

LMW®

LAKSHMI MACHINE WORKS LIMITED

Annual Report 2014-15

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Forward looking 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.

There are a number of ways in which we can describe what we do at LMW.

The most revealing is that ‘We listen.’

We listen to what is spoken and what is left unsaid.

We listen to our customers and our customer’s customers.

We listen to their challenges of today and their wish list for tomorrow.

We have been doing this faithfully for the past five decades.

We do so now and will continue to do so.

P.S. It is not a coincidence that we are among the three largest textile spinning machinery players in the world.

Lakshmi Machine Works Limited.

More than a company. A brand that stands for complete integrity, cutting-edge technology, a wide portfolio and responsive service.

To enhance customer satisfaction and our image globally, achieve exponential growth, and attain leadership through world-class products and services.

Vision

To deliver greater value to our customers by providing complete, competitive solutions through technological leadership, manufacturing excellence and dynamic responsiveness to market needs.

Mission

- Excellence
- Integrity
- Learning and sharing
- Contribution to industry and society

Values

Lakshmi Machine Works Limited (founded in 1962) is the only Indian company with a prominent presence across the textile spinning machinery value chain – from the Blow Room to the Ring Frame – making it possible to service customers from a single location.

The business of LMW is spread across four business verticals – Textile Machinery, Machine Tools, Castings and Aerospace.

LMW is headquartered in Coimbatore (India) with five manufacturing

locations. The Company has on its rolls more than 3,300 employees and has a presence in 15 countries globally. The Company's shares are listed on the Mumbai and National Stock Exchanges.



At LMW, listening patiently to customers has proved to be rewarding.

(Percentage increase over the previous year)

5.99%
Growth in revenues

5.88%
Growth in EBITDA

12.93%
Growth in profit after tax

14.13%
Growth in networth

10.51%
Growth in profit before tax

4.24%
Growth in gross block

28.60%
Growth in dividend payout

12.94%
Growth in earnings per share



Revenues (₹ Lakhs)

2012-13	2,11,146.15
2013-14	2,42,577.86
2014-15	2,57,119.95

EBIDTA (₹ Lakhs)

2012-13	28,840.99
2013-14	36,313.30
2014-15	38,450.24

Profit after tax (₹ Lakhs)

2012-13	11,747.95
2013-14	18,369.24
2014-15	20,745.09

Dividend payout (₹ Lakhs)

2012-13	2,636.25
2013-14	3,954.37
2014-15	5,085.14

Fixed assets (₹ Lakhs)

March 31, 2013	1,66,102.06
March 31, 2014	1,67,750.48
March 31, 2015	1,74,856.32

Reserves and surplus (₹ Lakhs)

March 31, 2013	94,902.13
March 31, 2014	1,09,317.00
March 31, 2015	1,24,920.20



Listening to the customer...

...inspired decisive solutions.

When LMW listened to its customers, this is what it heard:

'We want machines that do much more than simply spin fibre into yarn.'



This made it imperative for us to do more than get it right just once; it became critical to get it right each time, every time.

The Company focused concurrently on a number of priorities. Qualitative consistency. Enhanced automation. Lower operating costs. Superior output. Minimal maintenance costs.

The result is that we graduated each LMW machine across the spinning value-chain to the next generation.

RESULT: LMW's revenues increased at a rate of 34.82% CAGR over the last three years leading to 2014-15.





Listening to the customer...

...enhanced emergency preparedness.

When LMW listened to the customer, this is what kept coming back: ‘

We want your spares shop to work as our back office.’



LAKSHMI MACHINE WORKS LIMITED

This requirement became increasingly articulated in a business where spares are expensive, working capital is precious and fund costs, expensive.

LMW created an e-spares portal to enhance the convenient requisitioning of spares; we created an app to facilitate order placement.

The result is that LMW made it possible for customers to remain inventory-light, for spares to be always in stock and spares to be delivered with speed wherever needed.

RESULT: we shrunk the delivery lead time significantly and expect this to progressively decline in future.

Listening to the customer...

...graduated our service into a brand.

When LMW continued to engage with its customers, this is what it picked up:

'We want best-in-class machinery combined with round-the-clock connectivity.'



When LMW continued to engage with its customers, this is what it picked up: 'We want best-in-class machinery combined with round-the-clock connectivity.'

The combination of technology and uptime could not be more critically needed.

In a capital-intensive business, superior returns are derived from high production efficiency; high production efficiency is derived from high equipment uptime; high equipment uptime is derived from technological robustness and the ability to respond with speed in the event of an occasional downtime.

LMW developed multi-level connectivity solutions that translated into enhanced customer proximity leading to a complete peace-of-mind.

RESULT: LMW established a meaningful footprint across international spinning hubs like Bangladesh, Turkey, Indonesia, Vietnam, Pakistan and China.



An eagle-eye perspective

“We are evolving from a conventional manufacturing company to a service-driven organisation with a manufacturing back-end.”

In a world that is increasingly competitive, success is derived from the ability to extract the most value from the given resources.

The result is that even a basis point improvement in operating efficiency can translate into an attractive edge when complemented by sizeable production throughput.

This growing requirement is clearer in our business for some cogent reasons. The textile industry is capital-intensive; the cost of funds required to invest in and grow the business is prohibitively high. When one purchases capital-intensive equipment they expect it to last at least a decade. Spinning is a low-margin business where machine

downtime of even a single day can impact productivity and profitability. Downstream product needs are changing faster than before, mandating a syncing of the contemporary with the conventional.

LMW's business dynamics have transformed extensively across a number of fronts over the last few years. Customer needs have extended beyond cutting-edge technology; this is now more of a given and available off-the-shelf in today's competitive environment. Global brands, once distant, are literally competing with us next door. Customers don't wish to buy another product; they demand outstanding service.

LMW made a successful transformation from a company that was respected for its equipment quality to a company admired for its service quality. We shifted the gravity centre of our business model towards service orientation. Within this orientation, the customer's voice emerged as the principal change driver. This voice became the inspiration behind equipment development, component manufacture and machine assembly. We created a dedicated service team to address customer queries. We implemented globally-benchmarked IT solutions to enhance connectivity with customers and their machines. We graduated from customer-distant to their back-office.



LAKSHMI MACHINE WORKS LIMITED

8%

The Government of India has set a goal of doubling India's share in the global textile trade to 8% by 2020.

The result is that despite intensifying competition, we protected our domestic market share, established a strong presence in key global spinning hubs and our Chinese operations carved out a strong market foothold within a short period.

The Company is working to introduce a KYC solution to add significant customer value and create a spares management solution to shrink the requisition-to-receipt cycle.

The Company is confident of providing prompt service and enhancing customer satisfaction.

Looking ahead

LMW is attractively placed to grow its business.

The Indian spinning industry is expected to add about 7-8 million spindles between FY14 and FY19 catalysed by favourable investment policies instituted by the Central and State Governments. The Textile Machinery Manufacturers Association suggests that of the 53 million spindles installed in India, only 35 million are operational, indicating an annual replacement demand of 0.5-1 million spindles.

LMW has proactively evolved from a conventional equipment manufacturing company into a service-driven organisation with a robust manufacturing back-end.

This reorientation represents the backbone of the new LMW, which is fully equipped to address emerging opportunities across the global spinning landscape.



ANNUAL REPORT 2014-15

Management discussion and analysis report



Economy Overview:

The Central Statistical Organisation (CSO) estimates India's economy to have grown during 2014-15 at the rate of 7.4% per annum. For 2015-16 Government estimates the Indian economy to grow by 8%.

The Index of Industrial Production (IIP) indicates that industrial growth within the country has risen to a nine month high of 5% in February 2015 on better performance of the manufacturing sector and with higher offtake of consumer as well as capital goods. The manufacturing sector, which constitutes 75% of the index of industrial production, grew by 5.2% in February against a contraction of 3.9% in the same month a year ago. The consumer and capital goods offtake grew by 5.2% and 8.8% respectively. The growth in capital goods offtake is an indicator of investment activity improving on account of positive business sentiment. However, these numbers seem to have slipped during March, 2015. But given the resolve of the government to boost manufacturing activity in the country, industrial activity is expected to consolidate and grow further in the months to come.

During the year under review, India's

consumer price index dipped to 5.17% year on year in March, 2015 from 5.37% a month earlier and from 8.25% during March 2014. Inflation outlook at this stage suggests an average of 5.8% rate during 2015-16. Stability in inflation rates would prompt the Reserve Bank of India to further cut interest rates and provide the necessary fiscal stimulus to economic activity.

Lower Oil prices have immensely benefited the Indian economy. What used to be an annual oil import bill of USD 125 billion is now only USD 60-70 billion. The resultant savings of USD 55-65 billion will enable the country to not only bridge the trade gap but also ensure the stability of the Indian Rupee.

Meanwhile the Government has initiated several policy measures aimed at improving the ease of doing business and to support the Make in India campaign. Some of the measures like full implementation of GST from

April, 2016 onwards, investment in infrastructure, implementation of novel schemes like Pradhan Mantri Jan Dhan Yojana, creation of MUDRA Bank- a MSME financial institution, Gold Monetisation Scheme, a rational Foreign Trade Policy etc. is expected to provide the necessary impetus for the growth of industry, services, trade and employment opportunities within India.

Segment Information:

Your Company has four major product segments namely, the Textile Machinery Division (TMD), Machine Tools Division (MTD), Foundry Division and the Advanced Technology Centre. Besides these divisions, your Company has a Wind Energy Division. All these divisions are located in and around Coimbatore, Tamil Nadu, India.



01 Textile machinery division



Industry Overview

The Indian textiles industry currently estimated at around USD 108 billion is expected to reach USD 141 billion by 2021.

The industry is the second largest employer after agriculture, providing direct employment to over 45 million and 60 million people indirectly. The Indian Textile Industry contributes approximately 5% to GDP, and 14% to overall Index of Industrial Production (IIP). India has about 22% of the world's installed spinning capacity.

India's textiles sector is one of the mainstays of the national economy. It is also one of the largest contributors to India's exports contributing about 11% to the country's total exports basket. The textile industry is labour intensive and is one of the largest employer. The industry realised export earnings worth USD 41.57 billion in 2013-14. The global trade of Textiles and Garments was around USD 781 billion, while the size of total global garment market is around USD 1.15 trillion. Almost 75% of this market is concentrated in the Eurozone, US, China and Japan.

Meanwhile the domestic textiles consumption in India is at USD 66 billion and given the country's population size, India has the lowest domestic per capita spend on garments at USD 37 which is only 3% of the highest spender Australia at USD 1,131. Meanwhile in the exports front, the top five textiles and garment exporting nations are China, India, Italy, Germany and Turkey. China is the single largest

exporter with 39% share while India stood at a distant second place with a 5% share.

Despite the huge size of the Indian Textile Industry within India, it still has a very small presence across the globe. There are inherent weaknesses like inadequate infrastructure, insufficient power, shortage of trained manpower, non-availability of low cost credit etc. that inhibit further growth.

Prospects

The Indian Textile Industry is expected to grow in the coming years considering the following factors:

Given its current size and stature, the Textile Industry will play an important role in the Make in India initiative. Already encouraging signs emanate from various policy initiatives put in place by the Central and State Governments.

As the Indian economy continues to grow, the domestic per capita expenditure on textiles will increase. This will have the effect of increasing the size of India's domestic textile market. It is expected that by 2025 India's domestic per capita expenditure on garments will rise to USD 129.

The huge size of the International Textile market is an opportunity for India, given the rising labour costs and



compliance issues expected in other major garment manufacturing nations. The total global garment market is expected to be around USD 2.11 trillion by 2025.

Challenges

Technological backwardness especially in weaving, processing and garmenting segments.

Low share in global exports.

India has volume of scale disadvantage vis-a-vis competing countries.

Slow pace of infrastructure development, inadequate power etc.

High interest cost and low availability of finance to SME sector.

Preferential tariff regimes for close competitors in certain major markets.

Outlook

The US and EU are the dominant export markets for Indian Textile and Garment products. However the government has recently taken steps under the Focus Market Scheme to develop new destinations for Indian exports. Under the scheme, duty credit scrip is now available to textile exporters on export to 26 additional countries.

The Government has also recently passed the Textile Undertakings

(Nationalisation) Laws (Amendment and Validation) Bill, 2014 to provide impetus to the revival of sick textile units.

In this year's Union Budget, a sum of ₹500 Crores has been allocated for developing textile mega-clusters at six locations across the country. Also a sum ₹10 Crores has been allocated for setting up of a Trade Facilitation Centre to promote handloom products.

Also the 'Make in India' campaign launched by the government intends to provide a further boost to the Indian textile industry and enable it to achieve 20% growth in exports and sustain a 12% growth rate in domestic market till 2024-25. Various policy initiatives taken by the Central and State Governments are also expected to provide a boost to the textile industry. Recent developments in the global market provide for encouraging signals towards increased global demand for textile products.

These developments augur well and present the Company with growth opportunities in future. Your company has augmented and strengthened its Research and Development, Manufacturing and Marketing efforts and is in a position to take advantage of the evolving opportunities.

TMD Segment performance

Type of machinery	2014-15		2013-14	
	Nos	₹ in Lakhs	Nos	₹ in Lakhs
Spinning preparatory machines	2,576	79,714.29	2,497	75,921.40
Yarn making machine	1,843	99,197.19	1,589	90,414.38
Accessories and spares		24,760.29		26,605.30

02 Machine tool division



Industry Overview
The Indian Machine Tool Industry is now in a position to export general purpose and standard machine tools across the globe.

The industry, however, lacks in design and engineering capability to manufacture very high precision CNC Machines. There exists considerable technology gap between the Indian and foreign manufacturers, as a result of which much of domestic consumption continues to be met with imported Machine Tools.

As per Indian Machine Tool Manufacturers Association (IMTMA) during 2013-14 production value of the Indian Machine Tool Industry was at ₹3,481 Crores of which ₹246 Crores worth of machinery was exported. During the same period import of machine tools was ₹4,672 Crores. Total consumption of machine tools within India was ₹7,907 Crores as against a figure of ₹11,265 Crores logged during the previous year. Reduction in consumption figures of the Indian Machine Tool Industry is reflective of the economic downturn witnessed during the major part of 2013-14.

However the Government has recently started taking various measures to revive the economy. The 'Make in India' initiative is expected to be a significant game changer for manufacturing activities within the country. If implemented as envisaged, this initiative has the potential to accelerate manufacturing in India,

increase investment in Research and Development and serve as a platform to encourage manpower development. The Make in India initiative is expected to lead to a higher level of investment, higher growth and higher demand for machine tools.

Prospects

Government's drive to 'Make in India' is expected to aid the growth of domestic machine tool manufacturers.

Introduction of GST is expected to reduce the cost of manufacturing.

India's growing stature in the global market as a sourcing hub for auto components and other manufactured products.

India's emergence as a global export hub for cars.

Strong and growing domestic demand for mobile phones, personal computers, consumer durables, medical, strategic and automotive electronics and other consumer durables.

Increasing demand for telecom infrastructure equipment due to increasing tele-density and internet penetration.



Infrastructure development projects across the country resulting in demand for capital goods.

Increasing defence procurement with offset clause and the opening up of the defence equipment manufacturing to the private sector.

Increasing awareness about technologically efficient products and the adaptation of the same by the manufacturers.

Challenges

Used machinery market poses a big challenge for domestic machine tool manufacturers.

Lack of focus on indigenous Research and Development efforts in the past has now created technology gaps between foreign manufacturers and the Indian manufacturers.

Domestic machine tool manufacturers face a reducing price advantage vis-à-vis foreign players on account of global companies increasingly setting up manufacturing facilities in India.

Though India produces one of the largest numbers of engineers in the world today, most of them opt for IT

related fields. As a result, machine tool industry is facing a crunch of engineers and other qualified manpower.

MTD Segment performance

During the year under review, this division has sold 978 machines during the year for a value of ₹20,497.20 Lakhs (Previous Year : ₹16,147.14 Lakhs)

Outlook

Government initiative to enhance the ease of doing business in India; rational tax, monetary, foreign trade and labour policies are expected to provide the necessary impetus to manufacturing within the country. The thrust on infrastructure development across the country and across almost all the sectors is expected to generate considerable business for the Indian Machine Tool industry. Company's policy of continuous Research and Development gives it the ability to respond to any developing market requirement.

₹3,481 Crores

Size of the Indian Machine Tool Industry (2013-14) As per Indian Machine Tool Manufacturers Association (IMTMA)

03 Foundry division



Industry Overview

The USD 18 billion Indian Foundry industry plays a very important role as a feeder for several core industries within the country.

It is likely to play a key role under the Make in India initiative of the government.

With an installed capacity of around 10 million MT, the foundry industry in the country is the third largest in the world after China and US. A majority of foundry units in India fall under the category of small-scale industry. This industry is labour intensive and is a major employer, providing employment to over 5 Lakh people directly and to about 1.50 Lakh people indirectly. A peculiarity of the foundry industry in India is its geographical clustering, wherein each foundry cluster is known for catering to some specific end-use markets. Some of the important foundry clusters in India are located in Belgaum, Jalandhar, Coimbatore, Kolhapur and Rajkot. Various types of castings which are produced in India are ferrous, non-ferrous, Aluminium Alloy, graded cast iron, ductile iron, Steel etc. However, Grey iron castings command a major share of production at approximately 68% of total castings produced.

The demand for castings is likely to grow rapidly in India given the focus on infrastructure, sustainable energy generation, power, auto/auto ancillary and construction industries.

Your Company has three units with a capacity to produce 54,000 tonnes of castings per annum. A major portion of the castings produced are for captive consumption while the rest is being sold both in India and abroad.

Prospects

Development of Smart City Projects, infrastructure, power and other core industries across the country is expected to spur demand for castings.

Nuclear power capacity expansion will generate significant demand for castings.

Indigenisation of Defence Manufacturing is expected increase demand for castings.

Challenges

Shortage of skilled manpower results in lower productivity.

Poor road, rail and port connectivity raises product cost per ton.

High cost of funds needed for technology upgradation.

Foundry Segment performance

This division has sold 3,464 MT (Previous Year: 4,000 MT) of ductile iron and grey iron castings valued at ₹5,627.23 Lakhs during the year



under review (Previous Year: ₹6,726.76 Lakhs). Out of the total castings sold about 59% accounting for ₹3,539.31 Lakhs was exported.

Outlook

The Make in India initiative encourages companies from across the globe to make their products in India. This initiative focusses on about 25 sectors across the economy including automobiles, ports, aviation, railways, renewable energy, mining etc. As these sectors consume castings, it is expected that the Indian Foundry industry will face increased demand for its products. The challenge then before the industry is to modernise and build on capacity.

The company has a well-established brand image of being an optimal cost castings supplier and is recognised world-wide as a non-polluting facility.

The company has consistently adopted contemporary technology and lean practices which have enabled agility in manufacturing, thereby enabling the company to respond to new market requirements.

54,000 TPA

LMW's casting capacity spread across its 3 units.

Industry Overview

04 Advanced technology centre



Industry Overview

The emerging market countries with their large population and growing middle-class will continue to be main drivers of growth for the global aviation industry.

Increased replacement of obsolete aircraft, demand for new aircraft and the maintenance & repairs segment are all expected to grow in the coming years.

India is one of the fastest growing aviation markets and currently the ninth largest civil aviation market in the world. The country is projected to be the 3rd largest aviation market by the year 2020. As the Indian economy grows increase in passenger traffic is expected. Considering this the Indian carriers plan to increase their fleet size and the Indian aviation sector is likely to see sizeable investments in future.

The Advanced Technology Centre (ATC) specialises in the manufacture and supply of high precision parts and components required for the aerospace industry. In this regard your Company has created infrastructure and capabilities that are accredited with the AS 9100 Rev B certification and the NADCAP approvals.

Prospects

Increased passenger traffic in India and in the Asia Pacific region.

Favourable Government policies under the Make in India initiative will facilitate the growth of Aerospace industry.

Defence off-set clause, impetus to indigenous defence manufacturing and modernisation of Indian Air Force over the years.

Challenges

Stiff competition from global players in Indian Market.

Lack of advanced technology matching global competitors.

Shortage of skilled manpower

ATC Segment Performance

During the year under review ATC had a turnover of ₹1,129.07 Lakhs (Previous Year: ₹473.40 Lakhs).

Outlook

Global and Indian Aerospace Industry is expected to grow in the years to come. This augurs well for the Advanced Technology Centre which is equipped with special equipment and process enabling it to respond to market requirements.

3rd

The country is projected to be the 3rd largest aviation market by the year 2020.

Risk Management

The Company adapts a comprehensive and integrated risk appraisal, mitigation and management process. A Risk Management Committee consisting of Directors and Senior Executives of the Company has been constituted to identify, evaluate and mitigate risks for the Company. The risk and risk mitigation measures of the Company are being placed before the Board periodically for review and for improvement.

Internal control system and adequacy

The internal control mechanism of the Company is well documented. This is embodied in the Oracle E-Business suite

(ERP system). It is a common practice in your Company to lay down well thought out business plan for each year. From the annual business plan detailed budgets for revenue and capital for each quarter is determined. The actual performance is reviewed in comparison with the budget and deviations if any are addressed adequately.

The Company also has an internal audit team commensurate to the size and volume of the business. The internal audit programme covers entire area of functions and activities of the Company.

A Statutory Compliance Audit Team is constituted to check compliance in all areas and report to the management. This facilitates corrective measure to be taken wherever required.

The Audit Committee of Board of Directors meets every quarter to review the reports of Internal and Statutory Audit and to verify all financial statements to ensure compliance.

Human Resource

Your Company enjoys the support of committed and well satisfied human capital. Compensation packages offered by the Company, best of class methods in Recruitment, Training, Motivation, and Performance Appraisal, attract and retain the best in talent. These practices enable the Company to keep the attrition rate well below the industry average. The Company had 3,333 employees at the end of the financial year as on 31st March, 2015

Financial Performance

Particulars	(₹ in Lakhs)	
	2014-15	2013-14
Gross profit before interest, depreciation, tax	38,450.23	36,313.30
Interest	0.00	0.00
Depreciation	9,650.31	10,251.22
Provision for Taxation	8,054.83	7,692.84
Net profit	20,745.09	18,369.24
Earnings per share (Amount in ₹)	184.13	163.04

On behalf of the Board

Coimbatore
Date: 20th May, 2015

Sanjay Jayavarthanavelu
Chairman and Managing Director

Service to society

AT^{LMW}, we believe that inclusive growth is not a destination but a journey. A journey made possible by the progressive engagement of all stakeholders in the developmental process. The Company strives to achieve sustainable development across the realms of education, health, welfare and livelihood.



Talent recognition – DJMPC



Education



Health

Service to society

Lakshmi Machine Works Limited

CIN L29269TZ1962PLC000463

Regd. Office: Perianaickenpalayam, Coimbatore-641020

Phone : 0422 3022255, Fax : 0422 2692541

Email: regd.off@lmw.co.in Website : www.lakshnimach.com



Community Welfare



Marathon



Art & Culture



Sports

Notice to Shareholders

NOTICE is hereby given that the 52nd Annual General Meeting of the Shareholders of Lakshmi Machine Works Limited, Coimbatore- 641020 will be held on Monday, the 10th August, 2015 at 3.30 PM at "Nani Kalai Arangam", Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore-641037, to transact the following business:-

Ordinary Business:

1. To consider and adopt Standalone and Consolidated Annual Financial Statements including the Statement of Profit and Loss, Cash flow Statement, for the financial year ended 31st March, 2015, 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.S.Pathy (DIN: 00013899), Director, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors for the financial year 2015 -16 and to fix their remuneration

Special Business:

5. To consider and if deemed fit to pass the following resolution as an Ordinary Resolution.

RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule-IV of the Companies Act, 2013, Justice Smt. Chitra Venkataraman (Retd.) (DIN: 07044099), who was appointed by the Board as an

Additional Director, of the Company w.e.f 02.02.2015, to hold office up to the conclusion of this AGM, in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose, Justice Smt. Chitra Venkataraman (Retd.) as a candidate for the office of Independent Director of the Company, be and is hereby appointed as an Independent Director to hold office for a period of five consecutive years effective from 02.02.2015.

6. To consider and if deemed fit to pass the following resolution as an Ordinary Resolution.

RESOLVED that pursuant to the provisions of Sections 148 (3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any statutory amendments and modifications thereof, for the time being in force, the remuneration payable to Shri AN Raman, Practising Cost Accountant, Chennai having the Membership Number 5359, appointed by the Board of Directors to conduct the Audit of the cost accounting records of the Company for the Financial Years 2014-15 and 2015-16 amounting to ₹5,50,000/- Per Annum exclusive of service tax as applicable and re-imbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed.

By Order of the Board

Place : Coimbatore
Date : 20th May, 2015

K. Duraisami
Company Secretary

Note:

1. The explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF/HERSELF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. THE INSTRUMENT APPOINTING THE PROXY, DULY COMPLETED, MUST BE DEPOSITED AT THE COMPANY’S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM FOR THE AGM IS ENCLOSED.
4. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
5. Members / proxies should bring the duly filled attendance slip enclosed herewith to attend the meeting.
6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
7. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
8. The Register of Members and share transfer books of the Company will remain closed from Tuesday the 4th August, 2015 to Monday, the 10th August, 2015 (both days inclusive) as per clause-16 of the Listing Agreement.
9. Subject to the provisions of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the meeting, will be paid within a period of 30 days from the date of declaration, in respect of those members who hold shares in physical form, whose names appear on the Register of Members as on 3rd, August, 2015 and for those who hold shares in electronic form as per the details furnished by the Depositories for this purpose as at the close of the business hours on 3rd August,2015.
10. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updates of

bank account details to their respective Depository Participant(s). Members are advised to utilise the National Electronic Clearing System (NECS) for receiving dividends.

11. Members are requested to address all correspondences, including change of address and dividend matters, to the Registrar and Share Transfer Agents of the Company, M/s SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore-641006.
12. Members who wish to claim dividends, which remain unclaimed, are requested to correspond with Company Secretary / Share Transfer Agents of the Company. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per the Companies Act, be transferred to the Investor Education and Protection Fund.
13. Brief resume, details of shareholding and Directors inter-se relationship of Directors seeking election/re-election as required under Clause 49 of the Listing Agreement entered into with Stock Exchanges, are provided as Annexure to this Notice.
14. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail address with the Company in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in electronic form to enable the Company to serve documents in electronic form.
15. Annual accounts and related details of the wholly owned subsidiary company viz. LMW Textile Machinery (Suzhou) Co Ltd. China, is posted on the Company’s website and is also kept for inspection at the Registered Office of the Company and at the subsidiary Company. A hard/soft copy of the same will be provided to the members whenever requested.
16. A 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 provided.
17. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
18. Electronic copy of the Annual Report and AGM Notice are being sent to all the members whose E-mail id is registered with the Company / Depository Participants unless any such member has requested for a hard copy of the same. For members who have not registered their E-mail ID, physical copies of Annual Report and AGM Notice for the year 2014-15 are sent through the permitted mode separately.

19. The notice of the Annual General Meeting and this communication are also available on the website of the Company www.lakshmimach.com and of the RTA www.skdc-consultants.com

Voting Through Electronic Means

In compliance with the provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35 B of the Listing agreement, the Company is pleased to provide members facility to exercise their votes for all the resolutions detailed in the Notice of the 52nd Annual General Meeting scheduled to be held at 3.30 p.m, on Monday, the 10th August, 2015, by electronic means and the business may be transacted through remote e-voting. The Company has engaged the services of CDSL as the authorised agency to provide the remote e-voting facilities. The instructions for remote e-voting is provided below.

