



The Lakshmi Mills Company Limited

Regd. Office :
Post Box No. 6301,
686, Avanashi Road,
Pappanaickenpalayam,
Coimbatore - 641 037
INDIA

Telephone : 91 - 422 - 2245461 to 2245465, 4333700
Telegram : "LAKSHMI"
Fax No. : 91 - 422 - 2246508
E-mail : contact@lakshnimills.com
Website : www.lakshnimills.com
CIN : LI7111TZ1910PLC000093

SEC / SE / 2016 /

19.09.2016

The Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001

Scrip Code: 502958

Dear Sirs,

Sub: Disclosure of soft copy of Annual Report for the year 2015-16 - Reg.

We are enclosing herewith the scanned copy of the Annual Report for the year ended 31.03.2016 for your records and reference.

The above may please be taken on record.

Thanking you

Faithfully

For The Lakshmi Mills Company Ltd,


(N. SINGARAVEL)
Company Secretary.

*HUNDRED AND SIXTH
ANNUAL REPORT
2016*

1006



ESTD - 1910

THE LAKSHMI MILLS COMPANY LTD
COIMBATORE

THE LAKSHMI MILLS COMPANY LIMITED

Annual Report 2015 - 2016

BOARD OF DIRECTORS

Sri R. SANTHARAM - Vice Chairman
Sri V. JAGANNATHAN
Sri D. RAJENDRAN
Sri SATISH AJMERA
Sri V.S. VELAYUTHAM (upto 21.04.2016)
Sri SANJAY JAYAVARTHANAVELU
Smt SUGUNA RAVICHANDRAN
Sri ADITYA KRISHNA PATHY - Deputy Managing Director

CHAIRMAN AND MANAGING DIRECTOR

Sri S. PATHY

COMPANY SECRETARY

Sri N. SINGARAVEL

CHIEF FINANCIAL OFFICER

Sri V. KANNAPPAN

AUDITORS

M/s. SUBBACHAR & SRINIVASAN
Chartered Accountants

BANKERS

Central Bank of India
Canara Bank
Indian Overseas Bank

REGISTERED OFFICE

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

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E-mail : contact@lakshnimills.com Website : www.lakshnimills.com

CIN: L17111TZ1910PLC000093

NOTICE TO SHAREHOLDERS

Notice is hereby given that the **HUNDRED AND SIXTH ANNUAL GENERAL MEETING** of the Members of the Company will be held at "Nani Palkhivala Auditorium", Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037, on Thursday, the 15th September 2016 at 4.35 P.M to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Statement of Profit and Loss, Cash Flow Statement, for the financial year ended 31.03.2016, the Balance Sheet as at that date, the Report of the Board of Directors and the Report of the Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in the place of Sri Aditya Krishna Pathy (DIN 00062224), who retires by rotation and being eligible, offers himself for reappointment.
4. To ratify the appointment of the Auditors of the Company and to fix their remuneration and in this regard to pass the following Resolution as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the provisions of sections 139(9) and 142(1) and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the appointment of M/s. Subbchar & Srinivasan (Firm Registration No.0040835), Chartered Accountants, Coimbatore, as the Statutory Auditors of the Company for the financial year 2016-17 to hold office till the conclusion of the next Annual General Meeting, be and is hereby ratified, on such remuneration as may be determined by the Board of Directors of the Company.

SPECIAL BUSINESS

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

RESOLVED THAT pursuant to the provisions of section 148(3) and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration payable to M/s. A R Ramasubramania Raja & Co., (Registration No. 000514) Cost Accountants, Coimbatore, appointed by the Board of Directors of the Company for the financial years 2015-16 and 2016-2017 amounting to ₹ 75,000/- for each of the financial year exclusive of service tax as applicable and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed.

Resolved further that the Board of Directors and / or the Company Secretary be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.

By Order of the Board
N.SINGARAVEL
Company Secretary

Coimbatore
22.07.2016

NOTES:

1. The explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. THE INSTRUMENT APPOINTING THE PROXY DULY COMPLETED MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM FOR THE MEETING IS ENCLOSED.



4. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR MEMBER.
5. Members/Proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Friday-**09.09.2016** to Thursday-**15.09.2016** (both days inclusive).
7. Subject to the provisions of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the meeting, will be paid within a period of 30 days from the date of declaration, in respect of those members who hold shares in physical form, whose names appear on the Register of Members as on 08.09.2016 and for those who hold shares in electronic form as per the details furnished by the Depositories for this purpose as at the close of the business hours on 08.09.2016.
8. Pursuant to Section 124 (5) of the Companies Act, 2013, all unclaimed dividends shall be transferred to the 'Investor Education and Protection Fund' of the Central Government after a period of 7 years from the date of declaration. Shareholders who have not encashed the dividend warrants for the years 2008-2009, 2009-2010, 2010-2011, 2012-2013, 2013-14 & 2014-15 are requested to write to the Registrar and Share Transfer Agents of the Company, M/s.S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006 for claiming the dividend.
9. Dividend declared in the year 2009 for the financial year 2008 - 2009 and remaining unclaimed will be transferred to Investor Education and Protection fund after conclusion of this Annual General Meeting.
10. Company's share transfer work and dematerialisation of shares, is done by M/s. S.K.D.C. Consultants Ltd., Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006.
11. 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.
12. International Securities Identification Number given to your company is INE938CO1019.
13. Members who are holding shares in the same name in more than one folio may please advise the Registrar and Share Transfer Agents for consolidating into single folio.
14. Shareholders who are interested to avail the facility of Dividend payment by National Electronic Clearing Service (NECS) are requested to fill the NECS Mandate in the prescribed form (enclosed) and send it to the company's Registrar and Share Transfer Agents M/s. S.K.D.C. Consultants Limited.
15. 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 Agents M/s. S.K.D.C. Consultants Limited quoting their respective folio number.
16. 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.
17. Brief resume, details of shareholding and Directors inter-se relationship of Directors seeking election / re-election, as required under Reg. 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Secretarial Standards issued by the Institute of Company Secretaries of India are provided as Annexure to this Notice.
18. 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.

THE LAKSHMI MILLS COMPANY LIMITED

19. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
20. Electronic copy of the Annual Report and AGM Notice are being sent to all the members whose e-mail id is registered with the Company / Depository Participants unless any such member has requested for a hard copy of the same. For members who have not registered their e-mail id, physical copies of Annual Report and AGM Notice for the year 2015-16 are sent through the permitted mode separately.
21. The Notice of the Annual General Meeting and this communication are also available on the website of the Company - www.lakshmill.com and of the RTA - www.skdc-consultants.com
22. Investors are required to provide a copy of their PAN card for effecting share transfers, transmission and transposition in their favour.
23. Members are requested to note that the venue of the 106th Annual General Meeting is “Nani Palkhivala Auditorium”, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037 and route -map containing the complete particulars of the venue is printed on the backside of Proxy Form / Attendance Slip.

Voting through electronic means

- i. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the members, the facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by National Securities Depository Limited (NSDL).
- ii. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- iii. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- iv. The remote e-voting period commences on 12th September, 2016 (9:00 am) and ends on 14th September, 2016 (5:00 pm). During this period members’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 8th September, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- v. The process and manner for remote e-voting are as under:
 - A. In case a member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :
 - (i) Open email and open PDF file viz; “remote e-voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder - Login
 - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- (vii) Select “EVEN” of “The Lakshmi Mills Company Limited”.
- (viii) Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
- (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to bkcacbe@gmail.com with a copy marked to evoting@nsdl.co.in
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:
EVEN (Remote e-voting Event Number)
USER ID PASSWORD/PIN
- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- vi. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and remote e-voting user manual for members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- vii. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- viii. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- ix. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 8th September, 2016.
- x. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 8th September, 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or info@skdc-consultants.com.
However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- xi. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- xii. Sri B. Krishnamoorthi, Chartered Accountant (Membership No. 20439) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- xiii. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” or “Polling Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- xiv. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days of

THE LAKSHMI MILLS COMPANY LIMITED

the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

- xv. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company -www.lakshmill.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

ANNEXURE TO NOTICE

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

Item No. 5:

The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the appointment of and remuneration payable to M/s. A R Ramasubramania Raja & Co., Cost Accountants

for the audit of cost accounting records of the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended for the financial years 2015-16 and 2016-17 at a remuneration of Rs. 75,000/- for each of the financial year excluding the applicable service tax and reimbursement of out of pocket expenses incurred by them in connection with the audit.

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

Interest of Directors:

None of the Directors, key managerial personnel or their relatives are concerned or interested in the resolution set out at Item No. 5.

By Order of the Board

N. SINGARAVEL
Company Secretary

Coimbatore
22.07.2016

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

Name	Sri Aditya Krishna Pathy
DIN	00062224
Date of Birth	31.07.1986
Date of appointment on the Board	11.06.2009
Relationship with other Directors	Related to Sri. S. Pathy - son
Qualification	Business Management
Experience	8 years
Number of shares held	64,725
Number of Board Meetings attended during the year	4
Terms and conditions of appointment	Retires by rotation and eligible for re-appointment
Remuneration sought to be paid	Salary - ₹ 3,00,000/- pm and Perquisites-₹17,000/-pm
Remuneration last drawn	₹ 43.01 Lakhs
Directorships held in other Companies	1. Lakshmi Card Clothing Mfg. Co Pvt Ltd 2. LCC Investments Limited 3. The Coimbatore Lakshmi Cotton Press Pvt Ltd 4. Sans Craintes Stud Farm Pvt Ltd 5. Sans Craintes Livestock Pvt Ltd
Committee Chairmanship/Membership held in other Companies	Nil



DIRECTORS' REPORT

Ladies and Gentlemen,

Your Directors have pleasure in presenting the Hundred and Sixth year Annual Report together with the audited accounts of the Company for the year ended 31.03.2016.

	31.3.2016	(₹ in lakhs) 31.3.2015
WORKING RESULTS		
No. of days worked	357	358
Sales	19,919.71	22,130.01
Other income	452.79	625.23
GROSS REVENUE	20,372.50	22,755.24
Profit before Tax and Exceptional Items	184.28	567.71
Less : Exceptional items	37.15	284.81
Profit before Taxation	147.13	282.90
Less : Current Tax	1.28	45.26
MAT Credit entitlement	(1.28)	(44.14)
Net Current Tax	-	1.12
Prior Year Taxes	0.87	(17.91)
Deferred Tax Liability / (Asset)	41.45	(129.39)
NET PROFIT	104.81	429.08
Add : Carried forward Profit	1,336.19	1,117.24
	1,441.00	1,546.32
Less: Write down of carrying amount of assets	-	34.56
Available for appropriation	1,441.00	1,511.76
Appropriation:		
General Reserve	-	50.00
Proposed Dividend	62.60	104.33
Corporate Tax on Dividend	12.74	21.24
Balance carried forward	1,365.66	1,336.19
	1,441.00	1,511.76

The company proposes to retain an amount of ₹ 1,365.66 lakhs in the Profit & Loss Account.

OPERATIONS

The Spindles capacity remained at the same level of 1.33 lakh spindles throughout the year 2015-16. Overall utilisation remained around 95% - same as that of 2014-15.

Your Company continued to outsource fabrics both for exports as well as for domestic market. Export of yarn and fabric accounted for ₹ 4,780 Lakhs as against ₹ 4,392 Lakhs in the previous year, an increase of around 9% over the previous year's performance.

Though the operational performance of the Company in the fields of capacity utilization and productivity were more or less maintained at the level of last year's achievement, there was a drop in the sales of about 10% due to lower realization of yarn sale price.

Higher cost of raw materials viz., Cotton and Polyester fibre coupled with lower prices of yarn resulted in the lower profitability in operations.

There was no change in the nature of business of the Company during the financial year ended 31st March, 2016.

THE LAKSHMI MILLS COMPANY LIMITED

DIVIDEND

The Directors have recommended a dividend of ₹ 9/- per Equity Share of ₹ 100/- each, at 9% for the financial year 2015-2016 (Previous Year - 15%). The Dividend of 9%, if approved at the forth coming Annual General Meeting, will result in the out flow of ₹ 62.60 lakhs to the company in addition to ₹ 12.74 lakhs by way of dividend distribution tax.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of the Companies Act, any unclaimed or unpaid Dividend relating to the financial year 2008-09, will be transferred to the Investor Education and Protection Fund established by the Central Government, after the conclusion of this Annual General Meeting.

SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2016 was ₹ 6,95,55,000/- comprising 6,95,550 shares of ₹ 100/- each. During the year under review the company has not made any fresh issue of shares.

