LAKSHMI MACHINE WORKS LIMITED

ANNUAL REPORT 2016-17

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The sectoral ecosystem has become progressively complex.

The competitive landscape has emerged increasingly challenging.

Business realities have changed faster than comprehension.

Despite the prevailing volatility across our customer universe, we at LMW hold steadfast on a singular ethos – remaining relevant – a belief that has and continues to pivot whatever we do.

At LMW, we refer to this philosophy as being...

AT WORK

VISION

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

MISSION

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

VALUES

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

BUILDING BUSINESSES

Founded in1962, LMW is today a global player and one among the few manufacturers to provide the entire range of spinning machinery. The Company diversified into CNC Machine Tools and is one of the leading manufacturers of customised products. LMW's foundry makes Precision Castings that cater to diverse industries. In 2009, the Company leveraged its engineering expertise to develop components for the highly-complex aerospace sector.

Headquartered in Coimbatore (India), the Company's business is divided into four business verticals – Textile Machinery, Machine Tools, Castings and Aerospace.

The Company's shares are listed on the Bombay and National Stock Exchanges in India.

...IN OUR **TEXTILE MACHINERY BUSINESS**

TODAY'S CUSTOMER EXPECTS SIGNIFICANTLY HIGHER VALUE FROM THE LABEL THAN THE VALUE PRINTED ON THE LABEL; A SIMPLE CHANGE THAT HAS TRANSFORMED BUSINESS REALITIES ACROSS THE TEXTILE VALUE CHAIN, ESPECIALLY CHALLENGING THE SUSTAINABILITY OF PLAYERS AT THE BOTTOM OF THE CHAIN.

Even as these realities prevailed, our customers appealed - 'keep us relevant'. At LMW, we resolved to improve their business profitability.

Our customers said 'we wish to deal with a single vendor'. We added Autoconers to our product basket transforming us into a complete spinning solutions provider.

Our customers wished 'we could do with lesser people'. We automated some labour-intensive operations which could free people to be deployed in other business critical operations.

Our customers desired 'we want earlier machines to be relevant even today'. We provided performance enhancement kits which could be retrofitted to our equipment to enhance productivity and product quality.

Our customers requested 'we want to order spares at a click of a button'. We responded with the launch of our e-spares portal where customers from across the globe could order for spares.

Our customers aspired 'we want to move into value-added spaces'. We successfully upgraded our equipment for manufacturing specialised yarns.

WE ADDED AUTOCONERS TO OUR PRODUCT BASKET.

WE LAUNCHED OUR E-SPARES PORTAL.

...IN OUR MACHINE TOOL BUSINESS

THE GROWING NEED TO CAPTURE CUSTOMER ATTENTION HAS FORCED PLAYERS TO TREAD THE INNOVATION PATH THAT HAVE MADE PRODUCTS, ASSEMBLIES AND COMPONENTS INCREASINGLY COMPLEX;A DESIRE THAT TRANSFORMED EQUIPMENT EXPECTATION - MAKING 'COMPLEX' THE NEW NORM.

In these challenging times, our customers said 'make us more capable'.
At LMW, we are determined to make them stand out of the clutter.

'Machines need to be more productive'...was the clarion call.
We strengthened our machines with higher power; our lathes and machining centers, for instance, have optimised component making cycle time.

'Machine cannot compromise on accuracy'...was the imperative.
We partnered with some of the best minds in the world to strengthen the accuracy of critical parts of our machines – it allowed our customer to comply with reducing tolerance of their customers.

'Machine should seamlessly make complex parts'... was a growing need.
We introduced technology efficient machines that scaled component manufacturing capabilities; we developed machine for specific sectoral needs.

'Machines have to be more capable'... was another requirement.
We developed multi-capability machines; our twin spindle machine is a case in point – capable of producing two components simultaneously.

WE PARTNERED WITH SOME OF THE BEST MINDS IN THE WORLD.

WE DEVELOPED MULTI-CAPABILITY MACHINES; OUR TWIN SPINDLE MACHINE IS A CASE IN POINT.

...IN OUR **FOUNDRY BUSINESS**

THE GLOBE IS FAST AWAKENING TO THE LASTING PERILS ARISING OUT OF RAPID INDUSTRIALISATION; THE GROWING URGENCY TO SAVE THE WORLD FOR A BETTER AND BRIGHTER TOMORROW HAS RESULTED IN AN INTERESTING MINDSET ALTERATION NAMELY ‘WHILE STRATEGY IS PARAMOUNT, SUSTAINABILITY IS INTRINSIC’; ‘RESULTS ARE CRUCIAL BUT RESPONSIBILITY IS CARDINAL’.

In a nutshell it works down to one basic reality - Growth is vital. Green is imperative.
At LMW, we worked to transform our grey area into a green operation.

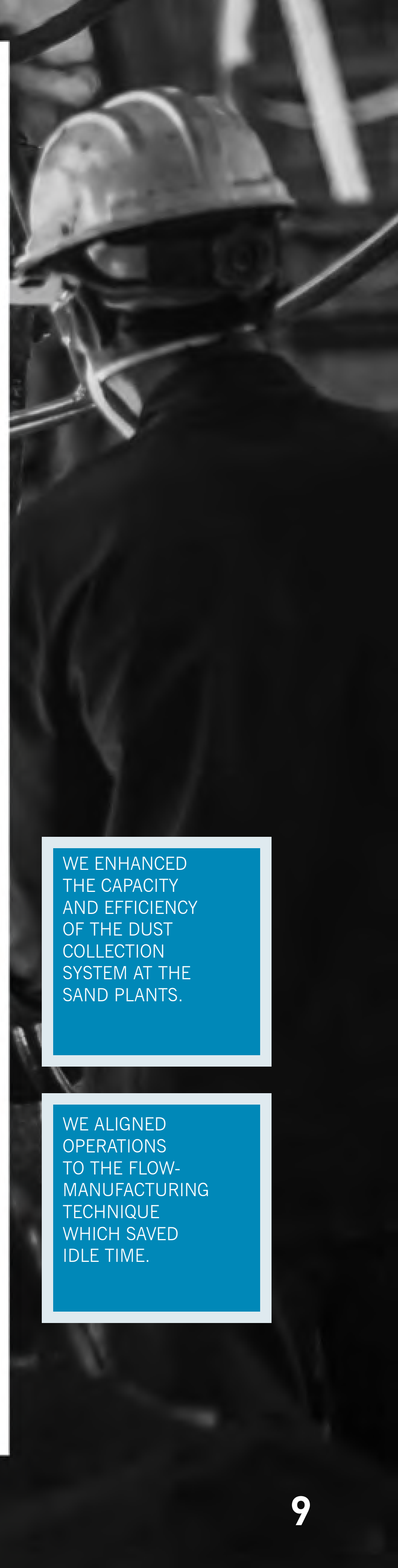
Green operations are…dust free and less noisy.
We enhanced the capacity and efficiency of the dust collection system at the sand plants. We replaced conventional shakeout units with contemporary variants with acoustic enclosures.

Green operations are…energy efficient and water sensitive.
We invested in improved equipment and initiated process improvements which optimised utility consumption. We methodically strengthened our water conservation efforts.

Green operations are…time saving and people friendly.
We aligned operations to the flow-manufacturing technique which saved idle time. We implemented suggestions from the manufacturing excellence drive which reduced manpower fatigue in this labour-intensive business.

Green operations are… less polluting and surrounded by nature.
We enhanced the capacity and efficiency of our Sewage Treatment Plant. We intensified the green belt around our foundry unit.

In doing so, we moved a notch up in the green operations barometer – we strive to attain the greenest ranking in a business space considered environmentally unfriendly.



WE ENHANCED THE CAPACITY AND EFFICIENCY OF THE DUST COLLECTION SYSTEM AT THE SAND PLANTS.

WE ALIGNED OPERATIONS TO THE FLOW-MANUFACTURING TECHNIQUE WHICH SAVED IDLE TIME.

...IN OUR ADVANCED TECHNOLOGY CENTRE

THE GOVERNMENT ARTICULATED ITS VISION OF STRENGTHENING INDIA'S RESPECT AS A GLOBAL MANUFACTURING HUB THROUGH ITS CLARION CALL 'MAKE IN INDIA'; A DREAM THAT HAS POSITIONED INDIA AS AN ATTRACTIVE MANUFACTURING HUB FOR CORPORATES ACROSS THE GLOBE ASPIRING TO BE GLOBAL CONGLOMERATES.

This exciting opportunity mandated global corporations to prioritise India for the Indian opportunity.
At LMW, we focused our India presence for capitalising on global prospects.

The sector needed to be complex and relatively uncluttered.
We entered the niche aerospace sector, developing critical components and sub-assemblies.

The business needed to be relevant for India and the globe.
We are one of the very few Indian corporates servicing global aircraft OEMs even as India's aviation sector (which purchases aircrafts from global OEMs) is poised for a take-off; we also facilitate in addressing India's defense off- set clause.

The business mandated sizeable investment in technology.
We invested in the facility which houses cutting-edge technology and equipment sourced from world-renowned brands in the business.

The operations necessitated global accreditation.
We received the coveted NADCAP Certification for business-critical facilities namely heat treatment, chemical processing, Non-Destructive Testing and YIG Welding; it is among the handful in this space to have among its team a NAS410 Level III Certified Inspector.

The painstaking yet patient efforts of its team have yielded heartening outcome – ATC is emerging as a private sector player to have created a meaningful presence in the global aerospace sector.

WE RECEIVED THE COVETED NADCAP CERTIFICATION FOR BUSINESS-CRITICAL FACILITIES.

WE ARE ONE OF THE VERY FEW INDIAN CORPORATES SERVICING GLOBAL AIRCRAFT OEMs.

"WE CONTINUE TO REMAIN STEADFAST ON OUR RESOLVE TO MAKE OUR **CUSTOMERS BUSINESSES RELEVANT AND PROFITABLE."**

SANJAY JAYAVARTHANAVELU, CHAIRMAN AND MANAGING DIRECTOR

Dear friends,

The simple phrase 'making business relevant' has assumed larger than life proportion especially in the prevailing environment where soaring customer aspirations are catalyzing the demand for superior solutions. This trend has mandated business houses to scout for technology-intensive equipment which could scale them up the sectoral value-chain.

At LMW, being a building block supplier to numerous core sectors of the Indian economy, our ability to proactively align with this trend is a critical imperative that influences the success and sustainability of our customers and us.

At LMW, we continue to remain steadfast on our resolve to make our customers' businesses relevant and profitable in all our operating platforms.

In our textile machinery business, we unveiled interesting developments transpiring within the Company's boundary walls to our customers – new equipments, newer automation and new services – which were well received by our customers and other sectoral players. This was a heartening reward for the team's painstaking developmental efforts.

In the machine tools space, we developed progressively intelligent machines that enhance capability, increase flexibility, promise greater accuracy and higher productivity. We also designed superior variants to allow our customers to capitalise on emerging sunrise opportunities in the Indian landscape. The uptick in volumes only vindicated our efforts in growing our relevance among our customers.

Our foundry division underwent a major overhaul which was the need of the hour from business sustainability and environment management perspective.We consolidated operations into two units, and invested in cutting-edge technology and sophisticated equipment (operational and pollution control) which, when commissioned, will improve productivity, product quality and optimise delivery schedules – enabling our customer to deliver better.

In the aerospace vertical, we continue to absorb cutting-edge technology that enhance our product development capabilities enabling us to partner Tier 1's of leading global OEMs in the aerospace sector. More importantly, our product basket with every customer has improved at a healthy pace – which showcases our increasing relevance in their growth blueprint.

Moving ahead

There is considerable optimism on the horizon owing to favourable Government policies, expectation of a good monsoon, improved liquidity leading to consumption driven demand and the Government's thrust on improving the nation's infrastructure. These factors are expected to spur investments across core sectors.

Besides, the Government's desire in shifting the global textile industry's spotlight onto India promises to open up interesting growth opportunities.

At LMW, we continue to remain alive to emerging trends and are aligning our business verticals to meet customer aspirations proactively.

WE CONTINUE TO REMAIN STEADFAST ON OUR RESOLVE TO MAKE OUR CUSTOMERS' BUSINESSES RELEVANT AND PROFITABLE.

MANAGEMENT
DISCUSSION AND ANALYSIS

Global economy
Global GDP growth fell short of expectations in 2016, slowing marginally to 3.1% year-on-year, as deceleration in key emerging and developing economies overshadowed a modest recovery in major developed countries. This deceleration was accompanied by modest increase in commodity prices, subdued global trade, bouts of financial market volatility, and weakening capital flows. Global industrial production (IP) growth slowed to 1.5% year-on-year in 2016, after growing by 1.8% in 2015. IP in Organisation for Economic Co-operation and Development ("OECD") countries eased to just 0.3% year-on-year in 2016, after growing by 0.8% in 2015.

Challenges: Recent political developments highlight a fraying consensus about the benefits of cross-border economic integration. A potential widening of global imbalances coupled with sharp exchange rate movements, should those occur in response to major policy shifts, could further intensify protectionist pressures. Increased restrictions on global trade and migration would hurt productivity and incomes, and take an immediate toll on market sentiment.

Outlook: Global economy is projected to grow at 3.4% during CY 2017 unlike 3.1% growth in CY 2016. The advanced economies are forecast to grow at 1.9% vis-à-vis 1.6% while emerging and developing economies are expected to grow at 4.5% unlike 4.1% in 2016. Economic growth of the US is projected to improve to 2.3% with growing focus on nationalism and protectionism. China is projected to witness a sustained and robust economic growth of 6.5% in 2017 vis-à-vis 6.7% in 2016 – on expectations of continuous policy support. Moreover, most of the corporates in Emerging markets have already been exposed to high corporate debt, declining profitability and weak bank balance sheets – which could impact global trade and investment and result to tighter global financial conditions and reversal of capital flows.

Indian economy
With a GDP at US$2.25 tr (nominal, 2016), India's economy ranks as the 7th largest in the world.

The Indian economy has been growing at an accelerated pace since 2014, supported by favorable government reforms and stringent fiscal regime that reigned in inflation. The Economic Survey 2017 describes India's stand in the world as 'haven of stability' and positions it as 'an outpost of opportunity'.

In 2016-17, India's GDP growth has been pegged at 7.1% down from 7.9% recorded in the previous financial year –largely

owing to policy initiatives like demonetisation.

• Notwithstanding a marginal delay in the onset of monsoon, 2016-17 has been good for the agricultural sector. The total foodgrain production is estimated to touch a record of 272 million tonnes, 8% higher than the corresponding figure of 251.6 million tonnes harvested last year.

• The industrial sector growth remained lacklustre with the Index of Industrial Production (IIP), a measure of industrial performance, registering a growth of 0.3% during April-December period of the financial year 2016-17, against 3.2% growth recorded during the same period of 2015-16.

• The year-on-year (y-o-y) growth of Gross Value Added for the services sector (excluding construction) remained largely stagnant between 2015-16 (8.9%) and 2016-17 (8.8%).

The halving of global oil prices that began in late 2014 boosted economic activity in India, further improved the external current account and fiscal positions and helped lower inflation. In addition, continued fiscal consolidation, by reducing government deficit and debt accumulation and an anti-inflationary monetary policy stance have helped cement macroeconomic stability.

The demonetisation initiative affected notes with a total value of about ₹15 trillion, which amounted to 86% of all cash in circulation. Since payment transactions in India are primarily cash-based and electronic payments infrastructure is limited, the shortage of cash has disrupted economic activity; the impact was particularly severe for smaller businesses and rural regions.

But the impact of this adversity was short-lived as the government and India Inc. worked fervently to alleviate payment disruptions by 1) allowing the use of old banknotes temporarily for certain critical transactions and 2) strengthening the e-payment infrastructure pan-India.

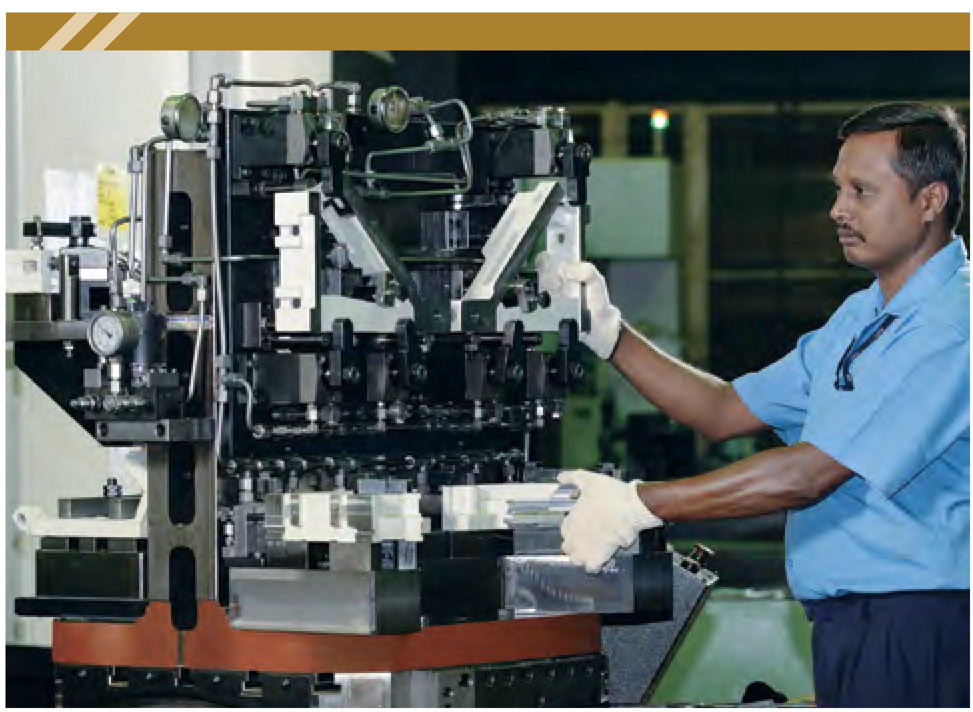
Challenges: A key concern for the country is the health of the banking system, which is still dealing with a large amount of bad loans, and also heightened corporate vulnerabilities in several key sectors of the economy.

Outlook: India's economic growth is expected to improve to 7.5% in 2017-18. This optimism is based on the following assumptions.

• The impact of demonetisation is expected to completely dissipate in 2017-18 which will contribute to recovery in economic growth.

• The adoption of the Goods and Service Tax (GST) promises to create a single national market which will enhance efficiency in the movement of goods and services. This critical fiscal policy could make an important contribution to raise India's medium-term GDP growth momentum to over 8% (Source: IMF).

• The Union Budget 2017-18, Agenda to Transform, Energise & Clean India (TEC India) puts an unprecedented thrust on rural infrastructure development which will have a multi-sector cascading impact. This initiative promises to make an important contribution to India's economic resurgence.



BUSINESS SEGMENT: **01**

TEXTILE **MACHINERY DIVISION**

MANAGEMENT **DISCUSSION & ANALYSIS**

LMW IS AN ESTABLISHED TEXTILE MACHINERY MANUFACTURER IN INDIA AND ONE AMONG THE GLOBAL PLAYERS TO PRODUCE THE ENTIRE RANGE OF SPINNING MACHINERY.

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It caters to the domestic market as well as exports products across the globe. The Company has been consistently at the forefront of technological advancements in textile machinery. Over a period of time, the Company has gained a worldwide reputation for its state-of-the-art technology and high quality standards.

The Company goes beyond just providing machinery for textile industry. The comprehensive range of spinning systems that are offered is accompanied by various value-added services. These services are meant to familiarise customers with the systems and help them attain optimum performance outputs.

The Company's relation with its customers does not end with the installation of machines as the team continuously monitors, audits and facilitates its customers in equipment maintenance by prompt supply of parts and accessories for maximum machine uptime.

Highlights, 2016-17

At the shop-floor

Replaced conventional equipment at the in-house component manufacturing units with high-capability, high-efficiency machines; invested in automating processes.

Consolidated the component supplier universe to include only those with superior equipment and automation.

Invested time and resources in training component vendors in using cutting-edge tools and improved techniques.

Institutionalised a rigorous quality discipline in every plant area to ensure that components strictly adhere to specifications.

Adopted the Physical Part Replacement System, Minimax and Kanban systems for sourcing components at the assembly line – it resulted in space saving at the assembly shop and optimised inventory.

Automated the assembly line completely; provided contemporary pneumatic tools for accurate assembly operations; invested in hydraulic platforms for reducing operator fatigue.

In doing so, asset utilisation and productivity improved, rejections declined and warranty costs declined.

In the market place

Altered the machine delivery method – from transporting components for assembly at customers units to despatching sub-assemblies. It has reduced erection time and improved installation accuracy.

Entered new global markets in South-East Asia, Middle East and Africa – this facilitated in generating important volumes to cover up the decline in offtake from traditional markets due to geo-political factors.

Created offices in key global geographies and strengthened the service teams in existing global establishments for strengthening the service connect with customers.

Received prestigious orders from top global textile companies.

The subdued performance of the Company's textile machinery division was primarily due to important realities that plagued the Indian textile sector, especially the spinning space, which shelved majority of the capacity building measures.

Fluctuation in raw material availability and price.

Overall sentiment of financial institutions/banks towards the spinning sector had remained negative for a major part of the period under review. However the situation improved marginally in the closing months of the financial year.

Export of yarn is less as a result of waning of demand in China.

Overall global intake for garments has reduced.

Liquidity issues (demonetisation).

Industry and prospects

Textile sector

India's textiles sector is one of the oldest industries in Indian economy and even today is one of the most important contributors to India's economic progress. In addition to being one of the largest contributors to India's revenue, is also one of the largest employers next to Agriculture.

Spinning sector

The domestic spinning industry remains highly dependent upon exports, with a third of India's cotton yarn having been exported during the past five years. Further, there is a high dependence on exports to China which makes India's exports vulnerable to China's policy on reserve cotton stock.

India's cotton-spinning industry has been struggling with profitability for over two years due to a sharp decline in yarn exports following a slump in Chinese demand. Chinese textiles mills, which used to manufacture fabric from Indian yarn, have now slowed down following the government's policy of discouraging energy-intensive industries. This has hit India's cotton yarn manufacturers hard.

Many spinning mills, are struggling with low/nil profitability due to a sharp increase in production costs. Not only have prices of raw materials like cotton gone up, labour cost has also risen substantially over the past few years. Interestingly, spinning mills have not been able to pass on the increase in production costs due to weak demand.

A recent study by rating agency CARE estimates India's cotton yarn production at 3,936 million kg for financial year 2016-17, nearly 5% lower than 4,138 million kg output reported in the previous financial year. This is against a 3-3.5% increase in production for the past few years. (Source: Business Standard, April 11, 2017).

Challenges

- **Technological** backwardness, especially in the weaving, processing and garmenting segments.
- **Low share** in global exports.
- **Disadvantage** of low volume of scale, vis-a-vis competing countries.
- **Slow infrastructure** development and inadequate power, among others.
- **High interest** cost and limited availability of finance to the SME sector.
- **Competition** establishing manufacturing base locally.

Policy support to the textile sector

In 2016-17, the Government has announced important policies which promise to strengthen the growth momentum of the textile sector:

The government notifying the Amended Technology Upgradation Fund Scheme (A-TUFS) to provide a one-time capital subsidy for investments in employment- and technology-intensive segments of the textile sector, a move aimed at promoting exports and import substitution.

A ₹6,000-crore special package for textiles and apparel sector was rolled out in June 2016, which is expected to create one crore new jobs in three years, attract investments of US$11 billion and generate US$30 billion in exports.

The Government is working on unveiling the National Textile Policy in the FY18. The policy aims to achieve US$300 billion worth of textile exports by 2024-25 and create an additional 35 million jobs. This policy holds the potential to infuse fresh momentum into the sector as it could make Indian garments more competitive in international markets by reducing the cost of production.

OUTLOOK

THE FUTURE FOR THE INDIAN TEXTILE INDUSTRY LOOKS PROMISING, BUOYED BY BOTH STRONG DOMESTIC CONSUMPTION AS WELL AS EXPORT DEMAND CONSEQUENT TO GROWING CONSUMERISM AND INCREASING DISPOSABLE INCOME.

THE INDIAN TEXTILES INDUSTRY, CURRENTLY ESTIMATED AT AROUND US$108 BILLION, IS EXPECTED TO REACH US$223 BILLION BY 2021. ACCORDING TO A STUDY BY WAZIR ADVISORS AND PCI XYLENES & POLYESTER, THE INDIAN TEXTILE INDUSTRY HAS THE POTENTIAL TO REACH US$500 BILLION IN SIZE. GOVERNMENT IS ALSO FOCUSING MORE ON ENABLING VALUE ADDITION IN THE TEXTILE SECTOR. THIS IS EXPECTED TO TRIGGER FURTHER INVESTMENT IN ALL SUB-SECTORS OF THE TEXTILE INDUSTRY INCLUDING SPINNING.

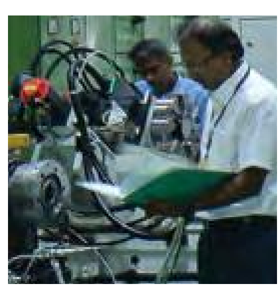
Performance, 2016-17 (₹ in Lakhs)

	2016-17		2015-16	
	Nos.	Amount	Nos.	Amount
Spinning preparatory machine	2,170	69,872.05	2,512	79,843.69
Yarn making machine	1,105	93,275.13	1,660	1,26,776.80
Accessories and spares		33,187.56		32,296.22

BUSINESS SEGMENT: **02**

MACHINE **TOOL DIVISION**

MANAGEMENT **DISCUSSION & ANALYSIS**



LMW'S MACHINE TOOL DIVISION MANUFACTURES CNC LATHES, MACHINING CENTRES AND OTHER HI-TECH MACHINE TOOLS.

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The division has delivered more than 8,500 CNC Lathes and Machining Centres across pan-India for diverse applications. Its customer base consists of the Automobile industry, Auto-ancillaries and General Engineering catering to large, medium and small scale industries.

Highlights, 2016-17

Partnered with Japanese consultants for aligning operational systems and process with global best practices for developing more efficient and accurate Mother machines.

Created dedicated teams for maintaining continuous dialogue with customers which could help in aligning products and services to the user needs.

Introduced two new lathes which provide higher accuracies and productivity – they were well received in the market place.

Introduced a solution targeted primarily to the tools and dies sector – a first time introduction by the team.

Introduced high-speed Vertical Machining Centres which improved component accuracies and reduced the manufacturing cycle time.

Revamped the assembly practices which facilitated in reducing cycle time and improved delivery schedules.

Launched the e-service solutions which facilitated in becoming closer to the customer – and provided faster service.

Altered the equipment installation tools which resulted in faster machine commissioning.

All these measures increased plant productivity and reduced warranty costs significantly.

Performance, 2016-17

This business division registered a turnover of ₹31,885.59 Lakhs from sale of 1,466 machines in 2016-17 as against ₹21,553.94 Lakhs in 2015-16. This increase was primarily due to the launch of more sophisticated machines and thrust on marketing.

Industry and prospects

Machine tools are considered a strategic industry segment. The Machine tool industry is the mother industry of manufacturing economies, particularly discreet manufacturing segments such as automobiles, defence, railways, plastic machinery, medical electronics and white goods. Machine tools belong to the capital goods category of machinery, hence this sector is an important contributor to India's economic growth.

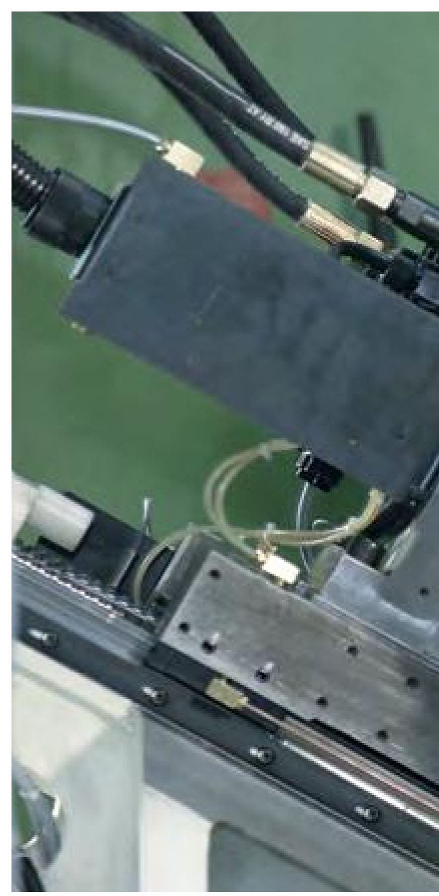
India stands 13th in production and 10th in the consumption of machine tools in the world as per the 2016 Gardner Business Media survey.

The machine tools market in India is highly fragmented with the presence of numerous small, medium, and large suppliers, which includes international and regional players. The sector has around 1,000 units invested in the production of machine tools, accessories / attachments, subsystems and parts. Of these, around 25 form the large scale sector and account for 70% of the turnover and the rest are in the SME sector of the industry. Approximately, 75% of Indian machine tool producers are ISO-certified.

While the large organised players cater to India's heavy and medium industries, the small-scale sector meets the demand of ancillary and other units. Many machine tool manufacturers have also obtained the CE Marking certification, in keeping with European market requirements.

The current market size of Indian metal cutting machine tool industry stands at around ₹8,200 crore, of which production in metal cutting machine tools is around ₹4,200 crore (around ₹3,760 crore for CNC and ₹460 crore for Non-CNC). The domestic production accounts for over 45% of the total consumption.

The demand for the metal cutting CNC machines is primarily driven by the automobile sector. Die and mould, industrial machinery and aerospace are other key sector users in this industry.



Challenges

Import of second-hand machinery poses a significant challenge.

Lack of investment in technology and designing capability has resulted in gaps between foreign manufacturers and Indian manufacturers.

Domestic machine tool manufacturers face increased competition as global companies have commissioned manufacturing facilities in India.

Availability of adequate skilled manpower.

Policy support

The 'Make in India' initiative is expected to be a significant game-changer for manufacturing activities within the country. This initiative is expected to garner higher levels of investment into the country for establishing manufacturing establishments which is expected to spur the demand for machine tools.

In addition, the Government's focus on to enhancing its ranking in the Ease of Doing Business in India through favourable fiscal, foreign trade, labour and investment policies are expected to provide the necessary impetus to manufacturing sectors within the country. According to an output-outcome framework document prepared by the government, India aims to reach the 90th rank in 2017-18 (from the 130 rank in 2016-17) and 30th by 2020 in the World Bank's Ease of Doing Business rankings.

The Union Budget allocated ₹272.48 crore under the scheme of investment promotion that will be spent on launching a 360 degree awareness campaign for better ease of doing business ranking and to attract investment in 25 sectors selected under Make in India.

OUTLOOK

THE PRODUCTION OF MACHINE TOOLS IN INDIA IS EXPECTED TO GROW AT A CAGR OF 13% DURING 2016-2020 ACCORDING TO TECHNAVIO'S MARKET RESEARCH ANALYSIS. THE OPENING UP OF THE DEFENCE SECTOR BY THE GOVERNMENT WILL ALSO BRING MORE OPPORTUNITY FOR THE MACHINE TOOL INDUSTRY.

BUSINESS SEGMENT: **03**

FOUNDRY DIVISION

MANAGEMENT **DISCUSSION & ANALYSIS**

THE FOUNDRY BUSINESS DIVISION CATERS TO THE REQUIREMENTS OF THE OEMS IN INDIA AND ACROSS THE GLOBE.

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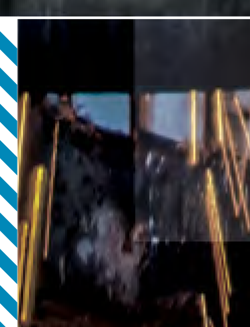

The Company has two foundry units. A large proportion of the output is used for captive consumption while the rest finds application in diverse sectors namely automobiles, locomotives, wind mill, power generation/ transmission, among others.

The Company has consistently adopted contemporary technology and lean practices which have enabled agility in manufacturing, optimising costs and lowering its operational burden on the environment. This has enabled LMW to establish a credible reputation globally of being a reliable supplier of quality castings at an optimal cost. The Company is also recognised world-wide for its non-polluting operations.

Highlights, 2016-17

Consolidated operations of two units catering to in-house requirements into one unit;

Replacing old machinery with contemporary equipment.

Re-alignment of every process to align with global best-practices.

Strengthened operational discipline.

Improved measures to reduce labour fatigue.

Increased man-machine productivity.

Initiated the revamping of the second unit (catering to external customers) with an aim to reinforce the image as a green (pollution free) foundry.

Implemented steps to reduce noise pollution and optimise fuel and energy consumption.

Streamlined process to minimise idle time between processes.

Added important European clients for the supply of castings used in critical marine applications.

Performance, 2016-17

This division sold 3,986 MT of ductile iron and grey iron castings valued at ₹5,937.31 Lakhs in 2016-17 against 3,927 MT valued at ₹7,258.60 Lakhs in the previous year. Out of the total castings sold, about 24%, valued at ₹1,508.04 Lakhs were exported.

Industry and prospects

India's foundry industry is the third biggest globally in terms of production capacity (10 million tonnes in FY16) after China (40 million tonnes) and the US (11 million tonnes).

The units are largely located in 19 clusters across the country and produce about 10 million metric tonnes of castings in various grades; about 60% of the total castings manufactured are of grey iron. The industry manufactures a wide array of products that cater to diverse industries of national economic importance. Majority of the production is consumed by the automobile sector.

Challenges

Increasing cost of inputs and fuel squeezing business margins.

Need to comply with increasingly stringent environment standards reducing business returns.

Shortage of skilled-manpower impacting business productivity.

Economies of scale.

OUTLOOK

THE DEMAND FOR CASTINGS IS LIKELY TO GROW RAPIDLY IN INDIA, GIVEN THE FOCUS ON INFRASTRUCTURE, RENEWABLE ENERGY, AUTO, AUTO-ANCILLARY AND CONSTRUCTION INDUSTRIES. WITH THE CENTRAL GOVERNMENT'S THRUST ON THE MANUFACTURING SECTOR AND THE 'MAKE IN INDIA' INITIATIVE, THE INDIAN FOUNDRY INDUSTRY EXPECTS US$3 BILLION WORTH OF INVESTMENTS IN ANOTHER 10 YEARS TO MEET THE POTENTIAL DEMAND OF 30 MILLION TONNES OF CASTINGS IN THE COUNTRY AT THAT TIME.

BUSINESS SEGMENT: **04**

ADVANCED **TECHNOLOGY CENTRE**

MANAGEMENT **DISCUSSION & ANALYSIS**

THE ADVANCED TECHNOLOGY CENTRE (ATC) SPECIALISES IN DEVELOPING HIGH PRECISION PARTS AND COMPONENTS REQUIRED FOR THE AEROSPACE INDUSTRY.

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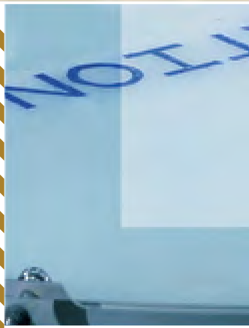


In this regard, your Company has created infrastructure and capabilities accredited with the latest quality certification and approvals.

The Advanced Technology Centre is spread over a 25,000 sq meter built up area. The facility houses cutting-edge technology, best-in-class equipment and specialised capabilities and processes (includes sheet metal fabrication; surface & heat treatment capabilities and NDT facilities) all aligned to the mandatory international certifications. The Company is also NADCAP certified. This has enabled the Company to emerge as a one-stop solution to marquee OEMs across the globe.

Highlights, 2016-17

- **Received** prestigious orders from DRDO and HAL for developing complex components.
- **Recognised** by OEMs as a key partner for future developments; the ATC team has benefited through customer initiated training programs.
- **Strengthened** business relations with major OEMs across the world.
- **Focused** on climbing the value-chain – from components to sub-assemblies – started receiving orders for sub-assemblies.
- **Added** new capabilities – chemical melting and anodising – for strengthening the value quotient to customers.
- **Participated** in Aero India 2017, Asia's Premier Air Show held at Air Force Station Yelahanka, Bengaluru and exhibited critical aerospace products namely Engine assemblies, Structural parts, Sheet metal and Special processed parts - demonstrating vital capabilities resident within the division.

Performance, 2016-17

The ATC business registered a turnover of ₹1,430.23 Lakhs as against the previous year's turnover of ₹1,421.19 Lakhs. Job work income earned during the year amounted to ₹1,264.87 Lakhs as against ₹1,045.30 Lakhs during the same period last year.

Industry and prospects

India's civil aviation industry is on a high-growth trajectory. The Civil Aviation industry has ushered in a new era of expansion, driven by factors such as low-cost carriers (LCCs), modern airports, Foreign Direct Investment (FDI) in domestic airlines, advanced information technology (IT) interventions and growing emphasis on regional connectivity. India is the ninth-largest civil aviation market in the world, with a market size of around US$16 billion. In FY17, civil aviation sector witnessed a growth rate between 20-25%. Despite the healthy growth, India remains to be one of the least penetrated air-markets in the world with 0.04% trips per capita per annum, compared with 0.3% in China and more than 2% in the US.

Government' thrust on the aviation sector

Government led thrust in developing greenfield airport projects across the country.

- **The** Government launched (October, 2016) the regional connectivity scheme named UDAN (Ude Desh ka Aam Nagrik) to make flying affordable for common man. It has received 45 initial proposals from 11 bidders. In this scheme, the government has proposed to cap the fares of 1 hour flights at US$37.18.
- **Under** Regional Connectivity Scheme (RCS), the government plans to increase the total number of operational airports in India from 75 to 118.

The government has approved to revive 50 airports which are being under served or un-served in 2017-18. The estimated project cost is US$669.34 million, which will enhance the connectivity of small cities/towns and boost economic development.

Challenges

The Indian aviation sector faces stiff competition from global players in the Indian market primarily on two accounts 1) Lack of advanced technology aligned to global sectoral dynamics and 2) Shortage of skilled manpower.

OUTLOOK

GOING AHEAD, INDIA IS EXPECTED TO BECOME THE THIRD LARGEST AVIATION MARKET BY 2020.

Risk management

The Company has adopted a comprehensive and integrated risk appraisal, mitigation and management process. The risk mitigation measures of the Company are placed before the Board periodically for review and improvement.

Internal control system and adequacy

The internal control mechanism of the Company is well documented. This is embodied in the Oracle E-Business suite (ERP system). It is a common practice in the Company to lay down well thought out business plans for each year.

From the annual business plan, detailed budgets for revenue and the capital for each quarter is determined.

The actual performance is reviewed in comparison with the budget and deviations, if any, are addressed adequately.

The Company also has an internal audit team commensurate to the size and volume of the business.The internal audit programme covers all the functions and activities of the Company.

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

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

Human resource

Your Company enjoys the support of a committed and well satisfied human capital. Compensation packages offered by the Company, best-of-class methods in recruitment, training, motivation, and performance appraisal, attract and retain the best in talent. These practices enable the Company to keep the attrition rate well below the industry average. The Company had 3,400 employees at the end of the financial year as on 31st March, 2017.

LMW's financial performance (₹ in Lakhs)

PARTICULARS	2016-17	2015-16
Gross profit before interest, depreciation and tax	34,104.54	41,107.95
Interest	0	0
Depreciation	7,473.26	8,289.11
Provision for Taxation	7,570.87	10,806.46
Profit after Tax (Net Profit)	19,060.41	22,012.38
Earnings per share (₹)	170.26	195.38

Corporate Information

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

Chief Financial Officer
Sri C B Chandrasekar

Company Secretary
Sri C R Shivkumaran

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

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

Statutory Auditors
M/s. Subbachar & Srinivasan,
Chartered Accountants, Coimbatore

M/s. S. Krishnamoorthy & Co
Chartered Accountants, Coimbatore

Cost Auditor
Sri A. N. Raman,
Cost Auditor, Chennai

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

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

Share Transfer Agents
S.K.D.C. Consultants Limited
Kanapathy Towers, 3rd Floor
1391/A-1, Sathy Road, Ganapathy,
Coimbatore-641006
Tel : +91 422 4958995, 2539835-36
Fax : +91 422 2539837
E-mail : info@skdc-consultants.com

LAKSHMI MACHINE WORKS LIMITED

CIN L29269TZ1962PLC000463

Regd. Office: Perianaickenpalayam, Coimbatore-641020

Phone: 0422 3022255, Fax: 0422 2692541

Email: secretarial@lmw.co.in Website: www.lakshmimach.com

Notice to Shareholders

NOTICE is hereby given that the 54th Annual General Meeting of the Shareholders of Lakshmi Machine Works Limited, Coimbatore-641020 will be held at 03.30 PM on Monday the 7th August, 2017 at "Nani Kalai Arangam", Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore-641037, to transact the following business:-

Ordinary Business:

1. To consider and adopt standalone and consolidated Annual Financial Statements including Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the financial year ended 31st March, 2017, the Balance Sheet as at that date, the Report of the Board of Directors and the Auditors.