Members, who have not voted through remote e-voting and present at the AGM in person or proxy, can vote through the ballot conducted at the AGM. Kindly note that members can opt for only one mode of voting i.e., either by remote e-voting or by ballot at the AGM. A member present at the AGM and voted by remote e-voting will not be permitted to vote at the AGM by Ballot.

Votes cast by members who hold shares on the cutoff date viz 03.08.2015 alone will be counted.

Instructions for Shareholders Voting Electronically are as under:

- (i) The remote e-voting period begins at 09.00 AM on 07.08.2015 and ends on at 05.00 PM on 09.08.2015. During this period shareholders of the Company, holding shares either in physical form or in electronic form, as on the cut-off date (record date) of 03.08.2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number provided at the attendance slip enclosed herewith in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (IX) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in electronic form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the Company Name, choose Lakshmi Machine Works Limited to vote.
- (xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to

confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.	cdslindia.com.
(xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.	<ul style="list-style-type: none">After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
(xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.	<ul style="list-style-type: none">The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
(xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.	<ul style="list-style-type: none">A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
(xvii) Note for Non – Individual Shareholders and Custodians <ul style="list-style-type: none">Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@	In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com

EXPLANATORY STATEMENT IN TERMS OF SECTION 102 OF THE COMPANIES ACT, 2013

Item No.5
Pursuant to the provisions of sections 149 and 160 of the Companies Act, 2013 read with Listing Agreement entered into with the Stock Exchanges and as recommended by the Nomination and Remuneration Committee of the Board of Directors, the Board of Directors of the Company at their meeting held on 02.02.2015 has appointed, Justice Smt. Chitra Venkataraman (Retd.) as additional Director. She is classified as independent Director effective from 02.02.2015 subject to the approval of the shareholders.

The Company has received a notice from a member signifying the candidature of Justice Smt.Chitra Venkataraman (Retd.) to the office of Independent Director of the Company under Section 160 of the Companies Act,2013 along with a deposit of ₹1,00,000/-.

In the opinion of the Board of Directors Justice Smt. Chitra Venkataraman (Retd.) fulfills the conditions specified in the Act and Rules made thereunder for her appointment as independent Director and she is independent of the management. The Board considers that her association with the Company would be beneficial and hence Board recommends her appointment for the approval of the members of the Company.

A brief profile of Justice Smt.Chitra Venkataraman (Retd.) is annexed to this notice.

Inspection of documents.

Draft letter of appointment containing the terms and conditions of appointment are available for inspection by members at the Registered Office of the company during business hours on all working days of the Company.

Interest of Directors:
None of the Directors, key managerial personnel or their relatives other than Justice Smt. Chitra Venkataraman (Retd.) is concerned or interested in the resolution.

Item No.6
The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of and remuneration payable to Sri A.N.Raman, Cost Accountant for the audit of cost accounting records of the Company pursuant to the Companies (Cost Records and Audit) Rules 2014, as amended on 31.12.2014 for the Financial Years 2014-15 and 2015-16 at a remuneration of ₹5,50,000/- per annum excluding the applicable service tax and reimbursement of out of pocket expenses incurred by him in connection with the audit.

As per Section 148 of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014, the remuneration payable to the Cost Auditor as determined by the Board is required to be ratified by the members of the Company. Board recommends this resolution for the approval of the members.

Interest of Directors:
None of the Directors, key managerial personnel or their relatives are concerned or interested in the resolution.

	By Order of the Board
Place : Coimbatore	K. Duraisami
Date : 20th May, 2015	Company Secretary

Annexure to Notice of AGM

Profile of Directors Seeking Reappointment/Election
(Pursuant to Clause-49 of the Listing Agreement)

1. Sri S Pathy:
Profile:
Sri S Pathy is a Commerce Graduate with vast experience in the fields of textile, textile engineering, finance and administration. He is the Chairman and Managing Director of The Lakshmi Mills Company Limited, Coimbatore. He also holds Directorships in many other companies. He is one of the Trustees of the Kuppusawamy Naidu Charity Trust for Education and Medical Relief and was also the Executive Committee Member of the Textile Machinery Manufacturers Association.

Experience:
Sri S Pathy has about four decades of experience in the fields of textile, textile engineering, finance and administration.

- Other Directorships:**
- The Lakshmi Mills Company Limited
 - Lakshmi Automatic Loom Works Limited
 - Lakshmi Card Clothing Mfg. Company Pvt. Limited
 - LCC Investments Limited
 - The Coimbatore Lakshmi Cotton Press Pvt. Limited
 - Sans Craintes Stud Farm Pvt. Limited
 - Sans Craintes Livestock Pvt. Limited
 - Sans Craintes Racing and Blood Stock Pvt. Limited
 - Rasakondalu Developers Pvt. Limited
 - Sans Craintes Power Pvt. Limited

Membership in committees.

Name of the Company	Name of the Committee	Member / Chairman
Lakshmi Machine Works Limited	Nomination and Remuneration Committee	Member
Lakshmi Machine Works Limited	Risk Management Committee	Member

Announcement of result of Voting:

The results of remote e-voting and voting by Ballot at the Annual General Meeting will be announced at the Registered Office of the Company, by the Chairman of the Company or by a Person authorised by him within 3 days of conclusion of the Annual General Meeting.

Shareholding in the Company and its subsidiary company:
Sri S Pathy holds 1,420 equity shares of ₹10/- each in Lakshmi Machine Works Limited and holds no shares in its subsidiary company.

Directors’ inter-se relationship:
None of the Directors of the Company is related to Sri S Pathy.

2. Justice Smt. Chitra Venkataraman (Retd.):
Profile:
Justice Smt.Chitra Venkataraman (Retd.) was born on 22nd April, 1952 at Madurai to Late Justice V Bala subramaniam and Smt. Thangammal. She is a BA graduate and Bachelor of Law from Madras Law college, Chennai. She enrolled herself as advocate in 1975 and started her career as advocate under Justice V Ratnam later started independent practice and specialised in the field of direct and indirect taxation. She served as an Additional Government Pleader Taxes, between 1990 and 1995 at Madras High Court and later was appointed as Senior Standing Counsel for the Income Tax department between 1997 and 2002. She was appointed as additional Judge of Madras High Court on 10th December,2005. Subsequently she became a permanent Judge of the Madras High Court. In 2007, she retired as Judge of Madras High Court on 21st April, 2014. After retirement she is involved in Legal Consultancy and Arbitration.

Experience:
Justice Smt. Chitra Venkataraman (Retd.) has about 30 years of experience as Advocate and 10 years of experience as Judge of Madras High Court

- Other Directorships.**
- Ramco Industries Limited
 - Ramco Cements Limited

Membership in Committees: Nil

Shareholding in the Company and its subsidiary company: Nil

Directors’ inter-se relationship :
None of the Directors of the Company is related to Justice Smt. Chitra Venkataraman (Retd.).

A copy of the same will be posted in the company’s website: www.lakshmimach.com and a copy will be forwarded to the Stock Exchanges where the shares of the Company are listed.

Board of Directors' Report to Shareholders

Dear Shareholders,

The Board of Directors of your Company are pleased to present the Annual Report on the business of the Company alongwith the standalone summary financial statements for the year ended 31st March, 2015. The report is prepared in accordance with the provisions of the Companies Act, 2013.

1. The State of Affairs of the Company, Dividend & Reserve

The Board has prepared its report based on the standalone financial statements of the Company and this report contains a separate section wherein a report on the performance and financial position of its wholly owned subsidiary company is included in the consolidated financial statement presented.

Financial summary/highlights & transfer to General Reserve:

		₹ in Lakhs)	
Sl. No.	Particulars	Current Year 2014-15	Previous Year 2013-14
1	Revenue from Operations	2,49,115.34	2,35,710.75
2	Operating Expenses	2,10,665.10	1,99,397.45
3	Gross Profit	38,450.24	36,313.30
4	Depreciation	9,650.31	10,251.22
5	Profit Before Tax	28,799.93	26,062.08
6	Provisions for Tax	8,054.84	7,692.84
7	Net Profit after Tax	20,745.09	18,369.24
8	Transfer to General Reserve	2,100.00	1,850.00
9	Dividend (including Dividend Tax)	5,085.14	3,954.37
10	Carried to Profit & Loss A/c	13,559.95	12,564.87

Dividend:

The Board recommends a dividend of ₹37.50 per equity share of ₹10 each (375%) on the equity share capital of ₹11,26,65,040/- for the year ended on 31st March, 2015 aggregating to ₹4,224.94/- Lakhs and to pay a dividend tax of ₹860.20 Lakhs. The total dividend payout works out to 24.51% of the net profit of the standalone results. The dividend

on equity shares is subject to the approval of the shareholders at the Annual General Meeting.

In terms of the Companies Act, any unclaimed or unpaid Dividend relating to the financial year 2007-08, is due for remittance on 28th August, 2015 to the Investor Education and Protection Fund established by the Central Government.

State of Affairs:

Operations

During the year under review, the Company has achieved a turnover of ₹2,31,257.78 Lakhs (2013-14: ₹2,16,518.15 Lakhs) resulting in a Net Profit of ₹28,799.93 Lakhs before tax (2013-14: ₹26,062.08 Lakhs). During the year under review the turnover has increased by 6.81 % over the previous year and the profit has increased by 10.51% over the same period last year. Better market conditions for the products of the Company have resulted in increased turnover and profitability.

Textile Machinery Division

The Textile Machinery Division of the Company, during the year under review, has recorded a turnover of ₹2,03,671.77 Lakhs as against ₹1,92,941.08 Lakhs achieved during the last year, recording an increase of 5.56 % over the previous year.

Continuous growth in demand for textile products within India and across the globe has boosted the investment sentiment within the Indian Textile Industry. This has resulted in either capacity creation/ expansion or in setting up of green field projects across the country during the year under review.

The recently announced Make in India initiative aims to boost the contribution of manufacturing towards the GDP of the country. The Indian Textile Industry is a large employment provider and is a net foreign exchange earner, therefore is naturally a sector favoured by the government for further growth and expansion under the said initiative. The recently announced Foreign Trade Policy proposes initiatives aimed at increasing India's share in global textiles trade. Meanwhile the Union Budget of 2015 has proposed measures such as creation of textiles mega clusters which along with the roll out of GST and the initiatives of various State Governments is expected to provide further impetus for growth across the Indian textile value chain. These measures are expected to boost investments within the Indian Textile Industry during 2015-16.

The Company has over the years developed suitable expertise in Innovation & Manufacturing and is continuously investing its efforts to build its presence in countries having a sizeable textile industry. Internally the Company has undertaken various measures aimed at boosting manufacturing productivity and for optimisation of overall cost. These initiatives would enable the Company to respond positively to any developing market opportunity.

Machine Tool Division

Turnover of the Machine Tool Division during the year under review was ₹20,829.70 Lakhs as against ₹16,376.91 Lakhs recorded during the last year showing an increase of 27.19% over the previous year.

The Index of Industrial Production (IIP) figures for February 2015 point towards a revival in manufacturing activity within the country. The increase in offtake of capital goods noted during the same period is an indication of a positive turnaround in investment activity and sentiment within the country. Though manufacturing activity has slipped during March 2015, it is hoped that recent government initiatives to revive the manufacturing sector may provide necessary growth impetus in the coming months.

During the year under review the Company has launched several new machines/variants to existing machinery. This has enabled the Company to grow positively during the period.

The Government has recently announced the Make in India initiative that aims at transforming India into a global manufacturing hub. Various initiatives that have been put in place by the Government aim to facilitate industrial growth and expansion. These measures are expected to increase the demand for capital goods and machine tools within the country.

Focus on Research and Development, Marketing and adoption of best practices in Manufacturing would enable this division to respond positively to any emerging opportunity.

Foundry Division

Foundry Division has achieved a turnover of ₹5,627.23 Lakhs as against ₹6,726.76 Lakhs recorded during the previous year showing a decrease of 16.35 % over the previous year. The export turnover constitutes 37.10% of the division's turnover.

The fortune of the Foundry Industry is closely tied to the performance of the infrastructure industry. Given the efforts of the Government to improve physical infrastructure and to increase the tempo of manufacturing activity within India, the demand for castings is expected to increase during 2015-16.

Various internal measures aimed at eliminating waste and improve productivity will enable the foundry division to achieve product cost competitiveness.

Wind Energy Division

The Company has a policy of tapping non-conventional and renewable resources of energy namely wind power to meet with its energy requirements.

As on 31st March, 2015 the Company has installed 28 WEGs with a total capacity of 36.85 MW. This division has generated 732 Lakh units of power during 2014-15. A major portion of wind power generated has been captively consumed by the manufacturing units within the Company and thereby has helped to reduce the power cost.

Advanced Technology Centre

Advanced Technology Centre has achieved a turnover of ₹1,129.07 Lakhs during the current financial year as against ₹473.40 Lakhs achieved during the same period last year.

During the year under review this division has received orders from leading international Tier II Aerospace product suppliers from USA, France, Canada and Netherlands. The Company has invested in facilities necessary to meet with special requirements of clients and has obtained all the necessary quality certification.

The anticipated growth in global aviation industry is expected to bring substantial orders for this division during 2015-16.

Real Estate Activity

The Élan Project at Parasakthi Nagar, Ganapathy, Coimbatore being promoted jointly with M/s Sobha Limited is progressing well. This project spread over 4.76 acres of land is for construction of 236 residential apartments consisting of 1 BHK, 2 BHK & 3 BHK residential apartments. Your Company has a 30% share in the project. The project is estimated to be completed by 2016.

Exports

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

₹ in Lakhs				
Sl. No.	Division	FY 2014-15	FY 2013-14	Increase %
1	Textile Machinery	44,741.82	43,001.24	4.05
2	CNC Machine Tools	-	26.23	-100.00
3	Castings	3,539.31	4,058.19	-12.79
4	Aerospace Parts	1,129.07	473.40	138.50
	Total Exports	49,410.20	47,559.06	3.89

Export of Textile Machinery as stated above includes exports worth ₹3,312.21 Lakhs made to the wholly owned subsidiary, LMW Textile Machinery (Suzhou) Co., Ltd, China.

Research and Development

The Research and Development efforts of the Company are focused on:

1. Developing eco-friendly, sustainable, energy efficient, low carbon foot print technologies.
2. Developing technology for production of innovative machinery.
3. Developing end-products at optimal cost.

Separate Research and Development units have been established for the development of textile machinery and CNC Machine Tools. Both these facilities have been recognised by the Department of Science and Technology, Government of India as in-house R&D facilities.

During the year under review the Company has filed applications for 3 new patents and 2 design registration.

Awards

During the year 2014-15 the Company has bagged the following Awards:

1. TMMA, Apex Award for the year 2013-14
2. EEPC, Star Performer, Large Enterprises Regional Award for the year 2012-13
3. TMMA R & D Award for Ring Frame LRJ9

Industrial Relations

Relationship with employees was cordial throughout the year.

Subsidiary Company

LMW TEXTILE MACHINERY (SUZHOU) CO.LTD. (LMWTMSCL)

The turnover of the Company during the year under review was ₹13,624.17 Lakhs as against ₹14,340.87 Lakhs achieved during the previous year. During the year the Company has earned a net profit of ₹1,264 Lakhs (Previous Year : ₹754.05 Lakhs).

The consolidated financial results incorporating the financial statements of the above wholly owned subsidiary company is attached to the annual report as required under the Accounting Standard and the Listing Agreement.

2. Extracts of Annual Return

As per the requirements of provisions of the Companies Act, 2013, the extract of annual return in the prescribed Form MGT 9 is annexed hereto as Annexure 1 forming part of the report.

3. Number of Meetings of the Board

Details of number of meetings of Board of Directors and committees thereof and the attendance of the Directors in such meetings are provided under the Corporate Governance Report attached elsewhere in the Annual Report.

4. Directors’ Responsibility Statement

The Directors based on the representations received from the Management, confirm that:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c. have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. have prepared the annual accounts on a going concern basis; and
- e. have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f. have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

5. Nomination and Remuneration Committee and Policy

As per the requirements of the above provisions of the Companies Act, 2013, a Nomination and Remuneration Committee of directors was formed by the Board of Directors consisting of:

1. Sri M.V. Subbiah, Chairman (Non-Executive – Independent)
2. Sri S. Pathy, Member (Non-Executive – Non Independent)
3. Sri Basavaraju, Member (Non-Executive – Independent)

The said committee has been empowered and authorised to exercise the power as entrusted under the provisions of Section 178 of the Companies Act, 2013. The Company has a policy on directors’ appointment and remuneration including criteria for determining qualification, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178. The Nomination and Remuneration Policy is herewith annexed to the Board’s Report as Annexure 2.

6. Declaration by Independent Directors

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed/continue as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

7. Explanation & Comments

The reports of Statutory Auditors (appearing elsewhere in the Annual Report) and that of the Secretarial Auditors (annexed hereto as Annexure 3) are self-explanatory having no adverse comments.

8. Particulars of Loans/Guarantee/Investments

Details as per the provisions of Section 186 of the Companies Act, 2013 is given under notes to financial statements.

The Company has not accepted any Fixed Deposits.

9. Particulars of Contracts with Related Party

All the transaction of the Company with related parties are at arm’s length and have taken place in the ordinary course of business. Provisions of Sec 188 of the Companies Act, 2013 is not applicable.

10. Material Changes

There is no material change or commitments after closure of the financial year till the date of this report.

11. Conservation of Energy, Technology Absorption & Foreign Exchange

Statement for Conservation of Energy

Sl. No.	Particulars	Related Disclosures
(A)	Conservation of Energy	
(i)	the steps taken or impact on conservation of energy; sources of energy;	Purchased third party power as an alternative resource of electrical power instead of operating DG sets.
(ii)	the steps taken by the Company for utilising alternate sources of energy	Company has installed windmills with a capacity of 36.80 MW. Uses electricity generated in windmills for captive consumption.
(iii)	the capital investment on energy conservation equipments;	Investment during 2014-15 in VRF Air conditioning systems and Lighting Energy Saver for ₹39 Lakhs.

Technology Absorption, Adaptation and Innovation

(B1)	Technology Absorption – Textile Machinery Division	
(i)	the efforts made towards technology absorption;	1. Technical guest lectures in various subjects and specialisations and skill building exercises 2. In-depth IPR analysis and review 3. Theoretical simulation
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution;	New Model machines with innovative features, improvement in performance of the machines and enhancement of the knowledge base
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): (a) the details of technology imported; (b) the year of import (c) whether the technology has been fully absorbed (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	Ultra Blend LA 9 2013 Yes Not Applicable
(iv)	The expenditure incurred on Research and Development	Capital Expenditure: ₹294.71 Lakhs Revenue Expenditure: ₹1,244.88 Lakhs Total Expenditure: ₹1,539.59 Lakhs

(B2)	Technology Absorption – Machine Tool Division	
(i)	the efforts made towards technology absorption;	1. Technical guest lectures in various subjects and specialisations and skill building exercises 2. In-depth IPR analysis and review 3. Theoretical simulation

(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution;	Product improvement: Measures like linear scale and hollow shaft encoder for better positional accuracy, safety light curtain, multi tool ATC among other features in the products. Cost reduction: Indigenisation of Components and sub-assemblies Product development: CNC Turning Center and CNC Machining Center
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): (a) the details of technology imported; (b) the year of import (c) whether the technology has been fully absorbed (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	Design & Drawing of LH63 Horizontal machining center from PROTIDEA-Italy 2013-14 Yes Not Applicable
(iv)	The expenditure incurred on Research and Development	Capital Expenditure: ₹ Nil Revenue Expenditure: ₹175.09 Lakhs Total Expenditure: ₹175.09 Lakhs

Foreign Exchange Outgo and Earnings:

	₹ in Lakhs
Foreign Exchange earned	49,723.17
Foreign Exchange used	27,187.92

12. Risk Management

The Company follows a comprehensive and integrated risk appraisal, mitigation and management process. Pursuant to the requirement of Clause 49 of the Listing Agreement, the Company has constituted a Risk Management Committee. The Committee has formulated a policy for Risk Management. The risk management policy of the Company is being periodically reviewed for improvement. The identified elements of Risk and Risk Mitigation measures are annexed hereto as Annexure 4 of the report.

13. Corporate Social Responsibility (CSR)

The Company has constituted a CSR committee of Board of Directors and has adopted a CSR Policy. The same is posted in the Company's website www.lakshmimach.com. A report in prescribed format

detailing the CSR spend for the year 2014-15 is attached herewith as Annexure 5 forming a part of this report.

14. Evaluation of Board's Performance

On the advice of the Board of Directors, the Nomination and Remuneration Committee of Board of Directors, the Company have formulated the criteria for the evaluation of the performance of Board of Directors, Independent Directors, Non-Independent Directors and the Chairman of the Board. Based on that performance evaluation has been undertaken. The Independent Directors of the Company have also convened a separate meeting for this purpose. All the results and evaluation has been communicated to the Chairman of the Board of Directors. All Directors of the Board are familiar with the business of the Company.

15. Matters as may be prescribed

As per Rule 8(5) of the Companies (Accounts) Rule, 2014, the following additional information are provided:

(i)	The financial summary or highlights	The financial highlights including State of Affairs of the Company, Dividend & Reserve is provided in point 1 of this report.
(ii)	The change in the nature of business, if any	There is no change in the business line of the Company.
(iii)	The details of directors or key managerial personnel who were appointed or have resigned during the year	There is no change in the key managerial personnel during the year. However the change in directorships has been mentioned in point 16 of this report.
(iv)	The names of companies which have become or ceased to be Subsidiaries, joint ventures or associate companies during the year	None
(v)	The details relating to deposits, covered under Chapter V of the Act	The Company has not accepted deposits
(vi)	The details of deposits which are not in compliance with the requirements of Chapter V of the Act.	Not Applicable
(vii)	The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future	Nil
(viii)	The details in respect of adequacy of internal controls with reference to the Financial Statements.	Procedures are set so as to detect and prevent frauds and to protect the organisation's resources, both physical (e.g., machinery and property) and intangible (e.g., reputation or Intellectual property such as trademarks). The financial statements are prepared in accordance with the accounting standards issued by the ICAI.

16. Re-appointment of retiring directors:

Sri. S. Pathy, Director, who retires by rotation at the ensuing Annual General Meeting, being eligible offers himself for reappointment. The Board recommends his reappointment in the forthcoming Annual General Meeting.

Justice Smt. Chitra Venkataraman (Retd.) was appointed as Additional Director (Independent) by the Board of Directors on 2nd February 2015 to hold office upto the next Annual General Meeting. A notice has been received from a member signifying her candidature for the position of Independent Director for a period of five years from 2nd February, 2015. A resolution is being moved at the ensuing Annual General Meeting for her appointment as Independent Director.

17. Re-appointment of Independent Director

There was no incidence attracting the above mentioned provision.

18. Resignation of Director

There was no incidence attracting the above mentioned provision.

Sri. M.V. Subbiah, Independent Director is retiring from the office of Director from 5th August, 2015.

19. Composition of Audit Committee

The Audit Committee was formed by the Board of Directors and consists of:

1.

Dr. Mukund Govind Rajan, Chairman (Non-Executive – Independent)
2.

Sri. Aditya Himatsingka, Member (Non-Executive – Independent)
3.

Sri. Basavaraju, Member (Non-Executive – Independent)

The Board has accepted the recommendations of the committee and there were no incidences of deviation from such recommendations during the financial year under review.

The Company has devised a vigil mechanism in the form of a Whistle Blower Policy in pursuance of provisions of Section 177(10) of the Companies Act, 2013 and details whereof is available on the Company's website at www.lakshmimach.com. During the year under review, there were no complaints received under this mechanism.

As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted an Internal Complaints Committee. During the year 2014-15, no complaint was received before the committee.

20. Overall Maximum Remuneration

- a) The ratio of the remuneration of each director to the median employee remuneration for the financial year and such other details as prescribed is as given below:

Name	Category	Ratio
Sri Sanjay Jayavarthanavelu	Executive – Chairman and Managing Director	162.50 : 1
Sri M V Subbiah	Non-Executive - Independent	1.42 : 1
Sri S Pathy	Non-Executive – Non Independent	1.32 : 1
Sri Basavaraju	Non-Executive - Independent	2.13 : 1
Sri Aditya Himatsingka	Non-Executive - Independent	1.72 : 1
Dr Mukund Govind Rajan	Non-Executive - Independent	1.76 : 1
Sri V Sathyakumar	Non-Executive – Non Independent, Nominee of LIC	1.26 : 1
Justice (Smt.) Chitra Venkataraman (Retd.)	Non-Executive – Independent	0.20 : 1
Sri R Rajendran	Executive – Non Independent	22.73 : 1

Note: For this purpose, Sitting fees paid to the Directors have not been considered as remuneration.

- b) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Name	Category	%
Sri Sanjay Jayavarthanavelu	Executive – Chairman and Managing Director	12.69
Sri M V Subbiah	Non-Executive - Independent	12.50
Sri S Pathy	Non-Executive – Non Independent	15.52
Sri Basavaraju	Non-Executive - Independent	58.82
Sri Aditya Himatsingka	Non-Executive - Independent	31.82
Dr Mukund Govind Rajan	Non-Executive - Independent	34.85
Sri V Sathyakumar	Non-Executive – Non Independent, Nominee of LIC	10.34
Justice (Smt.) Chitra Venkataraman (Retd.)	Non-Executive – Independent	NA
Sri R Rajendran	Executive – Non Independent	15.86
Sri K Duraisami	Company Secretary	2.04

- c) The percentage increase in the median remuneration of employees in the financial year: 4.84%
- d) The number of permanent employees on the rolls of the Company: 3,333
- e) The explanation on the relationship between average increase in remuneration and company performance:
Company's Profit before tax has grown from ₹26,062.08 Lakhs during 2013-14 to ₹28,799.93 Lakhs during 2014-15, an increase of 10.51% against which the increase in Employee expense is 0.22%.

Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

Name	Designation	Gross Remuneration (in ₹)	% increase in	PBT (₹ in Crores)	% increase in PBT
Sri Sanjay Jayavarthanavelu	Chairman and Managing Director	8,23,89,721	12.69	28,799.92	10.51
Sri R Rajendran	Director Finance	1,15,22,000	15.86		
Sri K Duraisami	Company Secretary	27,10,850	2.04		

- f) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	31st March, 2015	31st March, 2014
Market Capitalisation of the Company (₹ in Crores)	4,322.96	3,423.89
Issued Capital (in Nos.)	1,12,66,504	1,12,66,504
Closing Price at National Stock Exchange Ltd (in ₹)	3,837	3,039
Earnings Per Share (in ₹)	184.13	163.04
Price Earnings Ratio as at the closing date	20.84	18.64

Note: Percentage increase over decrease in market quotations of the shares of the Company in comparison with the last public offer is not applicable as the last public offer was in 1964 and the data is incomparable.

- g) Percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial Remuneration:

The decrease in remuneration is 0.32% for employees other than Managerial Personnel and KMP, while it is 12.72% for Managerial Personnel (KMP and Senior Management).

- h) The Key Parameters for any variable component of the remuneration availed by the Directors:
The Remuneration of Chairman and Managing Director consists of a Commission payable at the rate of 2% on the Net Profits of the Company. The Non-Executive Directors of the Company are eligible to a commission upto 1% on the Net Profits of the Company, however the amount payable for each year within the 1% limit, is determined by the Board. Besides the above there is no other variable components in the Managerial Remuneration.

- i) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:

Not Applicable.

- j) Affirmation that the remuneration is as per the remuneration policy of the Company:
Yes.

