LAKSHMI MACHINE WORKS LIMITED

Annual Report 2012-13

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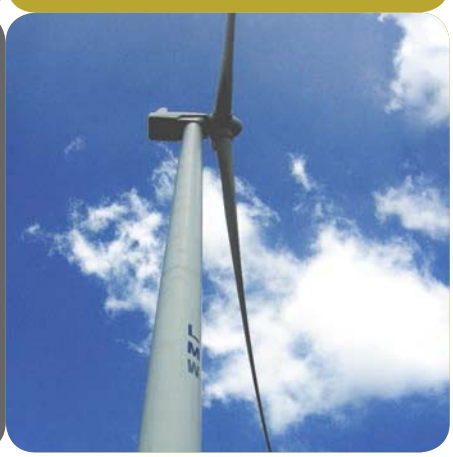


Space constraint. Soaring land prices. High interest rates. Employee absenteeism. People shortage. Low productivity. High energy bills. Periodic machine stoppage. Delayed service. Component unavailability. Unmet commitments. Increasing costs. Mounting overheads. Declining returns.

If there is one thing that we have faithfully done across five decades in the face of customer issues is patiently listen.

Listen. Act. Prevent.

The combination of these initiatives has helped us emerge as one among the three global manufacturers to produce the complete range of textile spinning machinery.

Customers complained, "Land is becoming prohibitively expensive."

At LMW, we heard, "Can you make textile equipment leaner?"

AS FACTORY SPACE BECAME INCREASINGLY EXPENSIVE ACROSS INDIA, A FACTOR OUTSIDE OUR CONTROL, WE WENT BACK TO OUR DRAWING BOARD TO MAKE OUR MACHINES LEANER, A FACTOR WITHIN OUR CONTROL.

At LMW, we responded with the following initiatives:

- We altered the design of our carding machine, making it possible for our new machines with high productivity to occupy the same space.
- We increased the productivity of our lap formers, making it possible for fewer machines to give the same quantity of output.
- Our speed frames now accommodate 200 spindles per machine as against 140 spindles earlier.
- We reconfigured our new ring frame to occupy 10% lower floor space.

The cumulative result of these initiatives is that we saved space for our customers.

10% We reconfigured our new ring frame to occupy 10% lower floor space.

Our customers complained, "We are struggling to find people to run our machines..."

At LMW, we heard, "Can you make machines that are 'intelligent'?"

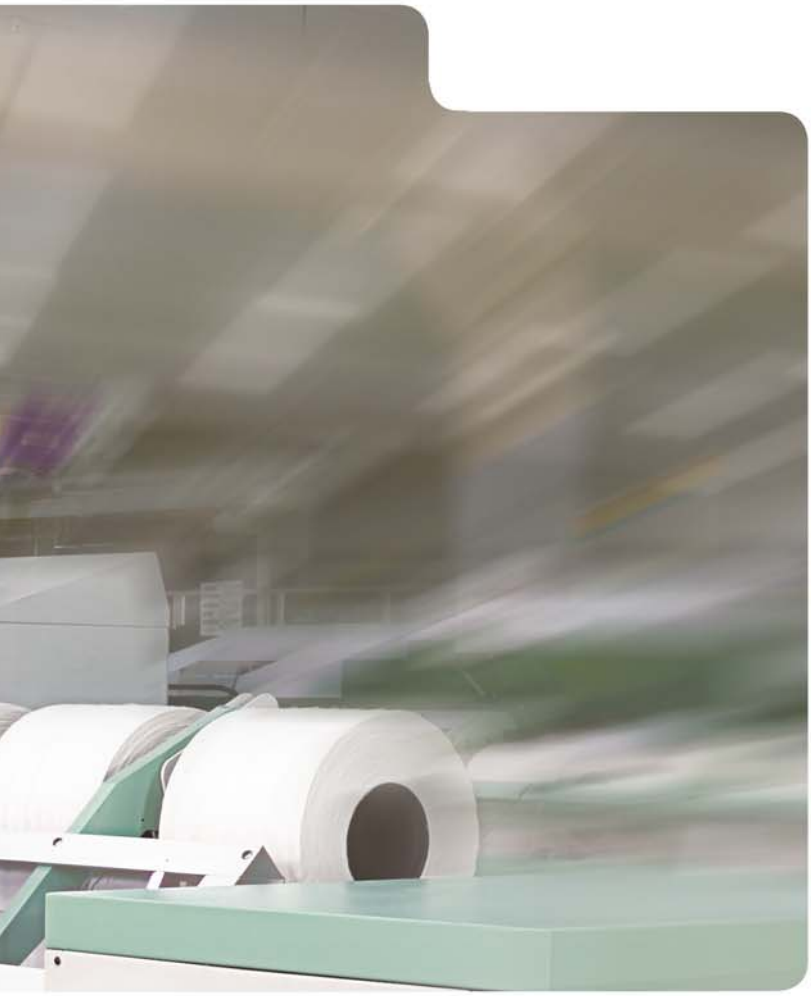
IN AN ECONOMICALLY BUOYANT INDIA, WHERE THE ABUNDANT AVAILABILITY OF TALENT GRADUALLY DECLINED, THERE WAS A NEED TO INVEST IN TECHNOLOGY THAT WOULD BE PROGRESSIVELY LESS-DEPENDANT ON PEOPLE.

At LMW, we designed 'intelligent' equipment through the following initiatives:

- We introduced automated bale plucking machines (for large and small volume requirements), which increased productivity and requires fewer people to maintain.
- We designed electronically-controlled carding machines with the highest number of working flats.
- We enhanced automation in our breaker draw frames which has increased productivity by making it possible for one person to address more machines at any given time.
- We fully automated our speed frames and ring frames with auto doffers to save manpower requirement.

The result is that through increased automation, we have made it possible for just a team of 50 persons per shift to manage a 50,000 spindle unit.

50 We have made it possible for just a team of 50 persons per shift to manage a 50,000 spindle unit.



The customer demanded, "We want service-free machines, not free service for machines."

At LMW, we heard, "We want you to be our dependable back office."

IN THE TEXTILE SPINNING BUSINESS, UPTIME IS VALUABLE AS IT TRANSLATES INTO ENHANCED REVENUES AND PROFITS.

LMW strengthened its operating uptime through various initiatives.

Quality assurance

- We created a detailed SOP for quality assurance -- from raw material to finished goods and for loading / unloading machines
- We initiated a dry run for all machines and sub-assemblies before dispatch

Preventive action

- We institutionalised the audit of every package leaving LMW to ensure that all fitments, sub-assemblies, spares and necessities were provided for smooth commissioning
- We provided a comprehensive manual (multi-lingual) indicating how prompt remedial measures could address machine failure
- We trained customer teams at our premises followed up with post-installation hand-holding for seven days

Checks and balances

- We instituted a pre- and post-installation survey of the customer's shop floor to suggest improvements in machine placement
- We conducted periodic post-installation mill audits that appraised machine performance and provided spare part assurance across the residual machine life

On call

- We opened multi-communication channels with customers to ensure that LMW stayed proximate to customers
- We opened a call-centre for the immediate recording and redressal of the customer's technical and mechanical issues
- We created an SMS and web-based complaint service through which complaints can be directly routed to engineers assigned to that machine for time-bound responsiveness
- We stationed engineers in regions proximate to the Company's installations to address complaint-redressal with speed.

As a result, we have sustained our position as India's preferred textile machinery supplier.

1 We have sustained our position as India's preferred textile machinery supplier.

Customers complained, "The long wait for new textile equipment can affect our business."

At LMW, we heard, "Can you shrink your delivery schedule?"

IN VIEW OF THE SLOWDOWN, WE RECOGNISED THAT ANY DELAY IN DELIVERING EQUIPMENT WOULD AFFECT THE ABILITY OF OUR CUSTOMERS TO CAPITALISE ON SECTORAL OPPORTUNITIES.

LMW focused on shortening the mind-to-market cycle of equipment delivery.

- Our passion for maximising automation has reduced the machine assembly time
- We manufactured all critical machine components in-house and modernised mother machines (high-end CNC machines) which increased productivity of critical parts.
- We used jigs and fixtures required for fitting sub-assemblies and assemblies in order to expedite production.
- We implemented the 'Accelerated Competence for Manufacturing Excellence' programme to help us eliminate the non-value-adding assembly time
- We institutionalised the faster dispatch of finished machines. We ensured the on-site presence of technical team before the machines arrived, making it possible for our machines to be commissioned without delay

In doing so, we optimised our delivery cycle.

We ensured the on-site presence of technical team before the machines arrived, making it possible for our machines to be commissioned without delay

Our client CFOs commented, "Your machines will require a large investment."

At LMW, we heard, "Can you optimise the cost of machine ownership?"

AS INFLATIONARY HEADWINDS AND A GENERAL SLOWDOWN AFFECTED SECTORAL VIABILITY, AN INCREASING NUMBER OF CUSTOMERS LOOKED TO PROACTIVE VENDORS TO STRENGTHEN THEIR BUSINESS MODEL.

LMW enhanced customer viability through an optimised cost of equipment ownership.

- We undertook process and value-engineering projects to reduce machine costs.
- We re-designed components to minimise input material wastages
- We increased machine automation and operating speed, which increased productivity, energy efficiency and worker-independence.
- We provided dry runs on machines selected by customers; we provided machine performance data using multiple-fibre variants making it possible for customers to calculate their investment returns from operations.
- We ensured that our active equipment life was significantly longer than competing variants
- We institutionalised reasonable pricing for our products.
- We commissioned a specialised cell for the analysis of electronic faults and component-based repair as opposed to assembly replacement

With this we enjoy the consistent support of textile majors thereby strengthening our order book position.

We enjoy the consistent support of customers that strengthens our order book.

Attention to the customer's voice makes excellent business sense.

Here is proof.

1

One among the three to manufacture the entire range of spinning machinery (Blowroom to Ring Frames).

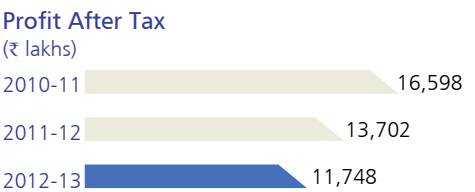
1

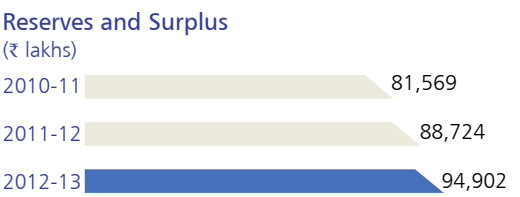
The status of the Company among textile spinning machinery manufacturers in India

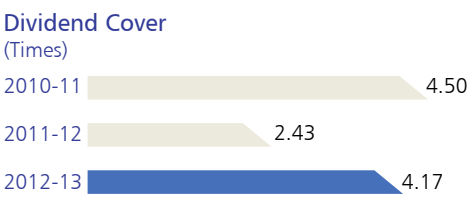
0

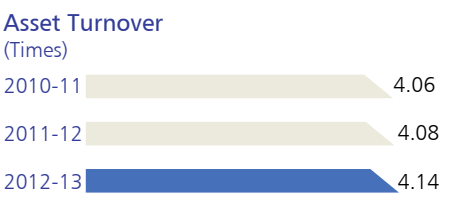
Debt on LMW's books since FY 2004-05

Business in numbers









"At LMW, we do not sell machines, we offer solutions."

We are living in a rapidly evolving global marketplace on the one hand and one of the most sluggish economic environments on the other.

The companies that will survive this successfully will be those that constantly explore new frontiers and invest passionately with a determination to seek excellence in all that they do.

As India prepares to emerge as the spinning hub of the world this will result in the presence of larger number of Textile Machinery manufacturers in the country. This will result in better value proposition for customers and will result in further growth of the industry.

The optimism

Recent policy changes in India have extensive implications for the growth of the textiles sector in India.

Recent policy changes in China could lead to India emerging as the global spinning hub. Besides, the extension of loans under TUF into the Twelfth Plan, favourable textile policies by various State Governments and expectation of lower interest rates provide a favourable basis for the textile industry.

LMW's focus

As textile companies increase their investments in India, widening the market for textile machinery, we foresee an increase in competition as well. In this emerging environment, the ability to strengthen the customer's return on investment will be a key deciding factor.

At LMW, our product development goal is to develop lean and 'intelligent' machines that can deliver superior product quality in a consistent way. We need to build on our competitive advantages to deliver more than what our customers' desire.

As an extension of our product focus, we are establishing a meaningful presence in other regions, which will help de-risk our business from an overdependence on any single geography.

Going ahead, other business should also make a more meaningful contribution to the Company's growth.

In 2012-13, the machine tools division introduced 10 new machines/new variants of existing machines which enhanced the value proposition for customers which should translate into healthy growth over the coming years.

The foundry division is expected to perform well in the current year given the world class manufacturing technology and focused approach in servicing customers in India and across the globe.

The Advanced Technology Centre has generated considerable response from customers. This is expected to transform into healthy business relationships.

Management Discussion and Analysis Report

Economic Overview:
The Indian economy has logged a GDP growth rate of 5.0% during 2012-13 as against the growth rate of 6.50% recorded during 2011-12.

Both external and domestic factors have contributed to this trend. Large global economies continue to languish in recession leading to a slowdown in exports going out of India. Meanwhile, within India a lot has happened during 2012-13. Damage control measures were undertaken earlier by the Government to mitigate the effects of a global financial crisis leading to a stronger economic growth during 2009-10 and 2010-11. Though consumption expanded, unexpectedly inflationary pressures also climbed. Threatened with an adverse public reaction to the increasing cost of living, the Reserve Bank of India had started to tighten its monetary policy. This in turn directly stunted the economy's ability to grow during 2012-13. It is notable that this downturn has been felt uniformly across all industrial and service-based

5%
The Indian economy has logged a GDP growth rate of 5.0% during 2012-13.

segments. During the same period India's current account deficit has also widened due to higher oil prices and also due to increased import of gold.

In response to these conditions, the Government has tried to spur domestic growth momentum by increasing liquidity availability through measures such as catalysing investment and by curtailing subsidy outgo. Recently, the government has initiated numerous measures like allowing foreign direct investment in multi brand retail, aviation and broadcasting. It has opened up the pension sector for foreign investment and has raised the FDI cap in the insurance sector. It has also hiked the diesel prices and has reduced subsidy for petroleum products.

RBI is widely expected to start easing policy rates considering the moderation in inflation and also due to greater than anticipated slowdown in the growth rate. Consequentially, the presence of a huge domestic consumption market and easy liquidity conditions, private investment sentiment and corporate activity is expected to pick up shortly. This will boost efforts at infrastructure building and capacity creation within the country.

Segmental information

Your Company has three major product segments namely, the Textile Machinery Division (TMD), Machine Tools Division (MTD) and the Foundry Division (FD). Besides these divisions, your Company has a Wind Energy Division and an Advanced Technology Centre. The manufacturing units of all these divisions and the windmill installation are located in and around Coimbatore, Tamil Nadu, India.

01 Textile Machinery Division

Industrial overview

The Indian textile industry is one among the leading textile industries of the world. In equal measure, it has an overwhelming presence in the economic life of the country. The textile industry not only provides with one of the basic necessities of life but also plays a vital economic role by contributing towards industrial output, employment generation and forex generation through exports.

This sector contributes to about 14% of industrial production and 17% to India's export earnings. This industry provides direct employment to about 35 million people. The textile sector is the second largest employer within India after agriculture. Growth and development of this industry has a direct bearing on the well-being of the Indian economy.

Though the Indian textile industry has had a long tradition and heritage it was largely unorganised till a few decades back. Economic reforms of 1991 and the removal of the quota system in 2005 has changed this scenario completely. It is encouraging to note that the Indian textile industry today is characterised by the presence of both the volume and niche players.

Recently, yarn exports from India have improved due to a change in yarn import policy in China. Traditional markets like the US, the EU and Japan despite being constrained by economic recession continue to be important destinations for Indian textiles. The Indian textile industry is also blessed with a huge domestic market. However fundamental issues like inadequate power, shortage of manpower, reluctance to upgrade to contemporary technology, lack of clarity in governmental policy continue to

17%

This sector contributes to about 14% of industrial production and 17% to India's export earnings.

plague the industry.

Prospects

- Policy change in China to import yarn instead of cotton has created good demand for Indian yarn – which has encouraged the Indian spinners to pursue with capacity addition and modernisation.
- The signs of improvement reported in the American, the EU and Japanese economies, depletion of textile inventory within the American and the European markets is an opportunity for the Indian textile industry.
- Numerous government measures like removal of excise duty on readymade garments, extension of TUF scheme to the 12th Five Year Plan period, enhanced fund allocation for textile parks and inclusion of textiles in the Focus Product Scheme would improve the financial strength of the textile sector.
- Measures announced by various State Governments in India to boost the setting up of greenfield projects.
- Presence of an ever-growing fashion-conscious population compels the textile mills to upgrade their production facilities continuously. This is an opportunity for your Company to upgrade the manufacturing technology and the ability to provide the complete range of contemporary textile machinery at a competitive price, makes your Company a natural partner of choice.
- In-depth experience gained by your Company over the years, along with a committed workforce with specialised skill sets would enable your Company to grab any challenging opportunity.

Challenges

- Acute power shortage, non availability of trained manpower.
- Competition from MNC's. Also, increasingly your Company's global competitors have started to set up manufacturing facilities in India.
- Eroding margins due to mounting material, power and labour costs.

Outlook

Moderation in inflation rates, the expectation of a normal monsoon, removal of excise duty on the spun yarn and readymade garments would stimulate domestic demand. Growth in traditional markets and China is expected to boost external demand for the Indian textile industry augurs well for your Company.

TMD segment performance

Type of machinery	No. of machinery	Value ₹ *in Lakhs*
Spinning preparatory machines	2,261	66,208.49
Yarn making machine	1,421	72,199.32
Accessories and spares	-	24,471.76

02 Machine Tool Division

45%

Domestic manufacturers account for about 45% of consumption within the Indian machine tools market.

Industrial overview

India is the 18th largest manufacturer of machine tools in the world. The Indian machine tool industry consists of about 450 manufacturing units of which 150 are in the organised sector. Domestic manufacturers account for about 45% of consumption within the Indian machine tools market.

Since 2002, the Indian engineering sector especially the auto and auto ancillary sector has witnessed increased investments as global engineering giants have started outsourcing from India and have started to establish their manufacturing facilities based in India. This led to a spurt in demand for machine tools in India. Now the Indian machine tool industry is in a position to export the general purpose and standard machine tools to even industrially advanced countries.

The recessionary pressure of 2012-13 have severely impacted the industrial activity within India and as a result the

growth of the Indian machine tools industry was hampered. However the recent revival in the index of industrial production can be construed as a harbinger of growth for the Indian machine tools industry.

Prospects

- 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 research and development efforts and the ability to bring new variants that match with market requirements enable your Company to meet market demands.

Challenges

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

MTD segment performance

This division has regularly participated in Indian and international exhibitions. During the year under review, this division has introduced 10 new machines/new variants of existing machines. This division has sold 704 machines during the year for a value of ₹14,234.96 lakhs.

Outlook

Globally India is recognised as a cost-effective manufacturing hub for engineering goods. The government is also implementing measures to increase the share of manufacturing in GDP to boost employment. Your Company's policy of continuous research and development gives it the ability to respond to market requirements.

03 Foundry Division

Industrial overview

The Indian foundry industry consists of 4,600 units capable of manufacturing nine million tonnes of castings per year. Recently, the foundry industry has been facing hurdles like inadequate power supply, non availability of skilled manpower, lack of government support towards pollution control measures among others. The general economic slowdown has also impacted the Foundry Industry.

Prospects

- Development of metro rail projects in major cities of India, growth in power and power transmission sector is expected to boost demand for castings.
- Your Company has a well established brand image of having the capacity to manufacture high quality heavy castings
- Adoption of LEAN manufacturing techniques has enabled your Company to manufacture cost effective castings.
- Recognition of your Company's foundry as a non-polluting facility increases its business opportunities

Challenges

- Continuous increase in input cost
- High cost of transport and warehousing
- Shortage of skilled manpower
- Infrastructural bottlenecks like power shortage

Foundry segment performance

This division has sold 5,500 MT of ductile iron and grey iron castings valued at ₹9,053.32 lakhs during the year under review. Out of the total castings sold about 72% accounting for ₹6,522.62 lakhs was exported.

Outlook

Government's commitment to improve infrastructural facilities to attract more foreign direct investment, undertaking of metro rail projects in all major cities, compulsion to install new power projects would all boost the demand for heavy castings.

Adoption of world-class manufacturing technology, introduction of a LEAN manufacturing programme, internal augmentation plan in the heavy moulding area, focused approach on customers in both the domestic and export markets will enable this division to perform well during FY 2013-14.

Risk management

The Company adapts a comprehensive and integrated risk appraisal, mitigation and management process. A separate group called as the Office of Strategy and Risk Management (OSRM) has been formed to identify, evaluate and mitigate risk for the Company. This OSRM team consists of experienced senior officials within 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 a 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 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 Balanced Scorecard System is in place and it measures the performance of every employee. The Company had 3,755 employees at the end of the financial year as on 31st March, 2013

72%

Out of the total castings sold about 72% accounting for ₹6,522.62 lakhs was exported.

Financial Performance

₹ in Lakhs

Particulars	2012-13	2011-12
Gross profit before interest, depreciation, tax	28,841.03	33,734.69
Interest	0.00	0.00
Depreciation	11,772.06	11,395.29
Provision for Taxation	5,321.02	8,637.64
Net profit	11,747.95	13,701.76
Earnings per share (Amt in ₹)	104	122

On behalf of the Board

Place: Coimbatore
Date: 22-May-2013

Sanjay Jayavarthanavelu
Chairman and Managing Director

LMW'S Community Development Initiatives

At LMW, Corporate Social Responsibility forms an integral part of the Company's business activities, it is not philanthropy but voluntary-your Company does it beyond any statutory requirements and obligations. LMW's CSR activities centres across a few broad avenues namely: health, literacy & education, sports, assisting the differently-abled and improving awareness of the people regarding traditional art & culture.

Health is Wealth

LMW launched various occupational healthcare initiatives, and has taken numerous short, medium and long-term measures on a consistent basis to mitigate occupational hazards and promote employee health and wellbeing at the workplace, in tandem. They include comprehensive health check-up camps undertaken in collaboration with a hospital run by the Group as well as routine awareness programmes organised on health-related issues.

