

Lakshmi Machine Works Limited

RESULTS PRESENTATION

Financial Year: 2012-13

Agenda



1. About LMW

2. Business Divisions

3. Financial Results, 2012-13

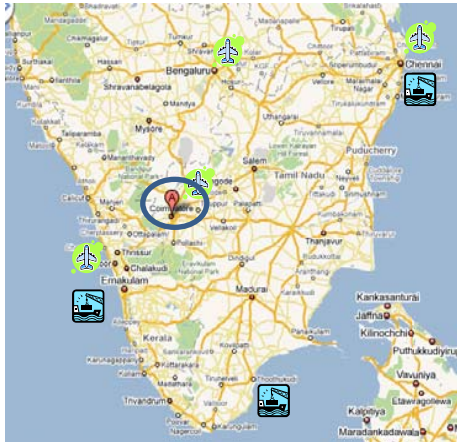
4. Outlook for 2013-14

About LMW



LMW is headquartered in Coimbatore, South India

LMW was founded in the year 1962 to manufacture Textile Machinery for the Indian Textile Spinning Industry. The first Unit was established at Perianaickenpalayam near Coimbatore



LMW Business Verticals

Textile Machinery Division



LMW, is a global player and one among the three manufacturers of the entire range of Textile Machinery, from Blow Room to Ring Spinning

Machine Tool Division



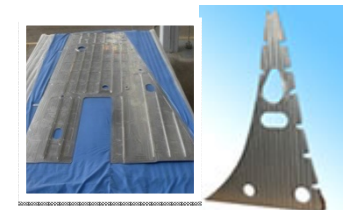
LMW makes complete range of Horizontal & Vertical Lathes and Machining Centers

Foundry Division



LMW Foundry Division manufactures Ductile Iron and Grey Iron Castings to demanding specifications in their state-of-the-art No bake Foundry.

Advanced Technology Centre



LMW ATC manufactures Aerospace components and parts on a sub contract basis.

About LMW



Vision

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

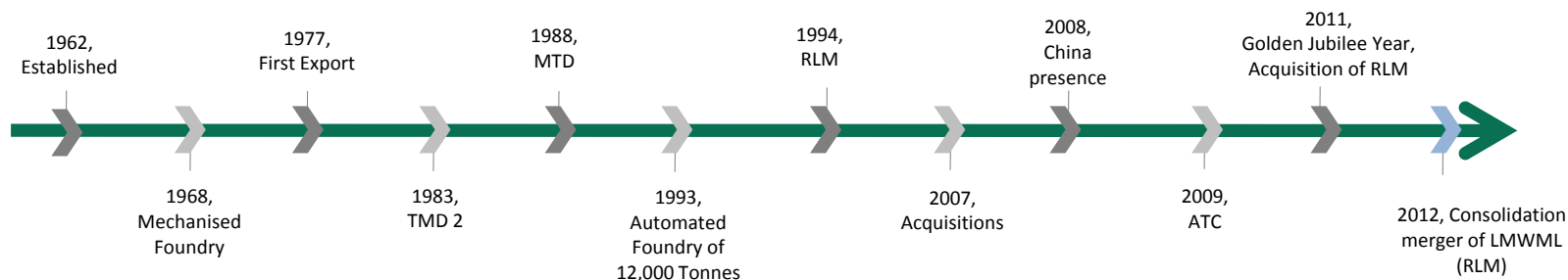
Mission

“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

Timeline



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, Machine Tools, Precision Castings & Aerospace components.
- ▶ Dedicated Manufacturing facilities.
- ▶ 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 36.80 MW of renewable energy.

