LAKSHMI MACHINE WORKS LIMITED

ANNUAL REPORT 2017-18

Sometimes, what makes the biggest difference to your success is not a loud leap but quiet persistence.

In the last few years, we had embarked upon numerous improvement programmes, which were implemented across the organisation. It was the strategic blueprint of working our way towards a greater and more strengthened future – which we adhered to, with disciplined determination.

And this year as well, we have successfully managed to stay firm on our path and further improved every area of our operations.

In other words, we have **stayed the course** with an unwavering resolve. And that has made all the difference!

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 that are responsive to market needs.

Values

- Excellence
- Integrity
- Learning and sharing
- Contribution to industry and society

LMW.

A brand visible across shop-floors.

A company that focuses on growing its customer's business.

An organisation that strengthens India's industrial backbone.

A team with an unwavering resolve of getting better each day.

Lakshmi Machine Works (LMW) is one of the most recognised organisations in India Inc. which has made a significant contribution in taking India onto the global textile map. Headquartered in Coimbatore, the Company has business interests in textile machinery, machine tools, castings and aerospace components. The Company's equity shares are listed on BSE Limited and the National Stock Exchange of India Limited.

Textile machinery:

Established as a provider of spinning technology to Indian textile mills, the Company currently is a leading textile machinery manufacturer in India and one among the few in the world to offer complete spinning solutions to Customers.

Machine tools:

The Company is a recognised name in the CNC machine space offering the entire range of CNC lathes and machining centres to leading corporates in India.

Castings:

Set up as a backward integration to its textile machinery division, the Company presently develops precision castings that cater to diverse industries.

Aerospace components:

The Company leveraged its engineering expertise to develop components for the highly-complex aerospace sector.

At LMW...

...we took small but steady steps in incremental improvement.

...we extended our product offerings.

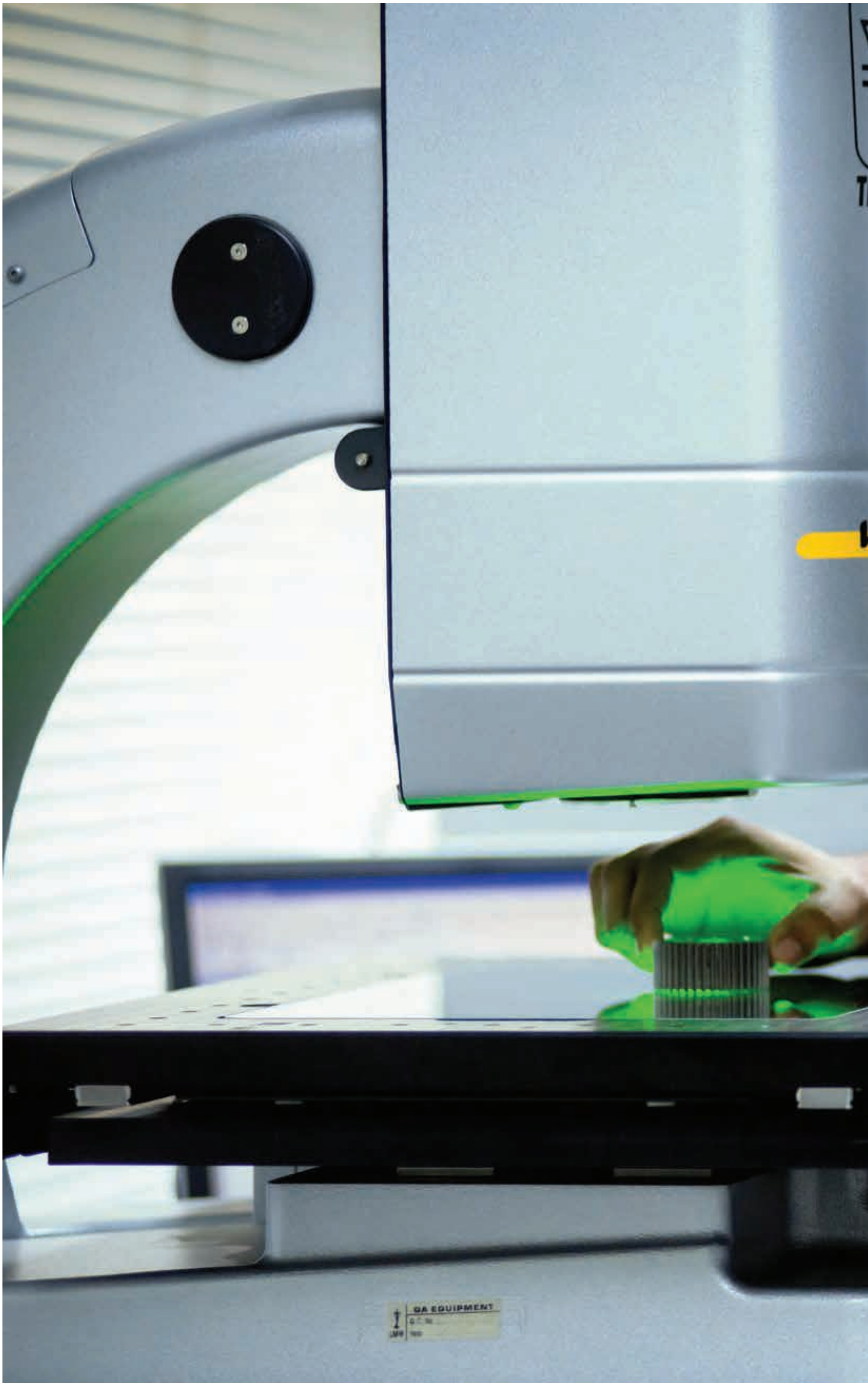
Offered solutions such as Yarn Monitoring System, Bobbin Transport System and Compact spinning among others as a meaningful extension to our product offering.

...we only got better at value-addition through retrofits.

Enhanced customer's machine productivity and extended machine lifecycle through retrofit solutions.

...we primarily focused at increasing machine uptime.

Introduced a Health Audit solution wherein experts assess the machine, its operations, its productivity and utility consumption and suggest improvements for maximising uptime.



And in doing so, we sold more, we delivered faster and we serviced better!

The bottomline is... we made our customer's business and our recall in their minds stronger.

At LMW...

...we worked on being better today than we were yesterday.

...we identified and filled gaps in our product basket.

Added products – comprising of new machines and product extensions - to our offerings basket.

...we thought it prudent to upgrade our legacy equipment.

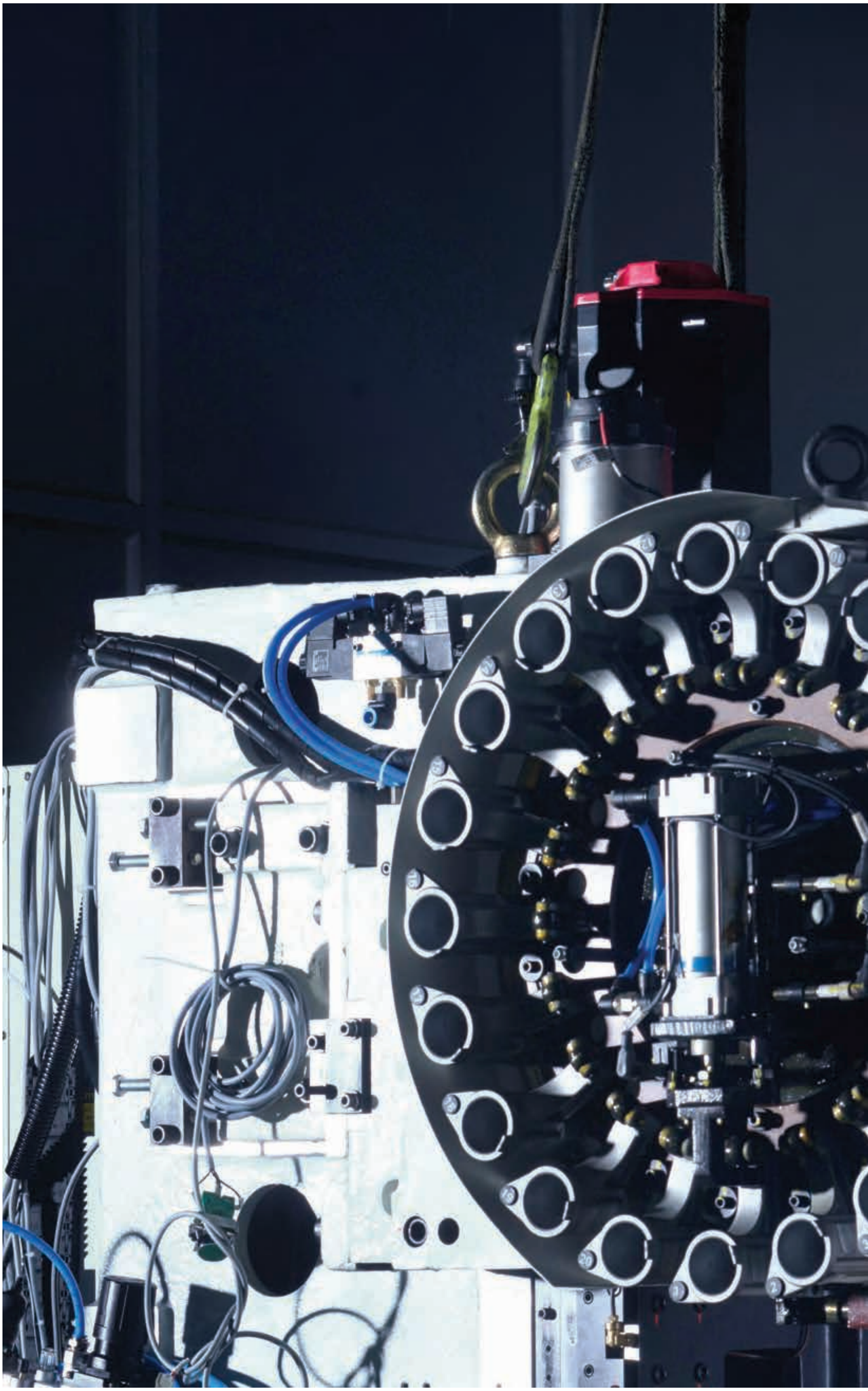
Refurbished our machines with new systems to enable them to deliver their original quality.

...we leveraged the existing platforms better to reach out further.

Established a strong presence on the social media platforms for creating awareness.

...we increased our speed at every operation to improve delivery schedules.

Transformed the Accelerating Competency for Manufacturing Excellence (ACME) practice into our work culture over the years, which has significantly improved manufacturing and assembly operations.



As a result, we bonded better, we achieved more and wowed more customers.

In a nutshell... we became better only to set our sights higher.

At LMW...

...we prioritised quality over quantity

...we chose to consolidate our operations from three units to two.

Replaced only critical legacy equipment with contemporary variants.

...we chose to accomodate additional infrastructure within our existing facility.

Adjusted the balance equipment within the same facility through prudent shopfloor management.

...we chose to align our mindset to meet growing customer demand.

Prudently balanced in-house production with an outsourced arrangement; institutionalised the ACME culture to realise more from existing facilities. Even as consolidation was a challenging task , we registered an increased output by the year end.

In effect, we made our operations leaner, fitter and greener.

And... graduated from a typical back-end operator to a growth contributor.

At LMW...
...we are working hard for our share of recognition.

...we painstakingly built expertise one step at a time.

Patiently obtained all global certifications (including the NADCAP Certification) for business-critical facilities; it is among the handful in this space to have among its team a NAS410 Level III Certified Inspector.

...we patiently worked to secure approvals for critical components.

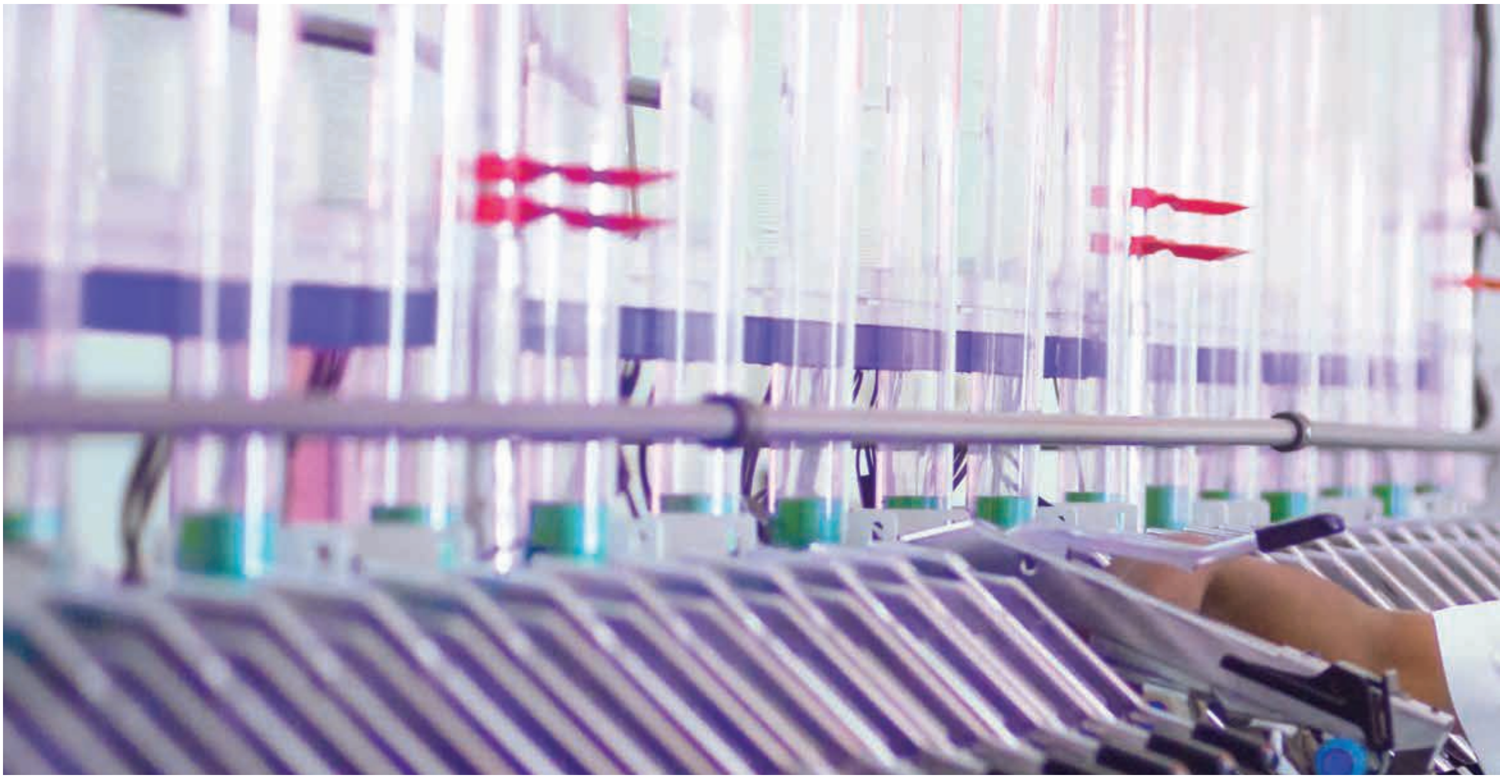
In the initial years, we worked only on creating our awareness and securing approvals; today our components are being used by global aircraft manufacturing Original Equipment Manufacturers (OEMs).

...we stayed the course to earn global respect.

Received annual contracts for supplying diverse components to a larger number of global OEMs; repeat orders from these customers are expected in the near future.

As a result, we emerged as a quick learner and as a reliable partner in business.

Moreover, we bettered our prospects for a stronger bond with global aircraft manufacturers.



FROM THE CHAIRMAN'S DESK

"Our customer's experience is our only reality."

Dear shareholders,

At LMW, we truly believe that a satisfied customer is the best business strategy of all. Because, in their success lies our sustenance. We recognise the fact that it is the most difficult path to tread - for customer satisfaction is relative; as there can be no real measure for the intangible. Moreover, customer satisfaction is a dynamic parameter, it changes between customers and for the same customer, it changes between time periods. Despite these realities, we continue to stay focused on this course, for when a customer expresses satisfaction, it provides us with energy to achieve more.

As a first step towards customer satisfaction, we painstakingly and patiently imbibed the Accelerating Competency for Manufacturing Excellence (ACME) and Accelerating Competency for Design Excellence (ACDE) tools and have transformed the practice into an organisational culture. Today, we can see the dividend of this journey as every business vertical has improved significantly on their quality and delivery promises. These, I believe, are only the low-hanging fruits from this transformation. What is more heartening is that this culture has created an ecosystem for greater bonding and continuous improvement.

Going forward, the team remains committed to its journey on this arduous path, in the quest of even better results. From a business vertical perspective, we have outlined interesting initiatives, which we believe are the need of the hour from our customer's standpoint and hence will help us in cementing a stronger bond with them.

For the textile machinery division, we are working on solutions that would enhance our 24x7 connectivity with customers. On a real-time basis we intend to assist our customers remotely in improving their machine's performance. This then will help in increasing our customers' machine uptime as opposed to reducing machine's downtime. In effect, we will partner with our customer in raising the productivity of their shopfloor. In the machine tools division, having covered significant lost ground by introducing multi-capability machines in the recent past, we strategized to move into sector-specific machine tools, in line with our customers' requirement. For this, we have identified sector-specific product gaps and have started working towards having a wholesome product portfolio.
With the foundry consolidation project being successfully completed, the activities within this division have become more

productive and sustainable. It is a matter of pride for us that the technology used to manufacture castings is non-polluting and reinforce our firm commitment to protect our environment.

Our investment in the Advanced Technology Centre has reached an inflection point where knowledge gained till date has earned us attention. We are getting enquiries from Tier I players for developing and delivering complex components used in critical assemblies. More than the revenue potential, it is a heartening watermark on the painstaking efforts of the entire team.

Going forward, there is considerable enthusiasm in the team, for each division has a challenging project to look forward to which promises to align the business with emerging trends and dynamic customer needs. While we understand that the outcome from these projects will not be immediate, we are confident that the ultimate outcome would reposition LMW into a new growth orbit.

Regards

Sanjay Jayavarthanavelu
Chairman & Managing Director

Management discussion and analysis

Global economic overview

2017 was a year of new highs. The global economy, which staged a recovery from around mid-2016, gained significant momentum in 2017 to register a 3.8% growth, the fastest since 2011. The heartening feature was that 2017 ended on a high with the global GDP growth pegged at 4% for the last quarter (the highest since 2010) which also provided optimism for this momentum to be carried forward into 2018. This growth was driven by an investment recovery in advanced economies, continued strong growth in emerging Asia, a notable upswing in emerging Europe, and signs of recovery in several commodity exporters.

Global growth is expected to tick up to 3.9% this year (2018) and next (2019), supported by strong momentum, favourable market sentiment, accommodative financial conditions, and the domestic and international repercussions of expansionary fiscal policy in the United States.

Indian economic overview

After a dull first half, the Indian economy gained momentum, reporting a GDP growth of 7.2% in the December quarter (Q3) of 2017-18—the fastest in five quarters. As a result, India reclaimed the 'world's fastest growing economy' tag from China. This recovery was sparked by a revival in investment demand, registering a growth of 12%.

Based on Q3 GDP data, the full year's GDP growth is estimated to be 6.6%. If this GDP growth rate is realised, the Indian economy is projected to grow to US$2.6 trillion by the end of March 2018.

Not only does this signal that the Indian economy is tiding over disruptions – triggered by demonetisation of high-value currencies and rollout of the Goods and Services Tax-but the latest quarterly corporate earnings data suggest that consumer demand too is reviving.

The high points for 2017-18

India emerged as the most competitive country in South Asia, appearing at No. 40 in the global competitiveness ranking of 137 countries by the World Economic Forum.

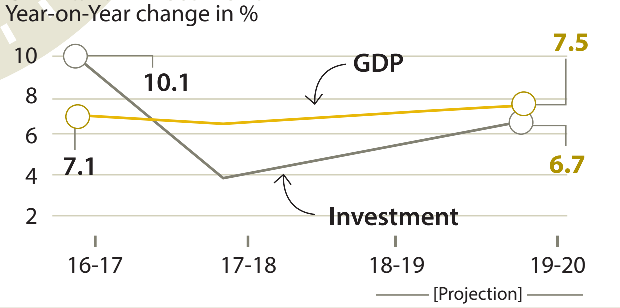
India jumped up by 30 notches into the top 100 rankings on the World Bank's 'ease of doing business' index, consequent to major improvements in indicators such as resolving insolvency, paying taxes, protecting minority investors and getting credit.

India topped management consulting firm AT Kearney's 2017 Global Services Location Index for the eighth consecutive year and extended its lead over other countries from 0.47 last year to 0.76 in 2017.

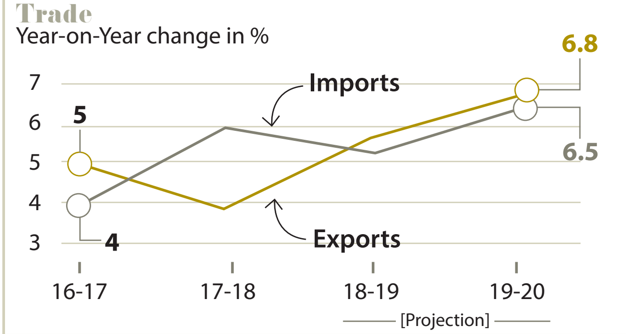
7.3% in FY 19

The World Bank has provided India's economic growth to accelerate to 7.3% in 2018-19 and 7.5% in 2019-20

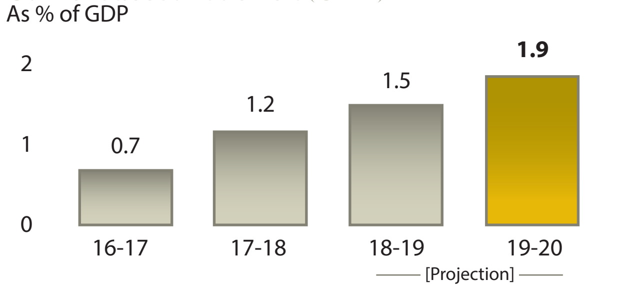
GDP and investment
Year-on-Year change in %



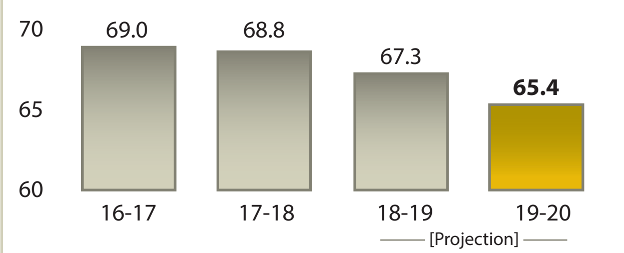
Trade
Year-on-Year change in %



Current account deficit (CAD)
As % of GDP



Govt. debt (States + Centre)
As % of GDP



Source : World Bank

BUSINESS
SEGMENT 1

Textile Machinery Division

This business segment operates on the single phrase 'customer centricity' – a culture which over time has transformed into the DNA of the business and has positioned LMW as one among the leading manufacturers of Textile Spinning Machinery in the world.

The Company provides the entire range of spinning solutions to its domestic and international clients. Its ability to stay at the cutting-edge of technology ensures that its sophisticated equipments generate quality output consistently, even while making its client's business competitive.

The Company remains connected with its customers by offering a comprehensive basket of value-added services that ensure optimum utilisation of the machine throughout its useful life.

The services basket includes hand-holding of the client's shopfloor team post installation, machine monitoring and audit and providing spares and accessories for maximising machine uptime. The Company also offers performance improvement kits that can be retrofitted with legacy machines to improve their productivity and performance.

The Company services its international customers through a network of offices in each geography of its presence, manned by local residents. This ensures that LMW is always proximate to its client's shopfloor.

Highlights, 2017-18

Despite the subdued environment prevailing in the Indian spinning sector primarily due to the volatility in cotton prices, reduction in yarn import by China and the continuing overhang of the demonetisation driver, the Company improved its business performance by dispatching more machines and performance kits. In addition, the Company implemented a number of initiatives to strengthen its competitive advantage:

Operations

- Reduced the lead time between order receipt and machine dispatch by accurate assessment of client requirement and intelligent production planning.
- Implemented low-cost automation solutions, which reduced labour fatigue and improved shopfloor productivity.

R&D

- Launched products that further reduced the cost of ownership and operations
- Optimised product development time by increasing the proportion of standardised components
- Automated manual material transfer between machines, thereby further enhancing machine productivity

Spares

- Encouraged customers to use the e-spares portal for procurement of spares. Placed most of the parts under Stock and Sale category ensuring timely availability of spares.
- Provided combo kits (sub-assemblies) which facilitated faster fitment (without damaging other complementary parts) and minimised the use of spurious parts.

Customer service

- Focused on providing technological support and handholding the customer's operation team to achieve the promised results.
- Created product-specific and process-specific service teams to provide expert advise to customers.

The Indian textile industry

The textile industry is an important business space in India not only for its contribution to growing exports and the economy but also for its employment generation ability. The product diversity and expertise in this sector, developed over decades, makes it an important hub for the global textile players. Hence, this sector has always remained a high-priority area for every Government. Their favourable policy announcements, especially over the last decade has resulted in huge investments towards capacity enhancement and technological advancements across the textile value chain – significantly strengthening India's competitive advantage in the global textile space.

Challenges for the textile sector

Textile and Garment exports are likely to be in the range of US$ 40 billion and will miss the US$ 45 billion target for 2017-18, as the industry reels under the impact of GST roll out and tariff advantages enjoyed by competitors like Bangladesh and Vietnam, according to textile industry body Confederation of Indian Textile Industry (CITI). The domestic textiles and apparel industry faces a big threat from rising imports due to the removal of countervailing duty and special additional duty in the Goods and Services Tax (GST) regime.

China, which is the largest market for cotton yarn, has imposed around 3.5% import duty on yarn from India under Asia Pacific Trade Agreement (APTA), while duty free access is given to Vietnam. This has led to large capacity expansion in yarn manufacturing in Vietnam, which has surpassed India to become the largest supplier of cotton yarn to China.

As a result, India's cotton yarn exports to China have decreased by 49% during the period 2013-14 and 2016-17, while Vietnam's exports of cotton yarn to China have increased by 88% during the same period.

Government support to textile sector

Union Budget 2018-19: The Budget allocation for the labour-intensive textiles sector increased to 14.7% over the previous year, to ₹7,148 Crores. While the allocation for the Amended Technology Upgradation Fund Scheme (ATUFS) has been raised to ₹2,300 Crores in 2018-19 from ₹1,956 Crores in 2017-18, the provision for Refund of State Levies (ROSL) for 2018-19 is higher at ₹2,222 Crores compared to ₹1,939 Crores last year.

Other policy allocations: The Cabinet Committee on Economic Affairs (CCEA), Government of India has approved a new skill development scheme named 'Scheme for Capacity Building in Textile Sector (SCBTS)' with an outlay of ₹1,300 Crores (US$ 202.9 million) from 2017-18 to 2019-20.

The National Textile Policy: The Government is working on unveiling the National Textile Policy. The policy aims to achieve US $ 300 billion (over ₹20 Lakh Crores) 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.

The spinning segment

India is one of the largest producers as well as exporters of cotton yarn. This is primarily due to the abundant availability of raw cotton and labour. The prospects of this segment are largely dependent on exports, with close to a third of the output being despatched to global destinations – China being a key importer of Indian yarn.

In recent years, Indian cotton yarn exports witnessed a significant slowdown. This is owing to a decline in import of cotton yarn by China and Bangladesh, two large markets comprising around half of India's global cotton yarn shipments. India faces direct competition from Vietnam, as China allows 'zero-duty' imports from Vietnam.

Performance in 2017-18: Fiscal 2017-18 started on a weak note with the second quarter of the fiscal being the least profitable in five years for spinners, or cotton yarn mills. But the tide was expected to change in the second half of 2017-18, with a sharp increase in cotton production (expected ~375 Lakh bales) in cotton season (CS) 2017-18.

The impact of an increase in cotton output is also expected to improve profitability of cotton yarn spinners in the first two quarters of 2018-19. Further, rising synthetic fibre prices amid inflationary pressure on crude oil is expected to catalyse substitution demand towards cotton yarn manufacturers.

Blueprint, 2018-19

The team will continue to focus on aligning its value-quotient (product and service) to customer requirement and market dynamics. The key focus will be leveraging data analytics for improving on-field machine performance and superior machine development. In addition, the team will strive to improve its machine performance even as it optimises its operational and designing costs by institutionalising the Accelerating Competency for Manufacturing Excellence (ACME) and Accelerating Competency for Design Excellence (ACDE) principles.

PERFORMANCE 2017-18 (₹ in Lakhs)

	2017-18		2016-17	
	Nos.	Amount	Nos.	Amount
Spinning preparatory machines	1,932	65,993.57	2,170	77,970.07
Yarn making machine	1,335	88,595.73	1,105	83,316.44
Accessories and spares		37,318.60		35,048.23

BUSINESS
SEGMENT 2

Machine Tool Division

Having reached a position of global acceptance in the Textile Machinery sector, the Company decided to leverage its formidable engineering expertise and manufacturing resource to enter the Machine Tools sector.

From humble beginnings in 1988, LMW has established a strong presence in the machine tools industry by delivering machines that continue to remain accurate over decades. The Company product portfolio includes lathes, CNC machines and turning centres that cater to the multiple user sectors of Automobile, Auto-ancillaries and general engineering.

Over the years, the Company has made significant investments in R&D for strengthening its knowledge capital and competence matrix for enriching its machines with the technological advancements that address the stringent requirements of global customers.

LMW has earned respect in this business space due to the reliability and accuracy of its products. The Company continues to receive repeat orders from its customers,primarily due to the use of global best practices in design and manufacturing. In addition, the Company has made important investments in refurbishing its mother machines (machines that make components/sub-assemblies for its final products) to improve their accuracy and efficiency.

Performance, 2017-18

This period was one of the best for the Machine Tool Division in the last decade as the Company clocked a record performance in terms of machine production, revenue and profitability.

This division registered a turnover of ₹43,995.30 Lakhs from sale of 2,320 machines in 2017-18, as against ₹31,885.59 Lakhs from sale of 1,466 machines in 2016-17. This performance was due to a pick-up in demand for machine tools from the automotive sector and from the General Engineering segment, especially from the SME space, as the 'Make in India' initiative gathered momentum.

Highlights, 2017-18

The Company continued to strive towards strengthening the product value-quotient offered to its customers.

Operations

- Institutionalised the ACME discipline across component manufacturing and machine assembly
- Component manufacturing: New tools, jigs and fixtures, change in material and process improvements resulted in improved component quality and higher man-machine productivity

- Assembly operation: Introduced the Zero-Positioning system, which helped in reducing set-up time; dedicated machines for manufacturing fast moving components, introduced superior tools, jigs and fixtures for better assembly operations – machine assembly cycle time reduced significantly
- Refurbished legacy mother machines with technological advancements which upgraded the equipment to its pristine position and improved output

Research & Development

- Focused on strengthening the ACDE philosophy in the R&D team for faster and superior product development
- Engaged technology experts to enhance the knowledge capital on global trends and to translate the technology knowledge into a structured process customised for the team for its seamless understanding and application
- Introduced a number of new machine variants which filled the price gaps and size gaps in the existing product basket
- Set up an application laboratory for testing and improving material usage in components and machines

Marketing

- Leveraged the exhibition platform to shore business volumes as opposed to using it as a brand-building tool
- Used the social media platform for creating awareness among prospective customers
- Focused on widening the opportunity canvass by strengthening the marketing team for a wider geographic coverage of the Indian market

Customer service

Created an application engineering team for front-ending with customers to understand their requirement - this input would facilitate in superior service and improved machine development, going forward

The machine tools sector

Machine tools are used to cut and shape metals and other materials based on the specifications of a product. They provide an effective and efficient method of manufacturing critical components with ease and accuracy. Machine tools can be either Computer Numeric Controlled (CNC) or non-CNC.

Machine tools are considered a strategic industry segment. It is a part and parcel of manufacturing, particularly discreet manufacturing segments such as automobiles, defence, railways, plastic machinery, medical electronics, general engineering and white goods. As such, this sector is key to the government's flagship 'Make in India' and 'Skill India' initiatives.

In recent times, the machine tools industry has evolved with the development of both hardware technology and software applications. This has resulted in machines becoming faster, intelligent, and versatile. As a result, machines have now become multifunctional and are capable of performing a broad range of tasks inside a single set up - the standardisation of multiple products on a single platform is possible. The advanced CAM technology is being used for multi-axis, multi-spindle, and multi-turret machines – strengthening machine versatility and application and hence is widening the opportunity pie.

The automobile industry is one of the major users of machine tools (about 40%). As such, a large section of machine tool manufacturers are investing in new-age technology and innovation to sustain their relevance to this highly dynamic user sector.

Emerging trends indicate that automation and smart control by adoption of industry 4.0 will be the buzzwords for the machine tool industry going forward. As a result, machines will be interfaced with automation systems and smart controls. Reduced manual intervention in process control using the machine tool control system and smart tooling will be the key to optimising costs, scrap reduction and improved machine utilisation.

The machine tool market in India is increasing exponentially every year. It is expected that platforms like 'Make in India' coupled with the growth in manufacturing will emerge as the key demand drivers for the machine tools sector and is likely to witness substantial high-end machine tool manufacturing.

Blueprint, 2018-19

Having experienced the benefits of ACME and ACDE concepts, the team will work passionately to transform these concepts into a business culture. Moreover, the team will work on filling up product gaps based on industry requirements to meet the ever growing requirement of Machine Tool customers.

BUSINESS SEGMENT 3

Foundry Division

Established essentially as a backward integration to the textile machinery and machine tool divisions, this division has, over the years, enriched itself as a supplier of world-class castings for critical applications to global players.

