

Company Profile

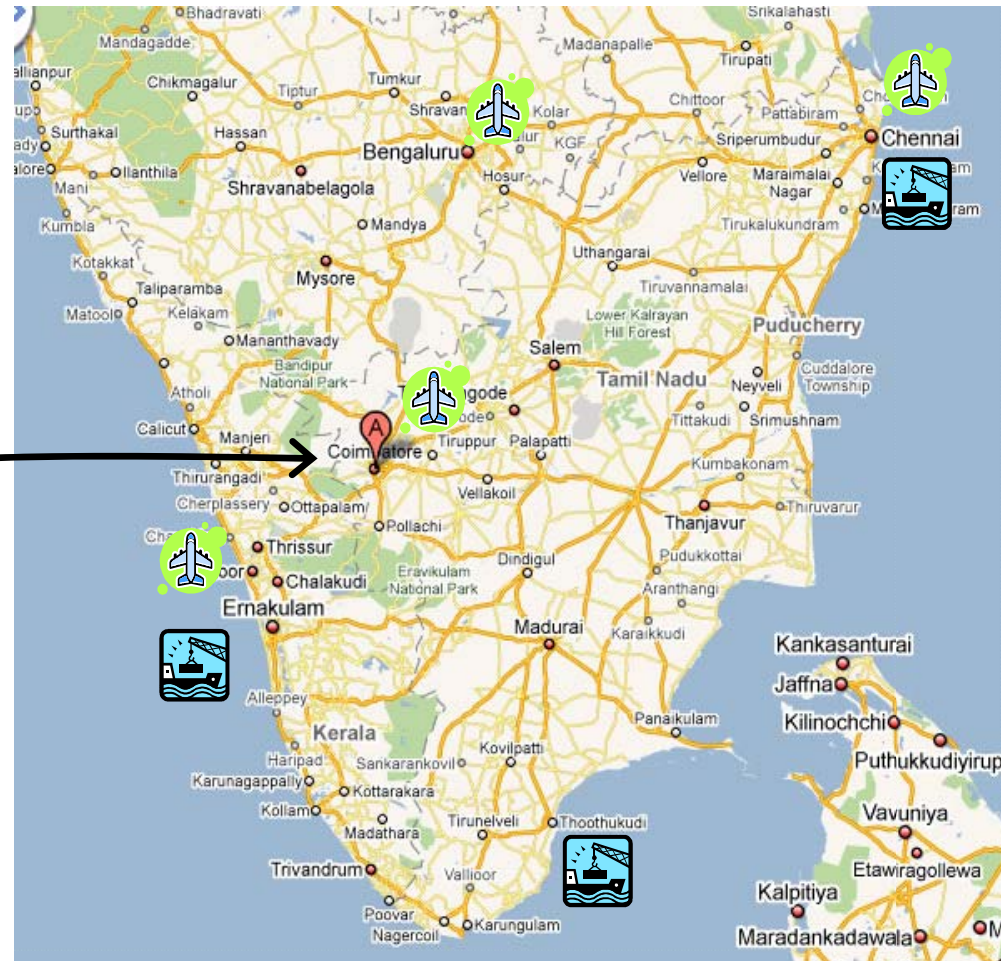
Lakshmi Machine Works Limited

May, 2012

Company Brief.....Location

LMW is headquartered in Coimbatore, South India...Coimbatore is a cosmopolitan city noted for its salubrious climate...

Coimbatore has an airport and is well connected by road to Chennai (Seaport), Bangalore and Kochi (Seaport).



Company Brief.....About Us

Lakshmi Machine Works Limited, (LMW) was founded in the year 1962 to manufacture Textile Machinery for the Indian Textile Spinning Industry. The first Unit was established at Perianaickenpalayam.



Today LMW has business interests in Textile Machinery, Machine Tools, Foundry Castings and Aerospace components. LMW employs about 3,500 permanent employees.

Company Overview.....Key Facts

- Established in the year 1962.
- The largest Indian Textile Machinery Manufacturer with a Global Brand Recognition.
- Manufactures complete range of Textile Spinning Machinery. Besides Textile Machinery, manufactures Machine Tools , Precision Castings and Aerospace components
- Dedicated Manufacturing facilities supported by a well established OSP infrastructure. Has built a Global Supply Chain Mechanism.
- Strong pro-R&D work culture. Has made a number of patent filings.
- Has been a debt free company since 2004-05.
- Listed on the National and Bombay Stock Exchange
- Believer in Technology, has enabled automation across the factory. Information systems within the company run on ERP.
- Adherence to strict corporate governance guidelines and is known for ethical business practices
- On the path of diversification into emerging Technologies/Industries
- Green Believer, has an installed capacity of 36.45 MW of renewable energy.

Vision, Mission & Value Statements

VISION

“To enhance customer satisfaction and our image globally and achieve exponential growth to leadership through world class products and service”.

