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LMW®

LAKSHMI MACHINE WORKS LIMITED

Annual Report 2007-08

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A SUSTAINABLE BUSINESS MODEL.

It can enhance an enduring customer value proposition.

In both comfortable as well as challenging markets.

AT LMW, WE HAVE GONE FURTHER.

In enhancing customer value through various in-house initiatives

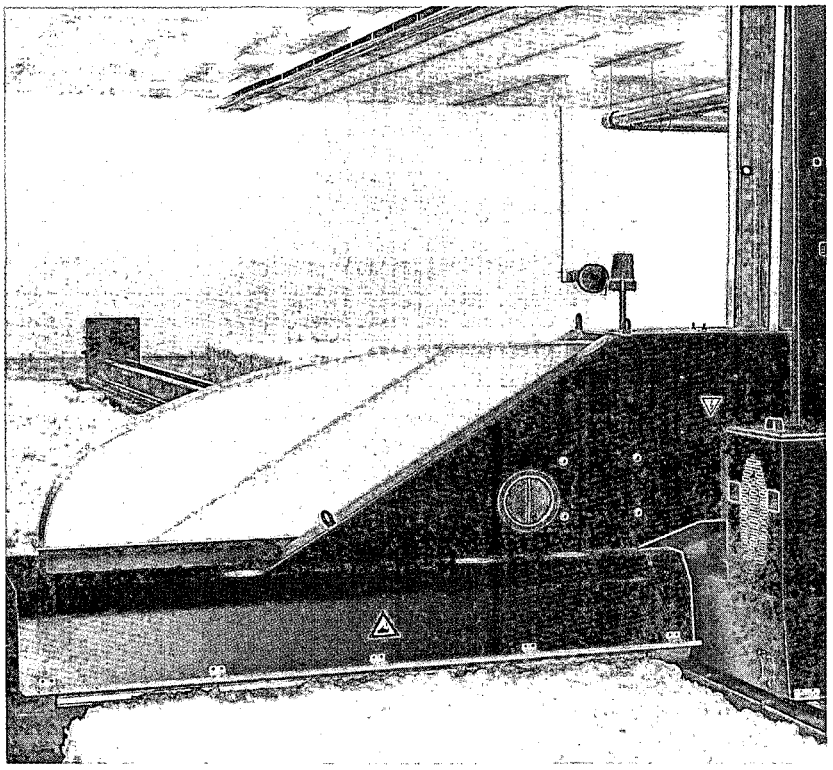
Like Managerial expertise, Execution excellence, Technological brilliance, among others

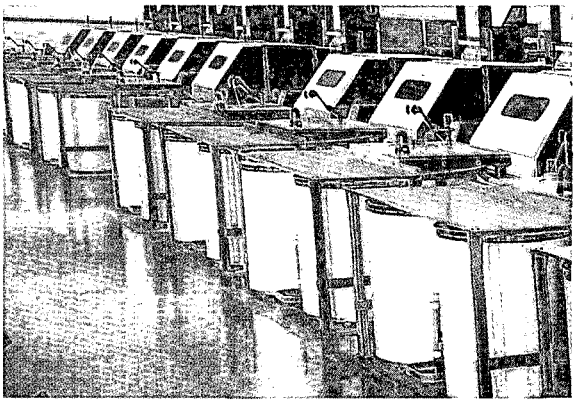
Underscored by a simple philosophy.

More from less.

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REALITY

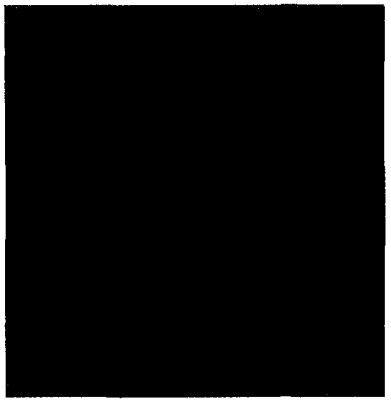
One, yarn realisations are influenced by industry cycles. Underscoring the need for sustainability and growth across favourable and challenging industry cycles.

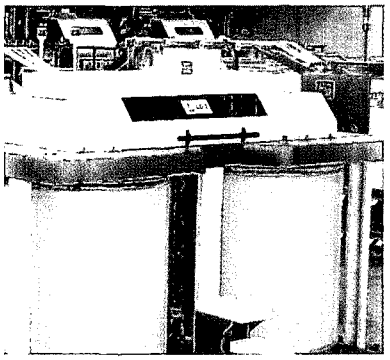
Two, India is a global textile supplier with thinning margins.

