

THE LAKSHMI MILLS COMPANY LIMITED

Annual Report 2010-2011

BOARD OF DIRECTORS

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

CHAIRMAN AND MANAGING DIRECTOR

Sri S. PATHY

COMPANY SECRETARY

Sri S. BALAMURUGASUNDARAM

AUDITORS

M/s. SUBBACHAR & SRINIVASAN
Chartered Accountants

BANKERS

Central Bank of India
Canara Bank
State Bank of India

REGISTERED OFFICE

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

Contents

Notice to Shareholders	02
Directors' Report	05
Management Discussion & Analysis Report	09
Corporate Governance Report	10
Auditors' Report	16
Accounts	19
Cash Flow Statement	21
Schedules	23

THE LAKSHMI MILLS COMPANY LIMITED

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Hundred and First Annual General Meeting of the Members of the Company will be held at "Nani Palkhivala Auditorium", Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641037 on Friday, the 2nd September, 2011 at 4.35 P M to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Audited Profit and Loss Account for the year ended 31-03-2011, the Balance Sheet as at that date and the Report of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in the place of Sri R. Santharam, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Sri V.S. Velayutham, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General meeting and fix their remuneration.

By Order of the Board
For THE LAKSHMI MILLS CO. LTD.,
S. BALAMURUGASUNDARAM
Company Secretary

Coimbatore
29.07.2011

ANNEXURE TO NOTICE

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

Sri R. Santharam has studied Textile Management in USA and is closely associated with the Textile Industry for the last 45 years. He is the Chairman and Managing Director of M/s. Lakshmi Card Clothing Manufacturing Company Private Limited in collaboration with M/s. GRAF of Switzerland, a leading Card Clothing Company in India. He is looking after entire operations including Production, Personnel, Finance and Marketing of the Company for the last 45 years. He was Joint Managing Director of the Rajalakshmi Mills Limited for 10 years and at present he is managing the affairs of Sri Revati Spinning Mills Limited as Director. He was the past Chairman of Textile Machinery Manufacturers' Association (India).

OTHER DIRECTORSHIPS

Name of the Company

The Lakshmi Card Clothing Manufacturing Company Private Limited

The Lakshmi Automatic Loom Works Limited

LCC Investments Limited

R. Santharam Marketing and Services Private Limited

Sri Revati Spinning Mills Limited

COMMITTEE MEMBERSHIPS

Name of Committees

The Lakshmi Mills Company Limited

Audit Committee - Member

Shareholders / Investors Grievance Committee - Chairman

Remuneration Committee - Member

Lakshmi Automatic Loom Works Limited

Audit Committee - Member

Shareholders / Investors Grievance Committee - Chairman

Sri R. Santharam holds nil shares in the Company

Sri V.S. Velayutham is a Diploma holder in Textile Manufacture. After having his training for Technical and Managerial Cadre in various Mills like M/s. Premier Mills, Lakshmi Mills etc., he took charge as General Manager of M/s. Gomathy Mills, Viravanallur. He is presently managing Sri Gomathy Mills Private Ltd., which is exporting yarn to European Union. He was also a Director of M/s. Subadra Textiles Pvt. Ltd., which was taken over by his family. This was a loss making unit which was turnaround into a profit making unit. In his challenging career he has started M/s. Lakshmi Shankar Mills Ltd., at Karaikudi and M/s. Gomathy Spinners at Bangarupalayam in Andhra Pradesh which was commissioned within 9 months. He is running a Garment manufacturing unit for exports in Tirupur under the name M/s. Gomathy International.

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

Sri V S. Velayutham holds nil shares in the Company

OTHER DIRECTORSHIPS

Name of the Company

Sri Gomathy Mills Private Ltd.

Exquisita Foods Private Ltd.

Gomathy Investments Private Ltd.

Mani Investments Private Ltd.

Sterling Texpro (India) Private Ltd.

COMMITTEE MEMBERSHIPS

Name of Committees

The Lakshmi Mills Company Limited

Audit Committee - Member

Remuneration Committee - Member

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instruments appointing the proxy must be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
3. Members/Proxies are requested to bring duly filled Attendance Slips sent herewith to attend the meeting.
4. Pursuant to Section 205A of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1999 all unclaimed dividends shall be transferred to the 'Investor Education and Protection Fund' of the Central Government after a period of 7 years from the date of declaration. Shareholders who have not encashed the dividend warrants for the years 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010 are requested to write to the Registrar and Share Transfer Agent of the Company, M/s.SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006 for claiming the dividend. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim can be made thereof.

THE LAKSHMI MILLS COMPANY LIMITED

Dividend declared in the year 2004 for the financial year 2003-2004 and remaining unclaimed will be transferred to Investor Education and Protection Fund after conclusion of this Annual General Meeting.

5. The Register of Members and Share Transfer Books of the Company shall remain closed between 26.08.2011 and 02.09.2011 (both days inclusive).
6. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Board, if declared at the Meeting, shall be paid to those members whose names appear on the Register of Members of the Company as on 02.09.2011 in respect of Physical Segment. In respect of shares held in Electronic form, the Dividend will be payable, on the basis of beneficial ownership as per details furnished by NSDL and CDSL for this purpose on the close of the business hours on 25.08.2011.
7. Company's share transfer work and dematerialisation of shares, is done by M/s.SKDC Consultants Ltd., Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006.
8. 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.
9. International Securities Identification Number given to your company is INE938CO1019.
10. Members who are holding shares in the same name in more than one folio may please advise the Registrar and Share Transfer Agent for consolidating into single folio.
11. 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. SKDC Consultants Limited.
12. Members holding shares in Physical form are requested to intimate the Change of Address and their Bank Account details such as Bank name, branch with address and account number for incorporating the same in Dividend Warrants / Cheques to Company's Registrar and Share Transfer Agent M/s. SKDC Consultants Limited quoting their respective folio number.
13. 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.
14. As per the green initiative taken by the Ministry of Corporate Affairs, the members are requested to register their E-mail address with the Company in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in Demat form to enable the Company to serve documents in electronic form.
15. 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.
16. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
17. None of the items listed in the Agenda require Postal Ballot.
18. Investors are required to provide a copy of their PAN card for effecting share transfers, transmission and transposition in their favour.

Coimbatore
29.07.2011

By Order of the Board
For THE LAKSHMI MILLS CO. LTD.,
S.BALAMURUGASUNDARAM
Company Secretary

DIRECTORS' REPORT

Ladies and Gentlemen,

Your Directors have pleasure in presenting the Hundred and First year Annual Report together with the audited accounts of the Company for the year ended 31.03.2011.

WORKING RESULTS	31.03.2011		31.03.2010
No. of days worked	356		356
		(Rs. in lakhs)	
Sales	17445.35		13377.07
Other income	548.19		377.67
GROSS SALES	17993.54		13754.74
Profit / (Loss) before Tax, Exceptional items	384.17		(265.00)
Add : Exceptional items	-		180.21
Profit / (Loss) before Taxation	384.17		(84.79)
Less : Current Tax	54.07	4.03	
MAT Credit Entitlement	(48.83)	(4.03)	
Deferred Tax Credit (Net)	(154.74)	(228.62)	(228.62)
NET PROFIT / (LOSS)	533.67		143.83
Add : Transfer from General Reserve	-		157.79
Available for appropriation	533.67		301.62
Appropriation:			
General Reserve	Nil		Nil
Proposed Dividend	62.60		62.60
Corporate Tax on Dividend	10.15		10.40
Balance carried forward	460.92		288.62
	533.67		301.62

OPERATIONS:

During the year under report, the Company operated 1.31 lakh spindles in Palladam and Kovilpatti units as follows:-

	Fig. in lakhs
i) Palladam	: 0.68
ii) Kovilpatti	: 0.63
Total	: 1.31

The Company was able to marginally increase its utilization levels in both the units in spite of encountering power cuts and power interruptions. Thanks to a phenomenal increase in yarn prices in the last quarter of the year, the Company could record a turnover of around Rs.180 Crores - an increase of over 30% over the previous year.

The Company continued to outsource fabrics and export gainfully. During the year, fabric exports were to the order of Rs.15 Crores against Rs.6.5 Crores recorded during the preceding year. Overall the Company could export around Rs.21 Crores of yarn and fabrics during the year as against Rs.10 Crores done in 2009-10.

The Company hopes to export around Rs.25 Crores in the current year.

CURRENT INDUSTRIAL TREND AND FUTURE PROSPECTS

The Textile industry especially spinning segment saw a prosperous year in 2010-11. Unfortunately this euphoria appears to have been short lived and that the industry is in the midst of a severe crisis not witnessed during the last 20 years.