EXTRACT OF ANNUAL RETURN

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

BOARD MEETINGS AND ITS COMMITTEES CONDUCTED DURING THE PERIOD UNDER REVIEW

During the year under review, 4 Meetings of the Board of Directors and 4 Meetings of the Audit Committee, 3 Meetings of the Nomination and Remuneration Committee, 1 Meeting of the Corporate Social Responsibility Committee and 1 Meeting of the Stakeholders Relationship Committee and 16 Meetings of the Share Transfer Committee were held. Further details of the same have been enumerated in the Corporate Governance Report annexed herewith.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that -

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

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

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



DECLARATION OF INDEPENDENT DIRECTORS

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

NOMINATION AND REMUNERATION COMMITTEE AND POLICY

As per the requirements of the provisions of the Companies Act, 2013, a Nomination and Remuneration Committee of Directors was constituted by the Board of Directors and the details of the Members of the Committee are disclosed elsewhere in this Annual Report. The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy on Directors' appointment and remuneration including criteria for determining qualification, positive attributes, independence of a Director and other matters provided under sub-section (3) of Section 178. The said Policy is available on the website of the Company - www.lakshimills.com.

EXPLANATION AND COMMENTS ON AUDITOR REPORTS

The reports of the Statutory Auditors (annexed elsewhere in the Annual Report) and that of the Secretarial Auditors (annexed hereto as **Annexure - 2**) are self explanatory having no adverse comments.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

RELATED PARTY TRANSACTIONS

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

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

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There is no material change or commitments after the closure of the financial year as on 31.03.2016 and till the date of this report.

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

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

RISK MANAGEMENT

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

CORPORATE SOCIAL RESPONSIBILITY

The Board has constituted a CSR Committee comprising of Sri S.Pathy, Sri Aditya Krishna Pathy and Sri D.Rajendran. The Annual Report on Company's CSR activities of the Company is furnished in the prescribed format as **Annexure - 4** and attached to this report.

THE LAKSHMI MILLS COMPANY LIMITED

BOARD EVALUATION

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

DIRECTORS & KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Company, Sri Aditya Krishna Pathy, Deputy Managing Director is liable to retire by rotation at the ensuing Annual General Meeting (“AGM”) and being eligible offers himself for re-appointment. Your directors recommend the re-appointment.

During the year under review, the members have approved the appointment of Smt Suguna Ravichandran as an Independent Director of the Company for a period of five years. Further the members have approved the re-appointment of Sri S.Pathy as Managing Director of the Company for a further period of 5 years with effect from 24.04.2016 and Sri Aditya Krishna Pathy as Deputy Managing Director of the Company for a further period of 5 years with effect from 30.07.2015.

Sri V. S. Velayutham, Independent Director has resigned from the Board of Directors of the Company with effect from 21.04.2016. The Board wishes to place on record its appreciation for the valuable services rendered by him during his tenure of office as Independent Director of the Company.

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

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

FIXED DEPOSITS

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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



AUDITORS

STATUTORY AUDITORS

M/s.Subbachar & Srinivasan (Firm Registration No.004083S), Chartered Accountants have been appointed as statutory auditors of the company for a period of three years at the Annual General Meeting held on 15.09.2014. Accordingly, pursuant to Section 139 of the Companies Act, 2013, the ratification of appointment of Statutory Auditors is being sought from the shareholders of the Company at the ensuing Annual General Meeting. The auditors have consented and confirmed their eligibility and willingness to continue as Statutory Auditors of the Company.

SECRETARIAL AUDITORS

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

COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Directors on the recommendation of the Audit Committee have appointed Sri A.R.Ramasubramania Raja, of M/s. A.R.Ramasubramania Raja & Co., a firm of Cost Accountants, as the Cost Auditor of the Company for the financial year 2016 - 17.

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the remuneration payable to the Cost Auditors for the financial year 2015 - 16 & 2016 - 17 is subject to the approval of the shareholders in the general meeting. The Board recommends the ratification of their remuneration.

CORPORATE GOVERNANCE

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

COMPOSITION OF AUDIT COMMITTEE AND VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Board has constituted an Audit Committee, details of which are enumerated in the Corporate Governance Report. The Company has devised a vigil mechanism in the form of a Whistle Blower Policy in pursuance of provisions of Section 177(10) of the Companies Act, 2013 and the policy is explained in corporate governance report and also posted on the website of company and can be accessed at the link www.lakshimills.com. During the year under review, there were no complaints received under this mechanism.

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

The Company has in place a policy on Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Compliant Committee has been set up to redress complaints received. All employees (permanent, contractual, temporary, trainees) are covered under this policy. There were no complaints received from any employee during the financial year 2015 - 16.

PARTICULARS OF EMPLOYEES

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

THE LAKSHMI MILLS COMPANY LIMITED

ACKNOWLEDGEMENT

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

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

Coimbatore
22.07.2016

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. INDUSTRY STRUCTURE AND DEVELOPMENTS

Indian Textile Industry with over 50 million Spindles and about 8.3 lakh Rotors together with Looms spread across in different parts of the country has an impressive record with long term contribution to the country's economy and society. It is the mother industry in India. Large industrial houses built up their strength from this sector before spreading their activities to other sectors.

Next to food, textile plays an important role in society. The textile industry has to necessarily play an important role in pushing up industrial activity in the country - it is relatively less capital intensive but highly labour intensive and has all necessary tools like adequate raw materials both Cotton and manmade fibre and an young workforce. With over 35 million workers directly on employment and another 45 million workers in the allied sectors, it is the largest employer in the manufacturing sector. Further, it provides employment mostly to uneducated and poor rural workers as well as women in large numbers.

Somehow the industry is saddled with inadequate returns on investments which have been discouraging capital inflow into the sector. Undue focus on traditional values and inadequate attention to adopt modern technology has been the bane of the industry. Further, the value added segment in this industry viz., fabrics and garments continue to be extremely fragmented. Inconsistent Policies, anomalies in taxation, high transaction costs, encouragement to remain small and medium size to secure assistance and persisting with unrealistic policies like hank yarn obligation, Handloom Reservation Act, Unworkable Pollution norms are all serious threats to the textile industry in becoming a strong global player to work competitively in international markets.

II. OPPORTUNITIES AND THREATS

The textile industry has the potential to reach \$ 350 billion market by 2025 - 10 years from now on and create over 20 million new jobs. The Indian Textile industry accounts for over 4% of country's GDP and 14% of the country's industrial production and 12% of exports.

Our major competitors in the global markets currently are China (for fabrics, home textiles and garments), Bangladesh and Vietnam (for garments) and Pakistan (for yarn and home textiles). China which has a share of 35% of World textile trade under its fold as against our share of 5%, is fast becoming uncompetitive in textile because of increasing wages and other costs of production. Likewise, Bangladesh is facing problems arising from wage disputes and other compliance issues eventhough its exports grow. India can therefore increase its share in world trade if it adopts right policies for growth.

The signing of Trans Pacific Partnership agreement was one of the Trade deal done recently which majority view that this would affect Indian Trade and Welfare. India is likely to encounter highest market loss in the U.S.



followed by Malaysia, Mexico, Japan and Vietnam. India therefore needs to expedite ongoing free trade negotiations on priority basis so that it has new markets to penetrate and expand.

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

The Indian Textile industry has a very complex structure with a large vertical and horizontal spread. Textile Policy needs to recognise this and to prioritise segments which have potential and need focus.

The New Textile Policy to be announced by the Government need to look into various irritants which hamper growth and development. Hank yarn obligation should be totally abolished. Fabric segment is weak, it should be strengthened. Handloom sector need to be developed as a niche sector and this could not be achieved by enforcing Handloom Reservation Act.

A pragmatic textile policy to promote the growth and development of different sectors - organised sectors, powerlooms, garments, handlooms by complementing their role will help the Indian Textile industry to become a robust one.

V. RISKS AND CONCERNS

Textile industry is always subject to facing crisis in a cyclical way. There is a need to insulate it against such environment.

VI. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

VII. DISCUSSIONS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Net Sales during the year was Rs.19919.71 lakhs and your Company could make Net Profit of Rs.104.81 lakhs after tax.

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

The Company had on its Roll 591 employees as on 31.3.2016 as against 616 employees as on 31.3.2015.

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

S. PATHY

Chairman and Managing Director
(DIN 00013899)

Coimbatore
22.07.2016

THE LAKSHMI MILLS COMPANY LIMITED

ANNEXURE -1

EXTRACT OF ANNUAL RETURN as on the financial year ended 31.03.2016

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

FORM NO. MGT - 9

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L17111TZ1910PLC000093
ii)	Registration Date	01.04.1910
iii)	Name of the Company	The lakshmi Mills Company limited
iv)	Category / Sub-Category of the company	Public Company / Limited by Shares
v)	Address of the Registered office and contact details	686, Avanashi Road, Pappanaickenpalayam, Coimbatore 641 037 Phone: 0422 - 2245461 - 465 Fax: 0422 - 2246508 Mail: contact@lakshnimills.com Website: www.lakshnimills.com
vi)	Whether Listed Company Yes / No	Yes
vii)	Name, Address and contact details of Registrar and Transfer Agent, if any 1391 / A- 1, Sathy Road, Ganapathy	M/s. S.K.D.C. Consultants Ltd Kanapathy Towers, 3 rd Floor. Coimbatore 641 006 Phone: 0422 - 6549995, 2539835 - 36 Fax No. 0422 - 2539837 Mail: info@skdc-consultants.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No	Name and Description of main products / services	NIC Code of the Products/ Service	% to total turnover of the Company
1.	Cotton yarn	17115	24.71
2.	Cotton Blended Yarn	17114	10.22
3.	Man made Fibre Blended Yarn	17111	48.94

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

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

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

i) Category-wise Share Holding

Category Code	Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2015)				No. of Shares held at the end of the year (as on 31st March 2016)				% Change during the year
		Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
A.	Promoters									
(1)	Indian									
a)	Individual/ HUF	2,50,676	0	2,50,676	36.04	2,56,333	0	2,56,333	36.85	0.81
b)	Central Govt	0	0	0	0	0	0	0	0	0
c)	State Govt(s)	0	0	0	0	0	0	0	0	0
d)	Bodies Corp.	1,54,588	0	1,54,588	22.23	1,57,918	0	1,57,918	22.70	0.48
e)	Banks / FI	0	0	0	0	0	0	0	0	0
f)	Any other	0	0	0	0	0	0	0	0	0
	Sub Total (A)(1)	4,05,264	0	4,05,264	58.27	4,14,251	0	4,14,251	59.56	1.29
(2)	Foreign									
a)	NRIs - Individuals	0	0	0	0	0	0	0	0	0
b)	Other individuals	0	0	0	0	0	0	0	0	0
c)	Bodies Corp.	0	0	0	0	0	0	0	0	0
d)	Banks / FI	0	0	0	0	0	0	0	0	0
e)	Any other	0	0	0	0	0	0	0	0	0
	Sub Total (A)(2)	0	0	0	0	0	0	0	0	0
	Total shareholding of Promoter (A) = (A)(1)+(A)(2)	4,05,264	0	4,05,264	58.27	4,14,251	0	4,14,251	59.56	1.29
B.	Public shareholding									
1.	Institutions									
a)	Mutual Funds	30	10	40	0.01	30	10	40	0.01	0
b)	Banks / FI	0	265	265	0.04	0	265	265	0.04	0
c)	Central Govt	0	0	0	0	0	0	0	0	0
d)	State Govt(s)	0	5,107	5,107	0.73	0	5,107	5,107	0.73	0
e)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
f)	Insurance Companies	37,600	0	37,600	5.41	37,600	0	37,600	5.41	0
g)	FIs	0	0	0	0	0	0	0	0	0
h)	Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i)	Others -									
	Foreign Financial Institutions / Banks	20	0	20	0.00	20	0	20	0.00	0
	Sub-total (B)(1):-	37,650	5,382	43,032	6.19	37,650	5,382	43,032	6.19	0

THE LAKSHMI MILLS COMPANY LIMITED

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

i) Category-wise Share Holding

Category Code	Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2015)				No. of Shares held at the end of the year (as on 31st March 2016)				% Change during the year
		Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
2	Non-Institutions									
a)	Bodies Corporate									
i)	Indian	35,003	20,751	55,754	8.02	33,731	20,751	54,482	7.83	(0.18)
ii)	Overseas	0	0	0	0	0	0	0	0	0
b)	Individuals									
i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh	81,229	69,566	1,50,795	21.68	80,739	68,040	1,48,779	21.39	(0.29)
ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	23,120	5,245	28,365	4.08	18,777	5,245	24,022	3.45	(0.62)
c)	Others									
i)	Trusts	382	0	382	0.05	382	0	382	0.05	0
ii)	Directors and their relatives	0	570	570	0.08	0	570	570	0.08	0
iii)	Non Resident Indians	4,197	304	4,501	0.65	1,734	304	2,038	0.29	(0.35)
iv)	Clearing Members	844	0	844	0.12	1,639	0	1,639	0.24	0.12
v)	Hindu Undivided Families	6,043	0	6,043	0.87	6,355	0	6,355	0.91	0.05
	Sub-total (B)(2):-	1,50,818	96,436	2,47,254	35.55	1,43,357	94,910	2,38,267	34.26	(1.29)
	Total Public Shareholding (B)=(B)(1)+ (B)(2)	1,88,468	1,01,818	2,90,286	41.74	1,81,007	1,00,292	2,81,299	40.43	(1.29)
C.	Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
	Grand Total (A+B+C)	5,93,732	1,01,818	6,95,550	100.00	5,95,258	1,00,292	6,95,550	100.00	0.00

