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

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

The Chairman of the Audit Committee had attended the Annual General Meeting of the Company held on 3<sup>rd</sup> September 2020.

## NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is constituted in compliance with the requirements of Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 178 of the Companies Act, 2013.

The role, powers and functions of the Nomination and Remuneration Committee are as per Section 178 of the Companies Act 2013, and the guidelines set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of this Committee are as required by SEBI - under Regulation 19 read



with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee was constituted for identifying the persons to be appointed as Directors and Senior Management personnel, recommend to the Board - the appointment and removal of Directors, carry out evaluation of Directors, formulate the criteria for determining qualifications, positive attributes and independence of Directors, and to recommend a policy relating to the remuneration of Directors.

The Committee met 3 times during the Financial Year on 24<sup>th</sup> June 2020, 7<sup>th</sup> August 2020 and 10<sup>th</sup> February 2021. The composition and attendance of the members at the Committee Meetings held during the year are as under:

Name of the Members	Category	No. of Meetings held during the year	No. of Meetings attended
Sri D. Rajendran (Chairman)	Non-Executive - Independent	3	3
Sri Satish Ajmera (Member)	Non-Executive - Independent	3	3
Sri R. Santharam (Member)	Non-Executive - Vice Chairman	3	2
Sri Sanjay Jayavarthanavelu (Member)	Non-Executive-Non Independent	3	3

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

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

Sri D. Rajendran, Chairman of the Nomination and Remuneration Committee, has attended the Annual General Meeting of the Company held on 3<sup>rd</sup> September 2020.

## PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board who were evaluated on parameters such as level of engagement and contribution and independence of judgment thereby safeguarding the interest of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors were carried out by the Independent Directors. The board also carried out annual performance evaluation of the working of its Audit, Nomination and Remuneration as well as Stakeholder Relationship Committees. The Directors have expressed their satisfaction with the evaluation process.

## STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee was constituted in compliance with the provisions of Section 178 of the Companies Act, 2013 read with Regulation 20 and Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Committee has been formed comprising of the following three Non-Executive Directors as its members to specifically serve the grievance of the shareholders / investors. The Committee reviews the services rendered namely - adherence of service standards adopted by the Company in respect of services rendered by the Registrar and Share Transfer Agents, measures taken for effective exercise of voting rights by shareholders, measures to reduce the quantum of unclaimed dividends, timely receipt of dividend warrants, annual reports, notices, etc., redressal of complaints of the shareholders like delay in transfer of shares, non receipt of Annual Report, non receipt of dividends, etc., and also the action taken by the Company on such matters. The Committee met on 10<sup>th</sup> February, 2021 during the financial year ended 31<sup>st</sup> March 2021.

# THE LAKSHMI MILLS COMPANY LIMITED

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

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

During the year, the Company had not received any complaint from the investor. There was no complaint / query remaining unresolved as on 31.03.2021.

The Chairman of the Stakeholders' Relationship Committee had attended the Annual General Meeting of the Company held on 3<sup>rd</sup> September 2020.

## SHARE TRANSFER COMMITTEE

The Share Transfer Committee has been formed from the members of the Board, representatives of the Registrars and Share Transfer Agents and the Company Secretary and there are 5 members. During the year, the Committee met 7 times and approved Transmission of Shares and the issuance of Duplicate Share Certificates. There were no pending share transfers as on 31.03.2021.

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

Dividend declared for the year 2012-13 and had remained unclaimed for a period of 7 years were transferred to IEPF Account and the shares thereon were also transferred to the credit of demat Account identified by the IEPF Authority during the year under review pursuant to Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

## UNCLAIMED SUSPENSE ACCOUNT

The Company is in the process of opening the demat account for the unclaimed shares in terms of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

## CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

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

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

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

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

The Committee met 2 times on 7<sup>th</sup> August 2020 and 10<sup>th</sup> February 2021 during the financial year ended 31<sup>st</sup> March 2021. All the members were present for the meeting.

The Company formulated CSR Policy, which is uploaded on the website of the Company viz. [www.lakshimimills.com](http://www.lakshimimills.com)

## REMUNERATION OF DIRECTORS

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

Remuneration paid or payable to Directors during the year 2020-21 are given below: (in ₹)

Name of the Directors	Sitting Fees	Salary	Perquisites	Contribution to PF & Superannuation	Total
Sri S. Pathy *	NA	83,61,666	3,60,000	12,54,250	99,75,916
Sri R. Santharam	1,70,000	NA	NA	NA	1,70,000
Sri D. Rajendran	1,85,000	NA	NA	NA	1,85,000
Sri Satish Ajmera	1,65,000	NA	NA	NA	1,65,000
Sri Sanjay Jayavarthanavelu	1,25,000	NA	NA	NA	1,25,000
Sri Aditya Krishna Pathy *	NA	47,98,066	2,04,000	12,82,907	62,84,973
Smt Suguna Ravichandran	1,40,000	NA	NA	NA	1,40,000
Sri Vijay Venkataswamy	95,000	NA	NA	NA	95,000

\* Remuneration as approved by the Shareholders.

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

No Stock options were granted/convertible instruments issued to Non-executive Directors and Independent Directors during the financial year ended 31<sup>st</sup> March 2021. No service contracts were entered into with Directors.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report covering matters in Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) for the year under review is given as separate annexure in this Annual Report.

# THE LAKSHMI MILLS COMPANY LIMITED

## GENERAL BODY MEETINGS

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

Financial Year ended	Date of Meeting	Time of Meeting	Venue of the Meeting	Special Resolutions Passed, if any
31 <sup>st</sup> March 2018	20.09.2018	4.30 P.M.	Nani Palkhivala Auditorium, Mani Hr. Sec. School, Pappanaickenpalayam, Coimbatore - 641037	Nil
31 <sup>st</sup> March 2019	12.09.2019	4.30 P.M.		<ol style="list-style-type: none"> <li>1. Reappointment of Sri Satish Ajmera as Independent Director</li> <li>2. Reappointment of Sri D Rajendran as Independent Director</li> <li>3. Reappointment of Sri Vijay Venkataswamy as Independent Director</li> <li>4. Consent to the Board of Directors to develop, lease the surplus land and buildings of the Company</li> </ol>
31 <sup>st</sup> March 2020	03.09.2020	11.30 A.M.	Through Video conferencing (VC) / Other Audio Visual Means (OAVM) from the Registered Office of the Company	<ol style="list-style-type: none"> <li>1. Reappointment of Smt Suguna Ravichandran as Independent Director</li> </ol>

## EGM AND POSTAL BALLOT

No EGM was held during the year under review.

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

No Special Resolution on matters requiring Postal Balloting is placed for Shareholders approval at the ensuing Annual General Meeting.

## 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](http://www.lakshmimills.com).

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

## SHAREHOLDERS INFORMATION 111<sup>th</sup> ANNUAL GENERAL MEETING

Day & Date	: Friday, 24 <sup>th</sup> September, 2021
Time	: 12.05 P.M.
Venue	: Annual General Meeting (AGM) to be conducted through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), pursuant to MCA circular dated 05.05.2020 read with circulars dated 08.04.2020, 13.04.2020, 15.06.2020, 28.09.2020, 31.12.2020 and 13.01.2021 and SEBI circulars dated 12.05.2020 and 15.01.2021 without physical presence of Members at a common venue. The deemed venue for the AGM shall be the Registered Office of the Company - 686, Avanashi Road, Pappanaickenpalayam, Coimbatore - 641 037.

## FINANCIAL CALENDAR

Financial year	: 1 <sup>st</sup> April, 2020 to 31 <sup>st</sup> March, 2021. The results for every quarter beginning from 1 <sup>st</sup> April 2020 are declared within the timeline as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per the SEBI Circular CIR/CFD/FAC/62/2016 dated July 5, 2016.
Announcement of Annual Results 2020-21	: 28.06.2021
Dividend Payment Date	Dividend, when declared, will be payable on or before 23 <sup>rd</sup> October, 2021 to those members whose names are registered as such in the Register of Members of the Company as on 17 <sup>th</sup> September 2021 and to the Beneficiary holders as per the beneficiary list as on record date provided by the NSDL and CDSL.
E-voting period	: 21.09.2021 - 9.00 AM to 23.09.2021 - 5.00 P.M
Date of Book Closure	: 18.09.2021 - Saturday to 24.09.2021 - Friday (both days inclusive)

## LISTING ON STOCK EXCHANGES

The equity shares of the Company are listed at	: BSE Limited, Mumbai - 400 001.
BSE Limited, Stock Code	: 502958
ISIN No.	: INE938C01019

Listing fee for 2021-2022 has been paid in respect of BSE Ltd.

## MARKET PRICE DATA

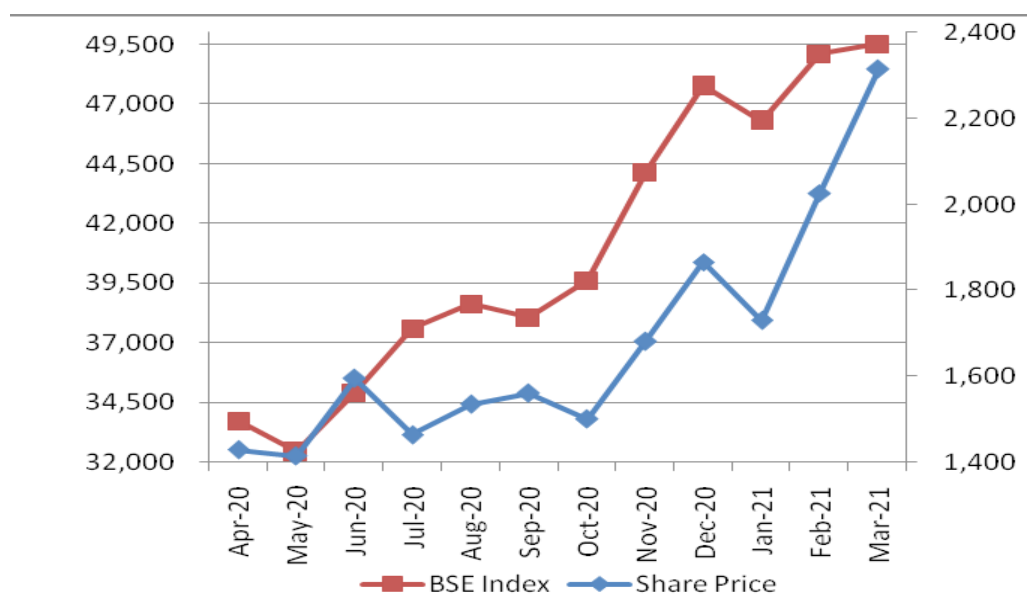
The Company's Shares were traded under permitted category in the National Stock Exchange under a tie - up arrangement made by the Madras Stock Exchange from November 2009. Since the Madras Stock Exchange was liquidated, no trading is undertaken in National Stock Exchange any further.

