

**LMW®**

**LAKSHMI MACHINE WORKS LIMITED**

Annual Report 2011-12

# Lakshmi Machine Works Limited

## MEMORANDUM OF ASSOCIATION

I. The name of the Company is "LAKSHMI MACHINE WORKS LIMITED".

II. The registered office of the Company will be situate in the State of Madras.

We, the several persons whose names, addresses and descriptions are subscribed, are desirous of being joined into a company, in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

Sl. No.	Name and address of Subscriber	Description and occupation	No. of equity shares taken	Signature
1	G. Sankaranarayanan 4/241, Avenue 2 Road, Chennai-600 001.	Shri G. Sankaranarayanan Merchant	101	(Sd) G. Sankaranarayanan
2	G.K. DEVARAJAN "Shree House" Avenue 2 Road, Chennai.	Shri G. Kuppaswamy Naidu, Merchant.	101	(Sd) G.K. Devarajan
3	G.H. SUNDARAM "Rajkumar" Circuit House Road, Chennai.	Shri G. Kuppaswamy Naidu, Merchant.	101	(Sd) H. Sundaram
4	K. RAJAGOPAL 5/135, Avenue 2 Road, Chennai.	Shri G. Kuppaswamy Naidu, Merchant.	101	(Sd) K. Rajagopal
5	V.N. RAMACHANDRAN "Vijaya" S.A. A.T.T. Colony, Avenue 2 Road, Chennai.	Shri K. Kuppaswamy Naidu, Merchant.	101	(Sd) V.N. Ramachandran
6	R.K. KANDASWAMY "Sindoor" Tiruchy Road, Chennai.	Shri R. K. Kandaswamy Chennai, Merchant.	101	(Sd) R.K. Kandaswamy
7	V. RAMASWAMI 111, Uppalayar, Sengalur.	Shri Venkataswamy Naidu, Merchant.	101	(Sd) V. Ramaswamy
8	S.R.P. PONNASWAMY, CHETTIAR "Sampath" R.S. Puram, Chennai.	Shri S.R. Pillai Chettyar, Merchant.	101	(Sd) S.R.P. Ponnaswamy
9	H. KANDASWAMY, 4/575, Tiruchy Road, Uppalayar, Sengalur.	Shri S. Ponnaswamy Naidu, Merchant.	101	(Sd) H. Kandaswamy
TOTAL ...			1109	

Dated: 2nd September, 1962

Witness to the Signatures  
with full address

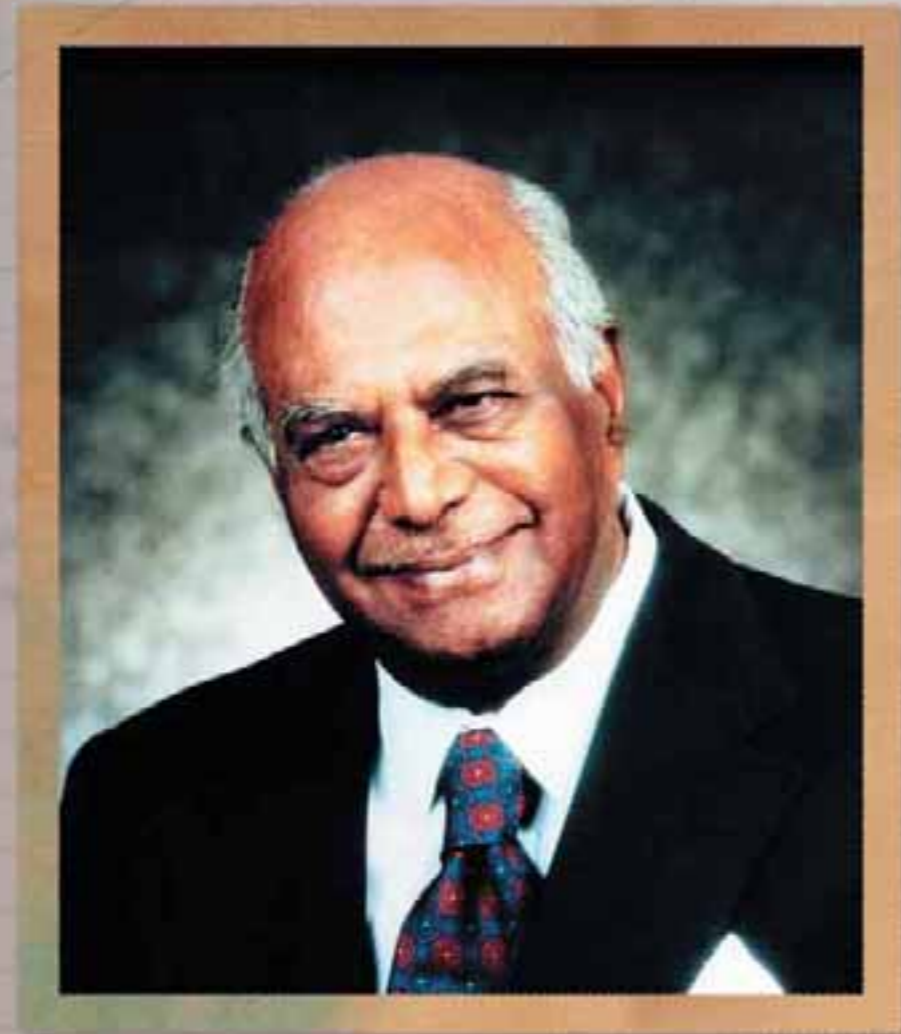
(Sd) D.V. SUBBACHAR  
Chartered Accountant  
"Sri Siva Vilas"  
Tangudi Bazaar Street, Chennai.

Five decades. One vision.

At Lakshmi Machine Works Limited, we have been driven by the prospect of emerging as a world-class, globally respected textile spinning machinery manufacturing company.

Through process and product innovation, relentless customer service, novel business solutions, uncompromising quality standards and shareholder wealth creation, this is what we have to show for it today. A position among the three leading textile machinery manufacturing companies in the world.

Five decades. One vision.



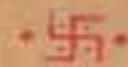
Cavalier Dr. G.K. Devarajulu (1911-1992)

Vision is the art of seeing what is invisible to others.



Dr. D. Jayavarthanavelu (1940-2010)

Visionary leadership is the capacity to transform vision into reality



At the time LMW entered the business, it was one among the crowd. Today, it is the only surviving Indian company.

# Bhoomi Pooja

[Unit: 1: 2<sup>nd</sup> September, 1963]





## The prime times



Founder Chairman receives the Prime Minister Sri Jawaharlal Nehru



Founder Chairman with the Prime Minister Smt. Indira Gandhi

*Success is never a destination but only a milestone reached before the next journey commences*



CMD and Founder Chairman with Sri M G Ramachandran during the inauguration of TMD Unit 2

## The prime times



Founder Chairman conferred with doctorate by Bharathiar University

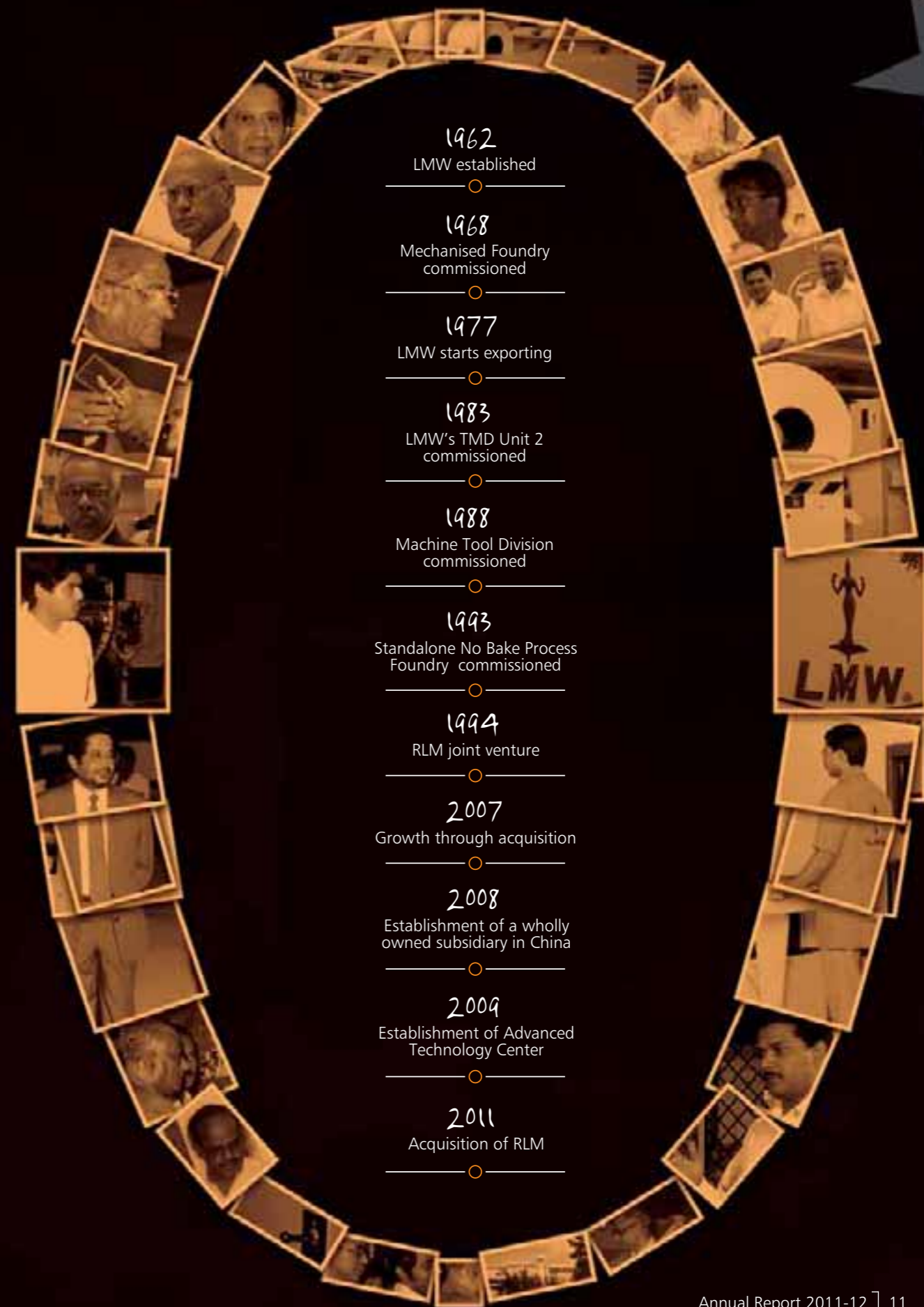
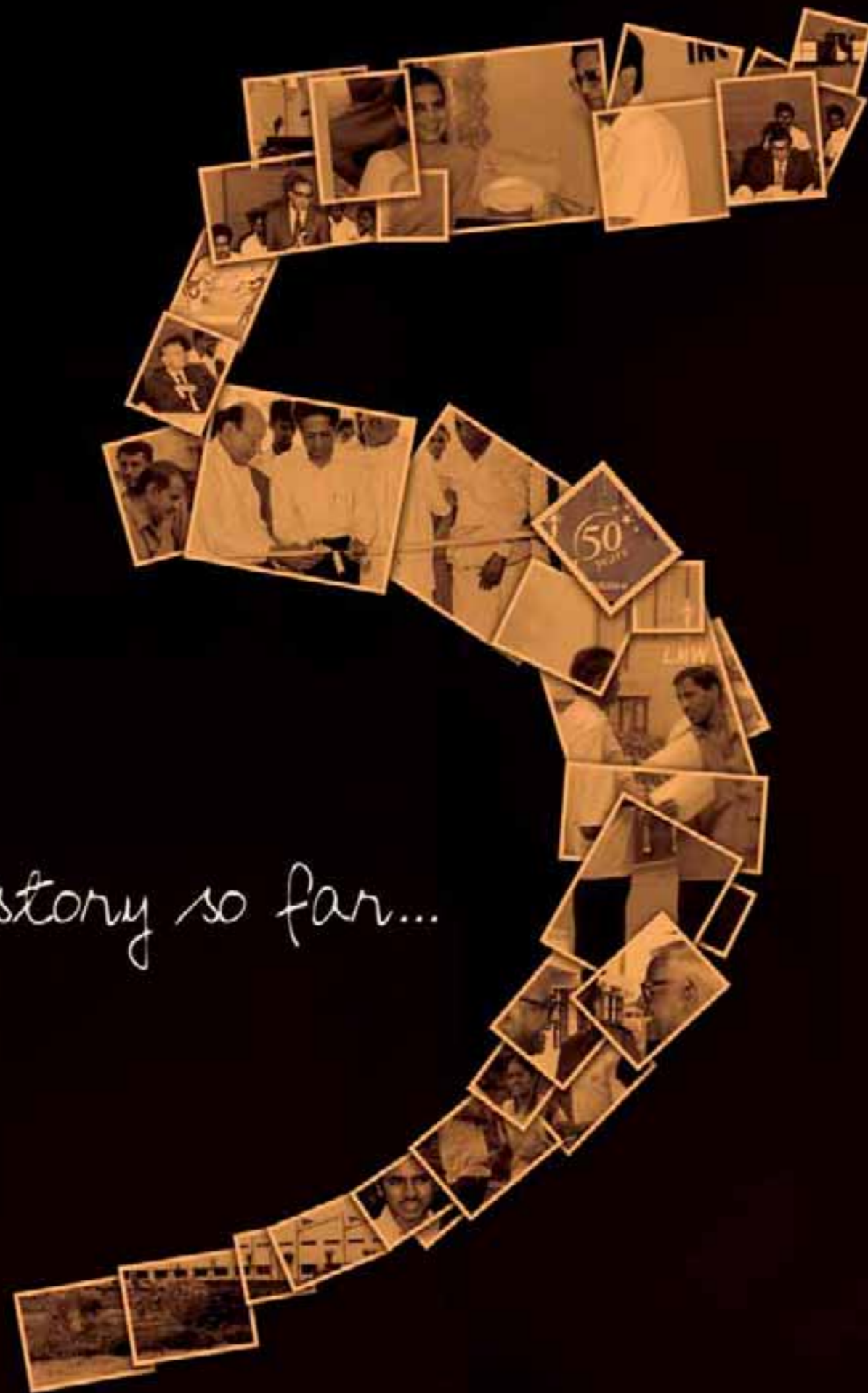


CMD conferred with Companion Membership by the Textile Institute, Manchester



CMD, as Director of RBI with other RBI Board members

The story so far...



1962

LMW established

1968

Mechanised Foundry  
commissioned

1977

LMW starts exporting

1983

LMW's TMD Unit 2  
commissioned

1988

Machine Tool Division  
commissioned

1993

Standalone No Bake Process  
Foundry commissioned

1994

RLM joint venture

2007

Growth through acquisition

2008

Establishment of a wholly  
owned subsidiary in China

2009

Establishment of Advanced  
Technology Center

2011

Acquisition of RLM



# Five decades

Ann-mt response	Date of disc. III
Rs. 1.116/-	12-11-62

An investment of Rs 500/- in 1476 LHS shares of LHM yielded a dividend of Rs 71,424/- upto 2011-12. And today, the shareholder would own 240 shares valued at Rs 48,000/-



63-67

68-72

73-77

78-82

83-87

₹ in Lacs																									
Particulars	Dec-63	Dec-64	Dec-65	Dec-66	Dec-67	Dec-68	Dec-69	Dec-70	Dec-71	Dec-72	Dec-73	Dec-74	Dec-75	Dec-76	Dec-77	Dec-78	Dec-79	Dec-80	Dec-81	Dec-82	Dec-83	Dec-84	Dec-85	Dec-86	Dec-87
Total Revenue	1.13	2.29	2.40	79.69	138.54	181.37	432.83	596.44	597.72	681.00	681.21	1215.81	1614.07	2117.02	1512.63	2579.11	3039.85	3706.10	4790.44	5443.19	6606.09	9164.83	8685.22	8468.24	10156.59
EBIDTA	1.03	1.68	0.98	-1.20	24.62	52.12	126.21	187.19	170.68	171.33	146.68	202.94	224.64	294.76	248.57	364.75	441.09	515.15	634.87	816.31	952.27	1029.38	1048.98	1111.96	1269.00
Profit after tax	0.51	0.68	-8.50	-28.32	-10.51	0.80	59.67	112.79	89.29	90.15	54.89	62.25	41.12	78.41	45.85	96.77	114.25	153.87	204.18	256.29	297.18	221.14	253.54	190.18	226.03
Cash profit	1.03	1.68	-0.66	-14.92	6.00	22.72	94.20	153.36	131.15	131.78	110.87	165.50	175.22	229.99	180.36	304.57	383.46	449.08	570.31	689.08	835.17	841.32	834.36	842.91	968.91
Dividend paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24.60	29.68	30.47	30.47	25.39	30.47	30.47	25.39	35.55	43.18	50.80	65.02	69.09	81.28	81.28	81.28	81.28	81.28

89-93

94-98

99-03

04-08

09-12

₹ in Lacs																									
Particulars	Mar-89	Mar-90	Mar-91	Mar-92	Mar-93	Mar-94	Mar-95	Mar-96	Mar-97	Mar-98	Mar-99	Mar-00	Mar-01	Mar-02	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	
Total Revenue	17679.69	19753.57	28753.78	33890.62	38174.19	39606.70	51933.92	61879.93	55290.60	53086.30	42719.87	44572.51	55203.07	43964.19	53999.56	68340.65	102369.73	134459.33	194172.12	229271.15	142863.60	121904.46	188340.45	219796.01	
EBIDTA	2306.18	2645.01	3451.54	6791.95	8176.45	8449.07	10834.53	11056.94	11301.43	9551.53	7082.11	7927.62	9264.89	7064.41	7672.35	12329.72	15532.98	24723.73	37735.16	48702.66	27178.84	24638.27	34455.42	22840.13	
Profit after tax	697.19	801.39	1067.81	2138.94	2911.13	2875.44	4281.75	4296.26	2378.29	2590.17	841.23	2191.87	2739.81	1471.46	2632.42	6022.15	7333.55	14806.79	20619.76	24230.12	10693.49	10468.39	16597.97	13701.76	
Cash profit	1659.22	2107.50	3009.79	6356.72	7843.91	8275.16	10633.45	10432.65	10253.11	8802.82	5969.21	6226.89	7242.19	5411.10	6616.44	11233.35	14722.28	24379.09	37735.16	48702.66	27178.84	24638.27	34325.24	22339.40	
Dividend paid	121.92	152.39	182.87	243.83	304.79	304.79	426.70	365.75	365.75	365.75	365.75	365.75	426.71	365.75	548.63	1236.93	1855.39	3710.78	4947.70	5566.16	1855.39	1855.39	3379.95	5633.26	



## Seamless Integration



Founder Chairman switches on the control panel of a Blowroom machine



Unit 1 Foundry was commissioned and the first melt was poured on 11th December, 1967.



Founder Chairman inspecting the facilities at the inhouse Customer Service Department (CSD)



The Chairman in discussion with the executives at the launch of Draw Frame DO/25



CMD in discussion with the Union Minister during TEXCON Summit



CMD receiving the Apex Export Award from TMAA

50  
years



A formal event to mark the Golden Jubilee Year was held on 28th March, 2012.

Images from the Golden Jubilee commemorative events...



Chairman along with the Managing Director honoured the retired employees of LMW on the occasion.





## MD'S MESSAGE ON THE OCCASION OF GOLDEN JUBILEE YEAR

Dear friends,

We are commemorating the Golden Jubilee of LMW this year, my greetings to all of you on this joyous occasion.

We have with us a heritage of fifty years. Thanks to the far-fetched vision of our Founder Chairman, flawless execution of strategy by our past Chairman and Managing Director, efforts of our Employees and the trust of our Customers.

As we commemorate this occasion let us remember that today LMW is no longer a commercial organisation only, it has over the years become a societal foundation that dynamically interacts, fosters, supports and benefits many stakeholders in and around. Given this fact, we are left with a huge responsibility of not only nurturing this great institution but also with the task of doing our utmost to hand it over intact to our future generation.

They say "Future belongs to the believers" and most of us do hope to have a bright future. However, we are barely conscious of the fact that as we start to believe in a good future we have already started to travel towards it. Future accomplishments then largely depend on our actions in the present and always remember success is never a destination but only a milestone reached before the next journey commences.

I sincerely hope that our efforts will definitely build us a secure and glorious future both for ourselves and for our future generations.

Thank You.

**Sanjay Jayavarthanavelu**  
Managing Director

## Cautionary Statement

In this Annual Report we have disclosed forward-looking information to enable investors to know our product portfolio, business logic & direction and comprehend our prospects. This report and other statements – written and oral – that we periodically make are based on our assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'plan', 'project' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe that we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. If known or unknown risks or uncertainties materialise, or if underlying assumptions prove inaccurate, actual results can vary materially from those anticipated, estimated or projected. Readers may bear this in mind. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.



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# Management discussion and analysis report



## I ECONOMY OVERVIEW

The Indian Economy was estimated to sustain its growth rate like last year; however the global financial crisis along with a recession has curtailed its performance. India's GDP is now estimated to have grown at the rate of 6.5% in 2011-12 as against the growth rate of 8.4% achieved last year. Though the economy was able to limit the adverse impact of the global slowdown, its performance is disappointing. The optimism that was prevalent at the start of the year has now turned to pessimism.

Business confidence level within the Indian

economy has plunged primarily due to the continuing uncertainty in global demand outlook and also due to a weak domestic market whose consumption appetite has reduced due to a combination of high inflation and rising fuel costs. During the year 2011-12, the tight monetary policy as adopted by the RBI for taming inflation has impacted demand growth and the overall investment climate within the country. But it is also a fact that in a performance comparison, the Indian economy still remains high amongst the forerunners.

GDP growth rates can improve only if the

economic environment within the country is made more conducive for Investment. Further development of rural infrastructure and energy generation facilities is absolutely essential.

For the ensuing financial year 2012-13, a moderate GDP growth rate of 6.00%~6.50% is expected. Easing inflation has now enabled RBI to reduce the interest rates, which along with easing inflation and a prediction for a near normal monsoon is expected to boost domestic demand and consumption in rural India. Depreciation of the Indian Rupee vis-à-vis the US Dollar is

expected to encourage exports and as well attract more foreign direct investments, however it will also make the imports costlier.

## II SEGMENT REVIEW

The Company has three major segmental divisions namely, the Textile Machinery Division (TMD), the Machine Tool Division (MTD), the Foundry Division (Foundry). Besides these divisions, your Company has a Wind Energy Division and an Advanced Technology Centre. All the divisions are located in and around Coimbatore, Tamil Nadu, India.

# 6.5%

India's GDP is now estimated to have grown at the rate of 6.5% in 2011-12

## 01 Textile Machinery Division



### Industry Overview

Indian Textile Industry is a major contributor towards the country's economic growth and foreign trade. Infact the importance of Textiles within the Indian Economy stands next only to Agriculture. Also, the Indian Textile Industry occupies a unique position of being a totally self-reliant industry across the value chain, right from raw-materials to the finished goods. It is notable that significant value addition happens at every stage.

Indian Textile Industry is comprised of 1,834 big spinning mills, 1,249 small scale spinning mills 184 exclusive weaving mills, 5 lakh power loom units and about one lakh handloom units. Abolition of trade restrictions and the easing of Multi-Fibre Agreement (MFA) since January 2005 has

enabled the Indian manufacturers to export without any quantitative restrictions across the globe. This has enabled sizeable growth in Indian Textile Industry across the value chain. India has about 24% of the world's installed spindleage and is one of the biggest exporters of yarn.

According to the National Fibre Policy Report, India requires substantial capital expenditure during the period 2011-20 to keep up with the expected demand. In this scenario, any extension of the TUF Scheme during the XII Plan Period (2012-17) will immensely benefit the Indian Textile Industry.

### Prospects

Expected extension of the TUF Scheme assistance during the XII Plan Period will



serve as a catalyst for further growth in the Indian Textile Industry.

- Efforts of the Government to facilitate 100% foreign direct investment in textiles/retail sector.
- Establishment of apparel park/special textile parks/textile clusters.
- The proposed modernisation of NTC mills alongwith the fact that overall a major portion of the 40 million working spindles in the country need replacement/modernisation.
- The products of your Company are continuously upgraded in technology and are also cost effective. This makes your Company a preferred partner of choice for the Textile Spinning Mills.

### TMD segment performance

Type of machinery	No. of machinery	Value (₹ in Lakhs)
Spinning preparatory machines	2,567	64,209.95
Yarn making machine	1,638	90,527.79
Accessories and spares	—	20,591.77

- Experience gained over five decades; world class manufacturing facilities and a committed work force with specialized skill sets are the strength of your Company which enables your Company to grab any challenging opportunity.

### Challenges

- Reduced operating margins due to increasing commodity prices, power and labour cost.
- Delay in disbursement of TUF benefits and high cost of funds for textile mills.
- Unstable government policy on cotton and yarn exports and withdrawal of export incentives.

- Increased competition from multinational companies.

### Outlook

Motivated by the depreciating rupee, exporters plan further expansion of capacity. Effective monetary measures taken by the RBI alongwith the prediction of a near normal monsoon is expected stimulate domestic consumption. On the other hand, the global economic slowdown seems to have little or no impact on the capex plans of well established integrated textile mills, as they are aware that investment in contemporary technology is necessary to meet their customers' cost and quality requirements.