2. To declare a dividend.

3. To appoint a Director in the place of Sri V Sathyakumar (DIN: 06477636), Director, who retires by rotation and being eligible, offers himself for re-appointment.

4. To ratify the appointment of S. Krishnamoorthy & Co., Chartered Accountants, Coimbatore (Firm Registration No: 001496S), with Sri K. Raghu (Membership No: 011178) as signing partner, as the Statutory Auditors of the Company, for the financial year 2017-18 and to fix the remuneration payable to them for the said financial year.

Special Business:

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

   RESOLVED that pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule-IV of the Companies Act, 2013, Sri Arun Alagappan (DIN: 00291361), who was appointed by the Board as an Additional Director, of the Company with effect from 26th October, 2016, to hold office up to the conclusion of this AGM, in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Sri Arun Alagappan as a candidate for the office of Independent Director of the Company, be and is hereby appointed as an Independent Director to hold office for a period of five consecutive years effective from 26th October, 2016.

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

   RESOLVED that pursuant to the provisions of Sections 148 (3) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 including any statutory amendments and modifications thereof, the remuneration payable to Sri AN Raman, Cost Accountant, Chennai having the Membership Number of 5359, appointed by the Board of Directors to conduct the Audit of the cost accounting records of the Company for the Financial Year 2017-18 amounting to ₹6,00,000/- per annum exclusive of service tax as applicable and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit fixed by the Board of Directors be and is hereby ratified and confirmed.

By Order of the Board

Place : Coimbatore
Date : 22nd May, 2017

C R Shivkumaran
Company Secretary

NOTE:

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

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

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

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

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

6. Corporate members intending to send their authorised representatives to attend the Meeting pursuant to Section 113 of Companies Act, 2013 ("the Act") are requested to bring a certified copy of the Board resolution authorising their representatives to attend and vote on their behalf at the Meeting. In case of Corporate members intending to appoint proxy, a certified copy of Board resolution(s) authorising representative(s) to attend and vote at the Meeting shall be annexed to the Proxy Form.

7. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the AGM. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.

8. The Register of Members and share transfer books of the Company will remain closed from Tuesday the 1st August, 2017 to Monday the 7th August, 2017 (both days inclusive) as per Regulation-42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

9. Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting will be paid within 30 days from the date of declaration, to those members whose names appear on the Register of Members in respect of shares held in physical form as well as in respect of shares held in electronic form as per the details received from the depositories for this purpose as at the close of the business hours on Monday, 31st July, 2017.

10. Members who are holding shares in identical order of names in more than one folio are requested to send to the RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the Members after making requisite changes thereon.

11. a) Members are requested to notify immediately any change of address:
    i. to their Depository Participants ("DPs") in respect of the shares held in electronic form, and

    ii. to the Company or its RTA, in respect of the shares held in physical form together with a proof of address viz. Electricity Bill, Telephone Bill, Ration Card, Voter ID Card, Passport etc.

    b) In case the mailing address mentioned on this Annual Report is without the PINCODE, Members are requested to kindly inform their PINCODE immediately.

12. Non-resident Indian Members are requested to inform the Company or its Registrar and Share Transfer Agents or to the concerned depository participants, as the case may be, immediately:
    (a) the change in the residential status on return to India for permanent settlement.

    (b) the particulars of the NRE Account with a Bank in India, if not furnished earlier.

13. Members are advised to utilise the National Electronic Clearing System (NECS) for receiving dividends. Members holding shares in electronic form are requested to contact their respective depository participants for availing ECS facility. Members holding shares in physical form are requested to download the ECS form from the website of the Company viz. www.lakshmimach.com and the same duly filled up and signed along with a photocopy of a cancelled cheque may be sent to the Company or to its Registrar and Share Transfer Agent.

14. Members whose shareholding is in the electronic mode are requested to update bank account details (Bank Account No., name of the Bank, Branch, IFSC code, MICR code and place with Pin Code) to their respective depository participant(s) and not to the Company. Members whose shareholding is in the physical mode are requested to direct the above details to the Company or to the Registrar and Share Transfer Agents. Regular updation of bank particulars is intended to prevent fraudulent encashment of dividend warrants.

15. The Company has entered into agreements with NSDL and CDSL. The Depository System envisages the elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, mutilation of share certificates, etc. Simultaneously, Depository System

offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc. Members, therefore, now have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL. Members are encouraged to convert their physical holdings to electronic mode.

16. Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to the Company Secretary of the Company or its Registrar and Share Transfer Agent, namely, M/s S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore-641006 quoting their Folio number or their Client ID number with DP ID number.

17. As per the provisions of Section 72 of the Act, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. Members holding shares in physical form may obtain the Nomination Form from the Registrar and Share Transfer Agents of the Company or can download the form from the Company's website namely www.lakshmimach.com. Members holding shares in electronic form have to approach their depository participants for completing the nomination formalities.

18. Members who wish to claim dividends, which remain unclaimed, are requested to correspond with the Company Secretary / Registrar and Share Transfer Agents of the Company. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013 be transferred to the Investor Education and Protection Fund. The details of unpaid dividend can be viewed on the Company's website www.lakshmimach.com. As per the provisions of Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company will be transferring unclaimed shares on which the beneficial owner has not encashed any dividend warrant during the last seven years to the IEPF suspense account as identified by the IEPF Authority. Details of shares due for transfer are available at the company website: www.lakshmimach.com

19. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the Company or Registrar and Share Transfer Agent.

20. Members holding shares in electronic form may please note that as per the regulations of National Security Depository Services (NSDL) and Central Depository Services (India) Limited (CDSL), the Company is obliged to print the details on the Dividend warrants as furnished by these Depositories to the Company and the Company cannot entertain any request for deletion/ change of Bank details already printed on dividend warrants as per the information received from the concerned depositories. In this regard, Members should contact their Depository Participants (DP) and furnish particulars of any changes desired by them.

21. In case of Joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

22. Brief resume, details of shareholding and Directors inter-se relationship of Directors seeking election/re—election as required under Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2, are provided as Annexure to this notice.

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

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

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

26. Electronic copy of the Annual Report and AGM Notice are being sent to all the members whose E-mail id is registered with the Company / Depository Participants unless any such member has requested for a hard copy of the same. For members who have not registered their E-mail ID, physical copies of annual report and AGM Notice for the year 2016-17 are sent by Registered Parcel.

27. The notice of the Annual General Meeting is available on the website of the Company www.lakshmimach.com and of the Registrar and Share Transfer Agents www.skdc-consultants.com

28. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting. The Route map of the venue of the Meeting is given elsewhere in the Annual Report.

VOTING THROUGH ELECTRONIC MEANS

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 the Company is pleased to provide members facility to exercise their votes for all the resolutions detailed in the Notice of the 54th Annual General Meeting scheduled to be held at 03:30 PM on Monday, the 7th August, 2017, by electronic means and the business may be transacted through remote e-voting. The Company has engaged the services of CDSL as the authorised agency to provide the remote e-voting facilities. The instructions for remote e-voting is provided below.

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

Votes cast by members who hold shares on the cut-off date viz. Monday, 31st July, 2017 alone will be counted.

Instructions to Shareholders for remote e-voting

(i) The voting period begins at 09:00 AM on Friday, 4th August, 2017 and ends at 05:00 PM on Sunday, 6th August, 2017. During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of Monday, 31st July, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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

(iii) Click on Shareholders.

(iv) Now Enter your User ID
- a. For CDSL: 16 digits beneficiary ID,
- b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xix) Note for Non – Individual Shareholders and Custodians

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www. evotingindia.com and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk. evoting@cdslindia.com.

After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.

(xx) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date.

(xxi) Sri. B. Krishnamoorthy, Chartered Accountant, Coimbatore has been appointed as the Scrutinizer to scrutinize the e-voting in a fair and transparent manner.

(xxii) The results shall be declared within 24 hours from the conclusion of the Annual General Meeting. The results declared along with the consolidated Scrutinizer's Report shall be placed on the Company's website www. lakshmimach.com and on the website of CDSL and communicated to the Stock Exchanges, where the shares of the Company are listed.

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

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

ITEM NO. 5

Pursuant to the provisions of sections 149 and 160 of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and as recommended by the Nomination and Remuneration Committee, the Board of Directors of the Company at their meeting held on 26th October, 2016 has appointed, Sri Arun Alagappan as Additional Director. He is classified as Independent Director effective from 26th October, 2016 subject to the approval of the shareholders. The Company has received a notice from a member signifying his intention to propose the candidature of Sri Arun Alagappan to the office of Independent Director of the Company under Section 160 of the Companies Act, 2013 along with the requisite deposit of ₹1,00,000/-.

In the opinion of the Board of Directors Sri Arun Alagappan fulfils the conditions specified in the Act and Rules made thereunder for his appointment as Independent Director and he is independent of the management. The Board considers that his association with the Company would be beneficial and hence Board recommends his appointment for the approval of the members of the Company. A brief profile of Sri Arun Alagappan is annexed to this notice.

Inspection of documents:

Draft letter of appointment containing the terms and conditions of appointment are available for inspection by members at the Registered Office of the company during business hours on all working days of the Company.

Interest of Directors:

None of the Directors, key managerial personnel or their relatives other than Sri Arun Alagappan is concerned or interested in the resolution.

ITEM NO. 6

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of and remuneration payable to Sri A. N. Raman, Cost Accountant for the audit of cost accounting records of the Company pursuant to the Companies (Cost Records and Audit) Rules 2014, for the Financial Year 207-18 at a remuneration of ₹6,00,000- excluding the applicable service tax and reimbursement of out of pocket expenses incurred by him in connection with the audit.

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

Board recommends this resolution for the approval of the Shareholders.

Interest of Directors:

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

By Order of the Board

Place: Coimbatore
Date : 22nd May, 2017

C R Shivkumaran
Company Secretary

Annexure to Notice of AGM

PROFILE OF DIRECTOR SEEKING REAPPOINTMENT

(Pursuant to Regulation 36 of the SEBI (LODR) Regulations, 2015, Secretarial Standard 2 – Clause 1.2.5)

Sri V Sathyakumar

Name	Sri V. Sathyakumar
Director Identification Number (DIN)	06477636
Date of Birth/Nationality	30th October, 1959 / Indian
Date of appointment on the Board	25th January, 2013, as Nominee Director of LIC
Inter-se relationship with other Directors	None of the Directors, Key Managerial Persons of the Company and their relatives are related to Sri V Sathyakumar.
Qualification	M.A.,
Expertise in area	Sri V. Sathyakumar has more than 2 decades of experience in the fields of Marketing, Investments, Training and Administration. Joined LIC in the year 2001 and has held various responsible positions.
Number of Shares held in the Company	Nil (LIC is holding 9,91,517 shares in the Company)
Board Position Held	Nominee Director (representing LIC on the Company's Board)
Terms and conditions of appointment/ reappointment	Subject to shareholders' approval to be re-appointed as Nominee Director representing LIC (Non-executive, non-independent). He is liable to retire by rotation
Remuneration paid for the financial year	Information disclosed in the Corporate Governance Report
Remuneration proposed to be paid	No variation to remuneration already paid is proposed
Number of Board Meetings attended during the year	Information disclosed in the Corporate Governance Report
Directorships held in other companies	Listed: Nil Others: LICHFL Care Homes Limited
Chairman/Membership in other committees of the Board	Listed: Nil Unlisted: Member in Audit Committee of LICHFL Care Homes Limited

Sri Arun Alagappan

Name	Sri Arun Alagappan
Director Identification Number (DIN)	00291361
Date of Birth/Nationality	19th July, 1976 / Indian
Date of appointment on the Board	26th October, 2016, as Additional Director
Inter-se relationship with other Directors	None of the Directors, Key Managerial Personnel of the Company and their relatives are related to Sri Arun Alagappan.
Qualification	MBA
Expertise in area/Justification for appointment	Sri Arun Alagappan is serving as the President of TI Cycles of India, a ₹1,500 Crore Strategic Business Unit of Tube Investments of India Limited. Sri Arun Alagappan has two decades of rich multi-functional experience across a wide spectrum of industries and his induction as an Independent Director of the Company is expected to benefit the Company.
Number of Shares held in the Company	Nil
Board Position Held	Additional Director will hold office till the conclusion of the AGM to be held on 7th August, 2017.
Terms and conditions of appointment/ reappointment	Subject to shareholders' approval to be appointed as Independent Director on the Board for a fixed term of 5 years commencing from 26th October, 2016. He is not liable to retire by rotation.
Remuneration paid for the financial year	Information disclosed in the Corporate Governance Report
Remuneration proposed to be paid	No variation to remuneration already paid is proposed
Number of Board Meetings attended during the year	Information disclosed in the Corporate Governance Report
Directorships held in other companies	Listed: Nil Others: ROCA Bathroom Products Private Limited Parry Infrastructure Company Private Limited MA Alagappan Holdings Private Limited Gen Four Properties Private Limited Southern India Chamber of Commerce and Industry
Chairman/Membership in other committees of the Board	Listed: Nil Others: Nil

Board of Directors'
Report to shareholders

Dear Shareholders,

The Board of Directors of your company are pleased to present the Annual Report on the business of the Company along with the standalone summary financial statements for the year ended 31st March, 2017.

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

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

Financial summary/highlights and transfer to General Reserve

(₹in Lakhs)

Sl No	Particulars	Current Year 2016-17	Previous Year 2015-16
1	Revenue from Operations (including Excise Duty)	2,52,285.96	2,85,138.78
2	Operating Expenses	2,18,181.42	2,44,030.83
3	Gross Profit	34,104.54	41,107.95
4	Depreciation	7,473.26	8,289.11
5	Profit Before Tax	26,631.28	32,818.84
6	Provisions for Tax	7,570.87	10,806.46
7	Net Profit after Tax	19,060.41	22,012.38

Transition to Indian Accounting Standards

The Ministry of Corporate Affairs (MCA), vide its notification in the Official Gazette dated February 16, 2015, notified the Indian Accounting Standards (Ind AS) applicable to certain classes of companies. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. For the Company, Ind AS is applicable from April 1, 2016, with a transition date of April 1, 2015.

The following are the areas which had an impact on account of transition to Ind AS:

- Expected credit loss model for provisioning on trade receivables
- Fair valuation of investments in equity instruments
- Employee costs pertaining to defined benefit obligations
- Revenue recognition
- Recognition of dividend liability and related taxes
- Deferred taxes

The reconciliations and descriptions of the effect of the transition from IGAAP to Ind AS have been provided in the notes to accounts in the standalone and consolidated financial statements.

Transfer to Reserve:

The Company has transferred a sum of ₹1,900 Lakhs out of the current year profits to the General Reserve.

Dividend:

The Board recommends a dividend of ₹35/- per equity share of ₹10/- each (350%) on the equity share capital of ₹10,95,55,040/- for the year ended on 31st March, 2017 aggregating to ₹3,834.43 Lakhs and to pay a dividend tax of ₹780.69 Lakhs. The total dividend payout works out to 24.21% of the standalone net profit. The dividend on equity shares is subject to the approval of the shareholders at the Annual General Meeting.

The unclaimed Dividend relating to the financial year 2009-10, is due for remittance in August, 2017 to the Investor Education and Protection Fund established by the Central Government.

As per the requirements of SEBI notification no. SEBI/LAD-NRO/GN/2016-17/008 dated 8th July, 2016, the Company has formulated a Dividend Distribution Policy which has been duly approved by the Board of Directors. A copy of the Dividend Distribution Policy is available at the company website: www.lakshmimach.com

State of Affairs:

OPERATIONS

During the year under review, the Company has achieved a turnover of ₹ 2,35,587.87 Lakhs (2015-16: ₹2,69,150.44 Lakhs) resulting in a Net Profit of ₹ 26,631.28 Lakhs before tax (2015-16: ₹32,818.14 Lakhs). During the year under review the turnover has decreased by 12% over the previous year and consequently the profit has also decreased by19 % over the same period last year. Unfavourable market conditions in India and abroad has resulted in reduced demand for the Textile machinery of the Company.

TEXTILE MACHINERY DIVISION

The Textile Machinery Division of the Company, during the year under review, has recorded a turnover of ₹ 1,96,334.74 Lakhs as against ₹2,38,916.71 Lakhs achieved during the last year, recording a decrease of 18% over the previous year.

THE INDIAN TEXTILE INDUSTRY

Textiles being a basic necessity product, the Indian Textile industry has benefitted from growth in demand for textile products in India and from across the globe. Equally, Government's emphasis to modernise and develop various segments of the textile value chain has presented the Indian Spinning Industry with opportunities to grow further.

During the year under review demand for textile machinery decelerated as the spinning sector – the key user of your Company's products remained adversely impacted by factors such as:

- Fluctuation in raw material availability and price
- Overall sentiment of financial institutions/banks for lending to spinning sector had remained negative for major part of the year under review. However this perception has undergone a marginal positive change towards the close of the financial year.
- Yarn exports have reduced consequent to a fall in China's demand for the commodity.

Despite this aberration, the government's thrust on strengthening the growth momentum of the textile industry remained unwavering primarily due to the sector's role in contributing to economic growth and providing employment. The Government has taken important steps in this direction like:

- The government has notified the Amended Technology Upgradation Fund Scheme (A-TUFS) to provide a one-time capital subsidy for investments in employment-and technology-intensive segments of the textile sector, a move aimed at promoting exports and import substitution.

• A ₹6,000-crore special package for textiles and apparel sector was rolled out in June 2016, which is expected to create one crore new jobs in three years, attract investments of US$11 billion and generate US$30 billion in exports.

In addition, the Government is working on unveiling the National Textile Policy in the FY18. The policy aims to achieve US$300 billion (over ₹20 Lakh crore) worth of textile exports by 2024-25 and create an additional 35 million jobs. This policy holds the potential to infuse fresh momentum into the sector as it could make Indian garments more competitive in international markets by reducing the cost of production.

These measures are expected to catalyse investment across the textile value chain cascading to an increase in demand for textile spinning machinery.

As a de-risking initiative, the Company remains focused on widening its global presence by strengthening its presence in existing geographies and entering new textile hubs across the world.

Internally the Company has undertaken various measures aimed at boosting productivity and controlling overall cost. These initiatives would enable the Company to respond positively to any developing market opportunity.

MACHINE TOOL DIVISION

Turnover of the Machine Tool Division during the year under review was ₹31,885.59 Lakhs as against ₹21,553.94 Lakhs recorded during the last year showing an increase of 48% over the previous year.

Factory output improved significantly owing to improved systems and processes aligned to global–best practices. The Company partnered with renowned Japanese consultants for system and process realignment which improved the accuracy and efficiency of mother machines. In addition, the Company worked on improving assembling efficiencies by implementing solutions to the manufacturing excellence drive findings.

The Company launched new machines and variants which offer efficient and accurate operations to customers. The Company also launched machines targeting the tools and dies sector – widening its opportunity canvass.

The Government's flagship programmes like Make in India, its thrust on raising India's ranking in the World Bank's Ease of Doing Business list and the increasing focus on localising defence equipment manufacture provide optimism for the healthy growth of the machine tool industry in India over the coming years.

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

FOUNDRY DIVISION

Foundry Division has achieved a turnover of ₹5937.31 Lakhs as against ₹7258.60 Lakhs recorded during the previous year showing a decrease of 18% over the previous year. The export turnover constitutes 24% of the division's turnover.

During the year under review, the Company consolidated operations of its foundry units catering to its Textile Machinery Division. In addition to this, standard operating procedures aligned with global best-practices has been created, this is expected to facilitate increase in productivity, controlling costs, improving quality and reducing environment pollution. All of this is expected to enhance its global competitiveness.

The Government's thrust on the infrastructure sector, the 'Make in India' initiative and increasing defence partnerships (leading to growing defence offset programmes), demand for castings is expected to increase over the coming years.

WIND ENERGY DIVISION

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

As on 31st March, 2017 the Company has installed 28 WEGs with a total capacity of 36.80 MW. This division has generated 937 Lakh units of power during 2016-17. About 88% of the wind power generated has been captively consumed by the manufacturing units within the Company and thereby helped to reduce the power cost.

ADVANCED TECHNOLOGY CENTRE

Advanced Technology Centre has achieved a turnover of ₹1,430.23 Lakhs during the current financial year as against ₹1,421.19 Lakhs achieved during the same period last year. Job work income earned during the year amounted to ₹1,264.87 Lakhs as against ₹1,045.30 Lakhs during the same period last year.

The division has made significant progress in establishing its credibility in the global aerospace sector. Besides receiving prestigious orders from national and international aerospace OEMs, this division is also emerging as a key partner for OEMs in their future development plans. To strengthen business prospects, the Company is focusing on moving up the value-chain by graduating from components to sub-assemblies. The Company expects to generate increasing business as it focuses on increasing man-machine capabilities to widen its opportunity canvass.

REAL ESTATE ACTIVITY

The Elan Project at Parasakthi Nagar, Ganapathy, Coimbatore promoted by LMW in association with M/s Sobha Limited is progressing. Spread over 4.76 acres of land this project is for construction of 236 residential apartments consisting of 1 BHK, 2 BHK and 3 BHK. Your Company has a revenue share of 30% in the project. As on date about 67 units have been sold resulting in a revenue of ₹1,141.89 Lakhs for the Company.

EXPORTS

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

Sl No	Division	FY 2016-17	FY 2015-16
1	Textile Machinery	32,623.80	52,932.65
2	CNC Machine Tools	96.09	184.23
3	Castings	1,508.04	1,436.71
4	Aerospace Parts	425.93	1,310.05
	Total Exports	34,653.86	55,863.64

Export of Textile Machinery as stated above includes exports worth ₹2,130.08 Lakhs made to the wholly owned subsidiary, LMW Textile Machinery (Suzhou) Co., Ltd, China. Amongst other countries, the Company's products are primarily exported to Turkey, Bangladesh, Pakistan, Nepal, Indonesia, Vietnam and China.

RESEARCH AND DEVELOPMENT

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

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

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

During the year under review the Company has filed applications for 5 new patents.

AWARDS

During the year 2016-17 the Company has bagged the following Awards:

1. Star Performer Award for the year 2014-15 at the 47th EEPC India National Award.
2. Star Performer Award for the year 2015-16 at the 48th EEPC India National Award.
3. TMMA's APEX Export Award for Textile Machinery & Parts during 2015-16.

INDUSTRIAL RELATIONS

Relationship with employees was cordial throughout the year.

SUBSIDIARY COMPANY

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

The turnover of the Company during the year under review was ₹8,803.43 Lakhs as against ₹16,150.09 Lakhs achieved during the previous year. During the year the Company has incurred a net loss of ₹703.49 Lakhs (Previous Year Profit: ₹640.72 Lakhs).

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

2. Extracts of Annual Return

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

3. Number of Meetings of the Board

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

4. Directors' Responsibility Statement

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

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

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

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

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

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

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

5. Nomination and Remuneration Committee and Policy

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

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

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

6. Declaration by Independent Directors

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

7. Explanation and Comments on Audit Report

The report of Statutory Auditors (appearing elsewhere in this Annual Report) and that of the Secretarial Auditors (annexed hereto as Annexure 2) are self-explanatory having no adverse comments. There were no instances of fraud reported by the Statutory Auditors to the Central Government or to the Audit Committee of the Company as indicated under the provisions of Section 143(12) of the Companies Act 2013.

8. Particulars of Loans/Guarantee/Investments

The Company has no Inter-Corporate Loans. The Company has extended a Bank Guarantee of USD 3.5 million to secure a loan to be availed by its wholly owned subsidiary company LMW Textile Machinery (Suzhou) Company Limited, China. Investments of the Company in the shares of other companies is provided under notes to Balance Sheet appearing elsewhere in this Annual Report. The Company has not accepted any Fixed Deposits.

9. Particulars of Contracts with Related Parties

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

10. Material Changes

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

11. Buyback of Shares:

In terms of the Resolution passed by the Board of Directors at their meeting held on 26th October, 2016 and after receiving necessary comments from Securities and Exchange Board of India (SEBI) and after complying with necessary requirements, the offer of the Company to buyback 3,11,000 equity shares of face value of ₹10/- each on a proportionate basis from all the existing shareholders/beneficiary owners excluding the promoter/promoter group at a price of ₹4,450/- per equity share for an aggregate maximum amount of ₹13,839.50 Lakhs remained open from 13th December, 2016 to 26th December, 2016. Shares offered in the buyback was more than the offer size and hence the Company bought back the intended 3,11,000 equity shares, which were extinguished on 6th January, 2017. As a result the issued and paid-up share capital of the Company as on 31st March, 2017 reduced to 1,09,55,504 equity shares of ₹10 each.

12. Conservation of Energy, Technology Absorption & Foreign Exchange

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

STATEMENT FOR CONSERVATION OF ENERGY

Sl No	Particulars	Related Disclosures
(A)	**Conservation of Energy**	
(i)	the steps taken or impact on conservation of energy; sources of energy;	Company has invested in energy conservation devices to save power as detailed in point (iii) below.
(ii)	the steps taken by the Company for utilising alternate sources of energy	Company has installed windmills with a capacity of 36.80 MW. Uses electricity generated in windmills for captive consumption.
(iii)	the capital investment on energy conservation equipments	Investment during 2016-17 for replacement of furnace transformers, harmonic filters, replacement with LED lighting and merging of HT connections was ₹223 Lakhs

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

(B1)	Technology Absorption – Textile Machinery Division	
(i)	Efforts made towards technology absorption;	1. Technical guest lectures in various subjects and specialisations and skill building exercises 2. In-depth IPR analysis and review 3. Theoretical simulation
(ii)	Benefits derived like product improvement, cost reduction, product development or import substitution;	Development of machinery with innovative features resulting in improved performance and cost effectiveness to end user. Enhancement of overall knowledge base.
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): (a) the details of technology imported; (b) the year of import; (c) whether the technology has been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	NIL
(iv)	Expenditure incurred on Research and Development	Capital Expenditure: ₹ 359.44 Lakhs Revenue Expenditure: ₹ 1,933.51 Lakhs Total Expenditure: ₹ 2,292.95 Lakhs

(B2)	Technology Absorption – Machine Tool Division	
(i)	Efforts made towards technology absorption;	1. Technical guest lectures in various subjects and specialisations and skill building exercises 2. In-depth IPR analysis and review 3. Theoretical simulation
(ii)	Benefits derived like product improvement, cost reduction, product development or import substitution;	**Product improvement:** Measures like coolant through Spindle feature, direct drive spindle motor system, increased compactness of machine for space saving. **Cost reduction:** Indigenisation of Components and sub-assemblies, standardisation of LM guides, ball screws, spindle and axis bearings. **Product development:** 2 Machining Centres and 2 Turning Centres are under development.
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):	
	(a) the details of technology imported;	Design & Drawing of LH63 Horizontal machining center from PROTIDEA - Italy
	(b) the year of import;	2013-14
	(c) whether the technology has been fully absorbed;	Yes
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	Not applicable
(iv)	Expenditure incurred on Research and Development	Capital Expenditure: Nil Revenue Expenditure: ₹224.56 Lakhs Total Expenditure: ₹224.56 Lakhs

FOREIGN EXCHANGE OUTGO AND EARNINGS: ₹ in Lakhs

Foreign Exchange Earned	34,653.86
Foreign Exchange Used	25,627.98

13. Risk Management

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

14. Corporate Social Responsibility (CSR)

The Company has constituted a CSR committee of Board of Directors and has adopted a CSR Policy. The same is posted in the Company's website www.lakshmimach.com. A report in prescribed format detailing the CSR spent for the year 2016-17 is attached herewith as Annexure 3 and forms part of this report.

15. Evaluation of Board's Performance

On the advice of the Board of Directors, the Nomination and Remuneration Committee of Board of Directors of the Company have formulated the criteria for the evaluation of the performance of each individual Director, Board of Directors', Committees of the Board, Independent Directors, Non-Independent Directors and the Chairman of the Board based on the criteria of evaluation as specified by SEBI Circular SEBI/HO/CFD/CMD/CIR/P/2017/004 dated 5th January, 2017. Based on this revised criteria the performance evaluation process has been undertaken. The Independent Directors of the Company have also convened a separate meeting for this purpose on 6th February, 2017. All the results of evaluation has been communicated to the Chairman of the Board of Directors.

16. Additional Information

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

(i)	The financial summary or highlights	The financial highlights including State of Affairs of the Company, Dividend and Reserve have been provided in this report
(ii)	The change in the nature of business, if any	There is no change in the business line of the Company.
(iii)	The details of Directors or key managerial personnel who were appointed or have resigned during the year	Sri Arun Alagappan (DIN:00291361) was appointed as Additional Director of the Company by the Board of Directors at their meeting held on 26th October, 2016, to hold office until the conclusion of the Annual General Meeting to be held on 7th August, 2017. If approved by the shareholders at this meeting Sri Arun Alagappan will be appointed to the office of Independent Director of the Company for a fixed term of 5 years commencing from 26th October, 2016. Sri C R Shivkumaran was appointed as the Company Secretary of the Company with effect from 4th November, 2016 by the Board of Directors at their meeting held on 26th October, 2016 consequent to the superannuation of Sri K Duraisami.
(iv)	The names of companies which have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year	None
(v)	The details relating to deposits, covered under Chapter V of the Act	The Company has not accepted deposits
(vi)	The details of deposits which are not in compliance with the requirements of Chapter V of the Act.	Not Applicable
(vii)	The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future	Nil
(viii)	The details in respect of adequacy of internal controls with reference to the Financial Statements.	Procedures are set to detect and prevent frauds and to protect the organisation's resources, both physical (e.g., machinery and property) and intangible (e.g., reputation or Intellectual property such as trademarks). The financial statements are prepared in accordance with the Indian Accounting Standards issued by the Institute of Chartered Accountants of India.

17. Re-appointment of retiring Directors:

Sri. V. Sathyakumar (DIN: 06477636), Nominee Director of LIC, who retires by rotation at the ensuing Annual General Meeting, being eligible offers himself for reappointment. The Board recommends his reappointment in the forthcoming Annual General Meeting.

Sri Arun Alagappan (DIN: 00291361) was appointed as Additional Director (Independent) by the Board of Directors on 26th October, 2016 to hold office upto the next Annual General Meeting. A notice has been received alongwith the requisite deposit of ₹1,00,000/- from a member signifying his intention to propose the candidature of Sri Arun Alagappan for the office of Independent Director of the Company for a period of five years commencing from 26th October, 2016. A resolution is being moved at the ensuing Annual General Meeting for his appointment as Independent Director.

18. Composition of Audit Committee

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

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

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

As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted an Internal Complaints Committee. During the year 2016-17, no complaint was received by the committee.

19. Listing of Shares

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

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

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

21. Overall Maximum Remuneration

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

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

Director	Category	Ratio
Sri Sanjay Jayavarthanavelu	Executive – Chairman and Managing Director	141.55:1
Sri S Pathy	Non-Executive – Non-Independent	0.92:1
Sri Basavaraju	Non-Executive - Independent	0.92:1
Sri Aditya Himatsingka	Non-Executive - Independent	0.92:1
Dr. Mukund Govind Rajan	Non-Executive - Independent	0.92:1
Sri V Sathyakumar[1]	Non-Executive – Non-Independent, Nominee of LIC	0.92:1
Justice (Smt) Chitra Venkataraman (Retd)	Non-Executive – Independent	0.92:1
Sri Arun Alagappan[2]	Non-Executive - Independent	0.40:1
Sri R Rajendran[3]	Non-Executive – Non Independent	0.32:1

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

[1]Amount paid to Life Insurance Corporation of India.

[2]Sri Arun Alagappan – From 26.10.2016 to 31.03.2017

[3]Sri R Rajendran – From 01.04.2016 to 05.08.2016

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

Director	Category	% Increase
Sri Sanjay Jayavarthanavelu	Executive – Chairman and Managing Director	-14.53
Sri S Pathy	Non-Executive – Non-Independent	-
Sri Basavaraju	Non-Executive - Independent	-
Sri Aditya Himatsingka	Non-Executive - Independent	-
Dr. Mukund Govind Rajan	Non-Executive - Independent	-
Sri V Sathyakumar[1]	Non-Executive – Non-Independent, Nominee of LIC	-
Justice (Smt) Chitra Venkataraman (Retd)	Non-Executive – Independent	-
Sri Arun Alagappan[2]	Non-Executive - Independent	NA
Sri R Rajendran[3]	Non-Executive – Non Independent	NA
Sri C B Chandrasekar[4]	Chief Financial Officer	NA
Sri C R Shivkumaran[5]	Company Secretary	NA

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

[1]Amount paid to Life Insurance Corporation of India.

[2]Sri Arun Alagappan – From 26.10.2016 to 31.03.2017

[3]Sri R Rajendran – From 01.04.2016 to 05.08.2016

[4]Sri C B Chandrasekar- Chief Financial Officer for part of the financial year 2015-16, hence not comparable

[5]Sri C R Shivkumaran - Appointed as Company Secretary with effect from 04.11.2016

c) The percentage increase in the median remuneration of employees in the financial year: 2.38%

d) The number of permanent employees on the rolls of company: 3,400

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

The increase in remuneration is 1.21% for employees other than Managerial Personnel and KMP while it has decreased by 13.37% for Managerial Personnel including KMP.

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

Yes.

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

Particulars of Employees whose salary is not less than Rupees One Crore and Two Lakhs:

Table 1:

Name (Age in Years)	Designation	Gross Remuneration Paid (in ₹)	Qualification	Date of commencement of employment (experience in Years)	Previous Employment
Sri Sanjay Jayavarthanavelu (48 years)*	Chairman and Managing Director	7,68,99,813	MBA	3rd June, 1994 (22 years)	–

Particulars of Top Ten employees in terms of remuneration drawn:

Table 2:

Name (Age in Years)	Designation	Gross Remuneration Paid (in ₹)	Qualification	Date of commencement of employment (experience in Years)	Previous Employment
Sri K Soundhar Rajhan (68 years)	President – MTD, Foundry and ATC	70,12,020	B.Sc.,	9th July, 1973 (43 years)	The Kovilpatti Lakshmi Roller Flour Mills Limited
Sri N Krishna Kumar (59 years)	Senior Vice President – Manufacturing, TMD	58,05,624	BE.,ME.,	1st July, 1983 (33 years)	–
Sri V Venugopal (59 years)	Senior Vice President – TQM	57,12,957	BE., ME., MBA., MS.,	5th August, 1981 (35 years)	–
Sri C B Chandrasekar (58 years)	Chief Financial Officer	47,56,412	BCom., ACS., ACMA.,	3rd April, 1992 (25 years)	Elgi Equipments Limited
Sri V Vijayasekaran (52 years)	Senior General Manager – Operations, ATC	37,68,420	BE., ME.	5th February, 2010 (7 years)	Trusted Aerospace Private Limited
Sri P Ananthan (48 years)	Senior General Manager – SCM (MTD, Foundry and ATC)	35,95,694	BE.,	17th August, 1989 (27 years)	-
Sri C Arunachalam (52 years)	Senior General Manager – Sales Global, TMD	35,07,149	B. Tech., MBA.,	3rd February, 1992 (25 years)	J K Synthetics Limited
Sri V Senthil (38 years)	Senior General Manager – Finance	34,55,913	BCom., ACA.,	23rd January, 2015 (2 years)	LMW Textile Machinery (Suzhou) Company Limited
Sri T Sundaram (56 years)	Senior General Manager – SCM, TMD	34,50,174	DME., BE., PGDC., MS.,	18th July, 1980 (36 years)	-
Sri Indraneel Bhattacharya (52 years)	Senior General Manager – Marketing & Sales, MTD	34,50,174	DME.,	8th February, 1993 (24 years)	Batliboi & Company Limited
Sri G Rajeswaran (56 years)	Senior General Manager – SCM, TMD	34,50,174	DME., BE.,	1st July, 1997 (19 years)	Lakshmi Precision Tools Limited
Sri G Mani (62 years)	Senior General Manager – Global Services	33,98,063	DME., BE.,	1st July, 1975 (41 years)	-

Notes for Table 1 & 2:

1. The remuneration includes Company's contribution to provident fund, gratuity and perquisites.
2. *Employment is contractual.
3. No employee is relative (in terms of the Companies Act, 2013) of any Director of the Company. Further no employee of the Company is covered by the Rule 5(2)(iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, that is employee, holding by himself or with his family, shares of 2% or more in the Company and drawing remuneration in excess of the Chairman a Managing Director.
4. The remuneration details are for the year 2016-17 and all other particulars are as on 31st March, 2017.

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

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

23. Corporate Governance:

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

24. Auditors

Statutory Auditors

One of the Company's Joint Auditors M/s. Subbachar & Srinivasan, Chartered Accountants, Coimbatore hold office till the conclusion of the ensuing Annual General Meeting to be held on 7th August, 2017. M/s. Subbachar & Srinivasan will retire at the ensuing AGM.

M/s S. Krishnamoorthy & Co. Chartered Accountants, with Sri. K. Raghu as signing Partner was appointed as Auditors of the Company from the financial year 2016-17 at the AGM held during 2016 for a term of five financial years commencing from 2016-17 to 2020-21 and to hold office till conclusion of AGM to be held in 2020-21. M/s. Krishnamoorthy & Co., Chartered Accountants, Coimbatore, with Sri. K. Raghu as signing partner have consented and confirmed their eligibility and desire to continue as Statutory Auditors of the Company for the Financial Year 2017-18 subject to ratification by the shareholders at the ensuing AGM.

Cost Auditor

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Directors, on the recommendation of the Audit Committee have appointed Sri A. N. Raman, Practicing Cost and Management Accountant, as the Cost Auditor of the Company for the financial year 2017-18.

Secretarial Auditor

Pursuant to provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. MDS Associates, Coimbatore, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2017-18.

25. Business Responsibility Report

The SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 mandates inclusion of the Business Responsibility Report (BRR) as part of the Annual Report for the top 500 listed entities based on market capitalisation. In compliance with the regulation the BRR is enclosed as Annexure 5 and forms part of the Annual Report.

26. Acknowledgements

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

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

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

On behalf of the Board

Sanjay Jayavarthanavelu

Place: Coimbatore — *Chairman and Managing Director*

Date: 22nd May, 2017 — (DIN No. 00004505)

ANNEXURE 1

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2017

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

I. Registration and other details:

i) CIN: L29269TZ1962PLC000463

ii) Registration Date: 14th September, 1962

iii) Name of the Company: Lakshmi Machine Works Limited

iv) Category / Sub-Category of the Company: Company Limited by Shares

v) Address of the Registered office and contact details:
Perianaickenpalayam, SRK Vidyalaya Post, Coimbatore – 641 020, Tel: +91 422 3022255, Email: secretarial@lmw.co.in

vi) Whether listed company Yes / No: Yes

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:
S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore – 641 006
Tel: +91 422 4958995, 2539835-36, Email: info@skdc-consultants.com

II. Principal Business Activities of the Company

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1	Spinning Preparatory and Yarn Making Machinery	28261	83%
2	Machine Tools	28221	13%

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	LMW Textile Machinery (Suzhou) Co. Ltd,	Not Applicable	Wholly Owned Subsidiary	100%	2(87)(ii)

IV. Share Holding Pattern

(Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year (B)-(A)
	Demat	Physical	Total	% of Total Shares*(A)	Demat	Physical	Total	% of Total Shares** (B)	
A. Promoters									
(1) Indian									
a) Individual/ HUF	3,02,247	-	3,02,247	2.68	3,02,247	80	3,02,327	2.76	0.08
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	28,91,628	-	28,91,628	25.67	29,41,628	-	29,41,628	26.85	1.18
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other..	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	**31,93,875**	**-**	**31,93,875**	**28.35**	**32,43,875**	**80**	**32,43,955**	**29.61**	**1.26**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year (B)-(A)
	Demat	Physical	Total	% of Total Shares*(A)	Demat	Physical	Total	% of Total Shares** (B)	
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter (A) = (A)(1)+(A) (2)	**31,93,875**	**-**	**31,93,875**	**28.35**	**32,43,875**	**80**	**32,43,955**	**29.61**	**1.26**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	13,58,801	350	13,59,151	12.06	8,09,180	350	8,09,530	7.39	-4.67
b) Banks/FI	1,367	200	1,567	0.01	4,382	200	4,582	0.04	0.03
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	13,53,237	-	13,53,237	12.01	13,13,136	-	13,13,136	11.99	-0.02
g) FIIs	28,782	100	28,882	0.26	14,542	100	14,642	0.13	-0.13
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Foreign Portfolio Investment	6,56,109	-	6,56,109	5.82	6,12,881	-	6,12,881	5.59	-0.23
Sub-total (B)(1):-	**33,98,296**	**650**	**33,98,946**	**30.17**	**27,54,121**	**650**	**27,54,771**	**25.15**	**-5.02**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	21,85,174	2,140	21,87,314	19.42	17,67,196	2,140	17,69,336	16.15	-3.27
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 Lakh	13,01,613	1,04,929	14,06,542	12.48	15,06,003	1,01,409	16,07,412	14.67	2.19
ii) Individual shareholders holding nominal share capital in excess of ₹1 Lakh	4,81,309	24,000	5,05,309	4.49	9,11,780	24,000	9,35,780	8.55	4.06
c) Others (specify)	-	-	-	-	-	-	-	-	-
Trusts	7,000	-	7,000	0.06	7,000	-	7,000	0.06	-
Directors and their relatives	4,600	-	4,600	0.04	-	-	-	-	-0.04
Foreign nationals	-	240	240	0.00	-	240	240	0.00	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year (B)-(A)
	Demat	Physical	Total	% of Total Shares*(A)	Demat	Physical	Total	% of Total Shares** (B)	
Non Resident Indians	70,195	340	70,535	0.63	1,20,359	340	1,20,699	1.10	0.47
Clearing Members	14,058	-	14,058	0.12	26,312	-	26,312	0.24	0.12
Hindu Undivided Families	4,78,085	-	4,78,085	4.24	4,89,999	-	4,89,999	4.47	0.23
Sub-total (B)(2):-	**45,42,034**	**1,31,649**	**46,73,683**	**41.48**	**48,28,649**	**1,28,129**	**49,56,778**	**45.24**	**3.76**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**79,40,330**	**1,32,299**	**80,72,629**	**71.65**	**75,82,770**	**1,28,779**	**77,11,549**	**70.39**	**-1.26**
C. Shares held by Custodian for GDRs & ADRs			-	-			-	-	-
Grand Total (A+B+C)	**1,11,34,205**	**1,32,299**	**1,12,66,504**	**100.00**	**1,08,26,645**	**1,28,859**	**1,09,55,504**	**100.00**	**-2.76^**

^Consequent to Buy Back of 3,11,000 Equity Shares, the number of Equity Shares issued, subscribed and fully paid up stands reduced from 1,12,66,504 to 1,09,55,504. Details of the Buy Back are provided in the Directors' Report.