# THE LAKSHMI MILLS COMPANY LIMITED

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

Month	High Price	Low Price	Month	High Price	Low Price
April - 2020	1,555	1,210	October	1,600	1,440
May	1,543	1,250	November	1,799	1,450
June	1,730	1,330	December	2,025	1,602
July	1,644	1,350	January - 2021	2,000	1,716
August	1,640	1,403	February	2,279	1,750
September	1,842	1,455	March	2,940	1,653

## SHARE PERFORMANCE IN COMPARISON WITH BSE INDEX



### REGISTRAR & SHARE TRANSFER/DEMAT AGENTS

M/s. S.K.D.C. Consultants Ltd.,  
 "Surya", 35, May Flower Avenue  
 Behind Senthil Nagar, Sowripalayam Road,  
 Coimbatore - 641 028  
 Phone : 0422 4958995 / 2539835 - 36  
 Email : info@skdc-consultants.com

### DETAILS OF COMPLIANCE OFFICER

Sri N.Singaravel,  
 Company Secretary  
 The Lakshmi Mills Company Limited  
 686, Avanashi Road, Coimbatore - 641 037  
 Phone: +91-422-2245461 - 65, 4333700  
 Fax: +91-422-2246508  
 E-Mail: csns@lakshmimills.com

In order to facilitate investor servicing, the Company has designated an e-mail-id: secretarial@lakshmimills.com mainly for registering complaints by investors.

### SHARE TRANSFER SYSTEM

Shares in physical form are processed by the Registrar and Share Transfer Agents, M/s. SKDC Consultants Limited, and approved by the Share Transfer Committee of the Company. The share transfers are processed within a period of 15 days from the date of receipt of the transfer documents by M/s. SKDC Consultants Limited, if the



documents are complete in all respects. All requests for dematerialization of shares are processed and confirmed to the depositories, NSDL and CDSL, within 15 days. The Share Transfer Committee generally meets whenever necessary for approving share transfers and other related activities.

#### SHAREHOLDING PATTERN (as on 31.03.2021)

Sl. No.	Category	No. of Share holders	No. of Shares held	% to paid-up capital
1	Promoters and Promoters group	24	4,40,695	63.36
2	Financial Institutions, Banks and Mutual Funds	13	28,042	4.03
3	Central / State Government(s)	1	5,107	0.73
4	Foreign Financial Institutions / Banks	1	20	0.00
5	Bodies Corporate	53	50,200	7.22
6	Individuals	4,881	1,43,318	20.61
7	Others	216	28,168	4.05
	<b>Total</b>	<b>5,189</b>	<b>6,95,550</b>	<b>100.00</b>

#### DISTRIBUTION OF SHARE HOLDING (as on 31.03.2021)

Range (No. of Shares)	No. of Shareholders	No. of Shares	% held
1 - 50	4,629	49,664	7.14
51 - 100	270	20,086	2.89
101 - 200	137	18,892	2.72
201 - 300	49	12,338	1.77
301 - 400	32	10,923	1.57
401 - 500	16	7,274	1.05
501 - 1000	24	17,215	2.47
1001 and Above	32	5,59,158	80.39
<b>Total</b>	<b>5,189</b>	<b>6,95,550</b>	<b>100.00</b>

#### DEMATERIALISATION OF SHARES

As on 31<sup>st</sup> March 2021, 6,34,290 Shares constituting 91.19% of the equity shares have been dematerialized. The Company has arrangement with National Securities Depository Ltd. (NSDL) as well as Central Depository Services (India) Limited (CDSL) for demat facility. The Company's shares being in compulsory dematerialized (demat) list are transferable through the depository system. Considering the advantages of demat trading, shareholders are requested to consider dematerialization of their shares so as to avoid inconvenience in future. With effect from 1<sup>st</sup> April, 2019, the applications for transfer of shares held in physical form will not be processed by the listed entity / Registrar and Share Transfer Agent, except in case of transmission or transposition, in accordance with the amended Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

#### NOMINATION FACILITY

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

# THE LAKSHMI MILLS COMPANY LIMITED

## CREDIT RATING

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

## PLANT LOCATIONS

The Company has 2 Plants situated at the following locations:

Unit I: Lakshmipuram P.O., Kovilpatti

Unit II: Kuppuswamynaidupuram, Palladam

## ADDRESS FOR CORRESPONDENCE

All correspondence from shareholders should be addressed to:

**Sri N. Singaravel**

Company Secretary

The Lakshmi Mills Company Limited

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

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

E-Mail: csns@lakshmimills.com

Investors' grievances email id : secretarial@lakshmimills.com

## DISCLOSURES

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

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

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

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

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

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

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

**c) Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee.**

A Whistle Blower Policy is adopted by the Company. The whistle blower mechanism is in operation and no personnel has been denied access to the Audit Committee.

**d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements.**

The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

**e) Disclosure on “material” subsidiaries:** The Company has no material subsidiary.

**f) Web link where policy on dealing with related party transactions is disclosed.**

The Company has framed Related Party Transaction Policy and the same is placed on the Company’s website and the web link for the same is <http://www.lakshimills.com/policies>.

**g) Disclosure of commodity price risks and commodity hedging activities.**

The Company is not undertaking any commodity hedging activities; hence there is no risk of commodity hedging to the Company.

**h) Disclosure on accounting treatment.**

In the preparation of the financial statements, the Company has followed the accounting standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

**i) Disclosure on risk management.**

Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board.

All the requirements of Corporate Governance Report of sub - paragraphs (2) to (10) of Schedule V has been duly complied with.

None of the discretionary requirements as specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been adopted.

The Company is fully compliant with the Corporate Governance requirements as specified by Regulation 17 to 27 and clauses (b) to (i) of Sub - Regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**OTHER DISCLOSURES**

- a. The Company has not raised any funds through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- b. A certificate from a Company Secretary in whole time practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Security Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority has been obtained and is annexed to this report.
- c. During the year under review, the recommendations made by the different Committees have been accepted and there were no instances where the Board of Directors had not accepted any recommendation of the Committees.
- d. The Company has paid a sum of ₹ 3.50 Lakhs as fees on consolidated basis to the Statutory auditor and all entities in the network firm / entity of which the Statutory auditor is a part for the services rendered by them.

# THE LAKSHMI MILLS COMPANY LIMITED

- e. As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted an Internal Complaints Committee. During the year 2020-21, no complaint was received by the Committee. As such, there are no complaints pending as at the end of the financial year.

## **CERTIFICATE FROM CEO / CFO**

The CEO and CFO certification of the financial statements for the year has been submitted to the Board of directors, in its meeting held on 28<sup>th</sup> June, 2021 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

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

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

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

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

## **CODE OF CONDUCT**

The Code of Conduct for the Directors and Senior Management Personnel of the Company has been laid down and posted on the Website of the Company. The compliance of the said Code of Conduct by the Directors and Senior Management Personnel for the year 2020-21 has been affirmed by the Chairman and Managing Director (CEO).

## **DECLARATION FOR CODE OF CONDUCT**

I hereby confirm that the Company has obtained from the members of the Board and Senior Management Personnel their affirmation on compliance of the Code of conduct laid down by the Company for the financial year 2020-2021.

Coimbatore  
28<sup>th</sup> June, 2021

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

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To

The Members of

M/s. The Lakshmi Mills Company Limited

CIN: L17111TZ1910PLC000093

686 Avanashi Road

Coimbatore - 641037

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

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

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

Place: Coimbatore

Date : 28.06.2021

**M D SELVARAJ**

**MDS & Associates**

**Company Secretaries**

**FCS No.: 960, C P No.: 411**

**PR 985/2020**

**UDIN: F000960B000561916**

# THE LAKSHMI MILLS COMPANY LIMITED

## **Independent Auditors' certificate on corporate governance**

**To The Members of The Lakshmi Mills Company Limited, Coimbatore,**

We have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2021 as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

### **Managements' Responsibility**

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

### **Auditors' Responsibility**

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance (the "Guidance Note") issued by the Institute of the Chartered Accountants of India ("ICAI") and the Standards on Auditing ("SA"s) specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### **Opinion**

Based on our examination of the relevant records and according to the information and explanations provided to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2021.

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

Coimbatore  
28<sup>th</sup> June, 2021

For M.S.Jagannathan & Visvanathan  
Chartered Accountants  
Firm Registration No 001209 S  
**M V Jeganathan**  
Membership No. 214178  
UDIN: 21214178AAAABT8073

## Independent Auditor's Report

### To the Members of The Lakshmi Mills Company Limited

### Report on the audit of standalone Financial Statements

#### Opinion

We have audited the standalone financial statements of The Lakshmi Mills Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as standalone financial statements).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ["the Act"], in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the Profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the

Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements..

#### Key Audit Matters

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

S. No.	Key Audit Matter	Auditor's Response
1	<p><b>Evaluation of impairment assessments</b></p> <p>An investment in Unquoted shares in Sai Regency Power Corporation Private Limited (SRPCPL) as at March 31, 2021 amounts to ₹ 52.50 Lakhs.</p> <p>The management assessed that there are impairment indicators in respect of its investment in Sai regency power corporation Private limited (SRPCPL).</p> <p>Accordingly, the management estimated the recoverable value of its investment in SRPCPL the carrying value of which as at March 31, 2021 is ₹ Nil.</p>	<p><b>Principal Audit Procedures</b></p> <p>We evaluated the design and tested the effectiveness of internal controls related to evaluation of impairment assessment of investment in SRPCPL.</p> <p>We evaluated the accuracy of the inputs used to determine the recoverable value. We assessed their reasonableness, tested the sensitivity of the recoverable value.</p> <p>We verified the appropriateness of the accounting policies &amp; disclosure related to investments in notes 2 (XV) in the standalone financial statements.</p>



# THE LAKSHMI MILLS COMPANY LIMITED

S. No.	Key Audit Matter	Auditor's Response
2	<p><b>Evaluation of impairment assessment</b></p> <p>Provision for the expected credit losses against advances receivable to the tune of ₹ 187.41 lakhs for the year ended 31 March 2021 is made.</p> <p>The provision for the expected credit losses involves certain judgement with respect to assessment of the default probabilities and recovery amounts from the financial assets that fall within the scope of Ind AS 109.</p> <p>Considering the exercise of the significant judgements in this regard, this matter has been considered as a key audit matter.</p>	<p><b>Principal Audit Procedures</b></p> <p>The audit procedures included assessment of the appropriateness of the assumption applied in the ECL model and review of the methodology applied by the management.</p> <p>We tested the management assumptions, estimates and judgements, which could give rise to material misstatement. We discussed with management and scrutinised the appropriateness of those key assumptions applied in management's impairment assessment, and compared them with available external evidence where necessary.</p> <p>Performed procedures to obtain comfort on the accuracy of the impairment calculation process. Assessed accuracy and completeness of disclosures made as required by relevant accounting standards.</p>
3	<p><b>Evaluation of uncertain tax positions</b></p> <p>The Company has uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes (Refer note 30)</p>	<p><b>Principal Audit Procedures</b></p> <p>We obtained details of completed tax assessments and demands received upto the end of the financial year and till the date of finalisation of our report, from management. We analysed the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. We considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions to evaluate whether any change was required to management's position on these uncertainties</p>
4	<p><b>Recoverability of Income tax assets and Receivables from Government authorities</b></p> <p>As at March 31, 2021 non-current assets in respect of Income tax assets to the extent of ₹ 113.98 lakhs and Receivable from government authorities to the extent of ₹ 0.44 lakhs are outstanding. (refer note 8)</p>	<p><b>Principal Audit Procedures</b></p> <p>We analysed and reviewed the nature of the amounts recoverable, the sustainability and the likelihood of recoverability upon final resolution. The income tax assets represents tax deducted at sources; the amounts receivable from government authorities represent input tax credits eligible for set off and as such we considered and concluded that these receivables are sustainable upon final resolution.</p>

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

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

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and those charged with governance for the standalone Financial Statements**

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and

estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditors' Responsibility**

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

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

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

# THE LAKSHMI MILLS COMPANY LIMITED

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings,

including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The balance sheet, the statement of profit and loss (including other comprehensive income), statement of changes in equity and the cash flow statement dealt with by this report are in agreement with the books of account;

- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules 2014;
- e) On the basis of the written representations received from the directors of the Company as on March 31, 2021 taken on record by the board of directors, none of the directors are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure “B” and
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

- h) With respect to the other matters to be included in the auditors’ report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note No.30 to the standalone financial statements.
  - ii The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
  - iii In respect of amounts to be transferred to Investor Education and Protection Fund for the financial year 2012-13, the amounts were transferred on 03-12-2020 instead on the due date 11-10-2020, resulting in a delay of 53 days.