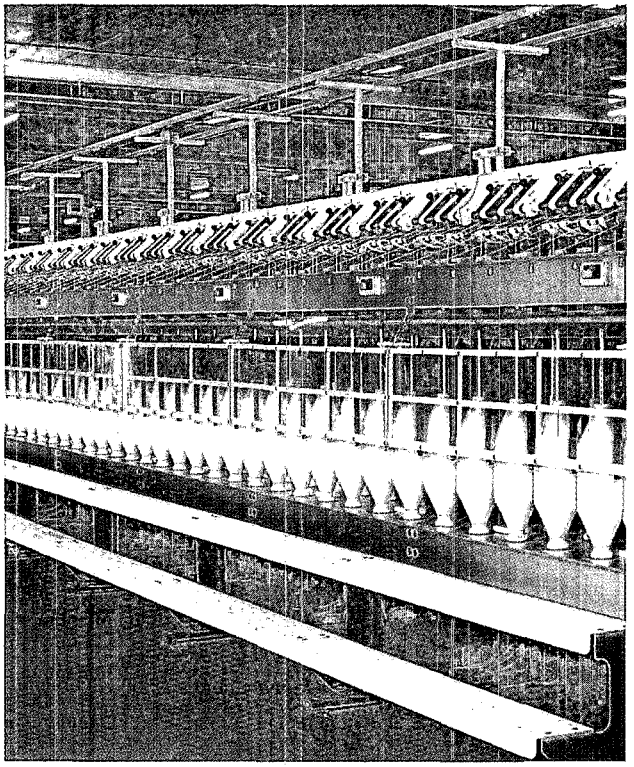
Amidst such challenging realities, LMW has acquired an unmistakable reputation of not just being an industry participant but a distinctive business driver.

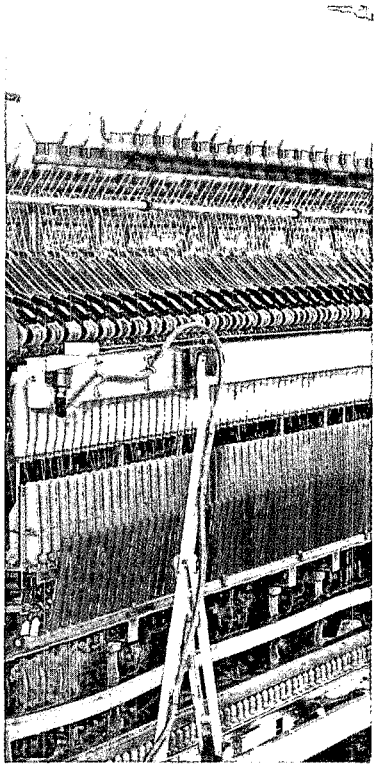
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RESPONSE

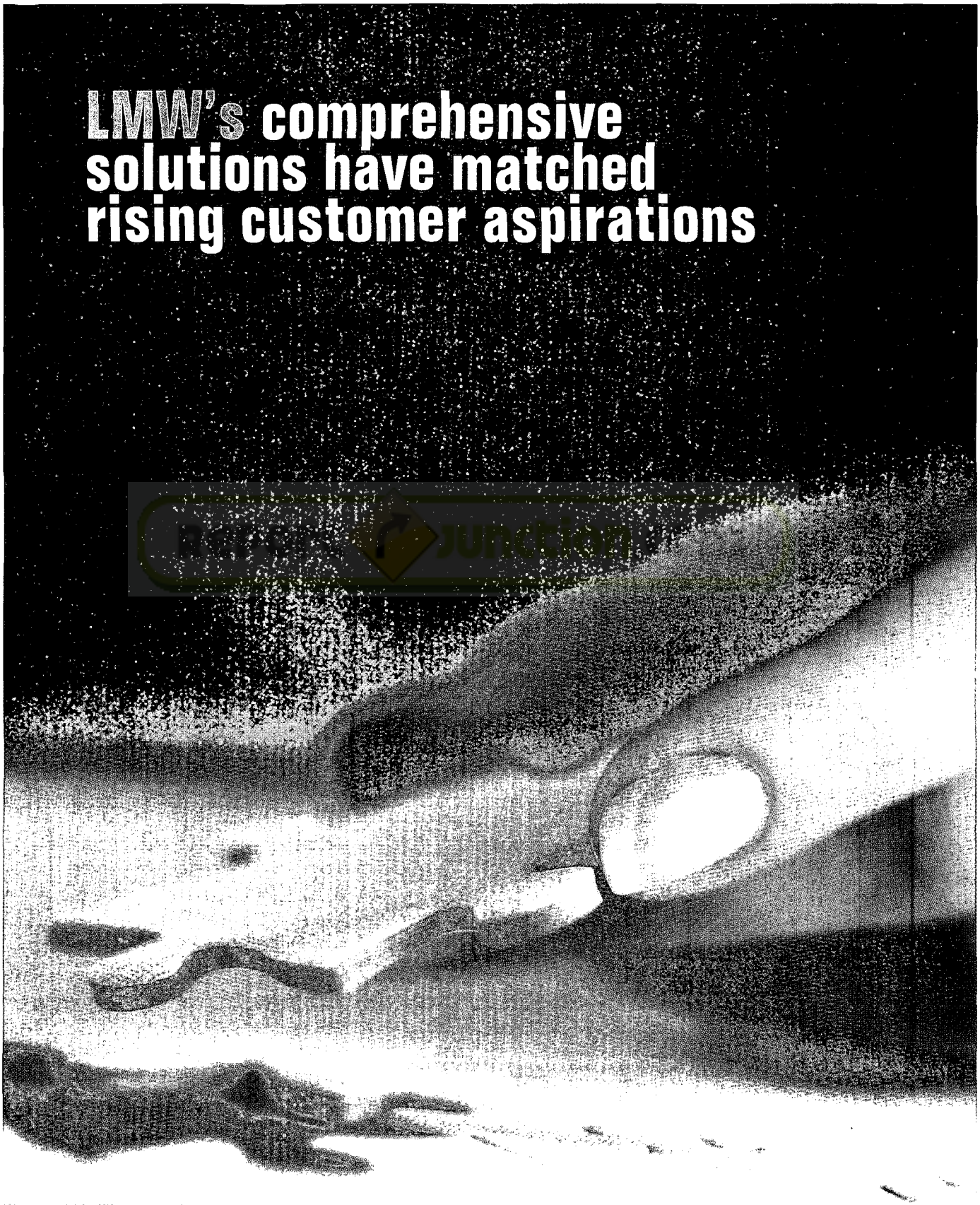
At LMW, we provide customers with a head start through technologically advanced equipment. Reducing their costs and enhancing their productivity.

