



LAKSHMI AUTOMATIC LOOM WORKS LIMITED

CIN : L29269TZ1973PLC000680, Website: www.lakshmiautomatic.com
Regd. Office : 686, Avanashi Road, Pappanaickenpalayam, Coimbatore - 641037
Phone No: +91-422-2245484, 2245485, Fax : +91-422-2244887,
E-mail: contact@lakshmiautomatic.com

POSTAL BALLOT NOTICE

[Pursuant to Section 110 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014]

Dear Members,

Notice is hereby given pursuant to Section 110 of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014 and other applicable provisions of the Companies Act, 2013 and the rules, circulars and notifications there under (including any statutory modification(s) or re-enactment thereof), for the approval of the Members of Lakshmi Automatic Loom Works Limited by Postal Ballot / electronic voting (e-voting) for the resolution set out hereinafter.

At a meeting held on 6th December 2017, the Board of Directors ("Board") of the Company, subject to the approval of the Members of the Company by way of Postal Ballot / electronic voting, have resolved that in accordance with the provisions of Article 61 of the Articles of Association of the Company and pursuant to the provisions of Sections 68, 69, 70 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Rules made there under (including any statutory modification(s) or re-enactment, for the time being in force), to buy back the Company's 2,00,000 unlisted fully paid up - 6% Cumulative Redeemable Preference Shares of ₹ 100/- each for an amount not exceeding ₹ 2,00,00,000/- (Rupees Two crores only) being 19.66 % of the aggregate of paid up share capital and free reserves (including Securities Premium and Capital Redemption Reserve) as on 30th September, 2017 (being the date of the last unaudited accounts subjected to Limited Review by the Auditors of the Company), for a price not exceeding the face value of ₹ 100/- (Rupees One Hundred only) per share, in accordance with the Act (the "Buyback").

The proposed resolution for approving the Buyback along with the statement, setting out the material facts relating to the Buyback and the reasons thereof are set out hereafter, for your consideration.

The Board has appointed Mr. B. Krishnamoorthi, Practising Chartered Accountant (Membership No. 20439), as the Scrutinizer for conducting the Postal Ballot / e-voting process in a fair and transparent manner.

Members desiring to exercise their **vote by Postal Ballot Form** are requested to carefully read the instructions printed in the Postal Ballot Form enclosed and return the same duly completed in the enclosed self-addressed Business Reply Envelope. Postage will be borne by the Company. Postal Ballot Form, if sent, by courier or by registered post/speed post at the expense of the Member will also be accepted. The Postal Ballot Form may also be deposited personally at the address given on the self-addressed Business Reply Envelope. The duly completed Postal Ballot Form should reach the Scrutinizer not later than the close of working hours (5:00 PM) on Saturday, 20th January 2018 to be eligible for being considered, failing which it will be strictly considered that no reply has been received from the Member.

Members desiring to opt for e-voting as per the facilities arranged by the Company are requested to read the instructions in the Notes under the section '**Voting through electronic means**'. The Company has engaged the services of National Securities Depository Limited ("NSDL") for the purpose of providing e-voting facility to all its Members. References to Postal Ballot in this Postal Ballot Notice include votes received electronically instead of Postal Ballot.

The Scrutinizer will submit a Scrutinizer's Report to the Chairman of the Company. The Chairman shall declare the results of the voting forthwith. The results declared along with the Scrutinizer's Report shall be available on the Company's website www.lakshmiautomatic.com and on the website of NSDL, and communicated to BSE Ltd. immediately after the Chairman declares the result.

RESOLUTION PUT THROUGH POSTAL BALLOT

To consider and, if thought fit, to give assent/dissent to the following resolution, as a Special Resolution:

"RESOLVED THAT in accordance with Article 61 of the Articles of Association of the Company and pursuant to the provisions of Section 68, 69, 70 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under and including any amendments, statutory modification(s) or re-enactment(s) thereof, for the time being in force, the consent of the Members of the Company be and is hereby accorded to the buyback of the Company's 2,00,000 unlisted fully paid up - 6% Cumulative Redeemable Preference Shares of ₹ 100/- each ("**Preference Shares**") for an aggregate amount not exceeding ₹ 2,00,00,000/- (Rupees Two Crores only) ("**Maximum Buyback Size**") and being 19.66 % of the aggregate of paid up Share Capital and Free Reserves (including Securities Premium and Capital Redemption Reserve) as on 30th September, 2017, (being the date of the last unaudited accounts subjected to Limited Review by the Auditors of the Company) for a price not exceeding the face value of ₹ 100/- (Rupees One hundred only) per Preference Share ("**Buyback Price**"), from the Preference Shareholders of the Company under the Companies Act, 2013.

