**LMW®**

**LAKSHMI MACHINE WORKS LIMITED**

Our Ref: Sec/ BSE-Vol 7/2022
Date: 29.06.2022

BSE Limited
Listing Department
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, C-1, Block-G,
Bandra Kurla Complex Bandra(E)
Mumbai - 400 051.

Dear Sirs,

Sub: Annual Report for the year 2021-22.

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Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we attach herewith a copy of the Annual Report of the Company for the year 2021-22 for your records.

Thanking you,

Yours faithfully,

**For LAKSHMI MACHINE WORKS LIMITED**

CR Kumaran

**C R SHIVKUMARAN**
**COMPANY SECRETARY**

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**REGISTERED OFFICE :** Perianaickenpalayam, Coimbatore - 641 020, India. Website : www.lakshmimach.com
GSTIN : 33AAACL5244N1ZF CIN - L29269TZ1962PLC000463

# LAKSHMI MACHINE WORKS LIMITED

ANNUAL REPORT 2021-22

# Contents



# Opportunities are never lost.

Someone will always take it.

The adage holds for every enterprise.

So, when prospects multiply, and competition is hot on the heels, every business's business is to speed up.

Despite the second wave of pandemic, the Indian economy experienced an upswing, with all the sectors seeing a rebound. Order inflows increased substantially as Capex plans were deliberated and decided upon.

At LMW, as the order book grew with each passing month, it brought with it a responsibility to rise to the occasion and deliver.

We built on our strengths.

We delved deep into our knowledge pool, bonded better as a team and ensured that every minute was prudently utilised.

We focused on working smarter, sweating our resources harder and increasing our throughput.

We endeavoured to deliver faster.

In a nutshell,

# We adapted with Purpose

# The Corporate

Founded on the basis of 'Make in India' premise, Lakshmi Machine Works Limited (LMW), over the last six decades, has focused primarily on strengthening the competitive edge of Indian textile mills.

Platformed on its engineering proficiency, LMW has created synergic business verticals, with the objective of making India globally competitive.

Known for its strong foundation and firm poise in sailing through economic and sectoral headwinds, LMW is respected as a leading wealth creator for its shareholders.

| | |
|---|---|
| Foundry Division (FDY) | Making precision castings for global brands world over. |
| Textile Machinery Division (TMD) | One of the only few manufacturers of the entire range of textile spinning machinery globally. |
| Machine Tool Division (MTD) | A brand leader in developing and delivering customised machining solutions. |
| Advanced Technology Centre (ATC) | Manufactures aerospace components and assemblies for global players in the sector. |

## 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 and manufacturing excellence that is responsive to dynamic marketing needs.

## Values

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

# Who would have expected a fiscal that started on a dismal note to almost suddenly spike and leave everyone inundated with opportunities.

The year started with an even more exacting fight to deal with and overcome the highly contagious and increasingly fatal second wave of the pandemic. Lives assumed priority over livelihood.

When it was almost certain that this fiscal would replicate the previous one and it would be a fight for survival, a resilient India fought back and flattened the pandemic curve with disciplined determination.

In almost no time, India Inc. was back in business.

## Foundry Division

# Solid backend made more robust

When our key customers (Textile Machinery Division and Machine Tool Division) felt the warmth of flowing orders, they turned to us for the way forward. For the ability to deliver with speed to clients depended a lot upon our speed to deliver to them – our castings formed the heart of their machines.

This transpired even as the team was just recovering from the aftermath of second wave of the pandemic. But when the demand arose, the team was up to the ask. To up efficiencies. To raise productivity. To deliver as demanded.

This is what the team did.

One, we worked closely with our customers to understand their deliveries and drew up our schedules to meet their timelines.

Two, we initiated digitisation of our key time-consuming processes. We increasingly automated processes to reduce time and to improve end-product quality and productivity.

Three, we widened our vendor base to ensure that production continued seamlessly despite the prevailing global supply-chain issues.

Four, we reassessed our capabilities, identified areas where we need to enhance our expertise and initiated the journey accordingly.

Five, we redeployed our assets and resources judiciously which increased the average monthly output a few notches.

These efforts worked well.

Even as we delivered higher volumes to our in-house customers, we were able to widen our sectoral presence externally. In doing so, we widened our opportunity canvas.

