

# THE LAKSHMI MILLS COMPANY LIMITED

Annual Report 2011 - 2012

## BOARD OF DIRECTORS

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

## CHAIRMAN AND MANAGING DIRECTOR

Sri S. PATHY

## COMPANY SECRETARY

Sri S. BALAMURUGASUNDARAM

## AUDITORS

M/s. SUBBACHAR & SRINIVASAN  
Chartered Accountants

## BANKERS

Central Bank of India  
Canara Bank  
State Bank of India

## REGISTERED OFFICE

686, Avanashi Road  
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)

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# THE LAKSHMI MILLS COMPANY LIMITED

## NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Hundred and Second Annual General Meeting of the Members of the Company will be held at "Nani Palkhivala Auditorium", Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037 on Monday, the 3rd September 2012 at 2.35 P.M. to transact the following business :

### ORDINARY BUSINESS

1. To consider and adopt the Statement of Profit and Loss for the financial year ended 31.3.2012, the Balance Sheet as at that date and the Report of the Board of Directors and also the report of the Auditors thereon.
2. To appoint a Director in the place of Sri Satish Ajmera, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Sri Sanjay Jayavarthanelu, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

Coimbatore  
1.8.2012

By Order of the Board  
**S. BALAMURUGASUNDARAM**  
Company Secretary

### ANNEXURE TO NOTICE

**Additional information pursuant to Clause 49 of the listing agreement with Stock Exchanges in respect of the Directors proposed to be re-appointed.**

**Sri Satish Ajmera**, 67 Years, Chartered Accountant, has diversified Audit Experience of more than 40 years in Banks, Industry, Trade, Government and Semi Government organisations. He had been (i) Trustee, Unit Trust of India, (ii) Member, I.D.B.I North Zone Committee, (iii) Director, Gujarat Alkalies & Chemicals Ltd., Gujarat State Investments Ltd., Hindustan Organic Chemicals Ltd., Rajasthan Financial Corporation, Sunflag Iron & Steel Industries Ltd., Gujarat Heavy Chemical Ltd., Modi Rubber Ltd., JCT Ltd., Rajasthan State Ind & Inv Corp Ltd., Lupin Laboratories Ltd., Aristocrat Luggage Ltd., Jayant Paper Mills Ltd., Modern Syntex Ltd., Allwyn Nissan Ltd., Canfin Homes Limited and many other companies.

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

### OTHER DIRECTORSHIPS

#### Name of the Company

S.Ajmera Finance Private Limited  
SRP Infosystems Private Limited  
PCS Technology Limited  
Wires & Fabriks (S.A.) Limited  
A&A Mines and Minerals Private Limited

### COMMITTEE MEMBERSHIPS

#### Name of Committees

#### Audit Committee

The Lakshmi Mills Company Limited  
Wires and Fabriks (SA) Limited  
PCS Technology Limited



### **Shareholders / Investors Grievance Committee**

The Lakshmi Mills Company Limited

Wires and Fabriks (SA) Limited

Sri. Satish Ajmera holds Nil shares in the Company.

**Sri. Sanjay Jayavarthanavelu** has vast experience in Textile Industry for more than Sixteen years in various capacities. He is a member of the Textiles Committee appointed by the Ministry of Textiles and a Member of the Development Council for Textile Machinery Industry constituted by the Government of India. He is a Member of the Council of SITRA and a Member of the Board of Governors of Sardar Vallabhbhai Patel International School of Textiles and Management . His rich experience and knowledge will be beneficial to the Company.

### **OTHER DIRECTORSHIPS**

#### **Name of the Company**

Lakshmi Machine Works Limited

Lakshmi Cargo Co. Limited

Lakshmi Electrical Control Systems Limited

Lakshmi Ring Travellers (Cbe) Limited

Lakshmi Technology & Engineering Industries Limited

Lakshmi Life Sciences Limited

Quattro Engineering India Limited

Super Sales India Limited

Fortis Malar Hospitals Limited

Carborundum Universal Limited

### **COMMITTEE MEMBERSHIPS**

Name of Committees

#### **Audit Committee**

Fortis Malar Hospitals Limited

#### **Shareholders/Investors Grievance Committee**

Lakshmi Machine Works Limited

Super Sales India Limited

Sri. Sanjay Jayavarthanavelu holds 13,213 Equity shares of Rs.100/- each in the Company.

#### **NOTE:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instruments appointing the proxy must be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
3. Members/Proxies are requested to bring duly filled Attendance Slips sent herewith to attend the meeting.
4. Pursuant to Section 205A of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1999 all unclaimed dividends shall be transferred to the 'Investor Education and Protection Fund' of the Central Government after a period of 7 years from the date of declaration. Shareholders who have not encashed the dividend warrants for the years 2004-2005, 2005-2006, 2006-2007,2007-2008, 2008-2009, 2009-2010, 2010-2011 are requested to write to the Registrar and Share Transfer Agent of the Company,

# THE LAKSHMI MILLS COMPANY LIMITED

M/s.SKDC Consultants Limited, Kanapathy Towers, 3<sup>rd</sup> Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006 for claiming the dividend. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim can be made thereof.

**Dividend declared in the year 2005 for the financial year 2004-2005 and remaining unclaimed will be transferred to Investor Education and Protection fund after conclusion of this Annual General Meeting.**

5. The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday the 29th August, 2012 to Monday the 3rd September, 2012 (both days inclusive).
6. Company's share transfer work and dematerialisation of shares, is done by M/s.SKDC Consultants Ltd., Kanapathy Towers, 3<sup>rd</sup> Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006.
7. It is reiterated that the request for Dematerialisation and Rematerialisation are to be made only to the DP with whom you have opened an account and not to the Company or its depository transfer agent.
8. International Securities Identification Number given to your company is INE938CO1019.
9. Members who are holding shares in the same name in more than one folio may please advise the Registrar and Share Transfer Agent for consolidating into single folio.
10. Members holding shares in Physical form are requested to intimate the Change of Address and their Bank Account details such as Bank name, branch with address and account number for incorporating the same in Dividend Warrants/ Cheques to Company's Registrar and Share Transfer Agent M/s.SKDC Consultants Limited quoting their respective folio number.
11. Members holding shares in Demat form are requested to intimate Change of Address notifications and updates of Bank Account details to their respective Depository Participants.
12. Any member who needs any clarification on accounts or operations of the Company shall write to the Company Secretary, so as to reach him at least 7 days before the meeting, so that the information required can be made available at the meeting.
13. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
14. None of the items listed in the Agenda require postal Ballot.
15. Investors are required to provide a copy of their PAN card for effecting share transfers, transmission and transposition in their favour.

Coimbatore  
1.8.2012

By Order of the Board  
**S. BALAMURUGASUNDARAM**  
Company Secretary



## DIRECTORS' REPORT

Ladies and Gentlemen,

Your Directors have pleasure in presenting the Hundred and Second year Annual Report together with the audited accounts of the Company for the year ended 31.3.2012.

WORKING RESULTS	31.3.2012		31.3.2011
No. of days worked	357		356
		(Rs. in lakhs)	
Sales	14942.38		17583.28
Other income	853.97		410.26
<b>GROSS SALES</b>	<b>15796.35</b>		<b>17993.54</b>
<b>Profit / (Loss) before Tax, Exceptional items</b>	<b>(1913.42)</b>		384.17
Add : Exceptional items	-		-
<b>Profit / (Loss) before Taxation</b>	<b>(1913.42)</b>		384.17
Less : Current Tax		54.07	
MAT Credit Entitlement		(48.83)	
Deferred Tax Credit (Net)	<b>(595.90)</b>	<b>(154.74)</b>	<b>(149.50)</b>
<b>NET PROFIT / (LOSS)</b>	<b>(1317.52)</b>		533.67
<b>Available for appropriation</b>	<b>(1317.52)</b>		533.67
<b>Appropriation:</b>			
General Reserve	Nil		Nil
Proposed Dividend	Nil		62.60
Corporate Tax on Dividend	Nil		10.15
Balance carried forward	Nil		460.92
	-		533.67

### OPERATIONS:

The Company continued to operate 1.31 lakhs spindles in Palladam and Kovilpatti units during the year as follows:-

Spindles in lakhs	
i) Palladam	: 0.68
ii) Kovilpatti	: 0.63
Total	: <u>1.31</u>

Due to unprecedented power cuts and restrictions on the use of electricity during peak hours every day for major part of the year, the overall capacity utilization suffered drastically.

Due to unprecedented rise and the subsequent steep fall in prices resulted in many mills forced to hold cotton at high prices over the market rates for substantial part of the year. Yarn prices were found unremunerative under such circumstances and that the mills did not go in for captive capacity to improve its utilization. The result was that the capacity utilization suffered severely, cash eroded in majority of the mills and that the operations had become very uneconomical.

Your Company was no exception and there was heavy erosion of Working Capital.

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The Company continued to outsource fabrics both for exports and domestic markets. Your Company could export around 25 lakh metres of grey fabric valued at over Rs.29 Crores during the year. The Company hopes to continue this trend in the current year also.

## **CURRENT INDUSTRIAL TREND AND FUTURE PROSPECTS:**

The Textile industry underwent one of the worst financial year in 2011-12. Due to production losses caused by unprecedented power cuts and restrictions, violent fluctuations in Raw Cotton prices - not witnessed earlier - resulted in most of the mills carrying huge inventory at prices more than the market rate. Operationally many mills have lost cash eroding their Working Capital.

