



The Lakshmi Mills Company Limited

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

Telephone : 91 - 422 - 2245461 to 2245465, 4333700
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HUNDRED AND FOURTH ANNUAL GENERAL MEETING

Proceedings of the Hundred and Fourth Annual General Meeting of the Members of the Company held on Monday, the 15th September 2014 at 4.35 P.M at Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037.

Members Present : 190
Members Present in Proxy : 4

Sri S.Pathy, Chairman occupied the chair.

Sri R.Santharam-Vice Chairman, Sri D.Rajendran, Sri Sanjay Jayavarthanavelu, Sri Satish Ajmera, Sri V S Velayutham, 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.

I. ECONOMIC OVERVIEW:

1. The last election in the country witnessed a land slide victory both in the Centre and the State. Our State has become more comfortable in power. The Centre's thrust on manufacture and agriculture is bound to or expected to improve the Textile Industry. Our Prime Minister is very keen on Textile as an Industry.
2. You will be glad to note that our Hon'ble Prime Minister has given top priority for developing Textile and Clothing Industry considering its contribution to Indian economy and exports. He appears to have expressed his willingness to become the Brand Ambassador for Indian Textiles and Clothing Industry. We can therefore look forward for a good future.
3. Textile sector has been identified as one of key sector for growth on account of its potentiality to generate employment. Textile industry therefore looks for positive measures from the Government to aid the different segments in the sector for accelerated growth in the next three to five years.



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4. The textile exports to China and European Union particularly in Raw Cotton and Cotton yarn are facing challenges. The industry therefore needs to look to other markets for exploitation. Further, with the ever increasing population and improvement in the standard of living within the country, there is tremendous scope for growth especially in apparel and garment segments.
5. We have to understand that survival further growth and consolidation would be possible only if one is cost effective. Competition is bound to be intense and fierce. We have therefore to be ruthlessly efficient to survive under such circumstances. We visualize a good future for the textile industry in India provided we are quality oriented, cost effective and competitive.
6. Your Company is taking note of all these factors in drawing up its plan for its future growth and development.
7. The New Companies Act and amendments brought into force has made a lot of changes some of which are doubted to be effective. However the current 'E' Voting and Independent Directorships, Auditor's tenure, Lady Director etc. are still being scrutinized and certain changes are expected to be brought in. Time will prove the effectiveness.

II. PERFORMANCE:

8. The spindleage operated at both Palladam and Kovilpatti units stood at 1.33 lakhs. A marginal increase of around 2700 Spindles was there. During the year, your Company had recorded a turnover of around Rs.218 Crores as against Rs.164 Crores during the previous year. This increased turnover was due to the improved operations and enhanced price realization. The capacity utilization has improved considerably due to better power availability. Further investments are planned to balance capacity to improve quality for the export market.
9. The Company had earned a net profit of Rs.9.90 Crores as against Rs.4.99 Crores earned during the previous year.
10. The outsourcing of fabric revenue has increased to Rs.19.57 Crores as against Rs.13.75 Crores during 2012-13, thanks to increased levels of export. We have orders for the next quarter at the same level. Indications are positive to continue.
11. Your Company hopes to achieve a turnover of around Rs.250 Crores for the current year.



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III. RAW MATERIAL:

12. The increased production of Cotton to a record level of 400 lac bales as against 356 lacs during 2012-13, prices were not volatile during the year. Yet prices did not drop. The ensuing year 2014-15 is bound to produce another bumper crop of 400 lac bales. It is therefore anticipated that Cotton prices may perhaps be stable for most part of the period in the current year.

IV. PERSONNEL:

13. The Company maintained cordial industrial relations with labour in both the units. Further, your Company was able to enter into a 5 year wage agreement with labour unions of Palladam as well as Kovilpatti units. The settlement would be in force for the period upto 30.06.2019.
14. There are around 2050 employees in your Company at the end of the year.

V. POWER:

15. By providing separate feeder lines both for Palladam and Kovilpatti units during the year, we could successfully overcome the frequent power interruptions occurred in the units previously which seriously affected utilization, production and productivity. This has helped your Company to achieve an utilization of over 96% during the year, helping to post profitable results.
16. Your Company is examining the scope to go in for non-conventional energy like wind power especially after taking note of accelerated depreciation announced for wind energy and solar power if found commercially feasible.