Textile Machinery Division

# Made it spin a higher output

The pendulum swung both ways in a matter of weeks. From throttling business operations owing to the second wave of the pandemic to a surge in orders just as a resilient India was flattening the curve.

The pace picked up. And almost suddenly, the order inflow increased. The tide for the textile industry had almost suddenly changed. Before we realised, our order book was up to the brim. The onus was on us... on how fast we enabled our clients to capitalise on their opportunities.

We increased the flow of components to the assembly floor. For critical components, we augmented internal capacity through de-bottlenecking and value-engineering.

We leveraged our decades-old relations with suppliers to secure higher allocation. We made sure that our assembly operations carried on uninterrupted.

We got more hands on the deck. We put them through an intense training curriculum to make them shopfloor ready.

We continued to intensify our efforts in improving efficiency and productivity at our manufacturing and assembly unit by adoption of TQM principles.

We strengthened our services team to speed up installation of machines at the customer's shopfloor.

These efforts helped in growing business and the pipeline.

Both our machine despatches and order book grew during the year.

## Machine Tool Division

# Right tools at the right place

Notwithstanding the second wave of the pandemic, our key customer, the automotive sector, registered a healthy growth in the first half of the fiscal. The team poured in its thoughts on new investments as pessimism gave way to enthusiasm, almost suddenly.

Nobody could envision – leave alone be prepared for this sudden transition. Having felt the winds of change, we were fast on the uptick – in reading the trend and making suitable improvements with speed to maximise the opportunity.

We created a unique lead generation and management system that enabled our sales team to focus on their tasks with more clarity.

We were in business as orders trickled in and then flowed.

Next, we needed to step up our operations and deliver. We intensified our efforts on improving shopfloor efficiency. We undertook multiple improvement projects across our manufacturing and assembly sections, which upped productivity. We tweaked processes to save time. We introduced small automation solutions across our shopfloors to reduce operator fatigue.

We developed and institutionalised the Dynamic Buffer Management System within our operations and that of our key vendors. This unique system provided two invaluable advantages, it ensured that we seldom ran out of components and we were also able to deliver machines faster than most others in our business space.

Understanding that machine delivery was only the start to a multi-decadal relation, we intensified our service commitment to a level unfathomed by customers - we shrunk our reach time to any customer call.

These daunting initiatives and meticulous efforts worked well.

So, when the automotive sector took a breather in second half of the fiscal, our growing non-auto sector penetration continued to keep us on our toes.

Advanced Technology Centre

# ‘Make in India’ strengthened

Positioning India as a globally respected engineering player has been our ethos, when we commenced operations more than five decades ago. It continues to kindle our hearts and fuel our minds. With this objective, we stepped into this niche space.

While we understand that the journey to our ambition will take some doing, we made a heartening start. When the demand ebbed owing to the pandemic-related restriction and global supply-chain disruption, we focused on enhancing our capabilities and expertise to be the first to rise when the tide turned favourable.

We introduced the operational best-practices prevalent in our other divisions to our shopfloor – it improved the entire operational life-cycle.

We brought all our functional processes on a single ERP platform. It helped in better monitoring and superior analysis.

We increased the utilisation of our metalics and our composite units alike – taking challenging assignment that tested our man-machine skill and capability.

We focused on increasing the share of value-added components in our sales mix. For this, we selectively identified new opportunity spaces and added relevant customers; we also consolidated our presence with some others.

These endeavours helped in strengthening our foothold in the global and domestic aerospace segment. But importantly, we moved a few steps closer to our ambition of placing India on the global aerospace map.

# From the Chairman's Desk

At LMW, we have pledged to do our bit towards making ourselves and our customers sustainable. With this objective, we consider sustainability as an all-encompassing platform while designing and manufacturing our products.

*Dear Shareholders,*

The Indian economy saw a sudden change in fortunes during the financial year 2021-22 (FY 22). The second wave of the pandemic active during the first quarter of the year, receded thereafter leading to a swift and sharp recovery in economic activity. All of this meant the prevalence of a volatile business scenario during most parts of the financial year. It was during this period that LMW was able to register a healthy growth in performance. Growth came from all major business divisions of the Company reflecting Team LMW's resolve and determination to meet customer expectations despite adverse conditions. Such efforts brought LMW closer to the customer and, in turn, strengthened customers' confidence in brand LMW.