LMW also oversees regular health screening programmes at various places around the plants to monitor the health of the rural population. The screening does not end with simply doling out medical advice but actually provides tangible help in the form of medical supplies and extends monetary aid to those who require surgery. It also assists the general hospital to procure equipments like OT tables.

LMW has among other things conducted two eye check-up camps at Periyanaickenpalayam and Kaniyur respectively. The eye check-up camps are mainly conducted at the rural places.

Literacy & Education

LMW provides infrastructural facilities to educational institutions who are constrained by a lack of funds to facilitate a better learning environment for the students.

LMW provides the impetus to rural children so that they are able to compete on equal terms with those from urban locations, bringing the marginalised into the thick of things. The GKD Matriculation School functioning from the serene locale of Perianaickenpalayam is a case in point. It strives to tap into the innate potential of the rural students. This ensures that their skills are honed and they are able to face the challenges of tomorrow.

Sports, Arts & Culture

We have assisted and sponsored an inter-state cricket tournament for the hearing-impaired, a golf tournament and a shooting championship. The golf tournament is held on an annual basis and is named after our Founder Chairman, is an event eagerly awaited by the golfers of the country.

On the arts and culture front, we have encouraged and supported reciting verses from the Bhagvad Gita, Silapathigaram Vizha, Deepam dance, carnatic music and also organised a Tamil music festival. LMW in order to encourage photography talent organises an annual photography competition in the memory of our past CMD Dr. D. Jayavarthanavelu.

Green Cover and Wind Energy

To foster a greener environment and also to cultivate the habit of preserving nature, LMW has initiated internal afforestation programme in all its units. LMW also consistently invests in creation of renewable energy generation assets like wind mills as a part of its commitment towards sustainable developement.

Helping hands to the underprivileged

LMW supports NGOs which help provide a strong foundation for the underprivileged children. We have conducted Koodivilaiyadu, a sports day for underprivileged children between age 8 and 16.

Tradition & Heritage

LMW undertakes multifarious initiatives to support organisations who attempt to uphold the rich cultural tradition and heritage of India.

Empowering Women

LMW believes in empowering women for the holistic development of the society. It has initiated several measures to educate and empower women, especially from the rural background.

NOTICE
TO SHAREHOLDERS

NOTICE is hereby given that the 50th Annual General Meeting of the Shareholders of Lakshmi Machine Works Limited, Coimbatore- 641020 will be held on Monday, the 5th August, 2013 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 the Statement of Profit and Loss for the financial year ended 31st March, 2013, 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, Director who retires by rotation and being eligible offers himself for reappointment.
4. To note the retirement of Sri R.Satagopan, Director who retires by rotation, though eligible, does not offer himself for reappointment.
5. To appoint a Director in the place of Sri Aditya Himatsingka, Director who retires by rotation and being eligible offers himself for reappointment.
6. To appoint Auditors to hold office till the conclusion of next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS

7. To consider and if deemed fit to pass, with or without modification, the following resolution as an Ordinary Resolution:

   RESOLVED that Sri Basavaraju, be and is hereby appointed as Director of the Company and he is liable to retire by rotation.

8. To consider and if deemed fit to pass, with or without modification, the following resolution as a Special Resolution:

   RESOLVED that pursuant to the provision of section 198, 309 and other applicable provisions, if any, of the Companies Act, 1956 including any amendments, modifications and re-enactments there of, a sum not exceeding 1% of the net profits of the Company per annum be paid as commission to the Non-Executive Directors of the Company for a period of three financial years from 2012-13 to 2014-15.

   RESOLVED Further that the profit for this purpose shall be computed in the manner prescribed under Section 349 and 350 of the Companies Act, 1956 and the said commission is payable in addition to the sitting fees payable to the Non-Executive Directors for attending the meetings of the Board of Directors and Committees thereof.

   RESOLVED Further that the commission for each of the said financial years be paid and distributed to all the Non-Executive Directors of the Company or some or any of them, in such amount or proportions and in such manner as may be decided by the Board of Directors.

9. To consider and if deemed fit to pass, with or without modification, the following resolution as a Special Resolution:

   RESOLVED that in accordance with the provisions of Sec.198, 269, 309, 349 and 350 read with Schedule-XIII and other applicable provisions, if any, of the Companies Act, 1956 including amendments, modifications and re-enactments thereof Sri R.Rajendran be and is hereby re-appointed as Director Finance for a period of two years from 02.02.2014 to 01.02.2016 on the terms and conditions set out below:

a) Salary	:	₹5,00,000 /- p.m.
b) Perquisites	:	In addition to the salary he is entitled to the following perquisites:
i) House rent allowance	:	₹ 2,50,000/- per month
ii) Leave Travel Assistance	:	two months basic salary, per annum
iii) Medical benefits	:	one month basic salary, per annum
iv) Other perquisites	:	gas, electricity, water, club fees at actual.

For the purpose of calculating the ceiling, perquisites shall be evaluated as per Income Tax rules wherever applicable.

Company's contribution to Provident Fund as per rules of the Company, to the extent it is not taxable under the Income Tax Act, 1961 shall not be included in the computation of the ceiling on remuneration or perquisites.

Gratuity payable shall not exceed half a month's salary for each completed year of service. The Director Finance is entitled to encashment of leave at the end of tenure which shall not be included in the computation of the ceiling on remuneration or perquisites.

Provision of company car with driver for use on Company's business and telephone facility at his residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purposes shall be billed by the Company to the Director Finance.

The minimum remuneration and perquisites to be paid in the event of loss or inadequacy of profit in any financial year during the tenure of office shall be as per Schedule-XIII of the Companies Act, 1956.

By Order of the Board

Place : Coimbatore
Date : 22-May-2013

K.Duraisami
Company Secretary

NOTES :

1. A MEMBER WHO IS ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT PERIANAICKENPALAYAM, COIMBATORE - 641 020 NOT LESS THAN 48 HOURS BEFORE HOLDING THE MEETING.
3. Brief resume, details of shareholding and Directors inter-se relationship of Directors seeking election/re-election as required under clause 49 of the Listing Agreement, are provided as Annexure to this notice.
4. Members holding shares in physical form are requested to intimate the Change of Address and their Bank Account details such as Bank Name, Branch with address and Account number for incorporating the same in Dividend Warrants to M/s SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006 quoting their respective folio number. Members holding shares in Demat form shall intimate the above details to their Depository Participant.
5. 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 Demat form to enable the Company to serve documents in electronic form.
6. The Register of Members and share transfer books of the Company will remain closed from Thursday the 1st August, 2013 to Monday, the 5th August, 2013 (both days inclusive).
7. The dividend recommended by the Board, if declared at the AGM will be paid to those members or their mandatees whose name appear on the Register of Members of the Company on 5th August, 2013. In respect of shares held in dematerialised form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for this purpose at the end of business hours on 31st July, 2013. No deduction of tax at source will be made from dividend.
8. Pursuant to Section 205C of the Companies Act, 1956, unclaimed dividends are be transferred to the "Investor Education and Protection Fund" of the Central Government after a period of 7 years from the date of declaration. Shareholders who have not en-cashed/misplaced/not received the dividend warrant for the years 2005-06(final), 2006-07(1st & 2nd interim), 2007-08 (interim & final), 2008-09, 2009-10, 2010-11 and 2011-12 are requested to write to M/s SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A1, Sathy Road, Ganapathy, Coimbatore - 641 006 for claiming the dividend. Due date for the transfer of the unclaimed dividend of the year 2005-06 to the said fund is 24th August, 2013 and shareholders cannot make a claim after that date.
9. Annual accounts and related details of the wholly owned subsidiary company viz. LMW Textile Machinery(Suzhou)

Co. Ltd. China is kept for inspection at the Registered Office of the Company and at the subsidiary company. Copy of the same will be provided to the members whenever requested.

10. Any member who need any clarification on accounts or operations of the Company shall write to the Company Secretary, so as to reach him at least 7 days before the meeting, so that the information required can be made available at the meeting.

11. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.

EXPLANATORY STATEMENT IN TERMS OF SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 7

Sri Basavaraju was appointed as Additional Director with effect from 25.01.2013 by the Board of Directors of the Company u/s 260 of the Companies Act, 1956. He can hold office as Additional Director only up to the date of ensuing Annual General Meeting.

The Company has received a nomination under Sec.257 of the Companies Act, 1956 from a member of the Company with requisite deposit signifying his intention to propose the appointment of Sri Basavaraju as Director of the Company.

Sri Basavaraju is liable to retire by rotation.

In the interest of the Company the Board of Directors recommend this resolution to the shareholders for approval.

Interest of Directors:

None of the Directors other than Sri Basavaraju is interested or concerned in the resolution.

Item No. 8

The Shareholders of the Company at the Extra Ordinary General Meeting held on 10.09.2010 had approved for the payment of commission to Non-Executive Directors of the Company up to 1% of the net profits of the Company per annum computed in the manner prescribed u/s 349 and 350 of the Companies Act, 1956 for two financial years commencing from 01.04.2010. This was in addition to the sitting fees paid to them for attending the Meeting and Committees thereof.

Taking into consideration of the responsibilities of the Non-Executive Directors in the changing corporate environment, it is proposed to continue the payment of commission to the Non-Executive Directors up to a sum not exceeding 1% of the net profits per annum for a period of three financial years, commencing from 1st April, 2012. As per Sec.309 of the Companies Act, 1956, this requires the approval of the shareholders of the Company by a Special Resolution.

The Board of Directors recommend the resolution for your approval.

Interest of Directors :

All Directors except Sri Sanjay Jayavarthanavelu, Chairman and Managing Director and Sri R.Rajendran, Director Finance are concerned or interested in this resolution to the extent of commission payable to them.

Item No.9

Sri R.Rajendran was appointed as Director-Finance of the Company for a period of 3 years from 02.02.2011 to 01.02.2014 at the Board Meeting held on 31.01.2011 and the same was approved by the shareholders at the Annual General Meeting held on 10.08.2011. The current tenure of office of Sri R Rajendran, Director Finance is valid up to 01.02.2014.

In the best interest and progress of the Company it is proposed to re-appoint Sri R.Rajendran as Director-Finance for a further period of two years from 02.02.2014 to 01.02.2016.

Board of Directors of the Company at the meeting held on 22.05.2013 have re-appointed Sri R.Rajendran as Director-Finance subject to the approval of the shareholders, for a further period of two years from 02.02.2014 to 01.02.2016. The remuneration proposed to be paid to Sri R.Rajendran was determined by the Remuneration Committee of the Board of Directors.

In the interest of the Company the Board of Directors recommend this resolution for your approval.

Interest of Directors:

None of the Directors other than Sri R.Rajendran is interested or concerned in the resolution.

By Order of the Board

Place : Coimbatore
Date : 22-May-2013

K.Duraisami
Company Secretary

PROFILE OF DIRECTORS SEEKING ELECTION / REAPPOINTMENT

(Pursuant to Clause-49 of the Listing Agreement)

1. Sri S.Pathy, Director :

Profile :

Sri S.Pathy is a Commerce Graduate with a vast experience in the field of textiles, textile machinery, 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 Kuppuswamy 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 field of textile, textile machinery, finance and administration.

Other Directorships :

1. The Lakshmi Mills Company Limited
2. Lakshmi Automatic Loom Works Limited
3. LCC Investments Limited
4. Lakshmi Card Clothing Manufacturing P.Ltd.
5. The Coimbatore Lakshmi Cotton Press P. Ltd.
6. Sans Craintes Stud Farm P. Ltd.
7. Sans Craintes Live Stock P. Ltd.
8. Sans Craintes Racing and Blood Stock P. Ltd.
9. Rasakondalu Developers P. Ltd.
10. Sans Craintes Power P. Ltd.

Membership in Committees :

Name of the company	Name of the committee	Member/ Chairman
Lakshmi Machine Works Limited	Remuneration committee	Member

Shareholding :

Holds 1,420 shares of ₹10/- each constituting 0.01% of the paid up capital of the Company.

Directors inter-se relationship:

None of the Directors of the Company is related to Sri S.Pathy.

2. Sri Aditya Himatsingka, Director :

Profile :

Sri Aditya Himatsingka has completed his B.Com. degree with honours from Calcutta University in 1985 and his post graduate course in Textile Technology at Philadelphia College of Textile in USA. He is serving as Executive Director of Himatsingka Seide Limited since 1994. He has over 23 years of experience in the silk industry.

Experience :

More than 23 years of experience in silk industry and also in finance, accounts and administration.

Other Directorships :

1. Bihar Mercantile Union Limited
2. Credit Himatsingka Private Limited
3. Aditya Resources Limited
4. Awdhan Trading company Limited
5. Himatsingka Seide Limited

Membership in Committees :

Name of the company	Name of the committee	Member/ Chairman
Himatsingka Seide Limited	Share Transfer committee Risk Management Committee QIP Committee	Member
Lakshmi Machine Works Limited	Audit Committee	Member

Shareholding : Nil

Directors inter-se relationship :

None of the Directors of the Company is related to Sri Aditya Himatsingka.

3. Sri Basavaraju, Director:

Profile:

Sri Basavaraju is a post graduate in English Literature from Bangalore University. He joined LIC in the year 1977 and held various responsible positions in LIC before retiring as Executive Director. He was Ex-officio President of Bangalore Insurance Institute from 1998 to 2001 He was the first Zonal Manager of eighth Zone of LIC with headquarters at Patna, Bihar. He has also served as Chair Professor (Life) in the National Insurance Academy, Pune.

Sri Basavaraju is on the Board of our Company since 30th October, 2006 as Nominee Director of LIC and on his retirement he was appointed as Additional Director on the Board of the Company from 25.01.2013.

Experience:

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

Other Directorships:

1. The India Cements Limited

Membership in Committees: Nil

Shareholding: Nil

Directors' inter-se relationship:

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

4. Sri R.Rajendran, Director Finance :

Profile:

Sri R.Rajendran is a B.Com. graduate and an Associate Member of the Institute of Chartered Accountants of India. After completing C.A. Sri R.Rajendran commenced his service in Lakshmi Machine Works Limited on 01.04.1971 as Internal Auditor and held various positions. Prior to his appointment as Director Finance he was the Chief Financial Officer. He has completed 43 years of experience in LMW in the functions of accounts, finance, tax and administration.

He is representing the Company on the Executive Council of Textile Machinery Manufacturers Association of India and on the joint working group on Textile Machinery constituted by the Ministry of Heavy Industries, Government of India. He is also serving as a Trustee on the Board of Trustees of LMW Employees Gratuity Fund Trust.

Experience:

More than 42 years of experience in the functions of accounts, finance, tax and administration.

Other Directorships : Nil

Membership in Committees :

Name of the company	Name of the committee	Member/ Chairman
Lakshmi Machine Works Limited	Shareholders / Investors Grievance Committee	Member
	Shares & Debentures Committee	Member

Shareholding:

Holds 3,000 shares of ₹10/- each constituting 0.03% of the paid up capital of the Company.

Director's inter-se relationship:

None of the Directors of the Company is related to Sri R.Rajendran.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Annual Report together with the audited accounts of your Company for the financial year ended 31st March, 2013.

FINANCIAL RESULTS

₹ in Lakhs

	2012-13	2011-12
Gross Profit	28,841.03	33,734.69
Depreciation	11,772.06	11,395.29
Profit Before Tax	17,068.97	22,339.40
Provision for Income Tax - Current Tax	6,000.00	7,500.00
- Deferred Tax (Net)	(1,181.98)	(473.36)
- Prior year taxes paid	503.00	1,611.00
Profit After Tax	11,747.95	13,701.76
(Add)/Less : Investment Fluctuation Reserve	144.94	2,004.53
Balance brought forward	80,698.32	76,948.20
BALANCE AVAILABLE FOR APPROPRIATION	92,301.33	88,645.43
APPROPRIATIONS:		
Proposed dividend	2,253.30	5,633.26
Dividend Tax	382.95	913.85
Transfer to General Reserve	1,200.00	1,400.00
Surplus carried to Balance Sheet	88,465.08	80,698.32
TOTAL	92,301.33	88,645.43

Note: The figures for the year 2012-13 in this report are inclusive of the operations of LMW Machinery Limited merged with the Company effective from 01.04.2012. Hence the figures of 2012-13 and 2011-12 are not strictly comparable.

DIVIDEND

Your Directors have recommended payment of a dividend of ₹20/- per equity share of ₹10 each (200 %) for the financial year 2012-13 on the equity share capital of ₹11,26,65,040 amounting to ₹2253.30 lakhs and to pay a Dividend Tax of ₹382.95 lakhs.

The dividend, if approved by the shareholders, will be paid to those members or their mandates whose name appear on the Register of Members on 5th August, 2013 for those holding shares in physical form and for those holding shares in dematerialised form dividend will be paid as per the details of beneficial ownership furnished by the depositories, as at the end of business hours on 31st July, 2013.

OPERATIONS

During the year under review, your Company has recorded a turnover of ₹1,86,432.75 Lakhs (2011-12: ₹2,07,249.19 Lakhs) resulting in a Net Profit of ₹17,068.97 Lakhs before tax (2011-12: ₹22,339.40 Lakhs).

During the year under review the turnover has decreased by 10.04% over the previous year and consequently the profit has decreased by 23.59%. Increase in commodity prices, power & fuel expenses and under absorption of fixed costs has affected the profitability.

TEXTILE MACHINERY DIVISION

The Textile Machinery Division of your Company, during the year under review, has recorded a turnover of ₹1,62,879.57 Lakhs as against ₹1,75,329.51 Lakhs achieved during previous year. This represents a decrease of 7.10% over the previous year.

The Indian Textile Industry has experienced difficult conditions during 2012-13. Traditional markets for Indian textiles namely, USA and Europe are yet to recover from the effects of global financial crisis. More worrying is the fact that these important markets show no signs of any improvement in their economic status despite economic stimulus measures. Within India, all round industrial slow down and a growing inflation has affected growth in domestic demand. Acute power shortage, non availability of trained manpower and lack of clarity in Government policies and support has added to further woes.

In view of the prevailing uncertainty, Textile mills in India and abroad preferred to defer their capacity addition/modernisation plans resulting in lower growth. High cost of self generated power, increase in commodity prices and under utilisation of capacity has contributed to the down trend.

However, the second half of the year under review witnessed an increased demand for yarn from China due to a change in the Yarn Import Policy of that country. As China meets with nearly 40% of the global garment requirements, exports of yarn from India are likely to increase in the near future. During the year despite the odds, stable cotton prices and increased yarn exports to china has improved the profitability of many textile mills in India.

The Union Budget for 2013-14 has given an impetus to the Indian Textile Industry in the form of continuation of the Technology Upgradation Fund Scheme during the 12th Five Year Plan period, removal of excise duty for readymade garments, sanction of additional funds for textile parks, extension of interest subvention schemes, inclusion of textiles under the Focus Product Scheme etc. These measures are expected to aid the recovery and growth of the Indian Textile Industry. Also it is encouraging to note that various State Governments in India have announced attractive schemes for establishment of Textile

Spinning units as green field projects.

MACHINE TOOL DIVISION

During the year under review, this division has achieved a turnover of ₹14,442.64 Lakhs as against the turnover of ₹22,749.17 Lakhs recorded during the previous year showing a decrease of 36.51 % over last year.

Decline in turnover is due to the slowdown of industrial activity in the country particularly in the automotive, infrastructure, heavy engineering and construction industries. Competition from low cost unorganised Machine Tool manufacturers, import of second hand machinery and stiff competition from high tech overseas Machine Tool manufacturers have also led to a fall in volume.

During the year under review, this division has introduced 10 new machines/variants of the existing product range. New products were displayed at exhibitions like IMTEX-2013, Bangalore, AMTEX -13 New Delhi and ACMEE-13 at Chennai and were well received. It is expected that when economic activity picks up in India, demand for these new products alongwith existing products is set to increase.

FOUNDRY DIVISION

Foundry Division has achieved a turnover of ₹9,053.32 Lakhs as against ₹9,170.07 Lakhs recorded during the previous year showing a marginal decrease of 1.27% over the previous year. This Division has exported castings worth ₹6,522.62 Lakhs as against ₹5,247.70 Lakhs made during the previous year. The export turnover constitutes 72.05% of the division's turnover. The growth in exports is mainly on account of growing demand for locomotive castings due to the growth of railway locomotive business in North America and Europe.

Commencement of infrastructure projects like metro rail in major cities of the country, constant growth of renewal energy segment, setting up of factories and/or International Procurement Offices (IPO) in India by MNCs manufacturing OE equipments, will give fillip to Foundry industry in India.

WIND ENERGY DIVISION

As a responsible corporate citizen, your Company continues to tap the non conventional and renewable resources of energy namely Wind Power. In an era of acute power shortage, wind energy occupies the centre stage in the energy policy of your Company. So far your Company has installed 28 wind mills with a total installed capacity of 36.80 MW. During the year under review this division has generated 945 lakh units as against 647 lakh units during the previous year.

ADVANCED TECHNOLOGY CENTRE

Your Company has established the Advanced Technology Centre to manufacture and supply high precision parts and components required for the Aerospace Industry. For this purpose, your Company has created infrastructure and capabilities that are accredited with the AS 9100 Rev B certification and the NADCAP approvals.

During the year under review this division has commenced commercial production and has achieved a maiden turnover of ₹57.21 Lakhs. Product supply agreements have been concluded with leading original equipment manufacturers / sourcing intermediaries. A number of products are currently under customer validation process. These products are expected to bring more volume of business for this division in the years to come.

REAL ESTATE ACTIVITY

Directorate of Town and Country Planning has already approved the Real Estate project of your Company. Now, few more approvals are awaited and on receipt of the same the real estate project will be launched at an appropriate time.

EXPORTS

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

Export turnover

₹ *in Lakhs*

Sl.No	Division	FY 2012-13	FY 2011-12
1	Textile Machinery *	16,531.50	26,876.87
2	CNC Machine Tools	-	24.94
3	Castings	6,522.62	5,247.70
4	Aerospace Parts	57.21	0.44
	Total Exports	23,111.33	32,149.95

*Export of Textile Machinery as stated above includes exports worth ₹5,282.01 Lakhs made to the wholly owned subsidiary, LMW Textile Machinery (Suzhou) Co., Ltd, China.

RESEARCH AND DEVELOPMENT

Your Company is well aware of the fact that it is operating in a buyers market. The R&D activities of your Company are tuned in to maximise customers' profitability. Your Company makes use of Voice of Customer platform as the basis for R&D activity. The entire R&D effort within LMW is a consistent endeavour to offer world class products that are competitively priced.