# 24%

India has about 24% of the world's installed spindleage and is one of the biggest exporters of yarn.

## 02 Machine Tool Division



### Industry Overview

The Indian Machine Tool Industry consists of about 450 units of which about 150 units are in the organized sector. More than 70% of the Machine Tools manufactured in India are made by about 10 major companies. The Indian Machine Tool sector is capable of manufacturing both the conventional and advanced CNC Machine Tools. Despite the growth of Machine Tool Industry in India, about 70% of the domestic demand for high end machine tools is being met by imports. This sector is poised to grow further in view of the increased demand from defence, aerospace, metro rail and heavy engineering industries in India.

### Prospects

- India has emerged as a global auto manufacturing hub.

- Growth in defence, aerospace, heavy engineering and metro railway industry.

- Continuous research and development activity has enabled your Company to bring in new variants that meet with market requirements.

### Challenges

- Stiff competition from global players in Indian Market.
- Technology gap as compared with industry needs.
- Low economies of scale.
- Lack of skilled technicians.
- Cheap imports and competition from unorganized players.

### MTD segment performance

This division has sold 1,261 machines during the year for a value of ₹22,540.30 Lakhs and has added 488 new customers to its fold.

### Outlook

Emerging engineering industries like aerospace, railway engineering has created enormous opportunities for this sector. India is a global leader for low cost manufacture of engineering goods. In this regard, expertise gained by your Company over two decades in the industry enables inhouse research efforts which are adequately complemented with technology tie-ups for developing high precision machinery.

This division has launched the Moving Column VMC (JVM60) during the year under review. In the ensuing year the multi-tasking machine (JM300X) and 1000 mm length Turning Centre (LL25TL10) will be introduced in the market.

## 03 Foundry Division



### Industry Overview

In India more than 5,000 foundries are engaged in the manufacture of grey iron, ductile iron, SG iron, malleable steel, non ferrous and steel castings. The total installed capacity of the Foundries in India is 9.05 million tons per annum and the country meets about 10% of the global demand. It is expected that for the next five decades the Indian Foundry industry will maintain the growth momentum.

### Prospects

- Well established brand image having the capacity to manufacture high quality heavy castings.
- Growth of demand for heavy castings from metro rail projects, wind energy generators, marine engineering and power sector.
- Adoption of best practices in manufacturing/ability to manufacture at low cost.

- State of the art manufacturing facility and commitment to quality.

### Challenges

- Non availability of quality raw materials
- Continuous increase in input cost
- High cost of transport and warehousing
- Shortage of skilled man power
- Infrastructure bottleneck including power shortage

### Foundry Segment performance

This division comprises of three foundry units of which two units cater to the captive requirements. The one unit which meets external demand has sold 6,957 MT of ductile iron and grey iron castings valued at ₹9,170.07 Lakhs during the year under review. Out of the total castings sold by this unit about 57% accounting for ₹5,247.70 Lakhs has been exported.

### Outlook

Uninterrupted demand for high precision heavy castings, availability of world class manufacturing facilities with state of the art technology, focused approach on the customers in the domestic and export market and forging of long term supply arrangements with MNC giants would enable this division to perform well during the financial year 2012-13.

# 57%

Of the total castings sold by this unit, about 57% accounting for ₹5,247.70 Lakhs has been exported.

# 3,274

The Company had 3,274 employees as on 31st March, 2012. The Balanced Scorecard System is in place and it measures each employee performance.

## VI Financial performance

Particulars	2011-12	2010-11
Gross profit before interest, depreciation, tax	33,734.69	34,195.06
Interest	0.00	0.00
Depreciation	11,395.29	10,410.84
Provision for Taxation	8,637.64	7,186.25
Net profit	13,701.76	16,597.97
Earnings per share (Amount in ₹)	122	135

Coimbatore – 641018  
Date: 23rd May, 2012

controlled. Investment decisions are subject to detailed evaluation and approval. Review of capital expenditure is undertaken with reference to the utilisation of the capital assets for the intended purpose. Physical verification of assets is undertaken periodically.

The Audit Committee of Board of Directors reviews the reports of the Internal Auditors & Statutory Auditors and verifies all financial statements on a quarterly basis to ensure compliance.

## V HUMAN RESOURCE

Your Company enjoys the support of committed and well satisfied human capital. Your Company adopts the best practices in Compensation, Recruitment, Training, Motivation and Performance Appraisal. This enables your Company to attract /retain the best in talent and to keep the attrition rate well below the industry average. The Balanced Scorecard System is in place and it measures the performance of every employee. The Company had 3,274 employees as on 31st March, 2012

On Behalf of the Board

R.Venkatrangappan  
Chairman

## For the society





# Notice

TO SHAREHOLDERS



NOTICE is hereby given that the 49th Annual General Meeting of the Shareholders of Lakshmi Machine Works Limited, Coimbatore- 641020 will be held on Monday, the 6th August, 2012 at 10.25 AM at “Nani Kalai Arangam”, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore-641037, to transact the following business :-

#### ORDINARY BUSINESS :

1. To consider the statement of Profit and Loss for the financial year ended 31st March, 2012, the Balance Sheet as at that date, the Report of the Board of Directors and the Report of the Auditors.

2. To declare a dividend.
3. To appoint a Director in the place of Sri.M.V.Subbiah, Director who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in the place of Sri.Basavaraju, Nominee Director of LIC who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors to hold office till the conclusion of next Annual General Meeting and fix their remuneration.

By Order of the Board

Place: Coimbatore  
Date: 23rd May, 2012

**K. Duraisami**  
*Company Secretary*

#### NOTE :

1. A MEMBER WHO IS ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT PERIANAICKENPALAYAM, COIMBATORE - 641 020 NOT LESS THAN 48 HOURS BEFORE HOLDING THE MEETING.
3. Brief resume, details of shareholding and Directors inter-se relationship of Non-Executive Directors seeking election as required under clause 49 of the Listing Agreement, are provided as Annexure to this notice.
4. 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 to M/s SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006 quoting their respective folio number. Members holding shares in Demat form shall intimate the above details to their Depository Participant.

cashied/misplaced/not received the dividend warrant for the years 2004-05, 2005-06(interim & final), 2006-07(1st & 2nd interim), 2007-08 (interim & final), 2008-09, 2009-10 and 2010-11 are requested to write to M/s SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006 for claiming the dividend. Due date for the transfer of the unclaimed dividend of the year 2004-05 to the said fund is 24th August, 2012 and shareholders cannot make a claim after that date.

9. Annual accounts and related details of the subsidiary companies viz. LMW Textile Machinery (Suzhou) Co., Ltd. China and LMW

Machinery Limited are kept for inspection at the Registered Office of the Company and at the subsidiary companies. Copy of the same will be provided to the members whenever requested.

10. Any member who need 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.
11. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.

## BRIEF PROFILE OF DIRECTORS SEEKING REAPPOINTMENT

(Pursuant to Clause-49 of the Listing Agreement)

### 1. Sri. M.V. Subbiah, Director

#### Profile :

Sri.M.V.Subbiah is a diploma holder in Industrial Administration and has studied at the University of Aston and has attended programme for Management Development at Harvard Business School. He was the former Chairman of EID Parry (India) Limited of the Murugappa Group. He was the recipient of JRD Tata Business Leadership Award in 2002, the National HRD Award in 1998 and Padma Bhushan Award from President of India in 2012. He is in the Board of the Company since March, 1979.

#### Experience :

He has 4 decades of experience in the field of Industrial Administration, Human Resource Development and Financial Management.

#### Other Directorships :

1. ICI India Limited
2. National Silk Development Corporation
3. Chennai Willington Corporate Foundation
4. Chennai Heritage

#### Membership in Committees :

Name of the company	Name of the committee	Member/Chairman
ICI India Limited	Remuneration & Nomination Committee	Chairman
-do-	Audit Committee	Member
Lakshmi Machine Works Limited	Remuneration Committee	Chairman
-do-	Shareholders & Investors Grievance Committee	Chairman

Shareholding : Nil

#### Directors inter-se relationship :

None of the Directors of the Company is related to Sri. M.V. Subbiah.

### 2. Sri. Basavaraju, Nominee Director of LIC

#### Profile :

Sri Basavaraju is the Nominee Director of LIC. He is a post graduate in English Literature from Bangalore University. He joined LIC in the year 1977, held various responsible positions in LIC. At present he is the Chair Professor (Life Insurance), National Insurance Academy, Pune. He was ex-officio president of Bangalore Insurance Institute from 1998 to 2001 and was involved with IIM, Bangalore's seminars on opening of Insurance Industry. He is on the Board of our Company since 30th October, 2006.

#### Experience :

He has more than 3 decades of experience in the fields of Marketing, Investments, Training and Administration.

#### Other Directorships : Nil

Membership in Committees : Nil

Shareholding : Nil (LIC is holding 10,93,481 shares)

#### Directors inter-se relationship :

None of the Directors of the Company is related to Sri. Basavaraju.

*Dear Shareholders,*

Your Directors have pleasure in presenting the Annual Report together with the audited accounts of your Company for the financial year ended 31st March, 2012.

## Financial results

₹ in Lakhs

	2011-12	2010-11
Gross Profit	33,734.69	34,195.06
Depreciation	11,395.29	10,410.84
<b>Profit Before Tax</b>	<b>22,339.40</b>	<b>23,784.22</b>
Provision for Income Tax - Current Tax	7,500.00	8,100.00
- Deferred Tax	(473.36)	(548.97)
- Prior year taxes paid	1,611.00	(364.78)
<b>Profit After Tax</b>	<b>13,701.76</b>	<b>16,597.97</b>
(Add)/Less : Investment Fluctuation Reserve	2,004.53	(255.89)
Balance brought forward	76,948.20	65,722.60
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>	<b>88,645.43</b>	<b>82,576.46</b>
<b>APPROPRIATIONS:</b>		
Proposed Dividend	5,633.25	3,379.95
Dividend Tax	913.85	548.31
Transfer to General Reserve	1,400.00	1,700.00
Surplus carried to Balance Sheet	80,698.33	76,948.20
<b>TOTAL</b>	<b>88,645.43</b>	<b>82,576.46</b>

## Golden jubilee year

Your Company was incorporated on 14th September, 1962 and received the Certificate of Incorporation from the Registrar of Companies, Madras on that date. Your Company is commemorating the Golden Jubilee Year from 14th September, 2011.

## Dividend

Your Directors have recommended payment of a normal dividend of ₹25 per share (250 %) for the financial year 2011-12 and a Golden Jubilee year dividend of ₹25 per share (250%) in the aggregate ₹50 (500%) per equity share of ₹10 each on the equity share capital of ₹11,26,65,040 amounting to ₹56,33,25,200 and to pay a Dividend Tax of ₹9,13,85,431.

The dividend, if approved by the shareholders, will be paid to those members or their mandates whose name appear on the Register of Members on 6th August, 2012 for those holding shares on physical form and as per the details furnished by the depositories, for this purpose, as at the end of business hours on 31st July, 2012 for those holding shares on dematerialized form.

## Operations

During the year under review, your Company has achieved a turnover of ₹2,07,249.19 Lakhs (2010 -11: ₹1,77,331.17 Lakhs) resulting in a Net Profit of ₹22,339.40 Lakhs before tax (2010-11: ₹23,784.22 Lakhs). During the year under review the turnover has increased by 16.87% over the previous year however the profit has decreased by 6.07%. Inspite of

rise in turnover, the increase in commodity prices, power and fuel expenses and depreciation of the Indian Rupee against US Dollar has impacted profitability.

## Textile machinery division

The Textile Machinery Division of your Company, during the year under review, has recorded a turnover of ₹1,75,329.51 Lakhs as against ₹1,51,813.21 Lakhs achieved during the last year, recording an increase of 15.49% over the previous year.

The buoyancy in demand for Textile Machinery experienced during 2010-11 has slowed down in 2011-12. During the year under review the Indian Textile Industry was affected by external factors like the Euro Zone Crisis and concerns relating to low growth in demand from the US market. Demand generation in the domestic market too was affected by the uncertain economic environment. The high rate of inflation has eroded the disposable income and has hampered demand growth in the domestic market.

The Indian Textile Industry was also affected by volatile cotton prices; high cost of inventory carried forward, high interest rates, withdrawal of export incentives and levy of additional excise duty on readymade garments. The financial gains realised during 2010-11 were negated by the first quarter of 2011-12. Imposition of restriction on the cotton yarn export and the high cost of working capital forced many mills to dump yarn, made out of expensive cotton, in the domestic market at very low prices resulting in huge losses. Many textile units also closed/suspended operations or experienced lower capacity utilisation due to power shortage and issues relating to environmental concerns.

The uncertain and unpredictable Government policy on cotton and yarn export is posing a threat to the new entrants. It also made the existing players to defer their investment proposals for capacity expansion or modernisation. Only large integrated textile companies who have sufficient internal accruals or arrangements with banks / financial institutions were able to proceed with their investment programmes.

The budget for the year 2012-13 too has failed to cheer the Indian textile industry, which has been bogged down by many issues. However, extension of relief for R&D activities and testing laboratories, exemption of expenditure on skill development in manufacturing sector, allocation of ₹1,000 crores for National Skill Development Programmes and

allocation of ₹2,914 crores for TUF scheme were hailed as steps in the right direction.

In the current market scenario, your Company aims to strengthen the existing product lines by presenting new value added products with high level of automation. Despite stiff competition from multinational companies, your Company has retained its market position through its ability to provide comprehensive spinning solutions, prompt after-sale services and commitment to enhance the bottom line of its customers.

The step to allow 100% Foreign Direct Investment in textile sector and retail sector and the commitment to establish more textile parks by the government is expected to bring moderate growth in business to this division in the coming years.

## Machine tool division

Turnover of the Machine Tool Division during the year under review was ₹22,749.17 Lakhs as against ₹18,434.52 Lakhs recorded during the last year showing an increase of 23.40% over the previous year.

Moderation in the growth of automobile and auto ancillary industry has not affected the demand for machine tools. The emerging demand from aerospace, defence, power, railway engineering, heavy engineering, infrastructure and construction has given a new lease of life to this division. Growth of unorganised manufacturers offering low cost machine tools, continuous expansion of capacity by the organised sector and the stiff competition from overseas machine tool manufacturers are throwing a challenge to this division. Improved and sustained efforts of your Company for enhancing the technological competencies and cost competitiveness are expected to yield good results in the near future.

## Foundry division

Foundry division has achieved a turnover of ₹9,170.07 Lakhs as against ₹7,083.44 Lakhs recorded during the previous year showing an increase of 29% over the previous year. This division has exported castings worth ₹5,247.70 Lakhs as against ₹2,913.70 Lakhs made during the previous year. The export turnover constitutes 57% of the division's turnover. The growth in exports is mainly on account of growing demand for locomotive castings due to the growth of railway locomotive businesses in North America and Europe.

Your Company has installed additional high pressure moulding lines,

which would enable this division to take up the manufacture of large volume of small weight castings.

Though the products of this division are well accepted by the global market resulting in a good order book position, shortage of power, non-availability of trained workforce and other production constraints prevent this division from achieving full capacity utilisation.

### Wind energy division

During March 2012 your Company has installed five additional, high capacity Wind Energy Generators (WEG) with a total capacity of 8.85 MW at an investment of ₹6,007 Lakhs.

As on 31st March, 2012 your Company has installed 28 WEGs with a total capacity of 36.80 MW. This division has generated 647 lakh units of power during 2011-12. The entire wind power generated has been captively consumed by the manufacturing units of your Company and thereby has helped to reduce the power cost.

### Advanced technology centre

This division has been established to provide parts and components

required for the aerospace industry. With this end in view, your Company has created world-class infrastructure. To ensure high precision and accuracy in quality your Company is aligned to the AS 9100 Rev B certified organisation.

This division has commenced trial production and some of the products are in the process of validation at customers' end. Also, marketing arrangements have been entered with original equipment manufacturers as well. This is expected to bring more volume of business for this division in the near future.

### Real estate activity

Your Company has received the DTCP approval for its maiden housing project to be undertaken in about five acres of land situated in Ganapathy, Coimbatore. It is proposed to commence the project during the current financial year.

### Exports

During the year under review, your Company has achieved an export turnover as indicated below:

### Export turnover

₹ in Lakhs				
Sl.No	Division	FY 2011-12	FY 2010-11	Increase %
1	Textile Machinery*	26,876.87	22,227.68	21
2	CNC Machine Tools	24.94	—	100
3	Castings	5,247.70	2,913.70	80
4	Aerospace Parts	0.44	—	100
	Total Exports	32,149.95	25,141.38	-

\* Export of Textile Machinery as stated above includes exports made to the wholly owned subsidiary, LMW Textile Machinery (Suzhou) Co., Ltd, China.

### Research and development

Your Company views its customers as partners in business and does what it needs to enhance their competitive strength. The voice of the customer is actively pursued within R&D whereby customer requirements are actively blended into future product offering. It is also a consistent endeavour on the part of your Company to offer solutions that offer value for money proposition to buyers. Your Company not only develops technology indigenously but also looks around to source technology that can further add value to customers. For design and development of high-tech machines your Company is associating with renowned institutes worldwide.

The R&D activities resulted in new products offered to the customer.

### Awards

During the year 2011-12 your Company has bagged the following Awards:

- Silver Shield for “Star Performer - Large Enterprise 2009-10 EEPC Regional Award” from Engineering Export Promotion Council for the highest exports.
- Apex Export Award for the year 2010-11 from Textile Machinery Manufacturers Association India for the highest exports.
- R&D Award for the new Card LC 333 and Comber LK 64 for the year 2009-10 from Textile Machinery Manufacturers Association India.
- R&D Award for the new Ring Frame LR 9 for the year 2010-11 from Textile Machinery Manufacturers Association India.

### Directorate

Sri. M.V. Subbiah, Director and Sri. Basavaraju, Nominee Director of LIC are due to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. A brief profile of the Directors retiring by rotation and seeking re-election, to be provided as per clause 49 of the listing agreement is annexed to the notice of Annual General meeting.

### Industrial relations

Relationship with the employees was cordial throughout the year.

### Subsidiary companies

#### 1. LMW Machinery Limited (LMWML)

The 50% shares held by Rieter Machine Works Limited in the erstwhile joint venture Company Rieter - LMW Machinery Limited was acquired by your Company, consequently it became the wholly owned subsidiary of your Company effective from 16th August, 2011. The name of the said Company has been changed to ‘LMW Machinery Limited’ with effect from 2nd September, 2011.

During the year under review this Company had recorded a turnover of ₹13,764.25 Lakhs as against ₹17,348.94 Lakhs for the previous year and earned a net profit before tax of ₹948.61 Lakhs as against ₹1,695.23 Lakhs recorded during the previous year. The reduction in the turnover and profits is due to the stoppage of operations for preparation of the factory for the manufacture of complete ring frames instead of sections for ring frame assemblies as manufactured earlier.

#### 2. LMW Textile Machinery (Suzhou) Co., Ltd. (LMWTMSCL)

The turnover of the Company during the year under review was ₹15,860.53 Lakhs by sale of 304 machines as against ₹11,221.18 Lakhs achieved by sale of 255 machines during the previous year. As on 31st March, 2012 the Company has received orders for 294 machines worth ₹15,405 Lakhs and the same are under execution. During the year the Company has earned a net profit of ₹93.51 Lakhs (Previous Year Net Loss: ₹1,271.40 Lakhs).

The consolidated financial results incorporating the financial statements of the above subsidiary companies are attached to the annual report as required under the Accounting Standard and the listing agreement.

### Fixed deposits

The Company has not accepted any fixed deposits.

### Listing

Your Company's shares are listed in Madras Stock Exchange Limited, Chennai, Bombay Stock Exchange Limited, Mumbai and the National

Stock Exchange of India Limited, Mumbai. The respective listing fees for the above Stock Exchanges up to the year 2012-13 have been paid.

### Auditors

The retiring Auditors M/s M.S. Jagannathan & Visvanathan and M/s Subbachar & Srinivasan, Joint Auditors of the Company, being eligible for reappointment, have consented to act as Joint Auditors of the Company, if appointed and necessary certificate pursuant to Section 224(1B) of the Companies Act, 1956 has been received from them.

### Information pursuant to Section 217 of the Companies Act, 1956.

Information in accordance with Clause (e) of sub-section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Director's Report for the year ended 31st March, 2012 is given in Annexure-I of this Report.

Information in accordance with Sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March, 2012 is given in Annexure - II of this Report.

### Additional disclosures

Management Discussion and Analysis Report, Corporate Governance Report, Segment report, and Related Party Disclosures provided elsewhere in the Annual Report forms a part of this Report as required under the Listing Agreement entered into with the Stock Exchanges.

### Directors' responsibility statement

In compliance of Section-217 (2AA) of the Companies Act, 1956 the Directors of your Company confirm that:

- All applicable Accounting Standards have been followed in the preparation of Annual Accounts and that there are no material departures;
- Such accounting policies have been selected and applied consistently and such judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Annual Accounts of your Company have been prepared on a going concern basis.

## General

Your Directors thank the customers’ for their continued support and patronage.

Your Directors also thank the Company's Bankers and Selling Agents for

their valuable assistance.

Your Directors wish to place on record their appreciation for the co-operation and contribution made by the employees at all levels towards the progress of the Company.

On Behalf of the Board

Place: Coimbatore  
Date: 23rd May, 2012

R. Venkatrangappan  
Chairman

# ANNEXURE - I

## Information pursuant to the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988.

### Conservation of energy

Energy efficient lighting and compatible fittings were installed in Advanced Technology Centre and Accessories Unit. A new powerhouse has been commissioned in Foundry Unit II to reduce power Transmission losses. Automatic Power Factor Control Panels are installed in our Units to improve the power factor and reduce the demand. Coil cooler type cooling towers have been replaced with conventional cooling towers to reduce power consumption. Air cooled air compressors also have been installed to reduce the power consumption

### FORM - B

(See Rule 2)

Form for disclosure of particulars with respect to absorption

### Textile machinery division

#### A. RESEARCH & DEVELOPMENT:

1 Specific areas in which R&D carried out by the Company	Development of new concepts and products for spinning machinery by considering EOHS aspects, using Design for Six Sigma tools and Team Centre Product Life Cycle Management.
2 Benefits derived as a result of the above	Development of high performance, cost efficient and user-friendly machines.
3 Future plan of action	Development of new models and improvements in the existing machines as per the customer requirements within the applicable norms
4 Expenditure on R&D	₹ in Lakhs
a. Capital	570.35
b. Recurring	804.41
c. Total	1,374.76
d. Total R&D Expenditure as a percentage of total turnover	0.78%

## B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1 Efforts in brief, made towards Technology absorption, adaptation and innovation	Extensive in-house and external training to achieve specialisation, domain knowledge development, skill building and IPR analysis. Modeling and simulation in consultation with external experts.
2 Benefits derived as a result of the above efforts, for example development of import substitution etc.	Improvement in the performance of the machines, enhancement of the domain expertise and knowledge base.
3 In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year)	
a Technology imported	Technology for the manufacture of Roving Frame imported from M/s. Grossenhainer, Germany
b Year of Import	2007
c Has technology been fully absorbed	Yes
d If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action	Not Applicable

### Machine tool division

#### A. RESEARCH & DEVELOPMENT:

1 Specific areas in which R&D carried out by the Company	HMCs, Turning Centres, Vertical turning Lathe
2 Benefits derived as a result of the above	Development of high-precision, user-friendly, low-cost machines Strengthening of technology base and bringing out high technology and high performance CNC Machine Tools.
3 Future plan of action	
4 Expenditure on R & D	₹ in Lakhs
a. Capital	—
b. Recurring	138.66
c. Total	138.66
d. Total R& D Expenditure as a percentage of total turnover	0.61%

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1 Efforts in brief, made towards technology absorption, adaptation and innovation	Made arrangements for technical tie-ups to augment the existing product range. Stepped up investments in capital expenditure to acquire high technology mother machines.
2 Benefits derived as a result of the above efforts, for example development import substitution etc.	New machines and new variants of the existing machines were commercialised. Improvement in the performance of the existing machines.
3 In case of imported technology (imported during the last five years reckoned from the beginning of the financial year)	
a Technology imported	Technology for the manufacture of Vertical Turning Machine was imported from M/s. Rasoma, Germany
b Year of Import	2008
c Has technology been fully absorbed	Under progress
d If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action	Not Applicable

FOREIGN EXCHANGE EARNINGS AND OUT-GO:

Foreign Exchange earned through exports amount to	: ₹32,149.96 Lakhs
Foreign Exchange used	: ₹34,569.96 Lakhs

ANNEXURE - II

Statement appended to Directors’ Report pursuant to section 217 (2A) of the Companies Act,1956 read with the Companies ( particulars of Employees ) Rules,1975 and forming part of the Directors’ Report for the year ended 31st March, 2012.

	1	2
Name	Sri. Sanjay Jayavarthanavelu	Sri. R. Rajendran
Age (years)	43	67
Designation / nature of duties	Managing Director	Director Finance
Remuneration (₹)	3,48,28,945/-	88,76,185/-
Qualification	M B A	B.Com; A C A
Experience (years)	18	41
Date of commencement of employment	3rd June, 1994	1st April, 1971
Last employment before joining the Company	–	–

Note: The remuneration includes Company’s contribution to provident fund, gratuity and perquisites and the employment is contractual.

