

CORPORATE INFORMATION

Board of Directors

Dr.D.Jayavarthanelu : *Chairman & Managing Director*
(upto 11.06.2010)

Sri.R.Venkatrangappan : *Chairman*

Sri.Sanjay Jayavarthanelu : *Managing Director*

Sri.M.V.Subbiah : *Director*

Justice Sri.G.Ramanujam(Retd) : *Director*

Justice Sri.S.Natarajan(Retd) : *Director*

Sri.S.Pathy : *Director*

Sri.R.Satagopan : *Director*

Sri.Basavaraju : *Nominee Director of LIC*

Sri.Aditya Himatsingka : *Director*

Dr.Mukund Govind Rajan : *Director*

Sri.R.Rajendran : *Director Finance*

Company Secretary

Sri. K. Duraisami

Registered Office

Perianaickenpalayam

Coimbatore-641 020

Tel: 2692371-72, 6612255

Fax : 2692541-42

E-mail : regd.off@lmw.co.in

Website : www.lakshmimach.com

Corporate Office

34-A, Kamaraj Road

Coimbatore-641 018

Tel: 2221680-82, 3028100

Fax : 2220912

E-Mail : secretarial@lmw.co.in

investorscell@lmw.co.in

Auditors

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

M/s.Subbuchar & Srinivasan
Chartered Accountants, Coimbatore

Bankers

Indian Bank

Bank of Baroda

Citibank N.A.

HDFC Bank

IDBI Bank

Standard Chartered Bank

Bank of Nova Scotia

Deutsche Bank

Share transfer agents

SKDC Consultants Limited

Kanapathy Towers, 3rd Floor

1391/A-1, Sathy Road, Ganapathy

Coimbatore-641006

Tel.: 6549995, 259835-36

Fax.: 2539837

E-mail : info@skdc-consultants.com



LMW
தகவல்களைக்
கொண்டுவரவும். இதற்கான பதிலில்
உள்ளிட்டிருப்பவர்களுக்கு வழங்கி முன்பு
நி. மன்றத்தைத் தயவுசெய்து கேட்டுக் கொள்ளவும்.
கொண்டுவரவும். கொண்டுபோகவும்
பற்றும் தயவுசெய்துள்ளிப் பிழைக்கவும்
உள்ளிட்டிருப்பவர்களுக்கு முன்பு
பற்றும் தயவுசெய்து கேட்டுக் கொள்ளவும்.
தகவல்களைக் முன்பு கேட்டுக் கொள்ளவும்.

பெரியபாளையம்
தமிழ்நாடு

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The aspiration

Vision

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

Mission

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

Values

Excellence

Integrity

Learning and sharing

Contribution to industry and society

Key Indicators

Revenue growth

56%

Over 2009-10

EPS growth

59%

Over 2009-10

Profit after
tax growth

59%

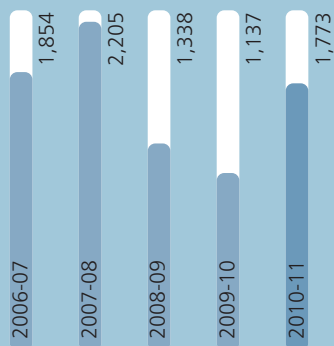
Over 2009-10

Cash profit growth

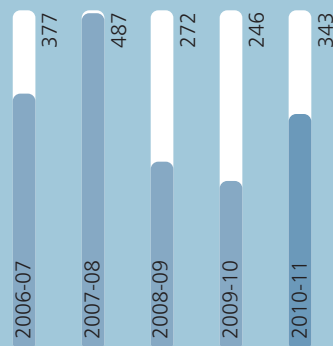
39%

Over 2009-10

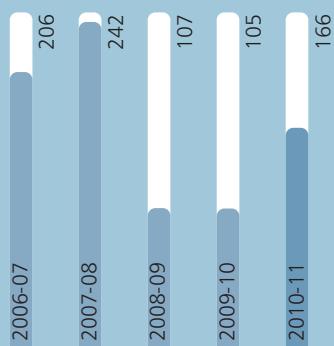
Key Indicators



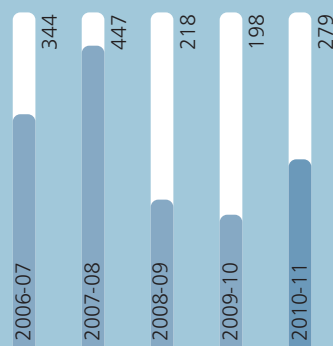
Net sales (Rs. crore)



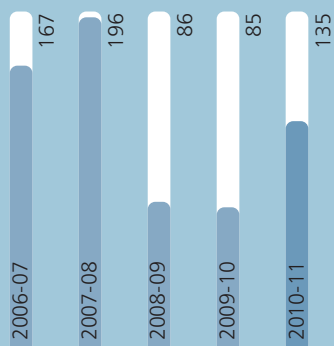
EBITDA (Rs. crore)



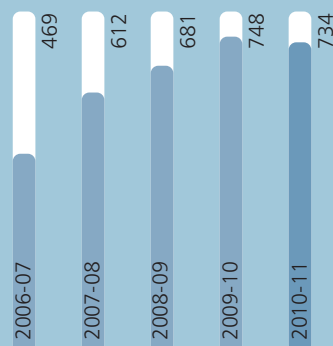
Profit after tax (Rs. crore)



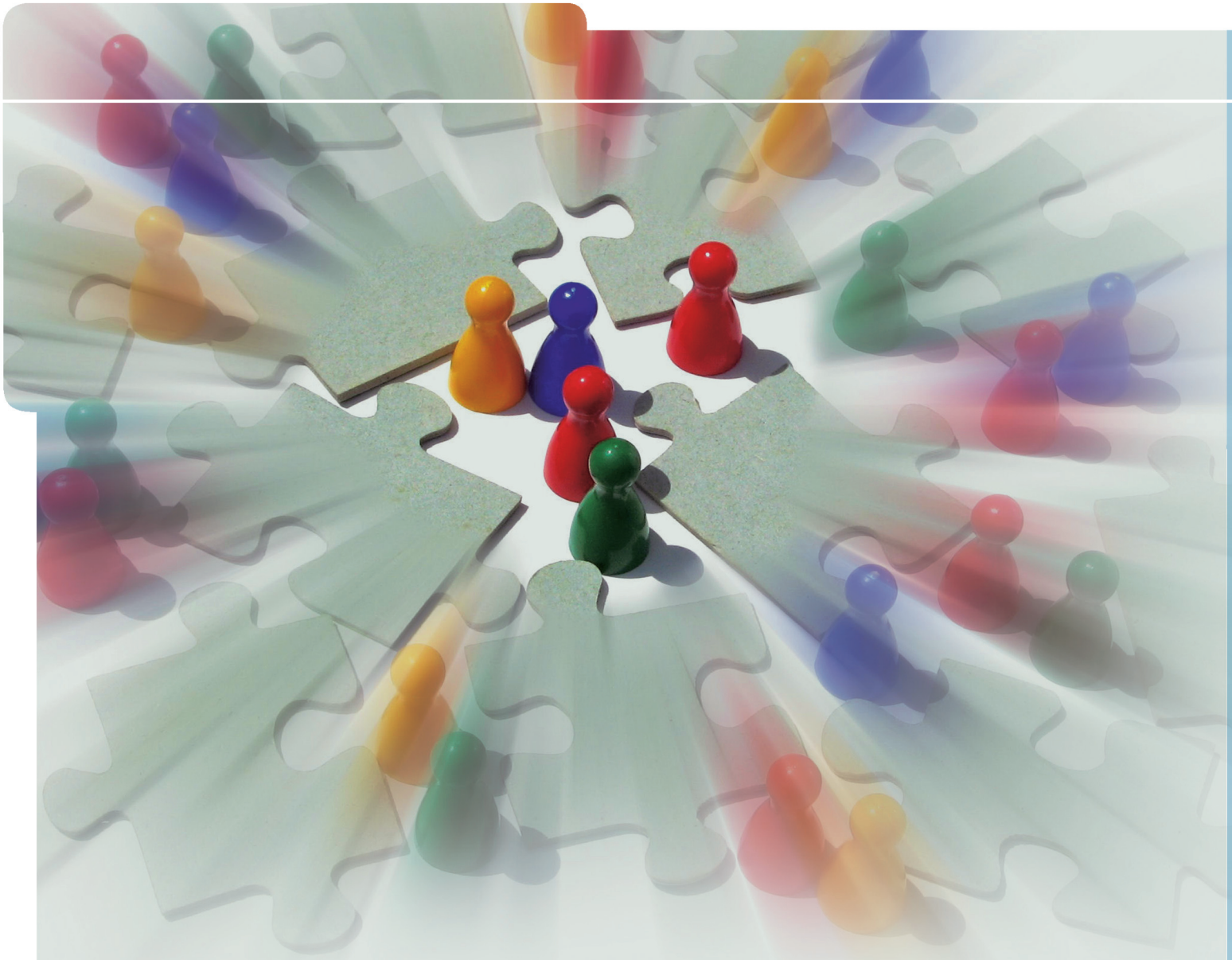
Operating cash flow (Rs. crore)



Earning per share (Rs.)



Book value per share (Rs.)



MANAGEMENT DISCUSSION AND ANALYSIS REPORT



I. Economy Overview:

Global economic growth is expected to be hit hard by fiscal and monetary tightening in developed markets, increasing crude oil prices and likewise. In this scenario, India is increasingly becoming a global economic bright spot. The next trillion dollars for the already a trillion dollar Indian economy is expected to happen within a few years thanks to a projected growth rate of 8~9 percent. India has the advantage of a huge internal market wherein domestic demand for products and

services fuels economic activity. Added to this, the recently released foreign trade figures indicate accelerating export activity from the country, an indication of an increasing world-wide acceptance for the Made in India tag. It is heartening to note that much required attention is being devoted towards infrastructure development which will trigger economic growth. However, perceivable threats to country's economic growth i.e., unmanageable fiscal deficit, inflation, increase in bank rates for liquidity

control, accelerating commodity and crude oil prices can impact growth projections.

II. Segment Review:

The Company has three major segmental divisions namely, the Textile Machinery Division (TMD), the Machine Tool Division (MTD) and the Foundry Division (Foundry). Besides the three major divisions, your Company has a Wind Energy Division and an Advanced Technology Centre. All the divisions are located in and around Coimbatore District of Tamil Nadu, India.



1. TEXTILE MACHINERY DIVISION

Industry Overview:

The textile industry is a key contributor to the GDP, exports and employment in India. According to recent estimates, the size of this sector is around Rs. 3.30 lakh crores and employs over nine crore people through the direct and allied sectors; by 2020 this sector by size is expected to be around Rs. 10.30 lakh crores.

Indian textile products are well received across the globe and the government has aggressive plans to further increase exports by focussing on select markets and specialised products. Such measures are expected to benefit the Indian Textile

Spinning Industry. Also, revival of the Technology Upgradation Fund Scheme is expected to further boost the modernisation and expansion plans of Textile Spinning Mills.

Prospects:

- Government measures to boost export demand and the domestic consumption of textiles will naturally lead to capacity addition in Textile Spinning Mills.
- Majority of the over 4 crore spindles installed in the Textile industry in India are up for modernisation and or upgradation.
- Continuous up gradation of manufacturing technology and the ability to provide complete range of contemporary textile machinery at

competitive prices makes your Company a preferred partner of choice for Textile Spinning Mills.

- In depth experience gained over the years, committed work force with specialized skill sets would enable your Company to grab any challenging opportunity.

Challenges:

- Competition from Multi National Companies.
- Import of second hand machinery
- Global competitors setting up manufacturing base in India.
- Reduced margins due to increasing commodity prices, power, labour cost and volatility of the foreign exchange rates.


TMD Segment performance:

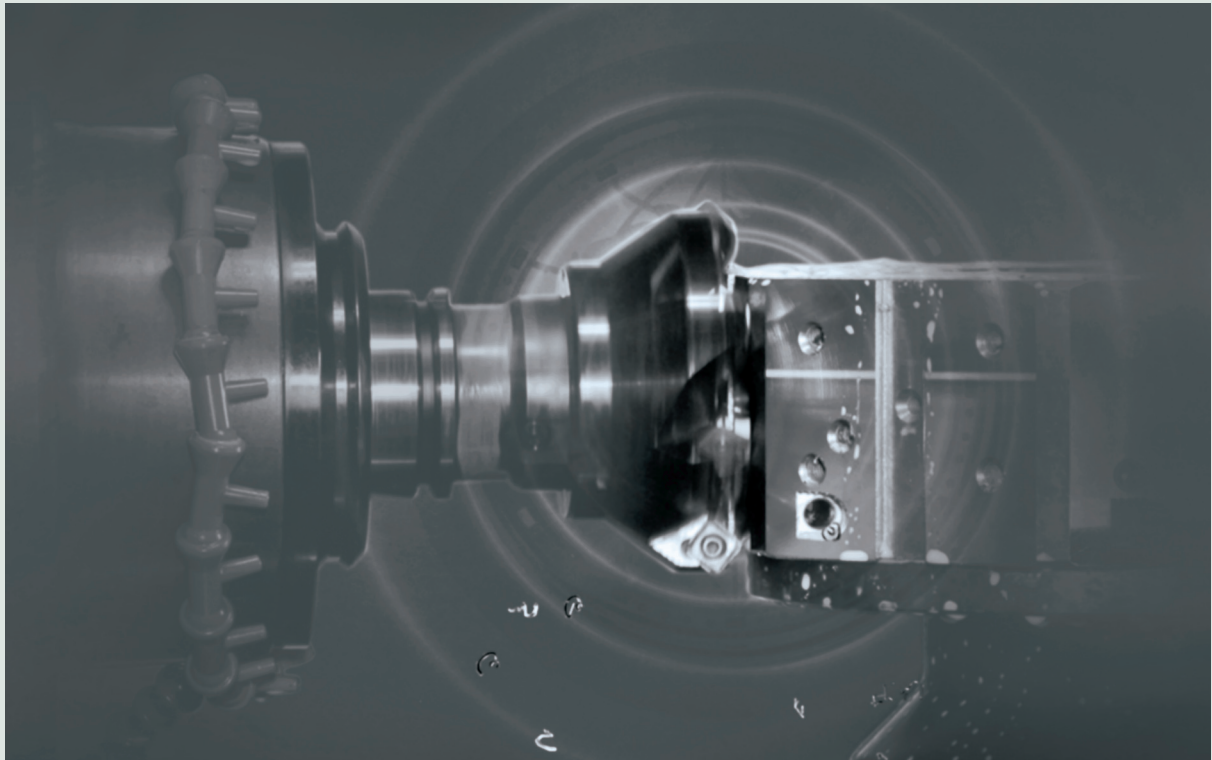
Type of machinery	No. of Machinery	Value (Rs)
Spinning preparatory machines	2,443	6,304,572,028
Yarn making machines	1,896	7,164,137,886
Accessories and spares	—	1,712,610,641

Outlook:

The Asia Pacific region including India has become increasingly active in the Global Textile trade. With the demand for quality Textile products being intense, cost has emerged as the deciding factor for success. This means that Textile Spinning Mills

being at the start of the Textile Value Chain can neither compromise on quality or on cost. The Indian textile sector realises that unless they are equipped with technologically advanced manufacturing facilities they cannot meet the quality and cost requirements of the global

customers. This would compel all the players including the textile spinning mills to accelerate their investment in modernisation/expansion. The recently announced revival of Technology Upgradation Fund Scheme (TUFS) is expected to facilitate the process further.



2. MACHINE TOOL DIVISION

Industry overview:

The recently released figures for India's Index of Industrial Production for March 2011 indicated that the Capital Goods sector grew at 12.90% compared to last year while Industrial Machinery sector grew at 7.30%. The factory output as a result rebounded in March. Overall, the Index grew at 7.80% during 2010-11.

Besides Automobiles, a lot of activity is happening in Power Generation, Electricity Transmission and

Distribution, Infrastructure, defence and Aerospace. Such industries have given a fillip to the growth of machine tool industry in India. Major portion of demand for Machine Tools is currently being met by imports leaving a greater scope for the development of indigenous machine tool industry.

Prospects:

- Government plans to boost the share of Manufacturing sector to the GDP

- Growth of automobiles, infrastructure, defence and aerospace industries

- Continuous investment in research and development and the ability to bring new variants matching market requirements.

Challenges:

- Stiff competition from global players in Indian Market.

- Lack of advanced technology matching global competitors



- Inadequate investment for technology development
- Cheap imports and domination of unorganized players
- Import of second hand Machinery

MTD Segment performance:

This division has sold 1073 machines during the year for a value of Rs. 18193.96 lakhs and has added 277 new customers in its fold.

Outlook:

Increase in the index of industrial production shows sustenance of industrial activity in the country. India is fast becoming the global hub of quality led low cost manufacturing for engineering products. Government has indicated a roadmap to increase the contribution of manufacturing sector to national GDP as a means to boost employment through skill

development programmes. This means that increased emphasis will be on industrialisation across the country and across various sectors. The capability of your Company to manufacture new and improved variants of the CNC machines, HMC and VMC machines will enable it to grab a sizeable market share in the years to come. The up beat in the economic activity will bring more orders for this division.



3. FOUNDRY DIVISION:

Industry overview:

India is increasingly becoming the epicentre for specialised castings. With industrial activity within India sustaining and even increasing to new levels there will be more demand for castings. Developments in the infrastructure industry, power and transport sectors are expected to bring growth to this segment in the near future.

Prospects:

- Well established brand image having the capacity to manufacture high quality heavy castings
- Adoption of LEAN manufacturing techniques, ability to manufacture at low cost with trained man power.
- Upgraded manufacturing technology and the recognition of your Company's Foundry as non-polluting will increase business opportunities

Challenges:

- Continuous increase of input cost
- High cost of transport and warehousing
- Shortage of skilled man power
- Infrastructure bottlenecks like power shortage



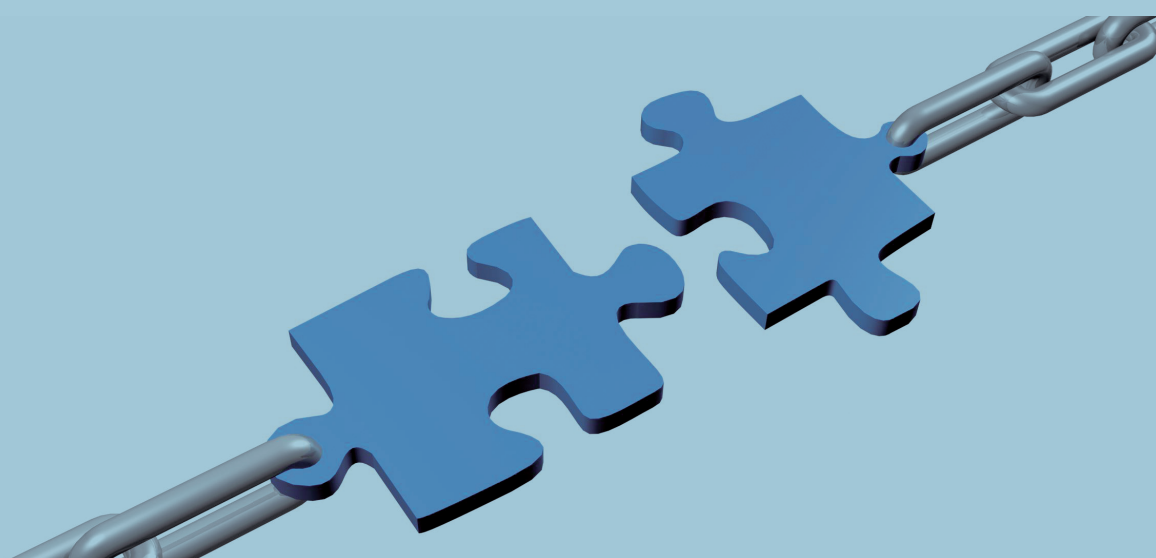
Foundry Segment performance:

This division has three operating units with a combined production capacity of 48,000 tonnes per annum of which two units cater to captive requirements.

External sales accounted for 5667 tonnes of ductile iron and grey iron castings valued at Rs. 7083.44 Lakhs during the year under review. Out of the total castings sold about 41% accounting for Rs.2913.70 Lakhs was exported.

Outlook:

Adoption of world class manufacturing technology, introduction of LEAN manufacturing programme, internal augmentation plan in the heavy moulding area, focussed approach on the customers in the domestic and export market will enable this division to perform well during the financial year 2011-12.



III. Risk Management

The Company adapts a comprehensive and integrated risk appraisal, mitigation and management process. A separate group called as the Office of Strategy and Risk Management (OSRM) has been formed to identify, evaluate and mitigate risk for the company. This OSRM team consists of experienced senior officials within the company. The risk and risk mitigation measures of the Company are being placed before the Board periodically to review and for improvement:

Organization Risk Assessment Matrix:

SL. No.	Risk	Risk Category	Risk Mitigation Strategy	Risk Mitigation Measures
1.	Sectoral slowdown could impact growth	Economy Risk	Accept – Monitor and address	The Company is actively pursuing plans to enter other Markets where Textile Spinning Industry has a huge presence. Accordingly a green field project in China has been established.
2.	Power Crisis	Economy Risk	Accept – Monitor and address	The Company is actively pursuing a policy of encouraging the availability of renewable sources of clean energy. Already the Company has established sizeable Wind Energy infrastructure.
3.	Enhanced reliance on a particular business division could be detrimental	Control/Management Risk	Reduce – Institute plans/controls	The Company's business is divided into three segments and each one of these segments is vital to the Engineering Industry. The Company has started to diversify into new areas like Wind Energy, Aero Space and Real Estate.
4.	Competing forces could dent LMW Market share	Technology/Marketing Risk	Accept – Monitor and address	The Company has built up a thorough goodwill as an ethical partner who supplies cost-effective quality machinery with an attribute for value addition to the customer. A New Product Development Strategy Execution Group (NPD-SEG) has been constituted to ensure Technological excellence and to retain market share.

SL. No.	Risk	Risk Category	Risk Mitigation Strategy	Risk Mitigation Measures
5.	Products may not find market acceptance	Technology/ Marketing Risk	Avoid – Not allowing the event to happen	The Company closely partners with its customers. The voice of the customers forms an important base for Research and Development while building need based total solutions. Market Intelligence and enhanced R&D complement the process.
6.	Concentration on a handful of clients could hamper business growth	Marketing Risk	Avoid – Not allowing the event to happen	The Company has established a wide client base and ensures that no single client accounts for more than 5% of the Company's revenue.
7.	Product Failure	Manufacturing/ Design Risk	Avoid – Not allowing the event to happen	The Company has instituted a comprehensive process for checking quality and performance of its products at every stage in the multi-stage Design to Commercialization process. Your Company has a Quality Strategy Execution Group (Quality-SEG) to continuously monitor the situation. Also, the Company has an effective Defects and Enhancement Management System (DEMS) in place to ensure quality.
8.	Failure to arrest costs in an inflationary scenario could impact profitability	Commercial Risk	Reduce – Institute plans/controls	The Company has instituted two groups namely the Cost Strategy Execution Group (Cost – SEG) and the Lean Strategy Execution Group (Lean-SEG) to ensure cost control and prevalence of lean culture throughout the Company. These teams work continuously to ensure product cost control and elimination of waste from the work flow process in order to excel in price performance matrix.
9.	Non availability of essential raw materials	Commercial Risk	Reduce – Institute plans/controls	The Company has a comprehensive global sourcing policy. Critical inputs scenario is continuously monitored and suitable remedial measures are taken immediately.
10.	Failure to recover sales proceeds could impact daily operations	Finance Risk	Avoid – Not allowing the event to happen	The Company maintains a policy of taking advance against orders. Also a strict policy of product delivery only against full payment of contracted value is thoroughly followed other than sale of castings where credit is closely monitored.