Your Company has established separate R&D units for development of Textile Machinery and CNC Machine Tools. Both the R&D facilities have been recognised by the Department of Science and Technology, Government of India as in house R&D units. Besides in house efforts, your company also enters into agreement with renowned technology suppliers, developers / institutes across the world to upgrade / source contemporary / futuristic technology.

AWARDS

During the year 2012-13 your Company has bagged the following Awards:

1) Star Performer Award for 2011-12 from Engineering Export Promotion Council of India.

2) Apex Export Award from the Textile Machinery Manufacturers Association of India.

3) Award for Research and Development from Textile Machinery Manufacturers Association of India.

DIRECTORATE

Sri R Venkatrangappan, Non Executive Chairman has relinquished his office of Director and Chairman of Board of Directors in your Company with effect from 15th October, 2012.Board placed on record the services rendered by Sri R Venkatrangappan.

The Board of Directors at their meeting held on 29th October, 2012 has elected Sri Sanjay Jayavarthanavelu, Managing Director as Chairman of the Board of Directors and he was re-designated as Chairman and Managing Director of your Company.

Sri S Pathy and Sri Aditya Himatsingka, Directors are liable to retire by rotation at the ensuing Annual General Meeting, being eligible, offer themselves for reappointment.

Sri R Satagopan, Director is also liable to retire by rotation at the ensuing Annual General Meeting, though eligible for re-appointment, he does not offer himself for re-appointment. Board placed on record the services rendered by Sri R Satagopan.

During the year under review, Life Insurance Corporation of India has withdrawn Sri Basavaraju from the Board of your

Company and has nominated, in his place, Sri V Sathyakumar as its nominee.

The Board of Directors at their meeting held on 25th January, 2013 have appointed Sri Basavaraju (ex-Nominee Director of LIC) as Additional Director, considering his experience and expertise, to hold office up to the ensuing Annual General Meeting. A nomination has been received, under section 257 of the Companies Act, 1956 from one of the members of the Company, with requisite deposit, for the election of Sri Basavaraju as Director of the Company .

A brief profile of the Directors retiring by rotation and seeking re-election, to be provided as per Clause-49 of the Listing Agreement is annexed to the Notice of Annual General Meeting.

INDUSTRIAL RELATIONS

Relationship with employees remained cordial throughout the year.

MERGER OF LMW MACHINERY LIMITED

With the acquisition of the 50% stake held by Rieter Machine Works Limited in the erstwhile joint venture company Rieter-LMW Machinery Limited (RLM), RLM became a wholly owned subsidiary of your Company effective from 16th August, 2011. The name of the said company has been changed to "LMW Machinery Limited" (LMWML) with effect from 2nd September, 2011 and was functioning as a separate company. LMWML has surrendered its 100% EOU license and has filed an IEM to manufacture and sell textile machinery in India and abroad.

As LMW and LMWML were pursuing the same line of business Management felt that it was appropriate to merge LMWML with LMW to achieve synergy in operations and to reduce overhead expenses. A petition to this effect, was filed before the Hon'ble High Court of Judicature at Madras praying for the merger of LMWML with LMW. The Hon'ble High Court of Judicature at Madras by an order dated 26th April, 2013 under CP No:33/2013 has approved the merger of LMWML with LMW effective from 1st April, 2012.

The standalone financial statements of your Company for the year 2012-13 include the performance of the erstwhile LMWML also.

WHOLLY OWNED SUBSIDIARY COMPANY

LMW Textile Machinery (Suzhou) Co. Ltd. (LMWTMSCL)

The turnover of the company during the year under review was ₹15,285.93 Lakhs as against ₹15,860.53 Lakhs during the previous year. During the year under review this company has earned a net profit of ₹1,315.06 Lakhs (Previous Year : ₹93.51 Lakhs).

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

FIXED DEPOSITS

The Company has not accepted any fixed deposits.

LISTING

Your Company's shares are listed in Madras Stock Exchange Limited, Chennai, Bombay Stock Exchange Limited, Mumbai and the National Stock Exchange of India Limited, Mumbai. The respective listing fees for the above Stock Exchanges up to the year 2013-14 have been paid.

AUDITORS

The retiring Auditors M/s M S Jagannathan & Visvanathan and M/s Subbachar & Srinivasan, Joint Auditors of the Company, being eligible for reappointment, have consented to act as

Joint Auditors of the Company, if appointed and necessary certificate pursuant to Section 224(1B) of the Companies Act, 1956 has been received from them.

Sri A.N. Raman ,Practicing Cost and Management Accountant, Chennai has been appointed as Cost Auditor of the Company for the financial year 2013-14

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956.

Information in accordance with Clause (e) of sub-section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Director's Report for the year ended 31st March, 2013 is given in Annexure-I of this Report.

Information in accordance with Sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March, 2013 is given in Annexure - II of this Report.

ADDITIONAL DISCLOSURES

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- All applicable Accounting Standards have been followed in preparation of Annual Accounts and that there are no material departures;
- Such accounting policies have been selected and applied consistently and such judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the profit of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Annual Accounts of your Company have been prepared on a going concern basis.

GENERAL

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

Your Directors also thank the Company's Bankers and Selling Agents for their valuable assistance.

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

On Behalf of the Board

Place: Coimbatore
Date : 22-May-2013

Sanjay Jayavarthanavelu
Chairman and Managing Director

ANNEXURE - I

INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988.

CONSERVATION OF ENERGY:

The energy conservation measures of the company are:

1. Installation of low capacity compressor in the place of large one.
2. Use of polycarbonate sheets for roof top to tap the natural lighting
3. Readjustment of shift timings according to power availability and elimination of certain operations.
4. Introduction of new production methods and ACME initiatives
5. Efficient machine utilisation and cycle time and setup time reduction.

FORM - B

(See Rule 2)

Form for disclosure of particulars with respect to absorption

Textile Machinery Division

A. Research & Development

1	Specific areas in which R&D carried out by the Company	Innovative concepts and product development for spinning machinery by considering ISO quality systems, EOHS aspects, using design for six sigma DFSS tools and Team Centre for Product Life Cycle Management
2	Benefits derived as a result of the above	Development of high performance, cost efficient and user friendly machines.
3	Future plan of action	Development of aesthetically and ergonomically designed new model machines and improvements in existing machines as per customer requirements and applicable regulations
4	Expenditure on R & D a. Capital b. Recurring c. Total d. Total R& D Expenditure as a percentage of total turnover	₹ in Lakhs – 888.34 888.34 0.55%

B. Technology Absorption, Adaptation and Innovation

1	Efforts in brief, made towards Technology absorption, adaptation and innovation	Arranged technical guest lectures in various subjects and skill building exercises. In depth IPR analysis and review. Theoretical simulation.
2	Benefits derived as a result of the above efforts, e.g., development import substitution etc.,	New model machines with innovative features improvement in the performance of the machines and enhancement of knowledge base.
3	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year)	–

a	Technology imported	Technology for the manufacture of Swiftfloc, Blow room Machinery imported from Mr. Hubert Hergeth, Germany
b	Year of Import	2012
c	Has technology been fully absorbed If not fully absorbed, areas	Absorbed
d	where this has not taken place, reasons there for and future plans of action	Not Applicable

Machine Tool Division

A. RESEARCH & DEVELOPMENT:

1	Specific areas in which R&D carried out by the Company	High capacity turning centres, Linear Tool lathe, Automated lathes and High capacity improved machining centres.
2	Benefits derived as a result of the above	Wider product range to cater to different market segments. High technology and high precision machines as import substitutes to cater to the need of high precision industries like aerospace etc.
3	Future plan of action	Plan to bring about with more number of new products and new variants of existing machines.
4	Expenditure on R & D a. Capital b. Recurring c. Total d. Total R& D Expenditure as a percentage of total turnover	₹ in Lakhs – 144.39 144.39 1.00%

B. Technology Absorption, Adaptation and Innovation

1	Efforts in brief, made towards Technology absorption, adaptation and innovation	Made arrangements for technical tie ups to augment the existing product range. Stepped up investments in capital expenditure to acquire high tech mother machines.
2	Benefits derived as a result of the above efforts, e.g., development import substitution etc.,	10 New machines / new variants of the existing machines were commercialised during the year.
3	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year)	
a	Technology imported	–
b	Year of Import	–
c	Has technology been fully absorbed	–
d	If not fully absorbed, areas where this has not taken place, reasons there for an future plans of action	–

FOREIGN EXCHANGE EARNINGS AND OUT-GO:

Foreign Exchange earned through exports amount to:	₹23,111.33Lakhs
Foreign Exchange used	₹23,284.91Lakhs

ANNEXURE - II

Statement appended to Directors' Report pursuant to Section-217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2013.

	1	2
Name	**Sri Sanjay Jayavarthanavelu**	**Sri R. Rajendran**
Age (years)	44	68
Designation / nature of duties	Chairman and Managing Director	Director Finance
Remuneration (₹)	5,21,22,169	95,65,673
Qualification	M B A	B.Com; A C A
Experience (years)	19	42
Date of commencement of employment	3rd June, 1994	1st April, 1971
Last employment before joining the Company	-	-

Note: The remuneration includes Company's contribution to provident fund, gratuity & perquisites and the employment are contractual.

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

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, 1956 and the conditions of the listing agreement. The composition of the Board ensures a judicious mix of Executive and Non Executive Directors as well as the combination of Independent and Non-Independent Directors.

The Board consists of Nine Directors, of whom one is the 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 R Venkatrangappan (Up to 15th October, 2012)	Non Executive Chairman	4	6	-
Sri Sanjay Jayavarthanavelu	Executive–Chairman and Managing Director	11	-	5
Sri M V Subbiah	Non-Executive – Independent	2	2	-
Sri S Pathy	Non-Executive – Non Independent	10	-	1
Sri R Satagopan	Non-Executive – Independent	1	2	3
Sri Basavaraju	Non-Executive - Independent	1	-	-
Sri Aditya Himatsingka	Non Executive - Independent	4	-	4
Dr. Mukund Govind Rajan	Non Executive - Independent			
Sri V. Sathyakumar	Non-Executive - Independent Nominee of LIC	-	-	-
Sri R Rajendran	Executive – Non Independent	-	-	2

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

Board Meetings and Attendance:

During the year under review, five Board meetings were held on 23rd May, 2012, 6th August, 2012, 15th October, 2012, 29th October, 2012 and 25th January, 2013. 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, 2013 are as follows:

Directors		Board Meeting (5)*	Share Transfer Committee (10)*	Last AGM Attended (Yes/No)
Sri R Venkatrangappan	(upto 15.10.2012)	3	5	Yes
Sri Sanjay Jayavarthanavelu		5	10	Yes
Sri M V Subbiah		4	-	Yes
Sri S Pathy		4	-	No
Sri R Satagopan		5	-	Yes
Sri Basavaraju		5	-	Yes
Sri Aditya Himatsingka		3	-	Yes
Dr. Mukund Govind Rajan		5	-	Yes
Sri V. Sathyakumar	(from 25.01.2013)	1	-	No
Sri R Rajendran		5	-	Yes

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

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 R Satagopan	-
4	Sri Basavaraju	-
5	Sri Aditya Himatsingka	-
6	Dr. Mukund Govind Rajan	-

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 and the committees thereof at the rate of ₹20,000/- per meeting.

In addition to the sitting fees, Commission, as approved by the shareholders at the Extra-ordinary General Meeting held on 10th September, 2010, 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 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 and sitting fees paid to the Executive and Non Executive Directors during the year ended 31st March, 2013 are as below:

(Amount in ₹)

Name	Salary	Perquisites	Sitting fee	Commission Paid for FY 2011-12	Total
Sri R Venkatrangappan (upto 15.10.12)	-	-	1,60,000	1,94,79,144	1,96,39,144
Sri Sanjay Jayavarthanavelu	1,50,00,000	50,61,572	-	2,28,40,788	4,29,02,360
Sri M V Subbiah	-	-	1,00,000	5,00,000	6,00,000
Sri S Pathy	-	-	80,000	5,00,000	5,80,000
Sri R Satagopan	-	-	2,20,000	5,00,000	7,20,000
Sri Basavaraju	-	-	40,000* 60,000**	5,00,000*	6,00,000
Sri V Sathyakumar (Nominee of LIC)			20,000 *	-	20,000
Sri Aditya Himatsingka	-	-	1,20,000	5,00,000	6,20,000
Dr. Mukund Govind Rajan	-	-	1,80,000	5,00,000	6,80,000
Sri R Rajendran	72,00,000	23,65,673	-	-	95,65,673

* Paid to Life Insurance Corporation of India., ** paid to the Director

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

Sri K Duraisami, Company Secretary serves as the Secretary of the Committee. The 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, 1956 and by the Stock Exchanges in terms of Listing Agreement. The committee meets once in every quarter to carry out its business.

The committee met four times during the financial year under review on 23rd May,2012, 6th August, 2012, 15th October, 2012 and 25th January, 2013. Details of attendance of members are as follows:

Date of Meetings and Attendance:

Name of the Member	Attendance of meetings held on			
	23.05.12	06.08.12	15.10.12	25.01.13
1. Sri R Satagopan	√	√	√	√
2. Sri Aditya Himatsingka	√	√	-	√
3. Dr. Mukund Govind Rajan	√	√	√	√

(ii) Shareholders / Investors Grievance 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 balance sheet, non receipt of declared dividends etc., and also the action taken by the Company on the above matters.

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

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

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

During the year under review 13 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, 2013.

The Committee met two times during the financial year ended 31st March, 2013, on 6th August, 2012 and on 25th January, 2013. Details of attendance of members are as follows.

Date of Meetings and Attendance:

Name of the Member	Attendance of meetings held on	
	06.08.12	25.01.13
1. Sri M V Subbiah	√	–
2. Sri R Satagopan	√	√
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. The shareholders request on the above matters are being processed and certificates returned to them within 15 days from the date of receipt. The committee had met ten times during the financial year ended 31st March, 2013.

(iv) Remuneration Committee:

This Committee was formed for determining remuneration payable to Executive Directors. During 2011-12 the committee was reconstituted and the reconstituted committee consists of the following independent Directors:

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

The requirement for meeting of the committee did not arise during the year under review.

3. GENERAL BODY MEETINGS:

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

Location	Time	Day	Date
AGM Nani Kalai Arangam, Mani Higher Sec. School, Coimbatore- 641 037	03.30 P.M.	Wednesday	28.07.2010
EGM -do-	10.00 A.M.	Friday	10.09.2010
AGM –do-	03.00 P.M.	Wednesday	10.08.2011
AGM –do-	10.25 A.M.	Monday	06.08.2012

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

a. At the AGM held on 28th July, 2010
   (i) Revision of remuneration paid to Sri R Venkatrangappan as Wholetime Director.
   (ii) Revision of remuneration paid to Sri Sanjay Jayavarthanavelu as Wholetime Director.

b. At the EGM held on 10th September, 2010 the following special resolutions were passed:
   (i) Amendment of Articles of Association.
   (ii) Commission payable to Non Executive Directors for three years.
   (iii) Re designation of Sri Sanjay Jayavarthanavelu as Managing Director

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

d. At the AGM held on 10th August, 2011 the following special resolutions were passed:
   (i) Approval for remuneration payable to Sri Sanjay Jayavarthanavelu, Managing Director.
   (ii) Approval for remuneration payable to Sri R Rajendran, Director-Finance.
   (iii) Approval for withdrawal of delisting of application from Madras Stock Exchange.

e. No special resolution was passed at the AGM held on 06.08.2012

4. DISCLOSURES:

There were no materially significant related party transactions that would have potential conflict with the interests of the Company at large. Details of related party transactions are given elsewhere in the Annual Report.

It is confirmed that:

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

Disclosure of Directors Inter-se Relationships

As on 31.03.2013, 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 and Product Range is 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 5th August, 2013
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 2012-13	22nd May,2013
Posting of Annual Reports of 2012-13	12th July, 2013
Last date for receipt of Proxy forms for the above indicated AGM	Up to 03:30 PM on 3rd August, 2013
Announcement of Quarterly Results for the Financial Year 2013-14	Aug-2013, Oct-2013, Jan-2014 and May-2014
Date of Book Closure	Thursday, the 1st August, 2013 to Monday the 5th August, 2013 (both days inclusive)
Dividend payment date	On or before 4th September, 2013

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-

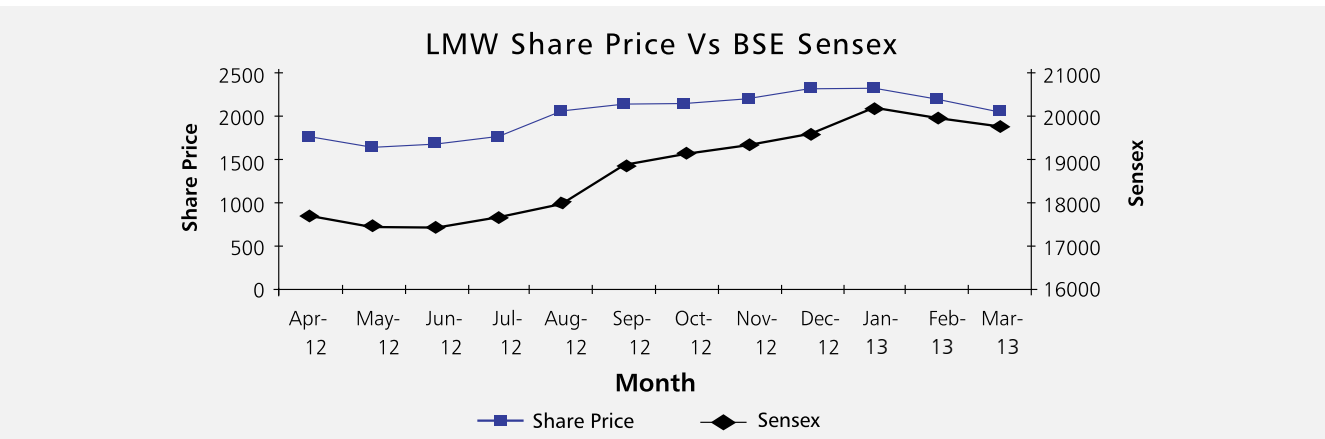
Market Price of Shares:

The monthly High & Low of Company's share price quoted in NSE / BSE during the financial year 2012-13 are given below:

(Amount in ₹)

Month	NSE		BSE	
	High	Low	High	Low
Apr-12	1,898	1,578	1,755	1,580
May-12	1,650	1,498	1,640	1,498
Jun-12	1,690	1,525	1,690	1,517
Jul-12	1,755	1,544	1,755	1,541
Aug-12	2,060	1,546	2,058	1,550
Sep-12	2,140	1,898	2,139	1,874
Oct-12	2,188	1,953	2,135	1,958
Nov-12	2,206	2,030	2,205	2,035
Dec-12	2,325	2,060	2,324	2,060
Jan-13	2,336	2,103	2,330	2,110
Feb-13	2,203	1,970	2,205	1,975
Mar-13	2,074	1,806	2,070	1,798

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, 2013:

S No	Category	No. of Share-holders	No. of shares held	% to Paid-up Capital
1	Promoters and Promoters Group	18	31,92,744	28.34
2	Financial Institutions, Banks and Mutual Funds	28	9,68,606	8.60
3	Insurance Companies	4	17,13,057	15.21
4	Bodies Corporate	668	22,20,469	19.71
5	Directors and relatives	3	4,360	0.04
6	HUF and others	808	5,39,506	4.79
7	Non Resident Indians	341	52,762	0.46
8	Foreign national	1	240	0.00
9	FIIs	27	1,19,379	1.06
10	Individuals (general public)	26,312	24,55,381	21.79
	TOTAL	28,210	1,12,66,504	100.00

Shareholding Pattern as on 31st March, 2013:

Range (No. of Shares)	No. of shares	Percentage to total No. of shares	No. of Shareholders	Percentage to total No. of shareholders
1- 500	8,91,094	7.91	27,534	97.61
501- 1000	2,30,011	2.04	299	1.06
1001- 2000	2,33,166	2.07	163	0.58
2001- 3000	1,42,195	1.26	56	0.20
3001- 4000	1,04,628	0.93	29	0.10
4001- 5000	97,723	0.87	21	0.07
5001- 10000	2,94,090	2.61	40	0.14
10001 And above	92,73,597	82.31	68	0.24
Total	1,12,66,504	100.00	28,210	100.00

Dematerialisation of Shares:

As on 31st March, 2013, 1,05,16,487 equity shares constituting 93.34 percent of the paid up capital of the Company has been dematerialised.

Details of unclaimed shares:

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:

Sl.no.	Particulars	No of shareholders	No of shares
1	No of shareholders and shares at the beginning of the year	381	73,380
2	No of shareholders and shares claimed during the year	6	2,800
3	No of shareholders to whom shares transferred during the year and No of shares transferred	6	2,800
4	No of shareholders and the shares outstanding at the end of the year	375	70,580

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
Basic Training Division	Ganapathy, Coimbatore – 641 006

8. ADDRESS FOR CORRESPONDENCE:

All correspondence should be addressed to:
The Company Secretary
Lakshmi Machine Works Limited
Corporate Office
34-A, Kamaraj Road, Coimbatore - 641 018
E-mail: secretarial@lmw.co.in
investorscell@lmw.co.in

For and on behalf of the Board

Place : Coimbatore
Dated : 22-May-2013

Sanjay Jayavarthanavelu
Chairman and Managing Director

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 2012-13.

Place : Coimbatore
Dated : 22-May-2013

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 31st March, 2013, as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

On the basis of representation received from the Registrar and Share Transfer agents of the company and on the basis of the records maintained by the Shareholders / Investors Grievance Committee of the company, we state that no investor grievance is pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

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

For M S Jagannathan & Visvanathan
Chartered Accountants, Auditors
M. V. Jeganathan
(Partner)
Membership No. 214178

Place : Coimbatore
Dated : 22-May-2013

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, 2013 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.