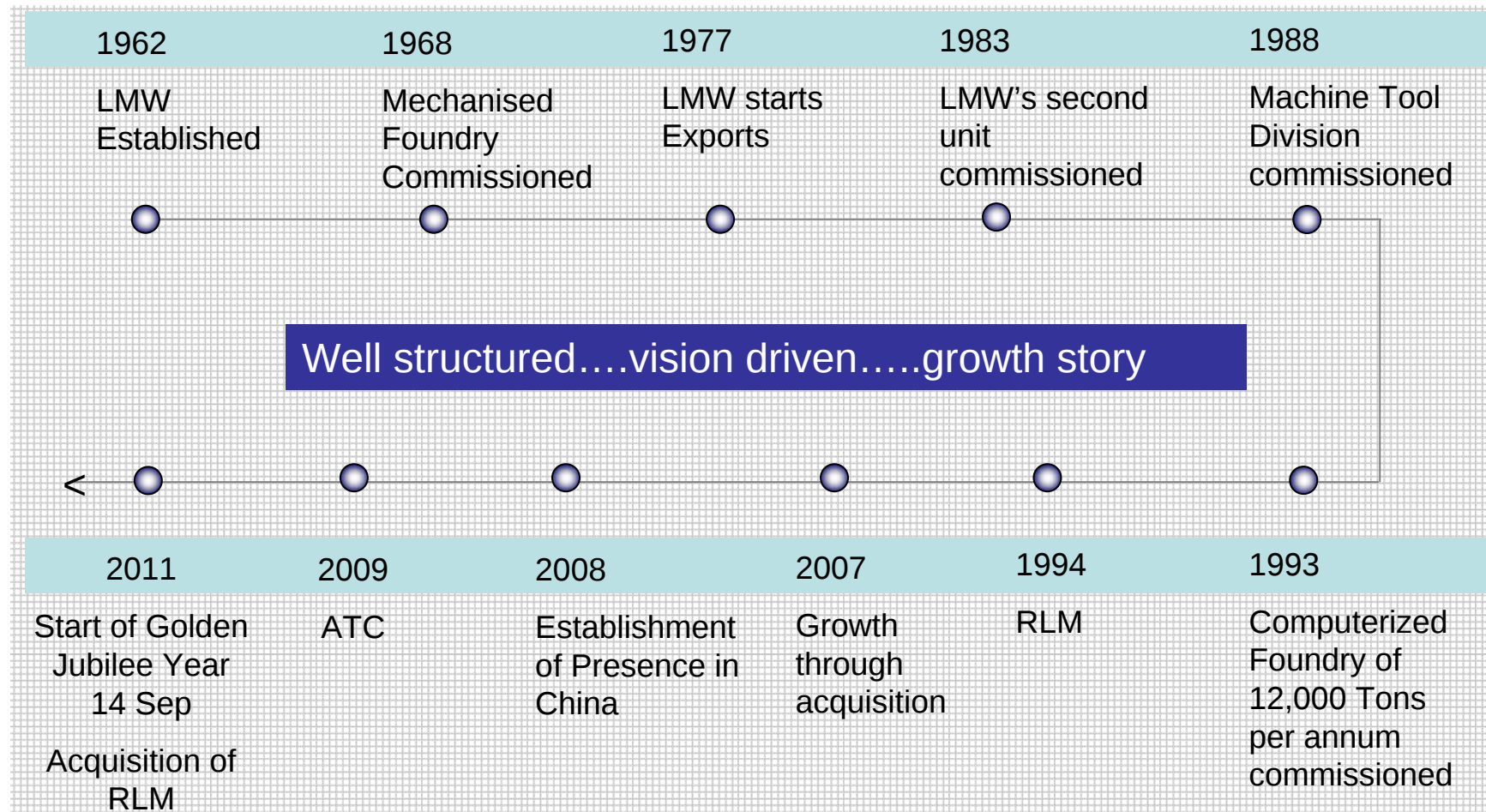
MISSION

“To deliver greater value to our customers by providing complete competitive solutions through technological leadership and manufacturing excellence that are responsive to dynamic market needs”.