Consistent investments in contemporary technology and adoption of lean practices have enabled agility in manufacturing and lowering its operational burden on the environment. This has enabled LMW to establish a credible global reputation of being a reliable supplier of quality castings.

Performance, 2017-18

Despite the consolidation of units which continued for six months during the fiscal under review, the division moved its performance a few notches higher. The division sold 6,097.76 MT of ductile iron and grey iron castings valued at ₹9,566.56 Lakhs in 2017-18 against 3,986 MT valued at ₹5,937.31 Lakhs in the previous year. Out of the total castings sold, about 29%, valued at ₹2,782.84 Lakhs were exported.

Highlights, 2017-18

The team has passionately worked as a cohesive unit to successfully complete the unit consolidation strategy, which promises to make the foundry unit more efficient and environment friendly.

Consolidation

The Company completed the consolidation of three operating units into two units in September 2017.

Marketing

- Expanded business across geographies with select global players which increased export volumes
- Increased revenue-share with important domestic customers by expanding its array of castings to each customer – this grew business volumes
- Grew supply of castings to meet growing in-house demand from the textile machinery and machine tools divisions

The casting sector

The Indian foundry industry manufactures metal cast components for applications in Auto, Tractor, Railways, Machine tools, Sanitary, Pipe Fittings, Defence, Aerospace, Earth Moving, Textile, Cement, Electrical, Power machinery, Pumps / Valves, Wind turbine generators etc.

South India, particularly Tamil Nadu and Karnataka contribute 50% of the total production of castings in India. Coimbatore, located in Tamil Nadu, is an important foundry cluster. The foundry industry at Coimbatore came up mainly to cater to the needs of the local textile and pump-set industries. There are about 600 foundry units in Coimbatore.

Performance: India has overtaken United States to emerge as the second largest producer of casting, behind

China. The nation, with an installed capacity of 15 million tonnes per year, produced 11 million tonnes of castings valued at US$19bn in 2017, behind China (production at 40 million tonnes).

The Foundry Industry has a turnover of approx. USD 19 billion with exports approx. USD 2.5 billion. However, grey iron castings have the major share i.e. approx 68% of total castings produced.

Challenge: As the country is preparing for an automobile revolution with Electric Vehicles (EVs), the foundry industry is bracing for a disruptive change in business. It fears that the demand for auto components will dry up as EVs use fewer moving parts in the vehicle body.

Promise: The thrust on infrastructure development, road construction, coal production, power generation, housing for all by 2022 is driving the demand for castings from the foundry industry. Besides, the Government's focus on railway modernisation and defence manufacturing in India will also drive demand for castings.

Blueprint, 2018-19

As a first step, the team will focus on stabilising operations at both units to achieve optimum utilisation of capacity. Even as processes will continue to be optimised, the Company has outlined certain important investments at both units with an ultimate goal of making its foundry division GREEN CERTIFIED. In addition, the Company also plans to move up the value chain to provide machined castings as opposed to selling raw castings.

BUSINESS
SEGMENT 4

Advanced Technology Centre

This is LMW's most recent diversification which takes its engineering expertise to a niche platform, for it works closely with the global aerospace industry in developing critical components, namely engine and landing gear parts and sheet metal and structural parts.

The Advanced Technology Centre is spread over a 25,000 sq meter built up area, which houses cutting-edge technology, best-in-class equipment and specialised capabilities and processes (including 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.

Performance, 2017-18

The ATC business registered a turnover of ₹3,390.35 Lakhs as against the previous year's turnover of ₹1,430.23 Lakhs during the same period last year. Job work income earned during the year amounted to ₹871.42 Lakhs as against ₹1,264.87 Lakhs during the same period last year.

Highlights, 2017-18

- Added a number of global customers to its client profile for developing and delivering critical components; increased revenue-share with existing customers as the team graduated its position from doing job work to delivering components
- Successfully completed the metallic structure for DRDO's Airborne Warning Control System
- Continued focus on strengthening knowledge capital and process expertise to graduate from components to sub-assemblies
- Received the 'Best Performance Award' from Hindustan Aeronautics Limited, an important client for the Company

The aviation sector

India is the world's fastest growing domestic aviation market, and has posted the fastest full year growth rate for three years in a row now. India's Revenue Passenger Kilometre (RPK) growth of 17.5% was higher than the global average growth of 7% in 2017.

At US$ 16 billion, India's aviation market is currently the 9th largest in the world and is projected to be the 3rd largest by 2020, and largest by 2030.

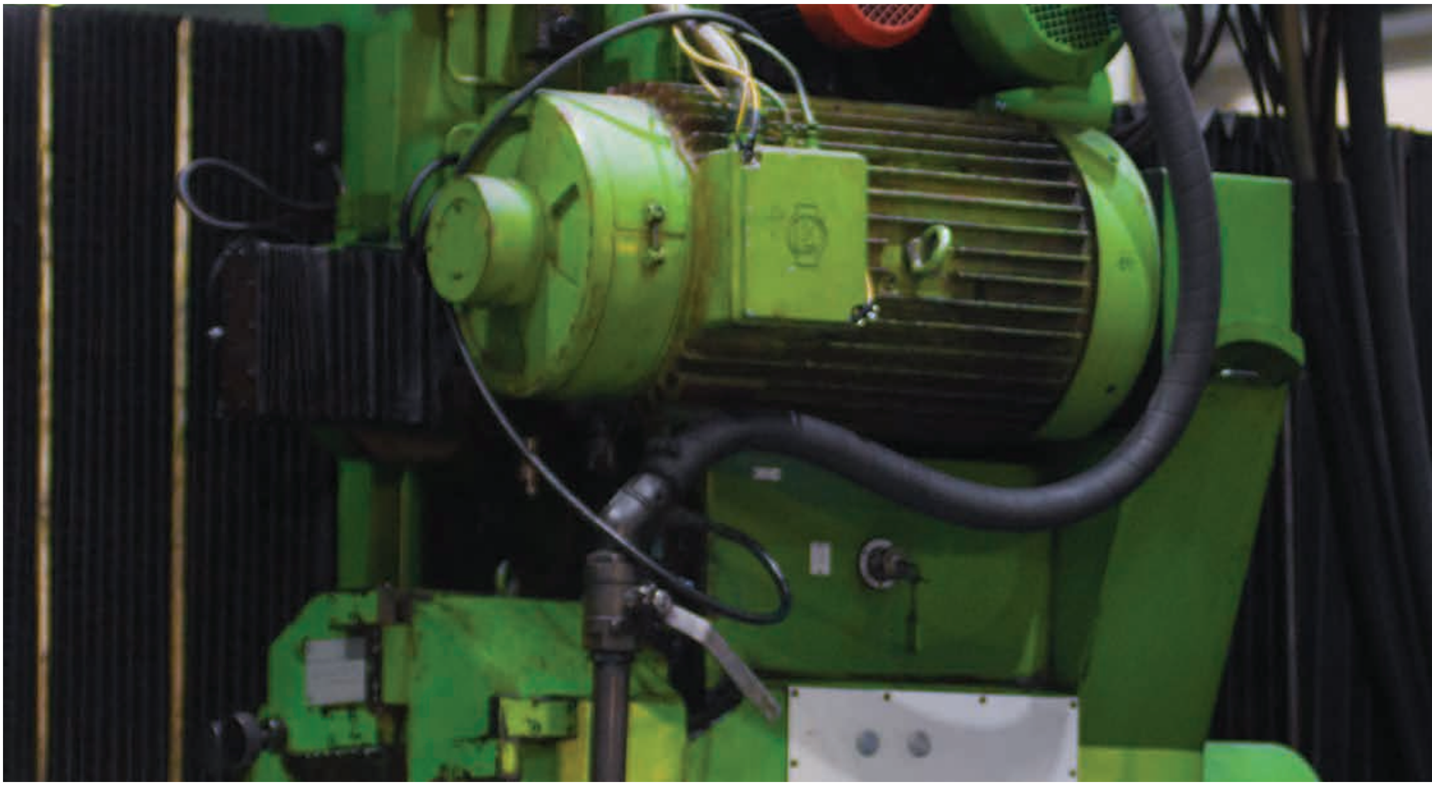
India is currently considered the third largest domestic civil aviation market in the world. It is expected to become the world's largest domestic civil aviation market in the next 10 to 15 years as per Government sources.

Promise: India's aviation industry is largely untapped with huge growth opportunities, considering that air transport is still expensive for majority of the country's population, of which nearly 40% is the upwardly mobile middle class. To make this a reality, the Government has initiated the Regional connectivity scheme of UDAN (Ude Desh ka Aam Nagrik) which promises to connect 56 unserved airports and 31 unserved helipads across the country. Operations have already started at 16 such airports. In addition, the Government has also initiated the Regional Connectivity Scheme (RCS) with an aim of boosting regional connectivity and making flying affordable.

According to Morgan Stanley, India could see an investment of US $25 billion in the next decade in the airports sector, and traffic growth of 13%. Their estimates suggest that the share of air travel and rail travel combined in India will grow to 15.2% by 2027 from 7.9% now.

Blueprint, 2018-19

The team will focus on strengthening business relations with global aviation players, as a number of players of international repute have evinced interest in working with the Company. Moreover, the Company will focus on strengthening its presence in the helicopter space of domestic aviation and work towards graduating from components to sub-assemblies in this segment.



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 talents. These practices enable the Company to keep the attrition rate well below the industry average. The Company had 3,446 permanent employees as on 31st March, 2018.

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 revenue and capital budgets 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.

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.

Financial Performance

Performance (₹ in Lakhs)		
Particulars	2017-18	2016-17
Gross profit before interest, depreciation, tax	36,991.66	34,104.54
Interest	-	-
Depreciation	7,079.53	7,473.26
Provision for Taxation	8,769.84	7,570.87
Profit after Tax	21,142.29	19,060.41
Earnings per share (Amt in ₹)	192.98	170.26

CORPORATE SOCIAL RESPONSIBILITY

Making a difference

LMW has incorporated the values of trust and responsibility towards society where it operates. As a responsible Corporate entity, LMW contributes towards the inclusive growth by supporting and empowering the communities and accelerating development. Under its Corporate Responsibility drive has taken up various social initiatives aimed at the welfare of the economically weaker population of the society and also in the development of infrastructures in the rural areas of Coimbatore.

LMW's CSR approach with its strong focus on holistic sustainable development principal believes that for a positive change to become sustainable the active participation and ownership by the community is a vital factor.

As a result, the Company's CSR initiatives focuses on an inclusive model of development programs positioning the community as change agents in the path to progress rather than being just a recipient.

The following are the core focus areas of its CSR initiatives - Healthcare, Education, Infrastructure and Livelihood enhancement. During 2017-18, the Company invested ₹647.95 Lakhs for various activities.

Renovated the Periyanaickenpalayam Railway Station – a project which was completed in June 2017

Installed solar powered LED street lights in each of the 7 settlements/ Villages spread across the Palamalai Hills home to about 1,100 tribals

Supported Government schools by improving classrooms and its furniture and upgrading school infrastructure

Organised mushroom cultivation training program for improving the livelihood of tribals in Palamalai Hills

Organised a veterinary health camp in the Palamalai villages to ensure the health of livestock of people living in the Palamalai Hills

Organised in association with Aravind Eye Hospital, an eye check-up and cataract surgery camp in Kaniyur for the benefit of more than 1,600 people from neighbouring villages

Conducted a health awareness program for school children studying in Government Tribal Food & Stay School in Kunjurpathi, Palamalai

Organised a cleaning drive and awareness creation campaign in the Govindanaickenpalayam Village

LAKSHMI MACHINE WORKS LIMITED
CIN L29269TZ1962PLC000463
Regd. Office: SRK Vidyalaya Post, Perianaickenpalayam, Coimbatore - 641020
Phone: +91 422 3022255, Fax: +91 422 2692541
Email: secretarial@lmw.co.in Website: www.lakshmimach.com

Notice to Shareholders

NOTICE is hereby given that the 55th Annual General Meeting ('AGM') of the Shareholders of Lakshmi Machine Works Limited, Coimbatore – 641020 will be held at 3.30 PM on Monday the 23rd July, 2018 at "Nani Kalai Arangam", Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore – 641037, to transact the following business:-

Ordinary Business:

1. To receive, 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 Statements of changes in Equity for the financial year ended 31st March, 2018, the Balance Sheet as at that date, the Report of the Board of Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Sri S Pathy (DIN: 00013899), Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To continue the appointment of the Statutory auditor without ratification at every Annual General Meeting and in this regard pass the following resolution as an **Ordinary Resolution**:

   RESOLVED THAT, in partial modification of the Ordinary Resolution passed at the Annual General Meeting held on 5th August, 2016 and in accordance with the amended Section 139 and other applicable provisions of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules 2014 including any statutory enactments or modifications thereof, the approval of the Members be and is hereby accorded to continue the appointment of M/s. S. Krishnamoorthy & Co., Chartered Accountants, Coimbatore (Firm Registration No:001496S) with Sri K. Raghu (Membership No : 011178) as signing partner, at such remuneration as may be decided by the Board of Directors as per the recommendations of the Audit Committee, to hold office till the conclusion of the Annual General Meeting to be held in the year 2021 and that the said appointment shall not be subject to ratification at every subsequent Annual General Meeting.

Special Business:

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

   RESOLVED THAT pursuant to Sections 197, 198 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof, for the time being in force), and as recommended by the Nomination and Remuneration Committee and approved by the Audit Committee and Board of Directors, the consent of the Company be and is hereby accorded for payment of commission to the Non-Executive Directors of the Company of a sum not exceeding 1% of the Net Profits of the Company computed in the manner as specified under Section 198 of the Companies Act, 2013 subject to an overall limit of ₹1,00,00,000/- (Rupees One Crore only) per annum (exclusive of sitting fees payable to the Non-Executive Directors for attending the meetings of the Board of Directors, Committees thereof and meeting of Independent Directors) to be paid and distributed amongst the Non-Executive Directors of the Company or some or any of them in such amounts or proportions and in such manner and in all respects as may be decided by the Board of Directors of the Company and such payments shall be made with respect to the profits of the Company for each financial year.

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

   RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014 (including any statutory modification or re-enactment thereof, for the time being in force), Sri. A.N. Raman, (Membership No.: 5359) Cost Accountant, Chennai who was appointed as Cost Auditor by the Board of Directors of the Company on the recommendation of the Audit Committee, to conduct the audit of the cost accounting records of the Company for the financial year 2018-19 on a remuneration of ₹6,00,000/- (Rupees Six Lakhs only) per annum exclusive of applicable taxes 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

C R Shivkumaran
Company Secretary

Place: Coimbatore
Date: 25th May, 2018

NOTE(S):

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 ENTILED 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 ALONG WITH THIS NOTICE.

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 authorized 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 authorizing 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) authorizing 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 and 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 17th July, 2018 to Monday the 23rd July, 2018 (both days inclusive) as per Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 91 of the Companies Act, 2013.

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, 16th July, 2018.

10. Members who are holding shares in identical order of names in more than one folio are requested to send to the Registrar and Share Transfer Agent ('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 to the shares held in physical form together with a proof of address viz, Aadhar/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 RTA 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 utilize 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 RTA. Regular updation of bank particulars is intended to prevent fraudulent encashment of dividend warrants.

15. The Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (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 holding 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 RTA, 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 RTA 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 / RTA 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 (IEPF). 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 share on which the beneficial owner has not enchased 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. The shareholders whose unclaimed or unpaid amount has been transferred to the 'Investor Education and Protection Fund', may claim the same from IEPF authority by filing Form IEPF-5 along with requisite documents.

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 RTA.

20. Members holding shares in electronic form may please note that as per the regulations of National Securities Depository Limited (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/change in terms of remuneration as required under Regulation 36 of the SEBI (Listing Obligations 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/RTA 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 atleast 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 physical copy of the same. For members who have not registered their E-mail id, physical copies of the Annual Report and the AGM Notice for the year 2017-18 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 RTA at 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 the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is pleased to provide members with facility to exercise their votes for all the resolutions detailed in the Notice of the 55th Annual General Meeting scheduled to be held at 03.30 PM (India Standard Time) on Monday, 23rd July, 2018, by electronic means and the business may be transacted through remote e-voting. The Company has engaged the services of CDSL as the authorized agency to provide the remote e-voting facilities. The instructions for remote e-voting is provided below.

I. Any person, who acquires shares of the Company and becomes member of the company after dispatch of AGM Notice and holding shares as of the cut-off date i.e., 16th July 2018, may refer to this Notice of the AGM of the Company, posted on Company's website www.lakshmimach.com for detailed procedure with regard to remote e-voting. Any person who ceases to be the member of the company as on the cut-off date and is in receipt of this Notice shall treat this notice for information purpose only.

II. 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 has voted by remote e-voting will not be permitted to vote at the AGM by Ballot.

III. Votes cast by members who hold shares on the cut-off date viz. Monday 16th July, 2018 alone will be counted.

The instructions for shareholders voting electronically are as under:

(i) The voting period begins at 9 am (India Standard Time) on Friday, 20th July, 2018 and ends at 5 pm (India Standard Time) on Sunday, 22nd July, 2018. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Monday, 16th July, 2018, 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 / Members

(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
PAN	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 Lakshmi Machine Works Limited 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 changed 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) 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.

IV. 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 of Monday, 16th July, 2018.

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

VI. The Scrutinizer shall immediately after the conclusion of the Annual General Meeting will first count the votes cast through remote e-voting in the presence of atleast two (2) witnesses not in the employment of the Company and makes a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Annual General Meeting.

VII. 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.

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

ITEM No. 5

The Shareholders of the Company at the Annual General Meeting held on 5th August, 2016 had approved for the payment of commission to Non-Executive Directors of the Company upto 1% of the Net Profits of the Company per annum computed in the manner prescribed under Sections 197 and 198 of the Companies Act, 2013 for a period of 3 financial years commencing from 1st April 2015. This was in addition to the sitting fees paid to them for attending the Meeting of the Board and Committees thereof.

The complexity of managing business is ever increasing. The Non-Executive Directors shall also be required to devote much more time and attention to the Company. Taking into consideration the responsibilities of the Non-Executive Directors in the changing corporate environment, it is proposed to continue the payment of commission to the Non-Executive Directors up to a sum not exceeding 1% of the Net Profits of the Company, subject to a maximum of ₹1,00,00,000/- (Rupees One Crore only) per annum calculated as per the provisions of Section 198 of the Companies Act, 2013.

Accordingly, necessary resolution pursuant to the provisions of Section 197, 198 and other applicable provisions of the Companies Act, 2013 have been proposed in Item No.5 of the Notice for the approval of the members for payment of commission to the Non-Executive Directors of the Company.

The Board recommends the resolution set out in Item No.5 of the Notice for the approval of the members.

Interest of Directors:

Except all the non-executive directors being the recipients of commission and their relatives, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise in the resolution set out in Item No.5.

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 2018-19 at a remuneration of ₹6,00,000/- (Rupees Six Lakhs only) excluding the applicable taxes 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. Accordingly, the consent of the Members is sought for passing an ordinary resolution as set out in Item No.6 of the notice for ratification of the remuneration of the Cost Auditor for the financial year 2018-19.

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, financially or otherwise, in the resolution.

By Order of the Board

Place: Coimbatore
Date: 25th May, 2018

C R Shivkumaran
Company Secretary

Annexure to Notice of AGM

PROFILE OF DIRECTOR SEEKING REAPPOINTMENT/NON-EXECUTIVE DIRECTOR REMUNERATION

(Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Secretarial Standard 2 – Clause 1.2.5)

Sri S Pathy

Name	Sri S Pathy
Director Identification Number (DIN)	00013899
Date of Birth/Nationality	17th November, 1949 / Indian
Date of appointment on the Board	21st March, 1973
Inter-se relationship	None of the Directors, Key Managerial Persons of the Company and their relatives are related to Sri S Pathy
Qualification	B. Com.
Expertise in area	Sri S Pathy has about four decades of experience in the fields of textile, textile engineering, finance and administration
Number of Shares held in the Company	1,420 Equity Shares of ₹10/- each
Board Position Held	Director (Non-Executive, Non-Independent, Part of Promoter Group)
Terms and conditions of appointment / reappointment	Subject to shareholders' approval to be re-appointed as Director (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	As determined by the Board of Directors within the limits specified as per item no.5 of the Notice to AGM

<table>
<tr><td>Number of Board Meetings attended during the year</td><td colspan="2">Information disclosed in the Corporate Governance Report</td></tr>
<tr><td>Directorships held in other companies</td><td>Listed</td><td>Others</td></tr>
<tr><td></td><td>i. The Lakshmi Mills Company Limited
ii. Lakshmi Automatic Loom Works Limited</td><td>i. Lakshmi Card Clothing Manufacturing Company Private Limited
ii. LCC Investments Limited
iii. Coimbatore Lakshmi Cotton Press Private Limited
iv. Sans Craintes Stud Farm Private Limited
v. Sans Craintes Livestock Private Limited
vi. Sans Craintes Racing & Bloodstock Private Limited
vii. Rasakondalu Developers Private Limited
viii. Sans Craintes Power Private Limited</td></tr>
<tr><td>Chairman / Membership in other committees of the Board</td><td colspan="2">Listed : Member in Nomination and Remuneration Committee and Stakeholders Relationship Committee at Lakshmi Machine Works Limited
Member in Corporate Social Responsibility Committee at the Lakshmi Mills Company Limited
Member of Nomination and Remuneration Committee of Lakshmi Automatic Loom Works Limited
Others : Chairman of Corporate Social Responsibility Committee of Lakshmi Card Clothing Manufacturing Company Private Limited</td></tr>
</table>

NON-EXECUTIVE DIRECTORS REMUNERATION-PROFILE OF DIRECTORS

(Pursuant to Secretarial Standard 2 – Clause 1.2.5)

Sri Aditya Himatsingka

Name	Sri. Aditya Himatsingka
Director Identification Number (DIN)	00138970
Date of Birth/Nationality	24th March, 1964 / Indian
Date of appointment on the Board	25th October, 2010
Inter-se relationship	None of the Directors, Key Managerial Persons of the Company and their relatives are related to Sri. Aditya Himatsingka
Qualification	B.Com. (Hons), M.S. (Textiles)
Expertise in area	Textiles, Management & Administration
Number of Shares held in the Company	-
Board Position Held	Independent Director
Terms and conditions of appointment / reappointment	Appointed for a term of 5 years (with effect from 6th August, 2014)
Remuneration paid for the financial year	Information disclosed in the Corporate Governance Report
Remuneration proposed to be paid	As determined by the Board of Directors within the limits specified as per item no.5 of the Notice to AGM

Number of Board Meetings attended during the year	Information disclosed in the Corporate Governance Report	
Directorships held in other companies	Listed	Others
	-	i. Seiden House LLP ii. BMU International (Partnership Firm)
Chairman / Membership in other committees of the Board	Listed : Member in Audit Committee & CSR Committee of Lakshmi Machine Works Limited	

Dr Mukund Govind Rajan

Name	Dr. Mukund Govind Rajan	
Director Identification Number (DIN)	00141258	
Date of Birth/Nationality	05th April, 1968 / Indian	
Date of appointment on the Board	25th October, 2010	
Inter-se relationship	None of the Directors, Key Managerial Persons of the Company and their relatives are related to Dr. Mukund Govind Rajan	
Qualification	B.Tech. (IIT Delhi), M.Phil. (Oxford University), Ph.d. (Oxford University)	
Expertise in area	Corporate Governance, Management & Administration	
Number of Shares held in the Company	-	
Board Position Held	Independent Director	
Terms and conditions of appointment / reappointment	Appointed for a term of 5 years (with effect from 6th August, 2014)	
Remuneration paid for the financial year	Information disclosed in the Corporate Governance Report	
Remuneration proposed to be paid	As determined by the Board of Directors within the limits specified as per item no.5 of the Notice to AGM	
Number of Board Meetings attended during the year	Information disclosed in the Corporate Governance Report	
Directorships held in other companies	Listed	Others
	-	i. The Rajan Family Charitable Foundation
Chairman / Membership in other committees of the Board	Listed : Chairman of Audit Committee at Lakshmi Machine Works 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
Inter-se relationship	None of the Directors, Key Managerial Persons of the Company and their relatives are related to Sri. Arun Alagappan
Qualification	B. Com., MBA.
Expertise in area	Marketing, HR, Management & Administration
Number of Shares held in the Company	-

Board Position Held	Independent Director	
Terms and conditions of appointment / reappointment	Appointed for a term of 5 years (with effect from 26th October, 2016)	
Remuneration paid for the financial year	Information disclosed in the Corporate Governance Report	
Remuneration proposed to be paid	As determined by the Board of Directors within the limits specified as per item no.5 of the Notice to AGM	
Number of Board Meetings attended during the year	Information disclosed in the Corporate Governance Report	
Directorships held in other companies	Listed	Others
	i. Cholamandalam Investment & Finance Company Limited	i. Roco Bathroom Products P Ltd ii. M A Alagappan Holdings P Ltd iii. Gen Four Properties P Ltd iv. Southern India Chamber of Commerce and Industry v. Cholamandalam Home Finance Limited
Chairman / Membership in other committees of the Board	Listed : Member in Business Committee, Risk Management Committee and Corporate Social Responsibility Committee of Cholamandalam Investment & Finance Company Limited Unlisted : Member in Corporate Social Responsibility Committee of Cholamandalam Home Finance Limited	

Sri Basavaraju

Name	Sri. Basavaraju	
Director Identification Number (DIN)	01252772	
Date of Birth/Nationality	25th January, 1951/ Indian	
Date of appointment on the Board	30th October, 2006	
Inter-se relationship	None of the Directors, Key Managerial Persons of the Company and their relatives are related to Sri. Basavaraju	
Qualification	M.A.	
Expertise in area	Investments, Training & Administration	
Number of Shares held in the Company	-	
Board Position Held	Independent Director	
Terms and conditions of appointment / reappointment	Appointed for a term of 5 years (with effect from 6th August, 2014)	
Remuneration paid for the financial year	Information disclosed in the Corporate Governance Report	
Remuneration proposed to be paid	As determined by the Board of Directors within the limits specified as per item no.5 of the Notice to AGM	
Number of Board Meetings attended during the year	Information disclosed in the Corporate Governance Report	
Directorships held in other companies	Listed	Others
	-	i. BMF Station Private Limited

Chairman / Membership in other committees of the Board	Listed : Member Audit Committee , Corporate Social Responsibility Committee , Stakeholders Relationship Committee and Nomination & Remuneration Committee at Lakshmi Machine Works Limited

Justice Smt Chitra Venkataraman (Retd.)

Name	Justice Smt. Chitra Venkataraman (Retd.)	
Director Identification Number (DIN)	07044099	
Date of Birth/Nationality	22nd April, 1952 / Indian	
Date of appointment on the Board	2nd February, 2015	
Inter-se relationship	None of the Directors, Key Managerial Persons of the Company and their relatives are related to Justice Smt. Chitra Venkataraman	
Qualification	BA., BL.	
Expertise in area	Legal & Administration	
Number of Shares held in the Company	-	
Board Position Held	Independent Director	
Terms and conditions of appointment / reappointment	Appointed for a term of 5 years (with effect from 2nd February, 2015)	
Remuneration paid for the financial year	Information disclosed in the Corporate Governance Report	
Remuneration proposed to be paid	As determined by the Board of Directors within the limits specified as per item no.5 of the Notice to AGM	
Number of Board Meetings attended during the year	Information disclosed in the Corporate Governance Report	
Directorships held in other companies	Listed	Others
	i. The Ramco Cements Limited ii. The Ramco Industries Limited	-
Chairman / Membership in other committees of the Board	Listed: Chairperson of Stakeholders Relationship Committee and Nomination and Remuneration Committee at Lakshmi Machine Works Limited	

Sri V Sathyakumar[1]

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 of India
Inter-se relationship	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	Marketing, Investments, Training and Administration
Number of Shares held in the Company	Nil (LIC of India is holding 8,47,820 shares in the Company)
Board Position Held	Nominee Director (representing LIC of India on the Company's Board)

Terms and conditions of appointment / reappointment	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	As determined by the Board of Directors within the limits specified as per item no.5 of the Notice to AGM	
Number of Board Meetings attended during the year	Information disclosed in the Corporate Governance Report	
Directorships held in other companies	Listed	Others
	-	LICHFL Care Homes Limited
Chairman / Membership in other committees of the Board	Listed: Nil Unlisted: Member in Audit Committee and Corporate Social Responsibility Committee of LICHFL Care Homes Limited	

[1]Remuneration paid/payable to LIC of India

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Board of Directors' Report to Shareholders

Dear Shareholders,

The Board of Directors of the 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, 2018.

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)

Particulars	Current Year 2017-18	Previous Year 2016-17
Revenue from Operation (including Excise Duty for FY 16-17 & Q1 of FY 17-18)	2,66,728.50	2,52,285.96
Operating Expenses	2,29,736.84	2,18,181.42
Gross Profit	36,991.66	34,104.54
Depreciation	7,079.53	7,473.26
Profit Before Tax	29,912.13	26,631.28
Provisions for Tax	8,769.84	7,570.87
Net Profit after Tax	21,142.29	19,060.41

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TRANSFER TO RESERVE:

The Company has transferred a sum of ₹2,100 Lakhs out of the current year profits to the General Reserve.

DIVIDEND:

The Board recommends a dividend of ₹40 per equity share of ₹10 each (400%) on the equity share capital of ₹10,95,55,040 for the year ended on 31st March, 2018 aggregating to ₹4,382.20 Lakhs and to pay a dividend tax of ₹900.98 Lakhs. The total dividend payout works out to 24.99% of the standalone net profit. The dividend on equity shares is subject to the approval of the shareholders at the ensuing Annual General Meeting.

The unclaimed Dividend relating to the financial year 2010-11, is due for remittance in September, 2018 to the Investor Education and Protection Fund (IEPF) established by the Central Government.

As per the requirements of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (IEPF Rules) 22,194 equity shares of ₹10/- each on which dividend had remained unclaimed for a period of 7 years have been transferred to the credit of Demat Account identified by the IEPF Authority.

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's website: www.lakshmimach.com and is also annexed herewith as Annexure 1 forming part of this report.

STATE OF AFFAIRS:

OPERATIONS

Fiscal 2017-18 was a challenging year as corporate India needed to align with the launch of GST, India's most path-breaking fiscal reform since Independence with a promise to transform India into a single market with one tax. This took a toll on the growth of the industrial sector. Despite this headwind, the Company registered healthy growth in business and profitability – primarily due to its unwavering focus and disciplined effort on strengthening internal efficiencies and widening its opportunity matrix.

During the year under review, the Company achieved a turnover of ₹2,48,860.11 Lakhs as against ₹2,35,587.87 Lakhs in 2016-17 – a 6% growth (Gross) and a 14% growth (Net) without Excise Duty; the Profit before Tax stood at ₹29,912.13 Lakhs as against ₹26,631.28 Lakhs in 2016-17 – a 12% increase.

TEXTILE MACHINERY DIVISION

The Textile Machinery Division of the Company, during the year under review, has recorded a turnover of ₹1,91,907.90 Lakhs as against ₹1,96,334.74 Lakhs registered in 2016-17, a decrease of 2% over the previous year on a Gross basis and an increase of 5% on a Net basis without Excise Duty over the previous year.

THE INDIAN TEXTILE INDUSTRY

The textile sector has a significant bearing on the Indian economy – for its contribution to exports and its employment generation capability.

Moreover, textile being a necessity of mankind, has always been a national priority for every Government. As a result, the Government has, through budgetary allocations and favourable policy initiatives, accorded significant emphasis on aligning this sector with global trends and benchmarks. Interestingly, growth in textiles rests on the foundation of spinning. Hence, investments in the value-added segments of the textile value chain, in most cases, cascades into an investment in the spinning sector.

During the year under review, demand for textile machinery from domestic clients was impacted due to the volatility in cotton prices that prevailed through 2017 in India. Going forward, there is considerable positivity for this business space – this optimism is based on important reality:

- Under Union Budget 2018-19, Government of India allocated around ₹7,148 Crores (US$ 1.1 billion) for the textile Industry.
- The Cabinet Committee on Economic Affairs (CCEA), Government of India has approved a new skill development scheme named 'Scheme for Capacity Building in Textile Sector (SCBTS)' with an outlay of ₹1,300 Crores (US$ 202.9 million) from 2017-18 to 2019-20.
- In addition, the Government is working on unveiling the National Textile Policy. The policy aims to achieve US $ 300 billion (over ₹20 Lakh Crores) 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.
- Various State Governments have come out with their own textile policies to attract investments.

  Measures such as these will positively catalyse investment across the textile value chain resulting in an increased demand for textile spinning machinery.

  On its part, for sustaining business growth, Company has internally drawn a multi-point blue print which includes strategy for strengthening the connect with domestic customer, focus on strengthening presence in select global markets, establish footprint into emerging spinning destinations globally, focus on moving up the man-machine productivity chart and optimisation of resource utilisation, focus on strengthening after sales service by way of prompt supply of parts and accessories.

MACHINE TOOL DIVISION

The Machine Tool Division recorded an impressive performance. Turnover during the year under review was ₹43,995.30 Lakhs against ₹31,885.59 Lakhs in the previous year – an impressive growth of 38% over the previous year on a Gross basis and an increase of 52% on a Net basis without Excise Duty.

The improved performance was primarily owing to the launch of new machines and increasing their awareness through participation in renowned exhibitions/trade fairs – it resulted in increasing customer acceptance, leading to an increase in sales volumes. Further, the marketing team toiled to capitalise on opportunities mushrooming pan-India from corporates and the SME segment as Industrial India continued to strengthen its 'Make in India' resolve.

Moreover, Company's efforts to improve operational productivity in component manufacturing and machine assembly, improvement in accuracy and efficiency of mother machines and optimisation of resource utilisation facilitated in efficient cost management and improved machine quality/reliability. The buoyancy experienced in the Automobile sector has also triggered a spurt in demand for Machine Tools.