The industry has represented to the Government of India for restructuring of the outstanding loans and that Government had since agreed to consider this on a case to case basis.

The Company hopes that Government of India will come up with concrete plans of action to bail out the ailing textile industry from the unprecedented crisis forced on it by various external factors.

## **OUTLOOK:**

Government's positive proposals to bail out the ailing textile industry are eagerly awaited to proceed further.

In the context of finding skilled labour for the spinning industry, concrete plans of action are needed to go in for more of automation to reduce dependence of labour in the industry. Present wage structure in textile mills is not also quite attractive to retain labour. Industry need to think in this direction seriously.

## **DIVIDEND:**

The directors have not recommended any dividend for the financial year 2011-2012 due to severe recession in the industry and losses incurred by the Company.

## **DIRECTORS**

In accordance with the Companies Act, 1956, and the Articles of Association, Sri. Satish Ajmera and Sri. Sanjay Jayavarthanelu, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i. In the preparation of Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2012 and the Balance Sheet as on that date all the applicable accounting standards have been followed.
- ii. Accounting Policies, that are reasonable and prudent, have been selected and applied consistently so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the loss of the Company for the year ended 31<sup>st</sup> March 2012.
- iii. The accounting records in accordance with the provisions of the Companies Act, 1956 and for safeguarding the assets of the Company as also for preventing and detecting fraud and other irregularities, have been properly maintained and
- iv. The Statement of Profit and Loss and Balance Sheet have been prepared on a going concern basis.

## **CORPORATE GOVERNANCE**

Pursuant to clause 49 of the listing agreement with the stock exchanges, Management Discussion and Analysis Report, Report on Corporate Governance and Auditors Certificate regarding compliance of conditions of Corporate Governance are made part of the Annual Report.



## **FIXED DEPOSIT**

The deposit amount of Rs.15,05,000/- claimed remains unpaid due to dispute between the legal heirs and is pending before the Principal District Court at Coimbatore. No other amount remains unclaimed as on 31<sup>st</sup> March 2012.

## **AUDITORS**

The Company's Auditor M/s. Subbchar & Srinivasan are to retire at the ensuing Annual General Meeting and are eligible for re-appointment and necessary certificate has been received from them as required under Section 224(1B) of the Companies Act, 1956.

## **GENERAL**

The Company's Assets have been adequately insured.

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

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

## **ACKNOWLEDGEMENT**

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

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

By Order of the Board

Coimbatore  
1st August 2012

**S. PATHY**  
Chairman and Managing Director

## **ANNEXURE TO DIRECTORS' REPORT**

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

### **A. CONSERVATION OF ENERGY**

Following energy conservation measures were done in Palladam and Kovilpatti units during 2011-2012

In Palladam unit, Processes through Unimix opening Rollers and Flexi cleaners in Blow Room were bypassed effecting energy savings.

Likewise by replacing the six conventional Breaker Draw frames with the installation of one no. of New Draw frame LD2, consumption of energy was considerably reduced.

The Exhaust axial flow fans numbering 16 were replaced with new energy efficient fans.

The aforesaid measures had resulted in a saving of around 1600 units per day or around Rs.30 lakhs per annum in a full working year.

In Kovilpatti unit, replacement of energy saving spindles in one Ring frame, installation of stop motion arrangements in OHTC in cone winding machine and removal of Ventilator motor in Blow Room line all helped to reduce energy consumption by 66 units per day. The unit will be undertaking these energy saving measures intensively in the year 2012-13.

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Requisite data in respect of energy consumption are given below:

	2011-2012	2010-2011
<b>A) POWER &amp; FUEL CONSUMPTION</b>		
1. Electricity		
a) Purchased unit Lakh KWHr	312.30	403.65
Total amount (Rs. in lakhs)	1780.36	2113.02
Rate/Unit Rs.	5.70	5.23
b) Own Generation		
i. Through Diesel Generator:		
Unit/Lakh KWHr	10.07	50.42
Unit/Litre of H.S.D.	3.09	3.22
Cost/Unit Rs.	13.85	12.52
ii. Through Steam Turbine units	—	—
Unit/Litre of Fuel	—	—
Cost/Unit Rs.	—	—
2. Coal (Specify Quality and where used)		
Quantity in tons	—	—
Total Cost (Rs. in lakhs)	—	—
Average Rate (Rs.)	—	—
3. Furnace Oil: Cloth		
Quantity (K. Litres)	—	—
Total Cost (Rs. in lakhs)	—	—
Average Rate per KL (Rs.)	—	—
4. Others:		
Quantity in tons	—	—
Total Cost (Rs. in lakhs)	—	—
Rate per unit (Rs.)	—	—
<b>B) CONSUMPTION PER UNIT OF PRODUCTION</b>		
Production:		
Yarn in Kgs. (Excl. outside conversion)	45,05,994	62,76,650
Cloth in L. Metres	—	—
Electricity KWHr	—	—
Yarn : KWHr/Kg.	7.154	7.2340
Cloth : KWHr / L. Metres	—	—
Furnace Oil Litre/Linear Metre	—	—
Coal/Tonne	—	—
Others	—	—

## B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

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

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

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

## C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earned through Exports amounts to Rs. 3058.30 lakhs  
 Foreign Exchange used Rs. 85.51 lakhs





## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **I. INDUSTRY STRUCTURE AND DEVELOPMENTS:**

Indian Textile Industry is poised to play a leading role in industrial production in the country as well as in export segment.

India is endowed with adequate quantities of both Raw Cotton and man made fibres. They are available in abundance not only for domestic consumption but also for export. Technology is available in plenty. Managerial personnel is also available to take the industry to great heights.

The industry needs to be nurtured properly. Policies framed by Government on raw materials etc., need to be industry friendly and not hostile.

### **II. OPPORTUNITIES AND THREATS:**

Government should allow the industry to grow and facilitate the industry to become cost efficient in its manufacturing activities.

Power should be made available without restriction so that capacity utilization does not suffer. Prosperity of the industry lies in its optimum capacity utilization.

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

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

### **IV. OUTLOOK:**

Though price variation of Raw material have made operations difficult, yet the second half of 2012-13 is likely to be a better period for Indian Textile industry. The Indian Textile industry is bound to grow in the years ahead. However the industry should be helped to come out of the present crisis on a war footing.

### **V. RISKS AND CONCERNS:**

The present concern is how to come out of the present crisis. Hence industry is eagerly looking forward to Government for early solution in this front.

Two areas which need to be tackled on a long term basis is that power situation should become normal in Tamilnadu and that industry should look for a long term labour policy. The present system of having adhoc policies in the labour front is hurting the industry against healthy growth.

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

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

### **VII. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The Net Sales during the year was Rs. 149.42 Crores and your Company suffered a Net Loss of Rs. 1317.52 lakhs.

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

The Company had on its Roll 1665 employees as on 31.3.2012 as against 2042 as on 31.3.2011.

# THE LAKSHMI MILLS COMPANY LIMITED

## REPORT ON CORPORATE GOVERNANCE

### PHILOSOPHY ON CODE OF GOVERNANCE

Lakshmi Mills is committed to sound practice of corporate functioning and maximizing Customer satisfaction by offering the Quality Products at the right time at the reasonable price with the right service and comply with all regulations as applicable from time to time. At Lakshmi Mills the pursuit of perfection is an on-going process enabling it to look back with immense satisfaction on its past achievements and look forward with confidence to a promising though a 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 effectively all statutory, significant and material information are placed before the Board on a quarterly basis.

#### Composition

The Board is headed by Chairman and Managing Director, supported by a Whole Time Director and Six Non Executive Directors.

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

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

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

### BOARD MEETINGS AND ATTENDANCE

Four Board meetings were held on 20.5.2011, 29.7.2011, 24.10.2011 and 30.1.2012 during the period 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012.



Details of attendance of each Director at the meetings of the Board and various Committees of the Board during the financial year ended 31<sup>st</sup> March, 2012.

Name of the Directors	Board Meeting (4)	Audit Committee (4)	Shareholders / Investors Grievance Committee (1)	Share Transfer Committee (14)	Annual General Meeting
Sri S. Pathy	4	-	-	14	Yes
Sri R. Santharam	4	4	1	4	Yes
Sri V. Jagannathan	4	-	1	-	Yes
Sri D. Rajendran	2	2	-	-	Yes
Sri Satish Ajmera	4	4	1	-	Yes
Sri V.S. Velayutham	3	3	-	-	Yes
Sri Sanjay Jayavarthanavelu	4	-	-	-	Yes
Sri Aditya Krishna Pathy	4	-	-	10	Yes

The figures within brackets denote the number of meetings held during the period 1<sup>st</sup> April 2011 to 31<sup>st</sup> March, 2012.

#### REMUNERATION OF DIRECTORS

Remuneration paid or payable to Directors during the year 2011-12.

(in Rs.)

Name of the Directors	Sitting Fees	Salary	Perquisites	Contribution to PF & Superannuation	Total
Sri S. Pathy *	NA	3000000	260400	810000	4070400
Sri R. Santharam	90000	NA	NA	NA	90000
Sri V. Jagannathan	50000	NA	NA	NA	50000
Sri D. Rajendran	40000	NA	NA	NA	40000
Sri Satish Ajmera	90000	NA	NA	NA	90000
Sri V.S. Velayutham	60000	NA	NA	NA	60000
Sri Sanjay Jayavarthanavelu	40000	NA	NA	NA	40000
Sri Aditya Krishna Pathy *	NA	1660769	110400	448407	2219576

\* Remuneration as approved by the Shareholders.