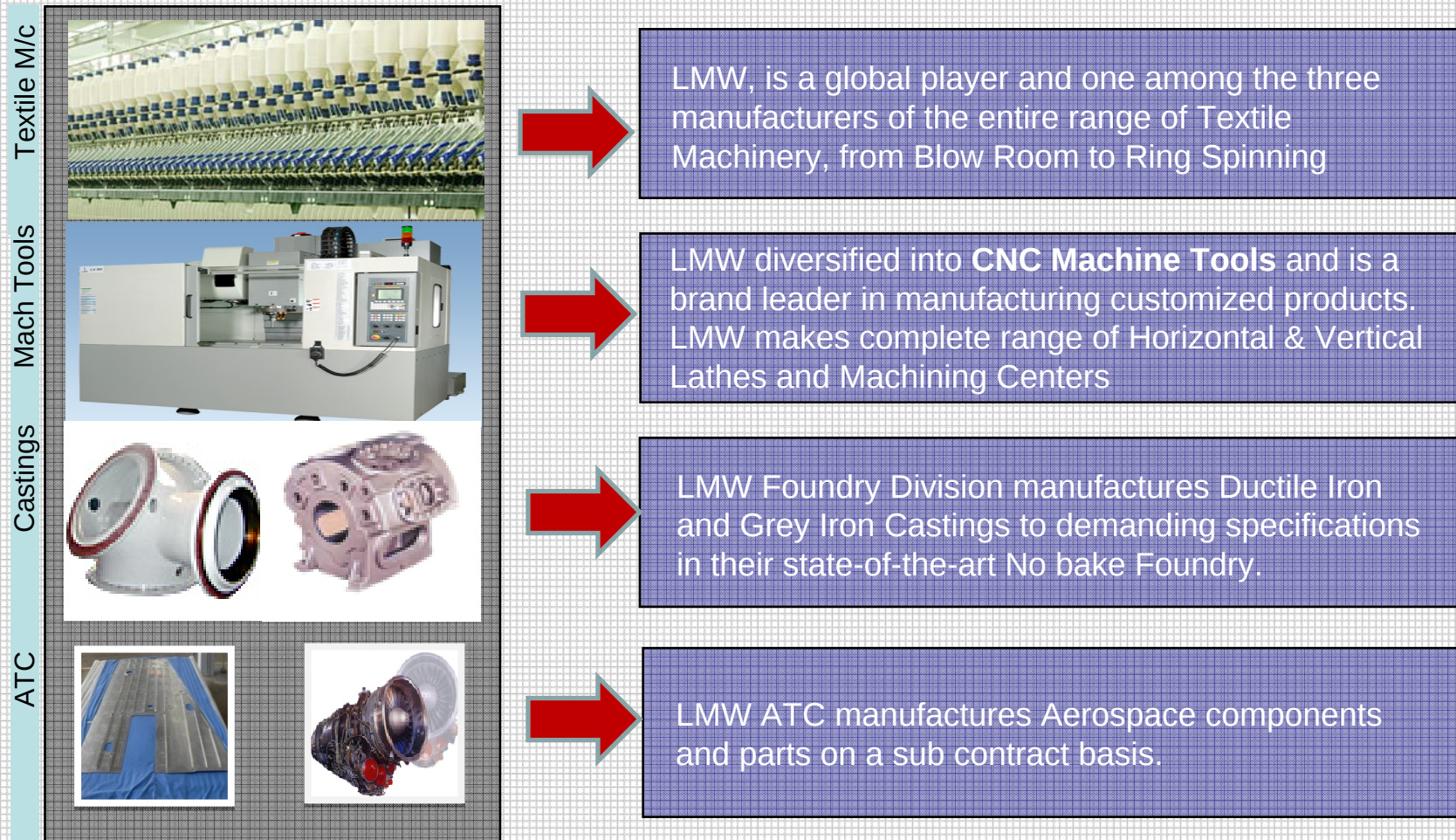
VALUES

- Excellence
 - Integrity
 - Learning & Sharing
 - Contribution to Industry & Society
-

Company Timeline



ProductsCategories



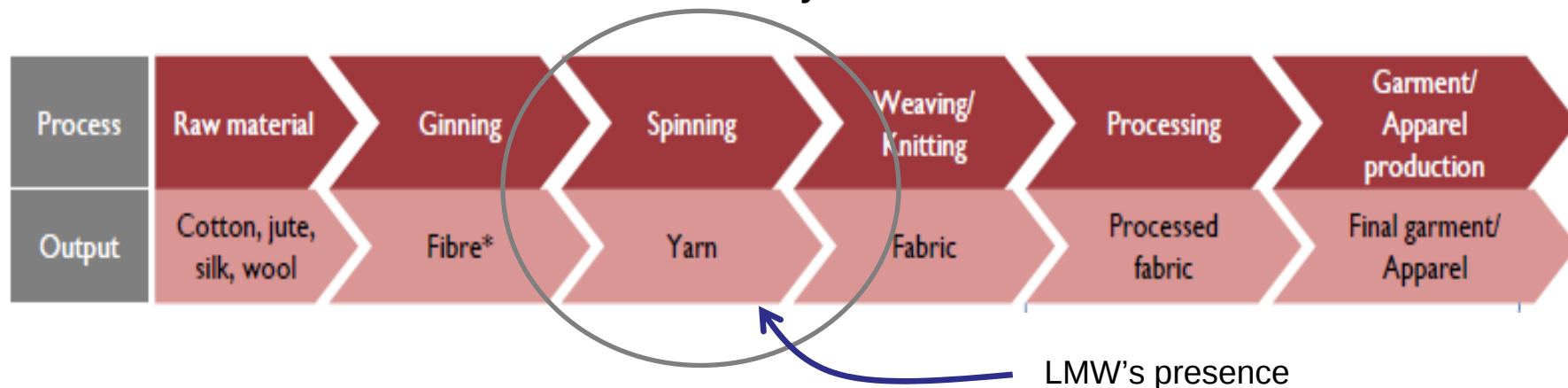


Textile Machinery Division

Textile Machinery Division

Where are we positioned in the Value Chain?

The Textile Value Chain – Fibre to Garment Cycle



Our Capabilities

- Capability to produce complete range of Spinning Machinery
- Modern plant capable of producing 4 Million Spindles per year
- Full scale in house R&D facilities
- Presence of complete Supply Chain Eco-system within plant vicinity
- Financial capability