The machine tool industry is key to the government's flagship 'Make in India' and 'Skill India' initiatives, given that it makes the machines required for the manufacturing sector. As India continues to strive up the Ease of Doing Business ranking to emerge as a global manufacturing hub and focuses on localising defense equipment manufacture, the prospects of the machine tool industry appear bright going forward.

The Company will continue to focus on innovation and adoption of best of practices in manufacturing. This would enable the division to respond positively to emerging opportunities.

FOUNDRY DIVISION

Even as the team continued to revamp its operating facility with cutting-edge technology and sophisticated equipment, the foundry division reported an improved performance. Turnover increased to ₹9,566.56 Lakhs against ₹5,937.31 Lakhs, showing an increase of 61% over the previous year on a Gross basis and an increase of 70% on a Net basis without Excise Duty. The export turnover constitutes 29% of the division's turnover. During the year under review, the Company completed the revamp of both units – an important step towards consolidation of capabilities. Even as label capacity of the two new units was lower than the earlier three units, the team successfully achieved a higher output from its operations consequent to its sharp focus on improved systems and processes.

Going forward, the demand for castings is expected to increase significantly. This is largely owing to and increase in demand from internal divisions (Textile Machine and Machine Tools) and other important user sectors namely defense, railways and locomotives and power and energy.

WIND ENERGY DIVISION

The Company has a policy of tapping non-conventional and renewable resources of energy namely wind power to augment the sources from which it meets its energy requirements.

As on 31st March, 2018 the Company has installed 28 Wind Energy Generators (WEG) with a total capacity of 36.80 MW. This division has generated 830 Lakh units of power during 2017-18. About 91% of the wind power generated has been captively consumed by all the divisions of the Company and thereby helped to reduce the power cost.

ADVANCED TECHNOLOGY CENTRE

Advanced Technology Centre clocked a turnover of ₹3,390.35 Lakhs during the current financial year against ₹1,430.23 Lakhs achieved during the last year. Job work income earned during the year amounted to ₹871.42 Lakhs against ₹1,264.87 Lakhs during the same period last year.

The year 2017-18 holds special significance as the division successfully completed and delivered the Airborne Warning Control System – its first step towards graduating from component to sub-assemblies. In addition, the division completed prestigious orders entailing supply of critical engine and structural parts and sheet metal components to national and international aerospace original equipment manufacturers (OEM).

The division continues to focus on increasing the proportion of value-added components and sub-assemblies in its revenue mix. Considering the fact that growth in Aerospace and Defence Industries is an opportunity, the Company will continue to invest in technologies and capacity buildup. This holds the promise to make this division a strong contributor to the Company's business and profit growth.

REAL ESTATE ACTIVITY

The Elan Project at Parasakthi Nagar, Ganapathy, Coimbatore promoted by the Company in association with M/s. Sobha Limited (developer) 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. The Company has a revenue share of 30% in the project. As on date about 116 units have been sold and for the current year the revenue is ₹1,012.81 Lakhs for the Company.

On account of demand recession in the Realty sector, the sale of apartments has slowed down. However the developer is confident of selling the same in the near future.

EXPORTS

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

(₹ in Lakhs)

Division	FY 2017 – 18	FY 2016 – 17
Textile Machinery	47,695.58	32,623.80
CNC Machine Tools	68.30	96.09
Castings	2,782.84	1,508.04
Aerospace Parts	1,057.58	425.93
Total Exports	**51,604.30**	**34,653.86**

Export of Textile Machinery as stated above includes exports worth ₹5,824.32 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 and Vietnam.

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 recognized 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 9 new patents.

AWARDS

During the year 2017-18 the Company has bagged the following Awards:

1. EEPC India Regional Award for outstanding export performance for the year 2015-16 (Star Performer – Large Enterprise).
2. TMMA R&D Award – Speed Frame LF 4200.
3. I – Mark recognition for good design – Mini Ring Frame LMR 9.

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 ₹14,987.35Lakhs as against ₹8,803.43 Lakhs achieved during the previous year. During the year the Company has earned a Net Profit of ₹304.11 Lakhs as against a net loss of ₹703.49 Lakhs during the previous year.

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 English translated version of 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 Section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management & Administration) Rules, 2014 the extract of annual return in the prescribed Form MGT 9 is annexed hereto as Annexure 2 forming part of the report.

3. Number of Meetings of the Board

During the year under review four (4) meetings of the Board of Directors were held. Further details regarding 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 and has been empowered and authorized 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's 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 3) 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/ Deposits

The Company has no Inter-Corporate Loans/Guarantees. Investments of the Company in the shares of other companies is provided under notes to Balance Sheet appearing elsewhere in this Annual Report. The amount of investment made by the Company does not exceed the limits as specified in Section 186 of the Companies Act, 2013.

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. Since there are no transactions that are not in arms' length and material in nature, disclosure under AOC 2 does not arise. A copy of the Related Party Transaction Policy is enclosed herewith as Annexure 4 and is also available at the company's website www.lakshmimach.com.

10. Material Changes

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

11. Conservation of Energy, Technology Absorption & Foreign Exchange

The disclosure 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;	Company has invested in energy conservation devices to save power as detailed in point (iii) below.
(ii)	the steps taken by the Company for utilizing 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 equipment	An amount of ₹4.30 Lakhs invested during 2017-18 for replacing 250 watt fluorescent lamps with 118 watt LED lighting. Also ₹11.01 Lakhs was saved by purchasing third party power through bidding on energy exchanges. Total cost savings during the year: ₹15.31 Lakhs.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

(B1)	**Technology Absorption – Textile Machinery Division**	
(i)	Efforts made towards technology absorption;	Technical guest lectures in various subjects and specializations and skill building exercises, In-depth IPR analysis and review, Theoretical simulation.
(ii)	Benefits derived like product improvement, cost reduction, product development or import substitution;	Development of machinery with innovative features has resulted in improved performance and cost effectiveness to the end user, say for example, though the present generation of machinery offer increased productivity, power consumption has remained optimal. Overall knowledge base within the Company stands significantly enhanced. Machinery manufactured is getting increasingly indigenized. This results in reduction in usage of imported parts.

(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 : ₹129.73 Lakhs Revenue Expenditure : ₹1,949.79 Lakhs Total Expenditure : ₹2,079.52 Lakhs
(B2)	**Technology Absorption – Machine Tool Division**	
(i)	Efforts made towards technology absorption;	4 New products were commercialized during the year, namely LR40T L15 (CNC Turning Center), Smart Plus (CNC Turning Center), LTV40 (CNC Vertical Turning Center) and JV55 TWIN (CNC Vertical Machining Center with Twin Spindle).
(ii)	Benefits derived like product improvement, cost reduction, product development or import substitution;	**Product improvement:** Measures like design of new spindle with 60 mm dia, improved shell cover design and bed casting, use of live tool turret, development of linear scale & high-pressure coolant, improvements in spindles used were done during the year across the products. **Cost reduction:** Optimisation in design for Servo Motor & LM guides in VMC series and Optimisation in design for Servo Motor & Axis repeatability in Lathe series. **Product development:** CNC Turning Centre – 1 number, Vertical Machining Centre – 4 numbers, Horizontal Machining Centre – 3 numbers, CNC Vertical Machining Centre with 5 Axis – 1 number.
(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 reason thereof;	NIL
(iv)	Expenditure incurred on Research and Development	Capital Expenditure : Nil Revenue Expenditure : ₹275.90 Lakhs Total Expenditure : ₹275.90 Lakhs

FOREIGN EXCHANGE OUTGO AND EARNINGS:

	₹ in Lakhs
Foreign Exchange Earned	51,962
Foreign Exchange Outgo	28,249

12. Risk Management

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

13. Corporate Social Responsibility (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 amount spent for the year 2017-18 is attached herewith as Annexure 5 and forms part of this report.

14. Evaluation of Board's Performance

On the advice of the Board of Directors, the Nomination and Remuneration Committee of the Board of Directors of the Company have formulated the criteria for the evaluation of the performance of each individual Director, Board as a whole, 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 29th January, 2018. All the results of evaluation has been communicated to the Chairman of the Board of Directors.

15. Postal Ballot

Information on the Postal Ballot conducted during the year under review is available in the Corporate Governance Report.

16. Additional Information

As per Rule 8(5) of the Companies (Accounts) Rules, 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 elsewhere 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 K Soundhar Rajhan (DIN:07594186) was appointed as Additional Director with effect from 1st November, 2017 by the Board of Directors at their meeting held on 30th October, 2017. At the same meeting the Board of Directors subject to the approval of the shareholders designated Sri. K. Soundhar Rajhan (DIN:07594186) as Whole-time Director (Designated as Director-Operations) for a period of three years. Approval of shareholders' validating the appointment of Sri K Soundhar Rajhan (DIN:07594186) as Whole-time Director (Designated as Director-Operations) was obtained vide a Postal Ballot conducted between 22nd November, 2017 to 21st December, 2017, whose results were declared on 23rd December, 2017.
(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 any amount which fall under the purview of Chapter V of the Act.
(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 organization's resources, both physical (eg., 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 S. Pathy (DIN:00013899), Director, 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.

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 2017-18, no complaint was received by the committee.

19. Listing of Shares

The shares of the Company are listed in BSE 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 6 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, 2014:

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	132.74
Sri S Pathy	Non-Executive – Non-Independent	0.78
Sri Basavaraju	Non-Executive – Independent	0.78
Sri Aditya Himatsingka	Non-Executive – Independent	0.78
Dr. Mukund Govind Rajan	Non-Executive – Independent	0.78
Sri V Sathyakumar[1]	Non-Executive – Non-Independent, Nominee of LIC of India	0.78
Justice (Smt) Chitra Venkataraman (Retd)	Non-Executive – Independent	0.78
Sri Arun Alagappan	Non-Executive – Independent	0.78
Sri K Soundhar Rajhan[2]	Executive – Non-Independent	Not Comparable

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 K Soundhar Rajhan – Appointed as Director Operations from 1st November, 2017, previously designated as President – MTD, Foundry and ATC.

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	11.23
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	Not comparable
Sri K Soundhar Rajhan[3]	Executive – Non-Independent	Not comparable
Key Managerial Personnel	**Category**	**% Increase**
Sri C B Chandrasekar	Chief Financial Officer	9.02
Sri C R Shivkumaran[4]	Company Secretary	Not comparable

Note: For this purpose, Sitting fees paid to the Directors has not been considered as remuneration. The remuneration details are for the year 2017-18 (Previous Year: 2016-17).
[1]Amount paid to Life Insurance Corporation of India.
[2]Remuneration received by Sri Arun Alagappan during 2016-17 was for part of the financial year (26th October, 2016 to 31st March, 2017), hence not comparable.
[3]Sri K Soundhar Rajhan appointed as Director Operations from 1st November, 2017, hence not comparable.
[4]Sri C R Shivkumaran appointed as Company Secretary during part of the financial year 2016-17, hence not comparable.

c) The Percentage increase in the median remuneration of employees in the financial year: 18.60%

d) The number of permanent employees on the rolls of company: 3,446

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 7.87% for employees other than Managerial Personnel and 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[1, 2]

Name (Age in Years)	Designation	Gross Remuneration Paid (in ₹)	Qualification	Date of commencement of employment (experience in years)	Previous Employment
Sri Sanjay Jayavarthanavelu (49 years)	Chairman and Managing Director	8,55,32,846	MBA.	3rd June, 1994 (23 Years)	-
Sri K Soundhar Rajhan (69 years)[3]	Director Operations	53,42,000	B.Sc.	9th July, 1973 (44 Years)	The Kovilpatti Lakshmi Roller Flour Mills Limited

[1]Employment is contractual. The remuneration includes Company's contribution to provident funds, gratuity and perquisites.

[2]The remuneration details are for the financial year 2017-18 and all other particulars are as on 31st March, 2018.

[3]Appointed as Director Operations with effect from 1st November, 2017

Particulars of Top Ten employees in terms of remuneration drawn:
Table 2: Employed for full year[1, 2, 3 & 4]

Name (Age in Years)	Designation	Gross Remuneration Paid (in ₹)	Qualification	Date of commencement of employment (experience in years)	Previous Employment
Sri N Krishna Kumar (60 years)	Senior Vice President – Manufacturing, TMD	72,99,544	BE., ME.	1st July, 1983 (34 Years)	-
Sri V Venugopal (60 years)	Senior Vice President	64,92,877	BE., ME., MBA., MS.	5th August, 1981 (36 Years)	-
Sri C B Chandrasekar (58 Years)	Chief Financial Officer	51,84,509	B Com., ACS., ACMA.	3rd April, 1992 (25 Years)	Elgi Equipments Limited
Sri G Mani (63 Years)	Vice President - GS, HR & IT	44,86,516	DME., BE.	1st July, 1975 (42 Years)	-
Sri P Ananthan (49 Years)	Senior General Manager – SCM (MTD, Foundry and ATC)	38,90,596	BE.	17th August, 1989 (28 Years)	-
Sri V Senthil[2] (39 Years)	Senior General Manager – Finance	37,32,262	B Com., ACA.	23rd January, 2015 (3 Years)	LMW Textile Machinery (Suzhou) Company Limited
Sri C Arunachalam (53 Years)	Senior General Manager – Sales Global, TMD	37,30,855	B Tech., MBA.	3rd February, 1992 (26 Years)	J K Synthetics Limited
Sri T Sundaram (57 Years)	Senior General Manager – SCM	37,30,855	DME., BE., PGDC., MS.	18th July, 1980 (37 Years)	-
Sri Indraneel Bhattacharya (53 Years)	Senior General Manager – Marketing & Sales, MTD	37,30,855	DME.	8th February, 1993 (25 Years)	Batliboi & Company Limited
Sri G Rajeswaran (57 Years)	Senior General Manager – SCM	37,30,855	DME., BE.	1st July, 1997 (20 Years)	Lakshmi Precision Tools Limited
Sri G Varadarajan (60 Years)	General Manager - SCM	31,77,883	BSc., MBA., PGDCA.	12th September, 1996 (21 Years)	Lakshmi Textile Exporters Ltd
Sri K Radhakrishnan (55 Years)	General Manager-Automation	29,86,930	DEE., BE., MBA.	14th September, 1983 (34 Years)	Kausi Engineering Company
Sri S Rajasekaran (50 Years)	General Manager - R&D	29,27,313	DTT., AMIE., M Tech., DBM	2nd May 1986 (31 Years)	VR Textiles

Table 3: Employed for Part of year[1, 3 & 4]

Name (Age in Years)	Designation	Gross Remuneration Paid (in ₹)	Qualification	Date of commencement of employment (experience in years)	Previous Employment
Sri K Soundhar Rajhan (69 years)[5]	President – MTD, Foundry and ATC	66,81,174	B.Sc.	9th July, 1973 (44 Years)	The Kovilpatti Lakshmi Roller Flour Mills Limited

Notes for Table 2 & 3 :

[1]The remuneration includes Company's contribution to provident funds, gratuity and perquisites.

[2]Except Sri V Senthil, Senior General Manager – Finance who is the relative (daughter's husband) of Sri K Soundhar Rajhan, Director Operations, no other employee is a relative (in terms of the Companies Act, 2013) of any other Director of the Company.

[3]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 remuneration paid to Chairman and Managing Director.

[4]The remuneration details are for the financial year 2017-18 and all other particulars are as on 31st March, 2018.

[5]As President – MTD, Foundry & ATC till 31st October, 2017.

22. Corporate Governance:

As per Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on Corporate Governance practices followed by the Company is provided elsewhere in this Report. A certificate confirming the compliance of conditions of Corporate Governance issued by the Statutory Auditors of the Company is attached hereto as Annexure 6 and forms part of this report.

23. Auditors

Statutory Auditors

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. M/s. 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 2018-19.

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 2018-19. The remuneration payable to the Cost Auditor is subject to ratification of shareholders at the ensuing Annual General Meeting.

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 2018-19.

24. 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 capitalization. In compliance with the regulation the BRR is enclosed as Annexure 7 and forms part of the Annual Report.

25. Compliance with Secretarial Standards

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

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
Chairman and Managing Director
(DIN 00004505)

Place: Coimbatore
Date: 25th May, 2018

ANNEXURE 1

DIVIDEND DISTRIBUTION POLICY

1. INTRODUCTION

As part of long term financial policy of the Company, it becomes essential to frame a Dividend Distribution Policy ('Policy') in accordance with the provisions of the Companies Act, 2013, rules framed thereunder, Articles of Association of the Company and the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

This policy is intended to inform the present and potential investors and Shareholders, about the approach of the Board of Directors ('Board') of the Company towards declaration of dividend and utilization of the retained earnings.

2. STATUTORY REQUIREMENT

Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, specifies that every listed Company shall formulate a Dividend Distribution Policy which shall be disclosed in the Annual Reports and on the website of the Company.

3. OBJECTIVE

This Policy intends to make available the following information to the Shareholders of the Company:

a. The circumstances under which the shareholders of the Company may or may not expect dividend.
b. The External and Internal factors including financial parameters that would be considered by the Company while declaring dividend.
c. Method in which the Company will utilise Retained Earnings.

4. POLICY

CIRCUMSTANCES UNDER WHICH SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND:

The Board of Directors of the Company is committed to deliver sustainable value to all its stakeholders including the Shareholders. The Company will strive to distribute an optimal and appropriate level of profits earned by it in its business, with the Shareholders, in the form of Dividend. It may be interim dividend and / or final dividend every year.

However, under the following circumstances the shareholder may not expect dividend:

- Where it become essential to build reserves to meet long term requirements.
- Where in the opinion of the Board of Directors, distribution of profit by dividend in any year would jeopardize the Company's financial condition.
- Where the Company has not earned profit or earned inadequate profit in any year.

EXTERNAL, INTERNAL FACTORS AND FINANCIAL PARAMETERS THAT SHALL BE CONSIDERED FOR DECLARATION OF DIVIDEND:

Declaration of Dividend and the percentage will depend upon the following factors:

I. External Factors

a. Unfavorable economic and market conditions:

Whenever the Company operates in a recessionary economic/market conditions, where future business opportunities are uncertain, the Board may prefer to conserve cash so as to retain profits to build up reserves.

b. Government/Statutory Regulations:

Requirements of the Companies Act, 2013, Income Tax Act,1961 and the Rules made there under, rates of corporate dividend distribution tax, tax on dividend payable by the recipients and any other relevant legislation, order, circular, notification of Central Government / State Government would be taken in to consideration while declaring dividends.

II. Internal Factors and Financial Parameters

Internal factors and financial parameters that may be considered by the Board before making any recommendations for Dividend include but not limited to:

1. Amount of Current year business profits
2. Amount of Capital profits
3. Past year profit/loss
4. Cash flow position for the year under consideration
5. Cost of raising funds from alternate sources
6. Present and future Capital Expenditure plans, including plans for expansion, modernization of existing business or green field projects
7. Plans for Mergers & Acquisitions including other forms of business re-organisation
8. Additional investments in subsidiary/associates of the Company
9. Plans for investments into new line of business
10. Any other factor as deemed fit by the Board

5. METHOD IN WHICH COMPANY WILL USE RETAINED EARNINGS:

Reserves are being built by the Company to plough back profits in to the business, to maintain uninterrupted distribution of dividend in the years where there is no profit or inadequate profit and to meet the fund requirements in the lean periods.

As per the provisions of the Companies Act, 2013 and the rules framed thereunder the free reserves (retained earnings) of the Company may be utilized for the purpose of Issue of Bonus Shares by capitalization of reserves, Buy back of Shares, Declaration of Dividend out of reserves where there is no / or inadequate profit in any financial year, declaration of special / additional dividend in any year (s) or for redemption of redeemable preference shares (if any).

The Board of Directors of the Company, depending upon the circumstances and taking into consideration of business requirements of the Company would take appropriate decision regarding the utilization of the retained earnings of the Company from time to time.

6. AMENDMENTS:

This policy may be reviewed and modified to make it to be in line with any changes, modifications or amendments in the Regulations / Acts, subject to the necessary approval of the Board of Directors of the Company.

7. BOARD'S APPROVAL:

This policy was approved by the Board of Directors at its meeting held on 6th February, 2017.

ANNEXURE 2

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018

[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:
SRK VIDYALAYA POST,
PERIANAICKENPALAYAM,
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	77.11%
2	Machine Tools	28221	17.68%

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, Wujiang Technological Development Zone, Jiangsu Province, China	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
	Demat	Physical	Total	% of Total Shares	Demat	Physi-cal	Total	% of Total Shares	
A.Promoters									
(1) Indian									
a) Individual/ HUF	3,02,247	80	3,02,327	2.760	3,02,329	-	3,02,329	2.760	0.000
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	29,41,628	-	29,41,628	26.851	29,91,628	-	29,91,628	27.307	0.456
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	**32,43,875**	**80**	**32,43,955**	**29.610**	**32,93,957**	**-**	**32,93,957**	**30.067**	**0.456**
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**32,43,875**	**80**	**32,43,955**	**29.610**	**32,93,957**	**-**	**32,93,957**	**30.067**	**0.456**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	8,09,180	350	8,09,530	7.389	6,63,085	-	6,63,085	6.053	-1.336
b) Banks/FI	4,382	200	4,582	0.042	74,535	550	75,085	0.685	0.643
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	13,13,136	-	13,13,136	11.986	12,06,788	-	12,06,788	11.015	-0.971
g) FIIs	14,542	100	14,642	0.134	200	100	300	0.003	-0.131
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)									
Foreign Portfolio Investment	6,12,881	-	6,12,881	5.594	5,87,936	-	5,87,936	5.367	-0.227
Sub-total (B)(1):-	**27,54,121**	**650**	**27,54,771**	**25.145**	**25,32,544**	**650**	**25,33,194**	**23.123**	**-2.022**
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	17,67,196	2,140	17,69,336	16.150	18,18,186	1,940	18,20,126	16.614	0.464

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physi-cal	Total	% of Total Shares	
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual sharehold-ers holding nominal share capital upto ₹ 1 Lakh	13,36,861	1,01,409	14,38,270	13.128	14,21,335	87,315	15,08,650	13.771	0.642
ii)Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	10,80,922	24,000	11,04,922	10.086	11,22,722	-	11,22,722	10.248	0.162
c) Others (specify)									
Trusts	7,000	-	7,000	0.064	7,200	-	7,200	0.066	0.002
Directors and their relatives	-	-	-	-	-	-	-	-	-
Foreign nationals	-	240	240	0.002	-	240	240	0.002	-
Non Resident Indians	1,20,359	340	1,20,699	1.102	1,20,123	100	1,20,223	1.097	-0.004
Clearing Members	26,312	-	26,312	0.240	30,494	-	30,494	0.278	0.038
Hindu Undivided Families	4,89,999	-	4,89,999	4.473	4,96,504	-	4,96,504	4.532	0.059
Investor Education and Protection Fund	-	-	-	-	22,194	-	22,194	0.203	0.203
Sub-total (B)(2):-	**48,28,649**	**1,28,129**	**49,56,778**	**45.245**	**50,38,758**	**89,595**	**51,28,353**	**46.811**	**1.566**
Total Public Share-holding (B) = (B)(1) + (B)(2)	**75,82,770**	**1,28,779**	**77,11,549**	**70.390**	**75,71,302**	**90,245**	**76,61,547**	**69.933**	**-0.456**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**1,08,26,645**	**1,28,859**	**1,09,55,504**	**100.000**	**1,08,65,259**	**90,245**	**1,09,55,504**	**100.000**	**-**

(ii) Share Holding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged/ encum-bered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	% change in share holding during the year
1	D.Thayarammal	7,920	0.072	Nil	7,920	0.072	Nil	-
2	J.Rajyalakshmi	97,980	0.894	Nil	97,980	0.894	Nil	-
3	Sanjay Jayavarthanavelu	1,42,291	1.299	Nil	1,42,291	1.299	Nil	-
4	Ravi Sam	5,866	0.054	Nil	5,866	0.054	Nil	-
5	D.Senthil Kumar	160	0.001	Nil	160	0.001	Nil	-
6	Uttara R	44,290	0.404	Nil	44,290	0.404	Nil	-
7	Nethra J.S.Kumar	720	0.007	Nil	720	0.007	Nil	-
8	K.Sundaram	1,220	0.011	Nil	1,220	0.011	Nil	-

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged/ encum-bered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	% change in share holding during the year
9	S.Pathy	1,420	0.013	Nil	1,420	0.013	Nil	-
10	Shivali Jayavarthanavelu	-	-	-	2	0.000	Nil	0.000
11	Jaidev Jayavarthanavelu	460	0.004	Nil	460	0.004	Nil	-
12	Lakshmi Electrical Drives Ltd.	17,500	0.160	Nil	17,500	0.160	Nil	-
13	Lakshmi Cargo Co.Ltd.	10,49,468	9.579	Nil	10,74,468	9.808	Nil	0.228
14	Lakshmi Technology & Engg.Ind.Ltd	6,67,090	6.089	Nil	6,67,090	6.089	Nil	-
15	Lakshmi Electrical Control Systems Ltd	88,800	0.811	Nil	88,800	0.811	Nil	-
16	Eshaan Enterprises Ltd.	1,27,110	1.160	Nil	1,27,110	1.160	Nil	-
17	Lakshmi Mills Co.Ltd.	5,20,000	4.746	Nil	5,20,000	4.746	Nil	-
18	Lakshmi Ring Travellers (Cbe)Ltd.	2,52,180	2.302	Nil	2,52,180	2.302	Nil	-
19	Lakshmi Precision Tools Ltd.	15,000	0.137	Nil	15,000	0.137	Nil	-
20	Super Sales India Ltd.	2,04,480	1.866	Nil	2,29,480	2.095	Nil	0.228
	Total	**32,43,955**	**29.610**	**Nil**	**32,93,957**	**30.067**	**Nil**	**0.456**

(iii) Change in Promoters' Shareholding

BENPOS 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					
01-04-2017	At the Beginning of the year	2,04,480	1.866		
05-05-2017	Purchase through open market	25,000	0.228	2,29,480	2.095
31-03-2018	At the End of the year			2,29,480	2.095
LAKSHMI CARGO COMPANY LIMITED					
01-04-2017	At the Beginning of the year	10,49,468	9.579		
05-05-2017	Purchase through open market	25,000	0.228	10,74,468	9.808
31-03-2018	At the End of the year			10,74,468	9.808
SHIVALI JAYAVARTHANAVELU					
01-04-2017	At the Beginning of the year	-	-		
31-03-2018	Purchase through open market	2	0.000	2	0.000
31-03-2018	At the End of the year			2	0.000

(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					
01-04-2017	At the beginning of the year	9,91,517	9.050		
21-07-2017	Sale	-3,387	-0.031	9,88,130	9.019
28-07-2017	Sale	-51,662	-0.472	9,36,468	8.548
04-08-2017	Sale	-36,227	-0.331	9,00,241	8.217
11-08-2017	Sale	-8,724	-0.080	8,91,517	8.138
18-08-2017	Sale	-648	-0.006	8,90,869	8.132
25-08-2017	Sale	-11,312	-0.103	8,79,557	8.028
01-09-2017	Sale	-2,559	-0.023	8,76,998	8.005
08-09-2017	Sale	-6,049	-0.055	8,70,949	7.950
15-09-2017	Sale	-23,129	-0.211	8,47,820	7.739
31-03-2018	At the end of the year			8,47,820	7.739
VOLTAS LIMITED					
01-04-2017	At the beginning of the year	5,79,672	5.291		
31-03-2018	At the end of the year			5,79,672	5.291
NEMISH SHAH & REKHA N SHAH					
01-04-2017	At the beginning of the year	5,34,673	4.880		
31-03-2018	At the end of the year			5,34,673	4.880
L&T MUTUAL FUND TRUSTEE LTD					
01-04-2017	Opening Balance	-	-		
28-07-2017	Purchase	26,761	0.244	26,761	0.244
04-08-2017	Purchase	93,130	0.850	1,19,891	1.094
04-08-2017	Purchase	9,932	0.091	1,29,823	1.185
11-08-2017	Purchase	1,040	0.009	1,30,863	1.194
11-08-2017	Purchase	17,512	0.160	1,48,375	1.354
18-08-2017	Purchase	3,867	0.035	1,52,242	1.390
18-08-2017	Purchase	4,027	0.037	1,56,269	1.426
25-08-2017	Purchase	5,818	0.053	1,62,087	1.480
25-08-2017	Purchase	2,500	0.023	1,64,587	1.502
01-09-2017	Purchase	3,623	0.033	1,68,210	1.535
15-09-2017	Purchase	25,000	0.228	1,93,210	1.764
15-09-2017	Purchase	22,100	0.202	2,15,310	1.965
15-09-2017	Purchase	14,380	0.131	2,29,690	2.097
22-09-2017	Purchase	7,150	0.065	2,36,840	2.162
22-09-2017	Purchase	15,000	0.137	2,51,840	2.299
22-09-2017	Purchase	10,000	0.091	2,61,840	2.390
30-09-2017	Purchase	4,011	0.037	2,65,851	2.427
06-10-2017	Purchase	24,633	0.225	2,90,484	2.651
06-10-2017	Purchase	5,789	0.053	2,96,273	2.704
13-10-2017	Purchase	1,000	0.009	2,97,273	2.713

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
13-10-2017	Purchase	420	0.004	2,97,693	2.717
20-10-2017	Purchase	660	0.006	2,98,353	2.723
20-10-2017	Purchase	2,549	0.023	3,00,902	2.747
03-11-2017	Purchase	3,400	0.031	3,04,302	2.778
10-11-2017	Purchase	2,500	0.023	3,06,802	2.800
10-11-2017	Purchase	5,365	0.049	3,12,167	2.849
17-11-2017	Purchase	4,231	0.039	3,16,398	2.888
24-11-2017	Purchase	977	0.009	3,17,375	2.897
01-12-2017	Purchase	7,591	0.069	3,24,966	2.966
08-12-2017	Purchase	732	0.007	3,25,698	2.973
08-12-2017	Purchase	730	0.007	3,26,428	2.980
15-12-2017	Purchase	1,405	0.013	3,27,833	2.992
15-12-2017	Purchase	5,168	0.047	3,33,001	3.040
22-12-2017	Purchase	3,847	0.035	3,36,848	3.075
22-12-2017	Purchase	2,491	0.023	3,39,339	3.097
29-12-2017	Purchase	944	0.009	3,40,283	3.106
05-01-2018	Purchase	683	0.006	3,40,966	3.112
12-01-2018	Purchase	14,921	0.136	3,55,887	3.248
19-01-2018	Purchase	2,000	0.018	3,57,887	3.267
19-01-2018	Purchase	10,000	0.091	3,67,887	3.358
26-01-2018	Purchase	3,951	0.036	3,71,838	3.394
02-02-2018	Purchase	3,601	0.033	3,75,439	3.427
09-02-2018	Purchase	13,750	0.126	3,89,189	3.552
09-02-2018	Purchase	10,809	0.099	3,99,998	3.651
09-02-2018	Purchase	22,211	0.203	4,22,209	3.854
23-02-2018	Purchase	8,430	0.077	4,30,639	3.931
23-02-2018	Purchase	10,000	0.091	4,40,639	4.022
02-03-2018	Purchase	2,281	0.021	4,42,920	4.043
09-03-2018	Purchase	7,980	0.073	4,50,900	4.116
16-03-2018	Purchase	3,037	0.028	4,53,937	4.143
23-03-2018	Purchase	4,982	0.045	4,58,919	4.189
31-03-2018	Purchase	2,000	0.018	4,60,919	4.207
31-03-2018	Purchase	2,000	0.018	4,62,919	4.225
31-03-2018	At the end of the year			4,62,919	4.225
PINEBRIDGE INVESTMENTS OF MAURITIUS LIMITED					
01-04-2017	At the beginning of the year	4,66,519	4.258		
08-09-2017	Sale	-15,000	-0.137	4,51,519	4.121
02-02-2018	Sale	-1,285	-0.012	4,50,234	4.110
09-02-2018	Sale	-2,595	-0.024	4,47,639	4.086
31-03-2018	At the end of the year			4,47,639	4.086
THE NEW INDIA ASSURANCE COMPANY LIMITED					
01-04-2017	At the beginning of the year	3,71,494	3.391		

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
15-12-2017	Sale	-792	-0.007	3,70,702	3.384
22-12-2017	Sale	-1,558	-0.014	3,69,144	3.369
29-12-2017	Sale	-1,803	-0.016	3,67,341	3.353
05-01-2018	Sale	-195	-0.002	3,67,146	3.351
31-03-2018	At the end of the year			3,67,146	3.351
NEMISH SHAH					
01-04-2017	At the beginning of the year	3,54,200	3.233		
31-03-2018	At the end of the year			3,54,200	3.233
ICICI PRUDENTIAL LIFE INSURANCE COMPANY					
01-04-2017	At the beginning of the year	2,92,486	2.670		
02-06-2017	Sale	-10,000	-0.091	2,82,486	2.578
28-07-2017	Sale	-12,000	-0.110	2,70,486	2.469
01-09-2017	Sale	-13,517	-0.123	2,56,969	2.346
01-09-2017	Purchase	13,517	0.123	2,70,486	2.469
08-09-2017	Sale	-1,122	-0.010	2,69,364	2.459
15-09-2017	Sale	-1,068	-0.010	2,68,296	2.449
20-10-2017	Sale	-105	-0.001	2,68,191	2.448
27-10-2017	Sale	-702	-0.006	2,67,489	2.442
10-11-2017	Sale	-1,345	-0.012	2,66,144	2.429
08-12-2017	Sale	-327	-0.003	2,65,817	2.426
05-01-2018	Sale	-91	-0.001	2,65,726	2.426
19-01-2018	Sale	-13,517	-0.123	2,52,209	2.302
19-01-2018	Purchase	13,517	0.123	2,65,726	2.426
23-03-2018	Sale	-204	-0.002	2,65,522	2.424
31-03-2018	Purchase	2,594	0.024	2,68,116	2.447
31-03-2018	At the end of the year			2,68,116	2.447
SHAMYAK INVESTMENT PRIVATE LTD					
01-04-2017	At the beginning of the year	51,000	0.466		
23-02-2018	Purchase	1,80,000	1.643	2,31,000	2.109
31-03-2018	At the end of the year			2,31,000	2.109
GAGANDEEP CREDIT CAPITAL PVT LTD					
01-04-2017	At the beginning of the year	2,93,239	2.677		
28-04-2017	Sale	-50,000	-0.456	2,43,239	2.220
18-08-2017	Sale	-2,819	-0.026	2,40,420	2.195
25-08-2017	Sale	-3,881	-0.035	2,36,539	2.159
01-09-2017	Sale	-1,400	-0.013	2,35,139	2.146
08-09-2017	Sale	-1,900	-0.017	2,33,239	2.129
15-09-2017	Sale	-40,000	-0.365	1,93,239	1.764
22-09-2017	Sale	-30,754	-0.281	1,62,485	1.483
27-10-2017	Sale	-476	-0.004	1,62,009	1.479
10-11-2017	Sale	-4,209	-0.038	1,57,800	1.440
31-03-2018	At the end of the year			1,57,800	1.440

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					
01-04-2017	At the beginning of the year	1,73,060	1.580		
04-08-2017	Sale	-23,373	-0.213	1,49,687	1.366
11-08-2017	Sale	-6,627	-0.060	1,43,060	1.306
31-03-2018	Sale	-4,000	-0.037	1,39,060	1.269
31-03-2018	At the end of the year			1,39,060	1.269
HDFC TRUSTEE COMPANY LIMITED - A/c HDFC Mid					
01-04-2017	At the beginning of the year	3,88,690	3.548		
02-02-2018	Sale	-10,000	-0.091	3,78,690	3.457
09-02-2018	Sale	-10,000	-0.091	3,68,690	3.365
23-02-2018	Sale	-3,68,690	-3.365	-	-
31-03-2018	At the end of the year			-	-

Note: Shareholding clubbed on the basis of PAN

(v) Shareholding of Directors and Key Managerial Personnel:

Particulars	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
SRI SANJAY JAYAVARTHANVELU, CHAIRMAN AND MANAGING DIRECTOR				
At the beginning of the Year	1,42,291	1.30		
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
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
SRI K SOUNDHAR RAJHAN, DIRECTOR OPERATIONS[1]				
At the beginning of the Year	Not Applicable	Not Applicable		
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			110	0.00
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

[1]Appointed as Director Operations with effect from 1st November, 2017

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		Total Amount
		Sri Sanjay Jayavarthanavelu, Chairman & Managing Director (CEO)	Sri K Soundhar Rajhan, Director Operations[1]	
1	GROSS SALARY			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	162.00	46.50	208.50
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	46.10	3.20	49.30
	(c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	626.17	-	626.17
	- 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	3.72	16.68
	Total (A)	855.33	53.42	908.75
	Ceiling as per the Act (10%)			3,130.84

[1]Sri K Soundhar Rajhan appointed as Director Operations with effect from 1st November, 2017

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	
	Fee for attending board / committee meetings	7.50	4.00	4.50	4.50	2.00	22.50
	Commission	5.00	5.00	5.00	5.00	5.00	25.00
	Others, please specify	-	-	-	-	-	-
	Total (1)	12.50	9.00	9.50	9.50	7.00	47.50
2	Other Non-Executive Directors	Sri S Pathy	Sri V Sathyakumar[1] (Nominee of LIC)				
	Fee for attending board / committee meetings	11.50	1.50				13.00
	Commission	5.00	5.00				10.00
	Others, please specify	-	-	-	-	-	-

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
	Total (2)	16.50	6.50	23.00
	Total (B) = (1 + 2)			**70.50**
	Total Managerial Remuneration			979.24
	Overall Ceiling as per the Act (11%)			3,443.93

Note:
[1]Paid to LIC of India

C. Remuneration to Key Managerial Personnel other than MD/WTD/Manager:

(₹ in Lakhs)

Sl. no.	Particulars of Remuneration			
	GROSS SALARY	Sri C B Chandrasekar, Chief Financial Officer	Sri C R Shivkumaran, Company Secretary	Total
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	42.27	23.03	65.30
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	9.58	4.45	14.02
	(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	**51.85**	**27.48**	**79.32**

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					
Punishment	NIL				
Compounding					
B. DIRECTORS					
Penalty					
Punishment	NIL				
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment	NIL				
Compounding					

ANNEXURE 3

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[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
SRK Vidyalaya Post
Perianaickenpalayam
Coimbatore – 641020

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

Based on my verification of M/s. Lakshmi Machine Works Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March, 2018, 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, 2018 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;
ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
iii. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
v. The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
   a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
   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;

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

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

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.