SL. No.	Risk	Risk Category	Risk Mitigation Strategy	Risk Mitigation Measures
11.	Lack of adequate low cost funds to meet capex requirements could hamper business growth	Finance Risk	Reduce – Institute plans/controls	The Company has a zero debt status and has utilized internal accruals to fund the capex plans for capacity expansion. Also the liquid funds at the disposal of the Company are judiciously used and conserved for earning non-operating revenue.
12.	Foreign Exchange Fluctuation	Finance Risk	Reduce – Institute plans/controls	The Company continuously monitors foreign exchange exposure within and takes adequate steps to mitigate the same through hedge, forward cover etc.
13.	Human Talent Readiness/Attrition	HR Risk	Accept – Monitor and address	The Company continuously trains its HR assets to ensure the prevalence of contemporary work knowledge and work culture within the organization. Also, your Company has a proper HR Forecasting, Planning and Deployment mechanism to ensure non-stop availability of qualified manpower across the organization.
14.	Occupational Health & Safety	HR Risk	Avoid – Not allowing the event to happen	The Company strives to provide a healthy and risk-free work environment to all its employees. Suitable measures in association with experts are being taken across the organization to minimise the risk to health and safety. In this regard, Company is OHSAS 18001 standards compliant.
15.	Compliance with all regulatory requirements	Legal/Secretarial Risk	Avoid – Not allowing the event to happen	The Company operates a comprehensive process complete with check lists to ensure that various legal and statutory requirements are complied with. The Legal/Secretarial division of the Company serves as the Compliance Monitoring and Enforcement Wing. Also, suitable committees as required by law have also been constituted to ensure complete compliance.
16.	Natural Events	Environment Risk	Share – Partner to reduce risk	The Company's assets are thoroughly protected from all conceivable risks arising from natural events through Insurance. The Company continuously renews policies and monitors to include any new clauses to its existing Insurance Policies that have the potential to cover any new risk/threat perception.

IV. Financial Performance

(Amount in Rs.)

Particulars	2010-11	2009-10
Gross profit before interest, depreciation, tax	3,432,685,837	2,463,827,001
Interest	–	–
Depreciation	1,041,083,505	958,206,666
Provision for Taxation	731,807,872	458,633,012
Net profit	1,659,794,460	1,046,987,323
Earnings per share	135	85

V. Internal control system and adequacy

The internal control mechanism of the Company is well documented. This is embodied in the Oracle E-Business suite (ERP system). It is a common practice in your Company to lay down well thought out business plan for each year. From the annual business plan detailed budgets for revenue and capital for each quarter is determined. The actual performance is reviewed in comparison with the budget and deviations if any are addressed adequately.

The Company also has an internal

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

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

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

VI. Human Resource

Your Company enjoys the support of committed and well satisfied human capital. Compensation packages offered by the Company, best of class methods in Recruitment, Training, Motivation, and Performance Appraisal, attract and retain the best in talent. These practices enable the Company to keep the attrition rate well below the industry average. The Balanced Scorecard System is in place and it measures the performance of every employee. The Company had 3,252 employees at the end of the financial year as on 31st March, 2011.

On behalf of the Board

Place: Coimbatore – 641018

Date: 20th May, 2011

R. Venkatrangan

Chairman

Heritage Preservation

Health

Women Empowerment

Sports

Art and Culture

Green Cover

**CORPORATE
SOCIAL
RESPONSIBILITY**

Education



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 48th Annual General Meeting of the Shareholders of **Lakshmi Machine Works Limited**, Coimbatore- 641020 will be held on Wednesday, the 10th August, 2011 at 3.00 PM at "Nani Kalai Arangam", Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore-641037, to transact the following business :-

Ordinary Business:

1. To consider the Profit and Loss Account for the financial year ended 31st March, 2011, 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 Justice Sri.G.Ramanujam (Retd.), Director who retires by rotation and does not offer himself for reappointment.
4. To note the retirement of Justice Sri.S.Natarajan (Retd.), Director who retires by rotation and does not offer himself for reappointment.
5. To appoint Auditors to hold office till the conclusion of next Annual General Meeting and fix their remuneration.

Special Business:

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

RESOLVED that Sri.Aditya Himatsingka, who was appointed as Additional Director by the Board of Directors at their meeting held on

25.10.2010, would hold office up to the ensuing Annual General Meeting as per Sec.260 of the Companies Act, 1956 and in respect of whom the Company has received a nomination from a member u/s 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company and is liable to retire by rotation.

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

RESOLVED that Dr.Mukund Govind Rajan, who was appointed as Additional Director by the Board of Directors at their meeting held on 25.10.2010, would hold office upto the ensuing Annual General Meeting as per Sec.260 of the Companies Act, 1956 and in respect of whom the Company has received a nomination from a member u/s 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company and is liable to retire by rotation.

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

RESOLVED that Sri.R.Rajendran, who was appointed as Additional Director by the Board of Directors at their meeting held on 31.01.2011, would hold office up to the ensuing Annual General Meeting as per Sec.260 of the

Companies Act, 1956 and in respect of whom the Company has received a nomination from a member u/s 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company and is not liable to retire by rotation.

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

RESOLVED that in accordance with the provisions of Sections 198, 269, 309, 349 and 350 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, including any amendments, modifications and re-enactments thereof Sri.Sanjay Jayavarthanavelu be and is hereby reappointed as Managing Director of the Company for a further period of five years from 01.06.2012 to 31.05.2017 on the terms and conditions set out below:

Remuneration:

i) **Salary** : Rs. 9,00,000/- p.m.

ii) **Commission** : 2% of the net profits payable annually

iii) Perquisites :

In addition to the salary and commission, the Managing Director shall also be entitled to interchangeable perquisites like 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 Company, such perquisites being restricted to the amount equal to the salary drawn per annum. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules wherever applicable.

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

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

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

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

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

RESOLVED that in accordance with the

provisions of Sec.198, 269, 309, 349 and 350 read with Sch.XIII and other applicable provisions, if any, of the Companies Act, 1956 including amendments, modifications and re-enactments thereof Sri.R.Rajendran be and is hereby appointed as Director Finance for a period of three years from 02.02.2011 on the terms and conditions set out below:

a) **Salary** : Rs.4,00,000 /- p.m.

b) **Perquisites** : In addition to the salary he is entitled to the following perquisites:

i) **House rent allowance** : Rs 2,00,000 per month

ii) **Leave Travel Assistance** : two months basic salary, per annum

iii) **Medical Benefits**: one month basic salary, per annum

iv) **Other Perquisites** : gas, electricity, water, club fees at actual.

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

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

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

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

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

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

RESOLVED that in supersession of the Special Resolution passed at the Annual General Meeting held on 27.07.2009 relating to the delisting of the equity shares of the Company from Madras Stock Exchange Limited(MSE) consent of the Company be and is hereby accorded for the withdrawal of the delisting application pending with MSE in view of the benefits of continued listing in MSE.

RESOLVED FURTHER that Board of Directors of the Company be and are hereby authorised to take necessary steps for the withdrawal of the application for delisting submitted to MSE.

By Order of the Board

K. Duraisami
Company Secretary

Place : Coimbatore

Date: 20th May, 2011

NOTE:

1. A MEMBER WHO IS ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT PERIANAICKENPALAYAM, COIMBATORE - 641 020 NOT LESS THAN 48 HOURS BEFORE HOLDING THE MEETING.
3. Brief resume, details of shareholding and Directors inter-se relationship of Managing Director seeking reappointment and Non-Executive Directors seeking election as required under clause 49 of the Listing Agreement, are provided as Annexure to this notice.
4. Members holding shares in physical form are requested to intimate the Change of Address and their Bank Account details such as Bank Name, Branch with address and Account number for incorporating the same in Dividend Warrants to M/s SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 139/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006 quoting their respective folio number. Members holding shares in Demat form shall

intimate the above details to their Depository Participant.

5. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail address with the Company in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in Demat form to enable the Company to serve documents in electronic form.
6. The Register of Members and share transfer books of the Company will remain closed from Tuesday the 2nd August, 2011 to Wednesday, the 10th August, 2011 (both days inclusive).
7. The dividend recommended by the Board, if declared at the AGM will be paid to those members or their mandatees whose name appear on the Register of Members of the Company on 10th August, 2011. In respect of shares held in dematerialised form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for this purpose at the end of business hours on 1st August, 2011. No deduction of tax at source will be made from dividend.
8. Pursuant to Section 205C of the Companies Act, 1956, unclaimed dividends are to be transferred to the "Investor Education and Protection

Fund" of the Central Government after a period of 7 years from the date of declaration. Shareholders who have not encashed/misplaced/not received the dividend warrant for the years 2004-05, 2005-06 (interim & final), 2006-07(1st & 2nd interim), 2007-08 (interim & final), 2008-09, and 2009-10 are requested to write to M/s SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 139/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006 for claiming the dividend. Due date for the transfer of the unclaimed dividend of the year 2003-04 to the said fund is 27.08.2011 and shareholders cannot make a claim after that date.

9. Annual accounts and related details of the subsidiary company viz. LMW Textile Machinery (Suzhou) Co.Ltd. China is kept for inspection at the Registered Office of the Company and the subsidiary company. Copy of the same will be provided to the members whenever requested.
10. Any member who needs any clarification on accounts or operations of the Company shall write to the Company Secretary, so as to reach him atleast 7 days before the meeting, so that the information required can be made available at the meeting.
11. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.

EXPLANATORY STATEMENT IN TERMS OF SECTION 173 OF THE COMPANIES ACT, 1956**Item No. 6:**

Sri. Aditya Himatsingka was appointed as Additional Director of the Company with effect from 25.10. 2010 by the Board of Directors of the Company u/s 260 of the Companies Act, 1956 and can hold office as Additional Director only up to the date of ensuing Annual General Meeting.

As required by Sec.257 of the Companies Act, 1956, a nomination has been received from a member signifying his intention to propose the appointment of Sri.Aditya Himatsingka as Director of the Company along with requisite deposit.

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

Interest of Directors:

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

Item No. 7:

Dr.Mukund Govind Rajan was appointed as Additional Director of the Company with effect from 25.10.2010 by the Board of Directors of the Company u/s 260 of the Companies Act, 1956 and can hold office as Additional Director only upto the date of ensuing Annual General Meeting.

As required by Sec.257 of the Companies Act, 1956, a nomination has been received from a member signifying his intention to propose the appointment of

Dr.Mukund Govind Rajan as Director of the Company along with requisite deposit.

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

Interest of Directors:

None of the Directors other than Dr.Mukund Govind Rajan is interested or concerned in the resolution.

Item No. 8:

Sri.R.Rajendran was appointed as Additional Director and Director Finance of the Company with effect from 02.02.2011 by the Board of Directors of the Company u/s 260 of the Companies Act, 1956 and can hold office as Additional Director only upto the date of ensuing Annual General Meeting.

As required by Sec.257 of the Companies Act, 1956, a nomination has been received from a member signifying his intention to propose the appointment of Sri.R.Rajendran as Director of the Company along with requisite deposit.

Sri. R.Rajendran, Director Finance is not liable to retire by rotation.

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

Interest of Directors:

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

Item No.9:

Sri.Sanjay Jayavarthanavelu was reappointed as Wholetime Director of the Company for a period of 5 years from 03.06.2007 to 02.06.2012. Due to the sudden demise of Dr.D.Jayavarthanavelu, Chairman and Managing Director, Sri.Sanjay Jayavarthanavelu was redesignated as Managing Director to hold office for the period from 10.09.2010 to 02.06.2012 (without revising the remuneration) at the Board Meeting held on 28.07.2010 and the same was approved by the shareholders at the Extra Ordinary General Meeting held on 10.09.2010.

In the best interest and progress of the Company it is proposed to reappoint Sri.Sanjay Jayavarthanavelu as Managing Director, for a further period of 5 years from 01.06.2012 to 31.05.2017.

Board of Directors of the Company at the meeting held on 01.04.2011 have proposed to reappoint Sri.Sanjay Jayavarthanavelu as Managing Director for the period from 01.06.2012 to 31.05.2017 and advised the Remuneration Committee of Board of Directors to fix the remuneration payable to him for the above said period. Accordingly, the Remuneration Committee of Board of Directors at the meeting held on 07.05.2011 have determined the remuneration payable to him as set out in the resolution.

Board of Directors at the meeting held on 20.05.2011 have approved the above remuneration. Accordingly, the said resolution is submitted to the shareholders for approval.

Interest of Directors:

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

Item No.10:

Board of Directors at their meeting held on 31.01.2011 have appointed Sri.R.Rajendran as Additional Director and also as Director Finance for a period of three years from 02.02.2011 and informed the Remuneration Committee of Board of Directors to determine the remuneration payable to Sri.R.Rajendran, Director Finance. Accordingly, the Remuneration Committee of Board of Directors at their meeting held on 26.02.2011 have determined the remuneration payable to him as set out

in the resolution.

Board of Directors at their meeting held on 01.04.2011 have approved the above remuneration. Accordingly, the said resolution is submitted to the shareholders for approval.

Interest of Directors:

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

Item No. 11

As there was no trading in Madras Stock Exchange Limited (MSE), the Board of Directors at the meeting held on 20.05.2009 have decided to delist the Company's shares from MSE and it was also approved by the shareholders at the Annual General Meeting held on 27.07.2009. Accordingly, a delisting application was submitted to MSE during September, 2009 and it is still pending with them. In the meanwhile, MSE had

informed that trading in their Exchange is going to be restarted shortly and advised us to reconsider our delisting proposal. As informed by MSE, if trading is resumed in MSE it would be beneficial for the members of the Company as it would provide more liquidity to the Company's shares. Hence, it is proposed to withdraw the delisting application.

Company's shares are also listed in Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

Interest of Directors:

None of the Directors of the Company are interested or concerned in the resolution.

By Order of the Board

K. Duraisami
Company Secretary

Place : Coimbatore
Date: 20th May, 2011

Annexure to Notice of AGM
PROFILE OF DIRECTORS SEEKING ELECTION/REAPPOINTMENT

(Pursuant to Clause-49 of the Listing Agreement)

**1. Sri Sanjay Jayavarthanavelu,
Managing Director :**
Profile :

Sri.Sanjay Jayavarthanavelu is a post graduate in Business Administration from Philadelphia University, USA with specialization in Management and Finance. He has joined the Company as Director on 24.02.1993 and was appointed as Wholetime Director with effect from 03.06.1994. He was the past Chairman of the Textile Machinery Manufacturers Association of India, past Chairman of Tamilnadu State Council of CII, present member of Southern

Regional Council of CII, past Chairman of the India ITME Society, Member of the Development council for Textile Machinery as well as Machine Tools set up by the Government of India. He is also a Managing Trustee / Trustee of Trusts contributing to the promotion of health, education, sports and public welfare.

Experience :

More than 18 years of experience in finance, administration and in the fields of textiles, textile engineering, machine tools, foundry, logistics and life science.

Other Directorships :

1. Carborundum Universal Limited
2. Fortis Malar Hospitals Limited
3. Hermes Academy of Training Limited
4. Lakshmi Cargo Company Limited
5. Lakshmi Electrical Control Systems Limited
6. Lakshmi Ring Travellers(Cbe) Limited
7. Lakshmi Technology and Engineering Industries Limited
8. Super Sales India Limited
9. Lakshmi Mills Company Limited
10. Rieter-LMW Machinery Limited

Membership in Committees:

Name of the Company	Name of the committee	Member/Chairman
Lakshmi Machine Works Ltd.	Share Transfer committee	Member
Lakshmi Machine Works Ltd.	Shareholders & Investors Grievance committee	Member
Super Sales India Limited	Share Transfer committee	Member
Super Sales India Limited	Shareholders & Investors Grievance committee	Member
Fortis Malar Hospitals Ltd.	Audit Committee	Member

Shareholding :

Holds 1,32,290 shares of Rs.10/- each constituting 1.17% of the paid up capital of the Company.

Directors inter-se relationship :

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

**2. Sri. Aditya Himatsingka, Director :
Profile :**

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

Experience :

More than 20 years of experience in

silk industry and also in finance and administration.

Other Directorships :

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

Membership in Committees :

Name of the Company	Name of the committee	Member/Chairman
Himatsingka Seide Limited	Share Transfer committee	Member
-do-	Risk Management Committee	Member
-do-	QIP Committee	Member

Shareholding : Nil

Directors inter-se relationship :

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

3. Dr.Mukund Govind Rajan,

Director:

Profile :

Dr.Mukund Govind Rajan holds a B.Tech. degree from I.I.T., Delhi. He completed his Masters and Doctorate in International Relations from Oxford University. He is a recipient of the prestigious Rhodes Scholarship from Oxford University. He joined the TATA Group in 1995 through its premier management programme, the TATA Administrative Service (TAS). He was assigned in 1996 to the office of the Chairman of TATA Sons Limited, the principal investment holding company of the TATA Group where he rose to the position of Vice President.

In 2008 he took charge as Managing Director of TATA Teleservices (Maharashtra) Limited and after a 28 months stint leading the company he joined TATA Capital Limited to help launch of new private equity fund, TATA Opportunities Fund.

Dr.Rajan has served in the Boards of number of TATA companies including TATA Teleservices Limited, TATA Communication Limited, Piem Hotels Limited. He also served as President of the Association of United Access Service Providers of India (AUSPI). In 2007, the World Economic Forum has honoured him as Young Global Leader.

Experience :

He has wide experience in telecom, mutual funds, financial services and administration.

Other Directorships :

Roots Corporation Limited.
Membership in Committees : Nil
Shareholding : Nil

Directors inter-se relationship :

None of the Directors of the Company is related to Dr. Mukund Govind Rajan.

4. Sri. R. Rajendran, Director Finance :

Profile :

Sri. R. Rajendran is a B.Com. graduate and an Associate Member of the Institute of Chartered Accountants of India. After completing C.A. Sri. R. Rajendran commenced his service in Lakshmi Machine Works Limited on 1st April, 1971 as Internal Auditor and held

various positions. Prior to his appointment as Director Finance he was the Chief Financial Officer. He has completed 40 years of experience in LMW in the functions of Accounts, Finance, Tax and Administration. He is representing the Company on the Executive Council of Textile Machinery Manufacturers Association of India and on the Joint Working Group on Textile Machinery constituted by the Ministry of Heavy Industries, Government of India. He is also serving as a Trustee on the board of Trustees of LMW Employees Gratuity Fund Trust.

Experience :

More than 40 years of experience in the functions of Accounts, Finance, Tax and Administration.

Other Directorships : Nil

Membership in Committees : Nil

Shareholding :

Holds 2,450 shares of Rs.10/- each constituting 0.02% of the paid up capital of the Company.

Directors inter-se relationship :

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



DIRECTORS' REPORT TO SHAREHOLDERS

Dear Shareholders,

Your Directors have pleasure in presenting the 48th Annual Report of your Company together with the audited accounts for the year ended 31st March, 2011.

Financial Results

(in Rupees)

YEARS	2010-11	2009-10
Gross Profit	3,432,685,837	2,463,827,001
Depreciation	1,041,083,505	958,206,666
Profit Before Tax	2,391,602,332	1,505,620,335
Provision for Income Tax - Current Tax	810,000,000	590,000,000
- Wealth Tax	164,370	147,833
- Deferred Tax (Net)	(54,896,885)	(140,245,732)
Prior year taxes	(23,459,613)	8,878,744
Profit After Tax	1,659,794,460	1,046,839,490
Add: Investment Fluctuation Reserve	25,588,704	607,808,970
Balance brought forward	6,572,260,081	5,243,968,357
Balance Available For Appropriation	8,257,643,245	6,898,616,817
Appropriations:		
Proposed dividend	337,995,120	185,538,750
Dividend Tax	54,831,258	30,817,986
Transfer to General Reserve	170,000,000	110,000,000
Surplus carried to Balance Sheet	7,694,816,867	6,572,260,081
Total	8,257,643,245	6,898,616,817

Dividend

Your Directors have recommended payment of dividend at Rs. 30/- per equity share of Rs.10/- each (300 %) on the reduced equity share capital of Rs.112,665,040/- for the year ended 31st March, 2011 aggregating to Rs. 337,995,120/- and to pay a Dividend Tax of Rs. 54,831,258.

The dividend, if approved by the shareholders, will be paid to those members or their mandatories whose name appear on the Register of Members on 10th August, 2011 for those holding shares on physical form and as per the details furnished by the depositories as at the end of business hours on 1st August, 2011 for those holding shares on Dematerialised form.

Operations

During the year under review, your Company has recorded a turnover of Rs 177331.17 lakhs (2009-10 Rs.113690.44 lakhs) resulting in a Net Profit of Rs 23916.02 lakhs before tax (2009 -10 Rs.15056.20 lakhs). During the year under review the turnover has increased by 56% and profit by 59% respectively over the previous year due to good demand for Textile Spinning Machinery and CNC Machine Tools.

Textile Machinery Division

The Textile Machinery Division of your Company, during the year under review, has recorded a turnover of Rs. 151,813.21 lakhs as against Rs.96,473.42 lakhs achieved during the last year recording an increase of 57% over the previous year.

Financial year 2010-11 started on a

positive note with demand having picked up substantially for the Textile Spinning Machinery manufactured by your Company. The increasing trend was seen throughout the year due to good performance of Textile Spinning Mills which benefited on account of sustained domestic demand for yarn; moderate input costs and a good yarn price realisation. Such favourable conditions made the Textile Spinning Mills to embark with their expansion and modernisation programmes during the period under review. Equally the export market remained encouraging throughout 2010-11. The buoyancy in the spinning sector has resulted in a good demand for Textile Spinning Machinery manufactured by your Company. Apart from the robust external demand, prompt delivery of machinery within a reasonable lead time to customers, efficient after sale service, launch of a new cost-efficient, state of the art Ring Frame model during the year enabled your Company to achieve this increased turnover.

Though the year under review was favourable, perceivable threats for the Textile Spinning Industry are also foreseen. Frequent changes in the cotton and yarn export policy by the government; infrastructure bottleneck like acute power shortage is creating an unpredictable future for the Textile sector. The wide fluctuation of cotton and yarn prices always affects the performance of the Spinning sector and in turn defers their plans for expansion. The US and Europe, traditionally the large buyers of Textile products are still struggling to recover from the after-

effects of global economic melt down. Also, the levy of additional Excise Duty on branded garments by the Government in the Union Budget for 2010-11 has added further to the woes of the Textile sector.

Though the Union Budget of 2010-11 did not provide any sops to the Textile sector, announcements such as allowing of 100% Foreign Direct Investment in Textiles, commitment to quickly disburse funds under the Technology Upgradation Fund Scheme and the steps taken by the Apparel Export Promotion Council to encourage overseas investment in Indian Textile Industry provide good hope for the Textile sector.

The recent announcement for revival of Technology Upgradation Fund Scheme is expected to give a fillip to the demand for machinery.

The Global players are establishing their manufacturing facilities in India to take a share in the market and your Company has to meet the competition.

Machine Tool Division

Turnover of the Machine Tool Division during the year under review was Rs 18,434.52 lakhs as against Rs.9,480.65 lakhs recorded during the last year showing an increase of 94% over the previous year.

The Machine Tool Division of your Company has witnessed a strong demand growth during the year under review. With India becoming a major auto manufacturing hub in Asia, the auto and related ancillary industries have contributed strongly to the demand growth within the Machine Tool sector. Also huge investments are taking place in

Construction, Railways, and Defence sectors across the country. Additionally, fast growth rates recorded by emerging industries like Aerospace, Civil Aviation, Tool Room and Farm Equipments provide huge business opportunity for your Company within the Machine Tool industry. It has to be noted that the current trend within the Machine Tool Industry is on buying more of standard machinery with tooling up solutions. There is a huge business opportunity in this area which your Company is technologically competent to take complete advantage of.

Your Company had manufactured 1,081 machines during the year under review which is the highest number in the history of this division. Your Company's precision machine tool LH55 is an import substitution for the Horizontal Machining Centres imported by OEMs and Tier One high end customers.

To cater generally to the growing demand for CNC Machine Tools in the country, your Company has entered into technology tie ups for developing high precision machinery range that result in value addition to the customers.

Foundry Division

Foundry Division has recorded a turnover of Rs 7,083.44 lakhs as against Rs.7,736.37 lakhs recorded during the previous year showing a decrease of 8% over the previous year. This Division has exported castings worth Rs 2,913.70 lakhs accounting for about 41% of the turnover. Though the division has a huge order book, decline in turnover is mainly attributable to the lower capacity utilisation due to shortage of power and

trained workforce.

During the year, your Company has taken necessary steps to overcome the acute power shortage and as well is doing the needful to re-position the division's capabilities by concentrating on high tech heavy castings. Demand for the products of this division is likely to be strong in future with the development of metro rail projects across multiple cities in India, enhanced demand for turbo/traction parts for Indian Railway retrofit projects and also with a greater emphasis being placed on Wind Energy Projects.

Wind Mill Division

It is the continuous endeavor of your Company to tap non conventional, renewable, clean resources for energy. In this regard, Wind Energy occupies a centre stage in the energy policy of your Company.

As on 31st March 2011, your Company has installed 23 numbers of high capacity Wind Energy Generators with a total installed capacity of 27.95 MW. During the year under review this division has generated 689 lakh units as against the 728 lakh units generated in the previous year. Out of the 689 lakh units 29 lakh units were sold to TNEB and 660 lakh units were adjusted against the power drawn from TNEB for captive consumption.