1. Philosophy on Code of Governance

The corporate vision of LMW is to deliver world-class customer service by being committed to values. LMW is therefore committed to ethical business conduct of corporate functioning by maximising customer satisfaction through the delivery of quality products on time and at reasonable prices while complying with all regulations, as applicable from time to time, with adequate transparency and accountability. At LMW, the pursuit of perfection is an on-going process enabling it to look back with immense satisfaction on its past achievements and look ahead with confidence to a promising and challenging future. The strategy remains to maintain its leadership through systematic initiatives in product development, giving customers quality products. LMW aims to ensure high ethical standards in all its business activities thereby enhancing its stakeholders’ value.

2. Board of Directors

The Company’s Board of Directors comprises eminent personalities who are high-achievers in their respective business/profession and have decades of experience to their credit. The Directors are committed to ethical, lawful conduct of business; personally possess and practice highest professional ethics, integrity and values enabling them to provide adequate leadership and guidance to tune the affairs of the Company in the right direction. The Board of Directors are well committed to the highest standard of governance practices which allow the Company to

carry on its business in the long-term interest of the stakeholders’.

To ensure participation of all the Directors at the Board meetings, the dates of Board meetings are determined and intimated to the Directors well in advance. The Company always places before the Board all the information as required under Clause-49 of the Listing Agreement to ensure complete transparency. The Board determines strategic policies, approves annual plans and budgets, capital expenditure, new projects, investment plans, conducts performance review, ensures statutory compliance, and risk management among others periodically. Minimum of four meetings of the Board of Directors are held each year, one meeting is held in each quarter and the gap between two meetings does not exceed four months.

Composition

Board of Directors of the Company is constituted in such a way that it strictly conforms to the provisions of the Companies Act, 1956 and the conditions of the listing agreement. The composition of the Board ensures a judicious mix of Executive and Non Executive Directors as well as the combination of Independent and Non-Independent Directors.

The Board consists of Nine Directors, of whom one is the Non Executive Chairman, one is Managing Director, one is Director Finance and six are Non-Executive Directors. Out of the six Non Executive Directors, one is a Nominee Director representing LIC as an equity investor.

Position of Board of Directors

Directors	Position	Other Directorships	Membership in Committees	
			Chairman	Member
Sri R. Venkatrangappan	Non-Executive Chairman-Non Independent	4	6	-
Sri Sanjay Jayavarthanavelu	Executive-Managing Director-Non Independent	10	–	5
Sri M. V. Subbiah	Non-Executive-Independent	5	3	–
Sri S. Pathy	Non-Executive-Non Independent	10	–	1
Sri R. Satagopan	Non-Executive-Independent	1	2	4
Sri Basavaraju	Non-Executive-Independent, Nominee of LIC	–	–	–
Sri Aditya Himatsingka	Non-Executive-Independent	5	–	4
Dr. Mukund Govind Rajan	Non-Executive-Independent	1	–	2
Sri R. Rajendran	Executive-Director Finance-Non Independent	1	1	1

Number of chairmanship/membership in committees of all the Directors are within the limits specified in clause 49 (I) (c) (ii) of the listing agreement

### Board Meetings and Attendance:

During the year under review, five Board meetings were held on 1st April, 2011, 20th May, 2011, 10th August, 2011, 31st October, 2011 and 23rd January, 2012.

Details of attendance of each Director at the meetings of the Board, Share Transfer Committee and AGM held during the financial year ended 31st March, 2012 are as follows:

Directors	Board Meeting (5)*	Share Transfer Committee (10)*	Last AGM Attended (Yes/No)
Sri R. Venkatrangappan	5	10	Yes
Sri Sanjay Jayavarthanavelu	5	10	Yes
Sri M. V. Subbiah	1	–	Yes
Justice Sri G. Ramanujam (Retired.) (upto 10th August, 2011)	1	–	No
Justice Sri S.Natarajan (Retired) (upto 10th August, 2011)	3	–	Yes
Sri S. Pathy	4	–	Yes
Sri R. Satagopan	5	–	Yes
Sri Basavaraju	5	–	Yes
Sri Aditya Himatsingka	3	–	Yes
Dr Mukund Govind Rajan	5	–	Yes
Sri R. Rajendran	5	–	Yes

\* The figures within brackets denote the number of meetings held during the year 2011-12.

Brief resume, details of shareholding and the Directors' inter-se relationship of the Directors seeking reappointment are provided as annexure to the Notice of Annual General Meeting.

### Shareholding of Non-Executive Directors

Sl No	Name of the Director	Number of shares held
1	Sri R. Venkatrangappan	1,100
2	Sri M. V. Subbiah	–
3	Sri S. Pathy	1,420
4	Sri R. Satagopan	–
5	Sri Basavaraju	–
6	Sri Aditya Himatsingka	–
7	Dr Mukund Govind Rajan	–

### Remuneration of Directors

The Board determines the remuneration payable to Non-Executive Directors. They are being paid sitting fees of ₹20,000/- per meeting of the Board of Directors and Committees thereof attended by them.

Non-Executive Directors are also paid commission in the aggregate up to 1% of the net profits per annum. The shareholders of the Company at the Extra-ordinary General Meeting held on 10th September, 2010 have approved the same. The amount of commission payable to each Director is determined by the Board.

Remuneration payable to Executive Directors consists of salary, perquisites and commission. Remuneration to Executive Directors are determined by the Remuneration Committee of Board of Directors and approved by the shareholders at the General Meetings. No sitting fee is being paid to the Executive Directors for attending Board meetings and Committee meetings.

Remuneration and sitting fees paid to the Executive and Non Executive Directors during the year ended 31st March, 2012 are as below:

(Amount in ₹)

Name	Salary	Perquisites	Sitting fees	Commission paid for FY 2010-11	Total
Dr. D. Jayavarthanavelu (upto 10th June, 2010)	-	-	-	95,52,837	95,52,837
Sri R. Venkatrangappan	–	–	3,00,000	2,25,47,878	2,28,47,878
Sri Sanjay Jayavarthanavelu	60,00,000	59,88,157	–	2,44,94,454	3,04,82,611
Sri M. V. Subbiah	–	–	40,000	5,00,000	5,40,000
Justice Sri G. Ramanujam (Retired)	–	–	20,000	5,00,000	5,20,000
Justice Sri S. Natarajan (Retired)	–	–	1,40,000	5,00,000	6,40,000
Sri S. Pathy	–	–	80,000	5,00,000	5,80,000
Sri R. Satagopan	–	–	2,20,000	5,00,000	7,20,000
Sri Basavaraju * (Nominee of LIC)	–	–	1,00,000	5,00,000	6,00,000
Sri Aditya Himatsingka	–	–	80,000	2,50,000	3,30,000
Dr. Mukund Govind Rajan	–	–	1,40,000	2,50,000	3,90,000
Sri R. Rajendran	48,00,000	40,76,185	–	–	88,76,185

\* Paid to Life Insurance Corporation of India.

No benefits, other than the above are given to the Directors. No stock options, performance linked incentives and severance fees are given to Directors.

### Committee of Directors

To assist the Board in conducting the affairs of the Company the Board has constituted various committees. The role and responsibilities and the scope of operation of such Committees were clearly defined in the terms of reference of each Committee as per the statutory requirements. The details of the Board Committees constituted and their operations are as follows:

#### (i) Audit Committee:

The Audit Committee was reconstituted consequent to the retirement of some of the Directors; the reconstituted committee consists of the

following Directors:

1. Sri. R. Satagopan, Chairman
2. Sri. Aditya Himatsingka
3. Dr. Mukund Govind Rajan

Sri K. Duraisami, Company Secretary serves as the secretary of the Committee. The Audit committee would assure to the Board, compliance of adequate internal control system, compliance of Accounting Standards, 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 meets once in every quarter to carry out its business.

The Committee met four times during the financial year under review on 20th May, 2011, 10th August, 2011, 31st October, 2011 and 23rd January, 2012. Details of attendance of members are as follows:

### Date of Meetings and Attendance

Name of the Member	Attendance of meetings held on			
	20.05.11	10.08.2011	31.10.11	23.01.12
1. Justice Sri G. Ramanujam (Retd.)upto 10th August 2011	–	–	N.A.	N.A.
2. Justice Sri S. Natarajan ( Retd.) upto 10th August 2011	√	√	N.A.	N.A.
3. Sri R. Satagopan	√	√	√	√
4. Sri Aditya Himatsingka – from 10th August 2011	N.A.	N.A.	√	-
5. Dr. Mukund Govind Rajan – from 10th August 2011	N.A.	N.A.	√	√

#### (ii) Shareholders / Investors Grievance Committee:

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

The Committee was reconstituted with effect from 10th August 2011 and the present Committee consists of the following Directors as its members:

1. Sri. M.V. Subbiah, Chairman
2. Sri R. Satagopan
3. Sri R. Rajendran

Sri K. Duraisami, Company Secretary serves as the Compliance Officer.

During the year under review seven letters/complaints were received from the investors which were adequately addressed to the satisfaction of the investors. No complaints/queries are remaining unresolved as on 31st March, 2012.

The Committee met two times during the financial year ended 31st March, 2012, on 10th August, 2011 and on 23rd January, 2012. Details of attendance of members are as follows.

#### Date of Meetings and Attendance:

Sl no	Name of the Member	Attendance of meetings held on	
		10th August, 2011	23rd January, 2012
1	Sri Sanjay Jayavarthanavelu	✓	N.A.
2	Justice Sri G Ramanujam (Retd.) upto 10th August, 2011	—	N.A.
3	Justice Sri S Natarajan ( Retd.) upto 10th August, 2011	✓	N.A.
4	Sri M.V. Subbiah from 10th August, 2011	N.A.	✓
5	Sri R. Satagopan from 10th August, 2011	N.A.	✓
6	Sri R. Rajendran from 10th August, 2011	N.A.	✓

#### (iii) Shares and Debentures Committee:

The Shares and Debentures Committee consists of the members of the Board, Company Secretary and nominees of Share Transfer Agents. At present there are 6 members in the Committee. The Committee reviews and approves transfers, transmission, split, consolidation, issue of duplicate share certificate, recording change of name, transposition of names etc. in equity shares of the Company. The committee had met ten times during the financial year ended 31st March, 2012.

and the reconstituted Committee consists of the following independent Directors:

1. Sri M. V. Subbiah, Chairman
2. Sri S. Pathy
3. Sri R. Satagopan

The Committee had met during the year under review on 7th May, 2011 for determining the remuneration payable to the Managing Director.

### 3. General Body Meetings

Information regarding Annual General Meetings and Extra ordinary General Meeting held during the last three Financial Years is given below:

	Location	Time	Day	Date
AGM	Nani Kalai Arangam, Mani Higher Sec. School, Coimbatore- 641 037	03.30 P.M.	Monday	27th July, 2009
AGM	-do-	03.30 P.M.	Wednesday	28th July, 2010
EGM	-do-	10.00 A.M.	Friday	10th Sept., 2010
AGM	-do-	03.00 P.M.	Wednesday	10th August, 2011

#### Details of Special Resolutions passed at the above Annual General Meetings / Extra Ordinary General Meeting:

1. At the AGM held on 27th July, 2009 the following special resolutions were passed:

- (i) Approval for payment of commission to Non-Executive Directors.

- (ii) Approval for re- appointment of Dr. D Jayavarthanavelu as Managing Director.

- (iii) Approval for de-listing of shares of the Company from Madras Stock Exchange Ltd

2. At the AGM held on 28th July, 2010

- (i) Revision of remuneration to Sri R Venkatrangappan as Whole-time Director.

- (ii) Revision of remuneration to Sri Sanjay Jayavarthanavelu as Whole-time Director.

3. At the EGM held on 10th September, 2010 the following special resolutions were passed:

- (i) Amendment of Articles of Association.

- (ii) Commission payable to Non Executive Directors for three years.

- (iii) Redesignation of Sri Sanjay Jayavarthanavelu as Managing Director

4. During the year 2009-10, a resolution was passed through postal ballot to obtain the approval of the shareholders by special resolution for buy back of shares and the result of the same was announced on 22nd October, 2010.

5. At the AGM held on 10th August, 2011 the following special resolutions were passed:

- (i) Approval for remuneration to Sri. Sanjay Jayavarthanavelu, Managing Director.

- (ii) Approval for remuneration to Sri. R. Rajendran, Director-Finance.

- (iii) Approval for withdrawal of de-listing application from Madras Stock Exchange.

### 4. DISCLOSURES:

There were 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.

It is confirmed that:

- no penalty or strictures have been imposed on the Company by any Regulatory authority for non-compliance of any laws.
- no non-mandatory requirement is complied with except the constitution of Remuneration Committee.
- no whistle blower policy is adopted by the Company however no person is denied access to the Audit Committee.
- no differential treatment from the prescribed accounting standard is followed in preparation of financial statements

#### Disclosure of Directors Inter-se Relationships

As on 31st March, 2012, none of the Directors of the Company are related to each other.

### 5. Means of Communication:

The Company publishes its quarterly results in one leading English daily Newspaper having circulation all over India and in a leading Tamil daily News paper having circulation in the District of Coimbatore.

The Company profile, corporate information, shareholding pattern, corporate governance report at the end of each quarter, code of conduct for Directors and Officers, quarterly and annual financial statements, and information on product range are posted in the Company's web-site [www.lakshmimach.com](http://www.lakshmimach.com)

### 6. Shareholders Information

#### Annual General Meeting:

Date : Monday the 6th of August, 2012

Time : 10.25 AM

Venue : Nani Kalai Arangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037

Particulars	Dates
Financial Year	1st April to 31st March
Annual Results 2011-12 announced	23rd May, 2012
Posting of Annual Reports 2011-12	13th July, 2012
Last date of receipt of Proxy forms for above AGM	4th August, 2012
Announcement of Quarterly Results for the Financial Year 2012-13	August-2012, October-2012, February-2013 and May-2013
Date of Book closure	Wednesday the 1st of August, 2012 to Monday the 6th of August 2012 (both days inclusive)
Dividend payment date	On or before 5th September, 2012

#### Listing on Stock Exchanges:

The equity shares of the Company are listed in:

1. Madras Stock Exchange Limited, Chennai
2. Bombay Stock Exchange Limited, Mumbai
3. National Stock Exchange of India Limited, Mumbai

#### Stock Codes & ISIN Number

	Stock Exchanges	Code No.	ISIN No.
1.	Madras Stock Exchange Limited	LMW	INE269 B 01029
2.	Bombay Stock Exchange Limited	500252	-do-
3.	National Stock Exchange of India Limited	LAXMIMACH	-do-

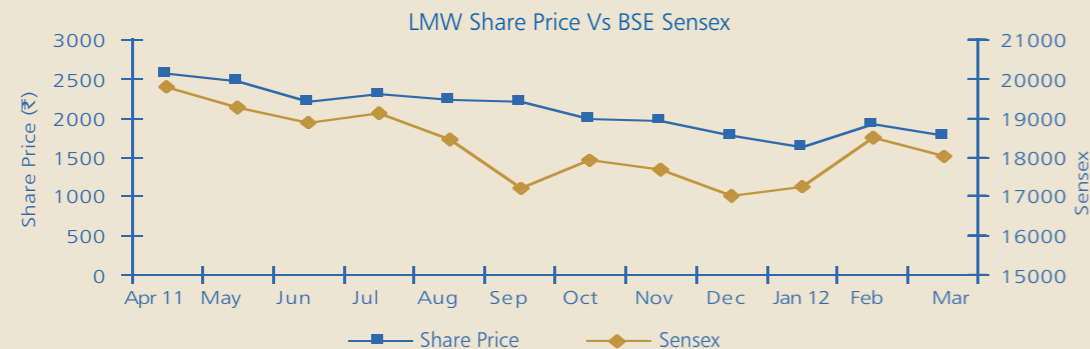
#### Market price data

The monthly high and low of Company's share price quoted in NSE / BSE during the financial year 2011-12 are given below:

(Amount in ₹)

Month	NSE		BSE	
	High	Low	High	Low
April, 2011	2,560	2,222	2,565	2,220
May	2,485	2,012	2,468	1,995
June	2,210	2,050	2,210	2,030
July	2,299	2,065	2,299	2,069
August	2,208	1,900	2,236	1,885
September	2,076	1,926	2,199	1,916
October	2,000	1,860	1,989	1,809
November	1,965	1,570	1,962	1,510
December	1,788	1,445	1,785	1,426
January, 2012	1,640	1,411	1,625	1,469
February	1,925	1,582	1,925	1,581
March	1,750	1,570	1,788	1,536

#### SHARE PRICE PERFORMANCE IN COMPARISON WITH BSE INDEX:



#### Registrar and Share Transfer / Demat Agents

Transfer, transmission, transposition of name, split, consolidation, recording change of name of shareholders, issue of duplicate certificate and such other matters relating to the shares of the Company held in physical form and dematerialized form are entrusted to the share transfer agents M/s. SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/1-A, Sathy Road, Ganapathy, Coimbatore – 641006. They are the connectivity providers for demat segment.

#### Share Transfer System

The share transfers are registered and share certificates are returned within a period of 15 days from the date of receipt, if documents are in order. The share transfers are approved by Shares and Debenture Committee.

#### Shareholding Pattern: (as on 31st March, 2012)

Category	Number of Share-holders	Number of shares held	% to Paid-up Capital
Promoters and Promoters Group	19	31,92,744	28.34
Financial Institutions, Banks and Mutual Funds	36	8,57,470	7.61
Insurance Companies	4	18,22,681	16.18
Bodies Corporate (India)	609	16,71,219	14.83
Directors and relatives	5	4,910	0.04
Individuals (general public)	29,592	23,77,694	21.11
HUF and others	839	4,75,950	4.22
Non-Resident Indians	404	49,730	0.44
Foreign corporate body	1	3,91,520	3.48
Foreign national	1	240	0.00
FII's	27	4,22,346	3.75
TOTAL	31,537	1,12,66,504	100.00

#### Distribution of Share Holding: (as on 31st March, 2012)

Range (Number of Shares)	Number of shares	Percentage to total Number of shares	Number of Shareholders	Percentage to total Number of shareholders
1-5000	10,20,636	9.06	30,840	97.79
5001-10000	2,60,325	2.31	336	1.07
10001-20000	2,24,238	1.99	155	0.49
20001-30000	1,53,437	1.36	60	0.19
30001-40000	88,973	0.79	25	0.08
40001-50000	96,934	0.86	21	0.07
50001-100000	2,16,424	2.45	36	0.11
100001 And above	91,45,537	81.18	64	0.20
Total	1,12,66,504	100.00	31,537	100.00

#### Dematerialisation of shares

As on 31st March, 2012 1,04,34,255 equity shares constituting 92.61% of the paid up capital of the Company has been dematerialised.

As required under the amended clause 5A of the listing agreement steps are being taken to transfer the unclaimed shares to a separate demat-account.

## 7 Plant locations

The Company's plants are situated at the following locations:

### Textile Machinery Division

Unit - I	Perianaickenpalayam, Coimbatore – 641 020
Unit - II	Kaniyur, Coimbatore - 641 659
Unit –III	Arasur, Coimbatore - 641 407

### Other Divisions

Machine Tool Division	Arasur, Coimbatore - 641 407
Foundry Division	Arasur, Coimbatore - 641 407
Foundry and Machine shop	Arasur, Coimbatore - 641 407
Advanced Technology Centre	Ganapathy, Coimbatore - 641006
Wind Mill Division	Udumalpet (TK), Tirupur District
Training Centre	Ganapathy, Coimbatore – 641006

Place: Coimbatore  
Date: 23rd May, 2012

## CHIEF EXECUTIVE OFFICER'S DECLARATION ON CODE OF CONDUCT:

I hereby declare that the Board of Directors of the Company have adopted a Code of Conduct for the Board members and Senior Management of the Company and the same has also been posted in the Company's website and that all the Board members and Senior Management personnel to whom this Code of Conduct is applicable have affirmed the Compliance of Code of Conduct during the year 2011-12.

Place: Coimbatore  
Date: 23rd May, 2012

On Behalf of the Board

Sanjay Jayavarthanavelu  
Managing Director

Sanjay Jayavarthanavelu  
Managing Director

## 8. Address for correspondence

All correspondence should be addressed to:

The Company Secretary

Lakshmi Machine Works Limited

Corporate Office: 34-A, Kamaraj Road, Coimbatore - 641 018

E-mail: secretarial@lmw.co.in, investorscell@lmw.co.in

## Auditors' Certificate on Compliance of Conditions of Corporate Governance as per clause 49 of the Listing Agreement with Stock Exchanges.

### TO THE MEMBERS OF LAKSHMI MACHINE WORKS LIMITED

We have examined the compliance of conditions of Corporate Governance by Lakshmi Machine Works Limited, for the year ended on 31st March, 2012, as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the

explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

On the basis of representation received from the Registrar and Share Transfer agents of the company and on the basis of the records maintained by the Shareholders / Investors 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.

For **M. S. Jagannathan & Visvanathan**  
Chartered Accountants, Auditors  
**M. J. Vijayaraghavan**  
(Partner)  
Membership No.7534

Place: Coimbatore  
Date: 23rd May, 2012

For **Subbachar & Srinivasan**  
Chartered Accountants, Auditors  
**T. S. V. Rajagopal**  
(Partner)  
Membership No. 200380

## CEO & CFO CERTIFICATE

The Board of Directors,  
**Lakshmi Machine Works Limited**,  
Coimbatore.

### Annual Confirmation pursuant to Clause 49(V) of the Listing Agreement

As required by Clause 49(V) of the Listing Agreement with Stock Exchanges, we hereby certify that:

- We have reviewed the financial statements and the cash flow statement of the Company for the year ended 31st March, 2012 and that to the best of our knowledge and belief:
  - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading ;
  - these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent,

illegal or violative of the Company's Code of Conduct.

- We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- We have indicated to the auditors and the Audit committee
  - significant changes in internal control over financial reporting during the year ;
  - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - that there were no instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**R. Rajendran**  
Director Finance (CFO)

Place: Coimbatore  
Date: 23rd May, 2012

Sanjay Jayavarthanavelu  
Managing Director (CEO)



# Financial section

## Auditors' Report

To the Shareholders of  
**LAKSHMI MACHINE WORKS LIMITED**

1. We have audited the attached Balance Sheet of **LAKSHMI MACHINE WORKS LIMITED** as at 31st March 2012, the Statement of Profit & Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books
  - c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Statement of Profit & Loss

and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

- e) On the basis of the written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is, prima facie, disqualified as on 31st March, 2012 from being appointed as a Director in terms of Clause (g) of subsection (1) of Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the statement of significant accounting policies and the notes to the accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - 1) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2012 and
  - 2) in the case of Statement of Profit & Loss, of the Profit of the Company for the year ended on that date.
  - 3) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For <b>M.S.Jagannathan &amp; Visvanathan</b>	For <b>Subbachar &amp; Srinivasan</b>
Firm Regn.No: 001209S	Firm Regn. No: 004083S
<i>Chartered Accountants</i>	<i>Chartered Accountants</i>

<b>[M.J.Vijayaraghavan]</b>	<b>[T.S.V.Rajagopal]</b>
<i>Partner</i>	<i>Partner</i>
Membership No: 7534	Membership No:200380
Coimbatore	
23rd May, 2012	



## Annexure to the Auditors Report

Annexure referred to in paragraph 3 of our report of even date to the Shareholders of LAKSHMI MACHINE WORKS LIMITED on accounts for the year ended 31st March, 2012.

1. In respect of its Fixed Assets:
  - a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. The company has physically verified fixed assets during the year in accordance with a regular and phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the company and nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
  - c. The company has not disposed off any substantial part of fixed assets during the year that affects the going concern assumption.
2. In respect of its inventories:
  - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
  - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the 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 as compared to the book records.
3.
  - a) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
  - b) During the year the company has given an unsecured loan of ₹1,000 Lakhs to one party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year in respect of this loan and the loans to two other parties given in the earlier years, was ₹2,500 Lakhs and their year end balance was ₹1,100 Lakhs.
- c) In our opinion, the rate of interest and other terms and conditions on which loans have been given are not prima facie, prejudicial to the interests of the company and the repayment of principal amount and payment of interest are regular as stipulated and there are no overdue amounts.
4. 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, fixed assets and also for the sale of goods and services. We have not observed any major weaknesses in internal control systems during the course of our audit.
5. In respect of contracts or arrangements referred to in Sec. 301 of the Companies Act, 1956:
  - a. In our opinion and according to the information and explanations given to us, particulars of such contracts or arrangements have been entered in the register required to be maintained under Sec. 301 of the Companies Act, 1956.
  - b. In our opinion and according to the information and 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.
6. The company has not accepted any deposits from the public and as such clause 4(vi) of the Order is not applicable.
7. In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the cost records maintained by the company pursuant to the Companies(Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Sec. 209(1)(d) of the Companies Act, 1956, as applicable to the company, and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

9. According to the information and explanations given to us in respect of the statutory dues:

- a. The company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Cess and any other Statutory

dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2012 for a period of more than six months from the date they became payable.