Other than the above, there were no instances of:

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

Place : Coimbatore
Date : 25th May, 2018

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

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
SRK Vidyalaya Post
Perianaickenpalayam
Coimbatore – 641020

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.

Place: Coimbatore
Date: 25th May, 2018

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

ANNEXURE 4

RELATED PARTY TRANSACTIONS POLICY

PREAMBLE

Lakshmi Machine Works Limited (the Company) believes in ethical conduct of business and maintains transparency and accountability in its activities. The Company rigorously ensures compliance with all applicable Statues, Rules and Regulations. The Company acknowledges that Related Party Transactions represent present or potential conflict of interest between Directors/Senior Management etc. with the interests of the Company.

OBJECTIVE

This policy is intended to provide a framework to monitor and ensure proper compliance of the applicable statutory provisions relating to identifying, approving, recording and reporting of transactions between the Company and any of its related parties.

SCOPE OF THE POLICY

The Company's policy and procedure relating to identification, regulation, governance of all transactions of the Company with its related parties as contemplated under Section 188 of the Companies Act, 2013, the Companies (Meeting of Board and its Powers) Rules, 2014, Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) and the relevant Accounting Standard(s) are addressed in this policy. Any exceptions provided in the Policy on Related Party Transactions under this policy are consistent with the said Acts / Regulations. Further, the Board reserves the right to change, amend or modify this policy from time to time as may deem fit to be in line with the changing requirements.

DEFINITIONS

1) "Related Party" with reference to a company means:
   - (i) a Director or his/ her relative;
   - (ii) a key managerial personnel (KMP) or his/her relative;
   - (iii) a firm, in which a Director, manager or his/her relative is a partner;
   - (iv) a private company in which a Director or manager or his/her relative is a member or Director;
   - (v) a public Company in which a Director or manager is a Director and holds along with his/ her relatives, more than two per cent of its paid up share capital;
   - (vi) any body corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instructions of a Director or Manager;
   - (vii) any person on whose advice, directions or instructions a Director or Manager is accustomed to act:
     Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
   - (viii) any Company which is—
     - (1) a holding, subsidiary or an associate Company of the Company; or
     - (2) a subsidiary of a holding Company to which it is also a subsidiary;

As per Accounting Standard(s) the following also constitute related party relationship to the reporting enterprise (the Company):

- i) An enterprise directly or indirectly through other intermediaries control the reporting enterprise (by controlling more than 50% voting rights).
- ii) An enterprise directly or indirectly through other intermediaries is controlled by the reporting enterprise.
- iii) The enterprise and the reporting enterprise are controlled by the same party (companies under common control).
- iv) Subsidiary or holding company or associate or joint venture of the reporting enterprise.
- v) An investing party or JV of which the reporting enterprise is an associate or JV.
- vi) An individual directly or indirectly control/exercise significant influence by holding more than 50% voting rights, composition of Board and relatives of such individual.
- vii) Key Managerial Personnel and their relatives.
- viii) An enterprise over which the persons referred in (vi) and (vii) above have significant influence by holding 20 % or more shares.
- ix) An enterprise owned by directors or major shareholders of reporting enterprise.
- x) Enterprises that have common key managerial personnel.

2) "Relatives" with reference to any person, means anyone who is related to another, if –

(i) They are members of a Hindu Undivided Family;
(ii) They are husband and wife; or
(iii) One person is related to the other in the following manner, namely:-
a) Father including step father
b) Mother including step mother
c) Son including step son
d) Son's Wife
e) Daughter
f) Daughter's Husband
g) Brother including step brother
h) Sister including step sister

3) "Related Party Transaction": Related party transaction is a transfer of resources, services or obligations between a company and a related party regardless of any price is charged and include:
(a) Sale, purchase or supply of any goods or materials;
(b) Selling or otherwise disposing of, or buying property of any kind;
(c) Leasing of property of any kind;
(d) Availing or rendering of any services;
(e) Appointment of any agent for purchase or sale of goods, materials, services or property;
(f) Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and
(g) Underwriting the subscription of any securities or derivatives thereof, of the Company;

4) "Material Related Party Transaction"
a. Under the LODR material related party transaction means the transaction or transactions with a related party, to be entered into individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
b. Under the Companies Act, 2013 means the transaction or transactions with a related party, individually or taken together with all previous transactions during the financial year for:
(i) sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding ten percent of the turnover of the Company or ₹100 Crores, whichever is lower.
(ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding ten percent of net worth of the Company or ₹100 Crores, whichever is lower.
(iii) leasing of property of any kind exceeding ten percent of the net worth of the Company or ten percent of turnover of the Company or ₹100 Crores, whichever is lower.
(iv) availing or rendering of any services, directly or through appointment of agent, exceeding ten per cent of the turnover of the Company or ₹50 Crores, whichever is lower.
(v) appointment to any office or place of profit in the Company, its subsidiary company or associate Company at a monthly remuneration exceeding Rupees Two and Half Lakhs.
(vi) remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company exceeding one per cent, of the net worth.

The Turnover or Net Worth referred in the above definition shall be computed on the basis of the Audited Financial Statement of the preceding financial year.

5) Transactions on arm's length basis means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

6) Words and expressions used in this policy not specifically defined will have the same meaning assigned to them in the Companies Act, 2013, Rules framed thereunder, LODR and the applicable Accounting Standards.

MAINTENANCE OF THE LIST OF RELATED PARTIES

The officers of the Company, such as Chief Financial Officer, Company Secretary and Head of Supply Chain Management (SCM) are responsible for maintenance of list of related parties of the company at all times. A database of all the Related Parties of the Company, containing the names of individuals, firms and Companies, identified on the basis of the definition set forth above and on the basis of the declarations/ disclosures given by the Directors and KMPs.

UPDATING RELATED PARTY LIST

The list of Related Parties shall be updated on the receipt of the general notice of disclosure given by the Directors and the KMPs at the beginning of every financial year and shall be updated on receipt of any intimation of change in interest by the Directors and KMPs from time to time.

RECORD OF ARM'S LENGTH TRANSACTIONS AND TRANSACTIONS TAKING PLACE IN THE ORDINARY COURSE OF BUSINESS

It shall be the responsibility of the responsible officials of the company to preserve necessary evidences such as copies of contracts, bills, invoices, correspondences, quotations, bids etc., to ensure that the transaction is an arm's length transaction. The officials should also ensure requisite evidence and documentation are made available to the Auditors / Audit Committee, as may be required by them, to demonstrate that the transactions are conducted on arm's length basis and are taking place in the ordinary course of business.

REQUIREMENT OF APPROVALS FOR DIFFERENT SITUATIONS

I. Simple Related Party Transactions

All transactions of the company with its related parties require prior approval of the Audit Committee of Board of Directors of the Company. Irrespective of the fact, whether such transactions are material or non-material, taking place in the ordinary course of business or not and arm length transaction or otherwise require the prior approval of the Audit committee.

II. Non-Material Related Party Transactions not taking place in the ordinary course of business and are not arm length transactions

- Prior approval of the Audit committee
- Approval of the Board of Directors

III. Material Related Party Transactions as defined under LODR

- require prior approval of Audit Committee.
- shall require approval of the Board of Directors.
- shall require approval of the shareholders through special resolution.

All the shareholders of the Company, who fall under the definition of Related Parties, whether they are party to the transaction or not, shall abstain from voting on such resolution.

However, approval of shareholders is not required for the transactions entered into between a Holding Company and its Wholly Owned Subsidiary.

IV. Material Related Party Transactions as defined under the under Companies Act, 2013, where such transaction is taking place in the Ordinary Course of business and on arm's length basis.

- Require the prior approval of Audit Committee only.

V. Material Related Party Transactions as defined under the under Companies Act, 2013, where such transaction is not taking place in the Ordinary Course of business and is not on arm's length basis.

- require prior approval of Audit Committee.
- require approval of the Board of Directors.
- shall require the approval of the shareholders by a Special Resolution. The Related Party concerned shall abstain from voting on such resolutions.

The interested director shall not be present at the Audit Committee meeting / Board meeting during the discussions on the related party transaction in which he/she is interested.

VI. Exemptions:

The Companies Act, 2013 exempts all the transactions from the provisions of Section 188, with related parties where the transaction is taking place in the ordinary course of business and is an arm's length transaction. However, the LODR exempts transactions of the Holding Company with its wholly owned Subsidiary Company and between government companies from the applicability of these regulations.

THE PROCESS OF MONITORING/APPROVING RELATED PARTY TRANSACTIONS

Functional / Departmental heads shall submit to the Chief Financial Officer and Company Secretary the details of proposed transaction with related parties with details / draft contract or other supporting documents to identify whether the transactions are on arms' length basis and is taking place in the ordinary course of business at prevailing market price or otherwise.

Based on this note, Company Secretary will appropriately take it up for necessary prior approvals from the Audit Committee at its next meeting and convey back the decision to the originator.

For the purpose of implementing the provisions of this Policy, the Board and the Audit Committee of the Company should receive timely, full and sufficient information about the Transactions covered under this Policy.

CONSIDERATION OF RELATED PARTY TRANSACTIONS FOR APPROVAL BY THE AUDIT COMMITTEE / BOARD

To review and approve a Related Party Transaction, the Audit Committee / Board should be provided with:

a. the name of the related party, the interested Director/KMP and nature of relationship;

b. the nature, duration of the contract and particulars of the contract or arrangement;

c. the material terms of the contract or arrangement including the value, if any;

d. any advance paid or received for the contract or arrangement, if any;

e. the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;

f. whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and

g. any other information relevant or important to take a decision on the proposed transaction.

The Audit Committee / Board, before approving such transactions, shall look into the interest of the Company and its Stakeholders in carrying out the Transactions and on the benefits to the Company.

In determining whether to approve a Related Party Transaction or not, the Audit Committee / Board will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

a. Whether the terms of the Related Party Transaction are fair and are on arm's length basis to the Company and i.e., the terms and conditions of such transaction are similar with that of the transaction with an un-related third party;

b. Whether there are any compelling business reasons for the Company to enter into the Transaction with the related party and any other alternative source of supply/service is available;

c. Whether the Related Party Transaction would affect the independence of an independent Director;

d. Whether the proposed transaction includes any potential reputational risk that may arise as a result of or in connection with the proposed transaction;

e. Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to the Company;

f. Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company; and

g. any other information relevant or important to take a decision on the proposed transaction.

ROLE OF INDEPENDENT DIRECTORS

The Independent Directors shall pay sufficient attention and ensure that adequate deliberations are held before approving Related Party Transactions which are not in Ordinary Course of Business, not on arm's length basis and are Material Related Party Transactions and approve such transactions only if they are required in the best interest of the Company.

OMNIBUS APPROVAL FOR ROUTINE RELATED PARTY TRANSACTIONS

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company which are repetitive in nature subject to the following conditions:

a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the Company.

b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.

c. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price/ current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit; Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹1 Crore per transaction and for a maximum period of one year.

d. Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given.

e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

DEALING WITH UNAPPROVED RELATED PARTY TRANSACTIONS

Any related party transaction has taken place without the approval of Audit Committee/Board/Shareholders as the case may be, required under the policy, the Audit Committee shall, before its consummation review the same for approval or otherwise.

The Audit Committee shall consider all of the relevant facts and circumstances relating to the Related Party Transaction and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee.

Where, the Audit Committee decides not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee, as it may deem appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction.

Where any contract or arrangement is entered into by a director or KMP, without obtaining the approval of the Audit Committee or Board or Shareholders as required above and if it is not ratified by the Board or Shareholders within three months from the date on which such contract or arrangement was entered, shall be dealt with as per Section 188(3) of the Companies Act, 2013.

REPORTS AND DISCLOSURES

- Particulars of Contracts and arrangements with Related Party covered under this policy requiring members' approval shall be appropriately referred to in the Board's Report to the members along with the justification for entering into such contract or arrangement.
- Details of all material transactions with related parties are to be disclosed every quarter along with the compliance report on corporate governance.
- The Company shall disclose this policy relating to Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.
- The Company shall disclose the name of the related party, the nature of relationship, the transaction details and such other details as required under Accounting Standard(s) in the Annual Report.

MAINTENANCE OF REGISTERS

- The Company shall keep and maintain a register, maintained physically or electronically, as may be decided by the Board of Directors, and enter therein the particulars of applicable related party transactions and such register is placed / taken note of before the meeting of the Board of Directors.
- The Company shall maintain such register at the Registered Office of the Company and provide extracts from such register to a member of the Company on his/her request, within seven days from the date on which such request is made upon the payment of such fee as may be specified in the articles of the Company.
- The register to be kept under this policy shall also be produced at the commencement of every Annual General Meeting of the Company and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.
- The register shall be preserved permanently and shall be kept in the custody of the Company Secretary / Chief Financial Officer of the Company or any other person authorized by the Board for the purpose.

AMENDMENTS TO THE POLICY

The Board on its own on the recommendations of the Audit Committee may amend this policy, as may be required to be in line with the changes, amendments and modifications if any in the Companies Act, 2013, Rules thereunder, LODR and the Accounting Standards.

In case of any amendment, clarification, circular, notification etc. issued by a competent authority, which is not consistent with the provisions laid down under this Policy, the provisions of such amendment, clarification, circular, notification, etc. shall prevail and this policy shall stand amended accordingly, without any further action, on and from the date on which such amendment, clarification, circular, notification comes in to effect.

ANNEXURE 5

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 held 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 ₹29,120 Lakhs

4. The prescribed CSR Expenditure for the company taken at 2% of the average net profit for the last three financial years is ₹582.40 Lakhs

5. Details of CSR spend for the financial year:
a. Total Amount Spent for the Financial Year: ₹647.95 Lakhs
b. Amount unspent if any: Nil

6. Report on CSR Expenditure for the period from 1st April, 2017 to 31st March, 2018

Sl No	CSR Project/Activity	Sector in which the project/ activity was covered under Schedule 7	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 ₹) 1st April, 2017 to 31st March, 2018	Cumulative expenditure upto the reporting period (Amt in ₹) 1st April, 2017 to 31st March, 2018	Amount spent direct or through implementing agency
1	Eye Camp	Clause i	Kaniyur, Coimbatore District, Tamil Nadu	2,65,671	2,65,671	2,65,671	Direct
2	Spine Surgery & Rehabilitation Programme-Ganga Hospital	Clause i	Coimbatore, Coimbatore District, Tamil Nadu	17,00,000	17,00,000	17,00,000	Through GKD Charity Trust, Coimbatore
3	Renovation of Perianaickenpalayam Railway Station	Clause x	Perianaickenpa-layam, Coimbatore District, Tamil Nadu	86,29,670	86,29,670	86,29,670	Through GKD Charity Trust, Coimbatore
4	Village adoption -Infrastructure development	Clause x	Palamalai, Coimbatore District,Tamilnadu	41,00,000	41,00,000	41,00,000	Through GKD Charity Trust, Coimbatore
5	Nutrition Programme for Children	Clause i	Coimbatore District, Tamil Nadu	1,00,000	1,00,000	1,00,000	Through GKD Charity Trust, Coimbatore
6	Narayana Hrudayalaya Hospital	Clause i	Bangalore, Bangalore District, Karnataka	1,00,00,000	1,00,00,000	1,00,00,000	Through GKD Charity Trust, Coimbatore
7	Health care Infrastructure Development	Clause i	Coimbatore, Coimbatore District, Tamil Nadu	4,00,00,000	4,00,00,000	4,00,00,000	Through GKD Charity Trust, Coimbatore
	Total amount spent during 1st April, 2017 to 31st March, 2018			6,47,95,341	6,47,95,341	6,47,95,341	

Place : Coimbatore
Date: 25th May, 2018

Sanjay Jayavarthanavelu
Chairman and Managing Director
Chairman - CSR Committee

ANNEXURE 6

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

TO THE MEMBERS OF LAKSHMI MACHINE WORKS LIMITED

We have examined the compliance of conditions of Corporate Governance by Lakshmi Machine Works Limited, for the year ended on 31st March, 2018, 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 in the 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.
Chartered Accountants
Firm Registration No.001496S

K. Raghu
Partner
Membership No.11178

Place: Coimbatore
Date: 25th May, 2018

ANNEXURE 7

BUSINESS RESPONSIBILITY REPORT 2017-18

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 (LMW)
3. Registered Office 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: 2017-18
7. Sectors that the Company is engaged in: Textile Spinning machinery, CNC Machine Tools, Foundry Castings and Aerospace products.
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

   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 (2017-18)

Sl No	Particulars	Unit of Measure	Details
1	Paid up capital	(₹ Lakhs)	1,095.55
2	Total Turnover	(₹ Lakhs)	2,48,860.11
3	Total Profit after Taxes	(₹ Lakhs)	21,142.29
4	Total Spending on Corporate Social Responsibility (CSR) as a percentage of Profit after Tax	(in %)	LMW's spending in Corporate Social Responsibility is as per the amount mandated under Companies Act, 2013. LMW during 2017-18 has spent an amount of ₹647.95 Lakhs on CSR which is 2.18% of Profit after Tax.
5	List of activities in which expenditure as per point 4 above has been incurred		Refer Annexure 5 of 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(ies).

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

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/ Directors responsible for implementation of the BR policy/ policies

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

   (b) Details of the BR head:

1.	DIN:	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 are 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 marginalized.
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 is 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: Engagement with Customers
1.	Do you have a policy / policies for....	Y	Y	Y	Y	Y	Y	N Note 1	N 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 of Directors?	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 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 our CSR and Sustainability 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 internal stakeholders.

Note 4: Policies are approved by the Board of Directors.

Note 5: All LMW policies are uploaded on the company's 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 1,895 complaints of which 1,764 have been resolved and the balance of 131 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	Ultra Blend A9	Power Saving
2	Draw Frame LDF3	Eco-Friendly
3	Speed Frame LF 4280A/AS	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

- Enhancement of machinery efficiency resulting in savings in Raw Material usage and consumption of power.
- 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 concept of use 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 localization and outsourcing by each Plant is with suppliers who are competitive as well as close to its Plants.

Localized 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. The recycled water is used for process and toilet flushing.

   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 authorized 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. Around 500 tons per month of waste sand from foundry process is recycled through the sand reclamation plant. Waste comprising of plastic, office waste, packaging and paper is given to vendors for recycling. Food waste generated in cafeterias is either given to the vendors to generate fertilizers or is being used to manufacture animal feed. Around 900 number of batteries have been disposed to Authorised Dealers for recycling.

Principle 3: Businesses should promote the wellbeing of all Employees

1. Please indicate the total number of employees: 3,446
2. Please indicate the total number of employees hired on temporary/contractual/casual basis: 2,601
3. Please indicate the number of permanent women employees: 51
4. Please indicate the number of permanent employees with disabilities: 11
5. Do you have an employee association that is recognized by management? Yes
6. What percentage of your permanent employees are members of this recognized employee association? 100%.
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year

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	78
B	Permanent Women Employees	60
C	Casual/Temporary/Contractual Employees	80
D	Employees with Disabilities	64

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

1. Has the company mapped its internal and external stakeholders? Yes
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders? Yes
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized 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 marginalized stakeholders. The Company has engaged around 15 physically disabled 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 units and own employees and contractors of the Company. The Policy document is available at the website: 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 presently working towards obtaining the GREENCO rating by CII. 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 all 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 yearly form is submitted 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 minimize 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 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 Organisations
   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

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (like 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 CSR policy, inter-alia, deals with the objectives of the Company's CSR initiatives, the guiding principles, the thrust areas of CSR, responsibilities of the CSR Committee, implementation plan and the reporting framework.

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

   a) Health, hygiene and education
   b) Vocational training focused on employable skills
   c) Rural Infrastructure Development
   d) Village Development Programs
   e) Neighbourhood projects as per the local needs identified

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

I) HEALTH:

1) Bone Marrow Transplant (BMT) Surgery:

   LMW in association with Narayana Hrudalaya Hospital, Bangalore is financially supporting the Bone Marrow Transplant surgery of economically backward cancer patients. LMW sponsors to the tune of ₹2 to ₹4 Lakhs per patient for the BMT surgery. During 2017-18 LMW has supported 30 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 9 patients during the year 2017-18.

3) Cataract screening & surgery camp:

LMW conducts Eye camp on yearly basis 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 covering villages in and around Kaniyur for the current year. 1,627 people were screened, of which cataract surgery was conducted for 327 patients.

4) Nutrient Supplement Drink to school children:

LMW supports Sri Sai Service Foundation, Coimbatore in providing nutritional supplement drink to children studying in Government School. Around 500 children benefit from this program.

II) RURAL INFRASTRUCTURE DEVELOPMENT:

1) Railway Station Renovation:

Renovation work of the Perianaickenpalayam Railway Station has been taken up and completed by LMW under the CSR initiative. This project is completely funded and executed by the company. The renovation work was completed in June 2017 and the station was dedicated to the nation on 2nd July, 2017. This project will benefit more than 500 passengers daily.

III) EDUCATION:

Infrastructure renovation work was taken up and completed in 5 schools located in the villages near Perianaickenpalayam. Following schools were supported under this program.

1) Government Tribal (Food & Stay) School, Kunjurpathi (Palamalai Hills)
2) Panchayat Union Elementary School, Manguli (Palamalai Hills)
3) Panchayat Union Elementary School, Thirumalainaickenpalayam
4) Panchayat Union Elementary School, Puthupudur
5) Government Middle School, Rakkipalayam.

Activities such as building maintenance, laying of floor tiles in class rooms, supply of teaching aid & equipment, drinking water facilities, toilet facilities, painting work, kitchen gardens were done in these schools.

IV) VILLAGE DEVELOPMENT PROGRAM:

1) Solar Street Lights:

To improve the basic facilities in the tribal villages in Palamalai Hills near Perianaickenpalayam and also to promote green energy, solar street lights were installed. 23 solar lights were installed in 7 tribal villages in the hill areas.

2) Livelihood Enhancement Program:

For improving the income generation capacity of the tribals in Palamalai Hills, a 10 day training program on Mushroom Cultivation was conducted in Manguli village. The program was organised in collaboration with Canara Bank Rural Self Employment Training Institute.

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

The Company's Social Responsibility Projects are implemented through internal team as well as in partnership with Non-Governmental Organizations (NGOs) and Government Institutions.

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 ₹647.95 lakhs towards community development projects during the Financial Year 2017-18.

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 prioritized.

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 7% 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 frequent intervals.

Corporate Governance Report

In Compliance with Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) 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's value. To achieve this, systematic and planned efforts are undertaken by the Company keeping in view of the organization's core values and business ethics. LMW consistently partners with its customers to deliver quality products /services on time and at reasonable prices. LMW believes in ethical conduct of business and maintains transparency and accountability in its activities as well as ensures compliance with all applicable regulations. LMW is also aware of the fact that its ability to meet significant corporate goals is influenced by the extent to which prudent corporate governance policies are devised and adhered to within the organization. LMW consistently emphasizes its commitment towards creation, monitoring and continuous updation of a strong corporate governance policy and practice that will define and drive the organization's performance as per its cherished values and commitments to every stakeholder.

2. BOARD OF DIRECTORS:

The Board provides leadership, strategic guidance and objective judgement in the conduct of the affairs of the Company. The Board upholds the vision, purpose and values of the 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 Meetings are determined and intimated to the Directors well in advance. The 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 is held each year, one meeting is held in each quarter and it is ensured that the gap between two meetings does not exceed 120 days. Various Committees of the Board also meet as per the statutory requirements. Also, as per statutory requirement the Independent Directors meet separately 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 also 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 nine Directors, of whom one is the Chairman and Managing Director, one is Executive Director-Non Independent 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	DIN	Category of Directorship
Sri. Sanjay Jayavarthanavelu	00004505	Promoter - Executive–Chairman and Managing Director
Sri. S.Pathy	00013899	Promoter - Non-Executive - Non Independent
Sri. Basavaraju	01252772	Non-Executive - Independent
Sri. Aditya Himatsingka	00138970	Non-Executive - Independent
Dr. Mukund Govind Rajan	00141258	Non-Executive - Independent
Justice Smt. Chitra Venkataraman (Retd.)	07044099	Non-Executive - Independent
Sri. V. Sathyakumar	06477636	Non-Executive - Non Independent - Nominee of LIC
Sri. Arun Alagappan	00291361	Non-Executive - Independent
Sri. K. Soundhar Rajhan (from 01.11.2017)	07594186	Executive - Non Independent (Wholetime Director Designated as Director Operations)

b. Attendance of Directors in the Board Meetings and AGM:

Directors	Dates of Board meetings held in FY 2017-18				AGM
	22.05.17	07.08.17	30.10.17	29.01.18	07.08.17
Sri. Sanjay Jayavarthanavelu	✓	✓	✓	✓	✓
Sri. S Pathy	✓	✓	✓	✓	✓
Sri. Basavaraju	✓	✓	✓	✓	✓
Sri. Aditya Himatsingka	✓	✓	x	✓	✓
Dr. Mukund Govind Rajan	✓	✓	✓	✓	✓
Justice Smt.Chitra Venkataraman (Retd.)	✓	✓	✓	✓	✓
Sri. V. Sathyakumar	✓	✓	x	✓	✓
Sri. Arun Alagappan	✓	✓	x	✓	x
Sri. K. Soundhar Rajhan (from 01.11.17)	NA	NA	NA	✓	NA

In addition, a separate meeting of Independent Directors of the Company was held on 29th January, 2018 in which all the Independent Directors of the Company: Sri. Basavaraju, Sri. Aditya Himatsingka, Dr. Mukund Govind Rajan, Justice Smt. Chitra Venkataraman (Retd.) and Sri. Arun Alagappan had attended.

c. Other Directorships :

Directors	Other Directorships (Public + Private +Section 8)	Membership in Committees	
		Chairman	Member
Sri Sanjay Jayavarthanavelu	11	-	2
Sri S Pathy	10	-	-
Sri Basavaraju	1	-	-
Sri Aditya Himatsingka	-	-	-
Dr Mukund Govind Rajan	1	-	-
Sri V Sathyakumar	1	-	1
Justice Smt Chitra Venkataraman (Retd)	2	-	-
Sri Arun Alagappan	6	-	-
Sri K Soundhar Rajhan	1	-	-

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

d. Number and dates of Board Meetings

Four Board Meetings were held during the Financial Year 2017-18 and the meetings were held on: 22nd May 2017, 7th August 2017, 30th October 2017 and 29th January 2018.

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. Familiarization Programme for Independent Directors:

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

h. Board Performance evaluation:

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 and the Board of Directors.

Performance Evaluation of the Board, Individual Directors and Committees has been carried out in accordance with the aforesaid circular.

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 would also comply to the requirements specified in Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The committee meets once in every quarter to carry out its business.

The Committee met four times during the financial year under review on 22nd May 2017, 7th August 2017, 30th October 2017 and 29th January 2018. Details of attendance of members are as follows:

Date of Meetings and Attendance:

Name of the Member	Attendance of meetings held on :			
	22.05.17	07.08.17	30.10.17	29.01.18
Dr. Mukund Govind Rajan	✓	✓	✓	✓
Sri. Aditya Himatsingka	✓	✓	×	✓
Sri. Basavaraju	✓	✓	✓	✓

The Chairman of the Audit Committee was present during the Annual General Meeting held on 7th August, 2017 alongwith other members of the Audit Committee.

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

Date of Meetings and Attendance:

Name of the Member	Attendance of meetings held on :	
	30.10.2017	29.01.2018
Justice Smt Chitra Venkataraman(Retd.)	✓	✓
Sri Basavaraju	✓	✓
Sri S Pathy	✓	✓

5. REMUNERATION OF DIRECTORS:

The Non-Executive Director(s) 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 upto 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(s) consists of fixed as well as variable components. 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(s) 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(s).

The details on the criteria for making payments to the Non-Executive Director(s) is available at Company's website www.lakshmimach.com.

Remuneration of Directors for the year ended 31st March, 2018: (Amount in ₹)

Name	Salary	Perquisites	Sitting fee	Commission	Total
Sri. Sanjay Jayavarthanavelu	1,62,00,000	67,16,000	---	6,26,16,846	8,55,32,846
Sri. S. Pathy	---	---	11,50,000	5,00,000	16,50,000
Sri. Basavaraju	---	---	7,50,000	5,00,000	12,50,000
Sri. Aditya Himatsingka	---	---	4,00,000	5,00,000	9,00,000
Dr. Mukund Govind Rajan	---	---	4,50,000	5,00,000	9,50,000
Justice Smt. Chitra Venkataraman (Retd.)	---	---	4,50,000	5,00,000	9,50,000
Sri. V. Sathyakumar[1] (Nominee of LIC)	---	---	1,50,000	5,00,000	6,50,000
Sri. Arun Alagappan	---	---	2,00,000	5,00,000	7,00,000
Sri. K. Soundhar Rajhan (From 01.11.17)	46,50,000	6,92,000	---	---	53,42,000

[1]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 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. The 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/Secretary.

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, 2018.

The Committee met two times during the year under review ended 31st March, 2018, on 7th August, 2017 and on 29th January, 2018. Details of attendance of members are as follows:

Date of Meetings and Attendance:

Name of the Member	Attendance of meetings held on :	
	07.08.2017	29.01.2018
Justice Smt. Chitra Venkataraman(Retd.)	✓	✓
Sri. Basavaraju	✓	✓
Sri. S Pathy	✓	✓

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 7 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 17 times during the year under review.