The wind power generated by the Company meets a major portion of its power requirements and thereby brings about appreciable savings in the energy cost.

Advanced Technology Centre

This division is focussing on the manufacture of parts, components and

accessories required by the Aerospace industry, and also intended for undertaking job work to meet the Defence sector requirements and is currently at an advanced stage of completion in one of our existing factory premises. In this regard, arrangements have been made with leading original equipment manufacturers/intermediaries for sourcing business. This division is expected to commence commercial production during the financial year 2011-12.

Real Estate Division

This division is about to start work on its maiden project. The process of seeking statutory approvals in this regard is currently underway. Initially, about five acres of land situated at Ganapathy, Coimbatore will be developed into a residential project consisting of flats.

Exports

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

- a. Textile Machinery Rs. 22,227.68 lakhs (previous year Rs.3,998.88 lakhs)
- b. Castings Rs 2,913.70 lakhs (previous year Rs.3,427.77 lakhs)

Total Rs 25,141.38 lakhs (previous year Rs.7,426.65 lakhs)

Export of Textile Machinery includes exports worth Rs 9,147.62 lakhs made to the wholly owned subsidiary, LMW Textile Machinery (Suzhou) Co., Ltd, China.

Research and Development

Your Company views its customers as partners in business and does what it

takes to enhance their competitive strength. The Voice of Customer is actively pursued within Research and Development whereby customer requirements are actively blended into future product offering. It is also a consistent endeavour on the part of your Company to offer solutions that offer value for money proposition to buyers. Your Company not only develops technology indigenously but also looks around to source technology that can further add value to customers. For design and development of high-tech machines your Company is associating itself with renowned institutes world-wide.

The end result of Research and Development activities are seen in the numerous product launches made by your Company both in the Textile Machinery Division and in the Machine Tool Division.

Awards

During the year your Company has received the "Silver Shield for Star Performer-Large Enterprise 2008-09 EEPC Regional Award" from the Engineering Export Promotion Council.

Directorate

Dr D Jayavarthanelu Chairman and Managing Director passed away on 11th June, 2010, after a brief illness.

Dr. D. Jayavarthanelu has done yeoman services to the cause of Textile Industry for over five decades. He was a person of clear perception, progressive outlook who always worked towards developing, upgrading existing business with technological sophistication in tune with the needs of the Industry. It goes without

saying that the industrialization of Coimbatore Region is associated with his efforts and endeavours. He was dynamic, a visionary, and a philanthropist who maintained his stand by gentle persuasion. He also had the rare gift of expressing in few words.

Dr. D. Jayavarthanelu was the personification of purposeful industrialist. By his passing away, a good leader always a great source of help and encouragement, a wise counsel whose indomitable courage; instrumental in solving many issues has been lost. His valuable guidance and contribution to the Company is being placed on record.

Justice Sri G Ramanujam (Retd.) Director and Justice Sri S Natarajan (Retd.) Director are liable to retire by rotation at the ensuing Annual General Meeting. Though eligible for reappointment, they do not seek re-appointment.

Sri Aditya Himatsingka, Dr. Mukund Govind Rajan and Sri R.Rajendran the Additional Directors appointed by the board during the year will hold office upto the ensuing Annual General Meeting. Nominations with necessary deposit have been received from members of the company for all the three Additional Directors for election as Directors of the Company.

Industrial Relations

Relationship with the employees was cordial throughout the year.

Joint Venture: Rieter- LMW Machinery Limited (RLM)

During the year under review the Company recorded a Turnover

(Provisional) of Rs. 17,150.14 lakhs (turnover of Rs.6, 349.16 lakhs during 2009-10) resulting in a Net Profit (Provisional) of Rs 991.57 lakhs (Net Loss of Rs.237.27 lakhs during 2009-10).

The increase in turnover is due to the increased demand for Textile Machinery by the Joint Venture partner.

Your Company has entered into an MOU with the Joint Venture Partner, Rieter Machine Works Limited, Switzerland for the purchase of the 50 % share held by them in RLM. After the purchase of the shares, the JV Company, RLM will become a wholly owned subsidiary of your Company. The take over will be effective from 1st July, 2011.

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

Your Company has established a wholly owned subsidiary in China under the name LMW Textile Machinery (Suzhou) Co Ltd, for the manufacture of Textile Spinning Machinery. This project is located in the Wujiang Economic Zone, Jiangsu Province in the Peoples Republic of China. This wholly owned subsidiary of your Company has commenced production from the first quarter of 2010.

The turnover of the company during the year under review was Rs. 11,221.18 lakhs. As on 31st March, 2011 the company has received orders for 339 machines worth Rs.16, 300.00 lakhs and the same is under execution. The consolidated financial result incorporating the financial statements of the subsidiary company is attached with the balance sheet of your Company.

Fixed Deposits

The Company has not accepted any fixed deposits.

Listing

Your Company's shares are listed in the Bombay Stock Exchange Limited, Mumbai, and the National Stock Exchange of India Limited, Mumbai and the respective listing fees have been paid.

As approved by the shareholders through a special resolution at the Annual General Meeting held in July, 2009 an application was made to the Madras Stock Exchange for the voluntary de-listing of the shares in September, 2009. The Madras Stock Exchange Limited has informed that they are restarting the trading facilities and have advised us to reconsider the delisting proposal. In view of the benefits to shareholders your Directors have decided to withdraw the delisting application and continue with the listing in Madras Stock Exchange Limited.

Buy Back of Shares

As approved by the shareholders by a special resolution through postal ballot, your Company had announced a Buy back of shares by Tender method. The scheme was kept open between 9th Feb, 2011 to 24th Feb, 2011. The Company has bought back 11,02,746 shares at the rate of Rs 2045/- per share. Consequent to the buy back and extinguishment of shares bought back the paid up share capital of the Company is reduced from Rs 12,36,92,500 to Rs 11,26,65,040 with effect from 9th March, 2011.

Auditors

M/s M S Jagannathan & Visvanathan and M/s Subbachar & Srinivasan, Joint Auditors of the Company are to retire at

the ensuing Annual General Meeting. Being eligible for reappointment have consented to act as Joint Auditors of the Company if appointed and necessary certificate pursuant to Section 224(1B) of the Companies Act, 1956 has been received from them.

Information pursuant to Section 217 of the Companies Act, 1956.

Information in accordance with Clause (e) of section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Director's Report for the year ended 31st March, 2011 is given in Annexure-I of this Report.

Information in accordance with Sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March, 2011 is given in Annexure - II of this Report.

Additional Disclosures

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

Directors' Responsibility Statement

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

- All applicable Accounting Standards have been followed in preparation of

Annual Accounts and that there are no material departures;

- Such accounting policies have been selected and applied consistently and such judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit of the Company for the year ended on that date;

- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- The Annual Accounts of your Company have been prepared on a going concern basis.

General

Details of Production, Licensed and Installed capacity are annexed to the Balance Sheet as required by Law.

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

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

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

On Behalf of the Board

R. Venkatragappan
Chairman

Place: Coimbatore

Date: 20th May, 2011

ANNEXURE - I

Information Pursuant to the Companies (Disclosure of Particulars In the Report of Board of Directors) Rules 1988.

Conservation of Energy

Energy Monitoring System has been installed at TMD Unit-I, Unit-II, FMC Unit and ATC for automatic monitoring and measurement of energy parameters. The data recorded under this system helps taking energy conservation measures like providing automatic power factor control panels and lighting energy savers.

FORM - B

(See Rule 2)

Form for disclosure of particulars with respect to absorption

TEXTILE MACHINERY DIVISION

A. Research & Development:

1	Specific areas in which R&D was carried out by the Company	Development of new product in spinning machinery. Design improvement tools like design for six sigma and ISO/CE
2	Benefits derived as a result of the above	High productivity, cost effective ,user friendly state of the art machinery were developed
3	Future plan of action	To develop innovative and breakthrough models and improve existing machines as per the customer requirements.
4	Expenditure on R & D	Rs .in Lakhs
	a. Capital	: 181.80
	b. Recurring	: 1,002.09
	c. Total	: 1,183.89
	d. Total R&D Expenditure as a percentage of total turnover	: 0.78%

B. Technology Absorption, Adaptation and Innovation

1	Efforts in brief, made towards Technology absorption, adaptation and innovation	Domain expertise development in identified areas, extensive in house and external training in various specialisations and skill building exercises: IPR Study Modeling and simulation in consultation with external experts.
2	Benefits derived as a result of the above efforts, e.g., development, import substitution etc.,	Improvement in the performance of the machines enhancement of the domain expertise and knowledge base.
3	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year)	
a	Technology imported	Technology for the manufacture of Roving Frame imported from M/S Grossenhainer, Germany
b	Year of Import	2007
c	Has technology been fully absorbed	Yes
d	If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action	N.A

MACHINE TOOL DIVISION
A. Research & Development:

1	Specific areas in which R&D carried out by the Company	HMCs, Turning Centres, Vertical turning Lathe
2	Benefits derived as a result of the above	Development of high performance high precision machine tools have enabled the Company to launch new models
3	Future plan of action	To develop world class, high technology and high performance CNC Machine Tools.
4	Expenditure on R & D	Rs .in Lakhs
a.	Capital :	–
b.	Recurring :	192.97
c.	Total :	192.97
d.	Total R& D Expenditure as a percentage of total turnover :	1.05%

B. Technology Absorption, Adaptation and Innovation

1	Efforts in brief, made towards Technology absorption, adaptation and innovation	Made arrangements for technical tie ups to augment the existing product range. Stepped up investments in capital expenditure to acquire high tech mother machines.
2	Benefits derived as a result of the above efforts, e.g., development import substitution etc.,	New machines and new variants of the existing machines were commercialised. Improvement of the Performance of the existing machines.
3	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year)	
a	Technology imported	Technology for the manufacture of Vertical Turning Machine was imported from M/s. Rasoma, Germany
b	Year of Import	2008
c	Has technology been fully absorbed	Under progress
d	If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action	N.A

Foreign Exchange Earnings and Out-Go:

Foreign Exchange earned through exports amount to	:	Rs. 25,141.38 lakhs
Foreign Exchange used	:	Rs. 30,544.49 lakhs

ANNEXURE - II

Statement appended to the Directors' Report pursuant to Section 217(2A) of the Companies Act, 1956 read with the companies (Particulars of Employees) Rules, 1975 & forming part of the Directors' Report for the year ended March 31, 2011

SL No.	Name	Age Years	Designation/ Nature of duties	Remuneration	Qualification	Experience Years	Date of Commencement of employment	Last employment before joining the Company
1.	Dr. D Jayavarthanelu	70	Chairman and Managing Director	11,778,837 *	Engineering BS Textiles	41	03.04.1970	-
2.	Sri R. Venkatrangan	80	Chairman	29,621,110 **	B.Sc., B.Com.,	56	17.08.1984	Lakshmi Textile Exporters Ltd
3.	Sri Sanjay Jayavarthanelu	42	Managing Director	36,476,186	M B A	17	03.06.1994	-
4.	Sri R. Rajendran	66	Director - Finance	5,044,758 ***	B.Com.,ACA	40	01.04.1971	-

Note : 1. Gross income includes company's contribution to Provident Fund, Gratuity and perquisites and the employment is contractual.

* Remuneration is for the period from 01.04.2010 to 10.06.2010

** Includes Non Executive Director's commission

*** Remuneration of Rs.1,342,856/- for the period 02.02.2011 to 31.03.2011 is subject to the approval of Shareholders.



CORPORATE GOVERNANCE REPORT

1. Philosophy on Code of Governance:

The corporate vision of LMW is to deliver world-class customer service by being committed to values. LMW is therefore committed to ethical business conduct of corporate functioning by maximising customer satisfaction through the delivery of quality products on time and at reasonable prices whilst complying with all regulations, as applicable from time to time, with adequate transparency and accountability. At LMW, the pursuit of perfection is an on-going process enabling it to look back with immense satisfaction on its past achievements and look ahead with confidence to a promising and challenging future. The strategy remains to maintain its leadership position through systematic initiatives in product development giving customers quality products. LMW aims to ensure high ethical standards in all its business activities thereby enhancing its stakeholder's value.

2. Board of Directors:

The company's Board of Directors

consists of eminent personalities who are high achievers in their respective business/profession and have decades of experience to their credit. The Directors are committed to ethical, lawful conduct of business; personally possess and practice highest professional ethics, integrity and values enabling them to provide adequate leadership and guidance to tune the affairs of the Company in the right direction. The Board of Directors is as well committed to the highest standard of governance practices which allow the company to carry on its business in the long term interest of the stakeholders.

To ensure participation of all the Directors at the Board meetings, the dates of Board meetings are determined and intimated to the Directors well in advance. The Company always places before the Board all the information as required under clause 49 of the listing agreement to ensure complete transparency. 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. Minimum of four meetings of the Board of Directors are held each year. One meeting is held in each quarter and the gap between two meetings does not exceed four months.

Composition:

Board of Directors is constituted in such a way that it strictly conforms to the provisions of the Companies Act, 1956 and the conditions of the listing agreement. The Composition of the Board ensures a judicious mix of Executive and Non Executive Directors as well as the combination of Independent and non Independent Directors.

The Board consists of Eleven Directors, of whom one is the Non Executive Chairman, one is Managing Director, one is Director Finance and eight are Non-Executive Directors. Out of the eight Non Executive Directors, one is a nominee Director representing LIC as an equity investor.

Position of Board of Directors:

Directors	Position	Other Directorships	Membership in Committees	
			Chairman	Member
Dr D Jayavarthanelu (Up to 11.06.2010)	Executive-Chairman & Managing Director	10	–	2
Sri R Venkatragappan	Non-Executive Chairman	9	5	7
Sri Sanjay Jayavarthanelu	Executive – Managing Director	10	–	5
Sri M V Subbiah	Non-Executive – Independent	5	1	–
Justice Sri G Ramanujam (Retd.)	Non-Executive – Independent	5	1	7
Justice Sri S Natarajan (Retd.)	Non-Executive – Independent	2	5	2
Sri S Pathy	Non-Executive – Non Independent	10	–	–
Sri R Satagopan	Non-Executive –Independent	1	1	4
Sri Basavaraju	Non-Executive- Independent Nominee of LIC	–	–	–
Sri Aditya Himatsingka (Joined the Board on 25.10.2010)	Non Executive-Independent	5	–	3
Dr. Mukund Govind Rajan (Joined the Board on 25.10.2010)	Non Executive-Independent	1	–	–
Sri R Rajendran (Joined the Board on 02.02.2011)	Executive – Non Independent	–	–	–

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

Board Meetings and Attendance:

During the period from 1st April, 2010 to 31st March, 2011 five Board meetings were held on 24th May, 2010, 28th July, 2010, 10th September, 2010, 25th October, 2010 and 31st January, 2011.

Details of attendance of each Director at the meetings of the Board, Share Transfer Committee and AGM held during the financial year ended 31st March, 2011 are as follows:

Directors	Board Meeting (5)*	Share Transfer Committee (13)*	Last AGM Attended (Yes/No)
Dr D Jayavarthanelu (up to 11.06.2010)	1	2	No
Sri R Venkatragappan	5	12	Yes
Sri Sanjay Jayavarthanelu	5	13	Yes
Sri M V Subbiah	3	–	Yes
Justice Sri G Ramanujam (Retd.)	3	–	Yes
Justice Sri S Natarajan (Retd.)	4	–	No
Sri S Pathy	4	–	Yes
Sri R Satagopan	5	–	Yes
Sri Basavaraju	5	–	Yes
Sri Aditya Himatsingka (from 25.10.2010)	1	–	NA
Dr Mukund Govind Rajan (from 25.10.2010)	1	–	NA
Sri R Rajendran (from 02.02.2011)	1	–	NA

* The figures within brackets denote the number of meetings held during the period from 1st April, 2010 to 31st March, 2011.

Brief resume, details of shareholding and the Directors' inter-se relationship of the Directors seeking appointment and the Managing Director seeking reappointment are provided as annexure to the Notice of Annual General Meeting.

Shareholding of Non-Executive Directors:

SI No	Name of the Director	Number of shares held
1	Sri R Venkatrangappan	1,100
2	Sri M V Subbiah	0
3	Justice Sri G Ramanujam (Retd.)	3,300
4	Justice Sri S Natarajan (Retd.)	0
5	Sri S Pathy	1,420
6	Sri R Satagopan	0
7	Sri Basavaraju	0
8	Sri Aditya Himatsingka	0
9	Dr Mukund Govind Rajan	0

Remuneration of Directors:

The remuneration of Non-Executive Directors is determined by the Board of Directors. The Non Executive Directors are being paid sitting fees @ Rs.10,000/- per meeting of the Board and Committees thereof attended by them up to 24th October, 2010 and the same was revised to Rs 20,000/- per meeting with effect from 25th October, 2010.

In addition to the sitting fees, as approved by the shareholders at the Extra-ordinary General Meeting held on 10th September, 2010, the Non Executive Directors are also eligible for commission in the aggregate for all Non Executive Directors up to 1% of the net profits per annum. The amount of commission payable to each Non-Executive Director is determined by the Board.

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

Remuneration and sitting fees paid to the Executive and Non Executive Directors during the year ended 31st March, 2011 are as below:

(Amount in Rs)

Name	Salary	Perquisites	Sitting fee	Commission Paid for FY 2009-10	Total
Dr D Jayavarthanavelu	10,50,000	11,76,000	–	3,29,39,198	3,51,65,198
Sri R Venkatrangappan	39,75,000	30,98,232	1,60,000	1,64,69,599	2,37,02,831
Sri. Sanjay Jayavarthanavelu	60,00,000	59,81,732	–	1,64,69,599	2,84,51,331
Sri M V Subbiah	–	–	40,000	3,00,000	3,40,000
Justice Sri G Ramanujam (Retd.)	–	–	1,20,000	3,00,000	4,20,000
Justice Sri S Natarajan (Retd.)	–	–	1,60,000	3,00,000	4,60,000
Sri S Pathy	–	–	1,40,000	3,00,000	4,40,000
Sri R Satagopan	–	–	1,70,000	3,00,000	4,70,000
Sri Basavaraju (Nominee of LIC)	–	–	80,000	3,00,000	*3,80,000
Sri Aditya Himatsingka	–	–	20,000	–	20,000
Dr Mukund Govind Rajan	–	–	20,000	–	20,000
Sri R Rajendran	11,78,571	1,64,285	–	–	13,42,856

* 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.

Committee of Directors:

To assist the Board in conducting the affairs of the Company the Board has constituted various committees. The role and responsibilities and the scope of operation of such Committees were clearly defined in the terms of reference of each Committee as per the statutory requirements. The details of the Board Committees constituted and their operations are as follows:

(i) Audit Committee:

Audit Committee of Board of Directors of the Company was reconstituted by the Board during the year under review. The re-constituted Audit Committee consists of the following independent Directors:

1. Justice Sri G Ramanujam (Retd.) Chairman
2. Justice Sri G Natarajan (Retd.)
3. Sri R Satagopan

Sri K Duraisami, Company Secretary serves as the secretary of the Committee. The Audit committee would assure to the Board, compliance of adequate internal control system, Compliance of Accounting Standards, financial disclosure and other issues conforming to the requirements specified by the Companies Act, 1956 and by the Stock Exchanges in terms of Listing Agreement. The committee meets once in every quarter to carryout its business.

The committee met four times during the financial year under review on 24th May, 2010, 28th July, 2010, 25th October, 2010 and 31st January, 2011. Details of attendance of members are as follows:

Date of Meetings and Attendance:

Name of the Member	Attendance of meetings held on			
	24.05.2010	28.07.2010	25.10.2010	31.01.2011
1. Justice Sri G Ramanujam (Retd.)	–	✓	✓	–
2. Justice Sri S Natarajan (Retd.) (From 25.10.2010)	–	–	✓	✓
3. Sri R Satagopan	✓	✓	✓	✓
4. Sri S Pathy (up to 25.10.2010)	✓	✓	–	–

(ii) Shareholders / Investors Grievance Committee:

The committee has been formed to specifically look into shareholders / investors complaints, if any, on transfer of shares, non-receipt of balance sheet, non receipt of declared dividends etc., and also the action taken by the Company on the above matters.

The committee consists of the following Directors as its members:

1. Justice Sri S Natarajan (Retd.) ... Chairman
2. Justice Sri G Ramanujam (Retd.)
3. Sri. Sanjay Jayavarthanavelu

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

During the year under review eight letters / complaints were received from the investors which were adequately addressed to the satisfaction of the investors. No complaint / query are remaining unresolved as on 31st March, 2011.

The Committee met twice during the financial year ended 31st March, 2011, on 28th July, 2010 and on 31st January, 2011. Details of attendance of members are as follows.

Date of Meetings and Attendance:

Name of the Member	Attendance of meetings held on	
	28th July, 2010	31st January, 2011
1. Justice Sri S Natarajan (Retd.)	–	✓
2. Justice Sri G Ramanujam (Retd.)	✓	–
3. Sri Sanjay Jayavarthanavelu	✓	✓

(iii) Shares and Debentures Committee:

The Shares and Debentures Committee consists of the members of the Board, Company Secretary and nominees of Share Transfer Agents. At present there are 6 members in the Committee. The committee reviews and approves transfers, transmission, split, consolidation, issue of duplicate share certificate, recording change of name, transposition of names etc. in equity shares of the Company. The committee had met 13 times during the financial year ended 31st March, 2011.

payable to Executive Directors and it consists of the following independent Directors:

1. Justice Sri S Natarajan (Retd.), Chairman
2. Justice Sri G Ramanujam (Retd.)
3. Sri R Satagopan

The Committee had met during the year under review on 13th May, 2010 for determining the revised remuneration payable to the Managing Director and Whole time Directors and on 26th February, 2011 to determine the remuneration payable to the Director - Finance.

(iv) Remuneration Committee:

This Committee was formed for determining remuneration

3. General Body Meetings:

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

Location	Time	Day	Date
AGM Nani Kalai Arangam, Mani Higher Sec. School, Coimbatore- 641 037	3.45 PM	Wednesday	23rd July,2008
AGM -do-	3.30 PM	Monday	27th July,2009
AGM -do-	3.30 PM	Wednesday	28th July,2010
EGM -do-	10.00AM	Friday	10th Sep,2010

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

1. At the AGM held on 23rd July, 2008: No Special Resolution was passed.
2. At the AGM held on 27th July, 2009 the following special resolutions were passed:
 - (i) Approval for payment of commission to Non- Executive Directors
 - (ii) Approval for re- appointment of Dr D Jayavarthanavelu as Managing Director
 - (iii) Approval for de-listing of shares of the Company from the Madras Stock Exchange Ltd

3. At the AGM held on 28th July, 2010
- (i) Revision of remuneration to Sri R Venkatrangappan as Wholetime Director
 - (ii) Revision of remuneration to Sri Sanjay Jayavarthanelu as Wholetime Director
4. At the EGM held on 10th September, 2010 the following special resolutions were passed:
- (i) Amendment of Articles of Association
 - (ii) Commission payable to Non Executive Directors for three years
 - (iii) Re designation of Sri Sanjay Jayavarthanelu as Managing Director
5. During the year, a resolution was passed through postal ballot to obtain the approval of the shareholders by special resolution for buy back of shares and the result of the same was announced on 22nd October, 2010.

4. Disclosures:

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

It is confirmed that:

- no penalty or strictures have been imposed on the Company by any Regulatory authority for non-compliance of any laws.
- no non Mandatory requirement is complied with except the constitution of Remuneration Committee.

- no whistle blower policy is adopted by the Company however no person is denied access to the Audit Committee.
- no differential treatment from the prescribed accounting standard is followed in preparation of financial statements

Disclosure Of Directors Interse Relationships

As on 31.03.2011, none of the Directors of the Company are related to each other.

5. Means of Communication:

The Company publishes its quarterly results in one leading English daily Newspaper having circulation all over India and in a leading Tamil daily News paper having circulation in the District of Coimbatore.