Agenda



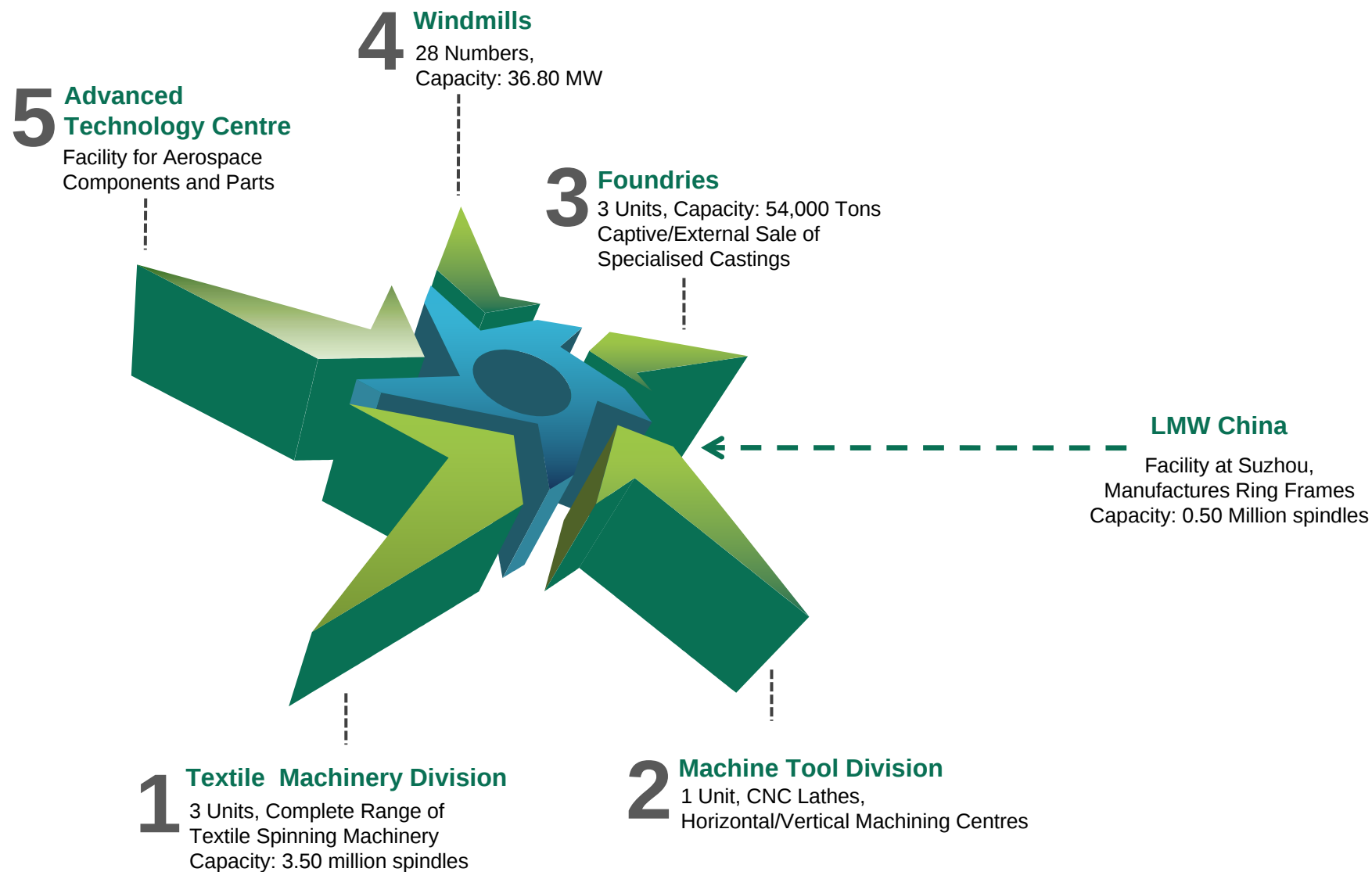
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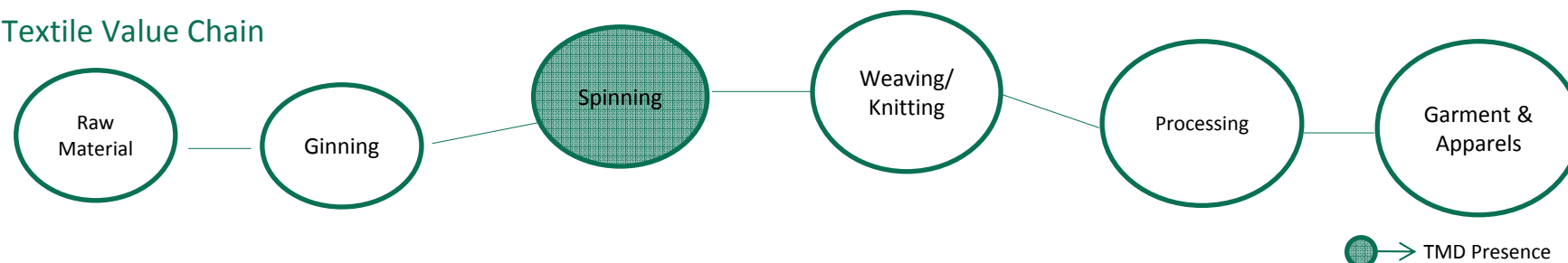
Business Verticals



Business Verticals, Textile Machinery Division



Textile Value Chain



Products – Machinery & Spares



Blowroom Lines



Cards



Draw Frames



Combers



Speed Frames



Ring Frames

TMD Threat Opportunity Profile

Threats

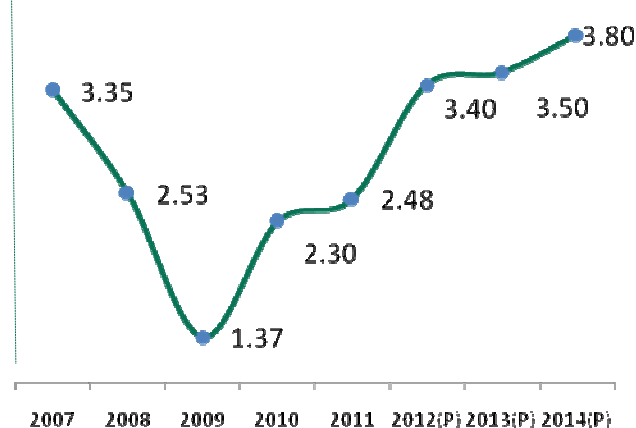
- ▶ Volatile input price, lack of robust government policy to support the same
- ▶ Uncertainty in Yarn prices
- ▶ Recession in key export markets
- ▶ Rising power and labour costs.