8. GENERAL BODY MEETINGS:

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

AGM/EGM	Venue	Day	Date	Time
AGM	Mani Higher Secondary School (Nani Kalaiarangam) Pappanaickenpalayam, Coimbatore-641037	Monday	10.08.2015	03.30 P.M.
AGM	-do-	Friday	05.08.2016	02.45 P.M.
AGM	-do-	Monday	07.08.2017	03.30 P.M.

Details of Special Resolutions passed at the above Annual General Meetings / Extra Ordinary General Meetings:
At the AGM's held on 10th August, 2015, 5th August, 2016 and 7th August, 2017 no special resolutions were passed.

Postal Ballot:
The Company has approached the shareholders during the year under review through postal ballot.

The details of resolution passed through Postal Ballot last year and the voting pattern for the said resolutions are disclosed as under:

Date of Postal Ballot Notice: 30th October, 2017	
Cut-off date: 16th November, 2017	Voting Period for Postal Ballot & E-Voting 22nd November, 2017 to 21st December, 2017
Date of declaration of results: 23rd December, 2017	Date of approval: 21st December, 2017

Resolution Particulars	Type of Resolu-tion	No. Of votes polled	Votes cast in favour		Votes cast against		Invalid Votes cast
			No of Votes	%	No of Votes	%	No of Votes
Appointment of Sri. K. Soundhar Rajhan (DIN: 07594186) as Director of the Company	Ordinary	70,02,162	70,00,481	99.99	508	0.01	1,173
Appointment of Sri. K. Soundhar Rajhan (DIN: 07594186) as Whole-time Director (designated as Director - Operations) of the Company and approval of his remuneration pursuant to Section 196, 197, 198, 203 and Schedule V of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.	Special	70,02,092	70,00,401	99.99	518	0.01	1,173
Approval pursuant to Section 188 and other applicable provisions of the Companies Act, 2013 read with Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to Sri. V. Senthil, (a relative of Sri. K. Soundhar Rajhan, Director) for holding and continuing to hold an office or place of profit as Senior General Manager (Finance) or such other designation as may be decided based on Company's Human Resources Policies/Practices	Special	70,02,162	70,00,341	99.99	648	0.01	1,173

Sri. M.D. Selvaraj, FCS of MDS & Associates, Company Secretaries, Coimbatore, was appointed as the scrutnizer for carrying on the postal ballot process in a fair and transparent manner.

Procedure for postal ballot:

Pursuant to the provisions of Section 108 & 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the resolutions as specified in the Notice of the Postal Ballot dated 30th October 2017 (as specified above) were transacted through Postal Ballot / e-voting.

The Company had engaged the services of Central Depository Services (India) Limited (CDSL) for providing e-voting facility to the members.

The members were provided the option of exercising their right to vote on the said resolution through postal ballot / e-voting during the period commencing from Wednesday, 22nd November, 2017 to Thursday, 21st December, 2017. Upon completion of the voting period, the scrutinizer completed the scrutiny of votes cast and submitted his report to the Chairman and Managing Director. The results of the voting were declared on Saturday, 23rd December 2017 on the website of the Stock Exchanges, Company and CDSL.

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 website www.lakshmimach.com .

10. GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting:

Day and Date	Monday the 23rd July, 2018
Time	3.30 PM
Venue	Mani Higher Secondary School (Nani Kalaiarangam)

Financial Calendar

Particulars	Dates
Financial Year	1st April ,2017 to 31st March,2018
Date of Book Closure	Tuesday, the 17th July, 2018 to Monday the 23rd July, 2018 (both days inclusive)
Dividend payment date	On or before Wednesday 22nd August, 2018

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

The equity shares of the Company are listed in:

1. BSE 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:

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

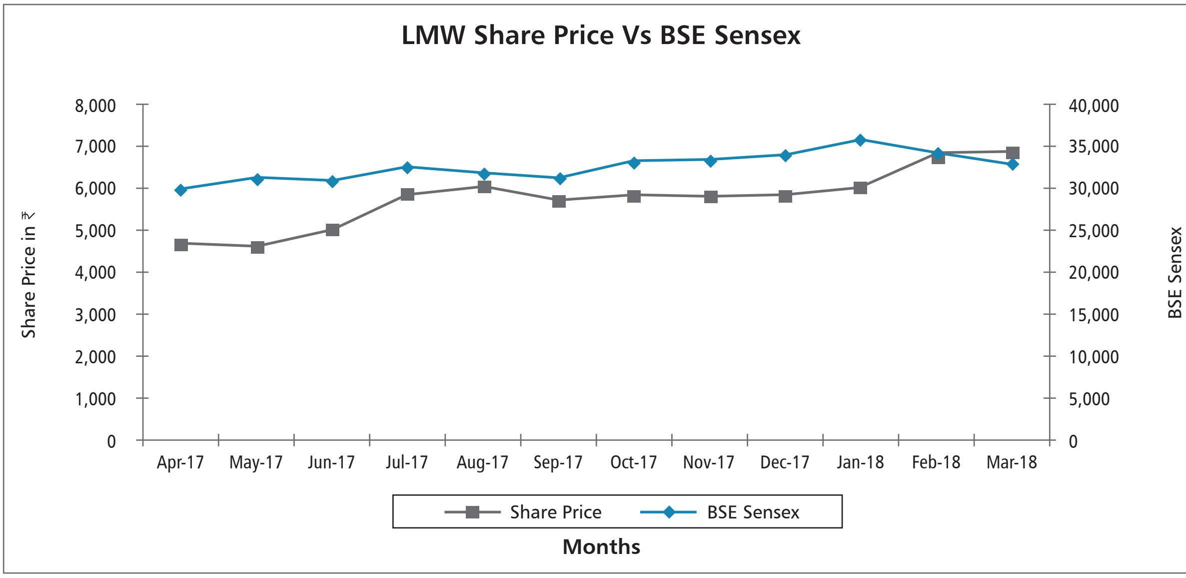
Market Price data of Shares:

The monthly High & Low of Company's share price quoted in NSE / BSE during the financial year 2017-18 are given below:

(Amount in ₹)

	NSE		BSE	
Month	High Price	Low Price	High Price	Low Price
Apr-17	4,747	4,215	4,746	4,217
May-17	4,699	4,233	4,699	4,316
Jun-17	5,378	4,640	5,370	4,635
Jul-17	5,990	5,060	5,994	5,035
Aug-17	6,430	5,670	6,429	5,660
Sep-17	6,249	5,603	6,244	5,605
Oct-17	6,098	5,601	6,084	5,590
Nov-17	6,100	5,686	6,100	5,701
Dec-17	5,995	5,636	5,985	5,650
Jan-18	6,619	5,800	6,628	5,790
Feb-18	6,825	5,405	6,817	5,500
Mar-18	6,964	6,200	6,950	6,220

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 & Transfer Agents:

Transfer, transmission, transposition of name, split, consolidation, recording change of name of shareholders, issue of duplicate certificate, dematerialization, rematerialization and such other matters relating to the shares of the Company are entrusted to the Registrar and Share Transfer Agent 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, 2018 :

Range (No.of shares)	No.of shares	% to total number of shares	No.of shareholders	% to total number of shareholders
0001 – 0500	9,20,825	8.41	29,011	97.78
0501 – 1,000	2,17,922	1.99	291	0.98
1,001 – 2,000	2,27,268	2.07	159	0.54
2,001 – 3,000	1,60,120	1.46	64	0.22
3,001 – 4,000	68,936	0.63	20	0.07
4,001 – 5,000	65,237	0.60	14	0.05
5,001 – 10,000	2,70,705	2.47	38	0.13
10,001 and above	90,24,491	82.37	67	0.23
Total	**1,09,55,504**	**100.00**	**29,664**	**100.00**

Dematerialization of Shares:

As on 31st March, 2018, 1,08,65,259 equity shares constituting 99.17% percent of the paid up equity share capital of the Company has been dematerialized.

Depository Receipts and convertible instruments:

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

Commodity and foreign exchange hedging activities:

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

Plant Locations:

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

Textile Machinery Division

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

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 shareholder's correspondence should be addressed to:

The Company Secretary

Lakshmi Machine Works Limited
Corporate Office
34-A, Kamaraj Road
Coimbatore - 641 018

E-mail: secretarial@lmw.co.in

11. 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's website www.lakshmimach.com.
- The policy of the Company relating to 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.

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

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

14. 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
25th May, 2018

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 2017-18.

Sanjay Jayavarthanavelu
Chairman and Managing Director
(DIN: 00004505)

Coimbatore
25th May, 2018

DETAILS OF UNCLAIMED SHARES KEPT IN DEMAT SUSPENSE ACCOUNT

As required under Regulation 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 Share-holders	No.of shares
1	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year 31.03.2017	318	59,560
2	Number of shareholders who approached the Company for transfer of shares from suspense account during the year.	117	19,650
3	Number of shareholders to whom shares were transferred from the suspense account during the year.	117	19,650
4	Aggregate number of shareholders and the shares outstanding at the end of the year 31.03.2018.	201	39,910
5	The voting rights of these shares is kept frozen till the rightful owner of such shares claim the shares.		

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

CEO & CFO CERTIFICATE

The Board of Directors
Lakshmi Machine Works Limited
Coimbatore

25th May, 2018

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

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

a) We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2018 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 if any, in internal control over financial reporting during the year;

   ii) significant changes if any, 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.

C.B. CHANDRASEKAR
Chief Financial Officer (CFO)

SANJAY JAYAVARTHANAVELU
Chairman and Managing Director(CEO)
(DIN: 00004505)

Standalone Financial Statements

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 31st March 2018, the statement of profit and loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of cash flow 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 IND AS 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 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 (INDAS) 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 judgements 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 judgement, 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 31st March 2018, and its financial performance including other comprehensive income, its cashflows 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, to the extent applicable.

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 including Other Comprehensive Income, Statement of Changes in Equity and the Cash flow statement dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid standalone IND AS financial statements comply with the Indian Accounting Standards (IND AS) specified under Section 133 of the Act, read with the relevant Rules issued there under.
   (e) On the basis of the written representations received from the directors as on 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 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, a separate report has been given 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, as amended, 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 in its financial position in its standalone IND AS financial statements- Refer note no.31.1
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

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

K. Raghu
Partner
Membership No.11178

Coimbatore
25th May, 2018

Annexure - A referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements

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 31st March 2018.

According to the information and explanations sought by us and given by the Company and the books and records examined by us during the course of our Audit and to the best of our knowledge and belief we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets

(b) The fixed assets of the company have been physically verified in a phased periodical manner, by the management, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties of the company shown under the Fixed Assets schedule are held in the name of the company.

(ii) The physical verification of inventory has been conducted by the management at reasonable intervals. The Company has maintained proper record of inventory and no material discrepancies were noticed on the physical verification of inventories as compared to the book records.

(iii) The Company has not granted any loans, 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.

(iv) 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.

(v) The Company has not accepted any deposits and therefore paragraph 3(v) of the order is not applicable to the Company.

(vi) The Central Government has prescribed the maintenance of cost records under section 148(1) of the Act. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however carried out a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales tax, service tax, Goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the

(b) The details of disputed statutory dues are as under:

Name of the Statue	Nature of the dues	Amount (₹ in Lakhs)	Amount paid/adjusted (₹ in Lakhs)	Forum where dispute is pending (₹ in Lakhs)
Central Excise Act,1944	Excise Duty, Service Tax and Customs Duty	2,717.19	146.51	Appellate authorities Upto Commissioner's Level - ₹2,539.73 CESTAT - ₹153.74 High Court - ₹23.72
Income Tax Act, 1961	Income tax and Interest	519.33	329.14	CIT(A) - ₹35.45 ITAT - ₹483.88

appropriate authorities.

There are, no undisputed arrears of statutory dues which were outstanding as at 31 March 2018 for a period of more than six months from the date they became payable.

(viii) The Company has not borrowed from any financial institution and has not issued any debentures till date.

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

(x) No fraud by the Company or fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion the managerial remuneration has been paid in accordance with the requisite approval mandated by the provisions of section 197, read with schedule V of the Act.

(xii) The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion the transactions with the related parties are in compliance with sections 177 and 188 of the Act and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) The Company has not made preferential allotment or private placement of shares or issued any debentures during the year.

(xv) 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.

(xvi) 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

K. Raghu
Partner
Membership No.11178

Coimbatore
25th May, 2018

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 ("the Company") as of 31 March 2018 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 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 authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the 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 to the best of our information and according to the explanation given to us, 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 31 March 2018, 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

K.Raghu
Partner
Membership No.11178

Coimbatore
25th May, 2018

(All amount in ₹ Lakhs, unless otherwise stated)

BALANCE SHEET AS AT 31ST MARCH, 2018

Particulars	Note No.	As at 31/03/2018	As at 31/03/2017
ASSETS			
Non-current assets			
Property, Plant and Equipment	4	50,233.76	45,359.17
Capital work-in-progress	4	2,116.18	334.20
Other Intangible assets	5	1,265.85	866.01
Financial Assets			
(i) Investments	6		
a) Investments in subsidiaries		6,513.67	6,513.67
b) Other investments		8,284.75	6,110.64
(ii) Other financial assets	11	20,381.72	14,491.61
Deferred tax assets (net)	7	1,027.47	1,297.31
Total Non - Current Assets		**89,823.40**	**74,972.61**
Current assets			
Inventories	8	30,626.69	33,178.01
Financial Assets			
(i) Trade receivables	9	26,284.09	19,509.33
(ii) Cash and cash equivalents	10(a)	12,131.01	2,347.01
(iii) Bank balances other than (ii) above	10(b)	84,890.60	88,350.33
(iv) Other financial assets	11	3,932.64	3,857.75
Current Tax Assets (Net)	12	1,900.55	1,997.67
Other current assets	13	5,766.44	6,999.74
Total Current Assets		**1,65,532.02**	**1,56,239.84**
Total Assets		**2,55,355.42**	**2,31,212.45**
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	14	1,095.55	1,095.55
Other Equity	15	1,71,069.01	1,52,747.13
Equity attributable to owners of the Company		**1,72,164.56**	**1,53,842.68**
Total equity		**1,72,164.56**	**1,53,842.68**
LIABILITIES			
Non-current liabilities			
Financial Liabilities		-	-
Other non-current liabilities	16	9,507.64	10,021.29
Total Non - Current Liabilities		**9,507.64**	**10,021.29**
Current liabilities			
Financial Liabilities			
(i) Trade payables	17	42,010.30	32,708.81
(ii) Other financial liabilities	18	6,722.72	7,991.65
Provisions	19	1,630.90	674.00
Other current liabilities	20	23,319.30	25,974.02
Total Current Liabilities		**73,683.22**	**67,348.48**
Total Liabilities		**83,190.86**	**77,369.77**
Total Equity and Liabilities		**2,55,355.42**	**2,31,212.45**

See accompanying notes to financial statements 31

For and on behalf of the Board of Directors

In terms of our report attached
For S.Krishnamoorthy & Co
Firm Registration No.001496S
Chartered Accountants

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

S. Pathy
Director
DIN: 00013899

K. Raghu
Partner
Membership No. 11178

C.B. Chandrasekar
Chief Financial Officer

C.R. Shivkumaran
Company Secretary

Place : Coimbatore
Date : 25th May 2018

(All amount in ₹ Lakhs, unless otherwise stated)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	Note No.	Year ended 31st March 2018	Year ended 31st March 2017
INCOME			
Revenue from operations	21	2,55,890.44	2,43,225.71
Other income	22	10,838.06	9,060.25
Total income		**2,66,728.50**	**2,52,285.96**
EXPENSES			
Cost of materials consumed	23	1,56,641.94	1,51,326.31
Purchase of stock in trade		-	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	687.97	681.07
Employee benefit expense	25	25,980.43	24,074.50
Depreciation and amortisation expense	26	7,079.53	7,473.26
Impairment loss on financial assets	27	(42.85)	232.37
Other expenses	28	46,000.40	41,359.34
Finance costs	29	66.26	37.69
Total expenses		**2,36,413.68**	**2,25,184.54**
Profit before exceptional items and tax		**30,314.82**	**27,101.42**
Exceptional items			
Voluntary retirement scheme payments	31.5	402.69	470.14
Profit before tax after exceptional items		**29,912.13**	**26,631.28**
Tax expense	30		
Current tax	30.1	8,500.00	7,300.00
Deferred tax	30.1	269.84	65.41
Prior year taxes	30.1	-	205.46
Total tax expense		**8,769.84**	**7,570.87**
Profit after tax from continuing operations for the year		**21,142.29**	**19,060.41**
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)		2,174.11	1,411.24
Profit on realisation of equity instruments		-	2,414.28
Remeasurement of post-employment defined benefit plans		(557.94)	(167.75)
Income-tax relating to these items		178.54	53.68
Items that will be reclassified to Profit and loss		-	-
Total Other Comprehensive income		**1,794.71**	**3,711.45**
Total Comprehensive income for the year		**22,937.00**	**22,771.86**
Basic Earnings per share [In ₹][Face value ₹10/- per share]		192.98	170.26
Diluted Earnings per share [In ₹][Face value ₹10/- per share]		192.98	170.26

See accompanying notes to financial statements 31

For and on behalf of the Board of Directors

In terms of our report attached

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Chief Financial Officer

C.R. Shivkumaran
Company Secretary

Place : Coimbatore
Date : 25th May 2018

(All amount in ₹ Lakhs, unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018

Equity Share Capital	**Amount**
Balance as at 31st March, 2017	1,095.55
Changes in equity share capital during the year	-
Balance as at 31st March, 2018	1,095.55

Other Equity

	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 obligations	
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**
Add: Profit after tax for the year	-	-	-	21,142.29	-	-	21,142.29
Add: Changes in fair value of equity instruments through FVTOCI [net of tax]	-	-	-	-	2,174.11	-	2,174.11
Less: Remeasurement of post-employment benefit obligations [Net of tax]	-	-	-	-	-	(379.40)	(379.40)
	701.40	**141.37**	**10,560.15**	**1,56,520.33**	**8,312.16**	**(551.28)**	**1,75,684.13**
Less: Payment of dividends	-	-	-	(3,834.43)	-	-	(3,834.43)
Less: Tax on dividends paid	-	-	-	(780.69)	-	-	(780.69)
Less: Transfer to General Reserve	-	-	2100.00	(2100.00)	-	-	-
Balance as on 31st March 2018	**701.40**	**141.37**	**12,660.15**	**1,49,805.21**	**8,312.16**	**(551.28)**	**1,71,069.01**

See accompanying notes to financial statements

For and on behalf of the Board of Directors

In terms of our report attached
For S.Krishnamoorthy & Co
Firm Registration No.001496S
Chartered Accountants

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

S. Pathy
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C.B. Chandrasekar
Chief Financial Officer

C.R. Shivkumaran
Company Secretary

Place : Coimbatore
Date : 25th May 2018

(All amount in ₹ Lakhs, unless otherwise stated)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

PARTICULARS	Year ended 31st March 2018		Year ended 31st March 2017	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit after exceptional items but before tax (VRS Expenses of ₹402.69 Lakhs(P.Y.₹470.14 Lakhs)		29,912.13		26,631.28
Adjustments for :				
Depreciation and amortisation expense	7,079.53		7,473.26	
Finance costs	66.26		37.69	
Shares buy back costs	-		135.11	
Profit on sale of assets	(1,047.00)		(1,379.50)	
Loss on sale of assets	18.09		13.76	
Interest income	(7,636.22)		(6,588.45)	
Dividend income	(36.61)		(55.53)	
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents	(0.11)	(1,556.06)	(0.15)	(363.81)
Operating Profit before working capital changes		28,356.07		26,267.47
Adjustments for (increase) / decrease in operating assets				
Trade receivables	(6,774.76)		1,286.30	
Inventories	2,551.31		(3,243.26)	
Other financial assets-Non Current	(5,890.11)		(5,476.28)	
Other financial assets- Current	339.36		(101.23)	
Other Current assets	1,233.30		6,354.59	
Adjustments for increase / (decrease) in operating liabilities				
Trade payables	9,301.60		3,210.17	
Other non current liabilities	(513.65)		(113.20)	
Current provisions	956.90		(20.88)	
Other financial liabilities	(1,261.11)		(1,494.80)	
Other current liabilities	(3,682.19)	(3,739.35)	(4,628.45)	(4,227.04)
Cash used in/ generated from operations		**24,616.72**		**22,040.43**
Taxes paid		**(8,137.18)**		**(8,802.10)**
Net Cash used in/generated from operations	**[A]**	**16,479.54**		**13,238.33**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed assets/Capital Work In Progress		(12,801.26)		(13,559.36)
Proceeds from sale of fixed assets		76.61		1,787.94
Interest received		7,221.97		6,851.18
Dividend received		36.61		55.53
Sale of investments		-		7,403.90
Purchase of Investments		-		(926.66)
(Increase)/Decrease in Bank balances not considered as cash and cash equivalent		3,459.73		5,170.87
Net cash used in investing activities	**[B]**	**(2,006.34)**		**6,783.40**

(All amount in ₹ Lakhs, unless otherwise stated)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

PARTICULARS		Year ended 31st March 2018		Year ended 31st March 2017
C. CASH FLOW FROM FINANCING ACTIVITIES				
Dividends paid		(3,834.43)		(4,506.60)
Corporate dividend taxes paid		(780.69)		(917.54)
Transfer of Unpaid Dividends to IEPF		(7.82)		(70.21)
Payment for buy back of shares		-		(13,839.50)
Payment for share buy back costs		-		(135.11)
Finance cost		(66.26)		(37.69)
Net cash used in financing activities	**[C]**	**(4,689.20)**		**(19,506.65)**
Net increase in cash and cash equivalents (A+B+C)		**9,784.00**		**515.08**
Cash and cash equivalents at beginning of the period - D		2,347.01		1,831.93
Cash and cash equivalents at end of the period - E		12,131.01		2,347.01
Net increase / (decrease) in cash and cash equivalents (E-D)		**9,784.00**		**515.08**
Cash & Cash equivalents as per Balance Sheet		**12,131.12**		**2,347.16**
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents		(0.11)		(0.15)
Cash and Cash equivalents as per Cash flow Statement		**12,131.01**		**2,347.01**

See accompanying notes to financial statements

In terms of our report attached
For S.Krishnamoorthy & Co
Firm Registration No.001496S
Chartered Accountants

For and on behalf of the Board of Directors

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

S. Pathy
Director
DIN: 00013899

K. Raghu
Partner
Membership No. 11178

C.B. Chandrasekar
Chief Financial Officer

C.R. Shivkumaran
Company Secretary

Place : Coimbatore
Date : 25th May 2018

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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 25th May 2018.

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.

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 cost net of historical Indirect Taxes, 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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
Property, 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 de recognition 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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.

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 liabilities, as appropriate, on initial recognition. 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,

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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 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/Expenses' 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.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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.

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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.

De recognition 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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.

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/Expense' 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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/Expense'.

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.

2.10 Valuation of Inventories

Inventories are valued at lower of cost or net realisable value after providing for obsolescence wherever necessary.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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 Indirect taxes 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 initial 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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 re classified 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 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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 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 / liabilities 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 / assets are not recognised but are disclosed in the notes to 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.

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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.

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 strategic 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.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements 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 judgements are included in the relevant notes together with the basis of calculation for relevant line item in the financial statements. Estimates and judgements 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 amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

4 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

Particulars	As at 31st March 2018	As at 31st March 2017
Carrying amounts of:		
Freehold land	8,226.76	8,236.86
Buildings	9,976.91	7,594.00
Plant and Equipment	30,171.85	28,204.40
Furniture and fixtures	924.28	435.76
Vehicles	531.19	668.75
Office Equipment	402.77	219.40
Total	**50,233.76**	**45,359.17**
Capital Work-in-progress	2,116.18	334.20
Total	**2,116.18**	**334.20**
Total	**52,349.94**	**45,693.37**

Particulars	Freehold land	Buildings	Plant & Equip-ment	Furniture & fixtures	Vehicles	Office Equip-ments	Total	Capital Work in progress
Cost or deemed cost								
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**
Additions	-	2,626.09	8,728.70	606.04	75.05	262.66	12,298.54	1,359.78
Eliminated on dis-posals of assets	(10.10)	-	(721.06)	-	-	-	(731.16)	-
Balance at 31st March 2018	**8,226.76**	**11,332.13**	**40,721.71**	**1,447.92**	**913.23**	**528.81**	**63,170.56**	**2,116.18**
Accumulated depreciation and impairment								
Balance at 31st March 2017	**-**	**1,112.04**	**4,509.67**	**406.12**	**169.43**	**46.75**	**6,244.01**	**-**
Eliminated on dis-posals of assets	-	-	(283.85)	-	-	-	(283.85)	-
Depreciation Expense	-	243.18	6,324.05	117.52	212.61	79.29	6,976.65	-
Balance at 31st March 2018	**-**	**1,355.22**	**10,549.87**	**523.64**	**382.04**	**126.04**	**12,936.81**	**-**
Carrying Amount								
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**
Additions	-	2,626.09	8,728.70	606.04	75.05	262.66	12,298.54	1,781.98
Eliminated on dis-posals of assets	(10.10)	-	(437.20)	-	-	-	(447.30)	-
Depreciation expense	-	(243.18)	(6,324.05)	(117.52)	(212.61)	(79.29)	(6,976.65)	-
Balance at 31st March 2018	**8,226.76**	**9,976.91**	**30,171.85**	**924.28**	**531.19**	**402.77**	**50,233.76**	**2,116.18**

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

PROPERTY, PLANT AND EQUIPMENT INCLUDE :

Particulars	Gross Block	Depreciation for the year	Accumulated depreciation	Net Block
Assets leased out as on 31.03.2018				
Buildings	328.42	14.81	230.51	97.91
Machinery	1,300.00	241.84	847.32	452.68
TOTAL	**1,628.42**	**256.65**	**1,077.83**	**550.59**
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**

Income from above leased assets 24.00 Lakhs is grouped in rent receipts (Previous year ₹32.09 Lakhs)

5 OTHER INTANGIBLE ASSETS

Particulars	As at 31st March 2018	As at 31st March 2017
Carrying amounts of:		
Technical Knowhow	701.77	461.51
Software	564.08	404.50
Total	**1265.85**	**866.01**

Particulars	Technical Knowhow	Software	Total
Balance at 31st March 2017	**694.39**	**519.04**	**1,213.43**
Additions	288.00	214.72	502.72
Eliminated on disposals of assets	-	-	-
Balance at 31st March 2018	**982.39**	**733.76**	**1,716.15**
Accumulated depreciation and impairment			
Balance at 31st March 2017	**232.88**	**114.54**	**347.42**
Eliminated on disposals of assets	-	-	-
Amortisation Expense	47.74	55.14	102.88
Balance at 31st March 2018	**280.62**	**169.68**	**450.30**
Carrying Amount			
Balance at 31st March 2017	**461.51**	**404.50**	**866.01**
Additions	288.00	214.72	502.72
Eliminated on disposals of assets	-	-	-
Amortisation Expense	(47.74)	(55.14)	(102.88)
Balance at 31st March 2018	**701.77**	**564.08**	**1,265.85**

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

6 INVESTMENTS

Particulars	As at 31st March 2018		As at 31st March 2017	
	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
b) Other investments				
Investment in quoted equity instruments (fully paid up)[At fair values]				
Cholamandalam Investment & Finance Co. Limited	3,42,562	4,966.12	3,42,562	3,303.84
Lakshmi Automatic Loom Works Limited	4,41,110	273.93	4,41,110	97.04
Pricol Ltd	24,975	21.48	24,975	19.81
Rajshree Sugars & Chemicals Limited	1,00,000	30.70	1,00,000	62.25
The Lakhmi Mills Company Limited	26,916	872.51	26,916	678.28
Indian Bank	69,562	208.27	69,562	194.43
Super Sales India Ltd	3,00,000	1,911.60	3,00,000	1,754.85
Investment in unquoted equity instruments (fully paid up)				
Sharada Chambers Premises Co-op Society Ltd	5	0.01	5	0.01
Lakshmi Machine Works Employees Co-op Stores Ltd	500	0.05	500	0.05
REPCO Bank	750	0.08	750	0.08
Total		**8,284.75**		**6,110.64**
Total Non-current investments		**14,798.42**		**12,624.31**
Aggregate book value of quoted investments		2,061.71		2,061.71
Aggregate market value of quoted investments		8,284.75		6,110.64
Aggregate book value of unquoted investments		6,513.81		6,513.81
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)		-		-
Financial assets carried at amortised cost		-		-
Financial assets carried at fair value through Other Comprehensive Income (FVTOCI)		8,284.75		6,110.64
Total		**8,284.75**		**6,110.64**

Note: Investment in the wholly owned subsidiary has been taken at cost availing the IND AS 109 exemption.

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

7 DEFERRED TAX ASSETS (NET)

Analysis of deferred tax assets / (liabilities) presented in the balance sheet:

Particulars	As at 31st March 2018	As at 31st March 2017
Deferred Tax assets	1,027.47	1,297.31
Deferred Tax liabilities	-	-
Total	**1,027.47**	**1,297.31**

2017-18

Particulars	Opening balance	Recognised in profit or loss	Closing balance
On account of VRS	323.50	(236.69)	86.81
On account of Property, Plant and Equipment	473.90	(196.47)	277.43
On account of Expected credit loss on receivables	419.03	(15.23)	403.80
On account of actuarial loss	80.88	178.55	259.43
Total	**1,297.31**	**(269.84)**	**1,027.47**

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**

8 INVENTORIES

Particulars	As at 31st March 2018	As at 31st March 2017
Inventories (lower of cost or net realisable value)		
Raw materials	18,016.85	20,074.27
Work in progress	7,923.62	8,245.26
Finished goods	2,227.37	2,593.70
Stores and spares	2,458.85	2,264.78
Total	**30,626.69**	**33,178.01**

The cost of inventories recognised as an expense during the year is ₹1,56,641.94 Lakhs. [Previous year ₹1,51,326.31 Lakhs]

9 TRADE RECEIVABLES

Particulars	As at 31st March 2018	As at 31st March 2017
Current		
Unsecured, considered good		
From related parties	4,275.47	5,093.93
From others	23,176.57	15,626.20
	27,452.04	**20,720.13**
Allowance for doubtful debts (Expected credit loss allowance)	1,167.95	1,210.80
Total	**26,284.09**	**19,509.33**

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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%
Less than one year	2.59%
More than one year	34.52%

Age of receivables	As at 31st March 2018	As at 31st March 2017
Within the credit period	2,820.62	2,021.96
Less than one year	22,999.92	16,473.21
More than one year	1,631.50	2,224.96
Total	**27,452.04**	**20,720.13**

Movement in the expected credit loss allowance

Age of receivables	As at 31st March 2018	As at 31st March 2017
Balance at the beginning of the year	1,210.80	978.43
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses net of bad debts writen off	(42.85)	232.37
Balance at the end of the year	**1,167.95**	**1,210.80**

10 (A) CASH AND CASH EQUIVALENTS

Particulars	As at 31st March 2018	As at 31st March 2017
Balances with Banks		
Current account	3,913.75	2,332.08
Deposits with original maturity of less than 3 months	8,200.00	-
Cash on hand	17.26	14.93
Total	**12,131.01**	**2,347.01**

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

10(B) OTHER BANK BALANCES

Particulars	As at 31st March 2018	As at 31st March 2017
Deposits held as Margin money	12.05	72.16
Unpaid dividend account	89.98	68.83
Deposits with original maturity of more than 3 months but less than 12 months	84,788.57	88,209.34
Total	**84,890.60**	**88,350.33**

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

11 OTHER FINANCIAL ASSETS

Particulars	As at 31st March 2018	As at 31st March 2017
Non-current		
i) Capital advances	1,634.87	918.79
ii) Advances other than capital advances		
Security Deposit	1,201.97	1,185.38
Other advances	165.88	407.44
iii) Bank deposits with original maturity of more than 12 months	17,379.00	11,980.00
Total	**20,381.72**	**14,491.61**
Current		
Interest accrued on bank deposits	3,014.88	2,600.63
Income receivable	825.50	1,164.86
Compensation receivable for shares vested	92.26	92.26
Total	**3,932.64**	**3,857.75**

12 CURRENT TAX ASSETS (NET)

Particulars	As at 31st March 2018	As at 31st March 2017
Current tax assets		
Income tax advances	38,626.65	45,085.28
Current tax liabilities		
Income tax provisions	36,726.10	43,087.61
Total	**1,900.55**	**1,997.67**

13 OTHER CURRENT ASSETS

Particulars	As at 31st March 2018	As at 31st March 2017
Advance to suppliers and others	3,939.58	2,893.84
Prepaid Expenses	243.23	281.39
Balances on account of indirect taxes	1,583.63	3,824.51
Total	**5,766.44**	**6,999.74**

14 EQUITY SHARE CAPITAL

Particulars	As at 31st March 2018	As at 31st March 2017
Authorised Share Capital		
5,00,00,000 fully paid equity shares of ₹10 each	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	1,095.55	1,095.55
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 March 31, 2017	**1,09,55,504.00**	**1,095.55**
Balance as on March 31, 2018	**1,09,55,504.00**	**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.