R.RAJENDRAN
Director Finance (CFO)

SANJAY JAYAVARTHANAVELU
Chairman and Managing Director(CEO)

Place : Coimbatore
Dated : 22-May-2013

FINANCIAL SECTION

Independent Auditors' Report

To the Shareholders of
LAKSHMI MACHINE WORKS LIMITED

Report on the Financial Statements:

We have audited the accompanying financial statements of M/s Lakshmi Machine Works Limited (`the Company`) which comprise the Balance Sheet as at 31 March 2013, 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 Financial Statements:

Management is responsible for the preparation of these 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 disclosures in the financial statements. The procedures selected depend on the auditor`s judgement, 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 control relevant to the Company`s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion:

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

(i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;

(ii) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(iii) In the case of the Cash Flow Statement, of the 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, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
   a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
   e. On the basis of written representations received from the Directors as on 31 March 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For SUBBACHAR & SRINIVASAN
Firm Regn.No: 004083S
Chartered Accountants

[T.S.V.RAJAGOPAL]
Partner
Membership No: 200380

For M.S.JAGANNATHAN & VISVANATHAN
Firm Regn. No: 001209S
Chartered Accountants

[M.V. JEGANATHAN]
Partner
Membership No:214178

Coimbatore
22-May-2013

Annexure to the Independent Auditors' Report

The Annexure referred to in our report to the members of M/s Lakshmi Machine Works Limited (`the Company`) for the year ended 31st March 2013. 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.
   c. The company has not disposed off any substantial part of fixed assets during the year that affects the going concern assumption.

2. In respect of its inventories:
   a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
   b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
   c. In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification as compared to the book records.

3. a The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
   b During the year the company has not given any unsecured loans to parties covered in the register maintained under Section 301 of the Companies Act, 1956. However, in respect of one loan given in an earlier year the maximum amount outstanding during the year was ₹ 850 lakhs and the year end balance was ₹ 650 lakhs.
   c In our opinion, the rate of interest and other terms and conditions on which loans have been given are not prima facie, prejudicial to the interests of the company and the repayment of principal amount and payment of interest are regular as stipulated and there are no overdue amounts.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. We have not observed any major weaknesses in internal control systems during the course of our audit.

5. In respect of contracts or arrangements referred to in Sec. 301 of the Companies Act, 1956:
   a. In our opinion and according to the information and explanations given to us, particulars of such contracts or arrangements have been entered in the register required to be maintained under Sec. 301 of the Companies Act, 1956.
   b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. The company has not accepted any deposits from the public and as such clause 4(vi) of the Order is not applicable.

7. In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.

8. We have broadly reviewed the cost records maintained by the company pursuant to the Companies(Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Sec. 209(1)(d) of the Companies Act, 1956, as applicable to the company, and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

9. According to the information and explanations given to us in respect of the statutory dues:
   a. The company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Wealth tax, Service Tax, Sales

Tax, Customs duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2013 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	443.99	NIL	Appellate authorities Upto Commissioner's Level -- ₹ 357.10 lakhs CESTAT -- ₹ 65.20 lakhs High Court-- ₹ 21.69 lakhs
Income Tax Act, 1961	Income tax and Interest	513.05	NIL	Commissioner of Income Tax (Appeals) -- ₹ 477.60 lakhs ITAT -- ₹ 35.45 lakhs

10. The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

11. The company has no borrowings from financial institutions, banks and debenture holders and as such reporting under clause (xi) of the Order is not applicable to the company.

12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.

13. The company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/Society and as such reporting under clause (xiii) of the Order is not applicable to the company.

14. The company is not dealing or trading in shares, securities, debentures and other investments and as such reporting under clause (xiv) of the Order is not applicable to the company.

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

16. To the best of our knowledge and belief and according to the information and explanations given to us, no term loans were availed by the company during the year.

17. The company has not raised any funds on short term basis.

18. The company has not made any preferential allotment of shares during the year.

19. The company has not issued any debentures during the year.

20. The company has not raised any money by public issue during the year.

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

For **SUBBACHAR & SRINIVASAN**
Firm Regn.No: 004083S
Chartered Accountants

[T.S.V.RAJAGOPAL]
Partner
Membership No: 200380

For **M.S.JAGANNATHAN & VISVANATHAN**
Firm Regn. No: 001209S
Chartered Accountants

[M.V. JEGANATHAN]
Partner
Membership No:214178

Coimbatore
22-May-2013

Balance Sheet As at 31st March 2013

(₹ in Lakhs)

PARTICULARS	Note No	As at 31st March 2013	As at 31st March 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,126.65	1,126.65
Reserves and surplus	4	94,902.13	88,724.05
Non-current liabilities			
Deferred tax liabilities (Net)	5	1,290.19	2,287.06
Other Long term liabilities	6	23,403.51	26,644.53
Current liabilities			
Trade payables	7	25,376.51	26,254.23
Other current liabilities	8	30,404.38	36,323.71
Short-term provisions	9	2,977.77	6,968.05
TOTAL		1,79,481.14	1,88,328.28
ASSETS			
Non-current assets			
Fixed assets	10		
(i) Tangible assets		43,050.36	49,467.72
(ii) Intangible assets		608.69	288.46
(iii) Capital work-in-progress		1,320.97	1,030.74
Total		44,980.02	50,786.92
Non-current investments	11	10,382.50	15,407.30
Long-term loans and advances	12	2,494.91	3,211.95
Other Non current assets	13	-	1,702.39
Current assets			
Inventories	14	22,570.27	21,532.18
Trade receivables	15	12,000.81	12,929.68
Cash and cash equivalents	16	74,969.45	69,234.56
Short-term loans and advances	17	8,641.30	10,712.00
Other current assets	18	3,441.88	2,811.30
TOTAL		1,79,481.14	1,88,328.28
Significant Accounting Policies	2		
Additional information to financial statements	25		

See accompanying notes to the financial statements

In terms of our Report of even date
For **Subbachar & Srinivasan**
Firm Registration No: 004083S
Chartered Accountants

Sanjay Jayavarthanavelu
Chairman and Managing Director

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: 001209S
Chartered Accountants

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

Coimbatore
22-May-2013

Profit and Loss Account For the year ended 31st March 2013

(₹ in Lakhs)

PARTICULARS	Note No	Year ended 31st March 2013	Year ended 31st March 2012
REVENUE			
Revenue from operations	19	2,11,146.15	2,29,380.46
Less: Excise Duty		19,433.14	18,035.22
		1,91,713.01	2,11,345.24
Other income	20	7,871.56	8,450.77
Total Revenue		**1,99,584.57**	**2,19,796.01**
EXPENSES			
Cost of materials consumed	21	1,20,149.73	1,30,510.96
Changes in inventories of finished goods and work-in-progress and Stock-in-Trade	22	(2,261.81)	581.88
Employee benefits expense	23	17,957.04	17,350.24
Finance costs	25.18	36.60	500.73
Depreciation		11,772.06	11,395.29
Other expenses	24	34,861.98	37,117.51
Total Expenses		**1,82,515.60**	**1,97,456.61**
Profit before tax		17,068.97	22,339.40
Tax expense:			
Current tax		6,000.00	7,500.00
Deferred tax (Net)		(1,181.98)	(473.36)
Prior year taxes		503.00	1,611.00
Profit after tax		**11,747.95**	**13,701.76**
Earnings per equity share:			
Basic and Diluted Earnings per share (in ₹) (Face value ₹ 10/- per share)		104.27	121.62
Significant Accounting Policies	2		
Additional information to financial statements	25		

See accompanying notes to the financial statements

In terms of our Report of even date
For **Subbachar & Srinivasan**
Firm Registration No: 004083S
Chartered Accountants

Sanjay Jayavarthanavelu
Chairman and Managing Director

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: 001209S
Chartered Accountants

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

Coimbatore
22-May-2013

Cash Flow Statement For the year ended 31st March 2013

(₹ in Lakhs)

PARTICULARS	Year ended 31st March 2013		Year ended 31st March 2012	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		17,068.97		22,339.40
Adjustments for :				
Depreciation	11,772.06		11,395.29	
Finance cost	36.60		500.73	
Profit on sale of assets	(409.09)		(189.41)	
Loss on sale of assets	11.53		14.13	
Interest income	(6,938.77)		(6,105.35)	
Dividend income	(46.63)		(66.91)	
Unrealised Loss / (Gain) on Foreign Currency Cash and Cash equivalents	(0.42)		(0.39)	
		4,425.28		5,548.09
Operating Profit before Working Capital Changes		21,494.25		27,887.49
(Increase)/Decrease in trade and other receivables	6,401.27		(704.80)	
(Increase)/Decrease in inventories	(1,636.93)		3,582.06	
Increase/(Decrease) in trade and other payables	(9,900.28)	(5,135.94)	(3,569.96)	(692.70)
Cash generated from operations		16,358.31		27,194.79
Direct taxes paid		6,501.93		9,092.39
Net Cash from Operating activities [A]		9,856.38		18,102.40
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets/Capital Work In Progress		(4,378.91)		(18,653.82)
Proceeds from sale of fixed assets		558.76		287.59
Interest received		7,614.06		5,383.43
Dividend received		46.63		66.91
Loans given		-		(1,000.00)
Loans received back		200.00		216.00
Loans received back from Joint Venture Company		-		1,250.00
Investment in Wholly owned subsidiary		(1,625.20)		(5,400.00)
(Increase)/Decrease in Bank balances not considered as cash and cash equivalent		(5,915.77)		3,266.93
Net cash used in investing activities [B]		(3,500.43)		(14,582.96)

Cash Flow Statement (contd.) For the year ended 31st March 2013

(₹ in Lakhs)

PARTICULARS	Year ended 31st March 2013		Year ended 31st March 2012	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Dividends paid		(5,589.45)		(3,265.12)
Corporate dividend taxes paid		(913.85)		(626.43)
Transfer of Unpaid Dividends/Debentures to IEPF		(6.18)		(5.70)
Finance cost		(27.38)		(16.51)
Net cash used in financing activities [C]		**(6,536.86)**		**(3,913.76)**
Net increase in cash and cash equivalents (A+B+C)		(180.91)		(394.32)
Cash and cash equivalents at beginning of the period - D		1,225.28		1,619.60
Cash and cash equivalents at end of the period - E		1,044.37		1,225.28
Net increase in cash and cash equivalents (E-D)		(180.91)		(394.32)
Cash & Cash equivalents as per Balance Sheet		1,044.79		1,225.67
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents		**(0.42)**		(0.39)
Cash and Cash equivalents as per Cashflow Statement		**1,044.37**		**1,225.28**
Note : Cash and cash equivalents include the following balances not available for use :				
Unpaid dividend warrant account		**152.30**		**114.67**

See accompanying notes to the financial statements

In terms of our Report of even date
For **Subbachar & Srinivasan**
Firm Registration No: 004083S
Chartered Accountants

Sanjay Jayavarthanavelu
Chairman and Managing Director

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: 001209S
Chartered Accountants

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

Coimbatore
22-May-2013

Notes Forming Part of Financial Statements

NOTE : 1. CORPORATE INFORMATION

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

NOTE : 2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Method of accounting

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

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 recognized in the period in which the results are known/ materialized.

2.3 Fixed Assets

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

2.4 Investments

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

2.5 Valuation of Inventories

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

2.6 Translation of Foreign Currency Transactions

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

Notes Forming Part of Financial Statements

NOTE : 2. SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.7 Depreciation

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

2.8 Recognition of Revenue

Income and Expenditure are recognized and accounted on accrual basis as and when they are earned or incurred. Revenue from sale transaction is recognized as and when significant risks and rewards attached to ownership in the goods is transferred to the buyer. Revenue from service transactions is recognized on the completion of the contract. Dividend from Investments, Export incentives are recognized when the right to receive payment/credit is established and no significant uncertainty as to measurability or collectability exists. Revenue from carbon credits are recognised on delivery thereof or sale of rights therein, as the case may be, in terms of the contract with the respective buyer.

2.9 Borrowing costs

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

2.10 Earnings per Share

Basic Earnings 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 recognized in the Statement of Profit and Loss.

Defined Benefit Plans

Company's liabilities towards gratuity and leave encashment are determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognized on a straight line basis over the average period until the amended benefits becomes vested. Actuarial gains or losses are recognized immediately in the statement of Profit and Loss as income or expense. Obligation is measured at the year end as present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the balance sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligations.

2.12 Research and Development

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

2.13 Taxes on Income

Current Tax is determined as per the provisions of the Income-tax Act, 1961 in respect of taxable income for the year and based on the expected outcome of assessment /appeals.

Deferred Tax assets and liabilities are recognized on timing differences between accounting income and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Notes Forming Part of Financial Statements

NOTE : 2. SIGNIFICANT ACCOUNTING POLICIES (contd.)

Deferred Tax assets, other than those arising on account of unabsorbed depreciation or carry forward of losses under tax laws, are recognized and carried forward subject to consideration of prudence only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

2.14 Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes to financial statements. Contingent assets are neither recognized nor disclosed in the financial statements. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.

2.15 Cash Flow Statements

Cash Flows are reported using the Indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. Cash and cash equivalents include cash on hand and balances with banks in current and deposit accounts with necessary disclosure of cash and cash equivalent balances that are not available for use by the company.

2.16 Segment Reporting

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

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

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

Inter-segment transfers are accounted for on 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 recognized as an impairment loss. The impairment loss, if any, recognized in prior accounting period is reversed if there is a change in estimate of recoverable amount.

2.18 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 recognized on straight line basis over the lease term. Depreciation on such leased assets is charged as per the normal depreciation policy of the company for similar assets. Initial direct costs incurred specifically in relation to such operating leases is recognized as expense in the period in which they are incurred.

Notes Forming Part of Financial Statements

NOTE : 3. SHARE CAPITAL

(₹ in Lakhs)

	Numbers	Numbers	Amount	Amount
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Number and amount of Equity shares authorized *	5,00,00,000	2,50,00,000	5,000.00	2,500.00
Number of Equity shares issued, subscribed and fully paid up	1,12,66,504	1,12,66,504	1,126.65	1,126.65
			1,126.65	1,126.65
Par value per Equity share (In ₹)			10.00	10.00

*Including 2,50,00,000 equity shares of ₹ 10 each of erstwhile wholly owned subsidiary LMW Machinery Limited as per Scheme of Amalgamation approved by the High Court

Aggregate Number of equity shares bought back in the preceding five year period preceding the balance sheet date (In financial year 2010-11)			11,02,746	11,02,746
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 percent Equity shares				
Life Insurance Corporation of India	10,93,481	10,93,481	9.71%	9.71%
Lakshmi Cargo Company Limited	9,23,718	8,23,718	8.20%	7.31%
Lakshmi Technology and Engineering Industries Ltd	6,67,090	6,67,090	5.92%	5.92%
The Lakshmi Mills Company Limited	6,20,000	7,20,000	5.50%	6.39%
Voltas Limited	6,00,000	6,00,000	5.33%	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

NOTE : 4. RESERVES AND SURPLUS

(₹ in Lakhs)

	As at 31st March 2013	As at 31st March 2012
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	4,274.87	2,874.87
Less : Adjustment on account of amalgamation of LMW Machinery Limited	2,933.62	-
	1,341.25	2,874.87
Add : Transfer from Statement of Profit & Loss	1,200.00	1,400.00
Closing balance	**2,541.25**	**4,274.87**
Investment Fluctuation Reserve		
As per last Balance Sheet	2,939.19	934.66
Add: Transfer from Statement of Profit & Loss	144.94	2,004.53
Closing balance	**3,084.13**	**2,939.19**
Surplus		
As per last Balance Sheet	80,698.32	76,948.20
Add: Transfer from Statement of Profit & Loss	11,747.95	13,701.76
Less: Transfer to Investment Fluctuation Reserve	144.94	2,004.53
Less: Appropriations during the year		
Proposed Dividend	2,253.30	2,816.63
Proposed Golden JubileeDividend	-	2,816.63
Tax on Proposed Dividend	382.95	913.85
Transfer to General Reserve	1,200.00	1,400.00
Closing balance	**88,465.08**	**80,698.32**
Total	**94,902.13**	**88,724.05**

NOTE : 5. DEFERRED TAX LIABILITIES (NET)

Deferred Tax Asset:		
On account of VRS	(30.05)	(60.09)
On account of Others	(0.57)	-
Total	(30.62)	(60.09)
Deferred Tax Liability:		
On account of Depreciation	1,320.81	2,347.15
Deferred Tax Liabilities (Net)	**1,290.19**	**2,287.06**

NOTE : 6. OTHER LONG TERM LIABILITIES

Security deposit received against supply of machinery	23,403.51	26,644.53
Total	**23,403.51**	**26,644.53**

Notes Forming Part of Financial Statements

NOTE : 7. TRADE PAYABLES

(₹ in Lakhs)

	As at 31st March 2013	As at 31st March 2012
Due to Micro, Small & Medium Enterprises	62.62	73.98
Others	25,313.89	26,180.25
Total	**25,376.51**	**26,254.23**

NOTE : 8. OTHER CURRENT LIABILITIES

Liability for Expenses	3,591.83	4,246.12
Security deposit received against supply of machinery	13,940.00	15,088.00
Liability for other Finance	12,720.25	16,874.92
Unpaid dividends	152.30	114.67
Total	**30,404.38**	**36,323.71**

NOTE : 9. SHORT-TERM PROVISIONS

Provision for Employee benefits :		
Provision for Gratuity	-	6.94
Provision for Leave Encashment	29.69	-
Others :		
Provision for Proposed Dividend	2,253.30	2,816.63
Provision for Proposed Golden Jubilee Dividend	-	2,816.63
Tax on Proposed Dividend	382.95	913.85
Provision for Warranty	311.83	414.00
Total	**2,977.77**	**6,968.05**

NOTE : 10. FIXED ASSETS

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 31.03.2012*	Additions	Sales /Transfer	Cost as at 31.03.2013	Upto 31.03.2012*	Withdrawn	For the year	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
A. Tangible Assets :										
Land	2,778.09			2,778.09					2,778.09	2,769.20
Buildings	13,697.18	1,217.77	11.37	14,903.58	8,568.96	8.61	459.91	9,020.26	5,883.32	4,588.79
Plant & Equipment	1,37,416.71	2,126.25	2,885.25	1,36,657.71	96,183.08	2,755.81	10,623.48	1,04,050.75	32,606.96	40,139.95
Furniture & Fixtures	2,752.68	92.20	4.17	2,840.71	2,272.66	1.20	294.28	2,565.74	274.97	379.89
Office Equipments	4,089.67	98.40	-	4,188.07	3,686.44	-	14.71	3,701.15	486.92	403.23
Vehicles	3,587.34	96.20	160.95	3,522.59	2,395.35	134.91	242.05	2,502.49	1,020.10	1,186.66
Total Tangible Assets	**1,64,321.67**	**3,630.82**	**3,061.74**	**1,64,890.75**	**1,13,106.49**	**2,900.53**	**11,634.43**	**1,21,840.39**	**43,050.36**	**49,467.72**
B. Intangible Assets										
Technical Knowhow	628.79	70.00	-	698.79	420.44	-	88.67	509.11	189.68	208.35
Software	124.66	387.86	-	512.52	44.55	-	48.96	93.51	419.01	80.11
Total Intangible Assets	**753.45**	**457.86**	**-**	**1,211.31**	**464.99**	**-**	**137.63**	**602.62**	**608.69**	**288.46**
Capital Work in Progress									1,320.97	1,030.74
Total Assets	**1,65,075.12**	**4,088.68**	**3,061.74**	**1,66,102.06**	**1,13,571.48**	**2,900.53**	**11,772.06**	**1,22,443.01**	**44,980.02**	**50,786.92**
Previous Year	1,39,020.17	18,663.34	1,733.69	1,55,949.82	96,419.74	1,621.39	11,395.29	1,06,193.64	50,786.92	

* includes opening balance of LMW Machinery Ltd. due to amalgamation

Notes Forming Part of Financial Statements

NOTE : 11. NON-CURRENT INVESTMENTS

(₹ in Lakhs)

	Face value	Numbers 31.03.2013	Numbers 31.03.2012	Amount 31.03.2013	Amount 31.03.2012
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 Lakhmi Mills Company Limited	100	39,297	39,297	201.34	201.34
JSW Steel Limited	10	3,89,647	3,89,647	5,314.79	5,314.79
Indian Bank	10	69,562	69,562	63.30	63.30
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
Investment in Subsidiaries -Fully paid up					
LMW Textile Machinery (Suzhou) Company Ltd		-	-	3,949.81	2,324.61
LMW Machinery Limited (Formerly Rieter LMW Machinery Limited)		-	2,50,00,000	-	6,650.00
Total				**10,382.50**	**15,407.30**
Aggregate Value of quoted investments					
Cost				5,948.72	5,948.72
Market value				4,414.66	4,237.32
Aggregate amount of unquoted investments				4,433.78	9,458.58

NOTE : 12. LONG-TERM LOANS AND ADVANCES

(₹ in Lakhs)

(Unsecured, considered good)		
Capital Advances	565.43	1,148.00
Loans and advances to related parties:		
Lakshmi Ring Travellers (CBE) Limited	450.00	650.00
Other advances & deposits	915.09	1,024.80
Advance taxes (Net of Provisions therefor)	564.39	389.15
Total	**2,494.91**	**3,211.95**

NOTE : 13. OTHER NON CURRENT ASSETS

Interest accrued on Bank deposits & other income receivable	-	1,702.39
Total	**-**	**1,702.39**

Notes Forming Part of Financial Statements

NOTE : 14. INVENTORIES (AT LOWER OF COST OR NET REALISABLE VALUE)

(₹ in Lakhs)

	As at 31st March 2013	As at 31st March 2012
Raw materials	14,298.22	14,940.11
Work-in-progress	5,497.77	3,732.41
Finished goods	2,109.99	1,613.54
Stores and spares	664.29	1,246.12
Total	**22,570.27**	**21,532.18**

NOTE : 15. TRADE RECEIVABLES

(Unsecured, considered good)		
Outstanding for a period exceeding six months from the due date	998.32	959.31
Others	11,002.49	11,970.37
Total	**12,000.81**	**12,929.68**

NOTE : 16. CASH AND BANK BALANCES

Cash and cash equivalents		
Balances with banks		
In Current Account	878.09	1,090.55
Cash on hand	14.39	20.45
Other Bank Balances		
Deposits held as margin money	24.41	23.69
Bank deposits with less than 12 months maturity	73,900.26	25,023.00
Other Bank Deposits	-	42,962.20
Unpaid Dividend Account	152.30	114.67
Total	**74,969.45**	**69,234.56**

NOTE : 17. SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered Good)		
Loans and advances to related parties:		
Lakshmi Ring Travellers (CBE) Limited	200.00	200.00
Others :		
Unsecured recoverable in cash or in kind, or for value to be received	5,083.16	6,221.30
Balance with Central Excise, Sales Tax, Customs etc	3,269.65	4,181.59
Prepaid expenses	88.49	109.11
Total	**8,641.30**	**10,712.00**

NOTE : 18. OTHER CURRENT ASSETS

Interest accrued on Bank Deposits	2,505.17	1,478.07
Income Receivable	936.71	1,333.23
Total	**3,441.88**	**2,811.30**