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)
ii) Shareholding of Promoters

S. No.	Shareholders Name	No. of Shares held at the beginning of the year (01.04.2015)			No. of Shares held at the end of the year (31.03.2016)			% change in share holding during the year
		No. of Shares	% of total Share of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Share of the Company	% of Shares Pledged / encumbered to total shares	
1	S. Pathy	1,06,715	15.34	0	1,11,790	16.07	0	0.73
2	Aditya Krishna Pathy	64,245	9.24	0	64,725	9.31	0	0.07
3	Aishwarya Pathy	30,117	4.33	0	30,219	4.35	0	0.02
4	Rajshree Pathy	9,877	1.42	0	9,877	1.42	0	0.00
5	S. Sunitha	3,563	0.51	0	3,563	0.51	0	0.00
6	B .Anirudh	382	0.05	0	382	0.05	0	0.00
7	Abhinav Narayana. B	382	0.05	0	382	0.05	0	0.00
8	K. Arjun	9,318	1.34	0	9,318	1.34	0	0.00
9	Nithin Karivaradhan	9,145	1.31	0	9,145	1.31	0	0.00
10	D. Thayarammal	90	0.01	0	90	0.01	0	0.00
11	D. Suguna	7	0.00	0	7	0.00	0	0.00
12	Sanjay Jayavarthanavelu	13,213	1.90	0	13,213	1.90	0	0.00
13	J. Rajyalakshmi	1,392	0.20	0	1,392	0.20	0	0.00
14	R .Uttara	486	0.07	0	486	0.07	0	0.00
15	Nethra. J. S. Kumar	1,744	0.25	0	1,744	0.25	0	0.00
16	Lakshmi Card Clothing Mfg Co Pvt. Ltd	41,681	5.99	0	41,681	5.99	0	0.00
17	LCC Investments Ltd	16,145	2.32	0	16,145	2.32	0	0.00
18	Sans Craintes Stud Farm Pvt Ltd	19,415	2.79	0	19,415	2.79	0	0.00
19	Infocus Marketing & Services Ltd	7,130	1.03	0	7,130	1.03	0	0.00
20	R Santharam Marketing & Services P Ltd	4,085	0.59	0	4,085	0.59	0	0.00
21	Coimbatore Lakshmi Cotton Press Pvt Ltd	65,576	9.43	0	68,906	9.91	0	0.48
22	Sans Craintes Live Stock P Ltd	556	0.08	0	556	0.08	0	0.00
	TOTAL	4,05,264	58.27	0	4,14,251	59.56	0	1.29

THE LAKSHMI MILLS COMPANY LIMITED

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

iii) Change in Promoters' shareholding (Please specify, if there is no change)

	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	S. Pathy				
	At the beginning of the year	1,06,715	15.34		
	Bought / sold during the year on the following dates				
	24/04/2015 Purchase	129	0.02	106,844	15.36
	01/05/2015 Purchase	125	0.02	106,969	15.38
	08/05/2015 Purchase	355	0.05	107,324	15.43
	15/05/2015 Purchase	646	0.09	107,970	15.52
	22/05/2015 Purchase	269	0.04	108,239	15.56
	05/06/2015 Purchase	30	0.00	108,269	15.57
	12/06/2015 Purchase	223	0.03	108,492	15.60
	26/06/2015 Purchase	1,500	0.22	109,992	15.81
	10/07/2015 Purchase	1,500	0.22	111,492	16.03
	10/07/2015 Sold / Transfer	(1,098)	(0.16)	110,394	15.87
	07/08/2015 Sold / Transfer	(250)	(0.04)	110,144	15.84
	14/08/2015 Purchase	7	0.00	110,151	15.84
	30/09/2015 Purchase	71	0.01	110,222	15.85
	02/10/2015 Purchase	30	0.00	110,252	15.85
	16/10/2015 Purchase	147	0.02	110,399	15.87
	23/10/2015 Purchase	133	0.02	110,532	15.89
	30/10/2015 Purchase	28	0.00	110,560	15.90
	20/11/2015 Purchase	89	0.01	110,649	15.91
	27/11/2015 Purchase	501	0.07	111,150	15.98
	04/12/2015 Purchase	300	0.04	111,450	16.02
	11/12/2015 Purchase	60	0.01	111,510	16.03
	15/01/2016 Purchase	180	0.03	111,690	16.06
	22/01/2016 Purchase	100	0.01	111,790	16.07
	At the end of the year			111,790	16.07
2	Aditya Krishna Pathy				
	At the beginning of the year	64,245	9.24		
	Bought during the year on the following dates				
	07/08/2015 Purchase / Transfer	250	0.03	64,495	9.27
	28/08/2015 Purchase	5	0.00	64,500	9.27
	18/03/2016 Purchase	225	0.03	64,725	9.31
	At the end of the year			64,725	9.31
3	The Coimbatore Lakshmi Cotton Press Pvt. Ltd.				
	At the beginning of the year	65,576	9.43		
	Bought during the year on the following dates				
	26/06/2015 Purchase	3,150	0.45	68,726	9.88
	19/02/2016 Purchase	121	0.02	68,847	9.90
	26/02/2016 Purchase	59	0.01	68,906	9.91
	At the end of the year			68,906	9.91

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)
iii) Change in Promoters' shareholding (Please specify, if there is no change) (Contd.)

S. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
4	Aishwarya Pathy At the beginning of the year	30,117	4.33		
	Bought during the year on the following dates				
	29/05/2015 Purchase	15	0.00	30,132	4.33
	16/10/2015 Purchase	5	0.00	30,137	4.33
	23/10/2015 Purchase	25	0.00	30,162	4.34
	30/10/2015 Purchase	37	0.01	30,199	4.34
	11/12/2015 Purchase	20	0.00	30,219	4.34
	At the end of the year			30,219	4.34

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

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)
iv) Shareholding Pattern of Top Ten Shareholders (Other than directors, Promoters and Holders of GDRs and ADRs)

S. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Life Insurance Corporation of India At the beginning of the year	37,600	5.41		
	Date wise Increase/Decrease in Share holding during the year	-	-	-	-
	At the end of the year			37,600	5.41
2	Lakshmi Machine Works Ltd At the beginning of the year	26,916	3.87		
	Date wise Increase/Decrease in Share holding during the year	-	-	-	-
	At the end of the year			26,916	3.87
3	Lakshmi Technology And Engineering Ltd At the beginning of the year	19,914	2.86		
	Date wise Increase/Decrease in Share holding during the year	-	-	-	-
	At the end of the year			19,914	2.86
4	N. Krishnaveni At the beginning of the year	8,146	1.17		
	Date wise Increase/Decrease in Share holding during the year	-	-	-	-
	At the end of the year			8,146	1.17

THE LAKSHMI MILLS COMPANY LIMITED

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

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

	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
5	Governor of Kerala At the beginning of the year Date wise Increase/Decrease in Share holding during the year At the end of the year	5,107 - -	0.73 - -	- - 5,107	- - 0.73
6	D.Dhorrairaj At the beginning of the year Date wise Increase/Decrease in Share holding during the year At the end of the year	2,974 - -	0.43 - -	- - 2,974	- - 0.43
7	MSPL Ltd At the beginning of the year Sold during the year on the following date 27/11/2015 - Sold At the end of the year	2,598 (10) -	0.37 0.00 -	- 2,588 2,588	- 0.37 0.37
8	Payal Prem Raheja At the beginning of the year Date wise Increase/Decrease in Share holding during the year At the end of the year	2,503 - -	0.36 - -	- - 2,503	- - 0.36
9#	N. Jaychander At the beginning of the year Date wise Increase/Decrease in Share holding during the year At the end of the year	2,426 - -	0.35 - -	- - 2,426	- - 0.35
10#	Krishnaraj Dwarkadas At the beginning of the year Date wise Increase/Decrease in Share holding during the year At the end of the year	1,960 - -	0.28 - -	- - 1,960	- - 0.28
11*	Anil Kumar Goel At the beginning of the year Bought / Sold during the year on the following dates 12/06/2015 - Purchase 19/06/2015 - Sold At the end of the year	2,649 14 (2,663) -	0.38 0.00 (0.38) -	- - - 0	- - - 0.00

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

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

S. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
12*	Nilesh Rameshchandra Pethani At the beginning of the year	2,615	0.38		
	Sold during the year on the following dates				
	20/11/2015 - Sold	(310)	0.05	2,305	0.33
	27/11/2015 - Sold	(148)	0.02	2,157	0.31
	04/12/2015 - Sold	(342)	0.05	1,815	0.26
	11/12/2015 - Sold	(48)	0.01	1,767	0.25
	25/12/2015 - Sold	(258)	0.03	1,509	0.22
	31/12/2015 - Sold	(177)	0.03	1,332	0.19
	08/01/2016 - Sold	(1,087)	0.15	245	0.04
	15/01/2016 - Sold	(245)	0.04	0	0.00
	At the end of the year			0	0.00

*Ceased to be in the list of Top 10 Shareholders as on 31.03.2016. The same is reflected above since the shareholders were one of the Top 10 Shareholders as on 01.04.2015.

#Not in the list of Top 10 Shareholders as on 31.03.2015. The same has been reflected above since the shareholders were one of the Top 10 Shareholders as on 31.03.2016.

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

v) Shareholding of Directors and Key Managerial Personnel:

	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	For each of the Directors and KMP				
1	S. Pathy At the beginning of the year	1,06,715	15.34		
	Bought / Sold during the year on the following dates				
	24/04/2015 Purchase	129	0.02	106,844	15.36
	01/05/2015 Purchase	125	0.02	106,969	15.38
	08/05/2015 Purchase	355	0.05	107,324	15.43
	15/05/2015 Purchase	646	0.09	107,970	15.52
	22/05/2015 Purchase	269	0.04	108,239	15.56
	05/06/2015 Purchase	30	0.00	108,269	15.57
	12/06/2015 Purchase	223	0.03	108,492	15.60
	26/06/2015 Purchase	1,500	0.22	109,992	15.81
	10/07/2015 Purchase	1,500	0.22	111,492	16.03
	10/07/2015 Sold / Transfer	(1,098)	(0.16)	110,394	15.87
	07/08/2015 Sold / Transfer	(250)	(0.04)	110,144	15.84

THE LAKSHMI MILLS COMPANY LIMITED

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

v) Shareholding of Directors and Key Managerial Personnel:

Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
For each of the Directors and KMP				
14/08/2015 Purchase	7	0.00	110,151	15.84
30/09/2015 Purchase	71	0.01	110,222	15.85
02/10/2015 Purchase	30	0.00	110,252	15.85
16/10/2015 Purchase	147	0.02	110,399	15.87
23/10/2015 Purchase	133	0.02	110,532	15.89
30/10/2015 Purchase	28	0.00	110,560	15.90
20/11/2015 Purchase	89	0.01	110,649	15.91
27/11/2015 Purchase	501	0.07	111,150	15.98
04/12/2015 Purchase	300	0.04	111,450	16.02
11/12/2015 Purchase	60	0.01	111,510	16.03
15/01/2016 Purchase	180	0.03	111,690	16.06
22/01/2016 Purchase	100	0.01	111,790	16.07
At the End of the year			111,790	16.07
2 Aditya Krishna Pathy				
At the beginning of the year	64,245	9.24		
Bought during the year on the following dates				
07/08/2015 Purchase / Transfer	250	0.03	64,495	9.27
28/08/2015 Purchase	5	0.00	64,500	9.27
18/03/2016 Purchase	225	0.03	64,725	9.31
At the End of the year			64,725	9.31
3 V. Jagannathan				
At the beginning of the year	450	0.06		
Date wise Increase/Decrease in Share holding during the year	-	-	-	-
At the end of the year			450	0.06
4 Sanjay Jayavarthanavelu				
At the beginning of the year	13,213	1.90		
Date wise Increase/Decrease in Share holding during the year	-	-	-	-
At the end of the year			13,213	1.90