- b. The details of disputed statutory dues are as under:

Name of the Statute	Nature of the dues	Amount [₹ In Lakhs]	Amount paid/ adjusted	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	385.59	NIL	Appellate authorities Upto Commissioner's Level - ₹279.58 Lakhs CESTAT - ₹84.67 Lakhs High Court - ₹21.34 Lakhs
Income Tax Act	Income tax and Interest	274.51	NIL	Commissioner of Income Tax (Appeals) ₹274.51 Lakhs

10. The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/society and as such reporting under clause (xiii) of the Order is not applicable to the company.
14. The company is not dealing or trading in shares, securities, debentures and other investments and as such clause (xiv) of the Order is not applicable to the company.
15. According to the information and explanations given to us the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. To the best of our knowledge and belief and according to the information and explanations given to us, no term loans were availed by the company during the year.

17. The company has not raised any funds on short terms basis.
18. The company has not made any preferential allotment of shares during the year.
19. The company has not issued any debentures during the year.
20. The company has not raised any money by public issue during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year that causes the financial statements to be materially misstated.

For M.S.Jagannathan & Visvanathan Firm Regn.No: 001209S Chartered Accountants	For Subbachar & Srinivasan Firm Regn. No: 004083S Chartered Accountants
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[M.J. Vijayaraghavan] Partner Membership No: 7534 Coimbatore 23rd May, 2012	[T.S.V. Rajagopal] Partner Membership No:200380
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## Balance Sheet

As at March 31, 2012

(₹ in Lakhs)			
	Note No.	As at March 31, 2012	As at March 31, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,126.65	1,126.65
Reserves and surplus	4	88,724.05	81,569.40
<b>Non-current liabilities</b>			
Deferred tax liabilities (Net)	5	2,287.06	2,760.42
Other Long term liabilities	6	26,644.53	33,692.40
<b>Current liabilities</b>			
Trade payables	7	26,254.23	26,702.73
Other current liabilities	8	36,323.71	31,785.59
Short-term provisions	9	6,968.05	4,463.92
<b>Total</b>		<b>1,88,328.28</b>	<b>1,82,101.11</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	10		
i) Tangible assets		49,467.72	42,285.64
ii) Intangible assets		288.46	314.79
iii) Capital work-in-progress		1,030.74	1,040.27
<b>Total</b>		<b>50,786.92</b>	<b>43,640.70</b>
Non-current investments	11	15,407.30	10,007.30
Long-term loans and advances	12	2,822.80	4,147.47
Other Non current assets	13	1,702.39	1,001.75
<b>Current assets</b>			
Inventories	14	21,532.18	25,114.25
Trade receivables	15	12,929.68	11,195.07
Cash and cash equivalents	16	69,234.56	72,895.88
Short-term loans and advances	17	11,101.15	11,563.42
Other current assets	18	2,811.30	2,535.27
<b>Total</b>		<b>1,88,328.28</b>	<b>1,82,101.11</b>
Significant Accounting Policies	2		
Additional information to financial statements	25		

See accompanying notes to the financial statements

In terms of our report of even date  
For M. S. Jagannathan & Visvanathan  
Firm Registration No: 001209S  
Chartered Accountants

R. Venkatrangappan  
Chairman

Sanjay Jayavarthanavelu  
Managing Director

per M.J. Vijayaraghavan  
Partner  
Membership No.: 7534

R. Rajendran  
Director Finance

K. Duraisami  
Company Secretary

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

per T.S.V Rajagopal  
Partner

Place: Coimbatore  
Date: 23rd May, 2012

Membership No.: 200380

## Statement of Profit and Loss

For the year ended March 31, 2012

(₹ in Lakhs)			
	Note No.	Year ended March 31, 2012	Year ended March 31, 2011
<b>REVENUE</b>			
Revenue from operations	19	2,30,735.93	1,95,940.22
Less : Excise duty		19,390.69	15,565.45
		2,11,345.24	1,80,374.77
Other income	20	8,450.77	7,965.68
<b>Total Revenue</b>		<b>2,19,796.01</b>	<b>1,88,340.45</b>
<b>EXPENSES</b>			
Cost of materials consumed	21	1,30,510.96	1,11,032.08
Changes in inventories of finished goods and work-in-progress and Stock-in-Trade	22	581.88	(3,830.36)
Employee benefits expense	23	17,350.24	16,682.53
Finance costs	25.18	500.73	130.18
Depreciation		11,395.29	10,410.84
Other expenses	24	37,117.51	30,130.96
<b>Total Expenses</b>		<b>1,97,456.61</b>	<b>1,64,556.23</b>
<b>Profit before tax</b>		<b>22,339.40</b>	<b>23,784.22</b>
Tax expense:			
Current tax		7,500.00	8,100.00
Deferred tax (Net)		(473.36)	(548.97)
Prior year taxes		1,611.00	(364.78)
<b>Profit after tax</b>		<b>13,701.76</b>	<b>16,597.97</b>
<b>Earnings per equity share:</b>			
Basic and Diluted Earnings per share (in ₹)			
(Face value ₹10/- per share)		121.62	134.95
Significant Accounting Policies	2		
Additional information to financial statements	25		

See accompanying notes to the financial statements

In terms of our report of even date  
For M. S. Jagannathan & Visvanathan  
Firm Registration No: 001209S  
Chartered Accountants

R. Venkatrangappan  
Chairman

Sanjay Jayavarthanavelu  
Managing Director

per M.J. Vijayaraghavan  
Partner  
Membership No.: 7534

R. Rajendran  
Director Finance

K. Duraisami  
Company Secretary

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

per T.S.V Rajagopal  
Partner

Place: Coimbatore  
Date: 23rd May, 2012

Membership No.: 200380



## Cash Flow Statement

For the year ended March 31, 2012

(₹ in Lakhs)

	Year ended March 31, 2012	Year ended March 31, 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	22,339.40	23,784.22
<b>Adjustments for :</b>		
Depreciation	11,395.29	10,410.84
Finance cost	500.73	130.18
Profit on sale of assets	(189.41)	(327.19)
Loss on sale of assets	14.13	4.30
Loss on sale of Investments	–	58.61
Investments written off	–	5.22
Interest income	(6,105.35)	(6,356.91)
Dividend income	(66.91)	(68.60)
Unrealised Loss / (Gain) on Foreign Currency		
Cash and cash equivalents	(0.39)	(0.46)
	5,548.09	3,855.99
<b>Operating Profit before Working Capital Changes</b>	<b>27,887.49</b>	<b>27,640.21</b>
(Increase)/Decrease in trade and other receivables	(704.80)	(11,165.59)
(Increase)/Decrease in inventories	3,582.06	(14,074.42)
Increase/(Decrease) in trade and other payables	(3,569.96)	31,490.49
<b>Cash generated from operations</b>	<b>27,194.79</b>	<b>33,890.69</b>
Direct taxes paid	9,092.39	7,538.44
<b>Net Cash from Operating activities (A)</b>	<b>18,102.40</b>	<b>26,352.25</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets/Capital Work In Progress	(18,653.82)	(10,061.49)
Proceeds from sale of fixed assets	287.59	990.21
Sales of Investments	–	2,631.86
Interest received	5,383.43	5,468.81
Dividend received	66.91	68.60
Loans given	(1,000.00)	–
Loans received back	216.00	54.00
Loans received back from Joint Venture Company	1,250.00	–
Investment in Wholly owned subsidiary	(5,400.00)	(558.75)
(Increase)/Decrease in Bank balances not considered as cash and cash equivalent	3,266.93	434.84
<b>Net cash used in investing activities (B)</b>	<b>(14,582.96)</b>	<b>(971.92)</b>

## Cash Flow Statement

For the year ended March 31, 2012

(₹ in Lakhs)

	Year ended March 31, 2012	Year ended March 31, 2011
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Buy back of Shares	–	(22,551.16)
Dividends paid	(3,265.12)	(1,869.32)
Corporate dividend taxes paid	(626.43)	(308.18)
Transfer of Unpaid Dividend/Debentures to IEPF	(5.70)	(47.99)
Finance cost	(16.51)	(4.95)
<b>Net cash used in financing activities (C)</b>	<b>(3,913.76)</b>	<b>(24,781.60)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(394.32)</b>	<b>598.73</b>
<b>Cash and cash equivalents at beginning of the period-D</b>	<b>1,619.60</b>	<b>1,020.87</b>
<b>Cash and cash equivalents at end of the period - E</b>	<b>1,225.28</b>	<b>1,619.60</b>
<b>Net increase in cash and cash equivalents (E-D)</b>	<b>(394.32)</b>	<b>598.73</b>
Cash & Cash equivalents as per Balance Sheet	1,225.67	1,620.06
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents	(0.39)	(0.46)
<b>Cash and Cash equivalents as per Cash Flow Statement</b>	<b>1,225.28</b>	<b>1,619.60</b>
<b>Note :</b>		
Cash and cash equivalents include the following balances not available for use :		
Unpaid dividend warrant account	114.67	83.66
Unpaid Debenture and Interest account	–	–

In terms of our report of even date

For **M. S. Jagannathan & Visvanathan**

Firm Registration No: 0012095

Chartered Accountants

**R. Venkatrangappan**  
Chairman

**Sanjay Jayavarthanavelu**  
Managing Director

**per M.J. Vijayaraghavan**  
Partner

Membership No.: 7534

**R. Rajendran**  
Director Finance

**K. Duraisami**  
Company Secretary

For **Subbachar & Srinivasan**  
Firm Registration No: 0040835  
Chartered Accountants

**per T.S.V Rajagopal**  
Partner

Membership No.: 200380

Place: Coimbatore  
Date: 23rd May, 2012



## Notes forming part of the financial statements

### Note: 1. CORPORATE INFORMATION

Lakshmi Machine Works Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on three stock exchanges in India. The Company is engaged in the manufacturing and selling of Textile Spinning Machinery, CNC Machine Tools, Heavy castings and parts and components for Aero space industry. The company caters to both domestic and international markets.

### Note: 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Method of accounting

The financial statements are prepared under historical cost convention and on accrual basis and in accordance with the provisions of the Companies Act, 1956 and accounting principles generally accepted in India and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government to the extent applicable. The accounting is on the basis of going concern concept.

#### 2.2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/ materialised.

#### 2.3 Fixed Assets:

Fixed assets are stated at historical cost net of Cenvat credit / Value added Tax, including appropriate direct and allocated expenses less accumulated depreciation and impairment losses, if any. Increase/Decrease in rupee liability in respect of foreign currency liability related to acquisition of fixed assets is recognized as expense or income in the Statement of Profit and Loss. Self constructed assets are capitalized at factory cost.

#### 2.4 Investments:

Long Term Investments are carried at cost inclusive of all expenses incidental to acquisition. Provision for diminution in value of long term investments is made only if such a decline is other than temporary in nature in the opinion of the management. Adjustment for diminution in value of long term investments, considered temporary in the opinion of the management, are determined for each investment individually and credited to Investment Fluctuation Reserve by transfer from Statement of Profit and Loss.

#### 2.5 Valuation of Inventories

Inventories are valued at lower of cost and net realisable value after providing for obsolescence wherever necessary. Cost is determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

#### 2.6 Translation of Foreign Currency Transactions:

Foreign currency transactions are recorded at the prevailing exchange rates at the time of initial recognition. Exchange differences arising on final settlement are adjusted and recognized as income or expense in the Statement of Profit and Loss. 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 Statement of Profit and Loss.

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

#### 2.7 Depreciation

Depreciation on all fixed assets is provided on the written down value method except in the case of Wind Mills for which Straight Line Method is adopted at the rates specified in Schedule XIV of the Companies Act, 1956. For additions and deletions depreciation is provided on pro-rata basis.

#### 2.8 Recognition of Revenue

Income and Expenditure are recognized and accounted on accrual basis as and when they are earned or incurred. Revenue from sale transaction is recognized as and when significant risks and rewards attached to ownership in the goods is transferred to the buyer. Revenue from service transactions is recognised on the completion of the contract. Dividend from Investments, 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

## Notes forming part of the financial statements

### Note: 2. SIGNIFICANT ACCOUNTING POLICIES (Contd...)

no significant uncertainty as to measurability or collectability exists. Revenue from carbon credits are recognised on delivery thereof or sale of rights therein, as the case may be, in terms of the contract with the respective buyer.

#### 2.9 Borrowing costs

Interest on borrowings, if any, attributable to acquisition of qualifying Assets are capitalized and included in the cost of the asset, as appropriate.

#### 2.10 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.

#### 2.11 Employee Benefits:

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

#### Defined Contribution Plans

Company's contributions paid / payable during the year to Provident Fund, Superannuation Fund and ESIC are recognized in the Statement of Profit and Loss.

#### Defined Benefit Plans

Company's liabilities towards gratuity and leave encashment are 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 as income or expense. Obligation is measured at the year end as 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.

#### 2.12 Research and Development

Revenue expenditure incurred on Research and Development activities are expensed. Fixed assets relating to Research and Development are capitalized and depreciation provided thereon.

#### 2.13 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 for the year 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 carry forward of losses under tax laws, are recognized 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.

#### 2.14 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 recognised 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.

#### 2.15 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.



## Notes to the financial statements

### Note: 2. SIGNIFICANT ACCOUNTING POLICIES (Contd...)

#### 2.16 Segment Reporting

Segment accounting policies are in line with the accounting policies of the company, except that segment revenue includes sales and other income directly identifiable or allocable to the segment including inter-segment revenue.

Business segments are identified on the basis of the nature of products/ services, the risk-return profile of individual businesses, the organizational structure and the internal reporting system of the company.

Segment revenue, segment expenses and segment assets and liabilities include those directly identifiable with the respective segments. Income, expenses, assets and liabilities which are not identifiable with or allocable to a separate segment on a reasonable basis but are related to the company as a whole are shown as unallocated items.

Inter-segment transfers are accounted for on weighted average cost basis.

#### 2.17 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, recognised in prior accounting period is reversed if there is a change in estimate of recoverable amount.

#### 2.18 Leases

Assets given on leases where substantial risks and rewards incident to ownership of the asset are not transferred to the lessee are classified as operating leases. Lease income from such operating leases is recognized on straight line basis over the lease term. Depreciation on such leased assets is charged as per the normal depreciation policy of the company for similar assets. Initial direct costs incurred specifically in relation to such operating leases is recognised as expense in the period in which they are incurred.

### Note: 3. SHARE CAPITAL

	Numbers	Numbers	Amount ((₹ Lakhs)	Amount (₹ Lakhs)
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Number and amount of Equity shares authorized	2,50,00,000	2,50,00,000	2,500.00	2,500.00
Number of Equity shares issued, subscribed and fully paid up	1,12,66,504	1,12,66,504	1,126.65	1,126.65
			<b>1,126.65</b>	<b>1,126.65</b>
Par value per Equity share (In ₹)			10.00	10.00
<b>Reconciliation of number of shares</b>				
Number of Equity shares at the beginning	1,12,66,504	1,23,69,250		
Less : Equity Shares bought back during the year	-	11,02,746		
Number of Equity shares at the end	1,12,66,504	1,12,66,504		
<b>Shareholders holding more than 5 percent Equity shares</b>				
Life Insurance Corporation of India	10,93,481	10,94,526	9.71%	9.71%
Voltas Limited	6,00,000	6,00,000	5.33%	5.33%
Lakshmi Cargo Company Limited	8,23,718	8,23,718	7.31%	7.31%
Lakshmi Technology and Engineering Industries Limited	6,67,090	6,67,090	5.92%	5.92%
The Lakshmi Mills Company Limited	7,20,000	7,20,000	6.39%	6.39%
<b>Note : Aggregate number of Equity shares bought back during financial year 2010-11</b>	-	11,02,746		

The Company has issued only one class of Equity shares having a par value of ₹10 per share. Each holder of Equity share is entitled to one vote per share. The Company declares dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval by the shareholders at the Annual General Meeting.

## Notes to the financial statements

### Note: 4. RESERVES AND SURPLUS

(₹ in Lakhs)

	As at March 31, 2012	As at March 31, 2011
<b>Capital Reserves</b>		
As per last Balance Sheet	701.40	701.40
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	110.27	-
Add: Transfer from General Reserve towards Buyback of Equity Shares	-	110.27
Closing balance	110.27	110.27
<b>General Reserve</b>		
As per last Balance Sheet	2,874.87	23,726.02
Less : Transfer to Capital Redemption Reserve	-	110.27
	2,874.87	23,615.75
Less : Utilisation against buyback of equity shares	-	22,440.88
	2,874.87	1,174.87
Add : Transfer from Statement of Profit & Loss	1,400.00	1,700.00
Closing balance	4,274.87	2,874.87
<b>Investment Fluctuation Reserve</b>		
As per last Balance Sheet	934.66	1,190.55
Add/(Less) :Transfer from/(to) Statement of Profit & Loss	2,004.53	(255.89)
Closing balance	2,939.19	934.66
<b>Surplus</b>		
As per last Balance Sheet	76,948.20	65,722.60
Add: Transfer from Statement of Profit & Loss	13,701.76	16,597.97
Add /(Less): Transfer from / (to) Investment Fluctuation Reserve	(2,004.53)	255.89
Less: Appropriations during the year		
Proposed Dividend	2,816.63	3,379.95
Proposed Golden Jubilee Dividend	2,816.63	-
Tax on Proposed Dividend	913.85	548.31
Transfer to General Reserve	1,400.00	1,700.00
Closing balance	80,698.32	76,948.20
<b>Total</b>	<b>88,724.05</b>	<b>81,569.40</b>

### Note: 5. DEFERRED TAX LIABILITIES

<b>Deferred Tax Asset:</b>		
On account of VRS	60.09	90.13
<b>Deferred Tax Liability:</b>		
On account of Depreciation	2,347.15	2,850.55
<b>Net Deferred Tax Liabilities</b>	<b>2,287.06</b>	<b>2,760.42</b>

### Note: 6. OTHER LONG TERM LIABILITIES

Security deposit received against supply of machinery	26,644.53	33,692.40
<b>Total</b>	<b>26,644.53</b>	<b>33,692.40</b>

### Note: 7. TRADE PAYABLES

Due to Micro, Small & Medium Enterprises	73.98	73.12
Others	26,180.25	26,629.61
<b>Total</b>	<b>26,254.23</b>	<b>26,702.73</b>



## Notes to the financial statements

### Note: 8. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

	As at March 31, 2012	As at March 31, 2011
Liability for Expenses	4,246.12	4,283.97
Security deposit received against supply of machinery	15,088.00	13,622.26
Liability for other Finance	16,874.92	13,795.70
Unpaid dividends	114.67	83.66
<b>Total</b>	<b>36,323.71</b>	<b>31,785.59</b>

### Note: 9. SHORT-TERM PROVISIONS

<b>Provision for Employee benefits :</b>		
Provision for Gratuity	6.94	-
Provision for Leave Encashment	-	74.68
<b>Others :</b>		
Provision for Proposed Dividend	2,816.63	3,379.95
Provision for Proposed Golden Jubilee Dividend	2,816.63	-
Tax on Proposed Dividend	913.85	548.31
Provision for Warranty	414.00	460.98
<b>Total</b>	<b>6,968.05</b>	<b>4,463.92</b>

### Note: 10. FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 31.03.2011	Additions	Sales/ Transfer	Cost as at 31.03.2012	Upto 31.03.2011	Withdrawn	For the year	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>A. Tangible Assets :</b>										
Land	1,708.09	1,062.73	1.62	2,769.20	-	-	-	-	2,769.20	1,708.09
Buildings	11,981.38	177.69	29.78	12,129.29	7,131.72	18.26	427.04	7,540.50	4,588.79	4,849.66
Plant & Equipment	1,15,350.16	16,678.34	1,685.73	1,30,342.77	81,467.46	1,594.57	10,329.93	90,202.82	40,139.95	33,882.70
Furniture & Fixtures	2,227.00	91.91	3.73	2,315.18	1,918.99	3.35	19.65	1,935.29	379.89	308.01
Office Equipments	3,871.58	218.09	-	4,089.67	3,439.14	-	247.30	3,686.44	403.23	432.44
Vehicles	3,253.17	309.92	12.83	3,550.26	2,148.43	5.21	220.38	2,363.60	1,186.66	1,104.74
<b>Total Tangible Assets</b>	<b>1,38,391.38</b>	<b>18,538.68</b>	<b>1,733.69</b>	<b>1,55,196.37</b>	<b>96,105.74</b>	<b>1,621.39</b>	<b>11,244.30</b>	<b>1,05,728.65</b>	<b>49,467.72</b>	<b>42,285.64</b>
<b>B. Intangible Assets</b>										
Technical Knowhow	628.79	-	-	628.79	314.00	-	106.44	420.44	208.35	314.79
Goodwill	4,289.93	-	-	4,289.93	4,289.93	-	-	4,289.93	-	-
Software	-	124.66	-	124.66	-	-	44.55	44.55	80.11	-
<b>Total Intangible Assets</b>	<b>4,918.72</b>	<b>124.66</b>	<b>-</b>	<b>5,043.38</b>	<b>4,603.93</b>	<b>-</b>	<b>150.99</b>	<b>4,754.92</b>	<b>288.46</b>	<b>314.79</b>
Capital Work in Progress									1,030.74	1,040.27
<b>Total Assets</b>	<b>1,43,310.10</b>	<b>18,663.34</b>	<b>1,733.69</b>	<b>1,60,239.75</b>	<b>1,00,709.67</b>	<b>1,621.39</b>	<b>11,395.29</b>	<b>1,10,483.57</b>	<b>50,786.92</b>	<b>43,640.70</b>
Previous year	1,36,770.76	9,037.25	2,497.88	1,43,310.13	92,129.42	1,830.56	10,410.84	1,00,709.70	43,640.70	

## Notes to the financial statements

### Note: 11. NON-CURRENT INVESTMENTS

	Face Value	Number	Number	Amount (₹ Lakhs)	Amount (₹ Lakhs)
		31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>Investments in Equity Instruments (At Cost)</b>					
<b>Non Trade- Quoted-Fully paid up</b>					
Cholamandalam Investment & Finance Co. Limited	10	3,42,562	3,42,562	267.88	267.88
Lakshmi Automatic Loom Works Limited	10	4,41,110	4,41,110	88.89	88.89
Pricol Limited	1	24,975	24,975	2.52	2.52
Rajshree Sugars & Chemicals Limited	10	1,00,000	1,00,000	10.00	10.00
The Lakshmi Mills Company Limited	100	39,297	39,297	201.34	201.34
JSW Steel Limited	10	3,89,647	3,89,647	5,314.79	5,314.79
Indian Bank	10	69,562	69,562	63.30	63.30
<b>Non Trade- Unquoted -Fully paid up</b>					
Pugoda Textiles Lanka Limited, Sri Lanka (Shares vested with Govt. of Sri Lanka for compensation)	10	67,50,000	67,50,000	483.83	483.83
Rieter LMW Machinery Limited - Joint venture		-	1,25,00,000	-	1,250.00
Sharada Chambers Premises Co-op Society Limited	50	5	5	0.01	0.01
Lakshmi Machine Works Employees Co-op Stores Ltd	10	500	500	0.05	0.05
REPCO Bank	10	750	750	0.08	0.08
<b>Investment in Subsidiaries -Fully paid up</b>					
LMW Textile Machinery (Suzhou) Co., Ltd		-	-	2,324.61	2,324.61
LMW Machinery Limited (Formerly Rieter LMW Machinery Limited)	10	2,50,00,000	-	6,650.00	-
<b>Total</b>				<b>15,407.30</b>	<b>10,007.30</b>
<b>Aggregate Value of quoted investments</b>					
Cost				5,948.72	5,948.72
Market value				4,237.32	6,225.51
<b>Aggregate amount of unquoted investments</b>				<b>9,458.58</b>	<b>4,058.58</b>

### Note: 12. LONG-TERM LOANS AND ADVANCES

(₹ in Lakhs)

<b>(Unsecured, considered good)</b>		
Capital Advances	1,148.00	1,720.00
Loans and advances to related parties:		
Rieter LMW Machinery Limited	-	1,250.00
Lakshmi Ring Travellers (Cbe) Limited	650.00	-
Other advances & deposits	1,024.80	1,177.47
<b>Total</b>	<b>2,822.80</b>	<b>4,147.47</b>

### Note: 13. OTHER NON CURRENT ASSETS

Interest accrued on Bank deposits	1,702.39	1,001.75
<b>Total</b>	<b>1,702.39</b>	<b>1,001.75</b>

### Note: 14. INVENTORIES (At lower of cost or net realisable value)

Raw materials	14,940.11	17,385.81
Work-in-progress	3,732.41	4,973.19
Finished goods	1,613.54	954.64
Stores and spares	1,246.12	1,800.61
<b>Total</b>	<b>21,532.18</b>	<b>25,114.25</b>

### Note: 15. TRADE RECEIVABLES

<b>(Unsecured, considered good)</b>		
Outstanding for a period exceeding six months from the due date	959.31	715.46
Others	11,970.37	10,479.61
<b>Total</b>	<b>12,929.68</b>	<b>11,195.07</b>



## Notes to the financial statements

### Note: 16. CASH AND BANK BALANCES

(₹ in Lakhs)

