LMW®

LAKSHMI MACHINE WORKS LIMITED

Our Ref : Sec/270/0447/2016
Date : 20.08.2016

BSE Limited
Listing Department
Phiroze Jeejeebhoy Towers
Dalal Street, MUMBAI-400 001

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, C-1, Block-G,
Bandra Kurla Complex Bandra(E)
MUMBAI - 400 051.

Dear Sirs,

Sub : Filing of Annual Report as adopted by the shareholders at the Annual General Meeting - Regulation 34(1).

Pursuant to the provisions of Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, we file herewith soft copy of the Annual Report duly adopted by the shareholders at the Annual General Meeting held on 05.08.2016.

The Annual Report may kindly be taken into your records.

Thanking you,

Yours faithfully,
For LAKSHMI MACHINE WORKS LIMITED

(K.DURAISAMI)
Company Secretary

Encl: as above

cc : BSE Limited
Corporate Relationship Department
1st Floor, New Trading Ring
Rotunda Building, P.J.Towers,
Dalal Street, MUMBAI - 400 001.

LAKSHMI MACHINE WORKS LIMITED

ANNUAL REPORT | 2015-16

FORWARD LOOKING STATEMENT

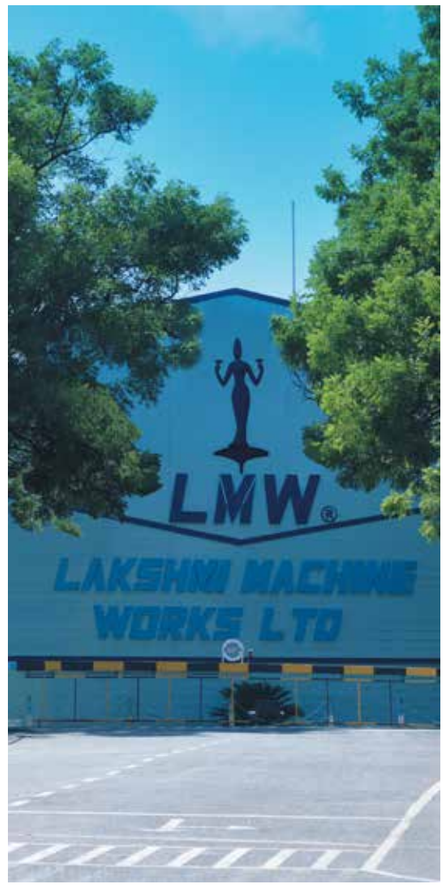
IN THIS ANNUAL REPORT WE HAVE DISCLOSED FORWARD-LOOKING INFORMATION TO ENABLE INVESTORS TO KNOW OUR PRODUCT PORTFOLIO, BUSINESS LOGIC & DIRECTION AND COMPREHEND OUR PROSPECTS. THIS REPORT AND OTHER STATEMENTS – WRITTEN AND ORAL – THAT WE PERIODICALLY MAKE ARE BASED ON OUR ASSUMPTIONS. WE HAVE TRIED WHEREVER POSSIBLE TO IDENTIFY SUCH STATEMENTS BY USING WORDS SUCH AS 'ANTICIPATE', 'BELIEVE', 'ESTIMATE', 'EXPECT', 'INTEND', 'PLAN', 'PROJECT' AND WORDS OF SIMILAR SUBSTANCE IN CONNECTION WITH ANY DISCUSSION OF FUTURE PERFORMANCE.

WE CANNOT GUARANTEE THAT THESE FORWARD LOOKING STATEMENTS WILL BE REALISED, ALTHOUGH WE BELIEVE THAT WE HAVE BEEN PRUDENT IN OUR ASSUMPTIONS. THE ACHIEVEMENT OF RESULTS IS SUBJECT TO RISKS, UNCERTAINTIES AND EVEN INACCURATE ASSUMPTIONS. IF KNOWN OR UNKNOWN RISKS OR UNCERTAINTIES MATERIALISE, OR IF UNDERLYING ASSUMPTIONS PROVE INACCURATE, ACTUAL RESULTS CAN VARY MATERIALLY FROM THOSE ANTICIPATED, ESTIMATED OR PROJECTED. READERS MAY BEAR THIS IN MIND.

WE UNDERTAKE NO OBLIGATION TO PUBLICLY UPDATE ANY FORWARD LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

CONTENTS

Corporate overview 02
Financial highlights 04
From the Chairman's desk 14
Management discussion and analysis 16
Corporate information 27
Notice 28
Directors' report 34
Corporate Governance report 54
Standalone financial statements 64
Consolidated financial statements 92



THE Indian textile industry is one of the remarkable instances of a sector achieving the national objectives of 'Make in India', international competitiveness and grassroots employment.

At LMW, we see ourselves as a catalyst of this economy-driving sector.

Over the decades, we have leveraged the country's resident engineering excellence to manufacture world-class textile spinning machinery. Our products have facilitated the competitiveness of the country's textile sector.

The result is that at LMW, we bring a serious responsibility to our role and function.

We are not just a company engaged in the manufacture of cutting-edge textile spinning machinery. We are a company engaged in

TAKING THE NATION AHEAD

WE HAVE BEEN DRIVEN BY THE NEED TO ACHIEVE SOMETHING LARGER FOR THE **WIDER BENEFIT OF THE COMMUNITY AND COUNTRY.**

We are driven by the need to grow our customer's business.
As opposed to the narrow focus on growing our own.

We focus on the success of the ecosystem of our customers and partners.
As opposed to a singular focus on our standalone success.

We measure success by the growth of the nation's textile spinning sector competitiveness.
As opposed to our market share and position.

We pride in positioning India as a global textiles spinning hub.
As opposed to a preoccupation with our own positioning.

LMW STANDS FOR HUMAN VALUES THAT HAVE **TRANSLATED INTO CORPORATE VALUE**

VISION

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

MISSION

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

VALUES

- Excellence
- Integrity
- Learning and sharing
- Contribution to industry and society responsiveness to market needs.

WHEN YOUR BUSINESS IS DRIVEN BY THE DREAM OF NATION-BUILDING, **SOME AMAZING THINGS CAN HAPPEN.**

70
LMW's share (%) in the total yarn produced in India

75
LMW's share (%) in the operational spindlage in India

6.01
Aggregate compounded PAT growth (%) reported by the Company in its 53-year existence, ending 2015-16

3,241
Employment provided by LMW at its facilities

6,00,000+
Lives touched by LMW through its social outreach projects

LAKSHMI MACHINE WORKS LIMITED. **COMMITTED TO EXTEND CORPORATE PROFITABILITY TO NATIONAL PROSPERITY.**

Founded in 1962

Headquartered in Coimbatore (India) with five manufacturing locations

Business spread across four business verticals – Textile Machinery, Machine Tools, Castings and Aerospace.

Enjoys a global marketing footprint across 15 nations

Shares listed on the Mumbai and National Stock Exchanges in India

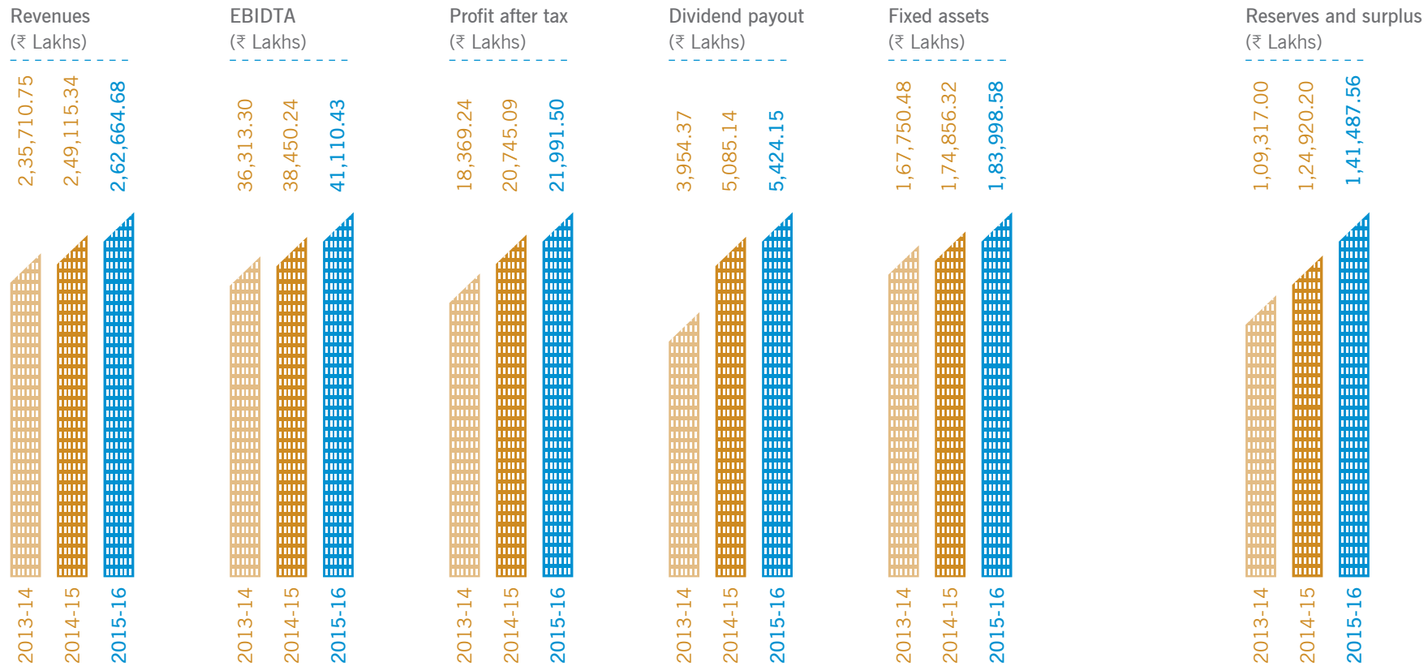
2,627
Revenue in 2015-16 (₹ Crores)

220
Net Profit After Tax in 2015-16 (₹ Crores)

3,758
Enterprise Value as on March 31, 2016 (₹ Crores)

LMW is the only global textile spinning machinery company manufacturing the entire spinning value chain – from Blow Room to Winders

AT LMW, WE HAVE CONSISTENTLY DEMONSTRATED THAT STRENGTHENING THE BUSINESS OF CUSTOMERS IS **ACTUALLY PROFITABLE FOR YOUR OWN.**



Increase in 2015-16 over 2014-15

5.44
Growth in revenues (%)

6.92
Growth in EBIDTA (%)

6.01
Growth in profit after tax (%)

Increase in 2015-16 over 2014-15

13.14
Growth in Net Worth (%)

13.96
Growth in profit before tax (%)

5.23
Growth in gross block (%)

Increase in 2015-16 over 2014-15

6.67
Growth in dividend Outgo (%)

6.01
Growth in earnings per share (%)

13.14
Growth in book value per share

LMW's machines spin the yarn that is used by one of the world's finest fabric maker, which sells more than 50% of its products to leading global fashion labels.

Vietnam's largest melange yarn manufacturer, who also has a significant presence in the global spinning sector invested extensively in LMW's spinning equipment.

MAKE IN INDIA. DELIGHT THE WORLD.

THE Government of India has showcased its desire to strengthen India's respect across the global community of nations.

The government's simple solution is to Make in India.

This manufacturing focus will leverage the country's deep entrepreneurial tradition, manufacturing competence and cost competitiveness.

Generating employment and national prosperity while enhancing value for customers the world over.

At LMW, we have been engaged in this relevant endeavour across the decades.

Over 70% of Spun Yarn produced in India is from LMW's machinery.

We shipped more than 24 lakh spindles during 2015-16; nearly 22.36% of our 2015-16 revenues were derived from exports.

We strengthened the price-value proposition by keeping equipment prices unchanged over time.

The result: Our turnover grew 3.54% CAGR and profit after tax grew 9.92% CAGR in the five years ending 2015-16.

Demonstrating that Make in India is good for the country, customer and the world.

LMW has 300+ global customers some of whom are leading spinning and fabric manufacturers in their geographies.

Over the years...

We made our machines more compact.

Enabling better productivity for customers.

LMW is renovating the Periyanaickenpalayam Railway Station, among the first instances of a private sector company renovating national railway infrastructure.

Over the years...

We made our machines technology-intensive.

Widening product development versatility.

BUILD INDIA

THE Indian Government is inviting the private sector to 'Build India' from the grassroots upwards. We believe that this shared responsibility will catalyse community building, create the next generation of community achievers and stimulate local economies.

At LMW, we embarked on this fulfilling journey from the time we went into business.

Healthcare: We fund hospitals managed by charitable institutions. We support the medication expenses of patients suffering from cancer. We organise annual eye camps in the villages of Periyanaickenpalayam and Kaniyur.

Education: We operate the GKD Matriculation Higher Secondary School, Periyanaickenpalayam, providing education to more than 2,000 students from LKG to Class XII. We selectively fund the infrastructure needs of a number of schools in our hinterland. We implemented a skill development programme in Nagaland.

Infrastructure: We play an active role in infrastructure development; part-funded the construction of rural roads; funded the procurement and installation of solar lanterns in rural Uttarakhand.

In doing so, we touched the lives of millions in just five years.

Over the years...

We made our machines 'intelligent'.

Strengthening person-machine productivity

LMW is funding coastal fishermen's training in surfing, so that this skill can be transformed into a tourist activity to supplement incomes.

SKILL INDIA

THE Indian Government has pledged to make India the skill capital of the world. We believe that when the competence of the second most populous nation, endowed with the youngest global population, is enhanced, the resulting economic benefits can extend across the world for the longest tenure.

At LMW, we have been committed to this ideal for decades.

We have invested in strengthening the skills of our employees, business partners and the larger community with the conviction that education and awareness can transform destinies.

We institutionalised a training calendar for our management, staff, workmen and contract labour. We provided over 12,000 person-days of training in 2015-16

We trained our vendors in enhancing their machine productivity and quality. We provided a learning opportunity to weaker community sections

Living the philosophy that Skill India translates into Win India.

Over the years...

We made our machines easily serviceable.

Increasing machine uptime.

CLEAN INDIA

THE Indian Government has pledged to make the country one of the cleanest in the world. We believe that Clean India will translate into enhanced healthfulness, lower national health care costs and increased national productivity.

At LMW, we have been completely aligned with this perspective since we went into business.

We made significant forward-looking investments in pollution management equipment well before they became mandatory.

All LMW units enjoy a zero-liquid discharge status.

We prudently invested in replenishing the water table in and around our manufacturing facilities.

All LMW facilities and headquarters are provided with extensive rain-water harvesting.

We undertake afforestation programmes across all our manufacturing units.

The LMW green cover extends to about 25% of our campus area.

We have invested in clean renewable power sources.

Our windmills generated 595 lakh units of power, saving significant quantities of coal.

We responded to the Swachh Bharat Abhiyaan.

We contributed to the Coimbatore Corporation to commission toilets.

Even as these investments may have generated no tangible return, we are proud to state that the LMW brand stands for environment responsibility.

Representing our humble contribution to a Clean India and Green India.

FROM THE CHAIRMAN'S DESK

"WE BELIEVE THAT 'WHAT IS GOOD FOR INDIA IS GOOD FOR LMW'. THIS HAS NAVIGATED OUR BUSINESS DIRECTION. **ENHANCING VALUE FOR COMPANY, COMMUNITY AND COUNTRY."**

SANJAY JAYAVARTHANAVELU
CHAIRMAN AND MANAGING DIRECTOR

Dear shareholders,

AT LMW, WE BELIEVE THAT THE COUNTRY COMES FIRST.

In an increasingly competitive environment, success is derived from the ability to align strategy with customer needs and national objectives.

The Government of India desires to shift the global textile industry's centre of gravity to India. For this to transpire, companies will need to fundamentally build their foundations around the efficient conversion of abundant cotton being grown within the country. This foundation will need to be reinforced through investments in larger spinning capacities, cutting-edge technologies, cost-effective infrastructure, equipment versatility and maximised machine uptime.

At LMW, we proactively built our business around a singular focus: empower customers and make their businesses successful. In doing so, we transformed from a company respected for equipment quality to one admired for its service commitment. The result is that despite increased competition, we protected our domestic market share and established a strong presence in key global spinning hubs.

Commissioned as a backward integration to support the infrastructure of our core business, the machine tools division has emerged as a value-leader. Going forward, this unit promises to strengthen India Inc.'s resolve in establishing a more meaningful global role with the launch of technology-intensive mother machines.

Castings form the essential backbone of industrial production. Specialised in heavily-cored, thin-walled castings, our foundry unit's products find application in engine blocks, compressors, transmission systems, locomotives and traction motor housings as well as heavy castings for machine tools. As our products gain acceptance from global MNCs operating in India, this unit is expected to strengthen India's global image in the global manufacturing space as a quality-respecting manufacturing base.

Our recent venture in the aerospace sector was also driven by the philosophy to prioritise national interests. This extension was inspired by the perception that when India purchases aircraft from global aircraft suppliers, there will be a growing need for offset programmes. Over the years, we received component approvals from leading global aircraft manufacturers, providing us with a window of opportunity in the global aerospace sector. We are optimistic that this vertical will make an attractive contribution to our growth.

The Government of India desires to shift the global textile industry's centre of gravity to India.

Looking ahead

The Government of India has outlined the aspiration to double India's share of the global textile trade to 8% by 2020. We believe that this acceleration in a compressed time-frame will necessitate significant investments across the sector's value chain.

LMW is prepared for what lies ahead.

Over the years, the Company has proactively reoriented from a conventional equipment manufacturing company into a modern service-driven organisation with a robust manufacturing back-end.

We believe that this complement will make it possible for LMW to address exciting sectoral opportunities, translating into attractive growth over the foreseeable future.

MANAGEMENT DISCUSSION AND **ANALYSIS REPORT**

7.6%
India's economic growth for the year 2015-16.

Economy Overview

In February 2016, the Central Statistical Office estimated India's economic growth to be 7.6% for 2015-16. During the same period, India's Gross Value Addition for the manufacturing sector is expected to be 7.3%. These figures stand in comparison to the economic growth rate of 7.2% and the manufacturing Gross Value Addition rate of 7.1% achieved during 2014-15. On the other hand, Asian Development Bank and Reserve Bank of India expect India's economic growth during 2016-17 to be at 7.4% and 7.6% respectively. All economic data indicate that India's economy is likely to grow by over 7% in this fiscal year and the next. However, repeated contractions in factory output and subdued export performances are indicative of prospective challenges. Likewise, India's economy seems to be expanding in spite of a slowdown in green-field investments, resulting in a shortage of new job opportunities.

To spur domestic investments, RBI cut the repo rates in April 2016. This move is expected to enhance the supply of liquidity and facilitate bank lending. While inflation during 2016-17 is expected to remain stable, the status quo could be challenged if unfavourable weather escalates food prices; the Indian Rupee depreciates sharply and crude oil prices rise. The gradual implementation of the Seventh Pay Commission recommendations is also likely to be a factor.

With the continuing global slowdown and fall in commodity prices, India's exports in the first 11 months of 2015-16 dropped to USD 238 billion, as against the figure of USD 286 billion in 2014-15. Cumulative imports for the same period of 11 months were worth more than USD 351 billion, as against USD 412 billion in 2014-15. The drop in global oil prices facilitated lower import costs for the country.

India's Gross Value Addition in 2015-16 for the manufacturing sector is expected to be 7.3%.

The Indian Government has taken several measures to facilitate the ease of doing business within the country. These initiatives, along with the 'Make in India', 'Skill India' and 'Startup India' flagship programmes of the government, promise to boost the contribution of the manufacturing sector to the GDP, and also bring in further foreign investments into the country. In addition, the Government has also laid an emphasis on addressing infrastructure bottlenecks in the country.

These measures seem to be bearing fruit. Recent statistics suggest a turnaround in economic activity, with major infrastructure markers like electricity generation, cement production, cargo handled at ports and two-wheeler/LCV sales growing rapidly compared to the same period in the previous year. Also, Foreign Direct Investment in the country increased to USD 42 billion during the April – February period of 2015-16, an increase of 27.45% from the inflows in the corresponding period of the previous year.

Segment Information

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

USD 42 bn
Foreign Direct Investment in the country during the April – February period of 2015-16

01 BUSINESS DIVISION

TEXTILE MACHINERY DIVISION

Industry Overview

The Indian textile industry is the second largest employer after agriculture, providing employment directly to over 45 million people and indirectly to 60 million people. The Indian textile industry is present across the entire value chain, from natural to man-made fibres and from apparel to home furnishings. Its share in the country's GDP is 4% and its share of exports is 13%. The Indian textile industry contributes to about 14% of the overall Index of Industrial Production. The capacity and the capabilities of the Indian textiles industry are varied, with the hand-spun and handwoven textile sectors at one end of the spectrum while the capital-intensive sophisticated mills sector thriving at the other end.

The Indian Textile Industry is expected to grow significantly both in volume and value terms during 2016-17 considering numerous initiatives being undertaken by the Government.

Recognizing the economic potential of the Textiles and Apparels sector, the Government is actively promoting the sector through its flagship manufacturing programme 'Make in India'. In addition, the Government has put a number of export promotion policies into practice for the overall development of the textiles sector. These policies comprise an allowance of 100 percent FDI in the Indian textiles sector under the automatic route, providing assistance for the creation of infrastructure in about 74 textile parks spread across the country (under the Scheme for Integrated Textile Parks), and the promotion and prioritisation of Garments and Technical Textiles manufacturing.

Prospects

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

- Increased penetration of organised retail, favourable demographics and rising income levels that will drive textile demand.
- Abundant availability of raw material like cotton, silk, wool and jute.
- India enjoys a comparative advantage in terms of skilled manpower and cost of production in relation to many other textile producing countries.
- Domestic per capita expenditure on textiles will increase with the growth of the Indian economy, thereby increasing the size of India's domestic textile market. It is expected that by 2025, India's domestic per capita expenditure on garments will rise to USD 129.
- The huge size of the international textile market, expected to be around USD 2.11 trillion by 2025, is a growth opportunity for India.
- Numerous pro-industry measures announced by the Central Government, along with a number of State Governments, are expected to increase the rate of investments within the sector.

Challenges for the Indian textile industry

- Technological backwardness, especially in the weaving, processing and garmenting segments.
- Low share in global exports.
- Disadvantage of low volume of scale, vis-a-vis competing countries.
- Slow infrastructure development and inadequate power, among others.
- High interest cost and limited availability of finance to the SME sector.
- Preferential tariff regimes that favour competing countries.

Outlook

The government is likely to soon unveil the new National Textile Policy. This new policy will aim to achieve USD 300 billion through textile exports by 2024-25 and will aim to add an additional 35 million jobs. It is encouraging that the Government is undertaking various initiatives to not only ramp the production of textile products but is also ensuring that Indian textile products climb the textile value chain. Such measures, undertaken through the Make in India programme, promise to enhance demand and enable Indian textile products to access newer markets.

India's population is expected to reach 1.34 billion by 2018-19. Correspondingly, the demand for textiles is likely to increase, being a basic necessity product. Also, the domestic demand for textile products has been consistently buoyed by increasing disposable incomes and rising consumerism, which in turn has resulted in the rapid growth of the textile retail sector across the country. The organised apparels segment is expected to grow at a Compound Annual Growth Rate (CAGR) of 13% in the next ten years.

The Government is also revamping the Focus Product Scheme and the Focus Market Scheme to enable Indian textile products to easily find markets across the globe.

Segment Information

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

TMD Segment performance

Type of machinery	2015-16		2014-15	
	Nos	₹ in Lakhs	Nos	₹ in Lakhs
Spinning preparatory machines	2,512	79,563.35	2,576	79,714.29
Yarn making machine	1,660	1,09,137.28	1,843	99,197.19
Accessories and spares		30,673.73		24,760.29

02
BUSINESS DIVISION

MACHINE TOOL DIVISION

Industry overview

The Indian machine tool industry possesses the capability to design and develop general purpose and special purpose machinery for use in mid-level applications. The country is set to become a key player in the global machine tools industry and likely to see substantial high-end machine tool manufacturing in the future. Machine tools are important contributors to economic growth and the government has rightly identified this sector for further growth under the Make in India programme.

As per the statistics of the Indian Machine Tool Manufacturing Association (IMTMA), consumption of machine tools within India was valued at ₹11,225 Crores during 2015-16 as against ₹9,973 Crores during the previous year. The Indian automobile industry accounts for almost 70% of the demand for machine tools and an increased demand for automobile products in the previous year has enabled the industry to expand.

The Indian machine tool industry has around 1,000 units invested in the production of machine tools, accessories/attachments, subsystems and parts. Of these, around 25 in the large scale sector account for 70% of the turnover and the rest are in the SME sector of the industry. Approximately, 75% of Indian machine tool producers are ISO-certified. While the large organised players cater to India's heavy and medium industries, the small-scale sector meets the demand of ancillary and other units. Many machine tool manufacturers have also obtained the CE Marking certification, in keeping with European market requirements.

The Indian machine tool industry is poised for growth, given the current shortfall between demand and supply. The industry is moving towards increasingly sophisticated CNC machines, driven by demand from key user segments such as automobiles, consumer durables and aerospace, among others.

Prospects

- The government's 'Make in India' initiative is expected to aid the growth of domestic machine tool manufacturers.
- Development of industrial corridors across the country.
- India's growing stature in the global market as a sourcing hub for auto components as well as its emergence as a global export hub for cars.
- Strong and growing domestic demand for medical, strategic and automotive electronics, mobile phones, personal computers and other consumer durables.
- Increasing demand for telecom infrastructure equipment due to an increasing telecom usage-density and internet penetration.
- Increased infrastructure development projects across the country resulting in a demand for capital goods.
- Increasing defence procurement with offset clause and greater access of defence equipment manufacturing for the private sector.
- Increasing awareness about technologically efficient products and the adaptation of the same by manufacturers.