**Sustainability – our driving force**

During FY22 LMW had the opportunity to interact with customers across the spectrum more incisively. An important realisation from this exercise has been that the Company's customers are increasingly migrating towards adopting sustainable practices in their respective businesses.

We realise that sustainability principles and practices must first flow unfettered across LMW's value chain before our customer's business can become truly sustainable. While we internally have an ecosystem that appreciates and practices the concept of sustainability in industry, in the year ahead, we intend to strengthen it further. For example, we view our end products from the perspective of the components that make them. Factors such as the ability to recycle or reuse and energy efficiency, among others, are reckoned with at the initial product design stage itself. While LMW's manufacturing processes incorporate the best environmental practices, the Company chooses to instil the same consciousness in its vendors and other business partners.

It would be the Company's ultimate goal to be recognised and respected as a responsible enterprise – in the way LMW produces its products and in the way its products operate at the customer's place.


This might appear to be a lofty idea, but this is a journey which we have embarked upon, which, in my view, is the only way we will sustain our success and create lasting value for all our stakeholders who have affirmed their trust in us.

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**Looking beyond**

Our future business prospects look comfortable as we see good traction for our products and solutions. Our focus going forward would be on making our products more innovative and efficient and our customers' business increasingly sustainable.

Additionally, we will continue to ideate new ways to leverage digital technology to increase our relevance to the customer.

While the road ahead is arduous, I am confident that we have the experience and the expertise to reach the end goal.

**Acknowledgement**

I thank the Board for their continued support and guidance in steering the Company on its journey ahead. I extend my wholehearted congratulations to the entire team at LMW for their untiring efforts in raising the organisation to global heights. Your passion inspires me to think beyond the box and instils the belief that our vision will, sooner than later, transform into on-ground realities.

My deep appreciation to all our Shareholders for their continued support. I also extend my gratitude to all our other stakeholders - vendors, customers, bankers and government authorities - for their steadfast support and assistance.

I am confident that we will continue to work diligently towards achieving sustainable growth in the years to come.

Regards

**Sanjay Jayavarthanavelu**
*Chairman & Managing Director*

# Management discussion and analysis

## An economic overview

**World economy:**

The global economy revived handsomely to register a 6.1% growth in 2021 against a contraction of 3.1% in 2020. This growth was driven by strong consumer spending and some uptake in investment, with trade in goods surpassing pre-pandemic levels — it marked the highest growth in more than four decades.

The uptick was supported by multiple factors that included amongst others extension of additional fiscal support in few large economies.

**Outlook:** At the time when things were looking stable and the global economy was treading a recovery path after a short-lived impact of the Omicron variant, the outlook deteriorated, largely because of the geo-political development in Eastern Europe and the related economic sanctions being put in place.

The war will severely set back the global recovery. Elevated inflation is expected to persist for quite some time, with ongoing supply chain disruptions and high energy prices continuing in 2022. The IMF projects global growth at 3.6% in 2022 and 2023.

**India economy:**

FY 22 was a year when India resurged with all its force to report one of the best GDP growth numbers in the last decade. India's gross domestic product (GDP) is estimated to grow at 8.9% in 2021-22 (instead of 9.2% estimated earlier).

Gross Value-Added (GVA) in the economy is expected to grow by 8.3% this financial year, from a 4.8% contraction in 2020-21, as per the National Statistical Office. Barring the contact-intensive segment, all sectors are expected to surpass pre-pandemic GVA levels this year.

As per the Economic Survey, India's industrial sector, which was marred by disruptions due to the Covid-19 pandemic, is likely to record a growth of 11.8% in 2021-22, the services sector by 8.2% while the agriculture sector by 3.9%.

The Centre's gross tax revenue for FY 22 exceeded the budget estimate by almost ₹5 Lakh Crore, adding up to ₹27.07 Lakh Crore for the year against an estimated ₹22.17 Lakh Crore. The sharp rise in the collections lifted the tax-GDP ratio to the highest ever 11.7%.

Ratings agency Moody's has changed India's sovereign rating outlook to "Stable" from "Negative" and affirmed the country's rating at "Baa3".