THE LAKSHMI MILLS COMPANY LIMITED

Raw material prices especially Cotton scaled new heights at the wrong time of the season due to mad rush for exports without taking care of the needs of the domestic segment. Repeated representations made by the industry not to allow Cotton exports at that point of time went unheeded. As usual speculators and traders made a killing by raising the prices to unprecedented levels - a rise of over 100% to 150% of last year price levels. Domestic segment which was forced to buy Cotton at these prices could increase their prices both in yarn and fabrics to unprecedented levels. Yarn and grey fabric prices reached an all time high between January'11 and March'11. No doubt, Mills made phenomenal profits in these months. However this trend could not be sustained.

The unprecedented rise in Cotton yarn prices in domestic segment forced the Government to ban Cotton yarn exports. Though this move had the desired result in bringing down the yarn prices, yet the consequences are far reaching. Sudden ban on Cotton yarn exports had resulted in foreign buyers diverting their procurement sources to other countries. Within the country, yarn stocks started accumulating and domestic segment is flooded with yarn. Yarn prices began falling. The present scenario is that Raw Cotton prices had dropped down by over 40% over its peak level while yarn prices had gone down by over 25%. But there is no normal movement.

Both yarn and cotton markets have become panicky and that there is more of instability. Sentiments all over is depressed and practically movement of yarn has come to a halt.

Every segment in Textile sector is saddled with serious problem - Cotton trade is unable to enforce the contracts concluded at peak prices while yarn prices had tumbled down both at domestic and international levels. Stocks started accumulating. High inventory levels are forcing the industry to cut down production. Inflationary pressures are not allowing cost of production to come down and substantial erosion in operations is seriously affecting the working of the units.

The first half of 2011-12 is going to be a bad period for the spinning mills. Your Company is not going to be an exception to this trend.

OUTLOOK

Domestic market offers huge demand potential. Export markets are also promising.

The industry needs to be cost effective and cost efficient to take advantage of the huge potential available.

Unfortunately, policies pursued by Government in allowing export of cotton and banning of cotton yarn exports - both at wrong times had spelt untold miseries to the industry. In their anxiety to protect one or the other segment in the industry, Government unwittingly had caused serious financial problems to the Textile industry as a whole. It will take considerable time to overcome the sufferings which the industry is facing.

DIVIDEND

Your directors have recommended a dividend of 9% for the year under report.

DIRECTORS

In accordance with the Companies Act, 1956, and the Articles of Association, Sri R. Santharam and Sri V.S. Velayutham, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. In the preparation of Profit and Loss Account for the period ended 31st March 2011 and the Balance Sheet as on that date all the applicable accounting standards have been followed.
- ii. Accounting Policies, that are reasonable and prudent, have been selected and applied consistently so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit of the Company for the year ended 31st March 2011.
- iii. The accounting records in accordance with the provisions of the Companies Act, 1956 and for safeguarding the assets of the Company as also for preventing and detecting fraud and other irregularities, have been properly maintained and
- iv. The Profit and Loss Account and Balance Sheet have been prepared on a going concern basis.

CORPORATE GOVERNANCE

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

FIXED DEPOSIT

The deposit amount of Rs.15,05,000/- claimed remains unpaid due to dispute between the legal heirs and is pending before the Principal District Court at Coimbatore. No other amount remains unclaimed as on 31st March 2011.

AUDITORS

The Company's Auditor M/s. Subbachar & Srinivasan are to retire at the ensuing Annual General Meeting.

M/s. Subbachar & Srinivasan, Chartered Accountants are eligible for re-appointment.

Coimbatore
29th July 2011

GENERAL

The Company's Assets have been adequately insured.

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

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

ACKNOWLEDGEMENT

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

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

By Order of the Board
For THE LAKSHMI MILLS CO. LTD.

S. PATHY
Chairman and Managing Director

ANNEXURE TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

The following energy conservation measures were taken up in Palladam and Kovilpatti units in 2010-2011.

1. Palladam Unit :- 25 KVA Voltage Stabilizer was installed in A unit Lighting circuit resulting in saving of 860 units per month. In B unit Blow room Waste collection System Centrifugal fan, Preparatory plant supply and Exhaust axial flow fans were replaced with new energy

efficient fans which result into a saving of 14,240 units per month.

2. Kovilpatti Unit :- Capacitors were connected near to the motor end in C unit in 9 frames there by a saving of 1690 units per month have been achieved. In Power House the 2 Nos of 500 KVA Transformers were changed with new 2 Nos 630 KVA Energy Efficient OLTC transformers which result in a saving of 2400 units per month. In B unit 1 No. Spinning Frame existing 34KW main motor was changed with opti power energy efficient motor resulting in saving of 255 units per month.

THE LAKSHMI MILLS COMPANY LIMITED

The efforts for further conservation of energy are being continued.

Requisite data in respect of energy consumption are given below:

	2010-2011	2009-2010
A) POWER & FUEL CONSUMPTION		
1. Electricity		
a) Purchased unit Lakh KWHr	403.65	403.36
Total amount (Rs. in Lakhs)	2113.02	1685.49
Rate/Unit Rs.	5.23	4.18
b) Own Generation		
i. Through Diesel Generator:		
Unit/Lakh KWHr	50.42	41.36
Unit/Litre of H.S.D.	3.22	3.58
Cost/Unit Rs.	12.52	10.76
ii. Through Steam Turbine units	—	—
Unit/Litre of Fuel	—	—
Cost/Unit Rs.	—	—
2. Coal (Specify Quality and where used)		
Quantity in tons	—	—
Total Cost (Rs. in lakhs)	—	—
Average Rate (Rs.)	—	—
3. Furnace Oil: Cloth		
Quantity (K. Litres)	—	—
Total Cost (Rs. in lakhs)	—	—
Average Rate per KL (Rs.)	—	—
4. Others:		
Quantity in tons	—	—
Total Cost (Rs. in lakhs)	—	—
Rate per unit (Rs.)	—	—
B) CONSUMPTION PER UNIT OF PRODUCTION		
Production:		
Yarn in Kgs. (Excl. outside conversion)	62,76,650	64,74,668
Cloth in L. Metres	—	—
Electricity KWHr	—	—
Yarn : KWHr/Kg.	7.2340	6.8690
Cloth : KWHr / L. Metres	—	—
Furnace Oil Litre/Linear Metre	—	—
Coal/Tonne	—	—
Others	—	—

B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

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

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

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

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of Foreign Exchange earnings and outgo are furnished in Schedule 24 of the Balance Sheet.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Textile industry is a growing one. Spinning, Weaving, Processing and Ready made garment segments are all expanding their activities not only to cater to the ever expanding domestic market but also to meet the export demand. Thanks to the provision of funds under TUF large scale expansions had taken place.

Both Cotton and man made fibres are available in plenty to cater not only to the needs of the domestic market but also to export to other countries in the world.

However Government policies and regulations have started hurting the industry. The whole value chain has been affected due to untimely policies adopted in allowing Raw cotton exports and banning cotton yarn exports. It will take considerable time for the industry - especially spinning segment to come out of this turmoil.

However, in the long run, Indian Textile industry is poised to play a leading role in the textile trade in the second half of this decade.

II. OPPORTUNITIES AND THREATS

Violent fluctuations in raw material prices coupled with fluctuating yarn and fabric prices had shaken the industry.

Labour productivity continues to be low. Wage structure in the industry continues to be less attractive and hence workers are not sticking to the industry. It is a problem to get skilled workers in the industry. Solution lies in going for automation and improve labour productivity.

There is need to increase investments in the industry to improve labour productivity.

III. SEGMENT WISE OR PRODUCT WISE PERFORMANCE

Operations of the Company are under one broad segment - yarn and fabric and hence no further analysis is required.

IV. OUTLOOK

The performance of the Company was satisfactory during the year under report due to improved utilization and better sales realization. The Company could achieve a turnover of around Rs.180 Crores - a 20% increase over last year.

V. RISKS AND CONCERNS:

The violent fluctuations witnessed in the Raw material prices in the second half of the year has landed the different segments to severe financial crisis. Cotton prices rose to unbelievable levels between December'10 and February'11 and now started falling steeply. Yarn prices also followed suit. Today the markets have become sluggish and there is total stagnation. Industry is going to suffer huge financial losses. It will take considerable time to overcome this crisis.

Power situation continues to be critical and Government has to set this right.

Industry needs to draw up a long term labour policy to improve labour productivity.