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Shareholders holding more than 5% Equity shares

	As at 31st March 2018		As at 31st March 2017	
	Number	Percentage	Number	Percentage
Lakshmi Cargo Company Limited	10,74,768	9.81	10,49,468	9.58
Life Insurance Corporation of India	8,47,820	7.74	9,91,517	9.05
Lakshmi Technology and Engineering Industries Limited	6,67,090	6.09	6,67,090	6.09
Voltas Limited	5,79,672	5.29	5,79,672	5.29

15 OTHER EQUITY

Particulars	As at 31st March 2018	As at 31st March 2017
Capital Reserve	701.40	701.40
Capital Redemption Reserve	141.37	141.37
General Reserve	12,660.15	10,560.15
Reserve for equity instruments and others through other comprehensive income	7,760.88	5,966.17
Retained Earnings	1,49,805.21	1,35,378.04
Total	**1,71,069.01**	**1,52,747.13**

15.1 CAPITAL RESERVE

Particulars	As at 31st March 2018	As at 31st March 2017
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 2018	As at 31st March 2017
Balance at the beginning of the year	**141.37**	**110.27**
Add: Transfer from General Reserve	-	31.10
Balance at the end of the year	**141.37**	**141.37**

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 2018	As at 31st March 2017
Balance at the beginning of the year	**10,560.15**	**8,691.25**
Add: Transfer from retained earnings	2,100.00	1,900.00
Less: Transfer to Capital Redemption Reserve	-	31.10
Balance at the end of the year	**12,660.15**	**10,560.15**

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 2018	As at 31st March 2017
Balance at the beginning of the year	**5,966.17**	**2,254.72**
Net fair value gain on investments in equity instruments at FVTOCI	2,174.11	1,411.24
Profit on realisation of equity instruments	-	2,414.28
Remeasurement of post-employment defined benefit plans [net of taxes]	(379.40)	(114.07)
Balance at the end of the year	**7,760.88**	**5,966.17**

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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 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.

15.5 RETAINED EARNINGS

Particulars	As at 31st March 2018	As at 31st March 2017
Balance at the beginning of the year	1,35,378.04	1,37,450.17
Add: Profit after tax attributable to the owners of the company	21,142.29	19,060.41
Less: Payment of dividends on equity shares	3,834.43	4,506.60
Less: Payment of tax on dividends	780.69	917.54
Less: Share buy back	-	13,808.40
Less: Transfer to General Reserve	2,100.00	1,900.00
Balance at the end of the year	**1,49,805.21**	**1,35,378.04**

In financial year 2017-18, on 17th August 2017, a dividend of ₹35 per share (Total dividend ₹3834.43 Lakhs) was paid to the holders of fully paid equity shares
In financial year 2016-17 the dividend paid was ₹40 per shares (Total amount ₹4,506.60 Lakhs)
In respect of the year ended March 31, 2018, the directors propose that a dividend of ₹40 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 ₹4,382.20 Lakhs.

16 OTHER NON-CURRENT LIABILITIES

Particulars	As at 31st March 2018	As at 31st March 2017
Security deposits received against supply of machinery	9,507.64	10,021.29
Total	**9,507.64**	**10,021.29**

17 TRADE PAYABLES

Particulars	As at 31st March 2018	As at 31st March 2017
Current		
Due to Micro, Small & Medium Enterprises [Refer Note 31.3]	137.92	97.63
Due to related parties	7,430.34	5,263.91
Others	34,442.04	27,347.27
Total	**42,010.30**	**32,708.81**

18 OTHER FINANCIAL LIABILITIES

Particulars	As at 31st March 2018	As at 31st March 2017
Current		
Unpaid dividends	89.98	68.83
Other liabilities	6,632.74	7,922.82
Total	**6,722.72**	**7,991.65**

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

19 PROVISIONS

Particulars	As at 31st March 2018	As at 31st March 2017
Current		
Provision for employee benefits		
Provision for gratuity	1,145.54	212.67
Provision for leave encashment	-	34.12
Other provisions		
Provision for warranty	485.36	427.21
Total	**1,630.90**	**674.00**

The provision for employee benefits include 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 claims represents the present value of the Management's best estimate of the future outflow of economic benefits that will be required under the company's obligations for warranties under sale of goods legislations. 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 2018	As at 31st March 2017
Carrying amount at the beginning of the year	**427.21**	**493.36**
Additional provision made during the year	485.36	427.21
Amount used during the year	306.48	456.41
Unused amount reversed	120.73	36.95
Carrying amount at the end of the year	**485.36**	**427.21**

20 OTHER CURRENT LIABILITIES

Particulars	As at 31st March 2018	As at 31st March 2017
Security deposit received against supply of machinery	7,712.22	11,940.78
Other advances	15,607.08	14,033.24
Total	**23,319.30**	**25,974.02**

21 REVENUE FROM OPERATIONS

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Gross sale of products (including Excise duty of ₹6,198.86 Lakhs for the year ended March 31, 2018; ₹21,901.86 Lakhs for the year ended March 31, 2017)	2,48,860.11	2,35,587.87
Other operating revenues		
Repairs & Service charges & miscellaneous income	3,676.57	4,232.73
Sale of scrap	857.80	839.11
Export incentives	2,495.96	2,566.00
Total revenue from operations	**2,55,890.44**	**2,43,225.71**

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

22 OTHER INCOME

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Interest income from financial assets at amortised cost	7,636.22	6,588.45
Dividend income from equity investments designated at FVTOCI	36.61	55.53
Rental income	53.10	32.09
Net Gain on foreign currency transactions	1,068.10	654.71
Net Gain on sale of assets	1,047.00	1,379.50
Sale of wind energy/REC	638.97	164.36
Royalty income	358.06	185.61
Total other income	**10,838.06**	**9,060.25**

23 COST OF MATERIALS CONSUMED

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Raw materials at the beginning of the year	20,074.27	16,841.84
Add: Purchases	1,51,407.44	1,35,706.23
Add: Excise duty on finished goods sold	6,198.86	21,901.86
Less: Sales	3,021.78	3,049.35
Less: Raw materials at the end of the year	18,016.85	20,074.27
Total cost of materials consumed	**1,56,641.94**	**1,51,326.31**

24 CHANGES IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Opening 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**
Closing Stock		
Work-in-progress	7,923.62	8,245.26
Finished goods	2,227.37	2,593.70
Total	**10,150.99**	**10,838.96**
Total changes in inventories of work-in-progress and finished goods	**687.97**	**681.07**

25 EMPLOYEES BENEFITS EXPENSES

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Salaries and wages	21,298.69	20,163.92
Contribution to Provident and other funds	1,976.36	1,498.33
Staff welfare expenses	2,705.38	2,412.25
Total employee benefit expenses	**25,980.43**	**24,074.50**

26 DEPRECIATION AND AMORTISATION EXPENSE

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Depreciation of property, plant and equipment	6,976.65	7,307.96
Amortisation of intangible assets	102.88	165.30
Total depreciation and amortisation expense	**7,079.53**	**7,473.26**

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

27 IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND REVERSAL OF IMPAIRMENT ON FINANCIAL ASSETS

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Impairment loss [Expected credit loss) allowance on trade receivables	(42.85)	232.37
Total	**(42.85)**	**232.37**

28 OTHER EXPENSES

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Sales commission to agents	4,641.32	4,999.21
Consumption of stores and spare parts	8,356.70	6,945.61
Consumption of packing material	4,539.54	4,369.97
Power and fuel (net of wind energy ₹5,102.06 Lakhs; previous year ₹5318.60 Lakhs)	3,822.77	2,737.85
Rent expense	64.02	71.17
Repairs and maintenance		
Repairs to buildings	1,025.48	1,461.41
Repairs to machinery and others	6,045.37	4,613.33
Insurance	223.08	144.85
Rates and taxes, excluding taxes on income	200.94	164.14
Auditors' remuneration		
For Audit	15.00	25.00
For Certification services	-	3.95
For reimbursement of expenses	0.14	0.23
Loss on sale of assets	18.09	13.76
Donations	479.40	865.20
Directors sitting fees	35.50	34.50
Non-executive directors' commission	35.00	33.89
Corporate Social Responsibility expenses (Note 31.6)	647.95	615.13
Export expenses	4,818.33	3,363.74
Research and development expenses	2,225.69	2,158.07
Miscellaneous expenses	8,806.08	8,738.33
Total other expenses	**46,000.40**	**41,359.34**

29 FINANCE COSTS

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Bill collection charges	66.26	37.69

30 INCOME TAX RELATING TO CONTINUING OPERATIONS

30.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Current tax		
Current tax on profits for the year	8,500.00	7,300.00
Adjustments for current tax of prior periods	-	205.46
Total current tax expense	**8,500.00**	**7,505.46**
Deferred Tax		
Decrease / (increase) of deferred tax assets	269.84	65.41
(Decrease) / Increase in deferred tax liabilities	-	-
Total deferred tax expense	**269.84**	**65.41**
Total income tax expense recognised for the year	**8,769.84**	**7,570.87**

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

30.2 RECONCILIATION OF INCOME TAX EXPENSE TO THE ACCOUNTING PROFIT FOR THE YEAR

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Profit before tax after exceptional items	**29,912.13**	**26,631.28**
Enacted tax rate in India	34.61%	34.61%
Computed expected tax expense at enacted tax rate	**10,352.58**	**9,217.08**
Tax effect on account of tax deductions	(1,603.09)	(1,513.30)
Tax effect on Income that is exempt from taxation	(384.78)	(496.66)
Tax effect of non-deductible expenses	135.29	92.88
Total income tax expense recognised for the year	**8,500.00**	**7,300.00**

30.3 INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
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	178.54	53.68
Total	**178.54**	**53.68**
Bifurcation of income tax recognised in other comprehensive income into:		
Items that will not be reclassified to profit or loss	178.54	53.68
Items that may be reclassified to profit or loss	-	-
Total	**178.54**	**53.68**

31.1 CONTINGENT LIABILITIES AND COMMITMENTS, TO THE EXTENT NOT PROVIDED FOR

Particulars	As at 31st March 2018	As at 31st March 2017
Contingent liabilities		
Claims against the company not acknowledged as debt		
Central Excise Demand	2,717.19	2,690.83
Income Tax Demand	519.33	1,471.71
Other money for which the company is contingently liable		
Letters of Credit	4,557.12	3,113.94
Bank and other guarantees	4,126.44	3,404.28

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	2,139.10	2,519.41

31.2 DETAILS OF DIVIDEND PROPOSED AND PAID:

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
a) Final dividend paid during the year for the year ended March 31, 2017 is ₹35 per share; during the previous year dividend of ₹40 per share was paid for the year ended March 31, 2016.	3,834.43	4,506.60
b) In respect of the current year, the directors propose that a dividend of ₹40per share be paid on equity shares on 23.07.2018. 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 23.07.2018. The total estimated equity dividend to be paid is ₹4382.20 Lakhs. The payment of this dividend is estimated to result in payment of dividend tax of ₹900.98 Lakhs @20.56% on the amount of dividends grossed up for the related dividend distribution tax.		

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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 2018	As at 31st March 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	137.92	97.63
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

31.4 FINANCIAL INSTRUMENTS

Capital Management

The company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders. The capital structure of the company consists of only total equity and no debts. The company is not subject to any externally imposed capital requirements. Net debt to equity ratio or gearing ratio is not applicable since the company has no external debts.

i) Financial Instruments by Category

Particulars	As at 31st March 2018			As at 31st March 2017		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets			-	-	-	**-**
Measured at amortised cost	-	-		-	-	-
a) Cash and bank balances	-	-	12,131.01	-	-	2,347.01
b) Other financial assets -Non current	-	-	20,381.72	-	-	14,491.61
Current	-	-		-	-	
c) Trade receivables	-	-	26,284.09	-	-	19,509.33
d) Bank balances	-	-	84,890.60	-	-	88,350.33
e) Other financial assets -Current	-	-	3,932.64	-	-	3,857.75
f) Investments in subsidiaries	-	-	6,513.67	-	-	6,513.67
g) Investments in equity		8,284.75	-		6,110.64	-
Total	**-**	**8,284.75**	**1,54,133.73**	**-**	**6,110.64**	**1,35,069.70**
Financial liabilities	-	-				
a) Other non-current liabilities	-	-	9,507.64	-	-	10,021.29
b) Trade Payables	-	-	42,010.30	-	-	32,708.81
c) Other financial liabilities	-	-	6,722.72	-	-	7,991.65
Total	**-**	**-**	**58,240.66**	-	-	**50,721.75**
Financial assets	-	-	**1,62,418.48**	-	-	**1,41,180.34**
Financial liabilities	-	-	**58,240.66**	-	-	**50,721.75**

ii) Fair Valuation Techniques and Inputs used - recurring items

Particulars	Fair value as at		Fair value	Valuation
	31-Mar-18	31-Mar-17		
Financial assets measured at Fair Value				
Financial assets			Level 1	Quoted bid prices
Investments				
1. Quoted Equity investments	8,284.75	6,110.64		
Total financial assets	**8,284.75**	**6,110.64**		

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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 settlment 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 ₹402.69 Lakhs (Previous year ₹470.14 Lakhs)

31.6 CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
Amount spent through approved trusts and institutions	645.30	523.98
Amount spent directly	2.65	91.15
Total	**647.95**	**615.13**
Amount required to be spent as per Sec. 135 of the Act	640.95	587.16
Amount spent during the year on:		
Construction / acquisition of an asset	-	-
On purposes other than above	647.95	615.13
Total	**647.95**	**615.13**

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 2018	Year Ended 31st March 2017
Net Profit after Tax before OCI [₹ in Lakhs]	21,142.29	19,060.41
Weighted Average Number of Equity Shares used as denominator in calculating basic earnings per share	109,55,504	111,94,931
Nominal Value per Equity Share [in ₹]	10.00	10.00
Basic & Diluted Earnings Per Share [in ₹]	192.98	170.26

31.8 RELATED PARTY TRANSACTIONS

Related Party Relationships

Key Management Personnel

Sri. Sanjay Jayavarthanavelu, Chairman and Managing Director
Sri. K. Soundhar Rajhan, Director -Operations
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

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Other related parties

Dhanuprabha Agro P Ltd; Eshaan Enterprises Limited; Harshini Textiles Limited; Hermes Academy of Training Limited; Lakshmi Card Clothing Mfg Co. 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 Enterprises P Ltd; 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; Alampara Hotels and Resorts Private Ltd; Chakradhara Aerospace & Cargo Private Ltd; Chakradhara Agro Farms Private ltd; Dhanajaya Agro Farms Private Ltd

Key Management personnel compensation

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
Short term employee benefits	955.33	806.72
Post employment benefits	32.75	21.43
Total compensation	**988.08**	**827.15**

Note : Related party relationships are as identified by the Management

Related Party Transactions

Particulars	Other Related Parties		Key Management Personnel		Wholly Owned Subsidiary	
	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17
Purchase of goods	34,855.11	30,223.57	-	-	735.02	23.85
Sale of goods	4,650.60	4,400.31	-	-	5,842.25	2,143.33
Purchase of Fixed Assets	29.58	64.61	-	-	-	-
Sale of Fixed Assets	46.20	238.89	-	-	-	109.03
Rendering of Services	99.37	118.59	-	-	358.06	185.61
Receiving of Services	14,598.35	11,648.38	-	-	-	-
Agency arrangements	1,135.31	1,208.08	-	-	-	-
Investment in Shares	-	926.66	-	-	-	-
Contribution to Gratuity Fund	251.57	560.60	-	-	-	-
Managerial remuneration	-	-	988.08	827.15	-	-
Outstanding Payables	5,822.47	2,854.85	621.94	559.05	-	-
Outstanding Receivables	147.29	353.69	-	-	2,710.75	2,644.93

1 Purchase of Goods includes LMW Textile Machinery (Suzhou) Co.Ltd ₹735.02 Lakhs (Previous year ₹23.85 Lakhs) Lakshmi Electrical Control Systems Limited ₹16,728.30 Lakhs (Previous Year ₹14,401.16 Lakhs), Lakshmi Electrical Drives Limited ₹4,154.39 Lakhs (Previous Year ₹3,209.01 Lakhs); Quattro Engineering India Limited ₹5,735.80 Lakhs (Previous Year ₹4,319.81 Lakhs); Super Sales India Ltd ₹2,607.09 Lakhs (Previous Year ₹2,841.85 Lakhs) and Other Related Parties- Associates ₹5,629.53 Lakhs (Previous Year ₹5,451.74 Lakhs)

2 Sale of Goods includes LMW Textile Machinery (Suzhou) Co. Ltd ₹5,842.25 Lakhs (Previous Year ₹2,143.33 Lakhs), Lakshmi Electrical Control Systems Limited ₹2,709.57 Lakhs (Previous Year ₹2,649.78 Lakhs), Quattro Engineering India Limited ₹505.75 Lakhs (Previous Year ₹559.85 Lakhs) Super Sales India Ltd ₹1,001.58 Lakhs (Previous Year ₹1,016.19 Lakhs) and Other related Parties - Associates ₹433.70 Lakhs (Previous Year ₹174.52 Lakhs)

3 Purchase of Fixed Assets includes Super Sales India Limited ₹ Nil Lakhs (Previous year ₹37.00 Lakhs); Lakshmi Energy and Environments Designs Limited ₹2.60 Lakhs (Previous year ₹27.61 Lakhs); Quattro Engineering India Limited ₹26.98 Lakhs (Previous Year ₹ Nil Lakhs); Other Related Parties- Associates ₹ Nil Lakhs (Previous Year ₹ Nil Lakhs)

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

4 Sale of Fixed Assets includes LMW Textile Machinery (Suzhou) Co. Ltd ₹ Nil Lakhs (Previous Year ₹109.03 Lakhs); Quattro Engineering India Ltd ₹18.10 Lakhs (Previous year ₹238.89 Lakhs); Lakshmi Cargo Company Limited ₹ Nil Lakhs (Previous Year ₹ Nil Lakhs); Super Sales India Limited ₹28.10 Lakhs (Previous Year ₹ Nil Lakhs); and Other Related Parties-Associates ₹ Nil Lakhs (Previous Year ₹ Nil Lakhs)

5 Rendering of Services includes, LMW Textile Machinery (Suzhou) Co. Ltd ₹358.06 Lakhs (Previous Year ₹185.61 Lakhs), Super Sales India Limited ₹20.95 Lakhs (Previous Year ₹20.35 Lakhs); Lakshmi Technology & Engineering Industries Ltd. ₹71.11 Lakhs (Previous year ₹69.41 Lakhs) Quattro Engineering India Limited ₹0.22 Lakhs (previous Year ₹14.06 Lakhs) and Others - Other Related Parties-Associates ₹7.09 Lakhs (Previous Year ₹14.77 Lakhs)

6 Receiving of Services include Lakshmi Ring Travellers (CBE) Limited ₹520.92 Lakhs (Previous Year ₹548.00 Lakhs); Lakshmi Cargo Company Limited ₹7815.81 Lakhs (Previous Year ₹6,168.44 Lakhs); Revantha Services Ltd ₹4,298.53 Lakhs (Previous year ₹3,294.85 Lakhs); Super Sales India Limited ₹956.68 Lakhs (Previous Year ₹673.36 Lakhs) and Other Related Parties - Associates ₹1,006.41 Lakhs (Previous Year ₹963.73 Lakhs)

7 Agency arrangement includes Super Sales India Limited ₹1,135.31 Lakhs (Previous Year ₹1,208.08 Lakhs)

8 Investment in shares include Super Sales India Limited ₹ Nil Lakhs (Previous Year ₹926.66 Lakhs)

9 Contribution to gratuity fund includes Lakshmi Machine Works Limited Employees' Gratuity Fund ₹251.57 Lakhs (Previous Year ₹560.60 Lakhs)

10 Managerial Remuneration includes amount paid to Chairman and Managing Director ₹855.33 Lakhs (Previous Year ₹768.99 Lakhs); Mr. K.Soundhar Rajhan, Director Operations ₹53.42 Lakhs *(Previous Year - Not applicable since appointed as Director Operations w.e.f 1st November, 2017); Mr. C.B.Chandrasekar, Chief Financial Officer ₹51.85 Lakhs (Previous Year ₹47.56 Lakhs); Mr. C. R. Shivkumaran, Company Secretary ₹27.48 Lakhs (Previous Year ₹10.60 Lakhs)*

11 Outstanding Payables include Lakshmi Cargo Company Limited ₹728.5 Lakhs (Previous Year ₹544.87 Lakhs); Lakshmi Precision Tools Limited ₹520.23 Lakhs (Previous Year ₹415.72 Lakhs); Lakshmi Electrical Drives Limited ₹618.71 Lakhs (Previous Year ₹430.89 Lakhs); Lakshmi Electrical Control Systems Ltd ₹1,938.89 Lakhs (Previous year ₹949.01 Lakhs); Super Sales India Limited ₹887.72 Lakhs (Previous Year ₹134.98 Lakhs) Sri. Sanjay Jayavarthanavelu ₹621.94 Lakhs (Previous year ₹559.05 Lakhs) and Other Related Parties -Associates ₹1,128.42 Lakhs (Previous Year ₹379.38 Lakhs);

12 Outstanding Receivables include LMW Textile Machinery (Suzhou) Co. Ltd ₹2,710.75 Lakhs (Previous Year ₹2,644.93 Lakhs), Revantha Services Limited ₹ Nil (Previous Year ₹85.88 Lakhs); Lakshmi Technology and Engineering Industries Limited ₹144.53 Lakhs (Previous Year ₹124.79 Lakhs); Quattro Engg India Ltd ₹ Nil Lakhs (Previous Year ₹101.55 Lakhs) and Others - Other Related Parties - Associates ₹2.76 Lakhs (Previous Year ₹41.47 Lakhs)

* For part of the period

31.9 EMPLOYEE DEFINED BENEFIT AND CONTRIBUTION PLANS

I. Defined Benefit Plans

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
A. Expense recognised in Income Statement				
1. Current Service cost	410.60	421.15	165.03	158.68
2. Interest expense on DBO	563.03	532.37	67.08	53.70
3. Interest (Income on plan asset)	(556.61)	(539.02)	(65.82)	(66.32)
4. Net Interest	6.42	(6.65)	1.26	(12.62)
5. Immediate recognition of (gain) / losses	-	-	(172.60)	4.58

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

6. Defined Benefits cost included in P & L	**417.02**	**414.50**	**(6.31)**	**150.64**
B. Expense recognised in Comprehensive Income				
1. Actuarial (gain)/Losses due to financial assumption changes in DBO	(59.61)	84.00	(6.67)	9.54
2. Actuarial (gain)/Losses due to experience on DBO	775.00	119.80	(184.61)	22.97
3. Return on plan assets (Greater) / Less than Discount rate	52.04	(36.05)	18.69	(27.94)
4. Total actuarial (gain) / loss included in OCI	767.43	167.75	-	-
5. Cost recognised in P & L	**417.02**	**414.50**	**(6.31)**	**150.64**
6. Remeasurement effect recognised in OCI	767.43	167.75	-	-
7. Total defined benefit cost	**1,184.45**	**582.25**	**(6.31)**	**150.64**
C. Net asset/Liability recognised in the Balance Sheet				
1. Present value of benefit obligation	**9,019.06**	**7,887.11**	**947.34**	**906.51**
2. Fair value of plan assets	7,873.51	7,674.43	953.64	872.39
3. Funded Status [Surplus / (deficit)]	(1,145.54)	(212.67)	6.31	(34.12)
11. Net Asset /(Liability) recognised in balance sheet	**(1,145.54)**	**(212.67)**	**6.31**	**(34.12)**
D. Change in Present value of the Obligation during the year				
1. Present value of the obligation at beginning of year	7,887.11	7,542.75	906.51	778.13
2. Current service cost	410.60	421.15	165.03	158.68
3. Interest cost	563.03	532.37	67.08	53.70
4. Benefits paid	(557.07)	(812.97)	-	(116.52)
5. Actuarial (gain) loss on obligation	715.39	203.81	(191.28)	32.52
6. Present value of obligation at end of the year	**9,019.06**	**7,887.11**	**947.34**	**906.51**
E. Reconciliation of opening & closing values of Plan Assets				
1. Fair value of plan assets at the beginning of the year	7,674.43	7,351.73	872.39	767.63
2. Expected return on plan assets	556.62	539.02	65.82	66.32
3. Contributions made	251.57	560.60	34.12	127.02
4. Benefits paid	(557.07)	(812.97)	-	(116.52)
5. Actuarial gain / (loss) on plan assets	(52.04)	36.05	(18.69)	27.94
6. Fair value of plan assets at the end of the year	**7,873.51**	**7,674.43**	**953.64**	**872.39**
7. Actual return on plan assets	504.57	575.07	47.13	94.26
F. Amounts recognised in Other comprehensive Income				
1. Opening unrecognised losses / (Gains)	846.00	678.24	-	-
2. Actuarial Loss / (Gains) on DBO	715.38	203.81	(191.28)	32.52
3. Actuarial Loss / (Gains) on assets	52.04	(36.05)	18.69	(27.94)
4. Amortisation Actuarial loss / (Gain)	-	-	(172.60)	4.58
5. Total recognised in Other comprehensive income	1,613.42	846.00	-	-
G. Major categories of plan assets as a percentage of total plan				
1. Qualifying insurance policies	7,687.44	7,649.42	953.64	872.39
2. Own plan assets-Bank balances	186.07	25.01	-	-
	7,873.51	**7,674.43**	**953.64**	**872.39**
H. Actuarial Assumptions				
1. Discount rate	7.40%	7.29%	7.40%	7.29%
2. Salary escalation	8.50%	8.50%	8.50%	8.50%
3. Attrition rate	7.00%	7.00%	7.00%	7.00%
4. Expected rate of return on plan assets	7.40%	7.29%	7.40%	7.29%
5. Mortality rate	Indian	Assured	Lives	Mortality (2006-08) Ultimate

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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 ₹1,000.00 Lakhs (as at 31st March 2017: ₹600.00 Lakhs) to the defined benefit plans during the next financial year.

I. Sensitivity Analysis

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Impact of +1% change in rate of discounting	**(589.28)**	**506.88**	**182.25**	**173.74**
Impact of -1% change in rate of discounting	528.03	(545.90)	61.37	59.48
Impact of +1% change in rate of salary increase	(553.64)	(434.70)	101.19	97.05
Impact of -1% change in rate of salary increase	508.13	442.32	150.60	143.90
Impact of +1% change in rate of attrition	57.78	54.16	132.73	127.31
Impact of -1% change in rate of attrition	(63.81)	(37.53)	118.91	113.45

The above sensitivity analyses are based on change in an assumption while holding all other assumptions constant. In practice, this is 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 and 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, logevity 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	31.03.2018	31.03.2017
Provident Fund Contribution	**1,143.63**	**1,073.52**

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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	
Revenue	**31.03.2018**	**31.03.2017**	**31.03.2018**	**31.03.2017**	**31.03.2018**	**31.03.2017**	**31.03.2018**	**31.03.2017**
Revenue from external customers *	1,91,907.90	1,96,334.74	53,561.86	37,822.90	3,390.35	1,430.23	2,48,860.11	2,35,587.87
Inter Segment Revenue	2,548.01	2,118.95	3,728.71	2,753.85	-	-	6,276.72	4,872.80
Allocable other income	8,605.07	7,253.52	665.97	449.53	871.42	1,264.87	10,142.46	8,967.92
Total Segment Revenue	**2,03,060.98**	**2,05,707.21**	**57,956.54**	**41,026.28**	**4,261.77**	**2,695.10**	**2,65,279.29**	**2,49,428.59**
Less : Inter Segment Revenue							6,276.72	4,872.80
Add : Unallocable other Income							7,725.93	7,730.17
Enterprise revenue							**2,66,728.50**	**2,52,285.96**
Result								
Segment Result	16,689.73	15,677.09	7,707.61	5,029.20	39.39	5.27	24,436.73	20,711.56
Less :Unallocable Expenses							2,184.27	1,772.76
Operating Profit							22,252.46	18,938.80
Less: Interest Expenses							66.26	37.69
Income tax expenses (Current)							8,500.00	7,505.46
Income tax expenses (Deferred)							269.84	65.41
Add : Unallocable Other Income							7,725.93	7,730.17
Net Profit after Tax							**21,142.29**	**19,060.41**
Other Information								
Segment assets	1,86,649.66	1,79,168.59	49,356.98	33,933.53	1,622.35	2,191.04	2,37,628.99	2,15,293.16
Add : Unallocable corporate assets							17,726.43	15,919.29
Enterprise Assets							**2,55,355.42**	**2,31,212.45**
Segment Liabilities	67,931.53	68,272.47	14,687.96	7,840.26	481.38	1,188.20	83,100.87	77,300.93
Add : Unallocable corporate liabilities							1,72,254.55	1,53,911.52
Enterprise Liabilities							**2,55,355.42**	**2,31,212.45**
Capital Expenditure	9,561.16	12,693.25	2,029.47	630.31	1,210.63	658.00	12,801.26	13,981.56
Depreciation	6,322.08	6,385.24	328.03	601.36	429.42	486.66	7,079.53	7,473.26

* Revenue from Textile Machinery Division for year ended 31.03.2018 includes Excise duty of ₹5,300 Lakhs as against ₹17,800 Lakhs for year ended 31.03.2017

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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.

Information about major customers

There is no single customer contributing to 10% or more to the company's revenue for both 2017-18 and 2016-17.

Segment assets and liabilities

Operating Segment	Segment Assets		Segment Liabilities	
	As at 31st March 2018	As at 31st March 2017	As at 31st March 2018	As at 31st March 2017
Textile machinery division	1,86,649.66	1,79,168.59	67,931.53	68,272.47
Machine tool & foundry division	49,356.98	33,933.53	14,687.96	7,840.26
Advanced technology centre	1,622.35	2,191.04	481.39	1,188.21
Total Segment assets & segment liabilities	**2,37,628.99**	**2,15,293.16**	**83,100.88**	**77,300.94**
Adjustments of unallocated assets and liabilities				
Share capital	-	-	1,095.55	1,095.55
Reserves and Surplus	-	-	1,71,069.01	1,52,747.13
Investments	14,798.42	12,624.31	-	-
Advance tax	1,900.54	1,997.67	-	-
Deferred tax	1,027.47	1,297.31	-	-
Unpaid Dividends	-	-	89.98	68.83
Total assets & liabilities as per Balance sheet	**2,55,355.42**	**2,31,212.45**	**2,55,355.42**	**2,31,212.45**

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 2018	Year Ended 31st March 2017	Year Ended 31st March 2018	As at 31st March 2017
Inside India	1,97,255.81	2,00,934.01	89,823.40	74,972.61
Outside India	51,604.30	34,653.86	-	-
Total	**2,48,860.11**	**2,35,587.87**	**89,823.40**	**74,972.61**

31.11 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Board of directors on 25th May 2018.

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

31.12 DETAILS OF LEASING ARRANGEMENTS

Particulars	For the year ended 31-Mar-18	For the year ended 31-Mar-17
Particulars		
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	24.00	32.09
Later than one year and not later than five years	72.00	37.72

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:-

₹ In Lakhs

Particulars		Amount in foreign currency		Equivalent INR	
		31.03.2018	31.03.2017	31.03.2018	31.03.2017
Sundry creditors	CHF	23,154.00	48,363.00	15.81	31.36
	EUR	21,07,118.00	28,82,500.00	1,691.55	1,999.93
	GBP	1,09,394.00	48,740.00	99.84	39.62
	JPY	8,02,63,555.00	3,12,77,486.00	491.86	182.04
	SGD	35,589.00	33,140.00	17.68	15.38
	USD	14,22,212.00	11,64,216.00	926.38	755.09
	SEK	85,000.00	85,000.00	6.62	6.16
Sundry Debtors	USD	2,04,63,915.00	1,45,23,842.00	13,310.57	9,535.07
	EUR	8,39,545.00	2,55,767.00	676.86	180.35
Cash and Bank Balances					
	KES	2,21,167.00	-	1.48	-
	BDT	4,66,953.28	359.00	3.64	0.01
	IDR	-	2,544.00	-	0.30
	USD	34,169.56	18,682.00	22.45	12.11
	VND	22,754.66	0.01	-	-

The Company is mainly exposed to USD and EUR.

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Foreign currency sensitivity analysis

Particulars	31.03.2018	31.03.2017
Sundry creditors		
USD	926.38	755.09
Euro	1,691.55	1,999.93
Sundry Debtors		
USD	13,310.57	9,535.07
Euro	676.86	180.35
Net receivable		
USD	12,384.19	8,779.98
Euro	(1,014.69)	(1,819.58)
Total	11,369.50	6,960.40
Impact on profit : 5 % increase in currency rate	568.48	348.02
Impact on profit : 5 % decrease in currency rate	(568.48)	(348.02)

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	31.03.2018	31.03.2017
Fixed deposits in Banks	1,10,367.57	1,00,189.34
Impact on profit :increase of 25 basis points	275.92	250.47
Impact on profit : decrease of 25 basis points	(275.92)	(250.47)

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	31.03.2018	31.03.2017
Fair value of Equity investments	8,284.75	6,110.64
Impact on Other Comprehensive Income :increase by 5%	414.24	305.53
Impact on Other Comprehensive Income :decrease by 5%	(414.24)	(305.53)

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

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

across diverse industries and geographical areas. The Company 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 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 principal 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 accruals 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 :

Particulars	31.03.2018	31.03.2017
Trade payable	42,010.30	32,708.81
Less than one year	42,010.30	32,708.81
Others	-	-
Other liabilities	6,722.72	7,991.65
Less than one year	6,722.72	7,991.65
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

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 attached

In terms of our report

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

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

S. Pathy
Director
DIN: 00013899

K. Raghu
Partner
Membership No. 11178

C.B. Chandrasekar
Chief Financial Officer

C.R. Shivkumaran
Company Secretary

Place : Coimbatore
Date : 25th May 2018

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 features of the financial statement of wholly owned subsidiary)

Part A : Subsidiaries

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

(₹ in Lakhs)

1.Sl. No.	::	1
2. Name of the subsidiary	::	LMW Textile Machinery (Suzhou) Co.Limited
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 2017 to 31st December 2017 (1st April 2017 to 31st March 2018- 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 2018 - 1 RMB = ₹10.384 (Previous Year ₹9.451)

		31.3.2018	31.3.2017
6. Share capital	::	6,513.67	6,513.67
7. Reserves & Surplus	::	2,426.68	1,588.75
8. Total assets	::	17,023.57	14,315.02
9. Total liabilities	::	17,023.57	14,315.02
10. Investments	::	-	-
11. Turnover	::	14,987.35	8,803.43
12. Profit before taxation	::	304.11	(703.49)
13. Provision for taxation		-	-
14. Profit after taxation	::	304.11	(736.52)
15. Proposed Dividend	::	-	-
16. Extent of shareholding [In %]	::	100.00	100.00
17. Names of subsidiaries which are yet to commence operations	::	Not applicable	Not applicable
18. Names of subsidiaries which have been liquidated or sold during the year	::	Not applicable	Not applicable

Part B : Associates and Joint ventures

Statement pursuant to section 129(3) of the Companies act, 2013 related to Associate 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	::	

For and on behalf of the Board of Directors attached

In terms of our report

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

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

S. Pathy
Director
DIN: 00013899

K. Raghu
Partner
Membership No. 11178

C.B. Chandrasekar
Chief Financial Officer

C.R. Shivkumaran
Company Secretary

Place : Coimbatore
Date : 25th May 2018

Consolidated Financial Statements

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(hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flow 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 these consolidated IND AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "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 Accounting Standards (IND AS) prescribed under Section 133 of 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 the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements 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.