**Outlook:** The Reserve Bank of India (RBI) has projected India's gross domestic product (GDP) growth at 7.2% for 2022-23 from its earlier guidance of 7.8%. This revision is based on the assumption of crude at US$100 per barrel and CPI inflation at 5.7% for FY 23 compared with 4.5% in FY 22.

Business division 1

# Foundry Division

4,258

Castings sold (Tonnes)

7,769.05

Revenue (₹ Lakhs)

While LMW is known as one of India's leading capital goods manufacturers, the reality is that LMW first commenced business operations with manufacture of castings.

Over the decades, the Company's foundry division has emerged as an essential backbone for its machine-manufacturing operations, supplying complex, high-quality castings to its Textile Machinery Division (TMD) and Machine Tool Division (MTD).

It has also earned the reputation for developing intricate castings used by global OEMs in critical applications across diverse sectors, namely locomotives, pumps and valves, power and energy, machine tools and compressors. The division's castings are now exported to key markets in North America, Europe and Asia.

Over the years, the division has invested in cutting-edge technology, which has allowed it to strike a fine balance between improved productivity and environmental protection. In doing so, the division ensures that the business is profitable and sustainable over the long term.

### FY 22: in retrospect

The performance of the foundry division was surreal. Orders brimmed as the team worked passionately to ensure timely delivery while matching product quality. On one hand, supplies to TMD and MTD divisions increased considerably. On the other, global customer demand grew in tandem as the global economy unshackled itself from the grip of the pandemic. Even as supplies (to internal and external customers) surged significantly over the previous year, the division ended the year with a healthy order book to ensure that the Foundry sustains well into the current year (FY 23).

### Making the business stronger

The team has worked with disciplined determination to strengthen the pillars of the division with the objective of taking the business to a higher level.

**Diversity:** This has been the key mantra for the team, for it promises to widen sectoral presence and cushion the division's performance from a drop in business opportunities from a particular sector.

As the first step in this direction, the team focused on strengthening its presence in the locomotive sector, which is expected to register a healthy uptick due to the significant investment in multiple Metro Rail projects across Indian cities and towns.

In addition, the team focused on establishing its presence in two new sectors – renewable energy and compressors, apart from enhancing the focus on the power sector which is expected to grow substantially. It received initial export orders from clients in both verticals.

**Environment Protection:** While the team worked fervently to optimise operating costs, the bigger focus was on adopting measures that promoted green manufacturing. Overall energy consumption was reduced through process efficiency. The team worked on upgrading the furnace, which assisted in reducing the specific energy consumption per tonne of output.

The team also focused on managing water consumption. The division invested in water harvesting pits and also sought to eliminate leakages. They improved the cooling tower efficiency and increased the utilisation of treated water.

### Prospects for our business space

Castings are a critical part of the engineering sector and an essential component of the Indian economy. They come in complex shapes, some intended for further processing while others are moulded into complex geometries closer to the final part.

India's foundry sector develops castings for diverse applications, which places the country high in the global pecking order.

Foundries in India are primarily clustered proximate to the sector they serve. They generally specialise in casting required by those specific end-use markets. The industry is highly labour-intensive employing around 5 Lakh people directly and 15 Lakh indirectly.

The prospects for the foundry sector appear promising as India continues to focus on investing in world-class infrastructure and manufacturing facilities to become self-reliant in castings. Industries that require castings are expected to achieve sizeable growth over the coming years.

**Automotive sector:** India is expected to be the world's third-largest automotive market by 2026.

**Public transport:** According to the Ministry of State for Housing and Urban Affairs, about 34 Metro Rail projects are at various stages of progress in the country.

The Ministry has also received proposals for another 16 Metro Rail projects from various States and Union Territories, which are in different stages of appraisal and approval.

**Renewable energy:** India's capacity to generate electricity from wind reached 39.2 gigawatts (GW) in March 2022. An addition of another 20 GW over the next five years is in the offing, according to Global Wind Energy Council (GWEC).

**Petroleum & petrochemical products**: Indian oil majors are making considerable investments to increase their refining and distribution infrastructure to capitalise on the growing demand for fuels.

This augurs well for the pumps and valves sector and hence for the foundry space.

**Defence:** The Government intends to develop an indigenous defence industry. The Ministry of Defence has released the Defence Production and Export Promotion Policy 2020, a guiding document to facilitate the Government's "Atmanirbhar Bharat" initiative. The policy aims to generate revenue worth ₹1,75,000 Crores, including ₹35,000 Crores in the aerospace/defence products and services space by 2025. This has created an environment for the development and manufacture of indigenous components and sub-assemblies.