VI. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

VII. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The net sales during the year was Rs.17445 lacs and that your Company could earn Rs.533.87 lacs as net profit after tax adjustments.

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

The Company had on its roll 2042 employees as on 31.03.2011 as against 2142 as on 31.03.2010.

THE LAKSHMI MILLS COMPANY LIMITED

REPORT ON CORPORATE GOVERNANCE

PHILOSOPHY ON CODE OF GOVERNANCE

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

BOARD OF DIRECTORS

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

Composition

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

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

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

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

BOARD MEETINGS AND ATTENDANCE

Five Board meetings were held on 26.05.2010, 30.07.2010, 22.09.2010, 03.11.2010 and 24.01.2011 during the period 1st April 2010 to 31st March 2011.

Details of attendance of each Director at the meetings of the Board and various Committees of the Board during the financial year ended 31st March, 2011.

Name of the Directors	Board Meeting (5)	Audit Committee (4)	Shareholders / Investors Grievance Committee (1)	Remuneration Committee (1)	Share Transfer Committee (14)	Annual General Meeting
Sri S. Pathy	5	-	-	-	14	Yes
Sri R. Santharam	5	4	1	1	-	Yes
Sri V. Jagannathan	5	-	1	-	-	Yes
Sri D. Rajendran	4	4	-	1	-	No
Justice Sri G. Ramanujam (Retd.)*	1	-	-	-	-	Yes
Sri Satish Ajmera	5	2	1	-	-	Yes
Sri V.S. Velayutham	5	4	-	1	-	Yes
Sri Sanjay Jayavarthanavelu	3	-	-	-	-	Yes
Sri Aditya Krishna Pathy	2	-	-	-	14	Yes

* Retired on 22.09.2010

The figures within brackets denote the number of meetings held during the period 1st April 2010 to 31st March, 2011.

REMUNERATION OF DIRECTORS

Remuneration paid or payable to Directors during the year 2010-11.

(in Rs.)

Name of the Directors	Sitting Fees	Salary	Perquisites	Contribution to PF & Superannuation	Total
Sri S. Pathy *	NA	3000000	300000	810000	4110000
Sri R. Santharam	79000	NA	NA	NA	79000
Sri V. Jagannathan	50000	NA	NA	NA	50000
Sri D. Rajendran	59000	NA	NA	NA	59000
Justice Sri. G. Ramanujam (Retd.) **	10000	NA	NA	NA	10000
Sri Satish Ajmera	70000	NA	NA	NA	70000
Sri V.S. Velayutham	69000	NA	NA	NA	69000
Sri Sanjay Jayavarthanavelu	25000	NA	NA	NA	25000
Sri Aditya Krishna Pathy ***	10000	1008065	100000	272178	1390243

* Remuneration as approved by the Shareholders.

** Retired on 22.09.2010.

*** Appointed as Whole Time Director with remuneration as approved by the shareholders with effect from 30.07.2010.

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

No Stock options granted to Non-executive Directors and Independent Directors during the financial year ended 31st March 2011.

SHAREHOLDING OF NON-EXECUTIVE DIRECTORS

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

THE LAKSHMI MILLS COMPANY LIMITED

COMMITTEE OF DIRECTORS

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

Audit Committee

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

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

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

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

The committee has met 4 times during the financial year ended 31st March 2011 and details of attendance were furnished elsewhere in the Annual Report.

Remuneration Committee

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

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

The committee met on 30.07.2010 during the financial year ended 31st March 2011.

Shareholders / Investors Grievance Committee

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

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

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

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

The committee has met on 24.01.2011 during the financial year ended 31st March 2011. During the year the company received 3 complaints from the investors and were replied / resolved to their satisfaction and there were no outstanding complaints as on 31.03.2011.

Share Transfer Committee

The Share Transfer Committee has been formed from the members of the Board, representatives of the Registrar and Share Transfer Agents and the Company Secretary and there are 5 members. During the year the committee met 14 times and approved Share Transfer, Transmission of Shares and issuance of Duplicate Share Certificates. There were no pending share transfers as on 31.03.2011.

GENERAL BODY MEETINGS

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

Financial Year	Date	Day	Time	Venue
March 31, 2008	05.09.2008	Friday	4.35 P.M.	Nani Palkhivala Auditorium, Mani Hr. Sec. School, Coimbatore - 641037
March 31, 2009	04.09.2009	Friday	4.35 P.M.	-- do --
March 31, 2010	22.09.2010	Wednesday	4.15 P.M.	-- do --

Special Resolutions passed in the previous 3 AGMs

98th Annual General Meeting : NIL

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

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

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

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

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

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

DISCLOSURES :

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

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

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

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

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

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

NON MANDATORY REQUIREMENTS

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

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

DISCLOSURE OF DIRECTORS INTERSE RELATIONSHIP

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

CODE OF CONDUCT

The Code of Conduct for the Directors and Senior Management of the Company has been laid down and posted on the Website of the Company. The Compliance of the said Code of Conduct by the Directors and Senior Management Personnel for the year 2010-11 has been affirmed by the Chairman and Managing Director (CEO).

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

I hereby confirm that the Company has obtained from the members of the Board and Senior Management personnel their affirmation on compliance of the Code of conduct laid down by the Company for the financial year 2010-2011.

Coimbatore
19th May 2011

S. PATHY
Chairman and
Managing Director

THE LAKSHMI MILLS COMPANY LIMITED

MEANS OF COMMUNICATION

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

SHAREHOLDERS INFORMATION

ANNUAL GENERAL MEETING

Day & Date : Friday, 2nd September, 2011
Time : 4.35 P.M.
Venue : Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037.

FINANCIAL CALENDAR :

Financial year : 01.04.2010 to 31.03.2011
Annual Results 2010 - 2011 announced : 20.05-2011
Posting of Annual Reports : On or before 9th August
Last date of receipt of Proxy Forms : 31.08.2011
Announcement of Quarterly Results : July 2011, October 2011, January 2012 & May/June 2012
Date of Book Closure : 26.08.2011 to 02.09.2011 (both days inclusive)
Dividend Payment Date : On or before 01.10.2011

LISTING ON STOCK EXCHANGES

The equity shares of the Company are listed at :

1. Madras Stock Exchange, Chennai
Madras Stock Exchange, Stock Code : LML
Bombay Stock Exchange Limited, Stock Code : 502958
National Stock Exchange Limited, Stock Code : LAKSHMIMIL
Listing fee for 2011-2012 have been paid in respect of both Madras and Bombay Stock Exchanges.

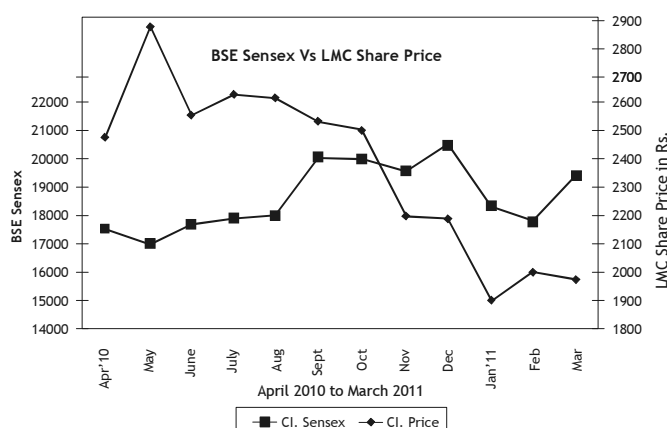
MARKET PRICE DATA

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

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

	B S E in (Rs.)		N S E in (Rs.)	
	HIGH	LOW	HIGH	LOW
April 2010	2,619.65	2,204.20	2,640.00	2,240.00
May	2,999.00	2,187.00	2,975.00	2,222.60
June	2,896.00	2,423.00	2,900.00	2,415.05
July	2,840.00	2,417.10	3,075.00	2,407.00
August	2,850.00	2,480.00	3,075.00	2,401.00
September	2,800.00	2,522.00	2,945.00	2,200.00
October	2,888.00	2,500.00	2,875.00	2,490.00
November	2,799.00	2,100.00	2,604.00	2,027.00
December	2,377.90	2,125.05	2,440.00	2,070.00
January 2011	2,299.00	1,810.00	2,255.00	1,661.00
February	2,148.00	1,741.00	2,025.00	1,720.00
March	2,200.00	1,800.00	2,299.00	1,911.15

SHARE PERFORMANCE IN COMPARISON WITH BSE INDEX



REGISTRAR & SHARE TRANSFER/DEMAT AGENTS

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

SHARE TRANSFER SYSTEM

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

SHAREHOLDING PATTERN (as on 31-03-2011)