Textile Machinery Division

LMW's Products cover the entire Textile Spinning Value Chain



Blowroom Lines



Cards



Draw Frames



Combers



Speed Frames

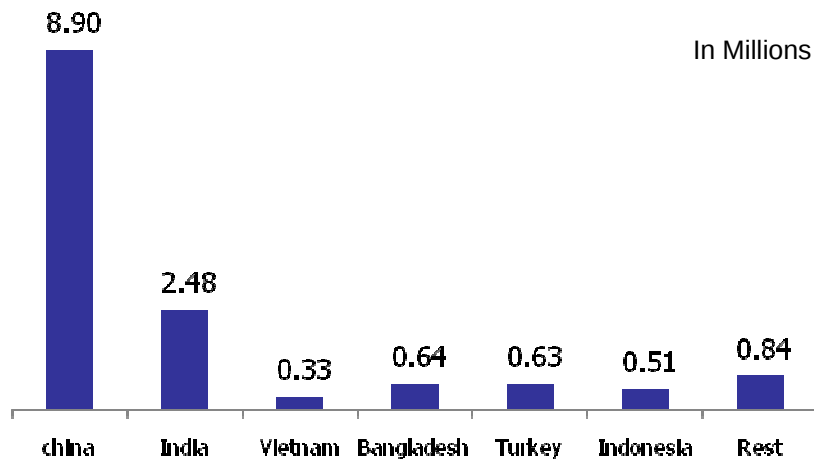


Ring Frames

Textile Machinery Division

Installed Spindles Global and Indian Scenario

ITMF Spindle Shipment Statistics for 2011

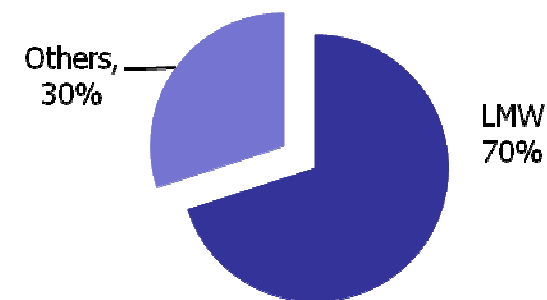


World - Continents	Installed Spindleage In 2011	%
Africa	5.60	2.20%
America, North	5.70	2.20%
America, South	9.60	3.70%
Asia & Oceania	223.00	86.70%
Europe, East	3.70	1.40%
Europe, West	3.30	1.30%
Europe, Others	6.60	2.50%
TOTAL	257.30	

Asia & Oceania includes China -128.90 mil & India – 47.84 mil)

India - States	Installed Spindleage (2011) (in Millions)	%
Tamil Nadu	22.20	46.05%
Maharashtra	4.60	9.54%
Andhra Pradesh	4.20	8.71%
Punjab	3.10	6.43%
Gujarat	2.60	5.39%
Uttar Pradesh	2.00	4.14%
Madhya Pradesh	2.00	4.14%
Rest of India	10.50	15.60%
TOTAL	48.20	100.00%

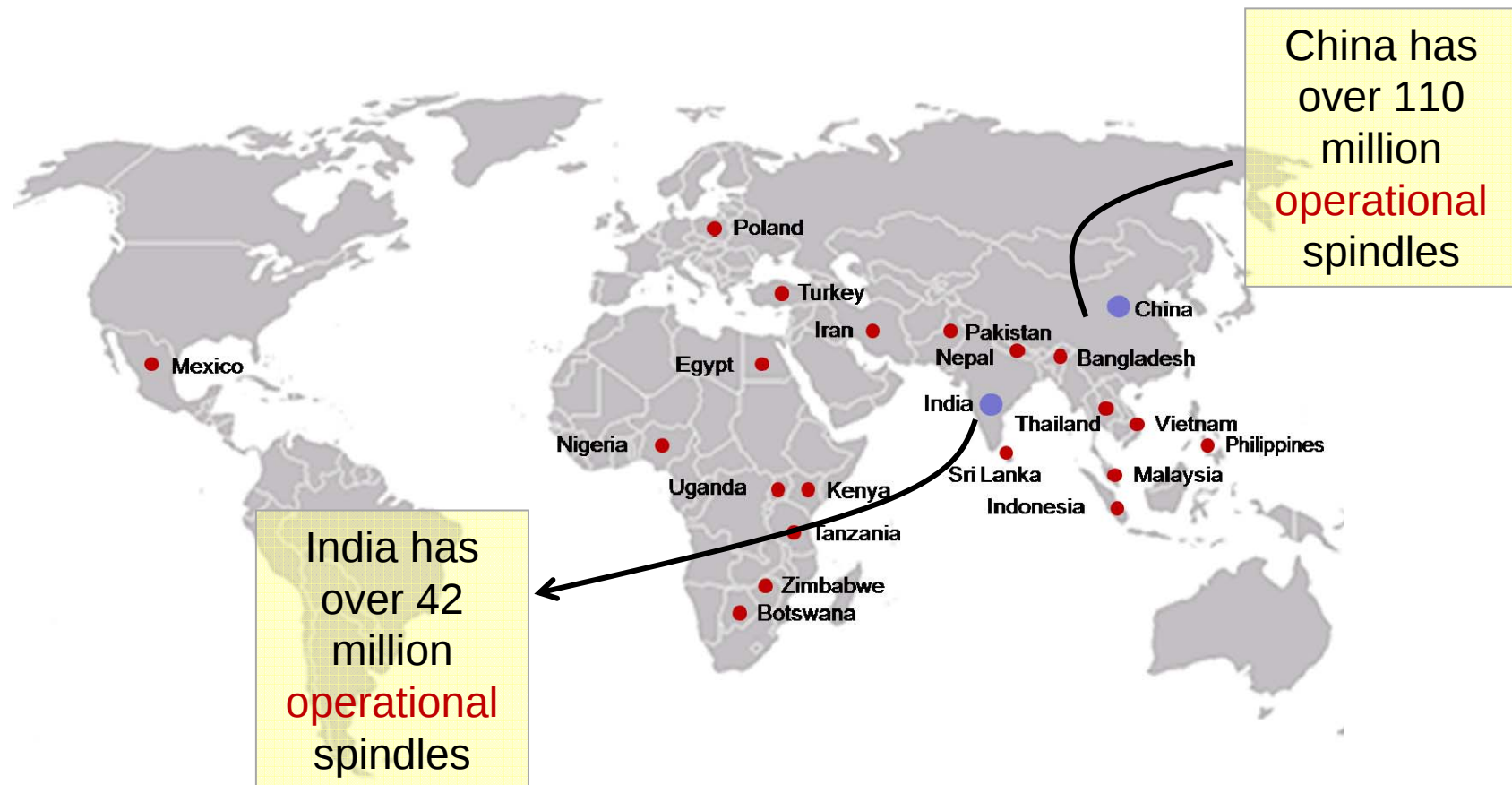
India: LMW's share within installed spindleage