Non-executive Directors are paid only Sitting Fees for Board/Committee Meetings attended by them.

No Stock options granted to Non-executive Directors and Independent Directors during the financial year ended 31<sup>st</sup> March 2012.

#### SHAREHOLDING OF NON-EXECUTIVE DIRECTORS

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

# 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.

### Audit Committee

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

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

Sri S. Balamurugasundaram, Company Secretary is the Secretary of the Audit Committee.

The Audit Committee would assure to the Board, compliance of adequate internal control system, Accounting Standards and financial disclosure and other issues conforming to the requirements specified by the Companies Act, 1956 and by the Stock Exchanges in terms of Listing Agreement.

The committee has met 4 times during the financial year ended 31<sup>st</sup> March 2012 and details of attendance were furnished elsewhere in the Annual Report.

### Remuneration Committee

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

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

### Shareholders / Investors Grievance Committee

In compliance with SEBI guidelines on Corporate Governance as well as clause 49 of the Listing Agreement, the Committee was reconstituted on 30.7.2010 to specifically look into redressal of shareholders/Investors complaints, regarding transfer of shares, non-receipt of annual reports, dividend warrants, share certificates etc., and also the action taken by the Company on the above matters.

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

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

Sri S. Balamurugasundaram, Company Secretary is the Compliance Officer.

The committee met on 30.1.2012 during the financial year ended 31<sup>st</sup> March 2012. During the year the company received 8 complaints from the investors and were replied / resolved to their satisfaction and there were no outstanding complaints as on 31.3.2012.

### Share Transfer Committee

The Share Transfer Committee has been formed from the members of the Board, representatives of the Registrar and Share Transfer Agents and the Company Secretary and there are 5 members. During the year the committee met 14 times and approved Share Transfer, Transmission of Shares and issuance of Duplicate Share Certificates. There were no pending share transfers as on 31.3.2012.



## GENERAL BODY MEETINGS

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

Financial Year	Date	Day	Time	Venue
March 31, 2009	4.9.2009	Friday	4.35 P.M.	Nani Palkhivala Auditorium, Mani Hr. Sec. School, Coimbatore - 641037
March 31, 2010	22.9.2010	Wednesday	4.15 P.M.	-- do --
March 31, 2011	2.9.2011	Friday	4.35 P.M.	-- do --

### Special Resolutions passed in the previous 3 AGMs

**99th Annual General Meeting :** Revision in the remuneration of Sri S. Pathy, Chairman and Managing Director.

**100th Annual General Meeting :** Re-appointment of Sri S. Pathy as Chairman and Managing Director with revision in remuneration.

Appointment of Sri Aditya Krishna Pathy as Whole Time Director with remuneration.

**101st Annual General Meeting :** NIL

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

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

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

### DISCLOSURES :

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

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

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

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

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

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

### NON MANDATORY REQUIREMENTS

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

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

### DISCLOSURE OF DIRECTORS INTERSE RELATIONSHIP

Sri R. Santharam, Vice Chairman is the Sister's husband of Sri S. Pathy, Chairman and Managing Director and Sri Aditya Krishna Pathy, Whole Time Director is the son of Sri S. Pathy. No other Director is related to each other.

### CODE OF CONDUCT

The Code of Conduct for the Directors and Senior Management 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 2011-12 has been affirmed by the Chairman and Managing Director (CEO).

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

I hereby confirm that the Company has obtained from the members of the Board and Senior Management personnel their affirmation on compliance of the Code of conduct laid down by the Company for the financial year 2011-2012.

Coimbatore  
20<sup>th</sup> May 2012

S. PATHY  
Chairman and Managing Director

# THE LAKSHMI MILLS COMPANY LIMITED

## MEANS OF COMMUNICATION

The quarterly and annual financial results are published in the Business Line (English) and Dinamani (Tamil). The Company Profile, Corporate information, Shareholding Pattern, Financial Statements Code of Conduct for Directors and Officers and Product range are displayed in the Company's website [www.lakshmill.com](http://www.lakshmill.com). Quarterly Financial Results and Quarterly Shareholding Pattern are intimated to Stock Exchanges periodically and also posted in the portal hosted by BSE and NSE [www.corpfiling.co.in](http://www.corpfiling.co.in)

## SHAREHOLDERS INFORMATION

### ANNUAL GENERAL MEETING

Day & Date : Monday, 3rd September, 2012  
 Time : 2.35 P.M.  
 Venue : Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037.

### FINANCIAL CALENDAR :

Financial year : 1.4.2011 to 31.3.2012  
 Annual Results 2011 - 2012 announced : 30.5.2012  
 Posting of Annual Reports : On or before 10<sup>th</sup> August  
 Last date of receipt of Proxy Forms : 1.9.2012  
 Announcement of Quarterly Results : August 2012, November 2012, January 2013 & May/June 2013  
 Date of Book Closure : 29.8.2012 to 3.9.2012 (both days inclusive)

### LISTING ON STOCK EXCHANGES

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

Madras Stock Exchange, Stock Code : LML  
 Bombay Stock Exchange Limited, Stock Code : 502958  
 National Stock Exchange Limited, Stock Code : LAKSHMIL

Listing fee for 2012-2013 have been paid in respect of both Madras and Bombay Stock Exchanges.

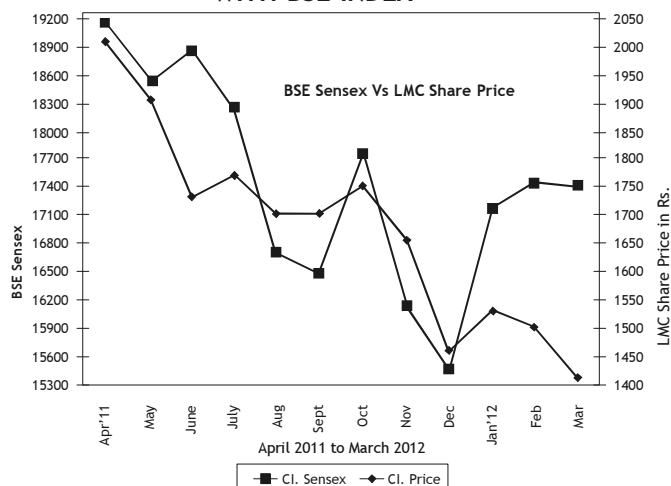
## MARKET PRICE DATA

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

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

	B S E in (Rs.)		N S E in (Rs.)	
	HIGH	LOW	HIGH	LOW
April -2011	2,109.90	1,861.10	2,088.00	1,850.00
May	2,090.00	1,826.00	2,046.65	1,701.10
June	1,959.95	1,700.00	1,950.00	1,610.00
July	1,999.85	1,701.00	1,865.00	1,681.15
August	1,939.85	1,651.10	1,969.95	1,547.00
September	1,844.95	1,555.15	1,799.95	1,599.75
October	1,784.95	1,580.00	1,844.95	1,580.00
November	1,847.35	1,625.50	1,799.95	1,600.05
December	1,788.85	1,407.05	1,797.35	1,415.00
January -2012	1,580.85	1,423.00	1,770.00	1,431.00
February	1,699.00	1,489.95	1,699.95	1,402.00
March	1,594.95	1,410.00	1,599.00	1,400.00

### SHARE PERFORMANCE IN COMPARISON WITH BSE INDEX





## REGISTRAR & SHARE TRANSFER/DEMAT AGENTS

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

## SHARE TRANSFER SYSTEM

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

## SHAREHOLDING PATTERN (as on 31.3.2012)

Sl. No.	Category	No. of Share holders	No. of Shares held	% to paid-up capital
1	Promoters and promoters group	23	3,77,498	54.27
2	Financial Institutions, Banks and Mutual Funds	16	38,753	5.57
3	Central / State Government(s)	1	5,107	0.73
4	Foreign Financial Institutions / Banks	1	20	0.00
5	Bodies Corporate	131	69,189	9.95
6	Individuals	7,164	1,94,815	28.01
7	Others	192	10,168	1.47
	<b>Total</b>	<b>7,528</b>	<b>6,95,550</b>	<b>100.00</b>

## DISTRIBUTION OF SHARE HOLDING (as on 31.3.2012)

Range (No. of Shares)	No. of Shareholders	No. of Shares	% held
1 - 50	6,783	72,933	10.49
51 - 100	368	27,167	3.91
101 - 200	193	27,192	3.91
201 - 300	72	17,487	2.51
301 - 400	27	9,568	1.38
401 - 500	26	11,388	1.64
501 - 1000	25	18,361	2.64
1001 - 10000	23	84,694	12.18
10001 and Above	11	4,26,760	63.34
<b>Total</b>	<b>7,528</b>	<b>6,95,550</b>	<b>100.00</b>

## DEMATERIALISATION OF SHARES

The fully paid up Equity shares (ISIN No.INE938CO1019) of the Company are admitted in the demat mode by both the depositories of the country i.e. National Securities Depository Limited and Central Depository Services (India) Limited.

As on 31.3.2012, 5,44,234 Shares constituting 78.25% of the total paid up capital of the Company have been dematerialised. In view of the numerous advantages offered by the depository system, members have been requested to avail of the facility of dematerialisation of the Company's shares.

