



THE LAKSHMI MILLS COMPANY LIMITED

HUNDRED AND THIRD ANNUAL GENERAL MEETING

Proceedings of the Hundred and Third Annual General Meeting of the Members of the Company held on Wednesday, the 4th September 2013 at 4.15 P.M at Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037.

Members Present : 203
Members Present in Proxy : 36

Sri S.Pathy, Chairman occupied the chair.

Sri R.Santharam-Vice Chairman, Sri D.Rajendran, Sri Sanjay Jayavarthanavelu, Directors and Sri Aditya Krishna Pathy, Whole Time Director were present.

The requisite quorum being present the proceedings commenced.

Sri S.Pathy, Chairman and Managing Director, welcomed the shareholders and delivered his speech as summarized herein:

The Chairman briefed about the economic overview and industry review, power, operations, personnel and outlook for the current year.

The Chairman informed that though the World Bank has forecasted a global growth during the current year, the Indian Economy is presently caught between low growth and high inflation. High volatility in raw material costs, foreign exchange rates, availability of skilled labour, fuel costs, failure of monsoon and reliable power supply has affected the industrial sector. The steep depreciation in Rupee has gained tremendous competitiveness for India. The competing country has much higher costs than us, for similar quality and reliability.

The Chairman appreciated this fact and to a large extent retain the benefits of Rupee depreciation and use the additional profits to scale up and contribute through job creation and more exports. Agents and middlemen are keen to ensure that they maximize their turnover as their income depends on the turnover and not on the absolute prices. They are playing one mill against another and bringing down prices.

The Chairman informed that Mills should resist selling at lower \$ rates. The World needs Indian yarns as much as India wants to sell it to them. Keeping our prices just a bit lower than the prices of our competing Nations will benefit us by improve in the volume and value of export turnover. Many of Mills costs are in Dollar (\$), be it the cost of new equipments or spares for imported ones. Be it energy costs, oil and lubricant costs, dyes and chemical costs. They are going up in rupee terms and more or less following the Dollar(\$).

The Chairman informed that our mills need to look at the realistic costing and not needlessly pass on the opportunity arising out of Rupee depreciation to our overseas customers who are not demanding it, but are benefiting from the keenness of our agents to book turnover. We should remain keen sellers but not



yield to unnecessary pressures. Texprocil has also expressed their views on similar lines.

The Chairman informed that the capacity utilization improved even with unprecedented power cuts and due to the improved operations and enhanced price realization during the year, the Company recorded a turnover of around Rs.164 Crores as against Rs.149 Crores during the previous year although the spindleage operated at both Palladam and Kovilpatti units, stood at 1.31 lakhs.

The Company earned a net profit of Rs.4.99 Crores as against a loss of Rs.19.13 Crores during the previous year. The revenue from fabric trading has declined to Rs.13.75 Crores as against Rs.30.52 Crores during 2011-12 especially in the export front, due to depressed global market and fiscal conditions.

The Chairman informed that drop in cotton exports stabilized the availability and cost of Raw materials during the year 2012-13.

The Chairman informed that the Company has taken all possible steps to maintain the cordial relations with the available manpower throughout the year. Despite non-availability of skilled labour and frequent attrition, the company managed to retain a total of 1991 workers as against 1665 workers during the last year, thus showing improved operating levels of productivity.

The Chairman informed that one of the serious challenges faced by the textile industry is availability of Power. During the year, the Company faced severe power disturbances, which constitutes to a major part of total expenses, as diesel cost around Rs. 5.55 crores eroded the profitability by 4.35% on Turnover. The power situation in our State continues to be grave and no immediate improvement seems possible.

The Chairman informed that the Company has an arrangement with a Captive Power Plant, and to utilize the power prudentially two separate dedicated feeder lines both at Palladam and Kovilpatti have been installed. The Palladam unit is in continuous operation since June 2013 and the same is expected shortly for the Kovilpatti unit. The cost incurred for these dedicated power lines so far has been Rs. 2.64 Crores.

The Chairman informed that the finance cost has been maintained at the same levels as of last year on Working Capital and Term Loans. The repayment of long term debts would further reduce the cost. The Government has sanctioned the TUF loan scheme for the 12th Plan period and further boost to the Textiles Sector has been given by the Finance Minister, as announced on 30th August for which the details are awaited. The company has already applied for the modernization process.

The Chairman informed that the working during the first quarter was positive and the Company had posted a Turnover of Rs.45 Crores with a better margin. The Company has achieved better CRISIL ratings and further enhancement is being pursued. However, due to the sudden devaluation in rupee and a sudden upsurge in the Raw material prices due to the speculative arms of the market, the coming



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months would indeed be a challenge. However, with the support from the consistent Government Policy on Exports, Power and Labour will further help the industry regain its lost ground.

The Chairman informed that considering the performance and the skipped dividend during the previous year, the Directors are pleased to recommend a dividend of 12% for the financial year 2012- 2013.

The Chairman thanked the Board of Directors for their invaluable guidance and unstinting support.

He thanked the shareholders, Directors, Banks, Financial Institutions, customers and employees of the company for their valuable support.

The Notice dated 02.08.2013 calling for the Meeting containing the Agenda, which was already sent to the shareholders, was taken as read.