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

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

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	6,227.72	—	—	6,227.72
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	6,227.72	—	—	6,227.72
Change in Indebtedness during the financial year				
★ Addition	964.65	—	—	964.65
★ Reduction	(950.08)	—	—	(950.08)
Net Change	14.57	—	—	14.57
Indebtedness at the end of the financial year				
i) Principal Amount	6,242.29	—	—	6,242.29
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	6,242.29	—	—	6,242.29

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

₹ in Lakhs

Sl. No	Particulars of Remuneration	Sri S. Pathy Chairman and Managing Director	Sri Aditya Krishna Pathy Deputy Managing Director	Total
	Gross Salary			
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	57.00	32.26	89.26
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	3.00	2.04	5.04
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	Others, PF Employer's Contribution	6.84	3.87	10.71
	Others, Superannuation Fund Contribution	8.55	4.84	13.39
	Total (A)	75.39	43.01	118.40
	Overall ceiling as per the Act	As per Schedule V of the Companies Act, 2013		

THE LAKSHMI MILLS COMPANY LIMITED

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

B. Remuneration to other Directors

Name of Directors	Particulars of Remuneration			Total (B) ₹ in Lakhs
	Fee for attending Board / committee Meetings	Commission	Others, please specify	
1. Independent Directors				
Sri V. Jagannathan	0.95	-	-	0.95
Sri D. Rajendran	1.35	-	-	1.35
Sri Satish Ajmera	2.00	-	-	2.00
Sri V.S. Velayutham	1.85	-	-	1.85
Smt Suguna Ravichandran	0.60	-	-	0.60
Total (1)				6.75
2. Other Non-Executive Directors				
Sri R. Santharam	2.00	-	-	2.00
Sri Sanjay Jayavarthanavelu	0.60	-	-	0.60
Total (2)				2.60
Total B = (1) + (2)	9.35	-	-	9.35
Total Managerial Remuneration (A + B)				127.75

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

Sl. No	Particulars of Remuneration	Sri N. Singaravel Company Secretary	Sri V. Kannappan Chief Financial Officer	Total Amount
	Gross Salary			
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	8.01	18.77	26.78
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	0.38	0.32	0.70
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others.	- -	- -	- -
5	Others - PF Employer's Contribution	0.30	0.71	1.01
	Total	8.69	19.80	28.49



VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

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

Coimbatore
22.07.2016

THE LAKSHMI MILLS COMPANY LIMITED

ANNEXURE - 2

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2016

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

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

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

Based on my verification of **M/s. The Lakshmi Mills Company Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2016**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Companies Act, 1956 (the Act) and the rules made thereunder (to the extent applicable);
- iii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iv. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- v. The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Enforced from 1st December 2015);
 - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (till 14th May 2015) and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (Enforced from 15th May 2015);
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;



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

- a. Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI) and made applicable with effect from 1st July, 2015 and it was noted that the Company has generally complied with the same, however the stricter applicability of the Secretarial Standards is to be observed by the company.
- b. Listing Agreement entered into by the Company with BSE Limited.
During the period under review the Company has complied with the provisions of the Act, Rules, Regulations etc., mentioned above.

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

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

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

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

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

I further report that

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

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

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

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

THE LAKSHMI MILLS COMPANY LIMITED

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

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

Place: Coimbatore

Date: 22.07.2016

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

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

'Annexure A'

To

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

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

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

Place: Coimbatore

Date: 22.07.2016

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



ANNEXURE - 3

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

A. Conservation of Energy

i. Steps taken for conservation of energy

In Palladam Mill, 2000 Nos. of 36 Watts Florescent Tube lights were replaced with 18 Watts LED Tube lights. Compressed Air Audit was conducted and air leakages were arrested. Installation of Cyclic Timer in 1 No. autoconer for intermediate stopping and running of empties conveyor motor, for energy saving. Due to above energy saving measures, 2,46,348 units of saving achieved during the year.

In Kovilpatti Mill, 1600 Nos. of 36 Watts Florescent Tube lights were replaced with 18 Watts LED Tube lights. Compressed Air Audit was conducted and air leakages were arrested. Doubling Machine's OHTC Conversion and 4 No. Spinning frame OHTC existing blower fan were changed to energy efficient fan for energy saving. Due to above energy saving measures, 1,16,730 units of saving achieved during the year.

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

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

iii. Capital investment on energy conservation equipment - ₹ 21.45 Lakhs.

B. Technology Absorption

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

a. The Company has not absorbed any Technology from outsiders

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

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

iv. Expenditure incurred on Research & Development: Nil

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of Foreign Exchange earnings and outgo are furnished in Note Nos. 30.12 & 30.13 to the Financial Statements.

Coimbatore
22.07.2016

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

Annual Report on Corporate Social Responsibility (CSR) Activities

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

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

2. Composition of CSR Committee

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

- ❖ Sri S.Pathy - Chairman
- ❖ Sri Aditya Krishna Pathy - Member
- ❖ Sri D.Rajendran - Member

3. Average Net Profit of the Company for last three Financial Years:

Average Net Profit: ₹ (6,070.45) lakhs.

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

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

5. Details of CSR spent during the Financial Year 2015-16

a) Total amount spent for the financial year : NIL

b) Amount unspent, if any: NIL

c) Manner in which the amount spent during the financial year is detailed below:

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

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

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

7. Responsibility statement of the CSR Committee:

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

Coimbatore
22.07.2016

ADITYA KRISHNA PATHY
Deputy Managing Director
DIN: 00062224

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



ANNEXURE - 5

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

- i. Ratio of the remuneration of each director to the median remuneration of the Employees of the Company for the financial year 2015-16:

Sl. No	Name	Category	Ratio
1	Sri S. Pathy	Chairman & Managing Director	31.89 : 1
2	Sri Aditya Krishna Pathy	Deputy Managing Director	18.20 : 1

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

- ii. The percentage of increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2015-16:

Sl. No	Name	Category	%
1	Sri S. Pathy	Chairman and Managing Director	1.40
2	Sri Aditya Krishna Pathy	Deputy Managing Director	34.24
3	Sri N. Singaravel	Company Secretary	13.30
4	Sri V. Kannappan	Chief Financial Officer	5.77

- iii. The percentage increase in the median remuneration of employees in the financial year: **14.72%**.

- iv. The number of permanent employees on the rolls of Company: **591 (616)**.

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

The increase in remuneration for employees other than Managerial Personnel and KMP is 14.72% (13.59%) while it is 10.63% (29.93%) for Managerial Personnel and KMP.

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

Yes

- vii. Particulars of employees: Rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Name (Age in years)	Designation	Gross remuneration paid (in ₹)	Qualification	Date of Commencement of Employment (Experience in years)	Previous Employment
NIL					

- viii. The explanation on the relationship between average increase in remuneration and Company's performance:

Company's Profit before Tax and Exceptional Items has gone down from ₹ 567.71 Lakhs during 2014-15 to ₹ 184.28 Lakhs during 2015-16, a shortfall of 67.54% due to excess holding of inventories and shortfall in turnover.

THE LAKSHMI MILLS COMPANY LIMITED

xi. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

Name	Category	Gross Remuneration	% increase	PBT (in lakhs)	% increase in PBT
Sri S. Pathy	Chairman & Managing Director	75.39	1.40	184.28	(67.54)
Sri Aditya Krishna Pathy	Deputy Managing Director	43.01	34.24		
Sri N. Singaravel	Company Secretary	8.69	13.30		
Sri V. Kannappan	Chief Financial Officer	19.80	5.77		

x. Variation in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	31.03.2016	31.03.2015
Market Capitalisation of the Company (₹ In lakhs)	14,596.12	13,820.58
Issued Capital (in Nos.)	6,95,550	6,95,550
Closing Price at BSE Ltd (in ₹)	2,098.50	1,987.00
Earnings Per Share after exceptional items (in ₹)	15.07	61.69
Price Earnings Ratio as at the closing date	139.25	32.21

Note: Percentage increase in market quotations of the shares of the Company in comparison with the last public offer is not applicable as the last public offer was before 1930 and the date is incomparable.

xi. The key parameters for any variable component of remuneration availed by the Directors:

The remuneration of Executive Directors - Chairman and Managing Director and Deputy Managing Director consists of a Commission payable at the rate of 1% on the net profits of the Company. The Non- Executive Directors are eligible for sitting fees only. Besides above there is no other variable component in the managerial remuneration.

xii. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: **Not Applicable**



REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2016, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

PHILOSOPHY ON CODE OF GOVERNANCE

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

BOARD OF DIRECTORS

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

COMPOSITION

The Board of Directors of the Company consists of nine (9) Directors. Sri S.Pathy is the Managing Director, Sri Aditya Krishna Pathy is the Deputy Managing Director and all other Directors are Non-Executive Directors (out of which five (5) are Independent Directors including one (1) Woman Director).

The Board met 4 times during the Financial Year on 29th May 2015, 29th July 2015, 06th November 2015 and 04th February 2016. The composition and attendance of Directors at the Board Meetings and the Annual General Meeting held during the years is as under:-

Name of the Director	Category	Attendance Particulars		No of Directorship in other public Companies #	No. of Committee position held in Companies \$	
		Board Meeting	Last AGM		Chairman	Member
Sri S. Pathy (DIN: 00013899)	Executive-Chairman & Managing Director	4	Yes	3	1	-
Sri R. Santharam (DIN: 00151333)	Non-Executive - Vice Chairman	4	No	3	4	2
Sri V. Jagannathan (DIN: 00002643)	Non-Executive - Independent	4	No	-	1	-
Sri D. Rajendran (DIN: 00003848)	Non-Executive - Independent	3	Yes	-	2	-
Sri Satish Ajmera (DIN: 00208919)	Non-Executive - Independent	4	Yes	3	5	2
Sri Sanjay Jayavarthanavelu (DIN: 00004505)	Non-Executive - Non Independent	3	Yes	9	-	-
Sri Aditya Krishna Pathy (DIN: 00062224)	Executive - Deputy Managing Director	4	Yes	2	-	-
Smt Suguna Ravichandran (DIN: 00170190)	Non-Executive - Independent	3	Yes	1	-	-
Sri V.S. Velayutham (DIN: 00018612) (Resigned on : 21/04/2016)	Non-Executive - Independent	4	Yes	-	2	-

THE LAKSHMI MILLS COMPANY LIMITED

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

§ Only Audit Committee and Stakeholders Relationship Committee are considered.

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

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

Statement showing number of Equity Shares held by the Non-Executive Directors as on 31st March 2016:-

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

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

INDEPENDENT DIRECTORS

Directors' Induction and Familiarization

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

The induction process is designed to:

- build an understanding of businesses and the markets and regulatory environment in which it operates;
- provide an appreciation of the role and responsibilities of the Director;
- fully equip the Directors to perform their role on the Board effectively; and
- develop understanding of Company's people and its key stakeholder relationships.

Upon appointment, Directors receive a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments.

In addition to the extensive familiarization programme, the Independent Directors are also taken through various business and functional sessions in the Board meetings to discuss strategy.

The Independent Directors are well versed in the field of Textile Industry by virtue of their educational qualifications and work experience and are familiar with the operations of the Company. The details on the operations of the Company and regulatory changes from time to time are appraised to the Directors at the meetings. New Directors are oriented with the operations of the Company by Senior Managerial Personnel.

The familiarization program for Independent Directors and the appointment letters of the Independent Directors has been posted in the website www.lakshmill.com

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Regulation 26 of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, a separate exercise was carried out to evaluate the performance of



individual Directors including the Chairman of the Board who were evaluated on parameters such as level of engagement and contribution and independence of judgment thereby safeguarding the interest of the Company.

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

INDEPENDENT DIRECTORS MEETING

During the year under review, the Independent Directors met on 04th February, 2016, inter alia, to discuss:

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

All the Independent Directors were present at the meeting.

COMMITTEE OF DIRECTORS

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

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

AUDIT COMMITTEE

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

The Committee met 4 times during the Financial Year on 29th May 2015, 29th July 2015, 06th November 2015 and 04th February 2016. The composition and attendance of the members at the Committee Meetings held during the year are as under:

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

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

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

THE LAKSHMI MILLS COMPANY LIMITED

NOMINATION AND REMUNERATION COMMITTEE

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

The Committee was constituted for identifying the persons to be appointed as Directors and Senior Management personnel, recommend to the Board - the appointment and removal of Directors, carry out evaluation of Directors, formulate the criteria for determining qualifications, positive attributes, independence of Directors and to recommend a policy relating to the remuneration of Directors.