* Percentage calculated on Pre-Buy Back fully paid up equity shares of 1,12,66,504 (in numbers).

** Percentage calculated on Post-Buy Back fully paid up equity shares of 1,09,55,504 (in numbers).

(ii) Share Holding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year (B)-(A)
		No. of Shares	% of total Shares of the company* (A)	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company** (B)	%of Shares Pledged/ encumbered to total shares	
1	D.Thayarammal	7,920	0.07	NIL	7,920	0.07	NIL	0.00
2	J.Rajyalakshmi	97,980	0.87	NIL	97,980	0.89	NIL	0.02
3	Sanjay Jayavarthanavelu	1,42,291	1.26	NIL	1,42,291	1.30	NIL	0.04
4	Ravi Sam	5,866	0.05	NIL	5,866	0.05	NIL	0.00
5	D.Senthil Kumar	160	0.00	NIL	160	0.00	NIL	0.00
6	Uttara R	44,290	0.39	NIL	44,290	0.40	NIL	0.01
7	Nethra J.S.Kumar	720	0.01	NIL	720	0.01	NIL	0.00
8	K.Sundaram	1,220	0.01	NIL	1,220	0.01	NIL	0.00
9	S.Pathy	1,420	0.01	NIL	1,420	0.01	NIL	0.00
10	Lakshmi Electrical Drives Ltd.	17,500	0.16	NIL	17,500	0.16	NIL	0.00
11	Lakshmi Cargo Co.Ltd.	10,24,468	9.09	NIL	10,49,468	9.58	NIL	0.49
12	Lakshmi Technology & Engg.Ind.Ltd	6,67,090	5.92	NIL	6,67,090	6.09	NIL	0.17
13	Lakshmi Electrical Control Systems Ltd	88,800	0.79	NIL	88,800	0.81	NIL	0.02
14	Eshaan Enterprises Ltd.	1,27,110	1.13	NIL	1,27,110	1.16	NIL	0.03
15	Lakshmi Mills Co.Ltd.	5,20,000	4.62	NIL	5,20,000	4.75	NIL	0.13
16	Lakshmi Ring Travellers(Cbe)Ltd.	2,52,180	2.24	NIL	2,52,180	2.30	NIL	0.06
17	Lakshmi Precision Tools Ltd.	15,000	0.14	NIL	15,000	0.15	NIL	0.01
18	Super Sales India Ltd.	1,79,480	1.59	NIL	2,04,480	1.87	NIL	0.28
19	Jaidev Jayavarthanavelu	380	0.00	NIL	460	0.00	NIL	0.00
	Total	**31,93,875**	**28.35**	**NIL**	**32,43,955**	**29.61**	**NIL**	**1.26**

* Percentage calculated on Pre-Buy Back fully paid up equity shares of 1,12,66,504 (in numbers).

** Percentage calculated on Post-Buy Back fully paid up equity shares of 1,09,55,504 (in numbers).

Note: Consequent to Buy Back of 3,11,000 Equity Shares the number of Equity Shares issued, subscribed and fully paid up stands reduced from 1,12,66,504 to 1,09,55,504. Promoter/Promoter Group did not participate in the Buy Back. Details of the Buy Back are provided in the Directors' Report.

(iii) Change in Promoters' Shareholding

Date		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
SUPER SALES INDIA LIMITED					
01-04-16	At the Beginning of the year*	1,79,480	1.59		
31-03-17	Purchases through open market**	25,000	0.23	2,04,480	1.87
31-03-17	At the End of the year**			2,04,480	1.87
LAKSHMI CARGO COMPANY LIMITED					
01-04-16	At the Beginning of the year*	10,24,468	9.09		
31-03-17	Purchases through open market**	25,000	0.23	10,49,468	9.58
31-03-17	At the End of the year**			10,49,468	9.58
JAIDEV JAYAVARTHANAVELU					
01-04-16	At the Beginning of the year*	380	0.00		
23-03-17	Purchases through open market**	80	0.00	460	0.00
31-03-17	At the End of the year**			460	0.00

* Percentage calculated on Pre-Buy Back fully paid up equity shares of 1,12,66,504 (in numbers).

** Percentage calculated on Post-Buy Back fully paid up equity shares of 1,09,55,504 (in numbers).

***Besides the above mentioned changes there are no changes in other Promoter holdings.

Note: Consequent to Buy Back of 3,11,000 Equity Shares the number of Equity Shares issued, subscribed and fully paid up stands reduced from 1,12,66,504 to 1,09,55,504. Promoter/Promoter Group did not participate in the Buy Back.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

BENPOS Date	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
LIFE INSURANCE CORPORATION OF INDIA LIMITED					
01-04-16	**At the beginning of the year***	**9,08,030**	**8.06**		
30-09-16	Sale*	-1,182	-0.01	9,06,848	8.05
07-10-16	Sale*	-11,521	-0.10	8,95,327	7.95
14-10-16	Sale*	-1,552	-0.01	8,93,775	7.94
21-10-16	Sale*	-9,361	-0.08	8,84,414	7.86
31-03-17	**At the end of the year****			**8,84,414**	**8.07**
VOLTAS LIMITED					
01-04-16	**At the beginning of the year***	**6,00,000**	**5.33**		
23-12-16	Shares offered for Buy Back*	-20,328	-0.18	5,79,672	5.15
31-03-17	**At the end of the year****			**5,79,672**	**5.29**
NEMISH SHAH & REKHA N SHAH					
01-04-16	**At the beginning of the year***	-	-		
26-08-16	Purchase*	45,109	0.40	45,109	0.40
23-12-16	Shares offered for Buy Back*	-3,000	-0.03	42,109	0.37
06-01-17	Shares returned to account after Buy Back**	1,419	0.01	43,528	0.40
31-03-17	Purchase**	4,91,145	4.48	5,34,673	4.88

BENPOS Date	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
31-03-17	**At the end of the year****			**5,34,673**	**4.88**
PINEBRIDGE INVESTMENTS OF MAURITIUS LIMITED					
01-04-16	**At the beginning of the year***	**4,50,878**	**4.00**		
13-05-16	Purchase*	49,946	0.45	5,00,824	4.45
23-12-16	Shares offered for Buy Back*	-5,00,824	-4.45	-	-
06-01-17	Shares returned to account after Buy Back**	4,66,519	4.26	4,66,519	4.26
31-03-17	**At the end of the year****			**4,66,519**	**4.26**
HDFC TRUSTEE COMPANY LIMITED - A/c HDFC Mid					
01-04-16	**At the beginning of the year***	**4,02,320**	**3.57**		
23-12-16	Shares offered for Buy Back*	-13,630	-0.12	3,88,690	3.45
31-03-17	**At the end of the year****			**3,88,690**	**3.55**
THE NEW INDIA ASSURANCE COMPANY LIMITED					
01-04-16	**At the beginning of the year***	**3,85,150**	**3.42**		
30-12-16	Shares offered for Buy Back*	-30,000	-0.27	3,55,150	3.15
06-01-17	Shares returned to account after Buy Back**	16,344	0.15	3,71,494	3.39
31-03-17	**At the end of the year****			**3,71,494**	**3.39**
NEMISH SHAH					
01-04-16	**At the beginning of the year***	**3,77,681**	**3.35**		
23-12-16	Shares offered for Buy Back*	-3,11,000	-2.76	66,681	0.59
23-12-16	Sale*	-66,681	-0.59	-	-
06-01-17	Shares returned to account after Buy Back**	2,87,519	2.62	2,87,519	2.62
06-01-17	Purchase**	66,681	0.61	3,54,200	3.23
31-03-17	**At the end of the year****			**3,54,200**	**3.23**
GAGANDEEP CREDIT CAPITAL PVT LTD					
01-04-16	**At the beginning of the year***	**2,93,954**	**2.61**		
23-12-16	Shares offered for Buy Back*	-2,90,000	-2.57	3,954	0.04
23-12-16	Sale*	-3,954	-0.04	-	-
30-12-16	Purchase*	4,624	0.04	4,624	0.04
06-01-17	Shares returned to account after Buy Back**	2,70,007	2.47	2,74,631	2.51
06-01-17	Purchase**	18,608	0.17	2,93,239	2.68
31-03-17	**At the end of the year****			**2,93,239**	**2.68**
ICICI PRUDENTIAL LIFE INSURANCE COMPANY					
01-04-16	**At the beginning of the year***	**2,93,495**	**2.61**		
15-07-16	Sale*	-364	-0.00	293,131	2.60
23-12-16	Shares offered for Buy Back*	-645	-0.00	2,92,486	2.60
17-02-17	Transfer between accounts**	-2,92,486	-2.67	-	-
17-02-17	Transfer between accounts**	2,92,486	2.67	2,92,486	2.67
31-03-17	**At the end of the year****			**2,92,486**	**2.67**

BENPOS Date	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
FRANKLIN INDIA SMALLER COMPANIES FUND					
01-04-16	**At the beginning of the year***	**1,29,321**	**1.15**		
15-04-16	Purchase*	366	0.00	1,29,687	1.15
06-05-16	Purchase*	14,634	0.13	1,44,321	1.28
05-08-16	Purchase*	15,443	0.14	1,59,764	1.42
07-10-16	Sale*	-3,000	-0.03	1,56,764	1.39
23-12-16	Shares offered for Buy Back*	-1,00,000	-0.89	56,764	0.50
23-12-16	Purchase*	25,000	0.22	81,764	0.72
06-01-17	Shares returned to account after Buy Back**	91,296	0.83	1,73,060	1.58
31-03-17	**At the end of the year****			**1,73,060**	**1.58**
AMRIT PETROLEUMS PVT LIMITED					
01-04-16	**At the beginning of the year***	**5,19,250**	**4.61**		
23-12-16	Shares offered for Buy Back*	-3,11,000	-2.76	2,08,250	1.85
23-12-16	Sale*	-2,08,250	-1.85	-	-
06-01-17	Shares returned to account after Buy Back**	2,82,895	2.58	2,82,895	2.58
06-01-17	Purchase**	2,08,250	1.90	4,91,145	4.48
17-03-17	Purchase**	51,000	0.47	5,42,145	4.95
31-03-17	Sale**	-4,91,145	-4.48	51,000	0.47
31-03-17	**At the end of the year****			**51,000**	**0.47**
RELIANCE CAPITAL TRUSTEE COMPANY LIMITED					
01-04-16	**At the beginning of the year***	**3,84,378**	**3.41**		
06-05-16	Sale*	-21,800	-0.19	3,62,578	3.21
13-05-16	Sale*	-50,000	-0.44	3,12,578	2.77
30-06-16	Sale*	-42,000	-0.37	2,70,578	2.40
15-07-16	Sale*	-5,000	-0.04	2,65,578	2.36
22-07-16	Sale*	-2,500	-0.02	2,63,078	2.34
29-07-16	Sale*	-7,523	-0.07	2,55,555	2.27
05-08-16	Sale*	-5,279	-0.05	2,50,276	2.22
12-08-16	Sale*	-27,475	-0.24	2,22,801	1.98
19-08-16	Sale*	-52,208	-0.46	1,70,593	1.51
26-08-16	Sale*	-1,857	-0.02	1,68,736	1.50
02-09-16	Sale*	-1,68,736	-1.50	-	-
31-03-17	**At the end of the year****			**-**	**-**

* Percentages calculated on Pre-Buy Back fully paid up equity shares of 1,12,66,504 (in numbers).

** Percentages calculated on Post-Buy Back fully paid up equity shares of 1,09,55,504 (in numbers).

Note: Consequent to Buy Back of 3,11,000 Equity Shares the number of Equity Shares issued, subscribed and fully paid up stands reduced from 1,12,66,504 to 1,09,55,504. Promoter/Promoter Group did not participate in the Buy Back.

The data for the transactions is based on weekly benpos downloaded from the depositories and may not reflect the exact date of transaction(s). The bought and sold figures are net difference between previous and current week balances.

To reflect the buyback transactions, the benpos balance of 23-12-2016 and 06-01-2017 are split into two records in applicable cases, based on buyback files submitted to stock exchanges.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Sri Sanjay Jayavarthanvelu, Chairman and Managing Director**				
	At the beginning of the Year*	1,42,291	1.26		
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity shares etc)	–	–	–	–
	At the end of the year**			1,42,291	1.30
2	**Sri S Pathy, Director**				
	At the beginning of the Year*	1,420	0.01		
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity shares etc)	–	–	–	–
	At the end of the year**			1,420	0.01
3	**Sri C R Shivkumaran, Company Secretary**				
	At the beginning of the Year*	1	0.00		
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity shares etc)	–	–	–	–
	At the end of the year**			1	0.00

* Percentages calculated on Pre-Buy Back fully paid up equity shares of 1,12,66,504 (in numbers).

** Percentages calculated on Post-Buy Back fully paid up equity shares of 1,09,55,504 (in numbers).

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

Consequent to Buy Back of 3,11,000 Equity Shares the number of Equity Shares issued, subscribed and fully paid up stands reduced from 1,12,66,504 to 1,09,55,504. Promoter/Promoter Group did not participate in the Buy Back.

V. Indebtedness (₹ in Crores)

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

The company has no debts.

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: **(₹ in Lakhs)**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager Sri Sanjay Jayavarthanavelu, Chairman & Managing Director (CEO)	Total Amount
1	GROSS SALARY		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	162.00	162.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	26.88	26.88
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	559.05	559.05
	- as % of profit	2.00	2.00
	- others, specify...	-	-
5	Others, please specify		
	Gratuity fund contribution	8.10	8.10
	Provident fund contribution	12.96	12.96
	Total (A)	768.99	768.99
	Ceiling as per the Act (5%)		1,397.63

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

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
1	**Independent Directors**	Sri Basavaraju	Sri Aditya Himatsingka	Dr. Mukund Govind Rajan	Smt. Chitra Venkataraman	Sri Arun Alagappan (26/10/16 to 31/03/17)	
	Fee for attending board /committee meetings	8.00	5.00	5.50	3.50	1.50	23.50
	Commission	5.00	5.00	5.00	5.00	2.15	22.15
	Others, please specify						-
	Total (1)	**13.00**	**10.00**	**10.50**	**8.50**	**3.65**	**45.65**
2	**Other Non-Executive Directors**	Sri S Pathy	Sri V Sathyakumar * (Nominee of LIC)	Sri R Rajendran (01/04/16 to 05/08/16)			
	Fee for attending board /committee meetings	4.00	2.50	4.50			11.00
	Commission	5.00	5.00	1.73			11.73
	Others, please specify						0.00
	Total (2)	**9.00**	**7.50**	**6.23**			**22.73**
	Total (B) = (1 + 2)						**68.38**
	Total Managerial Remuneration						837.37
	Overall Ceiling as per the Act (6%)						1,677.15

* Paid to LIC

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

Sl. No.	Particulars of Remuneration	Chief Financial Officer	Company Secretary*	Total
1	GROSS SALARY			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	41.68	8.93	50.61
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5.88	1.67	7.55
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	
2	Stock Option	-	-	
3	Sweat Equity			
4	Commission	-	-	
	- as % of profit	-	-	
	- others, specify...	-	-	
5	Others, please specify			-
	Total	**47.56**	**10.60**	**58.16**

* From 4th November, 2016

VII. Penalties/Punishment/Compounding of Offences:

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

ANNEXURE 2

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017

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

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

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

Based on my verification of **M/s. Lakshmi Machine Works Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2017** according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Companies Act, 1956 and the rules made thereunder (to the extent applicable);

iii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iv. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;

v. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

vi. The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ;

   d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;

   e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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

a. Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI);

b. The Listing Agreement entered into by the Company with BSE Limited and the National Stock Exchange of India Limited;

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

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

a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

b. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

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

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

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

I further report that

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

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

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

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

I further report that during the audit period, the Company has bought back 3,11,000 (Three Lakhs Eleven Thousand only) fully paid-up equity shares of face value of Rs.10/- each representing 2.76% of the total number of Equity Shares in the issued, subscribed and paid- up Equity Share capital of the Company, from all the Equity Shareholders excluding the Promoter and Promoter Group, on a proportionate basis, through the "Tender Offer" route, at a price of Rs.4,450/- (Rupees Four Thousand Four Hundred and Fifty Only) per Equity Share and complied with the provisions of Section 68,69 & 70 of the Companies Act 2013 & the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

Other than the above, there were no instances of:

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

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

Place: Coimbatore
Date: 22nd May 2017

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

ANNEXURE A

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

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

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

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

Place: Coimbatore
Date: 22nd May 2017

ANNEXURE 3

Annual Report on Corporate Social Responsibility (CSR) Activities

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

2. Composition of the CSR Committee:
The CSR Committee of the Company consists of the following members:

Sri Sanjay Jayavarthanavelu	Chairman
Sri Basavaraju	Member
Sri Aditya Himatsingka	Member

3. Average Net Profit of the Company for the last three years is ₹ 29,358.22 Lakhs

4. The prescribed CSR Expenditure for the company taken at 2% of the average net profit for the last three financial years is ₹ 587.16 Lakhs

5. Details of CSR spend for the financial year:
   a. Total Amount Spent for the Financial Year: ₹ 615.13 Lakhs
   b. Amount unspent if any: Nil

6. Report on CSR Expenditure for the period from 01.04.2016 to 31.03.2017

CSR Report for the year 2016-17 (Ref: CSR Committee Meeting dt: 26th October, 2016) (Amount in ₹)

S.No	CSR Project/Activity	Reference to Schedule VII of Companies Act, 2013	Location of the project/programs undertaken (District and State)	Amount outlay (Budget)per project or per program (Amt in ₹)	Amount spent on the project or program (Amt in ₹) 01.04.2016 to 31.03.2017	Cumulative expenditure upto the reporting period (Amt in ₹) 01.04.2016 to 31.03.2017	Amount spent direct or through implementing agency
1	Restoration of Buildings & sites of Historical importance	Clause V	Srirangam, Tiruchirapalli District, Tamil Nadu	66,47,435	66,47,435	66,47,435	Direct
2	Renovation work of TNEB Sub-station	Clause X	Thekkupalayam, Coimbatore District	19,64,222	19,64,222	19,64,222	Direct
3	Eye Camp expenses	Clause I	Perianaickenpalayam, Coimbatore District	5,03,496	5,03,496	5,03,496	Direct
4	Renovation of Perianaickenpalayam Railway station	Clause X	Perianaickenpalayam, Coimbatore District	1,08,49,944	1,08,49,944	1,08,49,944	Through GKD Charity Trust, Coimbatore
5	Narayana Hrudalaya Pvt Ltd - Bone marrow transplant treatment	Clause I	Bangalore, Karnataka	48,00,000	48,00,000	48,00,000	Through GKD Charity Trust, Coimbatore
6	Construction of Toilet under Swachh Bharat Mission	Clause I	Coimbatore	24,00,000	24,00,000	24,00,000	Through Coimbatore Corporation
7	Renovation work at Vellamadai Government School	Clause II	Vellamadai, Coimbatore district, Tamilnadu	3,48,375	3,48,375	3,48,375	Through GKD Charity Trust, Coimbatore
8	Construction of crematorium at Koduvai, Tirupur by Tirupur north rotary rural crematorium trust	Clause IV	Koduvai, Tirupur District, Tamil Nadu	15,00,000	15,00,000	15,00,000	Through GKD Charity Trust, Coimbatore
9	Construction of City Center for GKNM hospital	Clause I	Coimbatore District, Tamilnadu	3,00,00,000	3,00,00,000	3,00,00,000	Through GKD Charity Trust, Coimbatore

S.No	CSR Project/Activity	Reference to Schedule VII of Companies Act, 2013	Location of the project/programs undertaken (District and State)	Amount outlay (Budget)per project or per program (Amt in ₹)	Amount spent on the project or program (Amt in ₹) 01.04.2016 to 31.03.2017	Cumulative expenditure upto the reporting period (Amt in ₹) 01.04.2016 to 31.03.2017	Amount spent direct or through implementing agency
10	Nagaland Skill Development Programme	Clause II	Chumukedima, Dimapur District, Nagaland	10,00,000	10,00,000	10,00,000	Through GKD Charity Trust, Coimbatore
11	Spine Surgery & Rehabilitatin Programme- Ganga Hospital	Clause I	Coimbatore District, Tamilnadu	5,00,000	5,00,000	5,00,000	Through GKD Charity Trust, Coimbatore
12	Village adoption- Infrastructure development	Clause X	Palamalai, Coimbatore District, Tamilnadu	10,00,000	10,00,000	10,00,000	Through GKD Charity Trust, Coimbatore
	Total amount spent during 01.04.2016 to 31.03.2017			**6,15,13,472**	**6,15,13,472**	**6,15,13,472**	

7. Shortfall if any : Not Applicable
8. It is confirmed that the implementation and monitoring of CSR Policy for the financial year 2016-17 is in compliance with the CSR objectives and Policy of the company.

Sanjay Jayavarthanavelu
Chairman and Managing Director
Chairman - CSR Committee
[DIN No. 00004505]

Place: Coimbatore
Date: 22nd May, 2017

ANNEXURE 4

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

TO THE MEMBERS OF LAKSHMI MACHINE WORKS LIMITED

We have examined the compliance of conditions of Corporate Governance by LAKSHMI MACHINE WORKS LIMITED for the year ended on 31st March 2017 as stipulated in the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 and based on the representations made by the directors and management, we certify that the company has complied with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

On the basis of representation received from the Registrar and Share Transfer Agents of the Company and on the basis of the records maintained by the Stakeholders Relationship Committee of the Company, we state that no investor grievance is pending for a period exceeding one month.

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

For S.Krishnamoorthy & Co
Firm Regn. 001496S
Chartered Accountants

[K. RAGHU]
Partner
Membership No: 11178

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

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

Coimbatore
22nd May, 2017

ANNEXURE 5

BUSINESS RESPONSIBILITY REPORT 2016-17

Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company: L29269TZ1962PLC000463
2. Name of the Company: Lakshmi Machine Works Limited
3. Registered address: SRK Vidyalaya Post, Perianaickenpalayam, Coimbatore 641 020
4. Website: www.lakshmimach.com
5. E-mail id: secretarial@lmw.co.in
6. Financial Year reported: 2016-17
7. Sectors that the Company is engaged in: Textile Spinning Machinery, CNC Machine Tools, Foundry Castings and Aerospace parts.
8. List three key products/services that the Company manufactures: Textile Spinning Machinery, CNC Machine Tools, Castings and Aerospace Components
9. Total number of locations where business activity is undertaken by the Company:

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

   International Locations: Nil

   National Locations:

   Textile Machinery Division:
   Unit – I: Perianaickenpalayam, Coimbatore – 641 020
   Unit – II: Kaniyur, Coimbatore - 641 659
   Unit –III: Muthugoundenpudur, Coimbatore - 641 406

   Other Divisions:
   Machine Tool Division: Arasur, Coimbatore - 641 407
   Foundry Division: Arasur, Coimbatore - 641 407
   Foundry and Machine Shop: Arasur, Coimbatore - 641 407
   Advanced Technology Centre: Ganapathy, Coimbatore – 641 006
   Wind Mill Division: Udumalpet (TK), Tirupur District

10. Markets served by the Company -Local/State/National/International: LMW serves national as well as international markets.

Section B: Financial Details of the Company (2016-17)

Sl. No	Particulars	Unit of Measure	Details
1	Paid up capital	(₹ Lakhs)	1,095.55
2	Total Turnover	(₹ Lakhs)	2,35,587.87
3	Total Profit after Taxes	(₹ Lakhs)	19,060.41
4	Total Spending on Corporate Social Responsibility (CSR) as a percentage of Profit after Tax	(in %)	3.23%
5	List of activities in which expenditure as per point 4 above has been incurred		Refer Annexure 3 to Directors' Report

Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?

   Yes, Lakshmi Machine Works Limited has a wholly owned subsidiary company located at Suzhou, Jiangsu Province, China, namely LMW Textile Machinery (Suzhou) Company Limited (LMWTMSCL).

2. Does the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

   Incorporated and located as per local laws of People's Republic of China, LMWTMSCL does not participate in the BR initiatives of the parent company.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]
   The Company encourages its suppliers, customers and other stakeholders to support various initiatives taken by the Company towards its business responsibility.

Section D: BR Information

1. **Details of Director / Directors responsible for BR:**

   (a) Details of the Director/ Director responsible for implementation of the BR policy/ policies

1.	DIN Number:	00004505
2.	Name:	Sri Sanjay Jayavarthanavelu
3.	Designation:	Chairman and Managing Director (CEO)

   (b) Details of the BR head:

1.	DIN Number:	Not Applicable
2.	Name:	Sri C B Chandrasekar
3.	Designation:	Chief Financial Officer
4.	Telephone No:	+91 422 302 2217
5.	Email ID:	chandrasekar.c.b@lmw.co.in

2. **Principle-wise (as per NVGs) BR Policy/policies**

   The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

   These are briefly as under:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the wellbeing of all employees.
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect, protect and make efforts to restore the environment.
P7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

LMW has in place the Business Responsibility Policy (www.lakshmimach.com) which addresses the 9 principles as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business. This Policy applicable across the Company and ensures that the business practices are governed by these principles.

(a) Details of compliance (Reply in Y/N)

Sr. No.	Questions	P1: Ethics and Transparency	P2: Sustainable Products	P3: Wellbeing of employees	P4: Responsiveness to Stakeholders	P5: Respect Human Rights	P6: Environmental Responsibility	P7: Public policy advocacy	P8: Support inclusive growth	P9: Engage-ment with Customers
1.	Do you have a policy / policies for....	Y	Y	Y	Y	Y	Y	N Note 1	Y Note 2	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	N Note 3	Y
3.	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	The spirit and intent of the Policies adopted by the Company capture the essence of all the applicable national and international laws. Hence LMW's policies are in conformity with national/international standards wherever applicable								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/ CEO/ appropriate Board Director?	Y Note 4	Y Note 4	Y Note 4	Y Note 4	Y Note 4	Y Note 4	–	Y Note 4	Y Note 4
5.	Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6.	Indicate the link for the policy to be viewed online?	Y Note 5	Y Note 5	Y Note 5	Y Note 5	Y Note 5	Y Note 5	–	Y Note 5	Y Note 5
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8.	Does the Company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	-	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	-	Y	Y

Notes:

Note 1: The Company through the various industry forums endeavors to promote growth and technological progress, economic reforms, inclusive development policies and sustainable business principles. Therefore need for a formal policy has not been felt.

Note 2: There is no separate policy, but is included in CSR policy.

Note 3: While there is no formal consultation with all stakeholders, the relevant policies have evolved over a period of time by taking inputs from concerned stakeholders.

Note 4: Policies have been approved by the Board of Directors.

Note 5: All BRR related policies are uploaded on the website, www.lakshmimach.com

3. Governance related to BR:

a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

   There is no defined frequency. Assessment is an ongoing exercise and is an inherent part of corporate functions.

b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

   No.

Section E: Principle-wise performance

Principle 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability.

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

   The Company has a well-defined Code of Conduct in place for Directors as well as for employees of the Company. The Company has no Joint Venture/NGOs. The Company also has a separate Supplier Code of Conduct policy for its suppliers, vendors and companies that provide it with products and services.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

   The Company has a well-established mechanism for receipt and resolution of stakeholder complaints. During the year under review the Company received a total of 4,584 complaints of which 4,234 have been resolved and the balance of 350 will be resolved during the course of time.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.

Sl_No	Product	Social/Environmental Benefits
1	Ring Frame	Power Saving
2	Lap Former	Eco-friendly
3	Card	Eco-friendly

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

   Energy conservation

   - Products are fitted with Motors that consume considerably less power and also generate lesser amount of heat during operation.
   - Switch gears used in products are of low wattage.
   - Usage of Variable Frequency Drives (VFD) helps in saving considerable amount of energy.

   Pollution control

   Initiatives aimed at reduction of carbon foot-print are:

   - Product design with lesser use of castings, change pulleys and belts.
   - Avoidance of Polluting paints/surface coating have been avoided.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   Sourcing of input material for the product and indirect material required for manufacturing has been continuously evolved with the concept of using only such material which can be recycled. This starts with design and selection of raw material and manufacturing process with suppliers.

   The manufacturing process are selected and improved year on year to consume less energy and resources. The Company encourages and implements wherever possible environmentally sustainable/non-degrading packing. The Company has also reduced the transportation cost over the years by consolidating shipments thereby reducing consumption of fossil fuels.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   The Company as a policy ensures localisation and outsourcing by each Plant is with suppliers who are competitive as well as close to its Plants.

   Localised vendors are preferred if they meet the quality specifications and Environment, Health & Safety (EHS) compliance. The Company focuses on increasing the capacity and capability of its suppliers. The Company provides required inputs to its suppliers on various system and quality tools of the Company.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

   The Company as an original equipment manufacturer mainly uses products which can be recycled at a later date.

   The Company has waste recycling system for production waste which is > 10%.

   Water: Sewage Treatment Plants are set up at facilities to recycle and treat waste water in all the units of LMW. The hazardous process related units at LMW are equipped with ETP facilities to treat effluents. The Company maintains Zero Liquid Discharge (ZLD) status with two stage RO plant to recycle factory effluents.

   E-waste: The E-waste generated includes rejected computers, monitors, servers, electronic and electrical items. The same are stored at separate facilities before disposal and are being disposed off for recycle through government authorised certified vendors.

   Other waste: 100% of MS scrap and cast iron Scrap from manufacturing process is recycled through briquetting and shredding and is being sent to foundry for melting. 60 to 70% of waste sand from foundry process is recycled by a dedicated sand reclamation plant located at foundry unit. Waste comprising of plastic, office waste, packaging and paper is given to vendors for recycling. The food waste generated in canteen is given to vendors to generate fertilizers and animal feed.

Principle 3: Businesses should promote the wellbeing of all Employees

1. Please indicate the total number of employees: 3,400
2. Please indicate the total number of employees hired on temporary/contractual/casual basis: 2,378
3. Please indicate the number of permanent women employees: 54
4. Please indicate the number of permanent employees with disabilities: 15
5. Do you have an employee association that is recognised by management? Yes
6. What percentage of your permanent employees are members of this recognised employee association? 57%.
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and

No.	Category	No. of complaints filed during the financial year	No. of Complaints pending as on end of the Financial Year
1	Child Labour/Forced Labour/ Involuntary Labour	NIL	As a policy we are not engaging persons below 18 years of age
2	Sexual Harassment*	NIL	NIL
3	Discriminatory Employment	NIL	NIL

*The above may be treated as information pursuant to provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2015

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Sl. No.	Category	Percentage
A	Permanent Employees	65
B	Permanent Women Employees	100
C	Casual/Temporary/Contractual Employees	98
D	Employees with Disabilities	65

Principle 4: Businesses should respect the interests of, and be responsive towards all Stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

1. Has the company mapped its internal and external stakeholders? Yes
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders? Yes
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.

   The Company has always engaged itself in special initiatives with the disadvantaged, vulnerable and marginalised stakeholders. The Company has engaged around 15 physically challenged persons who are working in various departments of the Company.

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

   Policies on Human Rights including the Code of Ethical Business Conduct, Anti-Sexual Harassment and the Whistleblower policies along with the group Business Responsibility policy cover all aspects on Human Rights for the Company and also extend to all stakeholders of the Company.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? Nil

Principle 6: Businesses should respect, promote and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures Suppliers/ Contractors/NGOs/others.

   LMW Environment Policy covers all manufacturing sites, employees and contractors of the Company. The Policy document is available at the url: www.lakshmimach.com
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

   The company is planning to go for GREENCO rating by CII by the year 2017-18. As a part of the process initiatives aimed at better energy efficiency, water conservation, use of renewable energy, reduction of greenhouse gas emission, material conservation, waste management, green supply chain, life cycle assessment are expected to get strengthened.
3. Does the company identify and assess potential environmental risks?

Yes, the Company has a mechanism to identify and assess potential environmental risks in its plants and projects.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

   All manufacturing locations are certified for requirements under ISO 14001 (Environmental Management System) and OHSAS 18001(Occupational Health and Safety System). The system requirements are broad based by incorporating internal standards. Layered audits are carried out to check the level of compliance. Effective Deviation Management System ensures that the corrective actions are close looped and issues are addressed within a reasonable time frame.

   The Environment, Health & Safety performance assessment is carried out annually at locations to establish the maturity levels. It is carried out by cross functional team assessing the performance over the past year. Based on the outcome, areas for improvement are identified and objectives are derived for the next year. Also, periodical Statutory Compliance Report is being submitted to the Board once in 3 months and a form is submitted yearly once to Tamil Nadu Pollution Control Board.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

   Innovative technologies are used to reduce the impact on the environment. In the entire chain of manufacturing, the emphasis is on preserving natural resources. Processes are designed to minimise use of raw materials, water and energy.

   The Company has a policy of tapping non-conventional and renewable resources of energy namely wind power to meet with its energy requirements. The Company has installed 28 windmills with a total capacity of 36.80 MW. Such details form a part of the Annual Report, a copy of which is available at the url: www.lakshmimach.com.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

   Yes, the emissions / waste generated by the Company are within the permissible limits given by State Pollution Control Board.

7. Number of show cause / legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

   Nil.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:

   The Company is a member of many trade and chamber/ associations. Some of them are:

   a. Confederation of Indian Industry
   b. Federation of Indian Chambers of Commerce and Industry
   c. Federation of Indian Export Organisation
   d. Indian Chamber of Commerce and Industry
   e. Textile Machinery Manufacturers' Association of India
   f. Indian Machine Tool Manufacturers' Association
   g. Society of Indian Aerospace Technologies and Industries
   h. Indian Windpower Association
   i. International Textile Manufacturers' Federation
   j. Engineering Export Promotion Council

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

   The Company participates in public advocacy with the objective of strengthening the industrial base of the country in the segments that it operates by contributing ideas, best practices and sharing details of issues faced for speedy resolution.

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes /initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.

   In line with the provisions of the Companies Act, 2013 and based on recommendation of the CSR Committee, the Board of Directors have adopted a CSR Policy.

   The thrust areas of the Company's CSR activities are:

   a) Health, hygiene and education;
   b) Vocational training focused on employable skills; and
   c) Neighbourhood projects as per the local needs identified.

   Some of the initiatives taken during the year under review are:

   I) SWACHH BHARATH MISSION:

   To prevent open defecation and also to create and propagate awareness among people on the benefits of hygienic practices, LMW has been collaborating with the Coimbatore City Municipal Corporation for construction of individual household toilets in the slums around Vilankurichi area. LMW has sponsored for the construction of 200 such toilets during the year under review.

   II) HEALTH:

   1) Bone Marrow Transplant Surgery:

   LMW in association with Narayana Hrudayalaya Hospital, Bengaluru is financially supporting the Bone Marrow Transplant surgery of economically backward cancer patients. LMW sponsors to the tune of ₹4 Lakhs per patient for the BMT surgery. During 2016-17 LMW has supported 16 patients for cancer treatment.

2) Spinal injury surgery & rehabilitation:

LMW collaborates with Ganga Spine Injury & Rehabilitation Center, Coimbatore to support for the spine injury surgery, rehabilitation and the socio-economic development through vocational skill development of the spinal cord injured patients from low economic background. LMW has supported for the treatment of 3 patients during year 2016-17.

3) Cataract screening & surgery camp:

On a yearly basis, LMW conducts Eye camp for screening and subsequent surgery for cataract patients in the rural areas of Perianaickenpalayam and Kaniyur. This program is conducted in collaboration with Aravind Eye Hospital, Coimbatore. 1,897 people were screened, of which cataract surgery was conducted for 315 patients.

III) RURAL INFRASTRUCTURE DEVELOPMENT:

1) Railway Station Renovation:

Renovation work of the Perianaickenpalayam Railway Station has been taken up by LMW. This project is completely funded and executed by the company. This project will benefit more than 500 passengers on a daily basis.

2) TNEB Sub-Station Renovation:

The Tamil Nadu Electricity Boards' Sub-Station located in the Thekkupalayam village is renovated under the CSR initiative of LMW. This project was taken up to commemorate the 50th year of establishment of the sub-station. Ground leveling, pavement and fencing of the substation was done through the CSR initiative.

3) Bio-gas Crematorium Construction:

LMW through its CSR initiative has contributed funds towards the construction of Bio-Gas crematorium at Koduvai village in Tirupur District. This project is implemented by the Tirupur North Rotary Rural Crematorium Trust. The construction of the structure is currently under progress.

IV) Education

Renovation work at Government Tribal Middle School, Palamalai and the Government High School, Vellamadai was taken up for the year 2016-17. At Vellamadai Govt high school, leveling of the school playground and topping with red soil was done.

At Palamalai Govt Middle school water proofing of the roof, tiles laying inside the classroom and in the veranda, renovation of the boys toilet, hand wash structure construction, front gate fixing work were carried out.

V) Skill Development Program:

A training program on Programmable Logic Controller (PLC) in Industrial Automation was conducted in Nagaland. Through these programs participants comprising of Government ITI faculties, engineering students and ITI trainees got benefited.

2. Are the programmes / projects undertaken through in-house team/own foundation/external NGO/ government structures / any other organisation?

   The Company's Social Responsibility Projects are implemented through internal team as well as in partnership with concerned government and non-governmental organisations wherever applicable.

3. Have you done any impact assessment of your initiative?

   Yes, the Company has conducted impact assessments of its CSR Initiatives. Dedicated resources are deployed to understand the effectiveness and impact of initiatives on the beneficiaries.

4. What is your company's direct contribution to community development projects and the details of the projects undertaken?

   The Company has incurred an amount of ₹615.13 Lakhs towards community development projects during the Financial Year 2016-17.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the Community?

   The Company ensures its presence is established right from the commencement of the initiatives. It collaborates with the communities right from need identification to project implementation phase. The Company has extensive engagement with various stakeholders. The feedback from the stakeholders are analysed and various actions are prioritised.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

   About 8 percent of customer complaints are pending as on the end of the financial year. The Company is undertaking steps to resolve the pending issues on a timely basis.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)

   Yes, apart from the mandated declarations, additional declarations are furnished on the products/ labels relating to the products and their usage.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

   Nil.

4. Did your company carry out any consumer survey / consumer satisfaction trends?

   Yes. Customer feedback and opinions are collected on a real time basis at periodic intervals.

Corporate Governance Report

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

1. Philosophy on Code of Governance

LMW's corporate vision is to ensure a sustainable business that delights the customer, thrives to maintain the market leadership and at the same time enhances every stakeholder value. To achieve this, systematic and planned efforts are undertaken by your Company keeping in view organisation's core values and business ethics. LMW consistently partners with its customers to deliver quality products /services on time and at reasonable prices. Your Company believes in ethical conduct of business and maintains transparency and accountability in its activities. Your Company ensures compliance with all applicable regulations. Your company is aware of the fact that its ability to meet significant corporate goals is influenced by the extent to which prudent corporate governance policies are devised and adhered to within the organisation. Your Company consistently emphasizes its commitment towards creation, monitoring and continuous updation of a strong corporate governance policy and practice that will define and drive organisation's performance as per its cherished values and commitments to every stakeholder.

2. Board of Directors

The Board provides leadership, strategic guidance and objective judgment in the conduct of the affairs of the Company. The Board upholds the vision, purpose and values of your Company. The Board consists of experienced specialists who are experts in their respective business/profession and have decades of experience to their credit. As a Board, the Directors are committed to ethical and lawful conduct of business and possess the ability to steer the affairs of the Company in the right direction. The Board places emphasis on highest standards of governance practices which allows the Company to carry on its business in the long term interest of all the stakeholders.