The Company Profile, Corporate information, shareholding pattern at the end of each quarter, code of conduct for Directors and Officers, quarterly and annual Financial Statements, and Product range are posted in the Company's web-site www.lakshmimach.com

6. Shareholders Information

Annual General Meeting:

Day & Date : Wednesday the 10th August, 2011

Time : 3.00 PM

Venue : Nani Kalai Arangam,
Mani Higher Secondary School,
Pappanaickenpalayam,
Coimbatore - 641 037

Particulars	Dates
Financial Year	1st April to 31st March
Annual Results 2010-11 announced	20th May, 2011
Posting of Annual Reports 2010-11	14th July, 2011
Last date of receipt of Proxy forms for above AGM	08th August, 2011
Announcement of Quarterly Results for the Financial Year 2011-12	August-2011, Nov-2011, Feb-2011 and May-2012
Date of Book closure	Tuesday the 2nd August, 2011 to Wednesday the 10th August 2011 (both days inclusive)
Dividend payment date	On or before 9th September, 2011

Listing on Stock Exchanges:

The equity shares of the Company are listed in:

1. Bombay Stock Exchange Limited, Mumbai
2. National Stock Exchange of India Limited, Mumbai

Pursuant to the special resolution passed by the shareholders at the AGM held on 27th July, 2009 an application was submitted to Madras Stock Exchange Limited (MSE) for delisting of the shares in September, 2009, the application is pending with MSE.

As MSE has informed that it is going to restart trading in shares with a new platform in line with NSE and BSE it is proposed to withdraw the delisting application submitted to MSE in view of the benefits of listing at MSE to the shareholders.

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-

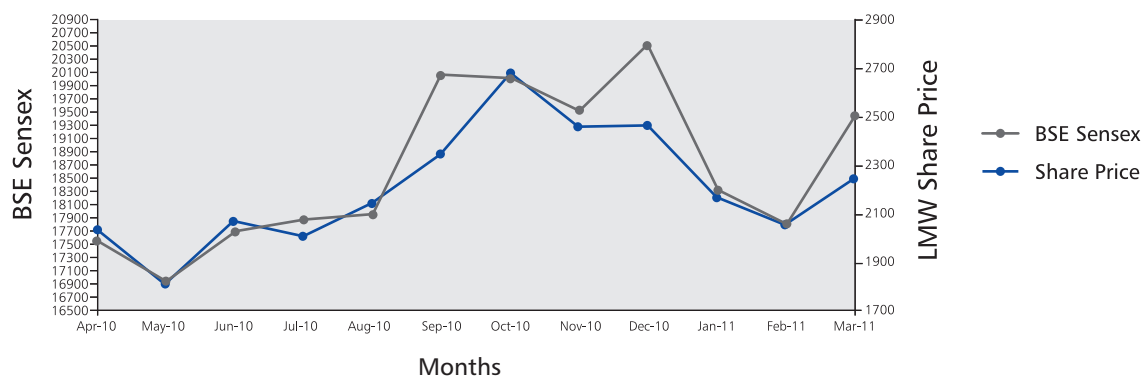
Market Price Data:

The monthly High & Low of Company's share price quoted in NSE / BSE during the financial year 2010-11 are given below:

Month	NSE		BSE	
	High	Low	High	Low
April, 2010	2125	1814	2125	1801
May	2070	1752	2070	1772
June	2120	1755	2120	1751
July	2162	1982	2167	1986
August	2281	1996	2281	1996
September	2540	2128	2540	2127
October	2901	2363	2901	2354
November	2920	2436	2920	2425
December	2655	2257	2655	2251
January 2011	2523	2111	2523	1900
February	2270	2000	2270	1961
March	2330	2055	2330	2005

Share Price Performance in Comparison with BSE Index:

LMW vs BSE Sensex (From April, 1st 2010 to March 31st, 2011)



Registrar & Share Transfer / Demat Agents:

Transfer, transmission, trans position of name, split, consolidation, recording change of name of shareholders, issue of duplicate certificate and such other matters relating to the shares of the Company held in physical form and dematerialised form 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:

The 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 are approved by Shares and Debenture Committee.

Shareholding Pattern: (as on 31st March, 2011)

Sl. No.	Category	No. of Share-holders	No. of shares held	% to Paid-up Capital
1.	Promoters and Promoters Group	19	3192728	28.34
2.	Financial Institutions, Banks and Mutual Funds	32	789532	7.01
3.	Insurance Companies	4	1829149	16.24
4.	Bodies Corporate (India)	634	1828578	16.23
5.	Directors and relatives	6	8210	0.07
6.	Individuals (general public)	29450	2542904	22.56
7.	HUF and others	823	376653	3.34
8.	Non Resident Indians	357	102662	0.90
9.	Foreign corporate body	1	531520	4.72
10.	Foreign national	1	240	0.00
11.	FIs	28	64328	0.59
	Total	31355	11266504	100.00

Distribution of Share Holding: (as on 31st March, 2011)

Range (No. of Shares)	No. of shares	Percentage to total No. of shares	No. of Shareholders	Percentage to total No. of shareholders
1-5000	1022071	9.07	30629	97.69
5001-10000	262380	2.33	339	1.08
10001-20000	239926	2.13	164	0.52
20001-30000	138666	1.23	55	0.18
30001-40000	77943	0.69	22	0.07
40001-50000	116761	1.04	25	0.08
50001-100000	340582	3.02	45	0.14
100001 And above	9068175	80.49	76	0.24
Total	11266504	100.00	31355	100.00

Dematerialisation of Shares:

As on 31st March, 2011: 90,08,380 equity shares constituting 79.96% percent of the paid up capital of the company has been dematerialised.

As required under the amended clause 5A of the listing agreement steps are being taken to transfer the unclaimed shares to a separate demat - account.

7. Plant Locations:

The company's plants are situated at the following locations:

Textile Machinery Divisions:

Unit - I	Perianaickenpalayam, Coimbatore - 641 020
Unit - II	Kaniyur, Coimbatore - 641 659
Unit -III	Arasur, Coimbatore - 641 407
Unit -IV	Ganapathy, Coimbatore – 641 006

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-641006
Wind Mill Division	Udumalpet (TK), Coimbatore District

8. Address for Correspondence:

All correspondence should be addressed to:

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

For and on behalf of the Board

Place: Coimbatore
Date: 20th May, 2011

Sanjay Jayavarthanelu
Managing Director

CHIEF EXECUTIVE OFFICER'S DECLARATION ON CODE OF CONDUCT:

I hereby declare that the Board of Directors of the Company have adopted a Code of Conduct for the Board members and Senior Management of the Company and the same has also been posted in the Company's website and that all the Board members and Senior Management personnel to whom this Code of Conduct is applicable have affirmed the Compliance of Code of Conduct during the year 2010-11.

Place: Coimbatore
Date: 20th May, 2011

Sanjay Jayavarthanelu
Managing Director

Auditors' Certificate on Compliance of Conditions of Corporate Governance as per clause 49 of the Listing Agreement with Stock Exchanges.

To The Members of
Lakshmi Machine Works Limited

We have examined the compliance of conditions of Corporate Governance by Lakshmi Machine Works Limited, for the year ended on 31st March, 2011, as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges.

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

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

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

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

For **M S Jagannathan & Visvanathan**
Firm Reg. No- 001209S
Chartered Accountants

For **Subbachar & Srinivasan**
Firm Reg. No- 004083S
Chartered Accountants

M J Vijayaraaghavan
(Partner)
Membership No.7534

T S V Rajagopal
(Partner)
Membership No. 200380

Place: Coimbatore
Date: 20th May, 2011

CEO & CFO Certificate

The Board of Directors,
Lakshmi Machine Works Limited,
Coimbatore-641020.

Annual Confirmation pursuant to Clause 49(V) of the Listing Agreement

As required by Clause 49(V) of the Listing Agreement with Stock Exchanges, we hereby certify that :

- a) We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2011 and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading ;
 - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit committee
 - i) significant changes in internal control over financial reporting during the year ;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) that there were no instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

R. Rajendran
Director Finance (CFO)

Sanjay Jayavarthanelu
Managing Director (CEO)

Place: Coimbatore
Date: 20th May, 2011



STANDALONE FINANCIAL STATEMENTS

Auditors' Report

To the Shareholders of the Company,

1. We have audited the attached Balance Sheet of LAKSHMI MACHINE WORKS LIMITED as at 31st March 2011, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto signed by us under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
 4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books
- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
 - e) On the basis of the written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is, prima facie, disqualified as on 31st March, 2011 from being appointed as a Director in terms of Clause (g) of subsection (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the statement of significant accounting policies and the notes to the accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - 1) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2011 and
 - 2) in the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date.
 - 3) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For M.S. Jagannathan & Visvanathan

Firm Regn. No: 001209S

Chartered Accountants

M.J. Vijayaraaghavan

Partner

Membership No: 7534

Place: Coimbatore

Date: 20th May, 2011

For Subbachar & Srinivasan

Firm Regn. No: 004083S

Chartered Accountants

T.S.V. Rajagopal

Partner

Membership No: 200380

ANNEXURE TO THE AUDITORS' REPORT

[Referred to in Para 3 of our Audit Report of even date]

1. In respect of its Fixed Assets:
 - a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. The company has physically verified fixed assets during the year in accordance with a regular and phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the company and nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - c. The company has not disposed off any substantial part of fixed assets during the year that affects the going concern assumption.
2. In respect of its inventories:
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c. In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification as compared to the book records.
3.
 - a. The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - b. During the year the company has not given any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. In respect of loans to three parties already given in previous years the maximum amount outstanding during the year was Rs. 191,400,000 and the year end balance was Rs. 186,000,000.
 - c. In our opinion, the rate of interest and other terms and conditions on which loans have been given are not prima facie, prejudicial to the interests of the company and the repayment of principal amount and payment of interest are regular as stipulated and there are no overdue amounts.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. We have not observed any major weaknesses in internal control systems during the course of our audit.
5. In respect of contracts or arrangements referred to in Sec. 301 of the Companies Act, 1956:
 - a. In our opinion and according to the information and explanations given to us, particulars of such contracts or arrangements have been entered in the register required to be maintained under Sec. 301 of the Companies Act, 1956.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public and as such clause 4(vi) of the Order is not applicable.
7. In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account and records maintained by the company as applicable to it pursuant to Sec. 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of these records.
9. According to the information and explanations given to us in respect of the statutory dues:
 - a. The company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and protection Fund, Employees' State insurance, Income tax, Wealth tax, Service Tax, Sales Tax, Customs duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year. According to the information and explanations given to

us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2011

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 [Rs. In lakhs]	Amount paid/adjusted	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	440.58	Nil	Appellate Authorities Upto Commissioner's Level Rs. 345.80 lakhs CESTAT Rs. 68.73 lakhs High Court Rs. 26.05 lakhs
Income Tax Act, 1961	Income tax and interest	342.56	88.24	Commissioner of Income Tax (Appeals) Rs. 342.56 lakhs

10. The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/society and as such reporting under clause (xiii) of the Order is not applicable to the company.
14. The company is not dealing or trading in shares, securities, debentures and other investments and as such clause (xiv) of the Order is not applicable to the company.
15. According to the information and explanations given to us
16. the company has not given any guarantee for loans taken by others from banks or financial institutions.
17. To the best of our knowledge and belief and according to the information and explanations given to us, no term loans were availed by the company during the year.
18. The company has not raised any funds on short terms basis.
19. The company has not made any preferential allotment of shares during the year.
20. The company has not issued any debentures during the year.
21. The company has not raised any money by public issue during the year.
22. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year that causes the financial statements to be materially misstated.

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

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

M.J. Vijayaraaghavan
Partner
Membership No: 7534

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

Place: Coimbatore
Date: 20th May, 2011

Balance Sheet as at March 31, 2011

(Amount in Rs.)

	Schedule	31.03.2011		31.03.2010	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	112,665,040		123,692,500	
Reserves and Surplus	2	8,156,936,209	8,269,601,249	9,134,056,237	9,257,748,737
Deferred Tax Liability			276,041,611		330,938,496
Total			8,545,642,860		9,588,687,233
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block		14,331,009,805		13,677,075,775	
Less : Depreciation		10,070,968,662		9,212,941,558	
Net Block	3	4,260,041,143		4,464,134,217	
Capital Work in Progress		104,026,582	4,364,067,725	1,600,000	4,465,734,217
Investments	4		1,000,729,785		1,214,423,853
Current Assets, Loans & Advances					
Inventories		2,511,422,546		1,103,980,370	
Sundry Debtors		1,119,507,444		615,994,578	
Cash & Bank Balances		7,289,587,681		7,273,153,318	
Other Current Assets		353,702,452		237,396,675	
Loans and Advances		1,571,088,801		1,023,141,893	
		12,845,308,924		10,253,666,834	
Less :					
Current Liabilities & Provisions					
Current Liabilities	6	9,218,070,891		6,106,080,935	
Provisions		446,392,683		239,056,736	
		9,664,463,574		6,345,137,671	
Net Current Assets			3,180,845,350		3,908,529,163
Total			8,545,642,860		9,588,687,233
Significant Accounting Policies	12A				
Notes forming part of Accounts	12B				
Additional Disclosures	13A,13B				

The Schedules referred to above form an integral part of this Balance Sheet.

In terms of our report of even date

For M. S. Jagannathan & Visvanathan

Firm Registration No: 001209S

Chartered Accountants

R. Venkatragappan

Chairman

Sanjay Jayavarthanavelu

Managing Director

per M.J. Vijayaraaghavan

Partner

Membership No.: 7534

R. Rajendran

Director- Finance

K. Duraisami

Company Secretary

For Subbachar & Srinivasan

Firm Registration No: 004083S

Chartered Accountants

per T.S.V Rajagopal

Partner

Membership No.: 200380

Place: Coimbatore

Date: 20th May, 2011

Profit and Loss Account for the year ended March 31, 2011

(Amount in Rs.)

	Schedule	2010-11	2009-10
INCOME			
Gross Sales		19,289,662,074	12,304,552,633
Less : Excise Duty		1,556,544,940	935,508,815
Net Sales		17,733,117,134	11,369,043,818
Other Income	7	1,100,927,709	821,402,345
Total		18,834,044,843	12,190,446,163
EXPENDITURE			
Operating Expenses	8	12,550,405,495	7,736,115,604
Employee Cost	9	1,683,428,453	1,167,554,523
Administrative & Selling Expenses	10	1,167,525,058	822,949,035
Depreciation		1,041,083,505	958,206,666
Total		16,442,442,511	10,684,825,828
Profit Before Tax		2,391,602,332	1,505,620,335
Provision for Income tax – Current tax		810,000,000	590,000,000
– Wealth tax		164,370	147,833
– Deferred tax (Net)		(54,896,885)	(140,245,732)
– Prior year taxes		(23,459,613)	8,878,744
Profit After Tax		1,659,794,460	1,046,839,490
Add/(Less): Transfer from/(to) Investment Fluctuation Reserve		25,588,704	607,808,970
Balance Brought forward		6,572,260,081	5,243,968,357
Balance Available For Appropriation		8,257,643,245	6,898,616,817
Appropriations			
Proposed Dividend		337,995,120	185,538,750
Tax on Proposed Dividend		54,831,258	30,817,986
Amount transferred to General Reserve		170,000,000	110,000,000
Surplus carried to Balance Sheet		7,694,816,867	6,572,260,081
		8,257,643,245	6,898,616,817
Basic and Diluted Earnings per share -Nominal value Rs.10 per Share	11	134.95	84.63
Significant Accounting Policies	12A		
Notes forming part of Accounts	12B		
Additional Disclosures	13A,13B		

The Schedules referred to above form an integral part of this Profit and Loss Account.

In terms of our report of even date

For M. S. Jagannathan & Visvanathan

Firm Registration No: 001209S

Chartered Accountants

R. Venkatragappan
Chairman

Sanjay Jayavarthanavelu
Managing Director

per M.J. Vijayaraaghavan
Partner

Membership No.: 7534

R. Rajendran
Director- Finance

K. Duraisami
Company Secretary

For Subbuchar & Srinivasan
Firm Registration No: 004083S
Chartered Accountants

per T.S.V Rajagopal
Partner

Membership No.: 200380

Place: Coimbatore
Date: 20th May, 2011

Cash Flow Statement for the year ended March 31, 2011

(Amount in Rs.)

Particulars	31.03.2011	31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	2,391,602,332	1,505,620,335
Adjustments for :		
Depreciation	1,041,083,505	958,206,666
Profit on sale of assets	(32,719,187)	(229,860)
Loss on sale of assets	429,776	77,588
Loss on sale of Investments	5,861,071	-
Investments written off	522,400	-
Interest income	(635,691,426)	(486,766,180)
Dividend income	(6,859,976)	(1,266,589)
Unrealised Loss/(Gain) on Foreign Currency Cash and cash equivalents	(46,094)	16,668
	372,580,069	470,038,293
Operating Profit before Working Capital Changes	2,764,182,401	1,975,658,628
(Increase)/Decrease in trade and other receivables	(1,116,558,917)	(333,415,894)
(Increase)/Decrease in inventories	(1,407,442,176)	(279,380,425)
Increase/(Decrease) in trade and other payables	3,149,048,738	443,322,990
	625,047,645	(169,473,329)
Cash generated from operations	3,389,230,046	1,806,185,299
Direct taxes paid	(754,501,015)	(668,433,424)
Net Cash from Operating activities	2,634,729,031	1,137,751,875
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets/Capital Work In Progress	(1,006,148,802)	(151,036,250)
Proceeds from sale of fixed assets	99,021,199	975,730
Sale of Investments	263,185,598	-
Interest received	546,881,051	521,438,204
Dividend received	6,859,976	1,266,589
Loans given	-	(9,000,000)
Loans received back	5,400,000	3,600,000
Loans given to Joint Venture Company	-	(125,000,000)
Investment in Wholly owned subsidiary	(55,875,000)	(87,346,875)
Net cash used in investing activities	(140,675,978)	154,897,398
C. CASH FLOW FROM FINANCING ACTIVITIES		
Buy back of Shares	(2,255,115,570)	-
Dividends paid	(186,932,330)	(184,967,101)
Corporate dividend taxes paid	(30,817,986)	(31,532,311)
Transfer of Unpaid Debentures to IEPF	(4,798,898)	-
Net cash used in financing activities	(2,477,664,784)	(216,499,412)
Net increase in cash and cash equivalents (A+B+C)	16,388,269	1,076,149,861
Cash and cash equivalents at beginning of the period - D	7,273,153,318	6,197,020,125
Cash and cash equivalents at end of the period - E	7,289,541,587	7,273,169,986
Net increase in cash and cash equivalents (E-D)	16,388,269	1,076,149,861
Cash & Cash equivalents as per Balance Sheet	7,289,587,681	7,273,153,318
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents	(46,094)	16,668
Cash and Cash equivalents as per CASH FLOW Statement	7,289,541,587	7,273,169,986

Note : Cash and cash equivalents include the following balances not available for use :

Unpaid dividend warrant account	8,366,090	9,759,670
Unpaid Debenture and Interest account	-	4,798,898

In terms of our report of even date

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

R. Venkatragappan
Chairman

Sanjay Jayavarthanavelu
Managing Director

per M.J. Vijayaraaghavan
Partner

Membership No.: 7534

R. Rajendran
Director- Finance

K. Duraisami
Company Secretary

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

per T.S.V Rajagopal
Partner

Membership No.: 200380

Place: Coimbatore
Date: 20th May, 2011

Schedules Annexed to Balance Sheet as at March 31, 2011

(Amount in Rs.)

	31.03.2011	31.03.2010
Schedule 1 SHARE CAPITAL		
Authorised:		
25,000,000 Equity Share of Rs.10/- each	250,000,000	250,000,000
Issued, Subscribed, Called and paid up:		
11,266,504 (Pr.Yr-12,369,250) Equity Shares of Rs.10/- each fully paid up.	112,665,040	123,692,500
Out of the above :		
230,010 Shares are allotted as fully paid up, pursuant to a contract without payment being received in cash.		
9,651,620 Shares are allotted as fully paid-up by way of bonus shares by capitalisation of General Reserve.		
210 Shares are allotted as fully paid-up on account of Merger of India Precision Bearing Mfrs.Ltd., with the Company.		
177,520 Shares are allotted as fully paid-up on account of Merger of Textool Company Ltd with the Company		
Note: The Company during the year bought back and extinguished 11,02,746 (Previous year - Nil) Equity Shares		
Total	112,665,040	123,692,500

Schedule 2 RESERVES & SURPLUS

Capital Reserve :			
As per last Balance Sheet		70,139,900	70,139,900
Capital Redemption Reserve :			
As per last Balance Sheet		–	
Add : Transfer from General Reserve towards Buyback of Equity Shares	11,027,460	11,027,460	–
General Reserve :			
As per last Balance Sheet	2,372,601,518		2,262,601,518
Less : Transfer to Capital Redemption Reserve	11,027,460		
	2,361,574,058		
Less : Utilisation against Buyback of Equity Shares	2,244,088,110		
	117,485,948		
Add : Transfer from Profit & Loss Account	170,000,000		110,000,000
		287,485,948	2,372,601,518
Investment Fluctuation Reserve			
As per last Balance Sheet	119,054,738		726,863,707
Add / (Less) : Transfer from / (to) Profit & Loss Account	(25,588,704)		(607,808,969)
		93,466,034	119,054,738
Surplus in Profit and Loss Account		7,694,816,867	6,572,260,081
Total		8,156,936,209	9,134,056,237

Schedules Annexed to Balance Sheet as at March 31, 2011

Schedule 3 FIXED ASSETS

(Amount in Rs.)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 31.03.2010	Additions	Sales/ Transfer	cost as at 31.03.2011	Upto 31.03.2010	Withdrawn	For the year	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
A. Tangible Assets :										
Land	174,138,855	-	3,330,000	170,808,855	-	-	-	-	170,808,855	174,138,855
Buildings	1,198,138,233	-	-	1,198,138,233	666,469,579	-	46,702,823	713,172,402	484,965,831	531,668,654
Machinery	10,915,011,790	863,879,088	243,874,587	11,535,016,291	7,389,688,923	181,157,041	938,214,583	8,146,746,465	3,388,269,826	3,525,322,867
Furniture & Equipments	578,695,236	31,408,825	246,402	609,857,659	513,503,794	199,858	22,508,987	535,812,923	74,044,736	65,191,442
Vehicles	319,219,550	8,434,307	2,337,201	325,316,656	193,529,450	1,699,502	23,013,156	214,843,104	110,473,552	125,690,100
Total Tangible Assets	13,185,203,664	903,722,220	249,788,190	13,839,137,694	8,763,191,746	183,056,401	1,030,439,549	9,610,574,894	4,228,562,800	4,422,011,918
B. Intangible Assets										
Technical Knowhow	62,878,841	-	-	62,878,841	20,756,542	-	10,643,956	31,400,498	31,478,343	42,122,299
Goodwill	428,993,270	-	-	428,993,270	428,993,270	-	-	428,993,270	-	-
Total Intangible Assets	491,872,111	-	-	491,872,111	449,749,812	-	10,643,956	460,393,768	31,478,343	42,122,299
Capital Work in Progress									104,026,582	1,600,000
Total Assets	13,677,075,775	903,722,220	249,788,190	14,331,009,805	9,212,941,558	183,056,401	1,041,083,505	10,070,968,662	4,364,067,725	4,465,734,217
Previous Year	13,443,856,865	237,282,244	4,063,334	13,677,075,775	8,257,974,768	3,239,876	958,206,666	9,212,941,558	4,465,734,217	

Schedule 4 INVESTMENTS

	Face Value	31.03.2011		31.03.2010	
	Rs.	Nos.	Rs.	Nos.	Rs.
Long Term Investments at cost					
A. Non-trade : Quoted Investments					
1. Equity Shares Fully paid-up					
Arun Processors Limited	10	200	-	200	7,400
Cholamandalam DBS Finance Limited	10	342,562	26,788,160	342,562	26,788,160
Lakshmi Automatic Loom Works Limited	10	441,110	8,888,850	441,110	8,888,850
Pricol Limited	1	24,975	252,363	24,975	252,363
Rajshree Sugars & Chemicals Limited	10	100,000	1,000,000	100,000	1,000,000
South Asian Financial Exchange Limited	10	51,500	-	51,500	515,000
The Lakshmi Mills Company Limited	100	39,297	20,134,378	39,297	20,134,378
JSW Steel Limited	10	389,647	531,479,290	586,895	800,525,958
Indian Bank	10	69,562	6,330,142	69,562	6,330,142
B. Non-trade : Unquoted Investments					
1. Equity Shares Fully paid-up					
Pugoda Textiles Lanka Ltd., Sri Lanka (Shares vested with Govt. of Sri Lanka for compensation)	10	6,750,000	48,382,668	6,750,000	48,382,668
Rieter-LMW Machinery Ltd	10	12,500,000	125,000,000	12,500,000	125,000,000
2. Co-operative Concerns/Others					
Sharada Chambers Premises Co-op Society Ltd	50	5	250	5	250
Lakshmi Machine Works Employees Co-op Stores Ltd	10	500	5,000	500	5,000
Investment in REPCO Bank	10	750	7,500	750	7,500
C. Investment in Subsidiary(Unquoted)					
LMW Textile Machinery (Suzhou) Co. Ltd			232,461,184		176,586,184
Total			1,000,729,785		1,214,423,853
Aggregate value of Quoted Investments					
Cost	Rs.		594,873,183		864,442,251
Market Value	Rs.		622,550,952		866,531,317
Aggregate value of Unquoted Investments	Rs.		405,856,602		349,981,602

Schedules Annexed to Balance Sheet as at March 31, 2011

Schedule 5	CURRENT ASSETS, LOANS & ADVANCES	(Amount in Rs.)	
		31.03.2011	31.03.2010
A) INVENTORIES			
Raw Materials		867,575,056	359,439,312
Components		871,004,030	441,840,666
Work-in-process		497,318,735	117,854,090
Finished Goods		95,464,012	91,892,675
Consumables		180,060,713	92,953,627
Total		2,511,422,546	1,103,980,370
B) SUNDRY DEBTORS			
Unsecured, Considered Good :			
Outstanding for a period exceeding six months		71,546,006	56,654,337
Other Debts *		1,047,961,438	559,340,241
Total		1,119,507,444	615,994,578
C) CASH & BANK BALANCES			
Cash on hand		1,536,950	2,185,758
With Scheduled Banks :			
– in Current Account		151,791,056	64,322,801
– in Deposit Account		7,127,582,039	7,190,738,004
– in Unpaid Dividend Account		8,366,090	9,759,670
– in Unpaid Debenture & Interest Account		–	4,798,898
With Non Scheduled Banks :(Refer Note No. 20 of Schedule 12B)			
Bank of India, Nairobi		62,614	154,885
Vietnam Bank for Foreign Trade of Vietnam		6,627	23,653
Bangkok Bank Public Company Ltd, Thailand		109,523	522,884
Bank Central Asia, Indonesia		5,585	148,182
HSBC , Bangladesh		127,197	–
Citi Bank , Bangladesh		–	498,583
Total		7,289,587,681	7,273,153,318
D) OTHER CURRENT ASSETS			
Interest accrued on Bank Deposits		245,855,005	157,044,630
Income Receivable		107,847,447	80,352,045
Total		353,702,452	237,396,675
E) LOANS & ADVANCES			
Unsecured recoverable in cash or in kind, or for value to be received-Considered good		848,047,313	321,120,731
Inter Corporate and Other Loans		186,000,000	191,400,000
Deposits		63,146,906	70,232,980
Balance with Central Excise,Sales Tax,Customs etc.,		374,660,804	313,930,114
Prepaid Expenses		10,082,989	5,103,537
Advance taxes (Net of Provisions therefor)		89,150,789	121,354,531
Total		1,571,088,801	1,023,141,893

* Includes dues from Wholly Owned Subsidiary Rs.299,717,719/- (Previous Year Rs.56,918,287/-)
Maximum amount due at any time during the year Rs.388,945,713/- (Previous year Rs.56,918,287/-)

Schedules Annexed to Balance Sheet as at March 31, 2011

(Amount in Rs.)