The Committee met 3 times during the Financial Year on 29th July 2015, 06th November 2015 and 04th February 2016. The composition and attendance of the members at the Committee Meetings held during the year are as under:

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

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

The remuneration policy of the Company is annexed to the Board's Report and can also be accessed on the Company's website at www.lakshmill.com

REMUNERATION OF DIRECTORS

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

Remuneration paid or payable to the Directors during the year 2015 - 16 are given below:

Name of the Directors	Sitting Fees	Salary	Perquisites	Contribution to PF & Superannuation	Total
Sri S. Pathy *	NA	57,00,000	3,00,000	15,39,000	75,39,000
Sri R. Santharam	2,00,000	NA	NA	NA	2,00,000
Sri V. Jagannathan	95,000	NA	NA	NA	95,000
Sri D. Rajendran	1,35,000	NA	NA	NA	1,35,000
Sri Satish Ajmera	2,00,000	NA	NA	NA	2,00,000
Sri V.S. Velayutham	1,85,000	NA	NA	NA	1,85,000
Sri Sanjay Jayavarthanavelu	60,000	NA	NA	NA	60,000
Sri Aditya Krishna Pathy *	NA	32,26,129	2,04,000	8,71,054	43,01,183
Smt Suguna Ravichandran	60,000	NA	NA	NA	60,000

* Remuneration as approved by the Shareholders.

The Managing Director is not entitled to any sitting fees for attending meetings of the Board and Committees.

Non-Executive Directors are only paid sitting fees for the Board / Committee Meetings attended by them.

No stock options were granted to the Non-executive Directors and the Independent Directors during the financial year ended 31st March 2016. No service contracts were entered into with Directors.



STAKEHOLDERS RELATIONSHIP COMMITTEE

The Committee has been formed comprising of the following three Non-Executive Directors as its members to specifically alleviate the grievances of the shareholders / investors. The Committee reviews the services rendered namely - redressal of complaints of the shareholders like delay in transfer of shares, non-receipt of Annual Report, non-receipt of dividends, etc., and also the action taken by the Company on such matters. The Committee met on 04.02.2016 during the financial year ended 31st March, 2016.

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

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

During the year, the Company had received one (1) complaint from the investor, which was adequately resolved on time and to the satisfaction of the shareholder. There was no complaint / query remaining unresolved as on 31.03.2016.

SHARE TRANSFER COMMITTEE

The Share Transfer Committee has been formed by 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 16 times and approved Transfer of Shares, Transmission of Shares and the issuance of Duplicate Share Certificates. There were no pending share transfers as on 31.03.2016.

Pursuant to clause 47(c) of the Listing Agreement/ Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practising Company Secretary has been submitted to the Stock Exchanges within the stipulated time.

UNCLAIMED SUSPENSE ACCOUNT

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

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

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as specified in schedule VII of the Companies Act, 2013.
- To recommend the amount of expenditure to be incurred on the activities referred to in clause A.
- To monitor the CSR policy of the Company from time to time .
- Any other matter that may be referred by the Board from time to time or as may be necessary for compliance with the Companies Act, 2013 or Rules made thereunder or any other statutory laws of India.

The Committee comprises the following members –

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

The Committee met on 04.02.2016 during the financial year ended 31st March, 2016. All the members were present at the meeting.

THE LAKSHMI MILLS COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

GENERAL BODY MEETINGS

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

Financial Year ended	Date of Meeting	Time of Meeting	Venue of the Meeting	Special Resolutions Passed, if any
31 st March 2013	04.09.2013	4.15 P.M.	Nani Palkhivala Auditorium, Mani Hr. Sec. School, Coimbatore - 641037	Remuneration payable to Sri Aditya Krishna Pathy, Whole Time Director.
31 st March 2014	15.09.2014	4.35 P.M.	Nani Palkhivala Auditorium, Mani Hr. Sec. School, Coimbatore - 641037	Remuneration payable to Sri S. Pathy, Chairman & Managing Director. Borrowing power u/s. 180(1)(c), Consent to create mortgage, charge u/s. 180(1)(a), Alteration of Articles of Association.
31 st March 2015	04.09.2015	4.35 P.M.	Nani Palkhivala Auditorium, Mani Hr. Sec. School, Coimbatore - 641037	Re-appointment and payment of remuneration to Sri S. Pathy, Chairman & Managing Director. Adoption of new set of Articles of Association of the Company.

EGM AND POSTAL BALLOT

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

No Special resolution requiring postal ballot is being proposed.

MEANS OF COMMUNICATION

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

The Company Profile, Corporate information, Shareholding Pattern, Financial Statements, Code of Conduct for Directors and Officers and Product range are displayed in the Company's website www.lakshmill.com.

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

SHAREHOLDERS INFORMATION

ANNUAL GENERAL MEETING

Day & Date	: Thursday, 15 th September, 2016
Time	: 4.35 P.M.
Venue	: Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037.



FINANCIAL CALENDAR

Financial year	: 1 st April, 2015 to 31 st March, 2016
Announcement of Annual Results 2015-16	: 26.05.2016
Posting of Annual Reports 2015-16	: On or before 20 th August, 2016
Evoting period	: 12.09.2016 - 9.00 AM to 14.09.2016 - 5.00 PM
Last date of receipt of Proxy Forms	: 13.09.2016
Date of Book Closure	: 09.09.2016 Friday to 15.09.2016 Thursday (both days inclusive)
Date of payment of Dividend	: On or before 14.10.2016
Announcement of Quarterly Results 2016-17	: July 2016, October 2016, January 2017 & May/June 2017

LISTING ON STOCK EXCHANGES

The equity shares of the Company are listed at : BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001.

Bombay Stock Exchange Limited, Stock Code : 502958

ISIN No. : INE938CO1019

Listing fee for 2016-2017 have been paid in respect of BSE Ltd.

MARKET PRICE DATA

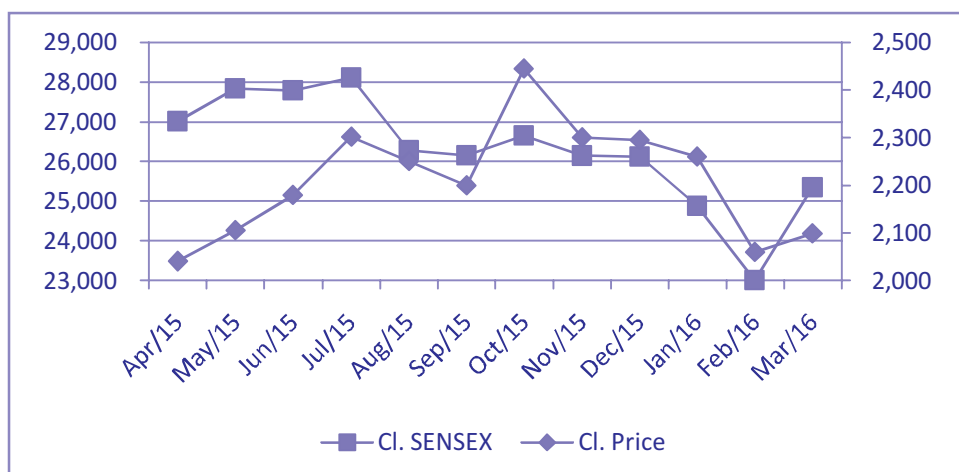
The Company's Shares were traded under permitted category in the National Stock Exchange under a tie - up arrangement made by the Madras Stock Exchange from November 2009. Since the Madras Stock Exchange was liquidated, no trading would be undertaken in National Stock Exchange any further.

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

(in ₹)

Month	High Price	Low Price	Month	High Price	Low Price
April-2015	2,170.00	1,950.00	October	2,650.00	2,169.50
May	2,299.50	1,875.00	November	2,441.00	2,200.00
June	2,500.00	1,920.00	December	2,464.50	2,125.00
July	2,450.00	2,050.00	January-2016	2,450.00	2,000.00
August	2,790.00	2,055.00	February	2,298.00	2,000.00
September	2,300.00	2,041.00	March	2,450.00	1,951.00

SHARE PERFORMANCE IN COMPARISON WITH BSE INDEX



THE LAKSHMI MILLS COMPANY LIMITED

REGISTRAR & SHARE TRANSFER/DEMAT AGENT

M/s. S.K.D.C. Consultants Ltd.,
Kanapathy Towers, 3rd Floor,
1391/A-1, Sathy Road, Ganapathy,
Coimbatore - 641 006.
Phone : 0422 6549995 / 2539835 - 36
Email : info@skdc-consultants.com

DETAILS OF COMPLIANCE OFFICER

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

SHARE TRANSFER SYSTEM

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

SHAREHOLDING PATTERN (as on 31.03.2016)

Sl. No.	Category	No. of Share holders	No. of Shares held	% to paid-up capital
1	Promoters and Promoters group	22	4,14,251	59.56
2	Financial Institutions, Banks and Mutual Funds	14	37,905	5.45
3	Central / State Government(s)	1	5,107	0.73
4	Foreign Financial Institutions / Banks	1	20	0.00
5	Bodies Corporate	89	54,482	7.83
6	Individuals	6,275	1,72,801	24.84
7	Others	158	10,984	1.59
	Total	6,560	6,95,550	100.00

DISTRIBUTION OF SHARE HOLDING (as on 31.03.2016)

Range (No. of Shares)	No. of Shareholders	No. of Shares	% held
1 - 50	5,890	62,935	9.05
51 - 100	314	22,964	3.30
101 - 200	181	26,074	3.75
201 - 300	69	16,894	2.43
301 - 400	29	10,033	1.44
401 - 500	22	9,793	1.41
501 - 1000	23	16,704	2.40
1001 - 10000	21	79,629	11.45
10001 and Above	11	4,50,524	64.77
Total	6,560	6,95,550	100.00

DEMATERIALISATION OF SHARES

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

As on 31.03.2016, 5,95,258 Shares constituting 85.59% of the total paid-up capital of the Company have been dematerialised. In view of the numerous advantages offered by the depository system, members have been requested to avail the facility of dematerialisation of the Company's shares.

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

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



NOMINATION FACILITY

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

PLANT LOCATIONS

The Company has 2 Plants situated at the following locations:

Unit I : Lakshmiapuram P.O., Kovilpatti.

Unit II : Kuppaswamy Naidupuram, Palladam.

ADDRESS FOR CORRESPONDENCE

All correspondence from shareholders should be addressed to:

Sri N. Singaravel,

Company Secretary

The Lakshmi Mills Company Limited

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

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

E-Mail: secretarial@lakshimimills.com

Investors' grievances email id : secretarial@lakshimimills.com

DISCLOSURES

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

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

The details of the transactions with Related Party are provided in the Company's financial statements in accordance with the Accounting Standards. All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

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

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

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

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

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

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

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

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

- e) Disclosure on "material" subsidiaries.

The Company has no material subsidiary.

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

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

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

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

h) Disclosure on accounting treatment.

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

i) Disclosure on risk management.

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

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

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

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

CERTIFICATE FROM CEO / CFO

The CEO and CFO certification of the financial statements for the year has been submitted to the Board of directors, in its meeting held on 26.05.2016 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

CODE FOR PREVENTION OF INSIDER TRADING

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

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

CODE OF CONDUCT

The Code of Conduct for the Directors and Senior Management Personnel of the Company has been laid down and posted on the Website of the Company. The compliance of the said Code of Conduct by the Directors and Senior Management Personnel for the year 2015-16 has been affirmed by the Chairman and Managing Director (CEO).

DECLARATION

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 2015 - 2016.

Place : Coimbatore
Date : 22.07.2016

S. PATHY
Chairman and Managing Director
DIN No.: 00013899



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of **The Lakshmi Mills Company Limited** ('the Company'), which comprise the balance sheet as at 31st March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

THE LAKSHMI MILLS COMPANY LIMITED

- (e) on the basis of the written representations received from the directors as on 31st March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”; and
- (g) with respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 30.1 to the financial statements;
 - ii. the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Coimbatore
26th May 2016

For Subbachar & Srinivasan
Firm Registration No. 004083S
Chartered Accountants

T.S.V. Rajagopal
Partner
Membership No. 200380

ANNEXURE - A TO THE AUDITORS’ REPORT

The Annexure referred to in Independent Auditors’ Report to the members of the Company on the financial statements for the year ended 31st March 2016, we report that:

1. In respect of its Fixed Assets:
 - a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. The company has physically verified fixed assets during the year in accordance with a regular and phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the company and nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. In respect of its inventories:

As explained to us, physical verification of inventories has been conducted at reasonable intervals by the management and no material discrepancies were noticed.
3. The company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, during the financial year and hence sub-clauses (a) to (c) of clause (iii) of the Order are not applicable.
4. The Company has not granted loans or made investments or given guarantees and securities during the year and hence compliance with Section 185 and 186 are not applicable.
5. The company has not accepted any deposits from the public and as such clause 3(v) of the Order is not applicable.
6. We have broadly reviewed the cost records maintained by the company specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, as applicable to the company, and are of the opinion that prima facie the specified cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.



