

***NINETY NINTH
ANNUAL REPORT
2009***

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THE LAKSHMI MILLS COMPANY LTD
COIMBATORE

THE LAKSHMI MILLS COMPANY LIMITED

Annual Report 2008-2009

BOARD OF DIRECTORS

Dr. D. JAYAVARTHANAVELU
Sri. V. JAGANNATHAN
Sri. D. RAJENDRAN
Justice G. RAMANUJAM (Retd.)
Sri. R. SANTHARAM
Sri. SATISH AJMERA (Nominee of LIC)
Sri. V.S. VELAYUTHAM
Sri. ADITYA KRISHNA PATHY

MANAGING DIRECTOR

Sri. S. PATHY
Chairman

COMPANY SECRETARY

Sri. S. BALAMURUGASUNDARAM

AUDITORS

M/s. SUBBACHAR & SRINIVASAN
Chartered Accountants

M/s. FRASER & ROSS
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@lakshnimills.com
Website : www.lakshnimills.com

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Ninety Ninth 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 04th September 2009 at 4.35 P.M. to transact the following business :

A. ORDINARY BUSINESS

1. To consider and adopt the Audited Profit and Loss Account for the year ended 31.03.2009, 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. V. Jagannathan, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Sri. R. Santharam, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in the place of Sri. V.S. Velayutham who retires by rotation and being eligible offers himself for re-appointment.
6. 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.

B. SPECIAL BUSINESS

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

"RESOLVED that Sri. Aditya Krishna Pathy who was appointed as an Additional Director by the Board of Directors of the Company and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, and in respect of whom the company has received a notice in writing, pursuant to Section 257 of the Companies Act, 1956, from a member of the Company, proposing his candidature for the office of Director of the Company, and who has consented, if appointed, to act as Director of the company be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"Resolved that, as approved by the Remuneration Committee of the Board of Directors and in

accordance with the provisions of Sections 198, 309, 310, 349 and 350 read with Schedule XIII and all other applicable provisions of the Companies Act 1956, consent of Members of the Company be and is hereby accorded for payment of remuneration to Sri. S. Pathy, Chairman and Managing Director, as detailed hereunder with effect from 01.07.2009 till 23.04.2011, on which date his present term of office expires.

- i. Salary :
Rs. 2,50,000/- per month inclusive of all allowances.
- ii. Benefits :
Company's contribution to Provident Fund and Superannuation Fund as per rules of the Company to the extent, either single or together do not exceed the limits fixed under the Income Tax Act 1961.
- iii. Gratuity :
Shall not exceed 15 days salary for every completed year of service.
- iv. Leave Encashment :
Shall be entitled to encashment of leave at the end of the tenure

All the above items, viz., Provident Fund, Superannuation Fund, Gratuity and Leave Encashment shall not be considered as perquisites.

Perquisites

In addition to the salary, the Managing Director shall be entitled to interchangeable perquisites like furnished accommodation, Gas, Electricity, Water, Medical reimbursement, L.T.A. for self and family, Club Fees, Medical Insurance etc., in accordance with the rules of the Company. However, the aggregate of such perquisites shall not exceed Rs.3,00,000/- per annum. The perquisites shall be evaluated as per Income Tax Rules, wherever applicable.

Further resolved that, in case of absence of inadequacy profits, the above remuneration and perquisites shall be paid to the Managing Director as minimum remuneration."

Coimbatore
27th July 2009

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

THE LAKSHMI MILLS COMPANY LIMITED

ANNEXURE TO NOTICE

Explanatory Statement under Section 173 (2) of the Companies Act, 1956

ITEM No. 7

Sri. Aditya Krishna Pathy was appointed as an Additional Director of the Company at the Board Meeting held on 11-06-2009. He holds office upto the date of the ensuing Annual General Meeting.

The company has received a notice from a shareholder under Section 257 of the Companies Act, along with the requisite deposit proposing Sri. Aditya Krishna Pathy as a candidate for the office of Director.

Sri. Aditya Krishna Pathy has graduated in Business and Management from the University of Exeter, United Kingdom. He has done projects in Speciality Yarns, Technical Textiles and Non-wovens, Bio Fuels- Ethanol Production & Usage in Automotive, Brand Building and Marketing in fulfillment of his curriculum. He had been a trainee in the Company and Rajshree Sugars & Chemicals Limited for the past one year and currently having his orientation in M/s Mahindra & Mahindra , Automotive Division, Mumbai.

OTHER DIRECTORSHIPS

Name of the Company

Lakshmi Card Clothing Manufacturing Company (P) Ltd

The Coimbatore Lakshmi Cotton Press (P) Ltd

Sans Craintes Stud Farm (P) Ltd

Sans Craintes Livestock (P) Ltd

COMMITTEE MEMBERSHIP / CHAIRMANSHIP - NIL

Sri. Aditya Krishna Pathy holds 47568 equity shares of Rs.100/- each of the Company.

Your Board is of the opinion that the appointment of Sri. Aditya Krishna Pathy will be in the interest of the Company as a part of induction of the next / younger generation in the management of the Company keeping in view the long term interests of the Company.

Except Sri Aditya Krishna Pathy as beneficiary and Sri. S. Pathy as relative none of the other Directors are interested or concerned in the Resolution.

ITEM No. 8

Sri. S. Pathy was appointed as one of the Managing Directors of the Company for his current tenure of five years and his tenure will end on 23.04.2011.

Upto 17.05.2009, the Company had two Managing Directors i.e. Late Sri. K. Sundaram and Sri. S. Pathy. The responsibilities of the day-to-day management of the Company were entrusted by the Board to both the persons and they were sharing the responsibility. Consequent upon the demise of Sri. K. Sundaram, the surviving Managing Director, Sri. S. Pathy, is shouldering the entire responsibility by himself. Taking this into consideration, the Board of Directors, at its meeting held on 11.06.2009, discussed the subject of remunerating him adequately commensurate with the responsibilities he is discharging and referred the matter to the Remuneration Committee.

The Remuneration Committee held its meeting and has approved the remuneration payable to the Managing Director, Sri. S. Pathy, as detailed in the resolution. The provisions of the Companies Act, require that any remuneration payable to the Managing Director, shall, after the approval by the Remuneration Committee be also further approved by the Company in General meeting by means of a Special resolution. Hence, this resolution.

The other statutory particulars which are to be provided in terms of paragraph B of the Notification issued by the Government of India, on the subject of appointment and payment of remuneration to Managing Director have already been provided at the time of appointment of Sri. S. Pathy as one of the Managing Directors with effect from 24.04.2006.

MEMORANDUM OF INTEREST

Sri. S. Pathy, the recipient of the enhanced remuneration, Sri. R. Santharam and Sri. Aditya Krishna Pathy, as his relatives are interested in the resolution. This may also be treated as an abstract of variations of the terms of appointment of Sri. S. Pathy, Managing Director and the Memorandum of Concern or Interest of Directors circulated to the Members pursuant to Section 302 of the Companies Act, 1956.

Additional information pursuant to clause 49 of the Listing Agreement with Stock Exchanges in respect of the Directors proposed to be re-appointed.

Sri. V. Jagannathan has been qualified in Textile Technology from U.K. He was the General Manager in charge of modernisation, labour administration and several other matters connected with the efficient functioning of the Company for two decades. He has



promoted Wheat flour milling and textile units in the Southern Tamilnadu and Ferrous foundry to manufacture cast iron components for textile, automotive and general engineering industries. He is pioneer in setting up Sheet metal components manufacturing industry in Coimbatore and connected with promotion of various engineering, motor and pump manufacturing industries in Coimbatore.

OTHER DIRECTORSHIPS

Name of the Company

Prokop Eltex India (P) Ltd

Cape Flour Mills (P) Ltd

Mckinnon India (P) Ltd

Super Springs (P) Ltd

COMMITTEE MEMBERSHIP / CHAIRMANSHIP - NIL

Sri. V. Jagannathan holds 450 equity shares of Rs.100/- each of the Company.

Sri. R. Santharam has studied Textile Management in USA and is closely associated with the Textile Industry for the last five decades. 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 and 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) for the year 2000-2001 and Executive Council Member for the period 2001-2002. He is well versed with Financial Management.

OTHER DIRECTORSHIPS

Name of the Company

Lakshmi Card Clothing Manufacturing Company (P) Ltd

Lakshmi Automatic Loom Works Ltd

LCC Investments Ltd

R. Santharam Marketing and Services (P) Ltd

Sri Revati Spinning Mills Ltd

COMMITTEE MEMBERSHIPS

Name of Committees

The Lakshmi Mills Company Ltd

Audit Committee - Member

Shareholders/Investors Grievance Committee - Chairman

Remuneration Committee - Member

Lakshmi Automatic Loom Works Ltd

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. Sri Gomathy Mills Private Ltd., Viravanallur. He is presently managing Sri Gomathy Mills Private Ltd., which is exporting to European Union. He was also a Director in Charge of M/s. Subadra Textiles Pvt. Ltd., which was takenover by his family. This was a loss making unit which was turn around into a profit making unit. In his challenging career he has started M/s. Gomathy Spinners at Bangarupalayam in Andhra Pradesh, within 9 months the unit was commissioned and M/s. Lakshmi Shankar Mills Ltd., at Karaikudi. 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 is the Chairman of The Cotton Textiles Export Promotion Council, Mumbai.

OTHER DIRECTORSHIPS

Name of the Company

Sri Gomathy Mills (P) Ltd.