RESOLVED FURTHER THAT for the purposes of giving effect to the above resolution, the Board (including persons nominated by the Board to exercise its powers in relation to the Buyback) in its absolute discretion, be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper to be in the best interest of the Members, in accordance with the statutory requirements as may be applicable from time to time, including the decision to close the Buyback and to do all such acts, deeds, matters and things in connection therewith and incidental thereto as the Board may deem necessary, expedient, proper or desirable including settling all questions, difficulties or doubts that may arise in relation to the proposed Buy back at any stage, including in relation to the applicability of any law, and to do or cause to be done all such acts, deeds, matters and things including executing and signing all such documents and papers, filing such forms (including e-forms), opening escrow account, commencing the Buyback and deciding on the number of Preference Shares and timing thereof, deciding on the form and amount of escrow, extinguishing dematerialised shares and destroying physical share certificates and providing all such information and confirmations, as may be necessary for the implementation of the Buyback, without requiring to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution”.

By Order of the Board
(Sd.) R.Muthukumar
Company Secretary

Place : Coimbatore

Date : 06.12.2017

Notes:

1. The statement pursuant to Section 102(1) of the Act stating all material facts and the reasons thereof for the proposal is annexed herewith.
2. The Postal Ballot Notice is being sent to the Members whose names appear on the Register of Members/List of Beneficial Owners as received from the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on Friday, 15th December, 2017. The Postal Ballot Notice is being sent to Members who have registered their email IDs for receipt of documents in electronic form to their email addresses registered with their Depository Participants (in case of electronic shareholding) / the Company's Registrar and Transfer Agent (in case of physical shareholding). For Members whose email IDs are not registered, physical copies of the Postal Ballot Notice along with Postal Ballot Form are being sent by permitted mode along with a postage prepaid self-addressed Business Reply Envelope.
3. Members whose names appear on the Register of Members/List of Beneficial Owners as on Friday, 15th December, 2017 will be considered for the purpose of voting.
4. Resolutions passed by the Members through Postal Ballot are deemed to have been passed as if they have been passed at a General Meeting of the Members.
5. The Members can opt for only one mode of voting, i.e., either by Postal Ballot or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through Postal Ballot Form will be treated as invalid.
6. Members who have received Postal Ballot Notice by email and who wish to vote through Postal Ballot Form and in case a Member is desirous of obtaining a duplicate Postal Ballot Form, he or she may send an email to info@skdc-consultants.com. The Registrar and Transfer Agent / Company shall forward the same along with postage prepaid self-addressed Business Reply Envelope to the Member.
7. In compliance with Section 110 of the Companies Act, 2013 and the Rules made there under, the Company has provided the facility to the Members to exercise their votes electronically and vote on all the resolutions through the e-voting facility provided by NSDL. The instructions for e-voting are annexed to this Notice.
8. A Member cannot exercise his/her vote by proxy on Postal Ballot.
9. Members desiring to exercise their vote by Postal Ballot are requested to carefully read the instructions printed in the Postal Ballot Notice and Form and return the form duly completed and signed, in the enclosed self-addressed Business Reply Envelope to the Scrutinizer, so that it reaches the Scrutinizer not later than close of working hours (5:00 PM) on Saturday, 20th January, 2018. The postage will be borne by the Company. However, envelopes containing Postal Ballots, if sent by courier or registered / speed post at the expense of the Members will also be accepted. If any Postal Ballot is received after close of working hours (5:00 PM) on Saturday, 20th January, 2018, it will be considered that no reply has been received from the Member.
10. The Scrutinizer will submit a Scrutinizer's Report to the Chairman of the Company. The Chairman shall declare the results of the voting forthwith. The results declared along with the Scrutinizer's Report shall be available on the Company's website www.lakshmiautomatic.com and on the website of NSDL, and communicated to BSE Ltd immediately after the Chairman declares the result.