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

## NOMINATION FACILITY

The Companies (Amendment) Act, 1999 has provided the facility for nomination in the shares of the Company. The nomination form (Form 2-B) along with instructions is provided to the members on request.

## PLANT LOCATIONS

The Company has 2 Plants situated at the following locations.

Unit I : Lakshmpuram P.O., Kovilpatti.

Unit II : Kuppuswamy Naidupuram, Palladam.

## ADDRESS FOR CORRESPONDENCE

All correspondence from shareholders should be addressed to

M/s. SKDC Consultants Limited

Registrars and Share Transfer Agents

Unit : The Lakshmi Mills Company Limited

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

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

Investors' grievances email id : secretarial@lakshmill.com



# THE LAKSHMI MILLS COMPANY LIMITED

## AUDITORS' REPORT

1. We have audited the attached Balance Sheet of **The Lakshmi Mills Company Limited**, as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that dated annexed thereto. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further, to our comments in the Annexure referred to above, we report that
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit
  - (b) In our opinion proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are prepared in accordance with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (e) On the basis of written representations received from the directors of the Company, as at 31<sup>st</sup> March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
  - (b) in the case of the Statement of Profit and Loss of the Loss for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

Coimbatore  
30<sup>th</sup> May 2012

For Subbachar & Srinivasan  
Firm Registration No. 004083S  
Chartered Accountants  
**T.S.V. Rajagopal**  
Partner  
Membership No. 200380





**ANNEXURE TO THE AUDITORS' REPORT**  
**(Referred to in our report of even date)**

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

# THE LAKSHMI MILLS COMPANY LIMITED

ix. In respect of Statutory dues:

- a. According to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Cess and any other material statutory dues with the appropriate authorities during the year. There are no undisputed statutory dues which are outstanding for more than six months as at the Balance Sheet date.
- b. According to the information and explanations given to us details of disputed tax which have not been deposited as on 31.3.2012 on account of any dispute are given below:

Name of the Statute	Nature of Dues	Amount Rs. in Lakhs	Period to which the amount relates	Forum where dispute is pending
Excise Act 1944 / Service Tax Act	Service Tax	2.95	1997 - 99	High Court
	Excise Duty	1.61	1995 - 96	High Court
	Cenvat	2.79	2004 - 05	Deputy Commissioner-Coimbatore
	Cenvat	1.36	2007 - 08	Asst. Commissioner-Kovilpatti

- x. The company has incurred a cash loss of Rs. 1260.07 lakhs during the financial year covered by our audit and a cash loss of Rs. Nil in the immediately preceding financial year. The accumulated losses at the end of the year is Rs. 627.98 lakhs.
- xi. On the basis of our audit procedures, in our opinion and according to the information and explanations given to us the Company has not defaulted in the payment of dues to financial institutions and Banks, except two term loan installments to banks amounting to Rs. 117.50 lakhs and Rs. 22.00 lakhs respectively which were due and outstanding as on 31<sup>st</sup> March, 2012 and were since repaid before the date of our report.
- xii. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence the provisions of this clause 4 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- xiii. The company is not a chit fund or Nidhi mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- xiv. The company is not dealing in or trading in shares, securities, debentures and other investments. Hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- xv. In our opinion and according to the information and explanations given to us the company has not given any guarantee for loans taken by others from Banks and Financial Institutions during the year.
- xvi. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion term loans availed by the Company were, prime facie, applied by the Company during the year for the purpose for which the loans were obtained, other than temporary deployment pending application.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have, prime facie, not been used during the year for long term investment.
- xviii. The provisions of clause 4 (xviii) (xix) and (xx) of the Companies (Auditor's Report) Order 2003 are not applicable since the Company has not issued any shares or debentures during the year.
- xix. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

Coimbatore  
30<sup>th</sup> May 2012

For Subbachar & Srinivasan  
Firm Registration No. 004083S  
Chartered Accountants  
**T.S.V. Rajagopal**  
Partner  
Membership No. 200380



## Balance Sheet as at 31<sup>st</sup> March, 2012

Particulars	Note No	31.3.2012 (Rs. in Lakhs)	31.3.2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	3	695.55	695.55
(b) Reserves and Surplus	4	10,693.19	12,010.71
<b>Non-Current Liabilities</b>			
(a) Long term borrowings	5	3,912.04	3,958.24
(b) Other Long term liabilities	6	47.36	36.21
(c) Long-term provisions	7	240.85	188.20
<b>Current Liabilities</b>			
(a) Short-term borrowings	8	3,856.55	2,876.04
(b) Trade payables	9	987.02	1,519.37
(c) Other current liabilities	10	2,442.38	2,933.76
(d) Short-term provisions	11	18.00	119.17
<b>TOTAL</b>		<b>22,892.94</b>	<b>24,337.25</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	12		
(i) Tangible assets		6408.64	6,754.83
(ii) Intangible assets		11.67	-
(iii) Capital work-in-progress		-	-
(b) Non-current investments	13	177.55	177.55
(c) Deferred tax assets (net)	14	1,338.74	742.83
(d) Long term loans and advances	15	363.80	367.39
<b>Current assets</b>			
(a) Inventories	16	11,665.60	13,239.23
(b) Trade receivables	17	1,317.51	1,387.07
(c) Cash and cash equivalents	18	811.87	796.23
(d) Short-term loans and advances	19	228.66	222.50
(e) Other current assets	20	568.90	649.62
<b>TOTAL</b>		<b>22,892.94</b>	<b>24,337.25</b>
Significant accounting policies	2		
See accompanying notes on additional information to financial statements	29		

**S. Pathy**  
Chairman and Managing Director

**R. Santharam**  
Vice Chairman

Coimbatore  
30<sup>th</sup> May 2012

**S. Balamurugasundaram**  
Company Secretary

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

Balance Sheet

# THE LAKSHMI MILLS COMPANY LIMITED

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2012

Particulars	Note No	31.3.2012 (Rs. in Lakhs)	31.3.2011
<b>REVENUE</b>			
Revenue from operations	21	14,943.49	17,587.17
Less: Excise Duty		1.11	3.89
		<u>14,942.38</u>	<u>17,583.28</u>
Other Income	22	853.97	410.26
<b>Total Revenue</b>		<u>15,796.35</u>	<u>17,993.54</u>
<b>EXPENSES</b>			
Cost of materials consumed	23	6,259.99	8,358.32
Purchase of Stock-in-Trade	24	2,727.65	1,734.51
(Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade	25	1,344.99	(943.13)
Employee benefits expense	26	1,894.39	2,124.91
Finance costs	27	1,378.55	1,190.44
Depreciation and amortization expense	12	653.35	653.11
Other expenses	28	3,450.85	4,491.21
<b>Total Expenses</b>		<u>17,709.77</u>	<u>17,609.37</u>
<b>Profit /(Loss) before exceptional and extraordinary items and tax</b>		<b>(1,913.42)</b>	384.17
Exceptional Items		-	-
<b>Profit /(Loss) before tax</b>		<u><b>(1,913.42)</b></u>	<u>384.17</u>
Tax expense			
Current tax		-	54.07
Deferred tax		(595.90)	(154.74)
MAT Credit entitlement		-	(48.83)
<b>Total Tax Expenses</b>		<u><b>(595.90)</b></u>	<u>(149.50)</u>
<b>Profit/(Loss) after tax</b>		<u><b>(1,317.52)</b></u>	<u>533.67</u>
Earnings per equity share [Face Value Rs. 100] Basic & Diluted [in Rs.]		<b>(189.42)</b>	76.73
Significant accounting policies	2		
See accompanying notes on additional information to financial statements	29		

**S. Pathy**  
Chairman and Managing Director

Coimbatore  
30<sup>th</sup> May 2012

**R. Santharam**  
Vice Chairman

**S. Balamurugasundaram**  
Company Secretary

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



## Cash Flow Statement for the year ended 31<sup>st</sup> March 2012

Particulars	31.3.2012	31.3.2011
	(Rs. in Lakhs)	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before tax and after exceptional items	(1913.42)	384.17
<b>Adjustments for :</b>		
Depreciation	653.35	653.11
Investment Income	(216.00)	(114.60)
Interest Expenditure	1321.07	1111.81
Interest Income	(20.26)	(26.01)
Profit on sale of assets	(410.37)	(165.34)
	<u>1327.79</u>	<u>1458.97</u>
<b>Operating Profit before Working Capital Changes</b>	<b>(585.63)</b>	<b>1843.14</b>
(Increase)/Decrease in trade and other receivables	169.11	(446.35)
(Increase)/Decrease in inventories	1573.63	(841.84)
Increase/(Decrease) in trade and other payables	(502.91)	570.50
	<u>1239.83</u>	<u>(717.69)</u>
<b>Cash generated from operations</b>	<b>654.20</b>	<b>1125.45</b>
Direct taxes (paid)/refund received	(17.30)	(20.86)
<b>Net Cash from Operating activities (A)</b>	<b>636.90</b>	<b>1104.59</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(375.07)	(228.99)
Proceeds from sale of assets	466.60	448.42
[including Rs.47.25 lakhs from discontinuing operations. (Previous year Rs. 438.54 lakhs)]		
Advance towards Land and Building Sale	20.90	32.64
Increase in other Bank Balances	(20.70)	(60.60)
Interest received	16.16	26.57
Dividend received	216.00	114.60
	<u>323.89</u>	<u>332.64</u>
<b>Net cash used in investing activities (B)</b>	<b>323.89</b>	<b>332.64</b>
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from/(Repayment of) long term borrowings	(46.20)	(719.33)
Proceeds from/(Repayment of) short term borrowings	406.92	302.15
Interest paid	(1255.01)	(1106.92)
Dividend paid	(61.41)	(60.95)
Corporate Dividend tax paid	(10.15)	(10.40)
	<u>(965.85)</u>	<u>(1595.45)</u>
<b>Net cash used in financing activities ( C )</b>	<b>(965.85)</b>	<b>(1595.45)</b>