Auditor's 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 there under.

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 judgement, 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 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 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 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, of the consolidated financial position of the Group, as at 31st March 2018 and its consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year then ended.

Other Matters

(a) We did not audit the financial statements of subsidiary LMW Textile Machinery (Suzhou) Company Ltd. whose IND AS financial statements reflect total assets of ₹17,023.57 Lakhs- as at 31st March, 2018, total turnover of ₹14,987.35 Lakhs and net cash inflows amounting to ₹2,223.66 Lakhs/- for the year ended on that date, as considered in the consolidated IND AS financial statements. The consolidated financial statements also include the Group's share of net profit ₹304.11 Lakhs for the year ended 31st March, 2018 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 the subsidiary and in our report in terms of sub-sections (3) and (11)of Section 143 of the Act, 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 other auditors.

(b) Our opinion on the Consolidated Ind As financial statements and our report on other legal and other regulatory requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the financial statements\ financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section143(3) 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 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 31st March 2018 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 31st March 2018 from being appointed as a Director of that company 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 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 Auditor's) 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 in its financial position in its consolidated IND AS financial statements-Refer note no. 31.2;

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 and its subsidiary companies.

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

K. Raghu
Partner
Membership No.11178

Coimbatore
25th May, 2018

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, 2018 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 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 judgement, including the assessment of the risks of material misstatement of the 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 authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized 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 and its subsidiary 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 2018, 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

K. Raghu
Partner
Membership No.11178

Coimbatore,
25th May, 2018

(All amount in ₹ Lakhs, unless otherwise stated)

BALANCE SHEET AS AT 31ST MARCH, 2018

Particulars	Note No.	As at 31/03/2018	As at 31/03/2017
ASSETS			
Non-current assets			
Property, Plant and Equipment	4	55,777.94	51,138.58
Capital work-in-progress	4	2,116.95	554.48
Other Intangible assets	5	1,265.85	866.01
Financial Assets			
(i) Investments	6	8,284.75	6,110.64
(ii) Other financial assets	11	20,383.00	15,842.89
Deferred tax assets (net)	7	1,027.47	1,297.31
Total Non - Current Assets		**88,855.96**	**75,809.91**
Current assets			
Inventories	8	34,626.97	36,396.03
Financial Assets			
(i) Trade receivables	9	24,671.06	19,006.97
(ii) Cash and cash equivalents	10(a)	18,311.57	3,944.73
(iii) Bank balances other than (ii) above	10(b)	84,890.60	88,350.33
(iv) Other financial assets	11	3,932.64	3,857.75
Current Tax Assets (Net)	12	1,900.55	1,997.67
Other current assets	13	6,315.61	7,317.53
Total Current Assets		**1,74,649.00**	**1,60,871.01**
Total Assets		**2,63,504.96**	**2,36,680.92**
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	14	1,095.55	1,095.55
Other Equity	15	1,73,573.12	1,54,744.58
Equity attributable to owners of the Company		1,74,668.67	1,55,840.13
Total equity		**1,74,668.67**	**1,55,840.13**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings		295.94	-
Other non-current liabilities		9,507.64	10,021.29
Total Non - Current Liabilities	**16**	**9,803.58**	**10,021.29**
Current liabilities			
Financial Liabilities			
(i) Trade payables	17	43,168.94	34,496.91
(ii) Other financial liabilities	18	8,450.76	8,491.31
Provisions	19	1,630.90	674.00
Other current liabilities	20	25,782.11	27,157.28
Total Current Liabilities		**79,032.71**	**70,819.50**
Total Liabilities		**88,836.29**	**80,840.79**
Total Equity and Liabilities		**2,63,504.96**	**2,36,680.92**

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

K. Raghu
Partner
Membership No. 11178

C.B. Chandrasekar
Chief Financial Officer

C.R. Shivkumaran
Company Secretary

Place : Coimbatore
Date : 25th May 2018

(All amount in ₹ Lakhs, unless otherwise stated)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	Note No.	Year ended 31st March 2018	Year ended 31st March 2017
INCOME			
Revenue from operations	21	2,64,297.11	2,49,920.62
Other income	22	10,746.52	8,845.20
Total income		**2,75,043.63**	**2,58,765.82**
EXPENSES			
Cost of materials consumed	23	1,62,007.29	1,55,796.92
Purchase of stock in trade		-	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	457.41	880.23
Employee benefit expense	25	27,146.25	25,166.45
Depreciation and amortisation expense	26	7,585.16	7,987.39
Impairment loss on financial assets	27	(42.85)	39.34
Other expenses	28	47,176.90	42,138.75
Finance costs	29	76.94	41.94
Total expenses		**2,44,407.10**	**2,32,051.02**
Profit before exceptional items and tax		**30,636.53**	**26,714.80**
Exceptional items			
Voluntary retirement scheme payments	31.6	402.69	470.14
Profit before tax after exceptional items		**30,233.84**	**26,244.66**
Tax expense	30		
Current tax	30.1	8,500.00	7,333.03
Deferred tax	30.1	269.84	65.41
Prior year taxes	30.1	-	205.46
Total tax expense		**8,769.84**	**7,603.90**
Profit after tax from continuing operations for the year		**21,464.00**	**18,640.76**
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)		2,174.11	1,411.24
Profit on realisation of equity instruments		-	2,414.28
Remeasurement of post-employment defined benefit plans		(557.94)	(167.75)
Income-tax relating to these items		178.54	53.68
Items that will be reclassified to Profit and loss		-	-
Total Other Comprehensive income to owners of equity		**1,794.71**	**3,711.45**
Total Comprehensive income for the year to owners of equity		**23,258.71**	**22,352.21**
Basic Earnings per share [In ₹.][Face value ₹10/- per share]		195.92	166.51
Diluted Earnings per share [In ₹.][Face value ₹10/- per share]		195.92	166.51

See accompanying notes to financial statements **31**

For and on behalf of the Board of Directors

In terms of our report attached

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

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

S. Pathy
Director
DIN: 00013899

K. Raghu
Partner
Membership No. 11178

C.B. Chandrasekar
Chief Financial Officer

C.R. Shivkumaran
Company Secretary

Place : Coimbatore
Date : 25th May 2018

(All amount in ₹ Lakhs, unless otherwise stated)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018

Equity Share Capital	Amount
Balance as at 31st March, 2017	1,095.55
Changes in equity share capital during the year	-
Balance as at 31st March, 2018	1,095.55

Other Equity

	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 obligations	
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**
Add: Profit after tax for the year	-	-	-	-	21,464.00	-	-	21,464.00
Add: Changes in fair value of equity instruments through FVTOCI [net of tax]	-	-	-	-	-	2,174.11	-	2,174.11
Less: Remeasurement of post-employment benefit obligations [Net of tax]	-	-	-	-	-	-	(379.40)	(379.40)
	701.49	**141.37**	**10,560.15**	**205.85**	**1,58,633.55**	**8,312.16**	**(551.28)**	**1,78,003.29**
Less: Payment of dividends	-	-	-	-	(3,834.43)	-	-	(3,834.43)
Less: Tax on dividends paid	-	-	-	-	(780.69)	-	-	(780.69)
Less: Transfer to General Reserve	-	-	2,100.00	-	(2,100.00)	-	-	-
Add: Increase in FCTR	-	-	-	184.95	-	-	-	184.95
Balance as on 31st March 2018	**701.49**	**141.37**	**12,660.15**	**390.80**	**1,51,918.43**	**8,312.16**	**(551.28)**	**1,73,573.12**

See accompanying notes to financial statements

For and on behalf of the Board of Directors

In terms of our report attached
For S.Krishnamoorthy & Co
Firm Registration No.001496S
Chartered Accountants

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

S. Pathy
Director
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Partner
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C.B. Chandrasekar
Chief Financial Officer

C.R. Shivkumaran
Company Secretary

Place : Coimbatore
Date : 25th May 2018

(All amount in ₹ Lakhs, unless otherwise stated)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

PARTICULARS	Year ended 31st March 2018		Year ended 31st March 2017	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit after exceptional items but before tax		30,233.84		26,244.66
(VRS Expenses of ₹402.69 Lakhs(P.Y.₹470.14 Lakhs)				
Adjustments for :				
Depreciation and amortisation expense	7,585.16		7,987.39	
Finance costs	76.94		41.94	
Shares buy back costs			135.11	
Profit on sale of assets	(1,047.00)		(1,340.45)	
Loss on sale of assets	18.09		13.76	
Interest income	(7,670.12)		(6,669.31)	
Dividend income	(36.61)		(55.53)	
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents	(0.11)	(1,073.65)	(0.15)	112.76
Operating Profit before working capital changes		**29,160.19**		**26,357.42**
Adjustments for (increase) / decrease in operating assets				
Trade receivables	(5,664.09)		4,637.78	
Inventories	1,769.07		(2,524.92)	
Other financial assets-Non Current	(4,540.11)		(6,115.14)	
Other financial assets- Current	339.36		(101.23)	
Other Current assets	1,001.92		6,555.27	
Adjustments for increase / (decrease) in operating liabilities				
Trade payables	8,672.03		1,212.63	
Other non current liabilities	(513.65)		(113.20)	
Provisions	734.43		(20.88)	
Other financial liabilities	(32.73)		(1,497.18)	
Other current liabilities	(1,375.17)	391.06	(5,678.59)	(3,645.46)
Cash used in/ generated from operations		**29,551.25**		**22,711.96**
Taxes paid		**(8,499.23)**		**(9,020.76)**
Net Cash used in/generated from operations	**[A]**	**21,052.02**		**13,691.20**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed assets/Capital Work In Progress		(13,122.12)		(13,578.24)
Proceeds from sale of fixed assets		76.61		1,704.61
Interest received		7,255.88		6,932.04
Dividend received		36.61		55.53
Sale of investments		-		7,403.90
Purchase of Investments		-		(926.66)
(Increase)/Decrease in Bank balances not considered as cash and cash equivalent		3,471.78		5,170.96
Net cash used in investing activities	**[B]**	**(2,281.24)**		**6,762.14**

(All amount in ₹ Lakhs, unless otherwise stated)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

PARTICULARS		Year ended 31st March 2018	Year ended 31st March 2017
C. CASHFLOW FROM FINANCING ACTIVITIES			
Loans taken		295.94	-
Dividends paid		(3,834.43)	(4,506.60)
Corporate dividend taxes paid		(780.69)	(917.54)
Transfer of Unpaid Dividends to IEPF		(7.82)	(70.21)
Payment for buy back of shares		-	(13,839.50)
Payment for share buy back costs		-	(135.11)
Finance cost		(76.94)	(41.94)
Net cash used in financing activities	**[C]**	**(4,403.94)**	**(19,510.90)**
Net increase in cash and cash equivalents (A+B+C)		**14,366.84**	**942.44**
Cash and cash equivalents at beginning of the period - D		3,944.73	3,002.29
Cash and cash equivalents at end of the period - E		18,311.57	3,944.73
Net increase / (decrease) in cash and cash equivalents (E-D)		**14,366.84**	**942.44**
Cash & Cash equivalents as per Balance Sheet		18,311.68	3,944.88
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents		(0.11)	(0.15)
Cash and Cash equivalents as per Cash flow Statement		**18,311.57**	**3,944.73**

See accompanying notes to financial statements

For and on behalf of the Board of Directors

In terms of our report attached
For S.Krishnamoorthy & Co
Firm Registration No.001496S
Chartered Accountants

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

S. Pathy
Director
DIN: 00013899

K. Raghu
Partner
Membership No. 11178

C.B. Chandrasekar
Chief Financial Officer

C.R. Shivkumaran
Company Secretary

Place : Coimbatore
Date : 25th May 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1 Corporate Information

Lakshmi Machine Works Limited is a public group 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 25th May 2018.

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.

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 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 with 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 reassess 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. The group 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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 group has 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 sharehoder's meetings.

Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group ceases to control 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 cease to control the subsidiary.

Profit or loss 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 group and to the non controlling interest even if this results in the non controlling interest 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 indirect taxes, 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. 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
Property, Plant and Equipment	7-15	years
Wind Mills	22	years
Furniture & fixtures	8-10	years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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 liabilities, as appropriate, on initial recognition. 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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
- 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 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 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.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria 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 re-measurement 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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.

De recognition 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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.
- 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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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/Expense' 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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/Expense'.

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 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 or 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 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 indirect taxes 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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 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 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 initial 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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 re classified 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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 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 earning 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 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 the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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.

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 strategic 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.

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, judgements and assumptions. These estimates, judgements 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 judgements 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 judgements are included in the relevant notes together with the basis of calculation for relevant line item in the financial statements. Estimates and judgements 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 amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

4 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

Particulars	As at 31st March 2018	As at 31st March 2017
Carrying amounts of:		
Freehold land	8,723.75	8,745.05
Buildings	14,219.46	12,087.83
Plant and Equipment	30,880.44	28,842.86
Furniture and fixtures	991.26	545.29
Vehicles	554.11	688.74
Office Equipment	408.92	228.81
Total	**55,777.94**	**51,138.58**
Capital Work-in-progress	2,116.95	554.48
Total	**2,116.95**	**554.48**
Total	**57,894.89**	**51,693.06**

Particulars	Freehold land	Buildings	Plant & Equipment	Furniture & fixtures	Vehicles	Office Equipments	Total	Capital Work in progress
Cost or deemed cost								
Balance at 31st March 2017	**8,765.06**	**13,728.04**	**33,721.01**	**1,043.63**	**878.92**	**281.85**	**58,418.51**	**554.48**
Additions	-	2,626.09	8,991.99	606.04	82.15	262.66	12,568.93	1,562.47
Eliminated on disposals of assets	(10.10)	-	(721.06)	-	-	-	(731.16)	
Balance at 31st March 2018	**8,754.96**	**16,354.13**	**41,991.94**	**1,649.67**	**961.07**	**544.51**	**70,256.28**	**2,116.95**
Accumulated depreciation and impairment								
Balance at 31st March 2017	**20.01**	**1,640.21**	**4,878.15**	**498.34**	**190.18**	**53.04**	**7,279.93**	
Eliminated on disposals of assets	-	-	(283.85)	-	-	-	(283.85)	-
Depreciation Expense	11.20	494.46	6,517.21	160.07	216.78	82.55	7,482.27	-
Balance at 31st March 2018	**31.21**	**2,134.67**	**11,111.51**	**658.41**	**406.96**	**135.59**	**14,478.35**	**-**
Carrying Amount								
Balance at 31st March 2017	**8,745.05**	**12,087.83**	**28,842.86**	**545.29**	**688.74**	**228.81**	**51,138.58**	**554.48**
Additions	-	2,626.09	8,991.99	606.04	82.15	262.66	12,568.93	1,562.47
Eliminated on disposals of assets	(10.10)	-	(437.20)	-	-	-	(447.30)	-
Depreciation expense	(11.20)	(494.46)	(6,517.21)	(160.07)	(216.78)	(82.55)	(7,482.27)	-
Balance at 31st March 2018	**8,723.75**	**14,219.46**	**30,880.44**	**991.26**	**554.11**	**408.92**	**55,777.94**	**2,116.95**

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

5 OTHER INTANGIBLE ASSETS

Particulars	As at 31st March 2018	As at 31st March 2017
Carrying amounts of:		
Technical Knowhow	701.77	461.51
Software	564.08	404.50
Total	**1,265.85**	**866.01**

Particulars	Technical Knowhow	Software	Total
Cost or deemed cost			
Balance at 31st March 2017	**694.39**	**519.04**	**1,213.43**
Additions	288.00	214.72	502.72
Eliminated on disposals of assets	-	-	-
Balance at 31st March 2018	**982.39**	**733.76**	**1,716.15**
Accumulated depreciation and impairment			
Balance at 31st March 2017	**232.88**	**114.54**	**347.42**
Eliminated on disposals of assets	-	-	-
Amortisation Expense	47.74	55.14	102.88
Balance at 31st March 2018	**280.62**	**169.68**	**450.30**
Carrying Amount			
Balance at 31st March 2017	**461.51**	**404.50**	**866.01**
Additions	288.00	214.72	502.72
Eliminated on disposals of assets	-	-	-
Amortisation Expense	(47.74)	(55.14)	(102.88)
Balance at 31st March 2018	**701.77**	**564.08**	**1,265.85**

6 INVESTMENTS

Particulars	As at 31st March 2018		As at 31st March 2017	
	Quantity	Amount	Quantity	Amount
Non-current				
a) Investment in quoted equity instruments (fully paid up)				
Cholamandalam Investment & Finance Co. Limited	3,42,562	4,966.12	3,42,562	3,303.84
Lakshmi Automatic Loom Works Limited	4,41,110	273.93	4,41,110	97.04
Pricol Ltd	24,975	21.48	24,975	19.81
Rajshree Sugars & Chemicals Limited	1,00,000	30.70	1,00,000	62.25
The Lakhmi Mills Company Limited	26,916	872.51	26,916	678.28
Indian Bank	69,562	208.27	69,562	194.43
Super Sales India Ltd	3,00,000	1,911.60	3,00,000	1,754.85
Investment in unquoted equity instruments (fully paid up) [At fair values]				
Sharada Chambers Premises Co-op Society Ltd	5	0.01	5	0.01
Lakshmi Machine Works Employees Co-op Stores Ltd	500	0.05	500	0.05
REPCO Bank	750	0.08	750	0.08
Total		**8,284.75**		**6,110.64**

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Particulars	As at 31st March 2018		As at 31st March 2017	
	Quantity	Amount	Quantity	Amount
Total Non-current investments		**8,284.75**		**6,110.64**
Aggregate book value of quoted investments		2,061.71		2,061.71
Aggregate market value of quoted investments		8,284.75		6,110.64
Aggregate book value of unquoted investments		0.14		0.14
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)		-		-
Financial assets carried at amortised cost		-		-
Financial assets carried at fair value through Other Comprehensive Income (FVTOCI)		8,284.75		6,110.64
Total		**8,284.75**		**6,110.64**

7 DEFERRED TAX ASSETS (NET)

Analysis of deferred tax assets / (liabilities) presented in the balance sheet:

Particulars	As at 31st March 2018	As at 31st March 2017
Deferred Tax assets	1,027.47	1,297.31
Deferred Tax liabilities	-	-
Total	**1,027.47**	**1,297.31**

2017-18

Particulars	Opening balance	Recognised in profit or loss	Closing balance
On account of VRS	323.50	(236.69)	86.81
On account of Property, Plant and Equipment	473.90	(196.47)	277.43
On account of Expected credit loss on receivables	419.03	(15.23)	403.80
On account of actuarial loss	80.88	178.55	259.43
	-	-	-
Total	**1,297.31**	**(269.84)**	**1,027.47**

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**

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

8 INVENTORIES

Particulars	As at 31st March 2018	As at 31st March 2017
Inventories (lower of cost or net realisable value)		
Raw materials	20,149.29	21,655.01
Work in progress	8,961.02	8,931.34
Finished goods	3,057.81	3,544.90
Stores and spares	2,458.85	2,264.78
Total	**34,626.97**	**36,396.03**

The cost of inventories recognised as an expense during the year is ₹1,62,007.29 Lakhs. [Previous year ₹1,55,796.92 Lakhs]

9 TRADE RECEIVABLES

Particulars	As at 31st March 2018	As at 31st March 2017
Current		
Unsecured, considered good		
From related parties	4,275.47	5,093.93
From others	21,212.72	14,773.02
	25,488.19	19,866.95
Allowance for doubtful debts (Expected credit loss allowance)	817.13	859.98
Total	**24,671.06**	**19,006.97**

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.

The average credit period on sale of goods is 30 days.

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%
Less than one year	2.59%
More than one year	34.52%

Age of receivables	As at 31st March 2018	As at 31st March 2017
Within the credit period	2,820.62	2,021.96
Less than one year	21,036.07	15,620.03
More than one year	1,631.50	2,224.96
Total	**25,488.19**	**19,866.95**

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Movement in the expected credit loss allowance

	As at 31st March 2018	As at 31st March 2017
Balance at the beginning of the year	859.98	820.64
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	(42.85)	39.34
Balance at the end of the year	**817.13**	**859.98**

10 (A) CASH AND CASH EQUIVALENTS

Particulars	As at 31st March 2018	As at 31st March 2017
Balances with Banks		
Current account	9,015.73	3,929.23
Deposits with original maturity of less than 3 months	9,276.58	-
Cash on hand	19.26	15.50
Total	**18,311.57**	**3,944.73**

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

10(B) OTHER BANK BALANCES

Particulars	As at 31st March 2018	As at 31st March 2017
Deposits held as Margin money	12.05	72.16
Unpaid dividend account	89.98	68.83
Deposits with original maturity of more than 3 months but less than 12 months	84,788.57	88,209.34
Total	**84,890.60**	**88,350.33**

11 OTHER FINANCIAL ASSETS

Particulars	As at 31st March 2018	As at 31st March 2017
Non-current		
i) Capital advances	1634.87	918.79
ii) Advances other than capital advances		
Security Deposit	1,201.97	1,185.38
Other advances	167.16	407.44
iii) Bank deposits with original maturity of more than 12 months	17,379.00	13,331.28
	20,383.00	**15,842.89**
Current		
Interest accrued on bank deposits	3,014.88	2,600.63
Income receivable	825.50	1,164.86
Compensation receivable for shares vested	92.26	92.26
Total	**3,932.64**	**3,857.75**

12 CURRENT TAX ASSETS (NET)

Particulars	As at 31st March 2018	As at 31st March 2017
Current tax assets		
Income tax advances	38,626.65	45,085.28
Current tax liabilities		
Income tax provisions	36,726.10	43,087.61
Total	**1,900.55**	**1,997.67**

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

13 OTHER CURRENT ASSETS

Particulars	As at 31st March 2018	As at 31st March 2017
Advance to suppliers and others	4,308.83	3,096.24
Prepaid Expenses	253.34	308.49
Balances on account of Indirect Taxes	1,753.44	3,912.80
Total	**6,315.61**	**7,317.53**

14 EQUITY SHARE CAPITAL

Particulars	As at 31st March 2018	As at 31st March 2017
Authorised Share Capital		
5,00,00,000 fully paid equity shares of ₹10 each	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	1,095.55	1,095.55
(as at March 31, 2016: 1,12,66,504; as at April 1, 2015: 1,12,66,504)		
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 March 31, 2017	**1,09,55,504**	**1,095.55**
Balance as on March 31, 2018	**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.

Shareholders holding more than 5% Equity shares

	As at 31st March 2018		As at 31st March 2017	
	Number	Percentage	Number	Percentage
Lakshmi Cargo Company Limited	10,74,768	9.81	10,49,468	9.58
Life Insurance Corporation of India	8,47,820	7.74	9,91,517	9.05
Lakshmi Technology and Engineering Industries Limited	6,67,090	6.09	6,67,090	6.09
Voltas Limited	5,79,672	5.29	5,79,672	5.29

15 OTHER EQUITY

Particulars	As at 31st March 2018	As at 31st March 2017
Capital Reserve	701.49	701.49
Capital Redemption Reserve	141.37	141.37
General Reserve	12,660.15	10,560.15
Reserve for equity instruments and others through other comprehensive income	7,760.88	5,966.17
Retained Earnings	1,51,918.43	1,37,169.55
Foreign Currency Translation reserve	390.80	205.85
	1,73,573.12	**1,54,744.58**

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

15.1 CAPITAL RESERVE

Particulars	As at 31st March 2018	As at 31st March 2017
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 2018	As at 31st March 2017
Balance at the beginning of the year	**141.37**	**110.27**
Add: Transfer from General Reserve	-	31.10
Balance at the end of the year	**141.37**	**141.37**

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 2018	As at 31st March 2017
Balance at the beginning of the year	**10,560.15**	**8,691.25**
Add: Transfer from retained earnings	2,100.00	1,900.00
Less: Transfer to Capital Redemption Reserve	-	31.10
Balance at the end of the year	**12,660.15**	**10,560.15**

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 THROUGH OTHER COMPREHENSIVE INCOME

Particulars	As at 31st March 2018	As at 31st March 2017
Balance at the beginning of the year	**5,966.17**	**2,254.72**
Net fair value gain on investments in equity instruments at FVTOCI	2,174.11	1,411.24
Profit on realisation of equity instruments	-	2,414.28
Remeasurement of post-employment defined benefit plans [net of taxes]	(379.40)	(114.07)
Balance at the end of the year	**7,760.88**	**5,966.17**

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 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.

15.5 RETAINED EARNINGS

Particulars	As at 31st March 2018	As at 31st March 2017
Balance at the beginning of the year	1,37,169.55	1,39,661.32
Add: Profit attributable to the owners of the company	21,464.00	18,640.77
Less: Payment of dividends on equity shares	3,834.43	4,506.60
Less: Payment of tax on dividends	780.69	917.54
Less: Share buy back	-	13,808.40
Less: Transfer to General Reserve	2,100	1,900.00
Balance at the end of the year	**1,51,918.43**	**1,37,169.55**

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

In financial year 2017-18, on 17th August 2017, a dividend of ₹35 per share (Total dividend ₹3,834.43 Lakhs) was paid to the holders of fully paid equity shares

In financial year 2016-17 the dividend paid was ₹40 per shares (Total amount ₹4,506.60 Lakhs)

In respect of the year ended March 31, 2018, the directors propose that a dividend of ₹40per 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 ₹4,382.20 Lakhs.

15.6 FOREIGN CURRENCY TRANSLATION RESERVE

Particulars	As at 31st March 2018	As at 31st March 2017
Balance at the beginning of the year	**205.85**	**900.72**
Exchange differences arising on translating the foreign operations	184.95	(694.87)
Balance at the end of the year	**390.80**	**205.85**

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.

16A BORROWINGS

SECURED LOANS

Particulars	As at 31st March 2018	As at 31st March 2017
Term loan from banks	295.94	0.00

16B OTHER NON-CURRENT LIABILITIES

Particulars	As at 31st March 2018	As at 31st March 2017
Security deposits received against supply of machinery	9,507.64	10,021.29
Total	**9,507.64**	**10,021.29**

17 TRADE PAYABLES

Particulars	As at 31st March 2018	As at 31st March 2017
Current		
Due to Micro, Small & Medium Enterprises [Refer Note 31.4]	137.92	97.63
Due to related parties	7,430.34	5,263.91
Others	35,600.68	29,135.37
Total	**43,168.94**	**34,496.91**

18 OTHER FINANCIAL LIABILITIES

Particulars	As at 31st March 2018	As at 31st March 2017
Current		
Unpaid dividends	89.98	68.83
Other liabilities	8,360.78	8,422.48
Total	**8,450.76**	**8,491.31**

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

19 PROVISIONS

Particulars	As at 31st March 2018	As at 31st March 2017
Current		
Provision for employee benefits		
Provision for gratuity	1,145.54	212.67
Provision for leave encashment	-	34.12
Other provisions		
Provision for warranty	485.36	427.21
Total	**1,630.90**	**674.00**

The provision for warranty claims represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required under the company's obligations for warranties under sale of goods. 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 Company gives warranties for its products undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provisions made at the end represents the amount of expected cost of meeting such obligations of rectification/replacements. The timing of the outflows is expected to be within a period of one year.

Particulars	Provision for Warranty	
	As at 31st March 2018	As at 31st March 2017
Carrying amount at the beginning of the year	**427.21**	**493.36**
Additional provision made during the year	485.36	427.21
Amount used during the year	306.48	456.41
Unused amount reversed	120.73	36.95
Carrying amount at the end of the year	**485.36**	**427.21**

20 OTHER CURRENT LIABILITIES

Particulars	As at 31st March 2018	As at 31st March 2017
Security deposit received against supply of machinery	10,175.03	12,694.54
Other advances	15,607.08	14,462.74
Total	**25,782.11**	**27,157.28**

21 REVENUE FROM OPERATIONS

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Gross sale of products (including Excise duty of ₹6198.86 Lakhs for the year ended March 31, 2018; ₹21,901.86 Lakhs for the year ended March 31, 2017)	2,57,291.29	2,42,266.00
Other operating revenues		
Repairs & Service charges & miscellaneous income	3,645.78	4,245.91
Sale of scrap	864.08	842.71
Export incentives	2,495.96	2,566.00
Total revenue from operations	**2,64,297.11**	**2,49,920.62**

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

22 OTHER INCOME

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Interest income from financial assets at amortised cost	7,670.12	6,669.30
Dividend income from equity investments designated at FVTOCI	36.61	55.53
Rental income	53.10	32.09
Net Gain on foreign currency transactions	1,300.72	583.45
Net Gain on sale of assets	1,047.00	1,340.47
Sale of wind energy/REC	638.97	164.36
Total other income	**10,746.52**	**8,845.20**

23 COST OF MATERIALS CONSUMED

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Raw materials at the beginning of the year	21,655.01	18,941.77
Add: Purchases	1,57,324.48	1,39,657.65
Add: Excise duty on finished goods sold	6,198.86	21,901.86
Less: Sales	3,021.78	3,049.35
Less: Raw materials at the end of the year	20,149.29	21,655.01
Total cost of materials consumed	**1,62,007.29**	**1,55,796.92**

24 CHANGES IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Opening 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**
Closing Stock		
Work-in-progress	8,961.02	8,931.34
Finished goods	3,057.81	3,544.90
Total	**12,018.83**	**12,476.24**
Total changes in inventories of work-in-progress and finished goods	**457.41**	**880.23**

25 EMPLOYEES BENEFITS EXPENSES

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Salaries and wages	22,405.64	21,219.19
Contribution to Provident and other funds	1,976.36	1,498.33
Staff welfare expenses	2,764.25	2,448.93
Total employee benefit expenses	**27,146.25**	**25,166.45**

26 DEPRECIATION AND AMORTISATION EXPENSE

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Depreciation of property, plant and equipment	7,482.28	7,822.09
Amortisation of intangible assets	102.88	165.30
Total depreciation and amortisation expense	**7,585.16**	**7,987.39**

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

27 IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND REVERSAL OF IMPAIRMENT ON FINANCIAL ASSETS

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Impairment loss [Expected credit loss] allowance on trade receivables	(42.85)	39.34
	(42.85)	**39.34**

28 OTHER EXPENSES

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Sales commission to agents	4,700.11	5,030.00
Consumption of stores and spare parts	8,483.00	7,069.35
Consumption of packing material	4,648.35	4,424.74
Power and fuel (net of wind energy ₹5,318.60 Lakhs; previous year ₹3,594.25 Lakhs)	3,938.21	2,826.88
Rent expense	71.52	79.47
Repairs and maintenance		
Repairs to buildings	1,030.52	1,455.47
Repairs to machinery and others	6,159.66	4,682.31
Insurance	223.83	146.64
Rates and taxes, excluding taxes on income	294.42	225.26
For Audit	18.71	29.61
For Certification services	-	3.95
For reimbursement of expenses	0.14	0.23
Loss on sale of assets	18.09	13.76
Donations	479.40	865.20
Directors sitting fees	37.70	38.97
Non-executive directors' commission	35.00	33.89
Corporate Social Responsibility expenses (Note 31.7)	647.95	615.13
Export expenses	5,126.68	3,363.04
Research and development expenses	2,225.69	2,158.13
Miscellaneous expenses	9,037.92	9,076.72
Total other expenses	**47,176.90**	**42,138.75**

29 FINANCE COSTS

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Bill collection charges	66.26	41.94
Interest on Borrowings	10.68	-
Total	**76.94**	**41.94**

30 INCOME TAX RELATING TO CONTINUING OPERATIONS

30.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Current tax		
Current tax on profits for the year	8,500.00	7,333.03
Adjustments for current tax of prior periods	-	205.46
Total current tax expense	**8,500.00**	**7,538.49**
Deferred Tax		
Decrease / (increase) of deferred tax assets	269.84	65.41
(Decrease) / Increase in deferred tax liabilities	-	-
Total deferred tax expense	**269.84**	**65.41**
Total income tax expense recognised for the year	**8,769.84**	**7,603.90**

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

30.2 RECONCILIATION OF INCOME TAX EXPENSE TO THE ACCOUNTING PROFIT FOR THE YEAR

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Profit before tax after exceptional items	**30,233.84**	**26,244.66**
Enacted tax rate in India	34.61%	34.61%
Computed expected tax expense at enacted tax rate	**10,463.93**	**9,083.28**
Tax effect on account of tax deductions	(1,881.27)	(1,513.30)
Tax effect on Income that is exempt from taxation	(384.78)	(496.66)
Tax effect of non-deductible expenses	302.12	259.71
Total income tax expense recognised for the year	**8,500.00**	**7,333.03**

30.3 INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
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	178.54	53.68
Total	**178.54**	**53.68**
Bifurcation of income tax recognised in other comprehensive income into:		
Items that will not be reclassified to profit or loss	178.54	53.68
Items that may be reclassified to profit or loss	-	-
Total	**178.54**	**53.68**

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 31.3.2018			
LMW Textile Machinery (Suzhou) Co. Ltd	China	100	31.03.2018
For 31.3.2017			
LMW Textile Machinery (Suzhou) Co. Ltd	China	100	31.03.2017

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	5.12%	8,940.35	1.42%	304.11
Previous Year	5.20%	8,102.42	(3.95%)	(736.52)
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 Comprehensive income	Amount
Subsidiary- Indian	Nil	Nil	Nil	Nil
Subsidiary- Foreign				
LMW Textile Machinery (Suzhou) Co. Ltd	-	-	1.31%	304.11
Previous Year	-	-	(3.30%)	(736.52)
Non controlling Interests in subsidiary	Nil	Nil	Nil	Nil

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

31.2 CONTINGENT LIABILITIES AND COMMITMENTS, TO THE EXTENT NOT PROVIDED FOR

Particulars	As at 31st March 2018	As at 31st March 2017
Contingent liabilities		
Claims against the company not acknowledged as debt		
Central Excise Demand	2,717.19	2,690.83
Income Tax Demand	519.33	1,471.71
Other money for which the company is contingently liable		
Letters of Credit	4,557.12	3,113.94
Bank Guarantee	4,126.44	3,404.28

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 nercessary therefor.