11. The resolution shall be deemed to have been passed on the last date specified by the Company for receipt of duly completed Postal Ballot Forms or e-voting.
12. The material documents, if any, referred to in the Explanatory Statement will be available for inspection at the Registered Office of the Company during 9.00 A.M. to 5.00 P.M. on all working days from the date of dispatch of the Notice till Saturday, 20th January, 2018.

Voting through electronic means (e-voting)

In compliance with Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company is pleased to provide e-voting facility to all its Members, to enable them to cast their votes electronically instead of dispatching the Postal Ballot Form by post. The Company has engaged the services of NSDL for the purpose of providing e-voting facility to all its Members.

- a) Date and time of commencement of voting through electronic means: 22nd December, 2017 at 9.00 A.M.
- b) Date and time of end of voting through electronic means beyond which voting will not be allowed: 20th January, 2018 at 5.00 P.M.
- c) Details of Website : www.evoting.nsdl.com
- d) Details of persons to be contacted for issues relating to e-voting:

S.K.D.C. Consultants Ltd, Kanapathy Towers, 3rd Floor,
1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006.
Telephone No. +91-422-4958995, 2539835, 2539836
Fax: +91-422-2539837
Email Id: info@skdc-consultants.com
Website: www.skdc-consultants.com

The Remote e-voting module shall be disabled for voting on 20th January, 2018 at 5.00 P.M. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. The voting right of shareholders shall be in proportion to their shares in the paid up equity share capital of the Company as on 15th December, 2017 (cut-off date).

- I. The process and manner for remote e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)] :

- (i) Open email and open PDF file viz; "LALW-Postal Ballot e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder - Login
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note the new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- (vii) Select "EVEN" of "LAKSHMI AUTOMATIC LOOM WORKS LIMITED".
- (viii) Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to bkcacbe@gmail.com with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Postal Ballot Notice [for members whose email IDs are not registered with the Company / Depository Participant(s) or requesting physical copy] :

(i) Initial password is provided as below/at the bottom of the Postal Ballot Form.

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD
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(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free No.:1800-222-990.

III. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

IV. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on www.evoting.nsdl.com or contact NSDL at the following toll free No.: 1800-222-990.

Annexure to Notice

Explanatory Statement pursuant to Sections 102 and 2(65) of the Companies Act, 2013

The Company issued unlisted 8,50,000 - 6% Cumulative Redeemable Preference Shares of ₹ 100/- each and as per the terms of issue, they are redeemable in a single instalment on 24.02.2020. The Company is having a substantial amount of accumulated carried forward previous years losses and is unable to create the necessary Capital Redemption Reserve for ultimate redemption of the Preference Shares. The Company therefore in order to provide relief to the Preference Shareholders, in the first tranche has bought back 2,50,000 unlisted fully paid up - 6% Cumulative Redeemable Preference Shares of ₹ 100/- each out of the said unlisted fully paid up 8,50,000- 6% Cumulative Redeemable Preference Shares of ₹ 100/- each on 07.11.2016 by utilizing a portion of the Securities Premium Account in terms of the provisions of Section 68 and all other applicable provisions of the Companies Act, 2013 and the rules framed there under.

In this regard, the Board of Directors of the Company at its meeting held on December 6th, 2017 have approved the buy-back of further 2,00,000 unlisted fully paid up - 6% Cumulative Redeemable Preference Shares of ₹ 100/- each of the Company at face value subject to the approval of the members, as is permissible in accordance with the provisions contained in Article 61 of the Articles of Association of the Company and in accordance with the provisions of Sections 68, 69, 70 and all other applicable provisions of the Companies Act, 2013. The Board also approved obtaining of the shareholders' approval by way of Postal Ballot / e-voting for the buy-back of 2,00,000 unlisted fully paid up - 6% Cumulative Redeemable Preference Shares of ₹ 100/- each, upto an amount not exceeding in the aggregate of 25% of the paid-up Capital and Free Reserves (including Securities Premium and Capital Redemption Reserve) of the Company.