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

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

a. Composition of Board and Category of Directors

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

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

Directors	Category of Directorship
Sri Sanjay Jayavarthanavelu	Promoter - Executive–Chairman and Managing Director
Sri.S.Pathy	Promoter - Non-Executive – Non Independent
Sri Basavaraju	Non-Executive - Independent
Sri Aditya Himatsingka	Non-Executive - Independent
Dr. Mukund Govind Rajan	Non-Executive - Independent
Justice Smt. Chitra Venkataraman (Retd.)	Non-Executive - Independent
Sri. V. Sathyakumar	Non-Executive – Non Independent - Nominee of LIC
Sri.R.Rajendran (upto 5.8.16)	Non Executive – Non Independent
Sri.Arun Alagappan (from 26.10.16)	Non-Executive - Independent

b. Attendance of Directors in the Board Meetings and AGM

Directors	Dates of Board meetings held in FY 2016-17					AGM 05.08.16
	25.05.16	16.06.16	05.08.16	26.10.16	06.02.17	
Sri Sanjay Jayavarthanavelu	yes	yes	yes	yes	yes	yes
Sri. S. Pathy	yes	yes	yes	yes	yes	yes
Sri. Basavaraju	yes	yes	yes	yes	yes	yes
Sri. Aditya Himatsingka	yes	no	yes	yes	yes	yes
Dr Mukund Govind Rajan	yes	yes	yes	yes	yes	yes
Justice Smt. Chitra Venkataraman (Retd.)	yes	yes	yes	yes	no	yes
Sri V. Sathyakumar	yes	yes	yes	yes	yes	yes
Sri R Rajendran (upto 5.8.16)	yes	yes	yes	--	--	yes
Sri.Arun Alagappan (from 26.10.16)	--	--	--	yes	yes	--

In addition, a separate meeting of Independent Directors of the Company was held on 6th February, 2017 in which all the Independent Directors of the Company: Sri Basavaraju, Sri Aditya Himatsingka, Dr Mukund Govind Rajan and Sri.Arun Alagappan except Justice Smt. Chitra Venkataraman (Retd.) have attended.

c. Other Directorships

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

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

d. Number and dates of Board meetings

Five Board meetings were held during the Financial Year 2016-17 and the meetings were held on: 25th May 2016, 16th June 2016, 5th Aug 2016, 26th October 2016 and 6th February 2017.

e. Directors inter-se relationship:

None of the Directors are related to each other.

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

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

The company has not issued any convertible instruments.

g. Familiarisation Programme for Independent Directors:

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

h. Performance evaluation criteria for Independent Directors:

The Securities and Exchange Board of India (SEBI) vide Circular No. SEBI / HO / CFD / CMD / CIR / P / 2017 / 004 dated January 5, 2017 had issued a guidance note on Board Evaluation specifying the criteria for evaluation of performance of (i) Board as a whole (ii) individual Directors (including Independent Directors & Chairperson) and (iii) various Committees of the Board.

Based on the parameters suggested, the Nomination and Remuneration Committee has adopted suitable criteria to evaluate the Independent Directors on the Board.

Independent Directors' performance is evaluated based on their qualification, experience, knowledge and competency, ability to fulfil allotted functions / roles, ability to function as a team, pro-activeness, participation and attendance, commitment, contribution, integrity, independence from the company and ability to articulate independent views and judgement. Accordingly, performance evaluation of Independent Directors has been conducted and the results have been communicated to the Chairman of the Board.

3. Audit Committee:

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

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

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

The committee met five times during the financial year under review on 25th May 2016, 16th June 2016, 5th Aug 2016, 26th October 2016 and 6th February 2017. Details of attendance of members are as follows:

Date of Meetings and Attendance:

Name of the Member	Attendance of meetings held on :				
	25.05.16	16.06.16	05.08.16	26.10.16	06.02.17
1. Dr Mukund Govind Rajan	✔	✔	✔	✔	✔
2. Sri Aditya Himatsingka	✔	✖	✔	✔	✔
3. Sri Basavaraju	✔	✔	✔	✔	✔

4. Nomination and Remuneration Committee:

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

The committee consists of the following Directors:

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

During the year under review, the committee met on 16th June, 2016 to recommend for appointment of Sri. Arun Alagappan as Additional Director, to note the Board Evaluation Process for 2015-16, payment of commission to Non-Executive Directors for the years 2015-16, 2016-17 & 2017-18 and reappointment of Sri. Sanjay Jayavarthanavelu as Managing Director from 1st June, 2017 to 31st March, 2022. The committee also met on 26th

October, 2016 to appoint and fix the remuneration payable to Sri. C R Shivkumaran as Company Secretary of the Company.

Based on SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/4 dated 5th January, 2017 the Committee had formulated performance evaluation criteria for the evaluation of the Chairman of the Board, the Board as a whole, committees of the Board, Independent Directors and Non independent Directors. The evaluations were conducted as per the criteria determined by this Committee.

5. Remuneration of Directors:

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

In addition to the sitting fees, Commission, as approved by the shareholders at the Annual General Meeting held on 5th August, 2016, is paid in the aggregate for all Non-Executive Directors up to 1% of the net profits per annum. The amount of commission payable to each Non-Executive Director is determined by the Board.

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

Remuneration of Directors for the year ended 31st March, 2017: **(Amount in ₹)**

Name	Salary	Perquisites	Sitting fee	Commission	Total
Sri. Sanjay Jayavarthanavelu	1,62,00,000	47,94,700	–	5,59,05,113	7,68,99,813
Sri.S.Pathy	–	–	4,00,000	5,00,000	9,00,000
Sri Basavaraju	–	–	8,00,000	5,00,000	13,00,000
Sri Aditya Himatsingka	–	–	5,00,000	5,00,000	10,00,000
Dr Mukund Govind Rajan	–	–	5,50,000	5,00,000	10,50,000
Justice Smt. Chitra Venkataraman (Retd.)	–	–	3,50,000	5,00,000	8,50,000
Sri.V.Sathyakumar* (Nominee of LIC)	–	–	2,50,000	5,00,000	7,50,000
Sri.R.Rajendran (upto 5.8.16)			4,50,000	1,73,497	6,23,497
Sri. Arun Alagappan (from 26.10.16)	–	–	1,50,000	2,15,068	3,65,068

* Paid to Life Insurance Corporation of India

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

6. Stakeholders Relationship Committee:

This committee has been formed to specifically focus on the services to shareholders/ investors. The committee periodically reviews the services rendered to the shareholders particularly redressal of complaints of the shareholders like delay in transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends etc., and also the action taken by the Company on the above matters. During 2016-17 the committee was reconstituted and the reconstituted committee consists of the following Directors:

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

Sri C R Shivkumaran, Company Secretary serves as the Compliance Officer.

During the year under review 5 letters / complaints were received from the investors which were adequately addressed to the satisfaction of the investors. No complaint /query is remaining unresolved as on 31st March, 2017.

The Committee met two times during the financial year ended 31st March, 2017, on 5th August, 2016 and on 6th February, 2017. Details of attendance of members are as follows.

Date of Meetings and Attendance:

Name of the Member	Attendance of meetings held on :	
	05.08.2016	06.02.2017
1. Justice Smt Chitra Venkataraman (Retd.)	✔	✖
2. Sri Basavaraju	✔	✔
3. Sri R Rajendran (Upto 5.8.16)	✔	–
4. Sri S Pathy (from 26.10.16)	–	✔

7. Shares and Debentures Committee:

The Shares and Debentures Committee consists of the members of the Board, Company Secretary and nominees of Share Transfer Agents. At present there are 6 members in the Committee. This committee reviews and approves transfers, transmission, split, consolidation, issue of duplicate share certificate, recording change of name, transposition of names etc. in equity shares of the Company. Shareholder requests on the above matters are being processed and certificates returned to them within 15 days from the date of receipt. The committee had met 13 times during the financial year ended 31st March, 2017.

8. General Body meetings:

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

AGM/EGM	Venue	Day	Date	Time
AGM	Nani Kalairangam, Mani Higher Secondary School, Pappanaicakenpalayam, Coimbatore-641020	Wednesday	06.08.2014	03.30 P.M.
AGM	-do-	Monday	10.08.2015	03.30 P.M.
AGM	-do-	Friday	05.08.2016	02.45 P.M.

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

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

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

c. At the AGM held on 5th August, 2016 no special resolution was passed and No postal ballot was conducted.

9. Means of communication

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

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

10. General Shareholder Information.

Annual General Meeting:

Day and Date	Monday the 7th August, 2017
Time	3.30 PM
Venue	Nani Kalai Arangam, Mani Higher Secondary School Pappanaickenpalayam, Coimbatore-641037

Financial Calendar

Particulars	Dates
Financial Year	1st April, 2016 to 31st March, 2017
Announcement of Annual Results 2016-17	22nd May, 2017
Last date for Posting of Annual Report of 2016-17	10th July, 2017
Last date for receipt of Proxy forms for the above indicated AGM	Upto 03.30 PM on 5th August, 2017
Date of Book Closure	Tuesday, the 1st August, 2017 to Monday the 7th August, 2017 (both days inclusive)
Dividend payment date	On or before 6th September, 2017

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

The equity shares of the Company are listed in:

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

Annual Listing Fees has been duly paid to both the Stock Exchanges.

Stock Codes & ISIN number:

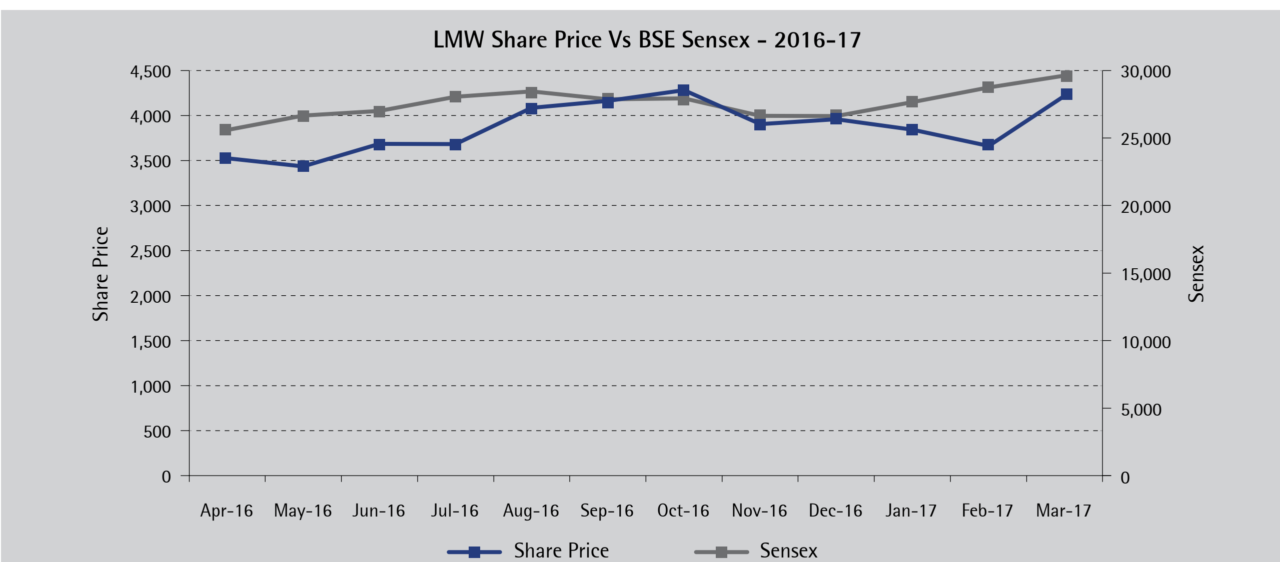
	Stock Exchanges	Code No.	ISIN No.
1.	Bombay Stock Exchange Limited	500252	INE269 B 01029
2.	National Stock Exchange of India Limited	LAXMIMACH	-do-

Market Price data of Shares:

The monthly High & Low of Company's share price quoted in NSE / BSE during the financial year 2016-17 are given below: (Amount in ₹)

Month	NSE		BSE	
	High Price	Low Price	High Price	Low Price
Apr-16	3,640	3,332	3,650	3,300
May-16	3,538	3,333	3,535	3,340
Jun-16	3,779	3,377	3,799	3,368
Jul-16	4,049	3,650	4,045	3,645
Aug-16	4,220	3,660	4,224	3,637
Sep-16	4,475	3,989	4,476	3,986
Oct-16	4,703	4,135	4,699	4,130
Nov-16	4,350	3,610	4,340	3,620
Dec-16	4,038	3,820	4,050	3,808
Jan-17	4,074	3,812	4,075	3,826
Feb-17	3,974	3,650	3,950	3,638
Mar-17	4,262	3,665	4,251	3,660

Share Price Performance in Comparison with BSE Sensex:



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

Registrar & Share Transfer Agents:

Transfer, transmission, transposition of name, split, consolidation, recording change of name of shareholders, issue of duplicate certificate, dematerialisation, rematerialisation and such other matters relating to the shares of the Company are entrusted to the share transfer agents M/s. S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/1-A, Sathy Road, Ganapathy, Coimbatore – 641006. They are the connectivity providers for Demat Segment.

Share Transfer System:

Share transfers are registered and share certificates are returned within a period of 15 days from the date of receipt, if documents are in order. The share transfers etc. are approved by Shares and Debenture Committee.

Distribution of shareholding as on 31st March, 2017:

Range (No. of shares)	No. of shares	% to total number of shares	No. of shareholders	% to total number of shareholders
0001 – 0500	9,28,976	8.48	28,782	97.77
0501 – 1,000	2,29,317	2.09	308	1.04
1,001 – 2,000	2,19,355	2.00	153	0.52
2,001 – 3,000	1,48,170	1.35	58	0.20
3,001 – 4,000	70,119	0.64	20	0.07
4,001 – 5,000	78,703	0.72	17	0.06
5,001 – 10,000	2,50,353	2.29	35	0.12
10,001 and above	90,30,511	82.43	65	0.22
Total	**1,09,55,504**	**100.00**	**29,438**	**100.00**

Dematerialisation of Shares:

As on 31st March, 2017, 1,08,26,645 equity shares constituting 98.82% percent of the paid up capital of the Company has been dematerialised.

Depository Receipts and convertible instruments:

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

Commodity and foreign exchange hedging activities:

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

Plant Locations:

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

Textile Machinery Divisions:

Unit - I	Perianaickenpalayam, Coimbatore – 641 020
Unit - II	Kaniyur, Coimbatore - 641 659
Unit –III	Muthugoundenpudur, Coimbatore - 641 406

Other Divisions:

Machine Tool Division	Arasur, Coimbatore - 641 407
Foundry Division	Arasur, Coimbatore - 641 407
Foundry and Machine shop	Arasur, Coimbatore - 641 407
Advanced Technology Centre	Ganapathy, Coimbatore – 641 006
Wind Mill Division	Udumalpet (TK), Tirupur District

Address for Communication:

All correspondence should be addressed to:

The Company Secretary

Lakshmi Machine Works Limited

Corporate Office

34-A, Kamaraj Road

Coimbatore - 641 018

E-mail: shivkumaran.c.r@lmw.co.in

10. Other Disclosures:

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

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

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

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

For and on behalf of the Board

Sanjay Jayavarthanavelu
Chairman and Managing Director
(DIN: 00004505)

Coimbatore
22nd May, 2017

CHIEF EXECUTIVE OFFICER'S DECLARATION ON CODE OF CONDUCT

I hereby declare that pursuant to Schedule V (Part D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company have adopted a Code of Conduct for the Board members and Senior Management of the Company and the same has also been posted in the Company's website and that all the Board members and Senior Management personnel to whom this Code of Conduct is applicable have affirmed the compliance of the said Code of Conduct during the year 2016-17.

Sanjay Jayavarthanavelu
Chairman and Managing Director
(DIN: 00004505)

Coimbatore
22nd May, 2017

DETAILS OF UNCLAIMED SHARES KEPT IN DEMAT SUSPENSE ACCOUNT

As required under Reg. 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, share certificates issued on the subdivision of the face value of the shares and remaining unclaimed after giving three reminders under registered post to their last known address, has been transferred to separate Demat account opened in the name **Lakshmi Machine Works Limited-Unclaimed Suspense Account** with Stock Holding Corporation of India, Coimbatore. The details of the unclaimed shares are as follows:

Sl No	Particulars	No. of Shareholders	No. of shares
1	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year 31.03.2016.	336	61,890
2	Number of shareholders who approached the Company for transfer of shares from suspense account during the year.	19	2,330
3	Number of shareholders to whom shares were transferred from the suspense account during the year.	19	2,330
4	Aggregate number of shareholders and the shares outstanding at the end of the year 31.03.2017.	317	59,560
5	The voting rights of these shares is kept frozen till the rightful owner of such shares claim the shares.		

CEO & CFO CERTIFICATE

The Board of Directors
Lakshmi Machine Works Limited
Coimbatore

22nd May, 2017

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

As required by Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, we hereby certify that :

a) We have reviewed the Balance Sheet, Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows and a summary of the significant accounting policies and other explanatory information of the Company and the Board's report of the Company for the year ended March 31, 2017 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.

	Sd/-	Sd/-
Place: Coimbatore	**C.B. Chandrasekar**	**Sanjay Jayavarthanavelu**
Date: 22nd May, 2017	*Chief Financial Officer(CFO)*	*Chairman and Managing Director (CEO)*
		(DIN: 00004505)

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Members of Lakshmi Machine Works Limited
Report on the Standalone IND AS Financial Statements

We have audited the accompanying standalone IND AS financial statements of **Lakshmi Machine Works Limited** ('the Company'), which comprise the balance sheet as at **31 March 2017**, the statement of profit and loss (including Other Comprehensive Income), the Statement of cash flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "standalone IND AS Financial Statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone IND AS Financial Statements that give a true and fair view of the Financial Position, Financial Performance including other comprehensive income, Cash Flows and Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards [IND AS] specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone IND AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone IND AS Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone IND AS Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone IND AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the IND AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and changes in the Equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

matters specified in the paragraph 3 and 4 of the order.

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

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Standalone IND AS Financial Statements;

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

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

   (d) in our opinion, the aforesaid Standalone IND AS Financial Statements comply with the Indian Accounting Standards [IND AS] specified under Section 133 of the Act, read with relevant rule issued thereunder;

   (e) on the basis of the written representations received from the directors as on **31 March 2017** taken on record by the Board of Directors, none of the directors is disqualified as on **31 March 2017** from being appointed as a director in terms of Section 164 (2) of the Act;

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

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

      i. the Company has disclosed the impact of pending litigations on its financial position in its standalone IND AS financial statements – Refer Note 31.1 to the standalone IND AS financial statements;

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

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

      iv. The company has provided requisite disclosures in its standalone IND AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these disclosures are in accordance with the books of accounts maintained by the company.—Refer Note 10(a) to the Standalone IND AS Financial Statements

For S.Krishnamoorthy & Co
Firm Registration No.001496S
Chartered Accountants

Per K.Raghu
Partner
Membership No. 11178

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

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

Place : Coimbatore
Date : 22nd May 2017

ANNEXURE - A TO THE AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Standalone IND AS Financial Statements for the year ended 31 March 2017. We report that:

1. In respect of its Fixed Assets:
   a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
   b. The company has physically verified fixed assets during the year in accordance with a regular and phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the company and nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
   c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. In respect of its inventories:
   As explained to us, physical verification of inventories has been conducted at reasonable intervals by the management and no material discrepancies were noticed.
3. The company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, during the financial year and hence sub-clauses (a) to (c) of clause (iii) of the Order are not applicable.
4. The Company has not granted loans or made investments or given guarantees and securities during the year and hence compliance with Section 185 and 186 are not applicable.
5. The company has not accepted any deposits from the public and as such clause 3(v) of the Order is not applicable.
6. We have broadly reviewed the cost records maintained by the company specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, as applicable to the company, and are of the opinion that prima facie the specified cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. According to the information and explanations given to us and on the basis of our examination of the records of the company in respect of the statutory dues:
   a The company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State insurance, Income tax, Sales Tax, Service Tax, duty of customs, duty of excise, value added tax, and any other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at **31st March 2017** for a period of more than six months from the date they became payable.

   b The details of disputed statutory dues are as under:

Name of the Statute	Nature of the dues	Amount [₹ in Lakhs]	Amount paid/ adjusted [₹ in Lakhs]	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty, Service Tax and Customs duty	2,818.77	127.93	Appellate authorities Upto Commissioner's Level -- ₹1,259.24 Lakhs CESTAT -- ₹1,538.19 Lakhs High Court-₹ 21.34 Lakhs
Income Tax Act	Income tax and Interest	1,471.71	329.14	Commissioner of Income Tax (Appeals) ₹1,361.65 Lakhs ITAT --- ₹110.06 Lakhs

8. The company has no borrowings from financial institutions, banks and debenture holders and as such reporting under clause 3(viii) of the Order is not applicable to the company.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause 3 (ix) of the Order is not applicable.

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

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

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

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

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

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

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

For S.Krishnamoorthy & Co
Firm Registration No.001496S
Chartered Accountants

Per K.Raghu
Partner
Membership No. 11178

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

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

Place : Coimbatore
Date : 22nd May 2017

ANNEXURE - B TO THE AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of **LAKSHMI MACHINE WORKS LIMITED** as of **31st March 2017** in conjunction with our audit of the Standalone IND AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.Krishnamoorthy & Co
Firm Registration No.001496S
Chartered Accountants

Per K.Raghu
Partner
Membership No. 11178

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

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

Place : Coimbatore
Date : 22nd May 2017

BALANCE SHEET AS ON 31ST MARCH, 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	As at 31/03/2017	As at 31/03/2016	As at 01/04/2015
ASSETS				
Non-current assets				
Property, Plant and Equipment	4	45,359.17	39,245.57	36,608.15
Capital work-in-progress	4	334.20	756.40	310.11
Intangible assets	5	866.01	844.12	802.53
Financial Assets				
(i) Investments	6			
a) Investments in subsidiaries		6,513.67	6,513.67	6,513.67
b) Other investments		6,110.64	8,762.36	6,872.77
(ii) Other financial assets	11	13,572.82	9,015.33	1,321.68
Deferred tax assets (net)	7	1,297.31	1,309.03	1,288.29
Total Non - Current Assets		**74,053.82**	**66,446.48**	**53,717.20**
Current assets				
Inventories	8	33,178.01	29,934.75	28,158.91
Financial Assets				
(i) Trade receivables	9	19,509.33	20,795.63	21,966.24
(ii) Cash and cash equivalents	10(a)	2,488.00	2,131.73	3,657.80
(iii) Bank balances other than (ii) above	10(b)	88,209.34	93,449.19	90,504.26
(iv) Other financial assets	11	3,857.75	4,019.25	4,298.09
Current Tax Assets (Net)	12	1,997.67	690.39	255.78
Other current assets	13	7,918.53	13,354.33	14,647.64
Total Current Assets		**1,57,158.63**	**1,64,375.27**	**1,63,488.72**
Total Assets		**2,31,212.45**	**2,30,821.75**	**2,17,205.92**
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	14	1,095.55	1,126.65	1,126.65
Other Equity	15	1,52,747.13	1,49,207.81	1,30,025.85
Equity attributable to owners of the Company		1,53,842.68	1,50,334.46	1,31,152.50
Total equity		**1,53,842.68**	**1,50,334.46**	**1,31,152.50**
LIABILITIES				
Non-current liabilities				
Financial Liabilities		-	-	-
Other non-current liabilities	16	10,021.29	10,134.49	13,447.91
Total Non - Current Liabilities		**10,021.29**	**10,134.49**	**13,447.91**
Current liabilities				
Financial Liabilities				
(i) Trade payables	17	32,708.81	29,498.79	30,920.19
(ii) Other financial liabilities	18	7,991.65	9,556.66	7,402.42
Provisions	19	674.00	694.88	945.35
Other current liabilities	20	25,974.02	30,602.47	33,337.55
Total Current Liabilities		**67,348.48**	**70,352.80**	**72,605.51**
Total Liabilities		**77,369.77**	**80,487.29**	**86,053.42**
Total Equity and Liabilities		**2,31,212.45**	**2,30,821.75**	**2,17,205.92**
See accompanying notes to financial statements	31			

In terms of our report attached

For and on behalf of the Board of Directors

For S.Krishnamoorthy & Co
Firm Registration No.001496S
Chartered Accountants

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

S.Pathy
Director
DIN: 00013899

Per K.Raghu
Partner
Membership No. 11178

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

C.B.Chandrasekar
Chief Financial Officer

C.R. Shivkumaran
Company Secretary

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

Place : Coimbatore
Date : 22nd May 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	Year ended 31st March 2017	Year ended 31st March 2016
INCOME			
Revenue from operations	21	2,43,225.71	2,75,301.81
Other income	22	9,060.25	9,836.97
Total income		2,52,285.96	2,85,138.78
EXPENSES			
Cost of materials consumed	23	1,51,326.31	1,74,684.43
Purchase of stock in trade		-	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	681.07	(992.78)
Employee benefit expense	25	24,074.50	23,924.30
Depreciation and amortisation expense	26	7,473.26	8,289.11
Impairment loss on financial assets	27	232.37	67.50
Other expenses	28	41,359.34	45,762.06
Finance costs	29	37.69	86.95
Total expenses		2,25,184.54	2,51,821.57
Profit before exceptional items and tax		27,101.42	33,317.21
Exceptional items	31.5	470.14	498.37
Profit before tax after exceptional items		26,631.28	32,818.84
Tax expense	30		
Current tax	30.1	7,300.00	10,800.00
Deferred tax	30.1	65.41	6.46
Prior year taxes	30.1	205.46	-
Total tax expense		7,570.87	10,806.46
Profit after tax from continuing operations for the year		19,060.41	22,012.38
Other comprehensive income			
Items that will not be reclassified to Profit and loss			
Changes in Fair value of FVTOCI equity instruments (Fair value through Other Comprehensive Income)		1,411.24	2,312.53
Profit on realisation of equity instruments		2,414.28	-
Remeasurement of post-employment defined benefit plans		(167.75)	(85.01)
Income-tax relating to these items		53.68	27.20
Items that will be reclassified to Profit and loss		-	-
Total Other Comprehensive income		3,711.45	2,254.72
Total Comprehensive income for the year		22,771.86	24,267.10
Basic Earnings per share [In ₹.][Face value ₹10/- per share]		170.26	195.38
Diluted Earnings per share [In ₹.][Face value ₹10/- per share]		170.26	195.38
See accompanying notes to financial statements	31		

In terms of our report attached

For and on behalf of the Board of Directors

For S.Krishnamoorthy & Co
Firm Registration No.001496S
Chartered Accountants

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

S.Pathy
Director
DIN: 00013899

Per K.Raghu
Partner
Membership No. 11178

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

C.B.Chandrasekar
Chief Financial Officer

C.R. Shivkumaran
Company Secretary

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

Place : Coimbatore
Date : 22nd May 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

Equity Share Capital	Amount
Balance as at 1st April, 2015	1126.65
Changes in equity share capital during the year	0
Balance as at 31st March, 2016	1126.65
Changes in equity share capital during the year	
Buy back of 311,000 equity shares	31.10
Balance as at 31st March, 2017	1095.55

Other Equity

Particulars	Reserves and Surplus				Items of Other comprehensive Income		Total
	Capital Reserves	Capital Redemption Reserve	General Reserve	Retained Earnings	Equity Instruments through OCI	Remeasurement of post-employment benefit obligaitons	
Balance as on 1st April, 2015	701.40	110.27	6,491.25	1,22,722.93	-	-	1,30,025.85
Add: Profit after tax for the year	-	-	-	22,012.38	-	-	22,012.38
Less: Transfer to General Reserve	-	-	2,200.00	(2,200.00)	-	-	-
Less: Payment of dividends	-	-	-	(4,224.94)	-	-	(4,224.94)
Less: Tax on dividends paid	-	-	-	(860.20)	-	-	(860.20)
Less: Remeasurement of post-employment benefit obligations [Net of tax]	-	-	-	-	-	(57.81)	(57.81)
Add: Changes in fair value of equity instruments through FVTOCI [net of tax]	-	-	-	-	2,312.53	-	2,312.53
Balance as on 31st March 2016	**701.40**	**110.27**	**8,691.25**	**1,37,450.17**	**2,312.53**	**(57.81)**	**1,49,207.81**
Add: Profit after tax for the year	-	-	-	19,060.41	-	-	19,060.41
Add: Changes in fair value of equity instruments through FVTOCI [net of tax]	-	-	-	-	1,411.24	-	1,411.24
Add: Profit on realisation of equity instruments through FVTOCI	-	-	-	-	2,414.28	-	2,414.28

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Reserves and Surplus				Items of Other comprehensive Income		Total
	Capital Reserves	Capital Redemption Reserve	General Reserve	Retained Earnings	Equity Instruments through OCI	Remeasurement of post-employment benefit obligaitons	
Less: Remeasurement of post-employment benefit obligations [Net of tax]	-	-	-	-	-	(114.07)	(114.07)
	701.40	**110.27**	**8,691.25**	**1,56,510.58**	**6,138.05**	**(171.88)**	**1,71,979.67**
Less: Payment of dividends	-	-	-	(4,506.60)	-	-	(4,506.60)
Less: Tax on dividends paid	-	-	-	(917.54)	-	-	(917.54)
Less: Buy-back of equity shares	-	-	-	(13,808.40)	-	-	(13,808.40)
Less: Transfer to General Reserve			1,900.00	(1,900.00)			
Less: Transfer to Capital Redemption reserve	-	31.10	(31.10)	-	-	-	-
Balance as on 31st March 2017	**701.40**	**141.37**	**10,560.15**	**1,35,378.04**	**6,138.05**	**(171.88)**	**1,52,747.13**

See accompanying notes to financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For S.Krishnamoorthy & Co
Firm Registration No.001496S
Chartered Accountants

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

S.Pathy
Director
DIN: 00013899

Per K.Raghu
Partner
Membership No. 11178

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

C.B.Chandrasekar
Chief Financial Officer

C.R. Shivkumaran
Company Secretary

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

Place : Coimbatore
Date : 22nd May 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

PARTICULARS	Year ended 31st March 2017		Year ended 31st March 2016	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit after exceptional items but before tax (VRS Expenses of ₹470.14 Lakhs (P.Y. ₹106.80 Lakhs, Investment written off Rs.391.57 Lakhs)		**26,631.28**		32,818.84
Adjustments for:				
Depreciation and amortisation expense	**7,473.26**		8,289.11	
Finance costs	**37.69**		86.95	
Shares buy back costs	**135.11**		-	
Profit on sale of assets	**(1,379.50)**		(121.96)	
Loss on sale of assets	**13.76**		5.98	
Interest income	**(6,588.45)**		(8,052.14)	
Dividend income	**(55.53)**		(61.81)	
Investments written off	**-**		391.57	
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents	**(0.15)**	**(363.81)**	(0.09)	537.61
Operating Profit before working capital changes		**26,267.47**		**33,356.45**
Adjustments for (increase) / decrease in operating assets				
Trade receivables	**1,286.30**		1,170.61	
Inventories	**(3,243.26)**		(1,775.84)	
Other financial assets-Non Current	**(4,557.49)**		(7,693.65)	
Other financial assets- Current	**(101.23)**		278.84	
Other Current assets	**5,435.80**		1,293.31	
Adjustments for increase / (decrease) in operating liabilities				
Trade payables	**3,210.17**		(1,421.40)	
Other non current liabilities	**(113.20)**		(3,313.42)	
Current provisions	**(20.88)**		(250.47)	
Other financial liabilities	**(1,494.80)**		2,359.62	
Other current liabilities	**(4,628.45)**	**(4,227.04)**	(2,735.08)	(12,087.48)
Cash used in/ generated from operations		**22,040.43**		**21,268.97**
Taxes paid		**(8,802.25)**		**(11,234.66)**
Net Cash used in/generated from operations	**[A]**	**13,238.18**		**10,034.31**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed assets/Capital Work In Progress		**(13,559.36)**		(11,915.16)
Proceeds from sale of fixed assets		**1,787.94**		616.73
Interest received		**6,851.18**		8,369.47
Dividend received		**55.53**		61.81
Sale of investments		**7,403.90**		-
Purchase of Investments		**(926.66)**		(564.41)
(Increase)/Decrease in Bank balances not considered as cash and cash equivalent		**5,239.85**		(3,192.30)
Net cash used in investing activities	**[B]**	**6,852.38**		**(6,623.86)**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

PARTICULARS	Year ended 31st March 2017		Year ended 31st March 2016	
C. CASHFLOW FROM FINANCING ACTIVITIES				
Dividends paid		**(4,506.60)**		(4,224.94)
Corporate dividend taxes paid		**(917.54)**		(860.20)
Transfer of Unpaid Dividends to IEPF		**(70.21)**		(11.89)
Payment for buy back of shares		**(13,839.50)**		-
Payment for share buy back costs		**(135.11)**		-
Finance cost		**(37.69)**		(86.95)
Net cash used in financing activities	**[C]**	**(19,506.65)**		**(5,183.98)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**583.91**		**(1,773.53)**
Cash and cash equivalents at beginning of the period - D		**1,831.93**		3,605.46
Cash and cash equivalents at end of the period - E		**2,415.84**		1,831.93
Net increase / (decrease) in cash and cash equivalents (E-D)		**583.91**		**(1,773.53)**
Cash & Cash equivalents as per Balance Sheet		**2,415.99**		**1,832.02**
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents		**(0.15)**		(0.09)
Cash and Cash equivalents as per Cash flow Statement		**2,415.84**		**1,831.93**
Note : Cash and cash equivalents include the following balances not available for use :				
Unpaid dividend warrant account		**68.83**		70.33

See accompanying notes to financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For S.Krishnamoorthy & Co
Firm Registration No.001496S
Chartered Accountants

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

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Per K.Raghu
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Membership No. 11178

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C.B.Chandrasekar
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Company Secretary

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

Place : Coimbatore
Date : 22nd May 2017

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1 Corporate Information

Lakshmi Machine Works Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The address of its registered office and principal place of business are disclosed in the introduction to the Annual report. Its shares are listed on two stock exchanges in India, the National Stock Exchange of India [NSE] and the Bombay Stock Exchange [BSE]. The company is engaged in the manufacturing and selling of textile spinning machinery, CNC Machine Tools, Heavy castings and parts and components for Aero space industry. The company caters to both domestic and international markets. The financial statements are approved for issue by the Company's Board of Directors on 22nd May 2017.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements have been prepared in accordance with IND AS notified under Sec. 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standard) Rules 2015 and other relevant provisions of the Act. Upto the year ended 31st March 2016, the company prepared its financial statements in accordance with the requirements of the previous Indian GAAP, which includes Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the Companies (Accounting Standards) Rules 2006, Rule 7 of the Companies (Accounts) Rules 2014, provisions of the Companies Act, 2013 to the extent notified and guidelines issued by the Securities and Exchange Board of India. These are the company's first IND AS financial statements. The date of transition to IND AS is 1st April 2015. Refer separate note for the details of first time adoption exemptions availed by the company, on the financial position, financial performance and cash flows.

2.2 Basis of preparation and presentation

These financial statements are prepared in accordance with Indian Accounting Standards (IndAS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013(`Act')(to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the company takes into account the characteristics of the asset or liability at the measurement date. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1 (unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date); Level 2 (inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; Level 3 (unobservable inputs for the asset or liability). Fair value in respect of equity financial instruments are the quoted prices of those instruments in the stock exchanges at the measurement date.

2.3 Property, plant and equipment

Property, plant and equipment 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 recognised as expense or income in the Statement of Profit and Loss. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Property, plant and equipment represent a significant proportion of the asset base of the Company.The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end with the effect of any changes in estimate accounted for on a prospective basis. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method.

Estimated useful lives of the tangible assets are as follows:		
Buildings	50-60	years
Plant and Equipment	7-15	years
Wind Mills	22	years
Furniture & fixtures	8-10	years
Vehicles	6-8	years
Office Equipments	7-15	years

An item of property , plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

For transition to IND AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of 1st April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.4 Investment Property

Investment properties are properties held to earn rentals and / or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with IND AS 16's requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.5 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Estimated useful lives of the intangible assets are as follows:		
Technical Know how	6	years
Software	6	years

There are no intangible assets having indefinite useful life

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise. Gains or losses arising from the dercognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

For transition to IND AS, the company has elected to continue with the carrying value of all of its intangible assets recognised as of 1st April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.6 Impairment of assets

A tangible or intangible asset is treated as impaired when the carrying amount of the asset exceeds its estimated recoverable value. Carrying amounts of tangible or intangible 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 recognised as an impairment loss. The impairment loss, if any, recognised in prior accounting period is reversed if there is a change in estimate of recoverable amount.

2.7 Financial Instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than Financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilites, as appropriate, on initial recognitiion. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.8 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments as the same has been recognised in other comprehensive income.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

The Company has equity investments which are not held for trading and has elected the FVTOCI irrevocable option for all the equity investments.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other income' line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (see note above).

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

2.9 Financial liabilities and equity instruments

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the company as at fair value through profit or loss are recognised in profit or loss.

Financial liabilities subsequently measured at amortised cost
Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

Foreign exchange gains and losses
For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.10Valuation of Inventories

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

2.11 Translation of Foreign Currency Transactions:

In preparing the financial statements of the company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

2.12 Recognition of Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances and rebates. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The company uses the percentage-of-completion method in accounting for its fixed-price contracts relating to job work charges and delivery of products at work in progress stage.. Use of the percentage-of-completion method requires the company to estimate the services performed to date as a proportion of the total services to be performed.

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement provided that it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably.Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, reference to principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on intial recognition.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Export incentives are recognised when the right to receive payment/credit is established and no significant uncertainty as to measurability or collectability exists. Revenue from carbon credits/REC entitlements are recognised on delivery thereof or sale of rights therein, as the case may be, in terms of the contract with the respective buyer.

2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

2.14 Dividends

Final dividend on shares are recorded as a liability on the date of approval by the shareholders at the annual general meeting and interim dividend are recorded as a liability on the date of declaration by the Company's Board of Directors.

2.15 Earnings per Share:

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

2.16 Employee Benefits:

Short term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Defined Contribution Plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Defined Benefit Plans

For defined retirement benefit plans, the cost of providing benefits is 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, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassifed to profit or loss. Past services cost is recognised in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements); net interest expense or income and remeasurement. The company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the consolidate balance sheet represents the actual deficit or surplus in the company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from plans or reductions in future contributions to the plans. A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.17 Research and Development

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

2.18 Taxes on Income

Income tax expense comprises current and deferred income tax.

Current Tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year.

Deferred Tax

"Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and Deferred Tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.19 Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognised 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 recognised but are disclosed in the notes to financial statements. Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable. Provisions, contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Present obligations, legal or constructive, arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the company's obligation.

2.20 Cash Flow Statement and Cash and Cash equivalents

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

2.21 Segment Reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the company's Chief Executive Officer (CEO), who is the Chief Operating Decision Maker (CODM), to make decisions about resources to be allocated to the segments and assess their performance. Information reported to the CODM for the purpose of resource allocation and assessment of segment performance focuses on the type of goods or services delivered or provided.

The company has three reportable segments, viz., Textile Machinery Division, the Machine Tool Division / Foundry and the Advanced Technology Centre, which are the company's stategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of these business units, the company's CODM reviews internal management reports. Performance is measured based on segment profit before tax, as included in the internal management reports, that are reviewed by the company's CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on arm's length basis.

2.22 Leases

Assets given on leases where substantial risks and rewards incidental to ownership of the asset are not transferred to the lessee are classified as operating leases. Lease income from such operating leases is recognised 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 in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.23 First-time adoption- mandatory exceptions, optional exemptions

Overall principle

The company has prepared the opening balance sheet as per IND AS as of 1st April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by IND AS, not recognising items of assets or liabilities which are not permitted by IND AS, by reclassifying items from previous GAAP to IND AS as required under IND AS, and applying IND AS in measurement of recognised assets and liabilities. However this principle is subject to the certain exception and certain optional exemptions availed by the company as detailed below.

Impairment of financial assets

The company has applied the impairment requirements of IND AS 109 retrospectively; however, as permitted by IND AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the company has not undertaken an exhaustive search for information when determining, at the date of transition to IND AS, whether there have been significant increases in credit risk since initial recognition, as permitted by IND AS 101

Past business combinations

The company has elected not to apply IND AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of 1st April 2015. Consequently, The company has kept the same classifcation for the past business combinations as in its previous GAAP financial statements;

The company has not recognised assets and liabilities that were not recognised in accordance with previous GAAP in the balance sheet of the acquirer and would also not qualify for recognition in accordance with IND AS in separate balance sheet of the acquiree;

The company has excluded from its opening balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under IND AS;

The effects of the above adjustments have been given to the measurement of non-controlling interests and deferred tax.