	As at March 31, 2012	As at March 31, 2011
<b>Cash and cash equivalents</b>		
Balances with banks		
In Current Account	1,090.55	1,521.03
Cash on hand	20.45	15.37
<b>Other Bank Balances</b>		
Deposits held as margin money	23.69	100.93
Bank deposits with more than 12 months maturity	25,023.00	19,323.00
Other Bank Deposits	42,962.20	51,851.89
Unpaid Dividend Account	114.67	83.66
<b>Total</b>	<b>69,234.56</b>	<b>72,895.88</b>

### Note: 17. SHORT-TERM LOANS AND ADVANCES

#### (Unsecured, Considered Good)

Loans and advances to related parties:		
Lakshmi Ring Travellers (CBE) Limited	200.00	–
Others :		
Unsecured recoverable in cash or in kind, or for value to be received	6,221.30	6,824.47
Balance with Central Excise, Sales Tax, Customs etc.	4,181.59	3,746.61
Prepaid expenses	109.11	100.83
Advance taxes (Net of Provisions therefor)	389.15	891.51
<b>Total</b>	<b>11,101.15</b>	<b>11,563.42</b>

### Note: 18. OTHER CURRENT ASSETS

Interest accrued on Bank Deposits	1,478.07	1,456.80
Income Receivable	1,333.23	1,078.47
<b>Total</b>	<b>2,811.30</b>	<b>2,535.27</b>

### Note: 19. REVENUE FROM OPERATIONS

(₹ in Lakhs)

	Year ended March 31, 2012	Year ended March 31, 2011
a) Sale of products	2,07,249.19	1,77,331.17
Sub Total	2,07,249.19	1,77,331.17
b) Other operating revenues:		
Repair & Service Charges & Miscellaneous income	1,494.55	1,216.98
Sale of scrap	949.27	665.17
Export Incentives	1,652.23	1,161.45
Sub Total	4,096.05	3,043.60
<b>Total</b>	<b>2,11,345.24</b>	<b>1,80,374.77</b>

### Note: 20. OTHER INCOME

Interest Income	6,105.35	6,356.91
Dividend Income	66.91	68.60
Rental Income	75.29	73.90
Foreign Exchange Gain (Net)	1,924.23	588.72
Profit on Sale of Assets	189.41	327.19
Sale of Wind Energy	–	550.36
Sale of Carbon Credit	89.58	–
<b>Total</b>	<b>8,450.77</b>	<b>7,965.68</b>

## Notes to the financial statements

### Note: 21. COST OF MATERIALS CONSUMED

(₹ in Lakhs)

	Year ended March 31, 2012	Year ended March 31, 2011
Opening Stock	17,385.79	8,012.80
Add : Purchases	1,36,049.43	1,28,046.11
Less : Sales	8,235.92	7,641.04
Closing Stock	14,688.34	17,385.79
<b>Cost of materials consumed</b>	<b>1,30,510.96</b>	<b>1,11,032.08</b>

### Note: 22. CHANGES IN INVENTORY OF FINISHED GOODS AND WORK-IN-PROGRESS

<b>Opening Stock</b>		
Finished Goods	954.64	918.93
Work-in-Progress	4,973.19	1,178.54
<b>Total</b>	<b>5,927.83</b>	<b>2,097.47</b>
<b>Closing Stock</b>		
Finished Goods	1,613.54	954.64
Work-in-Progress	3,732.41	4,973.19
<b>Total</b>	<b>5,345.95</b>	<b>5,927.83</b>
<b>Stock (Increase) / Decrease</b>	<b>581.88</b>	<b>(3,830.36)</b>

### Note: 23. EMPLOYEE BENEFITS EXPENSES

Salaries and wages	14,166.66	13,161.16
Contribution to provident and other funds	1,015.43	2,172.78
Welfare expenses	2,168.15	1,348.59
<b>Total</b>	<b>17,350.24</b>	<b>16,682.53</b>

### Note: 24. OTHER EXPENSES

Sales Commission to Agents	5,094.66	4,474.31
Consumption of stores and spare parts	8,474.25	7,700.90
Consumption of Packing Material	4,652.41	2,901.85
Power and fuel (Net of wind energy ₹ 2,416.62 Lakhs; Previous year ₹ 2,396.94 Lakhs)	3,560.57	2,562.69
Rent	69.27	54.29
Repairs to buildings	947.30	634.49
Repairs to machinery	3,152.71	2,216.83
Repairs - Others	2,565.27	2,285.57
Insurance	108.98	81.53
Rates and taxes, excluding taxes on income	177.15	113.84
Auditors' remuneration	18.78	18.83
Loss on sale of assets	14.13	4.30
Donations	310.00	161.00
Loss on sale of investments	–	58.61
Directors Sitting fees	11.20	10.30
Non executive Directors' Commission	228.41	151.76
Investments written off	–	5.22
Miscellaneous expenses	7,732.42	6,694.64
<b>Total</b>	<b>37,117.51</b>	<b>30,130.96</b>



## Notes to the financial statements

### Note: 25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

#### 25.1. Contingent Liabilities and Commitments, to the extent not provided for

(₹ in Lakhs)

	As at March 31, 2012	As at March 31, 2011
Bills discounted with banks	509.75	-
Letters of Credit	2,180.00	7,070.14
Bank Guarantee	2,030.67	862.40
Central Excise Demand	385.59	440.58
Income Tax Demand	274.51	342.56
Disputed tax dues are appealed before concerned appellate authorities. The Company is advised that the cases are likely to be disposed off in favour of the Company and hence no provision is considered necessary therefor.		
Estimated balance of committed share subscription to wholly owned subsidiary company, LMW Textile Machinery (Suzhou) Co., Limited [USD 7.50 million; (previous year USD 7.50 million)]	3,906.02	3,404.84
Estimated amount of contracts remaining to be executed on capital account not provided for	1,282.00	2,009.42

#### 25.2. Details of Sale of Products

(₹ in Lakhs)

	Year ended March 31, 2012	Year ended March 31, 2011
Spinning Machinery:		
a. Spinning Preparatory Machinery	73,419.21	63,045.72
b. Yarn Making Machinery	81,164.05	71,641.38
Metal cutting including Grinding machines	22,540.24	18,193.96
Castings	9,170.07	7,083.44
Spares & Accessories	20,955.62	17,366.67
<b>Total</b>	<b>2,07,249.19</b>	<b>1,77,331.17</b>

#### 25.3. Raw Material Consumed

<b>i) Raw Material Consumed</b>		
<b>Machine Shop</b>		
a) Iron and Steel	22,867.05	19,599.99
b) Aluminium, Brass & Copper	3,021.59	3,231.03
c) Non metallic items etc	1,399.87	1,230.56
<b>Foundry</b>		
a) Pig Iron	4,075.72	3,701.85
b) Cast Iron Borings & Scrap	3,917.56	3,607.45
c) Ferro Silicon	481.18	312.62
<b>Pilot Mill</b>		
a) Cotton	368.20	-
<b>ii) Components Consumed</b>		
a) Components Indigenous	70,691.82	60,454.34
b) Components Imported	23,687.97	18,894.24
<b>Total</b>	<b>1,30,510.96</b>	<b>1,11,032.08</b>

#### 25.4. Stock of Finished Goods :

(₹ in Lakhs)

	As at March 31, 2012	As at March 31, 2011
Spinning Machinery		
a. Spinning preparatory machinery	291.94	425.81
b. Yarn making machinery	568.31	152.74
Metal Cutting including Grinding Machines	725.01	376.09
Yarn	28.28	-
<b>Total</b>	<b>1,613.54</b>	<b>954.64</b>

## Notes to the financial statements

### Note: 25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd...)

#### 25.5. Stock of Work in Progress :

(₹ in Lakhs)

	As at March 31, 2012	As at March 31, 2011
Spinning Machinery		
a. Spinning preparatory machinery	741.27	1,253.98
b. Yarn making machinery	1,054.17	2,001.94
Metal Cutting including Grinding Machines	1,511.57	1,115.80
Castings	383.19	601.47
Aero Space-parts & components	42.21	-
<b>Total Value</b>	<b>3,732.41</b>	<b>4,973.19</b>

#### 25.6. Value of Imports (CIF)

(₹ in Lakhs)

	Year ended March 31, 2012	Year ended March 31, 2011
i) Raw Materials	6,023.67	5,027.56
ii) Components & Spare-parts	21,047.73	17,668.39
iii) Capital goods	6,312.09	7,012.16

#### 25.7. Expenditure in Foreign Currency on account of:

i) Royalty	73.45	18.10
ii) Sales Commission	671.71	389.53
iii) Professional & Consultancy Fees	32.91	7.67
iv) Others	155.14	176.33

#### 25.8. Material Consumption

(₹ in Lakhs)

	Amount 31.03.2012	% of Total Consumption	Amount 31.03.2011	% of Total Consumption
i) Raw materials Imported	6,931.72	5.31	7,898.74	7.11
ii) Spare Parts & Components Imported	23,687.97	18.15	18,894.23	17.02
iii) Raw materials Indigenous	28,831.24	22.09	23,784.77	21.42
iv) Raw material consumption - Pilot Mill	368.20	0.28	-	-
v) Spare Parts & Components Indigenous	70,691.83	54.17	60,454.34	54.45
<b>Total</b>	<b>1,30,510.96</b>	<b>100.00</b>	<b>1,11,032.08</b>	<b>100.00</b>

#### 25.9. Amount remitted during the year in foreign currencies:

	Year ended March 31, 2012	Year ended March 31, 2011
i) On account of dividends	159.46	244.73
ii) Number of Non-resident shareholders	1	1
iii) Number of shares held by Non-resident shareholders on which dividends paid	5,31,520	16,31,520
iv) The year to which dividends relate	2010-11	2009-10

#### 25.10. Earnings in Foreign Exchange:

Export of goods on FOB basis	32,149.96	25,141.38
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#### 25.11. Auditors' Remuneration :

Audit Fees	15.00	15.00
Taxation Matters	0.75	1.05
Certification	2.54	2.38
Reimbursement of expenses	0.49	0.40
<b>Total</b>	<b>18.78</b>	<b>18.83</b>



## Notes to the financial statements

### Note: 25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd...)

#### 25.12. Details of Miscellaneous expenses :

	(₹ in Lakhs)	
	Year ended March 31, 2012	Year ended March 31, 2011
Printing & Stationery	157.46	140.17
Postage Telegrams & Telephones	108.03	93.36
Travelling Exps & Maintenance of Vehicles	1,200.52	998.65
Bank Charges, LC Commission etc.,	143.24	158.05
Legal & Professional Charges	310.99	479.67
Subscription to Associations & Periodicals	23.14	21.07
Research & Development	943.07	1,195.06
Miscellaneous Expenses	473.94	346.17
Sales Expenses	837.64	809.02
Security and Other Service expenses	1,116.73	814.24
Advertisement & Publicity	591.96	490.55
Export Expenses	1,752.25	1,118.11
Royalty	73.45	30.52
<b>Total</b>	<b>7,732.42</b>	<b>6,694.64</b>

25.13. As defined under Micro, Small and Medium Enterprises Development Act, 2006, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2012 has been made in the financial statements based on information received and available with the Company.

	(₹ in Lakhs)	
	Year ended March 31, 2012	Year ended March 31, 2011
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	73.98	73.12
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	Nil	Nil
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
The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

25.14. Provision for Excise duty amounting ₹174.38 Lakhs (Previous year ₹89.15 Lakhs) for the uncleared stock of finished goods has been reckoned in the value of Finished Goods.

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

#### 25.16. Details of dividend proposed:

	(₹ in Lakhs)	
	Year ended March 31, 2012	Year ended March 31, 2011
Amount of dividend proposed to be distributed to equity share holders	2,816.63	3379.95
Amount of Golden Jubilee dividend proposed to be distributed to equity share holders	2,816.63	-
Amount of dividend per equity share (In ₹)	50.00	30.00

#### 25.17. Amounts set aside to Reserves :

To General Reserve	1,400.00	1,700.00
To /(From) Investment fluctuation Reserve	2,004.53	(255.89)

#### 25.18. Finance Costs

Interest under Income Tax Act	484.22	125.23
Bill discounting charges	16.51	4.95
<b>Total</b>	<b>500.73</b>	<b>130.18</b>

## Notes to the financial statements

### Note: 25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd...)

#### 25.19. Employee Benefits

##### I. Defined Benefit Plans

	(₹ in Lakhs)					
	Gratuity (Funded)			Leave Encashment (Funded)		
	31.03.2012	31.03.2011	31.03.2010	31.03.2012	31.03.2011	31.03.2010
<b>A. Expense recognised during the year</b>						
1. Current Service cost	283.43	267.32	186.76	42.64	32.74	22.43
2. Interest cost	351.97	238.46	236.31	22.90	15.79	17.39
3. Expected return on plan assets	(380.00)	(316.50)	(276.57)	(28.07)	-	(19.67)
4. Actuarial Losses / (Gains) during the year	9.13	1,233.85	96.23	(120.65)	(154.71)	(200.19)
5. Total Expense	264.54	1,423.13	242.73	(82.18)	(105.18)	26.64
<b>B. Actual return on Plan assets</b>						
1. Expected return on plan assets	380.00	316.50	276.57	28.07	(-)	19.67
2. Actuarial (Loss) / Gain on Plan assets	40.60	(8.14)	157.03	86.73	387.30	167.63
3. Actual return on plan assets	420.60	308.36	433.60	114.80	387.30	187.29
<b>C. Net Asset/(Liability) recognised in the Balance Sheet</b>						
1. Present value of the obligation at the end of the year	4,989.97	4,494.51	3,198.57	314.03	291.01	191.40
2. Fair value of plan assets as at the end of the year	4,983.03	4,752.11	3,495.68	459.94	354.74	329.81
3. Funded status surplus/(deficit)	(6.94)	257.60	297.11	145.91	63.73	138.41
4. Unrecognised past service cost	-	-	-	-	-	-
5. Net Asset/(Liability) recognised in the Balance Sheet	(6.94)	-	-	-	-	-
<b>D. Change in Present value of the Obligation during the year</b>						
1. Present value of the obligation at beginning of year	4,494.51	3,198.57	2,904.10	291.01	19.67	210.78
2. Current service cost	283.43	267.32	186.76	42.64	32.74	22.43
3. Interest cost	351.97	238.46	236.31	22.90	15.79	17.39
4. Benefits paid	(189.67)	(435.55)	(381.86)	(9.60)	(10.78)	(26.64)
5. Actuarial (gain)/ loss on obligation	49.73	1,225.71	253.26	(32.92)	233.59	(32.56)
6. Present value of obligation at end of the year	4,989.97	4,494.51	3,198.57	314.03	291.01	191.40
<b>E. Change in Plan Assets during the year</b>						
1. Fair value of plan assets at the beginning of the year	4,752.11	3,495.68	3,201.21	354.74	(32.56)	142.52
2. Expected return on plan assets	380.00	316.50	276.57	28.07	(-)	19.67
3. Contributions made	-	1,383.62	242.73	-	10.78	26.64
4. Benefits paid	(189.67)	(435.55)	(381.86)	(9.60)	(10.78)	(26.64)
5. Actuarial gain / (loss) on plan assets	40.60	(8.14)	157.03	86.73	387.30	167.63
6. Fair value of plan assets at the end of the year	4,983.03	4,752.11	3,495.68	459.94	354.74	329.81
<b>F. Net actuarial Gain / Loss recognised</b>						
1. Actuarial (Gain) / Loss on Benefit Obligation	49.73	1,225.71	253.26	(32.92)	233.59	(32.56)
2. Actuarial Gain / (Loss) on Plan assets	40.60	(8.14)	157.03	86.73	387.30	167.63
3. Net Actuarial (Gain) / Loss recognised	9.13	1,233.85	96.23	(120.65)	(154.71)	(200.19)
<b>G. Major categories of plan assets as a percentage of Total plan</b>						
Qualifying insurance policies	4,983.03	4,752.11	3,472.32	459.94	354.74	329.81
Own plan assets	-	-	23.37	-	-	-
	<b>4,983.03</b>	<b>4,752.11</b>	<b>3,495.68</b>	<b>459.94</b>	<b>354.74</b>	<b>329.81</b>
<b>H. Actuarial Assumptions</b>						
1. Discount rate	8.00%	8.00%	8.00%	8.25%	8.25%	8.25%
2. Salary escalation	7.00%	7.00%	7.00%	7.00%	7.00%	5.00%
3. Expected rate of return on plan assets	8.00%	8.00%	9.00%	13.80%	13.80%	13.80%
4. Attrition rate	2.00%	2.00%	3.00%	2.00%	2.00%	3.00%
5. Mortality rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

#### 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.



## Notes to the financial statements

### Note: 25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd...)

#### 25.19. Employee Benefits (Contd...)

Gratuity is applicable to all permanent and full time employees of the company.

Gratuity payment is based on last drawn basic salary and dearness allowance at the time of termination or retirement. The Scheme takes into account each completed year of service or part thereof in excess of six months. The entire contribution is borne by the company.

Leave encashment benefits are provided as per the Rules of the Company. The liabilities on account of defined benefit obligations are expected to be contributed within the next financial year.

#### II. Defined Contribution Schemes

(₹ in Lakhs)

	Leave Encashment (Funded)		
	31.03.2012	31.03.2011	31.03.2010
Provident Fund Contribution	712.69	673.39	512.98
Superannuation Fund Contribution	-	-	81.75

#### 25.20. Segment Report for the year ended 31st March 2012

(₹ in Lakhs)

	Textile Machinery Division		Other Divisions		Total	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>I. Primary - Business Segment</b>						
<b>Revenue</b>						
External Sales	1,75,329.51	1,51,813.21	31,919.68	25,517.97	2,07,249.19	1,77,331.18
Inter Segment Transfers	899.81	492.78	234.33	210.21	1,134.14	702.99
Allocable other income	5,565.46	4,155.87	733.81	354.00	6,299.27	4,509.87
<b>Segment Revenue</b>	<b>1,81,794.78</b>	<b>1,56,461.86</b>	<b>32,887.82</b>	<b>26,082.18</b>	<b>2,14,682.60</b>	<b>1,82,544.04</b>
Less : Inter Segment Transfers					1,134.14	702.99
Add : Unallocable other Income					6,247.55	6,499.40
Enterprise revenue					2,19,796.01	1,88,340.45
<b>Result</b>						
Segment Result	16,083.43	16,429.15	1,514.60	2,068.62	17,598.03	18,497.77
Less :Unallocable Expenses					1,005.45	950.95
Operating Profit					16,592.58	17,546.82
Less : Interest Expenses					500.73	130.18
Income tax expenses (Current)					9,111.00	7,867.05
Income tax expenses (Deferred)					(473.36)	(548.97)
Add : Unallocable Other Income					6,247.55	6,499.41
<b>Net Profit after Tax</b>					<b>13,701.76</b>	<b>16,597.97</b>
<b>Other Information</b>						
Segment assets	1,48,858.53	1,38,671.90	17,027.08	12,950.69	1,65,885.61	1,51,622.59
Add : Unallocable corporate assets					22,442.67	30,478.52
<b>Enterprise Assets</b>					<b>1,88,328.28</b>	<b>1,82,101.11</b>
Segment Liabilities	76,631.21	68,008.53	5,881.79	5,112.96	82,513.00	73,121.49
Add : Unallocable corporate liabilities					1,05,815.28	1,08,979.62
Enterprise Liabilities					1,88,328.28	1,82,101.11
Capital Expenditure	14,480.14	8,582.51	4,183.20	1,478.98	18,663.34	10,061.49
Depreciation	9,794.03	9,905.20	1,601.26	505.64	11,395.29	10,410.84
<b>II. Secondary - Geographical Segment</b>						
<b>a) Revenue from external customers by location of customers</b>						
Domestic Segment					1,75,099.23	1,52,189.80
Export Segment					32,149.96	25,141.38
<b>Total Revenue</b>					<b>2,07,249.19</b>	<b>1,77,331.18</b>

## Notes to the financial statements

### Note: 25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd...)

#### 25.20. Segment Report for the year ended 31st March 2012 (Contd...)

(₹ in Lakhs)

	Textile Machinery Division		Other Divisions		Total	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>II. Secondary - Geographical Segment (Contd...)</b>						
<b>b) Carrying amount of Segment Assets</b>						
Within India	1,48,858.30	1,38,671.27	17,027.08	12,950.69	1,65,885.38	1,51,621.96
Outside India	0.23	0.63	-	-	0.23	0.63
<b>Total</b>	<b>1,48,858.53</b>	<b>1,38,671.90</b>	<b>17,027.08</b>	<b>12,950.69</b>	<b>1,65,885.61</b>	<b>1,51,622.59</b>
<b>c) Capital Expenditure</b>						
Within India	14,480.14	8,582.13	4,183.20	1,478.98	18,663.34	10,061.11
Outside India	-	0.38	-	-	-	0.38
<b>Total</b>	<b>14,480.14</b>	<b>8,582.51</b>	<b>4,183.20</b>	<b>1,478.98</b>	<b>18,663.34</b>	<b>10,061.49</b>

#### Notes:

- 1) The Company is organised into two main Business Segments viz., Textile Machinery Segment comprising of Spinning Preparatory Machinery; Yarn Making machinery; Accessories & Parts and Other Segments comprising of Machine Tools, Foundry Division and Advanced Technology Centre.
- 2) The Secondary Geographical Segments considered for disclosure are Revenue from Customers located within India (Domestic Segment) and Revenue from customers located outside India (Export Segment).
- 3) Inter Segment transfers are accounted at weighted average cost, vis-a-vis at competitive market price charged to Unaffiliated customers for similar goods
- 4) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

#### 25.21. Related Party Disclosures

##### 1) Related Party Relationships

##### Key Management Personnel

Sri. Sanjay Jayavarthanelu, Managing Director

Sri. R. Rajendran, Director Finance

##### Joint Venture

Rieter LMW Machinery Limited (Upto 15.8.2011)

##### Wholly Owned Subsidiaries:

LMW Textile Machinery (Suzhou) Co., Ltd

LMW Machinery Limited [w.e.f. 16.8.2011)

##### Other related parties-Associates

Eshaan Enterprises Limited

Mahalakshmi Engineering Holdings Limited

Harshini Textiles Limited

Quattro Engineering India Limited

Hermes Academy of Training Limited

Revantha Holdings Limited

Integrated Electrical Controls Limited

Sri Kamakoti Kamakshi Textiles P Ltd

Lakshmi Cargo Company Limited

Sri Lakshmi Vishnu Plastics

LCC Cargo Holdings Limited

Super Sales India Limited

Lakshmi Electrical Drives Limited

Starline Travels Limited

Lakshmi Technology & Engg. Industries Ltd

Titan Paints & Chemicals Limited

Lakshmi Ring Travellers (Cbe) Limited

Venkatavaradha Agencies Limited

Lakshmi Electrical Control Systems Limited

Walzer Hotels Limited

Lakshmi Precision Tools Limited

Lakshmi Life Sciences Limited

**Note :** Related party relationships are as identified by the Management



## Notes to the financial statements

### Note: 25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd...)

#### 25.21. Related Party Disclosures (Contd...)

##### 2) Related Party Transactions

(₹ in Lakhs)

	Joint Venture		Other Related Parties- Associates		Key Management Personnel		Wholly Owned Subsidiary	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Purchase of goods	5.58	-	24,820.11	21,804.81	-	-	508.65	-
Sale of goods	490.55	761.68	10,147.79	7,811.15	-	-	10,176.44	9,147.62
Purchase of Fixed Assets	-	-	802.63	94.08	-	-	-	-
Sale of Fixed Assets	-	-	8.16	963.61	-	-	13.46	-
Rendering of Services	0.10	0.72	116.53	246.98	-	-	43.87	35.35
Receiving of Services	-	-	7,053.31	5,497.18	-	-	-	0.10
Agency arrangements	-	-	1,389.95	1,221.60	-	-	-	-
Managerial Remuneration	-	-	-	-	437.05	495.98	-	-
Dividends Paid	-	-	699.13	325.63	42.70	21.34	-	-
Investment in Shares	-	-	-	-	-	-	5,400.00	558.75
Loan given	-	-	1,000.00	-	-	-	-	-
Loans received back	1,250.00	-	150.00	-	-	-	-	-
Interest receipts	33.26	100.00	74.14	-	-	-	-	-
Outstanding Payables	-	-	1,904.53	1,244.24	-	-	-	-
Outstanding Receivables	-	1,372.47	3,481.63	1,778.91	-	-	2,749.51	2,997.20