- k) Particulars of Employees: [Rule 5(2) and Rule 5(3) of Companies (Appointment & Remuneration of Managerial Personnel Rules, 2014):

Name (Age in Years)	Designation	Gross Remuneration Paid (in ₹)	Qualification	Date of commencement of employment (Experience in Years)	Previous employment
Sri Sanjay Jayavarthanavelu (46 years)	Chairman & Managing Director	8,23,89,721	MBA	3rd June, 1994 (21 years)	-
Sri R. Rajendran (70 years)	Director Finance	1,15,22,000	B.Com; ACA	1st April, 1971 (44 years)	-

Note:

- The remuneration includes Company's contribution to provident fund, gratuity and perquisites. Employment is contractual.
- The above mentioned employees are not relatives (in terms of the Companies Act, 2013) of any director of the Company. Further no employee of the Company is covered by the Rule 5(2)(iii) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, that is employee holding by himself or with his family shares of 2% or more in the Company and drawing remuneration in excess of the Chairman & Managing Director.
- The remuneration details are for the year 2014-15 and all other particulars are as on 31st March, 2015.

21. Corporate Governance:

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance (provided elsewhere in this Report) forms an integral part of the Directors' Report.

In terms of Clause 49 of the Listing Agreement, the Management Discussion and Analysis Report is provided elsewhere in this Report, forms part of the Directors' Report.

Listing Fees for the financial year 2015-16 has been paid to the Stock Exchanges where the shares of the Company are listed.

22. Auditors:

Statutory Auditors:

The Company's Auditors, M/s M.S. Jagannathan & Visvanathan, Chartered Accountants, Coimbatore and M/s. Subbachar & Srinivasan, Chartered Accountants, Coimbatore hold the office till the conclusion of the ensuing Annual General Meeting to be held on 10th August, 2015. The auditors have consented and confirmed their eligibility and desire to continue as statutory auditors of the Company.

Cost Auditor:

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Directors on the recommendation of the Audit Committee have

appointed Sri. A. N. Raman, Practicing Cost Accountant, as the Cost Auditor of the Company for the financial years 2014-15 and 2015-16.

Secretarial Auditor:

Pursuant to provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Sri MD Selvaraj of M/s. MDS Associates, Coimbatore, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2015-16.

23. Acknowledgements

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

The Directors also thank the Company's Bankers, Selling Agents, Vendors, Central and State Government for their valuable assistance.

The Directors wish to place on record their appreciation for the cooperation and contribution made by the employees at all levels towards the progress of the Company.

On behalf of the Board

Place: Coimbatore
Date: 20th May, 2015

Sanjay Jayavarthanavelu
Chairman and Managing Director

ANNEXURE 1

FORM NO. MGT.9

Extract of Annual Return
as on the financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and Other Details:

- i) CIN: L29269TZ1962PLC000463
- ii) Registration Date: 14TH SEPTEMBER, 1962
- iii) Name of the Company: LAKSHMI MACHINE WORKS LIMITED
- iv) Category / Sub-Category of the Company: COMPANY LIMITED BY SHARES
- v) Address of the Registered office and contact details:
Perianaickenpalayam, SRK Vidyalaya Post, Coimbatore – 641 020
- vi) Whether listed company Yes / No: YES
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:
SKDC Consultants Limited, Kanapathy Towers, 3rd Floor,
1391/A-1, Sathy Road, Ganapathy, Coimbatore – 641 006

II. Principal Business Activities of the Company

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1	Spinning Preparatory and Yarn Making Machinery	28261	88%

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
1	LMW Textile Machinery (Suzhou) Co. Ltd,	Not Applicable	Wholly Owned Subsidiary	100%	The Company is registered in China. Hence not applicable

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/ HUF	3,01,867	380	3,02,247	2.68	3,01,867	380	3,02,247	2.68	-
b) Central Govt			-	-			-	-	-
c) State Govt (s)			-	-			-	-	-
d) Bodies Corporate	28,91,378	-	28,91,378	25.67	28,91,628	-	28,91,628	25.67	0.00
e) Banks/ FI			0	-			0	-	-
f) Any Other			0	-			0	-	-
Sub-total (A) (1):-	31,93,245	380	31,93,625	28.35	31,93,495	380	31,93,875	28.35	-
2) Foreign									
a) NRIs - Individuals			-	-			-	-	-
b) Other - Individuals			-	-			-	-	-
c) Bodies Corporate			-	-			-	-	-
d) Banks / FI			-	-			-	-	-
e) Any Other			-	-			-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	31,93,245	380	31,93,625	28.35	31,93,495	380	31,93,875	28.35	-
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	11,64,035	350	11,64,385	10.33	14,96,826	350	14,97,176	13.29	2.95
b) Banks/ FI	3,040	200	3,240	0.03	2,415	200	2,615	0.02	-0.01
c) Central Govt			-	-			-	-	-
d) State Govt(s)			-	-			-	-	-
e) Venture Capital Funds			-	-			-	-	-
f) Insurance Companies	14,29,925	-	14,29,925	12.69	13,53,237	-	13,53,237	12.01	-0.68
g) FIIs	2,18,526	100	2,18,626	1.94	2,06,579	100	2,06,679	1.83	-0.11
h) Foreign Venture Capital Funds			-	-			-	-	-
i) Others (specify)			-	-			-	-	-
Foreign Portfolio Investment					89,388	0	89,388	0.79	
Sub-total (B)(1):-	28,15,526	650	28,16,176	25.00	31,48,445	650	31,49,095	27.95	2.95

(i) Category-wise Share Holding (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corporate	16,24,347	6,02,140	22,26,487	19.76	16,80,945	6,02,140	22,83,085	20.26	0.30
i) Indian			-	-			-	-	-
ii) Overseas			-	-			-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 Lakh	13,35,400	1,13,392	14,48,792	12.86	12,48,894	1,08,349	13,57,243	12.05	-0.81
ii) Individual shareholders holding nominal share capital in excess of ₹1 Lakh	9,02,569	24,000	9,26,569	8.22	6,74,428	24,000	6,98,428	6.20	-2.02
c) Others (specify)									
Trusts	7,000	-	7,000	0.06	7,000	-	7,000	0.06	-
Directors and their relatives	4,500	-	4,500	0.04	4,500	-	4,500	0.04	-
Foreign nationals	-	240	240	-	-	240	240	-	-
Non Resident Indians	71,721	340	72,061	0.64	75,441	340	75,781	0.67	0.01
Clearing Members	18,315	-	18,315	0.16	8,948	-	8,948	0.08	0.06
Hindu Undivided Families	5,52,739	-	5,52,739	4.19	4,88,309	-	4,88,309	4.33	0.52
Sub-total (B)(2):-	45,16,591	7,40,112	52,56,703	46.66	41,88,465	7,35,069	49,23,534	43.70	-2.96
Total Public Shareholding (B) = (B)(1) + (B)(2)	73,32,117	7,40,762	80,72,879	71.65	73,36,910	7,35,719	80,72,629	72	-0.00
C. Shares held by Custodian for GDRs & ADRs			-	-			-	-	-
Grand Total (A+B+C)	1,05,25,362	7,41,142	1,12,66,504	100.00	1,05,30,405	7,36,099	1,12,66,504	100.00	-

(ii) Share Holding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged/encumbered to total shares	
1	D.Thayarammal	7,920	0.07	Nil	7,920	0.07	Nil	-
2	J.Rajyalakshmi	97,980	0.87	Nil	97,980	0.87	Nil	-

(ii) Share Holding of Promoters (Contd.)

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged/encumbered to total shares	
3	Ravi Sam	5,866	0.05	Nil	5,866	0.05	Nil	-
4	Sanjay Jayavarthanavelu	1,42,291	1.26	Nil	1,42,291	1.26	Nil	-
5	D.Senthil Kumar	160	0.00	Nil	160	0.00	Nil	-
6	Uttara R	44,290	0.39	Nil	44,290	0.39	Nil	-
7	Nethra J.S.Kumar	720	0.01	Nil	720	0.01	Nil	-
8	K.Sundaram	1,220	0.01	Nil	1,220	0.01	Nil	-
9	S.Pathy	1,420	0.01	Nil	1,420	0.01	Nil	-
10	Lakshmi Electrical Drives Ltd.	17,500	0.16	Nil	17,500	0.16	Nil	-
11	Lakshmi Cargo Co.Ltd.	10,24,218	9.09	Nil	10,24,468	9.09	Nil	0.00
12	Lakshmi Technology & Engg. Ind.Ltd	6,67,090	5.92	Nil	6,67,090	5.92	Nil	-
13	Lakshmi Electrical Control Systems Ltd	88,800	0.79	Nil	88,800	0.79	Nil	-
14	Eshaan Enterprises Ltd.	1,27,110	1.13	Nil	1,27,110	1.13	Nil	-
15	Lakshmi Mills Co.Ltd.	5,20,000	4.62	Nil	5,20,000	4.62	Nil	-
16	Lakshmi Ring Travellers(Cbe)Ltd.	2,52,180	2.24	Nil	2,52,180	2.24	Nil	-
17	Lakshmi PrecisionTools Ltd.	15,000	0.13	Nil	15,000	0.13	Nil	-
18	Super Sales India Ltd.	1,79,480	1.59	Nil	1,79,480	1.59	Nil	-
19	Jaidev Jayavarthanavelu	380	0.00	Nil	380	0.00	Nil	-
	Total	31,93,625	28.35	Nil	31,93,875	28.35	Nil	0.00

(iii) Change in Promoters' Shareholding

Sl No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	10,24,218	28.35	31,93,625	28.35
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc): Lakshmi Cargo Co.Ltd. (buy) dt.28.11.2014 – for investment	250	0.00	250	0.00
	At the End of the year	10,24,468	28.35	31,93,875	28.35

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No.	Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Life Insurance Corporation of India Ltd	10,93,481	9.71	10,23,669	9.09
2	Voltas Ltd	6,00,000	5.33	6,00,000	5.33
3	Sudarshan Securities P.Ltd.	5,19,250	4.61	5,19,250	4.61
4	Reliance Capital Tustee Co.Ltd.	4,49,245	3.99	6,56,532	5.83
5	HDFC Trustee Co.Ltd.	3,87,175	3.44	4,79,375	4.25
6	Nemish S Shah	4,02,681	3.57	3,77,681	3.35
7	New India Insurance Co.Ltd.	3,85,150	3.42	3,85,150	3.42
8	Gagandeep Credit Capital P.Ltd.	3,14,624	2.79	3,14,624	2.79
9	Anuj Anantrai Sheth	2,96,000	2.63	2,06,000	1.83
10	ICICI Prudential Life Ins.Co.Ltd.	2,94,145	2.61	2,94,145	2.61

(v) Shareholding of Directors and Key Managerial Personnel:

Sl No.	Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Sri Sanjay Jayavarthanavelu				
	At the beginning of the Year	1,42,291	1.26	1,42,291	1.26
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity shares etc)	NA	NA		-
	At the end of the year	NA	NA	142,291	1.26
2	Sri S Pathy				
	At the beginning of the Year	1,420	0.01	1,420	0.01
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity shares etc)	NA	NA		-
	At the end of the year	NA	NA	1,420	0.01
3	Sri R Rajendran				
	At the beginning of the Year	3,000	0.03	3,000	0.03
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity shares etc)	NA	NA		-
	At the end of the year	NA	NA	3,000	0.03

Note: None of the Directors or KMPs other than the above hold any shares in the Company.

(v) Indebtedness (₹ in Crores)

Indebtedness of the Company including interest outstanding/accrued but not due for payment

The Company has no debts.

(vi) Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (₹ in Lakhs)

Sl No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Sri Sanjay Jayavarthanavelu, Chairman & Managing Director (CEO)	Sri R Rajendran, Director Finance (CFO)	
1	GROSS SALARY			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	162.00	90.00	252.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	32.05	13.52	45.57
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	608.79	-	608.79
	- as % of profit	2.00	-	2.00
	- others, specify			
5	Others, please specify			
	Gratuity fund contribution	8.10	4.50	12.60
	Provident fund contribution	12.96	7.20	20.16
	Total (A)	823.90	115.22	939.12
	Ceiling as per the Act (10%)			3,043.96

B. Remuneration to other Directors: (₹ in Lakhs)

Sl No.	Particulars of Remuneration	Name of Directors						Total Amount
		Sri M V Subbiah	Sri R Satagopan*	Sri Basavaraju	Sri Aditya Himatsingka	Dr. Mukund Govind Rajan	Smt. Chitra Venkataraman	
1	Independent Directors							
	Fee for attending board /committee meetings	2.20	-	5.80	3.70	3.90	1.00	16.60
	Commission	5.00	1.77	5.00	5.00	5.00	-	21.77
	Others, please specify	-	-	-	-	-	-	-
	Total (1)	7.20	1.77	10.80	8.70	8.90	1.00	38.37
2	Other Non-Executive Directors	Sri S Pathy	Sri V Sathyakumar (Nominee of LIC)					
	Fee for attending board /committee meetings	1.70	1.40					3.10
	Commission	5.00	5.00					10.00
	Others, please specify	-	-					-
	Total (2)	6.70	6.40					13.10
	Total (B) = (1 + 2)							51.47
	Total Managerial Remuneration (A+B)	990.59						990.59
	Overall Ceiling as per the Act (11%)							3,348.35

* For the period 1/4/13 to 5/8/13

C. Remuneration to Key Managerial Personnel other than MD/WTD/Manager:

(₹ in Lakhs)

Sl No.	Particulars of Remuneration	Total Amount
1	GROSS SALARY	Company Secretary
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8.70
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	16.95
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	–
2	Stock Option	–
3	Sweat Equity	–
4	Commission	
	- as % of profit	–
	- others, specify...	–
5	Others	1.46
	Total	27.11

VII. Penalties/Punishment/Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. Company					
Penalty	Nil				
Punishment					
Compounding					
B. Directors					
Penalty	Nil				
Punishment					
Compounding					
C. Other Officers In Default					
Penalty	Nil				
Punishment					
Compounding					

ANNEXURE 2

Nomination and Remuneration Policy

Lakshmi Machine Works Limited (the Company) believes in the fact that human resource asset is one of the vital factors which determines the success and sustainability of an organisation. A committed work force is an invaluable asset for an organisation. To achieve this end in view, the Company has framed this Nomination and remuneration policy.

The Nomination and Remuneration Policy (the Policy) of the Company is designed to attract, motivate and retain manpower in a competitive market environment. The policy reflects the Company's objectives for good Corporate Governance as well as sustained long-term value creation for stakeholders.

Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement entered into with Stock Exchanges, also require the Company to formulate a policy relating to Nomination and Remuneration of Board of Directors, Senior Management and key Managerial Personnel. The responsibility of formulating the policy for the Company is cast on the Nomination and Remuneration Committee of the Board of Directors of the Company.

Accordingly, the Nomination and Remuneration Committee of Board of Directors of the Company have formulated and recommended this policy to the Board and the same is approved by the Board of Directors of the Company.

Guiding Principles

- The Nomination and Remuneration Policy is guided by a common reward framework and a set of principles & objectives as envisaged under section 178 of the Companies Act, 2013 and Companies (Meetings of Board and its Powers) Rules, 2014, inter-alia principles pertaining to determining qualifications, positive attributes and independence of the Directors, integrity, etc.
- The Nomination and Remuneration Committee, while considering a remuneration package should keep in view a balance between fixed pay and performance based variable pay reflecting short and long term performance objectives and goals of the Company.
- The Nomination and Remuneration Committee, should ensure that the remuneration package have a direct relationship with the key result areas and individual achievements and thereby strongly aligning with the interests of the Company's stakeholders.

Scope of the Policy

The scope of this policy is to:

- Guide the Board in matters relating to selection, appointment and removal of Directors, Senior Management Personnel and Key Managerial Personnel.

- Determine criteria for evaluation of performance of members of the Board.
- Lay down guiding principle for remuneration payable to Executive Directors, Non-Executive Directors and Senior Management Personnel and key Managerial Personnel.
- Determine the criteria for qualifications, positive attributes, and independence of Directors.
- Devising criteria for board diversity.
- Develop succession plan for the Board, Senior Management and Key Managerial Personnel.

Definitions

1. **Act:** means the Companies Act, 2013 including schedules annexed thereto and the Rules framed thereunder.
2. **Board:** means the Board of Directors of the Company.
3. **Committee:** refers to the Nomination and Remuneration Committee of the Board of Directors.
4. **Senior Management:** includes executives of the Company occupying the position of Vice- President and above, but below Board.
5. **Key managerial Personnel Includes:**
 - a. Chief Executive Officer or Managing Director or Manager.
 - b. Whole-time Director
 - c. Chief Financial Officer
 - d. Company Secretary
 - e. Such other Officer as may be prescribed by the Act.

Words and expressions used in this policy not specifically defined will have the same meaning assigned to them in the Companies Act,2013, Rules framed thereunder, Listing Agreement and the applicable SEBI Regulations.

I. Appointment Criteria and Qualifications

The Committee identifies persons with high educational qualification, rich experience and expertise, integrity, desirable personal traits & leadership qualities and recommend to the Board for appointment as Director, KMP or at Senior Management level. The appointee should possess appropriate skills, knowledge, experience in one or more fields of finance, accounts, audit, law, management, sales, marketing, administration, research, corporate governance, technical operation or other disciplines related to the Company's business. The Committee has the discretion to decide on the age, qualification, expertise and experience to be possessed by the appointee for the concerned position depending up on the circumstances of each case.

i) Managing Director / Whole-time Director:

The Company should appoint or re-appoint any person as its Managing Director, or Whole-time Director for a term not exceeding five years at a time. No re-appointment should be made earlier than one year before the expiry of the original term of appointment.

The Company should appoint or continue the employment of any person as Managing Director or Whole-time Director who has attained the age of 21 years and not attained the age of seventy years, provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution. The explanatory statement annexed to the notice for such motion should indicate the justification for extension of appointment beyond seventy years.

ii) Non-Executive Independent Directors:

An Independent Director could hold office for a term up to five consecutive years on the Board of the Company and would be eligible for re-appointment on passing of a special resolution by the Company and the Board’s report should disclose the justification for such appointment.

No Independent Director should hold office for more than two consecutive terms, but such Independent Director would be eligible for appointment as Independent Director after expiry of three years of ceasing to be an Independent Director. Provided that an Independent Director should not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years is eligible for appointment for one more term of 5 years only provided such appointment is approved by the shareholders by a special resolution.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Managing Director / Whole-time Director of a listed company or such other number as may be prescribed under the Act.

iii) Non-Executive Non- Independent Directors:

The qualification criteria as stated above is applicable for the Non-Executive non-independent Directors also including Nominee Directors, however such Directors are liable for retirement by rotation.

iv) Senior management Personnel and KMPs not covered above:

The committee will fix and recommend the age, qualification and experience for persons to be appointed to the Senior Management positions depending up on the functional area where he/she is going to be appointed. Keeping in view of the specific requirement of the position to be filled up, the Committee would select the appointees in line with the recruitment policy of the Company and recommend to the Board for appointment.

IV. Board Diversity

The committee should always review the constitution of the Board and recommend for reconstitution of the Board, whenever required, so as to ensure that the Board always consists of members with diversified skill, knowledge, experience and expertise to meet the changing requirements of the Company’s business. The Committee should always ensure a balanced Board, consisting of members, each of them are experts in one or more functions of management.

V. Evaluation

The Committee will devise suitable evaluation criteria and carry out evaluation of performance of every Director, KMP and Senior Management Personnel every year. The evaluation criteria shall include measures to test the skill, competencies, diligence, leadership, attendance, commitment, counselling, loyalty and contribution.

VI. Removal

Where any Director ,Senior Management personnel or KMP attract any disqualification mentioned in the Act or under any other applicable Law, Rules or Regulations made thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, Rules or Regulations.

VII. Retirement

The Non Independent Non-Executive Directors are liable to retire by rotation as per the provisions of the Act. The KMPs and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing employees’ retirement policy of the Company. The Board will have the discretion to retain the Director (other than an independent Director), KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, if it is felt essential for the benefit of the Company.

VIII. Succession

The committee should plan in advance and recommend constitution of the Board of Directors, Senior Management Personnel & KMPs of the Company in such a way that it consist of a combination of members of all age group so as to ensure smooth succession at all times.

IX. Policy Relating to the Remuneration

A. Remuneration of Executive Directors.

The remuneration / compensation / commission etc. payable to the Managing Director and Whole-time Director, should be determined by the Committee and recommended to the Board for approval. The remuneration package to be recommended for the Managing Director and Whole-time Director should be in accordance with the provisions of Section 197and Schedule–V of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and subject to the approval of the shareholders of the Company. Where the proposed remuneration is not in line with the said provisions, it shall also be approved by the Central Government.

i) Fixed pay:

The Managing Director and Whole-time Director are eligible for a fixed monthly salary and perquisites as may be recommended by the Committee and approved by the Board .The breakup of the pay scale and quantum of perquisites including, salary, house rent allowance, leave travel assistance, employer’s contribution to P.F, Gratuity Fund , medical expenses, club fees, Company car with driver & telephone for official purposes etc. shall be decided by the Board on the recommendation of the Committee and approved by the shareholders.

ii) Variable Pay – Commission on net profits:

In addition to the fixed salary and perquisites as stated above, the Managing Director and Whole-time Directors are also entitled to a variable pay viz. commission on the net profits of the Company at the rates recommended by the Committee subject to the overall limits prescribed in the Act. On the recommendation of the Committee and at the absolute discretion of the Board of Directors the payment of variable pay may be made applicable to all or any of the Executive Directors and at different rates to different Executive Directors.

iii) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company should pay remuneration to its Managing Director and Whole-time Director in accordance with the provisions of Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014. If the minimum remuneration proposed is in excess of the said provisions prior approval of the Central Government should be obtained.

iv) Provisions for excess remuneration:

If the Managing Director and Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

v) Others:

The Company is not offering sitting fees, stock option scheme, severance fees or any other perquisites, other than those stated above, for the Managing Director and Whole-time Directors.

B. Remuneration of Non - Executive Directors:

Non-Executive Directors’ compensation include, payment of a fixed amount as sitting fees for attending the meeting of the Board and committees thereof and a Commission on the net profits.

i) Sitting Fees:

The Non- Executive Directors, both independent and Non-independent are entitled to receive remuneration by way of sitting fees for attending meetings of Board and sub-

Committees of the Board as may be recommended by the Committee and approved by the Board within the limits prescribed by the Central Government from time to time.

ii) Commission

The Non-Executive Directors are also entitled to a Commission on the net profits of the Company at a fixed amount approved by the shareholders. The overall commission payable to all the Non-executive Directors should not exceed the limit of 1% of the net profits per annum as provided under Section 197 of the Act.

iii) Reimbursement of Expenses:

The Company should reimburse to the Directors, all the travelling and other out of pocket expenses incurred by them in attending the Meetings of the Board, Meetings of Board Committees and the General Body meetings.

iv) Stock Options:

The Company is not offering any stock option to the Non-executive Directors of the Company.

C. Remuneration for the Senior Management and KMPs not covered above.

The remuneration to the senior management personnel and KMPs not covered under the above categories are determined by the Management on the recommendation of the Committee. It includes monthly, quarterly and annual payments. The categories of such payment includes Basic salary, dearness allowance, house rent allowance, special allowance, additional special allowance, ad-hoc, conveyance reimbursement, annual leave travel assistance, leave encashment, contribution to provident fund and gratuity fund. The package also include, performance linked payments like annual ex-gratia, monthly profit sharing.

X. Directors and Officers Liability Insurance

The Company should arrange for Directors’ and Officers’ Liability Insurance policy to protect from the statutory liability if any of the Managing Director and Whole-time Director, Key Managerial Personnel and Senior Management Personnel. The premium payable on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance should be treated as part of the remuneration.

XI. Deviation from the Policy

Deviation from any element of this policy in extra-ordinary circumstances, when deemed necessary in the interest of the Company by the Committee and on the recommendation of the Committee, may be accepted in specific cases by Board of Directors.

XII. Amendments

The policy is subject to change, if warranted consequent upon any change, modification amendment to the applicable Act, Rules and Regulations.

ANNEXURE 3

Form No. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED ON 31st March 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Lakshmi Machine Works Limited
CIN : L29269TZ1962PLC000463
Perianaickenpalayam, SRK Vidyalyaya Post, Coimbatore – 641 020

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s.Lakshmi Machine Works Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of M/s.Lakshmi Machine Works Limited’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made there under;
- ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings ;
- v) The following Regulations and Guidelines prescribed under the

- Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

I have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with MSE, BSE and NSE.

I report that, during the year under review, the Company has complied with the provisions of the Acts, rules, regulations and guidelines mentioned above.

I further report that, there were no actions/ events in pursuant of

- a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

requiring compliance thereof by the Company during the financial year and the Secretarial Standards issued by The Institute of Company Secretaries of India were not applicable during the year.

- vi) I further report that based on the information provided by the Company, its officers and authorised representatives during the conduct of the audit, and also on the review of quarterly compliance reports by respective department heads/ company secretary/ CEO taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with applicable general laws like labour laws, competition law and environmental laws.

- vii) I further report, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that, during the audit period there were no instances of

- (i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc.
- (ii) Redemption / buy-back of securities
- (iii) Major decision taken by the members in pursuant to section 180 of the Companies Act, 2013
- (iv) Merger / amalgamation / reconstruction, etc.
- (v) Foreign technical collaborations

Name of Company Secretary in practice: M D Selvaraj
MDS & Associates

Place: Coimbatore FCS No.: 960

Date: 20th May, 2015 C P No.: 411

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report

‘Annexure A’

To
The Members,
Lakshmi Machine Works Limited
CIN : L29269TZ1962PLC000463
Perianaickenpalayam, SRK Vidyalyaya Post, Coimbatore – 641 020

My report of even date is to be read along with this letter.

1.

Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2.

I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3.

I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4.

Wherever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5.

The compliance of the provisions of corporate and other applicable laws, rules and regulation, standards is the responsibility of management. My examination was limited to the verification of procedures on random test basis.
6.

The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Coimbatore
Date: 20th May, 2015

Name of Company Secretary in practice: M D Selvaraj
MDS & Associates
FCS No.: 960
C P No.: 411

ANNEXURE 4

Organisation Risk Assessment Matrix

Sl No.	Risk	Risk Category	Risk Mitigation Strategy	Risk Mitigation Measures
1	Sectoral slowdown could impact growth	Economy Risk	Accept – Monitor and address	The Company is actively pursuing plans to enter other Markets where Textile Spinning Industry has a huge presence. Accordingly a green field project is operational in China.
2	Power Crisis	Economy Risk	Accept – Monitor and address	The Company is actively pursuing a policy of encouraging the availability of renewable sources of clean energy. Already the Company has established sizeable Wind Energy infrastructure. Also, the Company has the capability and arrangements to purchase third party power whenever the need may arise.
3	Enhanced reliance on a particular business division could be detrimental	Control/ Management Risk	Reduce – Institute plans/ controls	The Company operates in diverse business segments like TMD, MTD, Foundry, Windmills and Aerospace.
4	Competing forces could dent LMW Market share	Technology/ Marketing Risk	Accept – Monitor and address	The Company has built up a thorough goodwill as an ethical partner who supplies cost-effective quality machinery with an attribute for value addition to the customer. The inhouse R&D team ensures Technological excellence that will enable the Company to retain market share.
5	Products may not find market acceptance	Technology/ Marketing Risk	Avoid – Not allowing the event to happen	The Company closely partners with its customers. The voice of the customers forms an important base for Research and Development while building need based total solutions. Market Intelligence and enhanced R&D complement the process.
6	Concentration on a handful of clients could hamper business growth	Marketing Risk	Avoid – Not allowing the event to happen	The Company has established a wide client base and ensures that no single client accounts for more than 5% of the Company’s revenue.
7	Product Failure	Manufacturing/ Design Risk	Avoid – Not allowing the event to happen	The Company has instituted a comprehensive process for checking quality and performance of its products at every stage in the multi-stage Design to Commercialisation process. The Company has an effective Defects and Enhancement Management System (DEMS) in place to ensure quality.
8	Failure to arrest costs in an inflationary scenario could impact profitability	Commercial Risk	Reduce – Institute plans/ controls	The Company has instituted the Accelerating Competence for Manufacturing Excellence Group (ACME) to ensure cost control and better productivity throughout the Company. This team works continuously to ensure product cost control and elimination of waste from the work flow process in order to excel in the price performance matrix.