Opportunities

- ▶ Extension of Technology upgradation fund
- ▶ Majority of LMW order book represents Project orders
- ▶ Proactive Government policy to encourage exports, emerging new markets
- ▶ Active participation of State Governments to promote setting up of Green Field Projects
- ▶ LMW's manufacturing presence in India and China
- ▶ Textiles is a basic requirement, hence revival will happen much faster.

TMD Demand Drivers

India: Demand for Spindles (in million)



INVESTMENT REQUIREMENT TILL 2020	In Crores
Spinning	63,525
Weaving	38,485
Knitting	12,499
Processing	26,695
Garments	35,305
TOTAL	1,76,510

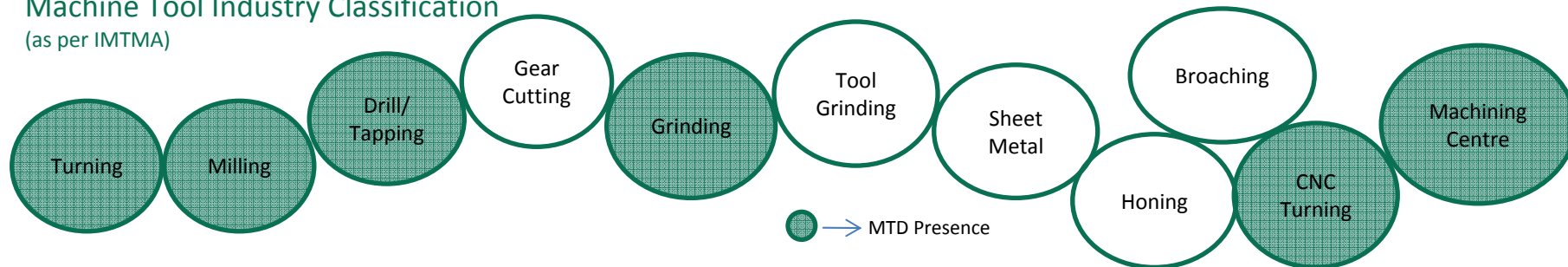
Textile Machinery Division – Global Reach



Business Verticals, Machine Tool Division



Machine Tool Industry Classification (as per IMTMA)



Machine Tool Division Products



Horizontal Lathes



Turn Mill Centers



Vertical Lathes



Horizontal M/c Centre



Vertical M/c Centre

MTD Threat Opportunity Profile

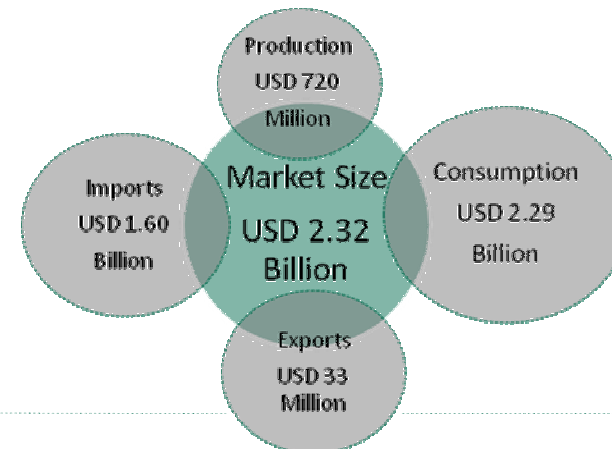
Threats

- ▶ Stiff competition from global players in Indian Market.
- ▶ Lack of advanced technology matching global competitors.
- ▶ Import of second hand machinery, presence of unorganised players.

Opportunities

- ▶ Growth in aerospace, defence, power, power transmission, infrastructure and auto ancillary industries.
- ▶ Government's initiative to stimulate economic growth and plans to boost the share of manufacturing sector to the GDP.
- ▶ Continuous in house research and development efforts and the ability to bring new variants that match with market requirements