#### Disclosure in respect of Material Related Party Transaction during the year :

- Purchase of Goods includes Rieter LMW Machinery Limited ₹5.58 Lakhs (Previous year ₹ Nil) Lakshmi Electrical Control Systems Limited ₹16,123.10 Lakhs (Previous year ₹14,354.71 Lakhs), Lakshmi Electrical Drives Limited ₹4,002.76 Lakhs (Previous year ₹4,089.43 Lakhs), LMW Machinery Limited ₹508.65 Lakhs (Previous year ₹ Nil) and Other Related Parties- Associates ₹4,694.25 Lakhs (Previous year ₹3,360.67 Lakhs)
- Sale of Goods includes LMW Textile Machinery (Suzhou) Co., Ltd ₹7,382.24 Lakhs (Previous year ₹9,147.62 Lakhs); Rieter LMW Machinery Limited ₹490.55 Lakhs (Previous year ₹761.68 Lakhs) LMW Machinery Limited ₹2,794.20 Lakhs (Previous year ₹ Nil), Lakshmi Electrical Control Systems Limited ₹9,351.36 Lakhs (Previous year ₹6,199.78 Lakhs) and Other related Parties - Associates ₹796.43 Lakhs (Previous year ₹1,611.37 Lakhs)
- Purchase of Fixed Assets includes Lakshmi Precision Tools Ltd. ₹193.98 Lakhs (Previous year ₹ Nil); Quattro Engineering India Limited ₹117.60 Lakhs (Previous year ₹66.42 Lakhs); Lakshmi Cargo Company Limited ₹311.64 Lakhs (Previous year ₹27.66 Lakhs) and Super Sales (India) Ltd. ₹179.41 Lakhs (previous year ₹ Nil).
- Sale of Fixed Assets includes LMW Machinery Limited ₹13.46 Lakhs (Previous year ₹ Nil Lakhs); Super Sales (India) Ltd ₹0.26 Lakhs (Previous year ₹921.61 Lakhs); Titan Paints & Chemicals Ltd. ₹7.90 Lakhs (Previous year ₹ Nil) and Other Related Parties-Associates ₹ Nil (Previous year ₹42 Lakhs)
- Rendering of Services includes Rieter LMW Machinery Limited ₹0.10 Lakhs (Previous year ₹ 0.72 Lakhs), LMW Textile Machinery (Suzhou) Co., Ltd ₹25.11 Lakhs (Previous year ₹35.35 Lakhs), Super Sales (India) Limited ₹49.20 Lakhs (Previous year ₹209.44 Lakhs); LMW Machinery Limited ₹18.76 Lakhs (Previous year ₹ Nil) Lakshmi Technology & Engineering Industries Ltd. ₹44.64 Lakhs (Previous year ₹ Nil) and Others - Other Related Parties-Associates ₹22.69 Lakhs (Previous year ₹37.54 Lakhs)
- Receiving of Services include LMW Textile Machinery (Suzhou) Co., Ltd ₹ Nil (Previous year ₹0.10 Lakhs); Lakshmi Ring Travellers (Cbe) Limited ₹693.05 Lakhs (Previous year ₹585.93 Lakhs); Lakshmi Cargo Company Limited ₹5,070.39 Lakhs (Previous year ₹3,890.28 Lakhs) and Other Related Parties - Associates ₹1,289.87 Lakhs (Previous year ₹1,020.97 Lakhs)
- Agency arrangement includes Super Sales (India) Limited ₹1,389.95 Lakhs (Previous year ₹1,221.60 Lakhs)
- Managerial Remuneration includes amount paid to Dr. D. Jayavarthanavelu ₹ Nil (Previous year ₹117.79 Lakhs), Sri. Sanjay Jayavarthanavelu ₹348.29 Lakhs (Previous year ₹364.76 Lakhs) Sri.R. Rajendran ₹88.76 Lakhs (Previous year ₹13.43 Lakhs for part of the year)
- Dividends paid to includes Lakshmi Technology and Engineering Industries Limited ₹200.13 Lakhs (Previous year ₹100.06 Lakhs); Lakshmi Cargo Company Limited ₹247.12 Lakhs (Previous year ₹123.56 Lakhs); Other Related Parties - Associates ₹251.88 Lakhs (Previous year ₹102.01 Lakhs), Dr. D. Jayavarthanavelu ₹3.00 Lakhs (Previous year ₹6.44 Lakhs), Sri Sanjay Jayavarthanavelu ₹39.70 Lakhs (Previous year ₹14.90 Lakhs)
- Investment in Shares includes LMW Textile Machinery (Suzhou) Co., Limited ₹ Nil (Previous year ₹558.75 Lakhs), LMW Machinery Limited ₹5,400 Lakhs (Previous year ₹ Nil)
- Loan received back includes Lakshmi Ring Travellers (CBE) Ltd - ₹150 Lakhs (Previous year ₹ Nil); Rieter LMW Machinery Limited ₹1,250 Lakhs (Previous year ₹ Nil)
- Loan given : Lakshmi Ring Travellers (CBE) Ltd- ₹1,000 Lakhs (Previous year ₹ Nil).
- Interest receipts include Rieter LMW Machinery Limited ₹33.26 Lakhs (Previous year ₹100 Lakhs) and Lakshmi Ring Travellers (CBE) Limited

## Notes to the financial statements

### Note: 25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd...)

#### 25.21. Related Party Disclosures (Contd...)

₹74.14 Lakhs (Previous year ₹ Nil)

- Outstanding Payables include Lakshmi Cargo Company Limited ₹726.76 Lakhs (Previous year ₹443.51 Lakhs); Lakshmi Electrical Drives Limited ₹ Nil (Previous year ₹433.74 Lakhs); Lakshmi Precision Tools Limited ₹136.73 Lakhs (Previous year ₹157.15 Lakhs), Super Sales (India) Limited ₹905.15 Lakhs (Previous year ₹ Nil), Lakshmi Ring Travellers (Cbe) Limited ₹ Nil (Previous year ₹160.73 Lakhs) and Other Related Parties - Associates ₹135.89 Lakhs (Previous year ₹49.11 Lakhs)
- Outstanding Receivables include LMW Machinery Limited ₹1,205.99 Lakhs (Previous year ₹ Nil), Rieter LMW Machinery Limited ₹ Nil (Previous year ₹1,372.47 Lakhs), LMW Textile Machinery (Suzhou) Co., Ltd ₹1,543.52 Lakhs (Previous year ₹2,997.18 Lakhs), Lakshmi Electrical Control Systems Limited ₹428.46 Lakhs (Previous year ₹706.53 Lakhs), Lakshmi Technology and Engineering Industries Limited ₹554.28 Lakhs (Previous year ₹478.85 Lakhs), Super Sales (India) Limited ₹ Nil (Previous year ₹495.17 Lakhs), Lakshmi Electrical Drives Ltd. ₹516.97 Lakhs (Previous year ₹ Nil); Lakshmi Ring Travellers Ltd. ₹1,961.37 Lakhs (Previous year ₹ Nil) and Others - Other Related Parties - Associates ₹20.55 Lakhs (Previous year ₹98.36 Lakhs)

#### 25.22. The Fixed Assets include:

(₹ in Lakhs)

	Gross Block	Depreciation for the year	Accumulated Depreciation	Net Block
<b>Assets leased out as on 31.03.2012</b>				
Buildings	358.42	9.49	178.03	180.39
<b>Assets leased out as on 31.03.2011</b>				
Buildings	373.31	10.31	177.44	195.87

Income from leased Buildings of ₹75.29 Lakhs is grouped in Rent receipts (Previous year ₹73.90 Lakhs)

#### 25.23. Earnings Per Share

	Year ended March 31, 2012	Year ended March 31, 2011
Net Profit after Tax [₹ In Lakhs]	13,701.76	16,597.94
Weighted Average Number of Equity Shares	1,12,66,504	1,22,99,762
Nominal Value per Equity Share	10.00	10.00
Basic & Diluted Earnings Per Share [in ₹]	121.62	134.95

#### 25.24. Deferred tax liabilities

(₹ in Lakhs)

	Year ended March 31, 2011	For the year	Year ended March 31, 2012
<b>Deferred Tax Asset:</b>			
On account of VRS	90.13	(30.04)	60.09
<b>Deferred Tax Liability:</b>			
On account of Depreciation	2,850.55	(503.40)	2,347.15
<b>Net Deferred Tax Liabilities</b>	<b>2,760.42</b>	<b>(473.36)</b>	<b>2,287.06</b>

- 25.25. a) The Company gives warranties for its products undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provisions made at the end represents the amount of expected cost of meeting such obligations of rectification/replacements.

The timing of the outflows is expected to be within a period of one year.

- b) Disclosures in terms of Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets"

(₹ in Lakhs)

Particulars	Provision for warranty	
	31.03.2012	31.03.2011
Carrying amount at the beginning of the year	460.98	227.00
Additional provision made during the year	414.00	460.98
Amount used during the year	460.98	227.00
Unused amount reversed	-	-
Carrying amount at the end of the year	414.00	460.98



## Notes to the financial statements

### Note: 25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd...)

25.26. Revenue Expenditure on Research & Development amounting to ₹943.07 Lakhs (Previous year ₹1,195.05 Lakhs) has been charged to Statement of Profit and Loss (included in Miscellaneous expenses) and Capital Expenditure relating to Research and Development amounting to ₹570.35 Lakhs (Previous year ₹181.80 Lakhs) has been included in Fixed Assets.

25.27. a) There are no derivative financial instruments either for hedging or for speculation outstanding as at the Balance Sheet date.

b) Foreign currency exposures that are not hedged by a derivative instrument or otherwise are as under:

Particulars		Amount in foreign currency		Equivalent (₹ Lakhs)	
		31.03.2012	31.03.2011	31.03.2012	31.03.2011
Sundry creditors	CHF	43,393	2,809	25.02	1.39
	EUR	10,46,170	3,71,503	726.80	237.79
	GBP	2,437	38,245	2.03	27.84
	JPY	2,51,62,083	5,43,33,013	1,593.01	297.69
	SEK	–	27,000	–	1.94
	SGD	42,880	2,30,178	17.77	82.82
	USD	5,86,577	3,71,932	305.49	168.85
Sundry Debtors	USD	61,46,111	1,35,81,977	3,032.09	6,088.87
	EUR	7,62,942	3,83,778	505.23	232.50
Bank Balances	THB	1,74,114	84,798	2.92	1.27
	KES	1,00,478	81,485	0.62	0.45
	BDT	90	17,21,129	0.01	1.10
	IDR	24,116	10,74,096	0.01	0.06
	USD	304	538	0.16	0.24

25.28. The revised Schedule VI has become effective from 1st April 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report of even date

For M. S. Jagannathan & Visvanathan

Firm Registration No: 001209S

Chartered Accountants

R. Venkatrangappan  
Chairman

Sanjay Jayavarthanavelu  
Managing Director

per M.J. Vijayaraghavan  
Partner

Membership No.: 7534

R. Rajendran  
Director Finance

K. Duraisami  
Company Secretary

For Subbachar & Srinivasan  
Firm Registration No: 004083S

Chartered Accountants

per T.S.V Rajagopal

Partner

Membership No.: 200380

Place: Coimbatore  
Date: 23rd May, 2012

## Corporate Information

(₹ in Lakhs)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Profit and Loss Account</b>										
Sales	52,545	66,350	99,077	1,30,207	1,85,358	2,20,516	1,33,801	1,13,690	1,77,331	2,07,249
Other Income	1,454	1,991	3,293	4,253	8,814	8,755	9,062	8,214	11,009	12,547
Profit before tax	3,871	6,044	11,088	18,792	30,860	37,116	15,417	15,056	23,916	22,339
Profit after tax	2,539	6,022	7,334	14,807	20,620	24,230	10,693	10,468	16,598	13,702
<b>Balance Sheet</b>										
Fixed Assets	13,703	16,661	16,055	24,632	38,643	55,790	52,737	44,658	43,641	50,787
Investments	15,045	12,836	6,622	10,153	10,216	10,319	11,272	12,144	10,007	15,407
Net Current Assets	3,466	10,518	10,945	9,089	12,225	14,389	24,976	39,085	31,808	25,944
	32,214	40,015	33,622	43,874	61,084	80,498	88,985	95,887	85,456	92,138
Share Capital	1,219	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,127	1,127
Reserves and Surplus	28,618	33,049	32,385	42,637	56,795	74,513	83,036	91,341	81,569	88,724
Loan Funds / Deferred										
Tax Liability	2,377	5,729	–	–	3,052	4,748	4,712	3,309	2,760	2,287
	32,214	40,015	33,622	43,874	61,084	80,498	88,985	95,887	85,456	92,138

## Ratios

		2010-11	2011-12
<b>Measures of Investment</b>			
Dividend per share (₹)		30	50
EPS (₹)	Net Profit after tax / No. of Shares	134.95	121.62
Return on Equity (%)	Net Profit after tax / Shareholders' funds	20.07	15.25
Dividend Cover (Times)	Earnings per Share / Dividend per Share	4.50	2.43
<b>Measures of Performance</b>			
Net Profit Margin (%)	Profit before taxes / Sales	13.49	10.78
Assets Turnover (Times)	Sales / Net Fixed Assets	4.06	4.08
<b>Measures of Financial status</b>			
Current Ratio (Times)	Current Assets / Current Liabilities	1.33	1.27
Tax Ratio (%)	Tax Provision / Profit before taxes	31.57	38.67

## Disclosure of information relating to the Subsidiary companies as required by Ministry of Corporate Affairs, Government of India vide their General Circular No.2/2011 dated 08.02.2011

(₹ in Lakhs)

SI No.	Particulars	LMW Machinery Limited	LMW Textile Machinery (Suzhou) Co., Ltd	
		31.03.2012	31.03.2012	31.03.2011
a	Share Capital	2,500.00	2,324.61	2,324.61
b	Reserves & Surplus	2,588.02	(1,643.60)	(1,770.08)
c	Total Assets	8,059.88	8,274.25	6,411.25
d	Total Liabilities	8,059.88	8,274.25	6,411.25
e	Details of Investments	–	–	–
f	Net Sales and Services including Other Income	14,088.89	15,937.31	11,231.08
g	Profit / (Loss) Before tax	948.61	93.51	(1,271.40)
h	Provision for Taxation	321.03	–	–
i	Profit / (Loss) after tax	627.58	93.51	(1,271.40)
j	Proposed dividend	–	–	–
k	Reporting Currency *	₹	₹	₹

\* The Exchange Rate as at 31st March 2012: 1 CNY = ₹8.0784 (Previous year ₹6.912)

Average exchange Rate : 2011-2012: 1 CNY = ₹7.5209 , 2010-2011: 1 CNY = ₹6.834

**Note :** The annual accounts and related details of LMW Machinery Limited and LMW Textile Machinery (Suzhou) Co., Ltd. are available for inspection at the Registered Office of the Company at Perianaickenpalayam, Coimbatore 641 020 during working hours on all working days.



## Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Companies

1	Name of the Subsidiary	LMW Machinery Limited	LMW Textile Machinery (Suzhou) Co., Ltd.
2	Financial year of the Subsidiary	1st April, 2011 to 31st March, 2012	1st January, 2011 to 31st December, 2011 (1st April, 2011 to 31st March, 2012-For consolidation purpose)
3	Shares of the subsidiary held by Lakshmi Machine Works Limited on the above date		
	a) Number and face value	Registered capital : 2,50,00,000 shares of ₹10 each	Registered capital : USD 1,25,00,000
		Paid in capital : ₹2,500.00 Lakhs	Paid in capital : USD 49,99,988
	b) Extent of holding	100 %	100 %
4	Net aggregate amount of Profit/(Losses) of the subsidiary of the above financial year of the subsidiary so far as they concerned members of Lakshmi Machine Works Limited		
	a) dealt with in the accounts of Lakshmi Machine Works Limited for the year ended 31st March, 2012	Nil	Nil
	b) not dealt with in the accounts of Lakshmi Machine Works Limited for the year ended 31st March, 2012	₹627.58 Lakhs	₹93.51 Lakhs
5	Net aggregate amount of Profits/(losses) for the previous financial years of the subsidiary since it became subsidiary so far as they concern members of Lakshmi Machine Works Limited.		
	a) dealt with in the accounts of Lakshmi Machine Works Limited for the year ended 31st March, 2012	Not Applicable	Nil
	b) not dealt with in the accounts of Lakshmi Machine Works Limited for the year ended 31st March, 2012	Not Applicable	₹ (1,700.93) Lakhs
6	Change of interest of Lakshmi Machine Works Limited in the subsidiary between the end of financial year of subsidiary and that of Lakshmi Machine Works Limited	Not Applicable	Not Applicable
7	Material changes between the end of the financial year of the subsidiary and the end of the financial year of Lakshmi Machine Works Limited in respect of subsidiary's fixed assets, investments, lending and borrowing for the purposes other than meeting their current liabilities	Not Applicable	Not Applicable

R. Venkatrangappan  
Chairman

Sanjay Jayavarthanavelu  
Managing Director

R. Rajendran  
Director Finance

K. Duraisami  
Company Secretary

Coimbatore  
23rd May, 2012

## Consolidated Auditors' Report

To the Board of Directors of

M/s. LAKSHMI MACHINE WORKS LIMITED on the Consolidated Financial Statements of M/s.LAKSHMI MACHINE WORKS LIMITED and its wholly owned subsidiaries

We have examined the attached Consolidated Balance Sheet of M/s. LAKSHMI MACHINE WORKS LIMITED [the company] and its subsidiaries as at 31st March 2012, the Consolidated Statement of Profit and Loss and the consolidated cash flow statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

- 1) 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 aspects, 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. We believe that our audit provides a reasonable basis for our opinion.
- 2) We did not audit the financial statements of the subsidiaries whose financial statements reflect total assets of ₹16,334.13 Lakhs as at 31st March 2012 and total revenues of ₹25,533.09 Lakhs for the period ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the reports of the other auditors.
- 3) We report that the consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS-21), "Consolidated Financial

Statements", as notified by the Companies (Accounting Standards) Rules, 2006, and on the basis of the separate audited financial statements of the company and its subsidiaries.

- 4) On consideration of the separate audit reports on individual financial statements of the company and its subsidiaries and to the best of our information and according to the explanations given to us and we are of the opinion that the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) In the case of the Consolidated Balance Sheet of the consolidated state of affairs of the company and its subsidiaries as at 31st March 2012;
  - b) In the case of the Consolidated Statement of Profit and Loss of the consolidated profit of the company and its subsidiaries for the year ended on that date;
  - c) In the case of the Consolidated cash flow statement of the consolidated cash flows of the company and its subsidiaries for the year ended on that date.

For M.S.Jagannathan & Visvanathan  
Firm Regn.No: 0012095  
Chartered Accountants

For Subbchar & Srinivasan  
Firm Regn. No: 0040835  
Chartered Accountants

[M.J.Vijayaraghavan]  
Partner

Membership No: 7534

Coimbatore

23rd May, 2012

[T.S.V.Rajagopal]  
Partner

Membership No:200380



## Consolidated Balance Sheet As at March 31, 2012

(₹ in Lakhs)			
	Note No.	As at March 31, 2012	As at March 31, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,126.65	1,126.65
Reserves and surplus	4	87,254.77	79,754.38
<b>Non-current liabilities</b>			
Deferred tax liabilities (Net)	5	2,472.17	2,760.42
Other Long term liabilities	6	26,644.53	33,692.40
<b>Current liabilities</b>			
Trade payables	7	29,587.14	28,367.15
Other current liabilities	8	41,182.20	34,685.10
Short-term provisions	9	7,116.15	4,463.92
<b>Total</b>		<b>1,95,383.61</b>	<b>1,84,850.02</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	10		
i) Tangible assets		53,216.16	42,836.75
ii) Intangible assets		1,993.03	314.79
iii) Capital work-in-progress		1,030.74	1,054.25
		56,239.93	44,205.79
Non-current investments	11	6,432.69	7,682.69
Long-term loans and advances	12	2,994.73	4,164.16
Other Non current assets	13	1,702.39	1,001.75
<b>Current assets</b>			
Inventories	14	26,223.44	29,072.49
Trade receivables	15	15,436.02	8,408.58
Cash and cash equivalents	16	71,313.41	75,607.29
Short-term loans and advances	17	12,128.83	12,172.00
Other current assets	18	2,912.17	2,535.27
<b>Total</b>		<b>1,95,383.61</b>	<b>1,84,850.02</b>
Significant Accounting Policies	2		
Additional information to Consolidated financial statements	25		

See accompanying notes to the Consolidated financial statements

In terms of our report of even date  
For M. S. Jagannathan & Visvanathan  
Firm Registration No: 001209S  
Chartered Accountants

R. Venkatrangappan  
Chairman

Sanjay Jayavarthanavelu  
Managing Director

per M.J. Vijayaraghavan  
Partner  
Membership No.: 7534

R. Rajendran  
Director Finance

K. Duraisami  
Company Secretary

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

per T.S.V Rajagopal  
Partner

Place: Coimbatore  
Date: 23rd May, 2012

Membership No.: 200380

## Statement of Consolidated Profit and Loss For the year ended March 31, 2012

(₹ in Lakhs)			
	Note No.	Year ended March 31, 2012	Year ended March 31, 2011
<b>REVENUE</b>			
Revenue from operations	19	2,49,927.70	1,97,988.33
Less : Excise duty		19,390.69	15,565.45
		2,30,537.01	1,82,422.88
Other income	20	8,471.69	7,802.26
<b>Total Revenue</b>		<b>2,39,008.70</b>	<b>1,90,225.14</b>
<b>EXPENSES</b>			
Cost of materials consumed	21	1,43,156.52	1,11,790.18
Changes in inventories of finished goods and			
Work-in-progress and Stock-in-Trade	22	783.48	(3,383.23)
Employee benefits expense	23	19,164.24	17,458.49
Finance costs	25.6	557.81	130.18
Depreciation		11,996.75	10,501.66
Other expenses	24	40,022.87	31,215.05
<b>Total Expenses</b>		<b>2,15,681.67</b>	<b>1,67,712.33</b>
<b>Profit before tax</b>		<b>23,327.03</b>	<b>22,512.81</b>
Less: Pre-acquisition profits of wholly owned subsidiary		484.99	–
		22,842.04	22,512.81
<b>Tax expense:</b>			
Current tax		7,816.24	8,100.00
Deferred tax (Net)		(468.57)	(548.97)
Prior year taxes		1,611.00	(364.78)
<b>Profit after tax</b>		<b>13,883.37</b>	<b>15,326.56</b>
<b>Earnings per equity share:</b>			
Basic and Diluted Earnings per share (in ₹) (Face value ₹10/- per share)		123.23	124.61
Significant Accounting Policies	2		
Additional information to Consolidated financial statements	25		

See accompanying notes to the Consolidated financial statements

In terms of our report of even date  
For M. S. Jagannathan & Visvanathan  
Firm Registration No: 001209S  
Chartered Accountants

R. Venkatrangappan  
Chairman

Sanjay Jayavarthanavelu  
Managing Director

per M.J. Vijayaraghavan  
Partner  
Membership No.: 7534

R. Rajendran  
Director Finance

K. Duraisami  
Company Secretary

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

per T.S.V Rajagopal  
Partner

Place: Coimbatore  
Date: 23rd May, 2012

Membership No.: 200380



## Consolidated Cash Flow Statement

For the year ended March 31, 2012

(₹ in Lakhs)

	Year ended March 31, 2012	Year ended March 31, 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	22,842.04	22,512.81
Adjustments for :		
Depreciation	11,996.75	10,501.66
Finance cost	557.81	130.18
Profit on sale of assets	(225.57)	(327.19)
Loss on sale of assets	23.83	4.30
Loss on sale of Investments	-	58.61
Investments written off	-	5.22
Interest income	(6,148.47)	(6,371.89)
Dividend income	(66.91)	(68.60)
Unrealised Loss / (Gain) on Foreign Currency		
Cash and cash equivalents	(0.39)	(0.46)
	6,137.05	3,931.83
<b>Operating Profit before Working Capital Changes</b>	<b>28,979.09</b>	<b>26,444.64</b>
(Increase)/Decrease in trade and other receivables	(6,533.92)	(9,176.24)
(Increase)/Decrease in inventories	2,849.05	(17,208.58)
Increase/(Decrease) in trade and other payables	1,455.59	35,554.96
Cash generated from operations	26,749.81	35,614.78
Direct taxes paid	9,131.86	7,542.91
<b>Net Cash from Operating activities (A)</b>	<b>17,617.95</b>	<b>28,071.87</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets/Capital Work in Progress	(19,151.67)	(10,150.06)
Proceeds from sale of fixed assets	656.90	990.21
Sale of Investments	-	2,631.86
Interest received	5,420.88	5,483.79
Dividend received	66.91	68.60
Loans given	(1,000.00)	-
Loans received back	216.00	54.00
Acquisition of Subsidiary	(4,150.00)	-
(Increase)/Decrease in Bank balances not considered as cash and cash equivalent	3,146.12	631.56
<b>Net cash used in investing activities (B)</b>	<b>(14,794.86)</b>	<b>(290.04)</b>

## Consolidated Cash Flow Statement

For the year ended March 31, 2012

(₹ in Lakhs)

	Year ended March 31, 2012	Year ended March 31, 2011
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Buy back of Shares	-	(22,551.16)
Dividends paid	(3,265.12)	(1,869.32)
Corporate dividend taxes paid	(626.43)	(308.18)
Transfer of Unpaid Dividend/Debentures to IEPF	(5.70)	(47.99)
Finance cost	(73.59)	-
<b>Net cash used in financing activities (C)</b>	<b>(3,970.84)</b>	<b>(24,776.65)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(1,147.75)</b>	<b>3,005.18</b>
<b>Cash and cash equivalents at beginning of the period (D)</b>	<b>4,331.47</b>	<b>1,326.29</b>
<b>Cash and cash equivalents at end of the period (E)</b>	<b>3,183.72</b>	<b>4,331.47</b>
<b>Net increase in cash and cash equivalents (E-D)</b>	<b>(1,147.75)</b>	<b>3,005.18</b>
Cash & Cash equivalents as per Balance Sheet	3,184.11	4,331.93
Unrealised Loss / (Gain) on Foreign Currency		
Cash and cash equivalents	(0.39)	(0.46)
<b>Cash and Cash equivalents as per Cash Flow Statement</b>	<b>3,183.72</b>	<b>4,331.47</b>
<b>Note :</b>		
Cash and cash equivalents include the following balances not available for use :		
Unpaid dividend warrant account		114.67
Unpaid Debenture and Interest account		-

In terms of our report of even date

For **M. S. Jagannathan & Visvanathan**

Firm Registration No: 0012095

Chartered Accountants

**R. Venkatrangappan**  
Chairman

**Sanjay Jayavarthanavelu**  
Managing Director

**per M.J. Vijayaraghavan**  
Partner

Membership No.: 7534

**R. Rajendran**  
Director Finance

**K. Duraisami**  
Company Secretary

For **Subbachar & Srinivasan**  
Firm Registration No: 0040835  
Chartered Accountants

**per T.S.V Rajagopal**  
Partner

Membership No.: 200380

Place: Coimbatore  
Date: 23rd May, 2012



## Notes forming part of Consolidated Financial Statements

### Note: 1. CORPORATE INFORMATION

Lakshmi Machine Works Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on three stock exchanges in India. The Company is engaged in the manufacturing and selling of Textile Spinning Machinery, CNC Machine Tools, Heavy castings and parts and components for the Aero space industry. The company caters to both domestic and international markets.