# THE LAKSHMI MILLS COMPANY LIMITED

Particulars	31.3.2012	31.3.2011
	(Rs. in Lakhs)	
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	(5.06)	(158.22)
Cash and cash equivalents at beginning of the year	76.35	234.57
Cash and cash equivalents at end of the year	71.29	76.35
Net Increase / (Decrease) in cash and cash equivalents	<u>(5.06)</u>	<u>(158.22)</u>
Note : Cash and cash equivalents include the following balances which are restricted and not available for use by the Company.		
Unpaid Dividend Warrant Account	16.52	15.33
Margin money Deposit	86.74	126.64
Deposit Pledged with bank for Demand Loan	127.52	120.31

		In terms of our report of even date
<b>S. Pathy</b>	<b>R. Santharam</b>	For Subbachar & Srinivasan
Chairman and Managing Director	Vice Chairman	Firm Registration No. 004083S
		Chartered Accountants
		<b>T.S.V. Rajagopal</b>
		Partner
Coimbatore	<b>S. Balamurugasundaram</b>	Membership No. 200380
30 <sup>th</sup> May 2012	Company Secretary	

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

TO THE MEMBERS OF

THE LAKSHMI MILLS COMPANY LIMITED  
Coimbatore.

We have examined the compliance of conditions of Corporate Governance by THE LAKSHMI MILLS COMPANY LIMITED for the year ended on 31.03.2012 as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify

Coimbatore  
1<sup>st</sup> August 2012

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

On the basis of details received from the Share Transfer Agents of the company and on the basis of the records maintained by the Shareholders' / Investors' Grievance Committee of the company, we state that no investor grievance is pending for a period exceeding one month.

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

For Subbachar & Srinivasan  
Firm Registration No. 004083S  
Chartered Accountants  
**T.S.V. Rajagopal**  
Partner  
Membership No. 200380





## Notes to the financial statements

### 1 CORPORATE INFORMATION

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

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Method of Accounting

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

#### 2.2 Use of Estimates

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

#### 2.3 Fixed Assets

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

#### 2.4 Investments

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

#### 2.5 Valuation of Inventories

Inventories are valued as under

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

#### 2.6 Translation of Foreign Currency Transactions

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

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

#### 2.7 Depreciation

Depreciation is provided on plant and machinery and factory buildings on straight line basis and on the other assets on WDV basis at the rates specified in Schedule XIV of the Companies Act, 1956. For additions and deletions depreciation is provided on pro-rata basis.

#### 2.8 Recognition of Revenue

Income and Expenditure are recognized and accounted on accrual basis as and when they are earned or incurred. Revenue from sale transaction is recognized as and when significant risks and rewards attached to ownership in the goods is transferred to the buyer. Revenue from service transactions is recognized when invoiced / upon completion of work based on confirmed contracts. Dividend from Investments and Export incentives under Duty Entitlement Pass Book [DEPB]

# THE LAKSHMI MILLS COMPANY LIMITED

Scheme and Duty drawback scheme are recognized when the right to receive payment / credit is established and no significant uncertainty as to measurability or collectability exists.

## 2.9 Borrowing costs

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

## 2.10 Earnings per Share

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

## 2.11 Employee Benefits

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

### Defined Contribution Plans

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

### Defined Benefit Plans

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

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

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

## 2.12 Taxes on Income

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

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

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

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

## 2.13 Provisions, contingent liabilities and contingent assets

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

## 2.14 Cash Flow Statements

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

## 2.15 Impairment of assets

An asset is treated as impaired when the carrying amount of the asset exceeds its estimated recoverable value. Carrying amounts of fixed assets are reviewed at each balance sheet date





to determine indications of impairment, if any, of those assets. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss equal to the excess of the carrying amount over its recoverable

value is recognized as an impairment loss. The impairment loss, if any, recognized in prior accounting period is reversed if there is a change in estimate of recoverable amount.

## Notes to the financial statements

Particulars	31.3.2012	31.3.2011
	(Rs. in lakhs)	

### NOTE 3: SHARE CAPITAL

#### Authorised

10,00,000 Equity Shares of Rs.100/- each	1,000.00	1,000.00
<b>Issued, Subscribed &amp; Fully Paid up</b>		
6,95,550 Equity Shares of Rs.100/- each	695.55	695.55
<b>Total</b>	<b>695.55</b>	<b>695.55</b>

Equity shareholders holding more than 5% Equity shares	31.3.2012		31.3.2011	
	Number	%	Number	%
Lakshmi Machine Works Limited	39,297	5.65	39,297	5.65
Lakshmi Card Clothing Mfg. Co. P. Ltd	41,681	5.99	41,681	5.99
Coimbatore Lakshmi Cotton Press P. Ltd	51,157	7.35	46,413	6.67
Life Insurance Corporation of India	38,208	5.49	38,243	5.50
S. Pathy	103,901	14.94	103,572	14.89
Adithya Krishna Pathy	56,412	8.11	53,112	7.64
<b>Total</b>	<b>330,656</b>		<b>322,318</b>	
Number of Equity Shares at the beginning of the period	695,550		695,550	
Number of Equity Shares at the end of the period	695,550		695,550	

The company has issued only one class of Equity Shares having par value of Rs.100 each. Each holder of Equity share is entitled to one vote per share. The Company declares dividends in Indian Rupees.

Particulars	31.3.2012	31.3.2011
	(Rs. in lakhs)	

### NOTE 4 : RESERVES AND SURPLUS

<b>1. Capital Reserve</b>		
As per last Balance Sheet	9.00	9.00
<b>2. Securities Premium Account</b>		
As per last Balance Sheet	101.89	101.89
<b>3. General Reserve :</b>		
As per last Balance Sheet	1,214.86	1,214.86
<b>4. Investment Fluctuation Reserve</b>		
As per last Balance Sheet	46.71	46.71
<b>5. Revaluation Reserve</b>		
As per last Balance Sheet	9,948.71	9,948.71
<b>6. Surplus in Statement of Profit and Loss</b>		
As per last Balance Sheet	689.54	228.62
Add/(Less): Transfer from Statement of Profit & Loss	(1,317.52)	533.67
	(627.98)	762.29
Less: Allocations & Appropriations during the year		
Proposed Dividend	-	62.60
Tax on Proposed Dividend	-	10.15
Closing balance	(627.98)	689.54
<b>Total</b>	<b>10,693.19</b>	<b>12,010.71</b>

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements

Particulars	31.3.2012	31.3.2011
	(Rs. in lakhs)	
<b>NOTE 5: LONG-TERM BORROWINGS</b>		
<b>Secured</b>		
Term Loans from Banks [Refer Note No. 29.2 & 29.3]	3,774.18	3,924.15
<b>Unsecured</b>		
Fixed Deposits-Directors	3.00	3.00
Fixed Deposits-Others	134.86	31.09
<b>Total</b>	<b>3,912.04</b>	<b>3,958.24</b>
<b>NOTE 6 : OTHER LONG TERM LIABILITIES</b>		
Rent Advance	47.36	36.21
	47.36	36.21
<b>NOTE 7 : LONG TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
Provision for Gratuity	240.85	188.20
<b>Total</b>	<b>240.85</b>	<b>188.20</b>
<b>NOTE 8 : SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
Working capital loan from banks [Refer Note No. 29.2 & 29.3 ]	3,732.13	2,763.24
Demand Loan against Deposits [Refer Note No. 29.2 & 29.3 ]	124.42	112.80
<b>Total</b>	<b>3,856.55</b>	<b>2,876.04</b>
<b>NOTE 9 : TRADE PAYABLES</b>		
Trade payables		
Micro, Small and Medium Enterprises	-	-
Other creditors	987.02	1,519.37
<b>Total</b>	<b>987.02</b>	<b>1,519.37</b>
<b>NOTE 10 : OTHER CURRENT LIABILITIES</b>		
Current maturities of long term debt		
Term loans from Banks	1,605.37	2,066.00
Fixed Deposit - Others	28.82	137.88
Interest accrued but not due on borrowings	10.30	8.95
Interest accrued and due on borrowings	68.22	3.51
Unpaid dividends - Covered by IEPF	16.52	15.33
Matured deposits not paid due to disputes among claimants	15.05	15.05
Other payables		
Liabilities for expenses	137.64	138.20
Other liabilities	66.37	71.75
Trade Deposits from customers	49.11	53.01
Advance Refundable towards Land Sale	444.98	424.08
<b>Total</b>	<b>2,442.38</b>	<b>2,933.76</b>
<b>NOTE 11 : SHORT TERM PROVISIONS</b>		
Provision for Gratuity	18.00	46.42
Proposed Dividend	-	62.60
Tax on Proposed Dividend	-	10.15
<b>Total</b>	<b>18.00</b>	<b>119.17</b>