Sl No.	Risk	Risk Category	Risk Mitigation Strategy	Risk Mitigation Measures
9	Non availability of essential raw materials	Commercial Risk	Reduce – Institute plans/ controls	The Company has a comprehensive global sourcing policy. Critical inputs scenario is continuously monitored and suitable remedial measures are taken immediately.
10	Failure to recover sales proceeds could impact daily operations	Finance Risk	Avoid – Not allowing the event to happen	The Company maintains a policy of taking advance against orders. Also a strict policy of product delivery only against full payment of contracted value is thoroughly followed other than sale of castings where credit is closely monitored.
11	Lack of adequate low cost funds to meet capex requirements could hamper business growth	Finance Risk	Reduce – Institute plans/ controls	The Company has a zero debt status and has utilised internal accruals to fund the capex plans for capacity expansion/replacement. Also the liquid funds at the disposal of the Company are judiciously used and conserved for earning non-operating revenue.
12	Foreign Exchange Fluctuation	Finance Risk	Reduce – Institute plans/ controls	The Company continuously monitors foreign exchange exposure and takes adequate steps to mitigate the same through hedge, forward cover etc.
13	Human Talent Readiness/ Attrition	HR Risk	Accept – Monitor and address	The Company continuously trains its HR assets to ensure the prevalence of contemporary work knowledge and work culture within the organisation. Also, your Company has a proper HR Forecasting, Planning and Deployment mechanism to ensure non-stop availability of qualified manpower across the organisation.
14	Occupational Health & Safety	HR Risk	Avoid – Not allowing the event to happen	The Company strives to provide a healthy and risk-free work environment to all its employees. Suitable measures in association with experts are being taken across the organisation to minimise the risk to health and safety. In this regard, Company is OHSAS 18001 standards compliant.
15	Compliance with all regulatory requirements	Legal/ Secretarial Risk	Avoid – Not allowing the event to happen	The Company operates a comprehensive process complete with check lists to ensure that various legal and statutory requirements are complied with. The Legal/Secretarial division of the Company serves as the Compliance Monitoring and Enforcement Wing. Also, suitable committees as required by law have also been constituted to ensure complete compliance.
16	Natural Events	Environment Risk	Share – Partner to reduce risk	The Company's assets are thoroughly protected from all conceivable risks arising from natural events through Insurance. The Company continuously renews policies and monitors to include any new clauses to its existing Insurance Policies that have the potential to cover any new risk/threat perception.
17	Recognition and safeguard of Intellectual Property.	Management Risk	Accept – Monitor and address	The Company has an active policy of encouraging innovation and talent within the Company. To recognise talent and to register the same the Company has formed the Intellectual Properties Department. Company's Intellectual Property Policy seeks to build an active portfolio of Intellectual Property Assets.
18	Reputation Risks	Management Risk	Avoid – Not allowing the event to happen	Adherence to rigorous Quality Norms, Process and System Compliance, internal Code of Conduct and Corporate Governance parameters has enabled the Company to be recognised as a value based and ethical organisation. Suitable internal controls are in place across the organisation to ensure continuous adherence for the same.

ANNEXURE 5

Annual Report on Corporate Social Responsibility (CSR) Activities

- The Company has adopted the CSR policy approved by the Board of Directors at their meeting on 12/06/2014. The CSR Policy of the Company is placed on the website www.lakshmimach.com.
- Composition of the CSR Committee:
The CSR Committee of the Company consists of the following members:

Sri Sanjay Jayavarthanavelu	Chairman
Sri Basavaraju	Member
Sri R. Rajendran	Member
- Average net profit of the Company for the last three financial years is ₹21,264 Lakhs.
- The prescribed CSR expenditure for the Company taken at 2% of the average net profit for the last three financial years is ₹425.28 Lakhs.
- Details of CSR spend for the financial year:
 (a) Total amount spent for the financial year: ₹430.71 Lakhs
 (b) Amount unspent if any: Nil
- Report on CSR Expenditure for the period from 01.04. 2014 to 31.03.2015

Sl No.	CSR Project/Activity	Sector in which the Project/ Activity was covered	Location of the Projects / Programmes undertaken (District and State)	Amount outlay (Budget) per project or per programme	Amount spent on the Project or Programme 01.04.2014 to 31.03.2015	Cumulative expenditure upto the reporting period 01.04.2014 to 31.03.2015	Amount spent direct or through implementing agency
				(Amt in ₹)	(Amt in ₹)	(Amt in ₹)	
1	Sponsorship of women sports person (Rifle shooting)	Clause vii of Schedule VII	All over India	14,98,603	14,98,603	14,98,603	Direct
2	Ramakrishna Mission-Biogas plant	Clause iv of Schedule VII	Perianaickenpalayam Coimbatore district, Tamil Nadu	7,20,000	7,20,000	7,20,000	Ramakrishna Mission
3	Eye camp expenses	Clause i of Schedule VII	Perianaickenpalayam Coimbatore district, Tamil Nadu	5,20,610	5,20,610	5,20,610	Direct
4	District Collector Self Sufficiency Scheme Account, Coimbatore	Clause vii of Schedule VII	Perianaickenpalayam Coimbatore district, Tamil Nadu	22,66,670	22,66,670	22,66,670	Coimbatore District Collector
5	Restoration of Buildings & Sites of Historical Importance - Srirangam Temple Renovation	Clause v of Schedule VII	Tiruchirappalli district, Tamil Nadu	30,65,271	30,65,271	30,65,271	Direct
6	Through GKD Trust - Project for proposed class room buildings for TAT Kalanilayam Middle School - run by Ramakrishna Mission	Clause ii of Schedule VII	Coimbatore, Tamil Nadu	3,50,00,000	3,50,00,000	3,50,00,000	Through Registered Trust
	Total amount spent during 01.04.2014 to 31.03.2015				4,30,71,154	4,30,71,154	

Place: Coimbatore
Date: 20th May, 2015

Sanjay Jayavarthanavelu
Chairman and Managing Director
Chairman -CSR Committee

Corporate Governance Report

1. Philosophy on Code of Governance:

LMW's corporate vision is to ensure a sustainable business that delights the customer, thrives to maintain the market leadership position and at the same time positively enhances every stakeholder value. To achieve this, systematic and planned efforts are undertaken by your Company considering organisation's core values and business ethics. LMW consistently partners with its customers to deliver quality products/ services on time and at reasonable prices. LMW believes in ethical conduct of business and maintains transparency and accountability in its activities. LMW ensures compliance with all applicable regulations. Your Company is aware of the fact that its ability to meet significant corporate goals is influenced by the extent to which prudent corporate governance policies are devised and adhered to within the organisation. Your Company consistently emphasises its commitment towards creation, monitoring and continuous updation of a strong corporate governance network that will define and drive organisation performance as per its cherished values and commitments to every stakeholder.

2. Board of Directors:

The Board provides leadership, strategic guidance and objective judgment in the conduct of the affairs of the Company. The Board upholds the vision, purpose and values of your Company. LMW's Board consists of experienced specialists who are experts in their respective business/profession and have decades of experience to their credit. As a Board, the Directors are committed to ethical and lawful conduct of business and possess the ability to steer the affairs of the Company in the right direction. The Board places emphasis on highest standards of

governance practices which allows the Company to carry on its business in the long term interest of all the stakeholders.

To ensure the participation of all Directors at the Board Meetings, as a matter of practice, an annual calendar of Board and General Body meetings are determined and intimated to the Directors well in advance. Company ensures that timely and relevant information is made available to all Directors in order to facilitate their effective participation and contribution during meetings and deliberations.

The Board determines strategic policies, approves annual plans & budgets, capital expenditure, new projects, investment plans, conducts performance review, ensures statutory compliance, and risk management etc periodically. A minimum of four meetings of the Board of Directors are held each year, one meeting is held in each quarter and it is ensured that the gap between two meetings does not exceed four months.

Composition:

Board of Directors is constituted in such a way that it strictly conforms to the provisions of the Companies Act, 2013 and to 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.

As on date the Board consists of nine Directors, of whom one is the Chairman and Managing Director, one is Director Finance and seven are Non-Executive Directors. Out of the seven 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 Sanjay Jayavarthanelu	Executive-Chairman and Managing Director	10	6	3
Sri M V Subbiah	Non-Executive – Independent	2	2	-
Sri S Pathy	Non-Executive – Non Independent	10	-	2
Sri Basavaraju	Non-Executive - Independent	1	-	3
Sri Aditya Himatsingka	Non Executive - Independent	5	-	4
Dr. Mukund Govind Rajan	Non Executive - Independent	1	2	1
Justice Smt.Chitra Venkataraman (Retd.)	Non Executive - Independent	2	-	-
Sri. V. Sathyakumar	Non-Executive – Non Independent Nominee of LIC	-	-	-
Sri R Rajendran	Executive – Non Independent	-	-	4

Number of Chairmanship / Membership in Committees of all the Directors are within the limits specified in Clause 49(II)(D)(2) of the Listing Agreement.

Board Meetings and Attendance:

During the year under review, five Board meetings were held on 23rd May, 2014, 12th June, 2014, 6th August, 2014, 27th October, 2014 and 2nd February, 2015. 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, 2015 are as follows:

Directors	Board Meeting (5)*	Share Transfer Committee (14)*	Last AGM Attended (Yes/No)
Sri Sanjay Jayavarthanelu	5	14	Yes
Sri M V Subbiah	3	-	No
Sri S Pathy	4	-	Yes
Sri Basavaraju	5	-	Yes
Sri Aditya Himatsingka	4	-	Yes
Dr Mukund Govind Rajan	4	-	Yes
Sri V. Sathyakumar	4	-	No
Justice Smt.Chitra Venkataraman (Retd.) from 2.2.15	1	-	-
Sri R Rajendran	5	14	Yes

* The figures within brackets denote the number of meetings held during the year 2014-15.

Independent Directors Meeting :

As required under the Companies Act, 2013 and Listing Agreement Clause-49(as amended) a separate meeting of Independent Directors of the Company was held on 23rd March, 2015. All the Independent Directors viz. Sri.M.V.Subbiah, Sri.Basavaraju, Sri.Aditya Himatsingka, Dr.Mukund Govind Rajan and Justice Smt.Chitra Venkataraman(Retd.) have attended the meeting.

Directors’ inter-se relationship, details of shareholding and brief resume of 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 M V Subbiah	-
2	Sri S Pathy	1,420
3	Sri Basavaraju	-
4	Sri Aditya Himatsingka	-
5	Dr Mukund Govind Rajan	-
6	Sri.V.Sathyakumar	-
7	Justice Smt. Chitra Venkataraman (Retd.)	-

Remuneration of Directors:

The Non-Executive Directors of the Company are remunerated in two ways viz., sitting fees and commission. Sitting fees is paid to the Non-Executive Directors for attending the meetings of Board of Directors, committees of Board of Directors and other meetings of Directors at the rate of ₹50,000/- per meeting.

In addition to the sitting fees, Commission, as approved by the shareholders at the Annual General Meeting held on 5th August, 2013, is paid in the aggregate for all Non Executive Directors up to 1% of the net profits per annum. The amount of commission payable to each Non-Executive Director is determined by the Board.

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

Remuneration to Executive Directors and Commission and Sitting Fees to Non-Executive Directors for the year ended 31st March, 2015 is as below:

(Amt in ₹)					
Name	Salary	Perquisites	Sitting fee	Commission	Total
Sri. Sanjay Jayavarthanavelu	1,62,00,000	53,10,568	–	6,08,79,153	8,23,89,721
Sri M V Subbiah	–	–	2,20,000	5,00,000	7,20,000
Sri S Pathy	–	–	1,70,000	5,00,000	6,70,000
Sri Basavaraju	–	–	5,80,000	5,00,000	10,80,000
Sri Aditya Himatsingka	–	–	3,70,000	5,00,000	8,70,000
Dr Mukund Govind Rajan	–	–	3,90,000	5,00,000	8,90,000
Justice Smt. Chitra Venkataraman (Retd.) from 2.2.15	–	–	1,00,000	–	1,00,000
Sri V Sathyakumar (Nominee of LIC)	–	–	*1,40,000	*5,00,000	6,40,000
Sri R Rajendran	90,00,000	25,22,000	–	–	1,15,22,000
Sri. R. Satagopan (for 01.04.2013 to 05.08.2013)	–	–	–	1,76,973	1,76,973

* Paid to Life Insurance Corporation of India

No benefits, other than the above are given to the Directors. No Stock Option, Performance linked incentives and severance fees are given to Directors.

Committees of Directors:

To assist the Board to ensure effective compliance of all the statutory requirements and for efficient conduct of business of the Company, the Board has constituted various Board Committees. The scope, role and responsibilities 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 and their operations are as follows:

(i) Audit Committee:

The Audit Committee was constituted to review the financial statements, annual budgets, internal control systems, accounting policies and practices, internal audit and administration. The audit committee consists of the following Directors:

1. Dr Mukund Govind Rajan - Chairman
2. Sri Aditya Himatsingka
3. Sri Basavaraju

Sri K Duraisami, Company Secretary serves as the Secretary of the Committee. Director Finance (CFO) of the Company, Statutory Auditors, Internal Auditor and the Company Secretary are always present at the Audit Committee meetings. 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, 2013 and Listing Agreement. The committee meets once in every quarter to carryout its business.

The committee met four times during the financial year under review on 23rd May, 2014, 6th August, 2014, 27th October, 2014 and 2nd February, 2015. Details of attendance of members are as follows:

Date of Meetings and Attendance:

Name of the Member	Attendance of meetings held on :			
	23.05.14	06.08.14	27.10.14	02.02.15
1. Dr Mukund Govind Rajan	√	√	√	√
2. Sri Aditya Himatsingka	X	√	√	√
3. Sri Basavaraju	√	√	√	√

(ii) Stakeholders Relationship Committee:

This committee has been formed to specifically focus on the services to shareholders/ investors. The committee periodically reviews the services rendered to the shareholders particularly redressal of complaints of the shareholders like delay in transfer of shares, non-receipt of Annual Report, non receipt of declared dividends etc., and also the action taken by the Company on the above matters.

The committee consists of the following Directors as its members:

1. Sri M V Subbiah - Chairman
2. Sri Basavaraju
3. Sri R Rajendran

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

During the year under review 5 letters / complaints were received from the investors which were adequately addressed to the satisfaction of the investors. No complaint /query is remaining unresolved as on 31st March, 2015.

The Committee met two times during the financial year ended 31st March, 2015, on 6th August, 2014 and on 2nd February, 2015. Details of attendance of members are as follows.

Date of Meetings and Attendance:

Sl No	Name of the Member	Attendance of meetings held on	
		06.08.2014	02.02.2015
1	Sri M V Subbiah	X	√
2	Sri Basavaraju	√	√
3	Sri R Rajendran	√	√

(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. This 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. Shareholder requests on the above matters are being processed and certificates returned to them within 15 days from the date of receipt. The committee had met fourteen times during the financial year ended 31st March, 2015.

(iv) Nomination and Remuneration Committee:

This Committee was formed for determining remuneration payable to Executive and Non Executive Directors, selection and appointment of Directors and senior executives. During 2013-14 the committee was reconstituted and the reconstituted committee consists of the following Directors:

1. Sri M V Subbiah - Chairman
2. Sri S Pathy
3. Sri Basavaraju

The committee vide Circular Resolution dated 7th January, 2015 has recommended Justice Smt.Chitra Venkataraman (Retd.) for appointment as Additional Director (Independent) and the committee has also formulated the nomination and remuneration policy of the Company.

The committee vide Circular Resolution dated 9th March, 2015 has formulated the criteria for performance evaluation of Board of Directors.

(v) Risk Management Committee:

The Committee was formed to laydown procedures for risk assessment and minimisation and to review the same periodically and report to the Board once in a year. The committee consists of the following Directors and Senior Executives of the Company :

1. Sri. Sanjay Jayavarthanavelu, Chairman and Managing Director
2. Sri. S. Pathy, Director
3. Sri. R. Rajendran, Director Finance
4. Sri. M. Sankar, Vice President-Marketing
5. Sri. N. Krishnakumar, Vice President-Manufacturing

(vi) CSR Committee:

As required under the Companies Act, 2013 and Listing Agreement, the

CSR Committee was formed during 2014-15. The committee consists of the following Directors of the Company :

1. Sri. Sanjay Jayavarthanavelu, Chairman
2. Sri. Basavaraju
3. Sri. R.Rajendran

The committee had met two times during the financial year and formulated CSR Policy of the Company and submitted CSR Budget for the year 2014-15 to spend not less than 2% of the average net profits of preceding three years for one or more activities specified in Schedule-VII of the Act. A detailed report on CSR spending for the year 2014-15 is annexed to the Directors’ Report.

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
Nani Kalai Arangam, Mani Higher Sec. School, Coimbatore - 641 037			
AGM –do-	03.00 P.M.	Wednesday	06.08.2012
AGM -do-	03.30 P.M.	Monday	05.08.2013
AGM –do-	03.30 P.M.	Wednesday	06.08.2014

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

a. No special resolution was passed at the AGM held on 6th August, 2012.

b. At the AGM held on 5th August, 2013 the following special resolutions were passed:

- (i) Approval for appointment of Sri Basavaraju as Director.
- (ii) Approval for commission payable to Non-Executive Directors.
- (iii) Approval for reappointment and remuneration payable to Sri R Rajendran, Director Finance.

c. At the AGM held on 6th August, 2014 the following special resolutions were passed:

- (i) Approval for alteration of Articles of Association of the Company.
- (ii) Approval for amendment in the terms of appointment of Sri.R.Rajendran, Director Finance.
- (iii) No postal ballot pursuant to Sec.110 was conducted. Postal ballot as per clause-35B of the Listing Agreement was done. Sri.M.D.Selvaraj, Practising Company Secretary, the Scrutiniser for e-voting has monitored this postal ballot also.

4. Disclosures:

The Company has adopted a Related Party Transaction Policy. The transactions with related parties are monitored in accordance with the policy. 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 as per Accunting Standard AS-18.

It is confirmed that:

- no penalty or strictures have been imposed on the Company by any Stock Exchange or SEBI or any Statutory Authority on any matter related to capital markets during the last three years.
- a Whistle Blower Policy is adopted by the Company, the whistle blower mechanism is in vogue and no personnel has been denied access to the Audit Committee.
- no differential treatment from the prescribed accounting standard is followed in preparation of financial statements.
- All the mandatory requirements have been duly complied with.
- No non-mandatory requirements except report of Internal Auditor to Audit Committee is undertaken.

Disclosure of Directors Inter-se Relationships

As on 31st March, 2015, none of the Directors of the Company are related to each other.

5. Means of Communication:

The Company is conscious of the importance of timely dissemination of adequate information to the stakeholders. The dates of Board Meetings, General Body meetings, Book Closures and Quarterly results are being published in The Hindu Business Line, an English daily and Dinamalar, a Tamil daily Newspaper and are also informed to Stock Exchanges regularly.

Besides, the Company’s Profile, Corporate Information, Quarterly and Annual Financial Statements, Annual Reports, Shareholding Pattern, Corporate Governance Report, Code of Conduct for Directors and Officers, Product Range, official news release and presentations if any to institutional investors are being kept posted and updated in the Company’s web-site www.lakshmimach.com

6. Shareholders’ Information

Annual General Meeting:

Day and Date	Monday the 10th August, 2015
Time	3.30 PM
Venue	Nani Kalai Arangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037

Financial Calendar:

Particulars	Dates
Financial Year	1st April to 31st March
Announcement of Annual Results 2014-15	20th May, 2015
Posting of Annual Reports of 2014-15	9th July, 2015
Last date for receipt of Proxy forms for the above indicated AGM	Up to 03.30 PM on 8th August, 2015
Announcement of Quarterly Results for the Financial Year 2015-16	Aug-2015, Oct-2015, Feb-2016 and May-2016
Date of Book Closure	Tuesday, the 4th August, 2015 to Monday the 10th August, 2015 (both days inclusive)
Dividend payment date	On or before 9th September, 2015

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-

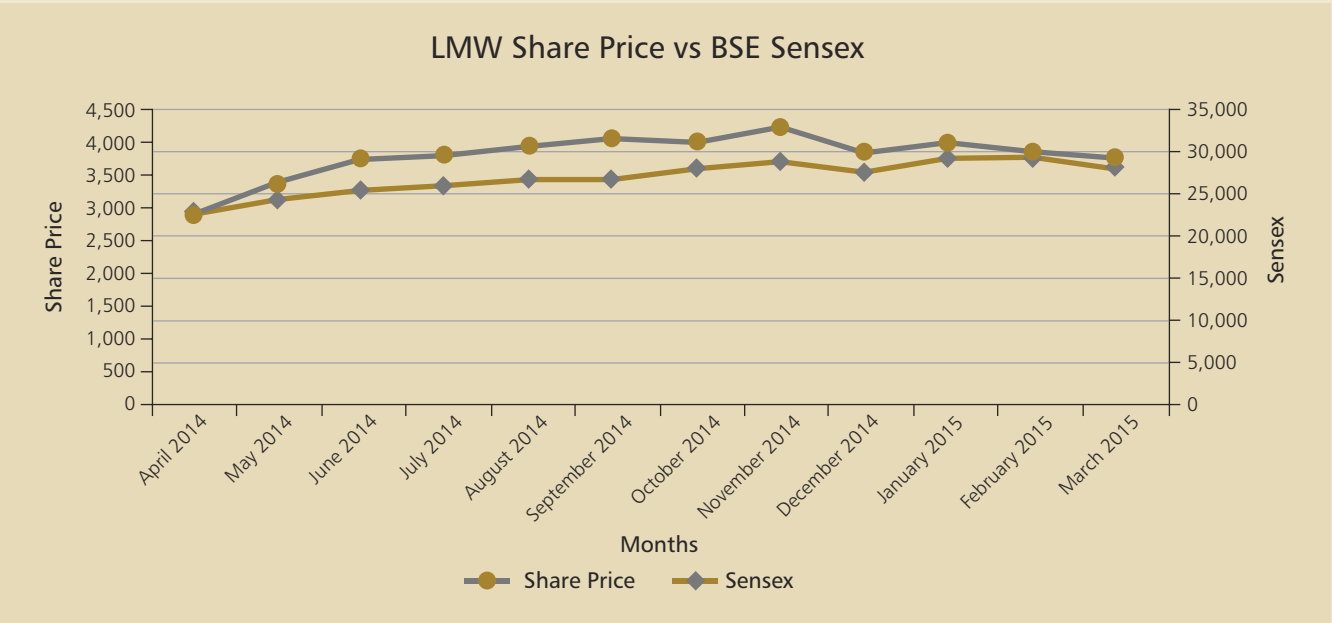
Market Price of Shares:

The monthly High & Low of Company’s share price quoted in NSE / BSE during the financial year 2014-15 are given below:

(Amount in ₹)

Month	NSE		BSE	
	High Price	Low Price	High Price	Low Price
Apr-14	3,160	2,844	3,150	2,846
May-14	3,570	2,915	3,575	2,901
Jun-14	3,789	3,316	3,770	3,333
Jul-14	4,025	3,660	4,019	3,662
Aug-14	3,990	3,688	3,980	3,699
Sep-14	4,320	3,871	4,311	3,887
Oct-14	4,140	3,835	4,153	3,850
Nov-14	4,504	4,030	4,499	4,025
Dec-14	4,340	3,456	4,339	3,475
Jan-15	4,190	3,799	4,175	3,800
Feb-15	4,070	3,682	4,075	3,653
Mar-15	3,980	3,610	3,930	3,680

Share Price Performance in Comparison with BSE Sensex:



Registrar & Share Transfer Agents:

Transfer, transmission, transposition of name, split, consolidation, recording change of name of shareholders, issue of duplicate certificate, dematerialisation, rematerialisation and such other matters relating to the shares of the Company 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:

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 etc. are approved by Shares and Debenture Committee.

Shareholding Pattern as on 31st March, 2015.

S.No.	Category	No. of shareholders	No. of shares held	% to paid up capital
01	Promoters and Promoters Group	19	31,93,875	28.35
02	Financial Institutions, Banks and Mutual Funds	37	14,99,791	13.29
03	Insurance Companies	4	13,53,237	12.01
04	Bodies Corporate	606	22,91,983	20.34
05	Directors and relatives	3	4,500	0.04
06	HUF and others	762	4,88,309	4.33
07	Non Resident Indians	307	75,781	0.67
08	Foreign national	1	240	0.00
09	FII's	35	2,06,679	1.83
10	Individuals (general public)	22,334	21,52,109	19.14
	Total	24,108	1,12,66,504	100.00

Distribution of shareholding as on 31st March, 2015 :

Range (No. of shares)	No. of shares	% to total number of shares	No. of shareholders	% to total number of shareholders
0001 – 0500	7,56,992	6.719	23,472	97.362
0501 – 1000	2,07,005	1.837	275	1.141
1001 – 2000	2,34,341	2.080	162	0.672
2001 – 3000	1,31,780	1.170	52	0.216
3001 – 4000	81,621	0.724	23	0.095
4001 – 5000	65,300	0.580	14	0.058
5001 – 10000	2,80,070	2.486	36	0.149
10001 and above	95,09,395	84.404	74	0.307
Total	1,12,66,504	100.00	24,108	100.00

Dematerialisation of Shares:

As on 31st March, 2015, 1,05,30,405 equity shares constituting 93.46% of the paid up capital of the Company has been dematerialised.

As required under the amended clause 5A of the listing agreement, share certificates issued on the subdivision of the face value of the shares and remaining unclaimed after giving three reminders under registered post to their last known address, has been transferred to separate Demat account opened in the name Lakshmi Machine Works Limited-Unclaimed Suspense Account with Stock Holding Corporation of India. The details of the unclaimed shares are as follows:

S.No.	Particulars	No of Shareholders	No of shares
1	No of shareholders and shares at the beginning of the year	360	66,850
2	No of shareholders and shares claimed during the year	13	2,620
3	No of shareholders to whom shares transferred during the year and No of shares transferred	13	2,620
4	No of shareholders and the shares outstanding at the end of the year	347	64,230

The voting right in respect of the above unclaimed shares is remaining frozen.

7. Plant Locations:

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

Textile Machinery Divisions:

Unit - I	Perianaickenpalayam, Coimbatore – 641 020
Unit - II	Kaniyur, Coimbatore - 641 659
Unit –III	Muthugoundenpudur, Coimbatore - 641 406

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 – 641 006
Wind Mill Division	Udumalpet (TK), Tirupur District

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: duraisami.k@lmw.co.in

For and on behalf of the Board

Coimbatore
20th May, 2015

Sanjay Jayavarthanavelu
Chairman and Managing Director

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 31.03.2015, 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 the 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 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.V. Jeganathan
(Partner)
M. No: 214178

Place : Coimbatore
Date : 20th May, 2015

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:

- a We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2015 and that to the best of our knowledge and belief:

i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

ii) 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.
- b) 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.
- c) 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.
- d) We have indicated to the auditors and the Audit committee

i) significant changes in internal control over financial reporting during the year ;

ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

iii) 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.

Place: Coimbatore
Date: 20th May, 2015

R.Rajendran
Director Finance (CFO)

Sanjay Jayavarthanavelu
Chairman and Managing Director(CEO)

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 the said Code of Conduct during the year 2014-15.