Then the items in the Agenda were taken up in seriatim for consideration.

SUBJECT – Adoption of Accounts

1. To consider and adopt the Statement of Profit and Loss for the year ended 31st March 2013, the Balance Sheet as at that date and the Report of the Directors and Auditors thereon.

RESOLUTION

The Auditors Report was read and taken on record.

The Chairman invited questions / clarifications if any from the members on the Company's Accounts.

Proposed By : Sri. S.Pathy, Chairman
Seconded By : Sri. V.S.Palaniappan

The following resolution was carried unanimously:

“Resolved that the Directors’ Report, Auditors’ Report, Statement of Profit and Loss for the year ended 31st March 2013 and the Balance Sheet as at that date be and are hereby adopted”.



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SUBJECT – Dividend declaration

2. To declare a Dividend.

RESOLUTION

Proposed By : Sri. S.A.Sreedharn
Seconded By : Sri. S.M.Siva

The following resolution was carried unanimously:

“Resolved that a dividend of Rs.12/- per equity share of Rs.100/- each fully paid up, be declared and paid out of the profits of Company for the financial year ended 31st March, 2013 to the shareholders whose names stand on the Register of Members of the Company as on 4th September 2013 and in respect of shares held in electronic form the dividend will be payable as per details furnished by depositories for this purpose as at the end of business hours on 29.08.2013 without deduction of tax.”

SUBJECT – Re-appointment of retiring Director– Sri D.Rajendran

3. To appoint a Director in the place of Sri D.Rajendran who retires by rotation and being eligible offers himself for re-appointment.

RESOLUTION

Proposed By : Sri. R.Balachander
Seconded By : Sri. Sriman Sundaram

The following Resolution was carried unanimously:

“Resolved that the retiring Director Sri D.Rajendran be and he is hereby re-appointed as a Director liable to retirement by rotation.”

SUBJECT–Re-appointment of retiring Director– Sri V.Jagannathan.

4. To appoint a Director in the place of Sri V.Jagannathan who retires by rotation and being eligible offers himself for re-appointment.

RESOLUTION

Proposed By : Sri. S.Muthu krishnan
Seconded By : Sri. Nachimuthu

The following Resolution was carried unanimously:

“Resolved that the retiring Director Sri V.Jagannathan be and he is hereby re-appointed as a Director liable to retirement by rotation.”



SUBJECT –Appointment of Auditors and fixing of their Remuneration

5. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

The Chairman informed that the Audit Committee of the Company has recommended the appointment of M/s.Subbchar & Srinivasan, Chartered Accountants, as Auditors of the Company.

RESOLUTION

Proposed By : Sri Mariappan
Seconded By : Sri S.V.Sivaraman

The following Resolution was carried unanimously:

“Resolved that M/s.Subbchar & Srinivasan, Chartered Accountants be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration of Rs.2,00,000/- plus reimbursement of out of pocket expenses incurred in connection with the Audit and payment to other services as may be rendered by them.”

At this stage, the Chairman Sri.S.Pathy vacated the Chair as he was interested in the next item No.6. Sri D.Rajendran, Director conducted the proceedings as interim chairman.

SUBJECT - Remuneration payable to Sri Aditya Krishna Pathy, Whole Time Director,

6. To consider and if thought fit, to pass with or without modification/s, the following resolution as a SPECIAL RESOLUTION.

RESOLUTION

Proposed By : Sri L.Ramachandran
Seconded By : Sri Suresh Babu

The following Resolution was carried unanimously:

“RESOLVED that, on the recommendation and approval of the Remuneration Committee, and pursuant to the provisions of Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the consent of the Shareholders of the Company be and is hereby accorded to the remuneration payable to Sri. Aditya Krishna Pathy, Whole Time Director of the Company for a period of 2 years with effect from 30.07.2013, i.e., upto the



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period of his current tenure of office (29.07.2015), on the following terms and conditions:-

Salary	: Rs.1,85,000 per month with an increment of Rs.20,000/- every year.
Commission	: 1% on the Net profits of the Company.
Benefits	: Company's contribution to Provident Fund and Superannuation Fund as per rules of the Company to the extent, either single or together does not exceed the limits fixed under the Income Tax Act, 1961.
Gratuity	: Shall not exceed 15 days salary for every completed year of service.
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 and commission, the Whole Time Director shall also be entitled to interchangeable perquisites like medical reimbursement, LTA for self, club fees, medical insurance etc., in accordance with the rules of the Company. However, the aggregate of such perquisites shall not exceed Rupees One Lakh Eighty Thousand (Rs. 1.80 lakhs) per annum. The perquisites shall be evaluated as per Income Tax Rules wherever applicable.

Provision of a company car with driver for use on Company's business and telephone facility at his residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purposes shall be billed by the company to the Whole Time Director

The above remuneration and perquisites shall be paid / allowed as minimum remuneration in the event of absence or inadequacy of profits, subject however to the ceiling prescribed in Section II Part II of Schedule XIII of The Companies Act, 1956.

Sri D.Rajendran the interim Chairman vacated the Chair and Sri S:Pathy, Chairman occupied the chair.

With a vote of thanks by the Chairman, the meeting concluded.