## Notes to the financial statements

### NOTE 12 : FIXED ASSETS

(Rs. in lakhs)

S. No.	Particulars	GROSS BLOCK (COST)				DEPRECIATION				NET BLOCK	
		As at 1.4.2011	Additions	Disposals	As at 31.3.2012	As at 1.4.2011	For the year	Disposals	As at 31.3.2012	As at 31.3.2012	As at 31.3.2011
<b>A</b>	<b>Tangible Assets</b>										
1	Land	928.62	-	0.05	<b>928.57</b>	-	-	-	-	<b>928.57</b>	928.62
2	Buildings	1,558.22	12.20	2.34	<b>1,568.08</b>	562.95	36.41	2.02	<b>597.34</b>	<b>970.74</b>	995.27
3	Plant & Equipment	11,861.89	338.14	291.31	<b>11,908.72</b>	7,515.20	555.96	242.03	<b>7,829.13</b>	<b>4,079.59</b>	4,346.69
4	Electrical Plant & Equipment	1,059.02	4.78	4.65	<b>1,059.16</b>	661.38	34.99	0.82	<b>695.55</b>	<b>363.61</b>	397.64
5	Furniture & Fixtures	35.07	0.21	-	<b>35.28</b>	26.97	1.28	-	<b>28.25</b>	<b>7.03</b>	8.10
6	Vehicles	185.36	0.30	15.64	<b>170.02</b>	150.35	8.78	12.88	<b>146.25</b>	<b>23.77</b>	35.01
7	Office Equipments	132.22	2.97	-	<b>135.19</b>	101.15	4.92	-	<b>106.07</b>	<b>29.12</b>	31.07
8	Computer Equipments	144.96	1.13	-	<b>146.09</b>	132.53	7.34	-	<b>139.87</b>	<b>6.22</b>	12.43
	<b>Sub Total</b>	15,905.36	359.73	313.99	<b>15,951.10</b>	9,150.53	649.68	257.75	<b>9,542.46</b>	<b>6,408.64</b>	6,754.83
<b>B</b>	<b>Intangible Assets</b>										
	Computer Software	-	15.34	-	<b>15.34</b>	-	3.67	-	<b>3.67</b>	<b>11.67</b>	-
<b>C</b>	<b>Capital Work-In-Progress</b>										
		-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	15,905.36	375.07	313.99	<b>15,966.44</b>	9,150.53	653.35	257.75	<b>9,546.13</b>	<b>6,420.31</b>	6,754.83
	<b>Previous Year (2010-11)</b>	16,737.42	232.59	1,064.65	15,905.36	9,278.99	653.11	781.57	9,150.53	6,754.83	

Particulars	Face value per Share Rs.	No. of Shares	31.3.2012 Amount	31.3.2011 Amount
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(Rs. in lakhs)

### NOTE 13 : NON CURRENT INVESTMENTS

#### Investments in Equity Instruments (at Cost)

#### A. Non Trade - Quoted - Long Term - Fully paid up

Lakshmi Machine Works Limited	10	720000	<b>24.00</b>	24.00
Lakshmi Automatic Loom Works Limited	10	330000	<b>64.05</b>	64.05
Rajshree Sugars & Chemicals Limited	10	220000	<b>22.00</b>	22.00
<b>Sub Total</b>			<b>110.05</b>	110.05

#### B. Non-Trade - Unquoted - Long Term - Fully paid up

LCC Investments Limited	10	150000	<b>15.00</b>	15.00
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#### C. Non-Trade - Unquoted - Long Term - Fully paid up

Sai Regency Power Corporation Limited	10	525000	<b>52.50</b>	52.50
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<b>Total</b>			<b>177.55</b>	177.55
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	Cost	Market Value	Cost	Market Value
(i) Market value of Non-Current Investments-Quoted	<b>110.05</b>	<b>11544.12</b>	110.05	16281.92
(ii) Value of Non-Current Investments -Unquoted	<b>67.50</b>	-	67.50	-
<b>Total</b>	<b>177.55</b>	<b>11544.12</b>	177.55	16281.92

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements

Particulars	31.3.2012	31.3.2011
	(Rs. in lakhs)	
<b>NOTE 14 : DEFERRED TAX ASSET (NET)</b>		
<b>Deferred Tax Asset</b>		
43 B Disallowance-Gratuity	79.13	68.02
Unabsorbed Depreciation and Carry Forward losses	2265.80	1611.31
Voluntary Retirement Scheme	11.81	16.10
Others	2.26	3.41
	<u>2359.00</u>	<u>1698.84</u>
<b>Deferred Tax Liability</b>		
Depreciation	1020.26	956.01
<b>Net Deferred Tax Asset</b>	<u>1338.74</u>	<u>742.83</u>
<b>NOTE 15 : LONG TERM LOANS AND ADVANCES (Unsecured, considered good)</b>		
Electricity deposits	104.18	152.38
Other deposits	8.04	8.21
Advances recoverable in cash or in kind or for value to be received	178.67	133.89
MAT Credit Entitlement	72.91	72.91
	<u>363.80</u>	<u>367.39</u>
<b>NOTE 16 : INVENTORIES (At lower of cost or net realisable value)</b>		
Raw materials	199.79	422.74
Work in progress-Yarn	276.74	495.31
Finished goods		
Yarn	391.82	1,382.81
Waste	4.27	38.47
Stock in Trade- Trading		
Cloth	26.67	86.58
Garments	1.93	43.26
Stores and spares	156.45	162.13
Stock in trade of Land under development	10,607.93	10,607.93
	<u>11,665.60</u>	<u>13,239.23</u>
<b>NOTE 17 : TRADE RECEIVABLES (Unsecured, Considered good)</b>		
Outstanding for a period exceeding six months from due date	20.84	33.66
Others	1,296.67	1,353.41
	<u>1,317.51</u>	<u>1,387.07</u>
<b>NOTE 18 : CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalent</b>		
<b>Balances with banks</b>		
In Current Account	60.86	69.10
Cash on hand	10.43	5.84
Remittance in transit	-	1.41
	<u>71.29</u>	<u>76.35</u>
<b>Other Bank Balances</b>		
Bank deposits held as margin money	86.74	126.64
Bank deposits pledged for demand loan	127.52	120.31
Bank deposits with more than 12 months maturity	29.22	35.54
Other Bank Deposits	480.53	422.01
Unpaid Dividend warrant accounts	16.52	15.33
Savings Certificate	0.05	0.05
	<u>740.58</u>	<u>719.88</u>
<b>Sub Total</b>	<u>740.58</u>	<u>719.88</u>
<b>Total</b>	<u>811.87</u>	<u>796.23</u>



## Notes to the financial statements

Particulars	31.3.2012	31.3.2011
	(Rs. in lakhs)	
<b>NOTE 19 : SHORT-TERM LOANS AND ADVANCES (Unsecured, considered good)</b>		
Balance with Central Excise/ Sales tax authorities	60.89	72.03
Advance Payment of Direct Taxes (Net of Provisions therefor)	167.77	150.47
<b>Total</b>	<b>228.66</b>	<b>222.50</b>
<b>NOTE 20 : OTHER CURRENT ASSETS</b>		
Prepaid expenses	1.37	1.71
Interest accrued on Bank Deposits	24.76	20.66
Income Receivable	542.77	627.25
<b>Total</b>	<b>568.90</b>	<b>649.62</b>
<b>NOTE 21 : REVENUE FROM OPERATIONS</b>		
<b>Revenue from Sale of products</b>		
Cotton and Synthetic Yarn - Manufactured	11426.43	15,121.65
Cotton and Synthetic Yarn - Trading	9.79	-
Cloth - Trading	3046.91	2,005.45
Garments	4.75	0.84
Waste	317.16	318.92
Raw Materials	9.25	2.38
<b>Sub Total</b>	<b>14,814.29</b>	<b>17,449.24</b>
<b>Other operating revenues</b>		
Sale of Scrap	42.41	17.87
Export incentives	86.79	120.06
<b>Sub Total</b>	<b>129.20</b>	<b>137.93</b>
<b>Total Revenue from Operations</b>	<b>14,943.49</b>	<b>17,587.17</b>
Less: Excise Duty	1.11	3.89
<b>Total</b>	<b>14,942.38</b>	<b>17,583.28</b>
<b>NOTE 22 : OTHER INCOME</b>		
Interest income	20.26	26.01
Dividend income	216.00	114.60
Rent	75.42	66.55
Other Income	4.21	-
Foreign exchange gain	127.71	37.76
Profit on sale of assets	410.37	165.34
<b>Total</b>	<b>853.97</b>	<b>410.26</b>
<b>NOTE 23 : MATERIALS CONSUMED</b>		
Opening Stock	422.74	525.89
Add : Purchases	6,037.04	8,255.17
Less : Closing Stock	199.79	422.74
Cost of Materials Consumed	6,259.99	8,358.32
<b>NOTE 24 : PURCHASES OF STOCK-IN-TRADE</b>		
Yarn purchase for resale	6.29	8.71
Cloth purchase for resale	2,716.43	1,725.80
Garment purchase for resale	4.93	-
<b>Total</b>	<b>2,727.65</b>	<b>1,734.51</b>