Coimbatore
20th May, 2015

Sanjay Jayavarthanavelu
Chairman and Managing Director

Independent Auditor’s Report

To the Members of
Lakshmi Machine Works Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of LAKSHMI MACHINE WORKS LIMITED (‘the Company’), which comprise the Balance Sheet as at 31st March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Standalone Financial Statements

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisivons of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those

Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company’s Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2015 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor’s Report) Order, 2015 (“the Order”) issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:
- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) on the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and

(f) with respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our

opinion and to the best of our information and according to the explanations given to us:

i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24.1 to the financial statements;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For M.S. Jagannathan & Visvanathan

For Subbachar & Srinivasan

Firm Registration No: 001209S

Firm Regn. No: 004083S

Chartered Accountants

Chartered Accountants

M.V. Jeganathan

T. S.V. Rajagopal

Partner

Partner

Membership No: 214178

Membership No:200380

Coimbatore

20th May, 2015

Annexure to the Independent Auditors’ Report

The Annexure referred to in our Independent Auditors’ Report to the members of the Company on the standalone financial statements for the year ended 31st March 2015, we report that:

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.

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 granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013, during the financial year.

(b) In the case of the loan granted, in earlier financial years, to a body corporate listed in the register maintained under section 189 of the Act, the borrower has been regular in the repayment of principal and payment of the interest as stipulated.

(c) There are no overdue amounts of more than rupees one lakh in respect of the loan granted to the body corporate listed in the register maintained under section 189 of the Act.

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. The Company has not accepted any deposits from the public and as such clause 3(v) of the Order is not applicable.

6. We have broadly reviewed the cost records maintained by the Company specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, as applicable to the Company, and are of the opinion that prima facie the specified 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.

7. According to the information and explanations given to us and on the basis of our examination of the records of the Company in respect of the statutory dues:

a. The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees’ State insurance, Income tax, Sales Tax, Wealth tax, Service Tax, duty of customs, duty of excise, value added tax, 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 2015 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,
Service Tax and
Customs duty | 1,755.48 | Nil | Appellate authorities Upto:
Commissioner’s Level - ₹1,570.00 Lakhs
CESTAT - ₹164.14 Lakhs
High Court - ₹21.34 Lakhs |
| Income Tax Act, 1961 | Income tax and
Interest | 1,471.71 | 329.14 | Commissioner of
Income Tax (Appeals) - ₹1,361.65 Lakhs
ITAT - ₹110.06 Lakhs |
- c. According to the information and explanations given to us the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under have been transferred to such fund within time.

8. 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.

9. The Company has no borrowings from financial institutions, banks and debenture holders and as such reporting under clause 3(ix) of the Order is not applicable to the Company

10. 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.

11. No term loans were availed by the Company and hence clause 3(xi) of the Order is not applicable to the Company.

12. 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 Registration No: 001209S
Chartered Accountants

For Subbachar & Srinivasan
Firm Regn. No: 004083S
Chartered Accountants

M.V. Jeganathan
Partner
Membership No: 214178
Coimbatore
20th May, 2015

T. S.V. Rajagopal
Partner
Membership No:200380
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BALANCE SHEET AS AT 31ST MARCH, 2015			(₹ in Lakhs)
Particulars	Note No	As at 31st March, 2015	As at 31st March, 2014
EQUITY AND LIABILITIES			
Shareholders’ funds			
Share capital	3	1,126.65	1,126.65
Reserves and surplus	4	1,24,920.20	1,09,317.00
Non-current liabilities			
Deferred tax liabilities (Net)	5	-	264.43
Other Long term liabilities	6	13,447.91	22,317.31
Current liabilities			
Trade payables	7	30,920.19	29,214.32
Other current liabilities	8	40,739.98	35,389.71
Short-term provisions	9	6,030.49	4,633.05
TOTAL		2,17,185.42	2,02,262.47
ASSETS			
Non-current assets			
Fixed assets	10		
(i) Tangible assets		36,608.15	37,987.45
(ii) Intangible assets		802.53	306.96
(iii) Capital work-in-progress		310.11	273.18
TOTAL		37,720.79	38,567.59
Non-current investments	11	12,882.93	12,882.93
Deferred Tax Asset (Net)	5	973.04	-
Long-term loans and advances	12	2,363.67	2,280.13
Current assets			
Inventories	13	28,865.87	28,062.69
Trade receivables	14	22,057.53	18,278.95
Cash and Bank balances	15	94,162.06	87,939.24
Short-term loans and advances	16	13,861.44	9,234.09
Other current assets	17	4,298.09	5,016.85
TOTAL		2,17,185.42	2,02,262.47
Significant Accounting Policies	2		
Additional information to financial statements	24		

Accompanying notes form part of the financial statements

In terms of our Report of even date

Sanjay Jayavarthanavelu
Chairman and Managing Director

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

R. Rajendran
Director Finance

K.Duraisami
Company Secretary

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

per M.V. Jeganathan
Partner

M. No: 214178

Place : Coimbatore
Dated : 20th May, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015			(₹ in Lakhs)
Particulars	Note No	Year ended 31st March, 2015	Year ended 31st March, 2014
REVENUE			
Revenue from operations	18	2,57,119.95	2,42,577.86
Less: Excise Duty		18,637.89	18,415.56
		2,38,482.06	2,24,162.30
Other income	19	10,633.28	11,548.45
Total Revenue		2,49,115.34	2,35,710.75
EXPENSES			
Cost of materials consumed	20	1,47,611.18	1,42,162.98
Changes in inventories of finished goods and work-in-progress and Stock-in-Trade	21	(930.65)	(2,695.80)
Employee benefits expense	22	22,773.35	22,691.55
Finance costs	24.18	63.44	55.98
Depreciation and amortisation expense		9,650.31	10,251.22
Other expenses	23	40,198.84	36,366.83
Total Expenses		2,19,366.47	2,08,832.76
Profit before exceptional items and tax		29,748.87	26,877.99
Exceptional items	24.29		
Voluntary retirement scheme payments		828.42	815.91
Loss due to fire accident (Net of insurance claim)		120.52	-
Profit after exceptional items before tax		28,799.93	26,062.08
Tax expense:			
Current tax		9,911.82	8,794.70
Deferred tax (Net)		(1,208.25)	(1,025.76)
Prior year taxes		(648.73)	(76.10)
Profit after tax		20,745.09	18,369.24
Earnings per equity share:			
Basic and Diluted Earnings per share (in ₹) (Face value ₹10/- per share)		184.13	163.04
Significant Accounting Policies	2		
Additional information to financial statements	24		

Accompanying notes form part of the financial statements

In terms of our Report of even date

Sanjay Jayavarthanavelu
Chairman and Managing Director

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

R. Rajendran
Director Finance

K.Duraisami
Company Secretary

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

per M.V. Jeganathan
Partner

M. No: 214178

Place : Coimbatore
Dated : 20th May, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015			(₹ in Lakhs)	
Particulars	Year ended 31st March, 2015		Year ended 31st March, 2014	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit after exceptional items but before tax (VRS Expenses of ₹828.42 Lakhs (P.Y. ₹815.91 Lakhs); Loss due to fire accident ₹120.52 Lakhs, CSR expenses of ₹430.71 Lakhs (P.Y. Nil)		28,799.93		26,062.08
Adjustments for :				
Depreciation	9,650.31		10,251.22	
Finance cost	63.44		55.98	
Profit on sale of assets	(206.69)		(1,814.64)	
Loss on sale of assets	19.52		12.19	
Interest income	(8,109.78)		(7,882.67)	
Dividend income	(80.25)		(61.06)	
Profit on sale of investments	-		(119.06)	
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents	(0.05)		(0.01)	
		1,336.50		441.95
Operating Profit before Working Capital Changes		30,136.43		26,504.03
(Increase)/Decrease in trade and other receivables	(8,431.48)		(7,997.43)	
(Increase)/Decrease in inventories	(803.18)		(5,492.43)	
Increase/(Decrease) in trade and other payables	(1,524.18)	(10,758.84)	8,128.12	(5,361.74)
Cash generated from operations		19,377.59		21,142.29
Direct taxes paid		9,054.01		8,631.03
Net Cash from Operating activities [A]		10,323.58		12,511.26
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed assets/Capital Work In Progress		(9,159.86)		(4,070.00)
Proceeds from sale of fixed assets		457.56		2,033.66
Interest received		8,111.49		7,205.44
Dividend received		80.25		61.06
Loans received back		450.00		344.00
Sale of Investments		-		182.49
Investment in Wholly owned subsidiary		-		(2,563.86)
(Increase)/Decrease in Bank balances not considered as cash and cash equivalent		(3,992.70)		(12,639.34)
Net cash used in investing activities [B]		(4,053.26)		(9,446.55)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015			(₹ in Lakhs)	
Particulars	Year ended 31st March, 2015		Year ended 31st March, 2014	
C. CASHFLOW FROM FINANCING ACTIVITIES				
Dividends paid		(3,375.18)		(2,289.94)
Corporate dividend taxes paid		(574.42)		(382.95)
Transfer of Unpaid Dividends/Debentures to IEPF		(27.20)		(17.40)
Finance cost		(63.44)		(43.98)
Net cash used in financing activities [C]		(4,040.24)		(2,734.27)
Net increase in cash and cash equivalents (A+B+C)		2,230.08		330.44
Cash and cash equivalents at beginning of the period - D		1,375.24		1,044.79
Cash and cash equivalents at end of the period - E		3,605.32		1,375.23
Net increase in cash and cash equivalents (E-D)		2,230.08		330.44
Cash & Cash equivalents as per Balance Sheet		3,605.37		1,375.24
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents		(0.05)		(0.01)
Cash and Cash equivalents as per Cash flow Statement		3,605.32		1,375.23
Note:				
Cash and cash equivalents include the following balances not available for use :				
Unpaid dividend warrant account		75.83		98.26

In terms of our Report of even date

For Subbachar & Srinivasan

Firm Registration No: 0040835

Chartered Accountants

per T.S.V.Rajagopal

Partner

Membership No: 200380

For M.S. Jagannathan & Visvanathan

Firm Registration No: 0012095

Chartered Accountants

per M.V. Jeganathan

Partner

M. No: 214178

Sanjay Jayavarthanavelu

Chairman and Managing Director

R. Rajendran

Director Finance

K.Duraisami

Company Secretary

Place : Coimbatore

Dated : 20th May, 2015

NOTES FORMING PART OF FINANCIAL STATEMENTS

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.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of Financial Statements

The financial statements are prepared under historical cost convention and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and accounting principles generally accepted in India and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of the Companies Act, 2013 to the extent notified and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2 Use of Estimates

The preparation of financial statements are 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 recognised 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 recognised as expense or income in the Statement of Profit and Loss. Self constructed assets are capitalised 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 & 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 recognised as income or expense in the profit and loss account. Outstanding balances of monetary items denominated in foreign currency are restated at closing exchange rates and the difference adjusted as income or expense in the 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 recognised 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. The useful lives of the fixed assets is adopted as specified in Part C of Schedule II of the Companies Act, 2013. For additions and deletions depreciation is provided on pro-rata basis. Intangible assets are amortised over their estimated useful lives on a straight line basis.

2.8 Recognition of Revenue

Income and Expenditure are recognised and accounted on accrual basis as and when they are earned or incurred. Revenue from sale transaction is recognised as and when significant risks and rewards attached to ownership in the goods is transferred to the buyer. Revenue

NOTES FORMING PART OF FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

from service transactions is recognised on the completion of the contract. Dividend from Investments, Export incentives are recognised 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.

2.9 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.

2.10 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 and ESIC are recognised 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 recognised 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 capitalised 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 recognised 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 recognised and carried forward subject to consideration of prudence only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

2.14 Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognised 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 recognised 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 Statement and Cash and Cash equivalents

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 FORMING PART OF FINANCIAL STATEMENTS

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 organisational 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 cost plus 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 recognised 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 incidental 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 recognised as expense in the period in which they are incurred.

3 SHARE CAPITAL

	(₹ in Lakhs)			
	Numbers 31.03.2015	Numbers 31.03.2014	Amount 31.03.2015	Amount 31.03.2014
Number and amount of Equity shares authorised	5,00,00,000	5,00,00,000	5,000.00	5,000.00
Number of Equity shares issued, subscribed and fully paid up	1,12,66,504	1,12,66,504	1,126.65	1,126.65
			1,126.65	1,126.65
Par value per Equity share (In ₹)			10.00	10.00
11,02,746 equity shares of ₹10 each were bought back during the financial year 2010-11				
Reconciliation of number of shares				
Number of Equity shares at the beginning	1,12,66,504	1,12,66,504		
Number of Equity shares at the end	1,12,66,504	1,12,66,504		
Shareholders holding more than 5% Equity shares	31.03.2015		31.03.2014	
Lakshmi Cargo Company Limited	10,24,468	9.09%	10,24,218	9.09%
Life Insurance Corporation of India	10,23,669	9.09%	10,93,481	9.71%
Lakshmi Technology and Engineering Industries Ltd	6,67,090	5.92%	6,67,090	5.92%
Reliance Capital Trustee Co. Ltd	6,56,532	5.83%	4,49,245	3.99%
Voltas Limited	6,00,000	5.33%	6,00,000	5.33%

The Company has issued only one class of Equity share 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 FORMING PART OF FINANCIAL STATEMENTS

	(₹ in Lakhs)	
Particulars	As at 31st March, 2015	As at 31st March, 2014
4 RESERVES AND SURPLUS		
Capital Reserves		
As per last Balance Sheet	701.40	701.40
Capital Redemption Reserve		
As per last Balance Sheet	110.27	110.27
General Reserve		
As per last Balance Sheet	4,391.25	2,541.25
Add : Transfer from Statement of Profit & Loss	2,100.00	1,850.00
Closing balance	6,491.25	4,391.25
Investment Fluctuation Reserve		
As per last Balance Sheet	1,527.38	3,084.13
(Less)/Add: Transfer (to) / from Surplus	483.21	(1,556.75)
Closing balance	2,010.59	1,527.38
Surplus		
As per last Balance Sheet	1,02,586.70	88,465.08
Add: Transfer from Statement of Profit & Loss	20,745.09	18,369.24
Add / (Less): Transfer from / (to) Investment Fluctuation Reserve	(483.21)	1,556.75
	1,22,848.58	1,08,391.07
Less: Write down of carrying amount of assets whose remaining useful lives is Nil as per Schedule II of Companies Act, 2013 [Net of deferred taxes] [Refer note no. 24.28]	56.75	-
	1,22,791.83	1,08,391.07
Less: Appropriations during the year		
Proposed Dividend	4,224.94	3,379.95
Tax on Proposed Dividend	860.20	574.42
Transfer to General Reserve	2,100.00	1,850.00
Closing balance	1,15,606.69	1,02,586.70
TOTAL	1,24,920.20	1,09,317.00

5 DEFERRED TAX (ASSETS) / LIABILITIES (NET)

Deferred Tax Asset:		
On account of VRS	(391.66)	(211.82)
On account of Others	(0.30)	(0.43)
	(391.96)	(212.25)
Deferred Tax Liability:		
On account of Depreciation	(581.08)	476.68
Deferred tax (assets) / liabilities (Net)	(973.04)	264.43

6 OTHER LONG TERM LIABILITIES

Security deposit received against supply of machinery	13,447.91	22,317.31
TOTAL	13,447.91	22,317.31

NOTES FORMING PART OF FINANCIAL STATEMENTS

		(₹ in Lakhs)
Particulars	As at 31st March, 2015	As at 31st March, 2014
7	TRADE PAYABLES	
Due to Micro, Small & Medium Enterprises	114.51	89.87
Others	30,805.68	29,124.45
TOTAL	30,920.19	29,214.32

8	OTHER CURRENT LIABILITIES	
Liability for Expenses	7,326.59	5,616.85
Security deposit received against supply of machinery	15,937.42	14,589.68
Liability for other Finance	17,400.14	15,084.92
Unpaid dividends	75.83	98.26
TOTAL	40,739.98	35,389.71

9	SHORT-TERM PROVISIONS	
Provision for Employee benefits :		
Provision for Gratuity	391.57	207.09
Provision for Leave Encashment	91.26	39.49
Others :		
Provision for Proposed Dividend	4,224.94	3,379.95
Tax on Proposed Dividend	860.20	574.42
Provision for Warranty	462.52	432.10
TOTAL	6,030.49	4,633.05

10	FIXED ASSETS										
	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK		
Particulars	Cost as at 01.04.2014	Additions	Sales/ Transfer	Cost as at 31.03.2015	Upto 31.03.2014	Withdrawn	For the year	Other Adjustments *	Upto 31.03.2015	As at 31.03.2015	As at 31.03.2014
A. Tangible Assets :											
Land	2,760.01	2,431.06	7.91	5,183.16	-	-	-	-	-	5,183.16	2,760.01
Buildings	14,106.76	893.46	0.09	15,000.13	8,786.49	0.08	474.24	0.01	9,260.66	5,739.47	5,320.27
Plant & Equipment	1,40,698.38	4,522.21	1,332.84	1,43,887.75	1,12,309.67	1,142.62	8,337.04	0.10	1,19,504.19	24,383.56	28,388.71
Furniture & Fixtures	2,909.65	228.93	18.48	3,120.10	2,649.22	3.51	141.51	18.51	2,805.73	314.37	260.43
Vehicles	3,505.72	173.86	207.06	3,472.52	2,678.72	144.25	167.64	2.46	2,704.57	767.95	827.00
Office Equipments	2,558.65	129.21	450.71	2,237.15	2,127.62	456.24	281.25	64.88	2,017.51	219.64	431.03
Total Tangible Assets	1,66,539.17	8,378.73	2,017.09	1,72,900.81	1,28,551.72	1,746.70	9,401.68	85.96	1,36,292.66	36,608.15	37,987.45
B. Intangible Assets											
Technical Knowhow	698.79	663.20	-	1,361.99	643.20	-	63.23	-	706.43	655.56	55.59
Software	512.52	81.00	-	593.52	261.15	-	185.40	-	446.55	146.97	251.37
Total Intangible Assets	1,211.31	744.20	-	1,955.51	904.35	-	248.63	-	1,152.98	802.53	306.96
Capital Work in Progress										310.11	273.18
Total Assets	1,67,750.48	9,122.93	2,017.09	1,74,856.32	1,29,456.07	1,746.70	9,650.31	85.96	1,37,445.64	37,720.79	38,567.59
Previous Year	1,66,102.06	5,117.79	3,469.37	1,67,750.48	1,22,443.01	3,238.16	10,251.22	-	1,29,456.07	38,567.59	

* Represents amounts written down against opening surplus to reduce assets to their residual values where useful life as per Schedule II of the Companies Act, 2013 has expired as on 1st April 2014.
(Refer note no. 24.28)

NOTES FORMING PART OF FINANCIAL STATEMENTS

					(₹ in Lakhs)
Face value		31.03.2015 Nos.	31.03.2014 Nos.	31.03.2015 Amount	31.03.2014 Amount
11	NON-CURRENT INVESTMENTS				
Investments in Equity Instruments (At Cost)					
Non Trade- Quoted-Fully paid up					
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 Ltd	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	26,916	26,916	137.91	137.91
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
Non Trade- Unquoted -Fully paid up					
Pugoda Textiles Lanka Ltd, Sri Lanka (Shares vested with Govt. of Sri Lanka for compensation)	10	67,50,000	67,50,000	483.83	483.83
Sharada Chambers Premises Co-op Society Ltd	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
Trade - Investment in Subsidiaries -Fully paid up					
LMW Textile Machinery (Suzhou) Company Ltd		-	-	6,513.67	6,513.67
				12,882.93	12,882.93
Aggregate Value of quoted investments					
Cost				5,885.30	5,885.30
Market value				6,388.81	5,658.17
Aggregate amount of unquoted investments				6,997.64	6,997.64

			(₹ in Lakhs)
Particulars		As at 31st March, 2015	As at 31st March, 2014
12	LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good)			
Capital Advances		1,126.49	811.46
Loans and advances to related parties:			
Lakshmi Ring Travellers (CBE) Limited		-	250.00
Other advances		10.21	42.30
Security Deposits		971.18	711.53
Advance taxes (Net of Provisions therefor)		255.79	464.84
TOTAL		2,363.67	2,280.13

13	INVENTORIES (AT LOWER OF COST OR NET REALISABLE VALUE)	
Raw materials	16,152.30	16,335.60
Work-in-progress	8,612.88	8,414.92
Finished goods	2,621.33	1,888.64
Stores and spares	1,479.36	1,423.53
TOTAL	28,865.87	28,062.69

NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	As at 31st March, 2015	(₹ in Lakhs) As at 31st March, 2014
14 TRADE RECEIVABLES		
(Unsecured, considered good)		
Outstanding for a period exceeding six months from the due date	1,463.33	1,300.00
Others	20,594.20	16,978.95
TOTAL	22,057.53	18,278.95

15 CASH AND BANK BALANCES

Cash and cash equivalents		
Balances with banks		
In Current Account	3,517.30	1,264.54
Cash on hand	12.24	12.44
Unpaid Dividend Account	75.83	98.26
Other Bank Balances		
Deposits held as margin money	52.43	0.73
Bank deposits with less than 12 months maturity	90,504.26	86,563.27
TOTAL	94,162.06	87,939.24

16 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	4,891.16	4,362.88
Balance with Central Excise, Sales Tax, Customs etc	8,872.90	4,611.52
Prepaid expenses	97.38	59.69
TOTAL	13,861.44	9,234.09

17 OTHER CURRENT ASSETS

Interest accrued on Bank Deposits	3,180.69	3,182.40
Income Receivable	1,117.40	1,834.45
TOTAL	4,298.09	5,016.85

NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	Year ended 31st March, 2015	(₹ in Lakhs) Year ended 31st March, 2014
18 REVENUE FROM OPERATIONS		
a) Gross Sale of products	2,49,895.67	2,34,933.71
Less: Excise Duty	18,637.89	18,415.56
b) Net Sale of products	2,31,257.78	2,16,518.15
c) Other operating revenues:		
Repair & Service Charges & Miscellaneous income	4,137.76	3,856.71
Sale of scrap	1,207.03	966.46
Export Incentives	1,879.49	2,820.98
	7,224.28	7,644.15
TOTAL (a+c)	2,57,119.95	2,42,577.86

19 OTHER INCOME

Interest Income	8,109.78	7,882.67
Dividend Income	80.25	61.06
Rental income	41.55	45.49
Foreign Exchange Gain (Net)	1,249.24	1,141.60
Profit on sale of assets	206.69	1,814.64
Sale of Wind Energy	626.93	120.95
Sale of Carbon Credit	5.87	24.63
Royalty income	312.97	338.35
Profit on sale of Investments	-	119.06
TOTAL	10,633.28	11,548.45

20 COST OF MATERIALS CONSUMED

Opening Stock	16,335.60	14,298.22
Add : Purchases	1,55,783.08	1,54,444.60
Less : Sales	8,355.20	10,244.24
Closing Stock	16,152.30	16,335.60
Cost of materials consumed	1,47,611.18	1,42,162.98

21 CHANGES IN INVENTORY OF FINISHED GOODS AND WIP AND STOCK IN TRADE

Opening Stock		
Finished Goods	1,888.64	2,109.99
Work in Progress	8,414.92	5,497.77
TOTAL	10,303.56	7,607.76
Closing Stock		
Finished Goods	2,621.33	1,888.64
Work in Progress	8,612.88	8,414.92
TOTAL	11,234.21	10,303.56
Stock (Increase) / Decrease	(930.65)	(2,695.80)

NOTES FORMING PART OF FINANCIAL STATEMENTS

		(₹ in Lakhs)
Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
22 EMPLOYEE BENEFITS EXPENSES		
Salaries and wages	19,063.05	18,389.31
Contribution to provident and other funds	1,539.37	2,167.25
Welfare expenses	2,170.93	2,134.99
TOTAL	22,773.35	22,691.55

23 OTHER EXPENSES		
Sales Commission to Agents	5,440.94	5,140.88
Consumption of stores and spare parts	7,780.14	7,247.35
Consumption of Packing Material	5,057.68	4,685.42
Power and fuel (Net of wind energy ₹3992.22 Lakhs; Previous period ₹4425.05 Lakhs)	4,023.86	4,145.43
Rent	72.47	75.58
Repairs to buildings	1,090.21	867.74
Repairs to machinery and others	3,803.41	3,437.25
Insurance	71.67	120.47
Rates and taxes, excluding taxes on income	551.25	184.39
Auditors' remuneration	25.33	26.17
Loss on sale of assets	19.52	12.19
Donations	60.00	225.87
Directors Sitting fees	19.70	8.80
Non Executive Directors' Commission	39.59	30.00
CSR Expenses	430.71	-
Miscellaneous expenses (Refer Note 24.12)	11,712.36	10,159.29
TOTAL	40,198.84	36,366.83

		(₹ in Lakhs)
Particulars	As at 31st March, 2015	As at 31st March, 2014
24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS		
24.1 Contingent Liabilities and Commitments, to the extent not provided for		
Letters of Credit	1,406.53	2,722.62
Bank Guarantee	1,614.62	1,687.05
Central Excise Demand	1,755.48	472.63
Income Tax Demand	1,471.71	653.26
(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 not provided for	1,301.56	436.60

NOTES FORMING PART OF FINANCIAL STATEMENTS

		(₹ in Lakhs)
Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd.)		
24.2 Details of Gross & Net Sale of Products		
Textile Machinery	1,93,145.24	1,86,357.94
Metal cutting including Grinding machines	22,930.50	18,131.41
Castings	5,841.23	7,056.59
Aerospace parts and Components	1,129.07	473.40
Spares & Accessories	26,849.63	22,914.37
Gross Sales	2,49,895.67	2,34,933.71
Less : Excise Duty	18,637.89	18,415.56
Net Sales	2,31,257.78	2,16,518.15

24.3 i) Raw Material Consumed		
MACHINE SHOP		
a) Iron and Steel	21,325.04	20,703.92
b) Aluminium, Brass & Copper	5,566.54	5,127.82
c) Non metallic items etc	1,999.97	1,855.44
FOUNDRY		
a) Pig Iron	3,684.83	3,881.53
b) Cast Iron Borings & Scrap	5,144.90	4,384.63
c) Ferro Silicon	481.60	477.10
PILOT MILL		
a) Cotton	1,394.98	1,444.82
ii) Components Consumed		
a) Components Indigenous	85,597.64	77,911.36
b) Components Imported	22,415.68	26,376.36
TOTAL	1,47,611.18	1,42,162.98

		(₹ in Lakhs)
Particulars	As at 31st March, 2015	As at 31st March, 2014
24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd.)		
24.4 Stock of Finished Goods :		
Textile Machinery	1,352.90	1,476.89
Metal Cutting including Grinding Machines	1,252.39	396.03
Yarn	16.04	15.72
TOTAL	2,621.33	1,888.64
24.5 Stock of Work in Progress :		
Textile Machinery	4,542.71	4,046.95
Metal Cutting including Grinding Machines	3,136.86	3,668.28
Yarn	22.16	24.28
Castings	522.02	407.93
Aero Space-parts & components	389.13	267.48
TOTAL	8,612.88	8,414.92

NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd.)		
24.6 Value of Imports (CIF)		
i) Raw Materials	5,641.11	4,863.14
ii) Components & Spare-parts	18,651.25	22,264.62
iii) Capital goods	1,502.49	644.97
24.7 Expenditure in Foreign Currency on account of:		
i) Royalty	24.74	108.83
ii) Sales Commission	905.57	1,044.81
iii) Professional & Consultancy Fees	117.02	106.01
iv) Others	345.74	505.33

Particulars	Amount 31.3.2015	% to Total Consumption	Amount 31.03.2014	% to Total Consumption
24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd.)				
24.8 Material Consumption				
i) Raw materials Imported	5,275.88	3.57	5,096.89	3.58
ii) Spare Parts & Components Imported	22,415.68	15.19	26,383.07	18.56
iii) Raw materials Indigenous	32,926.99	22.31	31,333.55	22.04
iv) Raw material consumption - Pilot Mill	1,394.98	0.95	1,444.82	1.02
v) Spare Parts & Components Indigenous	85,597.65	57.98	77,904.65	54.80
TOTAL	1,47,611.18	100.00	1,42,162.98	100.00

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd.)		
24.9 Amount remitted during the year in foreign currencies on account of dividend	Nil	Nil
24.10 Earnings in Foreign Exchange:		
Export of goods on FOB basis	49,410.20	47,559.06
Technical Know how / Royalty income	312.97	338.35
24.11 Auditors' Remuneration :		
Audit Fees	20.00	20.00
Taxation Matters	1.80	1.60
Certification	2.59	3.99
Reimbursement of expenses	0.94	0.58
	25.33	26.17

NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd.)		
24.12 Details of Miscellaneous expenses :		
Printing & Stationery	205.58	173.15
Postage, Telegrams & Telephones	180.90	165.62
Travelling Expenses & Maintenance of Vehicles	1,429.71	1,494.31
Bank Charges, LC Commission etc.,	97.99	125.67
Legal & Professional Charges	493.82	614.07
Subscription to Associations & Periodicals	36.33	20.91
Research & Development	1,419.97	1,298.32
Miscellaneous Expenses	659.84	662.61
Sales Expenses	1,264.68	932.42
Security and Other Service expenses	1,484.53	1,341.67
Advertisement & Publicity	693.36	447.26
Export Expenses	3,720.91	2,774.45
Royalty	24.74	108.83
TOTAL	11,712.36	10,159.29
24.13 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, 2015 has been made in the financial statements based on information received and available with the Company.		
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	114.51	89.87
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
24.14 Provision for Excise duty amounting ₹289.48 Lakhs (Previous year ₹206.03 Lakhs) for the uncleared stock of finished goods has been reckoned in the value of Finished Goods.		
24.15 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.		
24.16 Details of dividend proposed:		
Amount of dividend proposed to be distributed to equity share holders	4,224.94	3,379.95
Amount of dividend per equity share (In ₹)	37.50	30.00
24.17 Amounts set aside to Reserves :		
To General Reserve	2,100.00	1,850.00
(From) / To Investment fluctuation Reserve	483.21	(1,556.75)
24.18 Finance Costs		
Interest under Income Tax Act	-	12.00
Bill collection charges	63.44	43.98
TOTAL	63.44	55.98

NOTES FORMING PART OF FINANCIAL STATEMENTS

24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd.)