	31.03.2011	31.03.2010
Schedule 6 CURRENT LIABILITIES & PROVISIONS		
A) Current Liabilities		
Liabilities for Supplies & Services :		
Due to Micro, Small and Medium Enterprises	7,311,997	3,808,102
Others	2,662,960,871	1,568,173,019
	2,670,272,868	1,571,981,121
Liabilities for Expenses	428,396,715	397,977,227
Liabilities for Other Finance		
i) Security deposit received against supply of machinery	4,731,465,642	3,058,722,545
ii) Others	1,379,569,576	1,062,841,474
	6,111,035,218	4,121,564,019
Unpaid Dividends*	8,366,090	9,759,670
Unclaimed Debenture *	-	4,798,898
* No amount is due and outstanding to be credited to the Investor Education and Protection Fund		
Total	9,218,070,891	6,106,080,935
B) Provisions		
Provision for Proposed Dividend	337,995,120	185,538,750
Tax on Proposed Dividend	54,831,258	30,817,986
Provision for Warranty	46,098,000	22,700,000
Provision for Leave Encashment	7,468,305	-
Total	446,392,683	239,056,736

Schedules Annexed to Profit and Loss Account for the year ended March 31, 2011

(Amount in Rs.)

	2010-11	2009-10
Schedule 7 OTHER INCOME		
Sale of Scrap	66,517,336	41,223,259
Rent Receipts (TDS - Rs.4,26,838/-)(Previous year TDS - Rs.752,063)	7,389,580	8,190,109
Interest Receipts (TDS - Rs.6,35,69,142/-) (Previous year TDS Rs.102,011,625/-)	635,691,426	486,766,181
Dividend from Long term Investments	6,859,976	1,266,589
Export Incentives	116,145,139	91,727,001
Repairs & Service Charges and Misc.Income	121,697,622	84,805,623
Foreign Exchange Gain (Net)	58,871,561	15,584,165
Profit on Sale of Assets	32,719,187	229,860
Sale of Wind energy	55,035,882	91,609,558
Total	1,100,927,709	821,402,345

Schedules Annexed to Profit and Loss Account for the year ended March 31, 2011

(Amount in Rs.)

	2010-11	2009-10
Schedule 8 OPERATING EXPENSES		
A) MATERIAL CONSUMPTION		
Opening Stock	801,279,978	535,873,196
Add : Purchases	12,804,611,477	7,404,876,763
Less : Sales	764,104,211	515,860,554
Closing Stock	1,738,579,086	801,279,978
Total (A)	11,103,208,158	6,623,609,427
B) STOCK (INCREASE) / DECREASE		
Opening Stock :		
Finished Goods	91,892,675	103,121,206
Work in Process	117,854,090	103,504,110
	209,746,765	206,625,316
Closing Stock :		
Finished Goods	95,464,012	91,892,675
Work in Process	497,318,735	117,854,090
	592,782,747	209,746,765
Total(B)	(383,035,982)	(3,121,449)
C) OTHER EXPENSES		
Stores Consumed	1,060,275,426	561,948,772
Power & Power Generation Charges (Net of Wind energy Rs.239,694,068/-, Previous year - Rs.140,352,742/-)	256,268,863	211,206,214
Repairs & Maintenance – Buildings	63,449,342	46,759,932
– Machinery	221,682,878	150,656,199
– Others	228,556,810	145,056,509
Total (C)	1,830,233,319	1,115,627,626
Grand Total (A + B + C)	12,550,405,495	7,736,115,604

(Amount in Rs.)

Schedule 9 EMPLOYEE COST		
Salaries, Wages, Incentives, etc.	1,249,831,128	859,777,023
Contribution to Provident Fund and Other Funds	216,019,798	83,469,836
Workmen & Staff Welfare Expenses	134,858,538	83,215,828
Managerial Remuneration	82,718,989	94,800,073
Voluntary Retirement Scheme Compensation	–	46,291,763
Total	1,683,428,453	1,167,554,523

Schedules Annexed to Profit and Loss Account for the year ended March 31, 2011

(Amount in Rs.)

	2010-11	2009-10
Schedule 10 ADMINISTRATIVE AND SELLING EXPENSES		
Printing & Stationery	14,016,892	8,646,346
Postage, Telegrams & Telephones	9,335,991	8,775,025
Travelling Exps & Maint. of Vehicles	99,864,798	79,202,697
Insurance	8,153,294	6,889,232
Rent	5,429,350	4,867,738
Licence & Taxes	11,220,337	15,525,080
Directors' Sitting Fees	1,030,000	400,000
Auditors Remuneration	1,883,250	1,408,415
Bank Charges, LC Commission etc.,	15,805,213	8,824,336
Legal & Professional Charges	47,966,561	29,839,865
Subscription to Associations & Periodicals	2,107,342	1,845,767
Research & Development	119,505,728	124,903,253
Loss on Sale of Assets	429,776	77,588
Loss on Sale of Investments	5,861,071	–
Investments written off	522,400	–
Miscellaneous Expenses	34,618,225	28,268,879
Donations	16,100,000	19,200,000
Sales Commission to Agents	447,431,421	322,582,559
Sales Expenses	80,901,601	41,981,122
Security and Other Service expenses	81,424,146	57,177,922
Advertisement & Publicity	49,055,067	28,280,873
Export Expenses	111,811,092	33,856,728
Bad debts written Off	–	38,885,891
Less : Provision adjusted	–	38,885,891
Royalty	3,051,503	395,610
Total	1,167,525,058	822,949,035
Schedule 11 EARNINGS PER SHARE		
Net Profit after Tax	1,659,794,460	1,046,839,490
Weighted Average Number of Equity shares	12,299,762	12,369,250
Nominal value per Equity Share (Rs.)	10	10
Basic & Diluted EPS (Rs.)	134.95	84.63

Schedules Annexed to Balance Sheet & Profit and Loss Account

Schedule 12A SIGNIFICANT ACCOUNTING POLICIES

1. Method of Accounting

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

2. Use of Estimates

The preparation of financial statements 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.

3. Fixed Assets:

Fixed assets are stated at historical cost net of Cenvat credit /Value added Tax, including appropriate direct and allocated expenses

Schedules Annexed to Balance Sheet & Profit and Loss Account

Schedule 12A SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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 Profit and Loss Account. Self constructed assets are capitalized at factory cost.

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 Profit & Loss Account.

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.

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 profit and loss account.

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

7. Depreciation

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

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 under Duty Entitlement Pass Book [DEPB] Scheme and Duty drawback scheme are recognized when the right to receive payment/credit is established and no significant uncertainty as to measurability or collectability exists.

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.

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.

11. Employee Benefits:

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

Defined Contribution Plans

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

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

Schedules Annexed to Balance Sheet & Profit and Loss Account

Schedule 12A SIGNIFICANT ACCOUNTING POLICIES (Contd.)

benefits becomes vested. Actuarial gains or losses are recognized immediately in the statement of profit and loss account 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.

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.

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.

14. Provisions, contingent liabilities and contingent assets

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

15. Cash Flow Statements

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

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 weighted average cost basis.

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.

18. Leases

Assets given on leases where substantial risks and rewards incident 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.

Schedules Annexed to Balance Sheet & Profit and Loss Account

Schedule 12B NOTES FORMING PART OF ACCOUNTS

	2010-11		2009-10	
	Nos.	Value Rs.	Nos.	Value Rs.
1. Details of Turnover :				
Sale Of Finished Goods :				
i) Spinning Machinery				
a. Spinning preparatory machinery	2443	6,304,572,028	1480	3,698,977,257
b. Yarn making machinery	1896	7,164,137,886	1502	4,849,285,674
ii) Metal Cutting Including Grinding Machines	1073	1,819,396,293	607	929,981,630
Sale Of Castings (tonnes)	5667	708,344,168	6192	773,637,020
Sale Of Spares & Accessories Etc		1,736,666,759		1,117,162,237
Total		17,733,117,134		11,369,043,818

	2010-11		2009-10	
	Tonnes	Value Rs.	Tonnes	Value Rs.
2. i) Raw Material Consumed				
Machine Shop				
a) Iron and Steel	35636	1,959,999,366	20759	996,414,818
b) Aluminium, Brass & Copper	1766	323,103,190	1173	193,319,744
c) Non metallic items etc (Quantitative details could not be given in respect of item "c" as their list is too large and no item individually accounts for 10% or more of the value of raw materials consumed)		123,056,182		81,728,664
Foundry				
a) Pig Iron	13232	370,185,022	9846	230,096,327
b) Cast Iron Borings & Scrap	15532	360,745,201	10058	207,886,658
c) Ferro Silicon	370	31,261,762	234	17,337,142
ii) Components Consumed				
a) Components Indigenus		6,045,434,110		3,649,543,677
b) Components Imported (Quantitative details could not be given in respect of components as their list is too large and no item individually accounts for 10% or more of the value of components consumed)		1,889,423,325		1,247,282,397
Total		11,103,208,158		6,623,609,427

	Opening Stock 2009-10 Nos.	Closing 2009-10 Opening 2010-11 Nos.	Closing Stock 2010-11 Nos.
3. Stock of Finished Goods:			
Spinning Machinery			
a. Spinning preparatory machinery	17	20	20
b. Yarn making machinery	17	18	4
Metal Cutting Including Grinding Machines	7	3	11
Total Value	103,121,206	91,892,675	95,464,012

Schedules Annexed to Balance Sheet & Profit and Loss Account

Schedule 12B NOTES FORMING PART OF ACCOUNTS (Contd.)

	2010-11		2009-10	
	Licensed	Installed	Licensed	Installed
4. Licensed and Installed Capacity				
Spinning Machinery	Nos.	Nos.	Nos.	Nos.
a) Spinning preparatory machinery	3287	5000	3287	5000
b) Yarn making machinery	5084	3300	5084	3300
c) Accessories and parts	211 lacs	279 lacs	211 lacs	279 lacs
Weaving Machinery				
a) Weaving preparatory machinery	211	–	211	–
Textile Packaging Machinery	196	–	196	–
Pilot Mill (Spindles)	28000	8000	28000	8000
Metal Cutting Including Grinding Machines	900	900	900	900
Diesel Engines	2676	–	2676	–
Castings (Tonnes)	15000	15000	15000	15000

	2010-11 Nos.	2009-10 Nos.
5. Actual Production		
Spinning Machinery		
a) Spinning preparatory machinery	2443	1483
b) Yarn making machinery	1882	1503
Metal Cutting Including Grinding Machines	1081	603
Castings (Tonnes)	29188	18863

	2010-11 Rs.	2009-10 Rs.
6. a) Value of Imports (CIF)		
i) Raw Materials	502,756,270	262,351,848
ii) Components & Spare-parts	1,766,839,244	1,079,470,791
iii) Capital goods	701,216,242	183,367,981
b) Expenditure in Foreign Currency on account of: (on payment basis)		
i) Royalty	1,810,431	255,177
ii) Sales Commission	38,953,017	14,235,919
iii) Others	18,400,131	15,413,364

	2010-11		2009-10	
	Rs.	% to Total Consumption	Rs.	% to Total Consumption
c) Consumption				
i) Raw materials Imported	789,873,721	7.11	256,874,688	3.88
ii) Spare Parts & Components Imported	1,889,423,325	17.02	1,247,282,397	18.84
iii) Raw materials Indigenous	2,378,477,002	21.42	1,469,908,665	22.20
iv) Spare Parts & Components Indigenous	6,045,434,110	54.45	3,649,543,677	55.08
Total	11,103,208,158	100.00	6,623,609,427	100.00

Schedules Annexed to Balance Sheet & Profit and Loss Account

Schedule 12B NOTES FORMING PART OF ACCOUNTS (Contd.)

	2010-11 Rs.	2009-10 Rs.
d) Amount remitted during the year in foreign currencies		
i) On account of dividends	24,472,800	24,472,800
ii) Number of Non-resident shareholders	1	1
iii) Number of shares held by Non-resident shareholders on which dividends are due	1,631,520	1,631,520
iv) The year to which dividends relate	2009-10	2008-09
e) Earnings in Foreign Exchange:		
Export of goods calculated on FOB basis	2,514,137,866	742,664,933

	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
7. a) Calculation of Managerial Commission				
Net Profit as per Profit and Loss Account		2,391,602,332		1,505,620,335
Add : Depreciation as per books	1,041,083,505		958,206,666	
Managerial remuneration	82,718,989		94,800,073	
Sitting Fees paid to Directors	1,030,000		400,000	
Loss on Sale of Assets	429,776		77,588	
Loss on Sale of Investments	5,861,071		–	
Investments written off	522,400		–	
Voluntary Retirement Scheme Compensation	–	1,131,645,741	46,291,763	1,099,776,090
		3,523,248,073		2,605,396,425
Less: Profit on Sale of Assets	32,719,187		229,860	
Depreciation under Section 350	1,041,083,505	1,073,802,692	958,206,666	958,436,526
Net Profit for Managerial Commission referred to below as per sec 349 of the Companies Act., 1956		2,449,445,381		1,646,959,899

		2010-11 Rs.	2009-10 Rs.
b) Managerial Remuneration	Dr.D.Jayavarthanavelu Chairman and Managing Director		
Salary		1,050,000	5,400,000
Gratuity Fund Contribution		–	259,615
Provident Fund contribution		126,000	648,000
Other perquisites		1,050,000	5,305,387
Commission payable @ 2% on Net Profit of Rs.2,449,445,381/- (Upto 10.06.2010)		9,552,837	32,939,198
Total		11,778,837	44,552,200
c) Managerial Remuneration	Sri.R.Venkatrangappan Chairman		
Salary		3,975,000	3,600,000
Superannuation Fund contribution		–	540,000
Gratuity Fund Contribution		–	173,077
Provident Fund contribution		318,000	432,000
Other perquisites		2,780,232	2,899,812
Commission payable @ 1% on Net Profit of Rs.2,449,445,381/- (Upto 09.09.2010)		10,871,511	16,469,599
Total		17,944,743	24,114,488

Schedules Annexed to Balance Sheet & Profit and Loss Account

Schedule 12B NOTES FORMING PART OF ACCOUNTS (Contd.)

	2010-11 Rs.	2009-10 Rs.
d) Managerial Remuneration		
Sri.Sanjay Jayavarthanelu Managing Director		
Salary	6,000,000	3,600,000
Superannuation Fund contribution	–	540,000
Gratuity Fund Contribution	288,462	173,077
Provident Fund contribution	720,000	432,000
Other perquisites	4,973,270	3,118,709
Commission payable @ 1% on Net Profit of Rs.2,449,445,381/-	24,494,454	16,469,599
Total	36,476,186	24,333,385
e) Managerial Remuneration		
Sri.R.Rajendran Director- Finance		
Salary (With effect from 02.02.2011)	1,178,571	–
Provident Fund contribution	94,285	–
Other perquisites	70,000	–
Total	1,342,856	–
f) Non Executive Directors' Commission	15,176,367	1,800,000
Total Managerial Remuneration	82,718,989	94,800,073
	2010-11 Rs.	2009-10 Rs.
8. Auditors' Remuneration :		
Audit Fees	1,500,000	1,200,000
Fees for Tax Matters	104,750	75,000
Issue of certificates	238,500	104,415
Travelling expenses	40,000	29,000
Total	1,883,250	1,408,415

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, 2011 has been made in the financial statements based on information received and available with the Company.

(Amount in Rs.)

	2010-11	2009-10
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	7,311,997	3,808,102
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

10. Provision for Excise duty amounting Rs.8,914,590/-(Previous year Rs.8,581,085/-) for the uncleared stock of finished goods has been reckoned in the value of Finished Goods.

Schedules Annexed to Balance Sheet & Profit and Loss Account

Schedule 12B NOTES FORMING PART OF ACCOUNTS (Contd.)

	2009-10 Rs.	Adjustments during the year Rs.	2010-11 Rs.
11. Deferred Tax			
Deferred Tax Asset:			
On account of VRS	12,302,499	(3,289,493)	9,013,006
Others-Section 43B Items	5,671,251	(5,671,251)	–
	17,973,750	(8,960,744)	9,013,006
Deferred Tax Liability:			
On account of Depreciation	348,912,246	(63,857,629)	285,054,617
Net deferred tax Asset / (Liability)	(330,938,496)	54,896,885	(276,041,611)

12. In the opinion of the Board of Directors, the Current Assets, Loans and Advances have atleast the value as stated in the Balance Sheet and will be realised in the ordinary course of business.

(Amount in Rs.)

	Gross Block	Depreciation for the year	Accumulated Depreciation	Net Block
13. The Fixed Assets include				
Assets leased out as on 31.03.2011				
Buildings	37,331,093	1,030,881	17,744,373	19,586,720
Total	37,331,093	1,030,881	17,744,373	19,586,720
Assets leased out as on 31.03.2010				
Buildings	37,331,093	1,085,136	16,713,492	20,617,601
Total	37,331,093	1,085,136	16,713,492	20,617,601

Income from leased Buildings of Rs.7,389,580/- is grouped in Rent receipts (Previous Year Rs.8,190,109/-)

14. Employee Benefits

I. Defined Benefit Plans

(Amount in Rs.)

	Gratuity (Funded)			Leave Encashment (Funded)		
	31.03.2011	31.03.2010	31.03.2009	31.3.2011	31.03.2010	31.03.2009
A. Expense recognised during the year						
1. Current Service cost	26,732,267	18,675,767	16,451,097	3,274,299	2,242,857	3,946,000
2. Interest cost	23,846,372	23,630,820	20,596,834	1,579,045	1,738,945	1,698,266
3. Expected return on plan assets	(31,649,962)	(27,656,824)	(22,621,097)	260,473	(1,966,771)	(1,746,646)
4. Actuarial Losses / (Gains) during the year	123,384,738	9,622,798	14,459,460	(15,631,690)	(20,018,588)	4,684,064
5. Total Expense	142,313,415	24,272,561	28,886,294	(10,517,873)	2,664,073	8,581,684
B. Actual return on Plan assets						
1. Expected return on plan assets	31,649,962	27,656,824	22,621,097	(260,473)	1,966,771	1,746,646
2. Actuarial (Loss) / Gain on Plan assets	(814,174)	15,703,215	(9,804,627)	38,990,336	16,762,677	(8,408,887)
3. Actual return on plan assets	30,835,788	43,360,039	12,816,470	38,729,863	18,729,448	(6,662,241)
C. Net Asset/(Liability) recognised in the Balance Sheet						
1. Present value of the obligation at the end of the year	449,451,221	319,857,291	290,410,401	29,100,786	19,139,938	21,078,120
2. Fair value of plan assets as at the end of the year	475,211,159	349,568,348	320,121,458	35,473,952	32,981,409	14,251,961
3. Funded status surplus/(deficit)	25,759,938	29,711,057	29,711,057	6,373,166	13,841,471	(6,826,159)
4. Unrecognised past service cost	–	–	–	–	–	–
5. Net Asset/(Liability) recognised in the Balance Sheet	–	–	–	–	–	(6,826,159)

Schedules Annexed to Balance Sheet & Profit and Loss Account

Schedule 12B NOTES FORMING PART OF ACCOUNTS (Contd.)

14. Employee Benefits (Contd.)

I. Defined Benefit Plans

(Amount in Rs.)

	Gratuity (Funded)			Leave Encashment (Funded)		
	31.03.2011	31.03.2010	31.03.2009	31.3.2011	31.03.2010	31.03.2009
D. Change in Present value of the Obligation during the year						
1. Present value of the obligation at beginning of year	319,857,291	290,410,401	266,213,206	1,966,771	21,078,120	17,282,328
2. Current service cost	26,732,267	18,675,767	16,451,097	3,274,299	2,242,857	3,946,000
3. Interest cost	23,846,372	23,630,820	20,596,834	1,579,045	1,738,945	1,698,266
4. Benefits paid	(43,555,273)	(38,185,710)	(17,505,569)	(1,077,975)	(2,664,073)	(918,870)
5. Actuarial (gain)/loss on obligation	122,570,564	25,326,013	4,654,833	23,358,646	(3,255,911)	(929,604)
6. Present value of obligation at end of the year	449,451,221	319,857,291	290,410,401	29,100,786	19,139,938	21,078,120
E. Change in Plan Assets during the year						
1. Fair value of plan assets at the beginning of the year	349,568,348	320,121,458	295,924,263	(3,255,911)	14,251,961	20,077,547
2. Expected return on plan assets	31,649,962	27,656,824	22,621,097	(260,473)	1,966,771	1,746,646
3. Contributions made	138,362,296	24,272,561	28,886,294	1,077,975	2,664,073	1,755,525
4. Benefits paid	(43,555,273)	(38,185,710)	(17,505,569)	(1,077,975)	(2,664,073)	(918,870)
5. Actuarial gain / (loss) on plan assets	(814,174)	15,703,215	(9,804,627)	38,990,336	16,762,677	(8,408,887)
6. Fair value of plan assets at the end of the year	475,211,159	349,568,348	320,121,458	35,473,952	32,981,409	14,251,961
F. Net actuarial Gain / Loss recognised						
1. Actuarial (Gain) / Loss on Benefit Obligation	122,570,564	25,326,013	4,654,833	23,358,646	(3,255,911)	(929,604)
2. Actuarial Gain / (Loss) on Plan assets	(814,174)	15,703,215	(9,804,627)	38,990,336	16,762,677	(8,408,887)
3. Net Actuarial (Gain) / Loss recognised	123,384,738	9,622,798	14,459,460	(15,631,690)	(20,018,588)	7,479,283
G. Major categories of plan assets as a percentage of total plan						
Qualifying insurance policies	473,700,888	347,231,835	318,291,191	35,473,952	32,981,409	14,251,961
Own plan assets	1,510,271	2,336,513	1,830,267	-	-	-
Total	475,211,159	349,568,348	320,121,458	35,473,952	32,981,409	14,251,961
H. Actuarial Assumptions						
1. Discount rate	8.00%	8.00%	8.00%	8.25%	8.25%	8.00%
2. Salary escalation	7.00%	7.00%	6.00%	7.00%	5.00%	5.00%
3. Expected rate of return on plan assets	8.00%	9.00%	7.50%	13.80%	13.80%	8.00%
4. Attrition rate	2.00%	3.00%	3.00%	2.00%	3.00%	3.00%
5. Mortality rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

Note:

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

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

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

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

II. Defined Contribution Schemes

	31.03.2011	31.03.2010	31.03.2009
Provident Fund Contribution	67,338,580	51,298,080	56,713,427
Superannuation Fund Contribution	-	8,174,968	9,157,978

Schedules Annexed to Balance Sheet & Profit and Loss Account

Schedule 12B NOTES FORMING PART OF ACCOUNTS (Contd.)