Exquisita Foods (P) Ltd.

Gomathy Investments (P) Ltd.

Mani Investments (P) Ltd.

Sterling Texpro (India) (P) Ltd.

COMMITTEE MEMBERSHIPS

Name of Committees

The Lakshmi Mills Company Ltd.

Audit Committee - Member

Remuneration Committee - Member

Sri. V S. Velayutham holds nil shares in the Company

THE LAKSHMI MILLS COMPANY LIMITED

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. 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 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008 are requested to write to the Registrar and Share Transfer Agent of the Company, M/s.SKDC Consultants Limited, No.11, S.N. Layout, Street No.1, (West Power House Road), Coimbatore - 641 012 for claiming the dividend. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim can be made thereof.
Dividend declared in the year 2002 for the financial year 2001-2002 and remaining unclaimed will be transferred to Investor Education and Protection fund after conclusion of this Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed between 28-08-2009 and 04-09-2009 (both days inclusive).
4. The dividend as recommended by the Board, if sanctioned at the Meeting, shall be paid to those members whose names appear on the Register of Members of the Company as on 04.09.2009 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 27.08.2009.
5. Company's share transfer work and dematerialisation of shares, is done by M/s. SKDC Consultants Limited, No.11, S.N. Layout, Street No.1, (West Power House Road), Coimbatore - 641 012.
6. 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.
7. International Securities Identification Number given to your company is INE938CO1019.
8. 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.
9. ECS Facility is available in the following cities: Ahmedabad, Bangalore, Bhubaneswar, Chennai, Coimbatore, Delhi, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur and Thiruvananthapuram. Shareholders who are interested to avail this facility are requested to fill the ECS Mandate in the prescribed form (enclosed) and send it to the company's Registrar and Share Transfer Agents M/s.SKDC Consultants Limited.
10. Members holding shares in Physical form are requested to intimate the Change of Address and their Bank Account details such as Bank name, branch with address and account number for incorporating the same in Dividend Warrants/ Cheques to Company's Registrar and Share Transfer Agent M/s.SKDC Consultants Limited quoting their respective folio number and members holding shares in Demat form shall intimate the above details to their Depository Participant with whom they have Demat Account.
11. 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.
12. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.

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

Coimbatore
27th July 2009

S. BALAMURUGASUNDARAM
Company Secretary



DIRECTORS' REPORT

Ladies and Gentlemen,

Your Directors have pleasure in presenting the Ninety Ninth (99th) Annual Report together with the audited accounts of the Company for the year ended 31st March, 2009.

WORKING RESULTS	31.03.2009	Rs. in lakhs	31.03.2008
No. of days worked	356		300
Sales	10397.76		10077.11
Other income	652.85		461.99
GROSS SALES	<u>11050.61</u>		<u>10539.10</u>
(Loss) / Profit before Tax, Exceptional items	(619.44)		(1169.57)
Add : Exceptional items	(120.72)		149.55
(Loss) / Profit before Taxation	<u>(740.16)</u>		<u>(1020.02)</u>
Less : Excess depreciation of earlier year withdrawn (Refer Note B-4)	84.82		-
(Loss) / Profit before Taxation	<u>(655.34)</u>		<u>(1020.02)</u>
Less : Taxation:			
MAT credit Entitlement of earlier year	-	(20.05)	
Current Tax (MAT)	-	-	
Excess tax provision of earlier year reversed	(56.13)	-	
Deferred Tax Credit (Net)	(422.28)	(512.14)	
Fringe Benefit Tax	<u>9.00</u>	11.05	521.14
NET (LOSS) / PROFIT:	<u>(185.93)</u>		<u>(498.88)</u>
Add : Balance of profit brought forward from previous year	-		312.25
Add : Transfer from General Reserve	226.62		227.32
Available for appropriation	<u>40.69</u>		<u>40.69</u>
Appropriation:			
General Reserve	-		-
Proposed Dividend	34.78		34.78
Corporate Tax on Dividend	5.91		5.91
	<u>40.69</u>		<u>40.69</u>

OPERATIONS:

The Company was operating around 1.39 lacs spindles during the year. Due to adverse market conditions, your Company took a decision to stop the manufacturing activities in Coimbatore unit since December 2008 and decided to operate only two units - Palladam and Kovilpatti with the following spindleage:-

i) Palladam	: 65,528
ii) Kovilpatti	: 62,928
Total	<u>: 128,456</u>

Marginal increase in spindleage by another 2716 will be there in Palladam unit in 2009-10 and that your Company will be operating around 1,30,000 spindles in all.

The Open End spinning and weaving operations have been re-structured during the year. The implementation of the modernization scheme under TUF in Palladam unit has been completed and that the working of the unit is being stabilized. The Company could achieve a turnover of around Rs.110 crores during the year - an increase of 5% over the previous year due to better operational performance. The Company is examining proposals for

THE LAKSHMI MILLS COMPANY LIMITED

profitable exploitation of land rendered surplus by discontinuance of the operations in the Coimbatore Unit, in the coming years.

CURRENT INDUSTRIAL TREND & FUTURE PROSPECTS:

The Textile industry especially spinning segment in Tamilnadu suffered grievously during the year on account of the unprecedented power cuts and power interruptions seriously affecting production, steep increase in cotton prices on account of jacking up of MSP for Cotton, steep fall in exports to USA and EU due to global recession affecting domestic markets and fixation of minimum wages for apprentice workers in Tamilnadu etc., upsetting the wages cost. Though your Company did suffer production loss due to power cuts and power interruptions between August '08 and November '08, yet thanks to the availability of gas power sourced through M/s. Sai Regency Power Corporation Pvt. Ltd., we could maintain normal levels of utilization since December 2008 onwards.

The gas power purchase agreement entered into with M/s.Sai Regency Power Corporation Pvt. Ltd. has helped the Company in not only effecting savings to the extent of Rs. 251 lacs in power bill during the year 2008-09 but also helped to attain better utilization of capacity since December '08 onwards.

Your Company hopes to perform better in the current year if the present gas power supply situation continues.

Your Company is in the process of improving the operational performance of Palladam unit by going in for scientific work study by SIMA, Coimbatore and hopes to implement it in the current year. This will improve the performance of our Palladam unit further.

Your Company is in the process of identifying and exporting Modal / Modal Cotton hosiery yarn to Sri Lanka. This is likely to be in long term basis in the export front.

Your Company is yet to achieve break through in marketing of X-static yarn and fabrics. However efforts are being continued to tap the market in this front.

294 employees opted for VRS during the year 2008-09. The number of employees on roll have been brought down to 1968 as on 31.03.2009 as against 2621 as on 31.03.2008. Further rationalization whenever feasible will be identified and implemented.

OUTLOOK:

Indian Textile Industry continues to reel in difficulties due to excess capacity and fall in exports. Unless exports pick up, it will be difficult for the industry to tread successfully.

Government is being requested through various forums to extend fiscal sops to make Indian Textile Industry globally competitive. Without fiscal sops, Industry cannot become globally competitive.

There need to be a long term fibre policy for the healthy growth of the Industry. In the absence of a long term fibre policy, the Industry is subjected to serious difficulties due to adhoc policies followed in regard to raw material like fixing minimum support price for cotton without relevance to the prevailing price trends in the global market.

Government should come out with the following:-

- a) a long term fibre policy for promoting growth of exports and development of local markets.
- b) flexible labour policy.
- c) Working capital finance and funds for modernization at 7% p.a. and
- d) Liberal incentives for exports.

DIVIDEND

Your Directors have recommended a dividend of 5 % for the year out of past reserves.

DIRECTORS

Sri. K. Sundaram, Chairman and Managing Director and a Doyen of the Textile Industry expired on 18.05.2009. The Board has placed on record the valuable contributions made by late Sri. K. Sundaram for every growth aspect of the Company and took the Company to the greater heights in the Textile Industry.

In accordance with the Companies Act, 1956, and the Articles of Association, Sri. V. Jagannathan, 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.

Sri. Aditya Krishna Pathy joined as an Additional Director on the Board with effect from 11.06.2009 and holds office



until the ensuing Annual General Meeting. Notice has been received from a member proposing his appointment as Director. Necessary resolution is placed before the Annual General Meeting for his appointment.

Sri. S. Pathy has been appointed as Chairman by the Board on 11.06.2009 and is entrusted with additional responsibilities which were shared by two Managing Directors hitherto and a Special Resolution proposing upward revision in his remuneration is placed at this Annual General Meeting.

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 2009 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 2009.
- 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

There is a disputed claim since 11.09.2000 on the deposit amount of Rs.15,05,000/- between the legal heirs and is pending before the Principal District Court at Coimbatore. No other amount remains unclaimed as on 31st March 2009.

AUDITORS

The Company's Auditors M/s.Subbachar & Srinivasan and M/s.Fraser & Ross are to retire at the ensuing Annual General Meeting and are eligible for re-appointment.

GENERAL

The Company's Assets have been adequately insured.

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

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

ACKNOWLEDGEMENT

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

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

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

Coimbatore
27th July 2009

S. PATHY
Chairman and Managing Director

ADDENDUM TO DIRECTORS REPORT

"With reference to note B (3) of Section 24 and the comments in the Auditors Report there on :

The Board of Directors have made a realistic appraisal of the estimated profits consequent on completion of modernisation in the Palladam unit and profitable exploitation of land rendered surplus by discontinuance of the operations in the Coimbatore Unit. In the circumstances the recognition of Deferred Tax Credit is advised to be in conformity with AS 22 based on legal opinion obtained."