24.19 Employee Benefits

						(₹ in Lakhs)
	Gratuity (Funded)			Leave Encashment (Funded)		
I. Defined Benefit Plans	31.03.2015	31.03.2014	31.03.2013	31.03.2015	31.03.2014	31.03.2013
A. Expense recognised during the year						
1. Current Service cost	373.68	375.33	291.72	127.27	116.16	246.58
2. Interest cost	560.54	465.72	390.22	49.68	49.91	24.41
3. Expected return on plan assets	(511.05)	(452.37)	(403.05)	(50.82)	(47.13)	(76.29)
4. Actuarial Losses / (Gains) during the year	527.54	710.89	(225.80)	33.96	(3.38)	(19.10)
5. Total Expense	950.71	1,099.56	53.09	160.09	115.56	176.60
B. Actual return on Plan assets						
1. Expected return on plan assets	511.05	452.37	403.05	50.82	47.13	76.29
2. Actuarial (Loss) / Gain on Plan assets	(323.48)	236.46	65.04	(178.37)	(228.49)	(5.67)
3. Actual return on plan assets	187.57	688.83	468.09	(127.55)	(181.37)	70.62
C. Net Asset/(Liability) recognised in the Balance Sheet						
1. Present value of the obligation at the end of the year	6,907.87	6,416.01	5,437.81	720.97	582.47	542.51
2. Fair value of plan assets as at the end of the year	6,516.30	6,208.93	5,729.09	629.71	542.97	512.82
3. Funded status surplus/(deficit)	(391.57)	(207.09)	291.28	(91.26)	(39.49)	(29.69)
4. Unrecognised past service cost	-	-	-	-	-	-
5. Net Asset/(Liability) recognised in the Balance Sheet	(391.57)	(207.09)	291.28	(91.26)	(39.49)	(29.69)
D. Change in Present value of the Obligation during the year						
1. Present value of the obligation at beginning of year	6,416.01	5,437.81	5,192.18	582.47	542.51	314.03
2. Current service cost	373.68	375.33	291.72	127.27	116.16	246.58
3. Interest cost	560.54	465.72	390.22	49.68	49.91	24.41
4. Benefits paid	(646.43)	(810.19)	(275.55)	105.97	105.76	(17.74)
5. Actuarial (gain)/loss on obligation	204.06	947.35	(160.76)	(144.41)	(231.88)	(24.77)
6. Present value of obligation at end of the year	6,907.87	6,416.01	5,437.81	720.97	582.47	542.51
E. Change in Plan Assets during the year						
1. Fair value of plan assets at the beginning of the year	6,208.93	5,729.09	5,188.61	542.97	512.82	459.94
2. Expected return on plan assets	511.05	452.37	403.05	50.82	47.13	76.29
3. Contributions made	766.23	601.19	347.94	108.32	105.76	-
4. Benefits paid	(646.43)	(810.19)	(275.55)	105.97	105.76	(17.74)
5. Actuarial gain / (loss) on plan assets	(323.48)	236.46	65.04	(178.37)	(228.49)	(5.67)
6. Fair value of plan assets at the end of the year	6,516.30	6,208.93	5,729.09	629.71	542.97	512.82
F. Net actuarial Gain / Loss recognised						
1. Actuarial (Gain) / Loss on Benefit Obligation	204.06	947.35	(160.76)	(144.41)	(231.88)	(24.77)
2. Actuarial Gain / (Loss) on Plan assets	(323.48)	236.46	65.04	(178.37)	(228.49)	(5.67)
3. Net Actuarial (Gain) / Loss recognised	527.54	710.89	(225.80)	33.96	(3.38)	(19.10)
G. Major categories of plan assets as a percentage of total plan						
1. Qualifying insurance policies	6,408.19	5,806.90	5,696.17	629.71	542.97	512.82
2. Own plan assets	108.11	402.03	32.92	-	-	-
	6,516.30	6,208.93	5,729.09	629.71	542.97	512.82

NOTES FORMING PART OF FINANCIAL STATEMENTS

24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd.)

24.19 Employee Benefits (Contd.)

						(₹ in Lakhs)
	Gratuity (Funded)			Leave Encashment (Funded)		
I. Defined Benefit Plans	31.03.2015	31.03.2014	31.03.2013	31.03.2015	31.03.2014	31.03.2013
H. Actuarial Assumptions						
1. Discount rate	7.82%	9.20%	8.05%	9.20%	9.20%	8.25%
2. Salary escalation	8.50%	8.50%	7.37%	8.50%	8.50%	7.37%
3. Expected rate of return on plan assets	8.00%	8.00%	8.05%	9.20%	9.20%	9.20%
4. Attrition rate	7.00%	7.00%	6.50%	7.00%	7.00%	6.50%
5. Mortality rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

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 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	31.03.2015	31.03.2014	31.03.2013
Provident Fund Contribution	1,029.46	943.27	800.25

24.20 Segment Report for the year ended 31st March 2015

								(₹ in Lakhs)
	Textile Machinery Division		Machine Tool & Foundry Division		Advanced Technology Centre		Total	
Primary - Business Segment	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Revenue								
External Sales (Net)	2,03,671.77	1,92,941.08	26,456.94	23,103.67	1,129.07	473.40	2,31,257.78	2,16,518.15
Inter Segment Transfers	1,210.06	1,093.76	100.90	207.16	-	-	1,310.96	1,300.92
Allocable other income	7,963.30	9,622.22	540.64	471.98	1,122.04	990.13	9,625.98	11,084.33
Segment Revenue	2,12,845.13	2,03,657.06	27,098.48	23,782.81	2,251.11	1,463.53	2,42,194.72	2,28,903.40
Less : Inter Segment Transfers							1,310.96	1,300.92
Add : Unallocable other Income							8,231.58	8,108.29
Enterprise revenue							2,49,115.34	2,35,710.77
Result								
Segment Result	20,454.40	19,257.53	2,094.62	1,187.91	(833.50)	(1,314.22)	21,715.52	19,131.22
Less : Unallocable Expenses							1,083.74	1,121.43
Operating Profit							20,631.78	18,009.79

NOTES FORMING PART OF FINANCIAL STATEMENTS

24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd.)

24.20 Segment Report for the year ended 31st March 2015 (Contd.)

								(₹ in Lakhs)
	Textile Machinery Division		Machine Tool & Foundry Division		Advanced Technology Centre		Total	
Primary - Business Segment	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Less : Interest Expenses							63.44	55.98
Income tax expenses (Current)							9,263.08	8,718.62
Income tax expenses (Deferred)							(1,208.25)	(1,025.76)
Add : Unallocable Other Income							8,231.58	8,108.29
Net Profit after Tax							20,745.09	18,369.24
Other Information								
Segment assets	1,73,146.42	1,62,629.90	28,924.60	25,838.27	1,002.65	446.53	2,03,073.67	1,88,914.70
Add : Unallocable corporate assets							14,111.75	13,347.77
Enterprise Assets							2,17,185.42	2,02,262.47
Segment Liabilities	79,741.30	82,530.16	5,965.42	4,936.96	270.88	132.90	85,977.60	87,600.02
Add : Unallocable corporate liabilities							1,31,207.82	1,14,662.45
Enterprise Liabilities							2,17,185.42	2,02,262.47
Capital Expenditure	8,658.99	4,454.38	272.92	488.41	191.02	175.00	9,122.93	5,117.79
Depreciation	8,103.59	8,728.83	669.06	591.03	877.66	931.36	9,650.31	10,251.22
SECONDARY - GEOGRAPHICAL SEGMENT								
(a) Revenue from external customers by location of customers								
Domestic Segment							1,81,847.58	1,68,959.09
Export Segment							49,410.20	47,559.06
Total Revenue							2,31,257.78	2,16,518.15
(b) Carrying amount of Segment Assets								
Within India	1,73,134.25	1,62,624.49	28,924.60	25,838.27	1,002.65	446.53	2,03,061.50	1,88,909.29
Outside India	12.17	5.40	-	-	-	-	12.17	5.40
Total	1,73,146.42	1,62,629.89	28,924.60	25,838.27	1,002.65	446.53	2,03,073.67	1,88,914.69
(c) Capital Expenditure								
Within India	8,658.99	4,454.38	272.92	488.41	191.02	175.00	9,122.93	5,117.79
Outside India	-	-	-	-	-	-	-	-
Total	8,658.99	4,454.38	272.92	488.41	191.02	175.00	9,122.93	5,117.79

Notes :

- The Company is organised into three main Business Segments viz.,(1) Textile Machinery Division (2) Machine Tool Division & Foundry Division and (3) Advanced Technology Centre for Aero Space-Parts & Components
- 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).
- Inter Segment transfers are accounted on cost plus basis vis-a-vis at competitive market price charged to Unaffiliated customers for similar goods.
- Segment Revenue,Results,Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

NOTES FORMING PART OF FINANCIAL STATEMENTS

24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd.)

24.21 Related Party Disclosures

1) Related Party Relationships

Key Management Personnel

Sri. Sanjay Jayavarthanavelu, Chairman and Managing Director

Sri. R. Rajendran, Director Finance

Wholly Owned Subsidiary :

LMW Textile Machinery (Suzhou) Co. Ltd

Other related parties-Associates

Alamphara Hotels and Resorts P Ltd

Dhanuprabha Agro P Ltd

Eshaan Enterprises Limited

Harshini Textiles Limited

Hermes Academy of Training Limited

Lakshmi Card Clothing Mfg. Co. P Ltd

Lakshmi Cargo Company Limited

LCC Cargo Holdings Limited

Lakshmi Caipo Industries Ltd

Lakshmi Energy & Environmental Designs Ltd

Lakshmi Electrical Drives Limited

Lakshmi Technology & Engg. Industries Ltd

Lakshmi Ring Travellers (CBE) Limited

Lakshmi Electrical Control Systems Limited

Lakshmi Precision Tools Limited

Venkatavaradha Agencies P Limited

Lakshmi Life Sciences Limited

Lakshmi Vignesh Corporate Services Ltd

Mahalakshmi Engineering Holdings Limited

Quattro Engineering India Limited

Rajalakshmi Engineering

Revantha Holdings Limited

Revantha Builders Ltd

Revantha Agro Farms P Ltd

Sowbarnika Enterprises Ltd

Sowbarniha Resorts Private Limited

Sri Kamakoti Kamakshi Textiles P Ltd

Sri Lakshmi Vishnu Plastics

Sudhasruti Agro P Ltd

Super Sales India Limited

Supreme Dairy Products India Ltd

Starline Travels Limited

Titan Paints & Chemicals Limited

The Lakshmi Mills Company Limited

Vedhika Eco Farms P Ltd

Walzer Hotels P Limited

Note : Related party relationships are as identified by the Management

2) Related Party Transactions

						(₹ in Lakhs)
	Other Related Parties Associates		Key Management Personnel		Wholly Owned Subsidiary	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Purchase of goods	28,708.19	23,516.03	-	-	-	-
Sale of goods	8,919.57	9,434.70	-	-	3,318.89	4,738.24
Purchase of Fixed Assets	204.15	1,536.64	-	-	-	-
Sale of Fixed Assets	106.15	1,964.31	-	-	147.88	-
Rendering of Services	60.51	89.79	-	-	312.97	338.35
Receiving of Services	10,573.80	9,416.20	-	-	-	-
Agency arrangements	1,333.54	1,262.25	-	-	-	-
Managerial Remuneration	-	-	939.12	830.60	-	-
Investment in Shares	-	-	-	-	-	2,563.86
Loans received back	450.00	200.00	-	-	-	-
Interest receipts	37.85	57.84	-	-	-	-
Outstanding Payables	2,498.57	2,447.61	608.79	506.13	-	-
Outstanding Receivables	457.67	2,245.89	-	-	2,711.85	2,997.75

NOTES FORMING PART OF FINANCIAL STATEMENTS

24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd.)

24.21 Related Party Disclosures (Contd.)

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

- 1 Purchase of Goods includes Lakshmi Electrical Control Systems Limited ₹16,427.73 Lakhs (Previous Year ₹14,544.07 Lakhs), Lakshmi Electrical Drives Limited ₹3,842.63 Lakhs (Previous Year ₹3,399.10 Lakhs); Super Sales India Limited ₹1,556.55 Lakhs (Previous Year ₹1,474.09 Lakhs) and Other Related Parties- Associates ₹6,881.28 Lakhs (Previous Year ₹4,098.77 Lakhs)
- 2 Sale of Goods includes LMW Textile Machinery (Suzhou) Co. Ltd ₹3,318.89 Lakhs (Previous Year ₹4,738.24 Lakhs), Lakshmi Electrical Control Systems Limited ₹7,199.53 Lakhs (Previous Year ₹7,831.52 Lakhs) , Super Sales India Ltd ₹1,273.23 Lakhs (Previous Year ₹606.62 Lakhs) and Other related Parties - Associates ₹446.81 Lakhs (Previous Year ₹996.56 Lakhs)
- 3 Purchase of Fixed Assets includes Quattro Engineering India Limited ₹148.99 Lakhs (Previous Year ₹68.95 Lakhs), Lakshmi Vignesh Corporate Services Ltd ₹42.68 Lakhs (Previous Year ₹ Nil Lakhs); Lakshmi Technology and Engineering Industries Ltd ₹ Nil Lakhs (Previous Year ₹1,467.69 Lakhs); Other Related Parties- Associates ₹12.48 Lakhs (Previous Year ₹ Nil Lakhs)
- 4 Sale of Fixed Assets includes LMW Textile Machinery (Suzhou) Co. Ltd ₹147.88 Lakhs (Previous Year ₹ Nil Lakhs);Super Sales India Ltd ₹21.78 Lakhs(Previous Year ₹23.81 Lakhs); Quattro Engineering P Ltd ₹55.10 Lakhs (Previous year ₹1,935.00 Lakhs); Lakshmi Ring Travellers (CBE) Ltd ₹22.00 Lakhs(Previous Year ₹ Nil Lakhs)and Other Related Parties-Associates ₹7.27 Lakhs (Previous Year ₹5.50lakhs)
- 5 Rendering of Services includes LMW Textile Machinery (Suzhou)Co. Ltd ₹312.97 Lakhs (Previous Year ₹338.35 Lakhs), Super Sales India Limited ₹16.25 Lakhs (Previous Year ₹27.50 Lakhs); Lakshmi Technology & Engineering Industries Ltd. ₹27.90 Lakhs (Previous year ₹30.10 Lakhs) and Others - Other Related Parties-Associates ₹16.36 Lakhs (Previous Year ₹32.19 Lakhs)
- 6 Receiving of Services include Lakshmi Ring Travellers (Cbe) Limited ₹635.94 Lakhs (Previous Year ₹624.38 Lakhs); Lakshmi Cargo Company Limited ₹5,881.11 Lakhs (Previous Year ₹5,568.08 Lakhs); Revantha Builders Ltd ₹1,238.22 Lakhs (Previous year ₹635.51 Lakhs); Super Sales India Limited ₹1,000.83 Lakhs (Previous Year ₹710.63 Lakhs) and Other Related Parties - Associates ₹1,817.70 Lakhs (Previous Year ₹1,877.60 Lakhs)
- 7 Agency arrangement includes Super Sales India Limited ₹1,333.54 Lakhs (Previous Year ₹1,262.25 Lakhs)
- 8 Managerial Remuneration includes amount paid to Sri. Sanjay Jayavarthanavelu ₹823.90 Lakhs (Previous Year ₹731.15 Lakhs). Sri.R.Rajendran ₹115.22 Lakhs (Previous year ₹99.45 Lakhs)
- 9 Investment in shares includes LMW Textile Machinery (Suzhou) Co. Limited ₹ Nil Lakhs (Previous Year ₹2,563.86 Lakhs)
- 10 Loan received back includes Lakshmi Ring Travellers (CBE) Ltd - ₹450 Lakhs (Previous Year ₹200.00 Lakhs);
- 11 Interest receipts include Lakshmi Ring Travellers (CBE) Limited ₹37.85 Lakhs (Previous year ₹57.84 Lakhs)
- 12 Outstanding Payables include Lakshmi Cargo Company Limited ₹334.30 Lakhs (Previous Year ₹428.44 Lakhs); Lakshmi Precision Tools Limited ₹298.09 Lakhs (Previous Year ₹125.75 Lakhs); Lakshmi Electrical Drives Limited ₹65.01 Lakhs (Previous Year ₹. 400.75 Lakhs); Lakshmi Electrical Control Systems Ltd ₹239.75 Lakhs (Previous year ₹ Nil Lakhs); Super Sales India Limited ₹1,229.31 Lakhs (Previous Year ₹1,333.47 Lakhs); Sri. Sanjay Jayavarthanavelu ₹608.79 Lakhs (Previous year ₹506.13 Lakhs) and Other Related Parties -Associates ₹332.11 Lakhs (Previous Year ₹159.20 Lakhs);
- 13 Outstanding Receivables include LMW Textile Machinery (Suzhou) Co. Ltd ₹2,711.85 Lakhs (Previous Year ₹2,997.75 Lakhs), Lakshmi Electrical Control Systems Limited ₹ Nil Lakhs (Previous Year ₹1,125.30 Lakhs); Lakshmi Technology and Engineering Industries Limited ₹194.83 Lakhs (Previous Year ₹. 167.30 Lakhs); Quattro Engg India Ltd. ₹171.79 Lakhs (Previous year ₹546.34 Lakhs) and Others - Other Related Parties - Associates ₹91.05 Lakhs (Previous Year ₹406.95 Lakhs)

24.22 Fixed Assets include:

	(₹ in Lakhs)			
	Gross Block	Depreciation for the year	Accumulated Depreciation	Net Block
Assets leased out as on 31.03.2015				
Buildings	328.42	7.35	183.46	144.96
Assets leased out as on 31.03.2014				
Buildings	358.42	8.57	195.62	162.80

Income from leased Buildings of ₹41.55 Lakhs- is grouped in Rent receipts (Previous Year ₹45.49 Lakhs)

NOTES FORMING PART OF FINANCIAL STATEMENTS

24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd.)

24.23 Earnings Per Share

	(₹ in Lakhs)	
	Year ended 31st March, 2015	Year ended 31st March, 2014
Net Profit after Tax [₹ in Lakhs]	20,745.09	18,369.24
Weighted Average Number of Equity Shares	1,12,66,504	1,12,66,504
Nominal Value per Equity Share [in ₹]	10.00	10.00
Basic & Diluted Earnings Per Share [in ₹]	184.13	163.04

24.24 Deferred tax (assets) / liabilities (Net)

	(₹ in Lakhs)		
	Year ended 31st March, 2014	For the year	Year ended 31st March, 2015
Deferred Tax Asset:			
On account of VRS	211.82	179.84	391.66
On account of Others	0.43	(0.13)	0.30
	212.25	179.71	391.96
Deferred Tax Liability:			
On account of Depreciation	476.68	(1,028.54)	(551.86)
	476.68	(1,028.54)	(551.86)
	264.43	(1,208.25)	(943.82)
On account of write down of assets to residual values as per Schedule II of Companies Act, 2013	-	29.22	29.22
Deferred tax (assets) / liabilities (Net)	264.43	(1,237.47)	(973.04)

- 24.25 (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)	
	Provision for Warranty	
	31.03.2015	31.03.2014
Carrying amount at the beginning of the year	432.10	311.83
Additional provision made during the year	462.52	432.10
Amount used during the year	432.10	311.83
Unused amount reversed	-	-
Carrying amount at the end of the year	462.52	432.10

NOTES FORMING PART OF FINANCIAL STATEMENTS

24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd.)

24.26 Revenue Expenditure on Research & Development amounting to ₹1,419.97 Lakhs (Previous Year ₹1,298.32 Lakhs) has been charged to Statement of Profit and Loss (included in Miscellaneous expenses) and Capital expenditure relating to Research and Development amounting to ₹294.71 Lakhs (Previous Year ₹350.38 Lakhs) has been included in Fixed Assets

24.27 (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	Currency	Amount in foreign currency		Equivalent ₹ in Lakhs	
		31.03.2015	31.03.2014	31.03.2015	31.03.2014
Sundry creditors	CHF	8,093	10,846	5.19	7.37
	EUR	10,88,823	8,87,032	729.14	733.83
	GBP	6,972	1,115	6.45	1.12
	JPY	3,04,27,940	2,15,21,630	158.10	125.45
	SGD	5,734	-	2.61	-
Sundry Debtors	USD	7,82,317	1,57,454	487.66	94.57
	USD	2,03,67,425	1,14,12,637	12,747.97	6,988.19
	EUR	2,05,696	3,57,177	138.87	299.14
	KES	57,557	49,568	0.39	0.34
	BDT	1,47,555	15,852	1.21	0.12
Bank Balances	IDR	10,98,86,266	2,93,141	5.29	0.02
	USD	700	8,192	0.44	4.92
	TRY	20,329	-	4.84	-

24.28 As per the requirement of the provisions of Schedule II of the Companies Act, 2013 the management has adopted the useful lives as per Part C of Schedule II of the Act, with effect from 1st April 2014 for all its fixed assets. Accordingly an additional depreciation for the year ending 31st March 2015 of ₹158.68 Lakhs has been recognised in the Statement of Profit and Loss. Pursuant to such adoption, in accordance with the transistional provisions under Schedule II of the Act, an amount of ₹56.75 Lakhs (net of deferred tax of ₹29.22 Lakhs) has been recognised in the opening retained earnings, pertaining to assets whose balance useful life as on 1st April 2014 was Nil.

24.29 Exceptional items represents compensation towards Voluntary Retirement Scheme opted by Employees ₹828.42 Lakhs (Previous year ₹815.91 Lakhs) and net loss of ₹120.52 Lakhs on stocks due to fire accident at Unit II, Kaniyur [Previous year ₹. Nil]

24.30 CSR expenditure during the year on construction/acquisition of an asset is ₹ Nil. CSR expenditure relating to gross amount required to be spent for the year and the actual amount spent by the Company during the year is furnished as Annexure 5 to the Board of Directors’ Report.

24.31 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 Subbachar & Srinivasan

Firm Registration No: 0040835

Chartered Accountants

per T.S.V.Rajagopal

Partner

Membership No: 200380

For M.S. Jagannathan & Visvanathan

Firm Registration No: 0012095

Chartered Accountants

per M.V. Jeganathan

Partner

M. No: 214178

Sanjay Jayavarthanavelu
Chairman and Managing Director

R. Rajendran
Director Finance

K.Duraisami
Company Secretary

Place : Coimbatore
Dated : 20th May, 2015

Financial Highlights

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Profit and Loss Account										
Sales	1,30,207	1,85,358	2,20,516	1,33,801	1,13,690	1,77,331	2,07,249	1,86,433	2,16,518	2,31,258
Other Income	4,253	8,814	8,755	9,062	8,214	11,009	12,547	13,152	19,193	17,858
Profit before tax	18,792	30,860	37,116	15,417	15,056	23,916	22,339	17,069	26,878	29,749
Profit after tax	14,807	20,620	24,230	10,693	10,468	16,598	13,702	11,748	18,369	20,745
Balance Sheet										
Fixed Assets	24,632	38,643	55,790	52,737	44,658	43,641	50,787	44,980	38,568	37,721
Investments	10,153	10,216	10,319	11,272	12,144	10,007	15,407	10,382	12,883	12,883
Net Current Assets	9,089	12,225	14,389	24,976	39,085	31,808	25,944	41,956	59,257	75,443
	43,874	61,084	80,498	88,985	95,887	85,456	92,138	97,318	1,10,708	1,26,047
Share Capital	1,237	1,237	1,237	1,237	1,237	1,127	1,127	1,127	1,127	1,127
Reserves and Surplus	42,637	56,795	74,513	83,036	91,341	81,569	88,724	94,901	1,09,317	1,24,920
Deferred Tax Liability	0	3,052	4,748	4,712	3,309	2,760	2,287	1,290	264	0
	43,874	61,084	80,498	88,985	95,887	85,456	92,138	97,318	1,10,708	1,26,047

Ratios

		2013-14	2014-15
Measures of Investment			
Dividend per share (₹)		30.00	37.50
EPS (₹)	Net Profit after tax / No. of Shares	163.04	184.13
Return on Equity (%)	Net Profit after tax / Shareholders' funds	16.63	16.46
Dividend Cover (Times)	Earnings per Share / Dividend per Share	5.43	4.91
Measures of Performance			
Net Profit Margin (%)	Profit before taxes / Sales	12.41	12.86
Assets Turnover (Times)	Sales / Net Fixed Assets	5.61	6.13
Measures of Financial status			
Current Ratio (Times)	Current Assets / Current Liabilities	2.15	2.10
Tax Ratio (%)	Tax Provision / Profit before taxes	29.52	27.08

Form AOC I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of wholly owned subsidiary

(Information containing salient features of the financial statement of wholly owned subsidiary)

Part A : Subsidiary

(Information in respect of each subsidiary to be presented with amounts in ₹)

[₹ in Lakhs]

1. Sl. No.	:	1
2. Name of the subsidiary	:	LMW Textile Machinery (Suzhou) Co. Limited
3. Reporting period for the subsidiary concerned, if different from the holding company’s reporting period	:	1st January 2014 to 31st December 2014 (1st April 2014 to 31st March 2015- For consolidation purpose)
4. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	:	RMB (Chinese Yuan); Closing Exchange rate as at 31st March 2014 - 1 RMB = ₹10.0663 (Previous year ₹9.6615)

	31.3.2015	31.3.2014
5. Share capital	6,513.17	6,513.67
6. Reserves & Surplus	2,366.22	838.31
7. Total assets	16,033.64	14,381.82
8. Total liabilities	16,033.64	14,381.82
9. Investments	0.00	0.00
10. Turnover	13,624.17	14,340.87
11. Profit before taxation	1,356.75	998.80
12. Provision for taxation	92.75	244.75
13. Profit after taxation	1,264.00	754.05
14. Proposed Dividend	0.00	0.00
15. % of shareholding	100%	100%
16. Names of subsidiaries which are yet to commence operations	Not applicable	Not applicable
17. Names of subsidiaries which have been liquidated or sold during the year	Not applicable	Not applicable

Part B : Associates and Joint ventures

Statement pursuant to section 129(3) of the Companies act, 2013 related to Associate Companies and Joint venture

NOT APPLICABLE

Name of associates/Joint ventures

1. Latest audited Balance Sheet Date
2. Shares of associate/Joint ventures held by the company on the year end
No.
Amount of investment in associates/joint venture
Extend of holding %
3. Description of how there is significant influence
4. Reason why the associate/joint venture is not consolidated
5. Net worth attributable to shareholding as per latest audited Balance Sheet
6. Profit/loss for the year
i) considered in consolidation
ii) not considered in consolidation
7. Names of associates or joint ventures which are yet to commence operations
8. Names of associates or joint ventures which have been liquidated or sold during the year

Sanjay JayavarthanaVelu
Chairman and Managing Director

R. Rajendran
Director Finance

K.Duraisami
Company Secretary

Place : Coimbatore
Dated : 20th May, 2015

In terms of our Report of even date

For Subbachar & Srinivasan
Firm Registration No: 0040835
Chartered Accountants

per T.S.V.Rajagopal
Partner

Membership No: 200380

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

per M.V. Jeganathan
Partner
M. No: 214178

Independent Auditor's Report

To the Members of
Lakshmi Machine Works Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of LAKSHMI MACHINE WORKS LIMITED (hereinafter referred to as "the Holding Company") and its subsidiary LMW TEXTILE MACHINERY (SUZHOU) COMPANY LIMITED (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31st March, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

(a) We did not audit the financial statements / financial information of one subsidiary, whose financial statements / financial information reflect total assets of ₹16,033.64 Lakhs as at 31st March, 2015, total revenues of ₹13,677.24 Lakhs and net cash flows amounting to ₹1,914.73 Lakhs for the year

ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹1264.00 Lakhs for the year ended 31st March, 2015 as considered in the consolidated financial statements, in respect of subsidiary whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the

purpose of preparation of the consolidated financial statements.