Challenges

- Import of second-hand machinery poses a challenge to domestic machine tool manufacturers.
- A lack of capability in designing high-end machine tools has created technology gaps between foreign manufacturers and Indian manufacturers.
- Domestic machine tool manufacturers face a reducing price advantage vis-à-vis foreign players, on account of global companies setting up manufacturing facilities in India.
- Availability of skilled manpower in sufficient numbers.

Outlook

The 'Make in India' initiative is expected to be a significant game-changer for manufacturing activities within the country. If implemented as envisaged, this initiative has the potential to accelerate manufacturing in India, increase investment in Research and Development and serve as a platform to encourage manpower development. The Make in India initiative is expected to enhance higher levels of investment, growth and demand for machine tools.

In addition, governmental initiative to enhance ease of doing business in India as well as rational tax, monetary, foreign trade and labour policies are expected to provide the necessary impetus to manufacturing sectors within the country. The thrust on infrastructure development across almost all sectors in the country is expected to generate considerable business for the Indian machine tool industry. The Company's policy of continuous Research and Development gives it the ability to respond to any developing market requirement. LMW has, over the years, developed several new products suitable for defence, automobile, tool and die, and aerospace requirements, which are well accepted in the market.

MTD segment performance

During the year under review, this division sold 925 machines for a value of ₹18, 966.17 Lakhs as against ₹20,497.20 Lakhs in the previous year.

03
BUSINESS DIVISION

FOUNDRY DIVISION

Industry overview

The Indian foundry industry manufactures a wide array of products that find use in the automobile, railways, machine tools, defence, infrastructure, power, pump/valves and other industries of national economic importance. The Indian foundry industry has an approximate turnover of USD 18 billion. The primary markets for Indian casting exports are the U.S. and the European Union. Total casting exports were to the tune of USD 2.2 billion in 2014-2015. However, during the year under review, the industry expects only a marginal increase considering the global economic slow-down. Imports during the same period were to the tune of USD 800 million. It is notable that the landing cost of castings from China for specific sectors is 15 to 20% lower than the Indian prices.

Nevertheless, the Indian foundry industry is well established, operates in well demarcated clusters across the country and produces about 10 million metric tonnes of castings in various grades; about 60% of the total castings manufactured are of grey iron. The total installed capacity is about 15 million tonnes and 60% of the total casting produced in the country is for the automobile sector. Some of the important foundry clusters in India are located in Belagavi, Jalandhar, Coimbatore, Kolhapur and Rajkot. India is the third largest manufacturer of castings in the world.

In India there are approximately 5,000 foundry units of which 90% fit into the definition of a MSME unit. According to the Indian Institute of Foundrymen, about 1,500 units enjoy International Quality Accreditation. The Indian foundry industry is labour-intensive and employs about 5,00,000 people directly and about 1,50,000 people indirectly. Indian foundries not only manufacture volume-based products but have also, over the years, acquired capabilities to manufacture complex castings. With a growing awareness regarding pollution, a number of foundries have started adopting environment-friendly manufacturing practices. However, no major investment for capacity addition has taken place in the last two years as projected demand from user industries did not materialise.

Segment Information

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

Prospects

- The development of 'Smart City' projects, infrastructure, power and other core industries across the country is expected to spur demand for castings.
- Nuclear power capacity expansion will generate a significant demand for castings.
- Indigenisation of defence industry manufacturing is expected to increase the demand for castings.

Challenges

- A shortage of skilled manpower results in lower productivity.
- Poor road, rail and port connectivity raises product cost per ton.
- Funds required for technology upgradation is high.

Outlook

The demand for castings is likely to grow rapidly in India, given the focus on infrastructure, sustainable energy generation, power, auto, auto-ancillary and construction industries. However, the foundry sector needs to upgrade to meet the projected demand from various sectors and also remain globally competitive. With low margins and increasing cost of inputs such as manpower and electricity as well as increasing environment compliance costs, the foundry industry is not able to invest in new, productive and greener technologies. There is an urgent need on the part of the Indian Government to bring in measures that promote investments in productive and green foundry technology to promote energy efficient manufacture.

With the Central Government's thrust on the manufacturing sector and the 'Make in India' initiative, the Indian foundry industry expects USD 3 billion worth of investments in another 10 years to meet the potential demand of 30 million tonnes of castings in the country at that time.

The Company has consistently adopted contemporary technology and lean practices which have enabled agility in manufacturing, enabling LMW to respond to market requirements.

The Company has a well-established brand image of being an optimal cost castings supplier recognized world-wide as a non-polluting facility.

Foundry segment performance

This division has sold 3,927 MT of ductile iron and grey iron castings valued at ₹6,597.97 Lakhs during the year under review, as against 3,464 MT valued at ₹5,627.23 Lakhs in the previous year. Out of the total castings sold, about 19.90%, accounting for ₹1,312.89 Lakhs, was exported.

04
BUSINESS DIVISION

ADVANCED TECHNOLOGY CENTRE

Industry overview

The Indian civil-aviation industry has exhibited tremendous resilience to the global economic slowdown and ranks ninth in the global civil aviation market. This is attributed largely to the growing economy, increased competition among airlines, airport development, greater use of technology, foreign direct investment and the increased emphasis on regional connectivity.

With a growth of over 20% in the domestic aviation market in 2015, India is poised to become the third largest global aviation market by 2020. With a network of numerous domestic and international airliners connecting 40 countries across the globe, Indian airports handled the traffic of 190 million passengers in 2015. Yet, India is one of the least penetrated air-markets in the world with 0.04% trips per capita per annum, compared with 0.3% in China and more than 2% in the US.

Increasing disposable incomes, decrease in Aircraft Turbine Fuel (ATF) prices, increase in tourism and visa reforms have placed India in a unique position. This is expected to bring the country closer to achieving its vision of becoming the largest aviation market by 2030.

The Advanced Technology Centre (ATC) specialises in the manufacture and supply of high precision parts and components required for the aerospace industry. In this regard, your Company has created infrastructure and capabilities accredited with the latest quality certification and approvals.

Prospects

- Increased passenger traffic in India and in the Asia Pacific region.
- Favourable Government policies under the Make in India initiative that will facilitate the growth of the aerospace industry.
- Defense off-set clause, impetus to indigenous defense manufacturing and modernisation of Indian Air Force over the years.

Challenges

- Stiff competition from global players in the Indian market.
- Lack of advanced technology matching global competitors.
- Shortage of skilled manpower.

Outlook

India is at the threshold of a major change in the aviation sector, with the development of 100 'Smart Cities', expansion of existing airports and with the development of more than 50 new airports across the country. The government is planning to invest over USD 120 billion in the development of airport infrastructure and navigation services.

With the government focusing on the 'Make in India' initiative to boost manufacturing, India is poised to become a major manufacturing base for the aerospace sector. The country is expected to add about 800 civilian aircraft by 2020 to meet the growth in demand. The National Civil Aviation Policy (NCAP 2016) is likely to provide a significant stimulant to the industry. Various fiscal and monetary incentives, liberal policies focused on ease of doing business and enhanced push for regional and global connectivity are all expected to augur well for the growth of the Indian aerospace industry in the years to come.

The Advanced Technology Centre is equipped with special equipment and processes the capacity to respond to any emerging market requirement.

ATC segment performance

During the year under review, the ATC segment had a turnover of ₹1,310.39 Lakhs as against the previous year's turnover of ₹1,129.07 Lakhs. Job work income earned during the year amounted to ₹1,045 Lakhs as against ₹1,124.24 Lakhs during the same period last year.

Risk management

The Company has adopted a comprehensive and integrated risk appraisal, mitigation and management process. The risk mitigation measures of the Company are placed before the Board periodically for review and 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 the Company to lay down well thought out business plans for each year. From the annual business plan, detailed budgets for revenue and the 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 all the functions and activities of the Company.

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

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

Human resource

Your Company enjoys the support of a committed and well satisfied human capital. Compensation packages offered by the Company, best-of-class methods in recruitment, training, motivation, and performance appraisal, attract and retain the best in talent. These practices enable the Company to keep the attrition rate well below the industry average. The Company had 3,241 employees at the end of the financial year as on 31st March, 2016.

LMW Financial performance

(₹ in Lakhs)

Particulars	2015-16	2014-15
Gross profit before interest, depreciation, tax	41,110.43	38,450.23
Interest	0.00	0.00
Depreciation	8,289.11	9,650.31
Provision for Taxation	10,829.82	8,054.83
Net profit	21,991.50	20,745.09
Earnings per share (Amount in ₹)	195.19	184.13

On behalf of the Board

Sanjay Jayavarthanavelu
Chairman and Managing Director
(DIN No. 00004505)

Coimbatore
Date: 25th May, 2016

STATUTORY SECTION

Corporate Information

Board of Directors

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

Chief Financial Officer

Sri C. B. Chandrasekar

Company Secretary

Sri K. Duraisami

Registered Office

Perianaickenpalayam
Coimbatore-641020
Tel : +91 422 3022255
Fax : +91 422 2692541-42
E-mail : regd.off@lmw.co.in
Website : www.lakshmimach.com

Corporate Office

34-A, Kamaraj Road
Coimbatore-641018
Tel : +91 422 3028100
Fax : +91 422 2220912

Statutory Auditors

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

M/s. Subbachar & Srinivasan
Chartered Accountants, Coimbatore

Cost Auditor

Sri A. N. Raman,
Cost Auditor, Chennai

Secretarial Auditor

Sri M. D. Selvaraj,
Practising Company Secretary, Coimbatore

Bankers

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

Share Transfer Agents

SKDC Consultants Limited
Kanapathy Towers, 3rd Floor
1391/A-1, Sathy Road, Ganapathy
Coimbatore-641006
Tel : +91 422 6549995, 2539835-36
Fax : +91 422 2539837
E-mail : info@skdc-consultants.com

LAKSHMI MACHINE WORKS LIMITED
CIN L29269TZ1962PLC000463
Regd.Office: Perianaickenpalayam, Coimbatore-641020
Phone: 0422 3022255, Fax: 0422 2692541
Email: regd.off@lmw.co.in | Website: www.lakshmimach.com

Notice to Shareholders

NOTICE is hereby given that the 53rd Annual General Meeting of the Shareholders of Lakshmi Machine Works Limited, Coimbatore-641020 will be held at 02.45 PM on Friday the 5th August, 2016 at "Nani Kalai Arangam", Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore-641037, to transact the following business:-

Ordinary Business:

1. To consider and adopt standalone and consolidated Annual Financial Statements including Statement of Profit and Loss and Cash Flow Statement for the financial year ended 31st March, 2016, 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 Note the retirement of Sri R. Rajendran, Director (DIN: 00005505), who retires by rotation, though eligible, does not offer himself for reappointment and the vacancy so caused on the Board not to be filled up at this Annual General Meeting.

4. To pass the following resolution:
   RESOLVED that pursuant to the provisions of Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, approval of the Company be and is hereby given: to record the retirement of M/s. Jagannathan and Visvanathan Chartered Accountants, one of the joint auditors, from the conclusion of this Annual General Meeting, to approve the re-appointment of M/s Subbachar and Srinivasan, Chartered Accountants one of the joint auditors, for the financial year 2016-17 to hold office till the conclusion of the next Annual General Meeting, to approve the appointment of M/s S Krishnamoorthy & Co., Chartered Accountants, as Auditors, with Sri. K. Raghu as signing Partner, for a term of five financial years commencing from 2016-17 to 2020-21 to hold office from the conclusion of this Annual General Meeting and till the conclusion of the Annual General Meeting to be held in 2021 and for the payment of an audit fee of ₹25 Lakhs, exclusive of reimbursement of out of pocket expenses and service tax, if any, for the FY 2016-17 to be shared equally by the joint auditors.

Special Business:

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

   RESOLVED that pursuant to the provisions of section 197 and 198 other applicable provisions, if any, of the Companies Act, 2013 including any amendments and modifications thereof, a sum not exceeding 1% of the net profits subject to a maximum of ₹100 Lakhs per annum be paid as commission to the Non-Executive Directors of the Company for a period of three financial years from 2015-16 to 2017-18.

   RESOLVED FURTHER that the profit for this purpose shall be computed in the manner prescribed under Section 198 of the Companies Act, 2013 and the said commission is payable in addition to the sitting fees payable to Non-Executive Directors for attending the meetings of the Board of Directors, Committees thereof and of the meeting of Independent Directors.

   RESOLVED FURTHER that the commission for each of the 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.

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

   Resolved that pursuant to the provisions of Section 196,197,198,203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, including any amendments and modifications thereof and Articles of Association of the Company, approval of the Company be and is hereby accorded for the re-appointment of Sri Sanjay Jayavarthanavelu (DIN No. 00004505) as Managing Director for a further period from 01.06.2017 to 31.03.2022 on the remuneration set out herein below:

   1. Salary : ₹9,00,000/- per month, for the period from 1st June, 2017 to 31st March, 2022.

   2. Commission on Net Profit : At the rate of 2% for the period from 1st June, 2017 to 31st March, 2020 and at the rate of 3% for the period from 1st April, 2020 to 31st March, 2022, payable annually.

   3. Perquisites : In addition to the salary and commission, the Managing Director shall also be entitled to the following interchangeable perquisites for the period from 1st June, 2017 to 31st March, 2022:

   - Furnished accommodation, where accommodation is not provided, 50% of the salary as HRA, gas, electricity, water, furnishings, medical reimbursement, LTA for self and family, club fees, medical insurance etc., in accordance with the rules of the Company. The above perquisites are restricted to an amount equal to the salary drawn per annum. For the purpose of calculating the above ceiling, perquisites shall be valued 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 Managing Director is also 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 Managing Director.

   RESOLVED FURTHER that the minimum remuneration and perquisites to be paid in the event of loss or inadequacy of profit in any financial year during the said tenure of office shall be as per Schedule V of the Companies Act, 2013.

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

   RESOLVED that pursuant to the provisions of Sections 148 (3) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 including any statutory amendments and modifications thereof, the remuneration payable to Sri AN Raman, Cost Accountant, Chennai having the Membership Number of 5359, appointed by the Board of Directors to conduct the Audit of the cost accounting records of the Company for the Financial Year 2016-17 amounting to ₹5,50,000/- Per Annum exclusive of service tax as applicable and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit fixed by the Board of Directors be and is hereby ratified and confirmed.

By Order of the Board

Place : Coimbatore
Date : 16th June, 2016

K. Duraisami
Company Secretary

NOTE:

1. The explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed hereto.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF/HERSELF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

3. THE INSTRUMENT APPOINTING THE PROXY, DULY COMPLETED, MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM FOR THE AGM IS ENCLOSED.

4. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

5. Members / proxies should bring the duly filled attendance slip enclosed herewith to attend the meeting.

6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the AGM.

7. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.

8. The Register of Members and share transfer books of the Company will remain closed from Friday the 29th July, 2016 to Friday, the 5th August, 2016 (both days inclusive) as per Regulation-42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

9. Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting will be paid within 30 days from the date of declaration, to those members whose names appear on the Register of Members in respect of shares held in physical form and as per the details received from the depositories for this purpose as at the close of the business hours on Thursday, 28th July, 2016.

10. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updates of bank account details to their respective Depository participant(s).

11. Members are advised to utilize the National Electronic Clearing System (NECS) for receiving dividends.

12. Members are requested to address all correspondences, including change of address and dividend matters, to the Registrar and Share Transfer Agents of the Company, M/s SKDC Consultants Limited,

Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore-641006.

13. Members who wish to claim dividends, which remain unclaimed, are requested to correspond with Company Secretary / Share Transfer Agents of the Company. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013 be transferred to the Investor Education and Protection Fund.

14. Brief resume, details of shareholding and Directors inter-se relationship of Directors seeking election/re¬election as required under Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, are provided as Annexure to this notice.

15. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail address with the Company in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in electronic form to enable the Company to serve documents in electronic mode.

16. Annual Financial Statements and related details of the wholly owned subsidiary company viz. LMW Textile Machinery (Suzhou) Co Ltd. China, is posted on the Company's website and is also kept for inspection at the Registered Office of the Company and at the subsidiary Company. A hard / soft copy of the same will be provided to the members on request.

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

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

19. Electronic copy of the Annual Report and AGM Notice are being sent to all the members whose E-mail id is registered with the Company / Depository Participants unless any such member has requested for a hard copy of the same. For members who have not registered their E-mail ID, physical copies of annual report and AGM Notice for the year 2015-16 are sent by Registered Parcel.

20. The notice of the Annual General Meeting is available on the website of the Company www.lakshmimach.com and of the RTA www.skdc-consultants.com

VOTING THROUGH ELECTRONIC MEANS

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 the Company is pleased to provide members facility to exercise their votes for all the resolutions detailed in the Notice of the 53rd Annual General Meeting scheduled to be held at 2.45 PM on Friday, the 5th August, 2016, by electronic means and the business may be transacted through remote e-voting. The Company has engaged the services of CDSL as the authorized agency to provide the remote e-voting facilities. The instructions for remote e-voting is provided below.

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

Votes cast by members who hold shares on the cut off date viz. 29.07.2016 alone will be counted.

Instructions to Shareholders for remote e-voting

(i) The voting period begins at 09:00 AM on Tuesday, 2nd August, 2016 and ends at 05:00 PM on Thursday, 4th August, 2016. During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of Friday, 29th July, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders.

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

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

	For Members holding shares in Demat Form and Physical Form
Income Tax-Permanent Account Number	• Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	• Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. • If both the details are not recorded with the Depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.

(xx) Shareholders who have already voted prior to the meeting date (through e-voting) would not be entitled to vote at the meeting venue.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

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

ITEM NO. 5

The Shareholders of the Company at the Annual General Meeting held on 5th August, 2013 had approved for the payment of commission to Non-Executive Directors of the Company upto 1% of the Net Profits of the Company per annum computed in the manner prescribed under Section 349 and 350 of the Companies Act, 1956 for a period of 3 financial years commencing from 1st April, 2012. This was in addition to the sitting fees paid to them for attending the Meeting of the Board and Committees thereof.

The complexity of managing business is ever increasing. The Non-Executive Directors shall also be required to devote more time and attention to the Company. 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 of the Company, subject to a maximum of ₹100 Lakhs per annum calculated as per the provisions of Section 198 of the Companies Act, 2013 for a period of three financial years commencing from 2015-16 to 2017-18. This requires the approval of the shareholders of the Company by an Ordinary Resolution.

The Board recommends this resolution for your approval.

Interest of Directors

None of the Directors, Key Managerial Personnel or their relatives, except the Non-Executive Directors of the Company to whom the resolution relates are concerned or interested in the resolution.

ITEM NO. 6

Sri Sanjay Jayavarthanavelu was re-appointed as Managing Director of the Company for a period of 5 years from 1st June, 2012 to 31st May, 2017 by the Shareholders of the Company at the Annual General Meeting held on 10th August, 2011, hence the current tenure of his office is valid up to 31st May, 2017.

As per Section 178 of the Companies Act, 2013 the Nomination and Remuneration Committee of the Board of Directors of the Company at the meeting held on 16th June, 2016 had, in the best interest and progress of the Company, proposed to re-appoint Sri Sanjay Jayavarthanavelu as Managing Director of the Company for a further period commencing from 1st June, 2017 to 31st March, 2022, determined his remuneration as set out in the resolution and recommended to the Board for appointment. The proposed remuneration is well within the limits prescribed in the Companies Act, 2013 and the Schedules and Rules made there under.

Pursuant to the provisions of the Regulation 23 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Audit Committee of the Board of Directors of the Company at the meeting held on 16th June, 2016 had also approved the proposed re-appointment of Sri Sanjay Jayavarthanavelu as Managing Director of the Company for the period from 1st June, 2017 to 31st March, 2022 and recommended to the Board for appointment.

The proposed transaction of availing the services of Sri Sanjay Jayavarthanavelu as Managing Director and the payment of remuneration to him during the proposed tenure is an arm length transaction taking place in the ordinary course of business and it is not a material related party transaction. Hence, the provisions of Section 188 of the Companies Act, 2013 and Regulation 23(4) of SEBI Listing Obligation and Disclosure Requirements) Regulations, 2015 are not attracted.

The Board of Directors of the Company at their meeting held on 16th June, 2016 had approved the reappointment and remuneration payable to Sri Sanjay Jayavarthanavelu for the aforesaid period subject to the approval of the shareholders. Brief bio-data of Sri Sanjay Jayavarthanavelu and other disclosures as per SS-2 are provided under Annexure to this notice.

Board of Directors recommend this resolution for your approval.

Interest of Directors

None of the Directors, Key Managerial Personnel or their relatives, other than Sri Sanjay Jayavarthanavelu is interested or concerned in the resolution.

ITEM NO. 7

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of and remuneration payable to Sri A.N.Raman, Cost Accountant for the audit of cost accounting records of the Company pursuant to the Companies (Cost Records and Audit) Rules 2014, for the Financial Year 2016-17 at a remuneration of ₹5,50,000/- excluding the applicable service tax and reimbursement of out of pocket expenses incurred by him in connection with the audit.

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

Board recommends this resolution for the approval of the Shareholders.

Interest of Directors

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

By Order of the Board

Place: Coimbatore
Date : 16th June, 2016

K. Duraisami
Company Secretary

Annexure to Notice of AGM

PROFILE OF DIRECTOR SEEKING REAPPOINTMENT

(Pursuant to Regulation 36 of the SEBI (LODR) Regulations, 2015)

Sri Sanjay Jayavarthanavelu

Brief Profile:

Sri Sanjay Jayavarthanavelu aged 48 years, is a post graduate in Business Administration from Philadelphia University, USA with specialization in Management and Finance. He joined the Company on 24.02.1993 as Director. He was appointed as Wholetime Director with effect from 03.06.1994, then elevated as Managing Director from 10.09.2010 and was also elected as Chairman of the Board with effect from 29.10.2012.

He was the past Chairman of the Textile Machinery Manufacturers Association of India, Past Chairman of the India ITME Society, at present Member of Southern Regional Council of CII and Member Executive Committee of FICCI.

He is also a Managing Trustee /Trustee of a couple of Charitable Trusts contributing to the promotion of health, education, sports and public welfare.

Experience:

He has 23 years of experience in the fields of textile, textile engineering, machine tools, foundry, logistics, finance and administration. He has gained considerable experience in Aerospace also.

Other Directorships in listed Companies:

1. The Lakshmi Mills Company Limited
2. Lakshmi Electrical Control Systems Limited
3. Super Sales India Limited
4. Carborundum Universal Limited

Sri Sanjay Jayavarthanavelu also holds Directorship in six other unlisted companies

Membership in committees of listed companies.

Lakshmi Machine Works limited	Share and Debentures Committee, CSR Committee	Chairman
Super Sales India Limited	Share Transfer Committee	Member
Carborundum Universal Limited	Audit Committee	Member

Shareholding in the Company: 1,42,291 shares

Shareholding in the Subsidiary Company: Nil

Directors' inter-se relationship:

None of the Directors of the Company is related to Sri Sanjay Jayavarthanavelu.

Other disclosures: The remuneration drawn, number of Board Meetings attended are disclosed in the Corporate Governance Report and the remuneration proposed is given in the AGM Notice.

Board of Directors'
Report to Shareholders

DEAR SHAREHOLDERS,

The Board of Directors of your company are pleased to present the Annual report on the business of the Company along with the standalone summary financial statements for the year ended 31st March, 2016.

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

The Board has prepared its report based on the standalone financial statements of the Company and this report contains a separate section wherein a report on the performance and financial position of its wholly owned subsidiary company is presented in Form AOC-1.

Financial summary/highlights and transfer to General Reserve: (₹ in Lakhs)

Sl. No.	Particulars	Current Year 2015-16	Previous Year 2014-15
1	Revenue from Operations	2,62,664.68	2,49,115.34
2	Operating Expenses	2,21,554.25	2,10,665.10
3	Gross Profit	41,110.43	38,450.24
4	Depreciation	8,289.11	9,650.31
5	Profit Before Tax	32,821.32	28,799.93
6	Provisions for Tax	10,829.82	8,054.84
7	Net Profit after Tax	21,991.50	20,745.09
8	Transfer to General Reserve	2,200.00	2,100.00
9	Dividend (including Dividend Tax)	5,424.15	5,085.14
10	Carried to Profit & Loss A/c	14,367.35	13,559.95

Transfer to Reserve:

The Company has transferred a sum of ₹2,200 Lakhs out of the current year profits to the General Reserve.

Dividend:

The Board recommends a dividend of ₹40/- per equity share of ₹10 each (400%) on the equity share capital of ₹11,26,65,040/- for the year ended on 31st March, 2016 aggregating to ₹4,506.60 Lakhs and to pay a dividend tax of ₹917.54 Lakhs. The total dividend payout works out to 24.66% of the standalone net profit. The dividend on equity shares is subject to the approval of the shareholders at the Annual General Meeting.

The unclaimed Dividend relating to the financial year 2008-09, is due for remittance in August, 2016 to the Investor Education and Protection Fund established by the Central Government.

State of Affairs:

OPERATIONS

During the year under review, the Company has achieved a turnover of ₹2,46,676.34 Lakhs (2014-15: ₹2,31,257.78 Lakhs) resulting in a Net Profit of ₹32,821.32 Lakhs before tax (2014-15: ₹28,799.93 Lakhs). During the year under review the turnover has increased by 6.67% over the previous year and the profit has increased by 13.96% over the same period last year. Favourable input costs for the products of the Company have resulted in improved performance.

TEXTILE MACHINERY DIVISION

The Textile Machinery Division of the Company, during the year under review, has recorded a turnover of ₹2,19,374.36 Lakhs as against ₹2,03,671.77 Lakhs achieved during the last year, recording an increase of 7.71% over the previous year.

Textiles being a basic necessity product, the Indian Textile industry has benefitted from growth in demand for textile products in India and from across the globe. Equally, Government's emphasis to modernize and develop various segments of the textile value chain has presented the Indian Spinning Industry with opportunities to grow further. During the year under review demand for textile machinery has moderately increased because of new projects being set up and modernisation/capacity addition by existing players.