Estimation of Indian Machine Tool Market Size

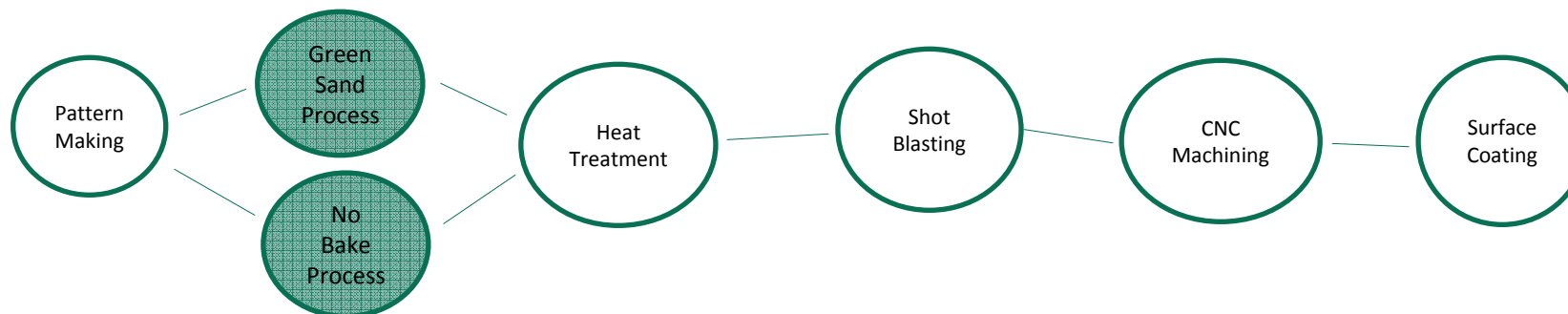


Source: Gardener

Business Verticals, Foundry Division



Foundry Process Value Chain



Foundry Division Products, SG & GI Castings



Windmill Adapter



Turbo Casing



Windmill Hub



Gear Box Housing



Locomotive Castings



Compressor Body

Foundry Threat Opportunity Profile

Threats

- ▶ Continuous increase in input cost.
- ▶ High cost of Transport and Warehousing.
- ▶ Shortage of skilled manpower.
- ▶ Infrastructure bottleneck like power shortage

Opportunities

- ▶ Metro Rail Projects, Power and Power Generation Projects
- ▶ Brand image as an environment friendly non polluting foundry
- ▶ Ability to manufacture high quality heavy castings

India, Castings Production Trend

Casting Type	2009-10	2010-11	2011-12
Grey Iron	5.05	6.18	6.80
SG Iron	0.80	0.98	1.09
Malleable	0.06	0.07	0.07
Steel	0.88	1.07	1.14
Non-Ferrous	0.65	0.75	0.90
TOTAL	7.44	9.05	10.00

Prospects

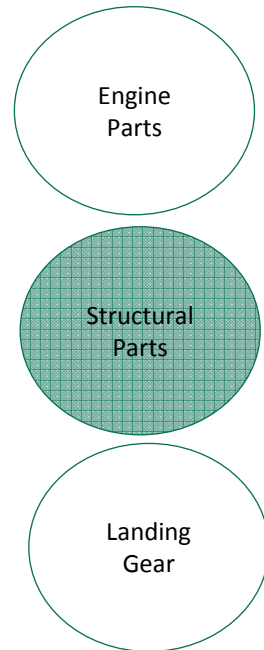
“The total requirement of castings in India is about 20 million tons, resulting in a considerable demand and supply gap”

Source: Metalworld, Feb 2013

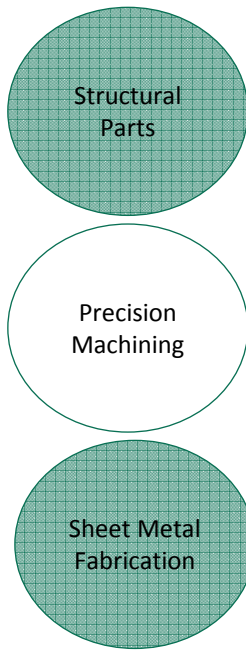
Business Verticals, Advanced Technology Centre



Business Focus



ATC Products

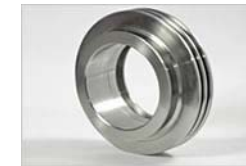


Select Products

Brackets, Stiffeners, Frames, Fairings, wings, ribs, fuselage, etc



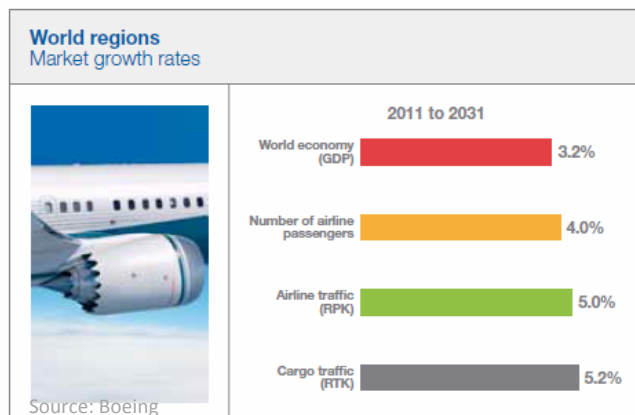
Aero engine components
Casings, Blisks, shafts, housings, stators, NGV, Pump housing
Bushing, Sleeves and sub assembly, LRU's Gear Boxes, Actuators, Landing gears



Aero engine sheet metal components Assemblies & Fabrications, Seal Segments, Rings
Heat Shields, Vane Inserts, Cover Plates, Springs, etc.