- In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company none of the directors of the Holding company is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act and in respect of the subsidiary company incorporated outside India in terms of Section 164(2) of the Act is not applicable.
- With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 24.2 to the consolidated financial statements.
 - The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

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

M.V. Jeganathan	T. S.V. Rajagopal
<i>Partner</i>	<i>Partner</i>
Membership No: 214178	Membership No: 200380

Coimbatore
20th May, 2015

Annexure to the Independent Auditors’ Report

The Annexure referred to in our Independent Auditors’ Report to the members of the Group on the Consolidated financial statements for the year ended 31st March 2015, we report that:

1. In respect of its Fixed Assets:

a. The Group has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b. The Group 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.

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.

(a) The Group has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013, during the financial year.

(b) In the case of the loan granted, in earlier financial years, to a body corporate listed in the register maintained under section 189 of the Act, the borrower has been regular in the repayment of principal and payment of the interest as stipulated.

(c) There are no overdue amounts of more than rupees one lakh in respect of the loan granted to the body corporate listed in the register maintained under section 189 of the Act.

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 Group 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. The Group has not accepted any deposits from the public and as such clause 3(v) of the Order is not applicable.

6. We have broadly reviewed the cost records maintained by the Holding company specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, as applicable to the Company, and are of the opinion that prima facie the specified 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.

7. According to the information and explanations given to us and on the basis of our examination of the records of the Company in respect of the statutory dues:

a. The Group is regular in depositing undisputed statutory dues including Provident Fund, Employees’ State insurance, Income tax, Sales Tax, Wealth tax, Service Tax, duty of customs, duty of excise, value added tax, 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 2015 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, Service Tax and Customs duty | 1,755.48 | Nil | Appellate authorities Upto:
Commissioner’s Level - ₹1,570.00 Lakhs
CESTAT - ₹164.14 Lakhs
High Court - ₹21.34 Lakhs |
| Income Tax Act, 1961 | Income tax and Interest | 1,471.71 | 329.14 | Commissioner of Income Tax (Appeals) - ₹1,361.65 Lakhs
ITAT - ₹110.06 Lakhs |
- c. According to the information and explanations given to us the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under have been transferred to such fund within time.

8. The Group 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.

9. The Group has no borrowings from financial institutions, banks and debenture holders and as such reporting under clause 3(ix) of the Order is not applicable to the Company.

10. According to the information and explanations given to us the Group has not given any guarantee for loans taken by others from banks or financial institutions.

11. No term loans were availed by the Group and hence clause 3(xi) of the Order is not applicable to the Company.

12. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Group was noticed or reported during the year that causes the financial statements to be materially misstated.

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

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

M.V. Jeganathan
Partner
Membership No: 214178
Coimbatore
20th May, 2015

[T. S.V. Rajagopal]
Partner
Membership No:200380
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CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2015			(₹ in Lakhs)
Particulars	Note No	As at 31st March, 2015	As at 31st March, 2014
EQUITY AND LIABILITIES			
Shareholders’ funds			
Share capital	3	1,126.65	1,126.65
Reserves and surplus	4	1,27,055.06	1,09,687.61
Non-current liabilities			
Deferred tax liabilities (Net)	5	-	264.43
Other Long term liabilities	6	13,447.91	22,317.31
Current liabilities			
Trade payables	7	33,642.38	31,504.45
Other current liabilities	8	42,443.70	37,292.87
Short-term provisions	9	6,030.49	4,633.05
TOTAL		2,23,746.19	2,06,826.37
ASSETS			
Non-current assets			
Fixed assets	10		
(i) Tangible assets		43,068.61	38,961.15
(ii) Intangible assets		802.53	306.96
(iii) Capital work-in-progress		624.13	3,552.04
		44,495.27	42,820.15
Non-current investments	11	6,369.26	6,369.26
Deferred Tax Asset (Net)	5	973.04	-
Long-term loans and advances	12	2,377.65	2,319.57
Current assets			
Inventories	13	32,528.88	33,480.10
Trade receivables	14	20,674.25	15,316.64
Cash and bank balances	15	97,519.04	91,347.99
Short-term loans and advances	16	14,510.71	10,155.81
Other current assets	17	4,298.09	5,016.85
TOTAL		2,23,746.19	2,06,826.37
Significant Accounting Policies	2		
Additional information to Consolidated financial statements	24		

Accompanying notes form part of the financial statements

In terms of our Report of even date

Sanjay Jayavarthanavelu
Chairman and Managing Director

R. Rajendran
Director Finance

K.Duraisami
Company Secretary

Place : Coimbatore
Dated : 20th May, 2015

For Subbachar & Srinivasan
Firm Registration No: 0040835
Chartered Accountants

per T.S.V.Rajagopal
Partner

Membership No: 200380

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

per M.V. Jeganathan
Partner

M. No: 214178

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015			(₹ in Lakhs)
Particulars	Note No	Year ended 31st March, 2015	Year ended 31st March, 2014
REVENUE			
Revenue from operations	18	2,67,455.18	2,52,200.36
Less : Excise duty		18,637.89	18,415.56
		2,48,817.29	2,33,784.80
Other income	19	10,032.08	11,055.93
Total Revenue		2,58,849.37	2,44,840.73
EXPENSES			
Cost of materials consumed	20	1,51,115.40	1,47,658.69
Changes in inventories of finished goods and work-in-progress and Stock-in-Trade	21	716.59	(3,138.33)
Employee benefits expense	22	24,129.96	23,930.49
Finance costs	24.7	63.44	55.98
Depreciation and amortisation expense		9,973.81	10,448.61
Other expenses	23	41,788.12	38,225.46
Total Expenses		2,27,787.32	2,17,180.90
Profit before exceptional items and tax		31,062.05	27,659.83
Exceptional items :	24.20		
Voluntary retirement scheme payments		828.42	815.91
Loss due to fire accident (Net of insurance claim)		120.52	-
Profit after exceptional items before tax		30,113.11	26,843.92
Tax expense:			
Current tax		9,911.82	9,039.45
Deferred tax (Net)		(1,208.25)	(1,025.76)
Prior year taxes		(556.00)	(76.10)
Profit after tax		21,965.54	18,906.33
Earnings per equity share:			
Basic and Diluted Earnings per share (In ₹)- Face value ₹10/- per share		194.96	167.81
Significant Accounting Policies	2		
Additional information to Consolidated financial statements	24		

Accompanying notes form part of the financial statements

In terms of our Report of even date

Sanjay Jayavarthanavelu
Chairman and Managing Director

R. Rajendran
Director Finance

K.Duraisami
Company Secretary

Place : Coimbatore
Dated : 20th May, 2015

For Subbachar & Srinivasan
Firm Registration No: 0040835
Chartered Accountants

per T.S.V.Rajagopal
Partner

Membership No: 200380

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

per M.V. Jeganathan
Partner

M. No: 214178

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015			(₹ in Lakhs)	
Particulars	Year ended 31st March, 2015		Year ended 31st March, 2014	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit after exceptional items before tax (VRS Expenses of ₹828.42 Lakhs (P.Y. ₹815.91 Lakhs); Loss due to fire accident ₹120.52 Lakhs, including CSR expenses of ₹430.71 Lakhs (P.Y Nil)		30,113.10		26,843.92
Adjustments for :				
Depreciation	9,973.81		10,448.61	
Finance cost	63.44		55.98	
Profit on sale of assets	(142.88)		(1,816.63)	
Loss on sale of assets	19.52		12.19	
Interest income	(8,143.15)		(7,947.60)	
Dividend income	(80.25)		(61.06)	
Profit on sale of Investments	-		(119.06)	
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents	(0.05)		(0.01)	
		1,690.44		572.42
Operating Profit before Working Capital Changes		31,803.54		27,416.34
(Increase)/Decrease in trade and other receivables	(9,262.58)		(4,444.39)	
(Increase)/Decrease in inventories	951.23		(6,413.02)	
Increase/(Decrease) in trade and other payables	(1,291.55)	(9,602.90)	7,515.53	(3,341.88)
Cash generated from operations		22,200.64		24,074.46
Direct taxes paid		9,138.95		8,982.69
Net Cash from Operating activities [A]		13,061.69		15,091.77
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets/Capital Work In Progress		(11,850.68)		(7,846.56)
Proceeds from sale of fixed assets		325.11		2,038.23
Capital reserve on investment in Wholly Owned Subsidiary		-		(0.08)
Interest received		8,144.86		7,270.37
Dividend received		80.25		61.06
Loans received back		450.00		344.00
Sale of Investments		-		182.49
(Increase)/Decrease in Bank balances not considered as cash and cash equivalent		(2,532.64)		(13,424.23)
Net cash used in investing activities [B]		(5,383.10)		(11,374.72)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015			(₹ in Lakhs)	
Particulars	Year ended 31st March, 2015		Year ended 31st March, 2014	
C. CASHFLOW FROM FINANCING ACTIVITIES				
Dividends paid		(3,375.18)		(2,289.94)
Corporate dividend taxes paid		(574.42)		(382.95)
Transfer of Unpaid Dividends/Debentures to IEPF		(27.20)		(17.40)
Finance cost		(63.44)		(43.98)
Net cash used in financing activities [C]		(4,040.24)		(2,734.27)
Net increase in cash and cash equivalents (A+B+C)		3,638.35		982.78
Cash and cash equivalents at beginning of the period - D		2,851.25		1,868.46
Cash and cash equivalents at end of the period - E		6,489.60		2,851.24
Net increase in cash and cash equivalents (E-D)		3,638.35		982.78
Cash & Cash equivalents as per Balance Sheet		6,489.65		2,851.25
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents		(0.05)		(0.01)
Cash and Cash equivalents as per Cashflow Statement		6,489.60		2,851.24
Note :				
Cash and cash equivalents include the following balances not available for use :				
Unpaid dividend warrant account		75.83		98.26

In terms of our Report of even date

For Subbachar & Srinivasan

Firm Registration No: 0040835

Chartered Accountants

per T.S.V.Rajagopal

Partner

Membership No: 200380

For M.S. Jagannathan & Visvanathan

Firm Registration No: 0012095

Chartered Accountants

per M.V. Jeganathan

Partner

M. No: 214178

Sanjay Jayavarthanavelu

Chairman and Managing Director

R. Rajendran

Director Finance

K.Duraisami

Company Secretary

Place : Coimbatore

Dated : 20th May, 2015

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

1CORPORATE 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.

LMW Textile Machinery (Suzhou)Company Limited, the Wholly owned subsidiary company manufactures Textile Spinning Machinery,Spares and Components.

2SIGNIFICANT ACCOUNTING POLICIES

- 2.1

Basis of preparation of Consolidated Financial Statements

The consolidated financial statements relate to Lakshmi Machine Works Limited and its wholly owned subsidiary. 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

a)

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.

b)

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.
- 2.3

Basis of preparation of Financial Statements

The financial statements are prepared under historical cost convention and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and accounting principles generally accepted in India and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of the Companies Act, 2013 to the extent notified and guidelines issued by the Securties and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.
- 2.4

Use of Estimates

The preparation of financial statements are 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 recognised in the period in which the results are known/ materialised.
- 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 recognised as expense or income in the Statement of Profit and Loss. Self constructed assets are capitalised 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 & Loss.
- 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 recognised 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 profit and loss account.

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

2SIGNIFICANT ACCOUNTING POLICIES (Contd.)

- 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. The useful lives of the fixed assets is adopted as specified in Schedule II of the Companies Act, 2013. For additions and deletions depreciation is provided on pro-rata basis. Intangible assets are amortised over their estimated useful lives on a straight line basis.
- 2.10

Recognition of Revenue

Income and Expenditure are recognised and accounted on accrual basis as and when they are earned or incurred. Revenue from sale transaction is recognised 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 are recognised 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 recognised 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 recognised 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.
- 2.14

Research and Development

Revenue expenditure incurred on Research and Development activities are expensed. Fixed assets relating to Research and Development are capitalised 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 recognised 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 recognised and carried forward subject to consideration of prudence only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.
- 2.16

Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognised 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 recognised 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 Statement and Cash and Cash equivalents

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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 organisational 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 cost plus 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 recognised 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.

2.20 Leases

Assets given on leases where substantial risks and rewards incidental 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 recognised as expense in the period in which they are incurred.

3 SHARE CAPITAL

	(₹ in Lakhs)			
	Numbers 31.03.2015	Numbers 31.03.2014	Amount 31.03.2015	Amount 31.03.2014
Number and amount of Equity shares authorised	5,00,00,000	5,00,00,000	5,000.00	5,000.00
Number of Equity shares issued, subscribed and fully paid up	1,12,66,504	1,12,66,504	1,126.65	1,126.65
			1,126.65	1,126.65
Par value per Equity share (In ₹)			10.00	10.00
11,02,746 equity shares of ₹10 each were bought back during the financial year 2010-11				
Reconciliation of number of shares				
Number of Equity shares at the beginning	1,12,66,504	1,12,66,504		
Number of Equity shares at the end	1,12,66,504	1,12,66,504		
Shareholders holding more than 5% Equity shares	31.03.2015		31.03.2014	
Lakshmi Cargo Company Limited	10,24,468	9.09%	10,24,218	9.09%
Life Insurance Corporation of India	10,23,669	9.09%	10,93,481	9.71%
Lakshmi Technology and Engineering Industries Ltd	6,67,090	5.92%	6,67,090	5.92%
Reliance Capital Trustee Co. Ltd	6,56,532	5.83%	4,49,245	3.99%
Voltas Limited	6,00,000	5.33%	6,00,000	5.33%

The Company has issued only one class of Equity share 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 FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	(₹ in Lakhs)	
Particulars	As at 31st March, 2015	As at 31st March, 2014
4 RESERVES AND SURPLUS		
Capital Reserves		
As per last Balance Sheet	701.49	701.40
Add : Additions during the year	-	0.09
	701.49	701.49
Capital Redemption Reserve		
As per last Balance Sheet	110.27	110.27
General Reserve		
As per last Balance Sheet	4,391.25	2,541.25
Add : Transfer from Statement of Profit & Loss	2,100.00	1,850.00
Closing balance	6,491.25	4,391.25
Investment Fluctuation Reserve		
As per last Balance Sheet	1,527.38	3,084.13
(Less)/Add: Transfer (to) / from Surplus	483.21	(1,556.75)
Closing balance	2,010.59	1,527.38
Foreign Currency Translation Reserve	736.67	192.87
Surplus		
As per last Balance Sheet	1,02,764.35	88,105.64
Add : Transfer from Statement of Profit & Loss	21,965.54	18,906.33
Add / (Less): Transfer from / (to) Investment Fluctuation Reserve	(483.21)	1,556.75
	1,24,246.68	1,08,568.72
Less: Write down of carrying amount of assets whose remaining useful lives is Nil as per Schedule II of Companies Act, 2013 [Net of deferred taxes] [Refer note no. 24.19]	56.75	-
	1,24,189.93	1,08,568.72
Less: Appropriations during the year		
Proposed Dividend	4,224.94	3,379.95
Tax on Proposed Dividend	860.20	574.42
Transfer to General Reserve	2,100.00	1,850.00
Closing balance	1,17,004.79	1,02,764.35
TOTAL	1,27,055.06	1,09,687.61

5 DEFERRED TAX (ASSETS) / LIABILITIES (NET)

Deferred Tax Asset:		
On account of VRS	(391.66)	(211.82)
On account of Others	(0.30)	(0.43)
	(391.96)	(212.25)
Deferred Tax Liability:		
On account of Depreciation	(581.08)	476.68
Deferred Tax Liabilities (Net)	(973.04)	264.43

6 OTHER LONG TERM LIABILITIES

Security deposit received against supply of machinery	13,447.91	22,317.31
TOTAL	13,447.91	22,317.31

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

		(₹ in Lakhs)
Particulars	As at 31st March, 2015	As at 31st March, 2014
7 TRADE PAYABLES		
Due to Micro, Small & Medium Enterprises	114.51	89.87
Others	33,527.87	31,414.58
TOTAL	33,642.38	31,504.45

8 OTHER CURRENT LIABILITIES		
Liability for Expenses	7,812.88	7,080.09
Security deposit received against supply of machinery	16,852.69	14,891.57
Liability for other Finance	17,702.30	15,222.95
Unpaid dividends	75.83	98.26
TOTAL	42,443.70	37,292.87

9 SHORT-TERM PROVISIONS		
Provision for Employee benefits :		
Provision for Gratuity	391.57	207.09
Provision for Leave Encashment	91.26	39.49
Others :		
Provision for Proposed Dividend	4,224.94	3,379.95
Tax on Proposed Dividend	860.20	574.42
Provision for Warranty	462.52	432.10
TOTAL	6,030.49	4,633.05

10 FIXED ASSETS											
	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK		
Particulars	Cost as at 01.04.2014	Additions	Sales/ Transfer	Cost as at 31.03.2015	Upto 31.03.2014	Withdrawn	For the year	Other Adjustments **	Upto 31.03.2015	As at 31.03.2015	As at 31.03.2014
A. Tangible Assets :											
Land *	3,312.78	2,431.06	7.91	5,735.93	13.25	-	11.32	-	24.57	5,711.36	3,299.53
Buildings	14,410.27	6,011.37	0.09	20,421.55	9,058.09	0.08	626.23	0.01	9,684.25	10,737.30	5,352.18
Plant & Equipment	1,41,241.66	4,894.30	915.13	1,45,220.83	1,12,518.75	804.57	8,438.60	0.10	1,20,152.88	25,067.95	28,722.91
Furniture & Fixtures	2,947.38	458.18	18.48	3,387.08	2,676.64	3.51	179.32	18.51	2,870.96	516.12	270.74
Vehicles	3,575.10	194.65	248.20	3,521.55	2,704.85	174.36	179.91	2.46	2,712.86	808.69	870.25
Office Equipments	2,598.94	130.80	450.71	2,279.03	2,153.40	456.24	289.80	64.88	2,051.84	227.19	445.54
Total Tangible Assets	1,68,086.13	14,120.36	1,640.52	1,80,565.97	1,29,124.98	1,438.76	9,725.18	85.96	1,37,497.36	43,068.61	38,961.15
B. Intangible Assets											
Technical Knowhow	698.79	663.20	-	1,361.99	643.20	-	63.23	-	706.43	655.56	55.59
Software	512.52	81.00	-	593.52	261.15	-	185.40	-	446.55	146.97	251.37
Total Intangible Assets	1,211.31	744.20	-	1,955.51	904.35	-	248.63	-	1,152.98	802.53	306.96
Capital Work in Progress										624.13	3,552.04
Total Assets	1,69,297.44	14,864.56	1,640.52	1,82,521.48	1,30,029.33	1,438.76	9,973.81	85.96	1,38,650.34	44,495.27	42,820.15
Previous Year	1,67,053.69	5,724.48	3,480.73	1,69,297.44	1,22,827.66	3,246.94	10,448.61	-	1,30,029.33	42,820.15	-

* Includes Lease hold land of ₹552.77 Lakhs in respect of subsidiary

** Represents amounts written down against opening surplus to reduce assets to their residual values where useful life as per Schedule II of the Companies Act, 2013 has expired as on 1st April 2014.

[Refer note no. 24.19]

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

					(₹ in Lakhs)	
		Face value	31.03.2015 Nos.	31.03.2014 Nos.	31.03.2015 Amount	31.03.2014 Amount
11	NON-CURRENT INVESTMENTS					
Investments in Equity Instruments (At Cost)						
Non Trade- Quoted-Fully paid up						
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 Ltd	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	26,916	26,916	137.91	137.91	
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	
Non Trade- Unquoted -Fully paid up						
Pugoda Textiles Lanka Ltd, Sri Lanka (Shares vested with Govt. of Sri Lanka for compensation)	10	67,50,000	67,50,000	483.83	483.83	
Sharada Chambers Premises Co-op Society Ltd	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	
				6,369.26	6,369.26	
Aggregate Value of quoted investments						
Cost				5,885.30	5,885.30	
Market value				6,388.81	5,658.17	
Aggregate amount of unquoted investments				483.97	483.97	

		(₹ in Lakhs)
Particulars	As at 31st March, 2015	As at 31st March, 2014
12 LONG-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Capital Advances	1,390.15	811.46
Loans and advances to related parties:		
Lakshmi Ring Travellers (CBE) Limited	-	250.00
Other advances	24.19	81.74
Security Deposits	707.52	711.53
Advance taxes (Net of Provisions therefor)	255.79	464.84
TOTAL	2,377.65	2,319.57

13 INVENTORIES (AT LOWER OF COST OR NET REALISABLE VALUE)		
Raw materials	18,515.30	18,805.76
Work-in-progress	8,897.41	9,962.16
Finished goods	3,636.81	3,288.65
Stores and spares	1,479.36	1,423.53
TOTAL	32,528.88	33,480.10

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31st March, 2015	(₹ in Lakhs) As at 31st March, 2014
14 TRADE RECEIVABLES		
(Unsecured, considered good)		
Outstanding for a period exceeding six months from the due date	1,463.33	1,300.00
Others	19,210.92	14,016.64
TOTAL	20,674.25	15,316.64

15 CASH AND BANK BALANCES

Cash and cash equivalents		
Balances with banks		
In Current Account	6,400.66	2,738.88
Cash on hand	13.16	14.11
Unpaid Dividend Account	75.83	98.26
Other Bank Balances		
Deposits held as margin money	52.43	0.73
Bank deposits with less than 12 months maturity	90,504.26	86,563.27
Other Bank Deposits	472.70	1,932.74
TOTAL	97,519.04	91,347.99

16 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	5,514.53	5,059.51
Balance with Central Excise, Sales Tax, Customs etc	8,872.90	4,801.31
Prepaid expenses	123.28	94.99
TOTAL	14,510.71	10,155.81

17 OTHER CURRENT ASSETS

Interest accrued on Bank Deposits	3,180.69	3,182.40
Income Receivable	1,117.40	1,834.45
TOTAL	4,298.09	5,016.85

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Year ended 31st March, 2015	(₹ in Lakhs) Year ended 31st March, 2014
18 REVENUE FROM OPERATIONS		
a) Gross Sale of products	2,60,207.62	2,44,536.33
Less : Excise Duty	18,637.89	18,415.56
b) Net Sale of products	2,41,569.73	2,26,120.77
c) Other operating revenues		
Repair & Service Charges & Miscellaneous Income	4,148.86	3,870.74
Sale of scrap	1,219.21	972.31
Export Incentives	1,879.49	2,820.98
TOTAL (a+c)	2,67,455.18	2,52,200.36

19 OTHER INCOME

Interest Income	8,143.15	7,947.60
Dividend Income	80.25	61.06
Rental income	41.55	45.49
Foreign Exchange Gain (Net)	991.45	920.51
Profit on sale of assets	142.88	1,816.63
Sale of Wind Energy	626.93	120.95
Sale of Carbon credit	5.87	24.63
Profit on sale of Investments	-	119.06
TOTAL	10,032.08	11,055.93

20 COST OF MATERIALS CONSUMED

Opening Stock	18,805.76	16,290.31
Add : Purchases	1,59,180.14	1,60,418.38
Less : Sales	8,355.20	10,244.24
Closing Stock	18,515.30	18,805.76
Cost of materials consumed	1,51,115.40	1,47,658.69

21 CHANGES IN INVENTORY OF FINISHED GOODS AND WIP AND STOCK IN TRADE

Opening Stock		
Finished Goods	3,288.65	4,289.06
Work in Progress	9,962.16	5,823.42
TOTAL	13,250.81	10,112.48
Closing Stock		
Finished Goods	3,636.81	3,288.65
Work in Progress	8,897.41	9,962.16
TOTAL	12,534.22	13,250.81
Stock (Increase) / Decrease	716.59	(3,138.33)

22 EMPLOYEE BENEFITS EXPENSES

Salaries and wages	20,320.67	19,551.26
Contribution to provident and other funds	1,539.37	2,167.25
Welfare expenses	2,269.92	2,211.98
TOTAL	24,129.96	23,930.49

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	(₹ in Lakhs)	
	Year ended 31st March, 2015	Year ended 31st March, 2014
23 OTHER EXPENSES		
Sales Commission to Agents	5,472.56	5,298.41
Consumption of stores and spare parts	7,868.03	7,301.56
Consumption of Packing Material	5,234.34	4,913.64
Power and fuel (Net of wind energy ₹3,992.22 Lakhs; Previous period ₹4,425.05 Lakhs)	4,172.08	4,222.92
Rent	288.89	339.47
Repairs to buildings	1,097.97	876.91
Repairs to machinery and others	3,910.72	3,548.03
Insurance	84.47	131.73
Rates and taxes, excluding taxes on income	606.14	226.85
Auditors' remuneration	31.26	33.22
Loss on sale of assets	19.52	12.19
Donations	60.00	225.87
Directors Sitting fees	27.12	26.67
Non executive Directors' Commission	39.59	30.00
CSR Expenses	430.71	
Miscellaneous expenses (Refer Note 24.3)	12,444.72	11,037.99
TOTAL	41,788.12	38,225.46