The Government under its Make in India initiative has rightly focused its efforts on further development of the Textiles sector. Schemes such as Amended Technology Upgradation Fund Scheme, Focus Market/Product Scheme, Integrated Textile Parks/Clusters will augur well for the further development of the Indian textile industry. Besides a number of State Governments in India have policies in place to promote the industry. The Government is also making a determined effort to ensure that the industry in India moves up the textile value chain by setting up/upgrading textile research institutions.

These measures are expected to boost investment activity across the textile value chain and in turn have the effect of boosting the demand for textile spinning machinery. The Company has over the years developed suitable expertise in Innovation and is continuously investing its efforts to build its presence in countries having a sizeable textile spinning industry. Internally the Company has undertaken various measures aimed at boosting productivity and for optimization of overall cost. These initiatives would enable the Company to respond positively to any developing market opportunity.

MACHINE TOOL DIVISION

Turnover of the Machine Tool Division during the year under review was ₹19,393.62 Lakhs as against ₹20,829.70 Lakhs recorded during the last year showing a decrease of 6.89% over the previous year.

Factory output figures have continuously contracted during a major part of 2015-16 before stabilising in the closing months. This is a pointer to lower demand for machine tools.

The Company has been able to launch new machines/variants to existing machinery during 2015-16. The new variants are well received in the market and this would result in substantial business for the Company in the years to come.

The Government's flagship programmes like Make in India and Smart City initiatives provide the basis for future growth for the machine tool industry in India. These measures are expected to increase the demand for capital goods and machine tools. The Indian machine tool industry needs to scale up its presence by developing the capability to manufacture cost effective value added products.

The Company continues with its focus on Innovation and emulation/adoption of best of practices in manufacturing. This would enable this division to respond positively to any emerging opportunity.

FOUNDRY DIVISION

Foundry Division has achieved a turnover of ₹6,597.97 Lakhs as against ₹5,627.23 Lakhs recorded during the previous year showing an increase of 17.25% over the previous year. The export turnover constitutes 21.78% of the division's turnover.

Given the impetus placed on infrastructure development across the country and towards growth of manufacturing within the country, the Indian foundry industry can look forward to increased demand for its products during 2016-17.

The Company has consistently focused its energy and efforts at prevention of scrap/rejection, as waste elimination improves productivity and offers better revenue realization. Also the Company is looking at options like consolidation of foundry units, modernisation of machinery to cut/optimize operational costs. All these measures are expected to provide your Company's products with enhanced cost competitiveness.

WIND ENERGY DIVISION

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

As on 31st March, 2016 the Company has installed 28 WEGs with a total capacity of 36.80 MW. This division has generated 595 lakh units of power during 2015-16.

The entire wind power generated has been captively consumed by the manufacturing units within the Company and thereby helped to reduce the power cost.

ADVANCED TECHNOLOGY CENTRE

Advanced Technology Centre has achieved a turnover of ₹1,310.39 Lakhs during the current financial year as against ₹1,129.07 Lakhs achieved during the same period last year. Job work income earned during the year amounted to ₹1,045 Lakhs as against ₹1,124.24 Lakhs during the same period last year.

During the year under review this division has been able to secure orders from a number of international Tier II aerospace companies. The Company has invested in facilities necessary to meet with special requirements of clients and has obtained all the necessary quality certification.

With the growth of the civil aviation sector and defence procurement within the country, this division can expect increased order bookings and execution during 2016-17.

REAL ESTATE ACTIVITY

The Élan Project at Parasakthi Nagar, Ganapathy, Coimbatore promoted by LMW in association with M/s Sobha Limited is progressing. Spread over 4.76 acres of land this project is for construction of 236 residential apartments consisting of 1 BHK, 2 BHK & 3 BHK. Your Company has a revenue share of 30% in the project.

EXPORTS

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

Sl.No	Division	FY 2015-16	FY 2014-15	Increase %
1	Textile Machinery	52,220.03	44,741.82	16.71
2	CNC Machine Tools	184.23	-	100.00
3	Castings	1,436.71	3,539.31	-59.41
4	Aerospace Parts	1,310.05	1,129.07	16.03
	Total Exports	55,151.02	49,410.20	11.62

Export of Textile Machinery as stated above includes exports worth ₹5,144.31 Lakhs made to the wholly owned subsidiary, LMW Textile Machinery (Suzhou) Co., Ltd, China. Company's products are exported to Turkey, Bangladesh, Pakistan, Nepal, Indonesia, Vietnam, China and United States.

RESEARCH AND DEVELOPMENT

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

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

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

During the year under review the Company has filed applications for 4 new patents.

AWARDS

During the year 2015-16 the Company has bagged the following Awards:

1. EEPC Regional Export Award (Star Performer – Large Enterprise) for outstanding export performance during the year 2013-14
2. TMMA Segment Export Award under the category of Textile Machinery for the year 2014-15.
3. TMMA R&D Award for Card LC363 for the year 2014-15.

INDUSTRIAL RELATIONS

Relationship with employees was cordial throughout the year.

SUBSIDIARY COMPANY

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

The turnover of the Company during the year under review was ₹16,150.09 Lakhs as against ₹13,624.17 Lakhs achieved during the previous year. During the year the Company has earned a net profit of ₹495.07 Lakhs (Previous Year: ₹1,264 Lakhs).

The consolidated financial statements incorporating the financial statements of the above wholly owned subsidiary company is attached to the annual report as required under the Accounting Standard and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The standalone Annual financial Statements of the wholly owned subsidiary is posted in the Company's website www.lakshmimach.com.

2. Extracts of Annual Return

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

3. Number of Meetings of the Board

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

4. Directors' Responsibility Statement

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

a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b. have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

c. have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. have prepared the annual accounts on a going concern basis; and

e. have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;

f. have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

5. Nomination and Remuneration Committee and Policy

Nomination and Remuneration Committee of Directors has been formed consisting of:

1. Justice Smt Chitra Venkataraman (Retd.), Chairperson (Non-Executive – Independent)
2. Sri S. Pathy, Member (Non-Executive – Non-Independent)
3. Sri Basavaraju, Member (Non-Executive – Independent)

The said committee has been empowered and authorised to exercise power as entrusted under the provisions of Section 178 of the Companies Act, 2013. The Company has a policy on Directors' appointment and remuneration including criteria for determining qualification, positive attributes, independence of a Director and other matters provided under sub-section (3) of Section 178. The Nomination and Remuneration Policy is available at Company website www.lakshmimach.com.

6. Declaration by Independent Directors

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

7. Explanation & Comments on Audit Report

The report of Statutory Auditors (appearing elsewhere in this Annual Report) and that of the Secretarial Auditors (annexed hereto as Annexure 2) are self-explanatory having no adverse comments. The Statutory Auditors have not reported any fraud to the Government.

8. Particulars of Loans/Guarantee/Investments

The Company has no Inter-Corporate Loans/Guarantees. Investments of the Company in the shares of other companies is provided under notes to Balance Sheet appearing elsewhere in this Annual Report.

The Company has not accepted any Fixed Deposits.

9. Particulars of Contracts with Related Parties

All the transaction of the Company with related parties are at arms length and have taken place in the ordinary course of business. None of the related party transactions are material transactions.

10. Material Changes

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

11. Conservation of Energy, Technology Absorption & Foreign Exchange

The disclosures under Rule 8(3) of Companies (Accounts) Rules, 2014 are as under:

STATEMENT FOR CONSERVATION OF ENERGY

Sl No.	Particulars	Related Disclosures
(A)	Conservation of Energy	
(i)	the steps taken or impact on conservation of energy; sources of energy;	Company has invested in energy conservation devices to save power as detailed in point (iii) below.
(ii)	the steps taken by the Company for utilising alternate sources of energy	Company has installed windmills with a capacity of 36.80 MW. Uses electricity generated in windmills for captive consumption.
(iii)	the capital investment on energy conservation equipments;	Investment during 2015-16 for replacement of furnace transformer, harmonic filter panels was ₹95 Lakhs.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

(B1)	**Technology Absorption – Textile Machinery Division**	
(i)	the efforts made towards technology absorption;	1. Technical guest lectures in various subjects and specializations and skill building exercises 2. In-depth IPR analysis and review 3. Theoretical simulation
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution;	Development of machinery with innovative features resulting in improved performance. Enhancement of overall knowledge base.
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): (a) the details of technology imported; (b) the year of import (c) whether the technology has been fully absorbed (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	 Ultra Blend LA 9 2013 Yes Not Applicable
(iv)	The expenditure incurred on Research and Development	Capital Expenditure: ₹ 728.75 Lakhs Revenue Expenditure: ₹1,427.75 Lakhs Total Expenditure: ₹2,156.50 Lakhs
(B2)	**Technology Absorption – Machine Tool Division**	
(i)	the efforts made towards technology absorption;	1. Technical guest lectures in various subjects and specializations and skill building exercises 2. In-depth IPR analysis and review 3. Theoretical simulation
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution;	**Product improvement:** Measures like Modular concept splash guard, Manual Pallet rotation, multi tool ATC among other features in the products. **Cost reduction:** Indigenisation of Components and sub-assemblies **Product development:** 3 Machining Centres under development.
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): (a) the details of technology imported; (b) the year of import (c) whether the technology has been fully absorbed (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	 Design & Drawing of LH63 Horizontal machining center from PROTIDEA-Italy 2013-14 Yes Not Applicable
(iv)	The expenditure incurred on Research and Development	Capital Expenditure: Nil Revenue Expenditure: ₹216.07 Lakhs Total Expenditure: ₹216.07 Lakhs

FOREIGN EXCHANGE OUTGO AND EARNINGS:	₹ in Lakhs
Foreign Exchange earned	55,574.90
Foreign Exchange used	35,235.32

12. Risk Management

The Company follows a comprehensive and integrated risk appraisal, mitigation and management process. The identified elements of Risk and Risk Mitigation measures are periodically reviewed and revised by the Board of Directors.

13. Corporate Social Responsibility

The Company has constituted a CSR committee of Board of Directors and has adopted a CSR Policy. The same is posted in the Company's website www.lakshmimach.com. A report in prescribed format detailing the CSR spent for the year 2015-16 is attached herewith as Annexure 3 and forms part of this report.

14. Evaluation of Board's Performance

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

15. Additional Information

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

(i)	The financial summary or highlights	The financial highlights including State of Affairs of the Company, Dividend and Reserve have been provided in this report
(ii)	The change in the nature of business, if any	There is no change in the business line of the Company.
(iii)	The details of Directors or key managerial personnel who were appointed or have resigned during the year	Sri R Rajendran (DIN No. 00005505) Director Finance retired on 1st February, 2016 and is continuing as Director. Sri C.B. Chandrasekar was appointed as Chief Financial Officer with effect from 20th August, 2015.
(iv)	The names of companies which have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year	None
(v)	The details relating to deposits, covered under Chapter V of the Act	The Company has not accepted deposits
(vi)	The details of deposits which are not in compliance with the requirements of Chapter V of the Act.	Not Applicable
(vii)	The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future	Nil
(viii)	The details in respect of adequacy of internal controls with reference to the Financial Statements.	Procedures are set to detect and prevent frauds and to protect the organisation's resources, both physical (e.g., machinery and property) and intangible (e.g., reputation or Intellectual property such as trademarks). The financial statements are prepared in accordance with the accounting standards issued by the Institute of Chartered Accountants of India.

16. Change in Directorate

Sri R. Rajendran served as Director Finance (Executive Non-Independent) till 1st February, 2016. He is now a Director (Non-Executive – Non-Independent) on the Board and will hold the position until the conclusion of the ensuing Annual General Meeting. Though being eligible for re-appointment Sri R. Rajendran has chosen not to seek re-election. Sri M.V. Subbiah, Director, retired on 5th August, 2015.

17. Composition of Audit Committee

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

1. Dr. Mukund Govind Rajan, Chairman (Non-Executive – Independent)
2. Sri Aditya Himatsingka, Member (Non-Executive – Independent)
3. Sri Basavaraju, Member (Non-Executive – Independent)

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

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

As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted an Internal Complaints Committee. During the year 2015-16, no complaint was received by the committee.

18. Listing of Shares

The shares of the Company are listed in Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, Mumbai. Applicable listing fees have been paid up to date. The shares of the Company have not been suspended from trading at any time during the year by the concerned Stock Exchanges.

19. Report of Statutory Auditors on compliance of conditions of Corporate Governance

A report of the Statutory Auditors of the Company confirming the compliance of conditions of Corporate Governance as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to this report as Annexure 4 and forms a part of the report.

20. Overall Maximum Remuneration

Particulars pursuant to Section 197(12) & rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules:

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

Name	Category	Ratio
Sri Sanjay Jayavarthanavelu	Executive – Chairman and Managing Director	169.56 : 1
Sri S Pathy	Non-Executive – Non-Independent	0.94 : 1
Sri Basavaraju	Non-Executive - Independent	0.94 : 1
Sri Aditya Himatsingka	Non-Executive - Independent	0.94 : 1
Dr. Mukund Govind Rajan	Non-Executive - Independent	0.94 : 1
Sri V Sathyakumar**	Non-Executive – Non-Independent, Nominee of LIC	0.94 : 1
Justice (Smt) Chitra Venkataraman (Retd)	Non-Executive – Independent	0.94 : 1
Sri R Rajendran*	Non-Executive – Non-Independent	18.23 : 1

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

*Sri R. Rajendran – Upto 01.02.2016 as Executive Non-Independent. From 02.02.2016 to 31.03.2016 as Non-Executive Non-Independent.

** Amount paid to Life Insurance Corporation of India.

b) The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year:

Name	Category	in %
Sri Sanjay Jayavarthanavelu	Executive – Chairman and Managing Director	9.20
Sri S Pathy	Non-Executive – Non-Independent	-
Sri Basavaraju	Non-Executive - Independent	-
Sri Aditya Himatsingka	Non-Executive - Independent	-
Dr. Mukund Govind Rajan	Non-Executive - Independent	-
Sri V Sathyakumar	Non-Executive – Non-Independent, Nominee of LIC	-
Justice (Smt) Chitra Venkataraman (Retd)	Non-Executive – Independent	-
Sri R Rajendran*	Non-Executive – Non-Independent	-16.06
Sri C B Chandrasekar**	Chief Financial Officer	NA
Sri K Duraisami	Company Secretary	4.45

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

*Sri R. Rajendran – Upto 01.02.2016 as Executive Non-Independent. From 02.02.2016 to 31.03.2016 as Non-Executive Non-Independent.

**Sri C.B. Chandrasekar – Appointed as Chief Financial Officer from 20.08.2015

c) The percentage increase in the median remuneration of employees in the financial year: 4.66%

d) The number of permanent employees on the rolls of company: 3,241

e) The explanation on the relationship between average increase in remuneration and company performance:
Company's Profit before tax has grown from ₹28,799.93 Lakhs during 2014-15 to ₹32,821.32 Lakhs during 2015-16, an increase of 13.96% against which the increase in Employee expense is 5.43%.

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

Name	Designation	Gross Remuneration (in ₹)	% increase in	PBT (₹ in Crores)	% increase in PBT
Sri Sanjay Jayavarthanavelu	Chairman and Managing Director	8,99,74,706	9.20	328.21	13.96
Sri R Rajendran*	Director	96,71,797	-16.06		
Sri C.B Chandrasekar **	Chief Financial Officer	26,78,202	NA		
Sri K Duraisami	Company Secretary	28,31,388	4.45		

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

*Sri R. Rajendran – Upto 01.02.2016 as Executive Non-Independent (Director Finance).

**Sri C.B. Chandrasekar – Appointed as Chief Financial Officer from 20.08.2015

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

Particulars	31st March, 2016	31st March, 2015
Market Capitalisation of the Company (₹ in Crores)	3,757.60	4,322.96
Issued Capital (in Nos.)	1,12,66,504	1,12,66,504
Closing Price at National Stock Exchange Ltd (in ₹)	3,335.20	3,837.00
Earnings Per Share (in ₹)	195.19	184.13
Price Earnings Ratio as at the closing date	17.09	20.84

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

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

The increase in remuneration is 5.28% for employees other than Managerial Personnel and KMP while it is 8.83% for Managerial Personnel including KMP.

h) The Key Parameters for any variable component of the remuneration availed by the Directors:

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

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

Nil.

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

Yes.

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

Name (Age in Years)	Designation	Gross Remuneration Paid (in ₹)	Qualification	Date of commencement of employment (Experience in Years)	Previous employment
Sri Sanjay Jayavarthanavelu (48 years)	Chairman & Managing Director	8,99,74,706	MBA	3rd June, 1994 (22 years)	–
Sri R. Rajendran* (71 years)	Director Finance	96,71,797	B.Com; ACA	1st April, 1971 (45 years)	–
Sri K. Soundhar Rajhan** (68 years)	President	49,47,438	B.Sc	20th June, 2015	LMW Textile Machinery (Suzhou) Company Limited, China

Note:

1. The remuneration includes Company's contribution to provident fund, gratuity and perquisites. Employment is contractual.
2. The above mentioned employees are not relatives (in terms of the Companies Act, 2013) of any Director of the Company. Further no employee of the Company is covered by the Rule 5(2)(iii) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, that is employee, holding by himself or with his family, shares of 2% or more in the Company and drawing remuneration in excess of the Chairman & Managing Director.
3. The remuneration details are for the year 2015-16 and all other particulars are as on 31st March, 2016.
4. *Upto 01.02.2016 as Director Finance
5. **From 20th June, 2015

21. Comments U/S 232(2)(c) and Schedule V Part II Section II

Since the Company does not belong to the specified class of the companies, the above cited provisions of the Companies Act, 2013 is not applicable to the Company.

22. Corporate Governance

As per Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on Corporate Governance practices followed by the Company is provided elsewhere in this Report. A certificate confirming the compliance of conditions of Corporate Governance issued by the Statutory Auditors of the Company is attached hereto as Annexure 4 and forms part of this report.

23. Auditors

Statutory Auditors

The Company's Auditors, M/s. M.S. Jagannathan & Visvanathan, Chartered Accountants, Coimbatore and M/s. Subbachar & Srinivasan, Chartered Accountants, Coimbatore hold office till the conclusion of the ensuing Annual General Meeting to be held on 5th August, 2016. M/s. Subbachar & Srinivasan, Chartered Accountants, Coimbatore have consented and confirmed their eligibility and desire to continue as statutory auditors of the Company for the Financial Year 2016-17 while M/s. M.S. Jagannathan & Visvanathan, Chartered Accountants, Coimbatore will retire at the ensuing AGM and will not seek reappointment.

M/s S. Krishnamoorthy & Co. Chartered Accountants, with Sri. K. Raghu as Signing Partner is appointed as Auditors of the Company subject to shareholders' approval, to hold office as Auditors for a term of five financial years commencing from 2016-17 to 2020-21 and to hold office from the conclusion of this AGM and till conclusion of AGM to be held in 2020-21.

Cost Auditor:

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Directors, on the recommendation of the Audit Committee have appointed Sri A. N. Raman, Practicing Cost and Management Accountant, as the Cost Auditor of the Company for the financial year 2016-17.

Secretarial Auditor:

Pursuant to provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. MDS Associates, Coimbatore, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2016-17.

24. Acknowledgements

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

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

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

On behalf of the Board

Sanjay Jayavarthanavelu
Chairman and Managing Director
(DIN No. 00004505)

Place: Coimbatore
Date: 16th June, 2016

Annexure 1

Form No. MGT. 9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2016

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

I. Registration and other details:

i) CIN: L29269TZ1962PLC000463

ii) Registration Date: 14TH SEPTEMBER, 1962

iii) Name of the Company: LAKSHMI MACHINE WORKS LIMITED

iv) Category / Sub-Category of the Company: COMPANY LIMITED BY SHARES

v) Address of the Registered office and contact details:
Perianaickenpalayam, SRK Vidyalaya Post, Coimbatore – 641 020

vi) Whether listed company Yes / No: YES

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:
SKDC Consultants Limited,
Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore – 641 006

II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the Company:

Sl. No	Name and Description of main products/ services	NIC Code of the Product/service	% to total turnover of the Company
1	Spinning Preparatory and Yarn Making Machinery	28261	89%

III. Particulars of Holding, Subsidiary and Associate Companies

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

IV. Share Holding Pattern

(Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.Promoters									
(1) Indian									
a) Individual/ HUF	3,01,867	380	3,02,247	2.68	3,02,247	-	3,02,247	2.68	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	28,91,628	-	28,91,628	25.66	28,91,628	-	28,91,628	25.67	0.01
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other..	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	**31,93,495**	**380**	**31,93,875**	**28.35**	**31,93,875**	**-**	**31,93,875**	**28.35**	**0.00**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter (A) = (A) (1)+(A)(2)	**31,93,495**	**380**	**31,93,875**	**28.35**	**31,93,875**	**-**	**31,93,875**	**28.35**	**0.00**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	14,96,826	350	14,97,176	13.29	13,58,801	350	13,59,151	12.06	-1.23
b) Banks/FI	2,415	200	2,615	0.02	1,367	200	1,567	0.01	-0.01
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	13,53,237	-	13,53,237	12.01	13,53,237	-	13,53,237	12.01	-
g) FIIs	2,06,579	100	2,06,679	1.83	28,782	100	28,882	0.26	-1.58
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)									
Foreign Portfolio Investment	89,388	-	89,388	0.79	6,56,109	-	6,56,109	5.82	5.03
Sub-total (B)(1)	**31,48,445**	**650**	**31,49,095**	**27.95**	**33,98,296**	**650**	**33,98,946**	**30.17**	**2.22**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	16,80,945	6,02,140	22,83,085	20.26	21,85,174	2,140	21,87,314	19.41	-0.85
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	12,48,894	1,08,349	13,57,243	12.05	13,01,613	1,04,929	14,06,542	12.48	0.44
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	6,74,428	24,000	6,98,428	6.20	4,81,309	24,000	5,05,309	4.49	-1.71
c) Others (specify)									
Trusts	7,000	-	7,000	0.06	7,000	-	7,000	0.06	-
Directors and their relatives	4,500	-	4,500	0.04	4,600	-	4,600	0.04	0.00
Foreign nationals	-	240	240	0.00	-	240	240	0.00	
Non Resident Indians	75,441	340	75,781	0.67	70,195	340	70,535	0.63	0.01
Clearing Members	8,948	-	8,948	0.08	14,058	-	14,058	0.12	0.06
Hindu Undivided Families	4,88,309	-	4,88,309	4.33	4,78,085	-	4,78,085	4.24	0.52
Sub-total (B)(2)	**41,88,465**	**7,35,069**	**49,23,534**	**43.70**	**45,42,034**	**1,31,649**	**46,73,683**	**41.48**	**-2.22**
Total Public Shareholding (B) = (B) (1) + (B)(2)	**73,36,910**	**7,35,719**	**80,72,629**	**71.65**	**79,40,330**	**1,32,299**	**80,72,629**	**71.65**	**-0.00**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
C. Shares held by Custodian for GDRs & ADRs			**-**	**-**			**-**	**-**	**-**
Grand Total (A+B+C)	**1,05,30,405**	**7,36,099**	**1,12,66,504**	**100.00**	**1,11,34,205**	**1,32,299**	**1,12,66,504**	**100.00**	**-**

(ii) Share Holding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged/ encumbered to total shares	
1	D. Thayarammal	7,920	0.07	NIL	7,920	0.07	NIL	-
2	J. Rajyalakshmi	97,980	0.87	NIL	97,980	0.87	NIL	-
3	Sanjay Jayavarthanavelu	1,42,291	1.26	NIL	1,42,291	1.26	NIL	-
4	Ravi Sam	5,866	0.05	NIL	5,866	0.05	NIL	-
5	D. Senthil Kumar	160	0.00	NIL	160	0.00	NIL	-
6	Uttara R	44,290	0.39	NIL	44,290	0.39	NIL	-
7	Nethra J.S.Kumar	720	0.01	NIL	720	0.01	NIL	-
8	K. Sundaram	1,220	0.01	NIL	1,220	0.01	NIL	-
9	S. Pathy	1,420	0.01	NIL	1,420	0.01	NIL	-
10	Lakshmi Electrical Drives Ltd.	17,500	0.16	NIL	17,500	0.16	NIL	-
11	Lakshmi Cargo Co.Ltd.	10,24,468	9.09	NIL	10,24,468	9.09	NIL	-
12	Lakshmi Technology & Engg. Ind. Ltd	6,67,090	5.92	NIL	6,67,090	5.92	NIL	-
13	Lakshmi Electrical Control Systems Ltd	88,800	0.79	NIL	88,800	0.79	NIL	-
14	Eshaan Enterprises Ltd.	1,27,110	1.13	NIL	1,27,110	1.13	NIL	-
15	Lakshmi Mills Co.Ltd.	5,20,000	4.62	NIL	5,20,000	4.62	NIL	-
16	Lakshmi Ring Travellers (Cbe) Ltd.	2,52,180	2.24	NIL	2,52,180	2.24	NIL	-
17	Lakshmi PrecisionTools Ltd.	15,000	0.13	NIL	15,000	0.13	NIL	-
18	Super Sales India Ltd.	1,79,480	1.59	NIL	1,79,480	1.59	NIL	-
19	Jaidev Jayavarthanavelu	380	0.00	NIL				-
	01-02-16 Transfer from Physical	-380	-0.00					
	05-02-16 Receipt in Demat	380	0.00					
	31-03-16 At the end of the year				**380**	**0.00**	**NIL**	**-**
	Total	31,93,875	28.35	NIL	31,93,875	28.35	NIL	-

(iii) Change in Promoters' Shareholding: - NO CHANGE

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	31,93,875	28.35	31,93,875	28.35
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	0	0	0	0
	At the End of the year	31,93,875	28.35	31,93,875	28.35