Notes Forming Part of Financial Statements

NOTE : 19. REVENUE FROM OPERATIONS

(₹ in Lakhs)

	Year ended 31st March 2013	Year ended 31st March 2012
a) Gross Sale of products	2,05,865.89	2,25,284.41
Less : Excise Duty	19,433.14	18,035.22
b) Net Sale of products	1,86,432.75	2,07,249.19
c) Other operating revenues:		
Repair & Service Charges & Misc income	2,747.18	1,494.55
Sale of scrap	874.57	949.27
Export Incentives	1,658.51	1,652.23
	5,280.26	4,096.05
Total (a+c)	2,11,146.15	2,29,380.46

NOTE : 20. OTHER INCOME

Interest Income	6,938.77	6,105.35
Dividend Income	46.63	66.91
Rental income	62.89	75.29
Foreign Exchange Gain (Net)	65.20	1,924.23
Profit on sale of assets	409.09	189.41
Sale of Wind Energy	118.60	-
Sale of Carbon Credit	41.71	89.58
Technical Know fees /Royalty income	188.67	-
Total	7,871.56	8,450.77

NOTE : 21. COST OF MATERIALS CONSUMED

Opening Stock	14,940.11	17,385.79
Add : Purchases	1,28,626.47	1,36,301.20
Less : Sales	9,118.63	8,235.92
Closing Stock	14,298.22	14,940.11
Total	1,20,149.73	1,30,510.96

NOTE : 22. CHANGES IN INVENTORY OF FINISHED GOODS AND WIP

Opening Stock		
Finished Goods	1,613.54	954.64
Work in Process	3,732.41	4,973.19
Total	5,345.95	5,927.83
Closing Stock		
Finished Goods	2,109.99	1,613.54
Work in Process	5,497.77	3,732.41
Total	7,607.76	5,345.95
Stock (Increase) / Decrease	(2,261.81)	581.88

Notes Forming Part of Financial Statements

NOTE : 23. EMPLOYEE BENEFITS EXPENSES

(₹ in Lakhs)

	Year ended 31st March 2013	Year ended 31st March 2012
Salaries and wages	15,131.73	14,166.66
Contribution to provident and other funds	1,036.11	1,015.43
Welfare expenses	1,789.20	2,168.15
Total	**17,957.04**	**17,350.24**

NOTE : 24. OTHER EXPENSES

Sales Commission to Agents	5,027.51	5,094.66
Consumption of stores and spare parts	7,183.98	8,474.25
Consumption of Packing Material	4,125.17	4,652.41
Power and fuel (Net of wind energy ₹ 3,569.62 lakhs; Previous period ₹ 2,416.62 lakhs)	4,547.08	3,560.57
Rent	77.17	69.27
Repairs to buildings	1,153.48	947.30
Repairs to machinery	1,100.79	3,152.71
Repairs - Others	2,881.80	2,565.27
Insurance	131.16	108.98
Rates and taxes, excluding taxes on income	390.72	177.15
Auditors' remuneration	23.29	18.78
Loss on sale of assets	11.53	14.13
Donations	180.12	310.00
Directors Sitting fees	10.50	11.20
Non executive Directors' Commission	124.98	228.41
Miscellaneous expenses (Refer Note 25.12)	7,892.70	7,732.42
Total	**34,861.98**	**37,117.51**

NOTE : 25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

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

	As at 31st March 2013	As at 31st March 2012
Bills discounted with banks	-	509.75
Letters of Credit	3,147.41	2,180.00
Bank Guarantee	1,471.69	2,030.67
Central Excise Demand	443.99	385.59
Income Tax Demand	513.05	274.51
Disputed tax dues are appealed before concerned appellate authorities. The Company is advised that the cases are likely to be disposed off in favour of the Company and hence no provision is considered necessary therefor.		
Estimated balance of committed share subscription to wholly subsidiary company, LMW Textile Machinery (Suzhou) Co. Limited [USD 4.50 million]; [previous year USD 7.50 million]	2,343.61	3,906.02
Estimated amount of contracts remaining to be executed on capital account not provided for	529.80	1,282.00

Notes Forming Part of Financial Statements

25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (contd.)

25.2. Details of Gross & Net Sale of Products

(₹ in Lakhs)

	Year ended 31st March 2013	Year ended 31st March 2012
Textile Machinery	1,60,153.54	1,77,130.39
Metal cutting including Grinding machines	15,769.67	24,866.05
Castings	9,361.11	9,574.07
Aerospace parts and Components	57.21	0.45
Spares & Accessories	20,524.36	13,713.45
Gross Sales	**2,05,865.89**	**2,25,284.41**
Less : Excise Duty	19,433.14	18,035.22
Net Sales	**1,86,432.75**	**2,07,249.19**

25.3. Raw Material Consumed

MACHINE SHOP		
a) Iron and Steel	18,598.15	22,867.05
b) Aluminium, Brass & Copper	3,708.06	3,021.59
c) Non metallic items etc	1,683.07	1,399.87
FOUNDRY		
a) Pig Iron	4,045.31	4,075.72
b) Cast Iron Borings & Scrap	3,887.24	3,917.56
c) Ferro Silicon	451.22	481.18
PILOT MILL		
a) Cotton	852.49	368.20
Components Consumed		
a) Components Indigenous	64,938.78	70,691.82
b) Components Imported	21,985.41	23,687.97
Total	**1,20,149.73**	**1,30,510.96**

25.4. Stock of Finished Goods

Textile Machinery	1,155.40	860.25
Metal Cutting including Grinding Machines	932.37	725.01
Yarn	22.22	28.28
Total	**2,109.99**	**1,613.54**

25.5. Stock of Work in Progress

Textile Machinery	3,575.55	1,795.44
Metal Cutting including Grinding Machines	1,714.67	1,511.57
Yarn	39.48	-
Castings	59.21	383.19
Aero Space-parts & components	108.86	42.21
Total	**5,497.77**	**3,732.41**

Notes Forming Part of Financial Statements

25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (contd.)

25.6. Value of Imports (CIF)

(₹ in Lakhs)

	Year ended 31st March 2013	Year ended 31st March 2012
i) Raw Materials	4,828.14	6,023.67
ii) Components & Spare-parts	16,196.91	21,047.73
iii) Capital goods	1,343.54	6,312.09

25.7. Expenditure in Foreign Currency on account of

i) Royalty	73.37	73.45
ii) Sales Commission	382.02	671.71
iii) Professional & Consultancy Fees	44.10	26.16
iv) Others	221.06	155.14

25.8. Material Consumption

(₹ in Lakhs)

	Amount 31.3.2013	% to Total Consumption	Amount 31.3.2012	% to Total Consumption
i) Raw materials Imported	6,457.17	5.37	6,931.72	5.31
ii) Spare Parts & Components Imported	21,985.41	18.30	23,687.97	18.15
iii) Raw materials Indigenous	25,915.89	21.57	28,831.24	22.09
iv) Raw material consumption - Pilot Mill	852.49	0.71	368.20	0.28
v) Spare Parts & Components Indigenous	64,938.78	54.05	70,691.83	54.17
Total	**1,20,149.74**	**100.00**	**1,30,510.96**	**100.00**

25.9. Amount remitted during the year in foreign currencies

(₹ in Lakhs)

	Year ended 31st March 2013	Year ended 31st March 2012
i) On account of dividends	195.76	159.46
ii) Number of Non-resident shareholders	1	1
iii) Number of shares held by Non-resident shareholders on which dividends paid	3,91,520	5,31,520
iv) The year to which dividends relate	2011-12	2010-11

25.10. Earnings in Foreign Exchange

Export of goods on FOB basis	23,111.33	32,149.96
Technical Know how / Royalty income	188.67	-

25.11. Auditors' Remuneration

Audit Fees	18.00	15.00
Taxation Matters	1.25	0.75
Certification	3.54	2.54
Reimbursement of expenses	0.50	0.49
Total	**23.29**	**18.78**

Notes Forming Part of Financial Statements

25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (contd.)

25.12. Details of Miscellaneous expenses (₹ in Lakhs)

	Year ended 31st March 2013	Year ended 31st March 2012
Printing & Stationery	159.60	157.46
Postage, Telegrams & Telephones	136.16	108.03
Travelling Exps & Maint. of Vehicles	1,577.47	1,200.52
Bank Charges, LC Commission etc.,	81.72	143.24
Legal & Professional Charges	396.26	310.99
Subscription to Associations & Periodicals	32.13	23.14
Research & Development	1,032.73	943.07
Miscellaneous Expenses	492.88	473.94
Sales Expenses	981.38	837.64
Security and Other Service expenses	1,027.01	1,116.73
Advertisement & Publicity	761.83	591.96
Export Expenses	1,140.16	1,752.25
Royalty	73.37	73.45
Total	**7,892.70**	**7,732.42**

25.13. As defined under Micro, Small and Medium Enterprises Development Act, 2006, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2013 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	62.62	73.98
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

25.14. Provision for Excise duty amounting ₹ 229.66 Lakhs (Previous year ₹ 174.38 Lakhs) for the uncleared stock of finished goods has been reckoned in the value of Finished Goods.

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

25.16. Details of dividend proposed

Amount of dividend proposed to be distributed to equity share holders	2,253.30	2,816.63
Amount of Golden Jubilee dividend proposed to be distributed to equity share holders	-	2,816.63
Amount of dividend per equity share (In Rs)	20.00	50.00

Notes Forming Part of Financial Statements

25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (contd.)

25.17. Amounts set aside to Reserves

(₹ in Lakhs)

	Year ended 31st March 2013	Year ended 31st March 2012
To General Reserve	1,200.00	1,400.00
To Investment fluctuation Reserve	144.94	2,004.53

25.18. Finance Costs

Interest under Income Tax Act	9.22	484.22
Bill discounting charges	27.38	16.51
Total	**36.60**	**500.73**

25.19. EMPLOYEE BENEFITS

I. Defined Benefit Plans

(₹ In Lakhs)

	Gratuity (Funded)			Leave Encashment (Funded)		
	31.03.2013	31.03.2012	31.03.2011	31.03.2013	31.3.2012	31.3.2011
A. Expense recognised during the year						
1. Current Service cost	291.72	283.43	267.32	246.58	42.64	32.74
2. Interest cost	390.22	351.97	238.46	24.41	22.90	15.79
3. Expected return on plan assets	(403.05)	(380.00)	(316.50)	(76.29)	(28.07)	0.00
4. Actuarial Losses / (Gains) during the year	(225.81)	9.13	1,233.85	(19.10)	(120.65)	(154.71)
5. Total Expense	53.09	264.54	1,423.13	175.61	(82.18)	(105.18)
B. Actual return on Plan assets						
1. Expected return on plan assets	403.05	380.00	316.50	76.29	28.07	0.00
2. Actuarial (Loss) / Gain on Plan assets	65.04	40.60	(8.14)	(5.68)	86.73	387.30
3. Actual return on plan assets	468.09	420.60	308.36	70.61	114.80	387.30
C. Net Asset/(Liability) recognised in the Balance Sheet						
1. Present value of the obligation at the end of the year	5,437.81	4,989.97	4,494.51	542.51	314.03	291.01
2. Fair value of plan assets as at the end of the year	5,729.09	4,983.03	4,752.11	512.82	459.94	354.74
3. Funded status surplus/(deficit)	291.28	(6.94)	257.60	(29.69)	145.91	63.73
4. Unrecognised past service cost	-	-	-	-	-	-
5. Net Asset/(Liability) recognised in the Balance Sheet	291.28	(6.94)	-	(29.69)	-	-
D. Change in Present value of the Obligation during the year						
1. Present value of the obligation at beginning of year *	5,192.18	4,494.51	3,198.57	314.03	291.01	19.67
2. Current service cost	291.72	283.43	267.32	246.58	42.64	32.74
3. Interest cost	390.22	351.97	238.46	24.41	22.90	15.79
4. Benefits paid	(275.55)	(189.67)	(435.55)	(17.74)	(9.60)	(10.78)
5. Actuarial (gain)/loss on obligation	(160.77)	49.73	1,225.71	(24.78)	(32.92)	233.59

Notes Forming Part of Financial Statements

25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (contd.)

25.19. EMPLOYEE BENEFITS (contd.)

I. Defined Benefit Plans (contd.)

(₹ In Lakhs)

	Gratuity (Funded)			Leave Encashment (Funded)		
	31.03.2013	31.03.2012	31.03.2011	31.03.2013	31.3.2012	31.3.2011
6. Present value of obligation at end of the year	5,437.81	4,989.97	4,494.51	542.51	314.03	291.01
E. Change in Plan Assets during the year						
1. Fair value of plan assets at the beginning of the year *	5,188.61	4,752.11	3,495.68	459.94	354.74	(32.56)
2. Expected return on plan assets	403.05	380.00	316.50	76.29	28.07	0.00
3. Contributions made	347.94	-	1,383.62	-	-	10.78
4. Benefits paid	(275.55)	(189.67)	(435.55)	(17.74)	(9.60)	(10.78)
5. Actuarial gain / (loss) on plan assets	65.04	40.60	(8.14)	(5.68)	86.73	387.30
6. Fair value of plan assets at the end of the year	5,729.09	4,983.03	4,752.11	512.82	459.94	354.74
F. Net actuarial Gain / Loss recognised						
1. Actuarial (Gain) / Loss on Benefit Obligation	(160.77)	49.73	1,225.71	(24.78)	(32.92)	233.59
2. Actuarial Gain / (Loss) on Plan assets	65.04	40.60	(8.14)	(5.68)	86.73	387.30
3. Net Actuarial (Gain) / Loss recognised	(225.81)	9.13	1,233.85	(19.10)	(120.65)	(154.71)
G. Major categories of plan assets as a percentage of total plan						
1. Qualifying insurance policies	5,729.09	4,983.03	4,752.11	512.82	459.94	354.74
2. Own plan assets	-	-	-	-	-	-
	5,729.09	4,983.03	4,752.11	512.82	459.94	354.74
H. Actuarial Assumptions						
1. Discount rate	8.05%	8.00%	8.00%	8.25%	8.25%	8.25%
2. Salary escalation	7.37%	7.00%	7.00%	7.00%	7.00%	7.00%
3. Expected rate of return on plan assets	8.05%	8.00%	8.00%	13.80%	13.80%	13.80%
4. Attrition rate	6.50%	2.00%	2.00%	2.00%	2.00%	2.00%
5. Mortality rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

* Opening balances of Gratuity as on 1.4.2012 include figures relating to LMW Machinery Limited on account of amalgamation

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

(₹ In Lakhs)

	31.03.2013	31.3.2012	31.3.2011
Provident Fund Contribution	800.25	712.69	673.39

Notes Forming Part of Financial Statements

25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (contd.)

25.20. Segment Report for the year ended 31st March 2013

(₹ In Lakhs)

	Textile Machinery Division		Machine Tool & Foundry Division		Advanced Technology Centre		Total	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
PRIMARY - BUSINESS SEGMENT								
Revenue								
External Sales (Net)	1,62,879.57	1,75,329.51	23,495.97	31,919.23	57.21	0.45	1,86,432.75	2,07,249.19
Inter Segment Transfers	1,239.65	899.81	90.74	234.33	-	-	1,330.39	1,134.14
Allocable other income	5,391.26	5,565.46	303.38	588.81	408.89	145.00	6,103.53	6,299.27
Segment Revenue	**1,69,510.48**	**1,81,794.78**	**23,890.09**	**32,742.37**	**466.10**	**145.45**	**1,93,866.67**	**2,14,682.60**
Less : Inter Segment Transfers							1,330.39	1,134.14
Add : Unallocable other Income							7,048.29	6,247.55
Enterprise revenue							1,99,584.57	2,19,796.01
Result								
Segment Result	11,663.01	16,083.43	1,383.26	2,820.60	(2,033.20)	(1,306.00)	11,013.07	17,598.03
Less :Unallocable Expenses							955.77	1,005.45
Operating Profit							10,057.30	16,592.58
Less : Interest Expenses							36.60	500.73
Incometax expenses (Current)							6,503.02	9,111.00
Incometax expenses (Deferred)							(1,181.98)	(473.36)
Add : Unallocable Other Income							7,048.29	6,247.55
Net Profit after Tax							**11,747.95**	**13,701.76**
Other Information								
Segment assets	1,49,211.50	1,48,858.53	18,387.15	15,329.68	935.61	1,697.40	1,68,534.26	1,65,885.61
Add : Unallocable corporate assets							10,946.88	22,442.67
Enterprise Assets							**1,79,481.14**	**1,88,328.28**
Segment Liabilities	75,163.40	76,631.21	4,291.36	5,876.05	71.16	5.74	79,525.92	82,513.00
Add : Unallocable corporate liabilities							99,955.22	1,05,815.28
Enterprise Liabilities							**1,79,481.14**	**1,88,328.28**
Capital Expenditure	3,209.84	14,480.14	432.61	3,911.03	446.23	272.17	4,088.68	18,663.34
Depreciation	9,947.61	9,794.03	643.19	746.85	1,181.26	854.41	11,772.06	11,395.29

Notes Forming Part of Financial Statements

25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (contd.)

25.20. Segment Report for the year ended 31st March 2013 (contd.)

(₹ In Lakhs)

	Textile Machinery Division		Machine Tool & Foundry Division		Advanced Technology Centre		Total	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
SECONDARY - GEOGRAPHICAL SEGMENT								
(a) Revenue from external customers by location of customers								
Domestic Segment							1,63,321.42	1,75,099.23
Export Segment							23,111.33	32,149.96
Total Revenue							1,86,432.75	2,07,249.19
(b) Carrying amount of Segment Assets								
Within India	1,49,211.50	1,48,858.30	18,387.15	15,329.68	935.61	1,697.40	1,68,534.26	1,65,885.38
Outside India	-	0.23	-	-	-	-	-	0.23
Total	1,49,211.50	1,48,858.53	18,387.15	15,329.68	935.61	1,697.40	1,68,534.26	1,65,885.61
(c) Capital Expenditure								
Within India	3,209.84	14,480.14	432.61	3,911.03	446.23	272.17	4,088.68	18,663.34
Outside India	-		-	-			-	-
Total	3,209.84	14,480.14	432.61	3,911.03	446.23	272.17	4,088.68	18,663.34

Notes :

1 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

2) The Secondary Geographical Segments considered for disclosure are Revenue from Customers located within India (Domestic Segment) and Revenue from customers located outside India (Export Segment).

3) Inter Segment transfers are accounted on cost plus basis vis-a-vis at competitive market price charged to Unaffliated customers for similar goods.

4) Segment Revenue,Results,Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

Notes Forming Part of Financial Statements

25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (contd.)

25.21. Related Party Disclosures

1) Related Party Relationships

Key Management Personnel

Sri. Sanjay Jayavarthanavelu, Chairman and Managing Director

Sri. R. Rajendran, Director Finance

Wholly Owned Subsidiaries:

LMW Textile Machinery (Suzhou) Co. Ltd

LMW Machinery Limited [from 16.8.2011 to 31.3.2012]

Other Related Parties-Associates

Eshaan Enterprises Limited
Harshini Textiles Limited
Hermes Academy of Training Limited
Integrated Electrical Controls Limited
Lakshmi Cargo Company Limited
LCC Cargo Holdings Limited
Lakshmi Electrical Drives Limited
Lakshmi Technology & Engg. Industries 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
Revantha Holdings Limited
Revantha Builders P Ltd
Sri Kamakoti Kamakshi Textiles P Ltd
Sri Lakshmi Vishnu Plastics
Super Sales India Limited
Starline Travels Limited
Titan Paints & Chemicals Limited
Venkatavaradha Agencies Limited
Walzer Hotels Limited

Note : Related party relationships are as identified by the Management

2) Related Party Transactions

(₹ In Lakhs)

	Joint Venture		Other Related Parties-Associates		Key Management Personnel		Wholly Owned Subsidiary	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Purchase of goods	-	5.58	18,286.92	24,305.88	-	-	16.64	508.65
Sale of goods	-	490.55	7,169.83	10,151.91	-	-	5,282.01	10,176.44
Purchase of Fixed Assets	-	-	-	802.63	-	-	-	-
Sale of Fixed Assets	-	-	331.66	158.16	-	-	-	13.46
Rendering of Services	-	0.10	94.72	116.43	-	-	171.41	43.87
Receiving of Services	-	-	7,642.36	8,088.22	-	-	-	-
Agency arrangements	-	-	1,270.09	1,389.95	-	-	-	-
Managerial Remuneration	-	-	-	-	616.88	437.05	-	-
Dividends Paid	-	-	1,071.88	699.13	72.37	43.43	-	-
Investment in Shares	-	-	-	-	-	-	1,625.20	5,400.00
Loan given	-	-	-	1,000.00	-	-	-	-
Loans received back	-	1,250.00	200.00	150.00	-	-	-	-
Interest receipts	-	33.26	77.82	74.14	-	-	-	-
Outstanding Payables	-	-	1,639.76	1,904.53	320.61	228.41	-	-
Outstanding Receivables	-	-	3,027.47	3,481.63	-	-	2,200.58	2,749.51

Notes Forming Part of Financial Statements

25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (contd.)

25.21 Related Party Disclosures (contd.)

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

1 Purchase of Goods includes Rieter LMW Machinery Limited ₹ Nil lakhs (Previous Year ₹ 5.58 lakhs), LMW Textile Machinery (Suzhou) Co. Ltd ₹ 16.64 lakhs (Previous Year ₹ Nil lakhs) LMW Machinery Limited ₹ Nil lakhs (Previous Year ₹ 508.65 lakhs), Lakshmi Electrical Control Systems Limited ₹ 12,079.66 lakhs (Previous Year ₹ 16,123.10 lakhs), Lakshmi Electrical Drives Limited ₹ 2,970.74 lakhs (Previous Year ₹ 4,002.76 lakhs) and Other related parties- Associates ₹ 3,236.52 lakhs (Previous Year ₹ 4,180.02 lakhs).

2 Sale of Goods includes LMW Textile Machinery (Suzhou) Co. Ltd ₹ 5,282.01 lakhs (Previous Year ₹ 7,382.24 lakhs), Rieter LMW Machinery Limited ₹ Nil lakhs (Previous year ₹ 490.55 lakhs) LMW Machinery Limited ₹ Nil lakhs (Previous Year ₹ 2,794.20 lakhs), Lakshmi Electrical Control Systems Limited ₹ 6,656.68 lakhs (Previous Year ₹ 9,351.36 lakhs) and Other related Parties - Associates ₹ 513.15 lakhs (Previous Year ₹ 800.55 lakhs).