Sl. No.	Category	No. of Share holders	No. of Shares held	% to paid-up capital
1	Promoters and promoters group	35	3,69,125	53.07
2	Financial Institutions, Banks and Mutual Funds	16	38,788	5.58
3	Central / State Government(s)	1	5,107	0.73
4	Foreign Institutional Investors	1	20	0.00
5	Bodies Corporate	141	70,364	10.12
6	Individuals	7,231	2,01,265	28.94
7	Others	193	10,881	1.56
	Total	7,618	6,95,550	100.00

DISTRIBUTION OF SHARE HOLDING (as on 31-03-2011)

Range (No. of Shares)	No. of Shareholders	No. of Shares	% held
1 - 50	6,847	73,674	10.59
51 - 100	379	27,873	4.01
101 - 200	197	28,087	4.04
201 - 300	74	17,962	2.58
301 - 400	24	8,386	1.21
401 - 500	27	11,867	1.71
501 - 1000	26	19,014	2.73
1001 - 10000	31	1,00,676	14.47
10001 and Above	13	4,08,011	58.66
Total	7,618	6,95,550	100.00

DEMATERIALISATION OF SHARES

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

As on 31-03-2011, 4,35,552 Shares constituting 62.62% of the total paid up capital of the Company have been dematerialised. In view of the numerous advantages offered by the depository system, members have been requested to avail of the facility of dematerialisation of the Company's shares.

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

NOMINATION FACILITY

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

PLANT LOCATIONS

The Company has 2 Plants situated at the following locations.

Unit I : Lakshmiapuram P.O., Kovilpatti.

Unit II : Kuppaswamy Naidupuram, Palladam

ADDRESS FOR CORRESPONDENCE

All correspondence from shareholders should be addressed to

M/s. SKDC Consultants Limited

Registrars and Share Transfer Agents

Unit : The Lakshmi Mills Company Limited

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

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

Investors' grievances email id : secretarial@lakshmimills.com

THE LAKSHMI MILLS COMPANY LIMITED

AUDITORS' REPORT

1. We have audited the attached Balance Sheet of **The Lakshmi Mills Company Limited**, as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that dated annexed thereto. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further, to our comments in the Annexure referred to above, we report that
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit
 - (b) In our opinion proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
 - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are prepared in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
 - (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (e) On the basis of written representations received from the directors of the Company, as at 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at **March 31, 2011**;
 - (b) in the case of the Profit and Loss Account of the Profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

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

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

THE LAKSHMI MILLS COMPANY LIMITED

ix. In respect of Statutory dues:

- a. According to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Cess and any other material statutory dues with the appropriate authorities during the year. There are no undisputed statutory dues which are outstanding for more than six months as at the Balance Sheet date.
- b. According to the information and explanations given to us details of disputed tax which have not been deposited as on 31.03.2011 on account of any dispute are given below:

Name of the Statute	Nature of Dues	Amount Rs. in Lakhs	Period to which the amount relates	Forum where dispute is pending
Excise Act 1944 / Service Tax Act	Service Tax	2.95	1997 - 99	High Court
	Excise Duty	1.61	1995 - 96	High Court
	Cenvat	2.79	2004 - 05	Deputy Commissioner-Coimbatore
	Cenvat	0.36	2007 - 08	Asst. Commissioner-Kovilpatti
Income Tax	Income Tax	70.01*	A.Y. 2006 - 07	ITAT-Chennai

* Since Paid Rs. 70.01 lakhs

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

Coimbatore
20th May 2011

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



Balance Sheet as at 31st March, 2011

Particulars	Schedule No.	31-3-2011	(Rs. in Lakhs)	31-3-2010
I. Sources of Funds				
1. Shareholders' Fund				
a) Share Capital	1	695.55	695.55	
b) Reserves and Surplus	2	12010.71	11549.79	12245.34
2. Loan Funds				
a) Secured Loans	3	8866.19	9282.77	
b) Unsecured Loans	4	228.49	228.53	9511.30
TOTAL		21800.94		21756.64
II. Application of Funds				
1. Fixed Assets	5			
Gross Block		15905.36	16737.42	
Less : Depreciation		9150.53	9278.99	
Net Block		6754.83	7458.43	
Capital Work in Progress		-	3.60	7462.03
2. Investments	6	177.55		177.55
3. Deferred Tax Asset (Net)		742.83		588.09
4. Current Assets, Loans & Advances				
a) Inventories	7	13239.23	12397.39	
b) Debtors	8	1387.07	1056.99	
c) Cash & Bank Balances	9	796.23	893.85	
d) Other Current Assets	10	649.62	440.12	
e) Loans & Advances	10	589.89	668.06	
		16662.04	15456.49	
Less:				
Current Liabilities & Provisions				
a) Current Liabilities	11	2228.94	1687.83	
b) Provisions	12	307.37	239.61	
		2536.31	1927.44	
Net Current Assets		14125.73		13528.97
5. Miscellaneous Expenditure (To the extent not written off or adjusted)	13	-		-
TOTAL		21800.94		21756.64
Significant Accounting Policies & Notes Forming Part of Accounts	24			

The schedules referred to above form an integral part of this Balance Sheet.

S. Pathy
Chairman & Managing Director

R. Santharam
Vice Chairman

Coimbatore
20th May 2011

S. Balamurugasundaram
Company Secretary

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

THE LAKSHMI MILLS COMPANY LIMITED

Profit and Loss Account for the year ended 31st March, 2011

Particulars	Schedule No.	31-3-2011	31-3-2010
		(Rs. in Lakhs)	
Income			
Gross Sales		17449.24	13379.36
Less: Excise Duty		3.89	2.29
Net Sales	14	17445.35	13377.07
Other Income	15	548.19	377.67
Total		17993.54	13754.74
Expenditure			
(Increase) / decrease in stocks	16	(943.13)	(0.78)
Raw Materials consumed	17	10092.83	6673.42
Salaries & Wages	18	2070.01	1806.22
Power & Fuel		2802.92	2234.75
Stores consumed		332.36	391.60
Repairs & Maintenance	19	326.23	312.30
Other manufacturing expenses		43.39	92.99
Administration & Selling expenses	20	1041.56	799.47
Other Expenditure	21	78.28	56.55
Interest	22	1111.81	1004.23
Depreciation		653.11	648.99
Total		17609.37	14019.74
Profit / (Loss) before tax, exceptional items & amortisation		384.17	(265.00)
Add : Exceptional items (Net)	23	-	180.21
Profit / (Loss) before taxation		384.17	(84.79)
Taxation			
Current Tax		54.07	4.03
MAT Credit Entitlement		(48.83)	(4.03)
Deferred Tax Credit (Net)		(154.74)	(228.62)
Net Profit / (Loss)		533.67	143.83
Add: Transfer from General Reserve		-	157.79
Profit available for appropriation		533.67	301.62
APPROPRIATIONS			
Proposed Dividend		62.60	62.60
Corporate Tax on Dividend		10.15	10.40
Transfer to General Reserve		-	-
Balance carried forward		460.92	228.62
		533.67	301.62
Significant Accounting Policies & Notes Forming Part of Accounts	24		
Basic and diluted Earnings per share (Nominal value Rs.100 per share) [Ref. Note No B (6)]			
Before Exceptional Items		Rs. 76.73	(5.23)
After Exceptional Items		Rs. 76.23	20.68

The schedules referred to above form an integral part of this Profit & Loss Account.