(iv) Shareholding Pattern of top ten Shareholders (other than Directors and Promoters):

BENPOS Date	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
01/04/15	Life Insurance Corporation of India Limited	9,08,030	8.06	9,08,030	8.06
31/03/16	**At the end of the year**			**9,08,030**	**8.06**
01/04/15	Voltas Limited	6,00,000	5.33	6,00,000	5.33
31/03/16	**At the end of the year**			**6,00,000**	**5.33**
01/04/15	Amrit Petroleums Limited	-	-	-	-
10/07/15	Purchase	5,19,250	4.61	5,19,250	4.61
31/12/15	Transfer between own account	-5,19,250	-4.61	-	-
31/12/15	Transfer between own account	5,19,250	4.61	5,19,250	4.61
31/03/16	**At the end of the year**			**5,19,250**	**4.61**
01/04/15	Pinebridge Investments of Mauritius Limited	-	-	-	-
04/09/15	Purchase	89,267	0.79	89,267	0.79
25/12/15	Purchase	1,510	0.01	90,777	0.81
12/02/16	Purchase	3,09,556	2.75	4,00,333	3.55
19/02/16	Purchase	50,000	0.44	4,50,333	4.00
18/03/16	Purchase	545	0.00	4,50,878	4.00
31/03/16	**At the end of the year**			**4,50,878**	**4.00**
01/04/15	HDFC Trustee Company Limited - A/c HDFC Mid	-	-	-	-
12/06/15	Purchase	2,50,000	2.22	2,50,000	2.22
26/06/15	Purchase	50,000	0.44	3,00,000	2.66
10/07/15	Purchase	25,000	0.22	3,25,000	2.88
17/07/15	Purchase	30,000	0.27	3,55,000	3.15
24/07/15	Purchase	15,184	0.13	3,70,184	3.29
04/09/15	Purchase	30,000	0.27	4,00,184	3.55
11/09/15	Purchase	320	0.00	4,00,504	3.55
09/10/15	Purchase	1,816	0.02	4,02,320	3.57
31/03/16	**At the end of the year**			**4,02,320**	**3.57**
01/04/15	The New India Assurance Company Limited	3,85,150	3.42	3,85,150	3.42
31/03/16	**At the end of the year**			**3,85,150**	**3.42**
01/04/15	Reliance Capital Trustee Co Ltd	5,78,402	5.13	5,78,402	5.13
10/04/15	Bought	1	0.00	5,78,403	5.13
08/05/15	Bought	2,755	0.02	5,81,158	5.16
15/05/15	Bought	10,270	0.09	5,91,428	5.25
29/05/15	Bought	7,275	0.06	5,98,703	5.31
05/06/15	Bought	1,000	0.01	5,99,703	5.32
12/06/15	Bought	1,185	0.01	6,00,888	5.33
03/07/15	Bought	10,000	0.09	6,10,888	5.42
17/07/15	Bought	28,000	0.25	6,38,888	5.67
31/07/15	Bought	10,000	0.09	6,48,888	5.76
07/08/15	Bought	3,500	0.03	6,52,388	5.79
14/08/15	Bought	5,880	0.05	6,58,268	5.84
04/09/15	Bought	3,010	0.03	6,61,278	5.87
11/09/15	Bought	1,730	0.02	6,63,008	5.88
06/11/15	Bought	10,000	0.09	6,73,008	5.97
18/12/15	Bought	850	0.01	6,73,858	5.98
15/01/16	Bought	1,225	0.01	6,75,083	5.99
22/01/16	Bought	2,225	0.02	6,77,308	6.01
29/01/16	Bought	1,920	0.02	6,79,228	6.03
05/02/16	Bought	800	0.01	6,80,028	6.04
12/02/16	Sold	-3,15,000	-2.80	3,65,028	3.24
04/03/16	Bought	10,340	0.09	3,75,368	3.33
18/03/16	Bought	6,910	0.06	3,82,278	3.39
31/03/16	Bought	2,100	0.02	3,84,378	3.41
31/03/16	**At the end of the year**			**3,84,378**	**3.41**
01/04/15	Nemish S Shah	3,77,681	3.35	3,77,681	3.35
31/03/16	**At the end of the year**			**3,77,681**	**3.35**
01/04/15	Gagandeep Credit Capital Pvt Limited	2,93,954	2.61	2,93,954	2.61
31/03/16	At the end of the year			2,93,954	2.61
01/04/15	ICICI Prudential Life Insurance Company	2,94,145	2.61	2,94,145	2.61
15/01/16	Sold	-650	-0.01	2,93,495	2.61
31/03/16	**At the end of the year**			**2,93,495**	**2.61**
01/04/15	Anuj Anantrai Sheth	2,06,000	1.83	2,06,000	1.83
31/03/16	**At the end of the year**			**2,06,000**	**1.83**
01/04/15	Sudarshan Securities Pirvate Limited	5,19,250	4.61	5,19,250	4.61
10/07/15	Sold	-5,19,250	-4.61	-	-
31/03/16	**At the end of the year**			**-**	**-**

(v) Shareholding of Directors and Key Managerial Personnel:

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

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

V. Indebtedness

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

The Company has no debts.

VI Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director and Whole-time Director: (₹ in Lakhs)

Sl. no.	Particulars of Remuneration	Name of MD/WTD		Total Amount
		Sri Sanjay Jayavarthanavelu, Chairman and Managing Director (CEO)	Sri R Rajendran, Director Finance (01/04/15 to 01/02/16)	
1	GROSS SALARY			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	162.00	75.24	237.24
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	29.09	14.65	43.74
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission	687.60	-	687.60
	- as % of profit	2.00	-	
	- others, specify...			
5	Others, please specify			
	Gratuity fund contribution	8.10	-	8.10
	Provident fund contribution	12.96	6.00	18.96
	Total (A)	899.75	95.89	995.64
	Ceiling as per the Act (10%)			3,438.01

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

Sl. no.	Particulars of Remuneration	Name of Directors					Total Amount
1	**Independent Directors**	Sri M V Subbiah	Sri Basavaraju	Sri Aditya Himatsingka	Dr. Mukund Govind Rajan	Smt. Chitra Venkataraman	
	Fee for attending board /committee meetings	0.50	7.00	4.50	4.50	3.00	19.50
	Commission	1.74	5.00	5.00	5.00	5.00	21.74
	Others, please specify						-
	Total (1)	**2.24**	**12.00**	**9.50**	**9.50**	**8.00**	**41.24**
2	**Other Non-Executive Directors**	Sri S Pathy	Sri V Sathyakumar (Nominee of LIC)	Sri R Rajendran (02/02/16 to 31/03/16)			
	Fee for attending board /committee meetings	2.50	1.50	3.00			7.00
	Commission	5.00	5.00	0.82			10.82
	Others, please specify						0.00
	Total (2)	**7.50**	**6.50**	**3.82**			**17.82**
	Total (B) = (1 + 2)						**59.06**
	Total Managerial Remuneration						1,054.70
	Overall Ceiling as per the Act (11%)						3,781.81

C. Remuneration to Key Managerial Personnel other than MD/WTD: (₹ in Lakhs)

Sl. no.	Particulars of Remuneration	Chief Financial Officer *	Company Secretary	Total
1	GROSS SALARY			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7.49	8.88	16.37
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	12.08	14.01	26.09
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	
2	Stock Option	-	-	
3	Sweat Equity			
4	Commission	-	-	
	- as % of profit	-	-	
	- others, specify...	-	-	
5	Others, please specify	7.21	5.42	12.63
	Total	**26.78**	**28.31**	**55.09**

* From 20th August, 2015

VII. Penalties/Punishment/Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NIL				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL				
Punishment					
Compounding					

Annexure 2

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

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

To
The Members,
LAKSHMI MACHINE WORKS LIMITED
CIN : L29269TZ1962PLC000463
Perianaickenpalayam, SRK Vidyalaya Post, Coimbatore – 641 020

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

Based on my verification of **M/s. Lakshmi Machine Works Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended **31st March, 2016**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;
ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
iii. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
v. The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
   a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Enforced from 1st December 2015)
   b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (till 14th May 2015) and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (Enforced from 15th May 2015)
   d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;

I have also examined compliance with the applicable clauses of the following:

a. Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI) and made applicable with effect from 1st July, 2015;
b. The Listing Agreements entered into by the Company with BSE Limited and The National Stock Exchange of India Limited ;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Standards etc., mentioned above.

I further report that, during the year under review, there were no actions/ events in pursuance of the following Rules/Regulations requiring compliance thereof by the Company:

a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
b. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

I further report that having regard to the compliance system prevailing in the Company and on the review of quarterly compliance reports taken on record by the Board of Directors and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the labour and environmental laws as applicable.

vi. I further report that based on the information provided by the Company, its officers and authorized representatives, there are no laws specifically applicable to the Company.

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

I further report that

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

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

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

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

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

- Public / Rights / Preferential issue of shares / debentures / sweat equity
- Redemption / buy-back of securities
- Major decision taken by the members in pursuant to section 180 of the Companies Act, 2013
- Merger / amalgamation / reconstruction etc
- Foreign technical collaborations

M D SELVARAJ
MDS & Associates
Company Secretaries
FCS No.: 960; C P No.: 411

Place: Coimbatore
Date: 16th June, 2016

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

Annexure A

To
The Members,
LAKSHMI MACHINE WORKS LIMITED
CIN : L29269TZ1962PLC000463
Perianaickenpalayam, SRK Vidyalaya Post, Coimbatore – 641 020

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

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulation, standards is the responsibility of the management. My examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

M D SELVARAJ
MDS & Associates
Company Secretaries
FCS No.: 960; C P No.: 411

Place: Coimbatore
Date: 16th June, 2016

Annexure 3

Annual Report on Corporate Social Responsibility (CSR) Activities

1. The Company has adopted the CSR Policy approved by the Board of Directors at their meeting on 12th June, 2014. The CSR Policy of the Company is placed on the website www.lakshmimach.com
2. Composition of the CSR Committee:

   The CSR Committee of the Company consists of the following members:

Sri Sanjay Jayavarthanavelu	Chairman
Sri Basavaraju	Member
Sri R Rajendran	Member

3. Average Net Profit of the Company for the last three years is ₹24,082 Lakhs
4. The prescribed CSR Expenditure for the Company taken at 2% of the average net profit for the last three financial years is ₹481.65 Lakhs
5. Details of CSR spend in the financial year:

   a. Total Amount Spent in the Financial Year: ₹488.52 Lakhs

   b. Amount unspent if any: Nil

6. Report on CSR Expenditure for the period from 01.04.2015 to 31.03.2016

S. No.	CSR Project/Activity		Location of the project/programs undertaken (District and State)	Amount outlay (Budget) per project or per program (Amt in ₹)	Amount spent on the project or program (Amt in ₹) 01.04.2015 to 31.03.2016	Cumulative expenditure upto the reporting period (Amt in ₹) 01.04.2015 to 31.03.2016	Amount spent direct or through implementing agency
1	Restoration of Buildings & Sites of Historical Importance	Clause V of Schedule VII	Srirangam, Tiruchirapalli District, Tamil Nadu	2,61,41,193	2,61,41,193	2,61,41,193	Direct
2	Skill Development Program-Nagaland	Clause II of Schedule VII	Chumukedima, Dimapur District, Nagaland	32,00,000	32,00,000	32,00,000	Through Registered trust
3	Sponsorship of women sportsperson (Rifle Shooting)	Clause VII of Schedule VII	All over India	11,15,684	11,15,684	11,15,684	Direct
4	Eye Camp expenses	Clause I of Schedule VII	Kaniyur, Tirupur District, Tamil Nadu	6,28,680	6,28,680	6,28,680	Direct
5	Panchayat Union Middle School Compound Construction	Clause II of Schedule VII	Sellappampalayam, Tirupur District, Tamil Nadu	21,25,000	21,25,000	21,25,000	Direct
6	Construction of Toilets under Swachh Bharat Mission	Clause I of Schedule VII	Coimbatore District, Tamil Nadu	24,00,000	24,00,000	24,00,000	Direct
7	GKD Charity Trust - Narayana Hrudayalaya Hospital	Clause I of Schedule VII	Bangalore, Karnataka	74,00,000	74,00,000	74,00,000	Through Registered Trust
8	Disaster relief work in flood affected areas	Clause I of Schedule VII	Cuddalore District, Tamil Nadu	57,41,256	57,41,256	57,41,256	Direct
9	Through Sri Sai Service Foundation - Children nutritional development	Clause I of Schedule VII	Coimbatore District, Tamil Nadu	1,00,000	1,00,000	1,00,000	Through Registered Trust
	Total amount spent during 01.04.2015 to 31.03.2016				**4,88,51,813**	**4,88,51,813**	

7. Shortfall if any : Not Applicable

8. It is confirmed that the implementation and monitoring of CSR Policy for the financial year 2015-16 is in compliance with the CSR objectives and Policy of the Company.

Sanjay Jayavarthanavelu
Chairman and Managing Director
Chairman - CSR Committee
(DIN No. 00004505)

Place : Coimbatore
Date 16th June, 2016

Annexure 4

Auditors' Certificate on Compliance of Conditions of Corporate Governance as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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, 2016 as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges for the period 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as referred to in Regulation 15(2) of these Listing Regulations for the period 1st December, 2015 to 31st March, 2016.

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/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 Stakeholders Relationship 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
Firm Registration No.004083S

T S V Rajagopal
(Partner)
Membership No. 200380

For M S Jagannathan & Visvanathan
Chartered Accountants, Auditors
Firm Registration No. 001209S

M.V Jeganathan
(Partner)
Membership No. 214178

Place: Coimbatore
Date: 25th May, 2016

Corporate Governance Report

PURSUANT TO SCHEDULE V OF THE SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENT) REGULATIONS, 2015

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 and at the same time enhances every stakeholder value. To achieve this, systematic and planned efforts are undertaken by your Company keeping in view organization's core values and business ethics. LMW consistently partners with its customers to deliver quality products /services on time and at reasonable prices. Your Company believes in ethical conduct of business and maintains transparency and accountability in its activities. Your Company 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 organization. Your Company consistently emphasizes its commitment towards creation, monitoring and continuous updation of a strong corporate governance policy and practice that will define and drive organization's 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. The Board consists of experienced specialists who are experts in their respective business/profession and have decades of experience to their credit. As a Board, the Directors are committed to ethical and lawful conduct of business and possess the ability to steer the affairs of the Company in the right direction. The Board places emphasis on highest standards of governance practices which allows the Company to carry on its business in the long term interest of all the stakeholders.

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

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

a. Composition of Board and Category of Directors

Board of Directors is constituted in such a way that it strictly conforms to the provisions of the Companies Act, 2013 and to the conditions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition of the Board ensures a judicious mix of Executive and Non-Executive Directors as well as the combination of Independent and Non-Independent Directors.

As on date the Board consists of eight Directors, of whom one is the Chairman and Managing Director and seven are Non-Executive Directors. Out of the seven Non-Executive Directors, one is a Nominee Director representing LIC as an equity investor, two Directors are Non-Executive Non-Independent, four are Non-Executive Independent Directors. The Board also meets with the requirement of having a Woman Director.

Directors	Category of Directorship
Sri Sanjay Jayavarthanavelu	Promoter - Executive-Chairman and Managing Director
Sri S.Pathy	Promoter - Non-Executive – Non-Independent
Sri Basavaraju	Non-Executive - Independent
Sri Aditya Himatsingka	Non-Executive - Independent
Dr. Mukund Govind Rajan	Non-Executive - Independent
Justice Smt. Chitra Venkataraman (Retd.)	Non-Executive - Independent
Sri V. Sathyakumar	Non-Executive – Non-Independent Nominee of LIC
Sri R. Rajendran	Non-Executive – Non-Independent

b. Attendance of Directors in the Board meetings and AGM

Directors	Dates of Board meetings held in FY 2015-16				AGM
	20.05.2015	10.08.2015	02.11.2015	03.02.2016	10.08.2015
Sri Sanjay Jayavarthanavelu	yes	yes	yes	yes	yes
Sri S. Pathy	yes	yes	No	yes	yes
Sri Basavaraju	yes	yes	yes	yes	yes
Sri Aditya Himatsingka	yes	yes	yes	yes	yes
Dr. Mukund Govind Rajan	yes	yes	yes	yes	yes
Justice Smt. Chitra Venkataraman (Retd.)	yes	yes	yes	yes	yes
Sri V. Sathyakumar	yes	No	yes	yes	No
Sri R Rajendran	yes	yes	yes	yes	yes

In addition, a separate meeting of Independent Directors of the Company was held on 23rd March, 2016 in which all the Independent Directors of the Company: Sri Basavaraju, Sri Aditya Himatsingka, Dr. Mukund Govind Rajan and Justice Smt. Chitra Venkataraman (Retd.) have attended.

C. Other Directorships

Directors	Other Directorships	Membership in Committees	
		Chairman	Member
Sri Sanjay Jayavarthanavelu	10	6	3
Sri S. Pathy	10	-	1
Sri Basavaraju	1	-	4
Sri Aditya Himatsingka	5	-	4
Dr. Mukund Govind Rajan	1	1	2
Sri V. Sathyakumar	-	-	-
Justice Smt. Chitra Venkataraman (Retd.)	2	2	-
Sri R. Rajendran	1	-	4

Note: Number of Chairmanship / Membership in Committees of all the Directors are within the limits specified in Regulation-26 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

c. Number and dates of Board meetings

Four Board meetings were held during the Financial Year 2015-16 and the meetings were held on: 20th May, 2015, 10th August, 2015, 2nd November, 2015 and 3rd February, 2016.

d. Directors inter-se relationship

None of the Directors are related to each other.

e. Number of shares and convertible instruments held by Non-Executive Directors

Sl No	Name of the Director	Number of equity shares held
1	Sri S Pathy	1,420
2	Sri Basavaraju	-
3	Sri Aditya Himatsingka	-
4	Dr. Mukund Govind Rajan	-
5	Sri V. Sathyakumar	-
6	Justice Smt. Chitra Venkataraman (Retd.)	-
7	Sri R. Rajendran	3,000

The Company has not issued any convertible instruments.

f. Familiarization Programme for Independent Directors

To familiarize all aspects of the business of the Company presentations were made to the Directors and factory visits was also arranged. The details of Familiarization Programme conducted for Directors is available at the Company website www.lakshmimach.com/investors.

3. Audit Committee

The Audit Committee was constituted with terms of reference in line with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference include review of financial statements, annual budgets, internal control systems, accounting policies and practices, internal audit and administration. The audit committee consists of the following Directors:

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

Sri K Duraisami, Company Secretary serves as the Secretary of the Committee. Sri C.B. Chandrasekar, Chief Financial Officer, Statutory Auditors, Internal Auditor and the Company Secretary are always present at the Audit Committee meetings. The Audit committee would assure to the Board compliance of adequate internal control system, compliance of Accounting Standards, financial disclosure and other issues conforming to the requirements specified by the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The committee meets once in every quarter to carry out its business.

The committee met four times during the financial year under review on 20th May, 2015, 10th August, 2015, 2nd November, 2015 and 3rd February, 2016. Details of attendance of members are as follows:

Date of Meetings and Attendance:

Name of the Member	Attendance of meetings held on			
	20.05.15	10.08.15	02.11.15	03.02.16
1. Dr. Mukund Govind Rajan	✓	✓	✓	✓
2. Sri Aditya Himatsingka	✓	✓	✓	✓
3. Sri Basavaraju	✓	✓	✓	✓

4. Nomination and Remuneration Committee

This Committee was formed for identifying persons to be appointed as Directors and senior management positions, recommend to the Board the appointment and removal of Directors, carry out evaluation of Directors, formulate criteria for determining qualification positive attributes and independence of Directors, recommend policy relating to remuneration of Directors.

During the year 2015-16 the committee was reconstituted and the reconstituted committee consists of the following Directors:

1. Justice Smt. Chitra Venkataraman (Retd.) ... *Chairperson*
2. Sri S Pathy
3. Sri Basavaraju

During the year under review, the committee met on 10th August, 2015 to recommend for appointment and fix the remuneration payable to Sri C.B. Chandrasekar as Chief Financial Officer of the Company. The said meeting was attended by Sri S Pathy and Sri Basavaraju.

The Committee had formulated performance evaluation criteria for the evaluation of the Chairman of the Board, the Board as a whole, committees of the Board, Independent Directors and Non independent Directors. The evaluations were conducted as per the criteria determined by this Committee.

5. Remuneration of Directors

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

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

Remuneration payable to Executive Directors consists of fixed as well as variable. The fixed pay consists of salary and perquisites and the variable pay is in the form of commission on net profits at affixed percentage. Remuneration to Executive Directors is determined by the Nomination and Remuneration Committee of Board of Directors and is approved by the shareholders at the General Meeting. No sitting fee is being paid to the Executive Directors.

Remuneration of Directors for the year ended 31st March, 2016: (Amount in ₹)

Name	Salary	Perquisites	Sitting fee	Commission	Total
Sri Sanjay Jayavarthanavelu	1,62,00,000	50,14,613	–	6,87,60,093	8,99,74,706
Sri M.V. Subbiah (upto 05.08.2015)	–	–	50,000	1,73,497	2,23,497
Sri S. Pathy	–	–	2,50,000	5,00,000	7,50,000
Sri Basavaraju	–	–	7,00,000	5,00,000	12,00,000
Sri Aditya Himatsingka	–	–	4,50,000	5,00,000	9,50,000
Dr. Mukund Govind Rajan	–	–	4,50,000	5,00,000	9,50,000
Justice Smt. Chitra Venkataraman (Retd.)	–	–	3,00,000	5,00,000	8,00,000
Sri V. Sathyakumar (Nominee of LIC)	–	–	*1,50,000	*5,00,000	*6,50,000
Sri R. Rajendran (upto 01.02.2016 as Director-Finance	75,24,054	20,65,508	–	–	95,89,562
From 02.02.2016 as Director)	–	–	3,00,000	82,235	3,82,235

** Paid to Life Insurance Corporation of India*

No benefits, other than the above are given to the Directors. No Stock Option, Performance linked incentives and severance fees are given to Directors. No service contracts were entered into with Directors, their appointment are governed by the resolutions passed at the General Body meeting of the Company in line with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

6. Stakeholders Relationship Committee

This committee has been formed to specifically focus on the services to shareholders/ investors. The committee periodically reviews the services rendered to the shareholders particularly redressal of complaints of the shareholders like delay in transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends etc., and also the action taken by the Company on the above matters. During 2015-16 the committee was reconstituted and the reconstituted committee consists of the following Directors:

1. Justice Smt. Chitra Venkataraman (Retd.) ... *Chairperson*
2. Sri Basavaraju
3. Sri R Rajendran

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

During the year under review 3 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, 2016.

The Committee met two times during the financial year ended 31st March, 2016, on 10th August, 2015 and on 3rd February, 2016. Details of attendance of members are as follows.

Date of Meetings and Attendance:

Name of the Member	Attendance of meetings held on	
	10.08.15	03.02.16
1. Justice Smt. Chitra Venkataraman (Retd.) (from 03.02.2016)	–	✓
2. Sri Basavaraju	✓	✓
3. Sri R Rajendran	✓	✓

7. General Body meetings

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

AGM/EGM	Venue	Day	Date	Time
AGM	Nani Kalai Arangam, Mani Higher Secondary School, Pappanaicakenpalayam, Coimbatore - 641 037.	Monday	05.08.2013	03.30 P.M.
AGM	-do-	Wednesday	06.08.2014	03.30 P.M.
AGM	-do-	Monday	10.08.2015	03.30 P.M.

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

a. At the AGM held on 5th August, 2013 the following special resolutions were passed:
   (i) Approval for appointment of Sri Basavaraju as Director.
   (ii) Approval for commission payable to Non-Executive Directors.
   (iii) Approval for reappointment and remuneration payable to Sri R. Rajendran, Director Finance.

b. At the AGM held on 6th August, 2014 the following special resolutions were passed:
   (i) Approval for alteration of Articles of Association of the Company.
   (ii) Approval for amendment in the terms of appointment of Sri R. Rajendran, Director Finance.
   (iii) No postal ballot pursuant to Sec.110 was conducted. Postal ballot as per clause-35B of the Listing Agreement was done. Sri M.D. Selvaraj, Practising Company Secretary, the Scrutiniser for e-voting has monitored this postal ballot also.

c. At the AGM held on 10th August, 2015 no special resolution was passed and No postal ballot was conducted.

8. Means of communication

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

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

9. General shareholder Information

Annual General Meeting:

Day and Date	Friday the 5th August, 2016
Time	2.45 PM
Venue	Nani Kalai Arangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037

Financial Calendar

Particulars	Dates
Financial Year	1st April, 2015 to 31st March, 2016
Announcement of Annual Results 2015-16	25th May, 2016
Last date for Posting of Annual Report of 2015-16	11th July, 2016
Last date for receipt of Proxy forms for the above indicated AGM	Up to 02.45 PM on 3rd August, 2016
Date of Book Closure	Friday, the 29th July, 2016 to Friday the 5th August, 2016 (both days inclusive)
Dividend payment date	On or before 4th September, 2016

Name and Address of the Stock Exchanges where the Company's shares are listed:

The equity shares of the Company are listed in:

1. Bombay Stock Exchange Limited, Mumbai
   (Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001)
2. National Stock Exchange of India Limited, Mumbai
   (Address: Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra East, Mumbai-400051)

Annual Listing Fees has been duly paid to both the stock exchanges.