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

Coimbatore
27th July 2009

S. PATHY
Chairman and Managing Director

THE LAKSHMI MILLS COMPANY LIMITED

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 measures were taken to conserve energy

Details	Conservation of Unit
Servo Stabilizers 2 Nos. x 25 KVA were connected in the 'B' Mill Spinning and 'C' unit lighting circuit	28,000 Units / Annum
Existing 60 Watts incandescent lamps and conventional 40 Watts fluorescent tube fittings were replaced by 18 Watts CFL Lamps at Ladies Hostel	3,240 Units / Annum
6 KVAR Capacitors were provided in the motor end of the 40 Nos. DJ/5 Spinning frames at 'A' Mill Spinning Department	24,000 Units / 3 Months
12.5 KVAR Auto Switched Capacitor Banks were provided in the motor end of the G5/1 Spinning frames at 'B' Spinning Department	5,040 Units / 3 Months

These efforts are being continued.

Requisite data in respect of energy consumption are given below:

	2008-2009	2007-2008
A) POWER & FUEL CONSUMPTION		
1. Electricity		
a) Purchased unit Lakh KWHr	395.50	388.83
Total amount (Rs.in Lakhs)	1,498.51	1,520.40
Rate/Unit Rs.	3.79	3.91
b) Own Generation		
i. Through Diesel Generator:		
Unit/Lakh KWHr	3.71	0.90
Unit/Litre of H.S.D.	3.21	2.64
Cost/Unit Rs.	11.10	13.34
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)	22.05	57.45
Total Cost (Rs. in lakhs)	8.66	13.46
Average Rate per KL (Rs.)	39,257.00	23,434.00
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)	58,32,025	55,75,737
Cloth in L. Metres	7,58,262	16,49,331
Electricity KWHr	—	—
Yarn : KWHr/Kg.	6.6630	6.6440
Cloth : KWHr / L. Metres	1.3940	1.1380
Furnace Oil Litre/Linear Metre	0.0291	0.0348
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

Though the Textile Industry provides second largest employment in the country, next to Agriculture, yet it is fraught with serious problems due to the following factors:-

- (i) Highly disintegrated resulting in high cost of production.
- (ii) Serious drop in exports to developed countries like USA, and E.U. had affected its working since the second half of 2008.
- (iii) Lack of long term fibre policy affecting the raw material costs thereby affecting its competitiveness in the global trade.
- (iv) Shortage of power affecting capacity utilization.
- (v) Shortage of labour as well as rigid labour laws affecting productivity.
- (vi) Rising transactional costs - interest on capital, transport costs etc. making cost of production high.
- (vii) It is not cost competitive for Global Trade.

Government and Industry have to sit together and come out with long range reforms to overcome the aforesaid constraints.

II. OPPORTUNITIES AND THREATS

Indian Textile Industry has to play an effective role in the free trade atmosphere prevailing globally. The domestic market is huge. Scope to increase its share in International trade is enormous. The Industry needs appropriate support from the Government to make it cost competitive. It requires massive support to make its functioning efficient, cost competitive and quality oriented to attain a significant role to play.

III. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

As the operations of the Company - Spinning and Weaving are under a single broad segment (Textile Intermediary Products), no further analysis is required.

IV. OUTLOOK

The performance of our Company improved in the current year over that of the last year thanks to better utilization of resources. Though the general trend continues to be unpredictable in the context of continuing recession in developed countries, yet your company is positive of performing better in the year 2009-10.

The modernization of the Palladam unit has been completed. However exports of 100% Cotton yarn could

not be achieved due to unprecedented recession in global trade especially cotton yarns in Superfine counts. Instead some progress has been made in the export of modal yarn which is likely to be continued on a regular basis.

V. RISKS AND CONCERNS

The Textile Industry in Tamilnadu especially Spinning units need supportive policy from the Government of Tamilnadu.

Unlike their counter parts in the other parts of the country, it is dependent on importing over 90% of its cotton requirements from other parts of the country incurring substantial transport costs. This forms an additional cost which has a bearing in the low profit industry.

Power position continues to be another source of concern. This needs to be addressed on a priority basis to help the Industry.

The labour laws are not flexible for improving productivity. This need to be rectified.

VI. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

VII. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The net sales during the year was Rs.10398 lakhs and your Company suffered a net loss of Rs.185.93 lakhs after tax adjustments.

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

The Company had on its Roll 1968 employees as on 31.3.2009 as against the strength of 2621 at the end of 31.03.2008. Due to stoppage of operations in Coimbatore unit since December 2008, there has been reduction in the number of employees on roll.

During the year, 294 employees opted for Voluntary Retirement Scheme involving an expenditure of over Rs.441.42 lakhs. There is scope to go in for Voluntary Retirement Scheme for some more employees in the current year, which will be reviewed and implemented.

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 and supported by eight 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	1	-
Dr. D. Jayavarthanelu	Non-Executive - Independent	10	2	-
Sri. V. Jagannathan	Non-Executive - Independent	-	-	-
Sri. D. Rajendran	Non-Executive - Independent	-	-	-
Justice Sri. G. Ramanujam (Retd.)	Non-Executive - Independent	5	3	5
Sri. R. Santharam	Non-Executive	3	3	2
Sri. Satish Ajmera	Non-Executive - Nominee of LIC	3	1	3
Sri. V. S. Velayutham	Non-Executive - Independent	-	-	-
Sri. Aditya Krishna Pathy **	Non-Executive	-	-	-

* Appointed as Chairman with effect from 11.06.2009

** Appointed on 11.06.2009

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

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

BOARD MEETINGS AND ATTENDANCE

Four Board meetings were held on 22.05.2008, 31.07.2008, 24.10.2008 and 28.01.2009 during the period 1st April 2008 to 31st March 2009.



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, 2009.

Name of the Directors	Board Meeting (4)	Audit Committee (4)	Shareholders / Investors Grievance Committee (1)	Share Transfer Committee (14)	Annual General Meeting
Sri. K. Sundaram	4	-	-	14	Yes
Sri. S. Pathy	4	-	-	14	Yes
Dr. D. Jayavarthanavelu	4	-	-	-	Yes
Sri. V. Jagannathan	3	-	-	-	Yes
Sri. D. Rajendran	4	4	-	-	Yes
Justice Sri G. Ramanujam (Retd.)	1	1	1	-	No
Sri. R. Santharam	4	4	1	-	No
Sri. P. Sabanayagam (Resigned on 28.07.2008)	1	-	-	-	No
Sri. Satish Ajmera	4	-	1	-	No
Sri. V.S. Velayutham	3	1	-	-	No

The figures within brackets denote the number of meetings held during the period 1st April 2008 to 31st March, 2009.

REMUNERATION OF DIRECTORS

Remuneration paid or payable to Directors during the year 2008-09.

Name of the Directors	Sitting Fees	Salary	Perquisites	Contribution to PF & Superannuation	Total
Sri. K. Sundaram	NA	1800000	-	441000	2241000 *
Sri. S. Pathy	NA	1500000	300000	405000	2205000 *
Dr. D. Jayavarthanavelu	20000	NA	NA	NA	20000
Sri. V. Jagannathan	15000	NA	NA	NA	15000
Sri. D. Rajendran	32000	NA	NA	NA	32000
Justice Sri. G. Ramanujam (Retd.)	11000	NA	NA	NA	11000
Sri. R. Santharam	35000	NA	NA	NA	35000
Sri. P. Sabanayagam	5000	NA	NA	NA	5000
Sri. Satish Ajmera	23000	NA	NA	NA	23000
Sri. V.S. Velayutham	18000	NA	NA	NA	18000

* The Remuneration approved by the Shareholders

Non-executive Directors are paid only sitting fees for Board/Committee meetings attended by them.

No Stock options have been granted to Non-executive Directors and Independent Directors in the financial year ended 31st March 2009.

SHAREHOLDINGS OF NON-EXECUTIVE DIRECTORS

Name of the Directors	No. of Shares
Dr. D. Jayavarthanavelu	3,432
Sri. V. Jagannathan	450
Sri. D. Rajendran	NIL
Justice Sri. G. Ramanujam (Retd)	NIL
Sri. R. Santharam	NIL
Sri. Satish Ajmera	NIL
Sri. V.S. Velayutham	NIL
Sri. Aditya Krishna Pathy	47,568

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 consists of the following Non Executive Directors as members :

- | | |
|--------------------------------------|------------|
| 1. Justice Sri. G. Ramanujam (Retd.) | - 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 2009 and details of attendance were furnished elsewhere in the Annual Report.

Remuneration Committee

The Remuneration Committee was re-constituted on 11.06.2009 with 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. Justice Sri. G. Ramanujam (Retd) | - Chairman |
| 2. Sri. D. Rajendran | - Member |
| 3. Sri. R. Santharam | - Member |
| 4. Sri. V.S. Velayutham | - Member |

Shareholders / Investors Grievance Committee

The Committee has been formed on 27.03.2002 to specifically look into shareholders/Investors complaints if any, on transfer of shares, non-receipt of annual reports, non-receipt of declared dividends etc., and also the action taken by the Company on the above matters.