3 Purchase of Fixed Assets includes Lakshmi Precision Tools Ltd. ₹ Nil lakhs (Previous year ₹ 193.98 lakhs), Quattro Engineering India Limited ₹ Nil lakhs (Previous Year ₹ 117.60 lakhs), Lakshmi Cargo Company Limited. ₹ Nil lakhs (Previous year ₹ 311.64 lakhs) and Super Sales India Ltd. ₹ Nil lakhs (Previous year ₹ 179.41 lakhs).

4 Sale of Fixed Assets includes LMW Machinery Limited ₹ Nil lakhs (Previous year ₹ 13.46 lakhs) , Super Sales India Ltd ₹ 99.44 lakhs(Previous Year ₹ 0.26 lakhs), Starline Travels Limited ₹ Nil lakhs (Previous year ₹ 7.90 lakhs), Revantha Builders P Ltd ₹ 231.00 lakhs (Previous year ₹ Nil lakhs), Lakshmi Vignesh Corporate Services Ltd ₹ Nil lakhs (Previous year ₹ 150 lakhs), and Other Related Parties-Associates ₹ 1.22 lakhs (Previous Year ₹ Nil lakhs).

5 Rendering of Services includes Rieter LMW Machinery Limited ₹ Nil lakhs (Previous Year ₹ 0.10 lakhs), LMW Textile Machinery (Suzhou)Co. Ltd ₹ 171.41 lakhs (Previous Year ₹ 25.11 lakhs), Super Sales India Limited ₹ 23.54 lakhs (Previous Year ₹ 49.20 lakhs), LMW Machinery Limited ₹ Nil lakhs (Previous Year ₹ 18.76 lakhs) Lakshmi Technology & Engineering Industries Ltd. ₹ 32.87 lakhs (Previous year ₹ 44.64 lakhs), Lakshmi Electrical Control Systems Limited ₹ 0.61 lakhs(Previous Year ₹ Nil lakhs) and Other Related Parties-Associates ₹ 37.70 lakhs (Previous Year ₹ 22.59 lakhs).

6 Receiving of Services include Lakshmi Ring Travellers (CBE) Limited ₹ 573.51 lakhs (Previous Year ₹ 693.05 lakhs), Lakshmi Cargo Company Limited ₹ 4,180.71 lakhs (Previous Year ₹ 5,072.96 lakhs), Revantha Builders P Ltd ₹ 898.20 lakhs (Previous year ₹ 418.58 lakhs) and Other Related Parties - Associates ₹ 1,989.94 lakhs (Previous Year ₹ 1,903.63 lakhs).

7 Agency arrangement includes Super Sales India Limited ₹ 1,270.09 lakhs (Previous Year ₹ 1,389.95 lakhs).

8 Managerial Remuneration includes amount paid to Sri. Sanjay Jayavarthanavelu ₹ 521.22 lakhs (Previous Year ₹ 348.29 lakhs), Sri. R. Rajendran ₹ 95.66 lakhs (Previous year ₹ 88.76 lakhs).

9 Dividends paid to includes Lakshmi Technology and Engineering Industries Limited ₹ 333.55 lakhs (Previous Year ₹ 200.13 lakhs), Lakshmi Cargo Company Limited ₹ 461.86 lakhs (Previous Year ₹ 247.12 lakhs), Other Related Parties - Associates ₹ 276.47 lakhs (Previous Year ₹ 251.87 lakhs), Sri Sanjay Jayavarthanavelu ₹ 71.15 lakhs (Previous Year ₹ 39.70 lakhs) , Dr. D. Jayavarthanavelu ₹ Nil lakhs (Previous Year ₹ 3.00 lakhs), Sri R. Rajendran ₹ 1.22 lakhs (Previous year ₹ 0.74 lakhs).

10 Investment in Shares includes LMW Textile Machinery (Suzhou) Co. Limited ₹ 1,625.20 lakhs (Previous Year ₹ Nil lakhs), LMW Machinery Limited ₹ Nil lakhs (Previous year ₹ 5,400 lakhs).

11 Loan received back includes Lakshmi Ring Travellers (CBE) Ltd - ₹ 200 lakhs (Previous Year ₹ 150 lakhs), Rieter LMW Machinery Limited ₹ Nil lakhs (Previous year ₹ 1,250 lakhs).

12 Loan given : Lakshmi Ring Travellers (CBE) Ltd- ₹ Nil lakhs (Previous Year ₹ 1,000 lakhs).

13 Interest receipts include Rieter LMW Machinery Limited ₹ Nil lakhs (Previous Year ₹ 33.26 lakhs) and Lakshmi Ring Travellers (CBE) Limited ₹ 77.82 lakhs (Previous year ₹ 74.14 lakhs).

Notes Forming Part of Financial Statements

25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (contd.)

25.21 Related Party Disclosures (contd.)

14 Outstanding Payables include Lakshmi Cargo Company Limited ₹ 234.43 lakhs (Previous Year ₹ 726.76 lakhs), Lakshmi Precision Tools Limited ₹ 85.76 lakhs (Previous Year ₹ 136.73 lakhs), Lakshmi Electrical Drives Ltd ₹ 253.35 lakhs (Previous year ₹ Nil lakhs) Super Sales India Limited ₹ 918.05 lakhs (Previous Year ₹ 905.15 lakhs) and Other Related Parties -Associates ₹ 148.17 lakhs (Previous Year ₹ 135.89 lakhs), Sri. Sanjay Jayavarthanavelu ₹ 320.61 lakhs (Previous year ₹ 228.41 lakhs).

15 Outstanding Receivables include LMW Machinery Limited ₹ Nil lakhs (Previous Year ₹ 1,205.99 lakhs), LMW Textile Machinery (Suzhou) Co. Ltd ₹ 2,200.58 lakhs (Previous Year ₹ 1,543.52 lakhs), Lakshmi Electrical Control Systems Limited ₹ 1,021.15 lakhs (Previous Year ₹ 428.46 lakhs), Lakshmi Technology and Engineering Industries Limited ₹ 556.36 lakhs (Previous Year ₹ 554.28 lakhs), Lakshmi Electrical Drives Ltd. ₹ Nil lakhs (Previous year ₹ 516.97 lakhs), Lakshmi Ring Travellers (CBE) Ltd. ₹ 1,276.64 lakhs (Previous year ₹ 1,961.37 lakhs) and Others - Other Related Parties - Associates ₹ 173.32 lakhs (Previous Year ₹ 20.55 lakhs).

25.22. Fixed Assets Include

(₹ In Lakhs)

	Gross Block	Depreciation for the year	Accumulated Depreciation	Net Block
Assets leased out as on 31.03.2013				
Buildings	358.42	9.02	187.05	171.37
Assets leased out as on 31.03.2012				
Buildings	358.42	9.49	178.03	180.39

Income from leased Buildings of ₹ 62.89 lakhs- is grouped in Rent receipts (Previous Year ₹ 75.29 Lakhs)

25.23. Earnings Per Share

(₹ in Lakhs)

	Year ended 31st March 2013	Year ended 31st March 2012
Net Profit after Tax [₹ In lakhs]	11,747.95	13,701.76
Weighted Average Number of Equity Shares	1,12,66,504	1,12,66,504
Nominal Value per Equity Share	10.00	10.00
Basic & Diluted Earnings Per Share [in ₹]	104.27	121.62

25.24. Deferred tax liabilities (Net)

(₹ in Lakhs)

	Year ended 31st March 2012*	For the year	Year ended 31st March 2013
Deferred Tax Asset:			
On account of VRS	60.09	(30.04)	30.05
On account of Sec. 43B	10.62	(10.62)	-
On account of Others	-	0.57	0.57
Total	**70.71**	**(40.09)**	**30.62**
Deferred Tax Liability:			
On account of Depreciation	2,542.88	(1,222.07)	1,320.81
Deferred Tax Liabilities (Net)	**2,472.17**	**(1,181.98)**	**1,290.19**

* Includes amounts relating to LMW Machinery Limited on account of amalgamation

Notes Forming Part of Financial Statements

25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (contd.)

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

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

(₹ in Lakhs)

	Provision for Warranty	
	31.03.2013	31.03.2012
Carrying amount at the beginning of the year	414.00	460.98
Additional provision made during the year	311.83	414.00
Amount used during the year	145.82	460.98
Unused amount reversed	268.18	-
Carrying amount at the end of the year	311.83	414.00

25.26 Revenue Expenditure on Research & Development amounting to ₹ 1032.73 lakhs (Previous Year ₹ 943.07 lakhs) has been charged to Statement of Profit and Loss (included in Miscellaneous expenses) and Capital expenditure relating to Research and Development amounting to ₹ Nil Lakhs (Previous Year ₹ 570.35 Lakhs) has been included in Fixed Assets.

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

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

	Currency	Amount in foreign currency		Equivalent (₹ in Lakhs)	
		31.03.2013	31.03.2012	31.03.2013	31.03.2012
Sundry creditors	CHF	3,991	43,393	2.17	24.05
	EUR	8,76,520	10,46,170	615.87	696.35
	GBP	1,185	2,437	0.87	1.84
	JPY	5,02,16,539	2,51,62,083	303.37	166.29
	SGD	30,412	42,880	13.40	17.17
	USD	5,65,967	4,60,555	316.24	232.77
Sundry Debtors	USD	96,53,659	61,46,111	5,213.36	3,032.09
	EUR	7,25,316	7,62,942	514.74	505.23
Bank Balances	THB	-	1,74,114	-	2.92
	KES	47,318	1,00,478	0.30	0.62
	BDT	1,42,135	90	0.96	0.01
	IDR	28,000	24,116	0.05	0.04
	USD	341	304	0.19	0.16

Notes Forming Part of Financial Statements

25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (contd.)

25.28 a) Pursuant to the Scheme of Amalgamation sanctioned by the Hon'ble Madras High Court, LMW Machinery Limited, (LMW ML) a wholly owned subsidiary company, has been amalgamated with the company with effect from 01.04.2012 and the assets and liabilities of the erstwhile LMW ML were transferred to and vested in the company with effect from 01.04.2012 (appointed date). The amalgamating company was engaged in the manufacture of textile spinning machinery.

b) The amalgamation is accounted for under the "Pooling of Interest" method as prescribed by Accounting Standard 14 "Accounting for amalgamations". Accordingly, the assets and liabilities and other reserves of the erstwhile LMW Machinery Limited as on 01.04.2012 have been taken over at their book values subject to adjustments made for the differences in accounting policies between the two companies.

c) As provided in the Scheme of Amalgamation, 2,50,00,000 equity shares held by the company in LMW ML stands cancelled. Since LMW ML was a wholly owned subsidiary, no shares were issued pursuant to the amalgamation.

d) Consequent to the amalgamation, an amount of ₹ 2,933.62 lakhs (inclusive of ₹ 1,371.64 lakhs on account of difference in accounting policies relating to depreciation of LMW ML and the company) is debited to goodwill account which has subsequently been fully adjusted against the General Reserve Account as per Scheme of amalgamation sanctioned by the Madras High Court.

e) Provision for taxation for the year has been reckoned taking into account the effect of amalgamation.

f) In view of the amalgamation with effect from 01.04.2012, the figures for the current year are not comparable with those of the previous year.

g) Current tax expense for the year is reckoned after considering the MAT credit entitlement of ₹ 336.80 lakhs of the amalgamating company.

25.29 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

See accompanying notes to the financial statements

In terms of our Report of even date

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

Sanjay Jayavarthanavelu
Chairman and Managing Director

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: 001209S
Chartered Accountants

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

Coimbatore
22-May-2013

Corporate Information

(₹ in Lakhs)

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Profit and Loss Account										
Sales	66,350	99,077	1,30,207	1,85,358	2,20,516	1,33,801	1,13,690	1,77,331	2,07,249	1,86,433
Other Income	1,991	3,293	4,253	8,814	8,755	9,062	8,214	11,009	12,547	13,152
Profit before tax	6,044	11,088	18,792	30,860	37,116	15,417	15,056	23,916	22,339	17,069
Profit after tax	6,022	7,334	14,807	20,620	24,230	10,693	10,468	16,598	13,702	11,748
Balance Sheet										
Fixed Assets	16,661	16,055	24,632	38,643	55,790	52,737	44,658	43,641	50,787	44,980
Investments	12,836	6,622	10,153	10,216	10,319	11,272	12,144	10,007	15,407	10,382
Net Current Assets	10,518	10,945	9,089	12,225	14,389	24,976	39,085	31,808	25,944	41,956
	40,015	**33,622**	**43,874**	**61,084**	**80,498**	**88,985**	**95,887**	**85,456**	**92,138**	**97,318**
Share Capital	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,127	1,127	1,127
Reserves and Surplus	33,049	32,385	42,637	56,795	74,513	83,036	91,341	81,569	88,724	94,901
Loan Funds / Deferred Tax Liability	5,729	0	0	3,052	4,748	4,712	3,309	2,760	2,287	1,290
	40,015	**33,622**	**43,874**	**61,084**	**80,498**	**88,985**	**95,887**	**85,456**	**92,138**	**97,318**

Ratios

			2011-12	2012-13
Measures of Investment				
Dividend per share	(₹)		50.00	20.00
EPS	(₹)	Net Profit after tax / No. of Shares	121.62	104.27
Return on Equity	(%)	Net Profit after tax / Shareholders' funds	15.25	12.23
Dividend Cover	(Times)	Earnings per Share / Dividend per Share	2.43	4.17
Measures of Performance				
Net Profit Margin	(%)	Profit before taxes / Sales	10.78	9.16
Assets Turnover	(Times)	Sales / Net Fixed Assets	4.08	4.14
Measures of Financial status				
Current Ratio	(Times)	Current Assets / Current Liabilities	1.27	2.07
Tax Ratio	(%)	Tax Provision / Profit before taxes	38.67	31.17

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

Sl No.	Particulars	LMW Textile Machinery (Suzhou) Company Limited (₹ in Lakhs)	
		31.03.2013	31.03.2012
a	Share Capital	3,949.81	2,324.61
b	Reserves & Surplus	(367.99)	(1,643.60)
c	Total Assets	10,791.19	8,274.25
d	Total Liabilities	10,791.19	8,274.25
e	Details of Investments	-	-
f	Net Sales and Services including Other Income	15,369.09	15,937.31
g	Profit / (Loss) Before tax	1,315.06	93.51
h	Provision for Taxation	93.42	-
i	Profit / (Loss) after tax	1,221.64	93.51
j	Proposed dividend	-	-
k	Reporting Currency *	INR	INR

* The Exchange Rate as at 31st March 2013: 1 CNY = 8.7449 INR (Previous Year 1 CNY = 8.0784 INR)

Average exchange Rate : 2012-2013 1 CNY = 8.6689 INR, (2011-2012 1 CNY = 7.5209 INR)

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

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

1	Name of the Subsidiary	LMW Textile Machinery (Suzhou) Company Limited
2	Financial year of the Subsidiary	1st January 2012 to 31st December 2012
		(1st April 2012 to 31st March 2013-For consolidation purpose)
3	Shares of the subsidiary held by Lakshmi Machine Works Limited on the above date	
	(a) Number and face value	Registered capital : USD 1,25,00,000
		Paid in capital : USD 80,00,000
	(b) Extent of holding	100 %
4	Net aggregate amount of Profit/(Losses) of the subsidiary of the above financial year of the subsidiary so far as they concerned members of Lakshmi Machine Works Limited	
	(a) dealt with in the accounts of Lakshmi Machine Works Limited for the year ended 31st March, 2013	NIL
	(b) not dealt with in the accounts of Lakshmi Machine Works Limited for the year ended 31st March, 2013	₹ 1,221.64 Lakhs
5	Net aggregate amount of Profit/(losses) for the previous financial years of the subsidiary since it became subsidiary so far as they concern members of Lakshmi Machine Works Limited.	
	(a) dealt with in the accounts of Lakshmi Machine Works Limited for the year ended 31st March, 2013	NIL
	(b) not dealt with in the accounts of Lakshmi Machine Works Limited for the year ended 31st March, 2013	₹ (421.96) Lakhs
6	Change of interest of Lakshmi Machine Works Limited in the subsidiary between the end of financial year of subsidiary and that of Lakshmi Machine Works Limited	NOT APPLICABLE
7	Material changes between the end of the financial year of the subsidiary and the end of the financial year of Lakshmi Machine Works Limited in respect of subsidiary's fixed assets, investments, lending and borrowing for the purposes other than meeting their current liabilities	NOT APPLICABLE

Sanjay Jayavarthanavelu
Chairman and Managing Director

R. Rajendran
Director Finance

K.Duraisami
Company Secretary

Coimbatore
22-May-2013

Independent Auditors' report on Consolidated Financial Statements

To the Board of Directors of
M/s. LAKSHMI MACHINE WORKS LIMITED on the Consolidated Financial Statements of M/s.LAKSHMI MACHINE WORKS LIMITED and its wholly owned subsidiary

We have audited the accompanying consolidated financial statements of M/s Lakshmi Machine Works Limited ("the Company") and its subsidiary, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, 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 control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the group as at March 31, 2013;

(b) in the case of the consolidated Statement of Profit and Loss, of the profit of the group for the year ended on that date; and

(c) in the case of the consolidated Cash Flow Statement, of the cash flows of the group for the year ended on that date.

Other Matters

We did not audit the financial statements of one wholly owned subsidiary, whose financial statements reflect total assets (net) of ₹ 10,791.19 lakhs as at March 31, 2013, total revenues of ₹ 15,369.09 lakhs and net cash outflows amounting to ₹ 52.33 lakhs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For SUBBACHAR & SRINIVASAN
Firm Regn.No: 004083S
Chartered Accountants

[T.S.V.RAJAGOPAL]
Partner
Membership No: 200380

For M.S.JAGANNATHAN & VISVANATHAN
Firm Regn. No: 001209S
Chartered Accountants

[M.V. JEGANATHAN]
Partner
Membership No:214178

Coimbatore
22-May-2013

Consolidated Balance Sheet As at 31st March 2013

(₹ in Lakhs)

PARTICULARS	Note No	As at 31st March 2013	As at 31st March 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,126.65	1,126.65
Reserves and surplus	4	94,523.06	87,254.77
Non-current liabilities			
Deferred tax liabilities (Net)	5	1,290.19	2,472.17
Other Long term liabilities	6	23,403.51	26,644.53
Current liabilities			
Trade payables	7	27,254.87	29,587.14
Other current liabilities	8	33,357.24	41,182.20
Short-term provisions	9	2,977.77	7,116.15
TOTAL		1,83,933.29	1,95,383.61
ASSETS			
Non-current assets			
Fixed assets	10		
(i) Tangible assets		43,617.34	53,216.16
(ii) Intangible assets		608.69	1,993.03
(iii) Capital work-in-progress		1,429.96	1,030.74
Total		45,655.99	56,239.93
Non-current investments	11	6,432.69	6,432.69
Long-term loans and advances	12	3,213.06	3,517.13
Other Non current assets	13	-	1,702.39
Current assets			
Inventories	14	27,067.08	26,223.44
Trade receivables	15	12,089.67	15,436.02
Cash and cash equivalents	16	76,940.97	71,313.41
Short-term loans and advances	17	9,091.95	11,606.43
Other current assets	18	3,441.88	2,912.17
TOTAL		1,83,933.29	1,95,383.61
Significant Accounting Policies	2		
Additional information to financial statements	25		

See accompanying notes to the financial statements

In terms of our Report of even date
For **Subbachar & Srinivasan**
Firm Registration No: 004083S
Chartered Accountants

Sanjay Jayavarthanavelu
Chairman and Managing Director

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: 001209S
Chartered Accountants

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

Coimbatore
22-May-2013

Consolidated Statement of Profit and Loss For the year ended 31st March 2013

(₹ in Lakhs)

PARTICULARS	Note No	Year ended 31st March 2013	Year ended 31st March 2012
REVENUE			
Revenue from operations	19	2,21,148.97	2,48,572.23
Less: Excise Duty		19,433.14	18,035.22
		2,01,715.83	2,30,537.01
Other income	20	7,632.10	8,471.69
Total Revenue		**2,09,347.93**	**2,39,008.70**
EXPENSES			
Cost of materials consumed	21	1,27,531.93	1,43,156.52
Changes in inventories of finished goods and work-in-progress and Stock-in-Trade	22	(3,854.90)	783.48
Employee benefits expense	23	18,972.09	19,164.24
Finance costs	25.7	36.60	557.81
Depreciation		11,920.23	11,996.75
Other expenses	24	36,369.03	40,022.87
Total Expenses		**1,90,974.98**	**2,15,681.67**
Profit before tax		18,372.95	23,327.03
Less: Pre-acquisition profits of wholly owned subsidiary		-	484.99
		18,372.95	**22,842.04**
Tax expense:			
Current tax		6,093.42	7,816.24
Deferred tax (Net)		(1,181.98)	(468.57)
Prior year taxes		503.00	1,611.00
Profit after tax		**12,958.51**	**13,883.37**
Earnings per equity share:			
Basic and Diluted Earnings per share (in ₹) (Face value ₹ 10/- per share)		115.02	123.23
Significant Accounting Policies	2		
Additional information to financial statements	25		

See accompanying notes to the financial statements

In terms of our Report of even date

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

Sanjay Jayavarthanavelu
Chairman and Managing Director

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: 001209S
Chartered Accountants

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

Coimbatore
22-May-2013

Consolidated Cash Flow Statement For the year ended 31st March 2013

(₹ in Lakhs)

PARTICULARS	Year ended 31st March 2013		Year ended 31st March 2012	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		18,372.95		22,842.04
Adjustments for :				
Depreciation	11,920.23		11,996.75	
Finance cost	36.60		557.81	
Profit on sale of assets	(410.79)		(225.57)	
Loss on sale of assets	11.53		23.83	
Interest income	(7,002.44)		(6,148.47)	
Dividend income	(46.63)		(66.91)	
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents	(0.42)		(0.39)	
		4,508.08		6,137.05
Operating Profit before Working Capital Changes		22,881.03		28,979.09
(Increase)/Decrease in trade and other receivables	6,404.35		(6,533.92)	
(Increase)/Decrease in inventories	(843.64)		2,849.05	
Increase/(Decrease) in trade and other payables	(13,663.39)	(8,102.68)	1,455.59	(2,229.28)
Cash generated from operations		14,778.35		26,749.81
Direct taxes paid		6,548.12		9,131.86
Net Cash from Operating activities [A]		**8,230.23**		17,617.95
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets/Capital Work In Progress		(4,560.54)		(19,151.67)
Proceeds from sale of fixed assets		564.27		656.90
Interest received		7,683.39		5,420.88
Dividend received		46.63		66.91
Loans given		-		(1,000.00)
Loans received back		200.00		216.00
Acquisition of Subisidiary		-		(4,150.00)
(Increase)/Decrease in Bank balances not considered as cash and cash equivalent		(6,942.80)		3,146.12
Net cash used in investing activities [B]		**(3,009.05)**		**(14,794.86)**

Consolidated Cash Flow Statement (contd.) For the year ended 31st March 2013

(₹ in Lakhs)

PARTICULARS	Year ended 31st March 2013		Year ended 31st March 2012	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Dividends paid		(5,589.45)		(3,265.12)
Corporate dividend taxes paid		(913.85)		(626.43)
Transfer of Unpaid Dividends/Debentures to IEPF		(6.18)		(5.70)
Finance cost		(27.38)		(73.59)
Net cash used in financing activities [C]		**(6,536.86)**		**(3,970.84)**
Net increase in cash and cash equivalents (A+B+C)		(1,315.68)		(1,147.75)
Cash and cash equivalents at beginning of the period - D		3,183.72		4,331.47
Cash and cash equivalents at end of the period - E		1,868.04		3,183.72
Net increase in cash and cash equivalents (E-D)		(1,315.68)		(1,147.75)
Cash & Cash equivalents as per Balance Sheet		1,868.46		3,184.11
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents		**(0.42)**		(0.39)
Cash and Cash equivalents as per Cashflow Statement		**1,868.04**		**3,183.72**
Note : Cash and cash equivalents include the following balances not available for use :				
Unpaid dividend warrant account		**152.30**		**114.67**

See accompanying notes to the financial statements

In terms of our Report of even date
For **Subbachar & Srinivasan**
Firm Registration No: 004083S
Chartered Accountants

Sanjay Jayavarthanavelu
Chairman and Managing Director

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: 001209S
Chartered Accountants

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

Coimbatore
22-May-2013

Notes Forming Part of Consolidated Financial Statements

NOTE : 1. CORPORATE INFORMATION

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

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

NOTE : 2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

c) Goodwill represents the difference between the group's share in the net worth of a subsidiary and the cost of acquisition at each point of time of making the investment in the subsidiary. Goodwill arising on consolidation is not amortised. For this purpose the group's share of networth is determined on the basis of the latest financial statement prior to the acquisition after making necessary adjustments for material events between the date of such audited financial statements and the date of respective acquisition.