At LMW, we have strengthened the competitiveness of our customers through competitive equipment costs that reduce their capital and operating costs on the one hand and protect quality on the other.

In doing so, LMW has acquired a distinctive reputation. A partner of choice.

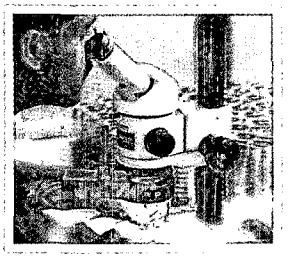
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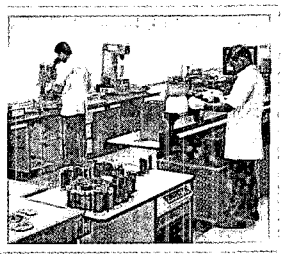
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LMW is not just a textile machinery manufacturer. It is the industry's benchmark. It is the standard against which a competitor's performance is judged. The result is a 60% share of the Indian market.

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IN THE BUSINESS OF COTTON YARN SPINNING, CLIENTS HAVE DIVERSELY CHALLENGING PRODUCT, TECHNOLOGY AND FINANCIAL REQUIREMENTS.

At LMW, we have successfully balanced these into an attractive value proposition through the following initiatives:

- Institutionalised a full-fledged R&D facility to extend our technology frontiers, strengthening customer viability through better products at lower costs.
- Extended our research across varied product lines with productivity, flexibility and automation permutations.
- Upgraded our products periodically in line with emerging technologies.
- Incorporated captively developed technologies into our advanced equipment, enriching our value proposition.

Result: LMW is one of the three companies in the world to provide complete solutions across the entire value chain of spinning equipment.

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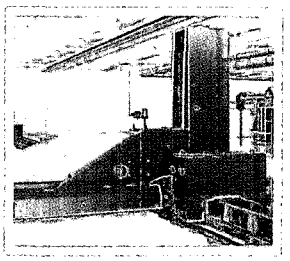
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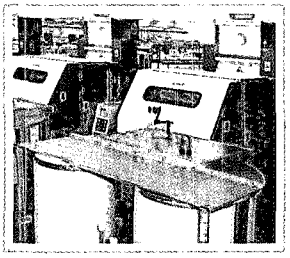
LMW's unbeatable pricing proposition has lead to an unmatched brand recall



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For the LMW customer, average capex per spindle has remained unaltered for more than three years, although product quality and machine throughput have increased multi-fold.

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THE COTTON YARN BUSINESS IS CYCLICAL, MARKED BY CRESTS AND TROUGHS.

At LMW, *we strengthened the cost structure and competitive position of our varied customers through the following* initiatives:

- LMW products provide an immediate price advantage over competing alternatives; besides, its products enhance technology and quality edge through innovative value engineering.
- The Company's modular equipment design results in a substantially faster set-up time, getting customers into business faster, coupled with a declining project payback period.
- It makes an extensive use of indigenous equipment to the extent of 85% of all items used, leading to an effective price control without any quality compromise.
- Its sustained investment in technological upgradation has enhanced machine performance; the intelligent use of CNC controls has strengthened the man-machine interface.
- Its new range of spinning machinery has helped reduce power consumption, improve productivity, save machine space and strengthening margins.

Result: Despite an inflation in key inputs in the last few years as well as a strengthening rupee against the US dollar, LMW has not only maintained its product price but grew its revenue and net profit.

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