Stock codes & ISIN number:

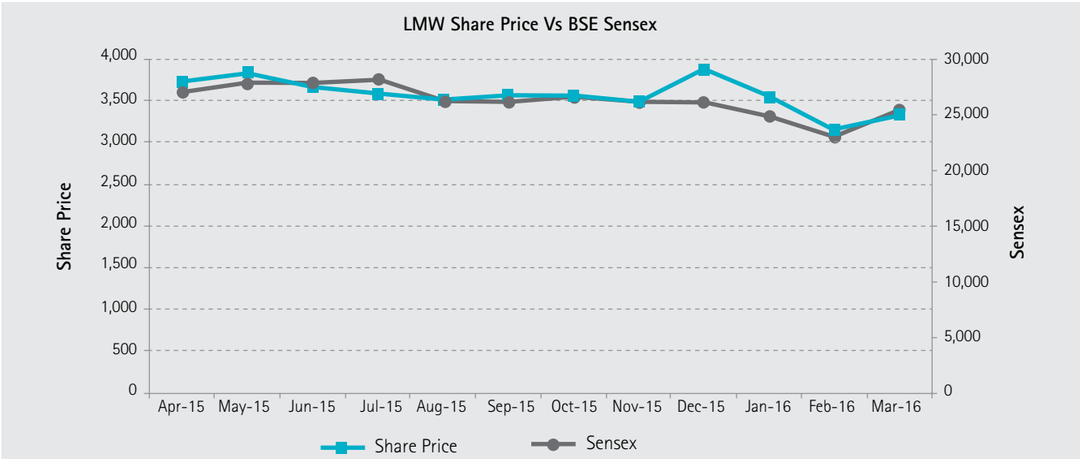
Stock Exchanges	Code No.	ISIN No.
1. Bombay Stock Exchange Limited	500252	INE269 B 01029
2. National Stock Exchange of India Limited	LAXMIMACH	-do-

Market Price data of Shares

The monthly High & Low of Company's share price quoted in NSE / BSE during the financial year 2015-16 are given below: (Amount in ₹)

Month	NSE		BSE	
	High Price	Low Price	High Price	Low Price
Apr-15	4,118	3,575	4,120	3,597
May-15	3,905	3,561	3,900	3,561
Jun-15	3,975	3,612	3,970	3,611
Jul-15	3,920	3,445	3,924	3,451
Aug-15	4,191	3,333	4,199	3,275
Sep-15	3,694	3,298	3,684	3,300
Oct-15	3,700	3,278	3,689	3,466
Nov-15	3,759	3,425	3,730	3,444
Dec-15	3,949	3,366	3,956	3,373
Jan-16	3,890	3,350	3,866	3,346
Feb-16	3,800	2,934	3,744	3,050
Mar-16	3,420	3,160	3,405	3,160

Share Price Performance in Comparison with BSE Sensex:



The shares of the Company are regularly traded and in no point of time the shares were suspended for trading in any of the stock exchanges

Registrar & Share Transfer Agents:

Transfer, transmission, transposition of name, split, consolidation, recording change of name of shareholders, issue of duplicate certificate, dematerialization, rematerialization 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.

Distribution of shareholding as on 31st March, 2016:

Range (No. of shares)	No. of shares	% to total number of shares	No. of shareholders	% to total number of shareholders
0001 – 0500	7,64,094	6.79	24,448	97.55
0501 – 1,000	1,98,778	1.76	265	1.06
1,001 – 2,000	2,19,817	1.96	151	0.60
2,001 – 3,000	1,44,993	1.29	57	0.23
3,001 – 4,000	64,775	0.57	19	0.08
4,001 – 5,000	78,201	0.69	17	0.07
5,001 – 10,000	2,84,342	2.52	37	0.15
10,001 and above	95,11,504	84.42	65	0.26
Total	**1,12,66,504**	**100.00**	**25,059**	**100.00**

Dematerialization of Shares:
As on 31st March, 2016, 1,11,36,205 equity shares constituting 98.82 percent of the paid up capital of the Company has been dematerialized.

Depository Receipts and convertible instruments:
The Company has not issued any Global Depository Receipts, American Depository Receipts or convertible instruments of any kind.

Commodity and foreign exchange hedging activities:
The Company is not making any foreign exchange exposures and does not involve in hedging activities in foreign exchange and commodity markets. The Company has a mechanism in place to continuously monitor the movement in commodity prices and take appropriate action to ensure better cost control.

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

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

10. Other 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.
- No penalty or strictures have been imposed on the Company by any Stock Exchange or SEBI or any Statutory Authority on any matter related to capital markets during the last three years.
- A Whistle Blower Policy is adopted by the Company, the whistle blower mechanism is in vogue and no personnel has been denied access to the Audit Committee.
- All the mandatory requirements have been duly complied with and no discretionary requirements were undertaken.
- The Company's Policy relating to determination of Material Subsidiaries is available at the Company website www.lakshmimach.com.
- The policy of the Company relating Related Party Transaction is available at the Company's website: www.lakshmimach.com.
- The Company is not undertaking any commodity hedging activities, hence there is no risk of commodity hedging to the Company.

11. All the requirements of corporate governance report of sub paragraphs (2) to (10) above has been duly complied with.

12. None of the discretionary requirements as specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been adopted.

13. The Company is fully compliant with the Corporate Governance requirements as specified by Regulation 17 to 27 and clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For and on behalf of the Board

Coimbatore
25th May, 2016

Sanjay Jayavarthanavelu
Chairman and Managing Director
(DIN No. 00004505)

CHIEF EXECUTIVE OFFICER'S DECLARATION ON CODE OF CONDUCT

I hereby declare that pursuant to Schedule V (Part D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 2015-16.

Sanjay Jayavarthanavelu
Chairman and Managing Director
(DIN No. 00004505)

Coimbatore
25th May, 2016

DETAILS OF UNCLAIMED SHARES KEPT IN DEMAT SUSPENSE ACCOUNT

As required under Reg.34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, Coimbatore. The details of the unclaimed shares are as follows:

Sl no	Particulars	No. of Shareholders	No. of shares
1	Aggregate number of shareholders and the Outstanding shares in the suspense account at the beginning of the year.	347	64,230
2	Number of shareholders who approached the Company for transfer of shares from suspense account during the year.	11	2,720
3	Number of shareholders to whom shares were transferred from the suspense account during the year.	11	2,720
4	Aggregate number of shareholders and the shares outstanding at the end of the year	336	61,510

The voting rights of these shares is kept frozen till the rightful owner of such shares claim the shares.

CEO & CFO CERTIFICATE

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

Annual Confirmation pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

As required by Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, 2016 and that to the best of our knowledge and belief:

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

   ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the auditors and the Audit committee

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

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

   iii) that there were no instances of fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Coimbatore
Date: 25th May, 2016

Sd/-
C.B. Chandrasekar
Chief Financial Officer(CFO)

Sd/-
Sanjay Jayavarthanavelu
Chairman and Managing Director(CEO)
(DIN No. 00004505)

FINANCIAL SECTION

To
The Members of
Lakshmi Machine Works Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **LAKSHMI MACHINE WORKS LIMITED** ('the Company'), which comprise the balance sheet as at 31st March, 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by section 143(3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

   (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;

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

   (e) on the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**; and

   (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

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

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

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

For 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

Place: Coimbatore
Dated: 25th May, 2016

ANNEXURE – A TO THE AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March, 2016, 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. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

2. In respect of its inventories:
   As explained to us, physical verification of inventories has been conducted at reasonable intervals by the management and no material discrepancies were noticed.

3. The company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, during the financial year and hence sub-clauses (a) to (c) of clause (iii) of the Order are not applicable.

4. The Company has not granted loans or made investments or given guarantees and securities during the year and hence compliance with Section 185 and 186 are not applicable.

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

6. We have broadly reviewed the cost records maintained by the company specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, as applicable to the company, and are of the opinion that prima facie the specified cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

a. The company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, 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, 2016 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 [₹ in Lakhs]	Forum at which dispute is pending
Central Excise Act, 1944	Excise Duty, Service Tax and Customs duty	1,518.28	80.60	Appellate authorities Upto Commissioner's Level - ₹753.20 Lakhs CESTAT - ₹736.68 Lakhs High Court - ₹28.40 Lakhs
Income Tax Act, 1961	Income tax and Interest	1,471.71	329.14	Commissioner of Income Tax (Appeals) ₹1,361.65 Lakhs ITAT --- ₹110.06 Lakhs

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

9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause 3 (ix) of the Order is not applicable.

10. 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 by its officers or its employees was noticed or reported during the year that causes the financial statements to be materially misstated.

11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, clause 3(xii) of the Order is not applicable.

13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

Place: Coimbatore
Dated: 25th May, 2016

ANNEXURE - B TO THE AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **LAKSHMI MACHINE WORKS LIMITED** as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Coimbatore
Dated: 25th May, 2016

BALANCE SHEET as at 31st March, 2016

(₹ in Lakhs)

Particulars	Note No.	As at 31st March, 2016	As at 31st March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,126.65	1,126.65
Reserves and surplus	4	1,41,487.56	1,24,920.20
Non-current liabilities			
Other Long term liabilities	5	10,134.49	13,447.91
Current liabilities			
Trade payables	6	29,498.79	30,920.19
Other current liabilities	7	40,639.29	40,739.98
Short-term provisions	8	6,119.02	6,030.49
TOTAL		**2,29,005.80**	**2,17,185.42**
ASSETS			
Non-current assets			
Fixed assets	9		
(i) Tangible assets		39,245.57	36,608.15
(ii) Intangible assets		844.12	802.53
(iii) Capital work-in-progress		756.40	310.11
TOTAL		**40,846.09**	**37,720.79**
Non-current investments	10	12,963.51	12,882.93
Deferred Tax Asset	11	943.22	973.04
Long-term loans and advances	12	3,351.79	2,613.67
Current assets			
Inventories	13	30,697.84	28,865.87
Trade receivables	14	20,894.91	22,057.53
Cash and Bank balances	15	1,03,033.92	94,162.06
Short-term loans and advances	16	12,255.27	13,611.44
Other current assets	17	4,019.25	4,298.09
TOTAL		**2,29,005.80**	**2,17,185.42**
Significant Accounting Policies	2		
Additional information to financial statements	24		

Accompanying notes form part of the financial statements

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

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN No. 00004505

R. Rajendran
Director
DIN No. 00005505

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

C. B. Chandrasekar
Chief Financial Officer

K. Duraisami
Company Secretary

For M. S. Jagannathan & Visvanathan
Firm Registration No: 001209S
Chartered Accountants

per M. V. Jeganathan
Partner
Membership No.214178

Coimbatore
25th May, 2016

STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2016

(₹ in Lakhs)

Particulars	Note No.	Year ended 31st March, 2016	Year ended 31st March 2015
REVENUE			
Revenue from operations	18		
Gross Sale of products		2,68,378.30	2,49,895.67
Less : Excise Duty		21,701.96	18,637.89
Net Sale of products		2,46,676.34	2,31,257.78
Other operating revenues		6,151.37	7,224.28
		2,52,827.71	2,38,482.06
Other income	19	9,836.97	10,633.28
Total Revenue		**2,62,664.68**	**2,49,115.34**
EXPENSES			
Cost of materials consumed	20	1,52,982.47	1,47,611.18
Changes in inventories of finished goods and work-in-progress and Stock-in-Trade	21	(1,048.91)	(930.65)
Employee benefits expense	22	24,009.31	22,773.35
Finance costs	24.14	86.95	63.44
Depreciation and amortisation expense		8,289.11	9,650.31
Other expenses	23	45,026.06	40,198.84
Total Expenses		**2,29,344.99**	**2,19,366.47**
Profit before exceptional items and tax		**33,319.69**	**29,748.87**
Exceptional items	24.25		
Voluntary retirement scheme payments		106.80	828.42
Loss due to fire accident (Net of insurance claim)		–	120.52
Investments written off		391.57	–
Profit after exceptional items before tax		**32,821.32**	**28,799.93**
Tax expense:			
Current tax		10,800.00	9,911.82
Deferred tax (Net)		29.82	(1,208.25)
Prior year taxes		–	(648.73)
Profit after tax		**21,991.50**	**20,745.09**
Earnings per equity share:			
Basic and Diluted Earnings per share (in ₹) (Face value ₹10/- per share)		195.19	184.13
Significant Accounting Policies	2		
Additional information to financial statements	24		

Accompanying notes form part of the financial statements

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

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN No. 00004505

R. Rajendran
Director
DIN No. 00005505

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

C. B. Chandrasekar
Chief Financial Officer

K. Duraisami
Company Secretary

For M. S. Jagannathan & Visvanathan
Firm Registration No: 001209S
Chartered Accountants

per M. V. Jeganathan
Partner
Membership No.214178

Coimbatore
25th May, 2016

CASH FLOW STATEMENT for the year ended 31st March, 2016

(₹ in Lakhs)

Particulars	Year ended 31st March, 2016		Year ended 31st March 2015	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit after exceptional items but before tax		32,821.32		28,799.93
VRS Expenses of ₹106.80 Lakhs (P.Y. ₹828.42 Lakhs); Loss due to fire accident ₹ Nil (P.Y. ₹120.52 Lakhs), CSR Exps ₹488.32 Lakhs (P.Y. ₹430.71 Lakhs); Investment written off ₹391.57 Lakhs (P.Y. ₹ Nil Lakhs)				
Adjustments for:				
Depreciation	8,289.11		9,650.31	
Finance cost	86.95		63.44	
Profit on sale of assets	(121.96)		(206.69)	
Loss on sale of assets	5.98		19.52	
Interest income	(8,052.14)		(8,109.78)	
Dividend income	(61.81)		(80.25)	
Investments written off	391.57		–	
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents	(0.09)		(0.05)	
		537.61		1,336.50
Operating Profit before Working Capital Changes		**33,358.93**		**30,136.43**
(Increase)/Decrease in trade and other receivables	2,269.04		(8,431.48)	
(Increase)/Decrease in inventories	(1,831.97)		(803.18)	
Increase/(Decrease) in trade and other payables	(5,080.46)	(4,643.39)	(1,524.18)	(10,758.84)
Cash generated from operations		**28,715.54**		**19,377.59**
Direct taxes paid		11,234.63		9,054.01
Net Cash from Operating activities [A]		**17,480.91**		**10,323.58**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed assets/Capital Work In Progress		(11,915.16)		(9,159.86)
Proceeds from sale of fixed assets		616.73		457.56
Interest received		8,369.47		8,111.49
Dividend received		61.81		80.25
Loans received back		–		450.00
Purchase of Investments		(564.41)		–
(Increase)/Decrease in Bank balances not considered as cash and cash equivalent		(10,645.29)		(3,992.70)
Net cash used in investing activities [B]		**(14,076.85)**		**(4,053.26)**

CASH FLOW STATEMENT for the year ended 31st March, 2016

(₹ in Lakhs)

Particulars	Year ended 31st March, 2016		Year ended 31st March 2015	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Dividends paid		(4,218.55)		(3,375.18)
Corporate dividend taxes paid		(860.20)		(574.42)
Transfer of Unpaid Dividends to IEPF		(11.89)		(27.20)
Finance cost		(86.95)		(63.44)
Net cash used in financing activities [C]		**(5,177.59)**		**(4,040.24)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**(1,773.53)**		**2,230.08**
Cash and cash equivalents at beginning of the period - D		3,605.37		1,375.24
Cash and cash equivalents at end of the period - E		1,831.84		3,605.32
Net increase / (decrease) in cash and cash equivalents (E-D)		**(1,773.53)**		**2,230.08**
Cash & Cash equivalents as per Balance Sheet		1,831.93		3,605.37
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents		(0.09)		(0.05)
Cash and Cash equivalents as per Cash flow Statement		**1,831.84**		**3,605.32**
Note : Cash and cash equivalents include the following balances not available for use :				
Unpaid dividend warrant account		70.33		75.83

Accompanying notes form part of 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
DIN No. 00004505

R. Rajendran
Director
DIN No. 00005505

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

C. B. Chandrasekar
Chief Financial Officer

K. Duraisami
Company Secretary

For M. S. Jagannathan & Visvanathan
Firm Registration No: 001209S
Chartered Accountants

per M. V. Jeganathan
Partner
Membership No.214178

Coimbatore
25th May, 2016

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 two stock exchanges in India. The company is engaged in the manufacturing and selling of textile spinning machinery, CNC Machine Tools, Heavy castings and parts and components for Aero space industry. The company caters to both domestic and international markets..

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 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, 2013 and accounting principles generally accepted in India and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of the Companies Act, 2013 to the extent notified and guidelines issued by the Securties and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2 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 Surplus.

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.

2.7 Depreciation

Depreciation on all fixed assets is provided on the written down value method except in the case of Wind Mills for which Straight Line Method is adopted. The useful lives of the fixed assets is adopted as specified in Part C of Schedule II of the Companies Act, 2013 and depreciation is provided on component approach wherever applicable. For additions and deletions depreciation is provided on pro-rata basis. Intangible assets are amortized over their estimated useful lives on a straight line 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/REC entitlements are recognised on delivery thereof or sale of rights therein, as the case may be, in terms of the contract with the respective buyer.

2.9 Borrowing costs

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

2.10 Earnings per Share

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

2.11 Employee Benefits:

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

Defined Contribution Plans

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

Defined Benefit Plans

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

2.12 Research and Development

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

2.13 Taxes on Income

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

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

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

2.14 Provisions, contingent liabilities and contingent assets

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

2.15 Cash Flow Statement and Cash and Cash equivalents

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

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.

3 SHARE CAPITAL

(₹ in Lakhs)

Particulars	Number 31.03.2016	Number 31.03.2015	Amount 31.03.2016	Amount 31.03.2015
Number and amount of Equity shares authorized	5,00,00,000	5,00,00,000	5,000.00	5,000.00
Number of Equity shares issued, subscribed and fully paid up	1,12,66,504	1,12,66,504	1,126.65	1,126.65
Par value per Equity share (In ₹)			10.00	10.00

11,02,746 equity shares of ₹10 each were bought back during the financial year 2010-11

Particulars	Number 31.03.2016	Number 31.03.2015
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 *(in Nos.)*

Particulars	31.03.2016		31.03.2015	
Lakshmi Cargo Company Limited	10,24,468	9.09%	10,24,468	9.09%
Life Insurance Corporation of India	9,08,030	8.06%	10,23,669	9.09%
Lakshmi Technology and Engineering Industries Limited	6,67,090	5.92%	6,67,090	5.92%
Voltas Limited	6,00,000	5.33%	6,00,000	5.33%
Reliance Capital Trustee Co. Limited	3,84,378	3.41%	6,56,532	5.83%

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.

4 RESERVES AND SURPLUS

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
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	6,491.25	4,391.25
Add : Transfer from Surplus	2,200.00	2,100.00
Closing balance	**8,691.25**	**6,491.25**
Investment Fluctuation Reserve		
As per last Balance Sheet	2,010.59	1,527.38
(Less)/Add: Transfer (to) / from Surplus	(1,677.52)	483.21
Closing balance	**333.07**	**2,010.59**
Surplus		
As per last Balance Sheet	1,15,606.69	1,02,586.70
Add: Transfer from Statement of Profit & Loss	21,991.50	20,745.09
Add / (Less): Transfer from / (to) Investment Fluctuation Reserve	1,677.52	(483.21)
	1,39,275.71	1,22,848.58
Less: Write down of carrying amount of assets whose remaining useful lives is Nil as per Schedule II of Companies Act, 2013 [Net of deferred taxes]	–	56.75
	1,39,275.71	1,22,791.83
Less: Appropriations during the year		
Proposed Dividend	4,506.60	4,224.94
Tax on Proposed Dividend	917.54	860.20
Transfer to General Reserve	2,200.00	2,100.00
Closing balance	**1,31,651.57**	**1,15,606.69**
TOTAL	**1,41,487.56**	**1,24,920.20**

5 OTHER LONG TERM LIABILITIES

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Security deposit received against supply of machinery	10,134.49	13,447.91
TOTAL	**10,134.49**	**13,447.91**

6 TRADE PAYABLES

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Due to Micro, Small & Medium Enterprises	112.62	114.51
Others	29,386.17	30,805.68
TOTAL	**29,498.79**	**30,920.19**

7 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Liability for Expenses	9,462.98	7,326.59
Security deposit received against supply of machinery	16,080.26	15,937.42
Liability for other Finance	15,025.72	17,400.14
Unpaid dividends	70.33	75.83
TOTAL	40,639.29	40,739.98

8 SHORT-TERM PROVISIONS

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Provision for Employee benefits :		
Provision for Gratuity	191.02	391.57
Provision for Leave Encashment	10.50	91.26
Others :		
Provision for Proposed Dividend	4,506.60	4,224.94
Tax on Proposed Dividend	917.54	860.20
Provision for Warranty	493.36	462.52
TOTAL	6,119.02	6,030.49

9 FIXED ASSETS

(₹ in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION / AMORTIZATION					NET BLOCK	
	Cost as at 01.04.2015	Additions	Sales/ Transfer	Cost as at 31.03.2016	Upto 31.03.2015	Withdrawn	For the year	Other Adjustments*	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
A. Tangible Assets :											
Land	5,183.16	3,055.80	0.02	8,238.94	–	–	–	–	–	8,238.94	5,183.16
Buildings	15,000.13	783.57	–	15,783.70	9,260.66	–	523.04	–	9,783.70	6,000.00	5,739.47
Plant & Equipment	1,43,887.75	6,653.62	2,082.80	1,48,458.57	1,19,504.19	1,641.54	7,088.95	–	1,24,951.60	23,506.97	24,383.56
Furniture & Fixtures	3,120.10	291.78	0.06	3,411.82	2,849.82	0.06	154.96	–	3,004.72	407.10	270.28
Vehicles	3,472.52	274.10	243.17	3,503.45	2,704.57	183.71	145.09	–	2,665.95	837.50	767.95
Office Equipments	2,237.15	186.29	0.56	2,422.88	1,973.42	0.55	194.95	–	2,167.82	255.06	263.73
Total Tangible Assets	**1,72,900.81**	**11,245.16**	**2,326.61**	1,81,819.36	**1,36,292.66**	**1,825.86**	**8,106.99**	**–**	1,42,573.79	39,245.57	**36,608.15**
B. Intangible Assets :											
Technical Knowhow	1,361.99	–	–	1,361.99	706.43	–	122.30	–	828.73	533.26	655.56
Software	593.52	223.71	–	817.23	446.55	–	59.82	–	506.37	310.86	146.97
Total Intangible Assets	**1,955.51**	**223.71**	**–**	**2,179.22**	**1,152.98**	**–**	**182.12**	**–**	**1,335.10**	**844.12**	**802.53**
Capital Work in Progress										756.40	310.11
Total Assets	**1,74,856.32**	**11,468.87**	**2,326.61**	1,83,998.58	**1,37,445.64**	**1,825.86**	**8,289.11**	**–**	1,43,908.89	40,846.09	**37,720.79**
Previous Year	1,67,750.48	9,122.93	2,017.09	1,74,856.32	1,29,456.07	1,746.70	9,650.31	85.96	1,37,445.64	37,720.79	

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

10 NON-CURRENT INVESTMENTS

(₹ in Lakhs)

Particulars	Face value	31.03.2016 Nos.	31.03.2015 Nos.	31.03.2016 Amount	31.03.2015 Amount
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 Limited	1	24,975	24,975	2.52	2.52
Rajshree Sugars & Chemicals Limited	10	1,00,000	1,00,000	10.00	10.00
The Lakhmi Mills Company Limited	100	26,916	26,916	137.91	137.91
JSW Steel Limited	10	3,89,647	3,89,647	5,314.79	5,314.79
Indian Bank	10	69,562	69,562	63.30	63.30
Super Sales India Limited	10	1,50,000	–	564.41	–
Non Trade- Unquoted -Fully paid up					
Pugoda Textiles Lanka Limited, Sri Lanka (Shares vested with Govt. of Sri Lanka for compensation)	10	–	67,50,000	–	483.83
Sharada Chambers Premises Co-op Society Limited	50	5	5	0.01	0.01
Lakshmi Machine Works Employees Co-op Stores Limited	10	500	500	0.05	0.05
REPCO Bank	10	750	750	0.08	0.08
Trade - Investment in Subsidiaries -Fully paid up					
LMW Textile Machinery (Suzhou) Company Limited		–	–	6,513.67	6,513.67
				12,963.51	**12,882.93**
Aggregate Value of quoted investments					
Cost				6,449.70	5,885.30
Market value				8,762.23	6,388.81
Aggregate amount of unquoted investments				6,513.81	6,997.63

11 DEFERRED TAX ASSETS

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Deferred Tax Asset:		
On account of VRS	314.54	391.66
On account of Others	0.15	0.30
On account of Depreciation	628.53	581.08
Deferred tax Asset	943.22	**973.04**

12 LONG-TERM LOANS AND ADVANCES

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
(Unsecured, considered good)		
Capital Advances	1,202.89	1,126.49
Other advances	250.00	260.21
Security Deposits	1,208.50	971.18
Advance taxes (Net of Provisions)	690.40	255.79
TOTAL	3,351.79	**2,613.67**

13 INVENTORIES (AT LOWER OF COST OR NET REALISABLE VALUE)

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Raw materials	16,841.84	16,152.30
Work-in-progress	7,729.20	8,612.88
Finished goods	4,553.92	2,621.33
Stores and spares	1,572.88	1,479.36
TOTAL	30,697.84	28,865.87

14 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
(Unsecured, considered good)		
Outstanding for a period exceeding six months from the due date	2,127.27	1,463.33
Others	18,767.64	20,594.20
TOTAL	20,894.91	22,057.53

15 CASH AND BANK BALANCES

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Cash and cash equivalents		
Balances with banks		
In Current Account	1,749.74	3,517.30
Cash on hand	11.86	12.24
Unpaid Dividend Account	70.33	75.83
Other Bank Balances		
Deposits held as margin money	299.80	52.43
Bank deposits with less than 12 months maturity	93,449.19	90,504.26
Bank deposits with more than 12 months maturity	7,453.00	–
TOTAL	1,03,033.92	94,162.06

16 SHORT-TERM LOANS AND ADVANCES

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
(Unsecured, considered good)		
Unsecured recoverable in cash or in kind, or for value to be received	4,867.81	4,641.16
Balance with Central Excise, Sales Tax, Customs etc	7,284.39	8,872.90
Prepaid expenses	103.07	97.38
TOTAL	12,255.27	13,611.44

17 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Interest accrued on Bank Deposits	2,863.36	3,180.69
Income Receivable	1,063.63	1,117.40
Compensation receivable for shares vested [Refer Note 24.25]	92.26	–
TOTAL	4,019.25	4,298.09

18 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
a) Gross Sale of products	2,68,378.30	2,49,895.67
Less : Excise Duty	21,701.96	18,637.89
b) Net Sale of products	2,46,676.34	2,31,257.78
c) Other operating revenues:		
Repair & Service Charges & Miscellaneous income	3,525.23	4,137.76
Sale of scrap	919.94	1,207.03
Export Incentives	1,706.20	1,879.49
	6,151.37	7,224.28
TOTAL (b+c)	2,52,827.71	2,38,482.06

19 OTHER INCOME

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Interest Income	8,052.14	8,109.78
Dividend Income	61.81	80.25
Rental income	80.86	41.55
Foreign Exchange Gain (Net)	958.66	1,249.24
Profit on sale of assets	121.96	206.69
Sale of Wind Energy	12.83	626.93
Sale of Carbon Credit /REC Entitlement	124.83	5.87
Royalty income	423.88	312.97
TOTAL	9,836.97	10,633.28

20 COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Opening Stock	16,152.30	16,335.60
Add : Purchases	1,56,560.86	1,55,783.08
Less : Sales	2,888.85	8,355.20
Closing Stock	16,841.84	16,152.30
Cost of materials consumed TOTAL	1,52,982.47	1,47,611.18

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

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Opening Stock		
Finished Goods	2,621.33	1,888.64
Work in Progress	8,612.88	8,414.92
TOTAL	11,234.21	10,303.56
Closing Stock		
Finished Goods	4,553.92	2,621.33
Work in Progress	7,729.20	8,612.88
TOTAL	12,283.12	11,234.21
Stock (Increase) / Decrease	(1,048.91)	(930.65)

22 EMPLOYEE BENEFITS EXPENSES

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Salaries and wages	20,181.46	19,063.05
Contribution to provident and other funds	1,560.61	1,539.37
Welfare expenses	2,267.24	2,170.93
TOTAL	24,009.31	22,773.35

23 OTHER EXPENSES

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Sales Commission to Agents	5,656.26	5,440.94
Consumption of stores and spare parts	8,139.72	7,780.14
Consumption of Packing Material	4,968.99	5,057.68
Power and fuel (Net of wind energy ₹3,594.25 Lakhs; Previous period: ₹3,992.22 Lakhs)	5,273.07	4,023.86
Rent	67.31	72.47
Repairs to buildings	1,136.84	1,090.21
Repairs to machinery and others	4,230.95	3,803.41
Insurance	130.41	71.67
Rates and taxes, excluding taxes on income	270.46	551.25
Auditors' remuneration	29.67	25.33
Loss on sale of assets	5.98	19.52
Donations	371.05	60.00
Directors Sitting fees	26.50	19.70
Non Executive Directors' Commission	32.54	39.59
CSR Expenses	488.52	430.71
Export Expenses	4,558.97	3,720.91
Research & Development	1,643.82	1,419.97
Miscellaneous expenses	7,995.00	6,571.48
TOTAL	45,026.06	40,198.84

24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

24.1 Contingent Liabilities and Commitments, to the extent not provided for

(₹ in Lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
Letters of Credit	2,609.94	1,406.53
Bank Guarantee	1,793.05	1,614.62
Central Excise Demand	1,518.28	1,755.48
Income Tax Demand	1,471.71	1,471.71

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.