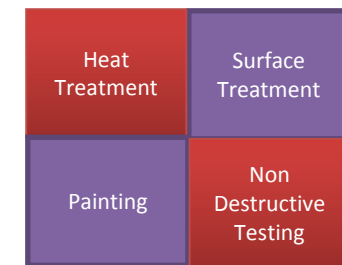
Aerospace Demand Drivers



Facilities



Special Processes

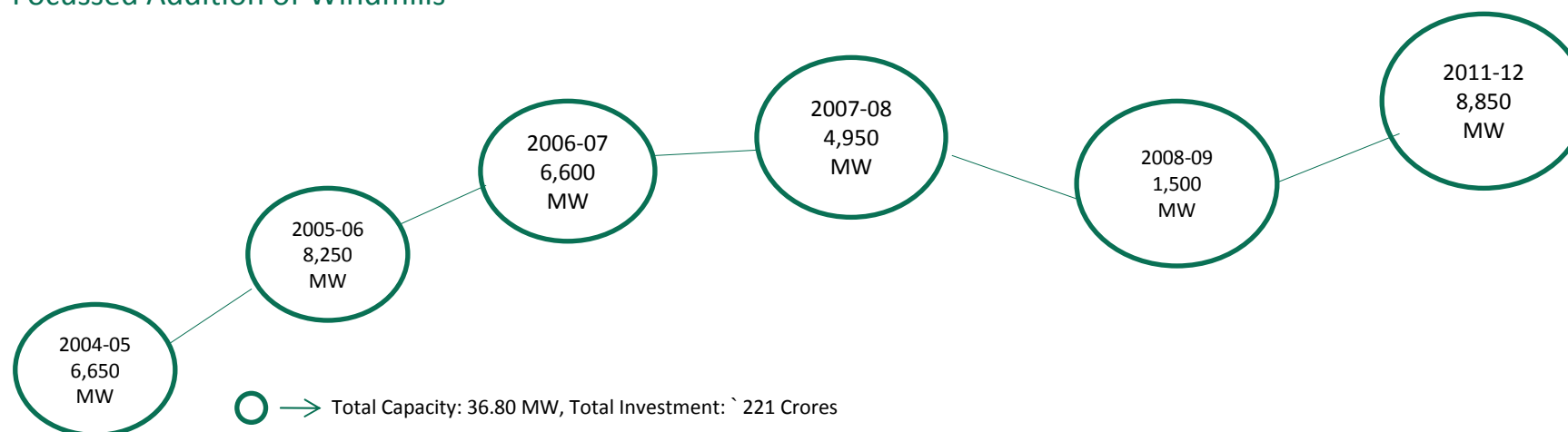


Certification
AS9001B
NADCAP
*Under Progress

Business Verticals, Windmill Division



Focussed Addition of Windmills



Windmills Capacity Breakup

Capacity	Count
250 KW	6
850 KW	1
1,250 KW	4
1,650 KW	13
2,000 KW	4
TOTAL	28

Windmill Generation

Trend Year	Generated
2007-08	567
2008-09	623
2009-10	728
2010-11	689
2011-12	647
2012-13	945