S. Pathy
Chairman & Managing Director

R. Santharam
Vice Chairman

Coimbatore
20th May 2011

S. Balamurugasundaram
Company Secretary

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



Cash Flow Statement for the year ended 31st March 2011

Particulars	31-3-2011	31-3-2010
	(Rs. in Lakhs)	
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax and after exceptional items	384.17	(84.79)
Adjustments for :		
Depreciation	653.11	648.99
Investment Income	(114.60)	(110.20)
Interest Expenditure	1111.81	1004.23
Interest Income	(26.01)	(17.62)
Profit on sale of Building & Machineries	(165.34)	(132.43)
Exceptional Item [VRS]	-	(180.21)
	<u>1458.97</u>	<u>1212.76</u>
Operating Profit before Working Capital Changes	1843.14	1127.97
(Increase)/decrease in trade and other receivables	(446.35)	(5.60)
(Increase)/decrease in inventories	(841.84)	(610.62)
Increase/(Decrease) in trade and other payables	<u>570.50</u>	<u>214.98</u>
Cash generated from operations	1125.45	726.73
Direct taxes (paid)/refund received	(20.86)	(66.32)
Net Cash from Operating activities before exceptional items	1104.59	660.41
VRS payments	-	(47.51)
Net Cash from Operating activities after exceptional items (A)	<u>1104.59</u>	<u>612.90</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(228.99)	(279.19)
Proceeds from sale of Machineries & others	448.42	153.79
[including Rs.438.54 lakhs from discontinuing operations. (Previous year Rs. 139.89 lakhs)]		
Advance towards Land Sale	32.64	40.67
Interest received	26.57	20.19
Dividend received	<u>114.60</u>	<u>110.20</u>
Net cash used in investing activities (B)	<u>393.24</u>	<u>45.66</u>
C. CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from/(Repayment of) long term borrowings	(719.33)	123.66
Proceeds from/(Repayment of) short term borrowings	302.15	473.53
Interest paid	(1106.92)	(1005.73)
Dividend paid	(60.95)	(35.24)
Corporate Dividend tax paid	<u>(10.40)</u>	<u>(5.91)</u>
Net cash used in financing activities (C)	<u>(1595.45)</u>	<u>(449.69)</u>

THE LAKSHMI MILLS COMPANY LIMITED

Particulars	31-3-2011	31-3-2010
	(Rs. in Lakhs)	
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(97.62)	208.87
Cash and cash equivalents at beginning of the year	893.85	684.98
Cash and cash equivalents at end of the year	796.23	893.85
Net increase / (decrease) in Cash and cash equivalents	(97.62)	208.87

Note : Cash and cash equivalents include the following balances which are restricted and not available for use by the Company.

Unpaid Dividend Warrant Account	15.33	14.15
Margin money Deposit	126.64	110.53
Deposit Pledged with bank for Demand Loan	120.31	112.00

S. Pathy
Chairman & Managing Director

R. Santharam
Vice Chairman

Coimbatore
20th May 2011

S. Balamurugasundaram
Company Secretary

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

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

TO THE MEMBERS OF

THE LAKSHMI MILLS COMPANY LIMITED

We have examined the compliance of conditions of Corporate Governance by THE LAKSHMI MILLS COMPANY LIMITED for the year ended on 31.03.2011 as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges.

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

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

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

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

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

Coimbatore
29th July 2011

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



Schedules to the Balance Sheet

Particulars	31-3-2011 (Rs. in Lakhs)	31-3-2010
SCHEDULE 1 : SHARE CAPITAL		
Authorised :		
10,00,000 Equity Shares of Rs.100/- each	<u>1000.00</u>	<u>1000.00</u>
Issued & Subscribed :		
Fully Paid up :		
6,95,550 Equity Shares of Rs.100/- each	<u>695.55</u>	<u>695.55</u>
Of the above :		
1,55,059 Shares were allotted for cash consideration		
5,13,491 Shares were allotted as Bonus Shares by Capitalisation of Reserves and Securities Premium		
27,000 Shares were allotted on 1st April 1979 on Amalgamation of erstwhile The Coimbatore Cotton Mills Ltd.		
SCHEDULE 2: RESERVES AND SURPLUS		
1. Capital Reserve	9.00	9.00
2. Securities Premium Account	101.89	101.89
3. General Reserve :		
As per last Balance Sheet	1214.86	1372.65
Less : Transferred to Profit & Loss Account	-	157.79
	<u>1214.86</u>	<u>1214.86</u>
4. Investment Fluctuation Reserve	46.71	46.71
5. Revaluation Reserve		
As per last Balance Sheet	9948.71	9948.71
6. Surplus in Profit and Loss Account	689.54	228.62
	<u>12010.71</u>	<u>11549.79</u>
SCHEDULE 3 : SECURED LOANS		
i) Long Term Loans		
a) Term Loan under TUF Scheme		
Central Bank of India	1681.64	1679.05
Canara Bank	2350.00	2350.77
b) Canara Bank VRS Loan	353.67	428.51
c) Central Bank of India VRS Loan	-	7.96
d) Central Bank of India Working Capital Term Loan	404.84	404.84
e) Canara Bank - Term Loan - II	1200.00	1838.35
(Term Loans repayable within one year Rs. 2066 lakhs; Previous year Rs. 88 lakhs;)		
ii) Loans from Banks :		
Cash Credit	2623.24	2339.22
Packing Credit	140.00	124.71
Demand Loan (Against Deposit of Rs.120.31 Lakhs; Previous year Rs.112.00 Lakhs)	112.80	109.36
	<u>8866.19</u>	<u>9282.77</u>
1) Working Capital Limits from Banks are secured by Charge on book debts and hypothecation of Inventories and paripasu second charge on the fixed assets of Coimbatore, Kovilpatti and Palladam units.		
2) Term loans from banks are secured by first charge on fixed assets of Kovilpatti and Palladam Units.		
3) Demand loan from banks are secured by fixed deposits with bank.		
4) Canara Bank Term Loan-II is secured by first charge on fixed assets of Coimbatore unit.		

THE LAKSHMI MILLS COMPANY LIMITED

Schedules to the Balance Sheet

Particulars	31-3-2011	31-3-2010
	(Rs. in Lakhs)	
SCHEDULE 4 : UNSECURED LOANS		
i) Fixed Deposit from :		
Directors	3.00	3.00
Others	168.97	159.90
[includes repayable within one year Rs.137.88 lakhs (Previous year Rs.124.63 lakhs)]		162.90
ii) Trade Deposits from Customers	53.01	62.68
iii) Interest accrued and due	3.51	2.95
	228.49	228.53

SCHEDULE 5 : FIXED ASSETS (Rs. in Lakhs)									
Particulars	GROSS BLOCK (COST)				DEPRECIATION			NET BLOCK	
	As at 1.4.2010	Additions	Disposals/ adjustment	As at 31.3.2011	As at 1.4.2010	For the year (Disposals/ adjustment)	As at 31.3.2011	As at 31.3.2011	As at 31.3.2010
Land *	928.62	-	-	928.62	-	-	-	928.62	928.62
Buildings	1507.47	50.75	-	1558.22	530.25	32.70	562.95	995.27	977.22
Machinery	12811.56	95.10	1044.77	11861.89	7710.19	568.63 (763.62)	7515.20	4346.69	5101.37
Electric Machinery	994.95	68.11	4.04	1059.02	632.73	32.49 (3.84)	661.38	397.64	362.22
Office Equipments	152.55	6.52	4.37	154.70	116.95	5.18 (3.18)	118.95	35.75	35.60
Vehicles	195.23	1.51	11.38	185.36	149.28	11.92 (10.85)	150.35	35.01	45.95
Canteen Equipments	10.53	2.06	-	12.59	9.07	0.10	9.17	3.42	1.46
Computer Equipments	136.51	8.54	0.09	144.96	130.52	2.09 (0.08)	132.53	12.43	5.99
	16737.42	232.59	1064.65	15905.36	9278.99	653.11 (781.57)	9150.53	6754.83	7458.43
Capital work- in-progress									3.60
	16737.42	232.59	1064.65	15905.36	9278.99	(128.46)	9150.53	6754.83	7462.03
Previous year (2009-10)	25963.04	292.29	9517.91	16737.42	9026.34	648.99 (396.34)	9675.33	7462.03	

* Land includes Rs.890.17 lakhs added on revaluation as on 31st March 2005.