(₹ in Lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
Estimated amount of contracts remaining to be executed on capital account not provided for net of advances	1,436.24	1,301.56

24.2 Details of Gross & Net Sale of Products

(₹ in Lakhs)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Textile Machinery	2,04,415.49	1,93,145.24
Metal cutting including Grinding machines	21,313.96	22,930.50
Castings	7,258.60	5,841.23
Aerospace parts and Components	1,310.05	1,129.07
Spares & Accessories	34,080.20	26,849.63
Gross Sales	**2,68,378.30**	**2,49,895.67**
Less : Excise Duty	21,701.96	18,637.89
Net Sales	**2,46,676.34**	**2,31,257.78**

24.3 Value of Imports (CIF)

(₹ in Lakhs)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
i) Raw Materials	6,074.06	5,641.11
ii) Components & Spare-parts	18,259.76	18,651.25
iii) Capital goods	1,155.06	1,502.49

24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS *(contd.)*

24.4 Expenditure in Foreign Currency on account of:

(₹ in Lakhs)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
i) Royalty	7.67	24.74
ii) Sales Commission	2,569.33	905.57
iii) Professional & Consultancy Fees	121.94	117.02
iv) Others	379.66	345.74

24.5 Material Consumption

(₹ in Lakhs)

Particulars	Year ended 31.03.2016	% to Total Consumption	Year ended 31.03.2015	% to Total Consumption
Imported	32,156.72	21.02	27,691.56	18.76
Indigenous	1,20,825.75	78.98	1,19,919.62	81.24
Total	**1,52,982.47**	**100.00**	**1,47,611.18**	**100.00**

24.6 Amount remitted during the year in foreign currencies on account of dividend

(₹ in Lakhs)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Amount remitted during the year in foreign currencies on account of dividend	NIL	NIL

24.7 Earnings in Foreign Exchange:

(₹ in Lakhs)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Export of goods on FOB basis	55,151.02	49,410.20
Royalty income	423.88	312.97

24.8 Auditors' Remuneration :

(₹ in Lakhs)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Audit Fees	25.00	20.00
Taxation Matters	1.45	1.80
Certification	2.62	2.59
Reimbursement of expenses	0.60	0.94
	29.67	**25.33**

24.9 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, 2016 has been made in the financial statements based on information received and available with the Company.

(₹ in Lakhs)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	112.62	114.51
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS *(contd.)*

24.10 Provision for Excise duty amounting ₹504.51 Lakhs (Previous year ₹289.48 Lakhs) for the uncleared stock of finished goods has been reckoned in the value of Finished Goods.

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

24.12 Details of dividend proposed *(₹ in Lakhs)*

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Amount of dividend proposed to be distributed to equity share holders	4,506.60	4,224.94
Amount of dividend per equity share (In ₹)	40.00	37.50

24.13 Amounts set aside to Reserves *(₹ in Lakhs)*

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
To General Reserve	2,200.00	2,100.00
(From) / To Investment fluctuation Reserve	(1,677.52)	483.21

24.14 Finance Costs *(₹ in Lakhs)*

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Bill Collection charges	86.95	63.44
TOTAL	**86.95**	**63.44**

24.15 EMPLOYEE BENEFITS

I. Defined Benefit Plans *(₹ in Lakhs)*

Particulars	Gratuity (Funded)			Leave Encashment (Funded)		
	31.03.2016	31.03.2015	31.03.2014	31.03.2016	31.03.2015	31.03.2014
A. Expense recognised during the year						
1. Current Service cost	418.77	373.68	375.33	132.08	127.27	116.16
2. Interest cost	501.09	560.54	465.72	50.99	49.68	49.91
3. Expected return on plan assets	(498.64)	(511.05)	(452.37)	(74.92)	(50.82)	(47.13)
4. Actuarial Losses / (Gains) during the year	60.90	527.54	710.88	(97.65)	33.96	(3.38)
5. Total Expense	482.12	950.71	1,099.55	10.50	160.09	115.57
B. Actual return on Plan assets						
1. Expected return on plan assets	498.64	511.05	452.37	74.92	50.82	47.13
2. Actuarial (Loss) / Gain on Plan assets	35.80	(323.48)	236.46	46.52	(178.37)	(228.50)
3. Actual return on plan assets	534.44	187.57	688.83	121.44	(127.55)	(181.37)
C. Net Asset/(Liability) recognised in the Balance Sheet						
1. Present value of the obligation at the end of the year	7,542.75	6,907.87	6,416.01	778.13	720.97	582.47
2. Fair value of plan assets as at the end of the year	7,351.73	6,516.30	6,208.93	767.63	629.71	542.97
3. Funded status surplus/(deficit)	(191.02)	(391.57)	(207.08)	(10.50)	(91.26)	(39.50)
4. Unrecognised past service cost	–	–	–	–	–	–
5. Net Asset/(Liability) recognised in the Balance Sheet	(191.02)	(391.57)	(207.08)	(10.50)	(91.26)	(39.50)

24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS *(contd.)*

24.15 EMPLOYEE BENEFITS *(contd...)*

(₹ in Lakhs)

Particulars	Gratuity (Funded)			Leave Encashment (Funded)		
	31.03.2016	31.03.2015	31.03.2014	31.03.2016	31.03.2015	31.03.2014
D. Change in Present value of the Obligation during the year						
1. Present value of the obligation at beginning of year	6,907.87	6,416.01	5,437.81	720.97	582.47	542.51
2. Current service cost	418.77	373.68	375.33	132.08	127.27	116.16
3. Interest cost	501.09	560.54	465.72	50.99	49.68	49.91
4. Benefits paid	(381.68)	(646.43)	(810.19)	(74.79)	105.97	105.76
5. Actuarial (gain) / loss on obligation	96.70	204.06	947.35	(51.13)	(144.41)	(231.87)
6. Present value of obligation at end of the year	7,542.75	6,907.87	6,416.01	778.13	720.97	582.47
E. Change in Plan Assets during the year						
1. Fair value of plan assets at the beginning of the year	6,516.30	6,208.93	5,729.09	629.71	542.97	512.82
2. Expected return on plan assets	498.64	511.05	452.37	74.92	50.82	47.13
3. Contributions made	682.67	766.23	601.19	91.26	108.32	105.76
4. Benefits paid	(381.68)	(646.43)	(810.19)	(74.79)	105.97	105.76
5. Actuarial gain / (loss) on plan assets	35.80	(323.48)	236.46	46.52	(178.37)	(228.50)
6. Fair value of plan assets at the end of the year	7,351.73	6,516.30	6,208.93	767.63	629.71	542.97
F. Net actuarial Gain / Loss recognised						
1. Actuarial (Gain) / Loss on Benefit Obligation	96.70	204.06	947.35	(51.13)	(144.41)	(231.87)
2. Actuarial Gain / (Loss) on Plan assets	35.80	(323.48)	236.46	46.52	(178.37)	(228.50)
3. Net Actuarial (Gain) / Loss recognised	60.90	527.54	710.89	(97.65)	33.96	(3.38)
G Major categories of plan assets as a percentage of total plan						
1. Qualifying insurance policies	7,324.09	6,408.19	5,806.90	767.63	629.71	542.97
2. Own plan assets	27.65	108.11	402.03	–	–	–
	7,351.73	**6,516.30**	**6,208.93**	**767.63**	**629.71**	**542.97**
H. Actuarial Assumptions						
1. Discount rate	7.46%	7.82%	9.20%	7.46%	9.20%	9.20%
2. Salary escalation	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
3. Expected rate of return on plan assets	7.46%	8.00%	8.00%	10.49%	9.20%	9.20%
4. Attrition rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
5. Mortality rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

Note:

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

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

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

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

24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS *(contd.)*

24.15 EMPLOYEE BENEFITS *(contd...)*

II. Defined Contribution Schemes *(₹ in Lakhs)*

Particulars	31.03.2016	31.03.2015	31.03.2014
Provident Fund Contribution	1,070.97	1,029.46	943.27

24.16 Segment Report for the year *(₹ in Lakhs)*

Particulars	Textile Machinery Division		Machine Tool & Foundry Division		Advance Technology Centre		Total	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
PRIMARY - BUSINESS SEGMENT								
Revenue								
External Sales (Net)	2,19,374.36	2,03,671.77	25,991.59	26,456.94	1,310.39	1,129.07	2,46,676.34	2,31,257.78
Inter Segment Transfers	1,535.65	1,210.06	292.38	100.90	–	–	1,828.03	1,310.96
Allocable other income	6,313.35	7,963.30	434.88	540.64	1,045.30	1,122.04	7,793.53	9,625.98
Segment Revenue	**2,27,223.36**	**2,12,845.13**	**26,718.85**	**27,098.48**	**2,355.69**	**2,251.11**	**2,56,297.90**	**2,42,194.72**
Less: Inter Segment Transfers							1,828.03	1,310.96
Add : Unallocable other Income							8,194.81	8,231.58
Enterprise revenue							**2,62,664.68**	**2,49,115.34**
Result								
Segment Result	25,022.70	20,454.40	2,248.38	2,094.62	(710.64)	(833.50)	26,560.44	21,715.52
Less : Unallocable Expenses							1,846.98	1,083.74
Operating Profit							24,713.46	20,631.78
Less : Finance Costs							86.95	63.44
Income tax expenses (Current)							10,800.00	9,263.08
Income tax expenses (Deferred)							29.82	(1,208.25)
Add : Unallocable Other Income							8,194.81	8,231.58
Net Profit after Tax							**21,991.50**	**20,745.09**
Other Information								
Segment assets	1,83,722.54	1,73,146.42	28,835.91	28,924.60	1,850.22	1,002.65	2,14,408.67	2,03,073.67
Add : Unallocable corporate assets							14,597.13	14,111.75
Enterprise Assets							**2,29,005.80**	**2,17,185.42**
Segment Liabilities	74,202.48	79,741.30	6,145.50	5,965.42	549.14	270.88	80,897.12	85,977.60
Add : Unallocable corporate liabilities							1,48,108.68	1,31,207.82
Enterprise Liabilities							**2,29,005.80**	**2,17,185.42**
Capital Expenditure	10,057.94	8,658.99	1,065.72	272.92	345.21	191.02	11,468.87	9,122.93
Depreciation	7,151.10	8,103.59	516.60	669.06	621.41	877.66	8,289.11	9,650.31

24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS *(contd.)*

24.16 Segment Report for the year *(contd...)* *(₹ in Lakhs)*

Particulars	Textile Machinery Division		Machine Tool & Foundry Division		Advance Technology Centre		Total	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
SECONDARY - GEOGRAPHICAL SEGMENT								
(a) Revenue from external customers by location of customers								
Domestic Segment							1,91,525.32	1,81,847.58
Export Segment							55,151.02	49,410.20
Total Revenue							**2,46,676.34**	**2,31,257.78**
(b) Carrying amount of Segment Assets								
Within India	1,83,689.78	1,73,134.25	28,835.91	28,924.60	1,850.22	1,002.65	2,14,375.91	2,03,061.50
Outside India	32.76	12.17	–	–	–	–	32.76	12.17
Total	**1,83,722.54**	**1,73,146.42**	**28,835.91**	**28,924.60**	**1,850.22**	**1,002.65**	**2,14,408.67**	**2,03,073.67**
(c) Capital Expenditure								
Within India	10,057.94	8,658.99	1,065.72	272.92	345.21	191.02	11,468.87	9,122.93
Outside India	–	–	–	–	–	–	–	–
Total	**10,057.94**	**8,658.99**	**1,065.72**	**272.92**	**345.21**	**191.02**	**11,468.87**	**9,122.93**

Note:

1) The Company is organised into three main Business Segments viz., (1) Textile Machinery Division (2) Machine Tool & 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 Unaffiliated customers for similar goods.
4) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

24.17 Related Party Disclosures

1) Related Party Relationships

Key Management Personnel

Sri. Sanjay Jayavarthanavelu, Chairman and Managing Director
Sri. R. Rajendran, Director Finance [Upto 1st February, 2016]

Wholly Owned Subsidiary

LMW Textile Machinery (Suzhou) Co. Limited

Other related parties

Alamphara Hotels and Resorts P Limited; Dhanuprabha Agro P Limited; Eshaan Enterprises Limited; Harshini Textiles Limited; Hermes Academy of Training Limited; Lakshmi Card Clothing P Limited; Lakshmi Cargo Company Limited; LCC Cargo Holdings Limited; Lakshmi Caipo Industries Limited; Lakshmi Energy & Environmental Designs Limited; Lakshmi Electrical Drives Limited; Lakshmi Technology & Engg. Industries Limited; Lakshmi Ring Travellers (Cbe) Limited; Lakshmi Electrical Control Systems Limited; Lakshmi Precision Tools Limited; Lakshmi Life Sciences Limited; Mahalakshmi Engineering Holdings Limited; Quattro Engineering India Limited; Rajalakshmi Engineering; Revantha Holdings Limited; Revantha Services Limited; Revantha Agro Farms P Limited; Sowbarnika Enterprises Limited; Sowbarniha Resorts Private Limited; Sri Kamakoti Kamakshi Textiles P Limited; Sri Lakshmi Vishnu Plastics; Sudhasruti Agro P Limited; Super Sales India Limited; Supreme Dairy Products India Limited; Starline Travels Limited; Titan Paints & Chemicals Limited; The Lakshmi Mills Company Limited; Venkatavaradha Agencies P Limited; Walzer Hotels P Limited

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

24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS *(contd.)*

24.17 Related Party Disclosures *(contd.)*

2) Related Party Transactions

(₹ in Lakhs)

Particulars	Other Related Parties- Associates		Key Management Personnel		Wholly Owned Subsidiary	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Purchase of goods	33,054.88	28,708.19	–	–	–	–
Sale of goods	4,445.71	8,919.57	–	–	5,158.01	3,318.89
Purchase of Fixed Assets	136.61	204.15	–	–	–	–
Sale of Fixed Assets	585.53	106.15	–	–	–	147.88
Rendering of Services	112.54	60.51	–	–	423.88	312.97
Receiving of Services	11,512.99	10,573.80	–	–	–	–
Agency arrangements	1,383.76	1,333.54	–	–	–	–
Managerial Remuneration	–	–	995.64	939.12	–	–
Investment in Shares	564.41	–	–	–	–	–
Loans received back	–	450.00	–	–	–	–
Interest receipts	–	37.85	–	–	–	–
Outstanding Payables	3,207.09	2,468.56	687.60	608.79		–
Outstanding Receivables	812.53	427.66	–	–	3,459.96	2,711.85

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

1 Purchase of Goods includes Lakshmi Electrical Control Systems Limited ₹16,897.90 Lakhs (Previous Year ₹16,427.73 Lakhs), Lakshmi Electrical Drives Limited ₹3,899.07 Lakhs (Previous Year ₹3,842.63 Lakhs); Super Sales India Limited ₹2,543.41 Lakhs (Previous Year ₹1,556.55 Lakhs) and Other Related Parties- Associates ₹9,714.50 Lakhs (Previous Year ₹6,881.28 Lakhs)

2 Sale of Goods includes LMW Textile Machinery (Suzhou) Co. Limited ₹5,158.01 Lakhs (Previous Year ₹3,318.89 Lakhs), Lakshmi Electrical Control Systems Limited ₹2,561.85 Lakhs (Previous Year ₹7,199.53 Lakhs), Super Sales India Limited ₹1,236.79 Lakhs (Previous Year ₹1,273.23 Lakhs) and Other related Parties - Associates ₹647.07 Lakhs (Previous Year ₹446.81 Lakhs)

3 Purchase of Fixed Assets includes Quattro Engineering India Limited ₹127.12 Lakhs (Previous Year ₹148.99 Lakhs), Revantha Services Limited ₹5.52 Lakhs (Previous Year ₹42.68 Lakhs); Other Related Parties- Associates ₹3.97 Lakhs (Previous Year ₹12.48 Lakhs)

4 Sale of Fixed Assets includes LMW Textile Machinery (Suzhou) Co. Limited ₹ Nil Lakhs (Previous Year ₹147.88 Lakhs); Super Sales India Limited ₹184.90 Lakhs (Previous Year ₹21.78 Lakhs); Lakshmi Cargo Company Limited ₹385.89 Lakhs (Previous Year ₹ Nil Lakhs); Quattro Engineering P Limited ₹14.71 Lakhs (Previous year ₹55.10 Lakhs); Lakshmi Ring Travellers (Cbe) Limited ₹ Nil Lakhs (Previous Year ₹22.00 Lakhs) and Other Related Parties-Associates ₹0.03 Lakhs (Previous Year ₹7.27 Lakhs)

5 Rendering of Services includes LMW Textile Machinery (Suzhou) Co. Limited ₹423.88 Lakhs (Previous Year ₹312.97 Lakhs), Super Sales India Limited ₹32.33 Lakhs (Previous Year ₹16.25 Lakhs); Lakshmi Technology & Engineering Industries Limited. ₹60.91 Lakhs (Previous year ₹27.90 Lakhs) and Others - Other Related Parties-Associates ₹19.30 Lakhs (Previous Year ₹16.36 Lakhs)

6 Receiving of Services include Lakshmi Ring Travellers (Cbe) Limited ₹547.23 Lakhs (Previous Year ₹635.94 Lakhs); Lakshmi Cargo Company Limited ₹6,659.06 Lakhs (Previous Year ₹5,881.11 Lakhs); Revantha Services Limited ₹2,345.63 Lakhs (Previous year ₹1,956.67 Lakhs); Super Sales India Limited ₹669.92 Lakhs (Previous Year ₹1,000.83 Lakhs) and Other Related Parties - Associates ₹1,291.15 Lakhs (Previous Year ₹1,099.25 Lakhs)

7 Agency arrangement includes Super Sales India Limited ₹1,383.76 Lakhs (Previous Year ₹1,333.54 Lakhs)

8 Managerial Remuneration includes amount paid to Sri. Sanjay Jayavarthanavelu ₹899.74 Lakhs (Previous Year ₹823.90 Lakhs), Sri. R. Rajendran ₹95.90 Lakhs (Previous year ₹115.22 Lakhs)

9 Investment in Shares include Super Sales India Limited ₹564.41 Lakhs (Previous Year ₹ Nil Lakhs)

10 Outstanding Payables include Lakshmi Cargo Company Limited ₹450.56 Lakhs (Previous Year ₹334.30 Lakhs); Lakshmi Precision Tools Limited ₹384.44 Lakhs (Previous Year ₹298.09 Lakhs); Lakshmi Electrical Drives Limited ₹ Nil Lakhs (Previous Year ₹65.01 Lakhs); Lakshmi Electrical Control Systems Limited ₹1,140.17 Lakhs (Previous year ₹239.75 Lakhs); Super Sales India Limited ₹808.82 Lakhs (Previous Year ₹1,229.31 Lakhs); Sri. Sanjay Jayavarthanavelu ₹687.60 Lakhs (Previous year ₹608.79 Lakhs) and Other Related Parties -Associates ₹423.10 Lakhs (Previous Year ₹302.10 Lakhs)

11 Outstanding Receivables include LMW Textile Machinery (Suzhou) Co. Limited ₹3,459.96 Lakhs (Previous Year ₹2,711.85 Lakhs), Revantha Services Limited ₹173.28 Lakhs (Previous Year ₹36.81 Lakhs); Lakshmi Technology and Engineering Industries Limited ₹63.87 Lakhs (Previous Year ₹194.83 Lakhs); Quattro Engineering India Limited ₹458.06 Lakhs (Previous year ₹171.79 Lakhs) and Others - Other Related Parties - Associates ₹117.32 Lakhs (Previous Year ₹24.23 Lakhs)

24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS *(contd.)*

24.18 Fixed Assets include

(₹ in Lakhs)

Particulars	Gross Block	Depreciation for the year	Accumulated Depreciation	Net Block
Assets leased out as on 31.03.2016				
Buildings	328.42	17.43	200.89	127.53
Machinery	1,300.00	363.64	363.64	936.36
Total	1,628.42	381.07	564.53	1,063.89
Assets leased out as on 31.03.2015				
Buildings	328.42	7.35	183.46	144.96

Income from above leased assets of ₹80.86 Lakhs is grouped in Rent receipts (Previous Year ₹41.55 Lakhs)

24.19 Earnings Per Share

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Net Profit after Tax [₹ In Lakhs]	21,991.50	20,745.09
Weighted Average Number of Equity Shares	1,12,66,504	1,12,66,504
Nominal Value per Equity Share [in ₹]	10.00	10.00
Basic & Diluted Earnings Per Share [in ₹]	195.19	184.13

24.20 Deferred tax asset

(₹ in Lakhs)

Particulars	Year ended 31.03.2015	For the year	Year ended 31.03.2016
Deferred Tax Asset:			
On account of VRS	391.66	(77.12)	314.54
On account of Others	0.30	(0.15)	0.15
On account of Depreciation	581.08	47.45	628.53
Deferred tax asset	**973.04**	**(29.82)**	**943.22**

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

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

(₹ in Lakhs)

Particulars	Provision for Warranty	
	31.03.2016	31.03.2015
Carrying amount at the beginning of the year	462.52	432.10
Additional provision made during the year	493.35	462.52
Amount used during the year	462.52	432.10
Unused amount reversed	–	–
Carrying amount at the end of the year	493.35	462.52

24.22 Revenue Expenditure on Research & Development amounting to ₹1,643.82 Lakhs (Previous Year ₹1,419.97 Lakhs) has been charged to Statement of Profit and Loss and Capital expenditure relating to Research and Development amounting to ₹ 728.75 Lakhs (Previous Year ₹294.71 Lakhs) has been included in Fixed Assets.

24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS *(contd.)*

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

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

Particulars		Amount in foreign currency		Equivalent (₹ in Lakhs)	
		31.03.2016	31.03.2015	31.03.2016	31.03.2015
Sundry creditors	CHF	60,204	8,093	41.59	5.19
	EUR	15,77,796	10,88,823	1,189.14	729.14
	GBP	–	6,972	–	6.45
	JPY	3,12,55,707	3,04,27,940	183.97	158.26
	SGD	20,894	5,734	10.27	2.61
	USD	5,75,179	7,82,317	380.63	487.66
Sundry Debtors	USD	1,82,84,382	2,03,67,425	12,193.09	12,747.97
	EUR	1,57,193	2,05,696	115.51	138.87
Bank Balances	KES	–	57,557	–	0.39
	BDT	4,46,526	1,47,555	3.77	1.21
	IDR	–	1,09,86,266	–	5.29
	USD	42,930	700	28.44	0.44
	TRY	833	20,329	0.20	4.84
	VND	1,19,45,086	–	0.35	0.00

24.24 The company has componentized its fixed assets, wherever applicable, and has separately assessed the life of major components forming part of the main assets as required by Schedule II of the Companies Act, 2013. Consequently, the depreciation for the year is higher by ₹1,823.08 Lakhs.