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

- | | |
|--------------------------------------|------------|
| 1. Sri. R. Santharam | - Chairman |
| 2. Justice Sri. G. Ramanujam (Retd.) | - Member |
| 3. Sri. Satish Ajmera | - Member |

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

The committee has met on 28.01.2009 during the financial year ended 31st March 2009. During the year the company received 8 complaints from the investors and were replied / resolved to their satisfaction and there were no outstanding complaints as on 31.03.2009.

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 6 members. The committee had met 14 times during the financial year ended 31st March 2009. There were no pending share transfers as on 31.03.2009.



GENERAL BODY MEETINGS

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

Financial Year	Date	Day	Time	Venue
March 31, 2006	30.08.2006	Wednesday	4.00 P.M.	Nani Palkhivala Auditorium, Mani Hr. Sec. School Coimbatore - 641037
March 31, 2007	30.08.2007	Thursday	4.00 P.M.	-- do --
March 31, 2008	05.09.2008	Friday	4.35 P.M.	-- do --

Special Resolutions passed in the previous 3 AGMs

96th Annual General Meeting : NIL

97th Annual General Meeting : 1. Re-appointment of Sri. K. Sundaram as Chairman and Managing Director.
2. Increasing the borrowing limits by the Board of Directors under Section 293(1)(d) of the Companies Act, 1956.

98th Annual General Meeting : NIL

No Special Resolutions 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.

No penalty or strictures have been imposed on the Company by any Capital Market Regulatory authority for non-compliance of law.

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, Director is the Sister's husband of Sri. S. Pathy, Chairman and Managing Director and Sri. Aditya Krishna Pathy, 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 2008-09 has been affirmed by the Vice Chairman and Managing Director (CEO).

A declaration signed by the Vice 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 2008-2009.

Coimbatore
10th June 2009

S.PATHY
Vice 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 web-site www.lakshmill.com.

Quarterly Financial Results and Quarterly Shareholding Pattern are intimated to Stock Exchange periodically and also posted in SEBI website www.sebidifar.nic.in

SHAREHOLDERS INFORMATION

ANNUAL GENERAL MEETING

Day & Date : Friday 4th September, 2009
 Time : 4.35 P.M.
 Venue : Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037.

FINANCIAL CALENDAR :

Financial year : 01.04.2008 to 31.03.2009
 Annual Results 2008 - 2009 announced : 11-06-2009
 Posting of Annual Reports : On or before 11th of August
 Last date of receipt of Proxy Forms : 02.09.2009
 Announcement of Quarterly Results : July 2009, October 2009, January 2010 & May/June 2010
 Date of Book Closure : 28.08.2009 to 04.09.2009 (both days inclusive)
 Dividend Payment Date : On or before 03.10.2009

LISTING ON STOCK EXCHANGES

The equity shares of the Company are listed at :

1. Madras Stock Exchange, Chennai
2. Bombay Stock Exchange Limited, Mumbai

Madras Stock Exchange, Stock Code : LML

Bombay Stock Exchange Limited, Stock Code : 502958

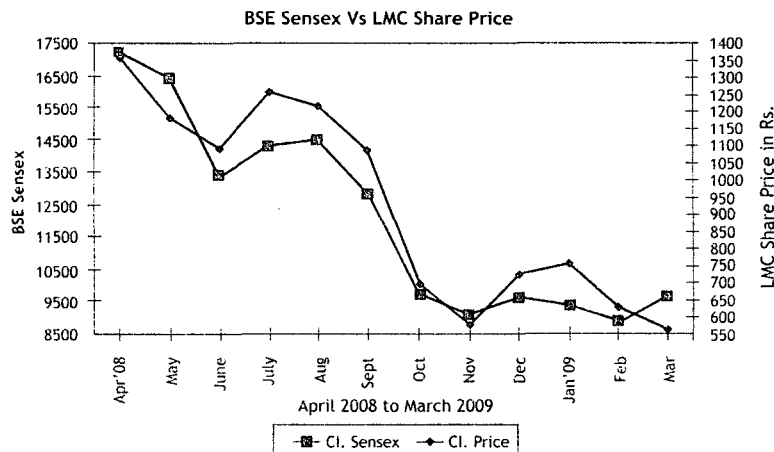
Listing fee for 2009-2010 have been paid in respect of both these Stock Exchanges.

MARKET PRICE DATA

The High & Low during each month in last financial year in BSE are given below :

B S E in (Rs.)												
MONTH	Apr'08	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan'09	Feb	Mar
HIGH	1425.00	1476.00	1614.80	1349.00	1400.00	1294.85	1176.00	800.00	780.00	865.00	737.65	640.00
LOW	1190.00	1175.00	1063.00	991.05	1183.00	1010.05	620.00	521.05	540.05	720.00	599.00	546.10

SHARE PERFORMANCE IN COMPARISON WITH BSE INDEX





REGISTRAR & SHARE TRANSFER/DEMAT AGENTS

SKDC Consultants Ltd., New No. 7, (Old No.11), S.N.Layout, Street No.1, (West Power House Road), Coimbatore-641012.

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 Share Transfer Committee.

SHAREHOLDING PATTERN (as on 31-03-2009)

Sl. No.	Category	No. of Share holders	No. of Shares held	% to paid-up capital
1	Promoters and promoters group	37	3,30,064	47.45
2	Financial Institutions, Banks and Mutual Funds	17	45,546	6.55
3	Central / State Government(s)	1	5,107	0.73
4	Foreign Institutional Investors	1	20	0.00
5	Bodies Corporate	138	70,672	10.16
6	Individuals	7904	2,31,910	33.35
7	Others	194	12,231	1.76
	Total	8292	6,95,550	100.00

DISTRIBUTION OF SHARE HOLDING (as on 31-03-2009)

Range (No. of Shares)	No. of Shareholders	No. of Shares	% held
1 - 50	7441	82,447	11.85
51 - 100	405	29,990	4.31
101 - 200	230	32,670	4.70
201 - 300	82	19,681	2.83
301 - 400	29	10,053	1.45
401 - 500	29	12,738	1.83
501 - 1000	28	21,039	3.02
1001 - 10000	37	1,23,214	17.71
10001 and Above	11	3,63,718	52.29
Total	8292	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 31-03-2009, 4,25,623 Shares constituting 61.19% 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 3 Plants situated at the following locations.

Unit I : Pappanaickenpalayam, Coimbatore. (Stopped production since December, 2008)

Unit II : Lakshmipuram P.O., Kovilpatti.

Unit III : 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

New No. 7, (Old No.11), S.N.Layout, Street No.1,

West Power House Road, Coimbatore - 641 012.

Phone : 0422-6549995, 2499803 Fax : 0422-2499574 Email : info@skdc-consultants.com

Investors' grievances email id : secretarial@lakshmill.com

THE LAKSHMI MILLS COMPANY LIMITED

AUDITORS' REPORT

1. We have audited the attached Balance Sheet of The Lakshmi Mills Company Limited, as at March 31, 2009, 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. **We draw attention to:**
 - (i) Note B(4) of Schedule 24 to the accounts regarding change in the method of depreciation from Written Down Value basis to Straight Line Method basis on factory buildings consequent to which excess depreciation provided in earlier years amounting to Rs 84.82 lakhs has been withdrawn and credited to the Profit and Loss Account.
 - (ii) Note B(6) of Schedule 24 to the accounts regarding amortization of Voluntary Retirement Scheme payments based on the revised payback period consequent to which the amount amortized during the year is lower by Rs 267.73 Lakhs.
 - (iii) **Note B(3) of Schedule 24 to the accounts regarding recognition of Deferred Tax Asset of Rs.737.04 lakhs on account of carried forward business losses and unabsorbed depreciation, which in our opinion, is not in accordance with the requirement of Accounting Standard (AS) 22 on "Accounting for Taxes on Income" mandated under the Companies (Accounting Standards) Rules 2006 in regard to availability of convincing evidence supporting virtual certainty necessary for recognition of such deferred tax asset.**
4. 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.
5. 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, **except Accounting Standard 22 as explained in paragraph 3 (iii) above.**
 - (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, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
6. 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 **subject to our comments in paragraph 3(iii) above**, 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, 2009;
 - (b) in the case of the Profit and Loss Account of the loss for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

Coimbatore
11th June, 2009

For Fraser & Ross
Chartered Accountants
C.R. Rajagopal
Partner
Membership No 23418

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



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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.
- 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,

THE LAKSHMI MILLS COMPANY LIMITED

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 31.03.2009 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 / Tamilnadu General Sales Tax Act and Central Sales Tax Act	Service Tax	5.75	1997 - 99	CESTAT-Chennai
	Excise Duty	10.84	2001 - 03	High Court of Madras
	Excise Duty	1.83	2000 - 02	CESTAT-Chennai
	Cenvat	0.30	2004 - 05	Commissioner Appeals-Coimbatore
	Excise Duty	1.60	1995 - 96	High Court of Madras
	Cenvat	2.78	2004 - 05	Deputy Commissioner-Coimbatore
	Cenvat	1.36	2007 - 08	Asst. Commissioner-Kovilpatti
Income Tax	Income Tax	100.74	A.Y. 2006 - 07	CIT Appeals-Coimbatore

- x. The company has no accumulated losses and has 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 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- xiv. The company is not dealing in or trading in shares, securities, debentures and other investments. Hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- xv. In our opinion and according to the information and explanations given to us the company has not given any guarantee for loans taken by others from Banks and Financial Institutions during the year.
- xvi. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion term loans availed by the Company were, prime facie, applied by the Company during the year for the purpose for which the loans were obtained, other than temporary deployment pending application.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have, prime facie, not been used during the year for long term investment.
- xviii. The provisions of clause 4 (xviii) (xix) and (xx) of the Companies (Auditor's Report) Order 2003 are not applicable since the Company has not issued any shares or debentures during the year.
- xix. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