24 ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

24.1 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
For 31.03.2015			
LMW Textile Machinery (Suzhou) Co. Ltd	China	100.00	31.03.2015
For 31.03.2014			
LMW Textile Machinery (Suzhou) Co. Ltd	China	100.00	31.03.2014

Name of the entity in the Parent	Net Assets i.e total assets minus total liabilities		Share in Profit or loss	
	As % of Consolidated Assets	Amount (₹)	As % of Consolidated Assets	Amount (₹)
Subsidiary- Indian	Nil	Nil	Nil	Nil
Subsidiary- Foreign				
LMW Textile Machinery (Suzhou) Co. Ltd	6.66%	88,79,89,114	5.29%	11,62,04,010
Minority Interests in subsidiary	Nil	Nil	Nil	Nil

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	(₹ in Lakhs)	
	Year ended 31st March, 2015	Year ended 31st March, 2014
24 ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)		
24.2 Contingent Liabilities and Commitments to the extent not provided for		
Letters of Credit	1,406.53	2,722.62
Bank Guarantees	1,614.62	1,687.05
Central Excise Demand	1,755.48	472.63
Income Tax Demand (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.)	1,471.71	653.26
Estimated amount of contracts remaining to be executed on capital account not provided for	1,352.18	436.60
24.3 Details of Miscellaneous expenses :		
Printing & Stationery	209.37	181.33
Postage, Telegrams & Telephones	214.15	198.09
Travelling Exps & Maint. of Vehicles	1,663.60	1,685.59
Bank Charges, LC Commission etc.,	114.48	136.18
Legal & Professional Charges	527.38	685.72
Subscription to Associations & Periodicals	36.33	20.91
Research & Development	1,439.10	1,306.32
Miscellaneous Expenses	703.94	690.83
Sales Expenses	1,555.17	1,420.60
Security and Other Service expenses	1,514.26	1,364.69
Advertisement & Publicity	721.28	464.46
Export Expenses	3,720.92	2,774.44
Royalty	24.74	108.83
TOTAL	12,444.72	11,037.99
24.4 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.		
24.5 Details of dividend proposed:		
Amount of dividend proposed to be distributed to equity share holders	4,224.94	3,379.95
Amount of dividend per equity share (In ₹)	37.50	30.00
24.6 Amounts set aside to Reserves :		
To General Reserve	2,100.00	1,850.00
(From)/ To Investment fluctuation Reserve	483.21	(1,556.75)
24.7 Finance Costs:		
Interest under Income Tax Act	-	12.00
Bill collection charges	63.44	43.98
TOTAL	63.44	55.98

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

24 ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

24.8 Employee Benefits

						(₹ in Lakhs)
	Gratuity (Funded)			Leave Encashment (Funded)		
I. Defined Benefit Plans	31.03.2015	31.03.2014	31.03.2013	31.03.2015	31.03.2014	31.03.2013
A. Expense recognised during the year						
1. Current Service cost	373.68	375.33	291.72	127.27	116.16	246.58
2. Interest cost	560.54	465.72	390.22	49.68	49.91	24.41
3. Expected return on plan assets	(511.05)	(452.37)	(403.05)	(50.82)	(47.13)	(76.29)
4. Actuarial Losses / (Gains) during the year	527.54	710.89	(225.80)	33.96	(3.38)	(19.10)
5. Total Expense	950.71	1,099.56	53.09	160.09	115.56	176.60
B. Actual return on Plan assets						
1. Expected return on plan assets	511.05	452.37	403.05	50.82	47.13	76.29
2. Actuarial (Loss) / Gain on Plan assets	(323.48)	236.46	65.04	(178.37)	(228.49)	(5.67)
3. Actual return on plan assets	187.57	688.83	468.09	(127.55)	(181.37)	70.62
C. Net Asset/(Liability) recognised in the Balance Sheet						
1. Present value of the obligation at the end of the year	6,907.87	6,416.01	5,437.81	720.97	582.47	542.51
2. Fair value of plan assets as at the end of the year	6,516.30	6,208.93	5,729.09	629.71	542.97	512.82
3. Funded status surplus/(deficit)	(391.57)	(207.09)	291.28	(91.26)	(39.49)	(29.69)
4. Unrecognised past service cost	0.00	0.00	0.00	0.00	0.00	0.00
5. Net Asset/(Liability) recognised in the Balance Sheet	(391.57)	(207.09)	291.28	(91.26)	(39.49)	(29.69)
D. Change in Present value of the Obligation during the year						
1. Present value of the obligation at beginning of year	6,416.01	5,437.81	5,192.18	582.47	542.51	314.03
2. Current service cost	373.68	375.33	291.72	127.27	116.16	246.58
3. Interest cost	560.54	465.72	390.22	49.68	49.91	24.41
4. Benefits paid	(646.43)	(810.19)	(275.55)	105.97	105.76	(17.74)
5. Actuarial (gain) / loss on obligation	204.06	947.35	(160.76)	(144.41)	(231.88)	(24.77)
6. Present value of obligation at end of the year	6,907.87	6,416.01	5,437.81	720.97	582.47	542.51
E. Change in Plan Assets during the year						
1. Fair value of plan assets at the beginning of the year	6,208.93	5,729.09	5,188.61	542.97	512.82	459.94
2. Expected return on plan assets	511.05	452.37	403.05	50.82	47.13	76.29
3. Contributions made	766.23	601.19	347.94	108.32	105.76	0.00
4. Benefits paid	(646.43)	(810.19)	(275.55)	105.97	105.76	(17.74)
5. Actuarial gain / (loss) on plan assets	(323.48)	236.46	65.04	(178.37)	(228.49)	(5.67)
6. Fair value of plan assets at the end of the year	6,516.30	6,208.93	5,729.09	629.71	542.97	512.82
F. Net actuarial Gain / Loss recognised						
1. Actuarial (Gain) / Loss on Benefit Obligation	204.06	947.35	(160.76)	(144.41)	(231.88)	(24.77)
2. Actuarial Gain / (Loss) on Plan assets	(323.48)	236.46	65.04	(178.37)	(228.49)	(5.67)
3. Net Actuarial (Gain) / Loss recognised	527.54	710.89	(225.80)	33.96	(3.38)	(19.10)
G. Major categories of plan assets as a percentage of total plan						
1. Qualifying insurance policies	6,408.19	5,806.90	5,696.17	629.71	542.97	512.82
2. Own plan assets	108.11	402.03	32.92	0.00	0.00	0.00
	6,516.30	6,208.93	5,729.09	629.71	542.97	512.82

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

24 ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

24.8 Employee Benefits (Contd.)

						(₹ in Lakhs)
	Gratuity (Funded)			Leave Encashment (Funded)		
I. Defined Benefit Plans	31.03.2015	31.03.2014	31.03.2013	31.03.2015	31.03.2014	31.03.2013
H. Actuarial Assumptions						
1. Discount rate	7.82%	9.20%	8.05%	9.20%	9.20%	8.25%
2. Salary escalation	8.50%	8.50%	7.37%	8.50%	8.50%	7.37%
3. Expected rate of return on plan assets	8.00%	8.00%	8.05%	9.20%	9.20%	9.20%
4. Attrition rate	7.00%	7.00%	6.50%	7.00%	7.00%	6.50%
5. Mortality rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

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 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	31.03.2015	31.03.2014	31.03.2013
Provident Fund Contribution	1,029.46	943.27	800.25

24.9 Segment Report for the year ended 31st March 2015

								(₹ in Lakhs)
	Textile Machinery Division		Machine Tool & Foundry Division		Advanced Technology Centre		Total	
Primary - Business Segment	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Revenue								
External Sales (Net)	2,13,983.72	2,02,543.70	26,456.94	23,103.67	1,129.07	473.40	2,41,569.73	2,26,120.77
Inter Segment Transfers	1,210.06	1,093.76	100.90	207.16	-	-	1,310.96	1,300.92
Allocable other income	7,352.01	9,084.64	540.64	471.98	1,122.04	990.13	9,014.69	10,546.75
Segment Revenue	2,22,545.79	2,12,722.10	27,098.48	23,782.81	2,251.11	1,463.53	2,51,895.38	2,37,968.44
Less : Inter Segment Transfers							1,310.96	1,300.92
Add : Unallocable other Income							8,264.95	8,173.21
Enterprise revenue							2,58,849.37	2,44,840.73
Result								
Segment Result	21,747.57	19,999.35	2,094.62	1,187.91	(833.50)	(1,314.22)	23,008.69	19,873.04
Less :Unallocable Expenses							1,097.09	1,146.36
Operating Profit							21,911.60	18,726.68

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

24 ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

24.9 Segment Report for the year ended 31st March 2015 (Contd.)

							(₹ in Lakhs)	
	Textile Machinery Division		Machine Tool & Foundry Division		Advanced Technology Centre		Total	
Primary - Business Segment	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Less : Interest Expenses							63.44	55.98
Incometax expenses (Current)							9,355.82	8,963.34
Incometax expenses (Deferred)							(1,208.25)	(1,025.76)
Add : Unallocable Other Income							8,264.95	8,173.21
Net Profit after Tax							21,965.54	18,906.33
Other Information								
Segment assets	1,87,193.89	1,73,707.47	28,924.60	25,838.27	1,002.65	446.53	2,17,121.14	1,99,992.27
Add : Unallocable corporate assets							6,625.05	6,834.10
Enterprise Assets							2,23,746.19	2,06,826.37
Segment Liabilities	84,243.04	86,723.46	5,965.42	4,936.95	270.88	132.90	90,479.34	91,793.31
Add : Unallocable corporate liabilities							1,33,266.85	1,15,033.06
Enterprise Liabilities							2,23,746.19	2,06,826.37
Capital Expenditure	14,400.62	7,183.15	272.92	488.41	191.02	175.00	14,864.56	7,846.56
Depreciation	8,427.09	8,926.22	669.06	591.03	877.66	931.36	9,973.81	10,448.61
SECONDARY - GEOGRAPHICAL SEGMENT								
(a) Revenue from external customers by location of customers								
Domestic Segment							1,86,063.69	1,76,387.96
Export Segment							55,506.04	49,732.81
Total Revenue							2,41,569.73	2,26,120.77
(b) Carrying amount of Segment Assets								
Within India	1,71,252.10	1,59,626.75	28,924.60	25,838.28	1,002.65	446.53	2,01,179.35	1,85,911.56
Outside India	15,941.79	14,080.71	-	-	-	-	15,941.79	14,080.71
Total	1,87,193.89	1,73,707.46	28,924.60	25,838.28	1,002.65	446.53	2,17,121.14	1,99,992.27
(c) Capital Expenditure								
Within India	8,670.00	6,576.46	272.92	488.41	191.02	175.00	9,133.94	7,239.87
Outside India	5,730.62	606.69	-	-	-	-	5,730.62	606.69
Total	14,400.62	7,183.15	272.92	488.41	191.02	175.00	14,864.56	7,846.56

Notes :

- The Company is organised into three main Business Segments viz.,(1) Textile Machinery Division (2) Machine Tool Division & Foundry Division and (3) Advanced Technology Centre for Aero Space-Parts & Components
- The Secondary Geographical Segments considered for disclosure are Revenue from Customers located within India & China (Domestic Segment) and Revenue from customers located outside India & China (Export Segment).
- Inter Segment transfers are accounted on cost plus basis vis-a-vis at competitive market price charged to Unaffiliated customers for similar goods.
- Segment Revenue,Results,Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

24 ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

24.10 Related Party Disclosures

1) Related Party Relationships

Key Management Personnel

Sri. Sanjay Jayavarthanavelu, Chairman and Managing Director

Sri. R. Rajendran, Director Finance

Other related parties-Associates

Alamphara Hotels and Resorts P Ltd

Dhanuprabha Agro P Ltd

Eshaan Enterprises Limited

Harshini Textiles Limited

Hermes Academy of Training Limited

Lakshmi Card Clothing Mfg. Co. P Ltd

Lakshmi Cargo Company Limited

LCC Cargo Holdings Limited

Lakshmi Caipo Industries Ltd

Lakshmi Engg & Environment Designs Ltd

Lakshmi Electrical Drives Limited

Lakshmi Technology & Engg. Industries Ltd

Lakshmi Ring Travellers (CBE) Limited

Lakshmi Electrical Control Systems Limited

Lakshmi Precision Tools Limited

Lakshmi Life Sciences Limited

Lakshmi Vignesh Corporate Services Ltd

Mahalakshmi Engineering Holdings Limited

Quattro Engineering India Limited

Rajalakshmi Engineering

Revantha Holdings Limited

Revantha Builders Ltd

Revantha Agro Farms P Ltd

Sowbarnika Enterprises Ltd

Sowbarniha Resorts Private Limited

Sri Kamakoti Kamakshi Textiles P Ltd

Sri Lakshmi Vishnu Plastics

Sudhasruti Agro P Ltd

Super Sales India Limited

Supreme Dairy Products India Ltd

Starline Travels Limited

Titan Paints & Chemicals Limited

The Lakshmi Mills Company Limited

Venkatavaradha Agencies P Limited

Vedhika Eco Farms P Ltd

Walzer Hotels P Limited

Note : Related party relationships are as identified by the Management

2) Related Party Transactions

			(₹ in Lakhs)	
	Other Related Parties Associates		Key Management Personnel	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Purchase of goods	28,708.19	23,516.03	-	-
Sale of goods	8,919.57	9,434.70	-	-
Purchase of Fixed Assets	204.15	1,536.64	-	-
Sale of Fixed Assets	106.15	1,964.31	-	-
Rendering of Services	60.51	89.79	-	-
Receiving of Services	10,573.80	9,416.20	-	-
Agency arrangements	1,333.54	1,262.25	-	-
Managerial Remuneration	-	-	939.12	830.60
Loans received back	450.00	200.00	-	-
Interest receipts	37.85	57.84	-	-
Outstanding Payables	2,498.57	2,447.61	608.79	506.13
Outstanding Receivables	457.67	2,245.89	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

24 ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

24.10 Related Party Disclosures (Contd.)

Disclosure in respect of Material Related Party Transaction during the year

- 1 Purchase of Goods includes Lakshmi Electrical Control Systems Limited ₹16,427.73 Lakhs (Previous Year ₹14,544.07 Lakhs), Lakshmi Electrical Drives Limited ₹3,842.63 Lakhs (Previous Year ₹3,399.10 Lakhs); Super Sales India Limited ₹1,556.55 Lakhs (Previous year ₹1,474.09 Lakhs) and Other Related parties- Associates ₹6,881.28 Lakhs (Previous Year ₹4,098.77 Lakhs)
- 2 Sale of Goods includes Lakshmi Electrical Control Systems Limited ₹7,199.53 Lakhs (Previous Year ₹7,831.52 Lakhs) Super Sales India Ltd ₹1,273.23 Lakhs (Previous Year ₹606.62 Lakhs) and Other related Parties - Associates ₹446.81 Lakhs (Previous Year ₹996.56 Lakhs)
- 3 Purchase of Fixed Assets includes Quattro Engineering India Limited ₹148.99 Lakhs (Previous Year ₹68.95 Lakhs); Lakshmi Vignesh Corporate Services Ltd ₹42.68 Lakhs (Previous Year ₹ Nil Lakhs) ; Lakshmi Technology & Engg Industries Ltd ₹ Nil Lakhs (Previous Year ₹1,467.69 Lakhs) and Other related Parties - Associates ₹12.48 Lakhs (Previous Year ₹ Nil Lakhs)
- 4 Sale of Fixed Assets includes Super Sales India Ltd ₹21.78 Lakhs (Previous Year ₹23.81 Lakhs; Lakshmi Ring Travellers (CBE) Ltd ₹22 Lakhs (Previous year ₹ Nil Lakhs); Quattro Engineering P Ltd ₹55.10 Lakhs (Previous year ₹1,935.00 Lakhs); and Other Related Parties-Associates ₹7.27 Lakhs (Previous Year ₹5.50 Lakhs)
- 5 Rendering of Services includes Super Sales India Limited ₹16.25 Lakhs (Previous Year ₹27.50 Lakhs); Lakshmi Technology & Engineering Industries Ltd. ₹27.90 Lakhs (Previous year ₹30.10 Lakhs); Other Related Parties-Associates ₹16.36 Lakhs (Previous Year ₹32.19 Lakhs)
- 6 Receiving of Services include Lakshmi Ring Travellers (CBE) Limited ₹635.94 Lakhs (Previous Year ₹624.38 Lakhs); Lakshmi Cargo Company Limited ₹5,881.11 Lakhs (Previous Year ₹5,568.08 Lakhs); Revantha Builders Ltd ₹1,238.22 Lakhs (Previous year ₹635.51 Lakhs); Super Sales India Ltd ₹1,000.83 Lakhs (Previous Year ₹710.63 Lakhs) and Other Related Parties - Associates ₹1,817.70 Lakhs (Previous Year ₹1,877.60 Lakhs)
- 7 Agency arrangement includes Super Sales India Limited ₹1,333.54 Lakhs (Previous Year ₹1,262.25 Lakhs)
- 8 Managerial Remuneration includes amount paid to Sri. Sanjay Jayavarthanavelu ₹823.90 Lakhs (Previous Year ₹731.15 Lakhs). Sri.R.Rajendran ₹115.22 Lakhs (Previous year ₹99.45 Lakhs)
- 9 Loan received back includes Lakshmi Ring Travellers (CBE) Ltd ₹450.00 Lakhs (Previous Year ₹200.00 Lakhs);
- 10 Interest receipts include Lakshmi Ring Travellers (CBE) Limited ₹37.85 Lakhs (Previous year ₹57.84 Lakhs)
- 11 Outstanding Payables include Lakshmi Cargo Company Limited ₹334.30 Lakhs (Previous Year ₹428.44 Lakhs); Lakshmi Precision Tools Limited ₹298.09 Lakhs (Previous Year ₹125.75 Lakhs); Lakshmi Electrical Drives Ltd ₹65.01 Lakhs (Previous year ₹400.75 Lakhs); Lakshmi Electrical Control Systems Limited ₹239.75 Lakhs (Previous Year ₹ Nil Lakhs); Super Sales India Limited ₹1,229.31 Lakhs (Previous Year ₹1,333.47 Lakhs); Sri. Sanjay Jayavarthanavelu ₹608.79 Lakhs (Previous year ₹506.13 Lakhs) and Other Related Parties -Associates ₹332.11 Lakhs (Previous Year ₹159.20 Lakhs)
- 12 Outstanding Receivables include Lakshmi Electrical Control Systems Limited ₹ Nil Lakhs (Previous Year ₹1,125.30 Lakhs); Lakshmi Technology and Engineering Industries Limited ₹194.83 Lakhs (Previous Year ₹167.30 Lakhs); Quattro Engg India Ltd ₹171.79 Lakhs (Previous year ₹546.34 Lakhs) and Other Related Parties - Associates ₹91.05 Lakhs (Previous Year ₹406.95 Lakhs)

24.11 Fixed Assets include:

(₹ in Lakhs)				
	Gross Block	Depreciation for the year	Accumulated Depreciation	Net Block
Assets leased out as on 31.03.2015				
Buildings	328.42	7.35	183.46	144.96
Assets leased out as on 31.03.2014				
Buildings	358.42	8.57	195.62	162.80

Income from leased Buildings of ₹41.55 Lakhs is grouped in Rent receipts (Previous Year ₹45.49 Lakhs)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

24 ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

24.12 Earnings Per Share

		(₹ in Lakhs)
	Year ended 31st March, 2015	Year ended 31st March, 2014
Net Profit after Tax [₹ in Lakhs]	21,965.54	18,906.33
Weighted Average Number of Equity Shares	1,12,66,504	1,12,66,504
Nominal Value per Equity Share [in ₹]	10.00	10.00
Basic & Diluted Earnings Per Share [in ₹]	194.96	167.81

24.13 Deferred tax liabilities (Net)

			(₹ in Lakhs)
	Year ended 31st March, 2014	For the year	Year ended 31st March, 2015
Deferred Tax Asset:			
On account of VRS	211.82	179.84	391.66
On account of Others	0.43	(0.13)	0.30
	212.25	179.71	391.96
Deferred Tax Liability:			
On account of Depreciation	476.68	(1,028.54)	(551.86)
	476.68	(1,028.54)	(551.86)
	264.43	(1,208.25)	(943.83)
On account of write down of assets to residual values as per Schedule II of Companies Act, 2013	-	29.22	29.22
Deferred tax (assets) / liabilities (Net)	264.43	(1,237.47)	(973.04)

24.14 (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)
	Provision for Warranty	
	31.03.2015	31.03.2014
Carrying amount at the beginning of the year	432.10	311.83
Additional provision made during the year	462.52	432.10
Amount used during the year	432.10	311.83
Unused amount reversed during the year	0.00	0.00
Carrying amount at the end of the year	462.52	432.10

24.15 Revenue Expenditure on Research & Development amounting to ₹1,419.97lakhs (Previous Year ₹1,298.32 Lakhs) has been charged to Statement of Profit and Loss (included in Miscellaneous expenses) and Capital expenditure relating to Research and Development amounting to ₹294.71 Lakhs (Previous Year ₹350.38 Lakhs) has been included in Fixed Assets

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

24 ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

Particulars	Currency	Amount in foreign currency		Equivalent ₹ in Lakhs	
		31.03.2015	31.03.2014	31.03.2015	31.03.2014
Sundry creditors	CHF	8,093	10,846	5.19	7.37
	EUR	10,98,501	8,87,032	735.85	733.83
	GBP	6,972	1,115	6.45	1.12
	JPY	3,04,59,849	2,18,13,345	158.26	127.15
	SGD	5,734	-	2.61	-
	USD	5,57,738	3,08,095	347.46	185.03
Sundry Debtors	CNY	72,38,692	58,77,859	699.36	567.88
	USD	2,03,67,425	65,31,276	12,747.97	3,977.54
	EUR	2,05,696	3,57,177	138.87	299.14
Bank Balances	CNY	2,45,175	77,084	23.68	7.45
	KES	57,557	49,568	0.39	0.34
	BDT	1,47,555	15,852	1.21	0.12
	IDR	10,98,86,266	2,93,141	5.29	0.02
	USD	700	8,192	0.44	4.92
	TRY	20,329	-	4.84	-
	CNY	3,33,39,559	3,52,64,552	3,356.06	3,407.08

- 24.17 The Exchange rate adopted for conversion of subsidiary accounts is as follows :
The Exchange Rate as at 31st March 2015 : 1 CNY = 10.0663 INR(Previous Year 9.6615 INR)
Average exchange rate : 2014-15 1 CNY = 9.8992 INR (Previous Year 9.9254 INR)
- 24.18 Depreciation/ amortisation includes ₹11.32 Lakhs towards amortisation of leasehold land as per audited accounts of LMW Textile Machinery (Suzhou) Co. Limited.
- 24.19 As per the requirement of the provisions of Schedule II of the Companies Act, 2013 the management has adopted the useful lives as per Part C of Schedule II of the Act, with effect from 1st April 2014 for all its fixed assets. Accordingly an additional depreciation for the year ending 31st March 2015 of ₹244.65 Lakhs has been recognised in the Statement of Profit and Loss. Pursuant to such adoption, in accordance with the transitional provisions under Schedule II of the Act, an amount of ₹56.75 Lakhs (net of deferred tax of ₹29.22 Lakhs) has been recognised in the opening retained earnings,pertaining to assets whose balance useful life as on 1st April 2014 was Nil.
- 24.20 Exceptional items represents compensation towards Voluntary Retirement Scheme opted by Employees ₹828.42 Lakhs (Previous year ₹815.91 Lakhs) and net loss of ₹120.52 Lakhs on stocks due to fire accident at Unit II, Kaniyur [Previous year ₹ Nil]
- 24.21 CSR expenditure during the year on construction/acquisition of an asset is ₹ Nil. CSR expenditure relating to gross amount required to be spent for the year and the actual amount spent by the Company during the year is furnished as Annexure 5 to the Board of Directors’ Report.
- 24.22 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 Subbachar & Srinivasan
Firm Registration No: 0040835
Chartered Accountants

Sanjay Jayavarthanavelu
Chairman and Managing Director

R. Rajendran
Director Finance

K.Duraisami
Company Secretary

per T.S.V.Rajagopal
Partner
Membership No: 200380

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

per M.V. Jeganathan
Partner
M. No: 214178

Place : Coimbatore
Dated : 20th May, 2015

LAKSHMI MACHINE
WORKS LIMITED

Corporate Information

Board of Directors

Sri Sanjay Jayavarthanavelu, *Chairman and Managing Director*
Sri M.V. Subbiah, *Director*
Sri S. Pathy, *Director*
Sri Basavaraju, *Director*
Sri Aditya Himatsingka, *Director*
Dr Mukund Govind Rajan, *Director*
Sri V. Sathyakumar, *Nominee Director of LIC*
Justice Smt. Chitra Venkataraman (Retd.), *Director*
Sri R. Rajendran, *Director Finance*

Company Secretary

Sri K. Duraisami

Registered Office

Perianaickenpalayam, Coimbatore – 641 020
Tel : +91 422 2692371-72, 3022255
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

Statutory Auditors

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

M/s. Subbachar & Srinivasan,
Chartered Accountants, Coimbatore

Cost Auditor

Sri A.N. Raman, Practising Cost Accountant
Chennai

Secretarial Auditor

Sri M.D. Selvaraj, Practising Company Secretary
Coimbatore

Bankers

Indian Bank
Bank of Baroda
Indian Overseas Bank
Citibank N.A.
HDFC Bank
IDBI Bank
Standard Chartered Bank
HSBC Bank

Share Transfer Agents

SKDC Consultants Limited
Kanapathy Towers, 3rd Floor,
139/A-1, Sathy Road, Ganapathy,
Coimbatore – 641 006.
Tel : +91 422 6549995, 2539835-36
Fax : +91 422 2539837
E-Mail : info@skdc-consultants.com

NOTES



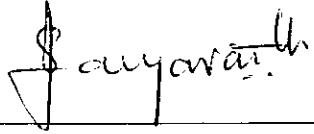

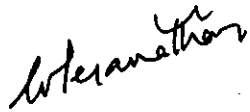
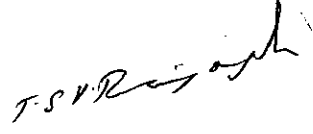

LAKSHMI MACHINE WORKS LIMITED

Perianaickenpalayam, Coimbatore-641 020

T: 2692371-72, 3022255, F: 2692541-42

E: regd.off@lmw.co.in | W: www.lakshmimach.com

**LMW®****LAKSHMI MACHINE WORKS LIMITED****FORM-A****FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT
TO BE FILED WITH THE STOCK EXCHANGES**

1	Name of the Company	Lakshmi Machine Works Limited
2	Annual Financial Statements for the year ended	31 st March, 2015
3	Type of audit observation	Un-qualified
4	Frequency of qualification	Does not arise
5	To be signed by :	
	Sri.Sanjay Jayavarthanavelu Chairman and Managing Director	
	Sri.R.Rajendran Director Finance	
	Statutory Auditors of the Company	
	a. Sri.M.V.Jeganathan Partner M/s.M.V.Jagannathan & Visvanathan Chartered Accountants Coimbatore (Membership No.214178)	
	b. Sri.T.S.V.Rajagopal Partner M/s.Subbachar & Srinivasan Chartered Accountants Coimbatore (Membership No.200380)	
	Audit Committee Chairman : Dr.Mukund Govind Rajan	

CORPORATE OFFICE : 34-A, Kamarajar Road, Coimbatore - 641 018,Phone : 2221680 to 682, 3028100 Fax : 0422-2220912 www.lakshmimach.com

REGISTERED OFFICE: Perianaickenpalayam, Coimbatore - 641 020, CIN-L29269TZ1962PLC000463