24.25 Exceptional items represents compensation towards Voluntary Retirement Scheme opted by Employees ₹106.80 Lakhs (Previous year ₹828.42 Lakhs); Investments in Pugoda Textiles Lanka Limited written off ₹391.57 Lakhs (Previous year ₹ NIL Lakhs]. In respect of shares of Pugoda Textiles Lanka Limited, vested with the Government of Sri Lanka for compensation, the carrying amount of investment net of compensation awarded by the Compensation Tribunal of Sri Lanka has been written off and the compensation receivable of ₹92.26 Lakhs is recognised as other current assets. However the Company has appealed for higher compensation.

24.26 CSR Expenditure during the year on construction/acquisition of an asset is ₹ Nil Lakhs.

CSR Expenses relating to gross amount required to be spent for the year and the actual amount spent by the Company during the year is furnished as Annexure 3 to the Board of Directors' Report.

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

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

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN No. 00004505

R. Rajendran
Director
DIN No. 00005505

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

C. B. Chandrasekar
Chief Financial Officer

K. Duraisami
Company Secretary

For M. S. Jagannathan & Visvanathan
Firm Registration No: 001209S
Chartered Accountants

per M. V. Jeganathan
Partner
Membership No.214178

Coimbatore
25th May, 2016

FORM AOC I

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

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

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

Part A : Subsidiary

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

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
1. Sl. No.	1	
2. Name of the subsidiary	LMW Textile Machinery (Suzhou) Co. Limited	
3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1st January, 2015 to 31st December, 2015 (1st April 2015 to 31st March, 2016- For consolidation purpose)	
4. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	RMB (Chinese Yuan); Closing Exchange rate as at 31st March, 2016 - 1 RMB = ₹10.2682 (Previous year ₹10.0663)	
5. Share capital	6,513.67	6,513.67
6. Reserves & Surplus	2,991.97	2,332.83
7. Total assets	18,735.02	16,033.64
8. Total liabilities	18,735.02	16,033.64
9. Investments	0.00	0.00
10. Turnover	16,150.09	13,624.17
11. Profit before taxation	640.72	1,356.75
12. Provision for taxation	145.65	92.75
13. Profit after taxation	495.07	1,264.00
14. Proposed Dividend	0.00	0.00
15. % of shareholding	100%	100%
16. Names of subsidiaries which are yet to commence operations	Not applicable	Not applicable
17. Names of subsidiaries which have been liquidated or sold during the year	Not applicable	Not applicable

FORM AOC I

Part B : Associates and Joint Ventures

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

Not Applicable

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

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

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN No. 00004505

R. Rajendran
Director
DIN No. 00005505

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

C. B. Chandrasekar
Chief Financial Officer

K. Duraisami
Company Secretary

For M. S. Jagannathan & Visvanathan
Firm Registration No: 001209S
Chartered Accountants

per M. V. Jeganathan
Partner
Membership No.214178

Coimbatore
25th May, 2016

CONSOLIDATED FINANCIAL STATEMENTS

To
The Members of
Lakshmi Machine Works Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **LAKSHMI MACHINE WORKS LIMITED** ("the Holding Company") and its subsidiary LMW TEXTILE MACHINERY (SUZHOU) COMPANY LIMITED. The Holding Company and its subsidiary (collectively referred to as "the Company" or "the Group"), comprising of the consolidated balance sheet as at 31st March, 2016, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company, as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

(a) We did not audit the financial statements / financial information of one subsidiary, whose financial statements / financial information reflect total assets of ₹18,735.02 Lakhs as at 31st March, 2016, total revenues of ₹16,023.80 Lakhs and net cash flows amounting to ₹1,553.34 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹495.07 Lakhs for the year ended 31st March, 2016 as considered in the consolidated financial statements, in respect of subsidiary whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

1. As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

   (c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

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

   (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate report in **"Annexure A"**; and

   (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 24.2 to the consolidated financial statements;

      ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts..

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

For Subbachar & Srinivasan	**For M. S. Jagannathan & Visvanathan**
Firm Regn. No: 004083S	Firm Regn.No: 001209S
Chartered Accountants	*Chartered Accountants*
[T.S.V. Rajagopal]	**[M. V. Jeganathan]**
Partner	*Partner*
Membership No: 200380	Membership No:214178

Place: Coimbatore
Dated: 25th May, 2016

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **LAKSHMI MACHINE WORKS LIMITED,** the holding company, as of 31st March, 2016 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date. The Holding company does not have any subsidiary company which is a company incorporated in India.

Management's Responsibility for Internal Financial Controls

The Holding Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Subbachar & Srinivasan	**For M. S. Jagannathan & Visvanathan**
Firm Regn. No: 004083S	Firm Regn.No: 001209S
Chartered Accountants	*Chartered Accountants*
[T.S.V. Rajagopal]	**[M. V. Jeganathan]**
Partner	*Partner*
Membership No: 200380	Membership No:214178

Place: Coimbatore
Dated: 25th May, 2016

CONSOLIDATED BALANCE SHEET as at 31st March, 2016

(₹ in Lakhs)

Particulars	Note No.	As at 31st March, 2016	As at 31st March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,126.65	1,126.65
Reserves and surplus	4	1,44,441.72	1,27,055.06
Non-current liabilities			
Other Long term liabilities	5	10,134.49	13,447.91
Current liabilities			
Trade payables	6	33,284.28	33,642.38
Other current liabilities	7	42,648.90	42,443.70
Short-term provisions	8	6,119.02	6,030.49
TOTAL		**2,37,755.06**	**2,23,746.19**
ASSETS			
Non-current assets			
Fixed assets	9		
(i) Tangible assets		45,525.30	43,068.61
(ii) Intangible assets		844.12	802.53
(iii) Capital work-in-progress		768.56	624.13
TOTAL		**47,137.98**	**44,495.27**
Non-current investments	10	6,449.84	6,369.26
Deferred Tax Asset	11	943.22	973.04
Long-term loans and advances	12	3,299.07	2,627.65
Current assets			
Inventories	13	34,634.23	32,528.89
Trade receivables	14	23,586.26	20,674.25
Cash and Bank balances	15	1,04,911.49	97,519.04
Short-term loans and advances	16	12,773.72	14,260.70
Other current assets	17	4,019.25	4,298.09
TOTAL		**2,37,755.06**	**2,23,746.19**
Significant Accounting Policies	2		
Additional information to Consolidated financial statements	24		

Accompanying notes form part of the financial statements

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

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN No. 00004505

R. Rajendran
Director
DIN No. 00005505

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

C. B. Chandrasekar
Chief Financial Officer

K. Duraisami
Company Secretary

For M. S. Jagannathan & Visvanathan
Firm Registration No: 001209S
Chartered Accountants

per M. V. Jeganathan
Partner
Membership No.214178

Coimbatore
25th May, 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2016

(₹ in Lakhs)

Particulars	Note No.	Year ended 31st March, 2016	Year ended 31st March 2015
REVENUE			
Revenue from operations	18		
Gross Sale of products		2,79,384.07	2,60,207.62
Less : Excise Duty		21,701.96	18,637.89
Net Sale of products		2,57,682.11	2,41,569.73
Other operating revenues		6,150.78	7,247.56
		2,63,832.89	2,48,817.29
Other income	19	9,326.50	10,032.08
Total Revenue		**2,73,159.39**	**2,58,849.37**
EXPENSES			
Cost of materials consumed	20	1,59,757.39	1,51,115.40
Changes in inventories of finished goods and	21		
work-in-progress and Stock-in-Trade		(1,585.35)	716.59
Employee benefits expense	22	25,343.49	24,129.96
Finance costs	24.6	102.12	63.44
Depreciation and amortisation expense		8,810.91	9,973.81
Other expenses	23	46,610.28	41,788.12
Total Expenses		**2,39,038.84**	**2,27,787.32**
Profit before exceptional items and tax		**34,120.55**	**31,062.05**
Exceptional items :	24.19		
Voluntary retirement scheme payments		106.80	828.42
Loss due to fire accident (Net of insurance claim)		–	120.52
Investments written off		391.57	–
Profit after exceptional items before tax		**33,622.18**	**30,113.11**
Tax expense:			
Current tax		10,945.66	9,911.82
Deferred tax (Net)		29.82	(1,208.25)
Prior year taxes		–	(556.00)
Profit after tax		**22,646.70**	**21,965.54**
Earnings per equity share:			
Basic and Diluted Earnings per share (in ₹) (Face value ₹10/- per share)		201.01	194.96
Significant Accounting Policies	2		
Additional information to Consolidated financial statements	24		

Accompanying notes form part of the financial statements

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

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN No. 00004505

R. Rajendran
Director
DIN No. 00005505

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

C.B. Chandrasekar
Chief Financial Officer

K. Duraisami
Company Secretary

For M. S. Jagannathan & Visvanathan
Firm Registration No: 001209S
Chartered Accountants

per M. V. Jeganathan
Partner
Membership No.214178

Coimbatore
25th May, 2016

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March, 2016

(₹ in Lakhs)

Particulars	Year ended 31st March, 2016		Year ended 31st March 2015	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit after exceptional items but before tax		33,622.18		30,113.11
VRS Expenses of ₹106.80 Lakhs (P.Y. ₹828.42 Lakhs); Loss due to fire accident ₹ Nil (P.Y. ₹120.52 Lakhs), CSR Expenses ₹488.32 Lakhs (P.Y. ₹430.71 Lakhs); Investment written off ₹391.57 Lakhs (P.Y. ₹ Nil Lakhs)				
Adjustments for :				
Depreciation	8,810.91		9,973.81	
Finance cost	102.12		63.44	
Profit on sale of assets	(121.96)		(142.88)	
Loss on sale of assets	5.98		19.52	
Interest income	(8,066.54)		(8,143.15)	
Dividend income	(61.81)		(80.25)	
Investments written off	391.57		–	
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents	(0.09)		(0.05)	
		1,060.18		1,690.44
Operating Profit before Working Capital Changes		**34,682.36**		**31,803.55**
(Increase)/Decrease in trade and other receivables	(1,666.11)		(9,262.58)	
(Increase)/Decrease in inventories	(2,105.34)		951.23	
Increase/(Decrease) in trade and other payables	(3,711.29)	(7,482.74)	(1,291.55)	(9,602.90)
Cash generated from operations		**27,199.62**		**22,200.65**
Direct taxes paid		11,158.12		9,138.96
Net Cash from Operating activities [A]		**16,041.50**		**13,061.69**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets/Capital Work In Progress		(11,954.38)		(11,850.68)
Proceeds from sale of fixed assets		616.73		325.11
Interest received		8,383.87		8,144.86
Dividend received		61.81		80.25
Loans received back		–		450.00
Purchase of Investments		(564.41)		–
(Increase)/Decrease in Bank balances not considered as cash and cash equivalent		(10,879.72)		(2,532.64)
Net cash used in investing activities [B]		**(14,336.10)**		**(5,383.10)**

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March, 2016

(₹ in Lakhs)

Particulars	Year ended 31st March, 2016		Year ended 31st March 2015	
C. CASHFLOW FROM FINANCING ACTIVITIES				
Dividends paid		(4,218.55)		(3,375.18)
Corporate dividend taxes paid		(860.20)		(574.42)
Transfer of Unpaid Dividends to IEPF		(11.89)		(27.20)
Finance cost		(102.12)		(63.44)
Net cash used in financing activities [C]		**(5,192.76)**		**(4,040.24)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**(3,487.36)**		**3,638.35**
Cash and cash equivalents at beginning of the period - D		6,489.65		2,851.25
Cash and cash equivalents at end of the period - E		3,002.29		6,489.60
Net increase / (decrease) in cash and cash equivalents (E-D)		**(3,487.36)**		**3,638.35**
Cash & Cash equivalents as per Balance Sheet		3,002.38		6,489.65
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents		(0.09)		(0.05)
Cash and Cash equivalents as per Cash flow Statement		**3,002.29**		**6,489.60**
Note : Cash and cash equivalents include the following balances not available for use :				
Unpaid dividend warrant account		70.33		75.83

Accompanying notes form part of 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
DIN No. 00004505

R. Rajendran
Director
DIN No. 0005505

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

C. B. Chandrasekar
Chief Financial Officer

K. Duraisami
Company Secretary

For M. S. Jagannathan & Visvanathan
Firm Registration No: 001209S
Chartered Accountants

per M. V. Jeganathan
Partner
Membership No.214178

Coimbatore
25th May, 2016

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 two stock exchanges in India. The company is engaged in the manufacturing and selling of textile spinning machinery, CNC Machine Tools, Heavy castings and parts and components for Aero space industry. The company caters to both domestic and international markets.

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

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.

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 as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of the Companies Act, 2013 to the extent notified and guidelines issued by the Securties and Exchange Board of India. Accounting policies have been consistently applied exccept where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.4 Use of Estimates

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

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 Surplus.

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 Statement of profit and loss.

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

2.9 Depreciation

Depreciation on all fixed assets is provided on the written down value method except in the case of Wind Mills for which Straight Line Method is adopted. The useful lives of the fixed assets is adopted as specified in Part C of Schedule II of the Companies Act, 2013 and depreciation is provided on component approach wherever applicable. For additions and deletions depreciation is provided on pro-rata basis. Intangible assets are amortized over their estimated useful lives on a straight line 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 /REC entitlements 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 Earning per share is calculated by dividing the Net Profit after tax attributable to the equity shareholders by the weighted average number of Equity Shares outstanding during the year.

2.13 Employee Benefits

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

Defined Contribution Plans

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

Defined Benefit Plans

Company's liabilities towards gratuity and leave encashment are determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are 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 are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.17 Cash Flow Statement and Cash and Cash equivalents

Cash Flows are reported using the Indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash 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.

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.

3 SHARE CAPITAL

(₹ in Lakhs)

Particulars	Number	Number	Amount	Amount
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Number and amount of Equity shares authorized	5,00,00,000	5,00,00,000	5,000.00	5,000.00
Number of Equity shares issued, subscribed and fully paid up	1,12,66,504	1,12,66,504	1,126.65	1,126.65
			1,126.65	**1,126.65**
Par value per Equity share (In ₹)			**10.00**	**10.00**

11,02,746 equity shares of ₹10 each were bought back during the financial year 2010-11

Particulars	Number	Number
	31.03.2016	31.03.2015
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

3 SHARE CAPITAL *(contd.)*

Shareholders holding more than 5 percent Equity shares *(in Nos.)*

Particulars	31.03.2016		31.03.2015	
Lakshmi Cargo Company Limited	10,24,468	9.09%	10,24,468	9.09%
Life Insurance Corporation of India	9,08,030	8.06%	10,23,669	9.09%
Lakshmi Technology and Engineering Industries Limited	6,67,090	5.92%	6,67,090	5.92%
Voltas Limited	6,00,000	5.33%	6,00,000	5.33%
Reliance Capital Trustee Co. Limited	3,84,378	3.41%	6,56,532	5.83%

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.

4 RESERVES AND SURPLUS

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Capital Reserves		
As per last Balance Sheet	701.49	701.49
Capital Redemption Reserve		
As per last Balance Sheet	**110.27**	**110.27**
General Reserve		
As per last Balance Sheet	6,491.25	4,391.25
Add : Transfer from Surplus	2,200.00	2,100.00
Closing balance	**8,691.25**	**6,491.25**
Investment Fluctuation Reserve		
As per last Balance Sheet	2,010.59	1,527.38
(Less)/Add: Transfer (to) / from Surplus	(1,677.52)	483.21
Closing balance	**333.07**	**2,010.59**
Foreign Currency Translation Reserve	**900.72**	**736.67**
Surplus		
As per last Balance Sheet	1,17,004.79	1,02,764.35
Add : Transfer from Statement of Profit & Loss	22,646.75	21,965.54
Add / (Less): Transfer from / (to) Investment Fluctuation Reserve	1,677.52	(483.21)
	1,41,329.06	1,24,246.68
Less: Write down of carrying amount of assets whose remaining useful lives is Nil as per Schedule II of Companies Act, 2013 [Net of deferred taxes]	–	56.75
	1,41,329.06	1,24,189.93
Less: Appropriations during the year		
Proposed Dividend	4,506.60	4,224.94
Tax on Proposed Dividend	917.54	860.20
Transfer to General Reserve	2,200.00	2,100.00
Closing balance	**1,33,704.92**	**1,17,004.79**
TOTAL	1,44,441.72	1,27,055.06

5 OTHER LONG TERM LIABILITIES

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Security deposit received against supply of machinery	10,134.49	13,447.91
TOTAL	10,134.49	13,447.91

6 TRADE PAYABLES

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Due to Micro, Small & Medium Enterprises	112.62	114.51
Others	33,171.66	33,527.87
TOTAL	33,284.28	33,642.38

7 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Liability for Expenses	9,880.53	7,812.88
Security deposit received against supply of machinery	17,171.78	16,852.69
Liability for other Finance	15,526.26	17,702.30
Unpaid dividends	70.33	75.83
TOTAL	42,648.90	42,443.70

8 SHORT-TERM PROVISIONS

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Provision for Employee benefits :		
Provision for Gratuity	191.02	391.57
Provision for Leave Encashment	10.50	91.26
Others :		
Provision for Proposed Dividend	4,506.60	4,224.94
Tax on Proposed Dividend	917.54	860.20
Provision for Warranty	493.36	462.52
TOTAL	6,119. 02	6,030.49

9 FIXED ASSETS

(₹ in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION / AMORTIZATION					NET BLOCK	
	Cost as at 01.04.2015	Additions	Sales/ Transfer	Cost as at 31.03.2016	Upto 31.03.2015	Withdrawn	For the year	Other Adjustments **	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
A. Tangible Assets :											
Land *	5,735.93	3,055.80	0.02	8,791.71	24.57	–	20.01	–	44.58	8,747.13	5,711.36
Buildings	20,421.55	807.73	–	21,229.28	9,684.25	–	786.57	–	10,470.82	10,758.46	10,737.30
Plant & Equipment	1,45,220.83	6,966.54	2,082.80	1,50,104.57	1,20,152.88	1,641.54	7,266.53	–	1,25,777.87	24,326.70	25,067.95
Furniture & Fixtures	3,387.08	291.78	0.06	3,678.80	2,870.96	0.06	201.54	–	3,072.44	606.36	516.12
Vehicles	3,521.55	274.10	243.17	3,552.48	2,712.86	183.71	155.87	–	2,685.02	867.46	808.69
Office Equipments	2,279.03	190.28	0.56	2,468.75	2,051.84	0.55	198.27	–	2,249.56	219.19	227.19
Total Tangible Assets	**1,80,565.97**	**11,586.23**	**2,326.61**	1,89,825.59	**1,37,497.36**	**1,825.86**	**8,628.79**	**–**	1,44,300.29	45,525.30	**43,068.61**
B. Intangible Assets :											
Technical Knowhow	1,361.99	–	–	1,361.99	706.43	–	122.30	–	828.73	533.26	655.56
Software	593.52	223.71	–	817.23	446.55	–	59.82	–	506.37	310.86	146.97
Total Intangible Assets	**1,955.51**	**223.71**	**–**	**2,179.22**	**1,152.98**	**–**	**182.12**	**–**	**1,335.10**	**844.12**	**802.53**
Capital Work in Progress										768.56	624.13
Total Assets	**1,82,521.48**	**11,809.94**	**2,326.61**	1,92,004.81	**1,38,650.34**	**1,825.86**	**8,810.91**	**–**	1,45,635.39	47,137.98	**44,495.27**
Previous Year	1,69,297.44	14,864.56	1,640.52	1,82,521.48	1,30,029.33	1,438.76	9,973.81	85.96	1,38,650.34	44,495.27	

* Includes Lease hold land of ₹552.72 Lakhs in respect of subsidiary

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

10 NON-CURRENT INVESTMENTS

(₹ in Lakhs)

Particulars	Face value	31.03.2016 Nos.	31.03.2015 Nos.	31.03.2016 Amount	31.03.2015 Amount
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 Limited	1	24,975	24,975	2.52	2.52
Rajshree Sugars & Chemicals Limited	10	1,00,000	1,00,000	10.00	10.00
The Lakhmi Mills Company Limited	100	26,916	26,916	137.91	137.91
JSW Steel Limited	10	3,89,647	3,89,647	5,314.79	5,314.79
Indian Bank	10	69,562	69,562	63.30	63.30
Super Sales India Limited	10	1,50,000	–	564.41	–
Non Trade- Unquoted -Fully paid up					
Pugoda Textiles Lanka Limited, Sri Lanka (Shares vested with Govt. of Sri Lanka for compensation)	10	–	67,50,000	–	483.83
Sharada Chambers Premises Co-op Society Limited	50	5	5	0.01	0.01
Lakshmi Machine Works Employees Co-op Stores Limited	10	500	500	0.05	0.05
REPCO Bank	10	750	750	0.08	0.08
TOTAL				6,449.84	6,369.26
Aggregate Value of quoted investments					
Cost				6,449.70	5,885.30
Market value				8,762.23	6,388.81
Aggregate amount of unquoted investments				0.14	483.96

11 DEFERRED TAX ASSETS

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Deferred Tax Asset:		
On account of VRS	314.54	391.66
On account of Others	0.15	0.30
On account of Depreciation	628.53	581.08
Deferred tax Asset	943.22	973.04

12 LONG-TERM LOANS AND ADVANCES

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
(Unsecured, considered good)		
Capital Advances	1,202.89	1,390.15
Other advances	255.30	274.19
Security Deposits	1,208.50	707.52
Advance taxes (Net of Provisions)	632.38	255.79
TOTAL	3,299.07	2,627.65

13 INVENTORIES (AT LOWER OF COST OR NET REALISABLE VALUE)

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Raw materials	18,941.78	18,515.30
Work-in-progress	8,510.13	8,897.41
Finished goods	5,609.44	3,636.81
Stores and spares	1,572.88	1,479.37
TOTAL	34,634.23	32,528.89

14 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
(Unsecured, considered good)		
Outstanding for a period exceeding six months from the due date	2,129.83	1,463.33
Others	21,456.43	19,210.92
TOTAL	23,586.26	20,674.25

15 CASH AND BANK BALANCES

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Cash and cash equivalents		
Balances with banks		
In Current Account	2,919.15	6,400.66
Cash on hand	12.90	13.16
Unpaid Dividend Account	70.33	75.83
Other Bank Balances		
Deposits held as margin money	299.80	52.43
Bank deposits with less than 12 months maturity	94,156.31	90,976.96
Bank deposits with more than 12 months maturity	7,453.00	–
TOTAL	1,04,911.49	97,519.04

16 SHORT-TERM LOANS AND ADVANCES

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
(Unsecured, considered good)		
Unsecured recoverable in cash or in kind, or for value to be received	5,219.31	5,264.53
Balance with Central Excise, Sales Tax, Customs etc	7,434.38	8,872.90
Prepaid expenses	120.03	123.27
TOTAL	12,773.72	14,260.70

17 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Interest accrued on Bank Deposits	2,863.36	3,180.69
Income Receivable	1,063.63	1,117.40
Compensation receivable for shares vested [Refer Note 24.19]	92.26	–
TOTAL	4,019.25	4,298.09

18 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
a) Gross Sale of products	2,79,384.07	2,60,207.62
Less : Excise Duty	21,701.96	18,637.89
b) Net Sale of products	2,57,682.11	2,41,569.73
c) Other operating revenues:		
Repair & Service Charges & Miscellaneous income	3,518.20	4,148.86
Sale of scrap	926.38	1,219.21
Export Incentives	1,706.20	1,879.49
	6,150.78	7,247.56
TOTAL (b+c)	2,63,832.89	2,48,817.29

19 OTHER INCOME

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Interest Income	8,066.54	8,143.15
Dividend Income	61.81	80.25
Rental income	80.86	41.55
Foreign Exchange Gain (Net)	857.67	991.45
Profit on sale of assets	121.96	142.88
Sale of Wind Energy	12.83	626.93
Sale of Carbon credit /REC Entitlement	124.83	5.87
TOTAL	9,326.50	10,032.08

20 COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Opening Stock	18,515.30	18,805.76
Add : Purchases	1,63,072.72	1,59,180.14
Less : Sales	2,888.85	8,355.20
Closing Stock	18,941.78	18,515.30
Cost of materials consumed TOTAL	1,59,757.39	1,51,115.40

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

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Opening Stock		
Finished Goods	3,636.81	3,288.65
Work in Progress	8,897.41	9,962.16
TOTAL	12,534.22	13,250.81
Closing Stock		
Finished Goods	5,609.44	3,636.81
Work in Progress	8,510.13	8,897.41
TOTAL	14,119.57	12,534.22
Stock (Increase) / Decrease	(1,585.35)	716.59

22 EMPLOYEE BENEFITS EXPENSES

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Salaries and wages	21,433.98	20,320.67
Contribution to provident and other funds	1,560.61	1,539.37
Welfare expenses	2,348.90	2,269.92
TOTAL	25,343.49	24,129.96

23 OTHER EXPENSES

(₹ in Lakhs)

Particulars	31.03.2016	31.03.2015
Sales Commission to Agents	5,790.90	5,472.56
Consumption of stores and spare parts	8,273.88	7,868.03
Consumption of Packing Material	5,123.90	5,234.34
Power and fuel (Net of wind energy ₹3,594.25 Lakhs; Previous period ₹3,992.22 Lakhs)	5,409.95	4,172.08
Rent	114.79	288.89
Repairs to buildings	1,139.11	1,097.97
Repairs to machinery and others	4,333.85	3,910.72
Insurance	135.25	84.47
Rates and taxes, excluding taxes on income	519.96	606.14
Auditors' remuneration	35.31	31.26
Loss on sale of assets	5.98	19.52
Donations	371.05	60.00
Directors Sitting fees	33.99	27.12
Non executive Directors' Commission	32.54	39.59
CSR Expenses	488.52	430.71
Export Expenses	4,787.11	3,720.91
Research & Development	1,645.47	1,439.10
Miscellaneous expenses	8,368.72	7,284.71
TOTAL	46,610.28	41,788.12

24 ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Name of the Company	Country of incorporation	% of Ownership Interest	Reporting date
For 31.03.2016			
LMW Textile Machinery (Suzhou) Co. Limited	China	100.00	31.03.2016
For 31.03.2015			
LMW Textile Machinery (Suzhou) Co. Limited	China	100.00	31.03.2015

Name of the entity in the Parent	Net Assets i.e total assets minus total liabilities		Share in Profit or loss	
	As % of Consolidated Assets	Amount (₹ in Lakhs)	As % of Consolidated Profit or loss	Amount (₹ in Lakhs)
Subsidiary- Indian	Nil	Nil	Nil	Nil
Subsidiary- Foreign				
LMW Textile Machinery (Suzhou) Co. Limited	6.53%	9,505.64	2.19%	495.07
Previous Year	6.96%	8,846.50	5.75%	1,264.00
Minority Interests in subsidiary	Nil	Nil	Nil	Nil

24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS *(contd.)*

24.2 Contingent Liabilities

(₹ in Lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
Letters of Credit	2,609.94	1,406.53
Bank Guarantee	1,793.05	1,614.62
Central Excise Demand	1,518.28	1,755.48
Income Tax Demand	1,471.71	1,471.71

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.