Coimbatore
11th June, 2009

For Fraser & Ross
Chartered Accountants
C.R. Rajagopal
Partner
Membership No 23418

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



Balance Sheet as at 31st March, 2009

Particulars	Schedule No.	31-3-2009		31-3-2008	
		(Rs.in Lakhs)			
I. Sources of Funds					
1. Shareholders' Fund					
a) Share Capital	1	695.55		695.55	
b) Reserves and Surplus	2	11478.96	12174.51	11705.58	12401.13
2. Loan Funds					
a) Secured Loans	3	8688.88		9124.64	
b) Unsecured Loans	4	225.78	8914.66	288.65	9413.29
3. Deferred Tax Liability [Note B(3) of Schedule 24]			-		62.81
TOTAL			21089.17		21877.23
II. Application of Funds					
1. Fixed Assets	5				
Gross Block		25963.04		26099.73	
Less : Depreciation		9026.34		9311.84	
Net Block		16936.70		16787.89	
Capital Work in Progress		16.70	16953.40	18.93	16806.82
2. Investments	6		177.55		179.39
3. Deferred Tax Asset (Net)			359.47		-
4. Current Assets, Loans & Advances					
a) Inventories	7	1672.83		2116.27	
b) Debtors	8	1217.27		1008.56	
c) Cash & Bank Balances	9	684.98		1644.43	
d) Other Current Assets	10	238.64		192.42	
e) Loans & Advances	10	837.02		1199.51	
		4650.74		6161.19	
Less:					
Current Liabilities & Provisions					
a) Current Liabilities	11	1652.08		1238.14	
b) Provisions	12	430.57		741.99	
		2082.65		1980.13	
Net Current Assets			2568.09		4181.06
5. Miscellaneous Expenditure (To the extent not written off or adjusted)	13		1030.66		709.96
TOTAL			21089.17		21877.23
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
Director

Coimbatore
11th June 2009

S. Balamurugasundaram
Company Secretary

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

For Fraser & Ross
Chartered Accountants
C.R. Rajagopal
Partner
Membership No. 23418

THE LAKSHMI MILLS COMPANY LIMITED

Profit and Loss Account for the year ended 31st March, 2009

Particulars	Schedule No.	31-3-2009	(Rs.in Lakhs)	31-3-2008
Income				
Gross Sales		10654.53		10351.92
Less: Excise Duty			21.87	
Sales Tax		<u>254.60</u>	<u>252.94</u>	<u>274.81</u>
Net Sales	14	10397.76		10077.11
Other Income	15	<u>652.85</u>		<u>461.99</u>
Total		11050.61		10539.10
Expenditure				
(Increase)/decrease in stocks	16	350.96		735.00
Raw Materials consumed	17	5122.43		4588.59
Salaries & Wages	18	1800.87		1892.18
Power & Fuel		1519.00		1556.45
Stores consumed		255.84		315.13
Repairs & Maintenance	19	264.04		328.80
Other manufacturing expenses		39.47		89.31
Administration & Selling expenses	20	743.14		847.70
Other Expenditure	21	67.97		51.78
Interest	22	879.34		652.36
Depreciation		<u>626.99</u>		<u>651.37</u>
Total		11670.05		11708.67
Loss before tax, exceptional items & amortisation		(619.44)		(1169.57)
Add : Exceptional items (Net)	23	<u>(120.72)</u>		<u>149.55</u>
Loss before taxation		(740.16)		(1020.02)
Less: Excess Depreciation of earlier years withdrawn (Refer Note B-4)		<u>84.82</u>		<u>-</u>
Loss before taxation		(655.34)		(1020.02)
Taxation				
MAT Credit Entitlement relating to earlier years		-	(20.05)	
Current Tax		-	-	
Excess tax provision of earlier years reversed		(56.13)	-	
Deferred Tax Credit (Net)		<u>(422.28)</u>	<u>(512.14)</u>	
Fringe Benefit Tax		<u>9.00</u>	<u>11.05</u>	<u>(521.14)</u>
Net Loss		(185.93)		(498.88)
Add: Balance brought forward from last year		-		312.25
Add: Transfer from General Reserve		<u>226.62</u>		<u>227.32</u>
Profit available for appropriation		40.69		40.69
APPROPRIATIONS (Out of past Reserves)				
General Reserve		-		-
Proposed Dividend		34.78		34.78
Corporate Tax on Dividend		5.91		5.91
Balance carried forward		<u>-</u>		<u>-</u>
		40.69		40.69
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 (7)]				
Before Exceptional Items	Rs.	(9.38)		(93.23)
After Exceptional Items	Rs.	<u>(26.73)</u>		<u>(71.72)</u>

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

S. Pathy Chairman & Managing Director	R. Santharam Director	In terms of our report of even date For Subbachar & Srinivasan Chartered Accountants	For Fraser & Ross Chartered Accountants
		T.S.V. Rajagopal Partner	C.R. Rajagopal Partner
Coimbatore 11th June 2009	S. Balamurugasundaram Company Secretary	Membership No. 200380	Membership No 23418



Cash Flow Statement for the year ended 31st March 2009

Particulars	31-3-2009		31-3-2008
	(Rs. in Lakhs)		
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Loss before tax and after exceptional items		(740.16)	(1020.02)
Adjustments for :			
Depreciation	626.99		651.37
Investment Income	(180.06)		(151.76)
Interest Expenditure	879.34		652.36
Interest Income	(65.08)		(58.93)
Profit on sale of Building & Machineries	(264.04)		(187.54)
Profit on sale of Land (Exceptional Items)	-		(423.60)
Loss on Sale of Investments	0.08		-
Misc. Exp. written off [VRS]	120.72		274.05
Unrealised (Gain)/loss on Foreign Currency cash & Cash equivalents	(0.04)	1117.91	(0.01)
Operating Profit before Working Capital Changes		377.75	(264.08)
(Increase)/Decrease in trade and other receivables	169.06		(269.43)
(Increase)/Decrease in inventories	443.44		575.37
Increase/(Decrease) in trade and other payables	(56.77)	555.73	(1267.49)
Cash generated from operations		933.48	(1225.63)
Direct taxes (paid)/refund received		(29.04)	(31.91)
Net Cash from Operating activities before exceptional items		904.44	(1257.54)
VRS payments		(196.70)	(320.15)
Net Cash from Operating activities after exceptional items (A)		707.74	(1577.69)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(704.98)		(2190.45)
Proceeds from sale of Land(Exceptional Item)	-		425.00
Proceeds from sale of Building & Machineries	280.27		224.19
Proceeds from sale of Investments	1.76		-
Repayment of Advance Received towards Land and Building Sale	(22.02)		-
Interest received	64.00		58.93
Dividend received	180.06		151.76
Net cash used in investing activities (B)		(200.91)	(1330.57)
C. CASHFLOW FROM FINANCING ACTIVITIES			
Proceeds from/(Repayment of) long term borrowings	(4.12)		3605.80
Proceeds from/(Repayment of) short term borrowings	(494.56)		776.28
Interest paid	(879.86)		(660.99)
Dividend paid	(35.82)		(82.05)
Corporate Dividend tax paid	(5.91)		(14.19)
Net cash used in financing activities (C)		(1420.27)	3624.85

THE LAKSHMI MILLS COMPANY LIMITED

Particulars	31-3-2009	31-3-2008
	(Rs.in Lakhs)	
Net increase in cash and cash equivalents (A+B+C)	(913.44)	716.59
Cash and cash equivalents at beginning of the year	<u>1644.42</u>	<u>927.84</u>
Cash and cash equivalents at end of the year	<u>684.97</u>	<u>1644.42</u>
Add: Unrealised (Gain)/loss on Foreign Currency cash & Cash equivalents	(0.04)	0.01
Cash and cash equivalents at end of the year(As restated)	<u>684.93</u>	<u>1644.43</u>
Note : Cash and cash equivalents include the following balances which are restricted and not available for use by the Company.		
Unpaid Dividend Warrant Account	14.15	15.18
Margin money Deposit	101.16	96.55
Deposit Pledged with bank for Demand Loan	112.00	117.07

<p>S. Pathy Chairman & Managing Director</p> <p>Coimbatore 11th June 2009</p>	<p>R. Santharam Director</p> <p>S. Balamurugasundaram Company Secretary</p>	<p>In terms of our report of even date For Subbachar & Srinivasan Chartered Accountants T.S.V. Rajagopal Partner Membership No. 200380</p>	<p>For Fraser & Ross Chartered Accountants C.R. Rajagopal Partner Membership No 23418</p>
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Auditor's 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 31.03.2009 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, except that in the previous Annual General Meeting the chairman of the Audit Committee was not present and another audit committee member was present to answer shareholder queries.