Source: TCXIndia.com, ITMF

Textile Machinery Division

LMW is well positioned to reach end-users



Own Manufacturing Plants



Presence through Selling Agents

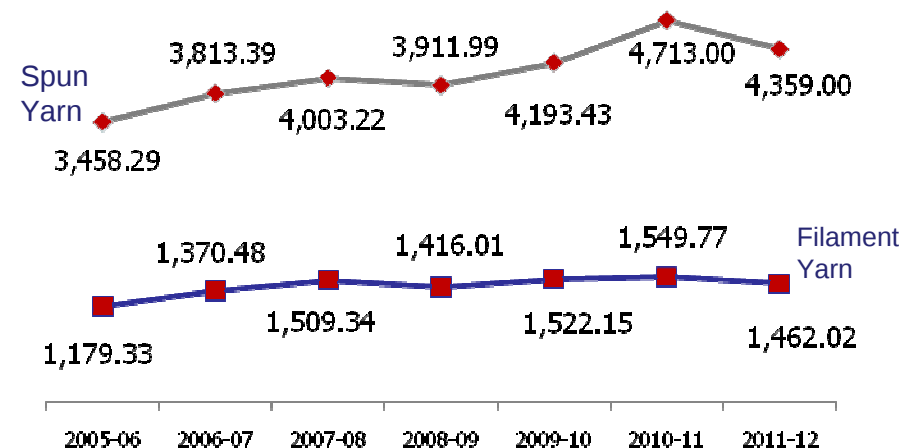
Textile Machinery Division

Drivers of Demand for Textile Machinery in India

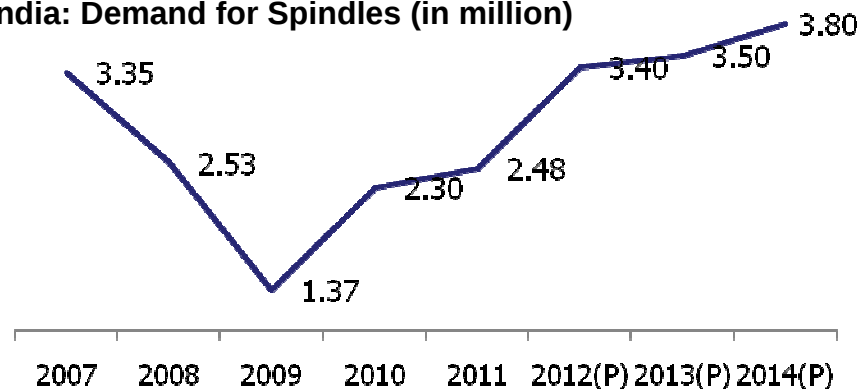
INVESTMENT REQUIREMENT TILL 2020 (Rs. Crores)

Spinning	63,525
Weaving	38,485
Knitting	12,499
Processing	26,695
Garments	35,305
TOTAL	1,76,510

India Yarn Production (in Million Kgs)



India: Demand for Spindles (in million)



India Cotton Production and Consumption

Year	Production in Lakh Bales	Consumption in Lakh Bales	Surplus in Lakh Bales
2011-12	338	285	53
2012-13	355	301	54
2013-14	373	318	55
2014-15	392	336	56
2015-16	412	355	57
2016-17	433	375	58

Source: USDA, Jan 2011, TC Office

Textile Machinery Division

Drivers of Demand for Textile Machinery in India

State-wise production of Spun Yarn

(in Million Kgs)

State	2009-10	2010-11	2011-12
Andhra Pradesh	2,335.60	2926.01	3417.90
Gujarat	1,971.68	2,092.15	1,972.83
Haryana	1,075.61	1,439.83	1,720.02
Jammu & Kashmir	454.48	452.73	444.78
Karnataka	623.67	475.07	400.35
Kerala	362.57	383.60	334.84
Madhya Pradesh	2,599.11	2,927.08	2,937.08
Maharashtra	3,662.78	3,948.76	3,658.98
Orissa	13.29	16.65	15.43
Punjab	5,895.16	6,510.65	6,511.14
Rajasthan	3,189.97	3,610.06	3,742.99
Tamil Nadu	15,953.93	18,175.12	14,827.97