VI. BORROWING COST:

17. The finance cost has been brought down to around 4.8% as against 8.4% of the previous year.

VII. CORPORATE SOCIAL RESPONSIBILITY:

18. As for Corporate Social Responsibility, your Company runs Schools in Palladam and Kovilpatti educating about 2000 children from 1st to 12th Standard. (50% is free education). Your Company also engages in renovating and helping temples.



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VIII. CURRENT YEAR OUTLOOK:

19. The working during the first quarter of the current year was positive and the Company had posted a Turnover of Rs.56 Crores with a better margin.
20. The raw material situation looks promising for the current year. Cotton production is estimated to remain more or less of last year level. With exports to China restricted, availability for domestic consumption looks adequate. This is good augury for the mills. Though yarn exports to China will not be as of last year in terms of quantity, yet exports to other countries are being explored. Domestic consumption will also rise. As the power situation in Tamilnadu is stable, we can hope to have a fruitful and profitable year of operations in 2014-15.
21. Considering the performance of the Company, your Directors are pleased to recommend a dividend of 15% for the financial year 2013-14.
22. The advice and guidance of the Board of Directors have been invaluable and I thank them for their unstinted support.
23. I am grateful to our shareholders, bankers, employees and valued customers for their continued support and patronage.
24. I pray the Goddess Lakshmi to continue to bless our Company with continued prosperity.

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 25.07.2014 calling for the Meeting containing the Agenda, which was already sent to the shareholders, was taken as read.



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Proceedings:

1. Explaining the reason for not taking votes at the AGM.

The new Companies Act, 2013, which came into effect from 01.04.2014, brought in dramatic changes in the procedure for calling, holding and conducting the general body meetings of the companies. The new Act emphasizes on Corporate democracy requiring the corporate to provide equal opportunities to all the shareholders across the Country, to participate in the decision making process at the general body meetings.

The new Act and the Listing Agreement with the Stock Exchanges have made it mandatory for the listed companies to arrange for electronic voting and voting on postal ballot form. In compliance with the statutory requirements, the Company has made arrangements for electronic voting through Central Depository Services India Ltd (CDSL). To enable the shareholders who do not have electronic voting facilities to participate in the voting process as required under Clause 35B of the Listing Agreement, we had also arranged postal ballot facility by providing the ballot form along with the Annual Report. Since both the e - voting and voting on postal ballot facilities were provided for sufficient period, no voting is required at the AGM.

The Scrutinizer for e - voting process Sri B. Krishnamoorthi, Practising Chartered Accountant, had scrutinized the votes cast by e - voting and on postal ballot and submitted his consolidated report on the result of e - voting and postal ballot.

2. In Note No. 22 appended to the Notice of the Annual General Meeting, it was informed that a member requiring any clarification on accounts or operations of the Company shall write to the Company at least 7 days before the meeting.

No request has been received.

However, before announcement of the results of E voting and Postal Ballot, I would like to answer specific questions, if any, relating to the performance of the Company.

3. I hereby announce the results of the e - voting and voting by postal ballot.

	No. of shares	%
Number of E - Voting received	216	0.03
Number of Postal Ballots received	4,67,687	67.24



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To pass the resolutions for the following businesses:

Sl. No.	Nature of business	No. of shares		Remarks
		Voted for	Voted against	
1	To consider and adopt the Statement of Profit and Loss for the financial year ended 31.03.2014, the Balance Sheet as at that date and the Report of the Board of Directors and also the Report of the Auditors thereon.	4,67,903	0	PASSED
2	To declare a Dividend.	4,67,903	0	PASSED
3	To appoint a Director in the place of Sri R. Santharam, who retires by rotation and being eligible offers himself for re - appointment.	4,67,903	0	PASSED
4	To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and fix their remuneration.	4,67,903	0	PASSED
5	To consider payment of managerial remuneration to Sri S. Pathy, Chairman and Managing Director.	4,67,903	0	PASSED



ESTD - 1910

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6	To consider appointment of Independent Director Sri V.S.Velayutham.	4,67,903	0	PASSED
7	To consider appointment of Independent Director Sri V.Jagannathan.	4,67,903	0	PASSED
8	To consider appointment of Independent Director Sri D.Rajendran.	4,67,903	0	PASSED
9	To consider appointment of Independent Director Sri Satish Ajmera.	4,67,873	30	PASSED
10	To consider borrowing powers of the Company.	4,67,880	23	PASSED
11	To consider creation of Mortgage, Charge, etc on the assets of the Company.	4,67,880	23	PASSED
12	To amend Articles of Association of the Company.	4,67,903	0	PASSED

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