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements

Particulars	31.3.2012	31.3.2011
	(Rs. in lakhs)	
<b>NOTE 25 : CHANGES IN INVENTORY OF FINISHED GOODS AND WIP</b>		
<b>Opening Stock</b>		
Yarn	1,382.81	658.90
Cloth	86.58	95.18
Garments	43.26	47.88
Waste	38.47	8.18
Work in Progress	495.30	293.15
<b>Sub Total</b>	<u>2,046.42</u>	<u>1,103.29</u>
<b>Closing Stock</b>		
Yarn	391.82	1,382.81
Cloth	26.67	86.58
Garments	1.93	43.26
Waste	4.27	38.47
Work in Progress	276.74	495.30
<b>Sub Total</b>	<u>701.43</u>	<u>2,046.42</u>
<b>(Increase)/Decrease in Stocks</b>	<u>1,344.99</u>	<u>(943.13)</u>
<b>NOTE 26 : EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages & Bonus	1,535.22	1,690.76
Managing Directors' Remuneration (Minimum)	62.90	54.90
Contribution to PF & Administrative Charges	100.61	115.76
Gratuity	65.46	109.01
Contribution to Superannuation Fund	0.82	0.84
ESI Contribution	43.56	48.40
Welfare Expenses	85.82	105.24
<b>Total</b>	<u>1,894.39</u>	<u>2,124.91</u>
<b>NOTE 27 : FINANCE COSTS</b>		
Interest on Bank borrowings	1,290.91	1,096.10
Interest on Fixed Deposit	18.11	15.71
Other Borrowing Costs	12.05	-
Bank Charges	57.48	78.63
<b>Total</b>	<u>1,378.55</u>	<u>1,190.44</u>
<b>NOTE 28 : OTHER EXPENSES</b>		
Consumption of stores and spare parts	116.34	139.27
Consumption of Packing materials	159.83	193.09
Power and Fuel	1,948.03	2,802.92
Rent	9.60	9.61
Repairs to Buildings	60.56	85.28
Repairs to machinery	205.46	229.06
Insurance	11.99	17.62
Rates and Taxes, excluding taxes on income	52.62	48.73
Sales Commission	197.65	205.33
Sales Expenses, Advertisement Export Expenses & Freight	237.35	286.69
Office Maintenance & Administration Expenses	230.60	228.58
Directors' Sitting Fees	3.70	3.72
Auditor's Remuneration		
Audit fees	1.75	1.75
Taxation matters	1.04	0.94
Certification	0.65	2.20
Reimbursement of expenses	0.30	1.08
Miscellaneous Expenses [Refer Note No. 29.11]	213.38	235.34
<b>Total</b>	<u>3,450.85</u>	<u>4,491.21</u>



## Notes to the financial statements

### Particulars

31.3.2012 31.3.2011  
(Rs. in lakhs)

### NOTE 29 : ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

#### 29.1 Contingent liabilities and commitments (to the extent not provided for)

##### Contingent liabilities

Letters of Credit	361.56	77.72
Bills discounted with banks	50.03	-
Central Excise / Service tax disputed demands	8.71	7.71
Income tax disputed demand	-	70.01
<b>Sub Total</b>	<b>420.30</b>	<b>155.44</b>

##### Commitments

Estimated amount of contracts unexecuted on capital account	-	146.40
<b>Sub Total</b>	<b>-</b>	<b>146.40</b>
<b>Total</b>	<b>420.30</b>	<b>301.84</b>

#### 29.2 Long Term Borrowings and Short Term Borrowings

##### a) Long Term Borrowings

###### Term Loans From Banks

###### Secured

a) Term Loan under TUF Scheme		
Central Bank of India	1,282.55	1,473.64
Canara Bank *	1,491.18	1,880.00
b) Canara Bank VRS Loan **	196.56	265.67
c) Central Bank of India Working Capital Term Loan	203.89	304.84
d) IOB Term Loan	600.00	-
<b>Total</b>	<b>3,774.18</b>	<b>3,924.15</b>

\* One quarterly instalment of Rs. 117.50 lakhs due on 23.2.2012 is outstanding on 31.3.2012  
[Since paid on 22.5.2012]

\*\* One quarterly instalment of Rs. 22 lakhs due on 23.2.2012 is outstanding on 31.3.2012  
[since paid on 17.5.2012]

##### b) Short Term Borrowings

###### Working Capital Loan from Banks

###### Secured

Cash Credit	3,592.13	2,623.24
Packing Credit	140.00	140.00
<b>Total</b>	<b>3,732.13</b>	<b>2,763.24</b>
Demand Loan against Bank deposits	124.42	112.80
<b>Total</b>	<b>3,856.55</b>	<b>2,876.04</b>

#### 29.3 a) Terms of repayment of long term borrowings

Particulars	Maturity term	Installments	Rate of Interest
Central Bank of India TUF Loan	2018-19	28 Quarterly	14.50%
Central Bank of India Working Capital Term Loan	2014-15	12 Quarterly	15.50%
Canara Bank TUF Loan	2015-16	16 Quarterly	15.00%
Canara Bank VRS Loan	2015-16	16 Quarterly	16.00%
Indian Overseas Bank Term Loan	2013-14	2 Half Yearly	15.25%



# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements

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

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

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

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

Demand loan from banks are secured by fixed deposits with bank.

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

29.5 a) The net deferred tax liability carried over as at 31<sup>st</sup> March 2012 comprises of the following:

Particulars	(Rs. in lakhs)		
	Opening as on 1.4.2011	Movement for the year	Closing as on 31.3.2012
<b>Deferred Tax Asset</b>			
43 B Disallowance-Gratuity	68.02	(11.11)	79.13
Unabsorbed Depreciation and Carry Forward Losses	1611.31	(654.49)	2265.80
Voluntary Retirement Scheme	16.10	4.29	11.81
Others	3.41	1.15	2.26
<b>Deferred Tax Liability</b>			
Depreciation	956.01	(64.25)	1020.26
<b>Net Deferred Tax (Asset) / Liability</b>	<b>(742.83)</b>	<b>595.90</b>	<b>(1338.74)</b>

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

### 29.6 Discontinuing Operations

As part of over all restructuring plans for economising operations, the company had decommissioned one of its plants at Coimbatore in the financial year 2008-09. After relocating the viable and productive machinery to other units the substantial part of machinery rendered surplus have been disposed off. The profit on sale of machinery during the financial year is Rs. 1.30 lakhs (Previous year Rs. 155.56 lakhs). The land rendered available for development and converted into stock in trade has a carrying amount of Rs.10607.93 lakhs (Previous year Rs.10607.93 lakhs).

### 29.7 Earnings per Share (Gross)

	31.3.2012	31.3.2011
	(Rs. in lakhs)	
Profit after taxation as per Profit & Loss Account	(1317.52)	533.67
Weighted average number of equity shares outstanding	695550	695550
Basic and diluted earnings per share (in Rs.) (Face value Rs.100 per share)	(189.42)	76.73

### 29.8 Segment Reporting

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





## Notes to the financial statements

### 29.9 Disclosure of related parties and related party transactions:

#### Related parties

##### Associates :-

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

##### Key Management Personnel

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

(Rs. in lakhs)

Transaction with related parties	Associates		Key Management Personnel	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
Purchase of goods/assets	30.63	46.93	-	-
Sale of goods/assets	1.13	4.58	-	-
Receiving of services	36.37	25.23	-	-
Rendering of services	0.18	12.37	-	-
Managerial Remuneration	-	-	62.90	54.90
Interest/Dividend paid	3.75	3.75	14.45	14.24
Amount receivable	36.48	84.82	-	-
Amount payable	262.73	45.30	3.66	3.66

Note: Related party relationships are as identified by the management

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

1. Purchase of goods/assets includes Lakshmi Card Clothing Manufacturing Company P Ltd Rs. 30.63 lakhs; (Previous year Rs. 46.93 lakhs).
2. Sale of Goods / assets include Lakshmi Automatic Loom Works Ltd Rs. 0.46 lakh (Previous year Rs. 4.58 lakhs); Others Rs. 0.67 lakh (Previous year NIL).
3. Receiving of Services include Balakumar Shipping & Clearing Agency P Ltd Rs. 21.79 lakhs (Previous year Rs. 14.29 lakhs); Aloha Tours & Travels (India) Private Ltd Rs. 12.84 lakhs (Previous year Rs. 10.22 lakhs) and Others Rs.1.74 Lakhs (Previous year Rs. 0.72 lakh).
4. Rendering of Services include Lakshmi Card Clothing Manufacturing Company P Ltd Rs. 0.18 lakhs (Previous year Rs. 8.85 lakhs); Lakshmi Automatic Looms Works Limited Rs. NIL (Previous year Rs. 3.52 lakhs).
5. Managerial Remuneration includes S. Pathy Rs.40.70 lakhs (Previous year Rs.41.10 lakhs); Adithya Krishna Pathy Rs.22.20 Lakhs (Previous year Rs.13.90 lakhs).
- 6.1. Interest includes Adithya Krishna Pathy Rs. 0.28 lakh (Previous year Rs. 0.28 lakhs).
- 6.2. Dividend includes S. Pathy Rs.9.35 lakhs (Previous year Rs.9.20 lakhs); Adithya Krishna Pathy Rs.4.82 lakhs (Previous year Rs.4.54 lakhs); Lakshmi Card Clothing Manufacturing Company P Ltd Rs.3.75 lakhs (Previous year Rs.3.75 lakhs).
7. Amount Receivable includes Lakshmi Automatic Loom Works Ltd Rs. 33.55 lakhs (Previous year Rs. 81.87 lakhs) and Others Rs.2.93 lakhs (Previous year Rs.2.95 lakhs).
8. Amount payable include Lakshmi Card clothing Manufacturing Company Pvt Ltd Rs. 261.24 lakhs (Previous year Rs. 44.17 lakhs); Aloha Tours & Travels (India) Private Ltd Rs. 1.49 lakhs (Previous year Rs. 1.13 lakhs).