*In Lakh Units

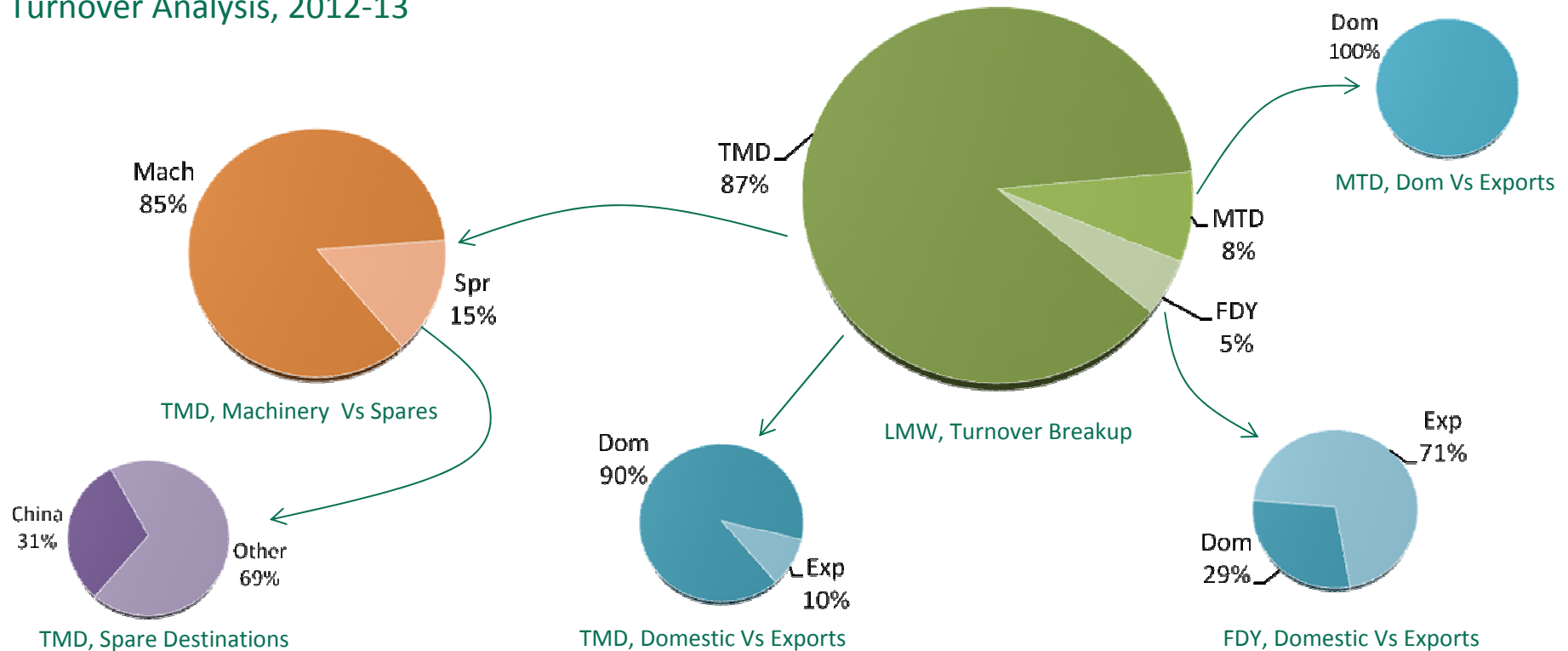


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4. Outlook 2013-14

Financials, Turnover Statistics



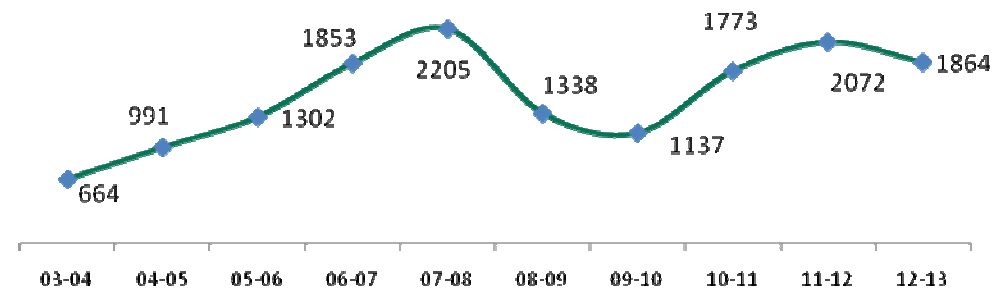
Turnover Analysis, 2012-13



Turnover Comparison, ` Crores

Particulars	2012-13	2011-12
TMD	1,629	1,753
MTD	144	227
FDY	91	92
TOTAL	1,864	2,072