State	2009-10	2010-11	2011-12
Uttar Pradesh	699.06	733.05	585.41
West Bengal	289.00	372.66	272.72
Delhi	0.71	0.48	-
Pondicherry	81.95	74.43	61.25
Goa	4.79	3.10	1.32
Himachal Pradesh	1,465.09	1,466.74	1,187.63
Daman & Diu	29.48	27.34	21.87
Dadra, Nagar Haveli	807.40	939.63	908.71
Uttarakhand	405.39	541.88	557.27
Jharkhand	10.77	9.25	7.69
TOTAL	41,934.50	47,126.28	43,588.20

Source: Ministry of Textiles, PIB 140512

Textile Machinery Division

Outlook for 2011

Environment Threat and Opportunities Profile (ETOP) from LMW's perspective

Threats

- Volatile input prices...Lack of robust government policy on cotton
- Uncertainty in Yarn Prices
- Adverse changes in regulation impacting raw materials or end products
- Double Dip recession in Key Export Markets
- Adverse Rupee Depreciation

Opportunities

- The Technology Upgradation Fund promises to incentivise investment in new equipment
- 90% of LMW Order Books represents supply of Textile Machinery for Projects
- Proactive Government Policy to encourage exports
- Textiles is a basic requirement hence revival will happen faster in comparison with other industries

2012 Credit Outlook by Segment – Fitch ratings

Value Chain	Domestic	Export
Spinners (Cotton Yarn)	Negative to Stable	Negative to Stable
Spinners (Synthetic Yarn)	Stable	Stable
Fabric Players (Cotton)	Negative to Stable	Negative to Stable
Fabric Players (Synthetic)	Stable	Stable
Apparel/made-ups manufacturers (Cotton)	Cautiously Stable	Cautiously Stable
Apparel/made-ups manufacturers (Synthetic)	Stable	Stable

Machine Tool Division

Machine Tool Division



Horizontal Lathes



Turn Mill Centers



Vertical Lathes



Vertical Machining Centers

“Select Products
from MTD”