The subscribed and paid-up Capital of the Company as on September 30, 2017 (the date of the latest unaudited accounts subjected to Limited Review by the Auditors of the Company) comprises of 61,03,988 Equity Shares of ₹ 10/- each and 6,00,000 - 6% Cumulative Redeemable Preference Shares of ₹ 100/- each aggregating to ₹ 1210.40 lakhs and Securities Premium of ₹ 207.92 Lakhs and Capital Redemption Reserve of ₹ 250 Lakhs. The aggregate of the paid-up Capital and Free Reserves (including Securities Premium and Capital Redemption Reserve) of the Company (deducting carried forward previous years losses as on September 30, 2017 amounting to ₹ 651.15 lakhs) is ₹ 1017.17 lakhs and under the provisions of the Act, the funds deployed for buy-back shall be less than 25% of the aggregate of the paid-up Capital and Free Reserves of the Company. The amount to be utilized in the present buy-back is ₹ 200 lakhs only. The funds required for the buy-back will be sourced internally. The number of unlisted fully paid up 6% Cumulative Redeemable Preference Shares of ₹ 100/- each proposed to be bought back shall not be more than 2,00,000 shares.

The proposed resolution seeks to authorize the Board to buy back 2,00,000 unlisted fully paid up - 6% Cumulative Redeemable Preference Shares of ₹ 100/- each at face value within the limits aforesaid. The amounts required for the buy-back will be drawn out of the Securities Premium Account. The Company's favourable liquidity position also permits the buy-back. As required under the Companies Act, 2013 the ratio of the debt owed by the Company after buy-back would not be more than twice the paid-up Capital and its Free Reserves. The Debt Equity Ratio as on September 30, 2017 was 0.11.

The Promoter Company in which three of the Directors of the Company and their Relatives are interested, holds 3,00,000 - 6% Cumulative Redeemable Preference Shares of ₹ 100/- each and does not intend offering its shares for buy-back.

The Company in which three of the Directors of the Company and their Relatives are interested, holds 50,000 - 6% Cumulative Redeemable Preference Shares of ₹ 100/- each and also does not intend offering its shares for buy-back.

The aggregate Equity Shareholding of the Promoters and of the Directors and where the Promoter is a Company and of the persons who are in control of the Company (collectively referred to herein after as 'the Promoters') as on the date hereof is 16,11,771 Equity Shares constituting 26.41 % of the paid-up Equity Share Capital of the Company.

The Promoter(s) had purchased 2750 Equity Shares during the period of six months preceding the date of the Board Meeting approving the buy-back as per the relevant details given below:

Maximum Price of Purchase : ₹ 41.00 on 01.08.2017

Minimum Price of Purchase : ₹ 24.00 on 21.06.2017

As per the provisions of the Act, the Special Resolution passed by the Shareholders approving the buy-back will be valid for a maximum period of twelve months from the date of passing of the said Special Resolution. The time frame for buy-back will be determined by the board within this validity period.

As per the provisions of the Act, the Company will not be allowed to issue fresh Preference Shares or other Securities within the period of six months after the completion of the buy-back except by way of issue of Bonus Shares, Stock Option Schemes, Sweat Equity or Conversion of Preference Shares or Debentures into Equity Shares.

The Company confirms that there are no defaults subsisting in the repayment of Deposits or interest thereon, redemption of Debentures or Preference Shares or repayment of Dividend to any Shareholders or repayment of any Term Loans to any Financial Institutions or Banking Company.

The Board of Directors hereby confirms that it has made a full enquiry into the affairs and prospects of the Company and has formed an opinion -

- that immediately following the date on which the Postal Ballot Resolution for Buyback of shares is passed, there will be no grounds on which the Company could be found unable to pay its debts.
- that as regards the Company's prospects for the year immediately following that date, and having regard to the board's intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will, in the board's view, be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and the Company will not be rendered insolvent within a period of one year from that date; and
- the board confirms further that in forming an opinion as aforesaid, the board has taken into account the liabilities (including prospective and contingent liabilities) as if the Company were being wound up under the provisions of the Companies Act, 2013.