Coimbatore  
28<sup>th</sup> June, 2021

For M.S.Jagannathan & Visvanathan  
Chartered Accountants  
Firm Registration No 001209 S  
**M V Jeganathan**  
Membership No. 214178  
UDIN: 21214178AAAABS1639

# THE LAKSHMI MILLS COMPANY LIMITED

## Annexure “A” to the Independent Auditor’s Report

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

- 1 A The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
B The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the period and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.  
C According to the information and explanations given to us and the records examined by us and based on the evidences received from Banks, Immovable properties whose title deeds have been pledged as security for Term Loans and cash credit facilities availed from Banks are held in the name of the Company. In respect of freehold properties these have been confirmed by the management.
- 2 A As explained to us, inventories have been physically verified by the management at regular intervals during the year.  
B In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
C In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification as compared to the book records.
- 3 During the year, the company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and hence, Clause (b) and (c) is not applicable.
- 4 During the year, Company has not made any loans or investments or given any guarantees and hence disclosure under this clause related to compliance with the provisions of Section 185 and 186 of the Act does not arise.
- 5 The company has not accepted any deposits from the public and as such clause 3(v) of the Order is not applicable.
- 6 We have broadly reviewed the cost records maintained by the company specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, as applicable to the company, and are of the opinion that prima facie the specified cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 7 A According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Employees’ State insurance, Income tax, GST, and any other statutory dues with the appropriate authorities during the year.  
According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March 2021 for a period of more than six months from the date they became payable.  
B According to the information and explanations given to us, the details of disputed statutory dues that have not been deposited on account of dispute is as under:

(₹ in Lakhs)

Nature of Statute	Nature of Dues	Amount ₹ lakhs	Amount paid/ adjusted	Period to which the amount relates	Forum where dispute is pending
Central Excise / Service Tax	Rebate claim	48.63	-	April 2015 to March 2017	Commissioner of GST and Central Excise (Appeals)
Income tax	Income tax	128.08	4.30	A Y 2014-15	CIT( Appeals)

- 8 In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to any of the banks.
- 9 The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The Company during the year has taken term loans from the banks and had utilised the same for the purpose for which it was obtained.
- 10 To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year that causes the financial statements to be materially misstated.
- 11 According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- 12 In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, clause 3(xii) of the Order is not applicable.
- 13 According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- 14 According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- 15 According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- 16 The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act 1934.

For M.S.Jagannathan & Visvanathan  
Chartered Accountants  
Firm Registration No 001209 S  
**M V Jeganathan**  
Membership No. 214178  
UDIN : 21214178AAAAABS1639

Coimbatore  
28<sup>th</sup> June, 2021



# THE LAKSHMI MILLS COMPANY LIMITED

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

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

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

We have audited the internal financial controls over financial reporting of The Lakshmi Mills Company Limited (“the Company”) as of March 31, 2021, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

#### Auditors’ Responsibility

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

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

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

#### Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and



expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Limitations of Internal Financial Controls over Financial Reporting**

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

#### **Opinion**

In our opinion and according to the information and explanations given to us, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Coimbatore  
28<sup>th</sup> June, 2021

For M.S.Jagannathan & Visvanathan  
Chartered Accountants  
Firm Registration No 001209 S  
**M V Jeganathan**  
Membership No. 214178  
UDIN: 21214178AAAABS1639

# THE LAKSHMI MILLS COMPANY LIMITED

## Balance Sheet as at March 31, 2021

		(₹ in Lakhs)	
Particulars	Note No.	31.03.2021	31.03.2020
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	3	14,165.78	14,455.87
(b) Capital work-in-progress		87.72	-
(c) Intangible assets	3	3.85	3.96
(d) Investment Property	4	1,499.89	1,378.88
(e) Financial assets			
(i) Investments	5	35,513.64	12,144.31
(ii) Loans	6	490.57	193.87
(iii) Other financial assets	7	38.69	25.51
(f) Deferred tax assets (net)	26	1,086.26	1,563.51
(g) Other non-current assets	8	192.77	138.06
<b>Total non - current assets</b>		<b>53,079.17</b>	<b>29,903.97</b>
<b>2 Current assets</b>			
(a) Inventories	9	2,799.44	3,379.55
(b) Financial assets			
(i) Trade receivables	10	3,050.38	2,637.28
(ii) Cash and cash equivalents	11	14.87	34.50
(iii) Bank balances other than (ii) above	11	178.51	194.99
(iv) Loans and advances	6	18.84	205.75
(c) Current tax assets (net)		-	47.09
(d) Other current assets	8	132.33	213.58
<b>Total Current Assets</b>		<b>6,194.37</b>	<b>6,712.74</b>
<b>Total Assets</b>		<b>59,273.54</b>	<b>36,616.71</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	12	695.55	695.55
(b) Other equity	13	46,974.21	23,609.94
<b>Total Equity</b>		<b>47,669.76</b>	<b>24,305.49</b>
<b>LIABILITIES</b>			
<b>1 Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	14	2,224.69	1,721.43
(ii) Other financial liabilities	17	146.06	106.43
(b) Provisions	15	462.09	392.87
(c) Other non-current liabilities	18	183.94	208.81
<b>Total Non - Current Liabilities</b>		<b>3,016.78</b>	<b>2,429.54</b>

## Balance Sheet as at March 31, 2021

		(₹ in Lakhs)	
Particulars	Note No.	31.03.2021	31.03.2020
<b>2 Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	14	5,003.56	6,169.58
(ii) Trade payables	16		
Total outstanding dues of micro enterprises and small enterprises		10.87	199.92
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,075.91	1,457.76
(iii) Other financial liabilities	17	1,664.20	1,372.27
(b) Provisions	15	140.83	114.67
(c) Other liabilities	18	591.91	567.48
(d) Current tax liabilities (net)		99.72	-
<b>Total current liabilities</b>		<b>8,587.00</b>	<b>9,881.68</b>
<b>Total Liabilities</b>		<b>11,603.78</b>	<b>12,311.22</b>
<b>Total Equity and Liabilities</b>		<b>59,273.54</b>	<b>36,616.71</b>

See accompanying notes to the financial statements 1-35

For and on behalf of the Board		In terms of our report of even date	
<b>S. Pathy</b>	<b>R. Santharam</b>	For <b>M.S.Jagannathan &amp; Visvanathan</b>	
Chairman & Managing Director	Vice Chairman	Firm Registration No. 001209S	
DIN: 00013899	DIN: 00151333	Chartered Accountants	
		<b>M.V.Jeganathan</b>	
		Partner	
Place : Coimbatore	<b>N. Singaravel</b>	<b>A.Doraiswamy</b>	
Date : 28 <sup>th</sup> June 2021	Company Secretary	Chief Financial Officer	Membership No. 214178

# THE LAKSHMI MILLS COMPANY LIMITED

## Statement of Profit and Loss for the year ended March 31, 2021

		(₹ in Lakhs)	
Particulars	Note No.	31.03.2021	31.03.2020
I Revenue from operations	19	18,390.28	21,845.05
II Other income	20	196.09	371.37
III Total income		18,586.37	22,216.42
IV EXPENSES			
Cost of materials consumed	21.a	6,568.70	10,588.79
Purchases of Stock-in-trade	21.b	1,763.56	1,790.37
Changes in stock of finished goods, work-in-progress and stock-in-trade	21.c	1,365.88	(206.46)
Employee benefit expense	22	2,878.42	3,645.76
Finance costs	23	1,151.69	1,016.44
Depreciation and amortisation expense	3	611.41	826.92
Power and Fuel charges		1,998.46	2,977.98
Other expenses	24	1,531.32	2,383.92
Total Expenses		17,869.44	23,023.72
Profit before exceptional item and tax		716.93	(807.30)
Exceptional items	25	(74.30)	849.90
V Profit before tax after exceptional item		642.63	42.60
VI Tax expense	26		
Current tax		149.54	-
Deferred tax		126.13	194.52
Total tax		275.67	194.52
VII Profit for the year		366.96	(151.92)
VIII Other comprehensive income			
(i) Items that will not be reclassified to the statement of profit or loss			
(a) Remeasurement of employee defined benefit plans		(73.40)	16.67
(b) Income tax on (a) above		19.08	(4.33)
(c) Changes in fair value of equity instruments at FVOCI		23,421.83	(19,800.98)
(d) Income tax on (c) above		(370.20)	(69.70)
Total Other comprehensive income		22,997.31	(19,858.34)
Total comprehensive income for the year		23,364.27	(20,010.26)
IX Earnings per equity share of ₹ 100/-			
Basic (in ₹ )	28	52.76	(21.84)
Diluted (in ₹ )	28	52.76	(21.84)

See accompanying notes to the financial statements 1-35

For and on behalf of the Board		In terms of our report of even date	
S. Pathy	R. Santharam	For M.S.Jagannathan & Visvanathan	
Chairman & Managing Director	Vice Chairman	Firm Registration No. 001209S	
DIN: 00013899	DIN: 00151333	Chartered Accountants	
		M.V.Jeganathan	
Place : Coimbatore	N. Singaravel	A.Doraiswamy	Partner
Date : 28 <sup>th</sup> June 2021	Company Secretary	Chief Financial Officer	Membership No. 214178

## Statement of Cash Flow for the year ended March 31, 2021

	(₹ in Lakhs)	
Particulars	31.03.2021	31.03.2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	642.63	42.60
Adjustments for:		
Depreciation and amortisation expense	611.41	826.92
Provision for impairment in the value of unquoted investments	52.50	-
Allowance for doubtful receivables	187.41	-
Net loss/(gain) on disposal of property, plant and equipment	(26.32)	844.42
Interest income	(15.85)	(20.33)
Dividend income	(52.00)	(182.00)
Net unrealised exchange loss/(gain)	(41.66)	(105.60)
Interest expense	1,151.69	1,008.23
<b>Operating profit before working capital changes</b>	<b>2,509.81</b>	<b>2,414.24</b>
<b>Adjustments for (increase)/decrease in operating assets:</b>		
Inventories	580.11	(110.86)
Trade receivables	(371.44)	742.13
Loans - Current	(0.50)	(182.98)
Other current assets	81.25	(2.86)
Loans - Non current	(296.70)	10.69
Other non-current assets	(1.69)	29.78
<b>Adjustments for increase/(decrease) in operating liabilities:</b>		
Other non-current financial liabilities	39.63	91.47
Other non-current liabilities	(24.87)	47.10
Trade payables	(570.90)	(87.39)
Provisions	21.98	46.23
Other financial liabilities	(45.22)	(188.67)
Other current liabilities	24.43	95.58
<b>Cash used in / generated from operations</b>	<b>1,945.89</b>	<b>2,904.46</b>
Net income tax (paid) / refunds	(55.75)	(48.84)
<b>Net cash flow from operating activities (A)</b>	<b>1,890.14</b>	<b>2,855.62</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant and equipment (including capital advances)	(533.62)	(1,315.18)
Proceeds from sale of property, plant and equipment	30.00	(838.61)
Bank balances not considered as cash and cash equivalents	3.30	(81.32)
Dividend income	52.00	182.00
Interest received	15.85	20.33
<b>Net cash used in investing activities (B)</b>	<b>(432.47)</b>	<b>(2,032.78)</b>