Schedules to the Balance Sheet

Particulars			31-3-2011	31-3-2010	
			(Rs. in Lakhs)		
SCHEDULE 6 : INVESTMENTS - AT COST					
	Face Value	No.of shares			
A. Non Trade Investments Long Term - Quoted					
EQUITY SHARES in					
Lakshmi Machine Works Ltd.	Rs.10	720000	24.00		24.00
Lakshmi Automatic Loom Works Ltd.	Rs.10	330000	64.05		64.05
Rajshree Sugars & Chemicals Ltd.	Rs.10	220000	22.00		22.00
			<u>110.05</u>		<u>110.05</u>
B. Non Trade Investments - Long Term - Unquoted					
Sai Regency Power Corporation Limited	Rs.10	525000	52.50		52.50
C. Non-Trade Investments - Long Term - Unquoted					
LCC Investments Ltd.	Rs.10	150000	15.00		15.00
			<u>67.50</u>		<u>67.50</u>
			<u>177.55</u>		<u>177.55</u>
		Cost	Market Value	Cost	Market Value
Market value of Investments	Quoted	110.05	16281.92	110.05	13185.71
	Unquoted	67.50	-	67.50	-
		<u>177.55</u>	<u>16281.92</u>	<u>177.55</u>	<u>13185.71</u>
SCHEDULE 7 : INVENTORIES					
Raw Materials			422.74		525.89
Stock in process			495.31		293.15
Finished Goods (Yarn, Cloth, Garments & Waste)			1551.12		810.14
Stores and Spare Parts & Other Stores			162.13		160.28
Stock in trade of Land under Development [See note 4 of Schedule 24 B]			10607.93		10607.93
			<u>13239.23</u>		<u>12397.39</u>
SCHEDULE 8 : DEBTORS					
Unsecured considered Good					
Over six months			33.66		12.81
Other debts			1353.41		1044.18
			<u>1387.07</u>		<u>1056.99</u>
SCHEDULE 9 : CASH & BANK BALANCES					
Balance with Scheduled Banks in					
Current Accounts			69.10		229.27
Unpaid Dividend Warrant Account			15.33		13.68
Deposit Accounts			704.50		645.55
[Including Deposits pledged with bank for Term Loan Rs.120.31 Lakhs (Previous year Rs.112.00 Lakhs) and Margin Money Deposit Rs.126.64 Lakhs (Previous year Rs.110.53 Lakhs)]					
Savings Certificate			0.05		0.05
Remittance in transit			1.41		-
Cash on hand			5.84		5.30
			<u>796.23</u>		<u>893.85</u>

THE LAKSHMI MILLS COMPANY LIMITED

Schedules to the Balance Sheet

Particulars	31-3-2011	31-3-2010
	(Rs. in Lakhs)	
SCHEDULE 10 : OTHER CURRENT ASSETS, LOANS & ADVANCES		
Other Current Assets		
Prepaid Expenses	1.71	1.94
Income Receivable	627.25	416.96
Interest Accrued	20.66	21.22
	<u>649.62</u>	<u>440.12</u>
Loans & Advances		
(Unsecured and considered good)		
Balance with Central Excise /Sales Tax Authorities	72.03	162.16
Advances recoverable in cash or in kind or for value to be received	133.89	135.98
Electricity Deposit	152.38	153.84
Other Deposits	8.21	8.32
Advance payment of Direct Taxes (Net of Provisions)	150.47	183.68
MAT credit entitlement	72.91	24.08
	<u>589.89</u>	<u>668.06</u>
	<u>1239.51</u>	<u>1108.18</u>
SCHEDULE 11 : CURRENT LIABILITIES		
Sundry Creditors		
- Micro, Small and Medium Enterprises	-	-
- Other Creditors	1519.37	956.78
Items Covered by IEPF		
Unclaimed Dividend **	15.33	13.68
Liabilities for expenses	138.20	108.92
Other Liabilities	107.96	197.34
Disputed Matured Deposits Payable	15.05	15.05
Advance Refundable towards Land Sale	424.08	391.44
Interest accrued but not due	8.95	4.62
	<u>2228.94</u>	<u>1687.83</u>
** There are no amounts due and outstanding to be credited to Investors Education and Protection Fund.		
SCHEDULE 12 : PROVISIONS		
Proposed Dividend	62.60	62.60
Corporate Tax on Dividend	10.15	10.40
Gratuity	234.62	166.61
	<u>307.37</u>	<u>239.61</u>
SCHEDULE 13 : MISCELLANEOUS EXPENDITURE		
Deferred Revenue Expenses - VRS Payments		
Opening balance	-	1030.66
Add: Paid during the year	-	47.51
	-	<u>1078.17</u>
Less: Written off during the year	-	300.10
Less: Capitalised as a part of expenditure incidental to Development of Land	-	778.07
	-	<u>-</u>



Schedules to the Profit and Loss Account

Particulars		31-3-2011	31-3-2010
		(Rs. in Lakhs)	
SCHEDULE 14 : SALES			
Cotton and Synthetic Yarn - Own	Quantity in lakhs Kgs 60.97 (65.41)	15117.76	12283.92
Cloth - Own	in lakhs Mtrs - (0.28)	-	11.64
Cloth - Trading	in lakhs Mtrs 22.84 (8.69)	2005.45	811.92
Garments	in lakhs pcs 0.01 (0.02)	0.84	0.72
Waste	in lakhs Kgs 12.31 (12.98)	318.92	268.87
Raw Materials	in lakhs Kgs 0.01 (-)	2.38	-
		<u>17445.35</u>	<u>13377.07</u>
SCHEDULE 15 : OTHER INCOME			
Dividend on Long Term Trade Investments		114.60	110.20
Rent (Tax deducted at source Rs.4.11 Lakhs / Previous year Rs. 6.17 Lakhs)		66.55	50.65
Profit on sale of machinery [See Note No.5 of Schedule B]		165.34	132.43
Foreign Exchange gain/(loss)		37.76	(0.51)
Export Incentives		120.06	49.37
Miscellaneous Income		17.87	17.91
Interest receipts (Tax deducted at source Rs.4.36 Lakhs/Previous year Rs.5.94 Lakhs)		26.01	17.62
		<u>548.19</u>	<u>377.67</u>
SCHEDULE 16 : INCREASE / DECREASE IN STOCK			
Finished goods			
Opening Stock			
Yarn	658.90		769.67
Cloth	95.18		66.83
Garments	47.88		50.44
Waste	8.18		4.51
Work in Progress	<u>293.15</u>	1103.29	<u>211.06</u>
Closing Stock			
Yarn	1382.81		658.90
Cloth	86.58		95.18
Garments	43.26		47.88
Waste	38.47		8.18
Work in Progress	<u>495.30</u>	2046.42	<u>293.15</u>
(Increase) / Decrease in Stocks		<u>(943.13)</u>	<u>(0.78)</u>
SCHEDULE 17 : RAW MATERIALS CONSUMED			
1. Raw Material			
Opening Stock		525.89	370.79
Add: Purchases		8255.17	6224.97
		8781.06	6595.76
Less: Closing Stock		422.74	525.89
		8538.32	6069.87
2. Yarn purchase for resale		8.71	0.90
3. Cloth/Garment purchase for resale		1725.80	602.65
		<u>10092.83</u>	<u>6673.42</u>

THE LAKSHMI MILLS COMPANY LIMITED

Schedules to the Profit and Loss Account

Particulars	31-3-2011	31-3-2010
	(Rs. in Lakhs)	
SCHEDULE 18 : SALARIES AND WAGES		
Salaries, Wages & Bonus	1690.76	1453.75
Contribution to PF & Administrative charges	115.76	105.30
Gratuity	109.01	86.36
Contribution to Superannuation Fund	0.84	2.47
ESI Contribution	48.40	43.14
Welfare expenses	105.24	115.20
	<u>2070.01</u>	<u>1806.22</u>
SCHEDULE 19 : REPAIRS & MAINTENANCE		
Building	85.28	80.48
Plant & Machinery	229.06	211.52
Others	11.89	20.30
	<u>326.23</u>	<u>312.30</u>
SCHEDULE 20 : ADMINISTRATION AND SELLING EXPENSES		
Insurance	17.62	19.96
Licence fees, duties and taxes	48.73	59.69
Advertisement, printing, stationery & subscription	34.97	36.56
Travelling, postage, telex, telephone & transport charges	150.86	107.33
Sales Commission	205.33	141.49
Bank charges	78.63	55.56
Sales expenses, export expenses & freight	267.23	225.20
Office maintenance & miscellaneous expenses	238.19	153.68
	<u>1041.56</u>	<u>799.47</u>
SCHEDULE 21 : OTHER EXPENDITURE		
Managing Directors' Remuneration (Minimum)	54.90	38.94
Directors' Sitting Fees	3.72	2.20
Auditors' Remuneration	5.97	5.99
Cost Audit fees	0.40	0.40
Legal and consultancy expenses	13.29	6.02
Donations	-	3.00
	<u>78.28</u>	<u>56.55</u>
SCHEDULE 22 : INTEREST		
Bank loans & others	1096.10	989.96
Fixed deposit	15.71	14.27
	<u>1111.81</u>	<u>1004.23</u>
SCHEDULE 23 : EXCEPTIONAL ITEMS		
VRS expenditure amortised	-	300.10
Add : Capitalisation of VRS Expenditure written off in earlier years as part of expenditure incidental to development of land	-	480.31
	<u>-</u>	<u>180.21</u>

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 24 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A) ACCOUNTING POLICIES

1. Method of Accounting:

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

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/ materialized.

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.

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.

5 Valuation of Inventories:

Inventories are valued as under:

Finished goods: Yarn and cloth at lower of weighted average cost and net realizable value (Including excise duty)

Waste at contracted prices

Raw materials and stock-in-process at lower of weighted average cost and net realisable value.