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 amount (Rs.)	
		2010-11	2009-10	2010-11	2009-10
Sundry creditors	CHF	2,809	16,458	139,172	696,481
	EUR	371,503	196,564	23,778,552	11,909,803
	GBP	38,245	14,493	2,783,883	983,640
	JPY	54,333,013	40,736,588	29,769,058	19,960,928
	SEK	27,000	585,950	193,574	3,685,626
	SGD	230,178	9,480	8,281,620	305,256
	USD	371,932	18,395	16,884,908	828,316
Sundry Debtors	USD	13,581,977	2,750,403	608,886,902	123,850,645
	EUR	383,778	431,114	23,250,021	26,121,177
Bank Balances	THB	84,798	188,178	127,197	263,035
	KES	81,485	32,942	44,817	19,930
	BDT	1,721,129	378,015	109,523	250,737
	IDR	1,074,096	–	5,585	–
	USD	538	18,088	24,424	814,484

16. Contingent Liabilities:

(Amount in Rs.)

	2010-11	2009-10
Letters of Credit	707,013,989	171,823,467
Bank Guarantee	86,239,859	95,746,731
Central Excise Demand	44,057,958	58,496,042
Income Tax Demand	34,255,650	–

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.

17. Estimated amount of Contracts remaining to be executed on Capital account and not provided for net of advances is Rs.200,942,474/-.(Previous Year Rs.487,330,735/-)

18. 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"

(Amount in Rs.)

	Provision for Warranty	
	2010-11	2009-10
Carrying amount at the beginning of the year	22,700,000	26,000,000
Additional provision made during the year	46,098,000	22,700,000
Amount used during the year	22,700,000	22,567,150
Unused amount reversed during the year	–	3,432,850
Carrying amount at the end of the year	46,098,000	22,700,000

19. Revenue Expenditure on Research & Development amounting to Rs.119,505,728/- (Previous Year Rs.124,903,253/-) has been charged to Profit and Loss Account and Capital expenditure relating to Research and Development amounting to Rs.18,180,108/- (Previous Year Rs.25,217,506/-) has been included in Fixed Asset

Schedules Annexed to Balance Sheet & Profit and Loss Account

Schedule 12B NOTES FORMING PART OF ACCOUNTS (Contd.)

20. Maximum amounts outstanding at any time during the year of balances with non-scheduled banks *(Amount in Rs.)*

	2010-11	2009-10
Bank of India, Nairobi	209,337	387,883
Vietnam Bank for Foreign Trade of Vietnam	44,840	42,053
Bangkok Bank Public Company Ltd, Thailand	22,703	664,276
Bank Central Asia, Indonesia	197,273	4,205
HSBC, Bangladesh	53,506	–
Citibank, Bangladesh	–	144,468

21. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Schedule 13A

Segment Report for the year ended March 31, 2011

(Amount in Rs.)

	Textile Machinery Division		Other Divisions		Total	
	31.03.2011	31.03.2010	31.3.2011	31.03.2010	31.3.2011	31.03.2010
Primary - Business Segment						
Revenue						
External Sales	15,181,320,556	9,647,342,182	2,551,796,578	1,721,701,635	17,733,117,134	11,369,043,817
Inter Segment Transfers	49,278,064	38,897,148	21,021,216	8,269,898	70,299,280	47,167,046
Allocable other income	415,587,133	311,965,083	35,399,594	13,214,383	450,986,727	325,179,466
Segment Revenue	15,646,185,753	9,998,204,413	2,608,217,388	1,743,185,916	18,254,403,141	11,741,390,329
Less : Inter Segment Transfers					70,299,280	47,167,046
Add : Unallocable other Income					649,940,982	496,222,883
Enterprise revenue					18,834,044,843	12,190,446,166
Result						
Segment Result	1,642,915,249	967,554,025	206,861,810	157,651,918	1,849,777,059	1,125,205,943
Less :Unallocated Expenses					108,115,709	115,808,491
Operating Profit					1,741,661,350	1,009,397,452
Less : Interest Expenses					–	–
Income tax expenses (Current)					786,704,757	599,026,577
Income tax expenses (Deferred)					(54,896,885)	(140,245,732)
Add : Unallocable Other Income					649,940,982	496,222,883
Net Profit after Tax					1,659,794,460	1,046,839,490
Other Information						
Segment assets	13,867,185,488	13,351,327,286	1,295,068,913	1,061,892,250	15,162,254,401	14,413,219,536
Add : Unallocated corporate assets					3,047,852,033	2,468,534,559
Enterprise Assets					18,210,106,434	16,881,754,095
Segment Liabilities	6,800,848,433	5,659,787,881	511,295,962	294,842,580	7,312,144,395	5,954,630,461
Add : Unallocated corporate liabilities					10,897,962,039	10,927,123,634
Enterprise Liabilities					18,210,106,434	16,881,754,095
Capital Expenditure	858,250,522	130,994,139	147,898,280	20,042,111	1,006,148,802	151,036,250
Depreciation	990,519,674	913,641,395	50,563,831	44,565,271	1,041,083,505	958,206,666
Non-Cash Expenditure	–	–	–	–	–	–

Schedules Annexed to Balance Sheet & Profit and Loss Account

Schedule 13A

Segment Report for the year ended March 31, 2011 (Contd.)

(Amount in Rs.)

	Textile Machinery Division		Other Divisions		Total	
	31.03.2011	31.03.2010	31.3.2011	31.03.2010	31.3.2011	31.03.2010
Secondary - Geographical Segment						
a) Revenue from external customers by location of customers						
Domestic Segment					15,218,979,268	10,626,378,884
Export Segment					2,514,137,866	742,664,933
Total External Sales					17,733,117,134	11,369,043,817
b) Carrying amount of Segment Assets						
Within India	13,867,122,209	13,351,299,800	1,295,068,913	1,061,892,250	15,162,191,122	14,413,192,050
Outside India	63,279	27,486	–	–	63,279	27,486
Total	13,867,185,488	13,351,327,286	1,295,068,913	1,061,892,250	15,162,254,401	14,413,219,536
c) Capital Expenditure						
Within India	858,212,654	130,994,139	147,898,280	20,042,111	1,006,110,934	151,036,250
Outside India	37,868	–	–	–	37,868	–
Total	858,250,522	130,994,139	147,898,280	20,042,111	1,006,148,802	151,036,250

Notes:

- 1) The Company is organised into two main Business Segments viz., Textile Machinery Segment comprising of Spinning Preparatory Machinery; Yarn Making machinery; Accessories & Parts and Other Segment comprising of Machine Tools and Foundry Division and Advanced Technology Centre.
- 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 at weighted average cost, 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.

Schedules Annexed to Balance Sheet & Profit and Loss Account

Schedule 13B

Related Party Disclosures

1) Related Party Relationships

Key Management Personnel:	Dr. D. Jayavarthanelu, Chairman and Managing Director (Upto 10.06.2010) Sri. R. Venkatrangappan, Chairman (Since 10.09.2010) Sri. Sanjay Jayavarthanelu, Managing Director (Since 10.09.2010)
Joint Ventures:	Rieter LMW Machinery Limited
Wholly Owned Subsidiary:	LMW Textile Machinery (Suzhou) Co. Ltd
Other related parties-Associates:	Annur Satya Textile Limited Eshaan Enterprises Limited Harshini Textiles Limited Hermes Academy of Training Limited Integrated Electrical Controls Limited Lakshmi Cargo Company Limited LCC Cargo Holdings Limited Lakshmi Electrical Drives Limited Lakshmi Technology & Engg. Industries Ltd Lakshmi Ring Travellers (Cbe) Limited Lakshmi Electrical Control Systems Limited Lakshmi Precision Tools Limited Lakshmi Life Sciences Limited Mahalakshmi Engineering Holdings Limited Quattro Engineering India Limited Sri Kamakoti Kamakshi Textiles P Ltd Super Sales India Limited Starline Travels Limited The Kuppuswamy Naidu Charity Trust for Education and Medical Relief Titan Paints & Chemicals Limited Venkatavaradha Agencies Limited Walzer Hotels Limited

Schedules Annexed to Balance Sheet & Profit and Loss Account

Schedule 13B

2) Related Party Transactions

(Amount in Rs.)

	Joint Venture		Other Related Parties -Associates		Key Management Personnel		Wholly Owned Subsidiary	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
1. Purchase of goods	-	-	2,180,480,701	1,363,593,950	-	-	-	-
2. Sale of goods	76,168,040	30,419,354	781,115,103	466,780,358	-	-	914,762,175	105,661,580
3. Purchase of Fixed Assets	-	-	9,408,225	-	-	-	-	-
4. Sale of Fixed Assets	-	-	96,360,607	687,981	-	-	-	-
5. Rendering of Services	72,121	21,793	24,698,290	6,672,410	-	-	3,535,153	683,498
6. Receiving of Services	-	-	549,719,360	284,990,318	-	-	10,606	-
7. Agency arrangements	-	-	122,159,923	86,901,105	-	-	-	-
8. Managerial Remuneration	-	-	-	-	66,199,766	93,000,073	-	-
9. Dividends Paid	-	-	32,563,170	32,563,170	2,150,850	2,150,850	-	-
10. Investment in Shares	-	-	-	-	-	-	55,875,000	87,346,875
11. Loans given	-	125,000,000	-	9,000,000	-	-	-	-
12. Loans received back	-	-	5,400,000	3,600,000	-	-	-	-
13. Interest receipts	10,000,000	4,219,178	4,685,960	4,002,656	-	-	-	-
14. Outstanding Payables	-	-	124,424,347	118,373,857	-	-	-	-
15. Outstanding Receivables	137,246,913	140,218,167	240,543,331	140,206,693	-	-	299,717,718	56,918,286

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

- Purchase of Goods includes Lakshmi Electrical Control Systems Limited Rs. 1,435,471,316 (Previous Year Rs. 922,779,043), Lakshmi Electrical Drives Limited Rs. 408,943,152 (Previous Year Rs. 263,795,340), and Others – Other Related Parties - Associates Rs. 336,066,233 (Previous Year Rs. 177,019,567).
- Sale of Goods includes LMW Textile Machinery (Suzhou) Co., Ltd., Rs. 914,762,175 (Previous Year Rs. 105,661,580), Rieter LMW Machinery Limited Rs. 76,168,040 (Previous Year Rs. 30,419,354), Lakshmi Electrical Control Systems Ltd Rs. 619,978,288 (Previous Year Rs. 431,522,527), and Others – Other Related Parties - Associates Rs. 161,136,815 (Previous Year Rs. 35,257,831).
- Purchase of Fixed Assets includes Quattro Engineering India Limited Rs. 6,641,825 (Previous Year Rs. Nil), Lakshmi Cargo Company Limited Rs. 2,766,400 (Previous Year Rs. Nil).
- Sale of Fixed Assets includes Lakshmi Technology and Engineering Industries Limited Rs. Nil (Previous Year Rs. 643,781), Super Sales (India) Limited Rs. 92,160,607 (Previous Year Rs. Nil) and Others – Other Related Parties - Associates Rs. 4,200,000 (Previous Year Rs. 44,200).
- Rendering of Services includes LMW Textile Machinery (Suzhou) Co., Ltd., Rs. 3,535,153 (Previous Year Rs. 683,498), Super Sales (India) Ltd., Rs. 20,943,958 (Previous Year Rs. 4,600,910), Lakshmi Ring Travellers (Cbe) Ltd., Rs. Nil (Previous Year Rs. 1,084,806), Rieter LMW Machinery Limited Rs. 72,121 (Previous Year Rs. 21,793) and Others – Other Related Parties - Associates Rs. 3,754,332 (Previous Year Rs. 986,694).
- Receiving of Services includes LMW Textile Machinery (Suzhou) Co., Ltd., Rs. 10,606 (Previous Year Rs. Nil), Lakshmi Ring Travellers (Cbe) Limited Rs. 58,592,526 (Previous Year Rs. 30,357,140), Lakshmi Cargo Company Limited Rs. 389,028,172 (Previous Year Rs. 200,785,800) and Others – Other Related Parties - Associates Rs. 102,098,662 (Previous Year Rs. 53,847,378).
- Agency arrangement includes Super Sales (India) Limited Rs. 122,159,923 (Previous Year Rs. 86,901,105).
- Managerial Remuneration includes amount paid to Dr. D. Jayavarthanavelu Rs. 11,778,837 (Previous Year Rs. 44,552,200), Sri. R. Venkatrangappan Rs. 17,944,743 (Previous Year Rs. 24,114,488) and Sri. Sanjay Jayavarthanavelu Rs. 36,476,186 (Previous Year Rs. 24,333,385).
- Dividends paid to includes Lakshmi Technology and Engineering Industries Limited Rs. 10,006,350 (Previous Year Rs. 10,006,350), Lakshmi Cargo Company Limited Rs. 12,355,770 (Previous Year Rs. 12,355,770), Other Related Parties – Associates Rs. 10,201,050 (Previous Year Rs. 10,201,050), Dr. D. Jayavarthanavelu Rs. 644,100 (Previous Year Rs. 644,100), Sri Sanjay Jayavarthanavelu Rs. 1,490,250 (Previous Year Rs. 1,490,250) and Others – Key Management Personnel Rs. 16,500 (Previous Year Rs. 16,500).
- Investment in Shares includes LMW Textile Machinery (Suzhou) Co., Limited Rs. 55,875,000 (Previous Year Rs. 87,346,875).

Schedules Annexed to Balance Sheet & Profit and Loss Account

Schedule 13B

11. Loans given include Rieter LMW Machinery Limited Rs. Nil (Previous Year Rs. 125,000,000), The Kuppuswamy Naidu Charity Trust for Education and Medical Relief Rs. Nil (Previous Year Rs. 9,000,000).
 12. Loan received back includes The Kuppuswamy Naidu Charity Trust for Education and Medical Relief Rs. 5,400,000 (Previous Year Rs. 3,600,000).
 13. Interest Receipts include The Kuppuswamy Naidu Charity Trust for Education and Medical Relief Rs. 2,685,960 (Previous Year Rs. 2,002,656), Annur Satya Textile Limited Rs. 2,000,000 (Previous Year Rs. 2,000,000), Rieter LMW Machinery Limited Rs. 10,000,000 (Previous Year Rs. 4,219,178).
 14. Outstanding Payables include Lakshmi Cargo Company Limited Rs. 44,350,844 (Previous Year Rs. 26,419,849), Lakshmi Electrical Drives Limited Rs. 43,373,936 (Previous Year Rs. 32,671,744), Lakshmi Precision Tools Limited Rs. 15,715,429 (Previous Year Rs. 15,399,440), Super Sales (India) Limited Rs. Nil (Previous Year Rs. 29,658,610), Lakshmi Ring Travellers (Cbe) Limited Rs. 16,073,037 (Previous Year Rs. Nil) and Others – Other Related Parties - Associates Rs. 4,911,101 (Previous Year Rs. 14,224,214).
 15. Outstanding Receivables include Rieter LMW Machinery Limited Rs. 137,246,913 (Previous Year Rs. 140,218,167), LMW Textile Machinery (Suzhou) Co., Ltd., Rs. 299,717,718 (Previous Year Rs. 56,918,286), Annur Satya Textile Limited Rs. 26,478,740 (Previous Year Rs. 25,824,926), Lakshmi Electrical Control Systems Limited Rs. 70,652,625 (Previous Year Rs. Nil), Lakshmi Technology and Engineering Industries Limited Rs. 47,884,582 (Previous Year Rs. 49,737,291), The Kuppuswamy Naidu Charity Trust for Education and Medical Relief Rs. 36,172,729 (Previous Year Rs. 41,701,992), Super Sales (India) Limited Rs. 49,516,817 (Previous Year Rs. Nil) and Others – Other Related Parties - Associates Rs. 9,837,838 (Previous Year Rs. 22,942,484).
- 3) The undernoted Companies constitutes the "group" in terms of Regulation 3 (1)(e)(i) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended with effect from 09.09.2002.
1. Eshann Enterprises Limited
 2. Lakshmi Cargo Company Limited
 3. Lakshmi Electrical Drives Limited
 4. Lakshmi Electrical Control Systems Limited
 5. Lakshmi Precision Tools Limited
 6. Lakshmi Ring Travellers (Cbe) Limited
 7. Lakshmi Technology & Engg. Industries Ltd
 8. The Lakshmi Mills Company Limited
 9. Super Sales India Limited

Signatures to schedules 1 to 13(B)

In terms of our report of even date

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

R. Venkatrangappan
Chairman

Sanjay Jayavarthanelu
Managing Director

per M.J. Vijayaraaghavan
Partner
Membership No.: 7534

R. Rajendran
Director- Finance

K. Duraisami
Company Secretary

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

Place: Coimbatore
Date: 20th May, 2011

per T.S.V Rajagopal
Partner

Membership No.: 200380

Balance Sheet Abstract and Company's Business Profile

I. Registration No. State Code
 Balance Sheet Date CIN

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue Rights Issue
 Bonus Issue Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital Reserves & Surplus
 Deferred Tax Liability

Application of Funds

Net Fixed Assets Investments
 Net Current Assets Misc. Expenditure
 Accumulated Losses

IV. Performance of Company (Amount in Rs. Thousands)

Turnover Total Expenditure
 Profit/Loss before Tax Profit/Loss after Tax
 (Please tick the appropriate box + for Profit, - for Loss)
 Earnings Per Share in Rs. Dividend Rate %

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)
 Product Description
 Item Code No. (ITC Code)
 Product Description
 Item Code No. (ITC Code)
 Product Description

R. Venkatragappan
Chairman

Sanjay Jayavarthanavelu
Managing Director

R. Rajendran
Director- Finance

K. Duraisami
Company Secretary

Place: Coimbatore
Date: 20th May, 2011

Corporate Information

Rupees in lakhs

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Profit and Loss Account										
Sales	42,493	52,545	66,350	99,077	130,207	185,358	220,516	133,801	113,690	177,331
Other Income	1,471	1,454	1,991	3,293	4,253	8,814	8,755	9,062	8,214	11,009
Profit before tax	2,336	3,871	6,044	11,088	18,792	30,860	37,116	15,417	15,056	23,916
Profit after tax	1,471	2,539	6,022	7,334	14,807	20,620	24,230	10,693	10,468	16,598
Balance Sheet										
Fixed Assets	15,601	13,703	16,661	16,055	24,632	38,643	55,790	52,737	44,658	43,641
Investments	14,007	15,045	12,836	6,622	10,153	10,216	10,319	11,272	12,144	10,007
Net Current Assets	4,176	3,466	10,518	10,945	9,089	12,225	14,389	24,976	39,085	31,808
	33,784	32,214	40,015	33,622	43,874	61,084	80,498	88,985	95,887	85,456
Share Capital	1,219	1,219	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,127
Reserves and Surplus	25,239	28,618	33,049	32,385	42,637	56,795	74,513	83,036	91,341	81,569
Loan Funds/ Deferred Tax Liability	7,326	2,377	5,729	–	–	3,052	4,748	4,712	3,309	2,760
	33,784	32,214	40,015	33,622	43,874	61,084	80,498	88,985	95,887	85,456

Ratios

			2009-10	2010-11
Measures of Investment				
Dividend per share	(Rs.)		15	30
EPS	(Rs.)	Net Profit after tax / No. of Shares	84.63	134.95
Return on Equity	(%)	Net Profit after tax / Shareholders' funds	11.31	20.07
Dividend Cover	(Times)	Earnings per Share / Dividend per Share	5.64	4.50
Measures of Performance				
Net Profit Margin	(%)	Profit before taxes / Sales	13.24	13.49
Assets Turnover	(Times)	Sales / Net Fixed Assets	2.55	4.06
Measures of Financial status				
Current Ratio	(Times)	Current Assets / Current Liabilities	1.62	1.33
Tax Ratio	(%)	Tax Provision / Profit before taxes	29.87	31.57

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

1	Name of the Subsidiary	:	LMW Textile Machinery (Suzhou) Company Limited
2	Financial year of the Subsidiary	:	1st January 2010 to 31st December 2010 (1st April 2010 to 31st March 2011-For consolidation purpose)
3	Shares of the subsidiary held by Lakshmi Machine Works Limited on the above date	:	
	(a) Number and face value	:	Registered capital : USD 12,500,000 Paid in capital : USD 4,999,988
	(b) Extent of holding	:	100 %
4	Net aggregate amount of Profit/(Losses) of the subsidiary of the above financial year of the subsidiary so far as they concerned members of Lakshmi Machine Works Limited		Rs. (127,139,938)
	(a) dealt with in the accounts of Lakshmi Machine Works Limited for the year ended 31st March, 2011	:	NIL
	(b) not dealt within the accounts of Lakshmi Machine Works Limited for the year ended 31st March, 2011		Rs. (127,139,938)
5	Net aggregate amount of Profits/(losses) for the previous financial years of the subsidiary since it became subsidiary so far as they concern members of Lakshmi Machine Works Limited	:	Rs. (173,711,636)
	(a) dealt with in the accounts of Lakshmi Machine Works Limited for the year ended 31st March, 2011		NIL
	(b) not dealt with in the accounts of Lakshmi Machine Works Limited for the year ended 31st March, 2011		Rs. (173,711,636)
6	Change of interest of Lakshmi Machine Works Limited in the subsidiary between the end of financial year of subsidiary and that of Lakshmi Machine Works Limited		NOT APPLICABLE
7	Material changes between the end of the financial year of the subsidiary and the end of the financial year of Lakshmi Machine Works Limited in respect of subsidiary's fixed assets, investments, lending and borrowing for the purposes other than meeting their current liabilities		NOT APPLICABLE

R. Venkatrangan
Chairman

Sanjay Jayavarthanelu
Managing Director

R. Rajendran
Director- Finance

K. Duraisami
Company Secretary

Place: Coimbatore
Date: 20th May, 2011

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

Rs. In Lakhs

Sl No.	Particulars	LMW Textile Machinery (Suzhou) Company Limited	
		31.03.2011	31.03.2010
a	Share Capital	2,325	1,766
b	Reserves & Surplus	(1,770)	(522)
c	Total Assets	6,411	1,739
d	Total Liabilities	6,411	1,739
e	Details of Investments	–	–
f	Net Sales and Services including Other Income	11,231	420
g	Profit / (Loss) Before tax	(1,271)	(466)
h	Provision for Taxation	–	–
i	Profit / (Loss) after tax	(1,271)	(466)
j	Proposed dividend	–	–
k	Reporting Currency *	INR	INR

* The Exchange Rate as at March 31, 2011: 1 CNY = 6.912 INR (Previous Year 6.589 INR)

Average exchange Rate : 2010-2011 1 CNY - 6.834 INR , 2009-2010 1 CNY = 6.914 INR

Note:

The Annual Accounts and related details of LMW Textile Machinery (Suzhou) Co. Ltd. is available for inspection at the registered office of the company at Perianaickenpalayam, Coimbatore - 641020, during working hours on all working days.

CONSOLIDATED FINANCIAL STATEMENTS

Auditors' Report

to the Board of Directors of M/s. LAKSHMI MACHINE WORKS LIMITED on the Consolidated Financial Statements of M/s. LAKSHMI MACHINE WORKS LIMITED and its subsidiary as at March 31, 2011.