# THE LAKSHMI MILLS COMPANY LIMITED

## Statement of Cash Flow for the year ended March 31, 2021

		(₹ in Lakhs)
Particulars	31.03.2021	31.03.2020
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	1,380.00	760.00
Repayment of long term borrowings	(531.39)	(646.62)
Proceeds from short term borrowings (net)	(1,166.02)	(32.77)
Finance costs	(1,159.89)	(1,000.03)
Dividends paid, including tax thereon	-	(41.93)
Transfer of unclaimed dividend to IEPF	-	-
<b>Net cash flow used in financing activities (C)</b>	<b>(1,477.30)</b>	<b>(961.35)</b>
<b>Net increase in Cash and cash equivalents (A+B+C)</b>	<b>(19.63)</b>	<b>(138.52)</b>
Cash and cash equivalents at the beginning of the year (refer note 11)	34.50	173.02
<b>Cash and cash equivalents at the end of the year (refer note 11)</b>	<b>14.87</b>	<b>34.50</b>

See accompanying notes to the financial statements 1-35

For and on behalf of the Board		In terms of our report of even date	
<b>S. Pathy</b>	<b>R. Santharam</b>	For <b>M.S.Jagannathan &amp; Visvanathan</b>	
Chairman & Managing Director	Vice Chairman	Firm Registration No. 001209S	
DIN: 00013899	DIN: 00151333	Chartered Accountants	
		<b>M.V.Jeganathan</b>	
Place : Coimbatore	<b>N. Singaravel</b>	<b>A.Doraiswamy</b>	Partner
Date : 28 <sup>th</sup> June 2021	Company Secretary	Chief Financial Officer	Membership No. 214178

## Statement of Changes in Equity for the year ended March 31, 2021

### a. Equity share capital

(₹ in Lakhs)

Balance as at March 31, 2019	695.55
Changes in equity share capital during the year	-
Balance as at March 31, 2020	695.55
Changes in equity share capital during the year	-
Balance as at March 31, 2021	695.55

### b. Other Equity

(₹ in Lakhs)

Particulars	Reserves & Surplus				Other Comprehensive Income		Total other equity
	Securities premium	Capital reserve	General reserve	Retained earnings	Equity instruments through OCI	Employee defined benefit plan	
Balance as at March 31, 2019	101.89	9.00	1,391.57	10,315.57	31,844.10	-	43,662.13
Profit for the year (net of taxes)	-	-	-	(151.92)	-	-	(151.92)
Other Comprehensive Income for the year (net of taxes)	-	-	-	-	(19,870.68)	12.34	(19,858.34)
<b>Total Comprehensive income for the year</b>	-	-	-	<b>(151.92)</b>	<b>(19,870.68)</b>	<b>12.34</b>	<b>(20,010.26)</b>
Transfer to Retained Earnings	-	-	-	12.34	-	(12.34)	-
Dividend paid	-	-	-	(34.78)	-	-	(34.78)
Tax on dividend paid	-	-	-	(7.15)	-	-	(7.15)
<b>Balance as at March 31, 2020</b>	<b>101.89</b>	<b>9.00</b>	<b>1,391.57</b>	<b>10,134.06</b>	<b>11,973.42</b>	<b>-</b>	<b>23,609.94</b>
Profit for the year (net of taxes)	-	-	-	366.96	-	-	366.96
Other Comprehensive Income for the year (net of taxes)	-	-	-	-	23,051.63	(54.32)	22,997.31
<b>Total Comprehensive income for the year</b>	-	-	-	<b>366.96</b>	<b>23,051.63</b>	<b>(54.32)</b>	<b>23,364.27</b>
Transfer to Retained Earnings	-	-	-	(54.32)	-	54.32	-
Dividend paid	-	-	-	-	-	-	-
Tax on dividend paid	-	-	-	-	-	-	-
<b>Balance as at March 31, 2021</b>	<b>101.89</b>	<b>9.00</b>	<b>1,391.57</b>	<b>10,446.70</b>	<b>35,025.05</b>	<b>-</b>	<b>46,974.21</b>

#### Note:

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

Capital reserve represents the realised capital profits of earlier years

General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.

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

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

See accompanying notes to the financial statements 1-35

For and on behalf of the Board

**S. Pathy**

Chairman & Managing Director  
DIN: 00013899

**R. Santharam**

Vice Chairman  
DIN: 00151333

In terms of our report of even date

For **M.S.Jagannathan & Visvanathan**

Firm Registration No. 001209S

Chartered Accountants

**M.V.Jeganathan**

Partner

Place : Coimbatore

Date : 28<sup>th</sup> June 2021

**N. Singaravel**

Company Secretary

**A.Doraiswamy**

Chief Financial Officer

Membership No. 214178



# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2021

### 1 CORPORATE INFORMATION

The Lakshmi Mills Company Limited, “the Company”, is a public company domiciled in India and incorporated under the provisions of The Companies Act, 1882. Its shares are listed with BSE Limited, Mumbai. The Company is engaged in the manufacture of Yarn and trading in cloth and garments. The Company caters to both domestic and international markets.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### (i) Statement of compliance

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

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

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

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

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

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

In the application of the Company’s accounting policies, the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the

revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

#### Estimation uncertainty relating to COVID-19 outbreak:

The Company has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The Company has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of trade receivables, intangible assets and investments. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

#### (iv) Functional and presentation currency

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

#### (v) Revenue recognition

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

- a) **Sale of goods and services:** Revenue from the sale of goods and services is recognised when the company transfers control of goods

## Notes to the financial statements for the year ended March 31, 2021

or services to its customer at the amount to which the company expects to be entitled.

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

### (vi) Government Grants

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

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

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

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

### (vii) Leases

#### Arrangements in the nature of lease

The Company enters into agreements, comprising a transaction or series of related transactions that does not take the legal form of a lease but conveys the right to use the asset

in return for a payment or series of payments. In case of such arrangements, the Company applies the requirements of Ind AS 116 - Leases to the lease element of the arrangement. For the purpose of applying the requirements under Ind AS 116 - Leases, payments and other consideration required by the arrangement are separated at the inception of the arrangement into those for lease and those for other elements.

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

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

### (viii) Foreign currencies

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

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

### (ix) Borrowing costs

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

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2021

time the assets are substantially ready for their intended use or sale.

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

### (x) Employee benefits

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

#### Short-term employee benefits

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

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

#### Defined contribution plan

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

#### Defined benefit plan

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum

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

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

### (xi) Taxation

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

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

## Notes to the financial statements for the year ended March 31, 2021

amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

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

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

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

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

### (xii) Property, plant and equipment

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

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price/ acquisition cost, net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Machinery spares which can be used only

in connection with an item of Property, plant and equipment and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

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

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

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

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

### (xiii) Intangible assets

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

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



# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2021

### (xiv) Investment property

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

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

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

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

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. When an impairment loss subsequently reverses, the

carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### (xvi) Non-current assets held for sale

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

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

### (xvii) Inventories

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

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

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

### (xviii) Provisions and contingencies

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

## Notes to the financial statements for the year ended March 31, 2021

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

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

### (xix) Financial instruments

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

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

#### a) Non-derivative Financial assets:

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

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

Financial assets at amortised cost

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

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

- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

#### Effective interest method:

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

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

#### b) Derecognition of financial assets:

A financial asset is derecognised only when the:

- Company has transferred the rights to receive cash flows from the financial asset; or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Whether the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

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

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2021

### c) Foreign exchange gains and losses:

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.”

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

### d) Investments

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

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

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

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

### e) Financial liabilities:

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to

provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

### Financial liabilities at FVTPL

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

### Financial liabilities subsequently measured at amortised cost

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

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

### Foreign exchange gains and losses

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

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



## Notes to the financial statements for the year ended March 31, 2021

### Derecognition of financial liabilities

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

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

### (xx) Segment reporting

Operating segments are reported in the manner consistent with the internal reporting to the chief operating decision maker (CODM) as per Ind AS 108. The Company is structured into two reportable business segments - "Textiles" and "Rental Services". Textiles consists of manufacturing and sale of yarn and trading in cloth and garments. Rental service consist of letting out of properties. The Company has restructured its verticals and accordingly, as required by accounting standards, comparatives have been restated and presented in line with the current segments. The reportable business segments are in line with the segment wise information which is being presented to the CODM. Geographic information is based on business sources from that geographic region. Accordingly the geographical segments are determined as Domestic ie., within India and External ie., Outside India.

### (xxi) Cash and cash equivalents

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

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

### (xxii) Operating Cycle

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

### (xxiii) Recent accounting pronouncements

On March 24, 2021, the Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The Company is evaluating the effect of the amendments on its financial statements.

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2021

### NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Description of Assets	Freehold Land	Buildings	Plant & Equipment	Electrical Plant & Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Computers	Total Property, Plant and Equipment	Intangible Assets (Software)
<b>I. Gross Block (cost or deemed cost)</b>										
Balance as at March 31, 2019	11,553.16	1,326.62	4,708.32	156.03	3.12	141.95	50.80	14.42	17,954.42	12.70
Additions	-	-	48.73	-	-	1.48	-	0.91	51.12	-
Disposals	0.10	-	5.01	15.00	-	14.80	-	-	34.91	-
Balance as at March 31, 2020	11,553.06	1,326.62	4,752.04	141.03	3.12	128.63	50.80	15.33	17,970.63	12.70
Additions	-	123.56	77.04	-	2.23	6.90	-	3.32	213.05	0.62
Disposals	0.02	0.36	50.52	26.68	-	3.31	-	-	80.89	-
Balance as at March 31, 2021	11,553.04	1,449.82	4,778.56	114.35	5.35	132.22	50.80	18.65	18,102.79	13.32
<b>II. Accumulated Depreciation and Impairment</b>										
Balance as at March 31, 2019	-	269.64	2,284.47	67.30	1.70	95.16	21.73	10.27	2,750.27	7.55
Charge for the year	-	85.52	672.39	12.58	0.36	13.78	7.26	1.70	793.59	1.19
Disposals	-	-	1.40	14.25	-	13.45	-	-	29.10	-
Balance as at March 31, 2020	-	355.16	2,955.46	65.63	2.06	95.49	28.99	11.97	3,514.76	8.74
Charge for the year	-	77.66	396.89	8.27	1.80	10.02	3.46	1.36	499.46	0.73
Disposals	-	0.33	48.15	25.59	-	3.14	-	-	77.21	-
Balance as at March 31, 2021	-	432.49	3,304.20	48.31	3.86	102.37	32.45	13.33	3,937.01	9.47
<b>Net block (I-II)</b>										
Balance as at March 31, 2021	11,553.04	1,017.33	1,474.36	66.04	1.49	29.85	18.35	5.32	14,165.78	3.85
Balance as at March 31, 2020	11,553.06	971.46	1,796.58	75.40	1.06	33.14	21.81	3.36	14,455.87	3.96

## Notes to the financial statements for the year ended March 31, 2021

		(₹ in Lakhs)
Particulars	31.03.2021	31.03.2020
<b>NOTE 4 - INVESTMENT PROPERTY</b>		
<b>Cost or deemed cost</b>		
Balance at beginning of year	1,422.50	86.39
Additions/(Disposals)	232.23	1,336.11
<b>Balance at end of year</b>	<b>1,654.73</b>	<b>1,422.50</b>
<b>Accumulated depreciation</b>		
Balance at beginning of year	43.62	11.48
Additions/(Disposals)	111.22	32.14
<b>Balance at end of year</b>	<b>154.84</b>	<b>43.62</b>
<b>Net Block</b>	<b>1,499.89</b>	<b>1,378.88</b>
<b>Information regarding income and expenditure of investment property</b>		
Rental Income derived from investment properties	601.97	397.62
Direct operating expenses (including repairs and maintenance)	111.53	69.04
Profit arising from investment properties before depreciation	490.44	328.58
Depreciation	111.22	32.14
<b>Profit arising from investment properties</b>	<b>379.22</b>	<b>296.44</b>

The Company's investment properties consist of Freehold land and Buildings with other facilities.