LMW Textile Machinery (Suzhou) Co., Limited and LMW Machinery Limited, Coimbatore, Wholly owned subsidiary companies manufacture Textile Spinning Machinery, Spares and Components

### Note: 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The consolidated financial statements relate to Lakshmi Machine Works Limited and its wholly owned subsidiaries. The financial statements are prepared under historical cost convention using uniform accounting policies and in accordance with the generally accepted accounting principles and Accounting Standard 21 on "Consolidated Financial Statements" and are presented to the extent possible in the same manner as the company's separate financial statements except as otherwise disclosed in the notes to accounts.

#### 2.2 Principles of consolidation

- The financial statements of the company and its subsidiary company have been combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions.
- The translation of foreign currencies into Indian Rupees [Reporting currency] is performed for assets and liabilities at the closing exchange rate at the Balance Sheet date and for revenues, cost and expenses using the average rate prevailing during the reporting period. Exchange differences arising from such translation of non-integral foreign operations are accumulated in Foreign Currency Translation Reserve until disposal of net investment.
- Goodwill represents the difference between the group's share in the net worth of a subsidiary and the cost of acquisition at each point of time of making the investment in the subsidiary. Goodwill arising on consolidation is not amortised. For this purpose the group's share of networth is determined on the basis of the latest financial statement prior to the acquisition after making necessary adjustments for material events between the date of such audited financial statements and the date of respective acquisition.

#### 2.3 Method of accounting

The financial statements are prepared under historical cost convention and on accrual basis and in accordance with the provisions of the Companies Act, 1956 and accounting principles generally accepted in India and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government to the extent applicable. The accounting is on the basis of a going concern concept.

#### 2.4 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.

#### 2.5 Fixed Assets:

Fixed assets are stated at historical cost net of Cenvat credit /Value added Tax, including appropriate direct and allocated expenses less accumulated depreciation and impairment losses, if any. Increase/Decrease in rupee liability in respect of foreign currency liability related to acquisition of fixed assets is recognized as expense or income in the Statement Profit and Loss. Self constructed assets are capitalized at factory cost.

#### 2.6 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. Adjustment for diminution in value of long term investments, considered temporary in the opinion of the management, are determined for each investment individually and credited to Investment Fluctuation Reserve by transfer from Statement of Profit and Loss.

## Notes forming part of Consolidated Financial Statements

#### 2.7 Valuation of Inventories

Inventories are valued at lower of cost and net realisable value after providing for obsolescence wherever necessary. Cost is determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

#### 2.8 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 statement of profit and loss. 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 statement of profit and loss.

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

#### 2.9 Depreciation

Depreciation on all fixed assets is provided on the written down value method except in the case of Wind Mills for which Straight Line Method is adopted at the rates specified in Schedule XIV of the Companies Act, 1956. Fixed assets of the wholly owned subsidiary are depreciated by using the straight line method over estimated useful lives. For additions and deletions depreciation is provided on pro-rata basis.

#### 2.10 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 on the completion of the contract. Dividend from Investments, 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. Revenue from carbon credits are recognised on delivery thereof or sale of rights therein, as the case may be, in terms of the contract with the respective buyer.

#### 2.11 Borrowing costs

Interest on borrowings, if any, attributable to acquisition of qualifying Assets are capitalised and included in the cost of the asset, as appropriate.

#### 2.12 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.

#### 2.13 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 render service are accounted on accrual basis.

##### *Defined Contribution Plans*

Company's contributions paid / payable during the year to Provident Fund, Superannuation Fund and ESIC are recognized in the statement of profit and loss.

##### *Defined Benefit Plans*

Company's liabilities towards gratuity and leave encashment are 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 recognised 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 as income or expense. Obligation is measured at the year end as 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.



## Notes forming part of Consolidated Financial Statements

### 2.14 Research and Development

Revenue expenditure incurred on Research and Development activities are expensed. Fixed assets relating to Research and Development are capitalized and depreciation provided thereon.

### 2.15 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 for the year 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 carry forward of losses under tax laws, are recognized 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.

### 2.16 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 recognised 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.

### 2.17 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.

### 2.18 Segment Reporting

Segment accounting policies are in line with the accounting policies of the company, except that segment revenue includes sales and other income directly identifiable or allocable to the segment including inter-segment revenue.

Business segments are identified on the basis of the nature of products/ services, the risk-return profile of individual businesses, the organizational structure and the internal reporting system of the company.

Segment revenue, segment expenses and segment assets and liabilities include those directly identifiable with the respective segments. Income, expenses, assets and liabilities which are not identifiable with or allocable to a separate segment on a reasonable basis but are related to the company as a whole are shown as unallocated items.

Inter-segment transfers are accounted for on weighted average cost basis.

### 2.19 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.

### 2.20 Leases

Assets given on leases where substantial risks and rewards incident to ownership of the asset are not transferred to the lessee are classified as operating leases. Lease income from such operating leases is recognised on straight line basis over the lease term. Depreciation on such leased assets is charged as per the normal depreciation policy of the company for similar assets. Initial direct costs incurred specifically in relation to such operating leases is recognized as expense in the period in which they are incurred.

### 2.21 Long Term Deferred expenses:

Long Term deferred expenses record start up expenses. Start up expenses are necessary for rendering the company appropriate and proper to operate on a manufacturing basis. These expenses are expensed in the month when the company begins operation.

## Notes forming part of Consolidated Financial Statements

### Note: 3. SHARE CAPITAL

	Numbers	Numbers	Amount (₹ Lakhs)	Amount (₹ Lakhs)
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Number and amount of Equity shares authorized	2,50,00,000	2,50,00,000	2,500.00	2,500.00
Number of Equity shares issued, subscribed and fully paid up	1,12,66,504	1,12,66,504	1,126.65	1,126.65
<b>Total</b>			<b>1,126.65</b>	<b>1,126.65</b>
Par value per Equity share (In ₹)			10.00	10.00
<b>Reconciliation of number of shares</b>				
Number of Equity shares at the beginning	1,12,66,504	1,23,69,250		
Less : Equity Shares bought back during the year	-	11,02,746		
Number of Equity shares at the end	1,12,66,504	1,12,66,504		
<b>Shareholder holding more than 5 percent equity shares</b>				
Life Insurance Corporation of India	10,93,481	10,94,526	9.71%	9.71%
Voltas Limited	6,00,000	6,00,000	5.33%	5.33%
Lakshmi Cargo Company Limited	8,23,718	8,23,718	7.31%	7.31%
Lakshmi Technology and Engineering Industries Ltd	6,67,090	6,67,090	5.92%	5.92%
The Lakshmi Mills Company Limited	7,20,000	7,20,000	6.39%	6.39%
<b>Note :</b> Aggregate number of Equity shares bought back during financial year 2010-11	-	11,02,746		

The Company has issued only one class of equity shares having a par value of ₹10 per share. Each holder of equity share is entitled to one vote per share. The Company declares dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval by the shareholders at the Annual General Meeting.

### Note: 4. RESERVES AND SURPLUS

(₹ in Lakhs)

<b>Capital Reserves</b>		
As per last Balance Sheet	701.40	701.40
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	110.27	-
Add: Transfer from General Reserve towards Buyback of Equity Shares	-	110.27
Closing balance	110.27	110.27
<b>General Reserve</b>		
As per last Balance Sheet	2,874.87	23,726.01
Less : Transfer to Capital Redemption Reserve	-	110.27
	2,874.87	23,615.74
Less : Utilisation against buyback of equity shares	-	22,440.88
	2,874.87	1,174.86
Add : Transfer from Statement Profit and Loss	1,400.00	1,700.00
Closing balance	4,274.87	2,874.86
<b>Investment Fluctuation Reserve</b>		
As per last Balance Sheet	934.66	1,190.55
Add/(Less) :Transfer from/(to) Statement Profit and Loss	2,004.53	(255.89)
Closing balance	2,939.19	934.66
Foreign Currency Translation Reserve	100.72	(63.40)
<b>Surplus</b>		
As per last Balance Sheet	75,196.59	65,242.40
Add: Transfer from Statement Profit and Loss	13,883.37	15,326.56
Add : Transfer from / (to) Investment Fluctuation Reserve	(2,004.53)	255.89
Less: Appropriations during the year		
Proposed Dividend	2,816.63	3,379.95
Proposed Golden Jubilee Dividend	2,816.63	-
Tax on Proposed Dividend	913.85	548.31
Transfer to General Reserve	1,400.00	1,700.00
Closing balance	79,128.32	75,196.59
<b>Total</b>	<b>87,254.77</b>	<b>79,754.38</b>



## Notes forming part of Consolidated Financial Statements

### Note: 5. DEFERRED TAX LIABILITIES

(₹ in Lakhs)

	As at March 31, 2012	As at March 31, 2011
<b>Deferred Tax Asset:</b>		
On account of VRS	60.09	90.13
On account of 43 B	10.62	-
On account of carried forward loss	-	-
	70.71	90.13
<b>Deferred Tax Liability:</b>		
On account of Depreciation	2,542.88	2,850.55
<b>Net Deferred Tax Liabilities</b>	<b>2,472.17</b>	<b>2,760.42</b>

### Note: 6. OTHER LONG TERM LIABILITIES

Security deposit received against supply of machinery	26,644.53	33,692.40
<b>Total</b>	<b>26,644.53</b>	<b>33,692.40</b>

### Note: 7. TRADE PAYABLES

Due to Micro, Small & Medium Enterprises	348.83	73.12
Others	29,238.31	28,294.03
<b>Total</b>	<b>29,587.14</b>	<b>28,367.15</b>

### Note: 8. OTHER CURRENT LIABILITIES

Liability for Expenses	5,941.99	4,757.17
Security deposit received against supply of machinery	18,160.90	16,048.57
Liability for other Finance	16,964.64	13,795.70
Unpaid dividends	114.67	83.66
<b>Total</b>	<b>41,182.20</b>	<b>34,685.10</b>

### Note: 9. SHORT-TERM PROVISIONS

<b>Provision for Employee benefits :</b>		
Provision for Gratuity	126.80	-
Provision for Leave Encashment	-	74.68
<b>Others :</b>		
Provision for Proposed Dividend	2,816.63	3,379.95
Provision for Proposed Golden Jubilee Dividend	2,816.63	-
Tax on Proposed Dividend	913.85	548.31
Provision for Warranty	442.24	460.98
<b>Total</b>	<b>7,116.15</b>	<b>4,463.92</b>

## Notes forming part of Consolidated Financial Statements

### Note: 10. FIXED ASSETS

(₹ in Lakhs)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Particulars	Cost as at 31.03.2011*	Additions**	Sales/ Transfer	Cost as at 31.03.2012	Upto 31.03.2011*	Withdrawn	For the year**	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
A. Tangible Assets :										
Land	1,716.98	1,062.73	1.62	2,778.09	-	-	-	-	2,778.09	1,708.09
Buildings	13,536.02	190.93	29.78	13,697.17	7,727.67	18.26	478.84	8,188.25	5,508.92	4,849.65
Plant & Equipment	1,23,790.32	17,072.39	2,599.07	1,38,263.64	86,870.60	2,168.44	10,822.45	95,524.61	42,739.03	34,358.16
Furniture & Fixtures	2,398.24	159.44	8.77	2,548.91	2,027.61	8.10	41.45	2,060.96	487.95	363.57
Office Equipments	4,041.48	233.77	7.95	4,267.30	3,520.44	4.86	273.18	3,788.76	478.54	432.44
Vehicles	3,318.12	331.26	12.83	3,636.55	2,188.29	5.21	229.84	2,412.92	1,223.63	1,124.84
Total Tangible Assets	1,48,801.16	19,050.52	2,660.02	1,65,191.66	1,02,334.61	2,204.87	11,845.76	1,11,975.50	53,216.16	42,836.75
B. Intangible Assets										
Technical Knowhow	628.79	-	-	628.79	314.00	-	106.44	420.44	208.35	314.79
Goodwill	4,289.93	-	-	4,289.93	4,289.93	-	-	4,289.93	-	-
Goodwill on Consolidation	-	1,704.57	-	1,704.57	-	-	-	-	1,704.57	-
Software	-	124.66	-	124.66	-	-	44.55	44.55	80.11	-
Total Intangible Assets	4,918.72	1,829.23	-	6,747.95	4,603.93	-	150.99	4,754.92	1,993.03	314.79
Capital Work in Progress									1,030.74	1,054.25
Total Assets	1,53,719.88	20,879.75	2,660.02	1,71,939.61	1,06,938.54	2,204.87	11,996.75	1,16,730.42	56,239.93	44,205.79
Previous year	1,37,059.91	9,430.70	2,497.88	1,43,992.73	92,170.09	1,830.56	10,501.66	1,00,841.19	44,205.79	

\* Includes opening balance of LMW Machinery Limited due to consolidation

\*\* Includes Foreign Currency Translation differences

### Note: 11. NON-CURRENT INVESTMENTS

(₹ in Lakhs)

	Face Value	Number	Number	Amount (₹ Lakhs)	Amount (₹ Lakhs)
		31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>Investments in Equity Instruments (At Cost)</b>					
<b>Non Trade- Quoted-Fully paid up</b>					
Cholamandalam Investment & Finance Co. Limited	10	3,42,562	3,42,562	267.88	267.88
Lakshmi Automatic Loom Works Limited	10	4,41,110	4,41,110	88.89	88.89
Pricol Limited	1	24,975	24,975	2.52	2.52
Rajshree Sugars & Chemicals Limited	10	1,00,000	1,00,000	10.00	10.00
The Lakshmi Mills Company Limited	100	39,297	39,297	201.34	201.34
JSW Steel Limited	10	3,89,647	3,89,647	5,314.79	5,314.79
Indian Bank	10	69,562	69,562	63.30	63.30
<b>Non Trade- Unquoted -Fully paid up</b>					
Pugoda Textiles Lanka Limited, Sri Lanka (Shares vested with Govt. of Sri Lanka for compensation)	10	67,50,000	67,50,000	483.83	483.83
Rieter LMW Machinery Limited - Joint venture		-	1,25,00,000	-	1,250.00
Sharada Chambers Premises Co-Op Society Limited	50	5	5	0.01	0.01
Lakshmi Machine Works Employees Co-op Stores Ltd	10	500	500	0.05	0.05
REPCO Bank	10	750	750	0.08	0.08
<b>Total</b>				<b>6,432.69</b>	<b>7,682.69</b>
<b>Aggregate Value of quoted investments</b>					
Cost				5,948.72	5,948.72
Market value				4,237.32	6,225.51
<b>Aggregate amount of unquoted investments</b>				<b>483.97</b>	<b>1,733.97</b>



## Notes forming part of Consolidated Financial Statements

### Note: 12. LONG-TERM LOANS AND ADVANCES

(₹ in Lakhs)

	As at March 31, 2012	As at March 31, 2011
<b>(Unsecured, considered good)</b>		
Capital Advances	1,279.12	1,720.00
Loans and advances to related parties:		
Rieter LMW Machinery Limited	-	1,250.00
Lakshmi Ring Travellers (CBE) Limited	650.00	-
Other advances & deposits	1,065.61	1,194.16
<b>Total</b>	<b>2,994.73</b>	<b>4,164.16</b>

### Note: 13. OTHER NON CURRENT ASSETS

Interest accrued on Bank deposits	1,702.39	1,001.75
<b>Total</b>	<b>1,702.39</b>	<b>1,001.75</b>

### Note: 14. INVENTORIES (At lower of cost or net realisable value)

Raw materials	18,238.14	21,149.62
Work-in-progress	5,049.89	5,057.11
Finished goods	1,647.44	1,065.15
Stores and spares	1,287.97	1,800.61
<b>Total</b>	<b>26,223.44</b>	<b>29,072.49</b>

### Note: 15. TRADE RECEIVABLES

<b>(Unsecured, considered good)</b>		
Outstanding for a period exceeding six months from the due date	959.42	715.56
Others	14,476.60	7,693.02
<b>Total</b>	<b>15,436.02</b>	<b>8,408.58</b>

### Note: 16. CASH AND BANK BALANCES

<b>Cash and cash equivalents</b>		
- In Current Account	3,044.97	4,232.08
- Cash on hand	24.07	15.73
<b>Other Bank Balances</b>		
Deposits held as margin money	144.50	100.93
Bank deposits with more than 12 months maturity	25,023.00	19,323.00
Other Bank Deposits	42,962.20	51,851.89
Unpaid Dividend Account	114.67	83.66
<b>Total</b>	<b>71,313.41</b>	<b>75,607.29</b>

### Note: 17. SHORT-TERM LOANS AND ADVANCES

<b>(Unsecured, Considered Good)</b>		
<b>Loans and advances to related parties</b>		
Lakshmi Ring Travellers (CBE) Limited	200.00	-
<b>Others</b>		
Unsecured recoverable in cash or in kind, or for value to be received	6,329.05	7,116.73
Balance with Central Excise, Sales Tax, Customs etc	4,573.01	4,032.25
Prepaid expenses	167.57	131.51
Advance taxes (Net of Provisions therefor)	522.40	891.51
MAT Credit Entitlement	336.80	-
<b>Total</b>	<b>12,128.83</b>	<b>12,172.00</b>

## Notes forming part of Consolidated Financial Statements

### Note: 18. OTHER CURRENT ASSETS

(₹ in Lakhs)

	As at March 31, 2012	As at March 31, 2011
Interest accrued on Bank Deposits	1,483.75	1,456.80
Income Receivable	1,428.42	1,078.47
<b>Total</b>	<b>2,912.17</b>	<b>2,535.27</b>

### Note: 19. REVENUE FROM OPERATIONS

(₹ in Lakhs)

	Year ended March 31, 2012	Year ended March 31, 2011
a) Sale of products	2,26,163.77	1,79,369.38
Sub Total	2,26,163.77	1,79,369.38
b) Other operating revenues		
Repair & Service Charges & Miscellaneous Income	1,559.76	1,217.15
Sale of scrap	1,161.25	674.90
Export Incentives	1,652.23	1,161.45
Sub Total	4,373.24	3,053.50
<b>Total</b>	<b>2,30,537.01</b>	<b>1,82,422.88</b>

### Note: 20. OTHER INCOME

Interest Income	6,148.47	6,371.89
Dividend Income	66.91	68.60
Rental income	75.29	73.90
Foreign Exchange Gain (Net)	1,865.87	410.32
Profit on sale of assets	225.57	327.19
Sale of Wind Energy	-	550.36
Sale of Carbon credit	89.58	-
<b>Total</b>	<b>8,471.69</b>	<b>7,802.26</b>

### Note: 21. COST OF MATERIALS CONSUMED

Opening Stock	21,793.85	8,012.80
Add : Purchases	1,47,591.63	1,32,568.03
Less : Sales	8,235.92	7,641.04
Closing Stock	17,993.04	21,149.61
<b>Cost of materials consumed</b>	<b>1,43,156.52</b>	<b>1,11,790.18</b>

### Note: 22. CHANGES IN INVENTORY OF FINISHED GOODS AND WORK-IN-PROGRESS

<b>Opening Stock</b>		
Finished Goods	1,065.15	1,560.49
Work-in-Progress *	6,415.66	1,178.54
<b>Total</b>	<b>7,480.81</b>	<b>2,739.03</b>
<b>Closing Stock</b>		
Finished Goods	1,647.44	1,065.15
Work-in-Progress	5,049.89	5,057.11
<b>Total</b>	<b>6,697.33</b>	<b>6,122.26</b>
<b>Stock (Increase) / Decrease</b>	<b>783.48</b>	<b>(3,383.23)</b>

\* Includes amount relating to LMW Machinery Limited



## Notes forming part of Consolidated Financial Statements

### Note: 23. EMPLOYEE BENEFITS EXPENSES

(₹ in Lakhs)

	Year ended March 31, 2012	Year ended March 31, 2011
Salaries and wages	15,784.11	13,909.39
Contribution to provident and other funds	1,079.10	2,160.20
Welfare expenses	2,301.03	1,388.90
<b>Total</b>	<b>19,164.24</b>	<b>17,458.49</b>

### Note: 24. OTHER EXPENSES

Sales Commission to Agents	5,793.49	4,933.85
Consumption of stores and spare parts	8,762.34	7,790.58
Consumption of Packing Material	5,147.34	3,029.87
Power and fuel (Net of wind energy ₹2416.62 Lakhs; Previous year ₹2396.94 Lakhs)	3,893.77	2,581.37
Rent	266.40	188.02
Repairs to buildings	961.11	634.49
Repairs to machinery	3,334.76	2,228.79
Repairs - Others	2,653.91	2,301.95
Insurance	127.43	96.50
Rates and taxes, excluding taxes on income	211.25	116.95
Auditors' remuneration	31.61	21.22
Loss on sale of assets	23.83	4.30
Investments written off	-	5.22
Donations	310.00	161.00
Loss on sale of investments	-	58.61
Directors Sitting fees	23.65	10.30
Non executive Directors' Commission	228.41	151.76
Miscellaneous expenses.	8,253.57	6,900.27
<b>Total</b>	<b>40,022.87</b>	<b>31,215.05</b>

### Note: 25. ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

25.1. The Subsidiary Companies considered in the consolidated Financial Statements and their reporting dates are as under :

Name of the Company	Country of incorporation	% of ownership Interest	Reporting date
LMW Textile Machinery (Suzhou) Co., Ltd	China	100.00	31.03.2012
LMW Machinery Limited	India	100.00	31.03.2012

### 25.2. Contingent Liabilities

(₹ in Lakhs)

	Year ended March 31, 2012	Year ended March 31, 2011
Bills discounted with banks	509.75	-
Letters of Credit	2,180.00	7,070.14
Bank Guarantees	2,130.67	862.40
Central Excise Demand	392.27	440.58
Income Tax Demand	1,743.25	342.56
Disputed tax dues are appealed before concerned appellate authorities. The Company is advised that the cases are likely to be disposed off in favour of the Company and hence no provision is considered necessary therefor.		
Estimated amount of Contracts remaining to be executed on Capital account and not provided for net of advances	1,413.17	2,009.42

## Notes forming part of Consolidated Financial Statements

### Note: 25. ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

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

### 25.4. Details of dividend proposed:

(₹ in Lakhs)

	Year ended March 31, 2012	Year ended March 31, 2011
Amount of dividend proposed to be distributed to equity share holders	2,816.63	3,379.95
Amount of Golden Jubilee dividend proposed to be distributed to equity share holders	2,816.63	-
Amount of dividend per equity share (In ₹)	50.00	30.00

### 25.5. Amounts set aside to Reserves :

To General Reserve	1,400.00	1,700.00
To /(From) Investment fluctuation Reserve	2,004.53	(255.89)

### 25.6. Finance Costs

Interest under Income Tax Act	484.22	125.23
Bill discounting charges	16.51	4.95
Interest- Others	57.08	-
<b>Total</b>	<b>557.81</b>	<b>130.18</b>

### 25.7. Details of Miscellaneous expenses :

Printing & Stationery	160.57	142.71
Postage Telegrams & Telephones	126.42	104.32
Travelling Exps & Maintenance of Vehicles	1,355.41	1,122.64
Bank Charges, LC Commission etc.,	170.53	160.10
Legal & Professional Charges	318.25	496.96
Subscription to Associations & Periodicals	23.14	21.07
Research & Development	943.07	1,195.06
Miscellaneous Expenses	563.32	377.26
Sales Expenses	1,033.84	817.20
Security and Other Service expenses	1,130.35	823.15
Advertisement & Publicity	602.97	491.17
Export Expenses	1,752.25	1,118.11
Royalty	73.45	30.52
<b>Total</b>	<b>8,253.57</b>	<b>6,900.27</b>

### 25.8. Employee Benefits

#### I. Defined Benefit Plans

(₹ in Lakhs)