We have examined the attached Consolidated Balance Sheet of M/s. LAKSHMI MACHINE WORKS LIMITED [the company] and its subsidiary as at 31st March 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

- 1) We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material aspects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
- 2) We did not audit the financial statements of the subsidiary, viz., LMW Textile Machinery (Suzhou) Company Limited, whose financial statements reflect total assets of Rs. 6,411.25 Lakhs as at March 31, 2011 (Previous year Rs. 1739.28 Lakhs) and total revenues of Rs. 11,231.08 lakhs for the period ended on that date (Previous year Rs. 419.98 lakhs). These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the reports of the other auditors.
- 3) We report that the consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS)21, "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the company and its subsidiary.
- 4) On the Basis of the information and explanation given to us and on the consideration of the separate audit reports on individual financial statements of the company and its aforesaid subsidiary we are of the opinion that :
 - (a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the company and its subsidiary as at 31st March 2011.
 - (b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of the company and its subsidiary for the period then ended.
 - (c) The Consolidated cash flow statement gives a true and fair view of the consolidated cash flows of the company and its subsidiary for the period then ended.

For M.S. Jagannathan & Visvanathan

Firm Regn. No: 001209S

Chartered Accountants

M.J. Vijayaraaghavan

Partner

Membership No: 7534

Place: Coimbatore

Date: 20th May, 2011

For Subbchar & Srinivasan

Firm Regn. No: 004083S

Chartered Accountants

T.S.V. Rajagopal

Partner

Membership No: 200380

Consolidated Balance Sheet as at March 31, 2011

(Amount in Rs.)

	Schedule	31.03.2011		31.03.2010	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	112,665,040		123,692,500	
Reserves and Surplus	2	7,975,435,969	8,088,101,009	9,080,994,553	9,204,687,053
Deferred Tax Liability			276,041,611		330,938,496
Total			8,364,142,620		9,535,625,549
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block		14,399,271,569		13,705,990,762	
Less : Depreciation		10,084,118,236		9,217,008,947	
Net Block	3	4,315,153,333		4,488,981,815	
Capital Work in Progress		105,424,993	4,420,578,326	34,786,528	4,523,768,343
Investments	4		768,268,601		1,037,837,669
Current Assets, Loans & Advances					
Inventories		2,907,248,713		1,186,390,467	
Sundry Debtors		840,857,936		581,518,425	
Cash & Bank Balances		7,560,727,271		7,323,366,795	
Other Current Assets		353,702,453		237,396,675	
Loans and Advances		1,633,616,194		1,040,431,270	
		13,296,152,567		10,369,103,632	
Less :					
Current Liabilities & Provisions					
Current Liabilities	6	9,674,464,191		6,156,027,359	
Provisions		446,392,683		239,056,736	
		10,120,856,874		6,395,084,095	
Net Current Assets			3,175,295,693		3,974,019,537
Total			8,364,142,620		9,535,625,549
Significant Accounting Policies	12A				
Notes forming part of Accounts	12B				
Additional Disclosures	13A,13B				

The Schedules referred to above form an integral part of this Balance Sheet.

In terms of our report of even date

For M. S. Jagannathan & Visvanathan

Firm Registration No: 001209S

Chartered Accountants

R. Venkatrangan
Chairman

Sanjay Jayavarthanavelu
Managing Director

per M.J. Vijayaraaghavan
Partner

Membership No.: 7534

R. Rajendran
Director- Finance

K. Duraisami
Company Secretary

For Subbarchar & Srinivasan
Firm Registration No: 004083S

Chartered Accountants

per T.S.V Rajagopal
Partner

Membership No.: 200380

Place: Coimbatore
Date: 20th May, 2011

Consolidated Profit and Loss Account for the year ended March 31, 2011

(Amount in Rs.)

	Schedule	2010-11	2009-10
INCOME			
Gross Sales		19,493,482,573	12,240,871,446
Less : Excise Duty		1,556,544,940	935,508,815
Net Sales		17,936,937,633	11,305,362,631
Other Income	7	1,085,576,380	820,427,753
Total		19,022,514,013	12,125,790,384
EXPENDITURE			
Operating Expenses	8	12,697,399,799	7,684,507,251
Employee Cost	9	1,761,024,881	1,180,143,695
Administrative & Selling Expenses	10	1,249,461,250	841,265,503
Depreciation		1,050,165,690	962,274,055
Total		16,758,051,620	10,668,190,504
Profit Before Tax		2,264,462,393	1,457,599,880
Provision for Income tax – Current tax		810,000,000	590,000,000
– Wealth tax		164,370	147,833
– Deferred tax (Net)		(54,896,885)	(140,245,732)
– Prior year taxes		(23,459,613)	8,878,744
Profit After Tax		1,532,654,521	998,819,035
Add/(Less): Transfer from/(to) Investment Fluctuation Reserve		25,588,704	607,808,970
Balance Brought forward		6,524,239,626	5,243,966,357
Balance Available For Appropriation		8,082,482,851	6,850,594,362
Appropriations			
Proposed Dividend		337,995,120	185,538,750
Tax on Proposed Dividend		54,831,258	30,817,986
Amount transferred to General Reserve		170,000,000	110,000,000
Surplus carried to Balance Sheet		7,519,656,473	6,524,239,626
		8,082,482,851	6,850,596,362
Basic and Diluted Earnings per share -Nominal value Rs.10 per Share	11	124.61	80.75
Significant Accounting Policies	12A		
Notes forming part of Accounts	12B		
Additional Disclosures	13A,13B		

The Schedules referred to above form an integral part of this Profit and Loss Account.

In terms of our report of even date

For M. S. Jagannathan & Visvanathan

Firm Registration No: 0012095

Chartered Accountants

R. Venkatragappan
Chairman

Sanjay Jayavarthanavelu
Managing Director

per M.J. Vijayaraaghavan
Partner

Membership No.: 7534

R. Rajendran
Director- Finance

K. Duraisami
Company Secretary

For Subbachar & Srinivasan
Firm Registration No: 0040835
Chartered Accountants

per T.S.V Rajagopal
Partner

Place: Coimbatore
Date: 20th May, 2011

Membership No.: 200380

Consolidated Cash Flow Statement for the year ended March 31, 2011

(Amount in Rs.)

Particulars	31.03.2011	31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	2,264,462,393	1,457,599,880
Adjustments for :		
Depreciation	1,050,165,690	962,274,056
Profit on sale of assets	(32,719,187)	(229,860)
Loss on sale of assets	429,776	77,588
Loss on sale of Investments	5,861,071	-
Investments written off	522,400	-
Interest income	(637,189,115)	(486,766,180)
Dividend income	(6,859,976)	(1,266,589)
Amortisation of Long term Deferred Expenses	-	6,095,964
Unrealised Loss / (Gain) on Foreign currency cash and cash equivalents	(46,094)	16,668
	380,164,565	480,201,647
Operating Profit before Working Capital Changes	2,644,626,958	1,937,801,527
(Increase)/Decrease in trade and other receivables	(917,623,578)	(358,121,553)
(Increase)/Decrease in inventories	(1,720,858,246)	(316,691,209)
Increase/(Decrease) in trade and other payables	3,555,495,614	917,013,790
Cash generated from operations	3,561,640,748	1,746,901,532
Direct taxes paid	(754,501,015)	(668,433,424)
Net Cash from Operating activities	2,807,139,733	1,078,468,108
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets/Capital Work In Progress	(1,015,006,079)	(202,146,888)
Proceeds from sale of fixed assets	99,021,200	975,730
Sale of Investments	263,185,597	-
Interest received	548,378,739	521,438,204
Dividend received	6,859,976	1,266,589
Loans given	-	(9,000,000)
Loans received back	5,400,000	3,600,000
Loans given to Joint Venture Company	-	(125,000,000)
Net cash used in investing activities	(92,160,567)	191,133,635
C. CASHFLOW FROM FINANCING ACTIVITIES		
Buy back of Shares	(2,255,115,570)	-
Dividends paid	(186,932,330)	(184,967,101)
Corporate dividend taxes paid	(30,817,986)	(31,532,311)
Transfer of Unpaid Debentures to IEPF	(4,798,898)	-
Net cash used in financing activities	(2,477,664,784)	(216,499,412)
Net increase in cash and cash equivalents (A+B+C)	237,314,382	1,053,102,331
Cash and cash equivalents at beginning of the period - D	7,323,366,795	6,270,281,132
Cash and cash equivalents at end of the period - E	7,560,681,177	7,323,383,463
Net increase in cash and cash equivalents (E-D)	237,314,382	1,053,102,331
Cash & Cash equivalents as per Balance Sheet	7,560,727,271	7,323,366,795
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents	(46,094)	16,668
Cash and Cash equivalents as per Cashflow Statement	7,560,681,177	7,323,383,463

Note : Cash and cash equivalents include the following balances not available for use :

Unpaid dividend warrant account	8,366,090	9,759,670
Unpaid Debenture and Interest account	-	4,798,898

In terms of our report of even date

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

R. Venkatragappan
Chairman

Sanjay Jayavarthanelu
Managing Director

per M.J. Vijayaraaghavan
Partner

Membership No.: 7534

R. Rajendran
Director- Finance

K. Duraisami
Company Secretary

For Subbachar & Srinivasan
Firm Registration No: 0040835
Chartered Accountants

per T.S.V Rajagopal
Partner

Membership No.: 200380

Place: Coimbatore
Date: 20th May, 2011

Schedules Annexed to Consolidated Balance Sheet as at March 31, 2011

(Amount in Rs.)

	31.03.2011	31.03.2010
Schedule 1 SHARE CAPITAL		
Authorised:		
25,000,000 Equity Share of Rs.10/- each	250,000,000	250,000,000
Issued, Subscribed, Called and paid up:		
11,266,504 (Pr.Yr-12,369,250) Equity Shares of Rs.10/- each fully paid up.	112,665,040	123,692,500
Out of the above :		
230,010 Shares are allotted as fully paid up, pursuant to a contract without payment being received in cash.		
9,651,620 Shares are allotted as fully paid-up by way of bonus shares by capitalisation of General Reserve.		
210 Shares are allotted as fully paid-up on account of Merger of India Precision Bearing Mfrs.Ltd., with the Company.		
177,520 Shares are allotted as fully paid-up on account of Merger of Textool Company Ltd with the Company		
Note: The Company during the year bought back and extinguished 11,02,746 (Previous year - Nil) Equity Shares		
Total	112,665,040	123,692,500

(Amount in Rs.)

	31.03.2011	31.03.2010
Schedule 2 RESERVES & SURPLUS		
Capital Reserve :	70,139,900	70,139,900
Capital Redemption Reserve :		
As per last Balance Sheet	-	
Add: Transfer from General Reserve towards Buyback of Equity Shares	11,027,460	-
General Reserve :		
As per last Balance Sheet	2,372,601,518	2,262,601,518
Less: Transfer to Capital Redemption Reserve	11,027,460	
Less: Utilisation against Buyback of Equity Shares	2,244,088,110	
Add: Transfer from Profit & Loss Account	170,000,000	110,000,000
Investment Fluctuation Reserve		
As per last Balance Sheet	119,054,738	726,863,707
Add / (Less) : Transfer from / (to) Profit & Loss Account	(25,588,704)	93,466,034
Foreign Currency Translation Reserve	(6,339,846)	(5,041,229)
Surplus in Profit and Loss Account	7,519,656,473	6,524,239,626
Total	7,975,435,969	9,080,994,553

Schedules Annexed to Consolidated Balance Sheet as at March 31, 2011

Schedule 3 FIXED ASSETS

(Amount in Rs.)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 31.03.2010	Additions	Sales/ Transfer	Cost as at 31.03.2011	Upto 31.03.2010	Withdrawn	For the year	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
A. Tangible Assets :										
Land	174,138,855	-	3,330,000	170,808,855	-	-	-	-	170,808,855	174,138,855
Buildings	1,198,138,233	-	-	1,198,138,233	666,469,579	-	46,702,823	713,172,402	484,965,831	531,668,654
Machinery	10,937,968,295	894,332,035	243,874,587	11,588,425,743	7,393,294,815	181,157,041	940,472,310	8,152,610,084	3,435,815,659	3,544,673,480
Furniture & Equipments	581,903,999	40,302,655	246,402	621,960,252	513,824,213	199,858	28,735,129	542,359,484	79,600,768	68,079,786
Vehicles	321,969,269	8,434,307	2,337,201	328,066,375	193,670,527	1,699,502	23,611,472	215,582,497	112,483,878	128,298,742
Total Tangible Assets	13,214,118,651	943,068,997	249,788,190	13,907,399,458	8,767,259,134	183,056,401	1,039,521,734	9,623,724,467	4,283,674,991	4,446,859,517
B. Intangible Assets										
Technical Knowhow	62,878,841	-	-	62,878,841	20,756,543	-	10,643,956	31,400,499	31,478,342	42,122,298
Goodwill	428,993,270	-	-	428,993,270	428,993,270	-	-	428,993,270	-	-
Total Intangible Assets	491,872,111	-	-	491,872,111	449,749,813	-	10,643,956	460,393,769	31,478,342	42,122,298
Capital Work in Progress									105,424,993	34,786,528
Total Assets	13,705,990,762	943,068,997	249,788,190	14,399,271,569	9,217,008,947	183,056,401	1,050,165,690	10,084,118,236	4,420,578,326	4,523,768,343
Previous Year	13,443,896,797	266,157,299	4,063,334	13,705,990,762	8,257,974,768	3,239,876	962,274,055	9,217,008,947	4,523,768,343	

Schedule 4 INVESTMENTS

	Face Value	31.03.2011		31.03.2010	
	Rs.	Nos.	Rs.	Nos.	Rs.
Long Term Investments at cost					
A. Non-trade : Quoted Investments					
1. Equity Shares Fully paid-up					
Arun Processors Limited	10	200	-	200	7,400
Cholamandalam DBS Finance Limited	10	342,562	26,788,160	342,562	26,788,160
Lakshmi Automatic Loom Works Limited	10	441,110	8,888,850	441,110	8,888,850
Pricol Limited	1	24,975	252,363	24,975	252,363
Rajshree Sugars & Chemicals Limited	10	100,000	1,000,000	100,000	1,000,000
South Asian Financial Exchange Limited	10	51,500	-	51,500	515,000
The Lakshmi Mills Company Limited	100	39,297	20,134,378	39,297	20,134,378
JSW Steel Limited	10	389,647	531,479,290	586,895	800,525,958
Indian Bank	10	69,562	6,330,142	69,562	6,330,142
B. Non-trade : Unquoted Investments					
1. Equity Shares Fully paid-up					
Pugoda Textiles Lanka Ltd., Sri Lanka (Shares vested with Govt. of Sri Lanka for compensation)	10	6,750,000	48,382,668	6,750,000	48,382,668
Rieter-LMW Machinery Ltd	10	12,500,000	125,000,000	12,500,000	125,000,000
2. Co-operative Concerns/Others					
Sharada Chambers Premises Co-op Society Ltd	50	5	250	5	250
Lakshmi Machine Works Employees Co-op Stores Ltd	10	500	5,000	500	5,000
Investment in REPCO Bank	10	750	7,500	750	7,500
Total			768,268,601		1,037,837,669
Aggregate value of Quoted Investments					
Cost	Rs.		594,873,183		864,442,251
Market Value	Rs.		622,550,952		866,531,317
Aggregate value of Unquoted Investments	Rs.		173,395,418		173,395,418

Schedules Annexed to Consolidated Balance Sheet as at March 31, 2011

Schedule	5	CURRENT ASSETS, LOANS & ADVANCES	(Amount in Rs.)	
			31.03.2011	31.03.2010
A) INVENTORIES				
		Raw Materials	1,243,957,339	377,692,897
		Components	871,004,030	441,840,666
		Work-in-process	505,711,253	117,854,090
		Finished Goods	106,515,378	156,049,187
		Consumables	180,060,713	92,953,627
		Total	2,907,248,713	1,186,390,467
B) SUNDRY DEBTORS				
		Unsecured, Considered Good :		
		Outstanding for a period exceeding six months	71,556,042	56,654,337
		Other Debts	769,301,894	524,864,088
		Total	840,857,936	581,518,425
C) CASH & BANK BALANCES				
		Cash on hand	1,572,646	2,249,224
		With Scheduled Banks :		
		- in Current Account	151,791,056	64,322,801
		- in Deposit Account	7,127,582,039	7,190,738,004
		- in Unpaid Dividend Account	8,366,090	9,759,670
		- in Unpaid Debenture & Interest Account	–	4,798,898
		With Non Scheduled Banks :(Refer Note No. 11 of Schedule 12B)		
		Bank of China	271,103,894	50,150,011
		Bank of India, Nairobi	62,614	154,885
		Vietnam Bank for Foreign Trade of Vietnam	6,627	23,653
		Bangkok Bank Public Company Ltd, Thailand	109,523	522,884
		Bank Central Asia, Indonesia	5,585	148,182
		HSBC, Bangladesh	127,197	–
		Citi Bank , Bangladesh	–	498,583
		Total	7,560,727,271	7,323,366,795
D) OTHER CURRENT ASSETS				
		Interest accrued on Bank Deposits	245,855,006	157,044,630
		Income Receivable	107,847,447	80,352,045
		Total	353,702,453	237,396,675
E) LOANS & ADVANCES				
		Unsecured recoverable in cash or in kind, or for value to be received-Considered good	877,273,584	322,693,341
		Inter Corporate and Other Loans	186,000,000	191,400,000
		Deposits	64,816,023	72,417,240
		Balance with Central Excise,Sales Tax,Customs etc.,	403,225,234	325,291,545
		Prepaid Expenses	13,150,564	7,274,613
		Advance taxes (Net of Provisions therefor)	89,150,789	121,354,531
		Total	1,633,616,194	1,040,431,270

Schedules Annexed to Balance Sheet as at March 31, 2011

(Amount in Rs.)

	31.03.2011	31.03.2010
Schedule 6 CURRENT LIABILITIES & PROVISIONS		
A) Current Liabilities		
Liabilities for Supplies & Services :		
Due to Micro, Small and Medium Enterprises	7,311,997	3,808,102
Others	2,829,402,660	1,576,267,159
		2,836,714,657
Liabilities for Expenses		475,717,417
Liabilities for Other Finance		
i) Security deposit received against supply of machinery	4,974,096,450	3,097,369,402
ii) Others	1,379,569,577	1,062,841,474
		6,353,666,027
Unpaid Dividends*		8,366,090
Unclaimed Debenture *		-
* No amount is due and outstanding to be credited to the Investor Education and Protection Fund		
Total		9,674,464,191
		6,156,027,359
B) Provisions		
Provision for Proposed Dividend		337,995,120
Tax on Proposed Dividend		54,831,258
Provision for Warranty		46,098,000
Provision for Leave Encashment		7,468,305
		-
Total		446,392,683
		239,056,736

Schedules Annexed to Consolidated Profit and Loss Account for the year ended March 31, 2011

(Amount in Rs.)

	2010-11	2009-10
Schedule 7 OTHER INCOME		
Sale of Scrap	67,490,304	41,223,259
Rent Receipts (TDS - Rs.426,838/-)(Previous year TDS - Rs.752,063)	7,389,580	8,190,109
Interest Receipts (TDS - Rs.63,569,142/-) (Previous year TDS Rs.102,011,625/-)	637,189,115	486,766,181
Dividend from Long term Investments	6,859,976	1,266,589
Export Incentives	116,145,139	91,727,001
Repairs & Service Charges and Misc.Income	121,714,732	84,823,694
Foreign Exchange Gain (Net)	41,032,465	14,591,502
Profit on Sale of Assets	32,719,187	229,860
Sale of Wind energy	55,035,882	91,609,558
Total	1,085,576,380	820,427,753

Schedules Annexed to Consolidated Profit and Loss Account for the year ended March 31, 2011

(Amount in Rs.)

	31.03.2011	31.03.2010
Schedule 8 OPERATING EXPENSES		
A) MATERIAL CONSUMPTION		
Opening Stock	801,279,978	535,873,196
Add : Purchases	13,256,802,938	7,415,519,038
Less : Sales	764,104,211	515,860,554
Closing Stock	2,114,961,369	801,279,978
Total (A)	11,179,017,336	6,634,251,702
B) STOCK (INCREASE) / DECREASE		
Opening Stock of Finished Goods	156,049,187	103,121,206
Work in Process	117,854,090	103,504,110
	273,903,277	206,625,316
Less : Closing Stock of Finished Goods	106,515,378	156,049,187
Work in process	505,711,253	117,854,090
	612,226,631	273,903,277
Total (B)	(338,323,354)	(67,277,961)
C) OTHER EXPENSES		
Stores Consumed	1,082,045,136	561,948,772
Power & Power Generation Charges (Net of Wind energy Rs.239,694,068/-, Previous year - Rs.140,352,742/-)	258,137,208	211,725,014
Repairs & Maintenance - Buildings	63,449,342	48,147,016
- Machinery	222,878,968	150,656,199
- Others	230,195,163	145,056,509
Total (C)	1,856,705,817	1,117,533,510
Grand Total (A + B + C)	12,697,399,799	7,684,507,251

(Amount in Rs.)

Schedule 9 EMPLOYEE COST		
Salaries, Wages, Incentives, etc.	1,323,396,082	872,117,816
Contribution to Provident Fund and Other Funds	216,019,798	83,469,836
Workmen & Staff Welfare Expenses	138,890,012	83,464,207
Managerial Remuneration	82,718,989	94,800,073
Voluntary Retirement Scheme Compensation	-	46,291,763
Total	1,761,024,881	1,180,143,695

Schedules Annexed to Consolidated Profit and Loss Account for the year ended March 31, 2011

(Amount in Rs.)

	31.03.2011	31.03.2010
Schedule 10 ADMINISTRATIVE AND SELLING EXPENSES		
Printing & Stationery	14,271,560	8,646,346
Postage, Telegrams & Telephones	10,432,456	9,015,279
Travelling Exps & Maint. of Vehicles	112,263,922	83,950,150
Insurance	9,650,128	7,150,069
Rent	18,801,524	6,738,332
Licence & Taxes	11,530,855	22,540,678
Directors' Sitting Fees	1,030,000	400,000
Auditors Remuneration	2,122,452	1,539,781
Bank Charges, LC Commission etc.,	16,010,450	9,189,448
Legal & Professional Charges	49,695,813	30,984,380
Subscription to Associations & Periodicals	2,107,342	1,845,767
Research & Development	119,505,728	124,903,253
Loss on Sale of Assets	429,776	77,588
Loss on Sale of Investments	5,861,071	–
Investments written off	522,400	–
Miscellaneous Expenses	37,726,203	29,007,925
Donations	16,100,000	19,200,000
Sales Commission to Agents	493,385,263	322,582,559
Sales Expenses	81,719,624	42,067,852
Security and Other Service expenses	82,314,662	57,177,922
Advertisement & Publicity	49,117,426	29,995,836
Export Expenses	111,811,092	33,856,728
Bad debts written Off	–	38,885,891
Less : Provision adjusted	–	38,885,891
	–	–
Royalty	3,051,503	395,610
Total	1,249,461,250	841,265,503

Schedule 11 EARNINGS PER SHARE

Net Profit after Tax	1,532,654,521	998,819,036
Weighted Average Number of Equity shares	12,299,762	12,369,250
Nominal value per Equity Share (Rs.)	10	10
Basic & Diluted EPS (Rs.)	124.61	80.75

Schedules Annexed to Consolidated Balance Sheet & Profit and Loss Account

Schedule 12A SIGNIFICANT ACCOUNTING POLICIES

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. 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.

Schedules Annexed to Consolidated Balance Sheet & Profit and Loss Account

Schedule 12A SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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.

3. Method of Accounting

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

4. Use of Estimates

The preparation of financial statements 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.

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 Profit and loss account. Self constructed assets are capitalized at factory cost.

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 Profit & Loss Account.

7. Valuation of Inventories

Inventories are valued at lower of cost and net realizable value after providing for obsolescence where 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.

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 profit and loss account. Outstanding balances of monetary items denominated in foreign currency are restated at closing exchange rates and the difference is adjusted as income or expense in the profit and loss account.

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

9. Depreciation

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

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 under Duty Entitlement Pass Book [DEPB] Scheme and Duty drawback scheme are recognized when the right to receive payment / credit is established and no significant uncertainty as to measurability or collectibility exists.

Schedules Annexed to Consolidated Balance Sheet & Profit and Loss Account

Schedule 12A SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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.

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.

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 and ESIC are recognized in the profit and loss account.

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 account as income or expense. Obligation is measured at the year end as present value of estimated future cash flows using a discounting 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.

14. Research and Development

Revenue expenditure incurred on Research and Development are expensed in the period in which they are incurred. Fixed assets relating to Research and Development are capitalized and depreciation provided thereon.

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.