The Company's investment properties consist of Coimbatore unit properties in the nature of land and buildings, Electrical Plant & Equipment and Office Equipment in India. As at March 31, 2021 and March 31, 2020, the fair values of the properties are ₹ 100.68 crores and ₹ 99.47 crores respectively. These are based on valuations performed by independent valuers. The fair value hierarchy is at level 2, which is derived using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data.(refer note 33.2B for note on fair value hierarchy)

### NOTE 5 - INVESTMENTS

#### Investment in equity instruments

##### A. Non Trade, Quoted and fully paid up (at Fair value)

Lakshmi Machine Works Limited	35,303.06	11,961.82
520,000 shares of ₹ 10/- each (520,000 shares of ₹ 10/- each)		
Lakshmi Automatic Loom Works Limited	158.07	84.15
330,000 shares of ₹ 10/- each (330,000 shares of ₹ 10/- each)		
Rajshree Sugars & Chemicals Limited	37.51	30.84
220,000 shares of ₹ 10/- each (220,000 shares of ₹ 10/- each)		
	<b>35,498.64</b>	<b>12,076.81</b>

##### B. Non Trade, Unquoted and fully paid up (at Cost)

LCC Investments Limited	15.00	15.00
150,000 shares of ₹ 10/- each (150,000 shares of ₹ 10/- each)		
Sai Regency Power Corporation Private Limited	52.50	52.50
525,000 shares of ₹ 10/- each (525,000 shares of ₹ 10/- each)		
	<b>67.50</b>	<b>67.50</b>
Less: Aggregate amount of provision for impairment in the value of investments	<b>52.50</b>	-
<b>Total</b>	<b>35,513.64</b>	<b>12,144.31</b>

<b>Aggregate value of unquoted investments</b>	<b>15.00</b>	<b>67.50</b>
<b>Aggregate amount of impairment in value of investments</b>	<b>52.50</b>	-

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2021

	(₹ in Lakhs)	
Particulars	31.03.2021	31.03.2020
<b>NOTE 6 - LOANS AND ADVANCES</b>		
<b>Non-current</b>		
Measured at amortised cost		
Security Deposits	490.57	193.87
<b>Total</b>	<b>490.57</b>	<b>193.87</b>
<b>Current</b>		
<b>At Fair value</b>		
Security Deposits and advances - unsecured and considered good	18.84	18.34
Amount receivable - credit impaired	187.41	187.41
	<b>206.25</b>	<b>205.75</b>
<b>Less:</b>		
Expected credit impairment	187.41	-
<b>Total</b>	<b>18.84</b>	<b>205.75</b>
<b>NOTE 7 - OTHER FINANCIAL ASSETS</b>		
(Unsecured and considered good)		
<b>Non-current</b>		
Bank deposits with more than 12 months maturity	38.69	25.51
<b>Total</b>	<b>38.69</b>	<b>25.51</b>
<b>NOTE 8 - OTHER ASSETS</b>		
(Unsecured and considered good)		
<b>Non-current</b>		
Deposits and other loans	78.79	77.10
Advance Income Tax (Net of provisions)	113.98	60.96
<b>Total</b>	<b>192.77</b>	<b>138.06</b>
<b>Current</b>		
Balances with revenue authorities	0.44	80.21
Prepaid expenses	8.64	7.55
Other assets (Income receivable)	123.25	125.82
<b>Total</b>	<b>132.33</b>	<b>213.58</b>
<b>NOTE 9 - INVENTORIES</b>		
(Lower of cost or net realisable value)		
Raw materials	1,320.55	518.26
Work-in-progress	387.48	357.47
Finished goods (other than those acquired for trading)		
Yarn	862.67	2,191.09
Waste	18.84	48.82
Stock-in-trade		
Yarn	-	-
Cloth	67.08	104.57
Garments	-	-
Stores and spares	142.82	159.34
<b>Total</b>	<b>2,799.44</b>	<b>3,379.55</b>

### Notes:

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

The cost of inventories recognised as an expense amounted to ₹ 9,698.14 Lakhs ( Previous year ₹ 12,172.70 Lakhs).

## Notes to the financial statements for the year ended March 31, 2021

	(₹ in Lakhs)	
Particulars	31.03.2021	31.03.2020
<b>NOTE 10 - TRADE RECEIVABLES</b>		
Trade receivables - considered good and secured	-	-
Trade receivables - considered good and unsecured		
Outstanding for a period exceeding six months from the due date	119.43	130.28
Others	2,930.95	2,507.00
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired		
Outstanding for a period exceeding six months from the due date	139.77	139.77
Less: Expected credit loss	(139.77)	(139.77)
<b>Total</b>	<b>3,050.38</b>	<b>2,637.28</b>
* includes due from related parties - refer note 32		
<b>NOTE 11 - CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Cash in hand	5.49	3.03
Balances with banks		
Current accounts	9.38	31.47
<b>Total</b>	<b>14.87</b>	<b>34.50</b>
<b>Bank balances</b>		
(i) Earmarked accounts - Unpaid Dividend Warrant Accounts	15.33	18.49
(ii) Fixed deposits held as margin money against borrowings and guarantees (maturity of less than 12 months)	163.18	176.50
<b>Total</b>	<b>178.51</b>	<b>194.99</b>
<b>NOTE 12 - SHARE CAPITAL</b>		

Particulars	31.03.2021		31.03.2020	
	No. of shares	Amount ₹ in Lakhs	No. of shares	Amount ₹ in Lakhs
<b>(a) Authorised</b>				
Equity shares of ₹ 100 each with voting rights	10,00,000	1,000.00	10,00,000	1,000.00
<b>(b) Issued, Subscribed and fully paid up</b>				
Equity shares of ₹ 100 each with voting rights	6,95,550	695.55	6,95,550	695.55
<b>Total</b>	<b>6,95,550.00</b>	<b>695.55</b>	<b>6,95,550.00</b>	<b>695.55</b>

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

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

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2021

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

Particulars	Opening Balance	Fresh Issue / Conversion / Redemption	Bonus Issue	Closing Balance
<b>Equity shares with voting rights</b>				
<b>Year ended March 31, 2021</b>				
- Number of shares	6,95,550	-	-	6,95,550
- Amount (in lakhs)	695.55	-	-	695.55
<b>Year ended March 31, 2020</b>				
- Number of shares	6,95,550	-	-	6,95,550
- Amount (in lakhs)	695.55	-	-	695.55

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

Class of shares / Name of shareholder	31.03.2021		31.03.2020	
	Number of shares held in that class	% of holding of shares	Number of shares held in that class	% of holding of shares
<b>Equity shares with voting rights</b>				
Lakshmi Card Clothing Mfg. Co.P Ltd	41,681	5.99%	41,681	5.99%
Coimbatore Lakshmi Cotton Press P.Ltd	77,248	11.11%	74,545	10.72%
Life Insurance Corporation of India	27,752	3.99%	37,600	5.41%
S. Pathy	1,13,570	16.33%	1,13,561	16.33%
Aditya Krishna Pathy	78,568	11.30%	65,614	9.43%

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

	2021	2020	2019	2018	2017
<b>Equity shares with voting rights</b>					
Fully paid up by way of bonus shares	-	-	-	-	-

(₹ in Lakhs)

Particulars	31.03.2021	31.03.2020
<b>NOTE 13 - OTHER EQUITY</b>		
Securities premium	101.89	101.89
Capital reserve	9.00	9.00
General reserve	1,391.57	1,391.57
Retained earnings	10,446.70	10,134.06
Other comprehensive income		
Equity instruments through OCI (net of tax)	35,025.05	11,973.42
Remeasurement of net defined benefit liability/asset	-	-
	<u>46,974.21</u>	<u>23,609.94</u>
<b>13.a Securities premium</b>		
Balance at beginning of year	101.89	101.89
Movement during the year	-	-
Balance at end of year	<u>101.89</u>	<u>101.89</u>



## Notes to the financial statements for the year ended March 31, 2021

		(₹ in Lakhs)	
Particulars		31.03.2021	31.03.2020
<b>13.b Capital reserve</b>			
Balance at beginning of year		9.00	9.00
Movement during the year		-	-
<b>Balance at end of year</b>		<b>9.00</b>	<b>9.00</b>
<b>13.c General reserve</b>			
Balance at beginning of year		1,391.57	1,391.57
Transfer from retained earnings		-	-
<b>Balance at end of year</b>		<b>1,391.57</b>	<b>1,391.57</b>
<b>13.d Retained earnings</b>			
Balance at beginning of year		10,134.06	10,315.57
Profit attributable to owners of the Company		366.96	(151.92)
Dividend paid		-	(34.78)
Tax on dividend		-	(7.15)
Transfer from Other Comprehensive Income		(54.32)	12.34
<b>Balance at end of year</b>		<b>10,446.70</b>	<b>10,134.06</b>
<b>13.e Other comprehensive income</b>			
Balance at beginning of year		11,973.42	31,844.10
Equity instruments through OCI (net of tax)		23,051.63	(19,870.68)
Remeasurement of defined benefit obligations (net of tax)		(54.32)	12.34
Transferred to Retained Earnings		54.32	(12.34)
<b>Balance at end of year</b>		<b>35,025.05</b>	<b>11,973.42</b>

### NOTE 14 - BORROWINGS

#### Non-current

Secured - at amortised cost

Terms loans from banks (refer note below)	3,303.28	2,454.67
Less: Current maturities of long-term debt (refer note 17)	(1078.59)	(733.24)
<b>Total</b>	<b>2,224.69</b>	<b>1,721.43</b>

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

		(₹ in Lakhs)	
Particulars	Terms of repayment	31.03.2021	31.03.2020
Canara Bank (TUF loan)	The loan is repayable in 10 quarterly instalments upto 2021-22. The loans carries an interest rate of 11.70% per annum	220.12	267.88
Indian Overseas Bank (TUF loan)	The loan is repayable in 22 monthly instalments upto 2020-21. The loans carries an interest rate of 11.55% per annum	-	8.95
Canara Bank (Vehicle loan)	There are various loans which are repayable on monthly basis. The maximum tenure is 38 months ending during 2020-21 and carries interest rate in the range of 8.95% to 12.95%	-	4.50
Canara Bank - Rental loan	The loan is repayable in 180 monthly instalments upto 2034-35. The loans carries an interest rate of 10.45% per annum	335.36	357.45