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
27.7.2009

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

For Fraser & Ross
Chartered Accountants
C.R. Rajagopal
Partner
Membership No 23418



Schedules to the Balance Sheet

Particulars	31-3-2009	31-3-2008
	(Rs.in Lakhs)	
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 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	1599.27	1899.20
Less : Adjustment consequent to recomputation of defined benefit plan liability as per AS-15 - revised (Net of deferred tax asset of Rs.37.39 Lakhs)	-	72.61
	<u>1599.27</u>	<u>1826.59</u>
Less : Transferred to Profit & Loss Account	<u>226.62</u>	<u>227.32</u>
	<u>1372.65</u>	<u>1599.27</u>
4. Investment Fluctuation Reserve	46.71	46.71
5. Revaluation Reserve		
As per last Balance Sheet	<u>9948.71</u>	<u>9948.71</u>
	<u>9948.71</u>	<u>9948.71</u>
6. Surplus in Profit and Loss Account	-	-
	<u>11478.96</u>	<u>11705.58</u>
SCHEDULE 3 : SECURED LOANS		
i) Long Term Loans		
a) Term Loan under TUF Scheme		
Central Bank of India	1687.47	1743.14
Canara Bank	2493.44	2348.14
b) Canara Bank Project Finance Scheme	-	93.75
c) Canara Bank - Term loan - II	2000.00	2000.00
(Term Loans repayable within one year Rs. Nil; Previous year Rs.746.25 lakhs)		
ii) Loans from Banks :		
Cash Credit	2306.97	2701.61
Packing Credit	101.00	140.00
Demand Loan (Against Deposit of Rs.112.00 Lakhs Previous year Rs.117.07 Lakhs)	<u>100.00</u>	<u>98.00</u>
	<u>8688.88</u>	<u>9124.64</u>

THE LAKSHMI MILLS COMPANY LIMITED

Schedules to the Balance Sheet

Particulars	31-3-2009	31-3-2008
	(Rs.in Lakhs)	
SCHEDULE 3 : SECURED LOANS (Contd.)		
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.		
SCHEDULE 4 : UNSECURED LOANS		
i) Fixed Deposit from :		
Directors	55.80	58.80
Others (includes repayable within one year Rs.126.31 lakhs Previous year Rs.119.03 lakhs)	<u>97.62</u>	<u>104.78</u>
	153.42	163.58
ii) Trade Deposits from Customers	68.79	121.55
iii) Interest accrued and due	3.57	3.52
	<u>225.78</u>	<u>288.65</u>

SCHEDULE 5 : FIXED ASSETS

(Rs.in Lakhs)

Particulars	GROSS BLOCK (COST)			DEPRECIATION			NET BLOCK		
	As at 1.4.2008	Additions	Disposals/ adjustment	As at 31.3.2009	As at 1.4.2008	For the year (Disposals/ adjustment)	As at 31.3.2009	As at 31.3.2009	As at 31.3.2008
Land *	9989.33			9989.33	-	-	-	9989.33	9989.33
Buildings	1610.82	76.90		1687.72	696.11	81.93 (84.82)	693.22	994.50	914.71
Machinery	12936.95	596.58	823.42	12710.11	7540.13	498.69 (808.57)	7230.25	5479.86	5396.82
Electric Machinery	1076.59	29.44	2.32	1103.71	694.50	22.22 (2.34)	714.38	389.33	382.09
Office Equipments	150.80	1.27		152.07	103.22	7.44	110.66	41.41	47.58
Vehicles	188.68		15.56	173.12	143.26	11.71 (14.54)	140.43	32.69	45.42
Canteen Equipments	10.23			10.23	8.76	0.20	8.96	1.27	1.47
Computer Equipments	136.33	3.02	2.60	136.75	125.86	4.80 (2.22)	128.44	8.31	10.47
	26099.73	707.21	843.90	25963.04	9311.84	626.99 (912.49)	9026.34	16936.70	16787.89
Capital work- in-progress								16.70	18.93
	26099.73	707.21	843.90	25963.04	9311.84	(285.50)	9026.34	16953.40	16806.82
Previous year(2007-08)	23762.31	2781.06	443.64	26099.73	9066.06	245.78	9311.84	16806.82	

* Land includes Rs.9948.71 Lakhs added on revaluation as on 31st March 2005.



Schedules to the Balance Sheet

Particulars			31-3-2009	(Rs.in Lakhs)	31-3-2008
	Face Value	No.of shares			
SCHEDULE 6 : INVESTMENTS - AT COST					
A. 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. Trade Investments - Long Term - Unquoted					
EQUITY SHARES in					
Sai Regency Power Corporation Limited	Rs.10	525000	52.50		52.50
C. Non-Trade Investments - Long Term - Unquoted					
EQUITY SHARES in					
LCC Investments Ltd.	Rs.10	150000	15.00		15.00
			<u>67.50</u>		<u>67.50</u>
D. Bonds					
Units in Unit Trust of India	Rs.100	1755	-		1.84
			<u>177.55</u>		<u>179.39</u>
		Cost	Market Value	Cost	Market Value
Market value of Investments	Quoted	110.05	3867.10	111.89	12038.46
	Unquoted	67.50	-	67.50	-
		<u>177.55</u>	<u>3867.10</u>	<u>179.39</u>	<u>12038.46</u>
SCHEDULE 7 : INVENTORIES					
Raw Materials			370.79		498.69
Stock in process			211.06		221.62
Finished Goods (Yarn, Cloth, Garments & Waste)		891.45		1231.85	
Stores and Spare Parts & Other Stores			199.53		164.11
			<u>1672.83</u>		<u>2116.27</u>
SCHEDULE 8 : DEBTORS					
Unsecured considered Good					
Over six months			11.29		8.32
Other debts			1205.98		1000.24
			<u>1217.27</u>		<u>1008.56</u>
SCHEDULE 9 : CASH & BANK BALANCES					
Balance with Scheduled Banks in					
Current Accounts			64.03		94.98
Unpaid Dividend Warrant Account			14.14		15.18
Deposit Accounts (Including Deposits pledged with bank for Term Loan Rs.112.00 Lakhs (Previous year Rs.117.07 Lakhs) and Margin Money Deposit Rs.101.16 Lakhs (Previous year Rs.96.55 Lakhs)			601.45		1513.65
Savings Certificate			0.05		0.05
Remittance in transit			3.46		17.95
Cash on hand			1.85		2.62
			<u>684.98</u>		<u>1644.43</u>

THE LAKSHMI MILLS COMPANY LIMITED

Schedules to the Balance Sheet

Particulars	31-3-2009	(Rs. in Lakhs)	31-3-2008
SCHEDULE 10 : OTHER CURRENT ASSETS, LOANS & ADVANCES			
Other Current Assets			
Prepaid Expenses	3.33		4.24
Income Receivable	211.52		165.47
Interest Accrued	23.79		22.71
	<u>238.64</u>		<u>192.42</u>
Loans & Advances			
(Unsecured and considered good)			
Balance with Central Excise /Sales Tax Authorities	158.03		310.70
Advances recoverable in cash or in kind or for value to be received	91.50		59.99
Advance for Capital Expenditure	-		73.13
Electricity Deposit	240.62		423.18
Other Deposits	8.32		8.33
Advance payment of Direct Taxes(Including FBT & Wealth Tax)	318.50		304.13
MAT credit entitlement	20.05		20.05
	<u>837.02</u>		<u>1199.51</u>
	<u>1075.66</u>		<u>1391.93</u>
SCHEDULE 11 : CURRENT LIABILITIES			
Sundry Creditors			
- Micro, Small and Medium Enterprises	-		-
- Other Creditors	744.33	744.33	590.80
Items Covered by IEPF			
Unclaimed Dividend **	14.14		15.18
Unclaimed Matured Deposit **	15.05		15.05
Liabilities for expenses	110.67		153.53
Other Liabilities	411.62		84.72
Advance Received towards Land and Building Sale	350.77		372.79
Interest accrued but not due	5.50		6.07
	<u>1652.08</u>		<u>1238.14</u>
** There are no amounts due and outstanding to be credited to Investors Education and Protection Fund.			
SCHEDULE 12 : PROVISIONS			
Taxation(Including FBT and Wealth Tax)	197.11		258.91
Proposed Dividend	34.78		34.78
Corporate Tax on Dividend	5.91		5.91
Gratuity	192.77		442.39
	<u>430.57</u>		<u>741.99</u>
SCHEDULE 13 : MISCELLANEOUS EXPENDITURE			
Deferred Revenue Expenses - VRS Payments			
Opening balance	709.96		663.86
Add: Paid/payable during the year	441.42		320.15
	<u>1151.38</u>		<u>984.01</u>
Less: Written off during the year	120.72		274.05
	<u>1030.66</u>		<u>709.96</u>