7. According to the information and explanations given to us and on the basis of our examination of the records of the company in respect of the statutory dues:

- a. The company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State insurance, Income tax, Sales Tax, Service Tax, duty of customs, duty of excise, value added tax, and any other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2016 for a period of more than six months from the date they became payable.
- b. The details of disputed statutory dues are as under:

Name of the Statute	Nature of Dues	Amount ₹ in Lakhs	Amount Paid / Adjusted ₹ in Lakhs	Period to which the amount relates	Forum where dispute is pending
Excise Act 1944 / Service Tax Act	Excise Duty	1.61	-	1995 - 96	High Court, Chennai
	Cenvat	1.07	0.10	2013 - 14	Tribunal, Chennai

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

For Subbachar & Srinivasan
Firm Registration No. 004083S
Chartered Accountants

T.S.V. Rajagopal
Partner
Membership No. 200380

Coimbatore
26th May 2016

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **THE LAKSHMI MILLS COMPANY LIMITED** as of 31st March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was

established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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



Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Coimbatore
26th May 2016

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Subbachar & Srinivasan
Firm Registration No. 004083S
Chartered Accountants

T.S.V. Rajagopal
Partner
Membership No. 200380

Certificate on Corporate Governance for the year ended 31.03.2016

To

The Members of M/s. The Lakshmi Mills Company Limited

Dear Sir,

I have examined the compliance conditions of Corporate Governance by M/s The Lakshmi Mills Company Limited (The Company) for the financial year ended March 31, 2016 as stipulated under Clause 49 of the Listing Agreement and SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me and based on the representations made by the Directors and Management I certify that the Company has complied with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement and SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015.

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

For Subbachar & Srinivasan
Firm Registration No. 004083S
Chartered Accountants

T.S.V. Rajagopal
Partner
Membership No. 200380

Coimbatore
22.07.2016

THE LAKSHMI MILLS COMPANY LIMITED

Balance Sheet as at 31st March, 2016

(₹ in Lakhs)			
Particulars	Note No	31.3.2016	31.3.2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	3	695.55	695.55
(b) Reserves and Surplus	4	12,816.83	12,787.36
Non - Current Liabilities			
(a) Long term borrowings	5	1,500.78	1,528.83
(b) Other Long term liabilities	6	114.73	124.18
(c) Long term provisions	7	357.32	386.93
Current Liabilities			
(a) Short term borrowings	8	4,180.36	3,697.20
(b) Trade payables	9	2,197.30	1,772.09
(c) Other current liabilities	10	1,497.51	2,103.90
(d) Short term provisions	11	140.73	172.68
TOTAL		23,501.11	23,268.72
ASSETS			
Non - Current Assets			
(a) Fixed assets	12		
(i) Tangible assets		4,166.62	4,323.92
(ii) Intangible assets		7.84	13.42
(iii) Capital work-in-progress		-	13.02
(b) Non-current investments	13	170.89	172.74
(c) Deferred tax assets (net)	14	2,213.39	2,254.84
(d) Long term loans and advances	15	668.39	824.29
Current Assets			
(a) Stock in Trade of Land		10,607.93	10,607.93
(b) Inventories	16	3,055.95	2,368.81
(c) Trade receivables	17	2,158.09	2,001.42
(d) Cash and cash equivalents	18	125.30	353.71
(e) Short term loans and advances	19	56.49	40.25
(f) Other current assets	20	270.22	294.37
TOTAL		23,501.11	23,268.72
Significant accounting policies	2		
See accompanying notes on additional information to financial statements	30		

S. Pathy
Chairman and Managing Director
DIN: 00013899

R. Santharam
Vice Chairman
DIN: 00151333

Coimbatore
26th May 2016

N. Singaravel
Company Secretary

V. Kannappan
Chief Financial Officer

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



Statement of Profit and Loss for the year ended 31st March, 2016

Particulars	Note No	₹ in Lakhs	
		31.3.2016	31.3.2015
REVENUE			
Revenue from operations	21	19,919.71	22,130.01
Less: Excise Duty		-	-
		<u>19,919.71</u>	<u>22,130.01</u>
Other Income	22	452.79	625.23
Total Revenue		<u>20,372.50</u>	<u>22,755.24</u>
EXPENSES			
Cost of materials consumed	23	9,344.29	10,416.47
Purchase of Stock-in-Trade	24	1,225.32	1,117.41
(Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade	25	(716.54)	378.91
Employee benefits expense	26	3,205.68	3,084.52
Finance costs	27	1,030.60	1,008.31
Depreciation and amortization expense	12	693.41	713.92
Power and fuel charges		3,160.51	3,158.81
Other expenses	28	2,244.95	2,309.18
Total Expenses		<u>20,188.22</u>	<u>22,187.53</u>
Profit before exceptional items and tax		<u>184.28</u>	<u>567.71</u>
Exceptional Items (Net)	29	(37.15)	(284.81)
Profit before tax		<u>147.13</u>	<u>282.90</u>
Tax expense			
Current tax		1.28	45.26
MAT Credit entitlement		(1.28)	(44.14)
Net Current tax		-	1.12
Prior Year Taxes		0.87	(17.91)
Deferred tax		41.45	(129.39)
Total Tax Expenses		<u>42.32</u>	<u>(146.18)</u>
Profit after tax		<u>104.81</u>	<u>429.08</u>
Basic & Diluted Earnings per share [in ₹] [Face Value ₹ 100 per share]	30.7		
Before exceptional items		20.41	102.64
After exceptional items		15.07	61.69
Significant accounting policies	2		
See accompanying notes on additional information to financial statements	30		

S. Pathy
Chairman and Managing Director
DIN: 00013899

R. Santharam
Vice Chairman
DIN: 00151333

Coimbatore
26th May 2016

N. Singaravel
Company Secretary

V. Kannappan
Chief Financial Officer

In terms of our report of even date
For Subbachar & Srinivasan
Firm Registration No. 004083S
Chartered Accountants

T.S.V. Rajagopal
Partner
Membership No. 200380

THE LAKSHMI MILLS COMPANY LIMITED

Cash Flow Statement for the year ended 31st March 2016

Particulars	(₹ in Lakhs)	
	31.3.2016	31.3.2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and after exceptional items	147.13	282.90
[Net exceptional items of ₹ (37.15) lakhs (P.Y. ₹ 284.81 lakhs)]-Refer Note: 29		
Adjustments for :		
Depreciation	693.41	713.92
Investment Income	(195.00)	(156.00)
Interest Income	(18.96)	(51.46)
Interest Expenditure	917.38	923.80
Profit on sale of assets (Net)	5.59	(17.32)
Operating Profit before Working Capital Changes	1,549.55	1,695.84
(Increase)/Decrease in trade and other receivables	10.22	187.01
(Increase)/Decrease in inventories	(687.14)	634.03
Increase/(Decrease) in trade and other payables	280.49	(458.69)
Cash generated from operations	1,153.12	2,058.19
Direct taxes (paid)/refund received	(44.64)	(164.27)
Net Cash from Operating activities (A)	1,108.48	1,893.92
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(552.91)	(641.55)
Proceeds from sale of assets (including ₹ 28.57 lakhs from discontinued operations) (Previous year ₹ Nil lakhs)	29.82	18.06
Proceeds from sale of Investments (Net)	1.85	-
Investments in Equity Shares	-	(1.85)
Decrease / (Increase) in other Bank Balances	22.37	184.42
Interest received	39.03	47.55
Dividend received	195.00	156.00
Net cash used in investing activities (B)	(264.84)	(237.37)
C. CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from/(Repayment of) long term borrowings	(28.05)	(521.70)
Proceeds from/(Repayment of) short term borrowings	18.22	58.71
Interest paid	(917.38)	(933.59)
Dividend paid	(100.17)	(100.45)
Dividend transferred to IEPF	(1.06)	(2.09)
Corporate Dividend tax paid	(21.24)	(17.73)
Net cash used in financing activities (C)	(1,049.68)	(1,516.85)
Net increase/(Decrease) in cash and cash equivalents (A+B+C)	(206.04)	139.70



Cash Flow Statement for the year ended 31st March 2016

Particulars	31.3.2016	(₹ in Lakhs)
		31.3.2015
Cash and cash equivalents at beginning of the year	245.57	105.87
Cash and cash equivalents at end of the year	39.53	245.57
Net increase/(Decrease) in cash and cash equivalents	(206.04)	139.70
Note: Cash and Bank balances include the following balances which are restricted and not available for use by the Company.		
Unpaid Dividend Warrant Account	16.24	13.14
Margin Money Deposit	85.72	108.09

S. Pathy
Chairman and Managing Director
DIN: 00013899

R. Santharam
Vice Chairman
DIN: 00151333

Coimbatore
26th May 2016

N. Singaravel
Company Secretary

V. Kannappan
Chief Financial Officer

In terms of our report of even date
For Subbachar & Srinivasan
Firm Registration No. 004083S
Chartered Accountants

T.S.V. Rajagopal
Partner
Membership No. 200380

THE LAKSHMI MILLS COMPANY LIMITED

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 with BSE Ltd, Mumbai. 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 Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention and on accrual basis and in accordance with the provisions of Companies Act, 2013 and accounting principles generally accepted in India and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of the Companies Act, 2013 to the extent notified and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

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, cloth and garments at lower of weighted average cost (including excise duty) and net realizable value 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 profit and loss statement. Outstanding balances of monetary items denominated in foreign currency are restated at closing exchange rates and the difference adjusted as income or expense in the profit and loss statement.

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

2.7 Depreciation

Depreciation is provided on all tangible assets on WDV basis adopting the useful lives of fixed assets as specified in Part C of Schedule II of the Companies Act, 2013. For additions and deletions, depreciation is provided on pro-rata basis. Intangible assets are amortised over their individual estimated useful lives on a straight line basis commencing from the date the asset is available to the company for its use.

2.8 Recognition of Revenue

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



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

2.9 Borrowing costs

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

2.10 Earning per share

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

2.11 Employee Benefits

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

Defined Contribution Plans

Company's contributions paid/payable during the year to Provident Fund and Superannuation Fund and 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. Actuarial gains or losses are recognized immediately in the profit and loss statement 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 Statement and Cash and cash equivalents

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. The cash flows from operating, investing and financing activities of the company are segregated. 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.

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements

Particulars	(₹ in lakhs)	
	31.3.2016	31.3.2015
NOTE 3: SHARE CAPITAL		
Authorised		
10,00,000 Equity Shares of ₹100/- each	1,000.00	1,000.00
Issued, Subscribed & Fully Paid up		
6,95,550 Equity Shares of ₹ 100/- each	695.55	695.55
Total	695.55	695.55

Equity shareholders holding more than 5% Equity shares	31.3.2016		31.3.2015	
	Number	%	Number	%
Lakshmi Card Clothing Mfg. Co. P. Ltd	41,681	5.99	41,681	5.99
Coimbatore Lakshmi Cotton Press P. Ltd	68,906	9.91	65,576	9.43
Life Insurance Corporation of India	37,600	5.41	37,600	5.41
S. Pathy	111,790	16.07	106,715	15.34
Aditya Krishna Pathy	64,725	9.31	64,245	9.24
Total	324,702		315,817	
Number of Equity Shares at the beginning of the period	695,550		695,550	
Number of Equity Shares at the end of the period	695,550		695,550	

The company has issued only one class of Equity Share having par value of ₹ 100/- each. Each holder of Equity share is entitled to one vote per share. The Company declares dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval by the shareholders at the Annual General Meeting.