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2021

		(₹ in Lakhs)	
Particulars	Terms of repayment	31.03.2021	31.03.2020
Indian Overseas Bank	The loan is repayable in 51 monthly instalments upto 2024-25. The loans carries an interest rate of 12.35% per annum	323.63	344.78
Central Bank of India	The loan is repayable in 60 monthly instalments upto 2024-25. The loans carries an interest rate of 10.10% per annum	203.62	210.09
Central Bank of India - Other term loans	The loan is repayable in 24 quarterly instalments upto 2024-25. The loans carries an interest rate of 10.10% per annum	358.62	387.33
Central Bank of India- Covid Loan	The loan is repayable in 18 monthly instalments upto 2022-23. The loans carries an interest rate of 8.00% per annum	133.00	-
Central Bank of India- ECLG Scheme Loan	The loan is repayable in 48 monthly instalments upto 2025-26. The loans carries an interest rate of 9.25% per annum	189.47	-
Canara Bank- Covid Loan	The loan is repayable in 18 monthly instalments upto 2022-23. The loans carries an interest rate of 7.95% per annum	245.48	-
Canara Bank- GECL 2 Loan	The loan is repayable in 48 monthly instalments upto 2025-26. The loans carries an interest rate of 7.95% per annum	524.00	-
Canara Bank - Term loan	The loan is repayable in 60 monthly instalments upto 2024-25. The loans carries an interest rate of 11.70% per annum	419.86	469.71
Indian Overseas Bank - Term loan	The loan is repayable in 33 monthly instalments upto 2023-24. The loans carries an interest rate of 12.35% per annum	350.12	403.98

		(₹ in Lakhs)	
Particulars		31.03.2021	31.03.2020
<b>Current</b>			
<b>Secured - at amortised cost</b>			
Working capital loans from banks (refer note below)		5,003.56	6,169.58
<b>Total</b>		<b>5,003.56</b>	<b>6,169.58</b>
<b>(i) Details of short-term borrowings:</b>			
Loans repayable on demand from banks			
Central Bank of India		1270.46	1,295.90
Canara Bank		2116.91	2,663.43
Indian Overseas Bank		450.28	460.24
Canara Bank - Inland LC		486.66	585.65
Central Bank of India - Inland LC		679.25	673.86
Indian Overseas Bank - Inland LC		-	490.50
<b>Total</b>		<b>5,003.56</b>	<b>6,169.58</b>

## Notes to the financial statements for the year ended March 31, 2021

### Details of securities for borrowings

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

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

Working capital from banks are further secured by first charge on book debts and hypothecation of inventories.

The term loans are further secured by pari passu second charge on the fixed assets of the company.

		(₹ in Lakhs)
	31.03.2021	31.03.2020
<b>NOTE 15 - PROVISIONS</b>		
<b>Non-current</b>		
Provision for employee benefits	462.09	392.87
<b>Total</b>	<b>462.09</b>	<b>392.87</b>
<b>Current</b>		
Provision for employee benefits	140.83	114.67
<b>Total</b>	<b>140.83</b>	<b>114.67</b>
<b>NOTE 16 - TRADE PAYABLES</b>		
Payable to micro enterprises and small enterprises (refer note 34.1)	10.87	199.92
Others	1,075.91	1,457.76
<b>Total</b>	<b>1,086.78</b>	<b>1,657.68</b>
<b>NOTE 17 - OTHER FINANCIAL LIABILITIES</b>		
<b>Non-current</b>		
Rent advance	146.06	106.43
<b>Total</b>	<b>146.06</b>	<b>106.43</b>
<b>Current</b>		
Current maturities of long-term debt	1,078.59	733.24
Unclaimed dividends	15.33	18.49
Interest accrued but not due	-	8.20
Rent advance	75.41	118.47
Amount refundable towards land sale	482.85	482.85
Security deposits from customers	12.02	11.02
<b>Total</b>	<b>1,664.20</b>	<b>1,372.27</b>
<b>NOTE 18 - OTHER LIABILITIES</b>		
<b>Non-current</b>		
Deferred Income	74.07	103.92
Deferred Rent advance	109.87	104.89
<b>Total</b>	<b>183.94</b>	<b>208.81</b>
<b>Current</b>		
Liabilities for expenses	458.69	367.71
Other Liabilities	133.22	199.77
<b>Total</b>	<b>591.91</b>	<b>567.48</b>

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2021

		(₹ in Lakhs)	
Particulars	31.03.2021	31.03.2020	
<b>NOTE 19 - REVENUE FROM OPERATIONS</b>			
<b>Revenue from sale of goods</b>			
Manufactured - Cotton and Synthetic Yarn	14,890.29	17,821.66	
- Cloth	528.00	1,161.74	
Trading - Cotton and Synthetic Yarn	13.97	60.15	
- Cloth	1,995.83	1,805.03	
- Garments	4.62	-	
Waste	266.78	394.03	
Raw Materials	18.12	25.89	
	17,717.61	21,268.50	
Other operating revenue (refer note (i) below)	672.67	576.55	
<b>Total</b>	<b>18,390.28</b>	<b>21,845.05</b>	
<b>Note (i)</b>			
<b>Other operating revenue comprises:</b>			
Sale of scrap	16.31	44.93	
Rental Income	601.97	397.62	
Export incentives	54.39	134.00	
<b>Total</b>	<b>672.67</b>	<b>576.55</b>	
<b>NOTE 20 - OTHER INCOME</b>			
Interest Income earned on financial assets that are not designated at fair value through profit or loss:			
(i) Bank deposits	6.95	11.10	
(ii) Other financial assets	8.90	9.23	
Dividend Income	52.00	182.00	
Miscellaneous income	25.86	6.00	
Net gain on foreign currency transactions and translation	41.66	105.60	
Deferred Income	34.40	51.96	
Gain on disposal of property, plant and equipment	26.32	5.48	
<b>Total</b>	<b>196.09</b>	<b>371.37</b>	
<b>NOTE 21.A - COST OF MATERIALS CONSUMED</b>			
Opening stock	518.26	605.86	
Add: Purchases	7370.99	10501.19	
	7,889.25	11,107.05	
Less: Closing stock	1,320.55	518.26	
<b>Total</b>	<b>6,568.70</b>	<b>10,588.79</b>	
<b>NOTE 21.B - PURCHASES OF STOCK-IN-TRADE</b>			
Purchase for resale			
Yarn	13.10	43.11	
Cloth	1,746.60	1,677.69	
Garments	3.86	69.57	
<b>Total</b>	<b>1,763.56</b>	<b>1,790.37</b>	

## Notes to the financial statements for the year ended March 31, 2021

	(₹ in Lakhs)	
Particulars	31.03.2021	31.03.2020
<b>NOTE 21.C - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Inventories at the end of the year:</b>		
Yarn	862.67	2,191.09
Cloth	67.08	104.57
Garments	-	-
Waste	18.84	48.82
Work-in-progress	387.48	357.47
	<u>1,336.07</u>	<u>2,701.95</u>
<b>Inventories at the beginning of the year:</b>		
Yarn	2,191.09	1,723.45
Cloth	104.57	99.24
Garments	-	0.11
Waste	48.82	38.80
Work-in-progress	357.47	633.89
	<u>2,701.95</u>	<u>2,495.49</u>
<b>Net increase</b>	<u>1,365.88</u>	<u>(206.46)</u>
<b>NOTE 22 - EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	2,447.00	3,151.30
Managing Directors' Remuneration (Minimum)	162.61	165.83
Contribution to PF and other funds	118.08	154.06
Gratuity	63.37	56.91
Welfare expenses	87.36	117.66
<b>Total</b>	<u>2,878.42</u>	<u>3,645.76</u>
<b>NOTE 23 - FINANCE COST</b>		
Interest Expenses	1,151.69	1,008.23
Trade payables - Micro Enterprises and Small Enterprises (refer Note 34.1)	-	8.21
<b>Total</b>	<u>1,151.69</u>	<u>1,016.44</u>
<b>NOTE 24 - OTHER EXPENSES</b>		
Consumption of stores and spare parts	48.20	113.00
Consumption of Packing materials	200.95	310.26
Rent	24.88	48.81
Repairs to Buildings	128.79	143.16
Repairs to Machinery	151.65	183.96
Insurance	27.19	30.95
Rates and Taxes, excluding taxes on income	85.82	102.29
Other Manufacturing Expenses	193.34	451.93
Sales Commission	131.67	185.35
Sales Expenses, Advertisement, Export Expenses & Freight	137.69	222.04
Office Maintenance & Administration Expenses	162.01	276.30
Directors' Sitting Fees	8.80	8.15

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2021

(₹ in Lakhs)

Particulars	31.03.2021	31.03.2020
<b>Auditor's Remuneration</b>		
Audit fees	3.50	3.50
Taxation matters	-	-
Certification	0.08	0.08
Reimbursement of expenses	0.20	0.23
Bank charges	88.56	95.33
Miscellaneous Expenses	137.99	208.58
<b>Total</b>	<b>1,531.32</b>	<b>2,383.92</b>
<b>NOTE 25 - EXCEPTIONAL ITEMS</b>		
Compensation from National Highways	84.62	-
Allowance for doubtful receivables	(187.41)	-
Provision for impairment in the value of unquoted investments	(52.50)	-
Gain on sale of Land	80.99	849.90
<b>Total</b>	<b>(74.30)</b>	<b>849.90</b>
<b>NOTE 26 - TAX EXPENSE</b>		
<b>Current tax</b>		
In respect of the current year	149.54	-
<b>Deferred tax</b>	126.13	194.52
<b>Total income tax expense recognised in the current year</b>	<b>275.67</b>	<b>194.52</b>
The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:		
<b>Current Tax:</b>		
Profit before tax	642.63	42.60
Enacted income tax rate	26%	26%
Computed expected tax expense	167.08	11.08
<b>Effect of:</b>		
Depreciation	(24.11)	
43B Disallowances - Gratuity & Bonus	(5.94)	
Unabsorbed depreciation and carry forward losses	(241.07)	
Voluntary Retirement Scheme	(21.23)	
Allowance for doubtful debts and advances (net)	48.73	
Impact due to MAT & other adjustments	278.08	
Exempt income - Dividend	(52.00)	(182.00)
<b>Income tax expense recognised in the profit or loss</b>	<b>149.54</b>	<b>-</b>
<b>Deferred Tax:</b>		
Relating to the origination and reversal of temporary differences (see below)	126.13	194.52
<b>Tax expense reported in the Statement of Profit and Loss</b>	<b>275.67</b>	<b>194.52</b>
<b>Deferred tax</b>		
Opening balance	(1,563.51)	(1,832.06)
Recognised in Profit or loss		
MAT Credit Entitlement	(117.49)	-
Property, plant and equipment	24.11	(97.71)
43B Disallowances - Gratuity & Bonus	5.94	(14.12)
Unabsorbed depreciation and carry forward losses	241.07	288.02
Voluntary Retirement Scheme	21.23	18.33
Allowance for doubtful debts and advances (net)	(48.73)	-
	<b>126.13</b>	<b>194.52</b>





## Notes to the financial statements for the year ended March 31, 2021

(₹ in Lakhs)

Particulars	31.03.2021	31.03.2020
Recognised in Other Comprehensive Income		
Defined benefit obligation	(19.08)	4.33
Fair value of equity investments	370.20	69.70
<b>Closing balance</b>	<b>(1,086.26)</b>	<b>(1,563.51)</b>

### NOTE 27 - SEGMENT INFORMATION

The Chairman & Managing Director of the company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108 Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes. Accordingly, segment information has been presented.

The Company is structured into two reportable business segments - "Textiles" and "Rental Services". Textiles consists of manufacturing and sale of yarn and trading in cloth and garments. Rental services consist of letting out of properties. The reportable business segments are in line with the segment wise information which is being presented to the CODM.

Each segment item reported is measured at the measure used to report to the chief operating decision maker for the purposes of making decisions about allocating resources to the segment and assessing its performance.

Geographic information is based on business sources from that geographic region. Accordingly the geographical segments are determined as Domestic ie., within India and External ie., Outside India.