Deemed cost of property, plant and equipment and intangible assets
The company has elected to continue with the carrying value of all its Property, plant and equipment and intangible assets, recognised as of 1st April 2015 (transition date), measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Determining whether an arrangement contains a lease
The company has applied Appendix C of IND AS 17 Determining whether an Arrangement contains a lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

Equity Investmens at FVTOCI
The company has designated investment in all equity shares as at FVTOCI on the basis of facts and circumstances that existed at the transition date.

Accounting for Investment in Subsidiary, Joint Venture and Associate
The Company has availed the optional exemption under "Ind AS 101 First time Adoption of Indian Accounting standards" with respect to Investments in subsidiaries, joint ventures and associates. Accordingly, the previous GAAP carrying amount of such investments as on transition date has been taken as deemed cost.

3 **Critical accounting judgements and key sources of estimation uncertainty**
The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in note. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and,if material, their effects are disclosed in the notes to the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about such estimates and judgments are included in the relevant notes together with the basis of calculation for relevant line item in the financial statements. Estimates and judgments are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

(All amounts in ₹ Lakhs, unless otherwise stated)

4. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

Particulars		As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Carrying amounts of:				
Freehold land		**8,236.86**	8,238.94	5,183.16
Buildings		**7,594.00**	6,000.00	5,739.47
Plant and Equipment		**28,204.,40**	23,506.97	24,383.56
Furniture and fixtures		**435.76**	447.10	270.28
Vehicles		**668.75**	797.50	767.95
Office Equipment		**219.40**	255.06	263.73
	Total	**45,359.17**	**39,245.57**	**36,608.15**
Capital Work-in-progress		**334.20**	756.40	310.11
	Total	**334.20**	**756.40**	**310.11**
	Total	**45,693.37**	**40,001.97**	**36,918.26**

Particulars	Freehold land	Buildings	Plant & Equipment	Furni-ture & fixtures	Vehicles	Office Equipments	Total	Capital Work in progress
Cost or deemed cost								
Balance at 1st April 2015	**5,183.16**	**5,739.47**	**24,383.56**	**270.28**	**767.95**	**263.73**	**36,608.15**	**310.11**
Additions	3,055.80	783.57	6,653.62	291.78	274.10	186.29	11,245.16	446.29
Eliminated on disposals of assets	(0.02)	-	(2,082.80)	(0.06)	(243.17)	(0.56)	(2,326.61)	-
Balance at 31st March 2016	**8,238.94**	**6,523.04**	**28,954.38**	**562.00**	**798.88**	**449.46**	**45,526.70**	**756.40**
Additions	84.84	2,183.00	11,071.84	312.54	41.94	100.21	13,794.37	-
Eliminated on disposals of assets	(86.92)	-	(7,312.15)	(32.66)	(2.64)	(283.52)	(7,717.89)	-
Balance at 31st March 2017	**8,236.86**	**8,706.04**	**32,714.07**	**841.88**	**838.18**	**266.15**	**51,603.18**	**756.40**
Accumulated depreciation and impairment								
Balance at 1st April 2015								
Eliminated on disposals of assets	-	-	(1,641.54)	(0.06)	(183.71)	(0.55)	(1,825.86)	-
Depreciation Expense	-	523.04	7,088.95	114.96	185.09	194.95	8,106.99	-
Balance at 31st March 2016	**-**	**523.04**	**5,447.41**	**114.90**	**1.38**	**194.40**	**6,281.13**	**-**
Eliminated on disposals of assets	-	-	(7,130.60)	(30.23)	(2.51)	(181.75)	(7,345.09)	-
Depreciation Expense	-	589.00	6,192.85	321.45	170.56	34.10	7,307.96	-
Balance at 31st March 2017	**-**	**1,112.04**	**4,509.66**	**406.12**	**169.43**	**46.75**	**6,244.00**	**-**
Carrying Amount								
Balance at 1st April 2015	**5,183.16**	**5,739.47**	**24,383.56**	**270.28**	**767.95**	**263.73**	**36,608.15**	**310.11**
Additions	3,055.80	783.57	6,653.62	291.78	274.10	186.29	11,245.16	446.29
Eliminated on disposals of assets	(0.02)	-	(441.26)	-	(59.46)	(0.01)	(500.75)	-
Depreciation expense	-	(523.04)	(7,088.95)	(114.96)	(185.09)	(194.95)	(8,106.99)	-
Balance at 31st March 2016	**8,238.94**	**6,000.00**	**23,506.97**	**447.10**	**797.50**	**255.06**	**39,245.57**	**756.40**
Additions	84.84	2,183.00	11,071.84	312.54	41.94	100.21	13,794.37	-
Eliminated on disposals of assets	(86.92)	-	(181.56)	(2.43)	(0.13)	(101.77)	(372.81)	(422.20)
Depreciation expense	-	(589.00)	(6,192.85)	(321.45)	(170.56)	(34.10)	(7,307.96)	-
Balance at 31st March 2017	**8,236.86**	**7,594.00**	**28,204.40**	**435.76**	**668.75**	**219.40**	**45,359.17**	**334.20**

(All amounts in ₹ Lakhs, unless otherwise stated)

Property, Plant and Equipments include

Particulars	Gross Block	Depreciation for the year	Accumulated Depreciation	Net Block
Assets leased out as on 31.03.2017				
Buildings	328.42	14.81	215.70	112.72
Machinery	1,300.00	241.84	605.48	694.52
Total	**1,628.42**	**256.65**	**821.18**	**807.24**
Assets leased out as on 31.03.2016				
Buildings	328.42	17.43	200.89	127.53
Machinery	1,300.00	363.64	363.64	936.36
Total	**1,628.42**	**381.07**	**564.53**	**1,063.89**

Income from above leased assets ₹32.09 Lakhs is grouped in Rent receipts (Previous Year ₹29.36 Lakhs)

5. INTANGIBLE ASSETS

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Carrying amounts of:			
Technical Knowhow	**461.51**	533.26	655.56
Software	**404.50**	310.86	146.97
TOTAL	**866.01**	**844.12**	**802.53**

Particulars	Technical Knowhow	Software	Total
Cost or deemed cost			
Balance at 1st April 2015	**655.56**	**146.97**	**802.53**
Additions	-	223.71	223.71
Eliminated on disposals of assets	-	-	-
Balance at 31st March 2016	**655.56**	**370.68**	**1,026.24**
Additions	38.83	148.36	187.19
Eliminated on disposals of assets	-	-	-
Balance at 31st March 2017	**694.39**	**519.04**	**1,213.43**
Accumuated depreciation and impairment			
Balance at 1st April 2015	**-**	**-**	**-**
Eliminated on disposals of assets	-	-	-
Amortisation Expense	122.30	59.82	182.12
Balance at 31st March 2016	**122.30**	**59.82**	**182.12**
Eliminated on disposals of assets	-	-	-
Amortisation Expense	110.58	54.72	165.30
Balance at 31st March 2017	**232.88**	**114.54**	**347.42**
Carrying Amount			
Balance at 1st April 2015	**655.56**	**146.97**	**802.53**
Additions	-	223.71	223.71
Eliminated on disposals of assets	-	-	-
Amortisation Expense	(122.30)	(59.82)	(182.12)
Balance at 31st March 2016	**533.26**	**310.86**	**844.12**
Additions	38.83	148.36	187.19
Eliminated on disposals of assets	-	-	-
Amortisation Expense	(110.58)	(54.72)	(165.30)
Balance at 31st March 2017	**461.51**	**404.50**	**866.01**

(All amounts in ₹ Lakhs, unless otherwise stated)

6. INVESTMENTS

Particulars	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Non-current						
a) Investment in unquoted equity instrument of wholly owned subsidiary						
LMW Textile Machinery (Suzhou) Company Ltd	-	6,513.67	-	6,513.67	-	6,513.67
b) Other investments						
Investment in quoted equity instruments (fully paid up) [At fair values]						
Cholamandalam Investment & Finance Co. Limited	3,42,562	3,303.84	3,42,562	2,444.01	3,42,562	2,070.94
Lakshmi Automatic Loom Works Limited	4,41,110	97.04	4,41,110	85.13	4,41,110	85.13
Pricol Ltd	24,975	19.81	24,975	10.75	24,975	21.92
Rajshree Sugars & Chemicals Limited	1,00,000	62.25	1,00,000	38.55	1,00,000	19.05
The Lakshmi Mills Company Limited	26,916	678.28	26,916	564.83	26,916	534.82
JSW Steel Limited	-	-	3,89,647	4,989.62	3,89,647	3,536.63
Indian Bank	69,562	194.43	69,562	72.83	69,562	120.31
Super Sales India Ltd	3,00,000	1,754.85	1,50,000	556.50	-	-
Investment in unquoted equity instruments (fully paid up)						
Pugoda Textiles Lanka Ltd, Sri Lanka (Shares vested with Govt. of Sri Lanka for compensation)	-	-	-	-	67,50,000	483.83
Sharada Chambers Premises Co-op Society Ltd	5	0.01	5	0.01	5	0.01
Lakshmi Machine Works Employees Co-op Stores Ltd	500	0.05	500	0.05	500	0.05
REPCO Bank	750	0.08	750	0.08	750	0.08
Total		**6,110.64**		**8,762.36**		**6,872.77**
Total Non-current investments		**12,624.31**		**15,276.03**		**13,386.44**
Aggregate book value of quoted investments		2,061.71		6,449.70		5,885.30
Aggregate market value of quoted investments		6,110.50		8,762.23		6,388.81
Aggregate book value of unquoted investments		6,513.81		6,513.81		6,997.64
Aggregate amount of impairment in the value of investments		-		-		-
Category-wise investments - as per IND AS 109 classification						
Financial assets carried at fair value through profit or loss (FVTPL)		-		-		483.83
Financial assets carried at amortised cost		-		-		-
Financial assets carried at fair value through Other Comprehensive Income (FVTOCI)		6,110.64		8,762.36		6,388.94
Total		**6,110.64**		**8,762.36**		**6,872.77**

Note: Investment in the wholly owned subsidiary has been taken at cost availing the IND AS 101 exemption,

Investments in Pugoda Textiles Lanka Limited has been written off during 2015-16 for ₹391.57 Lakhs. The shares of Pugoda Textiles Lanka Ltd were vested with the Government of Sri lanka for compensation, the carrying amount of investment net of compensation awarded by the Compensation Tribunal of Sri lanka has been written off and the compensation receivable of ₹92.26 Lakhs is recognised as income receivable. However the group has appealed for higher compensation.

(All amounts in ₹ Lakhs, unless otherwise stated)

7. DEFERRED TAX ASSETS (NET)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Deferred Tax assets	1,297.31	1,309.03	1,288.29
Deferred Tax liabilities	-	-	-
Total	**1,297.31**	**1,309.03**	**1,288.29**

2016-17

Particulars	Opening balance	Recognised in profit or loss	Closing balance
On account of VRS	314.54	8.96	323.50
On account of Others (Sec. 35D)	0.15	(0.15)	0
On account of Property, Plant and Equipment	628.53	(154.63)	473.90
On account of Expected credit loss on receivables	338.61	80.42	419.03
On account of actuarial loss	27.20	53.68	80.88
Total	**1,309.03**	**(11.72)**	**1,297.31**

2015-16

Particulars	Opening balance	Recognised in profit or loss	Closing balance
On account of VRS	391.66	(77.12)	314.54
On account of Others (Sec. 35D)	0.30	(0.15)	0.15
On account of Property, Plant and Equipment	581.08	47.45	628.53
On account of Expected credit loss on receivables	315.25	23.36	338.61
On account of actuarial loss		27.20	27.20
Total	**1,288.29**	**20.74**	**1,309.03**

8. INVENTORIES

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Inventories (lower of cost and net realisable value)			
Raw materials	20,074.27	16,841.84	16,152.30
Work in progress	8,245.26	6,966.11	7,905.92
Finished goods	2,593.70	4,553.92	2,621.33
Stores and spares	2,264.78	1,572.88	1,479.36
Total	**33,178.01**	**29,934.75**	**28,158.91**

The cost of inventories recognised as an expense during the year is ₹151,326.31 Lakhs. [Previous year ₹174,684.43 Lakhs]

9. TRADE RECEIVABLES

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Current			
Unsecured, considered good			
From related parties	5,093.93	4,760.96	4,770.96
From others	15,626.20	17,013.10	18,106.21
	20,720.13	**21,774.06**	**22,877.17**
Allowance for doubtful debts (Expected credit loss allowance)	1,210.80	978.43	910.93
Total	**19,509.33**	**20,795.63**	**21,966.24**

(All amounts in ₹ Lakhs, unless otherwise stated)

9. TRADE RECEIVABLES (CONTD.)

Concentration of Risk

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consists of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management considers the credit quality of trade receivables that are not past due or impaired to be good. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Before accepting any new customer, the company uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. The company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows.

Ageing	Expected Credit loss
Within the credit period	0.35%
30-360 days	2.85%
More than 360 days	33.00%

Age of receivables	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Within the credit period	**2,021.96**	4,664.19	2,863.40
30-360 days	**16,473.21**	15,536.16	18,917.54
More than 360 days	**2,224.96**	1,573.71	1,096.23
Total	**20,720.13**	**21,774.06**	**22,877.17**

Movement in the expected credit loss allowance

Age of receivables	As at 31st March 2017	As at 31st March 2016
Balance at the beginning of the year	978.43	910.93
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	232.37	67.50
Balance at the end of the year	**1,210.80**	**978.43**

10(a) CASH AND CASH EQUIVALENTS

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Balances with Banks			
Current account	**2,332.08**	1,749.74	3,517.30
Deposits held as Margin money	**72.16**	299.80	52.43
Unpaid dividend account	**68.83**	70.33	75.83
Cash on hand	**14.93**	11.86	12.24
Total	**2,488.00**	**2,131.73**	**3,657.80**

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

(All amounts in ₹ Lakhs, unless otherwise stated)

10(a) CASH AND CASH EQUIVALENTS (CONTD.)

Disclosure on Specified Bank Notes (SBNs)	SBNs	Other denomination notes	Total
Closing cash in hand as on 8.11.2016	104.26	3.65	107.91
[+] Permitted receipts	-	15.85	15.85
[-] Permitted payments	-	11.66	11.66
[-] Amount deposited in banks	104.26	-	104.26
Closing cash in hand as on 31.12.2016	-	7.84	7.84

10(b) BANK DEPOSITS OTHER THAN ABOVE

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Deposits with more than 3 months but less than 12 months maturity	88,209.34	93,449.19	90,504.26
Total	88,209.34	93,449.19	90,504.26

11. OTHER FINANCIAL ASSETS

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Non-current			
Security Deposit	1,185.38	1,208.50	971.18
Other advances	407.44	353.83	350.50
Bank deposits with more than 12 months maturity	11,980.00	7,453.00	-
Total	13,572.82	9,015.33	1,321.68
Current			
Interest accrued on bank deposits	2,600.63	2,863.36	3,180.69
Income receivable	1,164.86	1,063.63	1,117.40
Compensation receivable for shares vested	92.26	92.26	-
Total	3,857.75	4,019.25	4,298.09

12. CURRENT TAX ASSETS (NET)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Current tax assets			
Income tax advances	45,085.28	37,486.58	26,251.97
Current tax liabilities			
Income tax provisions	43,087.61	36,796.19	25,996.19
Total	1,997.67	690.39	255.78

13. OTHER CURRENT ASSETS

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Advance to suppliers and others	2,893.84	4,763.98	4,550.87
Prepaid Expenses	281.39	103.07	97.38
Balances with Central Excise, VAT, Customs etc.	3,824.51	7,284.39	8,872.90
Capital Advances	918.79	1,202.89	1,126.49
Total	7,918.53	13,354.33	14,647.64

(All amounts in ₹ Lakhs, unless otherwise stated)

14. EQUITY SHARE CAPITAL

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Authorised Share Capital			
5,00,00,000 fully paid equity shares of ₹10 each	**5,000.00**	5,000.00	5,000.00
Issued and subscribed and fully paid up capital comprises:			
1,09,55,504 fully paid equity shares of ₹10 each (as at March 31, 2016: 1,12,66,504; as at April 1, 2015: 1,12,66,504)	**1,095.55**	1,126.65	1,126.65
3,11,000 equity shares of ₹10 each were bought back during the financial year 2016-17			

Fully paid up equity shares	Number of shares	Share Capital
Balance as on April 1, 2015	**1,12,66,504**	**1,126.65**
Movements during 2015-16	-	-
Balance as on March 31, 2016	**1,12,66,504**	**1,126.65**
Share buy-back	(3,11,000)	(31.10)
Balance as on March 31, 2017	**1,09,55,504**	**1,095.55**

The company has issued only one class of Equity share having a par value of ₹10 per share. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

311,000 equity shares of ₹10 each (representing 2.76% of the total number of paid up equity shares of the company) was bought back from the shareholders of the company on proportionate basis by way of tender offer at the price of ₹4450 per share for an aggregate amount of ₹13,839.50 Lakhs, in accordance with the provisions of the Companies Act. 2013 and SEBI (Buyback of Securities) Regulations, 1998.The shares bought back in the current year were cancelled immediately.

Shareholders holding more than 5% Equity shares

Particulars	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
	Number	Percentage	Number	Percentage	Number	Percentage
Lakshmi Cargo Company Limited	10,49,468	9.57	10,24,468	9.09	10,24,468	9.09
Life Insurance Corporation Limited	8,84,414	8.07	9,08,030	8.06	10,23,669	9.09
Lakshmi Technology and Engineering Industries Limited	6,67,090	6.08	6,67,090	5.92	6,67,090	5.92
Voltas Limited	5,79,672	5.29	6,00,000	5.33	6,00,000	5.33
Reliance Capital Trustee Company Limited	-	-	3,84,378	3.41	6,56,532	5.83

15. OTHER EQUITY

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Capital Reserve	701.40	701.40	701.40
Capital Redemption Reserve	**141.37**	110.27	110.27
General Reserve	**10,560.15**	8,691.25	6,491.25
Reserve for equity instruments and others through other comprehensive income	**5,966.17**	2,254.72	-
Retained Earnings	**1,35,378.04**	1,37,450.17	1,22,722.93
Total	**1,52,747.13**	1,49,207.81	1,30,025.85

(All amounts in ₹ Lakhs, unless otherwise stated)

15.1 CAPITAL RESERVE

Particulars	As at 31st March 2017	As at 31st March 2016
Balance at the beginning of the year	**701.40**	**701.40**
Movements during the year	-	-
Balance at the end of the year	**701.40**	**701.40**

Capital reserve represents the reserves arising out of earlier business combinations.

15.2 CAPITAL REDEMPTION RESERVE

Particulars	As at 31st March 2017	As at 31st March 2016
Balance at the beginning of the year	**110.27**	**110.27**
Add: Transfer from General Reserve	31.10	-
Balance at the end of the year	**141.37**	**110.27**

Capital Redemption Reserve is a statutory reserve created at amounts equal to the face value of the shares bought back as per the provisions of company law.

15.3 GENERAL RESERVE

Particulars	As at 31st March 2017	As at 31st March 2016
Balance at the beginning of the year	**8,691.25**	**6,491.25**
Add: Transfer from retained earnings	1,900.00	2,200.00
Less: Transfer to Capital Redemption Reserve	31.10	-
Balance at the end of the year	**10,560.15**	**8,691.25**

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

15.4 RESERVE FOR EQUITY INSTRUMENTS AND OTHERS THROUGH OTHER COMPREHENSIVE INCOME

Particulars	As at 31st March 2017	As at 31st March 2016
Balance at the beginning of the year	**2,254.72**	**-**
Net fair value gain on investments in equity instruments at FVTOCI	1,411.24	2,312.53
Profit on realisation of equity instruments	2,414.28	-
Remeasurement of post-employment defined benefit plans [net of taxes]	(114.07)	(57.81)
Balance at the end of the year	**5,966.17**	**2,254.72**

The company has elected to recognise changes in fair value of investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI reserve which represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.

(All amounts in ₹ Lakhs, unless otherwise stated)

15.5 RETAINED EARNINGS

Particulars	As at 31st March 2017	As at 31st March 2016
Balance at the beginning of the year	**1,37,450.17**	**1,22,722.93**
Add: Profit after tax attributable to the owners of the company	19,060.41	22,012.38
Less: Payment of dividends on equity shares	4,506.60	4,224.94
Less: Payment of tax on dividends	917.54	860.20
Less: Share buy back	13,808.40	-
Less: Transfer to General Reserve	1,900.00	2,200.00
Balance at the end of the year	**1,35,378.04**	**1,37,450.17**

In Financial year 2016-17 on 5th August 2016, a dividend of ₹40 per share (total dividend ₹4,506.60 Lakhs) was paid to holders of fully paid equity shares. In Financial year 2015-16 the dividend paid was ₹37.50 per share (total dividend ₹4,224.94 Lakhs).

In respect of the year ended March 31, 2017, the directors propose that a dividend of ₹35 per share be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is ₹3,834.43 Lakhs.

16. OTHER NON-CURRENT LIABILITIES

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Security deposits received against supply of machinery	**10,021.29**	10,134.49	13,447.91
Total	**10,021.29**	10,134.49	13,447.91

17. TRADE PAYABLES

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Current			
Due to Micro, Small & Medium Enterprises [Refer Note No.31.3]	**97.63**	112.62	114.51
Due to related parties	**5,263.91**	4,923.00	5,178.07
Others	**27,347.27**	24,463.17	25,627.61
Total	**32,708.81**	29,498.79	30,920.19

18. OTHER FINANCIAL LIABILITIES

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Current			
Unpaid dividends	**68.83**	70.33	75.83
Other liabilties	**7,922.82**	9,486.33	7,326.59
Total	**7,991.65**	9,556.66	7,402.42

(All amounts in ₹ Lakhs, unless otherwise stated)

19. PROVISIONS

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Current			
Provision for employee benefits			
Provision for gratuity	**212.67**	191.02	391.57
Provision for leave encashment	**34.12**	10.50	91.26
Other provisions			
Provision for warranty	**427.21**	493.36	462.52
Total	**674.00**	**694.88**	**945.35**

The provision for employee benefits includes provision for gratuity and leave encashment. For detailed disclosure on the same, please refer Note No. 31.9

The Company gives warranties for its products undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. The provision for warranty represents the present value of the Management's best estimate of the future outlow of economic benefits that will be required under the company's obligations for warranties under the local sale of goods legislation. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events afffecting product quality. The timing of the outflows is expected to be within a period of one year.

Particulars	Provision for Warranty	
	As at 31st March 2017	As at 31st March 2016
Carrying amount at the beginning of the year	493.36	462.52
Additional provision made during the year	427.21	493.36
Amount used during the year	456.41	462.52
Unused amount reversed	36.95	-
Carrying amount at the end of the year	**427.21**	**493.36**

20. OTHER CURRENT LIABILITIES

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Security deposit received against supply of machinery	11,940.78	16,080.27	15,937.42
Other advances	**14,033.24**	14,522.20	17,400.13
Total	**25,974.02**	**30,602.47**	**33,337.55**

21. REVENUE FROM OPERATIONS

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Gross sale of products (including Excise duty of ₹21,901.86 Lakhs for the year ended March 31, 2017; ₹21,701.96 Lakhs for the year ended March 31, 2016)	**2,35,587.87**	2,69,150.44
Other operating revenues		
Repairs & Service charges & miscellaneous income	**4,232.73**	3,525.23
Sale of scrap	**839.11**	919.94
Export incentives	**2,566.00**	1,706.20
Total revenue from operations	**2,43,225.71**	**2,75,301.81**

(All amounts in ₹ Lakhs, unless otherwise stated)

22. OTHER INCOME

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Interest income from financial assets at amortised cost	6,588.45	8,052.14
Dividend income from equity investments designated at FVTOCI	55.53	61.81
Rental income	32.09	80.86
Net Gain on foreign currency transactions	654.71	958.66
Net Gain on sale of assets	1,379.50	121.96
Sale of wind energy	156.90	12.83
Sale of carbon credit / REC Entitlement	7.46	124.83
Royalty income	185.61	423.88
Total other income	**9,060.25**	**9,836.97**

23. COST OF MATERIALS CONSUMED

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Raw materials at the beginning of the year	16,841.84	16,152.30
Add: Purchases	1,35,706.23	1,56,560.86
Add: Excise duty on finished goods sold	21,901.86	21,701.96
Less: Sales	3,049.35	2,888.85
Less: Raw materials at the end of the year	20,074.27	16,841.84
Total cost of materials consumed	**1,51,326.31**	**1,74,684.43**

24. CHANGES IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Opening Stock		
Work-in-progress	6,966.11	7,905.92
Finished goods	4,553.92	2,621.33
Total	**11,520.03**	**10,527.25**
Closing Stock		
Work-in-progress	8,245.26	6,966.11
Finished goods	2,593.70	4,553.92
Total	**10,838.96**	**11,520.03**
Total changes in inventories of work-in-progress and finished goods	**681.07**	**(992.78)**

25. EMPLOYEES BENEFITS EXPENSES

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Salaries and wages	20,163.92	20,181.46
Contribution to Provident and other funds	1,498.33	1,475.60
Staff welfare expenses	2,412.25	2,267.24
Total employee benefit expenses	**24,074.50**	**23,924.30**

(All amounts in ₹ Lakhs, unless otherwise stated)

26. DEPRECIATION AND AMORTISATION EXPENSE

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Depreciation of property, plant and equipment	7,307.96	8,106.99
Amortisation of intangible assets	165.30	182.12
Total depreciation and amortisation expense	**7,473.26**	**8,289.11**

27. IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND REVERSAL OF IMPAIRMENT ON FINANCIAL ASSETS

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Impairment loss [Expected credit loss) allowance on trade receivables	232.37	67.50
Total	**232.37**	**67.50**

28. OTHER EXPENSES

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Sales commission to agents	4,999.21	5,656.26
Consumption of stores and spare parts	6,945.61	8,139.72
Consumption of packing material	4,369.97	4,968.99
Power and fuel (net of wind energy ₹5318.60 Lakhs; previous year ₹3594.25 Lakhs)	2,737.85	5,273.07
Rent expense	71.17	67.31
Repairs and maintenance		
Repairs to buildings	1,461.41	1,136.84
Repairs to machinery and others	4,613.33	4,230.95
Insurance	144.85	130.41
Rates and taxes, excluding taxes on income	164.14	270.46
Auditors' remuneration		
For Audit	25.00	25.00
For Taxation matters	-	1.45
For Certification services	3.95	2.62
For reimbursement of expenses	0.23	0.60
Loss on sale of assets	13.76	5.98
Donations	865.20	371.05
Directors sitting fees	34.50	26.50
Non-executive directors' commission	33.89	32.54
Corporate Social Responsibility expenses (Note 31.6)	615.13	488.52
Export expenses	3,363.74	5,271.59
Research and development expenses	2,158.07	1,643.82
Miscellaneous expenses	8,738.33	8,018.38
Total other expenses	**41,359.34**	**45,762.06**

29. FINANCE COSTS

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Bill collection charges	37.69	86.95

(All amounts in ₹ Lakhs, unless otherwise stated)

30. INCOME TAX RELATING TO CONTINUING OPERATIONS

30.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Current tax		
Current tax on profits for the year	7,300.00	10,800.00
Adjustments for current tax of prior periods	205.46	-
Total current tax expense	**7,505.46**	**10,800.00**
Deferred Tax		
Decrease / (increase) of deferred tax assets	65.41	6.46
(Decrease) / Increase in deferred tax liabilities	-	-
Total deferred tax expense	**65.41**	**6.46**
Total income tax expense recognised for the year	**7,570.87**	**10,806.46**

30.2 RECONCILIATION OF INCOME TAX EXPENSE TO THE ACCOUNTING PROFIT FOR THE YEAR

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Profit before tax after exceptional items	**26,631.28**	**32,818.84**
Enacted tax rate in India	34.61%	34.61%
Computed expected tax expense at enacted tax rate	**9,217.08**	**11,358.60**
Tax effect on account of tax deductions	(1,513.30)	(1,163.20)
Tax effect on Income that is exempt from taxation	(496.66)	(63.60)
Tax effect of non-deductible expenses	92.88	668.20
Total income tax expense recognised for the year	**7,300.00**	**10,800.00**

30.3 INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Arising on income and expenses recognised in other comprehensive income:		
Net fair value gain on investments in equity shares at FVTOCI	-	-
Remeasurement of defined benefit obligations	53.68	27.20
Total	**53.68**	**27.20**
Bifurcation of income tax recognised in other comprehensive income into:		
Items that will not be reclassified to profit or loss	53.68	27.20
Items that may be reclassified to profit or loss	-	-
Total	**53.68**	**27.20**

(All amounts in ₹ Lakhs, unless otherwise stated)

31.1 CONTINGENT LIABILITIES AND COMMITMENTS, TO THE EXTENT NOT PROVIDED FOR

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Contingent liabilities			
Claims against the company not acknowledged as debt			
Central Excise Demand	**2,690.83**	1,518.28	1,755.48
Income Tax Demand	**1,471.71**	1,471.71	1,471.71
Other money for which the company is contingently liable			
Letters of Credit	**3,113.94**	2,609.94	1,406.53
Bank and other guarantees	**5,733.18**	**1,793.05**	**1,614.62**
Disputed tax dues are appealed before concerned appellate authorities. The Company is advised that the cases are likely to be disposed of in favour of the Company and hence no provision is considered necessary therefor.			
Commitments			
Estimated amount of contracts remaining to be executed on capital account not provided for	2,519.41	1,436.24	1,301.56

31.2 DETAILS OF DIVIDEND PROPOSED AND PAID:

Particulars	Year Ended 31st March 2016	Year Ended 31st March 2015
a) Final dividend for the year ended March 31, 2016 of ₹40 per share (For year ended March 31, 2015 of ₹37.50 per share)	4,506.60	4,224.94
b) In respect of the current year, the directors propose that a dividend of ₹35 per share be paid on equity shares on 07.08.2017. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members on 07.08.2017. The total estimated equity dividend to be paid is ₹3834.43 Lakhs. The payment of this dividend is estimated to result in payment of dividend tax of ₹780.69 Lakhs @ 20.36% on the amount of dividends grossed up for the related dividend distribution tax.	-	-

31.3 DISCLOSURE AS PER SCHEDULE III

As defined under Micro, Small and Medium Enterprises Development Act, 2006, the disclosure in respect of the amounts payable to such enterprises as at the end of the year has been made in the financial statements based on information received and available with the Company.

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	**97.63**	112.62	114.51
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	**Nil**	Nil	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	Nil
The amount of interest accrued and remaining unpaid at the end of the year	**Nil**	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	Nil

(All amounts in ₹ Lakhs, unless otherwise stated)

31.4 FINANCIAL INSTRUMENTS

i) Financial Instruments by category

Particulars	31 March 2017			31 March 2016			1 April 2015		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets									
a) Cash and bank balances	-	-	2,488.00	-	-	2,131.73	-	-	3,657.80
b) Other financial assets-Non current	-	-	13,572.82	-	-	9,015.33	-	-	1321.68
(c) Trade receivables	-	-	19,509.33	-	-	20,795.63	-	-	21,966.24
(d) Bank balances	-	-	88,209.34	-	-	93,449.19	-	-	90,504.26
(e) Other financial assets-Current	-	-	3,857.75	-	-	4,019.25	-	-	4,298.09
(f) Investments in subsidiaries	-	-	6,513.67	-	-	6,513.67	-	-	6,513.67
(g) Investments in equity	-	6,110.64	-	-	8,762.36	-	-	6872.77	-
Total	**-**	**6,110.64**	**1,34,150.91**	**-**	**8,762.36**	**1,35,924.80**	**-**	**6,872.77**	**1,28,261.74**
Financial Liabilities									
(a) Other non-current liabilities	-	-	10,021.29	-	-	10,134.49	-	-	13,447.91
(b) Trade payables	-	-	32,708.81	-	-	29,498.79	-	-	30,920.19
(c) Other financial liabilities	-	-	7,991.65	-	-	9,556.66	-	-	7,402.42
Total	**-**	**-**	**50,721.75**	**-**	**-**	**49,189.94**	**-**	**-**	**51,770.52**
Financial assets			**1,40,261.55**			**1,44,687.16**			**1,35,134.52**
Financial liabilities			**50,721.75**			**49,189.94**			**51,770.52**

ii) Fair Valuation Techiques and Inputs used - recurring Items

Particulars	Fair value as at			Fair value	Valuation
	31-Mar-17	31-Mar-16	01-Apr-15		
Financial assets measured at Fair value					
Financial assets				Level 1	Quoted bid prices
Investments					
1) Quoted Equity investments	6,110.64	8,762.36	6,872.77		
Total financial assets	**6,110.64**	**8,762.36**	**6,872.77**		

iii) Fair Value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short term and settlement on demand nature.

For all other financial assets and liabilities measured at amortised cost, the Company considers that their carrying amounts approximates their fair values.

31.5 EXCEPTIONAL ITEMS

Exceptional items represents compensation towards Voluntary Retirement Scheme opted by Employees ₹470.14 Lakhs (Previous year ₹106.80 Lakhs); Investments in Pugoda Textiles Lanka Limited written off ₹ Nil Lakhs (Previous year ₹391.57 Lakhs]. In respect of shares of Pugoda Textiles Lanka Ltd vested with the Government of Sri lanka for compensation, the carrying amount of investment net of compensation awarded by the Compensation Tribunal of Sri lanka has been written off and the compensation receivable of ₹92.26 Lakhs is recognised as income receivable.However the company has appealed for higher compensation.

(All amounts in ₹ Lakhs, unless otherwise stated)

31.6 CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Amount spent through approved trusts and institutions	523.98	107.00
Amount spent directly	91.15	381.52
Total	**615.13**	**488.52**
Amount required to be spent as per Sec. 135 of the Act	587.16	481.65
Amount spent during the year on:		
Construction / acquisition of an asset	-	-
On purposes other than above	615.13	488.52
Total	**615.13**	**488.52**

CSR Expenditure during the year on construction/acquisition of an asset is ₹ Nil Lakhs. CSR Expenses relating to gross amount required to be spent for the year and the actual amount spent by the Company during the year is furnished as Annexure to the Board of Directors' Report.

31.7 EARNINGS PER SHARE

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Earnings used in the calculation of Basic and diluted earnings per share	19,060.41	22,012.38
Weighted Average Number of Equity Shares used for the purpose of calculating basic and diluted earnings per share	1,11,94,931	1,12,66,504
Nominal Value per Equity Share [in ₹]	10.00	10.00
Basic & Diluted Earnings Per Share [in ₹]	170.26	195.38

31.8 RELATED PARTY TRANSACTIONS

Related Party Relationships

Key Management Personnel

Sri. Sanjay Jayavarthanavelu, Chairman and Managing Director

Sri. C.B.Chandrasekar, Chief Financial Officer

Sri. C.R. Shivkumaran, Company Secretary

Wholly Owned Subsidiary :

LMW Textile Machinery (Suzhou) Co. Ltd.

Post employment benefit plans

Lakshmi Machine Works Limited Employees' Gratuity Fund

Other related parties

Dhanuprabha Agro P Ltd; Eshaan Enterprises Limited; Harshini Textiles Limited; Hermes Academy of Training Limited; Lakshmi Card Clothing P Ltd; Lakshmi Cargo Company Limited; LCC Cargo Holdings Limited;Lakshmi Caipo Industries Ltd; Lakshmi Energy & Environmental Designs Ltd; 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; QuattroEngineering India Limited; Rajalakshmi Engineering; Revantha Holdings Limited; Revantha Services Ltd; Revantha Agro FarmsP Ltd; Sowbarnika Enterprises Ltd; Sowbarniha Resorts Private Limited; Sri Kamakoti Kamakshi Textiles P Ltd; Sri Lakshmi Vishnu Plastics; Sudhasruti Agro P Ltd; Super Sales India Limited; Supreme Dairy Products India Ltd; Starline Travels Limited;Titan Paints & Chemicals Limited; The Lakshmi Mills Company Limited; Venkatavaradha Agencies P Limited; Walzer Hotels P Ltd.