Schedules to the Profit and Loss Account

Particulars		31-3-2009	31-3-2008	
		(Rs. in Lakhs)		
SCHEDULE 14 : SALES				
	Quantity			
Cotton and Synthetic Yarn - Own	in lakhs Kgs 58.64 (55.16)	9386.57		8504.68
Cloth - Own	in lakhs Mtrs 11.11 (24.05)	707.68		1206.74
Cloth - Trading	in lakhs Mtrs 1.89 (4.29)	104.97		251.84
Garments	in lakhs pcs 0.30 (0.85)	18.56		56.35
Garments - Trading	in lakhs pcs 0.01 (0.01)	2.68		0.14
Waste	in lakhs Kgs 8.62 (6.03)	155.66		48.18
Raw Materials	in lakhs Kgs 0.10 (0.06)	21.64		9.18
		<u>10397.76</u>		<u>10077.11</u>
SCHEDULE 15 : OTHER INCOME				
Dividend on Long Term Trade Investments		180.06		151.76
Rent (Tax deducted at source Nil / Previous year Rs. 1.52 Lakhs)		9.21		10.55
Profit on sale of building/machinery		264.04		187.54
Foreign Exchange gain/(loss)		8.01		1.99
Duty Drawback on Export		3.36		2.05
Sale of DEPB licence		21.66		6.71
Miscellaneous Income		101.43		42.46
Interest receipts (Tax deducted at source Rs. 16.56 Lakhs/Previous year Rs. 18.95 Lakhs)		65.08		58.93
		<u>652.85</u>		<u>461.99</u>
SCHEDULE 16 : INCREASE / DECREASE IN STOCK				
Finished goods				
Opening Stock				
Yarn	981.03		1197.89	
Cloth	155.06		557.25	
Garments	77.65		199.27	
Waste	18.11		19.72	
Work in Progress	<u>221.62</u>	1453.47	<u>214.34</u>	2188.47
Closing Stock				
Yarn	769.67		981.03	
Cloth	66.83		155.06	
Garments	50.44		77.65	
Waste	4.51		18.11	
Work in Progress	<u>211.06</u>	1102.51	<u>221.62</u>	1453.47
Increase/(Decrease) in Stocks		<u>350.96</u>		<u>735.00</u>
SCHEDULE 17 : RAW MATERIALS CONSUMED				
1. Raw Material				
Opening Stock		498.69		315.77
Add: Purchases		4858.33		4532.96
		5357.02		4848.73
Less: Closing Stock		370.79		498.69
		4986.23		4350.04
2. Yarn purchase for consumption				
		34.57		31.01
3. Cloth/Garment purchase for resale				
		101.63		207.54
		<u>5122.43</u>		<u>4588.59</u>

THE LAKSHMI MILLS COMPANY LIMITED

Schedules to the Profit and Loss Account

Particulars	31-3-2009	31-3-2008
	(Rs. in Lakhs)	
SCHEDULE 18 : SALARIES AND WAGES		
Salaries, Wages & Bonus	1487.76	1554.60
Contribution to PF & Administrative charges	130.04	150.81
Gratuity	42.80	13.81
Contribution to Superannuation Fund	0.71	0.99
ESI Contribution	47.34	56.89
Welfare expenses	92.22	115.08
	<u>1800.87</u>	<u>1892.18</u>
SCHEDULE 19 : REPAIRS & MAINTENANCE		
Building	106.57	125.96
Plant & Machinery	139.82	183.33
Others	17.65	19.51
	<u>264.04</u>	<u>328.80</u>
SCHEDULE 20 : ADMINISTRATION AND SELLING EXPENSES		
Insurance	16.98	24.39
Licence fees, duties and taxes	71.99	71.44
Advertisement, printing, stationery & subscription	19.46	23.46
Travelling, postage, telex, telephone & transport charges	118.37	132.94
Sales Commission	113.32	122.96
Bank charges	44.66	78.36
Sales expenses, export expenses & freight	216.59	209.28
Office maintenance & miscellaneous expenses	141.77	184.87
	<u>743.14</u>	<u>847.70</u>
SCHEDULE 21 : OTHER EXPENDITURE		
Managing Directors' Remuneration (Minimum)	44.46	41.10
Directors' Sitting Fees	1.59	1.63
Auditors' Remuneration	4.98	4.71
Cost Audit fees	0.40	0.40
Legal and consultancy expenses	16.21	2.44
Loss on sale of investments	0.08	-
Donations	0.25	1.50
	<u>67.97</u>	<u>51.78</u>
SCHEDULE 22 : INTEREST		
Bank loans & others	862.35	633.22
Fixed deposit	16.99	19.14
	<u>879.34</u>	<u>652.36</u>
SCHEDULE 23 : EXCEPTIONAL ITEMS		
Profit on sale of land	-	423.60
Less: VRS expenditure amortised	120.72	274.05
	<u>(120.72)</u>	<u>149.55</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.

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.

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.

THE LAKSHMI MILLS COMPANY LIMITED

Schedules to the Balance Sheet and Profit and Loss Account

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 amortized over a period of not exceeding 5 years, so however it does not extend beyond 31st March 2010. The unamortized costs are carried as deferred revenue expenditure under the head "Miscellaneous expenditure" in the Balance Sheet.

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 related.

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.24.47 lakhs.
- b) Income tax Disputed dues Rs.100.74 lakhs
- 2 As per information available with the Company there are no Micro, Small and Medium Enterprises in respect of whom the Company's dues are outstanding for more than 45 days at the Balance Sheet date.

31-3-2009 31-3-2008
(Rs.in lakhs)

a) The Principal amount and the Interest due there on remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
c) The amount of interest due and payable for the period of delay in making payment(which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the dues are actually paid for the purpose of disallowance under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

- 3 a. The net deferred tax liability carried over as at 31st March 2009 comprises of the following:

	Opening as on 1.4.2008	Movement for the year	Closing as on 31.3.2009
Deferred Tax Asset			
43 B Disallowance-Gratuity	145.75	(94.78)	50.97
Unabsorbed Depreciation and Carry Forward Losses	683.78	737.04	1420.82
Deferred Tax Liability			
Depreciation	812.93	175.75	988.68
Voluntary Retirement Scheme	79.41	44.23	123.64
Net Deferred Tax (Asset) / Liability	62.81	(422.28)	(359.47)

- b. Consequent to completion of substantial modernisation in one of its units and discontinuation of manufacturing operations in a unit, in the opinion of the management, the restructured operations coupled with profitable alternate use of lands rendered surplus is virtually certain to result in realisation of deferred tax assets on account of unabsorbed depreciation and unabsorbed business losses against future taxable income.
- Had the deferred tax asset been not recognised on carried forward losses and unabsorbed depreciation, the loss for the year would have been Rs.922.97 lakhs as against Rs.185.93 lakhs and the Profit and Loss account debit balance would have been Rs.737.04 lakhs as against nil.
- 4 Depreciation on factory buildings of a unit has been charged on SLM basis as against WDV basis in earlier years based on the management estimate of residual economic life of the same and the consequent excess depreciation charged in earlier years amounting to Rs.84.82 Lakhs have been withdrawn. As a result the loss for the year is lower by that amount.
- 5 Discontinuing Operations : During the year, as part of overall restructuring plans for economising operations, the company had decommissioned one of its plants at Coimbatore effective from 18.12.2008. The viable and productivity machinery were relocated at other units. Machinery rendered surplus in this process partly disposed and balance will be disposed off in future. A Voluntary retirement scheme was offered to and accepted by all the employees of the unit. Since the unit was part of integrated operations of the company with no complete independent financial process, the impact of the discontinuance on the cash flows and the results from ordinary activities are not separately ascertainable.

THE LAKSHMI MILLS COMPANY LIMITED

Schedules to the Balance Sheet and Profit and Loss Account

6 The pay back for the VRS was originally estimated as 5 years. Based on the current exceptional business conditions the management has reassessed the same and it is estimated to be beyond 5 years. However in line with the AS 15 (R) the balance unamortised VRS will be amortised over the remaining year. Consequently the amortised VRS amount is lower by Rs. 267.73 Lakhs as compared to the amount that would have been amortised under the earlier estimate.

	31-3-2009	31-3-2008
	(Rs.in Lakhs)	
7 (i) Earnings per Share (Gross)		
Loss after taxation as per Profit & Loss Account	(185.93)	(498.88)
Weighted average number of equity shares outstanding	695550	695550
Basic and diluted earnings per share in rupees (Face value Rs.100 per share)	(26.73)	(71.72)
(ii) Earnings per Share (Excluding Exceptional items)		
Loss after taxation as per Profit & Loss Account	(65.21)	(648.43)
Weighted average number of equity shares outstanding	695550	695550
Basic and diluted earnings per share in rupees (Face value Rs.100 per share)	(9.38)	(93.23)

8 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.

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) P. Ltd

Key Management Personnel

1. Sri. K. Sundaram
2. Sri. S. Pathy

Relatives of Key Management Personnel

1. Smt.Rajshree Pathy - [Wife of Sri. S. Pathy]
2. Sri. Aditya Krishna Pathy - [Son of Sri. S. Pathy]
3. Smt. Aishwarya Lakshmi - [Daughter of Sri. S. Pathy]

(Rs. in Lakhs)

Transaction with related parties	Associates		Key Management Personnel		Relatives of Key Management Personnel	
	31.3.2009	31.3.2008	31.3.2009	31.3.2008	31.3.2009	31.3.2008
Purchase of goods/assets	42.33	55.27	-	-	-	-
Sale of goods/assets	135.63	17.42	-	-	-	-
Purchase of power	38.97	44.55	-	-	-	-
Receiving of services	27.27	27.90	-	-	-	-
Rendering of services	6.32	4.80	-	-	-	-
Receiving of dividend	-	-	-	-	-	-
Managerial Remuneration	-	-	44.46	41.10	-	-
Interest/Dividend paid	2.87	-	10.33	17.73	6.03	11.79
Amount receivable	53.39	21.92	-	-	-	-
Amount payable	2.87	111.14	24.87	73.03	-	-

31-3-2009

31-3-2008

(Rs.in Lakhs)