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

#### Business Segment

#### Segment Revenue

##### Net Sales/Income

a. Textiles	17,916.55	21,616.47
b. Rental services	601.97	397.62
c. Unallocated revenue	67.85	202.33

##### Net Sales/Income

<b>18,586.37</b>	<b>22,216.42</b>
------------------	------------------

#### Segment Results

##### Profit / (Loss)

a. Textiles	1,526.89	755.55
b. Rental services	379.22	296.44

##### Total

<b>1,906.11</b>	<b>1,051.99</b>
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##### Less: Finance costs

<b>1,151.69</b>	<b>1,016.44</b>
-----------------	-----------------

##### Add /(Less): Other unallocable Income net of unallocable expenses

<b>(111.79)</b>	<b>7.05</b>
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##### Total Profit/Loss before Tax

<b>642.63</b>	<b>42.60</b>
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#### Segment Assets

a. Textiles	20,857.90	21,219.95
b. Rental services	1,499.89	1,378.88
c. Unallocated	36,915.75	14,017.88

##### Total

<b>59,273.54</b>	<b>36,616.71</b>
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# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2021

		(₹ in Lakhs)
Particulars	31.03.2021	31.03.2020
<b>Segment Liabilities</b>		
a. Textiles	10,487.24	11,220.00
b. Rental services	1,016.82	1,091.22
c. Unallocated	99.72	-
<b>Total</b>	<b>11,603.78</b>	<b>12,311.22</b>
Capital Expenditure	533.62	1,315.18
Depreciation	611.41	826.92
<b>Geographical Segment Revenues</b>		
a. Domestic	16,257.39	17,956.59
b. External	2,328.98	4,259.83
<b>Net Sales/ Income from operations</b>	<b>18,586.37</b>	<b>22,216.42</b>

### Note:

There is one customer during 2020-21 and two customers during 2019-20 who have contributed 10% or more to the company's revenue.

### NOTE 28 - EARNINGS PER SHARE (EPS)

Profit attributable to ordinary shareholders - for Basic and Diluted EPS	366.96	(151.92)
Weighted Average number of Equity Shares used as denominator for calculating Basic EPS	6,95,550	6,95,550
Weighted average number of equity shares used in the calculation of diluted earnings per share	6,95,550	6,95,550
Earnings per share (Face value ₹ 100/- per share)		
- Basic (in ₹)	52.76	(21.84)
- Diluted (in ₹)	52.76	(21.84)

### NOTE 29 - OPERATING LEASES

29.1 The Assets on operating leases includes following assets given on operating lease :

					(₹ in Lakhs)
Particulars	Land	Buildings	Electrical Plant & Equipment	Office Equipment	Total
<b>As at 31 March 2021</b>					
Gross Block	3.89	1,441.30	192.56	16.98	1,654.73
Accumulated Depreciation	-	96.86	55.08	2.90	154.84
Net Block	3.89	1,344.44	137.48	14.08	1,499.89
Depreciation for the year	-	65.82	42.79	2.61	111.22
<b>As at 31 March 2020</b>					
Gross Block	3.89	1,237.57	176.44	4.60	1,422.50
Accumulated Depreciation	-	31.04	12.29	0.29	43.62
Net Block	3.89	1,206.53	164.15	4.31	1,378.88
Depreciation for the year	-	19.56	12.29	0.29	32.14

## Notes to the financial statements for the year ended March 31, 2021

29.2 The Company has entered into operating leases of its buildings with other facilities. These leases have terms of between 11 months and 15 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Future minimum rentals receivable under non-cancellable operating leases as at 31 March are, as follows:

		(₹ in Lakhs)
Particulars	31.03.2021	31.03.2020
Within one year	561.53	609.24
After one year but not more than five years	2287.86	2,503.92
More than five years	2847.25	3,192.72

### NOTE 30 - CONTINGENT LIABILITIES

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

Letter of credit	1,297.83	1,750.00
Bills discounted with Banks	625.11	707.82
Income tax liability	128.08	28.57
Central Excise / Service Tax disputed demand	48.63	48.63
<b>Sub Total</b>	<b>2,099.65</b>	<b>2,535.02</b>

#### (b) Commitments

Estimated amount of contracts remaining to be executed on capital account	235.62	-
<b>Sub Total</b>	<b>235.62</b>	<b>-</b>
<b>Total</b>	<b>2,335.27</b>	<b>2,535.02</b>

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

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

A petition has been filed by Taminadu Generation and Distribution Corporation Limited (TANGEDCO) before the Tamilnadu Electricity Regulatory Commission (TNERC) against the Liquidator of Sai Regency Power Corporation Private Limited, a group captive power generator, for recovery of ₹ 1,027.41 lakhs towards surcharge on cross subsidy as the First Respondent' failing which to recover ₹ 134.74 lakhs from The Lakshmi Mills Company Limited as the 6<sup>th</sup> Respondent, being a member of the Group captive Power generator. The petition is defended by the company and are legally advised that the petition is not maintainable.

### NOTE 31 - EMPLOYEE BENEFIT PLANS

#### (a) Defined Contribution Plan

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company has recognised ₹ 85.50 Lakhs (Previous year: ₹ 109.58 Lakhs) as contribution to Provident Fund, and ₹ 32.58 Lakhs (Previous year: ₹ 44.48 Lakhs) as contribution to Employee State Insurance (ESI) in the Statement of Profit and Loss. These contributions have been made at the rates specified in the rules of the respective schemes and has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2021

### (b) Defined Benefit Plans:

#### Gratuity

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

#### Reconciliation of opening and closing balances of Defined Benefit Obligation

	(₹ in Lakhs)	
Particulars	31.03.2021	31.03.2020
<b>Reconciliation of opening and closing balances of Defined Benefit Obligation</b>		
Defined Benefit Obligation at beginning of the year	573.53	547.04
Current service cost	30.41	27.53
Interest cost	37.32	33.41
Actuarial (Gain) / Loss	75.33	(16.48)
Benefits paid	(44.38)	(17.97)
<b>Defined Benefit Obligation at year end</b>	<b>672.21</b>	<b>573.53</b>
<b>Reconciliation of opening and closing balances of fair value of Plan Assets</b>		
Fair value of Plan Assets at beginning of year	66.01	68.67
Employer contributions	44.37	10.70
Expected Return on Plan Assets	4.47	4.03
Actuarial Gain / (Loss)	(1.17)	0.58
Benefits paid	(44.38)	(17.97)
<b>Fair value of Plan Assets at year end</b>	<b>69.30</b>	<b>66.01</b>
<b>Expenses recognised during the year</b>		
In Income Statement		
Current service cost	30.41	27.53
Interest on net defined benefit liability/ (asset)	37.32	33.41
Expected Return on Plan Assets	(4.47)	(4.03)
<b>Net Cost</b>	<b>63.26</b>	<b>56.91</b>
In Other Comprehensive Income		
Actuarial (Gain) / Loss	76.50	(17.06)
<b>Net (Income)/ Expense For the period Recognised in OCI</b>	<b>76.50</b>	<b>(17.06)</b>

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

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

#### Actuarial assumptions

Discount Rate (per annum)	6.77%	6.21%
Expected rate of return on plan assets	6.77%	6.21%
Rate of escalation in Salary (per annum)	5.00%	5.00%
Attrition rate (per annum)	3.00%	3.00%

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

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

## Notes to the financial statements for the year ended March 31, 2021

### Sensitivity analysis

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

Particulars	(₹ in Lakhs)	
	Discount rate	Salary escalation rate
<b>As at March 31, 2021</b>		
Defined benefit obligation on plus 100 basis points	637.60	709.90
Defined benefit obligation on minus 100 basis points	710.66	637.67
<b>As at March 31, 2020</b>		
Defined benefit obligation on plus 100 basis points	541.61	608.09
Defined benefit obligation on minus 100 basis points	609.21	542.03

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

### Maturity profile of defined benefit obligation

Particulars	(₹ in Lakhs)	
	31.03.2021	31.03.2020
<b>Expected total benefit payments</b>		
Within 1 year	63.33	57.57
1 year to 2 years	53.85	45.87
2 years to 3 years	51.35	51.24
3 years to 4 years	36.78	40.89
4 years to 5 years	43.80	31.63
5 years to 10 years	423.10	346.33

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

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

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

### NOTE 32 - RELATED PARTY DISCLOSURES

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

(a) Key Management Personnel (KMP)	Sri S. Pathy - Chairman and Managing Director
	Sri Aditya Krishna Pathy - Deputy Managing Director
	Sri N. Singaravel - Company Secretary
	Sri A. Doraiswamy - Chief Financial Officer
(b) Post retirement employee benefit plans	The Lakshmi Mills Co Ltd. Employees Gratuity Fund
	The Lakshmi Mills Superannuation Fund

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2021

- (c) Enterprises over which Key Managerial Personnel are able to exercise significant influence
- Lakshmi Card Clothing Manufacturing Company Private Limited
  - Lakshmi Automatic Loom Works Limited
  - Balakumar Shipping & Clearing Agency Private Limited
  - Aloha Tours & Travels (India) Private Limited
  - Sans Craintes Knitters
  - Major Corporate Services (India) LLP
  - Chakradhara Aerospace and Cargo P.Ltd
  - Lavik Estates Ltd

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

(Previous year figures are in brackets)

(₹ in Lakhs)

Nature of transaction	(a) Key Management Personnel (KMP)	(b) Post retirement employee benefit plans	(c) Enterprises over which Key Managerial Personnel are able to exercise significant influence	Total
<b>Transactions during the year</b>				
Purchase of Goods / Assets	-	-	4.34	4.34
			(29.78)	(29.78)
Sale of Goods / Assets	-	-	0.45	0.45
			(0.54)	(0.54)
Receiving of Services	-	-	38.30	38.30
			(91.71)	(91.71)
Rendering of Services	-	-	45.92	45.92
			(43.92)	(43.92)
Remuneration	188.92	-	-	188.92
	(194.16)	-	-	(194.16)
Contribution to funds	-	62.19	-	62.19
	-	(28.83)	-	(28.83)
Balance as on balance sheet date				
Receivables/Outstanding(Net) from Related Parties	-	-	10.22	10.22
	-	-	(21.55)	(21.55)
Payables (Net) to Related Parties	12.86	602.92	88.32	704.10
	-	(526.85)	(150.43)	(677.28)

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

- Purchase of goods/assets includes Lakshmi Card Clothing Manufacturing Company P Ltd ₹ 4.34 Lakhs; (Previous year ₹ 23.78 Lakhs).
- Sale of Goods / assets include Lakshmi Card Clothing Mfg. Co.P.Ltd ₹ 0.45 Lakhs. (Previous year ₹ 0.54 Lakhs); Lakshmi Automatic Loom Works Ltd ₹.Nil Lakhs (Previous year ₹ Nil Lakhs) and Sans Craintes Knitters ₹ Nil Lakhs (Previous year ₹ Nil Lakhs).
- Receiving of Services include Balakumar Shipping & Clearing Agency P.Ltd ₹ 13.83 Lakhs (Previous year ₹ 30.40 Lakhs); Aloha Tours & Travels (India) Private Ltd ₹ 4.69 Lakhs (Previous year ₹ 21.68 Lakhs); Lakshmi Card Clothing Manufacturing Company P Ltd ₹ 4.29 Lakhs (Previous year ₹ 8.65 Lakhs); Sans Craintes Knitters ₹ Nil Lakhs (Previous year Nil); Lavik Estates Ltd ₹ Nil Lakhs (Previous year ₹ 24.78 Lakhs); Chakradhara Aerospace