16. Provisions, contingent liabilities and contingent assets

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

17. Cash Flow Statements

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

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, segment assets and liabilities include those directly identifiable with the respective

Schedules Annexed to Consolidated Balance Sheet & Profit and Loss Account

Schedule 12A SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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 weighted average cost basis.

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.

20. Leases

Assets given on leases where substantial risks and rewards incident 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.

21. Long Term Deferred expenses

Long Term deferred expenses record start up expenses. Start up expenses are necessary for rendering the company appropriate and proper to operate on a manufacturing basis. These expenses are expensed in the month when the company begins operation.

Schedule 12B NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

1. The Subsidiary Company considered in the consolidated Financial Statements and its reporting date is as under :

Name of the Company	Country of Incorporation	% of Ownership Interest	Reporting Date
LMW Textile Machinery (Suzhou) Co. Ltd	China	100	31.03.2011

2. Contingent Liabilities:

	2010-11 Rs.	2009-10 Rs.
Letters of Credit	707,013,989	171,823,467
Bank Guarantee	86,239,859	95,746,731
Central Excise Demand	44,057,958	58,496,042
Income Tax Demand	34,255,650	—

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.

Schedules Annexed to Consolidated Balance Sheet & Profit and Loss Account

Schedule 12B NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (Contd.)

3. Estimated amount of Contracts remaining to be executed on Capital account and not provided for net of advances is Rs.200,942,474/- (Previous Year Rs.487,330,735/-)

	2009-10 Rs.	Adjustments during the year Rs.	2010-11 Rs.
4. Deferred Taxes			
Deferred Tax Asset:	Rs.	Rs.	Rs.
On account of VRS	12,302,499	(3,289,493)	9,013,006
Others-Section 43B Items	5,671,251	(5,671,251)	-
	17,973,750	(8,960,744)	9,013,006
Deferred Tax Liability:			
On account of Depreciation	348,912,246	(63,857,629)	285,054,617
Net deferred tax Asset / (Liability)	(330,938,496)	54,896,885	(276,041,611)

5. In the opinion of the Board of Directors, the Current Assets, Loans and Advances have atleast the value as stated in the Balance Sheet and will be realised in the ordinary course of business.

(Amount in Rs.)

	Gross Block	Depreciation for the year	Accumulated Depreciation	Net Block
6. The Fixed Assets include				
Assets leased out as on 31.03.2011				
Buildings	37,331,093	1,030,881	17,744,373	19,586,720
Total	37,331,093	1,030,881	17,744,373	19,586,720
Assets leased out as on 31.03.2010				
Buildings	37,331,093	1,085,136	16,713,492	20,617,601
Total	37,331,093	1,085,136	16,713,492	20,617,601

Income from leased Buildings of Rs.7,389,580/- is grouped in Rent receipts (Previous Year Rs.8,190,109/-)

7. Employee Benefits

I. Defined Benefit Plans

(Amount in Rs.)

	Gratuity (Funded)			Leave Encashment (Funded)		
	31.03.2011	31.03.2010	31.03.2009	31.3.2011	31.03.2010	31.03.2009
A. Expense recognised during the year						
1. Current Service cost	26,732,267	18,675,767	16,451,097	3,274,299	2,242,857	3,946,000
2. Interest cost	23,846,372	23,630,820	20,596,834	1,579,045	1,738,945	1,698,266
3. Expected return on plan assets	(31,649,962)	(27,656,824)	(22,621,097)	260,473	(1,966,771)	(1,746,646)
4. Actuarial Losses / (Gains) during the year	123,384,738	9,622,798	14,459,460	(15,631,689)	(20,018,588)	4,684,064
5. Total Expense	142,313,415	24,272,561	28,886,294	(10,517,873)	2,664,073	8,581,684
B. Actual return on Plan assets						
1. Expected return on plan assets	31,649,962	27,656,824	22,621,097	(260,473)	1,966,771	1,746,646
2. Actuarial (Loss) / Gain on Plan assets	(814,174)	15,703,215	(9,804,627)	38,990,336	16,762,677	(8,408,887)
3. Actual return on plan assets	30,835,788	43,360,039	12,816,470	38,729,863	18,729,448	(6,662,241)
C. Net Asset/(Liability) recognised in the Balance Sheet						
1. Present value of the obligation at the end of the year	449,451,221	319,857,291	290,410,401	29,100,786	19,139,938	21,078,120
2. Fair value of plan assets as at the end of the year	475,211,159	349,568,348	320,121,458	35,473,952	32,981,409	14,251,961
3. Funded status surplus/(deficit)	25,759,938	29,711,057	29,711,057	6,373,166	13,841,471	(6,826,159)
4. Unrecognised past service cost	-	-	-	-	-	-
5. Net Asset/(Liability) recognised in the Balance Sheet	-	-	-	-	-	(6,826,159)

Schedules Annexed to Consolidated Balance Sheet & Profit and Loss Account

Schedule 12B NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (Contd.)

7. Employee Benefits (Contd.)

I. Defined Benefit Plans

(Amount in Rs.)

	Gratuity (Funded)			Leave Encashment (Funded)		
	31.03.2011	31.03.2010	31.03.2009	31.3.2011	31.03.2010	31.03.2009
D. Change in Present value of the Obligation during the year						
1. Present value of the obligation at beginning of year	319,857,291	290,410,401	266,213,206	1,966,771	21,078,120	17,282,328
2. Current service cost	26,732,267	18,675,767	16,451,097	3,274,299	2,242,857	3,946,000
3. Interest cost	23,846,372	23,630,820	20,596,834	1,579,045	1,738,945	1,698,266
4. Benefits paid	(43,555,273)	(38,185,710)	(17,505,569)	(1,077,975)	(2,664,073)	(918,870)
5. Actuarial (gain) / loss on obligation	122,570,564	25,326,013	4,654,833	23,358,646	(3,255,911)	(929,604)
6. Present value of obligation at end of the year	449,451,221	319,857,291	290,410,401	29,100,786	19,139,938	21,078,120
E. Change in Plan Assets during the year						
1. Fair value of plan assets at the beginning of the year	349,568,348	320,121,458	295,924,263	(3,255,911)	14,251,961	20,077,547
2. Expected return on plan assets	31,649,962	27,656,824	22,621,097	(260,473)	1,966,771	1,746,646
3. Contributions made	138,362,296	24,272,561	28,886,294	1,077,975	2,664,073	1,755,525
4. Benefits paid	(43,555,273)	(38,185,710)	(17,505,569)	(1,077,975)	(2,664,073)	(918,870)
5. Actuarial gain / (loss) on plan assets	(814,174)	15,703,215	(9,804,627)	38,990,336	16,762,677	(8,408,887)
6. Fair value of plan assets at the end of the year	475,211,159	349,568,348	320,121,458	35,473,952	32,981,409	14,251,961
F. Net actuarial Gain / Loss recognised						
1. Actuarial (Gain) / Loss on Benefit Obligation	122,570,564	25,326,013	4,654,833	23,358,646	(3,255,911)	(929,604)
2. Actuarial Gain / (Loss) on Plan assets	(814,174)	15,703,215	(9,804,627)	38,990,336	16,762,677	(8,408,887)
3. Net Actuarial (Gain) / Loss recognised	123,384,738	9,622,798	14,459,460	(15,631,689)	(20,018,588)	7,479,283
G Major categories of plan assets as a percentage of total plan						
Qualifying insurance policies	473,700,888	347,231,835	318,291,191	35,473,952	32,981,409	14,251,961
Own plan assets	1,510,271	2,336,513	1,830,267	-	-	-
Total	475,211,159	349,568,348	320,121,458	35,473,952	32,981,409	14,251,961
H. Actuarial Assumptions						
1. Discount rate	8.00%	8.00%	8.00%	8.25%	8.25%	8.00%
2. Salary escalation	7.00%	7.00%	6.00%	7.00%	5.00%	5.00%
3. Expected rate of return on plan assets	8.00%	9.00%	7.50%	13.80%	13.80%	8.00%
4. Attrition rate	2.00%	3.00%	3.00%	2.00%	3.00%	3.00%
5. Mortality rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

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

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

Gratuity payment is based on last 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

(Amount in Rs.)

	31.03.2011	31.03.2010	31.03.2009
Provident Fund Contribution	67,338,580	51,298,080	56,713,427
Superannuation Fund Contribution	-	8,174,968	9,157,978

Schedules Annexed to Consolidated Balance Sheet & Profit and Loss Account

Schedule 12B NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (Contd.)

8. (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 amount (Rs.)	
		2010-11	2009-10	2010-11	2009-10
Sundry creditors	CHF	2,809	16,458	139,172	696,481
	EUR	371,503	196,564	23,778,552	11,909,803
	GBP	38,245	14,493	2,783,883	983,640
	JPY	54,333,013	40,736,588	29,769,058	19,960,928
	SEK	27,000	585,950	193,574	3,685,626
	SGD	230,178	9,480	8,281,620	305,256
	USD	371,932	18,395	16,884,908	828,316
Sundry Debtors	CNY	46,917,688	1,047,307	324,285,674	6,900,707
	USD	6,981,375	1,581,100	314,632,039	71,196,950
	EUR	383,778	431,114	23,250,021	26,121,177
Bank Balances	CNY	1,452	3,406,000	10,036	22,442,134
	THB	84,798	188,178	127,197	263,035
	KES	81,485	32,942	44,817	19,930
	BDT	1,721,129	378,015	109,523	250,737
	IDR	1,074,096	–	5,585	–
	USD	538	18,088	24,424	814,484
	CNY	39,223,342	7,611,172	271,103,894	50,150,011

9. (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" (Amount in Rs.)

Particulars	Provision for Warranty	
	2010-11	2009-10
Carrying amount at the beginning of the year	22,700,000	26,000,000
Additional provision made during the year	46,098,000	22,700,000
Amount used during the year	22,700,000	22,567,150
Unused amount reversed during the year	–	3,432,850
Carrying amount at the end of the year	46,098,000	22,700,000

10. Revenue Expenditure on Research & Development amounting to Rs.119,505,728/- (Previous Year Rs.124,903,253/- has been charged to Profit and Loss Account and Capital expenditure relating to Research and Development amounting to Rs.18,180,108/- (Previous Year Rs.25,217,506/-) has been included in Fixed Assets

11. Maximum amounts outstanding at any time during the year of balances with non-scheduled banks (Amount in Rs.)

Particulars	2010-11	2009-10
Bank of India, Nairobi	209,337	387,883
Vietnam Bank for Foreign Trade of Vietnam	44,840	42,053
Bangkok Bank Public Company Ltd, Thailand	22,703	664,276
Bank Central Asia, Indonesia	197,273	4,205
HSBC, Bangladesh	53,506	–
Citibank, Bangladesh	–	144,468
Bank of China	320,414,536	94,564,897

Schedules Annexed to Consolidated Balance Sheet & Profit and Loss Account

Schedule 12B NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (Contd.)

12. The Exchange rate adopted for conversion of subsidiary accounts is as follows :

* The Exchange Rate as at 31st March 2011: 1 CNY = 6.912 INR (Previous Year 6.589 INR)

Average exchange Rate : 2010-2011 1 CNY = 6.834 INR , 2009-2010 1 CNY = 6.914 INR

13. The fixed assets of the Subsidiary Company are depreciated on SLM Basis over their useful lives as against WDV Basis adopted by the Parent Company had that depreciation been provided on WDV Basis, the depreciation would have been lower by Rs.1,429,560/- (Previous Year -Rs.1,104,008/- and the consolidated profit before tax would have been higher to that extent.

14. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Schedule 13A

Consolidated Segment Report for the year ended March 31, 2011

(Amount in Rs.)

	Textile Machinery Division		Other Divisions		Total	
	31.03.2011	31.03.2010	31.3.2011	31.03.2010	31.3.2011	31.03.2010
Primary - Business Segment						
Revenue						
External Sales	15,385,141,055	9,583,660,996	2,551,796,578	1,721,701,635	17,936,937,633	11,305,362,631
Inter Segment Transfers	49,278,064	38,897,148	21,021,216	8,269,898	70,299,279	47,167,046
Allocable other income	398,738,115	311,983,154	35,399,594	13,214,383	434,137,709	324,204,874
Segment Revenue	15,833,157,234	9,934,541,298	2,608,217,388	1,743,185,916	18,441,374,621	11,676,734,551
Less : Inter Segment Transfers					70,299,279	47,167,046
Add : Unallocable other Income					651,438,671	496,222,880
Enterprise revenue					19,022,514,013	12,125,790,385
Result						
Segment Result	1,514,277,621	919,533,572	206,861,810	157,651,918	1,721,139,431	1,077,185,490
Less :Unallocated Expenses					108,115,709	115,808,491
Operating Profit					1,613,023,722	961,376,999
Less : Interest Expenses					-	-
Income tax expenses (Current)					786,704,757	599,026,576
Income tax expenses (Deferred)					(54,896,885)	(140,245,732)
Add : Unallocable Other Income					651,438,671	496,222,880
Net Profit after Tax					1,532,654,521	998,819,035
Other Information						
Segment assets	14,377,582,759	13,525,255,222	1,295,068,913	1,061,892,250	15,672,651,672	14,587,147,472
Add : Unallocated corporate assets					2,812,347,822	2,468,534,558
Enterprise Assets					18,484,999,494	17,055,682,030
Segment Liabilities	7,255,792,976	5,709,317,677	511,295,962	294,842,580	7,767,088,938	6,004,160,257
Add : Unallocated corporate liabilities					10,717,910,556	11,051,521,773
Enterprise Liabilities					18,484,999,494	17,055,682,030
Capital Expenditure	865,809,182	176,384,393	147,898,280	20,042,111	1,013,707,462	196,426,504
Depreciation	999,601,859	917,708,785	50,563,831	44,565,271	1,050,165,690	962,274,056
Non-Cash Expenditure	-	-	-	-	-	-

Schedules Annexed to Consolidated Balance Sheet & Profit and Loss Account

Schedule 13A

Consolidated Segment Report for the year ended March 31, 2011

(Amount in Rs.)

	Textile Machinery Division		Other Divisions		Total	
	31.03.2011	31.03.2010	31.3.2011	31.03.2010	31.3.2011	31.03.2010
Secondary - Geographical Segment						
a) Revenue from external customers by location of customers						
Domestic Segment					15,422,799,767	10,562,697,698
Export Segment					2,514,137,866	742,664,933
Total External Sales					17,936,937,633	11,305,362,631
(b) Carrying amount of Segment Assets						
Within India	13,569,333,701	13,351,299,800	1,295,068,913	1,061,892,250	14,864,402,614	14,413,192,050
Outside India	808,249,058	173,955,422	–	–	808,249,058	173,955,422
Total	14,377,582,759	13,525,255,222	1,295,068,913	1,061,892,250	15,672,651,672	14,587,147,472
(c) Capital Expenditure						
Within India	858,212,655	114,322,809	147,898,280	20,042,111	1,006,110,935	134,364,920
Outside India	7,596,527	62,061,584	–	–	7,596,527	62,061,584
Total	865,809,182	176,384,393	147,898,280	20,042,111	1,013,707,462	196,426,504

Notes:

- 1) The Company is organised into two main Business Segments viz., Textile Machinery Segment comprising of Spinning Preparatory Machinery; Yarn Making machinery; Accessories & Parts and Other Segment comprising of Machine Tools and Foundry Division and Advanced Technology Centre.
- 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 at weighted average cost, 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.

Schedules Annexed to Consolidated Balance Sheet & Profit and Loss Account

Schedule 13B

Related Party Disclosures

1) Related Party Relationships

Key Management Personnel:	Dr. D. Jayavarthanelu, Chairman and Managing Director (Upto 10.06.2010) Sri. R. Venkatrangappan, Chairman (Since 10.09.2010) Sri. Sanjay Jayavarthanelu, Managing Director (Since 10.09.2010)
Joint Ventures:	Rieter LMW Machinery Limited
Other related parties-Associates:	Annur Satya Textile Limited Eshaan Enterprises Limited Harshini Textiles Limited Hermes Academy of Training Limited Integrated Electrical Controls Limited Lakshmi Cargo Company Limited LCC Cargo Holdings Limited Lakshmi Electrical Drives Limited Lakshmi Technology & Engg. Industries Ltd Lakshmi Ring Travellers (Cbe) Limited Lakshmi Electrical Control Systems Limited Lakshmi Precision Tools Limited Lakshmi Life Sciences Limited Mahalakshmi Engineering Holdings Limited Quattro Engineering India Limited Sri Kamakoti Kamakshi Textiles P Ltd Super Sales India Limited Starline Travels Limited The Kuppaswamy Naidu Charity Trust for Education and Medical Relief Titan Paints & Chemicals Limited Venkatavaradha Agencies Limited Walzer Hotels Limited

Schedules Annexed to Consolidated Balance Sheet & Profit and Loss Account

Schedule 13B

2) Related Party Transactions

(Amount in Rs.)

	Joint Venture		Other Related Parties -Associates		Key Management Personnel	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
1. Purchase of goods	-	-	2,180,480,701	1,363,593,950	-	-
2. Sale of goods	76,168,040	30,419,354	781,115,103	466,780,358	-	-
3. Purchase of Fixed Assets	-	-	9,408,225	-	-	-
4. Sale of Fixed Assets	-	-	96,360,607	687,981	-	-
5. Rendering of Services	72,121	21,793	24,698,290	6,672,410	-	-
6. Receiving of Services	-	-	549,719,360	284,990,318	-	-
7. Agency arrangements	-	-	122,159,923	86,901,105	-	-
8. Managerial Remuneration	-	-	-	-	66,199,766	93,000,073
9. Dividends Paid	-	-	32,563,170	32,563,170	2,150,850	2,150,850
10. Loans given	-	125,000,000	-	9,000,000	-	-
11. Loans received back	-	-	5,400,000	3,600,000	-	-
12. Interest receipts	10,000,000	4,219,178	4,685,960	4,002,656	-	-
13. Outstanding Payables	-	-	124,424,347	118,373,857	-	-
14. Outstanding Receivables	137,246,913	140,218,167	240,543,331	140,206,693	-	-

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

- Purchase of Goods includes Lakshmi Electrical Control Systems Limited Rs. 1,435,471,316 (Previous Year Rs. 922,779,043), Lakshmi Electrical Drives Limited Rs. 408,943,152 (Previous Year Rs. 263,795,340), and Others – Other Related Parties - Associates Rs. 336,066,233 (Previous Year Rs. 177,019,567).
- Sale of Goods includes Rieter LMW Machinery Limited Rs. 76,168,040 (Previous Year Rs. 30,419,354), Lakshmi Electrical Control Systems Ltd Rs. 619,978,288 (Previous Year Rs. 431,522,527), and Others – Other Related Parties - Associates Rs. 161,136,815 (Previous Year Rs. 35,257,831).
- Purchase of Fixed Assets includes Quattro Engineering India Limited Rs. 6,641,825 (Previous Year Rs. Nil), Lakshmi Cargo Company Limited Rs. 2,766,400 (Previous Year Rs. Nil).
- Sale of Fixed Assets includes Lakshmi Technology and Engineering Industries Limited Rs. Nil (Previous Year Rs. 643,781), Super Sales (India) Limited Rs. 92,160,607 (Previous Year Rs. Nil) and Others – Other Related Parties - Associates Rs. 4,200,000 (Previous Year Rs. 44,200).
- Rendering of Services includes Super Sales (India) Ltd., Rs. 20,943,958 (Previous Year Rs. 4,600,910), Lakshmi Ring Travellers (Cbe) Ltd., Rs. Nil (Previous Year Rs. 1,084,806), Rieter LMW Machinery Limited Rs. 72,121 (Previous Year Rs. 21,793) and Others – Other Related Parties - Associates Rs. 3,754,332 (Previous Year Rs. 986,694).
- Receiving of Services includes Lakshmi Ring Travellers (Cbe) Limited Rs. 58,592,526 (Previous Year Rs. 30,357,140), Lakshmi Cargo Company Limited Rs. 389,028,172 (Previous Year Rs. 200,785,800) and Others – Other Related Parties - Associates Rs. 102,098,662 (Previous Year Rs. 53,847,378).
- Agency arrangement includes Super Sales (India) Limited Rs. 122,159,923 (Previous Year Rs. 86,901,105).
- Managerial Remuneration includes amount paid to Dr. D. Jayavarthanavelu Rs. 11,778,837 (Previous Year Rs. 44,552,200), Sri. R. Venkatrangappan Rs. 17,944,743 (Previous Year Rs. 24,114,488) and Sri. Sanjay Jayavarthanavelu Rs. 36,476,186 (Previous Year Rs. 24,333,385).
- Dividends paid to includes Lakshmi Technology and Engineering Industries Limited Rs. 10,006,350 (Previous Year Rs. 10,006,350), Lakshmi Cargo Company Limited Rs. 12,355,770 (Previous Year Rs. 12,355,770), Other Related Parties – Associates Rs. 10,201,050 (Previous Year Rs. 10,201,050), Dr. D. Jayavarthanavelu Rs. 644,100 (Previous Year Rs. 644,100), Sri Sanjay Jayavarthanavelu Rs. 1,490,250 (Previous Year Rs. 1,490,250) and Others – Key Management Personnel Rs. 16,500 (Previous Year Rs. 16,500).
- Loans given include Rieter LMW Machinery Limited Rs. Nil (Previous Year Rs. 125,000,000), The Kuppuswamy Naidu Charity Trust for Education and Medical Relief Rs. Nil (Previous Year Rs. 9,000,000).
- Loan received back includes The Kuppuswamy Naidu Charity Trust for Education and Medical Relief Rs. 5,400,000 (Previous Year Rs. 3,600,000).
- Interest Receipts include The Kuppuswamy Naidu Charity Trust for Education and Medical Relief Rs. 2,685,960 (Previous Year Rs. 2,002,656), Annur Satya

Schedules Annexed to Balance Sheet & Profit and Loss Account

Schedule 13B

Textile Limited Rs. 2,000,000 (Previous Year Rs. 2,000,000), Rieter LMW Machinery Limited Rs. 10,000,000 (Previous Year Rs. 4,219,178).

13. Outstanding Payables include Lakshmi Cargo Company Limited Rs. 44,350,844 (Previous Year Rs. 26,419,849), Lakshmi Electrical Drives Limited Rs. 43,373,936 (Previous Year Rs. 32,671,744), Lakshmi Precision Tools Limited Rs. 15,715,429 (Previous Year Rs. 15,399,440), Super Sales (India) Limited Rs. Nil (Previous Year Rs. 29,658,610), Lakshmi Ring Travellers (Cbe) Limited Rs. 16,073,037 (Previous Year Rs. Nil) and Others – Other Related Parties - Associates Rs. 4,911,101 (Previous Year Rs. 14,224,214).
14. Outstanding Receivables include Rieter LMW Machinery Limited Rs. 137,246,913 (Previous Year Rs. 140,218,167), Annur Satya Textile Limited Rs. 26,478,740 (Previous Year Rs. 25,824,926), Lakshmi Electrical Control Systems Limited Rs. 70,652,625 (Previous Year Rs. Nil), Lakshmi Technology and Engineering Industries Limited Rs. 47,884,582 (Previous Year Rs. 49,737,291), The Kuppuswamy Naidu Charity Trust for Education and Medical Relief Rs. 36,172,729 (Previous Year Rs. 41,701,992), Super Sales (India) Limited Rs. 49,516,817 (Previous Year Rs. Nil) and Others – Other Related Parties - Associates Rs. 9,837,838 (Previous Year Rs. 22,942,484).
- 3) The undernoted Companies constitutes the "group" in terms of Regulation 3 (1)(e)(i) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended with effect from 09.09.2002.
1. Eshann Enterprises Limited
 2. Lakshmi Cargo Company Limited
 3. Lakshmi Electrical Drives Limited
 4. Lakshmi Electrical Control Systems Limited
 5. Lakshmi Precision Tools Limited
 6. Lakshmi Ring Travellers (Cbe) Limited
 7. Lakshmi Technology & Engg. Industries Ltd
 8. The Lakshmi Mills Company Limited
 9. Super Sales India Limited

Signatures to schedules 1 to 13(B)

R. Venkatragappan
Chairman

Sanjay Jayavarthanavelu
Managing Director

R. Rajendran
Director- Finance

K. Duraisami
Company Secretary

In terms of our report of even date
For M. S. Jagannathan & Visvanathan
Firm Registration No: 001209S
Chartered Accountants

per M.J. Vijayaraaghavan
Partner
Membership No.: 7534

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

per T.S.V Rajagopal
Partner

Place: Coimbatore
Date: 20th May, 2011

Membership No.: 200380