The Report dated 06.12.2017 received from M/s. Subbachar & Srinivasan, Chartered Accountants, the Statutory Auditors of the Company, addressed to the Board of Directors of the Company is reproduced below:

To

The Board of Directors
Lakshmi Automatic Loom Works Ltd
686, Avanashi Road
Coimbatore - 641 037

Dear Sirs,

"In connection with the proposed buy-back of unlisted fully paid-up 2,00,000 - 6% Cumulative Redeemable Preference Shares of ₹ 100/- each approved by the Board of Directors of the Company at its meeting held on December 6th, 2017, in pursuance of the provisions of Sections 68, 69 and 70 of the Companies Act, 2013 based on the information and explanations given to us, we report that:

1. We have inquired into the state of affairs of the Company in relation to its unaudited accounts for the half year ended September 30, 2017, which were taken on record by the Board of Directors in the meeting held on 06.12.2017.
2. The Board of Directors has proposed to buy-back the Company's unlisted fully paid-up 2,00,000 - 6% Cumulative Redeemable Preference Shares of ₹ 100/- each to the extent of ₹ 200 lakhs at a price not exceeding ₹ 100/- per share. The amount of permissible capital payment towards Buy-back of 6% Cumulative Redeemable Preference Shares of ₹ 100/- each as computed below, has been properly determined in accordance with Section 68, 69 and 70 of the Companies Act, 2013:

Particulars	Amount (₹ in lakhs)
Paid-up Equity Share Capital as at September 30, 2017	610.40
6% Cumulative Redeemable Preference Shares of ₹ 100/- each as at September 30, 2017	600.00
Securities Premium Account	207.92
Capital Redemption Reserve	250.00
Total	1668.32
Less: Carried forward previous years losses	651.15
Total paid-up capital and free reserves	1017.17
Maximum amount permissible for the buy-back i.e. 25% of total paid-up capital and free reserves	254.29

3. The Board of Directors at their meeting held on December 6th, 2017 have formed the opinion on reasonable grounds and that the Company will not having regard to its state of affairs, be rendered insolvent within a period of one year from the date of passing of this resolution in case of a buy-back upto 25% of its paid-up capital and free reserves of the Company as per the approval to be granted by way of a share holders resolution under Section 68 of the Companies Act, 2013 by the Members through Postal Ballot / e-voting.
4. This Certificate has been prepared for and only for the Company and is in reference to the proposed buy-back of unlisted fully paid-up 2,00,000 - 6% Cumulative Redeemable Preference Shares of ₹ 100/- each approved by the Board of Directors of the Company at its meeting held on December 6th, 2017, in pursuance of the provisions of Section 68, 69 and 70 of the Companies Act, 2013 and for no other purpose. We do not accept or assume any liability for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing”.

For Subbachar & Srinivasan
Chartered Accountants
(Firm Regn. No.004083S)
(Sd.) T.S.V.Rajagopal
Partner
(Membership No.200380)

Place : Coimbatore
Date : 06.12.2017

All the material documents referred to in the Explanatory Statement such as the Memorandum and Articles of Association, relevant board resolutions for buy-back of shares, the Auditors' Report dated 06.12.2017 and unaudited accounts subjected to Limited Review by the Auditors of the Company for the half year ended 30th September 2017 are available for inspection by Members at the Registered Office of the Company during 9.00 AM to 5.00 PM on all working days upto 20th January 2018.

The Preference Shares buy-back proposal is expected to reduce the burden of redemption and reiterate the confidence of management in future growth prospects of the Company. The proposed buy-back is also expected to lead to the following benefits:

- Reduction in the outstanding number of Preference Shares, and consequently, an increase in Earnings Per Share (EPS);
- Improvement in Return on Net Worth and other financial ratios;
- Positive impact on the Company's stock price, contributing to maximization of overall equity shareholder value.

The Directors and Key Managerial Personnel of the Company may be deemed to be concerned or interested in the aforesaid resolution to the extent of the shares, if any, held by them in the Company. Except as aforesaid, none of the Directors and Key Managerial Personnel is in any way concerned or interested, directly or indirectly, in the aforesaid resolution.

Accordingly, the Directors recommend the passing of the above Special Resolution as set out in the Notice. Your approval is sought by voting through Postal Ballot in terms of the provisions of Section 2 (65) of the Companies Act, 2013 read with the provisions of the Companies (Management and Administration) Rules, 2014.

Place : Coimbatore
Date : 06.12.2017

By Order of the Board
(Sd.) R.Muthukumar
Company Secretary