10 Estimated amount of contracts remaining to be executed on capital account not provided (Net of Advances) -Nil- 52.77



ESTD-1910

Schedules to the Balance Sheet and Profit and Loss Account

Particulars	31.3.2009 (Rs.in Lakhs)	31-3-2008
11 Employees benefits		
(a) Defined Benefit Plans		Gratuity Funded
A. Expense recognised during the year ended 31.03.2009		
1. Current Service cost	19.55	49.72
2. Interest cost	29.78	25.38
3. Expected return on plan assets	(6.03)	(8.55)
4. Actuarial Losses / (Gains) during the year	(0.05)	(52.74)
5. Total Expense	42.80	13.81
B. Actual return on Plan assets		
1. Expected return on plan assets	6.03	8.55
2. Actuarial (Loss) / Gain on Plan assets	(0.92)	(1.73)
3. Actual return on plan assets	5.11	6.82
C. Net Asset/(Liability) recognised in the Balance Sheet		
1. Present value of the obligation as on 31.03.2009	275.45	518.21
2. Fair value of plan assets as on 31.3.2009	80.14	75.82
3. Funded status surplus/(deficit)	(195.31)	(442.39)
4. Unrecognised past service cost	-	-
5. Net Asset/(Liability) recognised in the Balance Sheet	(195.31)	(442.39)
D. Change in Present value of the Obligation during the year ended March 31, 2009		
1. Present value of the obligation as at April 1, 2008	518.21	745.32
2. Current service cost	19.55	49.72
3. Interest cost	29.78	25.38
4. Benefits paid	(293.21)	(247.74)
5. Actuarial (gain) loss on obligation	1.13	(54.47)
6. Present value of obligation as at March 31, 2009	275.45	518.21
E. Change in Assets during the year ended March 31, 2009		
1. Fair value of plan assets as at April 1, 2008	75.82	144.74
2. Expected return on plan assets	6.03	8.55
3. Contributions made	292.42	172.00
4. Benefits paid	(293.21)	(247.74)
5. Actuarial gain / (loss) on plan assets	(0.92)	(1.73)
6. Fair value of plan assets as at March 31, 2009	80.14	75.82
F. Major categories of plan assets as a percentage of total plan		
Special Deposit Schemes	81.73%	84.76%
Bank Balances and recoverables	18.27%	15.24%
Total	100.00%	100.00%
G. Actuarial Assumptions		
1. Discount rate	7.50%	8.00%
2. Salary escalation	2.00%	4.00%
3. Expected rate of return on plan assets	8.00%	6.00%
4. Attrition rate	12.00%	8.00%
5. Mortality rate	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 LAKSHMI MILLS COMPANY LIMITED

Schedules to the Balance Sheet and Profit and Loss Account

Particulars	31-3-2009		31-3-2008	
	(Rs.in Lakhs)			
(b) Defined Contribution Plan				
Contribution to Defined Contribution Plan recognized and charged off for the year are as under:				
Employer's Contribution to Provident and Family Pension Fund		130.04		150.81
Employer's Contribution to Superannuation Fund		5.22		5.43
12 Other monies for which the Company is contingently liable :				
Letter of Credit		164.21		363.64
Bills discounted		40.40		132.58
Bank Guarantees		13.03		13.03
		<u>204.61</u>		<u>509.25</u>
13 Amount remitted during the year in Foreign Currency on account of dividend.		NIL		NIL
14 Expenditure in foreign currency (on payment basis) on account of				
Travel		-		1.32
Sales Commission		27.81		14.74
Subscription		0.64		0.70
		<u>28.45</u>		<u>16.76</u>
15 Earnings in foreign exchange-Export of goods on FOB value				
Cloth		478.22		375.70
Garments		-		21.65
Yarn		166.03		344.31
		<u>644.25</u>		<u>741.66</u>
16 Capacities and Production		Installed		Installed
Capacities				
Ring spindles	Nos	139728		151704
Looms	Nos	199		215
Production				
Cotton & Synthetic Yarn	In lakhs Kgs.	58.37		55.71
Cloth	Mtrs.	7.58		16.49
Garments	Pcs	-		0.02
17 Raw Materials Consumed				
			Qty	
Cotton & Synthetic Fibre	Kgs.	66.45	5087.86	62.15
Yarn	Kgs.	0.14	34.57	0.23
		<u>5122.43</u>		<u>4588.59</u>
18 Opening Stock				
			Qty.	Qty.
Finished - Cotton & Synthetic Yarn	Kgs.	4.31	981.03	6.28
Cloth	Mtrs.	2.38	155.06	10.66
Garments	Pcs	0.39	77.65	0.96
Waste	Kgs.	0.46	18.11	0.59
Work in Progress	Kgs.	2.35	221.62	2.10
		<u>1453.47</u>		<u>2188.47</u>
19 Closing Stock				
Finished-Cotton & Synthetic Yarn	Kgs.	3.09	769.67	4.31
Cloth	Mtrs.	1.08	66.83	2.38
Garments	Pcs	0.12	50.44	0.39
Waste	Kgs.	0.20	4.51	0.46
Work in Progress	Kgs.	2.01	211.06	2.35
		<u>1102.51</u>		<u>1453.47</u>



Schedules to the Balance Sheet and Profit and Loss Account

Particulars	31-3-2009		31-3-2008			
	(Rs. in Lakhs)					
20 CIF Value of Imports						
Raw Materials		110.27		225.85		
Components & Spares		-		1.68		
21 Value of Raw Materials, Stores, and Components consumed						
Cotton, Fibre and Yarn						
Imported	3.14%	160.91	5.46%	250.42		
Indigenous	96.86%	4961.52	94.54%	4338.17		
		<u>5122.43</u>		<u>4588.59</u>		
Stores consumed						
Imported	0.00%	-	0.71%	2.23		
Indigenous	100.00%	255.84	99.29%	312.90		
		<u>255.84</u>		<u>315.13</u>		
22 Managing Directors' Remuneration - Minimum						
Salary & Allowance		36.00		33.00		
Contribution to P.F. & Superannuation		8.46		8.10		
		<u>44.46</u>		<u>41.10</u>		
23 Auditors' Remuneration						
Audit fees		2.20		2.20		
Tax Audit fees		0.50		0.50		
Taxation matters		0.70		0.86		
Certifying statements		0.74		0.72		
Out-of-pocket expenses		0.84		0.43		
		<u>4.98</u>		<u>4.71</u>		
24 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.						
25 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	31.3.2009	31.3.2008	Rs. in Lakhs	
					31.3.2009	31.3.2008
1.	Sundry Debtors	USD	39162.99	238740	19.31	95.25
		POUNDS	34727.85	75600	23.52	59.75
2.	Sundry Creditors		Nil	Nil	Nil	Nil
3.	Bank balances(EEFCA/c)	USD	944.12	20.52	0.48	0.01
26 As in the balance sheet the figures in the Profit & Loss Account have been expressed in terms of rupees in lakhs.						
27 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
Director

Coimbatore
11th June 2009

S. Balamurugasundaram
Company Secretary

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

For Fraser & Ross
Chartered Accountants
C.R. Rajagopal
Partner
Membership No 23418

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

State Code

Balance Sheet dated

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

Public issue

Right Issue

Bonus issue

Private Placement

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

Total Liabilities

Total Assets

Source of Funds

Paid up capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets

Investments

Deferred Tax Asset

Net Current Assets

Accumulated Losses

Misc. Expenditure

IV Performance of Company (Amount Rs. in Thousands)

Turnover - Textiles (Net)

Total Expenditure

Other Income

Decrease in Stock

Loss before Tax

Exceptional Items

Loss after Tax

Earnings per share before exceptional items in Rs.

Dividend Rate%

Earnings per share after exceptional items in Rs.

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

Item Code No.

(ITC CODE)

Product Description

Cotton Yarn

52.05

Cotton Fabrics

52.08

Staple Fibre yarn

55.09

S. Pathy
Chairman & Managing Director

R. Santharam
Director

Coimbatore
11th June 2009

S. Balamurugasundaram
Company Secretary

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

For Fraser & Ross
Chartered Accountants
C.R. Rajagopal
Partner
Membership No 23418

To

M/s. SKDC Consultants Limited,
Post Box No. 2979,
New No. 7 (Old No. 11), S.N. Layout, Street No.1,
West Power House Road,
Coimbatore 641 012.

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

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

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

DECLARATION

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

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

Place : Name :

Date : Address :

.....Pincode

- Note : 1. Please send the form to the address mentioned above.
2. ECS mode of payment is valid only for payments up to Rs.5,00,000/-
3. In case the scheme does not meet with the desired response or due to any other operational reasons it is found to be unviable, the Company reserves the right to pay dividend by issue of Warrants.



THE LAKSHMI MILLS COMPANY LIMITED

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

ADMISSION SLIP

Reg. Folio.

DP.ID *	<input type="text"/>
Client ID *	<input type="text"/>

Name & Address of Member :

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

Member's / Proxy's Signature **

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



THE LAKSHMI MILLS COMPANY LIMITED

PROXY FORM

I / We

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

hereby appointor failing him.....of

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

behalf at the ninety ninth Annual General Meeting of the Company, to be held on 4th September, 2009

at 4.35 p.m. at Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam,

Coimbatore - 641 037 and at any adjournment thereof.

As witness my / our hand(s) thisday of2009

Affix 15 paise Revenue Stamp.
--

Signed by the said.....

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

* Applicable to Investors holding shares in electronic form.

** Please indicate whether Member/Proxy

BOOK - POST

To

If undelivered please return to:
SKDC Consultants Limited,
Post Box No. 2979,
New No. 7 (Old No.11),
S.N. Layout, Street No. 1,
West Power House Road,
Coimbatore - 641 012.