	Gratuity (Funded)			Leave Encashment (Funded)		
	31.03.2012	31.03.2011	31.03.2010	31.03.2012	31.03.2011	31.03.2010
<b>A. Expense recognised during the year</b>						
1. Current Service cost	296.77	267.32	186.76	42.64	32.74	22.43
2. Interest cost	365.17	238.46	236.31	22.90	15.79	17.39
3. Expected return on plan assets	(396.83)	(316.50)	(276.57)	(28.07)	-	(19.67)
4. Actuarial Losses / (Gains) during the year	37.26	1,233.85	96.23	(120.65)	(154.71)	(200.19)
5. Total Expense	302.38	1,423.13	242.73	(82.18)	(105.18)	26.64
<b>B. Actual return on Plan assets</b>						
1. Expected return on plan assets	396.83	316.50	276.57	28.07	(-)	19.67
2. Actuarial (Loss) / Gain on Plan assets	40.60	(8.14)	157.03	86.73	387.30	167.63
3. Actual return on plan assets	437.43	308.36	433.60	114.80	387.30	187.29



## Notes forming part of Consolidated Financial Statements

### Note: 25. ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

#### 25.8. Employee Benefits (Contd...)

##### I. Defined Benefit Plans

(₹ in Lakhs)

	Gratuity (Funded)			Leave Encashment (Funded)		
	31.03.2012	31.03.2011	31.03.2010	31.03.2012	31.03.2011	31.03.2010
<b>C. Net Asset/(Liability) recognised in the Balance Sheet</b>						
1. Present value of the obligation at the end of the year	5,192.18	4,494.51	3,198.57	314.03	291.01	191.40
2. Fair value of plan assets as at the end of the year	5,188.40	4,752.11	3,495.68	459.94	354.74	329.81
3. Funded status surplus/(deficit)	(3.78)	257.60	297.11	145.91	63.73	138.41
4. Unrecognised past service cost	-	-	-	-	-	-
5. Net Asset/(Liability) recognised in the Balance Sheet	-	-	-	-	-	-
<b>D. Change in Present value of the Obligation during the year</b>						
1. Present value of the obligation at beginning of year	4,659.50	3,198.57	2,904.10	291.01	19.67	210.78
2. Current service cost	296.77	267.32	186.76	42.64	32.74	22.43
3. Interest cost	365.17	238.46	236.31	22.90	15.79	17.39
4. Benefits paid	(207.12)	(435.55)	(381.86)	(9.60)	(10.78)	(26.64)
5. Actuarial (gain)/ loss on obligation	21.60	1,225.71	253.26	(32.92)	233.59	(32.56)
6. Present value of obligation at end of the year	5,192.18	4,494.51	3,198.57	314.03	291.01	191.40
<b>E. Change in Plan Assets during the year</b>						
1. Fair value of plan assets at the beginning of the year	4,944.11	3,495.68	3,201.21	354.74	(32.56)	142.52
2. Expected return on plan assets	396.83	316.50	276.57	28.07	(-)	19.67
3. Contributions made	13.99	1,383.62	242.73	-	10.78	26.64
4. Benefits paid	(207.12)	(435.55)	(381.86)	(9.60)	(10.78)	(26.64)
5. Actuarial gain / (loss) on plan assets	40.60	(8.14)	157.03	86.73	387.30	167.63
6. Fair value of plan assets at the end of the year	5,188.40	4,752.11	3,495.68	459.94	354.74	329.81
<b>F. Net actuarial Gain / Loss recognised</b>						
1. Actuarial (Gain) / Loss on Benefit Obligation	49.73	1,225.71	253.26	(32.92)	233.59	(32.56)
2. Actuarial Gain / (Loss) on Plan assets	40.60	(8.14)	157.03	86.73	387.30	167.63
3. Net Actuarial (Gain) / Loss recognised	9.13	1,233.85	96.23	(120.65)	(154.71)	(200.19)
<b>G. Major categories of plan assets as a percentage of total plan</b>						
Qualifying insurance policies	5,188.40	4,752.11	3,472.32	459.94	354.74	329.81
Own plan assets	-	-	23.37	-	-	-
<b>Total</b>	<b>5,188.40</b>	<b>4,752.11</b>	<b>3,495.68</b>	<b>459.94</b>	<b>354.74</b>	<b>329.81</b>
<b>H. Actuarial Assumptions</b>						
1. Discount rate	8.00%	8.00%	8.00%	8.25%	8.25%	8.25%
2. Salary escalation	7.00%	7.00%	7.00%	7.00%	7.00%	5.00%
3. Expected rate of return on plan assets	8.00%	8.00%	9.00%	13.80%	13.80%	13.80%
4. Attrition rate	2.00%	2.00%	3.00%	2.00%	2.00%	3.00%
5. Mortality rate	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)
	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate

#### 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.

Gratuity is applicable to all permanent and full time employees of the company.

Gratuity payment is based on last basic salary and dearness allowance at the time of termination or retirement. The Scheme takes into account each completed year of service or part thereof in excess of six months. The entire contribution is borne by the

company.

Leave encashment benefits are provided as per the Rules of the Company. The liabilities on account of defined benefit obligations are expected to be contributed within the next financial year.

## Notes forming part of Consolidated Financial Statements

### Note: 25. ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

#### 25.8. Employee Benefits (Contd...)

##### II. Defined Contribution Schemes

(₹ in Lakhs)

	Leave Encashment (Funded)		
	31.03.2012	31.03.2011	31.03.2010
Provident Fund Contribution	760.82	673.39	578.07
Superannuation Fund Contribution	-	-	81.75

#### 25.9. Consolidated Segment Report for the year ended 31st March 2012

(₹ in Lakhs)

	Textile Machinery Division		Other Divisions		Total	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>I. Primary - Business Segment</b>						
<b>Revenue</b>						
External Sales	1,94,244.09	1,53,851.41	31,919.68	25,517.97	2,26,163.77	1,79,369.38
Inter Segment Transfers	899.81	492.78	234.33	210.21	1,134.14	702.99
Allocable other income	5,820.44	3,987.38	733.81	354.00	6,554.25	4,341.38
Segment Revenue	2,00,964.34	1,58,331.57	32,887.82	26,082.18	2,33,852.16	1,84,413.75
Less : Inter Segment Transfers					1,134.14	702.99
Add : Unallocable other Income					6,290.68	6,514.38
Enterprise revenue					2,39,008.70	1,90,225.14
<b>Result</b>						
Segment Result	16,625.30	15,272.96	1,514.60	2,068.62	18,139.90	17,341.58
Less :Unallocated Expenses					1,030.74	1,081.16
Operating Profit					17,109.16	16,260.42
Less : Interest Expenses					557.81	130.18
Income tax expenses (Current)					9,427.24	7,867.04
Income tax expenses (Deferred)					(468.57)	(548.97)
Add : Unallocable Other Income					6,290.68	6,514.39
Net Profit after Tax					13,883.36	15,326.56
Other Information						
Segment assets	1,55,107.01	1,43,775.85	17,027.08	12,950.69	1,72,134.09	1,56,726.54
Add : Unallocated corporate assets					23,249.52	28,123.48
Enterprise Assets					1,95,383.61	1,84,850.02
Segment Liabilities	82,046.32	72,557.96	5,881.79	5,112.96	87,928.11	77,670.92
Add : Unallocated corporate liabilities					1,07,455.50	1,07,179.10
Enterprise Liabilities					1,95,383.61	1,84,850.02
Capital Expenditure	16,696.55	8,658.09	4,183.20	1,478.98	20,879.75	10,137.07
Depreciation	10,395.49	9,996.02	1,601.26	505.64	11,996.75	10,501.66
<b>II. Secondary - Geographical Segment</b>						
<b>a) Revenue from external customers by location of customers</b>						
Domestic Segment					1,94,013.81	1,54,228.00
Export Segment					32,149.96	25,141.38
<b>Total Revenue</b>					<b>2,26,163.77</b>	<b>1,79,369.38</b>
<b>b) Carrying amount of Segment Assets</b>						
Within India	1,47,321.07	1,35,693.36	17,027.08	12,950.69	1,64,348.15	1,48,644.05
Outside India	7,785.94	8,082.49	-	-	7,785.94	8,082.49
<b>Total</b>	<b>1,55,107.01</b>	<b>1,43,775.85</b>	<b>17,027.08</b>	<b>12,950.69</b>	<b>1,72,134.09</b>	<b>1,56,726.54</b>
<b>c) Capital Expenditure</b>						
Within India	16,503.69	8,582.12	4,183.20	1,478.98	20,686.89	10,061.10
Outside India	192.86	75.97	-	-	192.86	75.97
<b>Total</b>	<b>16,696.55</b>	<b>8,658.09</b>	<b>4,183.20</b>	<b>1,478.98</b>	<b>20,879.75</b>	<b>10,137.07</b>

#### Note:

1) The Company is organised into two main Business Segments viz., Textile Machinery Segment comprising of Spinning Preparatory



## Notes forming part of Consolidated Financial Statements

### Note: 25. ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

#### 25.9. Segment Report for the year ended 31st March 2012 (Contd...)

- Machinery; Yarn Making machinery; Accessories & Parts and Other Segment comprising of Machine Tools and Foundry Division and Advanced Technology Centre.
- 2) The Secondary Geographical Segments considered for disclosure are Revenue from Customers located within India (Domestic Segment) and Revenue from customers located outside India (Export Segment).
- 3) Inter Segment transfers are accounted at weighted average cost,vis-a-vis at competitive market price charged to Unaffiliated customers for similar goods
- 4) Segment Revenue,Results,Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

#### 25.10. Related Party Disclosures

##### 1) Related Party Relationships

###### Key Management Personnel

Sri. Sanjay Jayavarthanavelu, Managing Director

Sri. R. Rajendran, Director Finance

###### Joint Venture

Rieter LMW Machinery Limited (Upto 15.8.2011)

###### Other related parties-Associates

Eshaan Enterprises Limited

Harshini Textiles Limited

Hermes Academy of Training Limited

Integrated Electrical Controls Limited

Lakshmi Cargo Company Limited

LCC Cargo Holdings Limited

Lakshmi Electrical Drives Limited

Lakshmi Technology & Engg. Industries Limited

Lakshmi Ring Travellers (Cbe) Limited

Lakshmi Electrical Control Systems Limited

Lakshmi Precision Tools Limited

Mahalakshmi Engineering Holdings Limited

Quattro Engineering India Limited

Revantha Holdings Limited

Sri Kamakoti Kamakshi Textiles Private Limited

Sri Lakshmi Vishnu Plastics

Super Sales (India) Limited

Starline Travels Limited

Titan Paints & Chemicals Limited

Venkatavaradha Agencies Limited

Walzer Hotels Limited

Lakshmi Life Sciences Limited

**Note :** Related party relationships are as identified by the Management

##### 2) Related Party Transactions

(₹ in Lakhs)

	Joint Venture		Other Related Parties-Associates		Key Management Personnel	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Purchase of goods	5.58	-	24,820.11	21,804.81	-	-
Sale of goods	490.55	761.68	10,147.79	7,811.15	-	-
Purchase of Fixed Assets	-	-	802.63	94.08	-	-
Sale of Fixed Assets	-	-	8.16	963.61	-	-
Rendering of Services	0.10	0.72	116.53	246.98	-	-
Receiving of Services	-	-	7,053.31	5,497.19	-	-
Agency arrangements	-	-	1,389.95	1,221.60	-	-
Managerial Remuneration	-	-	-	-	437.05	495.98
Dividends Paid	-	-	699.15	325.63	42.68	21.34
Loans received back	1,250.00	-	150.00	-	-	-
Loan given	-	-	1,000.00	-	-	-
Interest receipts	33.26	100.00	74.14	-	-	-
Outstanding Payables	-	-	1,904.53	1,244.24	-	-
Outstanding Receivables	-	1,372.47	3,481.63	1,778.91	-	-

## Notes forming part of Consolidated Financial Statements

### Note: 25. ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

#### 25.10. Related Party Disclosures (Contd...)

Disclosure in respect of Material Related Party Transaction during the year :

- Purchase of Goods includes Rieter LMW Machinery Limited ₹5.58 Lakhs (Previous year Nil), Lakshmi Electrical Control Systems Limited ₹16,123.10 Lakhs (Previous year ₹4,354.71 Lakhs), Lakshmi Electrical Drives Limited ₹4,002.76 Lakhs (Previous year ₹4,089.43 Lakhs) and Other Related Parties- Associates ₹4,694.25 Lakhs (Previous year ₹3,360.67 Lakhs)
- Sale of Goods includes Rieter LMW Machinery Limited ₹490.55 Lakhs (Previous year ₹761.68 Lakhs), Lakshmi Electrical Control Systems Limited ₹9,351.36 Lakhs (Previous year ₹6,199.78 Lakhs) and others - Other related Parties - Associates ₹796.43 Lakhs (Previous year ₹1,611.37 Lakhs)
- Purchase of Fixed Assets includes Lakshmi Precision Tools Limited ₹193.98 Lakhs (Previous year ₹ Nil); Quattro Engineering India Limited ₹117.60 Lakhs (Previous year ₹66.42 Lakhs), Lakshmi Cargo Company Limited ₹311.64 Lakhs (Previous year ₹27.66 Lakhs) and Super Sales (India) Limited ₹179.41 Lakhs (previous year ₹ Nil)
- Sale of Fixed Assets includes; Super Sales (India) Limited ₹0.26 Lakhs (Previous year ₹921.61 Lakhs); Titan Paints & Chemicals Limited ₹7.90 Lakhs (Previous year ₹ Nil) and Others - Other Related Parties-Associates ₹ Nil (Previous year ₹42 Lakhs)
- Rendering of Services includes Super Sales (India) Limited ₹49.20 Lakhs (Previous year ₹209.44 Lakhs) Rieter LMW Machinery Limited ₹0.10 Lakhs (Previous year ₹0.72 Lakhs) Lakshmi Technology & Engineering Industries Limited ₹44.64 Lakhs (Previous year ₹ Nil) and Others - Other Related Parties-Associates ₹22.69 Lakhs (Previous year ₹37.54 Lakhs)
- Receiving of Services include Lakshmi Ring Travellers (Cbe) Limited ₹693.05 Lakhs (Previous year ₹585.93 Lakhs) Lakshmi Cargo Company Limited ₹5,070.39 Lakhs (Previous year ₹3,890.28 Lakhs) and Others - Other Related Parties - Associates ₹1,289.87 Lakhs (Previous year ₹1,020.98 Lakhs)
- Agency arrangement includes Super Sales (India) Limited ₹1,389.95 Lakhs (Previous year ₹1,221.60 Lakhs)
- Managerial Remuneration includes amount paid to Dr. D. Jayavarthanavelu ₹ Nil (Previous year ₹117.79 Lakhs), Sri. Sanjay Jayavarthanavelu ₹348.29 Lakhs (Previous year ₹364.76 Lakhs). Sri.R. Rajendran ₹88.76 Lakhs (Previous year ₹13.43 Lakhs for part of the year)
- Dividends paid to includes Lakshmi Technology and Engineering Industries Limited ₹200.15 Lakhs (Previous year ₹ 0.06 Lakhs), Lakshmi Cargo Company Limited ₹247.12 Lakhs (Previous year ₹123.56 Lakhs) Other Related Parties - Associates ₹251.88 Lakhs (Previous year ₹102.01 Lakhs), Dr.D. Jayavarthanavelu ₹3.00 Lakhs (Previous year ₹6.44 Lakhs), Sri Sanjay Jayavarthanavelu ₹39.68 Lakhs (Previous year ₹14.90 Lakhs)
- Loan received back includes Lakshmi Ring Travellers (CBE) Limited - ₹150 Lakhs (Previous year ₹ Nil); Rieter LMW Machinery Limited ₹1,250 Lakhs (Previous year ₹ Nil)
- Loan given : Lakshmi Ring Travellers (CBE) Limited ₹1,000 Lakhs (Previous year ₹ Nil)
- Interest receipts include Lakshmi Ring Travellers (CBE) Limited ₹74.14 Lakhs (Previous year ₹ Nil), Rieter LMW Machinery Limited ₹ Nil (Previous year ₹100 Lakhs)
- Outstanding Payables include Lakshmi Cargo Company Limited ₹726.76 Lakhs (Previous year ₹443.51 Lakhs), Lakshmi Electrical Drives Limited ₹ Nil (Previous year ₹433.74 Lakhs) Lakshmi Precision Tools Limited ₹136.73 Lakhs (Previous year ₹157.15 Lakhs), Super Sales (India) Limited ₹905.15 Lakhs (Previous year ₹ Nil), Lakshmi Ring Travellers (Cbe) Limited ₹ Nil (Previous year ₹160.73 Lakhs) and Others - Other Related Parties-Associates ₹135.89 Lakhs (Previous year ₹49.11 Lakhs)
- Outstanding Receivables include Rieter LMW Machinery Limited ₹ Nil (Previous year ₹1,372.47 Lakhs) Lakshmi Electrical control Systems Limited ₹428.46 Lakhs (Previous year ₹706.53 Lakhs, Lakshmi Technology and Engineering Industries Limited ₹554.28 Lakhs (Previous year ₹478.85 Lakhs), Super Sales (India) Limited ₹ Nil (Previous year ₹495.17 Lakhs), Lakshmi Electrical Drives Limited ₹516.97 Lakhs (Previous year ₹ Nil); Lakshmi Ring Travellers Limited ₹1,961.37 Lakhs (Previous year ₹ Nil) and Others - Other Related Parties - Associates ₹20.55 Lakhs (Previous year ₹98.36 Lakhs)

#### 25.11. The Fixed Assets include:

(₹ in Lakhs)

	Gross Block	Depreciation for the year	Accumulated Depreciation	Net Block
<b>Assets leased out as on 31.03.2012</b>				
Buildings	358.42	9.49	178.03	180.39
<b>Assets leased out as on 31.03.2011</b>				
Buildings	373.31	10.31	177.44	195.87

Income from leased Buildings of ₹75.29 Lakhs is grouped in Rent receipts (Previous year ₹73.90 Lakhs)



## Notes forming part of Consolidated Financial Statements

**Note: 25. ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**

### 25.12. Earnings Per Share

	Year ended March 31, 2012	Year ended March 31, 2011
Net Profit after Tax [₹ in Lakhs]	13,883.37	15,326.56
Weighted Average Number of Equity Shares (Nos.)	1,12,66,504	1,22,99,762
Nominal Value per Equity Share [in ₹]	10.00	10.00
Basic & Diluted Earnings Per Share [in ₹]	123.23	124.61

### 25.13. Deferred tax liabilities

(₹ in Lakhs)

	Year ended March 31, 2011*	For the year	Year ended March 31, 2012
<b>Deferred Tax Asset:</b>			
On account of VRS	90.13	(30.04)	60.09
On account of Sec. 43B items	11.75	(1.13)	10.62
On account of carried forward loss	43.82	(43.82)	-
	<b>145.70</b>	<b>(74.99)</b>	<b>70.71</b>
<b>Deferred Tax Liability:</b>			
On account of Depreciation	3,086.44	(543.56)	2,542.88
<b>Net Deferred Tax Liabilities</b>	<b>2,940.74</b>	<b>(468.57)</b>	<b>2,472.17</b>

\* Includes amounts relating to LMW Machinery Limited

25.14. a) The Company gives warranties for its products undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provisions made at the end represents the amount of expected cost of meeting such obligations of rectification/ replacements. The timing of the outflows is expected to be within a period of one year.

b) Disclosures in terms of Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets"

(₹ in Lakhs)

Particulars	Provision for warranty	
	31.03.2012	31.03.2011
Carrying amount at the beginning of the year *	510.66	227.00
Additional provision made during the year	445.92	460.98
Amount used during the year	514.34	227.00
Unused amount reversed during the year	-	-
Carrying amount at the end of the year	442.24	460.98

\* Includes amount relating to LMW Machinery Limited for the year ended 31.3.2012

25.15. Revenue Expenditure on Research & Development amounting to ₹943.07 Lakhs (Previous year ₹1,195.05 Lakhs) has been charged to Statement of Profit and Loss and Capital expenditure relating to Research and Development amounting to ₹570.35 Lakhs (Previous year ₹181.80 Lakhs) has been included in Fixed Assets.

25.16. a) There are no derivative financial instruments either for hedging or for speculation outstanding as at the Balance Sheet date.

b) Foreign currency exposures that are not hedged by a derivative instrument or otherwise are as under:

Particulars		Amount in foreign currency		Equivalent (₹ Lakhs)	
		31.03.2012	31.03.2011	31.03.2012	31.03.2011
Sundry creditors	CHF	43,393	2,809	25.02	1.39
	EUR	10,46,170	3,71,503	726.80	237.79
	GBP	2,437	38,245	2.03	27.84
	JPY	2,51,62,083	5,43,33,013	1,593.01	297.69
	SEK	-	27,000	-	1.94
	SGD	42,880	2,30,178	17.77	82.82
	USD	5,86,577	3,71,932	305.49	168.85
	CNY	3,28,85,099	4,69,17,688	2,656.61	3,242.86

## Notes forming part of Consolidated Financial Statements

**Note: 25. ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**

### 25.16. (Contd...)

Particulars		Amount in foreign currency		Equivalent (₹ Lakhs)	
		31.03.2012	31.03.2011	31.03.2012	31.03.2011
Sundry Debtors	USD	61,46,111	69,81,375	3,032.09	3,146.32
	EUR	7,62,942	3,83,778	505.23	232.50
	CNY	1,381	1,452	0.11	0.10
Bank Balances	THB	1,74,114	84,798	2.92	1.27
	KES	1,00,478	81,485	0.62	0.45
	BDT	90	17,21,129	0.01	1.10
	IDR	24,116	10,74,096	0.01	0.06
	USD	304	538	0.16	0.24
	CNY	1,76,78,743	3,92,23,342	1,428.16	2,711.04

25.17. The Exchange rate adopted for conversion of subsidiary accounts is as follows :

The Exchange Rate as at 31st March 2012 : 1 CNY = ₹8.0784 (Previous year ₹6.912)

Average exchange rate : 2011-12 : 1 CNY = ₹7.5209, 2010-11: 1 CNY = ₹6.834

25.18. The fixed assets of the Subsidiary Companies are depreciated on SLM Basis over their useful lives as against WDV Basis adopted by the Parent Company. Had that depreciation been provided on WDV basis, the depreciation would have been lower by ₹62.14 Lakhs (Previous year ₹14.30 Lakhs) and the consolidated profit before tax would have been higher to that extent.

25.19. The revised Schedule VI has become effective from 1st April 2011 for the preparation of financial statements.

This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification / disclosure. The figures for the year ended 31st March 2012 include the figures relating to wholly owned subsidiary M/s. LMW Machinery Limited acquired during the year and consequently the figures for the year ended 31st March 2012 are not comparable with the figures for the year ended 31st March 2011.

25.20. The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The company has satisfied the conditions specified in the Circulars and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

In terms of our report of even date

For **M. S. Jagannathan & Visvanathan**

Firm Registration No: 001209S

Chartered Accountants

**R. Venkatrangappan**  
Chairman

**Sanjay Jayavarthanavelu**  
Managing Director

**per M.J. Vijayaraghavan**  
Partner

Membership No.: 7534

**R. Rajendran**  
Director Finance

**K. Duraisami**  
Company Secretary

**For Subbachar & Srinivasan**  
Firm Registration No: 004083S  
Chartered Accountants

**per T.S.V Rajagopal**  
Partner

Membership No.: 200380

Place: Coimbatore  
Date: 23rd May, 2012



"If we're growing, we're always going to be out of our comfort zone."

– John Maxwell

## CORPORATE INFORMATION

### Board of Directors

Sri. R. Venkatrangappan, *Chairman*  
 Sri. Sanjay Jayavarthanavelu, *Managing Director*  
 Sri. M.V. Subbiah, *Director*  
 Sri. S. Pathy, *Director*  
 Sri. R. Satagopan, *Director*  
 Sri. Basavaraju, *Nominee Director of LIC*  
 Sri. Aditya Himatsingka, *Director*  
 Dr. Mukund Govind Rajan, *Director*  
 Sri. R. Rajendran, *Director Finance*

### Company Secretary

Sri. K. Duraisami

### Registered Office

Perianaickenpalayam,  
 Coimbatore - 641 020  
 Tel : +91 422 2692371-72, 6612255  
 Fax : +91 422 2692541-42  
 E-mail : regd.off@lmw.co.in  
 Website : www.lakshmimach.com

### Corporate Office

34-A, Kamaraj Road,  
 Coimbatore - 641 018  
 Tel : +91 422 2221680-82  
 Fax : +91 422 2220912  
 E-Mail : secretarial@lmw.co.in  
 investors@lmw.co.in

### Auditors

M/s. M.S. Jagannathan & Visvanathan  
 Chartered Accountants, Coimbatore  
  
 M/s. Subbuchar & Srinivasan  
 Chartered Accountants, Coimbatore

### Bankers

Indian Bank  
 Bank of Baroda  
 Citibank N.A.  
 HDFC Bank  
 IDBI Bank  
 Standard Chartered Bank  
 Bank of Nova Scotia

### Share Transfer Agents

SKDC Consultants Limited,  
 Kanapathy Towers, 3rd Floor,  
 1391/A-1, Sathy Road, Ganapathy,  
 Coimbatore-641006  
 Tel : +91 422 6549995, 259835-36  
 Fax : +91 422 2539837  
 E-mail : info@skdc-consultants.com

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