### Plans for the current year

The division has drawn up a comprehensive plan for the current year that promises to strengthen the business while expanding its opportunities.

**Diversity:** The team plans to leverage its expertise in the domestic pumps & valves space to expand globally. It is also keen on widening its presence in the Power and Energy space by adding more customers to its existing base. In addition, the team will continue to solidify its presence in the locomotive, wind energy and compressor verticals.

**Digitisation:** Touted as the future way of living and working, the team will deploy its energies towards digitising its shopfloor processes by leveraging the Industry 4.0 working principles and methodology. This will be a 2-3 year blueprint. Once executed, it would allow the division to stand out in the otherwise cluttered foundry sector.

**Environment:** Having secured and sustained its Greenco Gold Certification for two consecutive years, the team has set its eyes on securing the next level certification, continuing to carry the flag for environmental sustainability.

As per the Institute of Indian Foundrymen, the domestic foundry industry is aiming to double its market size in the next 5-7 years to US$32 billion with an expected annual production capacity of 21 million tonnes.

Business division 2

# Textile Machinery Division

2,839
Machines sold

2,20,898.96
Revenue (₹ Lakhs)

Born out of the Make in India and Atmanirbhar Bharat ideology more than six decades ago, the textile machinery division stands out as a global unit that plays a pivotal role in placing India on the global textile map.

The Company has evolved into one of the very few manufacturers of the entire range of spinning solutions for textile companies globally.

This business segment operates on the single phrase 'customer centricity'. This culture has transformed into the DNA of the business. It has positioned LMW as one of the leading manufacturers of Textile Spinning Machinery globally, with a healthy presence across geographies.

The customer-centric business model reflected in the ever-expanding basket of value-added services. The services basket includes handholding the client's shopfloor team post-installation, installed machine monitoring and audit, and providing spares and accessories for maximising machine uptime.

The Company services its international customers through a network of offices in each geography of its presence.

**FY 22: in retrospect**

FY 22 was quite an unusual year. Even as the division was readying for a resurgence in business, the second wave of the pandemic threw a spanner in the team's energy as the lockdown tethered business operations and machine deliveries.

As the intensity of the pandemic dissipated, there was a sudden spike in business volumes which continued to surge as time progressed. Initially, the orders were mainly for single machines, which over the months transformed into orders for entire projects.

Export volumes also surged with other global textile hubs rushing in to capitalise on the emerging geopolitical opportunities.

Even as the team worked relentlessly to deliver machines faster, the division ended the year with a healthy order book.

### Making the business stronger

The division strengthened its human capital during the year. Skill sets of the existing employees were upgraded, while the new entrants were trained on the systems and processes of the Company and the division. The division continued to strengthen the team's alignment with the TQM principles across the division to up the product and service quality to customers.

The team continued to deploy optimal automation solutions in its manufacturing and assembly operations to improve productivity and reduce operation fatigue.

In the export space, the team worked on strengthening its position in existing markets and secured numerous projects for supplying the entire array of textile spinning machinery.

Owing to the significant rise in input and logistics costs consequent to geopolitical issues, the division took adequate measures to safeguard the interests of the Company.

The R&D team continued to work on new techniques to design and develop superior products that enhance the value proposition to its customers. The team adopted a novel approach that breaks the designing process into multiple phases.This enables faster development of prototype(s).

### Prospects for our business space

**The textile industry:** The textile industry recovered smartly, overcoming the pandemic-related challenges quite well. After a few years of sluggishness, the sector saw a fortunes turnaround. Domestic and international demand remained buoyant throughout the year in almost every segment of the textile value chain.

The recent geopolitical developments that directly impact the Textile Industry have resulted in a growing demand for all textile manufacturing hubs worldwide.

Credible sources suggest that in India, domestic spinning mills continue to add to the nation's spindles in operation to meet growing demand. This trend is expected to continue in the current year.

During the year under review, cotton prices were a dampener for the textile industry as cotton prices continued to move northward through the year's first nine months. While most of this price rise was passed on to the consumers, the sudden spike in raw cotton prices in the last quarter of FY22 impacted textile companies as the price rise could not be passed through – it impacted their profitability margins.