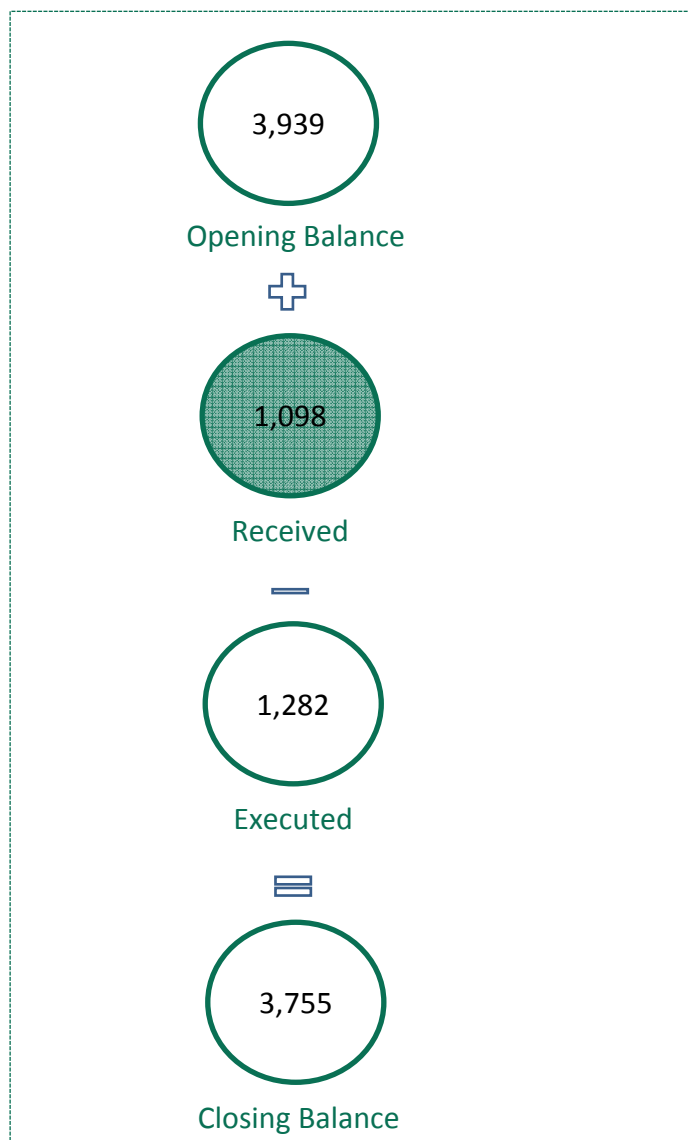
LMW, Turnover Trend, , ` Crores



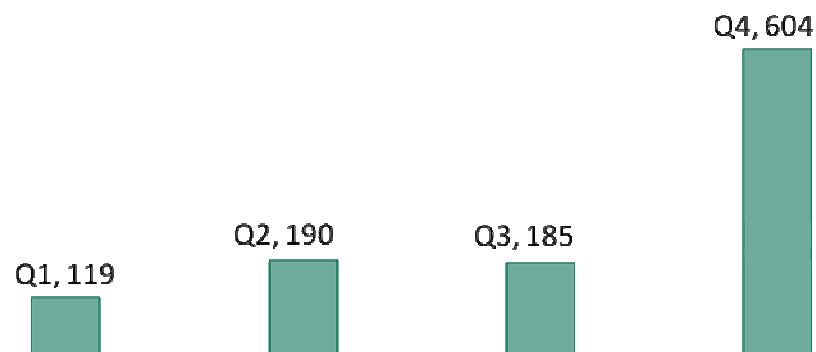
Financials, Order Book Statistics during 2012-13



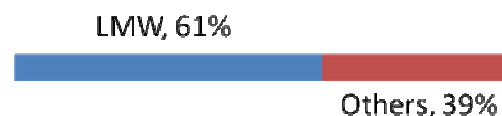
TMD Order Book Analysis, `Crores



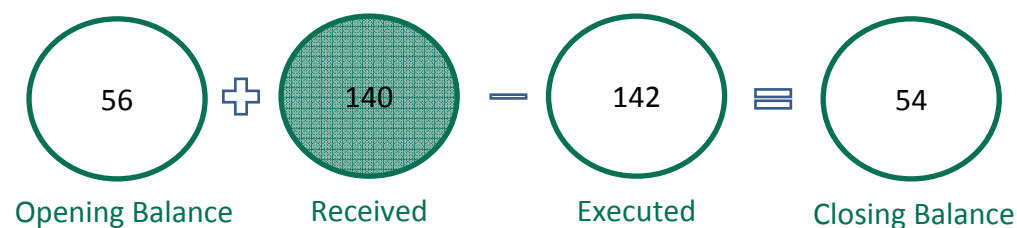
TMD Order Gain Quarter-wise, `Crores



TMD Market Share Analysis in India, as at 31st March, 2013



MTD Order Book Analysis, `Crores



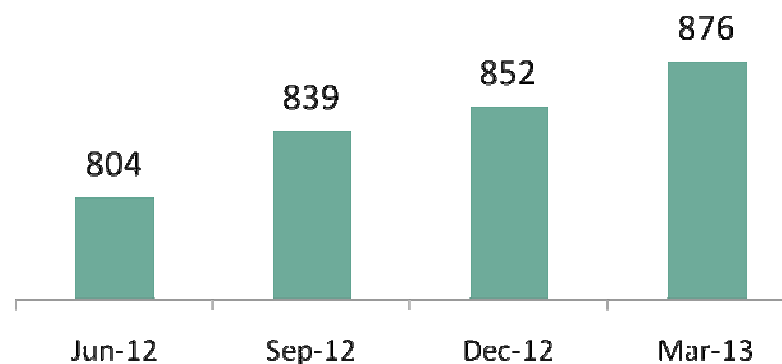
Financials, Investor Information



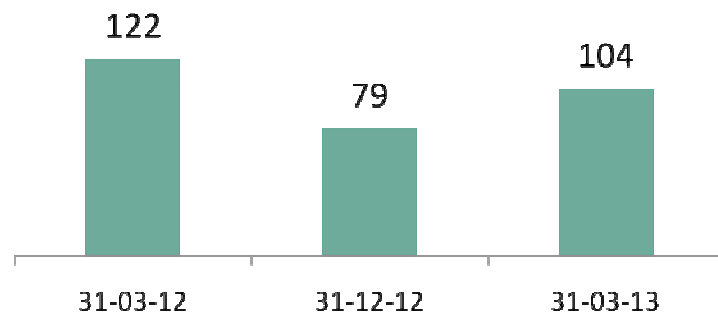
Performance Scorecard

Particulars	UOM	2012-13	2011-12
Net Sales	` Crores	1,864	2,072
Gross Profit	%	15	16
Net Profit	%	9	11
Profit after Tax	%	6	7

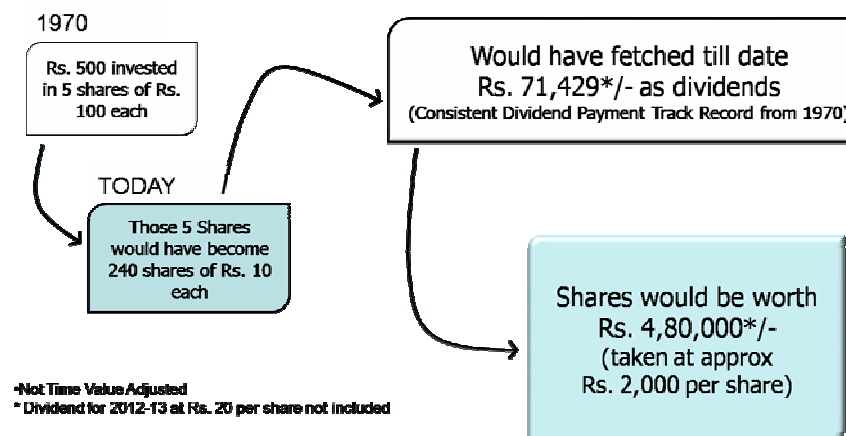
Book Value Per Share during 2012-13 in `