2.3 Method of accounting

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

2.4 Use of Estimates

The preparation of financial statements 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 recognized in the period in which the results are known / materialized.

2.5 Fixed Assets

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

Notes Forming Part of Consolidated Financial Statements

NOTE : 2. SIGNIFICANT ACCOUNTING POLICIES (contd.)

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 realizable value after providing for obsolescence wherever necessary. Cost is determined on weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2.8 Translation of Foreign Currency Transactions

Foreign currency transactions are recorded at the prevailing exchange rates at the time of initial recognition. Exchange differences arising on final settlement are adjusted and recognized as income or expense in the Statement of profit and loss. Outstanding balances of monetary items denominated in foreign currency are restated at closing exchange rates and the difference adjusted as income or expense in the 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 recognized as income or as expense in the period in which they arise.

2.9 Depreciation

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

2.10 Recognition of Revenue

Income and Expenditure are recognized and accounted on accrual basis as and when they are earned or incurred. Revenue from sale transaction is recognized as and when significant risks and rewards attached to ownership in the goods is transferred to the buyer. Revenue from service transactions is recognized on the completion of the contract. Dividend from Investments, Export incentives are recognized when the right to receive payment/credit is established and no significant uncertainty as to measurability or collectability exists. Revenue from carbon credits are recognised on delivery thereof or sale of rights therein, as the case may be, in terms of the contract with the respective buyer.

2.11 Borrowing costs

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

2.12 Earnings per Share

Basic Earnings per share is calculated by dividing the Net Profit after tax attributable to the equity shareholders by the weighted average number of Equity Shares outstanding during the year.

2.13 Employee Benefits

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

Defined Contribution Plans

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

Notes Forming Part of Consolidated Financial Statements

NOTE : 2. SIGNIFICANT ACCOUNTING POLICIES (contd.)

Defined Benefit Plans

Company's liabilities towards gratuity and leave encashment are determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognized on a straight line basis over the average period until the amended benefits becomes vested. Actuarial gains or losses are recognized immediately in the statement of Profit and Loss as income or expense. Obligation is measured at the year end as present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligations.

2.14 Research and Development

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

2.15 Taxes on Income

Current Tax is determined as per the provisions of the Income-tax Act, 1961 in respect of taxable income for the year and based on the expected outcome of assessment /appeals.

Deferred Tax assets and liabilities are recognized on timing differences between accounting income and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred Tax assets, other than those arising on account of unabsorbed depreciation or carry forward of losses under tax laws, are recognized and carried forward subject to consideration of prudence only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

2.16 Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes to financial statements. Contingent assets are neither recognized nor disclosed in the financial statements. Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.17 Cash Flow Statements

Cash Flows are reported using the Indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. Cash and cash equivalents include cash on hand and balances with banks in current and deposit accounts with necessary disclosure of cash and cash equivalent balances that are not available for use by the company.

2.18 Segment Reporting

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

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

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

Inter-segment transfers are accounted for on cost plus basis.

Notes Forming Part of Consolidated Financial Statements

NOTE : 2. SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.19 Impairment of assets

An asset is treated as impaired when the carrying amount of the asset exceeds its estimated recoverable value. Carrying amounts of fixed assets are reviewed at each balance sheet date to determine indications of impairment, if any, of those assets. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss equal to the excess of the carrying amount over its recoverable value is recognized as an impairment loss. The impairment loss, if any, recognized in prior accounting period is reversed if there is a change in estimate of recoverable amount.

2.20 Leases

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

NOTE : 3. SHARE CAPITAL

(₹ in Lakhs)

	Numbers	Numbers	Amount	Amount
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Number and amount of Equity shares authorized *	5,00,00,000	2,50,00,000	5,000.00	2,500.00
Number of Equity shares issued, subscribed and fully paid up	1,12,66,504	1,12,66,504	1,126.65	1,126.65
			1,126.65	1,126.65
Par value per Equity share (In ₹)			10.00	10.00
Including 2,50,00,000 equity shares of ₹ 10 each of erstwhile wholly owned subsidiary LMW Machinery Limited as per Scheme of Amalgamation approved by the High Court				
Aggregate Number of equity shares bought back in the preceding five year period preceding the balance sheet date (In financial year 2010-11)			11,02,746	11,02,746
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 percent Equity shares				
Life Insurance Corporation of India	10,93,481	10,93,481	9.71%	9.71%
Lakshmi Cargo Company Limited	9,23,718	8,23,718	8.20%	7.31%
Lakshmi Technology and Engineering Industries Ltd	6,67,090	6,67,090	5.92%	5.92%
The Lakshmi Mills Company Limited	6,20,000	7,20,000	5.50%	6.39%
Voltas Limited	6,00,000	6,00,000	5.33%	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

NOTE : 4. RESERVES AND SURPLUS

(₹ in Lakhs)

PARTICULARS	As at 31st March 2013	As at 31st March 2012
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	4,274.87	2,874.87
Less : Adjustment on account of amalgamation of LMW Machinery Limited	2,933.62	-
	1,341.25	2,874.87
Add : Transfer from Statement of Profit & Loss	1,200.00	1,400.00
Closing balance	**2,541.25**	4,274.87
Investment Fluctuation Reserve		
As per last Balance Sheet	2,939.19	934.66
Add: Transfer from Statement of Profit & Loss	144.94	2,004.53
Closing balance	**3,084.13**	**2,939.19**
Foreign Currency Translation Reserve	(19.63)	100.72
Surplus		
As per last Balance Sheet	79,128.32	75,196.59
Add: Transfer from Statement of Profit & Loss	12,958.51	13,883.37
Less: Transfer to Investment Fluctuation Reserve	**144.94**	**2,004.53**
Less: Appropriations during the year		
Proposed Dividend	2,253.30	2,816.63
Proposed Golden JubileeDividend	-	2,816.63
Tax on Proposed Dividend	382.95	913.85
Transfer to General Reserve	1,200.00	1,400.00
Closing balance	**88,105.64**	**79,128.32**
Total	**94,523.06**	**87,254.77**

NOTE : 5. DEFERRED TAX LIABILITIES (NET)

Deferred Tax Asset:		
On account of VRS	(30.05)	(60.09)
On account of Sec. 43B	-	(10.62)
On account of Others	(0.57)	-
	(30.62)	(70.71)
Deferred Tax Liability:		
On account of Depreciation	1,320.81	2,542.88
Deferred Tax Liabilities (Net)	**1,290.19**	**2,472.17**

NOTE : 6. OTHER LONG TERM LIABILITIES

Security deposit received against supply of machinery	23,403.51	26,644.53
Total	**23,403.51**	**26,644.53**

Notes Forming Part of Consolidated Financial Statements

NOTE : 7. TRADE PAYABLES

(₹ in Lakhs)

	As at 31st March 2013	As at 31st March 2012
Due to Micro, Small & Medium Enterprises	62.62	348.83
Others	27,192.25	29,238.31
Total	**27,254.87**	**29,587.14**

NOTE : 8. OTHER CURRENT LIABILITIES

Liability for Expenses	5,484.26	5,941.99
Security deposit received against supply of machinery	14,967.31	18,160.90
Liability for other Finance	12,753.37	16,964.64
Unpaid dividends	152.30	114.67
Total	**33,357.24**	**41,182.20**

NOTE : 9. SHORT-TERM PROVISIONS

Provision for Employee benefits :		
Provision for Gratuity	-	126.80
Provision for Leave Encashment	29.69	-
Others :		
Provision for Proposed Dividend	2,253.30	2,816.63
Provision for Proposed Golden Jubilee Dividend	-	2,816.63
Tax on Proposed Dividend	382.95	913.85
Provision for Warranty	311.83	442.24
Total	**2,977.77**	**7,116.15**

NOTE : 10. FIXED ASSETS

(₹ in Lakhs)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 31.03.2012	Additions*	Sales /Transfer	Cost as at 31.03.2013	Upto 31.03.2012	Withdrawn*	For the year	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
A. Tangible Assets :										
Land	2,778.09	-	-	2,778.09	-	-	-	-	2,778.09	2,778.09
Buildings	13,996.57	1,221.89	11.37	15,207.09	8,701.06	8.61	524.91	9,217.36	5,989.73	5,508.92
Plant & Equipment	1,37,888.11	2,149.10	2,885.25	1,37,151.96	96,256.82	2,755.81	10,682.53	1,04,183.54	32,968.42	42,739.03
Furniture & Fixtures	2,786.85	95.26	4.17	2,877.94	2,284.91	1.20	301.22	2,584.93	293.01	487.95
Office Equipments	4,124.16	100.09	-	4,224.25	3,697.06	-	21.56	3,718.62	505.63	478.54
Vehicles	3,637.53	137.13	171.61	3,603.05	2,409.98	141.77	252.38	2,520.59	1,082.46	1,223.63
Total Tangible Assets	**1,65,211.31**	**3,703.47**	**3,072.40**	**1,65,842.38**	**1,13,349.83**	**2,907.39**	**11,782.60**	**1,22,225.04**	**43,617.34**	**53,216.16**
B. Intangible Assets										
Technical Knowhow	628.79	70.00	-	698.79	420.44	-	88.67	509.11	189.68	208.35
Goodwill on Consolidation	-	-	-	-	-	-	-	-	-	1,704.57
Software	124.66	387.86	-	512.52	44.55	-	48.96	93.51	419.01	80.11
Total Intangible Assets	**753.45**	**457.86**	**-**	**1,211.31**	**464.99**	**-**	**137.63**	**602.62**	**608.69**	**1,993.03**
Capital Work in Progress									1,429.96	1,030.74
Total Assets	**1,65,964.76**	**4,161.33**	**3,072.40**	**1,67,053.69**	**1,13,814.82**	**2,907.39**	**11,920.23**	**1,22,827.66**	**45,655.99**	**56,239.93**
Previous Year	1,49,429.95	20,879.75	2,660.02	1,67,649.68	1,02,648.61	2,204.87	11,996.75	1,12,440.49	56,239.93	

* Includes Foreign Currency Translation differences

Notes Forming Part of Consolidated Financial Statements

NOTE : 11. NON-CURRENT INVESTMENTS

(₹ in Lakhs)

	Face value	Numbers 31.03.2013	Numbers 31.03.2012	Amount 31.03.2013	Amount 31.03.2012
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 Lakhmi Mills Company Limited	100	39,297	39,297	201.34	201.34
JSW Steel Limited	10	3,89,647	389,647	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
Total				6,432.69	6,432.69
Aggregate Value of quoted investments					
Cost				5,948.72	5,948.72
Market value				4,414.66	4,237.32
Aggregate amount of unquoted investments				483.96	483.96

NOTE : 12. LONG-TERM LOANS AND ADVANCES

(₹ in Lakhs)

(Unsecured, considered good)		
Capital Advances	1,359.61	1,279.12
Loans and advances to related parties:		
Lakshmi Ring Travellers (CBE) Limited	450.00	650.00
Other advances & deposits	933.30	1,065.61
Advance taxes (Net of Provisions therefor)	470.15	522.40
Total	3,213.06	3,517.13

NOTE : 13. OTHER NON CURRENT ASSETS

Interest accrued on Bank deposits & other income receivable	-	1,702.39
Total	-	1,702.39

Notes Forming Part of Consolidated Financial Statements

NOTE : 14. INVENTORIES (AT LOWER OF COST OR NET REALISABLE VALUE)

(₹ in Lakhs)

	As at 31st March 2013	As at 31st March 2012
Raw materials	16,290.31	18,238.14
Work-in-progress	5,823.42	5,049.89
Finished goods	4,289.06	1,647.44
Stores and spares	664.29	1,287.97
Total	**27,067.08**	**26,223.44**

NOTE : 15. TRADE RECEIVABLES

(Unsecured, considered good)		
Outstanding for a period exceeding six months from the due date	998.32	959.42
Others	11,091.35	14,476.60
Total	**12,089.67**	**15,436.02**

NOTE : 16. CASH AND BANK BALANCES

Cash and cash equivalents		
Balances with banks		
In Current Account	1,700.47	3,044.97
Cash on hand	15.69	24.07
Other Bank Balances		
Deposits held as margin money	24.41	144.50
Bank deposits with less than 12 months maturity	73,900.26	25,023.00
Other Bank Deposits	1,147.84	42,962.20
Unpaid Dividend Account	152.30	114.67
Total	**76,940.97**	**71,313.41**

NOTE : 17. SHORT-TERM LOANS AND ADVANCES

(Unsecured, Considered Good)		
Loans and advances to related parties:		
Lakshmi Ring Travellers (CBE) Limited	200.00	200.00
Others :		
Unsecured recoverable in cash or in kind, or for value to be received	5,348.94	6,329.05
Balance with Central Excise, Sales Tax, Customs etc	3,426.62	4,573.01
Prepaid expenses	116.39	167.57
MAT Credit Entitlement	-	336.80
Total	**9,091.95**	**11,606.43**

NOTE : 18. OTHER CURRENT ASSETS

Interest accrued on Bank Deposits	2,505.17	1,483.75
Income Receivable	936.71	1,428.42
Total	**3,441.88**	**2,912.17**

Notes Forming Part of Consolidated Financial Statements

NOTE : 19. REVENUE FROM OPERATIONS

(₹ in Lakhs)

	Year ended 31st March 2013	Year ended 31st March 2012
a) Gross Sale of products	2,15,853.37	2,44,198.99
Less : Excise Duty	19,433.14	18,035.22
b) Net Sale of products	1,96,420.22	2,26,163.77
c) Other operating revenues:		
Repair & Service Charges & Miscellaneous Income	2,753.87	1,559.76
Sale of scrap	883.22	1,161.25
Export Incentives	1,658.51	1,652.23
	5,295.60	4,373.24
Total (a+c)	2,21,148.96	2,48,572.23

NOTE : 20. OTHER INCOME

Interest Income	7,002.44	6,148.47
Dividend Income	46.63	66.91
Rental income	62.89	75.29
Foreign Exchange Gain (Net)	(50.96)	1,865.87
Profit on sale of assets	410.79	225.57
Sale of Wind Energy	118.60	-
Sale of Carbon credit	41.71	89.58
Total	7,632.10	8,471.69

NOTE : 21. COST OF MATERIALS CONSUMED

Opening Stock*	16,356.61	21,793.85
Add : Purchases	1,36,584.26	1,47,591.63
Less : Sales	9,118.63	8,235.92
Closing Stock	16,290.31	17,993.04
Total	1,27,531.93	1,43,156.52

*excludes balances of LMW Machinery Ltd. on account of amalgamation w.e.f 1.4.2012

NOTE : 22. CHANGES IN INVENTORY OF FINISHED GOODS AND WIP

Opening Stock		
Finished Goods	1,647.44	1,065.15
Work in Process*	4,610.14	6,415.66
Total	6,257.58	7,480.81
Closing Stock		
Finished Goods	4,289.06	1,647.44
Work in Process	5,823.42	5,049.89
Total	10,112.48	6,697.33
Stock (Increase) / Decrease	(3,854.90)	783.48

*excludes balances of LMW Machinery Ltd. on account of amalgamation w.e.f 1.4.2012

Notes Forming Part of Consolidated Financial Statements

NOTE : 23. EMPLOYEE BENEFITS EXPENSES

(₹ in Lakhs)

	Year ended 31st March 2013	Year ended 31st March 2012
Salaries and wages	16,082.62	15,784.11
Contribution to provident and other funds	1,036.11	1,079.10
Welfare expenses	1,853.36	2,301.03
Total	**18,972.09**	**19,164.24**

NOTE : 24. OTHER EXPENSES

Sales Commission to Agents	5,536.71	5,793.49
Consumption of stores and spare parts	7,275.38	8,762.34
Consumption of Packing Material	4,231.47	5,147.34
Power and fuel (Net of wind energy ₹ 3,569.62 lakhs; Previous period ₹ 2,416.62 lakhs)	4,602.10	3,893.77
Rent	260.56	266.40
Repairs to buildings	1,161.01	961.11
Repairs to machinery	1,113.59	3,334.76
Repairs - Others	2,973.83	2,653.91
Insurance	139.68	127.43
Rates and taxes, excluding taxes on income	484.69	211.25
Auditors' remuneration	31.93	31.61
Loss on sale of assets	11.53	23.83
Donations	180.12	310.00
Directors Sitting fees	26.28	23.65
Non executive Directors' Commission	124.98	228.41
Miscellaneous expenses (Refer Note No. 25.3)	8,215.17	8,253.57
Total	**36,369.03**	**40,022.87**

NOTE : 25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

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

(₹ in Lakhs)

Name of the Company	Country of incorporation	% of Ownership Interest	Reporting date
For 31.3.2013			
LMW Textile Machinery (Suzhou) Co. Ltd	China	100.00	31.03.2013
For 31.3.2012			
LMW Textile Machinery (Suzhou) Co. Ltd	China	100.00	31.3.2012
LMW Machinery Limited	India	100.00	31.3.2012

Notes Forming Part of Consolidated Financial Statements

25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (contd.)

25.2 Contingent Liabilities

(₹ in Lakhs)

	Year ended 31st March 2013	Year ended 31st March 2012
Bills discounted with banks	-	509.75
Letters of Credit	3,147.41	2,180.00
Bank Guarantees	1,471.69	2,130.67
Central Excise Demand	443.99	392.27
Income Tax Demand	513.05	1,743.25
Disputed tax dues are appealed before concerned appellate authorities. The Company is advised that the cases are likely to be disposed off in favour of the Company and hence no provision is considered necessary therefor.		
Estimated amount of Contracts remaining to be executed on Capital account and not provided for net of advances	529.80	1413.17

25.3 Details of Miscellaneous expenses

Printing & Stationery	163.91	160.57
Postage, Telegrams & Telephones	166.74	126.42
Travelling Exps & Maint. of Vehicles	1,706.00	1,355.41
Bank Charges, LC Commission etc.,	85.44	170.53
Legal & Professional Charges	447.35	318.25
Subscription to Associations & Periodicals	32.13	23.14
Research & Development	1,035.76	943.07
Miscellaneous Expenses	507.66	563.32
Sales Expenses	1,024.36	1,033.84
Security and Other Service expenses	1,045.29	1,130.35
Advertisement & Publicity	787.00	602.97
Export Expenses	1,140.16	1,752.25
Royalty	73.37	73.45
Total	**8,215.17**	**8,253.57**

25.4 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.

25.5 Details of dividend proposed

Amount of dividend proposed to be distributed to equity share holders	2,253.30	2,816.63
Amount of Golden Jubilee dividend proposed to be distributed to equity share holders	-	2,816.63
Amount of dividend per equity share (In ₹)	20.00	50.00

25.6 Amounts set aside to Reserves

To General Reserve	1,200.00	1,400.00
To Investment fluctuation Reserve	144.94	2,004.53

Notes Forming Part of Consolidated Financial Statements

25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (contd.)