## Notes to the financial statements for the year ended March 31, 2021

- & Cargo P.Ltd ₹ 0.43 Lakhs (Previous year ₹ 0.14 Lakhs). Lakshmi Automatic Loom Works Ltd ₹ 4.75 Lakhs (Previous year ₹ 1.77 Lakhs). Major Corporate Services (India) LLP ₹ 10.31 lakhs (Previous year ₹ 4.33 Lakhs).
4. Rendering of Services include Lakshmi Card Clothing Manufacturing Company P.Ltd ₹ 14.83 Lakhs (Previous year ₹ 14.16 Lakhs); Lakshmi Automatic Loom Works Ltd ₹ 27.12 Lakhs (Previous year ₹ 25.95 Lakhs) and Sans Craintes Knitters ₹ 3.97 Lakhs (Previous year ₹ 3.81 Lakhs).
  5. Remuneration to Key Managerial Personnel includes Sri S. Pathy ₹ 99.76 Lakhs (Previous year ₹ 101.27 Lakhs); Sri Aditya Krishna Pathy ₹ 62.84 Lakhs (Previous year ₹ 64.54 Lakhs); Sri N.Singaravel ₹ 12.73 Lakhs (Previous year ₹ 13.63 Lakhs); Sri A.Doraiswamy ₹ 13.59 Lakhs (Previous year ₹ 14.71 Lakhs).
  6. Contribution to Gratuity Fund ₹ 41.37 Lakhs (Previous year ₹ 10.70 Lakhs).
  7. Contribution to Superannuation Fund ₹ 20.82 Lakhs Previous year ₹ 18.13 Lakhs).
  8. Amount Receivable from other related parties includes Lakshmi Automatic Loom Works Ltd ₹ 1.19 Lakhs (Previous year ₹ 3.84 Lakhs); Balakumar Shipping & Clearing Agency P Ltd ₹ 6.53 Lakhs (Previous year ₹ 16.11 Lakhs) and Sans Craintes Knitters ₹ 0.83 Lakhs (Previous year ₹ 0.38 Lakhs) and Lakshmi Card Clothing Mfg. Co.P.Ltd ₹ 1.67 Lakhs (Previous year ₹ 1.22 Lakhs).
  9. Amount payable for Post retirement employee benefit plan includes The Lakshmi Mills Co. Ltd. Employees Gratuity Fund ₹ 602.92 Lakhs (Previous year ₹ 507.54 Lakhs)
  10. Amount payable to other related parties include Lakshmi Card Clothing Manufacturing Company Pvt Ltd ₹ 83.11 Lakhs (Previous year ₹ 135.82 Lakhs); Aloha Tours & Travels (India) Private Ltd ₹ 0.79 Lakhs (Previous year ₹ 2.21 Lakhs); Lavik Estates Ltd ₹ 3.68 Lakhs (Previous year ₹ 8.68 Lakhs); Major Corporate Services (India) LLP ₹ 0.59 lakhs (Previous year ₹ 3.72 Lakhs); Chakradhara Aerospace & Cargo P.Ltd ₹ 0.15 Lakhs (Previous year ₹ Nil Lakhs).
  11. Amount payable to Sri. S. Pathy ₹ 8.49 Lakhs (Previous year Nil) and Sri. Aditya Krishna Pathy ₹ 4.37 Lakhs (Previous year Nil)

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

Particulars	(₹ in Lakhs)	
	31.03.2021	31.03.2020
Short-term employee benefits	163.09	160.31
Post-employment benefits	25.83	33.85

### NOTE 33 - FINANCIAL INSTRUMENTS

#### 33.1 Capital management

The Company's capital management objectives are:

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

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

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

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2021

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

	(₹ in Lakhs)	
Particulars	31.03.2021	31.03.2020
Net Debts	8,113.46	8,394.76
Total Equity	47,669.76	24,305.49
Gearing ratio	0.17	0.35

### 33.2 Categories of Financial Instruments

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

#### A. Financial assets and liabilities

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

Particulars	31.03.2021		31.03.2020	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>				
Measured at amortised cost				
Investments	35,513.64	35,513.64	12,144.31	12,144.31
Loans - non current	490.57	490.57	193.87	193.87
Other Financial Assets - Non current	38.69	38.69	25.51	25.51
Trade receivables	3,050.38	3,050.38	2,637.28	2,637.28
Cash and cash equivalents	14.87	14.87	34.50	34.50
Bank balances	178.51	178.51	194.99	194.99
Loans - current	18.84	18.84	205.75	205.75
<b>Total financial assets</b>	<b>39,305.50</b>	<b>39,305.50</b>	<b>15,436.21</b>	<b>15,436.21</b>
<b>Financial liabilities</b>				
Measured at amortised cost				
Borrowings	7,228.25	7,228.25	7,891.01	7,891.01
Others financial liabilities - Non Current	146.06	146.06	106.43	106.43
Trade payables	1,086.78	1,086.78	1,657.68	1,657.68
Others financial liabilities	1,664.20	1,664.20	1,372.27	1,372.27
<b>Total financial liabilities</b>	<b>10,125.29</b>	<b>10,125.29</b>	<b>11,027.39</b>	<b>11,027.39</b>

The management assessed that fair values of cash and bank balances, trade receivables, loans, other financial assets, trade payables and other financial liabilities recorded at amortised cost is considered to be a reasonable approximation of fair value largely due to the short-term maturities of these assets and liabilities. The fair-value of the financial assets and liabilities factor the uncertainties arising out of COVID-19, where applicable.

#### B. Fair value hierarchy

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques. The three levels are defined based on the observability of

## Notes to the financial statements for the year ended March 31, 2021

significant inputs to the measurement, as follows:

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

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

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

### 33.3 Financial risk management objective

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

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

The risk management process aims to:

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

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

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

#### Market risk - Foreign exchange

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

The Company, as its policy, does not undertake any trading in derivatives financial instruments for speculation purpose.

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2021

The details of foreign currency exposures that are hedged by any derivative instrument or otherwise are:

Particulars	Foreign Currency (FC)	Amount in FC		Equivalent ₹ in Lakhs	
		31-03-2021	31-03-2020	31-03-2021	31-03-2020
Trade Receivables	USD	-	23,917	-	18.01
Trade Receivables	GBP	1,47,500	920	146.54	0.86

### Market risk - Interest rate

#### (i) Liabilities:

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

#### (ii) Assets:

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

### Credit Risk

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

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. The Company has very limited history of customer default, and considers the credit quality of trade receivables that are not past due or impaired to be good.

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

### Liquidity risk

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

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

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

## Notes to the financial statements for the year ended March 31, 2021

(₹ in Lakhs)

	Less than 1 year	1 - 3 year	More than 3 year	Total
<b>March 31, 2021</b>				
Borrowings	6,080.68	1,954.89	271.27	8,306.84
Other financial liabilities - Non Current	-	66.84	79.22	146.06
Trade payable	1,086.78	-	-	1,086.78
Other financial liabilities	585.61	-	-	585.61
<b>Total</b>	<b>7,753.07</b>	<b>2,021.73</b>	<b>350.49</b>	<b>10,125.29</b>
<b>March 31, 2020</b>				
Borrowings	6,902.82	1,132.29	589.14	8,624.25
Other financial liabilities - Non Current	-	66.84	39.59	106.43
Trade payable	1,657.68	-	-	1,657.68
Other financial liabilities	639.03	-	-	639.03
<b>Total</b>	<b>9,199.53</b>	<b>1,199.13</b>	<b>628.73</b>	<b>11,027.39</b>

### NOTE - 34: ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

#### 34.1 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

	(₹ in Lakhs)	
Particulars	31.03.2021	31.03.2020
(i) Principal amount remaining unpaid to MSME suppliers as at the end of each accounting year	10.87	191.71
(ii) Interest due on unpaid principal amount to MSME suppliers as at the end of each accounting year	-	8.21
(iii) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year (without adding the interest under MSME Development Act)	-	8.21
(v) The amount of interest accrued and remaining unpaid as at the end of the year	-	-
(vi) The amount of interest due and payable to be disallowed under Income Tax Act, 1961	-	8.21

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

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

34.3 The Company entered into an agreement with Sai Regency Power Corporation Private Limited (SRPCL) for supply of gas power at concessional rate. Due to SRPCL having been referred to the National Company Law Tribunal by its creditors and its inability in renewing the gas supply agreement resulting in stoppage of gas and consequent stoppage of generation of gas power, the Company was forced to avail the entire power from the TNEB at higher rate during the period from 1<sup>st</sup> May 2019 to December 2019. As per the agreement, the Company has claimed ₹ 350.10 Lakhs as compensation for non supply of power by SRPCL by filing an application before the Hon'ble National Company Law Tribunal, Chennai which is pending for decision and the net amount due from SRPCL as on 31<sup>st</sup> March 2021 is ₹ 187.41 lakhs which is under claim for recovery before the NCLT is considered as doubtful of recovery and is provided for fully.

#### 34.4 Value of imports calculated on CIF basis:

	(₹ in Lakhs)	
Particulars	31.03.2021	31.03.2020
Raw materials	376.96	805.69
Components & Spares	-	-

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements for the year ended March 31, 2021

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

		(₹ in Lakhs)
Particulars	31.03.2021	31.03.2020
Travel	-	2.96
Sales commission on exports	59.95	95.75
Subscription	3.20	3.35

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

Particulars	31.03.2021		31.03.2020	
	₹ in Lakhs	%	₹ in Lakhs	%
<b>Imported</b>				
Cotton, Fibre and Yarn	342.26	5.21%	758.29	7.16%
Stores, spare parts and packing material consumed	-	-	-	-
<b>Total</b>	<b>342.26</b>	<b>5.21%</b>	<b>758.29</b>	<b>7.16%</b>
<b>Indigenous</b>				
Cotton, Fibre and Yarn	6226.44	94.79%	9830.50	100.00%
Stores, spare parts and packing material consumed	249.15	100.00%	423.26	100.00%
<b>Total</b>	<b>6475.59</b>	<b>100.00%</b>	<b>10253.76</b>	<b>100.00%</b>

Note: Figures / percentages in brackets relate to the previous year

### 34.7 Earnings in foreign exchange-Export of goods on FOB value

		(₹ in Lakhs)
Particulars	31.03.2021	31.03.2020
Cloth	2033.75	1,942.05
Yarn	287.24	2,247.31

### 34.8 Details of Miscellaneous expenses

Cost audit fees	1.00	1.00
Repairs to others	17.06	22.77
Printing, Stationery & Subscription	16.74	21.65
Travel, Postage, Telex, Telephone & Transport charges	99.46	146.36
Legal and Consultancy expenses	3.73	16.80
	<b>137.99</b>	<b>208.58</b>

35 The financial statements of Lakshmi Mills Company Limited were approved by the Board of Directors and authorised for issue on 28<sup>th</sup> June 2021.

For and on behalf of the Board

**S. Pathy**

Chairman & Managing Director  
DIN: 00013899

**R. Santharam**

Vice Chairman  
DIN: 00151333

Place : Coimbatore

Date : 28<sup>th</sup> June 2021

**N. Singaravel**

Company Secretary

**A.Doraiswamy**

Chief Financial Officer

In terms of our report of even date

For **M.S.Jagannathan & Visvanathan**

Firm Registration No. 001209S

Chartered Accountants

**M.V.Jeganathan**

Partner

Membership No. 214178



To

M/s. S.K.D.C. Consultants Limited,  
"Surya" 35, May Flower Avenue, Behind Senthil Nagar,  
Sowripalayam Road, Coimbatore 641 028.

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

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

**DECLARATION**

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

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

Place :

Date :

Name : .....  
Address : .....  
.....  
.....Pincode .....

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