LMW Earnings Per Share during 2012-13 in `



LMW Investor Wealth creation



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Outlook, Factors that will aid Top line



Textile Machinery Division

Top Line Factors

- Increased Presence in the lucrative Blowroom Sector through Swift Floc & Ring Frame Sector through High Suction Compact Spinning Machine LRJ9 Series will create more opportunities for LMW.
- Systematic development and proposed launch of High Speed Cards/ Combers /Ring Frames from 2013-14 onwards will increase Topline outlook for LMW.
- Proposed rollout of LMW's full spectrum of Textile Spinning Machinery within the Chinese market starting from 2013-14.
- China the biggest market in the world for Yarn Making / Garmenting has recently shifted focus towards Garmenting, this will create more demand for yarn from India.
- LMW's focused marketing plans for Low Volume/High Value Markets and High Volume/Low Value Markets across the globe is expected to expand top line.
- Increased awareness about obtaining Geographical Indicators Tag (GI) for Traditional Textile Machinery Products from India is expected to boost demand for yarn from high value garment making industry in India.
- Extension of Technology Upgradation Fund (TUFS), Interest Subvention Scheme / Promotion of Target Product Scheme (TPS) for Textile Sector during the 12th Plan period (2012-2017) will create more demand for TMD Products.
- Abolition of Excise Duty levied on branded garments will boost investment sentiments. Extension of DEPB Scheme will lower input cost considerably. This will make products cheaper thereby expanding demand for yarn.

Outlook, Factors that will aid Top line



Machine Tool Division:

- Augmented product portfolio in the form of diverse Machine Tools and Sub systems through indigenous development/targeted technology acquisition.
- Strengthening of marketing efforts through agents in major machine tool consuming countries.

Foundry Division:

- Augmented capacity that can churn out both small and large size precision castings.
- Increased global sourcing from Indian foundries.
- Prior knowledge of supplying castings to the volume driven and value adding power and power transmission sectors will aid top line growth in the years to come.
- Captive power generation capacity will enable access to reliable clean power.

Advanced Technology Centre:

- Increased First Article Inspection success rate witnessed during 2012-13 is likely to bring in business from 2013 – 14 onwards.
- AS 9100 certification and NADCAP certification (under progress) is expected to bring in more business to ATC.
- Within South Asia, LMW is one of the handful players to have the facility for Special Processes and high technology metal forming machinery.

Outlook, Factors that will aid Top line



General:

- Recent Government efforts at development of Delhi-Mumbai Industrial corridor and the Chennai-Bengaluru industrial corridor with Japanese investment is expected to create brand new manufacturing Eco systems. This will bring in new manufacturing capabilities
- State Government efforts at augmenting power generation, reduce T & D losses is expected to ensure availability of reliable non-fluctuating power.
- Increased Government efforts at enlarging manufacturing footprint within Indian the GDP is expected to strengthen capabilities elsewhere that will enable LMW to quickly source Raw materials, Castings, Components within India.
- Favourable market access given to Bangladesh will step up Yarn Making/Garmenting capacity there.
- Unification of Indian market through roll out of GST regime will boost interstate movement of goods and simplified paper work leading to faster logistics.
- Integration of intellectual Property laws with the global IP regime is expected to aid technology transfers.
- Government efforts at encouraging R&D efforts through extension of favourable Income Tax incentives like accelerated depreciation will subsidise innovation efforts and reduce product development costs.
- Favourable market access given to Bangladesh will step up Yarn Making/Garmenting capacity there.
- Unification of Indian market through roll out of GST regime will boost interstate movement of goods and simplified paper work leading to faster logistics.
- Integration of intellectual Property laws with the global IP regime is expected to aid technology

Outlook, Factors that will aid Bottom Line



Bottom Line:

- Increased focus on productivity improvement through the well thought out ACME programme is expected to benefit LMW by:
 1. Faster product design-build-deliver capability by establishing dedicated assembly product roll out lines.
 2. Foster the culture of simple automation in production and sourcing procedures within LMW.
 3. Free-up hidden capacity that will enhance LMW's production capability to handle demand surge/fluctuations.
 4. Aggressive cut down in hours required for assembly/production will subsidise LMW's production efforts.
 5. Increased focus on Spare parts/Assembly products/Precision castings during 2013-14 is expected to increase profitability.
- Availability of 36.80 MW wind power generation facility will cut power cost for LMW.
- Approval and Recognition of LMW's innovation efforts by the Central Government is expected to reduce product development costs during 2013-14.
- Government ban on export of iron ore is expected to stabilise steel cost.
- Logistics cost is expected to stabilise thanks to the promotion of coastal shipping and setting up of a network of national highways.
- Government efforts at simplifying Labour/Corporate Laws and FDI norms is expected to reduce costs of production.

Thank you!

Lakshmi Machine Works Limited

RESULTS PRESENTATION

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