(All amounts in ₹ Lakhs, unless otherwise stated)

Key Management personnel compensation

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Short term employee benefits	805.72	933.06
Post employment benefits	21.43	21.77
Total compensation	**827.15**	**954.83**

Note : Related party relationships are as identified by the Management

Related Party Transactions

Particulars	Other Related Parties		Key Management Personnel		Wholly Owned Subsidiary	
	31.03.17	31.03.16	31.03.17	31.03.16	31.03.17	31.03.16
Purchase of goods	30,223.57	33,054.88	-	-	23.85	-
Sale of goods	4400.31	4,445.71	-	-	2,143.33	5,158.01
Purchase of Fixed Assets	64.61	136.61	-	-	-	-
Sale of Fixed Assets	238.89	585.53	-	-	109.03	-
Rendering of Services	118.59	112.54	-	-	185.61	423.88
Receiving of Services	11,648.38	11,512.99	-	-	-	-
Agency arrangements	1,208.08	1,383.76	-	-	-	-
Investment in Shares	926.66	564.41	-	-	-	-
Contribution to Gratuity Fund	560.60	682.67	-	-	-	-
Managerial remuneration	-	-	827.15	954.83	-	-
Outstanding Payables	2,854.85	3,207.09	559.05	687.60	-	-
Outstanding Receivables	353.69	812.53	-	-	2,644.93	3,459.96

1 Purchase of Goods includes LMW Textile Machinery (Suzhou) Co.Ltd ₹23.85 Lakhs (Previous year Nil) Lakshmi Electrical Control Systems Limited ₹14401.16 Lakhs (Previous Year ₹16897.90 Lakhs), Lakshmi Electrical Drives Limited ₹3209.01 Lakhs (Previous Year ₹3899.07 Lakhs); Quattro Engineering India Limited ₹4319.81 Lakhs ((Previous Year ₹2515.83 Lakhs);Super Sales India Ltd ₹2841.85 Lakhs (Previous Year ₹2543.41 Lakhs) and Other Related Parties- Associates ₹5451.74 Lakhs (Previous Year ₹7198.67 Lakhs)

2 Sale of Goods includes LMW Textile Machinery (Suzhou) Co. Ltd ₹2143.33 Lakhs (Previous Year ₹5158.01 Lakhs), Lakshmi Electrical Control Systems Limited ₹2649.78 Lakhs (Previous Year ₹2561.85 Lakhs) , Quattro Engineering India Limited ₹559.85 Lakhs (Previous Year ₹325.56 Lakhs) Super Sales India Ltd ₹1016.19 Lakhs (Previous Year ₹1236.79 Lakhs) and Other related Parties - Associates ₹174.49 Lakhs (Previous Year ₹321.51 Lakhs)

3 Purchase of Fixed Assets includes Super Sales India Limited ₹37.00 Lakhs (Previous year ₹ Nil Lakhs); Lakshmi Energy and Environments Designs Limited ₹27.61 Lakhs (Previous year ₹ Nil Lakhs); Quattro Engineering India Limited ₹ Nil Lakhs (Previous Year ₹127.12 Lakhs); Other Related Parties- Associates ₹ Nil Lakhs (Previous Year ₹9.49 Lakhs)

4 Sale of Fixed Assets includes LMW Textile Machinery (Suzhou) Co. Ltd ₹109.03 Lakhs (Previous Year ₹ Nil Lakhs); Quattro Engineering Ltd ₹238.89 Lakhs (Previous year ₹14.71 Lakhs); Lakshmi Cargo Company Limited ₹ Nil Lakhs (Previous Year ₹385.89Lakhs);Super Sales India Limited ₹ Nil Lakhs (Previous Year ₹184.90 Lakhs); and Other Related Parties-Associates ₹ Nil Lakhs (Previous Year ₹0.03 Lakhs)

5 Rendering of Services includes , LMW Textile Machinery (Suzhou)Co. Ltd ₹185.61 Lakhs (Previous Year ₹423.88 Lakhs), Super Sales India Limited ₹20.35 Lakhs (Previous Year ₹32.33 Lakhs); Lakshmi Technology & Engineering Industries Ltd. ₹69.41 Lakhs (Previous year ₹60.91 Lakhs) Quattro Engineering India Limited ₹14.06 Lakhs (previous Year ₹0.03 Lakhs) and Other Related Parties-Associates ₹14.77 Lakhs (Previous Year ₹19.27 Lakhs)

6 Receiving of Services include Lakshmi Ring Travellers (Cbe) Limited ₹548.00 Lakhs (Previous Year ₹547.23 Lakhs); Lakshmi Cargo Company Limited ₹6168.44 Lakhs (Previous Year ₹6659.06 Lakhs); Revantha Services Ltd ₹3294.85 Lakhs (Previous year ₹2345.63 Lakhs); Super Sales India Limited ₹673.36 Lakhs (Previous Year ₹669.92 Lakhs) and Other Related Parties - Associates ₹963.73 Lakhs (Previous Year ₹1291.15 Lakhs)

(All amounts in ₹ Lakhs, unless otherwise stated)

7 Agency arrangement includes Super Sales India Limited ₹1208.08 Lakhs (Previous Year ₹1383.76 Lakhs)

8 Investment in shares include Super Sales India Limited ₹926.66 Lakhs(Previous Year ₹564.41 Lakhs)

9 Contribution to gratuity fund includes Lakshmi Machine Works Limited Employees' Gratuity Fund ₹560.60 Lakhs (Previous Year ₹682.67 Lakhs)

10 Managerial Remuneration includes amount paid to Chairman and Managing Director ₹768.99 Lakhs (Previous Year ₹899.74 Lakhs); Chief Financial Officer ₹47.56 Lakhs (Previous year ₹26.78 Lakhs*); Company Secretary ₹10.60 Lakhs* (Previous year ₹28.31 Lakhs)

11 Outstanding Payables include Lakshmi Cargo Company Limited ₹544.87 Lakhs (Previous Year ₹450.56 Lakhs); Lakshmi Precision Tools Limited ₹415.72 Lakhs (Previous Year ₹384.44 Lakhs); Lakshmi Electrical Drives Limited ₹430.89 Lakhs (Previous Year ₹ Nil Lakhs); Lakshmi Electrical Control Systems Ltd ₹949.01 Lakhs (Previous year ₹1140.17 Lakhs); Super Sales India Limited ₹134.98 Lakhs (Previous Year ₹808.82 Lakhs) Sri. Sanjay Jayavarthanavelu ₹559.05 Lakhs (Previous year ₹687.60 Lakhs) and Other Related Parties -Associates ₹379.38 Lakhs (Previous Year ₹423.10 Lakhs);

12 Outstanding Receivables include LMW Textile Machinery (Suzhou) Co. Ltd ₹2644.93 Lakhs (Previous Year ₹3459.96 Lakhs), Revantha Services Limited ₹85.88 Lakhs (Preivous Year ₹173.28 Lakhs); Lakshmi Technology and Engineering Industries Limited ₹124.79 Lakhs (Previous Year ₹63.87 Lakhs); Quattro Engg India Ltd ₹101.55 Lakhs (Previous year ₹458.06 Lakhs) and Other Related Parties - Associates ₹41.47 Lakhs (Previous Year ₹117.32 Lakhs)

* For part of the year

31.9 EMPLOYEE DEFINED BENEFIT AND CONTRIBUTION PLANS

I. Defined Benefit Plans

Particulars	Gratuity (Funded)			Leave Encashment (Funded)		
	31.03.2017	31.03.2016	01.04.2015	31.03.2017	31.03.2016	01.04.2015
A. Expense recognised in Income Statement						
1. Current Service cost	421.15	418.77	373.68	158.68	132.08	127.27
2. Interest expense on DBO	532.37	501.09	560.54	53.70	50.99	49.68
3. Interest (Income on plan asset)	(539.02)	(522.75)	(576.74)	(66.32)	(53.19)	(50.82)
4. Net Interest	(6.65)	(21.66)	(16.20)	(12.62)	(2.19)	(1.14)
5. Immediate recognition of (gain) / losses	-	-	-	4.58	(119.38)	(71.80)
6. Defined Benefits cost included in P & L	**414.50**	**397.11**	**357.48**	**150.64**	**10.50**	**54.33**
B. Expense recognised in total comprehensive income						
1. Actuarial (gain)/Losses due to financial assumption changes in DBO	84.00	168.57	562.88	9.54	17.80	51.42
2. Actuarial (gain)/Losses due to experience on DBO	119.81	(71.87)	(358.81)	22.97	(68.93)	(89.65)
3. Return on plan assets (Greater) / Less than Discount rate	(36.05)	(11.69)	389.17	(27.94)	(68.26)	(33.57)
4. Total actuarial (gain) / loss included in OCI	167.75	85.01	593.24	-	-	-
5. Cost recognised in P & L	**414.50**	**397.11**	**357.48**	**150.64**	**10.50**	**54.33**
6. Remeasurement effect recognised in OCI	167.75	85.01	593.24	-	-	-
7. Total defined benefit cost	**582.25**	**482.12**	**950.72**	**150.64**	**10.50**	**54.33**
C. Net Asset/(Liability) recognised in the Balance Sheet						
1. Present value of benefit obligation	**7,887.11**	**7,542.75**	**6,907.87**	**906.51**	**778.13**	**720.97**
2. Fair value of plan assets	7,674.43	7,351.73	6,516.30	872.39	767.63	629.71
3. Funded Status [Surplus / (deficit)]	(212.67)	(191.02)	(391.57)	(34.12)	(10.50)	(91.26)
4. Net Asset /(Liability) recognised in balance sheet	**(212.67)**	**(191.02)**	**(391.57)**	**(34.12)**	**(10.50)**	**(91.26)**

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Gratuity (Funded)			Leave Encashment (Funded)		
	31.03.2017	31.03.2016	01.04.2015	31.03.2017	31.03.2016	01.04.2015
D. Change in Present value of the Obligation during the year						
1. Present value of the obligation at beginning of year	7,542.75	6,907.87	6,416.01	778.13	720.97	688.23
2. Current service cost	421.15	418.77	373.68	158.68	132.08	127.27
3. Interest cost	532.37	501.09	560.54	53.70	50.99	49.68
4. Benefits paid	(812.97)	(381.68)	(646.43)	(116.52)	(74.79)	(105.97)
5. Actuarial (gain) / loss on obligation	203.81	96.70	204.07	32.52	(51.13)	(38.23)
6. Present value of obligation at end of the year	**7,887.11**	**7,542.75**	**6,907.87**	**906.51**	**778.13**	**720.97**
E. Reconciliation of opening & closing values of Plan Assets						
1. Fair value of plan assets at the beginning of the year	7,351.73	6,516.30	6,208.93	767.63	629.71	542.97
2. Expected return on plan assets	539.02	522.75	576.74	66.32	53.19	50.82
3. Contributions made	560.60	682.67	766.23	127.02	91.26	108.32
4. Benefits paid	(812.97)	(381.68)	(646.43)	(116.52)	(74.79)	(105.97)
5. Actuarial gain / (loss) on plan assets	36.05	11.69	(389.16)	27.94	68.26	33.57
6. Fair value of plan assets at the end of the year	**7,674.43**	**7,351.73**	**6,516.30**	**872.39**	**767.63**	**629.71**
7. Actual return on plan assets	575.07	534.44	187.57	94.26	121.44	84.38
F. Amounts recognised in Other comprehensive Income						
1. Opening unrecognised losses / (Gains)	678.24	593.24	-	-	-	-
2. Actuarial Loss / (Gains) on DBO	203.81	96.70	204.07	32.52	(51.13)	(38.23)
3. Actuarial Loss / (Gains) on assets	(36.05)	(11.69)	389.17	(27.94)	(68.26)	(33.57)
4. Amortisation Actuarial loss / (Gain)	-	-	-	4.58	(119.38)	(71.80)
5. Total recognised in Other comprehensive income	846.00	678.24	593.24	-	-	-
G. Major categories of plan assets as a percentage of total plan						
1. Qualifying insurance policies	7,649.42	7,324.09	6,408.19	872.39	767.63	629.71
2. Own plan assets-Bank balances	25.01	27.65	108.11	-	-	-
	7,674.43	**7,351.73**	**6,516.30**	**872.39**	**767.63**	**629.71**
H. Actuarial Assumptions						
1. Discount rate	7.29%	7.46%	7.82%	7.29%	7.46%	7.82%
2. Salary escalation	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
3. Attrition rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
4. Expected rate of return on plan assets	7.29%	7.46%	7.82%	7.29%	7.46%	7.82%
5. Mortality rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

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

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

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

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

The company expects to make a contribution of ₹300 Lakhs (as at 31st March 2016: ₹700 Lakhs; as at 31st March 2015 ₹800 Lakhs) to the defined benefit plans during the next financial year.

I. Defined Benefit Plans

Particulars	Gratuity (Funded)			Leave Encashment (Funded)		
	31.03.2017	31.03.2016	01.04.2015	31.03.2017	31.03.2016	01.04.2015
Impact of +1% change in rate of discounting	506.88	490.08	457.46	173.74	47.25	38.27
Impact of -1% change in rate of discounting	(545.90)	(517.34)	(467.86)	59.48	(54.77)	(44.46)
Impact of +1% change in rate of salary increase	(434.70)	(416.31)	(381.64)	97.05	(21.55)	(17.25)
Impact of -1% change in rate of salary increase	442.32	428.78	403.46	143.90	20.84	16.69
Impact of +1% change in rate of attrition	54.16	53.47	49.39	127.31	5.21	3.31
Impact of -1% change in rate of attrition	**(37.53)**	**(26.56)**	**(8.86)**	**113.45**	**(6.01)**	**(3.84)**

The above sensitivity analysis are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

J Brief description of the Plans & risks

These plans typically expose the company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk

The present value of the defined benefit plan liability is calculated using a discount which is determined by reference to market yields at the end of the reporting period on government bonds. Plan investment is a mix of investments in government securities, other debt instruments and equity shares of listed companies.

Interest risk

A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments, if any.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

(All amounts in ₹ Lakhs, unless otherwise stated)

II. DEFINED CONTRIBUTION SCHEMES

Particulars	31.03.2017	31.03.2016	31.03.2015
Provident Fund Contribution	1,073.52	1,070.97	1,029.46

31.10 SEGMENT INFORMATION

Products and services from which reportable segments derive their revenues

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the type of goods or services delivered or provided. The company has chosen to organise the company around differences in products and services. No operating segments have been aggregated in arriving at the reportable segments of the company.

Specifically, the Company is organised into three main reportable segments viz.,(1) Textile Machinery Division (2) Machine Tool Division & Foundry Division and (3) Advanced Technology Centre for Aero Space-Parts & Components

OPERATING SEGMENTS	Textile Machinery Division		Machine Tool & Foundry Division		Advance Technology Centre		Total	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Revenue								
Revenue from external customers	1,96,334.74	2,38,916.71	37,822.90	28,812.54	1,430.23	1,421.19	2,35,587.87	2,69,150.44
Inter Segment Revenue	2,118.95	1,535.65	2,753.85	292.38	-	-	4,872.80	1,828.03
Allocable other income	7,253.52	6,313.35	449.53	434.88	1,264.87	1,045.30	8,967.92	7,793.53
Total Segment Revenue	**2,05,707.21**	**2,46,765.71**	**41,026.28**	**29,539.80**	**2,695.10**	**2,466.49**	**2,49,428.59**	**2,78,772.00**
Less : Inter Segment Revenue							4,872.80	1,828.03
Add : Unallocable other Income							7,730.17	8,194.81
Enterprise revenue							**2,52,285.96**	**2,85,138.78**
Result								
Segment Result	15,677.09	25,043.58	5,029.20	2,248.38	5.27	(710.64)	20,711.56	26,581.32
Less : Unallocable Expenses							1,772.76	1,870.34
Operating Profit							18,938.80	24,710.98
Less : Interest Expenses							37.69	86.95
Incometax expenses (Current)							7,505.46	10,800.00
Incometax expenses (Deferred)							65.41	6.46
Add : Unallocable Other Income							7,730.17	8,194.81
Net Profit after Tax							**19,060.41**	**22,012.38**
Other Information								
Segment assets	1,79,168.59	1,82,860.17	33,933.53	28,835.91	2,191.04	1,850.22	2,15,293.16	2,13,546.30
Add : Unallocable corporate assets							15,919.29	17,275.45
Enterprise Assets							**2,31,212.45**	**2,30,821.75**
Segment Liabilities	68,272.47	73,722.24	7,840.26	6,145.61	1,188.20	549.14	77,300.93	80,416.99
Add : Unallocable corporate liabilities							1,53,911.52	1,50,404.76
Enterprise Liabilities							**2,31,212.45**	**2,30,821.75**
Capital Expenditure	12,693.25	10,057.94	630.31	1,065.72	658.00	345.21	13,981.56	11,468.87
Depreciation	6,385.24	7,151.10	601.36	516.60	486.66	621.41	7,473.26	8,289.11

(All amounts in ₹ Lakhs, unless otherwise stated)

Notes:

1) The accounting policies of the reportable segments are the same as the company's accounting policies. Inter Segment transfers are accounted on cost plus basis vis-a-vis at competitive market price charged to Unaffliated customers for similar goods.
2) Segment profit represents the profit before tax earned by each segment without allocation of unallocable expenses, finance costs and unallocable income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.
3) Segment Revenue,Results,Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

Revenue from major products and services

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Textile Machinery	1,61,286.51	2,04,836.51
Metal cutting including Grinding machines/spares	31,885.59	21,553.94
Castings	5,937.31	7,258.60
Aerospace parts and Components	1,430.23	1421.19
Spares & Accessories	35,048.23	34,080.20
Gross Sales	**2,35,587.87**	**2,69,150.44**

Information about major customers

There is no single customer contributing 10% or more to the company's revenue for both 2016-17 and 2015-16. Included in revenues of ₹2,35,587.87 Lakhs, are revenues approximately ₹6,535.55 Lakhs [Previous year ₹17,771.41 Lakhs] which arose from sale to the company's largest customer.

Segment assets and liabilities

Operating Segment	Segment Assets			Segment Liabilities		
	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Textile machiney division	1,79,168.59	1,82,860.17	1,72,348.16	68,272.48	73,722.21	79,741.29
Machine tool & foundry division	33,933.53	28,835.91	28,924.60	7,840.26	6,145.61	5,965.42
Advanced technology centre	2,191.04	1,850.22	1,002.65	1,188.20	549.14	270.88
Total Segment assets & segment liabilities	**2,15,293.16**	**2,13,546.30**	**2,02,275.41**	**77,300.94**	**80,416.96**	**85,977.59**
Adjustments of unallocated assets and liabilities						
Share capital	-	-	-	1,095.55	1,126.65	1,126.65
Reserves and Surplus	-	-	-	1,52,747.13	1,49,207.81	1,30,025.85
Investments	12,624.31	15,276.03	13,386.44	-	-	-
Advance tax	1,997.67	690.39	255.78	-	-	-
Deferred tax	1,297.31	1,309.03	1,288.29	-	-	-
Unpaid Dividends	-	-	-	68.83	70.33	75.83
Total assets & liabilities as per Balance sheet	**2,31,212.45**	**2,30,821.75**	**2,17,205.92**	**2,31,212.45**	**2,30,821.75**	**2,17,205.92**

Geographical information

The company operates in two principal geographical area, India (country of domicile) and outside India.

The company's revenue from external customers based on location of customers is as per the table below:

Particulars	Revenue from external customers		Non Current Assets		
	Year Ended 31st March 2017	Year Ended 31st March 2016	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Inside India	2,01,015.15	2,13,999.42	74,053.82	66,446.48	53,717.20
Outside India	34,572.72	55,151.02	-	-	-
Total	**2,35,587.87**	**2,69,150.44**	**74,053.82**	**66,446.48**	**53,717.20**

(All amounts in ₹ Lakhs, unless otherwise stated)

31.11 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Board of directors on 22nd May 2017.

31.12 DETAILS OF LEASING ARRANGEMENTS

Particulars	For the year ended 31-Mar-17	For the year ended 31-Mar-16	For the year ended 01-Apr-15
As Lessor			
Operating Lease			
The Company has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period from 3 to 4 years and may be renewed for a further period based on mutual agreement of the parties.			
Future minimum lease payments			
not later than one year	32.09	29.36	6.86
later than one year and not later than five years	37.72	71.57	27.43

31.13 FINANCIAL RISK MANAGEMENT OBJECTIVES

The company's activity exposes itself to variety of financial risk which includes market risk, credit risk, liquidity risk, interest rate risk and price risk. The Company monitors and manages the above financial risks relating to the operations of the group through internal risk reports which analyses exposures by degree and magnitude of risks. The primary focus is to identify risks and take steps for mitigation of risk or to minimise the potential adverse effects on the financial performance of the Company. The Company does not enter into any derivative financial instruments to hedge risk exposures.

Foreign Currency Risk

The Company undertakes transactions denominated in foreign currencies and consequently has exposure to exchange rate fluctuations. The company operates internationally and a major portion of the international sales transaction are in USD and balance in EUR, purchases from overseas suppliers are in various foreign currencies. The exposure at the end of the reporting period does not reflect the transaction during the year and there is a natural hedge in the currency for USD and EUR. The exchange rate between INR and other currency does have an impact on the business. The company is a net exporter and export realisation combined with a depreciating INR has given the company a net foreign exchange gain.

These exchange rate exposures are not hedged by the Company. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:-

Particulars		Amount in foreign currency			Equivalent INR		
		31.03.2017	31.03.2016	01.04.2015	31.03.2017	31.03.2016	01.04.2015
Sundry creditors	CHF	48,363	60,204	8,093	31.36	41.59	5.19
	EUR	28,82,500	15,77,796	10,88,823	1,999.93	1,189.14	729.14
	GBP	48,740	0	6,972	39.62	0.00	6.45
	JPY	3,12,77,486	3,12,55,707	3,04,27,940	182.04	183.97	158.26
	SGD	33,140	20,894	5,734	15.38	10.27	2.61
	USD	11,64,216	5,75,179	7,82,317	755.09	380.63	487.66
	SEK	85,000	0	0	6.16	0.00	0.00
Sundry Debtors	USD	1,45,23,842	1,82,84,382	2,03,67,425	9,535.07	12,193.09	12,747.97
	EUR	2,55,767	1,57,193	2,05,696	180.35	115.51	138.87
Cash and Bank Balances	KES	0	0	57,557	0.00	0.00	0.39
	BDT	359	4,46,526	1,47,555	0.01	3.77	1.21
	IDR	2,544	0	1,09,86,266	0.30	0.00	5.29
	USD	18,682	42,930	700	12.11	28.44	0.44
	TRY	0	833	20,329	0.01	0.20	4.84
	VND	0	1,19,45,086	0	0.01	0.35	0.00

The Company is mainly exposed to USD and EUR.

(All amounts in ₹ Lakhs, unless otherwise stated)

Foreign currency sensitivity analysis

Particulars	31.03.2017	31.03.2016	01.04.2015
Sundry creditors			
USD	755.09	380.63	487.66
Euro	1,999.93	1,189.14	729.14
Sundry Debtors			
USD	9,535.07	12,193.09	12,747.97
Euro	180.35	115.51	138.87
Net receivable			
USD	8,779.98	11,812.46	12,260.31
Euro	(1,819.58)	(1,073.63)	(590.27)
Total	**6,960.40**	**10,738.83**	**11,670.04**
Impact on profit : 5% increase in currency rate	348.02	536.94	583.50
Impact on profit : 5% decrease in currency rate	(348.02)	(536.94)	(583.50)

Interest rate risk – The Company holds interest bearing assets in the form of fixed deposits with banks. The variation in interest risks is managed by distributing deposits among wide base of banks and financial institutions.

The company do not have any debts and therefore any fluctuation in market interest rates may not affect the cashflow/profitability position of the company in terms of debts servicing.

Interest rate sensitivity analysis

Particulars	31.03.2017	31.03.2016	01.04.2015
Fixed deposits in Banks	1,00,189.34	1,00,902.19	90,504.26
Impact on profit :increase of 25 basis points	250.47	252.26	226.26
Impact on profit : decrease of 25 basis points	(250.47)	(252.26)	(226.26)

Price risk – Holding marketable financial assets expose the company to risk of price fluctuation. Price escalations will have insignificant impact on carrying amounts of respective financial assets. However, the Company is exposed to equity price risks from equity investments. Certain of the Company's equity investments are held for startegic rather than trading purposes.

Price sensitivity analysis

Particulars	31.03.2017	31.03.2016	01.04.2015
Fair value of Equity investments	6,110.64	8,762.36	6,872.77
Impact on Other Comprehensive Income : Increase by 5%	305.53	438.12	343.64
Impact on Other Comprehensive Income : Decrease by 5%	(305.53)	(438.12)	(343.64)

Credit risk - Credit risk arises from the risk of default on its obligation by the counterparty resulting in financial loss, such as cash and cash equivalents, and outstanding receivables.

Credit risk on cash and cash equivalents is considered negligible as the company generally invests in fixed deposits with reputable banks. They are not impaired or past due for each of the reporting dates

Credit risk on outstanding receiviables is the exposure to billed receivable and are normally unsecured and derived from revenue earned from customer mostly from India. Credit risk is managed by the company through credit approvals and continously monitoring the credit worthiness of the customer to which the company grants credit in the normal course of business. The company applied simplified approach of estimated credit loss for trade receivable, which provide for expected credit loss based on life-time expected losses. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The Company does not have any significant credit risk exposure to any single counterparty.

(All amounts in ₹ Lakhs, unless otherwise stated)

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Liquidity risk – Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The company's pricincipal source of liquidity is from cash and cash equivalent and the cash flow from operations. The company does not have any external borrowings from banks or any other financial institution. The company believes that the working capital through internal accurals is suffcient to meet its current requirements and hence the Company does not perceive any such risk.

The contractual maturities of company's financial liablities are :

	31.03.2017	31.03.2016	01.04.2015
Trade payable	32,708.81	29,498.79	30,920.19
Less than one year	32,708.81	29,498.79	30,920.19
Others	-	-	-
Other liabilities	7,991.65	9,556.66	7,402.42
Less than one year	7,991.65	9,556.66	7,402.42
Others	-	-	-

Capital management – The company's objective is to safeguard its financial stability, financial independence and its ability to continue as a going concern in order to generate returns for the shareholders and benefits for the other stake holders. The company incentivise the shareholders by paying optimum and regular dividends.

The Company determines the amount of capital required on the basis of annual operating plans and other strategic investment plans. The funding requirements are met through internally generated funds . The Company does not have any borrowings in its capital portfolio.

31.14 FIRST TIME IND AS ADOPTION RECONCILIATIONS:

Reconciliation of total equity as at March 31 2016 and April 1 2015

	NOTES	As at 31.03.2016 (End of last period presented under previous GAAP)	As at 01.04.2015 (Date of transition)
Total equity (shareholders' funds) under previous GAAP		**142614.21**	**1,26,046.85**
Adjustments:			
Fair valuation of investments under IND AS (net of tax)	1	**2,816.05**	**503.52**
Dividends not recognised as liability until declared under IND AS	2	5,424.14	5,085.14
Deferred tax on IND AS adjustments	3,4	365.72	315.16
Effect of incremental provision on account of expected credit loss	4	(978.43)	(910.93)
Change in Revenue recognition policy and its costs in line with Ind AS	5	92.77	112.76
Total adjustments to equity		7,720.25	5,105.65
Total equity under IND AS		**1,50,334.46**	**1,31,152.50**

(All amounts in ₹ Lakhs, unless otherwise stated)

Reconciliation of total comprehensive income for the year ended Mar 31, 2016

Particulars	NOTES	Year ended March 31, 2016		
		Statement of profit and loss	Other Comprehensive income	Total
Profit after taxes as per previous GAAP		**21,991.50**	**0**	**21,991.50**
Adjustments:				
Fair valuation of investments under IND AS (net of tax)	1	0	2,312.53	2,312.53
Deferred tax on IND AS adjustments	3,4	23.36	27.20	50.56
Remeasurement of post-employment defined benefit plans	3	85.01	(85.01)	-
Effect of incremental provision on account of expected credit loss	4	(67.50)	0	(67.50)
Change in Revenue recognition policy and its costs in line with Ind AS	5	(19.99)	0	(19.99)
Total effect of transition to IND AS		**20.88**	**2,254.72**	**2,275.60**
Total comprehensive income under IND AS		**22,012.38**	**2,254.72**	**24,267.10**

Notes to reconciliation

1. Under previous GAAP, long terms investments were measured at cost less diminution in value which is other than temporary. Under IND AS, these financial assets have been classified as FVTOCI. On the date of transition to IND AS, these financial assets have been measured at their fair value which is higher than the cost as per previous GAAP, resulting in an increase in the carrying amount by ₹2,312.53 Lakhs as at March 31st, 2016 and by ₹503.52 Lakhs as at April 1st, 2015. There is no deferred tax liability recognised considering that there will be no tax liability in the future. The net effect of these changes is an increase in total equity as at March 31, 2016 of ₹2,816.05 Lakhs (₹503.52 Lakhs as at April 1, 2015). These changes do not affect profit before tax or total profit for the year ended March 31, 2016 because the investments have been classified as FVTOCI.
2. Under previous GAAP, dividends on equity shares recommended by the Board of Directors after the end of the reporting period but before the financial statements were approved for issue were recognised in the financial statements as a liability. Under IND AS, such dividends are recognised when declared by the members in a General Meeting. The effect of this change is an increase in total equity as at March 31, 2016 of ₹5,424.14 Lakhs (₹5,085.14 Lakhs as at April 1, 2015), but does not affect profit before tax and total profit for the year ended March 31, 2016.
3. Under previous GAAP, actuarial gains and losses were recognised in profit or loss. Under IND AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability/asset which is recognised in Other comprehensive income. Consequently, the tax effect of the same has also been recognised in Other comprehensive income under IND AS instead of profit or loss. Actuarial losses for the year ended March 31, 2016 were ₹85.01 Lakhs and the tax effect thereon is ₹27.20 Lakhs. The effect of this change is increase in profit by ₹85.01 Lakhs and equity by ₹57.81Lakhs.
4. Under the previous GAAP, provision for doubtful debts on trade receivables were carried on the basis of an incurred loss model. As per Ind AS, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result there is an increase in the amount of allowance for doubtful debts and corresponding deferred tax has also been recognised. The net effect of this change is a decrease in total equity as at March 31, 2016 of ₹44.14 Lacs (₹595.67 Lacs as at April 1, 2015) and decrease in total profit for the year ended March 31, 2016 of ₹44.14 Lacs

(All amounts in ₹ Lakhs, unless otherwise stated)

5. Under the previous GAAP, the company recorded revenue based on the delivery of the finished product. However under IND AS, revenue needs to be recognised on the basis of POCM relating to the job work services done by the company. The effect of this change is an increase in total equity as at March 31, 2016 of ₹92.77 Lacs (₹112.76 Lacs as at April 1, 2015)

31.15

Previous years' figures have been restated to comply with IND AS to make them comparable with the current period. Further, previous years' figures have been regrouped / reclassified, wherever necessary, to conform with the current period presentation.

For and on behalf of the Board of Directors

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

S.Pathy
Director
DIN: 00013899

C.B.Chandrasekar
Chief Financial Officer

C.R. Shivkumaran
Company Secretary

Place : Coimbatore
Date : 22nd May 2017

In terms of our report attached

For S.Krishnamoorthy & Co
Firm Registration No.001496S
Chartered Accountants

Per K.Raghu
Partner
Membership No. 11178

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

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

FORM AOC I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014
Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures
(Information containing salient featues of the financial statement of wholly owned subsidiary)

Part A : Subsidiaries

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

[₹ in Lakhs]

1.	Sl. No.	:	1
2.	Name of the subsidiary	:	LMW Textile Machinery (Suzhou) Co. Ltd
3.	The date since when subsidiary was acquired	:	04.09.2008
4.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	:	1st January 2016 to 31st December 2016 (1st April 2016 to 31st March 2017- For consolidation purpose)
5.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	:	RMB (Chinese Yuan); Closing Exchange rate as at 31st March 2017 - 1 RMB = ₹9.4512 (Previous year ₹10.2682)

		31.3.2017	31.3.2016
6.	Share capital	6,513.67	6,513.67
7.	Reserves & Surplus	1,588.75	3,018.24
8.	Total assets	14,315.02	18,761.29
9.	Total liabilities	14,315.02	18,761.29
10.	Investments	0.00	0.00
11.	Turnover	8,803.43	16,150.09
12.	Profit before taxation	(703.49)	640.72
13.	Provision for taxation	33.03	145.65
14.	Profit after taxation	(736.52)	495.07
15.	Proposed Dividend	0.00	0.00
16.	Extent of shareholding [In %]	100%	100%
17.	Names of subsidiaries which are yet to commence operations	Not applicable	
18.	Names of subsidiaries which have been liquidated or sold during the year	Not applicable	

Part B : Associates and Joint ventures

Statement pursuant to section 129(3) of the Companies act, 2013 related to Assoicate Companies and Joint ventures

Not Applicable

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

In terms of our report attached

For and on behalf of the Board of Directors

For S.Krishnamoorthy & Co
Firm Registration No.001496S
Chartered Accountants

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

S.Pathy
Director
DIN: 00013899

Per K.Raghu
Partner
Membership No. 11178

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

C.B.Chandrasekar
Chief Financial Officer

C.R. Shivkumaran
Company Secretary

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

Place : Coimbatore
Date : 22nd May 2017

CONSOLIDATED
FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Members of Lakshmi Machine Works Limited
Report on the Consolidated IND AS Financial Statements

We have audited the accompanying Consolidated IND AS Financial Statements of **Lakshmi Machine Works Limited** ("the Holding Company") and its subsidiary (collectively referred to as "the Company" or "the Group"), comprising of the consolidated balance sheet as at **31 March 2017**, the consolidated statement of profit and loss, the consolidated Statement of cash flows and the consolidated statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated IND AS Financial Statements").

Management's Responsibility for the Consolidated IND AS Financial Statements

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

Auditors' Responsibility

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

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

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated IND AS Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated IND AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the IND AS, of the consolidated financial position of the Group, as at **31 March 2017,** and its consolidated financial performance including other comprehensive income, its consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matters

(a) We did not audit the financial statements / financial information of one subsidiary, whose financial statements / financial information reflect total assets of ₹14,315.02 Lakhs as at **31st March, 2017**, total turnover of ₹8,803.43 Lakhs and net cash flows amounting to ₹1,294.90 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹736.52 Lakhs for the year ended **31st March, 2017** as considered in the consolidated financial statements, in respect of subsidiary whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

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

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

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

   (c) The consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of cash flows and the consolidated statement of changes in equity, dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated IND AS Financial Statements.

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

   (e) On the basis of the written representations received from the directors of the Holding Company as on **31 March 2017** taken on record by the Board of Directors of the Holding Company none of the Directors of the Holding company incorporated in India is disqualified as on **31 March 2017** from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.

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

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

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 31.2 to the consolidated IND AS financial statements;

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

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

      iv. The company has provided requisite disclosures in its Standalone IND AS Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these disclosures are in accordance with the books of accounts maintained by the company.—Refer Note 10(a) to the Consolidated IND AS Financial Statements

For S.Krishnamoorthy & Co
Firm Registration No.001496S
Chartered Accountants

Per K.Raghu
Partner
Membership No. 11178

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

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

Place : Coimbatore
Date : 22nd May 2017

ANNEXURE - A TO THE AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of **LAKSHMI MACHINE WORKS LIMITED**, the holding company incorporated in India, as of **31st March 2017** in conjunction with our audit of the consolidated IND AS Financial Statements of the Company for the year ended on that date. The Holding company does not have any subsidiary company which is a company incorporated in India.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company incorporated in India has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.Krishnamoorthy & Co
Firm Registration No.001496S
Chartered Accountants

Per K.Raghu
Partner
Membership No. 11178

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

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

Place : Coimbatore
Date : 22nd May 2017

CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	As at 31.03.2017	As at 31.03.2016	As at 01/04/2015
ASSETS				
Non-current assets				
Property, Plant and Equipment	4	51,138.57	45,525.31	43,068.61
Capital work-in-progress	4	554.48	768.56	624.12
Intangible assets	5	866.01	844.12	802.53
Financial Assets				
(i) Investments	6	6,110.64	8,762.36	6,872.77
(ii) Other financial assets	11	14,924.10	9,727.75	1,808.36
Deferred tax assets (net)	7	1,297.31	1,309.03	1,288.29
Total Non - Current Assets		**74,891.11**	**66,937.13**	**54,464.68**
Current assets				
Inventories	8	36,396.03	33,871.12	31,821.93
Financial Assets				
(i) Trade receivables	9	19,006.97	23,644.76	20,674.79
(ii) Cash and cash equivalents	10(a)	4,085.72	3,302.18	6,542.07
(iii) Bank balances other than (ii) above	10(b)	88,209.34	93,449.19	90,504.26
(iv) Other financial assets	11	3,857.75	4,019.25	4,298.09
Current Tax Assets (Net)	12	1,997.67	632.37	255.78
Other current assets	13	8,236.33	13,872.80	15,296.90
Total Current Assets		**1,61,789.81**	**1,72,791.67**	**1,69,393.82**
Total Assets		**2,36,680.92**	**2,39,728.80**	**2,23,858.50**
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	14	1,095.55	1,126.65	1,126.65
Other Equity	15	1,54,744.58	1,52,319.77	1,32,252.54
Equity attributable to owners of the Company		1,55,840.13	1,53,446.42	1,33,379.19
Total equity		**1,55,840.13**	**1,53,446.42**	**1,33,379.19**
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Other non-current liabilities	16	10,021.29	10,134.49	13,447.91
Total Non - Current Liabilities		**10,021.29**	**10,134.49**	**13,447.91**
Current liabilities				
Financial Liabilities				
(i) Trade payables	17	34,496.91	33,284.28	33,642.35
(ii) Other financial liabilities	18	8,491.31	9,988.49	7,888.74
Provisions	19	674.00	694.88	945.35
Other current liabilities	20	27,157.28	32,180.24	34,554.96
Total Current Liabilities		**70,819.50**	**76,147.89**	**77,031.40**
Total Liabilities		**80,840.79**	**86,282.38**	**90,479.31**
Total Equity and Liabilities		**2,36,680.92**	**2,39,728.80**	**2,23,858.50**

See accompanying notes to financial statements 31

In terms of our report attached

For and on behalf of the Board of Directors

For S.Krishnamoorthy & Co
Firm Registration No.001496S
Chartered Accountants

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

S.Pathy
Director
DIN: 00013899

Per K.Raghu
Partner
Membership No. 11178

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

C.B.Chandrasekar
Chief Financial Officer

C.R. Shivkumaran
Company Secretary

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

Place : Coimbatore
Date : 22nd May 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	Year ended 31st March 2017	Year ended 31st March 2016
INCOME			
Revenue from operations	21	2,49,920.62	2,86,306.99
Other income	22	8,845.21	9,326.50
Total income		2,58,765.83	2,95,633.49
EXPENSES			
Cost of materials consumed	23	1,55,796.92	1,81,459.35
Purchase of stock in trade		-	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	880.23	(1,529.21)
Employee benefit expense	25	25,166.45	25,258.49
Depreciation and amortisation expense	26	7,987.39	8,810.91
Impairment loss on financial assets	27	39.34	1.54
Other expenses	28	42,138.75	47,346.22
Finance costs	29	41.94	102.12
Total expenses		2,32,051.02	2,61,449.42
Profit before exceptional items and tax		26,714.81	34,184.07
Exceptional items	31.6	470.14	498.36
Profit before tax after exceptional items		26,244.67	33,685.71
Tax expense	30		
Current tax	30.1	7,333.03	10,945.66
Deferred tax	30.1	65.41	6.46
Prior year taxes	30.1	205.46	-
Total tax expense		7,603.90	10,952.12
Profit after tax from continuing operations for the year		18,640.77	22,733.59
Other comprehensive income			
Items that will not be reclassified to Profit and loss			
Changes in Fair value of FVTOCI equity instruments		1,411.24	2,312.53
Profit on realisation of equity instruments		2,414.28	-
Remeasurement of post-employment defined benefit plans		(167.75)	(85.01)
Income-tax relating to these items		53.68	27.20
Items that will be reclassified to Profit and Loss		-	-
Total Other Comprehensive income to owners of equity		3,711.45	2,254.72
Total Comprehensive income for the year to owners of equity		22,352.22	24,988.31
Basic Earnings per share [In ₹.] [Face value ₹10/- per share]		166.51	201.78
Diluted Earnings per share [In ₹.] [Face value ₹10/- per share]		166.51	201.78

See accompanying notes to financial statements 31

In terms of our report attached

For and on behalf of the Board of Directors

For S.Krishnamoorthy & Co
Firm Registration No.001496S
Chartered Accountants

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

S.Pathy
Director
DIN: 00013899

Per K.Raghu
Partner
Membership No. 11178

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

C.B.Chandrasekar
Chief Financial Officer

C.R. Shivkumaran
Company Secretary

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

Place : Coimbatore
Date : 22nd May 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

Equity Share Capital	Amount
Balance as at 1st April, 2015	1126.65
Changes in equity share capital during the year	0
Balance as at 31st March, 2016	1126.65
Changes in equity share capital during the year	
Buy back of 311,000 equity shares	31.10
Balance as at 31st March, 2017	1095.55

Other Equity

Particulars	Reserves and Surplus					Items of Other comprehensive Income		Total
	Capital Reserves	Capital Redemption Reserve	General Reserve	FCTR	Retained Earnings	Equity Instruments through OCI	Remeasurement of post-employment benefit obligaitons	
Balance as on 1st April, 2015	701.49	110.27	6,491.25	736.67	1,24,212.87	-	-	1,32,252.55
Add: Profit after tax for the year	-	-	-	-	22,733.59	-	-	22,733.59
Less: Transfer to General Reserve	-	-	2,200.00	-	(2,200.00)	-	-	-
Less: Payment of dividends	-	-	-	-	(4,224.94)	-	-	(4,224.94)
Less: Tax on dividends paid	-	-	-	-	(860.20)	-	-	(860.20)
Less: Remeasurement of post-employment benefit obligations [Net of taxes]	-	-	-	-	-	-	(57.81)	(57.81)
Add: Increase in Capital reserve	-	-	-	-	-	-	-	-
Add: Increase in FCTR	-	-	-	164.05	-	-	-	164.05
Add: Other comprehensive income for the year [Net of taxes]	-	-	-	-	-	2,312.53	-	2,312.53
Balance as on 31st March 2016	**701.49**	**110.27**	**8,691.25**	900.72	**1,39,661.32**	**2,312.53**	**(57.81)**	**1,52,319.77**
Add: Profit after tax for the year	-	-	-	-	18,640.77	-	-	18,640.77
Add: Changes in fair value of equity instruments through FVTOCI [net of tax]	-	-	-	-	-	1,411.24	-	1,411.24

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Reserves and Surplus					Items of Other comprehensive Income		Total
	Capital Reserves	Capital Redemption Reserve	General Reserve	FCTR	Retained Earnings	Equity Instruments through OCI	Remeasurement of post-employment benefit obligaitons	
Add: Profit on realisation of equity instruments through FVTOCI	-	-	-	-	-	2,414.28	-	2,414.28
Less: Remeasurement of post-employment benefit obligations [Net of tax]	-	-	-	-	-	-	(114.07)	(114.07)
	701.49	**110.27**	**8,691.25**	900.72	**1,58,302.09**	**6,138.05**	**(171.88)**	**1,74,671.99**
Less: Payment of dividends	-	-	-	-	(4,506.60)			(4,506.60)
Less: Tax on dividends paid	-	-	-	-	(917.54)			(917.54)
Less: Buy-back of equity shares	-	-	-	-	(13,808.40)			(13,808.40)
Less: Transfer to Capital Redemption reserve	-	31.10	(31.10)	-		-	-	-
Less: Transfer to General Reserve			1,900.00	-	(1,900.00)			
Add: Increase in FCTR	-	-	-	(694.87)	-	-	-	(694.87)
Balance as on 31st March 2017	**701.49**	**141.37**	**10,560.15**	**205.85**	**1,37,169.55**	**6,138.05**	**(171.88)**	**1,54,744.58**

See accompanying notes to financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For S.Krishnamoorthy & Co
Firm Registration No.001496S
Chartered Accountants

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

S.Pathy
Director
DIN: 00013899

Per K.Raghu
Partner
Membership No. 11178

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

C.B.Chandrasekar
Chief Financial Officer

C.R. Shivkumaran
Company Secretary

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

Place : Coimbatore
Date : 22nd May 2017

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

PARTICULARS	Year ended 31st March 2017		Year ended 31st March 2016	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit after exceptional items but before tax (VRS Expenses of ₹470.14 Lakhs (P.Y. ₹106.80 Lakhs, Investments written off ₹391.57 Lakhs)		26,244.67		33,685.71
Adjustments for:				
Depreciation and amortisation expense	7,987.39		8,810.91	
Finance costs	41.94		102.12	
Shares buy back costs	135.11		-	
Profit on sale of assets	(1,340.47)		(121.96)	
Loss on sale of assets	13.76		5.98	
Interest income	(6,669.31)		(8,066.54)	
Dividend income	(55.53)		(61.81)	
Investments written off	-		391.57	
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents	(0.15)	112.74	(0.09)	1,060.18
Operating Profit before working capital changes		26,357.41		34,745.89
Adjustments for (increase) / decrease in operating assets				
Trade receivables	4,637.78		(2,969.97)	
Inventories	(2,524.92)		(2,049.19)	
Other financial assets-Non Current	(5,196.35)		(7,919.39)	
Other financial assets- Current	(101.23)		278.84	
Other Current assets	5,636.48		1,424.09	
Adjustments for increase / (decrease) in operating liabilities				
Trade payables	1,212.63		(358.07)	
Other non current liabilities	(113.20)		(3,313.42)	
Current provisions	(20.88)		(250.47)	
Other financial liabilities	(1,497.18)		2,099.75	
Other current liabilities	(5,678.59)	(3,645.46)	(2,416.81)	(15,474.64)
Cash used in/ generated from operations		22,711.95		19,271.25
Taxes paid		(9,020.80)		(11,158.14)
Net Cash used in/generated from operations	[A]	13,691.15		8,113.11
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed assets/Capital Work In Progress		(13,578.24)		(11,954.38)
Proceeds from sale of fixed assets		1,704.61		616.73
Interest received		6,932.04		8,383.87
Dividend received		55.53		61.81
Sale of investments		7,403.90		-
Purchase of Investments		(926.66)		(564.41)
(Increase)/Decrease in Bank balances not considered as cash and cash equivalent		5,239.85		(2,944.93)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

PARTICULARS		Year ended 31st March 2017		Year ended 31st March 2016
Net cash used in investing activities	**[B]**	**6,831.03**		**(6,401.31)**
C. CASHFLOW FROM FINANCING ACTIVITIES				
Dividends paid		**(4,506.60)**		(4,224.94)
Corporate dividend taxes paid		**(917.54)**		(860.20)
Transfer of Unpaid Dividends to IEPF		**(70.21)**		(11.89)
Payment for buy back of shares		**(13,839.50)**		-
Payment for share buy back costs		**(135.11)**		-
Finance cost		**(41.94)**		(102.12)
Net cash used in financing activities	**[C]**	**(19,510.90)**		**(5,199.15)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**1,011.28**		**(3,487.35)**
Cash and cash equivalents at beginning of the period - D		**3,002.29**		6,489.64
Cash and cash equivalents at end of the period - E		**4,013.57**		3,002.29
Net increase / (decrease) in cash and cash equivalents (E-D)		**1,011.28**		**(3,487,35)**
Cash & Cash equivalents as per Balance Sheet		**4,013.72**		**3,002.38**
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents		**(0.15)**		(0.09)
Cash and Cash equivalents as per Cash flow Statement		**4,013.57**		**3,002.29**
Note : Cash and cash equivalents include the following balances not available for use :				
Unpaid dividend warrant account		68.83		70.33

See accompanying notes to financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For S.Krishnamoorthy & Co
Firm Registration No.001496S
Chartered Accountants

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

S.Pathy
Director
DIN: 00013899

Per K.Raghu
Partner
Membership No. 11178

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

C.B.Chandrasekar
Chief Financial Officer

C.R. Shivkumaran
Company Secretary

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

Place : Coimbatore
Date : 22nd May 2017

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1 CORPORATE INFORMATION

Lakshmi Machine Works Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The address of its registered office and principal place of business are disclosed in the introduction to the Annual report. Its shares are listed on two stock exchanges in India, the National Stock Exchange of India [NSE] and the Bombay Stock Exchange [BSE]. The group is engaged in the manufacturing and selling of textile spinning machinery, CNC Machine Tools, Heavy castings and parts and components for Aero space industry. The group caters to both domestic and international markets. The financial statements are approved for issue by the group's Board of Directors on 22nd May 2017.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements have been prepared in accordance with IND AS notified under Sec. 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standard) Rules 2015 and other relevant provisions of the Act. Upto the year ended 31st March 2016, the group prepared its financial statements in accordance with the requirements of the previous Indian GAAP, which includes Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the Companies (Accounting Standards) Rules 2006, Rule 7 of the Companies (Accounts) Rules 2014, provisions of the Companies Act, 2013 to the extent notified and guidelines issued by the Securities and Exchange Board of India. These are the group's first IND AS financial statements. The date of transition to IND AS is 1st April 2015. Refer separate note for the details of first time adoption exemptions availed by the group, on the financial position, financial performance and cash flows.