Horizontal Machining Centers



Machine Tool Division

Estimation of Market Size

Consumption of
Machine Tools in India
USD 2,638 Million

Imports
USD 1,804
Million



Domestic
Production
USD 875 Million

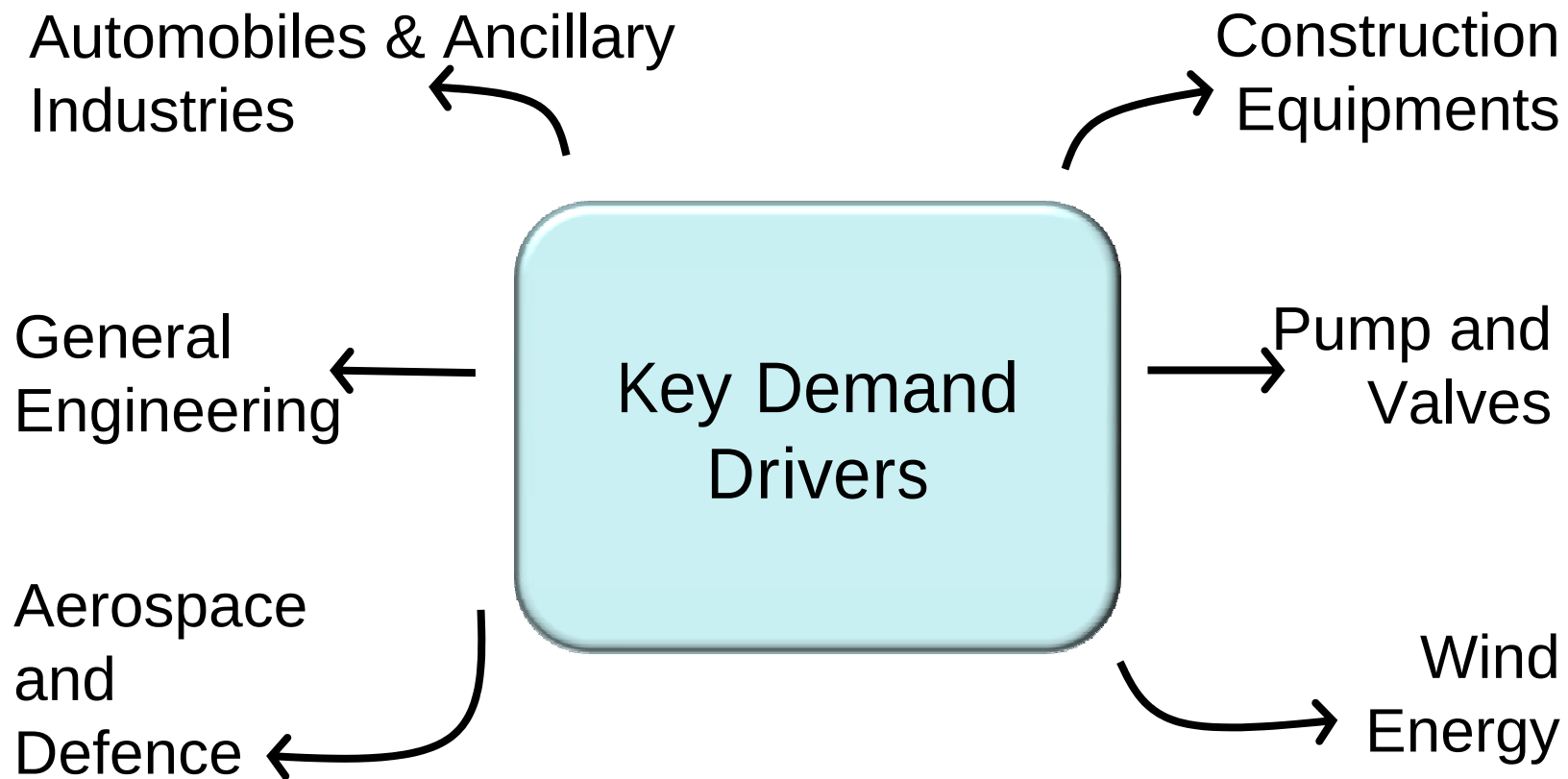


Exports
USD 41 Million

Source: Gardner, 2011 Provisional Figures

Machine Tool Division

Drivers of Demand – Growth of Industrial Segments



Machine Tool Division

LMW Capabilities

Inside plant,

- Mother machines and inspection equipment sourced from the world's best
- Clean and controlled atmosphere for critical assemblies
- All major supplementary manufacturing facilities within the group
- State-of-the-art CAD Centre

Our Repertoire of CNC Machines

- Horizontal Lathes & Chuckers
- Vertical Turret Lathes
- Vertical Pick up Spindle Lathes
- Vertical Machining Centres
- Horizontal Machining Centres

LMW has a market share of 13% in lathes and 2% in machining centres

Machine Tool Division

LMW Capabilities – Extensive Product Range meets all needs

• Horizontal Lathes & Chuckers

Smarturn Series

Smart Jr – CNC Lathe

Smarturn – CNC Lathe

LL Series

LL15T L3 – CNC Lathe

LLBS 15 – Built in Spindle

LTMC 20 – Turn mill Centre

LL20T L3 / L5 / L7 – CNC Lathe

LL25T L5 / L7 / L10 – CNC Lathe

Rigi Series

Rigi 15S

Rigi 25Plus

LC Series

LC 40 – CNC Chucker

• Vertical Turret Lathes

LTV Series

LTV 55

• Vertical Pick up Spindle Lathes

LVS Series

LVS 25

• Vertical Machining Centres

LV Series

LV 45

LV 55

LV 65

LV 80

JVM 60

• Horizontal Machining Centres

LH Series

LH 45

LH 55

Machine Tool Division

LMW Capabilities – Internal Synergy

Internal Advantages

Total Investment of Rs. 91 Crores till date, out of which an Investment of Rs. 78 Crores in Plant and Machinery

ERP Driven Supply Chain Management that supports Global Sourcing

Trained Manpower

Tie up with renowned Global Institutes for sourcing Technology



Group Advantages

Castings: LMW Foundry Division, 2 Units with a capacity of 36,000 Tonnes / year

Sheet metal from LMW UNIT II

Key Components from within the Group

MTD Product Range with value added services

Foundry Division

Foundry Division

“Select Products from Foundry”



Windmill Adapter



Turbo Casing



Windmill Hub



Gear Box Housing



Locomotive Castings



Compressor Body

Foundry Division

Drivers for Demand – Industrial boom driven demand for castings

- India -2nd largest manufacturer in the world , next to China .
- Major Wind mill MNCs are coming to India.
- Boom in the automotive industry.
- Development of MRTS metro projects in all big cities. MRVC offering more opportunities.
- Moderate hike in demand for mining & quarrying machines.
- Demand gap of Power and hence growth in power gensets in the country.
- 12th five year plan envisage 65000 MW capacity addition of power.- Driver for a huge demand for engine blocks.

Foundry Division

Our Capabilities

- Foundry capacity spread over three units, includes both Green Sand and No Bake Process.
- Combined output capacity of 54,000 tonnes per annum. Out of which two units representing approximately 36,000 tonnes per annum supply for captive use.
- Capability to manufacture Ductile and Grey Iron castings as per given specifications using the No bake Process.
- Capability to supply machined and value added castings .
- Capability to handle Castings up to 4 Tonnes through Hand Moulding.
- Established brand name with world renowned clients like GE, Siemens, Wartsila, ABB etc
- Received the Green Foundry Award from the Institute of Indian Foundry men.
- Environment friendly - Up to date pollution control equipments to reduce foundry pollutants.



Advanced Technology Centre

Advanced Technology Centre

Drivers of Demand

“Outlook until 2029
Indicates stiff growth rates”

Airplanes in service 2009 and 2029			Demand by size 2010 to 2029		
Size	2009	2029	Size	New airplanes	Value (\$B)
Large	800	960	Large	720	220
Twin aisle	3,500	8,260	Twin aisle	7,100	1,630
Single aisle	11,580	25,000	Single aisle	21,160	1,680
Regional jets	3,010	2,080	Regional jets	1,920	60
Total	18,890	36,300	Total	30,900	3,590



Key indicators 2009 to 2029	Demand by region 2010 to 2029		
Growth measures	Region	New airplanes	Value (\$B)
World economy Gross domestic product (GDP)	Asia Pacific	10,320	1,320
Airplane fleet	North America	7,200	700
Number of passengers	Europe	7,190	800
Airline traffic Revenue passenger- kilometers (RPK)	Middle East	2,340	390
Cargo traffic Revenue tonne- kilometers (RTK)	Latin America	2,180	210
	CIS*	960	90
	Africa	710	80
	Total	30,900	3,590

*Commonwealth of Independent States.

“Higher Growth rates expected in
Passenger , Freight and MRO
segments”

Source: Boeing

Advanced Technology Centre

Our Capabilities

During 2009, LMW added to their formidable manufacturing resources, a new plant to produce components for aerospace industry mainly focused on Engine, Structural and Landing gear parts.