**Going forward:** A report by CII-Kearney has highlighted segments within the textile value chain where there is considerable potential to grow.

**Fabrics:** By positioning India as a regional fabric hub, starting with cotton wovens and extending to other sub-categories, exports could jump by an estimated US$ 4 billion.

**Home textiles:** By building on existing strengths, India could expand its global customer base and target an increase of US$ 4 billion.

**MMF:** On manmade fibre (MMF) and yarn, a US$ 2.5-$3 billion jump is expected with a focus on gaining a share in MMF products.

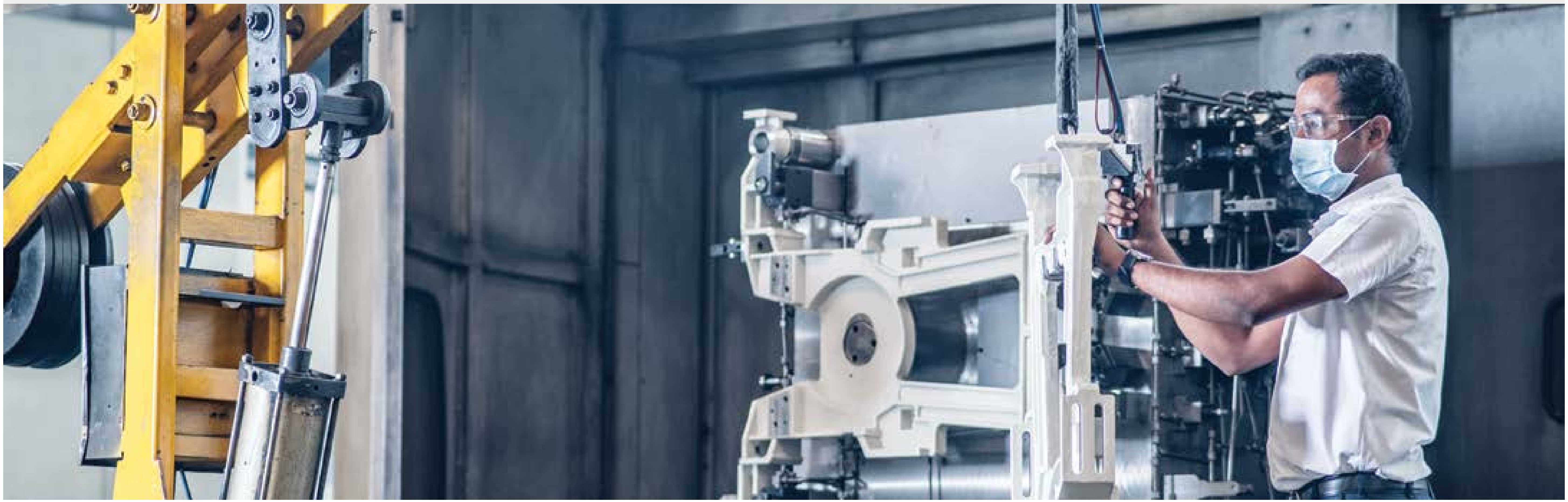
**Technical textiles:** This sub-segment could see a jump of about US$ 2 billion by strengthening capabilities in sub-segments aligned to domestic demand growth.

The Niti Ayog has started to assess its textile and apparel sector policies to encourage the adoption of manmade fibre that can meet domestic and global demand. The focus would be to develop new business models, markets, products and technological advancements.

To support the textile industry's efforts to capitalise on global opportunities, the Government has approved the Production Linked Incentive (PLI) scheme for textiles, with an outlay of ₹10,683 Crores for five years to attract investment in the MMF sector and technical textiles.

**Cotton season:** The cotton crop production estimate for the 2021-22 season (beginning 1st October 2021) was lowered by 2.33% from 335.13 Lakh bales (of 170 kg each) from its previous estimate of 343.13 Lakh bales.

Cotton supply for the 2021-22 season is estimated at 343.68 Lakh bales. It consisted of 262.68 Lakh bales of cotton arrivals, import of 6 Lakh bales, and the opening stock estimated at 75 Lakh bales at the beginning of the season.