2.2 Basis of preparation and presentation

These financial statements are prepared in accordance with Indian Accounting Standards (IndAS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013(`Act')(to the extentnotified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS areprescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the group takes into account the characteristics of the asset or liability at the measurement date. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1 (unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date); Level 2 (inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; Level 3 (unobservable inputs for the asset or liability). Fair value in respect of equity financial instruments are the quoted prices of those instruments in the stock exchanges at the measurement date.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the group and entities (including structured entities) controlled by the group and its subsidiaries. Control is achieved when the group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. Thegroup considers all relevant facts and circumstances in assessing whether or not the group's voting rights in an investee are sufficient to give it power, including:

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

- the size of the group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the grouphas, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the group gains control until the date when the group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the groupand to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.3 Property, plant and equipment

Property, plant and equipment 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 recognised as expense or income in the Statement of Profit and Loss. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Property, plant and equipment represent a significant proportion of the asset base of the group.The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of group's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end with the effect of any changes in estimate accounted for on a prospective basis. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method.

Estimated useful lives of the tangible assets are as follows:		
Buildings	50-60	years
Plant and Equipment	7-15	years
Wind Mills	22	years
Furniture & fixtures	8-10	years
Vehicles	6-8	years
Office Equipments	7-15	years

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

An item of property , plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

For transition to IND AS, the group has elected to continue with the carrying value of all of its property, plant and equipment recognised as of 1st April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.4 Investment Property

Investment properties are properties held to earn rentals and / or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with IND AS 16's requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.5 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Estimated useful lives of the intangible assets are as follows:		
Technical Know how	6	years
Software	6	years

There are no intangible assets having indefinite useful life

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise. Gains or losses arising from the dercognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

For transition to IND AS, the group has elected to continue with the carrying value of all of its intangible assets recognised as of 1st April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.6 Impairment of assets

A tangible or intangible asset is treated as impaired when the carrying amount of the asset exceeds its estimated recoverable value. Carrying amounts of tangible or intangible 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 recognised as an impairment loss. The impairment loss, if any, recognised in prior accounting period is reversed if there is a change in estimate of recoverable amount.

2.7 Financial Instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than Financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilites, as appropriate, on initial recognitiion. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.8 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss. All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Investments in equity instruments at FVTOCI

On initial recognition, the group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

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- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

The group has equity investments iwhich are not held for trading and has elected the FVTOCI irrevocable option for all the equity investments.

Dividends on these investments in equity instruments are recognised in profit or loss when the group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other income' line item.

Financial assets at fair value through profit or loss (FVTPL)
Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (see note above).

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The group has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets
The group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the group measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

Derecognition of financial assets

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the group retains an option to repurchase part of a transferred asset), the group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

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- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

2.9 Financial liabilities and equity instruments

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the group, and commitments issued by the group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument. A financial liability other than a financial liability held for trading or contingent consideration recognised by the group as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109,

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.10 Valuation of Inventories

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

2.11 Translation of Foreign Currency Transactions:

In preparing the financial statements of the group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of

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each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

2.12 Recognition of Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances and rebates. The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The group uses the percentage-of-completion method in accounting for its fixed-price contracts relating to job work charges and delivery of products at work in progress stage. Use of the percentage-of-completion method requires the group to estimate the services performed to date as a proportion of the total services to be performed.

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement provided that it is probable that the economic benefits will flow to the group and the amount of revenue can be measured reliably.Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the group and he amount of income can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably. Interest income is accrued on a time basis, reference to principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on intial recognition.

Export incentives are recognised when the right to receive payment/credit is established and no significant uncertainty as to measurability or collectability exists. Revenue from carbon credits/REC entitlements are recognised on delivery thereof or sale of rights therein, as the case may be, in terms of the contract with the respective buyer.

2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

2.14 Dividends

Final dividend on shares are recorded as a liability on the date of approval by the shareholders at the annual general meeting and interim dividend are recorded as a liability on the date of declaration by the group's Board of Directors.

2.15 Earnings per Share:

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

2.16 Employee Benefits:

Short term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

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Defined Contribution Plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Defined Benefit Plans

For defined benefit retirement benefit plans, the cost of providing benefits is 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, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassifed to profit or loss. Past services cost is recognised in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements); net interest expense or income and remeasurement. The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the consolidate balance sheet represents the actual deficit or surplus in the group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from plans or reductions in future contributions to the plans. A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.17 Research and Development

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

2.18 Taxes on Income

Income tax expense comprises current and deferred income tax.

Current Tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date. The group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year.

Deffered Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and Deferred Tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Deferred Tax on Undistributed Earnings

When only a portion of undistributed earnings is remitted to the parent entity by its subsidiary, the parent recognise a deferred tax liability only for the portion of the undistributed earnings expected to be remitted in the foreseeable future. No deferred tax has been provided for the undistributed earnings of the wholly owned subsidiary group as these are considered permanently employed in the business of the group.

Deferred Tax on Unrealised Profits

The intragroup elimination is made as a consolidation adjustment and not in the financial statements of any individual reporting entity. Therefore, the elimination will result in the creation of a temporary difference, as far as the group is concerned, between the carrying amount of the inventories in the consolidated financial statements and the tax base (assumed to be the carrying amount in the purchaser's individual financial statements). The deferred tax effects arising in respect of this temporary difference is recognised. The tax rate used while recognising the deferred tax balance arising from the elimination of unrealised profits on intragroup transactions is determined by reference to the tax rate in the purchaser's jurisdiction where the temporary difference will reverse.

2.19 Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognised 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 recognised but are disclosed in the notes to financial statements. Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable. Provisions, contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Present obligations, legal or constructive, arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the group's obligation.

2.20 Cash Flow Statement and Cash and Cash equivalents

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

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.21 Segment Reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the group's Chief Executive Officer (CEO), who is the Chief Operating Decision Maker (CODM), to make decisions about resources to be allocated to the segments and assess their performance. Information reported to the CODM for the purpose of resource allocation and assessment of segment performance focuses on the type of goods or services delivered or provided.

The group has three reportable segments, viz., Textile Machinery Division, the Machine Tool Division / Foundry and the Advanced Technology Centre, which are the group's stategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of these business units, the group's CODM reviews internal management reports. Performance is measured based on segment profit before tax, as included in the internal management reports, that are reviewed by the group's CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on arm's length basis.

2.22 Leases

Assets given on leases where substantial risks and rewards incidental to ownership of the asset are not transferred to the lessee are classified as operating leases. Lease income from such operating leases is recognised on straight line basis over the lease term. Depreciation on such leased assets is charged as per the normal depreciation policy of the group for similar assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.23 First-time adoption- mandatory exceptions, optional exemptions

Overall principle

Thegroup has prepared the opening balance sheet as per IND AS as of 1st April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by IND AS, not recognising items of assets or liabilities which are not permitted by IND AS, by reclassifying items from previous GAAP to IND AS as required under IND AS, and applying IND AS in measurement of recognised assets and liabilities. However this principle is subject to the certain exception and certain optional exemptions availed by the group as detailed below.

Impairment of financial assets

Thegroup has applied the impairment requirements of IND AS 109 retrospectively; however, as permitted by IND AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the group has not undertaken an exhaustive search for information when determining, at the date of transition to IND AS, whether there have been significant increases in credit risk since initial recognition, as permitted by IND AS 101

Past business combinations

The group has elected not to apply IND AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of 1st April 2015. Consequently, The group has kept the same classifcation for the past business combinations as in its previous GAAP financial statements;

The group has not recognised assets and liabilities that were not recognised in accordance with previous GAAP in the balance sheet of the acquirer and would also not qualify for recognition in accordance with IND AS in separate balance sheet of the acquiree;

The group has excluded from its opening balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under IND AS;

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

The effects of the above adjustments have been given to the measurement of non-controlling interests and deferred tax.

Deemed cost of property, plant and equipment and intangible assets

The group has elected to continue with the carrying value of all its property, plant and equipment and intangible assets, recognised as of 1st April 2015 (transition date), measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Determining whether an arrangement contains a lease

The group has applied Appendix C of IND AS 17 Determining whether an Arrangement contains a lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

Equity Investmens at FVTOCI

The group has designated investment in all equity shares as at FVTOCI on the basis of facts and circumstances that existed at the transition date.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in note. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and,if material, their effects are disclosed in the notes to the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about such estimates and judgments are included in the relevant notes together with the basis of calculation for relevant line item in the financial statements. Estimates and judgments are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

(All amounts in ₹ Lakhs, unless otherwise stated)

4. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Carrying amounts of:			
Freehold land	**8,745.05**	8,747.13	5,711.36
Buildings	**12,087.83**	10,758.46	10,737.30
Plant and Equipment	**28,842.85**	24,326.69	25,067.93
Furniture and fixtures	**545.29**	602.27	472.03
Vehicles	**688.74**	827.46	808.69
Office Equipment	**228.81**	263.30	271.30
Total	**51,138.57**	**45,525.31**	**43,068.61**
Capital Work-in-progress	**554.48**	768.56	624.12
Total	**554.48**	**768.56**	**624.12**
Total	**51,693.05**	**46,293.87**	**43,692.73**

Particulars	Freehold land	Buildings	Plant & Equipment	Furniture & fixtures	Vehicles	Office Equipments	Total	Capital Work in progress
Cost or deemed cost								
Balance at 1st April 2015	**5,711.36**	**10,737.30**	**25,067.93**	**472.03**	**808.69**	**271.30**	**43,068.61**	**624.12**
Additions	3,055.80	807.74	6,966.54	291.78	274.10	190.28	11,586.24	446.29
Eliminated on disposals of assets	(0.02)	-	(2,082.80)	(0.06)	(243.17)	(0.56)	(2,326.61)	-
Balance at 31st March 2016	**8,767.14**	**11,545.04**	**29,951.67**	**763.75**	**839.62**	**461.02**	**52,328.24**	**1,070.41**
Additions	84.84	2,183.00	11,086.58	312.54	41.94	104.35	13,813.25	-
Eliminated on disposals of assets	(86.92)	-	(7,312.15)	(32.66)	(2.64)	(283.52)	(7,717.89)	-
Balance at 31st March 2017	**8,765.06**	**13,728.04**	**33,726.10**	**1,043.63**	**878.92**	**281.85**	**58,423.60**	**1,070.41**
Accumulated depreciation and impairment								
Balance at 1st April 2015	-	-	-	-	-	-	-	-
Eliminated on disposals of assets	-	-	(1,641.54)	(0.06)	(183.71)	(0.55)	(1,825.86)	-
Depreciation Expense	20.01	786.58	7,266.52	161.54	195.87	198.27	8,628.79	-
Balance at 31st March 2016	**20.01**	**786.58**	**5,624.98**	**161.48**	**12.16**	**197.72**	**6,802.93**	**-**
Eliminated on disposals of assets	-	-	(7,130.60)	(30.23)	(2.51)	(181.75)	(7,345.09)	-
Depreciation Expense	-	853.63	6,383.77	367.09	180.53	37.07	7,822.09	-
Balance at 31st March 2017	**20.01**	**1,640.21**	**4,878.15**	**498.34**	**190.18**	**53.04**	**7,279.93**	**-**
Carrying Amount								
Balance at 1st April 2015	**5,711.36**	**10,737.30**	**25,067.93**	**472.03**	**808.69**	**271.30**	**43,068.61**	**624.12**
Additions	3,055.80	807.74	6,966.54	291.78	274.10	190.28	11,586.24	446.29
Eliminated on disposals of assets	(0.02)	-	(441.26)	-	(59.46)	(0.01)	(500.75)	(301.85)
Depreciation expense	(20.01)	(786.58)	(7,266.52)	(161.54)	(195.87)	(198.27)	(8,628.79)	-
Balance at 31st March 2016	**8,747.13**	**10,758.46**	**24,326.69**	**602.27**	**827.46**	**263.30**	**45,525.31**	**768.56**
Additions	84.84	2,183.00	11,086.58	312.54	41.94	104.35	13,813.25	208.12
Eliminated on disposals of assets	(86.92)	-	(186.65)	(2.43)	(0.13)	(101.77)	(377.90)	(422.20)
Depreciation expense	-	(853.63)	(6,383.77)	(367.09)	(180.53)	(37.07)	(7,822.09)	-
Balance at 31st March 2017	**8,745.05**	**12,087.83**	**28,842.85**	**545.29**	**688.74**	**228.81**	**51,138.57**	**554.48**

(All amounts in ₹ Lakhs, unless otherwise stated)

PROPERTY, PLANT AND EQUIPMENTS INCLUDE

Particulars	Gross Block	Depreciation for the year	Accumulated Depreciation	Net Block
Assets leased out as on 31.03.2017				
Buildings	328.42	14.81	215.70	112.72
Machinery	1,300.00	241.84	605.48	694.52
Total	**1,628.42**	**256.65**	**821.18**	**807.24**
Assets leased out as on 31.03.2016				
Buildings	328.42	17.43	200.89	127.53
Machinery	1,300.00	363.64	363.64	936.36
Total	**1,628.42**	**381.07**	**564.53**	**1,063.89**

Income from above leased assets ₹32.09 Lakhs is grouped in Rent receipts (Previous Year ₹80.86 Lakhs)

5 INTANGIBLE ASSETS

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Carrying amounts of:			
Technical Knowhow	**461.51**	533.26	655.56
Software	**404.50**	310.86	146.97
Total	**866.01**	**844.12**	**802.53**

Particulars	Technical Knowhow	Software	Total
Cost or deemed cost			
Balance at 1st April 2015	**655.56**	**146.97**	**802.53**
Additions	-	223.71	223.71
Eliminated on disposals of assets	-	-	-
Balance at 31st March 2016	**655.56**	**370.68**	**1,026.24**
Additions	38.83	148.36	187.19
Eliminated on disposals of assets	-	-	-
Balance at 31st March 2017	**694.39**	**519.04**	**1,213.43**
Accumulated depreciation and impairment			
Balance at 1st April 2015			
Eliminated on disposals of assets	-	-	-
Amortisation Expense	122.30	59.82	182.12
Balance at 31st March 2016	**122.30**	**59.82**	**182.12**
Eliminated on disposals of assets	-	-	-
Amortisation Expense	110.58	54.72	165.30
Balance at 31st March 2017	**232.88**	**114.54**	**347.42**
Carrying Amount			
Balance at 1st April 2015	**655.56**	**146.97**	**802.53**
Additions	-	223.71	223.71
Eliminated on disposals of assets	-	-	-
Amortisation Expense	(122.30)	(59.82)	(182.12)
Balance at 31st March 2016	**533.26**	**310.86**	**844.12**
Additions	38.83	148.36	187.19
Eliminated on disposals of assets	-	-	-
Amortisation Expense	(110.58)	(54.72)	(165.30)
Balance at 31st March 2017	**461.51**	**404.50**	**866.01**

(All amounts in ₹ Lakhs, unless otherwise stated)

6. INVESTMENTS

Particulars	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Non-current						
a) Investment in quoted equity instruments (fully paid up)						
Cholamandalam Investment & Finance Co. Limited	3,42,562	3,303.84	3,42,562	2,444.01	3,42,562	2,070.94
Lakshmi Automatic Loom Works Limited	4,41,110	97.04	4,41,110	85.13	4,41,110	85.13
Pricol Ltd	24,975	19.81	24,975	10.75	24,975	21.92
Rajshree Sugars & Chemicals Limited	1,00,000	62.25	1,00,000	38.55	1,00,000	19.05
The Lakshmi Mills Company Limited	26,916	678.28	26,916	564.83	26,916	534.82
JSW Steel Limited	-	-	3,89,647	4,989.62	3,89,647	3,536.63
Indian Bank	69,562	194.43	69,562	72.83	69,562	120.31
Super Sales India Ltd	3,00,000	1,754.85	1,50,000	556.50	-	-
Investment in unquoted equity instruments (fully paid up) [At fair values]						
Pugoda Textiles Lanka Ltd, Sri Lanka (Shares vested with Govt. of Sri Lanka for compensation)		-	-	-	67,50,000	483.83
Sharada Chambers Premises Co-op Society Ltd	5	0.01	5	0.01	5	0.01
Lakshmi Machine Works Employees Co-op Stores Ltd	500	0.05	500	0.05	500	0.05
REPCO Bank	750	0.08	750	0.08	750	0.08
Total		**6,110.64**		**8,762.36**		**6,872.77**
Total Non-current investments		**6,110.64**		**8,762.36**		**6,872.77**
Aggregate book value of quoted investments		2,061.71		6,449.70		5,885.30
Aggregate market value of quoted investments		6,110.50		8,762.23		6,388.81
Aggregate book value of unquoted investments		0.14		0.14		483.97
Aggregate amount of impairment in the value of investments		-		-		-
Category-wise investments - as per IND AS 109 classification						
Financial assets carried at fair value through profit or loss (FVTPL)		-		-		483.83
Financial assets carried at amortised cost		-		-		-
Financial assets carried at fair value through Other Comprehensive Income (FVTOCI)		6,110.64		8,762.36		6,388.94
Total		**6,110.64**		**8,762.36**		**6,872.77**

Investments in Pugoda Textiles Lanka Limited has been written off during 2015-16 for ₹391.57 Lakhs. The shares of Pugoda Textiles Lanka Ltd were vested with the Government of Sri lanka for compensation, the carrying amount of investment net of compensation awarded by the Compensation Tribunal of Sri lanka has been written off and the compensation receivable of ₹92.26 Lakhs is recognised as income receivable. However the company has appealed for higher compensation.

(All amounts in ₹ Lakhs, unless otherwise stated)

7. DEFERRED TAX ASSETS (NET)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Deferred Tax assets	1,297.31	1,309.03	1,288.29
Deferred Tax liabilities	-	-	-
Total	1,297.31	1,309.03	1,288.29

2016-17

Particulars	Opening balance	Recognised in profit or loss	Closing balance
On account of VRS	314.54	8.96	323.50
On account of Others (Sec. 35D)	0.15	(0.15)	-
On account of Property, Plant and Equipment	628.53	(154.63)	473.90
On account of Expected credit loss on receivables	338.61	80.42	419.03
On account of actuarial loss	27.20	53.68	80.88
Total	1,309.03	(11.72)	1,297.31

2015-16

Particulars	Opening balance	Recognised in profit or loss	Closing balance
On account of VRS	391.66	(77.12)	314.54
On account of Others (Sec. 35D)	0.30	(0.15)	0.15
On account of Property, Plant and Equipment	581.08	47.45	628.53
On account of Expected credit loss on receivables	315.25	23.36	338.61
On account of actuarial loss		27.20	27.20
Total	1,288.29	20.74	1,309.03

8. INVENTORIES

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Inventories (lower of cost and net realisable value)			
Raw materials	21,655.01	18,941.77	18,515.31
Work in progress	8,931.34	7,747.03	8,190.45
Finished goods	3,544.90	5,609.44	3,636.81
Stores and spares	2,264.78	1,572.88	1,479.36
Total	36,396.03	33,871.12	31,821.93

The cost of inventories recognised as an expense during the year is ₹155,796.92 Lakhs. [Previous year ₹181,459.35 Lakhs]

9. TRADE RECEIVABLES

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Current			
Unsecured, considered good			
From related parties	5,093.93	4,760.96	4,770.96
From others	14,773.02	19,704.44	16,722.93
	19,866.95	24,465.40	21,493.89
Allowance for doubtful debts (Expected credit loss allowance)	859.98	820.64	819.10
Total	19,006.97	23,644.76	20,674.79

(All amounts in ₹ Lakhs, unless otherwise stated)

9. TRADE RECEIVABLES (CONTD.)

Concentration of Risk

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consists of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management considers the credit quality of trade receivables that are not past due or impaired to be good. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The average credit period on sale of goods is 30 days.

Before accepting any new customer, the group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year.

The group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows.

Ageing	Expected Credit loss
Within the credit period	0.35%
30-360 days	2.85%
More than 360 days	33.00%

Age of receivables	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Within the credit period	2,021.96	4,664.19	2,863.40
30-360 days	15,620.03	18,227.50	17,534.26
More than 360 days	2,224.96	1,573.71	1,096.23
Total	**19,866.95**	**24,465.40**	**21,493.89**

Movement in the expected credit loss allowance

Age of receivables	As at 31st March 2017	As at 31st March 2016
Balance at the beginning of the year	**820.64**	**819.10**
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	39.34	1.54
Balance at the end of the year	**859.98**	**820.64**

10(a) CASH AND CASH EQUIVALENTS

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Balances with Banks			
Current account	3,929.23	2,919.15	6,400.66
Deposits held as Margin money	72.16	299.80	52.43
Unpaid dividend account	68.83	70.33	75.83
Cash on hand	15.50	12.90	13.15
Total	**4,085.72**	**3,302.18**	**6,542.07**

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

(All amounts in ₹ Lakhs, unless otherwise stated)

10(a) CASH AND CASH EQUIVALENTS (Contd.)

Disclosure on Specified Bank Notes (SBNs)	SBNs	Other denomination notes	Total
Closing cash in hand as on 8.11.2016	104.26	3.65	107.91
[+] Permitted receipts	-	15.85	15.85
[-] Permitted payments	-	11.66	11.66
[-] Amount deposited in banks	104.26	-	104.26
Closing cash in hand as on 31.12.2016	-	7.84	7.84

10(b) BANK DEPOSITS OTHER THAN ABOVE

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Deposits with more than 3 months but less than 12 months maturity	**88,209.34**	93,449.19	90,504.26
Total	**88,209.34**	**93,449.19**	**90,504.26**

11. OTHER FINANCIAL ASSETS

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Non-current			
Security Deposit	**1,185.38**	1,208.50	971.18
Other advances	**407.44**	359.13	364.48
Bank deposits with more than 12 months maturity	**13,331.28**	8,160.12	472.70
Total	**14,924.10**	**9,727.75**	**1,808.36**
Current			
Interest accrued on bank deposits	**2,600.63**	2,863.36	3,180.69
Income receivable	**1,164.86**	1,063.63	1,117.40
Compensation receivable for shares vested	**92.26**	92.26	-
Total	**3,857.75**	**4,019.25**	**4,298.09**

12. CURRENT TAX ASSETS (NET)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Current tax assets			
Income tax advances	**45,085.28**	37,486.57	26,251.97
Current tax liabilities			
Income tax provisions	**43,087.61**	36,854.20	25,996.19
Total	**1,997.67**	**632.37**	**255.78**

13. OTHER CURRENT ASSETS

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Advance to suppliers and others	3,096.24	5,115.47	5,174.23
Prepaid Expenses	**308.49**	120.06	123.28
Balances with Central Excise, VAT, Customs etc.	**3,912.81**	7,434.38	8,872.90
Capital Advances	**918.79**	1,202.89	1,126.49
Total	**8,236.33**	**13,872.80**	**15,296.90**

(All amounts in ₹ Lakhs, unless otherwise stated)

14. EQUITY SHARE CAPITAL

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Authorised Share Capital			
5,00,00,000 fully paid equity shares of ₹10 each	**5,000.00**	5,000.00	5,000.00
Issued and subscribed and fully paid up capital comprises:			
1,09,55,504 fully paid equity shares of ₹10 each (as at March 31, 2016: 1,12,66,504; as at April 1, 2015: 1,12,66,504)	**1,095.55**	1,126.65	1,126.65
3,11,000 equity shares of ₹10 each were bought back during the financial year 2016-17			

Fully paid up equity shares	Number of shares	Share Capital
Balance as on April 1, 2015	**1,12,66,504**	**1,126.65**
Movements during 2015-16	-	-
Balance as on March 31, 2016	**1,12,66,504**	**1,126.65**
Buy-back of equity shares	(3,11,000)	(31.10)
Balance as on March 31, 2017	**1,09,55,504**	**1,095.55**

The company has issued only one class of Equity share having a par value of ₹10 per share. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

The shares bought back in the current year were cancelled immediately.

Shareholders holding more than 5% Equity shares

Particulars	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
	Number	Percentage	Number	Percentage	Number	Percentage
Lakshmi Cargo Company Limited	10,49,468	9.57	10,24,468	9.09	10,24,468	9.09
Life Insurance Corporation Limited	8,84,414	8.07	9,08,030	8.06	10,23,669	9.09
Lakshmi Technology and Engineering Industries Limited	6,67,090	6.08	6,67,090	5.92	6,67,090	5.92
Voltas Limited	5,79,672	5.29	6,00,000	5.33	6,00,000	5.33
Reliance Capital Trustee Company Limited	-	-	3,84,378	3.41	6,56,532	5.83

15. OTHER EQUITY

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Capital Reserve	701.49	701.49	701.48
Capital Redemption Reserve	**141.37**	110.27	110.27
General Reserve	**10,560.15**	8,691.25	6,491.25
Reserve for equity instruments and others through other comprehensive income	**5,966.17**	2,254.72	-
Retained Earnings	**1,37,169.55**	1,39,661.32	1,24,212.87
Foreign Currency Translation reserve	**205.85**	900.72	736.67
Total	**1,54,744.58**	1,52,319.77	1,32,252.54

(All amounts in ₹ Lakhs, unless otherwise stated)

15.1 CAPITAL RESERVE

Particulars	As at 31st March 2017	As at 31st March 2016
Balance at the beginning of the year	**701.49**	**701.49**
Movements during the year	-	-
Balance at the end of the year	**701.49**	**701.49**

Capital reserve represents the reserves arising out of earlier business combinations.

15.2 CAPITAL REDEMPTION RESERVE

Particulars	As at 31st March 2017	As at 31st March 2016
Balance at the beginning of the year	**110.27**	**110.27**
Add: Transfer from General Reserve	31.10	-
Balance at the end of the year	**141.37**	**110.27**

Capital Redemption Reserve is a statutory reserve created at amounts equal to the face value of the shares bought back as per the provisions of company law.

15.3 GENERAL RESERVE

Particulars	As at 31st March 2017	As at 31st March 2016
Balance at the beginning of the year	**8,691.25**	**6,491.25**
Add: Transfer from retained earnings	1,900.00	2,200.00
Less: Transfer to Capital Redemption Reserve	31.10	-
Balance at the end of the year	**10,560.15**	**8,691.25**

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

15.4 RESERVE FOR EQUITY INSTRUMENTS AND OTHERS THROUGH OTHER COMPREHENSIVE INCOME

Particulars	As at 31st March 2017	As at 31st March 2016
Balance at the beginning of the year	**2,254.72**	**-**
Net fair value gain on investments in equity instruments at FVTOCI	1,411.24	2,312.53
Profit on realisation of equity instruments	2,414.28	-
Remeasurement of post-employment defined benefit plans [net of taxes]	(114.07)	(57.81)
Balance at the end of the year	**5,966.17**	**2,254.72**

The group has elected to recognise changes in fair value of investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI reserve which represents the the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off. Remeasurement of post employment defined benefit plans is included in OCI.

(All amounts in ₹ Lakhs, unless otherwise stated)

15.5 RETAINED EARNINGS

Particulars	As at 31st March 2017	As at 31st March 2016
Balance at the beginning of the year	**1,39,661.32**	**1,24,212.87**
Add: Profit attributable to the owners of the company	18,640.77	22,733.59
Less: Payment of dividends on equity shares	4,506.60	4,224.94
Less: Payment of tax on dividends	917.54	860.20
Less: Share buy back	13,808.40	-
Less: Transfer to General Reserve	1,900.00	2,200.00
Balance at the end of the year	**1,37,169.55**	**1,39,661.32**

In Financial year 2016-17, a dividend of ₹40 per share (total dividend ₹4,506.60 Lakhs) was paid to holders of fully paid equity shares. In Financial year 2015-16 the dividend paid was ₹37.50 per share (total dividend ₹4224.94 Lakhs)

In respect of the year ended March 31, 2017, the directors propose that a dividend of ₹35 per share be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is ₹3,834.43 Lakhs.

15.6 FOREIGN CURRENCY TRANSLATION RESERVE

Particulars	As at 31st March 2017	As at 31st March 2016
Balance at the beginning of the year	**900.72**	**736.67**
Exchange differences arising on translating the foreign operations	(694.87)	164.05
Balance at the end of the year	**205.85**	**900.72**

Exchange differences relating to the translation of the results and net assets of the group's foreign operations from their functional currency to the group's presentation currency i.e INR are accumulated in the foreign currency translation reserve.

16. OTHER NON-CURRENT LIABILITIES

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Security deposits received against supply of machinery	10,021.29	10,134.49	13,447.91
Total	10,021.29	10,134.49	13,447.91

17. TRADE PAYABLES

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Current			
Due to Micro, Small & Medium Enterprises [Refer Note 31.4]	97.63	112.62	114.51
Due to related parties	5,263.91	4,923.00	5,178.07
Others	29,135.37	28,248.66	28,349.77
Total	34,496.91	33,284.28	33,642.35

18. OTHER FINANCIAL LIABILITIES

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Current			
Unpaid dividends	68.83	70.33	75.83
Other liabilties	8,422.48	9,918.16	7,812.91
Total	8,491.31	9,988.49	7,888.74

(All amounts in ₹ Lakhs, unless otherwise stated)

19. PROVISIONS

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Current			
Provision for employee benefits			
Provision for gratuity	**212.67**	191.02	391.57
Provision for leave encashment	**34.12**	10.50	91.26
Other provisions			
Provision for warranty	**427.21**	493.36	462.52
Total	**674.00**	**694.88**	**945.35**

The provision for employee benefits includes provision for gratuity and leave encashment. For detailed disclosure on the same, please refer Note No. 31.10

The group gives warranties for its products undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. The provision for warranty represents the present value of the Management's best estimate of the future outlow of economic benefits that will be required under the group obligations for warranties under the local sale of goods legislation. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events afffecting product quality. The timing of the outflows is expected to be within a period of one year.

Particulars	Provision for Warranty	
	As at 31st March 2017	As at 31st March 2016
Carrying amount at the beginning of the year	**493.36**	**462.52**
Additional provision made during the year	427.21	493.36
Amount used during the year	456.41	462.52
Unused amount reversed	36.95	-
Carrying amount at the end of the year	**427.21**	**493.36**

20. OTHER CURRENT LIABILITIES

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Security deposit received against supply of machinery	12,694.54	17,171.78	16,852.69
Other advances	**14,462.74**	15,008.46	17,702.27
Total	**27,157.28**	**32,180.24**	**34,554.96**

21. REVENUE FROM OPERATIONS

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Gross sale of products (including Excise duty of ₹21,901.86 Lakhs for the year ended March 31, 2017; ₹21,701.96 Lakhs for the year ended March 31, 2016)	**2,42,266.00**	2,80,156.21
Other operating revenues		
Repairs & Service charges & miscellaneous income	**4,245.91**	3,518.20
Sale of scrap	**842.71**	926.38
Export incentives	**2,566.00**	1,706.20
Total revenue from operations	**2,49,920.62**	**2,86,306.99**

(All amounts in ₹ Lakhs, unless otherwise stated)

22. OTHER INCOME

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Interest income from financial assets at amortised cost	6,669.31	8,066.54
Dividend income from equity investments designated at FVTOCI	55.53	61.81
Rental income	32.09	80.86
Net Gain on foreign currency transactions	583.45	857.67
Net Gain on sale of assets	1,340.47	121.96
Sale of wind energy	156.90	12.83
Sale of carbon credit / REC Entitlement	7.46	124.83
Total other income	**8,845.21**	**9,326.50**

23. COST OF MATERIALS CONSUMED

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Raw materials at the beginning of the year	18,941.77	18,515.31
Add: Purchases	1,39,657.65	1,63,072.70
Add: Excise duty on finished goods sold	21,901.86	21,701.96
Less: Sales	3,049.35	2,888.85
Less: Raw materials at the end of the year	21,655.01	18,941.77
Total cost of materials consumed	**1,55,796.92**	**1,81,459.35**

24. CHANGES IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Opening Stock		
Work-in-progress	7,747.03	8,190.45
Finished goods	5,609.44	3,636.81
Total	**13,356.47**	**11,827.26**
Closing Stock		
Work-in-progress	8,931.34	7,747.03
Finished goods	3,544.90	5,609.44
Total	**12,476.24**	**13,356.47**
Total changes in inventories of work-in-progress and finished goods	880.23	**(1,529.21)**

25. EMPLOYEES BENEFITS EXPENSES

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Salaries and wages	21,219.19	21,433.99
Contribution to Provident and other funds	1,498.33	1,475.60
Staff welfare expenses	2,448.93	2,348.90
Total employee benefit expenses	**25,166.45**	**25,258.49**

(All amounts in ₹ Lakhs, unless otherwise stated)

26. DEPRECIATION AND AMORTISATION EXPENSE

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Depreciation of property, plant and equipment	7,822.09	8,628.79
Amortisation of intangible assets	165.30	182.12
Total depreciation and amortisation expense	**7,987.39**	**8,810.91**

27. IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND REVERSAL OF IMPAIRMENT ON FINANCIAL ASSETS

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Impairment loss [Expected credit loss) allowance on trade receivables	39.34	1.54
Total	**39.34**	**1.54**

28. OTHER EXPENSES

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Sales commission to agents	5,030.00	5,790.89
Consumption of stores and spare parts	7,069.35	8,273.88
Consumption of packing material	4,424.74	5,123.90
Power and fuel (net of wind energy ₹5,318.60 Lakhs; previous year ₹3,594.25 Lakhs)	2,826.88	5,409.95
Rent expense	79.47	114.79
Repairs and maintenance		
Repairs to buildings	1,455.47	1,139.11
Repairs to machinery and others	4,682.31	4,333.86
Insurance	146.64	135.25
Rates and taxes, excluding taxes on income	225.26	519.95
Auditors' remuneration		
For Audit	29.61	30.64
For Taxation matters	-	1.45
For Certification services	3.95	2.62
For reimbursement of expenses	0.23	0.60
Loss on sale of assets	13.76	5.98
Donations	865.20	371.05
Directors sitting fees	38.97	33.99
Non-executive directors' commission	33.89	32.54
Corporate Social Responsibility expenses (Note 31.7)	615.13	488.52
Export expenses	3,363.04	5,499.72
Research and development expenses	2,158.13	1,645.47
Miscellaneous expenses	9,076.72	8,392.07
Total other expenses	**42,138.75**	**47,346.22**

(All amounts in ₹ Lakhs, unless otherwise stated)

29. FINANCE COSTS

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Bill collection charges	41.94	102.12

30. INCOME TAX RELATING TO CONTINUING OPERATIONS

30.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Current tax		
Current tax on profits for the year	7,333.03	10,945.66
Adjustments for current tax of prior periods	205.46	-
Total current tax expense	**7,538.49**	**10,945.66**
Deferred Tax		
Decrease / (increase) of deferred tax assets	65.41	6.46
(Decrease) / Increase in deferred tax liabilities	-	-
Total deferred tax expense	**65.41**	**6.46**
Total income tax expense recognised for the year	**7,603.90**	**10,952.12**

30.2 RECONCILIATION OF INCOME TAX EXPENSE TO THE ACCOUNTING PROFIT FOR THE YEAR

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Profit before tax after exceptional items	**26,244.67**	**33,685.71**
Enacted tax rate in India	34.61	34.61
Computed expected tax expense at enacted tax rate	**9,083.28**	**11,658.62**
Tax effect on account of tax deductions	(1,513.30)	(1,163.20)
Tax effect on Income that is exempt from taxation	(496.66)	(63.60)
Tax effect of non-deductible expenses	259.71	513.84
Total income tax expense recognised for the year	**7,333.03**	**10,945.66**

30.3 INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Arising on income and expenses recognised in other comprehensive income:		
Net fair value gain on investments in equity shares at FVTOCI	-	-
Remeasurement of defined benefit obligations	53.68	27.20
Total	**53.68**	**27.20**
Bifurcation of income tax recognised in other comprehensive income into:		
Items that will not be reclassified to profit or loss	53.68	27.20
Items that may be reclassified to profit or loss	-	-
Total	**53.68**	**27.20**

(All amounts in ₹ Lakhs, unless otherwise stated)

31.1 THE SUBSIDIARY COMPANIES CONSIDERED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND THEIR REPORTING DATES ARE AS UNDER:

Name of the Company	Country of incorporation	% of Ownership Interest	Reporting date
For 31.3.2017			
LMW Textile Machinery (Suzhou) Co. Ltd	China	100.00	31.03.2017
For 31.3.2016			
LMW Textile Machinery (Suzhou) Co. Ltd	China	100.00	31.03.2016

Name of the entity in the group	Net Assets i.e total assets minus total liabilities		Share in Profit or loss	
	As % of Consolidated Assets	Amount	As % of Consolidated Profit or loss	Amount
Subsidiary- Indian	Nil	Nil	Nil	Nil
Subsidiary- Foreign				
LMW Textile Machinery (Suzhou) Co. Ltd	5.20%	8,102.42	-3.95%	-736.52
Previous Year	6.19%	9,505.64	2.18%	495.07
Non controlling Interests in subsidiary	Nil	Nil	Nil	Nil

Name of the entity in the group	Share in Other comprehensive income		Share in Total comprehensive income	
	As % of Consolidated OCI	Amount	As % of total Consolidated income	Amount
Subsidiary- Indian	Nil	Nil	Nil	Nil
Subsidiary- Foreign				
LMW Textile Machinery (Suzhou) Co. Ltd	-	-	-3.30%	-736.52
Previous Year	-	-	1.98%	495.07
Non controlling Interests in subsidiary	Nil	Nil	Nil	Nil

31.2 CONTINGENT LIABILITIES AND COMMITMENTS, TO THE EXTENT NOT PROVIDED FOR

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Contingent liabilities			
Claims against the company not acknowledged as debt			
Central Excise Demand	**2690.83**	1518.28	1755.48
Income Tax Demand	**1471.71**	1471.71	1471.71
Other money for which the company is contingently liable			
Letters of Credit	**3113.94**	2609.94	1406.53
Bank and other guarantees	**3404.28**	**1793.05**	**1614.62**
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.			
Commitments			
Estimated amount of contracts remaining to be executed on capital account not provided for	2519.41	1436.24	1301.56

31.3 DETAILS OF DIVIDEND PROPOSED AND PAID:

Particulars	Year Ended 31st March 2016	Year Ended 31st March 2015
a) Final dividend for the year ended March 31, 2016 of ₹40 per share (For year ended March 31, 2015 of ₹37.50 per share)	4,506.60	4,224.94
b) In respect of the current year, the directors propose that a dividend of ₹35 per share be paid on equity shares on 07.08.2017. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members on 07.08.2017. The total estimated equity dividend to be paid is ₹3834.43 Lakhs. The payment of this dividend is estimated to result in payment of dividend tax of ₹780.69 Lakhs @ 20.36% on the amount of dividends grossed up for the related dividend distribution tax.	-	-

31.4 DISCLOSURE AS PER SCHEDULE III

As defined under Micro, Small and Medium Enterprises Development Act, 2006, the disclosure in respect of the amounts payable to such enterprises as at the end of the year has been made in the financial statements based on information received and available with the group.