Stores and spare parts, components at weighted average cost

Stock in trade of land under development comprises of Free hold land and buildings at net book value, converted from fixed assets in to 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.

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 account. 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 account.

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.

7 Depreciation:

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

8 Recognition of Revenue:

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

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.

10 Earnings per Share:

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

THE LAKSHMI MILLS COMPANY LIMITED

Schedules to the Balance Sheet and Profit and Loss Account

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 recognised in the Profit and Loss Account.

Defined Benefit Plans

Company's liabilities towards gratuity is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognized on a straight line basis over the average period until the amended benefits becomes vested. Actuarial gains or losses are recognized immediately in the statement of profit and loss account 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.

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, other than those arising on account of unabsorbed depreciation or carried forward business losses under tax laws, are

recognised and carried forward subject to consideration of prudence only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

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 Asset can be realized.

The carrying amount of Deferred Tax Assets and liabilities are reviewed at each Balance Sheet date.

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 current best estimate.

14 Cash Flow Statements

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

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.

B) NOTES ON ACCOUNTS

- 1 Contingent Liability
 - a) Excise duty/Service tax on appeals Rs.7.71 lakhs (Previous Year Rs.13.63 Lakhs)
 - b) Income tax disputed dues Rs.70.01 lakhs (Previous Year Rs.70.01 Lakhs)
- 2 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.
- 3 a) The net deferred tax liability carried over as at 31st March 2011 comprises of the following:

	Opening as on 1.4.2010	Movement for the year	Closing as on 31.3.2011
Deferred Tax Asset			
43 B Disallowance-Gratuity	36.09	(31.93)	68.02
Unabsorbed Depreciation and Carry Forward Losses	1504.97	(106.34)	1611.31
Voluntary Retirement Scheme	21.02	4.92	16.10
Others	2.93	(0.48)	3.41
Deferred Tax Liability			
Depreciation	976.92	(20.91)	956.01
Net Deferred Tax (Asset) / Liability	(588.09)	(154.74)	(742.83)

- b) In the opinion of the Company, the restructured operations coupled with profitable alternate use of lands rendered surplus which have been converted into stock in trade, is virtually certain to result in realisation of deferred tax assets on account of unabsorbed depreciation and unabsorbed business losses against future taxable income.
- 4 The landed properties of a decommissioned unit of the company have been converted into stock in trade of the property development division during the previous accounting year at net book value.
- 5 Discontinuing Operations: As part of over all restructuring plans for economising operations, the company had decommissioned one of its plants at Coimbatore in the financial year 2008-09. After relocating the viable and productive machinery to other units the substantial part of machinery rendered surplus have been disposed off. The profit on sale of such machinery during the financial year is Rs.155.56 lakhs (Previous year Rs.125.87 lakhs) The land rendered available for development and converted into stock in trade has a carrying amount of Rs.10607.93 lakhs (Previous year Rs.10607.93 lakhs).

	31-3-2011 (Rs. in Lakhs)	31-3-2010
6 (i) Earnings per Share (Gross)		
Profit after taxation as per Profit & Loss Account	533.67	143.83
Weighted average number of equity shares outstanding	695550	695550
Basic and diluted earnings per share in rupees (Face value Rs.100 per share)	76.73	20.68
(ii) Earnings per Share (Excluding Exceptional items)		
Profit / (Loss) after taxation as per Profit & Loss Account	533.67	(36.38)
Weighted average number of equity shares outstanding	695550	695550
Basic and diluted earnings per share in rupees (Face value Rs.100 per share)	76.73	(5.23)

7 Segment Reporting

The 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.

	31-03-2011 (Rs. in Lakhs)	31-03-2010
8 Estimated amount of contracts remaining to be executed on capital account not provided for (Net of Advances)	146.40	21.04

THE LAKSHMI MILLS COMPANY LIMITED

Schedules to the Balance Sheet and Profit and Loss Account

9 Disclosure of related parties and related party transactions:

Related parties

Associates :-

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

Key Management Personnel

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

(Rs. in Lakhs)

Transaction with related parties	Associates		Key Management Personnel	
	31-3-2011	31-3-2010	31-3-2011	31-3-2010
Purchase of goods/assets	46.93	91.42		
Sale of goods/assets	4.58	0.29		
Receiving of services	25.23	47.84		
Rendering of services	12.37	9.95		
Managerial Remuneration	-	-	54.90	38.94
Interest/Dividend paid	3.75	0.91	13.96	13.73
Amount receivable	84.82	59.98		
Amount payable	45.30	38.82	3.66	15.09

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

1. Purchase of goods/assets includes Lakshmi Card Clothing Manufacturing Company Private Limited Rs.46.93 Lakhs (Previous year Rs. 91.42 Lakhs).
2. Sale of goods/assets includes Lakshmi Automatic Looms Works Limited Rs. 4.58 Lakhs (Previous year Rs. 0.29 Lakhs).
3. Receiving of services includes Balakumar Shipping & Clearing Agency Private Limited Rs.14.29 Lakhs (Previous year Rs. 31.63 Lakhs), Aloha Tours & Travels (India) Private Limited Rs. 10.22 Lakhs (Previous year Rs.10.97 Lakhs).
4. Rendering of services includes Lakshmi Card Clothing Manufacturing Company Private Limited Rs. 8.85 Lakhs (Previous year Rs.7.69 Lakhs), Lakshmi Automatic Looms Works Limited Rs.3.52 Lakhs (Previous year Rs.Nil)
5. Amount receivable includes Lakshmi Automatic Looms Works Limited Rs. 81.87 Lakhs (Previous year Rs.59.98 Lakhs).
6. Amount payable includes Lakshmi Card Clothing Manufacturing Company Private Limited Rs. 44.17 Lakhs (Previous year Rs.34.31 Lakhs).



Schedules to the Balance Sheet and Profit and Loss Account

Particulars	31-3-2011	31-3-2010	31-3-2009
	(Rs. in Lakhs)		
10 Employees benefits			
(a) Defined Benefit Plans			
A. Expense recognised during year ended 31.03.2011			
1. Current Service cost	19.28	18.62	19.55
2. Interest cost	17.56	15.96	29.78
3. Expected return on plan assets	(6.01)	(6.02)	(6.03)
4. Actuarial Losses / (Gains) during the year	78.18	56.54	(0.05)
5. Total Expense	109.01	85.10	42.80
B. Actual return on Plan assets			
1. Expected return on plan assets	6.01	6.02	6.03
2. Actuarial (Loss) / Gain on Plan assets	(0.65)	2.30	(0.92)
3. Actual return on plan assets	5.36	8.32	5.11
C. Net Asset/(Liability) recognised in the Balance Sheet			
1. Present value of the obligation as on 31.03.2011	309.68	243.58	275.45
2. Fair value of plan assets as on 31.3.2011	74.81	78.67	80.14
3. Funded status surplus/(deficit)	(234.62)	(164.91)	(195.31)
4. Unrecognised past service cost	-	-	-
5. Net Asset/(Liability) recognised in the Balance Sheet	(234.62)	(164.91)	(195.31)
D. Change in Present value of the Obligation during the year ended March 31, 2011			
1. Present value of the obligation as at April 1, 2010	243.58	275.45	518.21
2. Current service cost	18.63	18.62	19.55
3. Interest cost	17.56	15.96	29.78
4. Benefits paid	(48.26)	(125.29)	(293.21)
5. Actuarial (Gain) / Loss on obligation	78.18	58.84	1.13
6. Present value of obligation as at March 31, 2011	309.68	243.58	275.45
E. Change in Assets during the year ended March 31, 2011			
1. Fair value of plan assets as at April 1, 2010	76.06	80.14	75.82
2. Expected return on plan assets	6.01	6.02	6.03
3. Contributions made	41.00	115.50	292.42
4. Benefits paid	(48.26)	(125.29)	(293.21)
5. Actuarial Gain /(Loss) on plan assets	(0.65)	2.30	(0.92)
6. Fair value of plan assets as at March 31, 2011	74.81	78.67	80.14
F. Net Actuarial Gain / Loss recognised			
1. Actuarial Gain / Loss on benefit obligation	78.18	58.84	1.13
2. Actuarial Gain / Loss on Plan Assets	(0.65)	2.30	(0.92)
3. Net Actuarial Gain / Loss recognised	77.53	61.14	0.21
G. Major categories of plan assets as a percentage of total plan			
Special Deposit Schemes	78.85%	84.76%	81.73%
Bank Balances and recoverables	21.15%	15.24%	18.27%
Total	100.00%	100.00%	100.00%
H. Actuarial Assumptions			
1. Discount rate	8.00%	8.00%	7.50%
2. Salary escalation	2.00%	1.00%	2.00%
3. Expected rate of return on plan assets	8.00%	4.00%	8.00%
4. Attrition rate	4.00%	8.00%	12.00%
5. Mortality rate	LIC(1994-96)	LIC(1994-96)	LIC(1994-96)

Note : The salary escalation considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The company's best estimate of contribution to be made in the next financial year is Rs. 50,00,000.