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements

Particulars	31.3.2012	31.3.2011	31.3.2010
	(Rs. in lakhs)		
<b>29.10 Employees benefits</b>			
<b>(a) Defined Benefit Plans</b>			
<b>A. Expense recognised during year ended 31.3.2012</b>			
1. Current Service cost	21.79	19.28	18.62
2. Interest cost	22.92	17.56	15.96
3. Expected return on plan assets	(6.16)	(6.01)	(6.02)
4. Actuarial Losses / (Gains) during the year	26.91	78.18	56.54
5. Total Expense	65.46	109.01	85.10
<b>B. Actual return on Plan assets</b>			
1. Expected return on plan assets	6.16	6.01	6.02
2. Actuarial (Loss) / Gain on Plan assets	2.69	(0.65)	2.30
3. Actual return on plan assets	8.85	5.36	8.32
<b>C. Net Asset/(Liability) recognised in the Balance Sheet</b>			
1. Present value of the obligation as on 31.3.2012	332.19	309.68	243.58
2. Fair value of plan assets as on 31.3.2012	73.09	74.81	78.67
3. Funded status surplus/(deficit)	(259.10)	(234.62)	(164.91)
4. Unrecognised past service cost	-	-	-
5. Net Asset/(Liability) recognised in the Balance Sheet	(259.10)	(234.62)	(164.91)
<b>D. Change in Present value of the Obligation during the year ended March 31, 2012</b>			
1. Present value of the obligation as at April 1, 2011	309.68	243.58	275.45
2. Current service cost	21.79	18.63	18.62
3. Interest cost	22.92	17.56	15.96
4. Benefits paid	(46.42)	(48.26)	(125.29)
5. Actuarial (Gain) / Loss on obligation	24.22	78.18	58.84
6. Present value of obligation as at March 31, 2012	332.19	309.68	243.58
<b>E. Change in Assets during the year ended March 31, 2012</b>			
1. Fair value of plan assets as at April 1, 2011	74.81	76.06	80.14
2. Expected return on plan assets	6.16	6.01	6.02
3. Contributions made	41.23	41.00	115.50
4. Benefits paid	(46.42)	(48.26)	(125.29)
5. Actuarial Gain /(Loss) on plan assets	(2.69)	(0.65)	2.30
6. Fair value of plan assets as at March 31, 2012	73.09	74.81	78.67
<b>F. Net Actuarial Gain / Loss recognised</b>			
1. Actuarial (Gain) / Loss on benefit obligation	24.22	78.18	58.84
2. Actuarial Gain / (Loss) on Plan Assets	(2.69)	(0.65)	2.30
3. Net Actuarial (Gain) / Loss recognised	26.91	77.53	61.14
<b>G. Major categories of plan assets as a percentage of total plan</b>			
Special Deposit Schemes	89.61%	78.85%	84.76%
Bank Balances and recoverables	10.39%	21.15%	15.24%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>H. Actuarial Assumptions</b>			
1. Discount rate	8.00%	8.00%	8.00%
2. Salary escalation	5.00%	2.00%	1.00%
3. Expected rate of return on plan assets	8.00%	8.00%	4.00%
4. Attrition rate	2.00%	4.00%	8.00%
5. Mortality rate	LIC(1994-96) Ultimate	LIC(1994-96) Ultimate	LIC(1994-96) Ultimate
<b>(b) Defined Contribution Plans</b>			
1. Provident Fund Contribution	105.31	120.57	108.45
2. Superannuation Fund Contribution	7.81	6.85	6.41



## Notes to the financial statements

### 29.10 Employees benefits (contd.)

Note : The salary escalation considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The company's best estimate of contribution to be made in the next financial year is Rs.18,00,000.

Particulars	31.3.2012	31.3.2011		
	(Rs. in lakhs)			
<b>29.11 Miscellaneous Expenses</b>				
Cost Audit Fees	0.50	0.40		
Repairs to Others	13.88	11.89		
Printing, Stationery & Subscription	22.44	15.51		
Travelling, Postage, Telex, Telephone & Transport Charges	113.92	150.86		
Other Manufacturing Expenses	44.41	43.39		
Legal and Consultancy Expenses	18.23	13.29		
Total	<u>213.38</u>	<u>235.34</u>		
<b>29.12 Expenditure in foreign currency on account of</b>				
Travel	11.02	3.41		
Sales Commission	73.70	44.87		
Subscription	0.79	0.68		
	<u>85.51</u>	<u>48.96</u>		
<b>29.13 Earnings in foreign exchange-Export of goods on FOB value</b>				
Cloth	2903.97	1563.91		
Yarn	154.33	408.67		
	<u>3058.30</u>	<u>1972.58</u>		
<b>29.14 CIF Value of Imports</b>				
Raw Materials	-	422.38		
Components & Spares	-	5.43		
	<u>31.3.2012</u>	<u>31.3.2011</u>		
	(Rs. in lakhs)			
<b>29.15 Value of Raw Materials, Stores, and Components consumed</b>				
	%	Value	%	Value
<b>a) Cotton, Fibre and Yarn</b>				
Imported	-	-	5.37	542.16
Indigenous	100.00	6259.99	94.63	7816.16
		<u>6259.99</u>		<u>8358.32</u>
<b>b) Stores consumed</b>				
Imported	-	-	1.63	5.43
Indigenous	100.00	276.17	98.37	326.93
		<u>276.17</u>		<u>332.36</u>
<b>29.16</b>	In the opinion of the Board of Directors, assets other than fixed assets and non current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.			

# THE LAKSHMI MILLS COMPANY LIMITED

## Notes to the financial statements

Particulars	31.3.2012	31.3.2011
	(Rs. in lakhs)	

### 29.17 Details of dividend proposed

Amount of dividend proposed	-	62.60
Amount of dividend per Equity share [in Rs.]	-	9.00

29.18 a) The company does not have any derivatives financial instruments either for hedging or for speculation purpose outstanding as on the Balance Sheet date.

b) Details of foreign currency exposures that are not hedged by any derivative instrument or otherwise are

Particulars	Amount in foreign currency		(Rs. in lakhs)	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
Sundry Debtors USD	97711	Nil	47.49	Nil
Sundry Debtors GBP	Nil	898903	Nil	646.10
Sundry Creditors	Nil	Nil	Nil	Nil
Bank balances (EEFC A/c) USD	197.71	287.71	0.10	0.13

29.19 The revised Schedule VI has become effective from 1st April 2011 for the preparation of financial statements. This has impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**S. Pathy**  
Chairman and Managing Director

Coimbatore  
30<sup>th</sup> May 2012

**R. Santharam**  
Vice Chairman

**S. Balamurugasundaram**  
Company Secretary

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

To

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

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

1. Particulars of the shareholder
- a) Regd. Folio No. : .....
- b) Name of the first Regd. Holder (in block letters) : .....
2. Particulars of the Bank
- a) Name of the Bank : .....
- b) Address of the Branch : .....
- c) Account No. : .....  
(As appearing in the cheque book)
- d) Ledger Folio No. (if any) of the bank account : .....
- e) Account Type : 

Please Tick relevant box		
SAVINGS	CURRENT	CASH CREDIT
- f) Nine Digit code number of the bank and branch appearing on the MICR cheque issued by the bank (Please attach a photocopy of a cheque for verifying the accuracy of the code number) : 

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**DECLARATION**

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

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

Place : Name : .....

Date : Address : .....

.....Pincode .....

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





# THE LAKSHMI MILLS COMPANY LIMITED

Regd. Office: 686, Avanashi Road, Coimbatore - 641 037.

## ADMISSION SLIP

Reg. Folio.	
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DP.ID *	
Client ID *	

Name & Address of Member :

I certify that I am a registered Shareholder of the Company and hold ..... shares

Member's / Proxy's Signature \*\*

- Notes :
1. Shareholder / Proxy holder must bring the admission slip to the meeting & hand over at the entrance duly signed.
  2. Shareholders are requested to advise their change in address as well as request for consolidations of folio, if any, to the Registrar's address quoting folio number.



# THE LAKSHMI MILLS COMPANY LIMITED

## PROXY FORM

I / We .....

of .....being a Member / Members of **The Lakshmi Mills Co. Ltd.**,

hereby appoint .....or failing him.....of

..... as my / our Proxy to attend and vote for me / our

behalf at the Hundred and Second Annual General Meeting of the Company, to be held on 3rd September, 2012

at 2.35 p.m. at Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam,

Coimbatore - 641 037 and at any adjournment thereof.

As witness my / our hand(s) this .....day of .....2012

Signed by the said.....

Affix  
15 paise  
Revenue  
Stamp.

Folio No.		DP.ID *		Client ID *	
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Note : The proxy form must be sent so as to reach the Registered Office of the Company, at 686, Avanashi Road, Coimbatore - 641 037 not less than forty eight hours before the time for holding the aforesaid meeting.

\* Applicable to Investors holding shares in electronic form.

\*\* Please indicate whether Member/Proxy