Particulars	(₹ in lakhs)	
	31.3.2016	31.3.2015
NOTE 4 : RESERVES AND SURPLUS		
1. Capital Reserve		
As per last Balance Sheet	9.00	9.00
2. Securities Premium Account		
As per last Balance Sheet	101.89	101.89
3. General Reserve		
As per last Balance Sheet	1,344.86	1,294.86
Add : Transfer from surplus in Statement of Profit & Loss	-	50.00
	1,344.86	1,344.86
4. Investment Fluctuation Reserve		
As per last Balance Sheet	46.71	46.71
5. Revaluation Reserve		
As per last Balance Sheet	9,948.71	9,948.71
6. Surplus in Statement of Profit & Loss		
As per last Balance Sheet	1,336.19	1,117.24
Add : Transfer from Statement of Profit & Loss	104.81	429.08
	1,441.00	1,546.32
Less : Write down of carrying amount of assets whose remaining useful lives is Nil as per Schedule II of Companies Act, 2013 [Net of deferred taxes]	-	34.56
	1,441.00	1,511.76
Less : Allocations & Appropriations during the year		
Transfer to General Reserve	-	50.00
Proposed Dividend	62.60	104.33
Tax on Proposed Dividend	12.74	21.24
Closing balance	1,365.66	1,336.19
Total	12,816.83	12,787.36



Notes to the financial statements

Particulars	(₹ in lakhs)	
	31.3.2016	31.3.2015
NOTE 5: LONG TERM BORROWINGS		
Secured		
Term Loans from Banks [Refer Note No. 30.2 & 30.3]	1,500.78	1,528.83
Total	1,500.78	1,528.83
NOTE 6 : OTHER LONG TERM LIABILITIES		
Rent Advance	114.73	124.18
Total	114.73	124.18
NOTE 7 : LONG TERM PROVISIONS		
Provision for employee benefits		
Provision for Gratuity	357.32	386.93
Total	357.32	386.93
NOTE 8 : SHORT TERM BORROWINGS		
Secured		
Working capital loan from banks [Refer Note No. 30.2 & 30.3]	4,180.36	3,697.20
Total	4,180.36	3,697.20
NOTE 9 : TRADE PAYABLES		
Micro, Small and Medium Enterprises	138.96	112.21
Other creditors	2,058.34	1,659.88
Total	2,197.30	1,772.09
NOTE 10 : OTHER CURRENT LIABILITIES		
Current maturities of long term debt		
Term loans from Banks	561.15	1,001.69
Unpaid dividends - Covered by IEPF	16.24	13.14
Other payables		
Liabilities for expenses	227.93	368.38
Other liabilities	183.60	187.70
Trade Deposits from customers	25.74	50.14
Amount Refundable towards Land Sale	482.85	482.85
Total	1,497.51	2,103.90
NOTE 11 : SHORT TERM PROVISIONS		
Provision for Gratuity	65.39	26.49
Provision for Direct Taxes(Net of advance taxes paid)	-	20.62
Proposed Dividend	62.60	104.33
Tax on Proposed Dividend	12.74	21.24
Total	140.73	172.68

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements

NOTE 12 : FIXED ASSETS

(₹ in lakhs)

S. No.	Particulars	GROSS BLOCK (COST)				DEPRECIATION					NET BLOCK	
		As at 1.4.2015	Additions	Disposals	As at 31.3.2016	As at 1.4.2015	For the year	Other Adjustments	Disposals	As at 31.3.2016	As at 31.3.2016	As at 31.3.2015
A	Tangible Assets											
1	Land	947.42	-	-	947.42	-	-	-	-	-	947.42	947.42
2	Buildings	1,848.11	71.84	-	1,919.95	779.01	98.70	-	-	877.71	1,042.24	1,069.10
3	Plant & Equipment	12,728.63	446.85	251.92	12,923.56	10,681.38	508.77	-	216.54	10,973.61	1,949.95	2,047.25
4	Electrical Plant & Equipment	1,100.46	14.66	-	1,115.12	972.51	30.90	-	-	1,003.41	111.71	127.95
5	Furniture & Fixtures	35.79	-	-	35.79	31.19	1.31	-	-	32.50	3.29	4.60
6	Vehicles	257.95	28.82	4.26	282.50	160.85	36.81	-	4.25	193.41	89.10	97.10
7	Office Equipments	166.47	0.57	-	167.04	137.62	8.21	-	-	145.83	21.21	28.85
8	Computer Equipments	155.88	2.41	0.35	157.95	154.23	2.33	-	0.33	156.23	1.71	1.65
	Sub Total	17,240.71	565.14	256.53	17,549.32	12,916.79	687.03	-	221.12	13,382.70	4,166.62	4,323.92
B	Intangible Assets											
	Computer Software	32.77	0.80	-	33.57	19.35	6.38	-	-	25.73	7.84	13.42
C	Capital Work-In-Progress	13.02	-	13.02	-	-	-	-	-	-	-	13.02
	Total	17,286.50	565.93	269.55	17,582.88	12,936.14	693.41	-	221.12	13,408.43	4,174.46	4,350.36
	Previous Year (2014-15)	16,670.66	641.55	25.71	17,286.50	12,196.03	713.92	51.16	24.97	12,936.14	4,350.36	-

(₹ in lakhs)

Particulars	Face value per Share ₹	No. of Shares	31.3.2016 Amount	No. of Shares	31.3.2015 Amount
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NOTE 13 : NON CURRENT INVESTMENTS

Investments in Equity Instruments (at Cost)

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

Lakshmi Machine Works Limited	10	520000	17.34	520000	17.34
Lakshmi Automatic Loom Works Limited	10	330000	64.05	330000	64.05
Rajshree Sugars & Chemicals Limited	10	220000	22.00	220000	22.00
Sub Total			103.39		103.39

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

LCC Investments Limited	10	150000	15.00	150000	15.00
Sai Regency Power Corporation Limited	10	525000	52.50	525000	52.50
OPG Power Generation P. Ltd	10	Nil	-	16845	1.85
Total			170.89		172.74

	Cost	Market Value	Cost	Market Value
(i) Market value of Non-Current Investments-Quoted	103.39	17,522.46	103.39	20,003.66
(ii) Value of Non-Current Investments -Unquoted	67.50	-	69.35	-
Total	170.89	17,522.46	172.74	20,003.66



Notes to the financial statements

Particulars	(₹ in lakhs)	
	31.3.2016	31.3.2015
NOTE 14 : DEFERRED TAX ASSET (NET)		
Deferred Tax Asset		
43 B Disallowance-Gratuity	130.50	125.05
Unabsorbed Depreciation and Carry Forward losses	2,196.70	2,334.57
Voluntary Retirement Scheme	19.00	19.17
43 B Disallowance-Bonus	6.87	0.21
	<u>2,353.08</u>	<u>2,479.00</u>
Deferred Tax Liability		
Depreciation	139.69	224.16
Deferred Tax Asset (Net)	<u>2,213.39</u>	<u>2,254.84</u>
NOTE 15 : LONG TERM LOANS AND ADVANCES (Unsecured, considered good)		
Electricity deposits	180.21	334.10
Other deposits	9.77	8.88
Advances recoverable in cash or in kind or for value to be received	120.56	124.74
MAT Credit Entitlement	357.85	356.57
	<u>668.39</u>	<u>824.29</u>
NOTE 16 : INVENTORIES (At lower of cost or net realisable value)		
Raw materials	529.69	553.69
Work in progress-Yarn	466.85	369.07
Finished goods		
Yarn	1,813.24	1,092.20
Waste	16.04	9.90
Stock in Trade- Trading		
Yarn	15.12	14.19
Cloth	37.18	146.34
Garments	7.79	7.98
Stores and spares	170.04	175.44
	<u>3,055.95</u>	<u>2,368.81</u>
NOTE 17 : TRADE RECEIVABLES (Unsecured, Considered good)		
Outstanding for a period exceeding six months from due date	29.42	25.85
Others	2,128.67	1,975.57
	<u>2,158.09</u>	<u>2,001.42</u>
(Unsecured, Considered doubtful)		
Outstanding for a period exceeding six months from due date	114.77	114.77
Others	-	-
	<u>114.77</u>	<u>114.77</u>
Less: Provision for doubtful debts	114.77	114.77
	<u>-</u>	<u>-</u>
	<u>2,158.09</u>	<u>2,001.42</u>
NOTE 18 : CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances with banks		
In Current Account	15.54	220.29
Unpaid Dividend Warrant Accounts	16.24	13.14
Cash on hand	7.75	12.14
	<u>39.53</u>	<u>245.57</u>
Other Bank Balances		
Bank deposits held as margin money	85.72	108.09
Savings Certificate	0.05	0.05
	<u>85.77</u>	<u>108.14</u>
Total	<u>125.30</u>	<u>353.71</u>

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements

Particulars	31.3.2016	(₹ in lakhs) 31.3.2015
NOTE 19 : SHORT-TERM LOANS AND ADVANCES (Unsecured, considered good)		
Advance payment of Direct taxes (Net of Provisions)	21.87	-
Advances recoverable in cash or in kind or for value to be received	5.41	1.22
Balance with Central Excise/ Sales tax authorities	29.21	39.03
Total	56.49	40.25
NOTE 20 : OTHER CURRENT ASSETS		
Prepaid expenses	50.24	37.13
Interest accrued on Bank Deposits	8.74	28.81
Income Receivable	211.24	228.43
Total	270.22	294.37
NOTE 21 : REVENUE FROM OPERATIONS		
Revenue from Sale of products		
Manufactured - Cotton and Synthetic Yarn	17,506.27	18,656.97
Cloth	477.97	1,047.43
Trading - Cotton and Synthetic Yarn	87.51	132.72
Cloth	1,324.91	1,544.12
Garments	13.67	15.06
Waste	345.77	410.90
Raw Materials	2.84	28.46
Sub Total	19,758.94	21,835.66
Other operating revenues		
Sale of Scrap	31.26	28.90
Export incentives	129.51	265.45
Sub Total	160.77	294.35
Total Revenue from Operations	19,919.71	22,130.01
Less: Excise Duty	-	-
Total	19,919.71	22,130.01
NOTE 22 : OTHER INCOME		
Interest income	18.96	51.46
Dividend income	195.00	156.00
Rent	230.03	234.46
Miscellaneous Income	6.54	4.93
Foreign Exchange gain	1.05	161.06
Profit on sale of assets	1.21	17.32
Total	452.79	625.23
NOTE 23 : MATERIALS CONSUMED		
Opening Stock	553.69	822.73
Add : Purchases	9,320.29	10,147.43
Less : Closing Stock	529.69	553.69
Cost of Materials Consumed	9,344.29	10,416.47
NOTE 24 : PURCHASES OF STOCK-IN-TRADE		
Purchase for resale		
Yarn	87.58	131.03
Cloth	1,131.51	972.02
Garment	6.23	14.36
Total	1,225.32	1,117.41



Notes to the financial statements

Particulars	₹ in lakhs	
	31.3.2016	31.3.2015
NOTE 25 : CHANGES IN INVENTORY OF FINISHED GOODS AND WIP		
Opening Stock		
Yarn	1,106.39	1,013.73
Cloth	146.34	484.56
Garments	7.98	5.94
Waste	9.90	12.33
Work in Progress	369.07	502.03
Sub Total	1,639.68	2,018.59
Closing Stock		
Yarn	1,828.36	1,106.39
Cloth	37.18	146.34
Garments	7.79	7.98
Waste	16.04	9.90
Work in Progress	466.85	369.07
Sub Total	2,356.22	1,639.68
(Increase)/Decrease in Stocks	(716.54)	378.91
NOTE 26 : EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages & Bonus	2,685.66	2,569.86
Managing Directors' Remuneration (Minimum)	118.40	106.39
Contribution to PF & Administrative Charges	142.92	126.96
Gratuity	56.57	86.70
to Superannuation Fund	0.92	0.91
ESI Contribution		51.49
Welfare Expenses		149.72
Total	3,205.68	3,084.52
NOTE 27 : FINANCE COSTS		
Interest on Bank borrowings	917.38	918.55
Interest on Fixed Deposit	-	5.25
Bank Charges	113.22	84.51
Total	1,030.60	1,008.31
NOTE 28 : OTHER EXPENSES		
Consumption of stores and spare parts	171.49	176.92
Consumption of Packing materials	303.74	279.51
Rent	35.81	32.43
Repairs to Buildings	117.08	96.73
Repairs to Machinery	235.03	238.26
Insurance	17.14	10.36
Rates and Taxes, excluding taxes on income	99.72	91.19
Other Manufacturing Expenses	213.27	249.49
Sales Commission	185.64	239.27
Sales Expenses, Advertisement, Export Expenses & Freight	289.09	329.67
Office Maintenance & Administration Expenses	290.79	271.40
Loss on sale of assets	6.80	-
Directors' Sitting Fees	9.35	7.15
Auditor's Remuneration		
Audit fees	3.00	2.75
Taxation matters	1.43	2.01
Certification	0.65	1.12
Reimbursement of expenses	0.45	0.44
Miscellaneous Expenses [Refer Note No. 30.11]	264.47	280.48
Total	2,244.95	2,309.18

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements

Particulars	(₹ in lakhs)	
	31.3.2016	31.3.2015
NOTE 29 : EXCEPTIONAL ITEMS (NET)		
Special repairs for modernisation	-	(269.36)
Voluntary Retirement Scheme Expenses	(37.15)	(15.45)
Total	(37.15)	(284.81)
NOTE 30 : ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS		
30.1 Contingent liabilities and commitments (to the extent not provided for)		
Contingent liabilities		
Letters of Credit	1,322.80	1,333.16
Bills discounted with banks	632.76	476.84
Central Excise / Service tax disputed demands	2.68	5.63
Disputed Electricity charges	49.22	49.22
Sub Total	2,007.46	1,864.85
Commitments		
Estimated amount of contracts unexecuted on capital account	41.25	-
Sub Total	41.25	-
Total	2,048.71	1,864.85
30.2 Long Term Borrowings and Short Term Borrowings		
a) Long Term Borrowings		
Term Loans From Banks-Secured		
a) Term Loan under TUF Scheme		
Central Bank of India	424.78	635.28
Canara Bank Loan	253.16	160.59
b) Canara Bank Vehicle Loan	21.16	34.85
c) Canara Bank DPN Loan - FD	67.50	74.25
d) IOB Term Loan under TUF Scheme	349.71	375.07
e) Canara Bank Suppliers' line of credit	384.47	248.79
Total	1,500.78	1,528.83
b) Short Term Borrowings		
Working Capital Loan from Banks-Secured		
Cash Credit	4,040.36	3,557.20
Packing Credit	140.00	140.00
Total	4,180.36	3,697.20
30.3 a) Terms of repayment of long term borrowings		

Particulars	Maturity term	Instalments	Rate of Interest
Canara Bank DPN Loan	2018-19	30 Monthly	13.45%
Canara Bank Vehicle Loan -I	2017-18	19 Monthly	10.15%
Canara Bank Vehicle Loan -II	2018-19	36 Monthly	13.45%
Canara Bank Vehicle Loan -III	2020-21	57 Monthly	9.95%
Central Bank of India TUF Loan	2018-19	12 Quarterly	13.45%
Indian Overseas Bank Term Loan-TUF	2020-21	50 Monthly	13.70%
Canara Bank TUF Loan	2021-22	22 Quarterly	13.45%



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, Canara Bank and Indian Overseas Bank are secured by first charge on relevant assets of Kovilpatti and Palladam units purchased under Project Loan.