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	**97.63**	112.62	114.51
The amount of interest paid by the group along with the amounts of the payment made to the supplier beyond the appointed day during the year	**Nil**	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	Nil
The amount of interest accrued and remaining unpaid at the end of the year	**Nil**	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	Nil

31.5 FINANCIAL INSTRUMENTS

i) Financial Instruments by category

Particulars	31 March 2017			31 March 2016			1 April 2015		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets									
a) Cash and bank balances	-	-	4,085.72	-	-	3,302.18	-	-	6,542.07
b) Other financial assets-Non current	-	-	14,924.10	-	-	9,727.75	-	-	1,808.36
(c) Trade receivables	-	-	19,006.97	-	-	23,644.76	-	-	20,674.79
(d) Bank balances	-	-	88,209.34	-	-	93,449.19	-	-	90,504.26
(e) Other financial assets-Current	-	-	3,857.75	-	-	4,019.25	-	-	4,298.09
(f) Investments in equity	-	6,110.64	-	-	8,762.36		-	6872.77	-
Total	**-**	**6,110.64**	**1,30,083.88**	**-**	**8,762.36**	**1,34,143.13**	**-**	**6,872.77**	**1,23,827.57**
Financial Liabilities									
(a) Other non-current liabilities	-	-	10,021.29	-	-	10,134.49	-	-	13,447.91
(b) Trade payables	-	-	34,496.91	-	-	33,284.28	-	-	33,642.35
(c) Other financial liabilities	-	-	8,491.31	-	-	9,988.49	-	-	7,888.74
Total	**-**	**-**	**53,009.51**	**-**	**-**	**53,407.26**	**-**	**-**	**54,979.00**
Financial assets			**1,36,194.52**			**1,42,905.49**			**1,30,700.34**
Financial liabilities			**53,009.51**			**53,407.26**			**54,979.00**

(All amounts in ₹ Lakhs, unless otherwise stated)

ii) Fair Valuation Techiques and Inputs used - recurring Items

Particulars	Fair value as at			Fair value	Valuation
	31-Mar-17	31-Mar-16	01-Apr-15		
Financial assets measured at Fair value					
Financial assets				Level 1	Quoted bid prices
Investments					
1) Quoted Equity investments	6,110.64	8,762.36	6,872.77		
Total financial assets	**6,110.64**	**8,762.36**	**6,872.77**		

iii) Fair Value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short term and settlement on demand nature.

For all other financial assets and liabilities measured at amortised cost, the Company considers that their carrying amounts approximates their fair values.

31.6 EXCEPTIONAL ITEMS

Exceptional items represents compensation towards Voluntary Retirement Scheme opted by Employees ₹470.14 Lakhs (Previous year ₹106.80 Lakhs); Investments in Pugoda Textiles Lanka Limited written off ₹ Nil Lakhs (Previous year ₹391.57 Lakhs]. In respect of shares of Pugoda Textiles Lanka Ltd vested with the Government of Sri lanka for compensation, the carrying amount of investment net of compensation awarded by the Compensation Tribunal of Sri lanka has been written off and the compensation receivable of ₹92.26 Lakhs is recognised as income receivable. However the company has appealed for higher compensation.

31.7 CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Amount spent through approved trusts and institutions	523.98	107.00
Amount spent directly	91.15	381.52
Total	**615.13**	**488.52**
Amount required to be spent as per Sec. 135 of the Act	587.16	481.65
Amount spent during the year on:		
Construction / acquisition of an asset	-	-
On purposes other than above	615.13	488.52
Total	**615.13**	**488.52**

CSR Expenditure during the year on construction/acquisition of an asset is ₹Nil Lakhs. CSR Expenses relating to gross amount required to be spent for the year and the actual amount spent by the Company during the year is furnished as Annexure to the Board of Directors' Report.

31.8 EARNINGS PER SHARE

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Net Profit after Tax before OCI [₹ In Lakhs]	18,640.77	22,733.59
Weighted Average Number of Equity Shares used as denominator in calculating basic earnings per share	1,11,94,931	1,12,66,504
Nominal Value per Equity Share [in ₹]	10.00	10.00
Basic & Diluted Earnings Per Share [in ₹]	166.51	201.78

(All amounts in ₹ Lakhs, unless otherwise stated)

31.9 RELATED PARTY TRANSACTIONS

Related Party Relationships

Key Management Personnel

Sri. Sanjay Jayavarthanavelu, Chairman and Managing Director

Sri. C.B.Chandrasekar, Chief Financial Officer

Sri. C.R. Shivkumaran, Company Secretary

Post employment benefit plans

Lakshmi Machine Works Limited Employees' Gratuity Fund

Other related parties

Dhanuprabha Agro P Ltd; Eshaan Enterprises Limited; Harshini Textiles Limited; Hermes Academy of Training Limited; Lakshmi Card Clothing P Ltd; Lakshmi Cargo Company Limited; LCC Cargo Holdings Limited;Lakshmi Caipo Industries Ltd; Lakshmi Energy & Environmental Designs Ltd; 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; Rajalakshmi Engineering; Revantha Holdings Limited; Revantha Services Ltd; Revantha Agro Farms P Ltd; Sowbarnika Enterprises Ltd; Sowbarniha Resorts Private Limited; Sri Kamakoti Kamakshi Textiles P Ltd; Sri Lakshmi Vishnu Plastics; Sudhasruti Agro P Ltd; Super Sales India Limited; Supreme Dairy Products India Ltd; Starline Travels Limited;Titan Paints & Chemicals Limited; The Lakshmi Mills Company Limited; Venkatavaradha Agencies P Limited; Walzer Hotels P Ltd.

Key Management personnel compensation

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Short term employee benefits	805.72	933.06
Post employment benefits	21.43	21.77
Total compensation	**827.15**	**954.83**

Note : Related party relationships are as identified by the Management

Related Party Transactions

Particulars	Other Related Parties		Key Management Personnel	
	31.03.17	31.03.16	31.03.17	31.03.16
Purchase of goods	30,223.57	33,054.88	-	-
Sale of goods	4,400.31	4,445.71	-	-
Purchase of Fixed Assets	64.61	136.61	-	-
Sale of Fixed Assets	238.89	585.53	-	-
Rendering of Services	118.59	112.54	-	-
Receiving of Services	11,648.38	11,512.99	-	-
Agency arrangements	1,208.08	1,383.76	-	-
Investment in Shares	926.66	564.41	-	-
Contribution to Gratuity Fund	560.60	682.67	-	-
Managerial remuneration	-	-	827.15	954.83
Outstanding Payables	2,854.85	3,207.09	559.05	687.60
Outstanding Receivables	353.69	812.53	-	-

1 Purchase of Goods includes Lakshmi Electrical Control Systems Limited ₹1,4401.16 Lakhs (Previous Year ₹1,6897.90 Lakhs), Lakshmi Electrical Drives Limited ₹3,209.01 Lakhs (Previous Year ₹3,899.07 Lakhs); Quattro Engineering India Limited ₹4,319.81 Lakhs (Previous Year ₹2,515.83 Lakhs); Super Sales India Ltd ₹2,841.85 Lakhs (Previous Year ₹2,543.41 Lakhs) and Other Related Parties- Associates ₹5,451.74 Lakhs (Previous Year ₹7,198.67 Lakhs)

(All amounts in ₹ Lakhs, unless otherwise stated)

2 Sale of Goods includes Lakshmi Electrical Control Systems Limited ₹2,649.78 Lakhs (Previous Year ₹2,561.85 Lakhs), Quattro Engineering India Limited ₹559.85 Lakhs (Previous Year ₹325.56 Lakhs) Super Sales India Ltd ₹1,016.19 Lakhs (Previous Year ₹1,236.79 Lakhs) and Other related Parties - Associates ₹174.49 Lakhs (Previous Year ₹321.51 Lakhs)

3 Purchase of Fixed Assets includes Super Sales India Limited ₹37.00 Lakhs (Previous year ₹ Nil Lakhs); Lakshmi Energy and Environments Designs Limited ₹27.61 Lakhs (Previous year ₹ Nil Lakhs); Quattro Engineering India Limited ₹ Nil Lakhs (Previous Year ₹127.12 Lakhs); Other Related Parties- Associates ₹ Nil Lakhs (Previous Year ₹9.49 Lakhs)

4 Sale of Fixed Assets includes Quattro Engineering Ltd ₹238.89 Lakhs (Previous year ₹14.71 Lakhs); Lakshmi Cargo Company Limited ₹ Nil Lakhs (Previous Year ₹385.89 Lakhs); Super Sales India Limited ₹ Nil Lakhs (Previous Year ₹184.90 Lakhs); and Other Related Parties-Associates ₹ Nil Lakhs (Previous Year ₹0.03 Lakhs)

5 Rendering of Services includes Super Sales India Limited ₹20.35 Lakhs (Previous Year ₹32.33 Lakhs); Lakshmi Technology & Engineering Industries Ltd. ₹69.41 Lakhs (Previous year ₹60.91 Lakhs) Quattro Engineering India Limited ₹14.06 Lakhs (previous Year ₹0.03 Lakhs) and Other Related Parties-Associates ₹14.77 Lakhs (Previous Year ₹19.27 Lakhs)

6 Receiving of Services include Lakshmi Ring Travellers (Cbe) Limited ₹548.00 Lakhs (Previous Year ₹547.23 Lakhs); Lakshmi Cargo Company Limited ₹6,168.44 Lakhs (Previous Year ₹6,659.06 Lakhs); Revantha Services Ltd ₹3,294.85 Lakhs (Previous year ₹2,345.63 Lakhs); Super Sales India Limited ₹673.36 Lakhs (Previous Year ₹669.92 Lakhs) and Other Related Parties - Associates ₹963.73 Lakhs (Previous Year ₹1,291.15 Lakhs)

7 Agency arrangement includes Super Sales India Limited ₹1,208.08 Lakhs (Previous Year ₹1,383.76 Lakhs)

8 Investment in shares include Super Sales India Limited ₹926.66 Lakhs (Previous Year ₹564.41 Lakhs)

9 Contribution to gratuity fund includes Lakshmi Machine Works Limited Employees' Gratuity Fund ₹560.60 Lakhs (Previous Year ₹682.67 Lakhs)

10 Managerial Remuneration includes amount paid to Chairman and Managing Director ₹768.99 Lakhs (Previous Year ₹899.74 Lakhs); Chief Financial Officer ₹47.56 Lakhs (Previous year ₹26.78 Lakhs*); Company Secretary ₹10.60 Lakhs* (Previous year ₹28.31 Lakhs)

11 Outstanding Payables include Lakshmi Cargo Company Limited ₹544.87 Lakhs (Previous Year ₹450.56 Lakhs); Lakshmi Precision Tools Limited ₹415.72 Lakhs (Previous Year ₹384.44 Lakhs); Lakshmi Electrical Drives Limited ₹430.89 Lakhs (Previous Year ₹ Nil Lakhs); Lakshmi Electrical Control Systems Ltd ₹949.01 Lakhs (Previous year ₹1,140.17 Lakhs); Super Sales India Limited ₹134.98 Lakhs (Previous Year ₹808.82 Lakhs) Sri. Sanjay Jayavarthanavelu ₹559.05 Lakhs (Previous year ₹687.60 Lakhs) and Other Related Parties -Associates ₹379.38 Lakhs (Previous Year ₹423.10 Lakhs);

12 Outstanding Receivables include Revantha Services Limited ₹85.88 Lakhs (Previous Year ₹173.28 Lakhs); Lakshmi Technology and Engineering Industries Limited ₹124.79 Lakhs (Previous Year ₹63.87 Lakhs); Quattro Engg India Ltd ₹101.55 Lakhs (Previous year ₹458.06 Lakhs) and Other Related Parties - Associates ₹41.47 Lakhs (Previous Year ₹117.32 Lakhs)

* For part of the year

31.10 EMPLOYEE DEFINED BENEFIT AND CONTRIBUTION PLANS

I. Defined Benefit Plans

Particulars	Gratuity (Funded)			Leave Encashment (Funded)		
	31.03.2017	31.03.2016	01.04.2015	31.03.2017	31.03.2016	01.04.2015
A. Expense recognised in Income Statement						
1. Current Service cost	421.15	418.77	373.68	158.68	132.08	127.27
2. Interest expense on DBO	532.37	501.09	560.54	53.70	50.99	49.68
3. Interest (Income on plan asset)	(539.02)	(522.75)	(576.74)	(66.32)	(53.19)	(50.82)
4. Net Interest	(6.65)	(21.66)	(16.20)	(12.62)	(2.19)	(1.14)
5. Immediate recognition of (gain) / losses	-	-	-	4.58	(119.38)	(71.80)
6. Defined Benefits cost included in P & L	**414.50**	**397.11**	**357.48**	**150.64**	**10.50**	**54.33**

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Gratuity (Funded)			Leave Encashment (Funded)		
	31.03.2017	31.03.2016	01.04.2015	31.03.2017	31.03.2016	01.04.2015
B. Expense recognised in total comprehensive income						
1. Actuarial (gain)/Losses due to financial assumption changes in DBO	84.00	168.57	562.88	9.54	17.80	51.42
2. Actuarial (gain)/Losses due to experience on DBO	119.81	(71.87)	(358.81)	22.97	(68.93)	(89.65)
3. Return on plan assets (Greater) / Less than Discount rate	(36.05)	(11.69)	389.17	(27.94)	(68.26)	(33.57)
4. Total actuarial (gain) / loss included in OCI	167.75	85.01	593.24	-	-	-
5. Cost recognised in P & L	414.50	397.11	357.48	150.64	10.50	54.33
6. Remeasurement effect recognised in OCI	167.75	85.01	593.24	-	-	-
7. Total defined benefit cost	**582.25**	**482.12**	**950.72**	**150.64**	**10.50**	**54.33**
C. Net Asset/(Liability) recognised in the Balance Sheet						
1. Present value of benefit obligation	7,887.11	7,542.75	6,907.87	906.51	778.13	720.97
2. Fair value of plan assets	7,674.43	7,351.73	6,516.30	872.39	767.63	629.71
3. Funded Status [Surplus / (deficit)]	(212.67)	(191.02)	(391.57)	(34.12)	(10.50)	(91.26)
4. Net Asset /(Liability) recognised in balance sheet	**(212.67)**	**(191.02)**	**(391.57)**	**(34.12)**	**(10.50)**	**(91.26)**
D. Change in Present value of the Obligation during the year						
1. Present value of the obligation at beginning of year	7,542.75	6,907.87	6,416.01	778.13	720.97	688.23
2. Current service cost	421.15	418.77	373.68	158.68	132.08	127.27
3. Interest cost	532.37	501.09	560.54	53.70	50.99	49.68
4. Benefits paid	(812.97)	(381.68)	(646.43)	(116.52)	(74.79)	(105.97)
5. Actuarial (gain) / loss on obligation	203.81	96.70	204.07	32.52	(51.13)	(38.23)
6. Present value of obligation at end of the year	**7,887.11**	**7,542.75**	**6,907.87**	**906.51**	**778.13**	**720.97**
E. Reconciliation of opening & closing values of Plan Assets						
1. Fair value of plan assets at the beginning of the year	7,351.73	6,516.30	6,208.93	767.63	629.71	542.97
2. Expected return on plan assets	539.02	522.75	576.74	66.32	53.19	50.82
3. Contributions made	560.60	682.67	766.23	127.02	91.26	108.32
4. Benefits paid	(812.97)	(381.68)	(646.43)	(116.52)	(74.79)	(105.97)
5. Actuarial gain / (loss) on plan assets	36.05	11.69	(389.16)	27.94	68.26	33.57
6. Fair value of plan assets at the end of the year	7,674.43	7,351.73	6,516.30	872.39	767.63	629.71
7. Actual return on plan assets	575.07	534.44	187.57	94.26	121.44	84.38

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Gratuity (Funded)			Leave Encashment (Funded)		
	31.03.2017	31.03.2016	01.04.2015	31.03.2017	31.03.2016	01.04.2015
F. Amounts recognised in Other comprehensive Income						
1. Opening unrecognised losses / (Gains)	678.24	593.24	-	-	-	-
2. Actuarial Loss / (Gains) on DBO	203.81	96.70	204.07	32.52	(51.13)	(38.23)
3. Actuarial Loss / (Gains) on assets	(36.05)	(11.69)	389.17	(27.94)	(68.26)	(33.57)
4. Amortisation Actuarial loss / (Gain)	-	-	-	4.58	(119.38)	(71.80)
5. Total recognised in Other comprehensive income	846.00	678.24	593.24	-	-	-
G. Major categories of plan assets as a percentage of total plan						
1. Qualifying insurance policies	7,649.42	7,324.09	6,408.19	872.39	767.63	629.71
2. Own plan assets-Bank balances	25.01	27.65	108.11	-	-	-
	7,674.43	**7,351.73**	**6,516.30**	**872.39**	**767.63**	**629.71**
H. Actuarial Assumptions						
1. Discount rate	7.29%	7.46%	7.82%	7.29%	7.46%	7.82%
2. Salary escalation	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
3. Attrition rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
4. Expected rate of return on plan assets	7.29%	7.46%	7.82%	7.29%	7.46%	7.82%
5. Mortality rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

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 group.

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

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

The group expects to make a contribution of ₹300 Lakhs (as at 31st March 2016: ₹700 Lakhs; as at 31st March 2015 ₹800 Lakhs) to the defined benefit plans during the next financial year.

I. Sensitivity Analysis

Particulars	Gratuity (Funded)			Leave Encashment (Funded)		
	31.03.2017	31.03.2016	01.04.2015	31.03.2017	31.03.2016	01.04.2015
Impact of +1% change in rate of discounting	506.88	490.08	457.46	173.74	47.25	38.27
Impact of -1% change in rate of discounting	(545.90)	(517.34)	(467.86)	59.48	(54.77)	(44.46)
Impact of +1% change in rate of salary increase	(434.70)	(416.31)	(381.64)	97.05	(21.55)	(17.25)
Impact of -1% change in rate of salary increase	442.32	428.78	403.46	143.90	20.84	16.69
Impact of +1% change in rate of attrition	54.16	53.47	49.39	127.31	5.21	3.31
Impact of -1% change in rate of attrition	**(37.53)**	**(26.56)**	**(8.86)**	**113.45**	**(6.01)**	**(3.84)**

(All amounts in ₹ Lakhs, unless otherwise stated)

The above sensitivity analysis are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

J Brief description of the Plans & risks

These plans typically expose the company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk

The present value of the defined benefit plan liability is calculated using a discount which is determined by reference to market yields at the end of the reporting period on government bonds. Plan investment is a mix of investments in government securities, other debt instruments and equity shares of listed companies.

Interest risk

A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments, if any.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

II. DEFINED CONTRIBUTION SCHEMES

Particulars	31.03.2017	31.03.2016	31.03.2015
Provident Fund Contribution	1,073.52	1,070.97	1,029.46

31.11 SEGMENT INFORMATION

Products and services from which reportable segments derive their revenues

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the type of goods or services delivered or provided. The group has chosen to organise the group around differences in products and services. No operating segments have been aggregated in arriving at the reportable segments of the group.

Specifically, the group is organised into three main reportable segments viz.,(1) Textile Machinery Division (2) Machine Tool Division & Foundry Division and (3) Advanced Technology Centre for Aero Space-Parts & Components

OPERATING SEGMENTS	Textile Machinery Division		Machine Tool & Foundry Division		Advance Technology Centre		Total	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Revenue								
Revenue from external customers	2,03,012.87	2,49,922.48	37,822.90	28,812.54	1,430.23	1,421.19	2,42,266.00	2,80,156.21
Inter Segment Revenue	2,118.95	1,535.65	2,753.85	292.38	-	-	4,872.80	1,828.03
Allocable other income	6,974.41	5,787.87	449.53	434.88	1,264.87	1,045.30	8,688.81	7,268.05
Total Segment Revenue	**2,12,106.23**	**2,57,246.00**	**41,026.28**	**29,539.80**	**2,695.10**	**2,466.49**	**2,55,827.61**	**2,89,252.29**
Less : Inter Segment Revenue							4,872.80	1,828.03
Add : Unallocable other Income							7,811.02	8,209.21
Enterprise revenue							**2,58,765.83**	**2,95,633.47**
Result								
Segment Result	15,222.96	25,877.13	5,029.20	2,248.38	5.27	(710.64)	20,257.43	27,414.87
Less : Unallocable Expenses							1,781.84	1,836.75

(All amounts in ₹ Lakhs, unless otherwise stated)

OPERATING SEGMENTS	Textile Machinery Division		Machine Tool & Foundry Division		Advance Technology Centre		Total	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Operating Profit							18,475.59	25,578.12
Less : Interest Expenses							41.94	102.12
Incometax expenses (Current)							7,538.49	10,945.16
Incometax expenses (Deferred)							65.41	6.46
Add : Unallocable Other Income							7,811.02	8,209.21
Net Profit after Tax							**18,640.77**	**22,733.59**
Other Information								
Segment assets	1,91,150.74	1,98,338.91	33,933.53	28,835.91	2,191.04	1,850.22	2,27,275.31	2,29,025.04
Add : Unallocable corporate assets							9,405.61	10,703.76
Enterprise Assets							**2,36,680.92**	**2,39,728.80**
Segment Liabilities	71,743.53	79,517.31	7,840.26	6,145.61	1,188.20	549.14	80,771.99	86,212.06
Add : Unallocable corporate liabilities							1,55,908.93	1,53,516.74
Enterprise Liabilities							**2,36,680.92**	**2,39,728.80**
Capital Expenditure	12,712.13	10,399.01	630.31	1,065.72	658.00	345.21	14,000.44	11,809.94
Depreciation	6,899.37	7,672.90	601.36	516.60	486.66	621.41	7,987.39	8,810.91

Notes:

1) The accounting policies of the reportable segments are the same as the company's accounting policies. Inter Segment transfers are accounted on cost plus basis vis-a-vis at competitive market price charged to Unaffliated customers for similar goods.

2) Segment profit represents the profit before tax earned by each segment without allocation of unallocable expenses, finance costs and unallocable income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

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

Revenue from major products and services

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Textile Machinery	1,67,964.64	2,15,842.28
Metal cutting including Grinding machines/spares	31,885.59	21,553.94
Castings	5,937.31	7,258.60
Aerospace parts and Components	1,430.23	1,421.19
Spares & Accessories	35,048.23	34,080.20
Gross Sales	**2,42,266.00**	**2,80,156.21**

Information about major customers

There is no single customer contributing 10% or more to the company's revenue for both 2016-17 and 2015-16. Included in revenues of ₹2,42,266.00 Lakhs, are revenues approximately ₹6,535.55 Lakhs [Previous year ₹17,771.41 Lakhs] which arose from sale to the group largest customer.

(All amounts in ₹ Lakhs, unless otherwise stated)

Segment assets and liabilities

Particulars	Segment Assets			Segment Liabilities		
	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Textile machiney division	1,91,150.73	1,98,338.91	1,85,514.41	71,743.50	79,517.30	84,167.19
Machine tool & foundry division	33,933.53	28,835.91	28,924.60	7,840.26	6,145.61	5,965.42
Advanced technology centre	2,191.04	1,850.22	1,002.65	1,188.20	549.14	270.88
Total Segment assets & segment liabilities	**2,27,275.30**	**2,29,025.04**	**2,15,441.66**	**80,771.96**	**86,212.05**	**90,403.49**
Adjustments of unallocated assets and liabilities						
Share capital	-	-	-	1,095.55	1,126.65	1,126.65
Reserves and Surplus	-	-	-	1,54,744.58	1,52,319.77	1,32,252.54
Investments	6,110.64	8,762.36	6,872.77	-	-	-
Advance tax	1,997.65	632.36	255.79	-	-	-
Deferred tax	1,297.31	1,309.03	1,288.29	-	-	-
Unpaid Dividends				68.83	70.33	75.83
Total assets & liabilities as per Balance sheet	**2,36,680.92**	**2,39,728.80**	**2,23,858.50**	**2,36,680.92**	**2,39,728.80**	**2,23,858.51**

Geographical information

The group operates in two principal geographical area, India (country of domicile) and outside India.

The group revenue from external customers based on location of customers is as per the table below:

Particulars	Revenue from external customers		Non Current Assets		
	Year Ended 31st March 2017	Year Ended 31st March 2016	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Inside India	2,01,015.14	2,13,999.43	74,053.83	66,446.48	53,717.21
Outside India	41,250.86	66,156.78	837.27	490.65	747.48
	2,42,266.00	**2,80,156.21**	**74,891.11**	**66,937.13**	**54,464.69**

31.12 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Board of directors on 22nd May 2017.

31.13 DETAILS OF LEASING ARRANGEMENTS

Particulars	For the year ended 31-Mar-17	For the year ended 31-Mar-16	For the year ended 01-Apr-15
As Lessor			
Operating Lease			
The group has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period from 3 to 4 years and may be renewed for a further period based on mutual agreement of the parties.			
Future minimum lease payments			
not later than one year	32.09	29.36	6.86
later than one year and not later than five years	37.72	71.57	27.43

31.14 FINANCIAL RISK MANAGEMENT OBJECTIVES

The group's activity exposes itself to variety of financial risk which includes market risk , credit risk liquidity risk, interest rate risk and price risk. The group monitors and manages the above financial risks relating to the operations of the group through internal risk reports which analyses exposures by degree and magnitude of risks. The primary focus is to identify risks and take steps for mitigation of risk or to minimise the potential adverse effects on the financial performance of the group. The group does not enter into any derivative financial instruments to hedge risk exposures.

(All amounts in ₹ Lakhs, unless otherwise stated)

Foreign Currency Risk

The group undertakes transactions denominated in foreign currencies and consequently has exposure to exchange rate fluctuations. The group operates internationally and a major portion of the international sales transaction are in USD and balance in EUR, purchases from overseas suppliers are in various foreign currencies. The exposure at the end of the reporting period does not reflect the transaction during the year and there is a natural hedge in the currency for USD and EUR. The exchange rate between INR and other currency does have an impact on the business. The group is a net exporter and export realisation combined with a depreciating INR has given the group a net foreign exchange gain.

These exhange rate exposures are not hedged by the group. The carrying amounts of the group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:-

Particulars		Amount in foreign currency			Equivalent INR		
		31.03.2017	31.03.2016	01.04.2015	31.03.2017	31.03.2016	01.04.2015
Sundry creditors	CHF	48,363	60,204	8,093	31.36	41.59	5.19
	EUR	28,82,500	15,77,796	10,98,501	1,999.99	1,189.14	735.85
	GBP	48,740	0	6,972	39.62	0.00	6.45
	JPY	3,13,05,003	3,19,83,045	3,04,59,849	182.20	188.25	158.26
	SGD	33,140	20,894	5,734	15.39	10.27	2.61
	USD	17,64,088	3,86,342	5,57,738	1,144.17	255.66	347.46
	SEK	85,000	0	0	6.16	0.00	0.00
	CNY	1,50,94,183	3,05,65,403	1,43,83,688	1,421.15	3,138.52	1,447.91
Sundry Debtors	USD	1,45,23,842	1,82,84,382	2,03,67,425	9,535.07	12,193.09	12,747.97
	EUR	2,55,767	1,57,193	2,05,696	180.35	115.51	138.87
	CNY	1,81,42,683	5,99,06,411	1,31,98,173	1,708.17	6,151.31	1,328.57
Cash and Bank Balances	CNY	3,13,15,722	1,82,75,188	3,33,39,559	2,948.43	1,876.53	3,356.06
	KES	0	0	57,557	0.00	0.00	0.39
	BDT	359	4,46,526	1,47,555	0.01	3.77	1.21
	IDR	2,544	0	1,09,86,266	0.30	0.00	5.29
	USD	18,682	42,930	700	12.11	28.44	0.44
	TRY	0	833	20,329	0.01	0.20	4.84
	VND	0	1,19,45,086	0	0.01	0.35	0.00

The group is mainly exposed to USD and EUR.

Foreign currency sensitivity analysis

Particulars	31.03.2017	31.03.2016	01.04.2015
Sundry creditors			
USD	1,144.17	255.66	347.46
Euro	1,999.99	1,189.14	735.85
Sundry Debtors			
USD	9,535.07	12,193.09	12,747.97
Euro	180.35	115.51	138.87
Net receivable			
USD	8,390.90	11,937.43	12,400.51
Euro	-1,819.64	-1,073.63	-596.98
Total	**6,571.26**	**10,863.80**	**11,803.53**
Impact on profit : 5% increase in currency rate	328.56	543.19	590.18
Impact on profit : 5% decrease in currency rate	(328.56)	(543.19)	(590.18)

Interest rate risk – The group holds interest bearing assets in the form of fixed deposits with banks. The variation in interest risks is managed by distributing deposits among wide base of banks and financial institutions.

The group do not have any debts and therefore any fluctuation in market interest rates may not affect the cashflow/profitability position of the group in terms of debts servicing.

(All amounts in ₹ Lakhs, unless otherwise stated)

Interest rate sensitivity analysis

Particulars	31.03.2017	31.03.2016	01.04.2015
Fixed deposits in Banks	1,01,540.63	1,01,609.31	90,976.96
Impact on profit :increase of 25 basis points	253.85	254.02	227.44
Impact on profit : decrease of 25 basis points	(253.85)	(254.02)	(227.44)

Price risk – Holding marketable financial assets expose the group to risk of price fluctuation. Price escalations will have insignificant impact on carrying amounts of respective financial assets. However, the group is exposed to equity price risks from equity investments. Certain of the group's equity investments are held for startegic rather than trading purposes.

Price sensitivity analysis

Particulars	31.03.2017	31.03.2016	01.04.2015
Fair value of Equity investments	6,110.64	8,762.36	6,872.77
Impact on Other Comprehensive Income : Increase by 5%	305.53	438.12	343.64
Impact on Other Comprehensive Income : Decrease by 5%	(305.53)	(438.12)	(343.64)

Credit risk - Credit risk arises from the risk of default on its obligation by the counterparty resulting in financial loss, such as cash and cash equivalents, and outstanding receivables.

Credit risk on cash and cash equivalents is considered negligible as the group generally invests in fixed deposits with reputable banks. They are not impaired or past due for each of the reporting dates.

Credit risk on outstanding receiviables is the exposure to billed receivable and are normally unsecured and derived from revenue earned from customer mostly from India. Credit risk is managed by the group through credit approvals and continously monitoring the credit worthiness of the customer to which the group grants credit in the normal course of business. The group applied simplified approach of estimated credit loss for trade receivable, which provide for expected credit loss based on life-time expected losses. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The group does not have any significant credit risk exposure to any single counterparty.

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Liquidity risk – Liquidity risk refers to the risk that the group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The group's pricincipal source of liquidity is from cash and cash equivalent and the cash flow from operations. The group does not have any external borrowings from banks or any other financial institution. The group believes that the working capital through internal accurals is suffcient to meet its current requirements and hence the group does not perceive any such risk.

The contractual maturities of company's financial liablities are :

	31.03.2017	31.03.2016	01.04.2015
Trade payable	34,496.91	33,284.28	33,642.35
Less than one year	34,496.91	33,284.28	33,642.35
Others	0	0	0
Other liabilities	8,491.31	9,988.49	7,888.74
Less than one year	8,491.31	9,988.49	7,888.74
Others	0	0	0

Capital management – The group's objective is to safeguard its financial stability, financial independence and its ability to continue as a going concern in order to generate returns for the shareholders and benefits for the other stake holders. The group incentivise the shareholders by paying optimum and regular dividends.

The group determines the amount of capital required on the basis of annual operating plans and other strategic investment plans. The funding requirements are met through internally generated funds. The group does not have any borrowings in its capital portfolio.

(All amounts in ₹ Lakhs, unless otherwise stated)

31.15

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

The Exchange Rate as at 31st March 2017 : 1 CNY = 9.4152 INR (Previous Year 10.2682 INR)

Average exchange rate : 2016-17 1 CNY = 9.9329 INR (Previous Year 10.3121 INR)

31.16

Depreciation/amortisation includes includes ₹20.31 Lakhs towards amortisation of leasehold land as per audited accounts of LMW Textile Machinery (Suzhou) Co. Limited

31.17

First time IND AS Adoption reconciliations :

Reconciliation of total equity as at March 31 2016 and April 1 2015

Particulars	NOTES	As at 31.03.2016 (End of last period presented under previous GAAP)	As at 01.04.2015 (Date of transition)
Total equity (shareholders' funds) under previous GAAP		1,45,568.37	1,28,181.71
Fair valuation of investments under IND AS (net of tax)	1	2,816.05	503.52
Dividends not recognised as liability until declared under IND AS	2	5,424.14	5,085.14
Deferred tax on IND AS adjustments	3, 4	365.72	315.16
Effect of incremental provision on account of expected credit loss	4	(820.64)	(819.10)
Change in Revenue recognition policy and its costs in line with Ind AS	5	92.78	112.76
Total adjustments to equity		**7,878.05**	**5,197.48**
Total equity under IND AS		**1,53,446.42**	**1,33,379.19**

Reconciliation of total comprehensive income for the year ended Mar 31, 2016

Particulars	Year ended March 31, 2016			
	NOTES	Statement of profit and loss	Other Comprehensive income	Total
Profit after taxes as per previous GAAP		**22,646.70**	**0**	**22,646.70**
Adjustments:				
Fair valuation of investments under IND AS (net of tax)	1	0.00	2,312.53	2,312.53
Deferred tax on IND AS adjustments	3, 4	23.36	27.20	50.56
Remeasurement of post-employment defined benefit plans	3	85.01	-85.01	-
Effect of incremental provision on account of expected credit loss	4	(1.54)	0	(1.54)
Change in Revenue recognition policy and its costs in line with Ind AS	5	(19.94)	0	(19.94)
Total effect of transition to IND AS		**86.89**	**2,254.72**	**2,341.61**
Total comprehensive income under IND AS		**22,733.59**	**2,254.72**	**24,988.31**

1 Under previous GAAP, long terms investments were measured at cost less diminution in value which is other than temporary. Under IND AS, these financial assets have been classified as FVTOCI. On the date of transition to IND AS, these financial assets have been measured at their fair value which is higher than the cost as per previous GAAP, resulting in an increase in the carrying amount by ₹2312.53 Lakhs as at March 31st, 2016 and by ₹503.52 Lakhs as at April 1st, 2015. There is no deferred tax liability recognised considering that there will be no tax liability in the future. The net effect of these changes is an increase in total equity as at March 31, 2016 of ₹2,816.05 Lakhs (₹503.52 Lakhs as at April 1, 2015). These changes do not affect profit before tax or total profit for the year ended March 31, 2016 because the investments have been classified as FVTOCI.

(All amounts in ₹ Lakhs, unless otherwise stated)

2 Under previous GAAP, dividends on equity shares recommended by the Board of Directors after the end of the reporting period but before the financial statements were approved for issue were recognised in the financial statements as a liability. Under IND AS, such dividends are recognised when declared by the members in a General Meeting. The effect of this change is an increase in total equity as at March 31, 2016 of ₹5,424.14 Lakhs (₹5,085.14 Lakhs as at April 1, 2015), but does not affect profit before tax and total profit for the year ended March 31, 2016.

3 Under previous GAAP, actuarial gains and losses were recognised in profit or loss. Under IND AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability/asset which is recognised in Other comprehensive income. Consequently, the tax effect of the same has also been recognised in Other comprehensive income under IND AS instead of profit or loss. Actuarial losses for the year ended March 31, 2016 were ₹85.01 Lakhs and the tax effect thereon is ₹27.20 Lakhs. The deferred tax on the above results in an increase in total equity by ₹27.20 Lakhs, also there is an increase in profit before tax of ₹85.01 Lakhs, and an overall increase in total comprehensive income of ₹27.20 Lakhs for the year ended March 31, 2016.

4 Under the previous GAAP, provision for doubtful debts on trade receivables were carried on the basis of an incurred loss model. As per Ind AS, the Group is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result there is an increase in the amount of allowance for doubtful debts and corresponding deferred tax has also been recognised. The net effect of this change is a decrease in total equity as at March 31, 2016 of ₹1.02 Lakhs (₹595.67 Lakhs as at April 1, 2015) and decrease in total profit for the year ended March 31, 2016 of ₹1.02 Lakhs

5 Under the previous GAAP, the group recorded revenue based on the delivery of the finished product. However under IND AS, revenue needs to be recognised on the basis of POCM relating to the job work services done by the group.The effect of this change is an increase in total equity as at March 31, 2016 of ₹92.78 Lakhs (₹112.76 Lakhs as at April 1, 2015).

31.18

Previous years' figures have been restated to comply with IND AS to make them comparable with the current period. Further, previous years' figures have been regrouped / reclassified, wherever necessary, to conform with the current period presentation.

In terms of our report attached

For and on behalf of the Board of Directors

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

S.Pathy
Director
DIN: 00013899

C.B.Chandrasekar
Chief Financial Officer

C.R. Shivkumaran
Company Secretary

Place : Coimbatore
Date : 22nd May 2017

For S.Krishnamoorthy & Co
Firm Registration No.001496S
Chartered Accountants

Per K.Raghu
Partner
Membership No. 11178

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

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

CORPORATE INFORMATION

Based on Standalone Financials

₹ in Lakhs

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Profit and Loss Account										
Sales (excluding excise duty)	2,20,516	1,33,801	1,13,690	1,77,331	2,07,249	1,86,433	2,16,518	2,31,258	2,47,448	**2,13,686**
Other Income	8,755	9,062	8,214	11,009	12,547	13,152	19,193	17,858	15,988	**16,698**
Profit before tax	37,116	15,417	15,056	23,916	22,339	17,069	26,878	29,749	32,819	**26,631**
Profit after tax	24,230	10,693	10,468	16,598	13,702	11,748	18,369	20,745	22,012	**19,060**
Balance Sheet										
Fixed Assets	55,790	52,737	44,658	43,641	50,787	44,980	38,568	37,721	40,846	**46,559**
Investments	10,319	11,272	12,144	10,007	15,407	10,382	12,883	13,386	15,276	**12,624**
Net current and non current assets	14,389	24,976	39,085	31,808	25,944	41,956	59,257	80,046	94,213	**94,660**
	80,498	88,985	95,887	85,456	92,138	97,318	1,10,708	1,31,153	1,50,335	**1,53,843**
Share Capital	1,237	1,237	1,237	1,127	1,127	1,127	1,127	1127	1,127	**1,096**
Reserves and Surplus	74,513	83,036	91,341	81,569	88,724	94,901	1,09,317	1,30,026	1,49,208	**1,52,747**
Deferred Tax Liability	4,748	4,712	3,309	2,760	2,287	1,290	264	0	0	**0**
	80,498	**88,985**	**95,887**	**85,456**	**92,138**	**97,318**	**1,10,708**	**1,31,153**	**1,50,335**	**1,53,843**

RATIOS

			2015-16	2016-17
Measures of Investment				
Dividend per share	(₹)		40.00	35.00
EPS	(₹)	Net Profit after tax / No. of Shares	195.38	170.26
Return on Equity	(%)	Net Profit after tax / Shareholders' funds	14.64	12.39
Dividend Cover	(Times)	Earnings per Share / Dividend per Share	4.88	4.86
Measures of Performance				
Net Profit Margin	(%)	Profit before taxes / Sales	13.26	12.46
Assets Turnover	(Times)	Sales / Net Fixed Assets	6.06	4.59
Measures of Financial status				
Current Ratio	(Times)	Current Assets / Current Liabilities	2.32	2.32
Tax Ratio	(%)	Tax Provision / Profit before taxes	28.43	32.93

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AT WORK