THE LAKSHMI MILLS COMPANY LIMITED

Schedules to the Balance Sheet and Profit and Loss Account

Particulars	31-3-2011		31-3-2010		
	(Rs. in Lakhs)				
(b) Defined Contribution Plan					
Contribution to Defined Contribution Plan recognized and charged off for the year are as under: (including managerial personnel)					
Employer's Contribution to Provident and Family Pension Fund		120.57		105.30	
Employer's Contribution to Superannuation Fund		6.85		5.22	
11 Other monies for which the Company is contingently liable :					
Letter of Credit		1462.86		848.50	
Bills discounted		586.90		219.36	
Bank Guarantees		-		9.00	
		<u>2049.76</u>		<u>1067.86</u>	
12 Amount remitted during the year in Foreign Currency on account of dividend.					
		NIL		NIL	
13 Expenditure in foreign currency (on payment basis) on account of					
Travel		3.41		2.83	
Sales Commission		44.87		18.69	
Subscription		0.68		0.59	
		<u>48.96</u>		<u>22.11</u>	
14 Earnings in foreign exchange-Export of goods on FOB value					
Cloth		1563.91		633.97	
Yarn		408.67		312.90	
		<u>1972.58</u>		<u>946.87</u>	
15 Capacities and Production					
Capacities		Installed		Installed	
Ring spindles	Nos	130656			129360
Production		In lakhs			
Cotton & Synthetic Yarn	Kgs.	62.77			64.73
16 Raw Materials Consumed					
		Qty		Qty	
Cotton & Synthetic Fibre	Kgs.	76.95	10092.83	78.33	6672.52
Yarn	Kgs.	-	-	0.01	0.90
			<u>10092.83</u>		<u>6673.42</u>
17 Opening Stock					
Finished - Cotton & Synthetic		Qty.		Qty.	
Yarn	Kgs.	2.35	658.90	3.09	769.67
Cloth	Mtrs.	1.22	95.18	1.08	66.83
Garments	Pcs	0.10	47.88	0.12	50.44
Waste	Kgs.	0.27	8.18	0.20	4.51
Work in Progress	Kgs.	2.25	293.15	2.01	211.06
			<u>1103.29</u>		<u>1102.51</u>
18 Closing Stock					
Finished-Cotton & Synthetic					
Yarn	Kgs.	4.14	1382.81	2.35	658.90
Cloth	Mtrs.	0.93	86.58	1.22	95.18
Garments	Pcs	0.09	43.26	0.10	47.88
Waste	Kgs.	0.94	38.47	0.27	8.18
Work in Progress	Kgs.	2.22	495.30	2.25	293.15
			<u>2046.42</u>		<u>1103.29</u>



Schedules to the Balance Sheet and Profit and Loss Account

Particulars		31-3-2011		31-3-2010		
		(Rs. in Lakhs)				
19	CIF Value of Imports					
	Raw Materials		422.38		250.80	
	Components & Spares		5.43		2.78	
20	Value of Raw Materials, Stores, and Components consumed					
	Cotton, Fibre and Yarn					
	Imported	5.37%	542.16	3.16%	210.56	
	Indigenous	94.63%	9550.67	96.84%	6462.86	
			10092.83		6673.42	
	Stores consumed					
	Imported	1.63%	5.43	0.71	2.78	
	Indigenous	98.37%	326.93	99.29%	388.82	
			332.36		391.60	
21	Managerial Remuneration - Minimum					
	Salary - Sri S. Pathy-Chairman & Managing Director		30.00		28.57	
	Contribution to P.F., Superannuation		11.10		10.37	
	Salary - Sri Aditya Krishna Pathy - Whole Time Director		10.08		-	
	Contribution to P.F, Superannuation		3.72		-	
			54.90		38.94	
22	Auditors' Remuneration					
	Audit fees		1.75		2.20	
	Tax Audit fees		0.50		0.50	
	Taxation matters		0.44		1.47	
	Certifying statements		2.20		1.11	
	Out-of-pocket expenses		1.08		0.71	
			5.97		5.99	
23	In opinion of the Board of directors, all current assets, Loans & advances have a realisation in the ordinary course of a sum of atleast equal to the amount at which they are realised.					
24	a) The company does not have any derivatives financial instrument 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	31-3-2011	31-3-2010	Rs. in Lakhs	
					31-3-2011	31-3-2010
1.	Sundry Debtors	USD	Nil	291612	Nil	134.10
		GBP	898903	206600	646.10	149.84
2.	Sundry Creditors		Nil	Nil	Nil	Nil
3.	Bank balances (EEFC A/c)	USD	287.71	4252.24	0.13	1.95
25	As in the Balance Sheet the figures in the Profit & Loss Account have been expressed in terms of rupees in lakhs.					
26	Comparative figures for previous year have been re-classified and re-grouped wherever necessary to conform to this year's classifications.					

S. Pathy
Chairman & Managing Director

R. Santharam
Vice Chairman

Coimbatore
20th May 2011

S. Balamurugasundaram
Company Secretary

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

THE LAKSHMI MILLS COMPANY LIMITED

PART IV - SCHEDULE VI OF THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

I REGISTRATION DETAILS

Registration

0	0	0	0	9	3
---	---	---	---	---	---

CIN

L	1	7	1	1	1	T	Z	1	9	1	0	P	L	C	0	0	0	0	9	3
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

State Code

1	8
---	---

Balance Sheet dated

3	1	0	3	1	1
---	---	---	---	---	---

II Capital raised during the year (Amount Rs. in Thousands)

Public issue

N	I	L
---	---	---

Right Issue

N	I	L
---	---	---

Bonus issue

N	I	L
---	---	---

Private Placement

N	I	L
---	---	---

III Position of Mobilisation and Deployment of Funds (Amount Rs. in Thousands)

Total Liabilities

	2	4	0	2	9	8	8
--	---	---	---	---	---	---	---

Total Assets

	2	4	0	2	9	8	8
--	---	---	---	---	---	---	---

Source of Funds

Paid up capital

		6	9	5	5	5
--	--	---	---	---	---	---

Reserves & Surplus

	1	2	0	1	0	7	1
--	---	---	---	---	---	---	---

Secured Loans

	8	8	6	6	1	9
--	---	---	---	---	---	---

Unsecured Loans

		2	2	8	4	9
--	--	---	---	---	---	---

Application of Funds

Net Fixed Assets

		6	7	5	4	8	3
--	--	---	---	---	---	---	---

Investments

		1	7	7	5	5
--	--	---	---	---	---	---

Deferred Tax Asset

		7	4	2	8	3
--	--	---	---	---	---	---

Net Current Assets

1	4	1	2	5	7	3
---	---	---	---	---	---	---

Accumulated Losses

				N	I	L
--	--	--	--	---	---	---

Misc. Expenditure

		N	I	L		
--	--	---	---	---	--	--

IV Performance of Company (Amount Rs. in Thousands)

Turnover - Textiles (Net)

	1	7	4	4	5	3	5
--	---	---	---	---	---	---	---

Total Expenditure

	1	7	6	0	9	3	7
--	---	---	---	---	---	---	---

Other Income

		5	4	8	1	9
--	--	---	---	---	---	---

Profit before Tax

		3	8	4	1	7
--	--	---	---	---	---	---

Profit after Tax

	5	3	3	6	7
--	---	---	---	---	---

Earnings per share before exceptional items in Rs.

	7	6	.	3	3
--	---	---	---	---	---

Dividend Rate%

				9
--	--	--	--	---

Earnings per share after exceptional items in Rs.

	7	6	.	3	3
--	---	---	---	---	---

V Generic name of Principal Product of the Company (As per monetary terms)

Item Code No.

(ITC CODE)

Product Description

Cotton Yarn
Staple Fibre yarn

52.05
55.09

Cotton Fabrics

52.08

S. Pathy
Chairman & Managing Director

R. Santharam
Vice Chairman

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

Coimbatore
20th May 2011

S. Balamurugasundaram
Company Secretary