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

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

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

30.5 a) The net deferred tax assets carried over as at the end of the year comprises of the following :

(₹ in lakhs)

Particulars	Opening as on 1.4.2015	Movement for the year	Closing as on 31.3.2016
Deferred Tax Asset			
43 B Disallowance-Gratuity	(5.45)	130.50	
Unabsorbed Depreciation and Carry Forward Losses	2,334.57	137.87	2,196.70
Voluntary Retirement Scheme	19.17	0.17	19.00
43 B Disallowance - Bonus	0.21	(6.67)	6.88
	2,479.00	125.92	2,353.08
Deferred Tax Liability			
Depreciation	224.16	(84.47)	139.69
	224.16	(84.47)	139.69
Deferred Tax Asset (Net)	2,254.84	41.45	2,213.39

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

30.6 Discontinued 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 loss on sale of machinery during the financial year is ₹ 6.80 lakhs (Previous year ₹ Nil lakhs). The land rendered available for development and converted into stock in trade has a carrying amount of ₹ 10607.93 lakhs (Previous year ₹ 10607.93 lakhs).

Particulars	31.3.2016	31.3.2015
30.7 Earnings per Share (Gross)		
Profit after tax as per Statement of Profit & Loss Before exceptional items (₹ in lakhs)	141.96	713.89
Profit after tax as per Statement of Profit & Loss after exceptional items (₹ in lakhs)	104.81	429.08
Weighted average number of equity shares outstanding	695,550	695,550
Basic and diluted earnings per share -		
Before exceptional items (in ₹) (Face value ₹ 100 per share)	20.41	102.64
After exceptional items (in ₹) (Face value ₹100 per share)	15.07	61.69

30.8 Segment Reporting

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

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements

30.9 Disclosure of related parties and related party transactions

Related Parties

Key Management Personnel

1. Sri S. Pathy - Chairman & Managing Director
2. Sri Aditya Krishna Pathy - Deputy Managing Director

Associates

1. Lakshmi Card Clothing Manufacturing Company Private Limited
2. Lakshmi Automatic Looms Works Limited
3. Balakumar Shipping & Clearing Agency Private Limited
4. Aloha Tours & Travels (India) Private Limited
5. Sans Craintes Knitters
6. Major Corporate Services (India) Ltd

(₹ in lakhs)

Transaction with related parties	Key Management Personnel		Other Related Party	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
Purchase of Goods/assets	-	-	45.98	48.98
Sale of goods/assets	-	-	1.60	1.07
Receiving of services	-	-	102.04	80.88
Rendering of services	-	-	34.98	22.30
Managerial Remuneration	118.40	106.39	-	-
Interest paid	-	0.28	-	-
Amount receivable	-	-	62.04	59.09
Amount payable	-	-	136.90	106.97

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 Mfg. Co. Pvt Ltd ₹45.98 lakhs; (Previous year ₹48.98 lakhs).
2. Sale of Goods / assets include Lakshmi Card Clothing Mfg. Co.P.Ltd ₹1.60 Lakhs. (Previous year ₹1.07 Lakhs).
3. Receiving of Services include Balakumar Shipping & Clearing Agency P.Ltd ₹20.42 lakhs (Previous year ₹42.28 Lakhs); Aloha Tours & Travels (India) Private Ltd ₹24.85 lakhs (Previous year ₹33.65 lakhs); Major Corporate Services (India) Ltd. ₹52.04 lakhs (Previous year ₹Nil lakhs) and Lakshmi Card Clothing Manufacturing Company P Ltd ₹4.73 lakhs (Previous year ₹4.95 lakhs).
4. Rendering of Services include Lakshmi Card Clothing Manufacturing Company P.Ltd ₹11.22 lakhs (Previous year ₹10.53 Lakhs); Lakshmi Automatic Loom Works Ltd- ₹20.34 lakhs (Previous year ₹9.80 lakhs) Sans Craintes Knitters ₹3.42 lakhs (Previous year ₹1.97 lakhs);
5. Managerial Remuneration includes Sri. S. Pathy ₹75.39 lakhs (Previous year ₹74.35 Lakhs); Sri. Aditya Krishna Pathy ₹43.01 lakhs (Previous year ₹32.04 Lakhs).
6. Interest includes Sri. Aditya Krishna Pathy ₹Nil Lakhs (Previous year ₹0.28 Lakhs).
7. Amount Receivable includes Lakshmi Automatic Loom Works Ltd - ₹2.04 lakhs (Previous year ₹2.91 lakhs) and Balakumar Shipping & Clearing Agency P Ltd- ₹59.74 lakhs (Previous year ₹56.18 lakhs), Sans Craintes Knitters ₹0.26 Lakhs (Previous year ₹Nil lakhs)
8. Amount payable include Lakshmi Card Clothing Manufacturing Company Pvt Ltd -₹131.10 lakhs (Previous year ₹103.36 lakhs); Aloha Tours & Travels (India) Private Ltd -₹4.84 Lakhs (Previous year ₹3.61 Lakhs); Major Corporate Services (india) Ltd ₹0.96 Lakhs (Previous year ₹Nil Lakhs)



Notes to the financial statements

Particulars	(₹ in Lakhs)		
	31.3.2016	31.3.2015	31.3.2014
30.10 Employees benefits			
(a) Defined Benefit Plans		Gratuity Funded	
A. Expense recognised during the year			
1. Current Service cost	38.04	28.83	26.35
2. Interest cost	34.82	31.47	32.60
3. Expected return on plan assets	(4.89)	(5.11)	(5.50)
4. Actuarial Losses / (Gains) during the year	(11.40)	31.51	27.05
5. Total Expense	56.57	86.70	80.50
B. Actual return on Plan assets			
1. Expected return on plan assets	4.89	5.11	5.50
2. Actuarial (Loss) / Gain on Plan assets	0.91	(5.03)	0.36
3. Actual return on plan assets	5.80	0.08	5.86
C. Net Asset/(Liability) recognised in the Balance Sheet			
1. Present value of the obligation at the beginning of the year	489.04	480.10	421.94
2. Fair value of plan assets as at the end of the year	66.10	66.51	71.55
3. Funded status surplus/(deficit)	(422.94)	(413.59)	(350.39)
4. Unrecognised past service cost	0.00	0.00	0.00
5. Net Asset/(Liability) recognised in the Balance Sheet	(422.94)	(413.59)	(350.39)
D. Change in Present value of the Obligation during the year			
1. Present value of the obligation as at the beginning of the year	480.10	421.94	377.04
2. Current service cost	38.04	28.83	26.35
3. Interest cost	34.82	31.47	32.60
4. Benefits paid	(53.43)	(28.62)	(41.46)
5. Actuarial (gain) / loss on obligation	(10.49)	26.48	27.41
6. Present value of the obligation at the end of the year	489.04	480.10	421.94
E. Change in Plan Assets during the year			
1. Fair value of plan assets as at the beginning of the year	66.51	71.55	71.80
2. Expected return on plan assets	4.89	5.11	5.50
3. Contributions made	47.22	23.50	35.35
4. Benefits paid	(53.43)	(28.62)	(41.46)
5. Actuarial gain / (loss) on plan assets	0.91	(5.03)	0.36
6. Fair value of plan assets as at the end of the year	66.10	66.51	71.55
F. Net Actuarial Gain / Loss recognised			
1. Actuarial (Gain) / Loss on benefit obligation	(10.49)	26.48	27.41
2. Actuarial Gain / (Loss) on Plan Assets	0.91	(5.03)	0.36
3. Net Actuarial (Gain) / Loss recognised	(11.40)	31.51	27.05
G. Major categories of plan assets as a percentage of total plan			
Special Deposit Schemes	99.09%	98.48%	91.54%
Bank Balances and recoverables	0.91%	1.52%	8.46%
Total	100.00%	100.00%	100.00%
H. Actuarial Assumptions			
1. Discount rate	7.68%	7.72%	9.15%
2. Salary escalation	3.50%	3.75%	7.00%
3. Expected rate of return on plan assets	7.68%	8.00%	8.00%
4. Attrition rate	1.00%	1.00%	3.00%
5. Mortality rate	(2006-08)	(2006-08)	(2006-08)
	IAL	IAL	IAL
	Ultimate	Ultimate	Ultimate
(b) Defined Contribution Plan			
Employer's Contribution to Provident and Family Pension Fund	142.90	136.84	112.95
Employer's Contribution to Superannuation Fund	14.31	13.26	9.62

Note:

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

THE LAKSHMI MILLS COMPANY LIMITED

Notes to the financial statements

		(₹ in lakhs)	
Particulars		31.3.2016	31.3.2015
30.11	Miscellaneous Expenses		
	Cost Audit Fees	0.75	0.75
	Repairs to Others	24.32	22.15
	Printing, Stationery & Subscription	32.58	19.24
	Travelling, Postage, Telex, Telephone & Transport Charges	192.50	198.51
	Legal and Consultancy Expenses	14.32	3.25
	Provision for doubtful debts	-	36.58
	Total	264.47	280.48
30.12	Expenditure in foreign currency on account of		
	Travel	7.47	12.62
	Sales Commission	39.18	54.69
	Subscription	2.18	0.94
	Total	48.83	68.25
30.13	Earnings in foreign exchange-Export of goods on FOB value		
	Cloth	1,189.36	1,448.35
	Yarn	3,470.08	2,902.96
	Total	4,659.44	4,351.31
30.14	CIF Value of Imports		
	Raw Materials	305.30	31.50
	Components & Spares	-	271.82
		305.30	303.32

		(₹ in lakhs)			
Particulars		%	31.3.2016 Value	%	31.3.2015 Value
30.15	Value of Raw Materials, Stores, and Components consumed				
a)	Cotton, Fibre and Yarn				
	Imported	1.64	153.00	0.21	21.48
	Indigenous	98.36	9,191.29	99.79	10,394.99
			9,344.29		10,416.47
b)	Stores, spare parts and packing materials consumed				
	Imported	0.00	-	3.40	15.52
	Indigenous	100.00	475.23	96.60	440.91
			475.23		456.43

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

		(₹ in lakhs)	
Particulars		31.3.2016	31.3.2015
30.17	Details of dividend proposed		
	Amount of dividend proposed	62.60	104.33
	Amount of dividend per Equity share [in ₹]	9.00	15.00



Notes to the financial statements

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

Particulars	Amount in foreign currency		Equivalent ₹ in lakhs	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
Sundry Debtors USD	193,179	498,868	128.27	297.99
Sundry Debtors GBP	82,110	Nil	77.55	Nil
Supplier's line of credit EURO	512,000	352,000	384.46	248.79

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

S. Pathy
Chairman & Managing Director
DIN: 00013899

R. Santharam
Vice Chairman
DIN: 00151333

Coimbatore
26th May 2016

N. Singaravel
Company Secretary

V. Kannappan
Chief Financial Officer

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