**Plan for the current year**

As the division ends the year with a healthy order book position, the operations team will dedicate its energy to deliver machines quickly which will enable customers to capitalise on opportunities across the textile value chain.

On the exports front, the team will strengthen its efforts to widen its global reach. The team will also focus on strategic orders, which will help sustain business volumes over the medium term.

The R&D has a robust project pipeline, which will enable the division to widen its product basket to suit a more expansive customer universe.

Factors likely to favour Indian Exporters:

- Emerging geo-political opportunities
- Active government support

Business division 3

# Machine Tool Division

3,274
Machines sold

69,092.17
Revenue (₹ Lakhs)

**LMW,** over its decades-long journey in this business space, has imprinted a recall in the minds of customers as a supplier of high-precision machinery. Its formidable product portfolio comprising of lathes, turning centres and machining centres finds installation on the shop floor of enterprises, small and large, in diverse sectors like automobile, auto-ancillaries and general engineering.

The Company continues to upgrade its machines with technology-based features, which has enhanced the value proposition for its customers and cemented its position in this competitive business space.

### FY 22: in retrospect

FY 22 showcased India's resilience to flatten the second pandemic wave in less than a couple of months. While business remained subdued during the initial months of the financial year, the rebound was sharp owing to the pent-up demand in user sectors.

The automotive sector provided healthy business in the first half of the fiscal but slowed a little in the second half. The Company's prudent de-risking strategy of diversifying its presence among multiple non-auto customers paid rich dividends as business inflow for LMW remained steady. As a result, the division ended the year with respectable growth in financials.

### Making the business stronger

The team implemented numerous initiatives during the year to make the business more agile to the external ecosystem.

**Outreach:** The sales function not only focussed on customer interaction and closing deals but also put an incisive focus on lead management pipeline to ensure that all good prospects converted into business opportunities.

**Operations:** The division undertook numerous projects for improving shopfloor productivity and efficiency, and reduce wastage of resources. Investments were made in small automation solutions to reduce operator fatigue, and cutting tools were improved to enhance the quality of the machines' components. The team sharpened its focus on optimising costs to curtail the impact of spiralling input costs on the division's profitability.

**New products:** The division launched new products aligned to customer requirements; hence were well accepted in the market. It launched the J-Series of Machining Centre (designed and built leveraging the modular concept), customisable for multiple sector applications. These products house superior technology and are faster and more accurate than their predecessor. The division also launched the Smart Turn Series, which is more compact. The modular design of these machines allows for interesting customisation enabling this machine to be used for multiple applications – primarily by the bearing industry and for small components.

## The digital drive

LMW launched the J-Series of Machining Centre virtually – the event was live-streamed on the Company's YouTube channel. It experienced overwhelming participation.

**Outreach efforts:** The division intensified its awareness efforts by leveraging print and electronic platforms. The team coined the phrase QDS – Quick Delivery Scheme for machines that could be delivered practically off the shelf or within a week. The team leveraged the social media handles to spread awareness of this initiative, which proved highly effective.

**Services:** Over the years, the division has expanded its services cell to align with the increase in machine offtake. In FY 22, the division made significant additions to its services team, intending to move closer to the customer. It created service zones proximate to new-age industrial hubs across the Indian landmass enabling better response time to a customer's service call.

**Customer connect:** The division created a customer portal through which the customers could place their requests for service, spare parts, queries or machines.

**Widening opportunities:** The division worked fervently to widen its sectoral presence with the objective of de-risking the division. It would also help the Company to maximise the utilisation of its assets. For this, the Company is strengthening its presence in the Middle East nations. The division is also looking to cater to the requirements of the new high-growth sectors, namely farm equipment and aerospace.

### Prospects for our business space

Machine tools are the backbone of the manufacturing sector. The machine tools market in India is expected to grow by US$ 1.90 billion during 2020-24, progressing at a CAGR of nearly 13% during the forecast period.

In addition to the automotive sector, machine tools are used in almost every manufacturing sector, which has only amplified the opportunity base.

**Automotive sector:** According to the Moody Investor Service, among the Asia-Pacific countries, India is set to see the most robust growth in automotive sales in 2022. India, the fourth largest automotive market globally, is set to see an increase of 10% in 2022 on underlying solid demand reflecting the general economic recovery and consumers' preference for personal vehicles over public transportation. In the future, India is expected to be the world's third-largest automotive market in terms of volume by 2026.