(₹ in Lakhs)

	As at 31.03.2016	As at 31.03.2015
Estimated amount of Contracts remaining to be executed on Capital account and not provided for net of advances	1,436.24	1,352.18

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

24.4 Details of dividend proposed

(₹ in Lakhs)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Amount of dividend proposed to be distributed to equity share holders	4,506.60	4,224.94
Amount of dividend per equity share (In ₹)	40.00	37.50

24.5 Amounts set aside to Reserves

(₹ in Lakhs)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
To General Reserve	2,200.00	2,100.00
(From)/ To Investment fluctuation Reserve	(1,677.52)	(483.21)

24.6 Finance Costs

(₹ in Lakhs)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Bill Collection charges	102.12	63.44
TOTAL	102.12	63.44

24.7 EMPLOYEE BENEFITS

I. Defined Benefit Plans

(₹ in Lakhs)

Particulars	Gratuity (Funded)			Leave Encashment (Funded)		
	31.03.2016	31.03.2015	31.03.2014	31.03.2016	31.03.2015	31.03.2014
A. Expense recognised during the year						
1. Current Service cost	418.77	373.68	375.33	132.08	127.27	116.16
2. Interest cost	501.09	560.54	465.72	50.99	49.68	49.91
3. Expected return on plan assets	(498.64)	(511.05)	(452.37)	(74.92)	(50.82)	(47.13)
4. Actuarial Losses / (Gains) during the year	60.90	527.55	710.88	(97.65)	33.96	(3.38)
5. Total Expense	482.12	950.72	1,099.55	10.50	160.09	115.57
B. Actual return on Plan assets						
1. Expected return on plan assets	498.64	511.05	452.37	74.92	50.82	47.13
2. Actuarial (Loss) / Gain on Plan assets	35.80	(323.48)	236.46	46.52	(178.37)	(228.50)
3. Actual return on plan assets	534.44	187.57	688.83	121.44	(127.55)	(181.37)

24 ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

24.7 EMPLOYEE BENEFITS *(contd.)*

(₹ in Lakhs)

Particulars	Gratuity (Funded)			Leave Encashment (Funded)		
	31.03.2016	31.03.2015	31.03.2014	31.03.2016	31.03.2015	31.03.2014
C. Net Asset/(Liability) recognised in the Balance Sheet						
1. Present value of the obligation at the end of the year	7,542.75	6,907.87	6,416.01	778.13	720.97	582.47
2. Fair value of plan assets as at the end of the year	7,351.73	6,516.30	6,208.93	767.63	629.71	542.97
3. Funded status surplus/(deficit)	(191.02)	(391.57)	(207.08)	(10.50)	(91.26)	(39.50)
4. Unrecognised past service cost	–	–	–	–	–	–
5. Net Asset/(Liability) recognised in the Balance Sheet	(191.02)	(391.57)	(207.08)	(10.50)	(91.26)	(39.50)
D. Change in Present value of the Obligation during the year						
1. Present value of the obligation at beginning of year	6,907.87	6,416.01	5,437.81	720.97	582.47	542.51
2. Current service cost	418.77	373.68	375.33	132.08	127.27	116.16
3. Interest cost	501.09	560.54	465.72	50.99	49.68	49.91
4. Benefits paid	(381.68)	(646.43)	(810.19)	(74.79)	105.97	105.76
5. Actuarial (gain) / loss on obligation	96.70	204.07	947.35	(51.13)	(144.41)	(231.87)
6. Present value of obligation at end of the year	7,542.75	6,907.87	6,416.01	778.13	720.97	582.47
E. Change in Plan Assets during the year						
1. Fair value of plan assets at the beginning of the year	6,516.30	6,208.93	5,729.09	629.71	542.97	512.82
2. Expected return on plan assets	498.64	511.05	452.37	74.92	50.82	47.13
3. Contributions made	682.67	766.23	601.19	91.26	108.32	105.76
4. Benefits paid	(381.68)	(646.43)	(810.19)	(74.79)	105.97	105.76
5. Actuarial gain / (loss) on plan assets	35.80	(323.48)	236.46	46.52	(178.37)	(228.50)
6. Fair value of plan assets at the end of the year	7,351.73	6,516.30	6,208.93	767.63	629.71	542.97
F. Net actuarial Gain / Loss recognised						
1. Actuarial (Gain) / Loss on Benefit Obligation	96.70	204.06	947.35	(51.13)	(144.41)	(231.87)
2. Actuarial Gain / (Loss) on Plan assets	35.80	(323.48)	236.46	46.52	(178.37)	(228.50)
3. Net Actuarial (Gain) / Loss recognised	60.90	527.54	710.89	(97.65)	33.96	(3.38)
G. Major categories of plan assets as a percentage of total plan						
1. Qualifying insurance policies	7,324.09	6,408.19	5,806.90	767.63	629.71	542.97
2. Own plan assets	27.65	108.11	402.03	–	–	–
	7,351.73	**6,516.30**	**6,208.93**	**767.63**	**629.71**	**542.97**
H. Actuarial Assumptions						
1. Discount rate	7.46%	7.82%	9.20%	7.46%	9.20%	9.20%
2. Salary escalation	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
3. Expected rate of return on plan assets	7.46%	8.00%	8.00%	10.49%	9.20%	9.20%
4. Attrition rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
5. Mortality rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

Note:

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

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

24 ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

24.7 EMPLOYEE BENEFITS *(contd.)*

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)*

Particulars	31.03.2016	31.03.2015	31.03.2014
Provident Fund Contribution	1,070.97	1,029.46	943.27

24.8 Segment Report for the year

(₹ in Lakhs)

Particulars	Textile Machinery Division		Machine Tool & Foundry Division		Advance Technology Centre		Total	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
PRIMARY - BUSINESS SEGMENT								
Revenue								
External Sales (Net)	2,30,380.13	2,13,983.72	25,991.59	26,456.94	1,310.39	1,129.07	2,57,682.11	2,41,569.73
Inter Segment Transfers	1,535.65	1,210.06	292.38	100.90	–	–	1,828.03	1,310.96
Allocable other income	5,787.89	7,352.01	434.88	540.64	1,045.30	1,122.04	7,268.07	9,014.69
Segment Revenue	**2,37,703.67**	**2,22,545.79**	**26,718.85**	**27,098.48**	**2,355.69**	**2,251.11**	**2,66,778.21**	**2,51,895.38**
Less: Inter Segment Transfers							1,828.03	1,310.96
Add : Unallocable other Income							8,209.21	8,264.95
Enterprise revenue							**2,73,159.39**	**2,58,849.37**
Result								
Segment Result	25,837.46	21,747.57	2,248.38	2,094.62	(710.64)	(833.50)	27,375.20	23,008.69
Less : Unallocable Expenses							1,860.11	1,097.09
Operating Profit							25,515.09	21,911.60
Less : Finance Costs							102.12	63.44
Incometax expenses (Current)							10,945.66	9,355.82
Incometax expenses (Deferred)							29.82	(1,208.25)
Add : Unallocable Other Income							8,209.21	8,264.95
Net Profit after Tax							**22,646.70**	**21,965.54**
Other Information								
Segment assets	1,99,986.71	1,87,193.89	28,835.91	28,924.60	1,850.22	1,002.65	2,30,672.84	2,17,121.14
Add : Unallocable corporate assets							7,082.22	6,625.05
Enterprise Assets							**2,37,755.06**	**2,23,746.19**
Segment Liabilities	80,067.90	84,243.04	6,145.50	5,965.42	549.14	270.88	86,762.54	90,479.34
Add : Unallocable corporate liabilities							1,50,992.52	1,33,266.85
Enterprise Liabilities							**2,37,755.06**	**2,23,746.19**
Capital Expenditure	10,399.01	14,400.62	1,065.72	272.92	345.21	191.02	11,809.94	14,864.56
Depreciation	7,672.90	8,427.09	516.60	669.06	621.41	877.66	8,810.91	9,973.81

24 ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

24.8 Segment Report for the year *(contd...)* *(₹ in Lakhs)*

Particulars	Textile Machinery Division		Machine Tool & Foundry Division		Advance Technology Centre		Total	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
SECONDARY - GEOGRAPHICAL SEGMENT								
(a) Revenue from external customers by location of customers								
Domestic Segment							1,95,741.43	1,86,063.69
Export Segment							61,940.68	55,506.04
Total Revenue							2,57,682.11	2,41,569.73
(b) Carrying amount of Segment Assets								
Within India	1,81,029.56	1,71,252.10	28,835.91	28,924.60	1,850.22	1,002.65	2,11,715.69	2,01,179.35
Outside India	18,957.15	15,941.79	–	–	–	–	18,957.15	15,941.79
Total	1,99,986.71	1,87,193.89	28,835.91	28,924.60	1,850.22	1,002.65	2,30,672.84	2,17,121.14
(c) Capital Expenditure								
Within India	10,057.94	8,670.00	1,065.72	272.92	345.21	191.02	11,468.87	9,133.94
Outside India	341.07	5,730.62	–	–	–	–	341.07	5,730.62
Total	10,399.01	14,400.62	1,065.72	272.92	345.21	191.02	11,809.94	14,864.56

Note:

1) The Company is organised into three main Business Segments viz., (1) Textile Machinery Division (2) Machine Tool & 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.

24.9 Related Party Disclosures

1) Related Party Relationships

Key Management Personnel

Sri. Sanjay Jayavarthanavelu, Chairman and Managing Director
Sri. R. Rajendran, Director Finance [Upto 1st February, 2016]

Other related parties

Alamphara Hotels and Resorts P Limited; Dhanuprabha Agro P Limited; Eshaan Enterprises Limited; Harshini Textiles Limited; Hermes Academy of Training Limited; Lakshmi Card Clothing P Limited; Lakshmi Cargo Company Limited; LCC Cargo Holdings Limited; Lakshmi Caipo Industries Limited; Lakshmi Energy & Environmental Designs Limited; Lakshmi Electrical Drives Limited; Lakshmi Technology & Engg. Industries Limited; Lakshmi Ring Travellers (Cbe) Limited; Lakshmi Electrical Control Systems Limited; Lakshmi Precision Tools Limited; Lakshmi Life Sciences Limited; Mahalakshmi Engineering Holdings Limited; Quattro Engineering India Limited; Rajalakshmi Engineering; Revantha Holdings Limited; Revantha Services Limited; Revantha Agro Farms P Limited; Sowbarnika Enterprises Limited; Sowbarniha Resorts Private Limited; Sri Kamakoti Kamakshi Textiles P Limited; Sri Lakshmi Vishnu Plastics; Sudhasruti Agro P Limited; Super Sales India Limited; Supreme Dairy Products India Limited; Starline Travels Limited; Titan Paints & Chemicals Limited; The Lakshmi Mills Company Limited; Venkatavaradha Agencies P Limited; Walzer Hotels P Limited

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

24 ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

24.9 Related Party Disclosures *(contd.)*

2) Related Party Transactions *(₹ in Lakhs)*

Particulars	Other Related Parties- Associates		Key Management Personnel	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Purchase of goods	33,054.88	28,708.19	–	–
Sale of goods	4,445.71	8,919.57	–	–
Purchase of Fixed Assets	136.61	204.15	–	–
Sale of Fixed Assets	585.53	106.15	–	–
Rendering of Services	112.54	60.51	–	–
Receiving of Services	11,512.99	10,573.80	–	–
Agency arrangements	1,383.76	1,333.54	–	–
Managerial Remuneration	–	–	995.64	939.12
Investment in Shares	564.41	–	–	–
Loans received back	–	450.00	–	–
Interest receipts	–	37.85	–	–
Outstanding Payables	3,207.09	2,468.56	687.60	608.79
Outstanding Receivables	812.53	427.66	–	–

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

1 Purchase of Goods includes Lakshmi Electrical Control Systems Limited ₹16,897.90 Lakhs (Previous Year ₹16,427.73 Lakhs), Lakshmi Electrical Drives Limited ₹3,899.07 Lakhs (Previous Year ₹3,842.63 Lakhs); Super Sales India Limited ₹2,543.41 Lakhs (Previous Year ₹1,556.55 Lakhs) and Other Related Parties- Associates ₹9,714.50 Lakhs (Previous Year ₹6,881.28 Lakhs)

2 Sale of Goods includes Lakshmi Electrical Control Systems Limited ₹2,561.85 Lakhs (Previous Year ₹7,199.53 Lakhs), Super Sales India Limited ₹1,236.79 Lakhs (Previous Year ₹1,273.23 Lakhs) and Other related Parties - Associates ₹647.07 Lakhs (Previous Year ₹446.81 Lakhs)

3 Purchase of Fixed Assets includes Quattro Engineering India Limited ₹127.12 Lakhs (Previous Year ₹148.99 Lakhs), Revantha Services Limited ₹5.52 Lakhs (Previous Year ₹42.68 Lakhs); Other Related Parties- Associates ₹3.97 Lakhs (Previous Year ₹12.48 Lakhs)

4 Sale of Fixed Assets includes Super Sales India Limited ₹184.90 Lakhs (Previous Year ₹21.78 Lakhs); Lakshmi Cargo Company Limited ₹385.89 Lakhs (Previous Year ₹ Nil Lakhs); Quattro Engineering India Limited ₹14.71 Lakhs (Previous year ₹55.10 Lakhs); Lakshmi Ring Travellers (Cbe) Limited ₹ Nil Lakhs (Previous Year ₹22.00 Lakhs) and Other Related Parties-Associates ₹0.03 Lakhs (Previous Year ₹7.27 Lakhs)

5 Rendering of Services includes Super Sales India Limited ₹32.33 Lakhs (Previous Year ₹16.25 Lakhs); Lakshmi Technology & Engineering Industries Limited. ₹60.91 Lakhs (Previous year ₹27.90 Lakhs) and Others - Other Related Parties-Associates ₹19.30 Lakhs (Previous Year ₹16.36 Lakhs)

6 Receiving of Services include Lakshmi Ring Travellers (Cbe) Limited ₹547.23 Lakhs (Previous Year ₹635.94 Lakhs); Lakshmi Cargo Company Limited ₹6,659.06 Lakhs (Previous Year ₹5,881.11 Lakhs); Revantha Services Limited ₹2,345.63 Lakhs (Previous year ₹1,238.22 Lakhs); Super Sales India Limited ₹669.92 Lakhs (Previous Year ₹1,000.83 Lakhs) and Other Related Parties - Associates ₹1,291.15 Lakhs (Previous Year ₹1,817.70 Lakhs)

7 Agency arrangement includes Super Sales India Limited ₹1,383.76 Lakhs (Previous Year ₹1,333.54 Lakhs)

8 Managerial Remuneration includes amount paid to Sri. Sanjay Jayavarthanavelu ₹899.75 Lakhs (Previous Year ₹823.90 Lakhs), Sri. R. Rajendran ₹95.90 Lakhs (Previous year ₹115.22 Lakhs)

9 Investment in Shares include Super Sales India Limited ₹564.41 Lakhs (Previous Year ₹ Nil Lakhs)

10 Outstanding Payables include Lakshmi Cargo Company Limited ₹450.56 Lakhs (Previous Year ₹334.30 Lakhs); Lakshmi Precision Tools Limited ₹384.44 Lakhs (Previous Year ₹298.09 Lakhs); Lakshmi Electrical Drives Limited ₹ Nil Lakhs (Previous Year ₹65.01 Lakhs); Lakshmi Electrical Control Systems Limited ₹1,140.17 Lakhs (Previous year ₹239.75 Lakhs); Super Sales India Limited ₹808.82 Lakhs (Previous Year ₹1,229.31 Lakhs), Sri. Sanjay Jayavarthanavelu ₹687.60 Lakhs (Previous year ₹608.79 Lakhs) and Other Related Parties -Associates ₹423.10 Lakhs (Previous Year ₹302.10 Lakhs)

11 Outstanding Receivables include Revantha Services Limited ₹173.28 Lakhs (Previous Year ₹36.81 Lakhs); Lakshmi Technology and Engineering Industries Limited ₹63.87 Lakhs (Previous Year ₹194.83 Lakhs); Quattro Engineering India Limited ₹458.06 Lakhs (Previous year ₹171.79 Lakhs) and Others - Other Related Parties - Associates ₹117.32 Lakhs (Previous Year ₹24.23 Lakhs)

24 ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

24.10 Fixed Assets include *(₹ in Lakhs)*

Particulars	Gross Block	Depreciation for the year	Accumulated Depreciation	Net Block
Assets leased out as on 31.03.2016				
Buildings	328.42	17.43	200.89	127.53
Machinery	1,300.00	363.64	363.64	936.36
Total	**1,628.42**	**381.07**	**564.53**	**1,063.89**
Assets leased out as on 31.03.2015				
Buildings	328.42	7.35	183.46	144.96

Income from above leased assets of ₹80.86 Lakhs is grouped in Rent receipts (Previous Year ₹41.55 Lakhs)

24.11 Earnings Per Share

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Net Profit after Tax [₹ In Lakhs]	22,646.70	21,965.54
Weighted Average Number of Equity Shares	1,12,66,504	1,12,66,504
Nominal Value per Equity Share [in ₹]	10.00	10.00
Basic & Diluted Earnings Per Share [in ₹]	201.01	194.96

24.12 Deferred tax asset *(₹ in Lakhs)*

Particulars	Year ended 31.03.2015	For the year	Year ended 31.03.2016
Deferred Tax Asset:			
On account of VRS	391.66	(77.12)	314.54
On account of Others	0.30	(0.15)	0.15
On account of Depreciation	581.08	47.45	628.53
Deferred tax asset	**973.04**	**(29.82)**	**943.22**

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

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

Particulars	Provision for Warranty	
	31.03.2016	31.03.2015
Carrying amount at the beginning of the year	462.52	432.10
Additional provision made during the year	493.35	462.52
Amount used during the year	462.52	432.10
Unused amount reversed	–	–
Carrying amount at the end of the year	493.35	462.52

24.14 Revenue Expenditure on Research & Development amounting to ₹1,643.82 Lakhs (Previous Year ₹1,419.97 Lakhs) has been charged to Statement of Profit and Loss and Capital expenditure relating to Research and Development amounting to ₹728.74 Lakhs (Previous Year ₹294.71 Lakhs) has been included in Fixed Assets.

24 ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

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

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

Particulars		Amount in foreign currency		Equivalent (₹ in Lakhs)	
		31.03.2016	31.03.2015	31.03.2016	31.03.2015
Sundry Creditors	CHF	60,204	8,093	41.59	5.19
	EUR	15,77,796	10,98,501	1,189.14	735.85
	GBP	–	6,972	–	6.45
	JPY	3,19,83,045	3,04,59,849	188.25	158.26
	SGD	20,894	5,734	10.27	2.61
	USD	3,86,342	5,57,738	255.66	347.46
	CNY	3,05,65,403	1,43,83,688	3,138.52	1,447.91
Sundry Debtors	USD	1,82,84,382	2,03,67,425	12,193.09	12,747.97
	EUR	1,57,193	2,05,696	115.51	138.87
	CNY	5,99,06,411	1,31,98,173	6,151.31	1,328.57
Bank Balances	KES	–	57,557	–	0.39
	BDT	4,46,526	1,47,555	3.77	1.21
	IDR	–	1,09,86,266	–	5.29
	USD	42,930	700	28.44	0.44
	VND	1,19,45,086	–	0.35	–
	CNY	1,82,75,188	3,33,39,559	1,876.53	3,356.06

24.16 The Exchange rate adopted for conversion of subsidiary accounts is as follows :
The Exchange Rate as at 31st March, 2016 : 1 CNY = 10.2682 INR (Previous Year 10.0663 INR)
Average exchange rate : 2015-16 1 CNY = 10.3121 INR (Previous Year 9.8992 INR)

24.17 Depreciation/ amortisation includes ₹20.31 Lakhs (Previous Year ₹11.32 Lakhs) towards amortisation of leasehold land as per audited accounts of LMW Textile Machinery (Suzhou) Co. Limited.

24.18 The company has componentized its fixed assets, wherever applicable, and has separately assessed the life of major components forming part of the main assets as required by Schedule II of the Companies Act, 2013. Consequently, the depreciation for the year is higher by ₹1,823.08 Lakhs.

24.19 Exceptional items represents compensation towards Voluntary Retirement Scheme opted by Employees ₹106.80 Lakhs (Previous year ₹828.42 Lakhs); Investments in Pugoda Textiles Lanka Limited written off ₹391.57 Lakhs (Previous year ₹ NIL Lakhs]. In respect of shares of Pugoda Textiles Lanka Limited, vested with the Government of Sri Lanka for compensation, the carrying amount of investment net of compensation awarded by the Compensation Tribunal of Sri Lanka has been written off and the compensation receivable of ₹92.26 Lakhs is recognised as other current assets. However the Company has appealed for higher compensation.

24.20 CSR Expenditure during the year on construction/acquisition of an asset is ₹ Nil Lakhs.

CSR Expenses relating to gross amount required to be spent for the year and the actual amount spent by the Company during the year is furnished as Annexure 3 to the Board of Directors' Report.

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

In terms of our Report of even date

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN No.00004505

R. Rajendran
Director
DIN No.00005505

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

For M. S. Jagannathan & Visvanathan
Firm Registration No: 001209S
Chartered Accountants

C. B. Chandrasekar
Chief Financial Officer

K. Duraisami
Company Secretary

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

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

Coimbatore
25th May, 2016

TEN YEARS FINANCIAL SUMMARY (STANDALONE)

(₹ in Lakhs)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Profit and Loss Account										
Sales	1,85,358	2,20,516	1,33,801	1,13,690	1,77,331	2,07,249	1,86,433	2,16,518	2,31,258	2,46,676
Other Income	8,814	8,755	9,062	8,214	11,009	12,547	13,152	19,193	17,858	15,988
Profit before tax	30,860	37,116	15,417	15,056	23,916	22,339	17,069	26,878	29,749	33,320
Profit after tax	20,620	24,230	10,693	10,468	16,598	13,702	11,748	18,369	20,745	21,991
Balance Sheet										
Fixed Assets	38,643	55,790	52,737	44,658	43,641	50,787	44,980	38,568	37,721	40,846
Investments	10,216	10,319	11,272	12,144	10,007	15,407	10,382	12,883	12,883	12,964
Net Current Assets	12,225	14,389	24,976	39,085	31,808	25,944	41,956	59,257	75,443	88,805
	61,084	**80,498**	**88,985**	**95,887**	**85,456**	**92,138**	**97,318**	**1,10,708**	**1,26,047**	**1,42,615**
Share Capital	1,237	1,237	1,237	1,237	1,127	1,127	1,127	1,127	1,127	1,127
Reserves and Surplus	56,795	74,513	83,036	91,341	81,569	88,724	94,901	1,09,317	1,24,920	1,41,488
Deferred Tax Liability	3,052	4,748	4,712	3,309	2,760	2,287	1,290	264	–	–
	61,084	**80,498**	**88,985**	**95,887**	**85,456**	**92,138**	**97,318**	**1,10,708**	**1,26,047**	**1,42,615**

RATIOS

(₹ in Lakhs)

			2014-15	2015-16
Measures of Investment				
Dividend per share	(Rs.)		37.50	40.00
EPS	(Rs.)	Net Profit after tax / No. of Shares	184.13	195.19
Return on Equity	(%)	Net Profit after tax / Shareholders' funds	16.46	15.42
Dividend Cover	(Times)	Earnings per Share / Dividend per Share	4.91	4.88
Measures of Performance				
Net Profit Margin	(%)	Profit before taxes / Sales	12.86	13.51
Assets Turnover	(Times)	Sales / Net Fixed Assets	6.13	6.04
Measures of Financial status				
Current Ratio	(Times)	Current Assets / Current Liabilities	2.10	2.24
Tax Ratio	(%)	Tax Provision / Profit before taxes	27.08	32.50

A TRISYS PRODUCT
info@trisyscom.com

LAKSHMI MACHINE WORKS LIMITED
PERIANAICKENPALAYAM,
COIMBATORE - 641 020
T: 3022255 I F: 2692541-42
E: regd.off@lmw.co.in I W: www.lakshmimach.com