A full-fledged plant with manufacturing shop, engineering centre and CNC shop has been created

Total Investment in the division till date is about Rs. 60 Crores

This division intends to take advantage of recent developments in the Aerospace Industry in India.

Advanced Technology Centre

Our Capabilities

Special Machines:

- DMG CTX Beta 1250 TC
- DMG DMU100 Monoblock
- Neo Alpha 10
- Flow 5 Axis Waterjet Machine
- Poseidon 5 Axis CNC Machine



Specialised Process Facilities for:

- Heat Treatment
- Surface Treatment
- Painting
- Non Destructive Testing

Quality Accreditation:

- AS9001B Certification
- NADCAP certification underway

Financial Track Record

..... Our Performance

(in Rs. Lakhs)

Company Performance

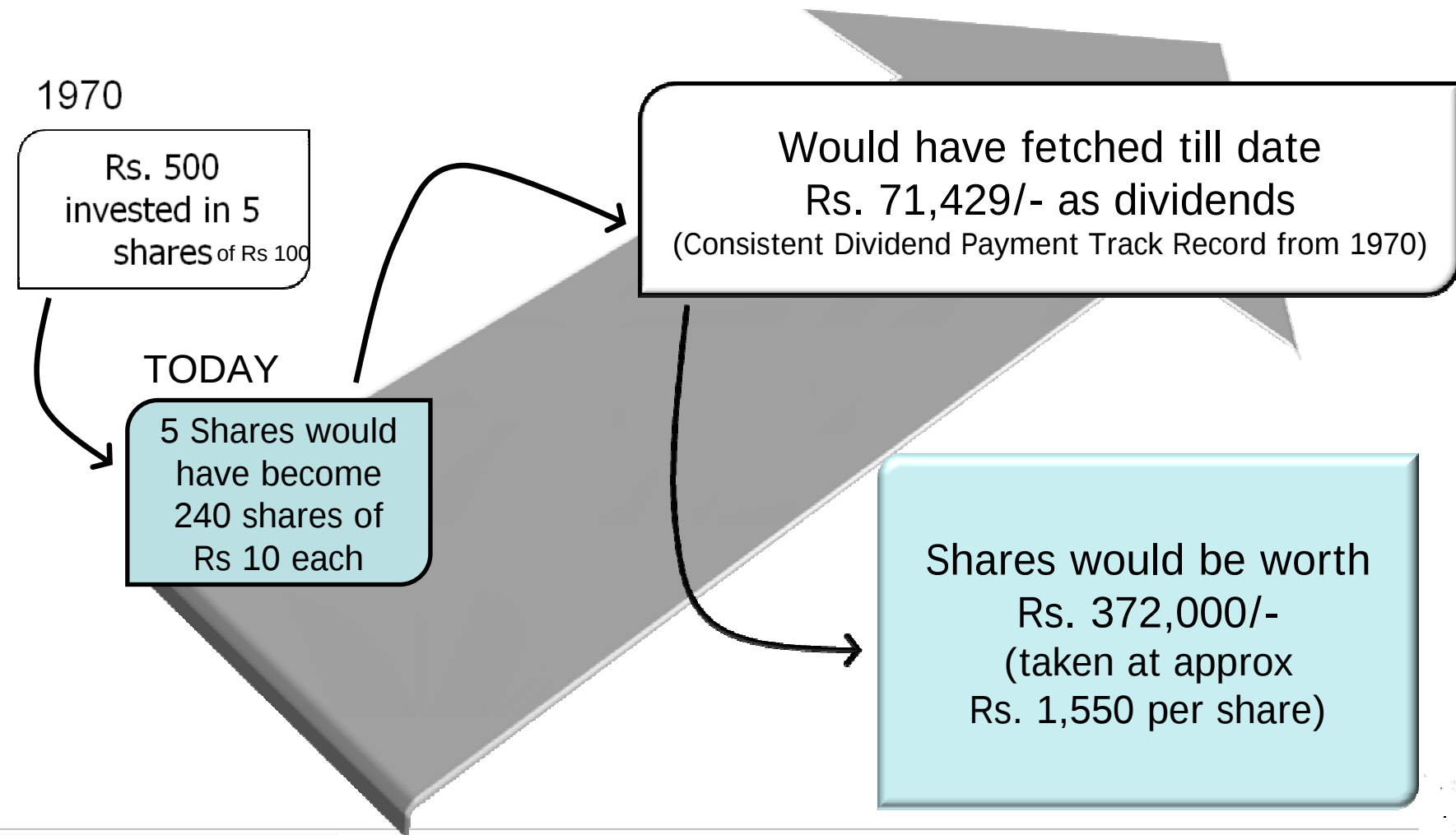
Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Turnover	185,358	220,516	133,801	113,690	177,331	207,249
PAT	20,620	24,230	10,693	10,468	16,598	13,702
EPS (Rs.)	166.70	195.89	86.45	84.63	134.95	121.62

Divisional Growth

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
TMD	165,505	200,742	117,998	96,473	151,813	175,330
MTD & Foundry	19853	19774	15803	17217	25518	31919

..... Investor Wealth Creation

Consistent Track Record



Thanks !

For your
attention
and time

Company Profile

Lakshmi Machine Works Limited

May, 2012