25.7 Finance Costs

(₹ In Lakhs)

	Year ended 31st March 2013	Year ended 31st March 2012
Interest under Income Tax Act	9.22	484.22
Bill discounting charges	27.38	16.51
Interest- Others	-	57.08
Total	**36.60**	**557.81**

25.8 EMPLOYEE BENEFITS

I. Defined Benefit Plans

(₹ In Lakhs)

	Gratuity (Funded)			Leave Encashment (Funded)		
	31.03.2013	31.03.2012	31.03.2011	31.03.2013	31.3.2012	31.3.2011
A. Expense recognised during the year						
1. Current Service cost	291.72	296.77	267.32	246.58	42.64	32.74
2. Interest cost	390.22	365.17	238.46	24.41	22.90	15.79
3. Expected return on plan assets	(403.05)	(396.83)	(316.50)	(76.29)	(28.07)	0.00
4. Actuarial Losses / (Gains) during the year	(225.81)	37.26	1,233.85	(19.10)	(120.65)	(154.71)
5. Total Expense	53.09	302.38	1,423.13	175.61	(82.18)	(105.18)
B. Actual return on Plan assets						
1. Expected return on plan assets	403.05	396.83	316.50	76.29	28.07	0.00
2. Actuarial (Loss) / Gain on Plan assets	65.04	40.60	(8.14)	(5.68)	86.73	387.30
3. Actual return on plan assets	468.09	437.43	308.36	70.61	114.80	387.30
C. Net Asset/(Liability) recognised in the Balance Sheet						
1. Present value of the obligation at the end of the year	5,437.81	5,192.18	4,494.51	542.51	314.03	291.01
2. Fair value of plan assets as at the end of the year	5,729.09	5,188.40	4,752.11	512.82	459.94	354.74
3. Funded status surplus/(deficit)	291.28	(3.78)	257.60	(29.69)	145.91	63.73
4. Unrecognised past service cost	-	-	-	-	-	-
5. Net Asset/(Liability) recognised in the Balance Sheet	291.28	-	-	(29.69)	-	-
D. Change in Present value of the Obligation during the year						
1. Present value of the obligation at beginning of year	5,192.18	4,659.50	3,198.57	314.03	291.01	19.67
2. Current service cost	291.72	296.77	267.32	246.58	42.64	32.74
3. Interest cost	390.22	365.17	238.46	24.41	22.90	15.79
4. Benefits paid	(275.55)	(207.12)	(435.55)	(17.74)	(9.60)	(10.78)
5. Actuarial (gain)/loss on obligation	(160.77)	21.60	1,225.71	(24.78)	(32.92)	233.59
6. Present value of obligation at end of the year	5,437.81	5,192.18	4,494.51	542.51	314.03	291.01

Notes Forming Part of Consolidated Financial Statements

25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (contd.)

25.8 EMPLOYEE BENEFITS (contd.)

I. Defined Benefit Plans (contd.)

(₹ In Lakhs)

	Gratuity (Funded)			Leave Encashment (Funded)		
	31.03.2013	31.03.2012	31.03.2011	31.03.2013	31.3.2012	31.3.2011
E. Change in Plan Assets during the year						
1. Fair value of plan assets at the beginning of the year	5,188.61	4,944.11	3,495.68	459.94	354.74	(32.56)
2. Expected return on plan assets	403.05	396.83	316.50	76.29	28.07	0.00
3. Contributions made	347.94	13.99	1,383.62	-	-	10.78
4. Benefits paid	(275.55)	(207.12)	(435.55)	(17.74)	(9.60)	(10.78)
5. Actuarial gain / (loss) on plan assets	65.04	40.60	(8.14)	(5.68)	86.73	387.30
6. Fair value of plan assets at the end of the year	5,729.09	5,188.40	4,752.11	512.82	459.94	354.74
F. Net actuarial Gain / Loss recognised						
1. Actuarial (Gain) / Loss on Benefit Obligation	(160.77)	49.73	1,225.71	(24.78)	(32.92)	233.59
2. Actuarial Gain / (Loss) on Plan assets	65.04	40.60	(8.14)	(5.68)	86.73	387.30
3. Net Actuarial (Gain) / Loss recognised	(225.81)	9.13	1,233.85	(19.10)	(120.65)	(154.71)
G. Major categories of plan assets as a percentage of total plan						
1. Qualifying insurance policies	5,729.09	5,188.40	4,752.11	512.82	459.94	354.74
2. Own plan assets	-	-	-	-	-	-
	5,729.09	5,188.40	4,752.11	512.82	459.94	354.74
H. Actuarial Assumptions						
1. Discount rate	8.05%	8.00%	8.00%	8.25%	8.25%	8.25%
2. Salary escalation	7.37%	7.00%	7.00%	7.00%	7.00%	7.00%
3. Expected rate of return on plan assets	8.05%	8.00%	8.00%	13.80%	13.80%	13.80%
4. Attrition rate	6.50%	2.00%	2.00%	2.00%	2.00%	2.00%
5. Mortality rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

Note:

The salary escalation considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

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

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

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

II. Defined Contribution Schemes

(₹ In lakhs)

	31.03.2013	31.3.2012	31.3.2011
Provident Fund Contribution	800.25	760.82	673.39

Notes Forming Part of Consolidated Financial Statements

25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (contd.)

25.9 Segment Report for the year ended 31st March 2013

(₹ In Lakhs)

	Textile Machinery Division		Machine Tool & Foundry Division		Advanced Technology Centre		Total	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
PRIMARY - BUSINESS SEGMENT								
Revenue								
External Sales (Net)	1,72,867.04	1,94,244.09	23,495.97	31,919.23	57.21	0.45	1,96,420.22	2,26,163.77
Inter Segment Transfers	1,239.65	899.81	90.74	234.33	-	-	1,330.39	1,134.14
Allocable other income	5,292.15	5,820.44	303.38	588.81	408.89	145.00	6,004.42	6,554.25
Segment Revenue	**1,79,398.84**	**2,00,964.34**	**23,890.09**	**32,742.37**	**466.10**	**145.45**	**2,03,755.03**	**2,33,852.16**
Less : Inter Segment Transfers							1,330.39	1,134.14
Add : Unallocable other Income							6,923.28	6,290.68
Enterprise revenue							2,09,347.92	2,39,008.70
Result								
Segment Result	13,116.41	16,625.30	1,383.26	2,820.60	(2,033.20)	(1,306.00)	12,466.47	18,139.90
Less :Unallocable Expenses							980.20	1,030.74
Operating Profit							11,486.27	17,109.16
Less : Interest Expenses							36.60	557.81
Income tax expenses (Current)							6,596.42	9,427.23
Income tax expenses (Deferred)							(1,181.98)	(468.57)
Add : Unallocable Other Income							6,923.28	6,290.68
Net Profit after Tax							**12,958.51**	**13,883.37**
Other Information								
Segment assets	1,57,707.69	1,55,107.01	18,387.15	15,329.68	935.61	1,697.40	1,77,030.45	1,72,134.09
Add : Unallocable corporate assets							6,902.84	23,249.52
Enterprise Assets							1,83,933.29	1,95,383.61
Segment Liabilities	79,994.62	82,046.32	4,291.36	5,876.05	71.16	5.74	84,357.14	87,928.11
Add : Unallocable corporate liabilities							99,576.15	1,07,455.50
Enterprise Liabilities							1,83,933.29	1,95,383.61
Capital Expenditure	3,282.49	16,696.55	432.61	3,911.03	446.23	272.17	4,161.33	20,879.75
Depreciation	10,095.78	10,395.49	643.19	746.85	1,181.26	854.41	11,920.23	11,996.75

Notes Forming Part of Consolidated Financial Statements

25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (contd.)

25.9 Segment Report for the year ended 31st March 2013 (contd.)

(₹ In Lakhs)

	Textile Machinery Division		Machine Tool & Foundry Division		Advanced Technology Centre		Total	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
SECONDARY - GEOGRAPHICAL SEGMENT								
(a) Revenue from external customers by location of customers								
Domestic Segment							1,73,308.89	1,94,013.81
Export Segment							23,111.33	32,149.96
Total Revenue							1,96,420.22	2,26,163.77
(b) Carrying amount of Segment Assets								
Within India	1,46,916.50	1,47,321.07	18,387.15	15,329.68	935.61	1,697.40	1,66,239.26	1,64,348.15
Outside India	10,791.19	7,785.94	-	-	-	-	10,791.19	7,785.94
Total	1,57,707.69	1,55,107.01	18,387.15	15,329.68	935.61	1,697.40	1,77,030.45	1,72,134.09
(c) Capital Expenditure								
Within India	3,209.84	14,480.14	432.61	3,911.03	446.23	272.17	4,088.68	18,663.34
Outside India	72.65	2,216.41	-	-	-	-	72.65	2,216.41
Total	3,282.49	16,696.55	432.61	3,911.03	446.23	272.17	4,161.33	20,879.75

Notes :

1) 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

2) 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).

3) Inter Segment transfers are accounted on cost plus basis vis-a-vis at competitive market price charged to Unaffliated customers for similar goods.

4) Segment Revenue,Results,Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

Notes Forming Part of Consolidated Financial Statements

25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (contd.)

25.10 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

Eshaan Enterprises Limited
Harshini Textiles Limited
Hermes Academy of Training Limited
Integrated Electrical Controls Limited
Lakshmi Cargo Company Limited
LCC Cargo Holdings Limited
Lakshmi Electrical Drives Limited
Lakshmi Technology & Engg. Industries 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
Revantha Holdings Limited
Revantha Builders P Ltd
Sri Kamakoti Kamakshi Textiles P Ltd
Sri Lakshmi Vishnu Plastics
Super Sales India Limited
Starline Travels Limited
Titan Paints & Chemicals Limited
Venkatavaradha Agencies Limited
Walzer Hotels Limited

Note : Related party relationships are as identified by the Management

2) Related Party Transactions

(₹ In Lakhs)

	Joint Venture		Other Related Parties-Associates		Key Management Personnel	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Purchase of goods	-	5.58	18,286.92	24,305.88	-	-
Sale of goods	-	490.55	7,169.83	10,151.91	-	-
Purchase of Fixed Assets	-	-		802.63	-	-
Sale of Fixed Assets	-	-	331.66	158.16	-	-
Rendering of Services	-	0.10	94.72	116.43	-	-
Receiving of Services	-	-	7,642.36	8,088.22	-	-
Agency arrangements	-	-	1,270.09	1,389.95	-	-
Managerial Remuneration	-	-	-	-	616.88	437.05
Dividends Paid	-	-	1,071.88	699.13	72.37	43.43
Investment in Shares	-	-	-	-	-	-
Loan given	-	-	-	1,000.00	-	-
Loans received back	-	1,250.00	200.00	150.00	-	-
Interest receipts	-	33.26	77.82	74.14	-	-
Outstanding Payables	-	-	1,639.76	1,904.53	320.61	228.41
Outstanding Receivables	-	-	3,027.47	3,481.63	-	-

Notes Forming Part of Consolidated Financial Statements

25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (contd.)

25.10 Related Party Disclosures (contd.)

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

1 Purchase of Goods includes Rieter LMW Machinery Limited ₹ Nil lakhs (Previous Year ₹ 5.58 lakhs), Lakshmi Electrical Control Systems Limited ₹ 12,079.66 lakhs (Previous Year ₹ 16,123.10 lakhs), Lakshmi Electrical Drives Limited ₹ 2,970.74 lakhs (Previous Year ₹ 4,002.76 lakhs) and Other Related Parties- Associates ₹ 3,236.52lakhs (Previous Year ₹ 4,180.02 lakhs)

2 Sale of Goods includes Rieter LMW Machinery Limited ₹ Nil lakhs (Previous year ₹ 490.55 lakhs), Lakshmi Electrical Control Systems Limited ₹ 6,656.68 lakhs (Previous Year ₹ 9,351.36 lakhs) and Other related Parties - Associates ₹ 513.15 lakhs (Previous Year ₹ 800.55 lakhs)

3 Purchase of Fixed Assets includes Lakshmi Precision Tools Ltd. ₹ Nil lakhs (Previous year ₹ 193.98 lakhs), Quattro Engineering India Limited ₹ Nil lakhs (Previous Year ₹ 117.60 lakhs), Lakshmi Cargo Company Limited. ₹ Nil lakhs (previous year ₹ 311.64 lakhs) and Super Sales India Ltd. ₹ Nil lakhs (previous year ₹ 179.41 lakhs).

4 Sale of Fixed Assets includes Super Sales India Ltd ₹ 99.44 lakhs (Previous Year ₹ 0.26 lakhs), Starline Travels Limited ₹ Nil lakhs (Previous year ₹ 7.90 lakhs), Revantha Builders P Ltd ₹ 231.00 lakhs (Previous year ₹ Nil lakhs), Lakshmi Vignesh Corporate Services Ltd ₹ Nil lakhs (Previous year ₹ 150 lakhs), and Other Related Parties-Associates ₹ 1.22 lakhs (Previous Year ₹ Nil lakhs)

5 Rendering of Services includes Rieter LMW Machinery Limited ₹ Nil lakhs (Previous Year ₹ 0.10 lakhs), Super Sales India Limited ₹ 23.54 lakhs (Previous Year ₹ 49.20 lakhs) Lakshmi Technology & Engineering Industries Ltd. ₹ 32.87 lakhs (Previous year ₹ 44.64 lakhs), Lakshmi Electrical Control Systems Limited ₹ 0.61 lakhs (Previous Year ₹ Nil lakhs) and Other Related Parties- Associates ₹ 37.70 lakhs (Previous Year ₹ 22.59 lakhs)

6 Receiving of Services include Lakshmi Ring Travellers (CBE) Limited ₹ 573.51 lakhs (Previous Year ₹ 693.05 lakhs), Lakshmi Cargo Company Limited ₹ 4,180.71 lakhs (Previous Year ₹ 5,072.96 lakhs), Revantha Builders P Ltd ₹ 898.20 lakhs (Previous year ₹ 418.58 lakhs) and Other Related Parties - Associates ₹ 1,989.94 lakhs (Previous Year ₹ 1,903.63 lakhs)

7 Agency arrangement includes Super Sales India Limited ₹ 1,270.09 lakhs (Previous Year ₹ 1,389.95 lakhs)

8 Managerial Remuneration includes amount paid to Sri. Sanjay Jayavarthanavelu ₹ 521.22 lakhs (Previous Year ₹ 348.29 lakhs), Sri. R. Rajendran ₹ 95.66 lakhs (Previous year ₹ 88.76 lakhs)

9 Dividends paid includes Lakshmi Technology and Engineering Industries Limited ₹ 333.55 lakhs (Previous Year ₹ 200.13 lakhs), Lakshmi Cargo Company Limited ₹ 461.86 lakhs (Previous Year ₹ 247.12 lakhs), Other Related Parties – Associates ₹ 276.47 lakhs (Previous Year ₹ 251.88 lakhs), Sri Sanjay Jayavarthanavelu ₹ 71.15 lakhs (Previous Year ₹ 39.70 lakhs) , Dr. D. Jayavarthanavelu ₹ Nil lakhs (Previous Year ₹ 3.00 lakhs), Sri R. Rajendran ₹ 1.22 lakhs (Previous year ₹ 0.73 lakhs).

10 Loan received back includes Lakshmi Ring Travellers (CBE) Ltd - ₹ 200 lakhs (Previous Year ₹ 150 lakhs), Rieter LMW Machinery Limited ₹ Nil lakhs (Previous year ₹ 1,250 lakhs).

11 Loan given: Lakshmi Ring Travellers (CBE) Ltd- ₹ Nil lakhs (Previous Year ₹ 1,000 lakhs).

12 Interest receipts include Rieter LMW Machinery Limited ₹ Nil lakhs (Previous Year ₹ 33.26 lakhs) and Lakshmi Ring Travellers (CBE) Limited ₹ 77.82 lakhs (Previous year ₹ 74.14 lakhs).

13 Outstanding Payables include Lakshmi Cargo Company Limited ₹ 234.43 lakhs (Previous Year ₹ 726.76 lakhs), Lakshmi Precision Tools Limited ₹ 85.76 lakhs (Previous Year ₹ 136.73 lakhs), Lakshmi Electrical Drives Ltd ₹ 253.35 lakhs (Previous year ₹ Nil lakhs) Super Sales India Limited ₹ 918.05 lakhs (Previous Year ₹ 905.15 lakhs) and Other Related Parties -Associates ₹ 148.17 lakhs (Previous Year ₹ 135.89 lakhs), Sri. Sanjay Jayavarthanavelu ₹ 320.61 lakhs (Previous year ₹ 228.41 lakhs).

14 Outstanding Receivables include Lakshmi Electrical Control Systems Limited ₹ 1,021.15 lakhs (Previous Year ₹ 428.46 lakhs, Lakshmi Technology and Engineering Industries Limited ₹ 556.36 lakhs (Previous Year ₹ 554.28 lakhs), Lakshmi Electrical Drives Ltd. ₹ Nil lakhs (Previous year ₹ 516.97 lakhs), Lakshmi Ring Travellers (CBE) Ltd. ₹ 1,276.64 lakhs (Previous year ₹ 1961.37 lakhs) and Other Related Parties - Associates ₹ 173.32 lakhs (Previous Year ₹ 20.55 lakhs).

25.11 Fixed Assets Include

(₹ In Lakhs)

	Gross Block	Depreciation for the year	Accumulated Depreciation	Net Block
Assets leased out as on 31.03.2013				
Buildings	358.42	9.02	187.05	171.37
Assets leased out as on 31.03.2012				
Buildings	358.42	9.49	178.03	180.39

Income from leased Buildings of ₹ 62.89 lakhs- is grouped in Rent receipts (Previous Year ₹ 75.29 Lakhs)

25.12 Earnings Per Share

(₹ in Lakhs)

	Year ended 31st March 2013	Year ended 31st March 2012
Net Profit after Tax [₹ In lakhs]	12,958.51	13,883.37
Weighted Average Number of Equity Shares	1,12,66,504	1,12,66,504
Nominal Value per Equity Share	10.00	10.00
Basic & Diluted Earnings Per Share [in ₹]	115.02	123.23

Notes Forming Part of Consolidated Financial Statements

25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (contd.)

25.13 Deferred tax liabilities (Net)

(₹ in Lakhs)

	Year ended 31st March 2012	For the year	Year ended 31st March 2013
Deferred Tax Asset:			
On account of VRS	60.09	(30.04)	30.05
On account of Sec. 43B	10.62	(10.62)	-
On account of Others	-	0.57	0.57
Total	**70.71**	**(40.09)**	**30.62**
Deferred Tax Liability:			
On account of Depreciation	2,542.88	(1,222.07)	1,320.81
Deferred Tax Liabilities (Net)	**2,472.17**	**(1,181.98)**	**1,290.19**

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

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

(₹ in Lakhs)

	Provision for Warranty	
	31.03.2013	31.03.2012
Carrying amount at the beginning of the year	442.24	510.66
Additional provision made during the year	311.83	445.92
Amount used during the year	145.82	514.34
Unused amount reversed during the year	296.42	-
Carrying amount at the end of the year	311.83	442.24

25.15 Revenue Expenditure on Research & Development amounting to ₹ 1032.73 lakhs (Previous Year ₹ 943.07 lakhs) has been charged to Statement of Profit and Loss (included in Miscellaneous expenses) and Capital expenditure relating to Research and Development amounting to ₹ Nil Lakhs (Previous Year ₹ 570.35 Lakhs) has been included in Fixed Assets.

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

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

Particulars	Currency	Amount in foreign currency		Equivalent (₹ in Lakhs)	
		31.03.2013	31.03.2012	31.03.2013	31.03.2012
Sundry creditors	CHF	3,991	43,393	2.17	24.05
	EUR	8,76,520	10,46,170	615.87	696.35
	GBP	1,185	2,437	0.87	1.84
	JPY	5,02,16,539	2,51,62,083	303.37	166.29
	SGD	30,412	42,880	13.40	17.17
	USD	6,77,282	5,86,577	368.16	289.95
	CNY	2,34,19,779	2,21,37,847	2,048.04	1,788.38
Sundry Debtors	USD	56,54,298	31,62,372	3,065.92	1,545.76
	EUR	7,25,316	7,62,942	514.74	505.23
	CNY	2,59,90,505	3,54,80,391	2,272.99	2,866.25
Bank Balances	THB	0	1,74,114	0.00	2.92
	KES	47,318	1,00,478	0.30	0.62
	BDT	1,42,135	90	0.96	0.01
	IDR	28,000	24,116	0.05	0.04
	USD	341	304	0.19	0.16
	CNY	2,25,29,882	1,76,78,743	1,970.22	1,428.16

Notes Forming Part of Consolidated Financial Statements

25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (contd.)

25.17 The Exchange rate adopted for conversion of subsidiary accounts is as follows :
The Exchange Rate as at 31st March 2013 : 1 CNY = 8.7449 INR (Previous Year 1 CNY = 8.0784 INR)

Average exchange rate : 2012-13 1 CNY = 8.6689 INR , 2011-12 1 CNY = 7.5209 INR

25.18 The fixed assets of the Subsidiary Company are depreciated on SLM Basis over their useful lives as against WDV Basis adopted by the Parent Company. Had that depreciation been provided on WDV basis, the depreciation would have been lower by ₹ 42.70 lakhs (Previous Year ₹ 24.17 lakhs) and the consolidated profit before tax would have been higher to that extent.

25.19 a) Pursuant to the Scheme of Amalgamation sanctioned by the Hon'ble Madras High Court, LMW Machinery Limited, (LMW ML) a wholly owned subsidiary company, has been amalgamated with the company with effect from 01.04.2012 and the assets and liabilities of the erstwhile LMW ML were transferred to and vested in the company with effect from 01.04.2012 (appointed date). The amalgamating company was engaged in the manufacture of textile spinning machinery.

b) The amalgamation is accounted for under the "Pooling of Interest" method as prescribed by Accounting Standard 14 "Accounting for amalgamations". Accordingly, the assets and liabilities and other reserves of the erstwhile LMW Machinery Limited as on 01.04.2012 have been taken over at their book values subject to adjustments made for the differences in accounting policies between the two companies .

c) As provided in the Scheme of Amalgamation, 2,50,00,000 equity shares held by the company stands cancelled. Since LMW ML was a wholly owned subsidiary, no shares were issued pursuant to the amalgamation.

d) Consequent to the amalgamation, an amount of ₹ 2,933.62 lakhs (inclusive of ₹ 1,371.64 lakhs on account of difference in accounting policies relating to depreciation of LMW ML and the company) is debited to goodwill account which has subsequently been fully adjusted against the General Reserve Account as per Scheme of amalgamation sanctioned by the Madras High Court.

e) Provision for taxation for the year has been reckoned taking into account the effect of amalgamation.

f) In view of the amalgamation with effect from 01.04.2012, the figures for the current year are not comparable with those of the previous year.

g) Current tax expense for the year is reckoned after considering the MAT credit entitlement of ₹ 336.80 lakhs of the amalgamating company.

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

25.21 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

See accompanying notes to the financial statements

In terms of our Report of even date

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

Sanjay Jayavarthanavelu
Chairman and Managing Director

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: 001209S
Chartered Accountants

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

Coimbatore
22-May-2013

Corporate Information

Board of Directors

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

Company Secretary

Sri K. Duraisami

Registered Office

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

Corporate Office

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

Statutory Auditors

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

Cost Auditor

Sri A. N. Raman,
Cost Accountant, Chennai

Bankers

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

Share Transfer Agents

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

Cautionary Statement

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

LAKSHMI MACHINE WORKS LIMITED
Perianaickenpalayam, Coimbatore-641 020
Tel : 2692371-72, 6612255, Fax : 2692541-42
E-mail : regd.off@lmw.co.in, Website : www.lakshmimach.com

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