Particulars	As at 31st March 2018	As at 31st March 2017
Commitments		
Estimated amount of contracts remaining to be executed on capital account not provided for	2,139.10	2,519.41

31.3 DETAILS OF DIVIDEND PROPOSED AND PAID:

Particulars	As at 31st March 2018	As at 31st March 2017
a) Final dividend paid during the year for the year ended March 31, 2017 is ₹35 per share; during the previous year dividend of ₹40 per share was paid for the year ended March 31, 2016.	3,834.43	4,506.60
b) In respect of the current year, the directors propose that a dividend of ₹40 per share be paid on equity shares on 23.07.2018. 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 23.07.2018. The total estimated equity dividend to be paid is ₹4,382.20 Lakhs. The payment of this dividend is estimated to result in payment of dividend tax of ₹900.98 Lakhs @ 20.56% 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 Company.

Particulars	As at 31st March 2018	As at 31st March 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	137.92	97.63
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

31.5 FINANCIAL INSTRUMENTS

i) Financial instruments by category

Particulars	As at 31st March 2018			As at 31st March 2017		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Measured at amortised cost						
a) Cash and bank balances	-	-	18,311.57	-	-	3,944.73
b) Other financial assets -Non current	-	-	20,383.00	-	-	15,842.89
Current						
c) Trade receivables	-	-	24,671.06	-	-	19,006.97
d) Bank balances	-	-	84,890.60	-	-	88,350.33
e) Other financial assets -Current	-	-	3,932.64	-	-	3,857.75
g) Investments in equity		8,284.75			6,110.64	
Total	**-**	**8,284.75**	**1,52,188.87**	**-**	**6,110.64**	**1,31,002.67**
Financial liabilities						
a) Other non-current liabilities	-	-	9,507.64	-	-	10,021.29
b) Trade Payables	-	-	43,168.94	-	-	34,496.91
c) Other financial liabilities	-	-	8,450.75	-	-	8,491.31
Total	**-**	**-**	**61,127.33**	**-**	**-**	**53,009.51**
Financial assets	**-**	**-**	**160473.62**	**-**	**-**	**1,37,113.31**
Financial liabilities	**-**	**-**	**61,127.33**	**-**	**-**	**53,009.51**

ii) Fair Valuation Techniques and Inputs used - recurring items

Particulars	Fair value as at		Fair value	Valuation
	31-Mar-18	31-Mar-17		
Financial assets measured at Fair Value				
Financial assets			Level 1	Quoted bid prices
Investments				
1. Quoted Equity investments	8,284.75	6110.64		
Total financial assets	**8,284.75**	**6110.64**		

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 settlment 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 for ₹402.69 Lakhs (Previous year ₹470.14 Lakhs)

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

31.7 CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
Amount spent through approved trusts and institutions	645.30	523.98
Amount spent directly	2.65	91.15
Total	**647.95**	**615.13**
Amount required to be spent as per Sec. 135 of the Act	640.95	587.16
Amount spent during the year on:		
Construction / acquisition of an asset	-	-
On purposes other than above	647.95	615.13
Total	**647.95**	**615.13**

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 2018	Year Ended 31st March 2017
Net Profit after Tax before OCI [₹ In Lakhs]	21,464.00	18,640.76
Weighted Average Number of Equity Shares used as denominator in calculating basic earnings per share	1,09,55,504	1,11,94,931
Nominal Value per Equity Share [in ₹]	10.00	10.00
Basic & Diluted Earnings Per Share [in ₹]	195.92	166.51

31.9 RELATED PARTY TRANSACTION

Related Party Relationships

Key Management Personnel

Sri. Sanjay Jayavarthanavelu, Chairman and Managing Director
Sri. K. Soundhar Rajhan, Director -Operations
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 Mfg Co. 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 Enterprises P Ltd; 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; Alampara Hotels and Resorts Private Ltd; Chakradhara Aerospace & Cargo Private Ltd; Chakradhara Agro farms Private Ltd, Dhanajaya Agro Farms Private Ltd

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Key Management personnel compensation

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
Short term employee benefits	955.33	806.72
Post employment benefits	32.75	21.43
Total compensation	**988.08**	**827.15**

Note : Related party relationships are as identified by the Management

Related Party Transactions

Particulars	Other Related Parties		Key Management Personnel	
	31.03.18	31.03.17	31.03.18	31.03.17
Purchase of goods	34,855.11	30,223.57	-	-
Sale of goods	4,650.60	4,400.31	-	-
Purchase of Fixed Assets	29.58	64.61	-	-
Sale of Fixed Assets	46.20	238.89	-	-
Rendering of Services	99.37	118.59	-	-
Receiving of Services	14,598.35	11,648.38	-	-
Agency arrangements	1,135.31	1,208.08	-	-
Investment in Shares	-	926.66	-	-
Contribution to Gratuity Fund	251.57	560.60	-	-
Managerial remuneration	-	-	988.08	827.15
Outstanding Payables	5,822.47	2,854.85	621.94	559.05
Outstanding Receivables	147.29	353.69	-	-

1 Purchase of Goods includes Lakshmi Electrical Control Systems Limited ₹16,728.30 Lakhs (Previous Year ₹14,401.16 Lakhs), Lakshmi Electrical Drives Limited ₹4,154.39 Lakhs (Previous Year ₹3,209.01 Lakhs); Quattro Engineering India Limited ₹5,735.80 Lakhs (Previous Year ₹4,319.81 Lakhs);Super Sales India Ltd ₹2,607.09 Lakhs (Previous Year ₹2,841.85 Lakhs) and Other Related Parties- Associates ₹5,629.53 Lakhs (Previous Year ₹5,451.74 Lakhs)

2 Sale of Goods includes Lakshmi Electrical Control Systems Limited ₹2,709.57 Lakhs (Previous Year ₹2,649.78 Lakhs), Quattro Engineering India Limited ₹505.75 Lakhs (Previous Year ₹559.85 Lakhs) Super Sales India Ltd ₹1,001.58 Lakhs (Previous Year ₹1,016.19 Lakhs) and Other related Parties - Associates ₹433.70 Lakhs (Previous Year ₹174.52 Lakhs)

3 Purchase of Fixed Assets includes Super Sales India Limited ₹ Nil Lakhs (Previous year ₹37.00 Lakhs); Lakshmi Energy and Environments Designs Limited ₹2.60 Lakhs (Previous year ₹27.61 Lakhs); Quattro Engineering India Limited ₹26.98 Lakhs (Previous Year ₹ Nil Lakhs); Other Related Parties- Associates ₹ Nil Lakhs (Previous Year ₹ Nil Lakhs)

4 Sale of Fixed Assets includes Quattro Engineering Ltd ₹18.10 Lakhs (Previous year ₹238.89 Lakhs); Lakshmi Cargo Company Limited ₹ Lakhs (Previous Year ₹ Nil Lakhs); Super Sales India Limited ₹28.10 Lakhs (Previous Year ₹ Nil Lakhs); and Other Related Parties-Associates ₹ NilLakhs (Previous Year ₹ Nil Lakhs)

5 Rendering of Services includes Super Sales India Limited ₹20.95 Lakhs (Previous Year ₹20.35 Lakhs); Lakshmi Technology & Engineering Industries Ltd. ₹71.11 Lakhs (Previous year ₹69.41 Lakhs) Quattro Engineering India Limited ₹ 0.22 Lakhs (previous Year ₹14.06 Lakhs) and Others - Other Related Parties-Associates ₹8.07 Lakhs (Previous Year ₹14.77 Lakhs)

6 Receiving of Services include Lakshmi Ring Travellers (CBE) Limited ₹520.92 Lakhs (Previous Year ₹548.00 Lakhs); Lakshmi Cargo Company Limited ₹7,815.81 Lakhs (Previous Year ₹6,168.44 Lakhs); Revantha Services Ltd ₹4,298.53 Lakhs (Previous year ₹3,294.85 Lakhs); Super Sales India Limited ₹956.68 Lakhs (Previous Year ₹673.36 Lakhs) and Other Related Parties - Associates ₹1,006.41 Lakhs (Previous Year ₹963.73 Lakhs)

7 Agency arrangement includes Super Sales India Limited ₹1,135.31 Lakhs (Previous Year ₹1,208.08 Lakhs)

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

8 Investment in shares include Super Sales India Limited Nil (Previous Year ₹926.66 Lakhs)

9 Contribution to gratuity fund includes Lakshmi Machine Works Limited Employees' Gratuity Fund ₹251.57 Lakhs (Previous Year ₹560.60 Lakhs)

10 Managerial Remuneration includes amount paid to Chairman and Managing Director ₹855.33 Lakhs (Previous Year ₹768.99 Lakhs); Mr. K.Soundhar Rajhan, Director Operations ₹53.42 Lakhs *(Previous Year - Not applicable since appointed as Director Operations w.e.f. 1st November, 2017); Mr. C.B.Chandrasekar, Chief Financial Officer ₹51.85 Lakhs (Previous year ₹47.56 Lakhs); Mr. C.R. Shivkumaran, Company Secretary ₹27.48 Lakhs (Previous year ₹10.60 Lakhs)*

11 Outstanding Payables include Lakshmi Cargo Company Limited ₹728.50 Lakhs (Previous Year ₹544.87 Lakhs); Lakshmi Precision Tools Limited ₹520.23 Lakhs (Previous Year ₹415.72 Lakhs); Lakshmi Electrical Drives Limited ₹618.71 Lakhs (Previous Year ₹430.89 Lakhs); Lakshmi Electrical Control Systems Ltd ₹1,938.89 Lakhs (Previous year ₹949.01 Lakhs); Super Sales India Limited ₹887.72 Lakhs (Previous Year ₹134.98 Lakhs) Sri. Sanjay Jayavarthanavelu ₹621.94 Lakhs (Previous year ₹559.05 Lakhs) and Other Related Parties -Associates ₹1,128.42 Lakhs (Previous Year ₹379.38 Lakhs);

12 Outstanding Receivables include Revantha Services Limited ₹ Nil (Preivous Year ₹85.88 Lakhs); Lakshmi Technology and Engineering Industries Limited ₹144.53 Lakhs (Previous Year ₹124.79 Lakhs); Quattro Engg India Ltd ₹ Nil Lakhs (Previous year ₹101.55 Lakhs) and Others - Other Related Parties - Associates ₹2.76 Lakhs (Previous Year ₹41.47 Lakhs)

*For part of the period

31.10 EMPLOYEE DEFINED BENEFIT AND CONTRIBUTION PLANS

I. Defined Benefit Plans

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
A. Expense recognised in Income Statement				
1. Current Service cost	410.60	421.15	165.03	158.68
2. Interest expense on DBO	563.03	532.37	67.08	53.70
3. Interest (Income on plan asset)	(556.61)	(539.02)	(65.82)	(66.32)
4. Net Interest	6.42	(6.65)	1.26	(12.62)
5. Immediate recognition of (gain) / losses	-	-	(172.60)	4.58
6. Defined Benefits cost included in P & L	**417.02**	**414.50**	**(6.31)**	**150.64**
B. Expense recognised in Comprehensive Income				
1. Actuarial (gain)/Losses due to financial assumption changes in DBO	(59.61)	84.00	(6.67)	9.54
2. Actuarial (gain)/Losses due to experience on DBO	775.00	119.80	(184.61)	22.97
3. Return on plan assets (Greater) / Less than Discount rate	52.04	(36.05)	18.69	(27.94)
4. Total actuarial (gain) / loss included in OCI	767.42	167.75	-	-
5. Cost recognised in P & L	**417.02**	**414.50**	**(6.31)**	**150.64**
6. Remeasurement effect recognised in OCI	767.42	167.75	-	-
7. Total defined benefit cost	**1,184.45**	**582.25**	**(6.31)**	**150.64**
C. Net asset/Liability recognised in the Balance Sheet				
1. Present value of benefit obligation	**9,019.06**	**7,887.11**	**947.34**	**906.51**
2. Fair value of plan assets	7,873.51	7,674.43	953.64	872.39
3. Funded Status [Surplus / (deficit)]	(1,145.54)	(212.67)	6.31	(34.12)
11. Net Asset /(Liability) recognised in balance sheet	**(1,145.54)**	**(212.67)**	**6.31**	**(34.12)**
D. Change in Present value of the Obligation during the year				
1. Present value of the obligation at beginning of year	7,887.11	7,542.75	906.51	778.13

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

2. Current service cost	410.60	421.15	165.03	158.68
3. Interest cost	563.03	532.37	67.08	53.70
4. Benefits paid	(557.07)	(812.97)	-	(116.52)
5. Actuarial (gain) loss on obligation	715.39	203.81	(191.28)	32.52
6. Present value of obligation at end of the year	**9,019.06**	**7,887.11**	**947.34**	**906.51**
E. Reconciliation of opening & closing values of Plan Assets				
1. Fair value of plan assets at the beginning of the year	7,674.43	7,351.73	872.39	767.63
2. Expected return on plan assets	556.62	539.02	65.82	66.32
3. Contributions made	251.57	560.60	34.12	127.02
4. Benefits paid	(557.07)	(812.97)	-	(116.52)
5. Actuarial gain / (loss) on plan assets	(52.04)	36.05	(18.69)	27.94
6. Fair value of plan assets at the end of the year	**7,873.51**	**7,674.43**	**953.64**	**872.39**
7. Actual return on plan assets	504.57	575.07	47.13	94.26
F. Amounts recognised in Other comprehensive Income				
1. Opening unrecognised losses / (Gains)	846.00	678.24	-	-
2. Actuarial Loss / (Gains) on DBO	715.38	203.81	(191.28)	32.52
3. Actuarial Loss / (Gains) on assets	52.04	(36.05)	18.69	(27.94)
4. Amortisation Actuarial loss / (Gain)	-	-	(172.60)	4.58
5. Total recognised in Other comprehensive income	1,613.42	846.00	-	-
G. Major categories of plan assets as a percentage of total plan				
1. Qualifying insurance policies	7,687.44	7,649.42	953.64	872.39
2. Own plan assets-Bank balances	186.07	25.01	-	-
	7,873.51	**7,674.43**	**953.64**	**872.39**
H. Actuarial Assumptions				
1. Discount rate	7.40%	7.29%	7.40%	7.29%
2. Salary escalation	8.50%	8.50%	8.50%	8.50%
3. Attrition rate	7.00%	7.00%	7.00%	7.00%
4. Expected rate of return on plan assets	7.40%	7.29%	7.40%	7.29%
5. Mortality rate	Indian	Assured	Lives	Mortality (2006-08) Ultimate

H. 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.

The group expects to make a contribution of ₹1000.00 Lakhs (as at 31st March 2017: ₹600.00 Lakhs) to the defined benefit plans during the next financial year.

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

I. Sensitivity Analysis

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Impact of +1% change in rate of discounting	(589.28)	506.88	182.25	173.74
Impact of -1% change in rate of discounting	528.03	(545.90)	61.37	59.48
Impact of +1% change in rate of salary increase	(553.64)	(434.70)	101.19	97.05
Impact of -1% change in rate of salary increase	508.13	442.32	150.60	143.90
Impact of +1% change in rate of attrition	57.78	54.16	132.73	127.31
Impact of -1% change in rate of attrition	(63.81)	(37.53)	118.91	113.45

The above senssitivity analyses 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 group to actuarial risks such as: investment risk, interest rate risk, logevity 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	31.03.2018	31.03.2017
Provident Fund Contribution	**1,143.63**	**1,073.52**

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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**	
Revenue	**31.03.2018**	**31.03.2017**	**31.03.2018**	**31.03.2017**	**31.03.2018**	**31.03.2017**	**31.03.2018**	**31.03.2017**
Revenue from external customers *	2,00,339.08	2,03,012.87	53,561.86	37,822.90	3,390.35	1,430.23	2,57,291.29	2,42,266.00
Inter Segment Revenue	2,548.01	2,118.95	3,728.71	2,753.85	-	-	6,276.72	4,872.80
Allocable other income	8,455.13	6,974.41	665.97	449.53	871.42	1,264.87	9,992.52	8,688.81
Total Segment Revenue	**2,11,342.22**	**2,12,106.23**	**57,956.54**	**41,026.28**	**4,261.77**	**2,695.10**	**2,73,560.53**	**2,55,827.61**
Less : Inter Segment Revenue							6,276.72	4,872.80
Add : Unallocable other Income							7,759.82	7,811.02
Enterprise revenue							**2,75,043.63**	**2,58,765.83**
Result								
Segment Result	16,994.14	15,222.96	7,707.61	5,029.20	39.39	5.27	24,741.14	20,257.43
Less :Unallocable Expenses							2,190.18	1,781.84
Operating Profit							22,550.96	18,475.59
Less : Interest Expenses							76.94	41.94
Incometax expenses (Current)							8,500.00	7,538.49
Incometax expenses (Deferred)							269.84	65.41
Add : Unallocable Other Income							7,759.82	7,811.01
Net Profit after Tax							**21,464.00**	**18,640.76**
Other Information								
Segment assets	2,01,312.87	1,91,150.73	49,356.98	33,933.53	1,622.35	2,191.04	2,52,292.20	2,27,275.30
Add : Unallocable corporate assets							11,212.76	9,405.62
Enterprise Assets							**2,63,504.96**	**2,36,680.92**
Segment Liabilities	73,598.12	71,743.53	14,687.96	7,840.26	481.38	1,188.20	88,767.46	80,771.99
Add : Unallocable corporate liabilities							1,74,737.50	1,55,908.93
Enterprise Liabilities							**2,63,504.96**	**2,36,680.92**
Capital Expenditure	9,831.57	12,712.13	2,029.47	630.31	1,210.63	658.00	13,071.67	14,000.44
Depreciation	6,827.71	6,899.37	328.03	601.36	429.42	486.66	7,585.16	7,987.39

* Revenue from Textile Machinery Division for year ended 31.03.2018 includes Excise duty of ₹5,300 Lakhs As against ₹17,800 Lakhs for year ended 31.03.2017

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Notes :

1) The accounting policies of the reportable segments are the same as the group'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 oeprating 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.

There is no single customer contributing to 10% or more to the company's revenue for both 2017-18 and 2016-17.

Operating Segment

Particulars	Segment Assets		Segment Liabilities	
	As at 31st March 2018	As at 31st March 2017	As at 31st March 2018	As at 31st March 2017
Textile machinery division	2,01,312.88	1,91,150.75	73,576.97	71,743.50
Machine tool & foundry division	49,356.98	33,933.53	14,687.96	7,840.26
Advanced technology centre	1,622.35	2,191.04	481.38	1,188.20
Total Segment assets & segment liabilities	**2,52,292.21**	**2,27,275.32**	**88,746.31**	**80,771.96**
Adjustments of unallocated assets and liabilities				
Share capital	-	-	1,095.55	1,095.55
Reserves and Surplus	-	-	1,73,573.12	1,54,744.58
Investments	8,284.75	6,110.64	-	-
Advance tax	1,900.53	1,997.65	-	-
Deferred tax	1,027.47	1,297.31	-	-
Unpaid Dividends			89.98	68.83
Total assets & liabilities as per Balance sheet	**2,63,504.96**	**2,36,680.92**	**2,63,504.96**	**2,36,680.92**

Geographical information

The group operates in two principal geographical area, India (country of domicile) and outside India.

The group'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 2018	Year Ended 31st March 2017	As at 31st March 2018	As at 31st March 2017
Inside India	1,97,255.81	2,01,015.14	83,309.73	68,458.94
Outside India	60,035.48	41,250.86	5,546.23	7,350.97
	2,57,291.29	**2,42,266.00**	**88,855.96**	**75,809.91**

31.12 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Board of directors on 25th May 2018.

31.13 DETAILS OF LEASING ARRANGEMENTS

Particulars	For the year ended 31-Mar-18	For the year ended 31-Mar-17
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	24.00	32.09
Later than one year and not later than five years	72.00	37.72

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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.

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 exchange 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:-

₹ In Lakhs

Particulars		Amount in foreign currency		Equivalent INR	
		31.03.2018	31.03.2017	31.03.2018	31.03.2017
Sundry creditors	CHF	23,153.53	48,363.00	15.81	31.36
	EUR	21,24,391.87	28,82,500.00	1,705.41	1,999.99
	GBP	1,09,393.69	48,740.00	99.84	39.62
	JPY	8,02,61,909.03	3,13,05,003.00	491.84	182.20
	SGD	35,588.88	33,140.00	17.68	15.39
	USD	28,01,784.33	17,64,088.00	1,824.98	1,144.17
	SEK	85,000.00	85,000.00	6.62	6.16
	CNY	1,32,29,974.00	1,50,94,183.00	1,373.80	1,421.15
Sundry Debtors	USD	1,59,15,067.98	1,45,23,841.74	10,352.00	9,535.07
	EUR	8,39,544.78	2,55,767.29	676.86	180.35
	CNY	71,85,782.50	1,81,42,683.00	746.17	1,708.17
Cash and Bank Balances					
	CNY	5,95,00,784.00	3,13,15,722.00	6,178.56	2,948.43
	KES	2,21,167.00	-	1.48	-
	BDT	4,66,953.28	359.00	3.64	0.01
	IDR	-	2,544.00	-	0.30
	USD	34,169.56	18,682.00	22.45	12.11
	VND	22,754.66	-	0.01	-

The group is mainly exposed to USD and EUR.

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Foreign currency sensitivity analysis

Particulars	31.03.2018	31.03.2017
Sundry creditors		
USD	1,824.98	1,144.17
Euro	1,705.41	1,999.99
Sundry Debtors		
USD	10,352.00	9,535.07
Euro	676.86	180.35
Net receivable		
USD	8,527.01	8,390.90
Euro	(1,028.55)	(1,819.64)
Total	7,498.46	6,571.26
Impact on profit : 5 % increase in currency rate	374.92	328.56
Impact on profit : 5 % decrease in currency rate	(374.92)	(328.56)

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.

Interest rate sensitivity analysis

Particulars	31.03.2018	31.03.2017
Fixed deposits in Banks	1,11,444.16	1,01,540.63
Impact on profit :increase of 25 basis points	278.61	253.85
Impact on profit : decrease of 25 basis points	(278.61)	(253.85)

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	31.03.2018	31.03.2017
Fair value of Equity investments	8,284.75	6,110.64
Impact on Other Comprehensive Income :increase by 5%	414.24	305.53
Impact on Other Comprehensive Income :Decrease by 5%	(414.24)	(305.53)

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 receivables 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.

(All amount in ₹ Lakhs, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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 principal 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 accruals is suffcient to meet its current requirements and hence the group does not perceive any such risk."

The contractual maturities of group's financial liablities are :

Particulars	31.03.2018	31.03.2017
Trade payable	43,168.94	34,496.91
Less than one year	43,168.94	34,496.91
Others	-	-
Other liabilities	8,450.76	8,491.31
Less than one year	8,450.76	8,491.31
Others	-	-

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.

31.15

The Exchange rate adopted for conversion of subsidiary accounts is as follows :
The Exchange Rate as at 31st March 2018 : 1 CNY = 10.384INR(Previous Year 9.4152 INR)
Average exchange rate : 2017-18 1 CNY = 9.7921 INR (Previous Year 9.9329 INR)

31.16 Depreciation/ amortisation includes ₹11.20 Lakhs (Previous Year ₹20.31 Lakhs) towards amortisation of leasehold land as per audited accounts of LMW Textile Machinery (Suzhou) Co. Limited.

31.17 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

In terms of our report attached
For S.Krishnamoorthy & Co
Firm Registration No.001496S
Chartered Accountants

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

S. Pathy
Director
DIN: 00013899

K. Raghu
Partner
Membership No. 11178

C.B. Chandrasekar
Chief Financial Officer

C.R. Shivkumaran
Company Secretary

Place : Coimbatore
Date : 25th May 2018

CORPRORATE INFORMATION

Based on Standalone financials

(₹ in Lakhs)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Profit and Loss Account										
Sales (excluding excise duty)	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	2,42,661
Other Income	9,062	8,214	11,009	12,547	13,152	19,193	17,858	15,988	16,698	17,868
Profit before tax	15,417	15,056	23,916	22,339	17,069	26,878	29,749	32,819	26,631	29,912
Profit after tax	10,693	10,468	16,598	13,702	11,748	18,369	20,745	22,012	19,060	21,142
Balance Sheet										
Fixed Assets	52,737	44,658	43,641	50,787	44,980	38,568	37,721	40,846	46,559	53,616
Investments	11,272	12,144	10,007	15,407	10,382	12,883	12,883	15,276	12,624	14,798
Net Current Assets	24,976	39,085	31,808	25,944	41,956	59,257	75,443	93,709	94,660	1,03,751
	88,985	**95,887**	**85,456**	**92,138**	**97,318**	**1,10,708**	**1,26,047**	**1,49,831**	**1,53,842**	**1,72,165**
Share Capital	1,237	1,237	1,127	1,127	1,127	1,127	1,127	1,127	1,096	1,096
Reserves and Surplus	83,036	91,341	81,569	88,724	94,901	1,09,317	1,24,920	1,48,704	1,52,747	1,71,069
Deferred Tax Liability	4,712	3,309	2,760	2,287	1,290	264	0	0	0	0
	88,985	**95,887**	**85,456**	**92,138**	**97,318**	**1,10,708**	**1,26,047**	**1,49,831**	**1,53,843**	**1,72,165**

RATIOS

Measures of Investment			2016-17	2017-18
Dividend per share	(₹)		35.00	40.00
EPS	(₹)	Net Profit after tax / No. of Shares	170.26	192.98
Return on Equity	(%)	Net Profit after tax / Shareholders' funds	12.43	12.28
Dividend Cover	(Times)	Earnings per Share / Dividend per Share	4.86	4.82
Measures of Performance				
Net Profit Margin	(%)	Profit before taxes / Sales	12.46	12.33
Assets Turnover	(Times)	Sales / Net Fixed Assets	4.59	4.53
Measures of Financial status				
Current Ratio	(Times)	Current Assets / Current Liabilities	2.32	2.25
Tax Ratio	(%)	Tax Provision / Profit before taxes	28.43	29.32

Corporate Information

Board of Directors
Sri Sanjay Jayavarthanavelu, *Chairman and Managing Director* (DIN: 00004505)
Sri S Pathy, *Director* (DIN: 00013899)
Sri Basavaraju, *Director* (DIN: 01252772)
Sri Aditya Himatsingka, *Director* (DIN: 00138970)
Dr Mukund Govind Rajan, *Director* (DIN: 00141258)
Sri V Sathyakumar, *Nominee Director of LIC* (DIN: 06477636)
Justice (Smt) Chitra Venkataraman (Retd.,) *Director* (DIN: 07044099)
Sri Arun Alagappan, *Director* (DIN: 00291361)
Sri K Soundhar Rajhan, *Director Operations* (DIN: 07594186)

Chief Financial Officer
Sri C B Chandrasekar

Company Secretary
Sri C R Shivkumaran

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

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

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

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

Bankers
Indian Bank
Bank of Baroda
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 – 641 006.
Tel : +91 422 4958995, 2539835-36
Fax : +91 422 2539837
E-mail : info@skdc-consultants.com

LAKSHMI MACHINE WORKS LIMITED
SRK Vidyalaya Post, Perianaickenpalayam,
Coimbatore 641 020, India
+91 422 2692371-72, 3022255,
+91 422 2692541-42
secretarial@lmw.co.in | www.lakshmimach.com

LAKSHMI MACHINE WORKS LIMITED

Regd. Office: SRK Vidyalaya Post, Perianaickenpalayam, Coimbatore - 641 020

CIN : L29269TZ1962PLC000463

ATTENDANCE SLIP

PLEASE BRING THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF 'Nani Kalai Arangam', Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037

Name & Address of the Shareholder

Sequence No. :

Folio No. :

DP. ID :

Client ID :

I hereby record my presence at the 55th ANNUAL GENERAL MEETING at 'Nani Kalai Arangam', Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037 on Monday the 23rd July, 2018 at 3.30 PM.

Signature of the Member or Proxy

No. of Shares held

Form No. MGT-11

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

CIN	L29269TZ1962PLC000463
Name of the Company	Lakshmi Machine Works Limited
Registered Office	SRK Vidyalaya Post, Perianaickenpalayam, Coimbatore - 641 020

Name of the shareholder	
Registered address	
E-mail ID	
Folio No. / Client ID	
DP ID	

I / we, being the shareholder(s) of ……….................................…. shares of the above named company, hereby appoint :

1	Name	
	Address	
	E-mail ID	
	Signature	

or falling him or her

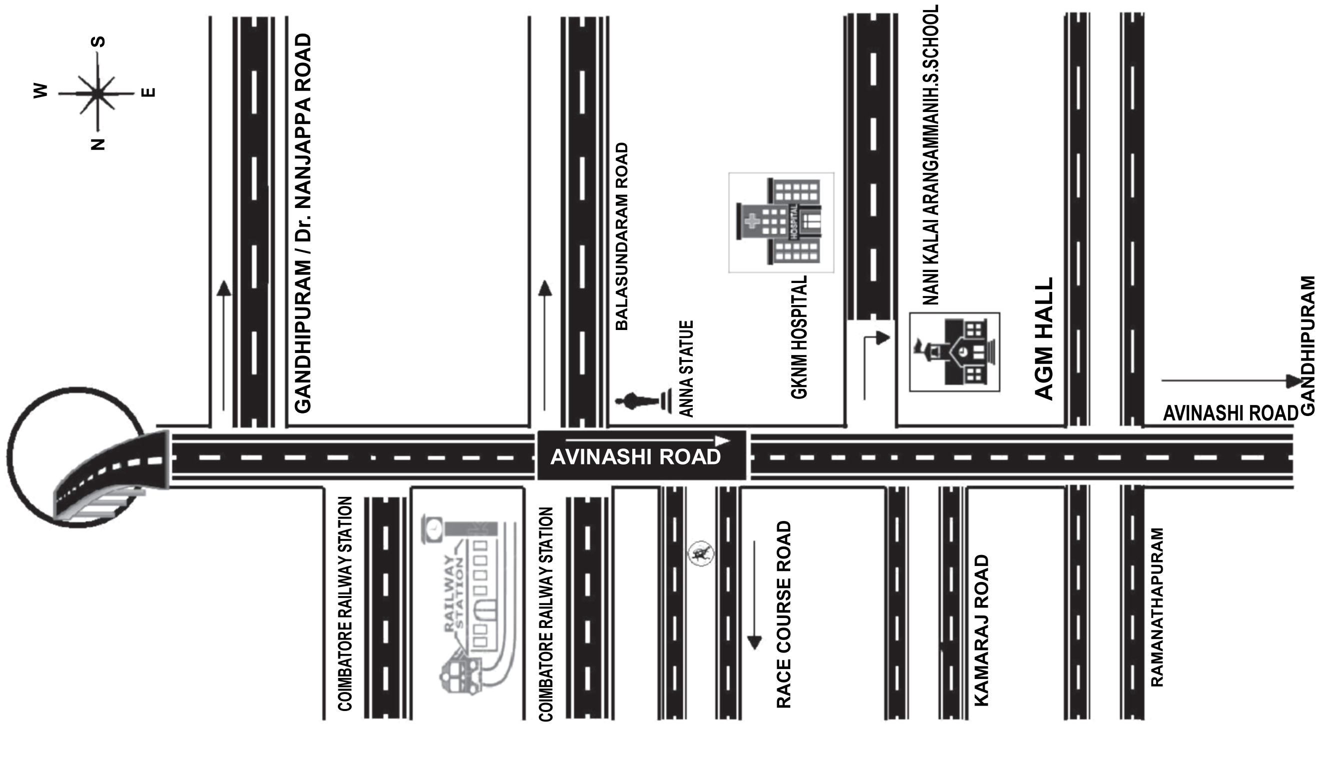
2	Name	
	Address	
	E-mail ID	
	Signature	

or falling him or her

3	Name	
	Address	
	E-mail ID	
	Signature	

(p.t.o)

ROUTE MAP TO AGM HALL



As my/ our proxy to attend and vote (on a poll) for me/us and on my/ our behalf at the 55th Annual General Meeting of the Company, to be held on Monday the 23rd July, 2018 at 3.30 pm at “Nani Kalai Arangam”, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641037 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No. (✓)

S. No.	Subject		S. No.	Subject	
1	Adoption of Annual Financial Statements for the FY 2017-18		4	Continuance of appointment of Statutory Auditor without ratification	
2	Declaration of Dividend for the FY 2017-18		5	Payment of Commission to Non-Executive Directors	
3	Re-appointment of Sri S Pathy, Director retiring by rotation.		6	Confirmation of remuneration payable to Cost Auditor	

Affix
Revenue
Stamp

Signed this .... day of .... 2018.

Signature of shareholder:

Signature of Proxy holder(s):

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.