**Auto-component sector:** According to ICRA, the Indian auto component industry is expected to clock 8-10% growth in FY23, supported by the easing of supply-chain issues and commodity inflation in the second half of the year. For 2021-22, the industry's revenue growth is pegged at 13-15%, driven by domestic OEM, replacement, export volumes, and pass-through of commodity prices. Over the long term increased demand for vehicles and focus on localisation will translate into healthy growth for auto component suppliers.

**Bearing industry:** In India, the market for industrial bearings has gained an impressive impetus. The Government's initiatives such as 'Make in India' and 'Atmanirbhar Bharat', aimed at revving up the manufacturing sector, have significantly fuelled the demand for bearings. The Indian bearing market size valued at US$ 1.8 billion in 2021 is projected to expand to US$ 3.4 billion by the end of 2027.

**Aerospace components**: This makes a strong case for global OEMs and their suppliers to examine India as a vital destination in the worldwide supply chain for aerospace components and parts. India's optimal manufacturing costs and the available technical and engineering expertise/skills required for high-precision and high-quality component manufacturing offer several advantages. What has been witnessed in the automobile components and auto industry can be replicated for aerospace and related components and services. Over the long-term, the Aerospace and Defence (A&D) market in India is estimated to reach around US$ 70 billion by 2030 as the momentum is expected to further pick up with improving infrastructure and government thrust.

**Farm equipment space:** There has been considerable progress in agriculture mechanisation over the last few years. A significant proportion of farmers in the country have already started moving from using manual methods to mechanical equipment to power their farming activities. This trend is expected to continue over the medium term.

**Government policies**: To boost India's manufacturing, employment generation, import reduction and exports growth, the Centre announced the Production-Linked Incentive scheme (PLI), covering 14 significant sectors of the economy involving a total outlay of ₹3 trillion. According to ICRA, the PLI scheme is estimated to attract a capex of approximately ₹4 trillion during the next five years.

### Plan for the current year

The focus will be squarely on maintaining the momentum achieved in FY22. For this, the team will work towards imprinting a more substantial presence in new sectors which were initiated in the previous year, namely bearings, small components, farm equipment and aerospace. All effort will be put into establishing a meaningful presence in the export market. The diversity in sectors and geographies should create a robust platform for this division to take the big leap in the coming years.

In the same breath, the services team will continue to strengthen its service commitment to its customers through physical and digital platforms to strengthen customer confidence in the LMW brand.

The Automotive Mission Plan 2016-26 is the collective mission of the Government of India and the Indian Automotive Industry, where vehicles, and automobile components, should grow 3.5 to 4 times from the current value of US$ 74 billion to US$ 300 billion. It aims to make the Indian automotive industry the engine of the "Make in India" initiative.

Business division 4

# Advanced Technology Centre

4,829.38
Revenue (₹ Lakhs)

As the name suggests, Advanced Technology Centre (ATC) leverages the Company's rich engineering expertise and experience, skill, and passion for quality to manufacture precision engineered components for the highly stringent marquee aerospace clients across the globe.

The team develops structural, sheet metal and engine components and sub-assemblies for leading global OEMs in the aerospace business. The sprawling facility is home to the latest technology, best-in-class equipment, specialised capabilities and processes – everything aligned to stringent international certifications.

## FY22: in retrospect

The financial year started with a bump owing to the second wave of the pandemic. However, the performance had improved by year-end due to an improved economic situation that led to a steady inflow of orders for components – a heartening achievement for the division.

## Making the business stronger

The entire team made a commendable effort to make this niche business division more productive and efficient.

**Integration:** The team aligned its systems and processes. It ensured full adherence to ERP workflow, which helped the team at the helm to get a holistic view of the division's performance in real-time.

**Process stability:** The team introduced the TQM and 5S principles and processes in the division's work.

**Business development:** The team successfully garnered orders from existing customers for mechanical and composite components. The team sharpened its focus on securing more orders for the composites facility.

**Certification:** The team successfully cleared the audit for NADCAP Certification for the composite unit.

### Prospects for our business space

**Global aerospace sector:** After two years of wrestling with the Covid-19 pandemic, the aviation industry is again poised for a decade of growth. By early 2023, global demand for domestic travel is expected to reach its 2019 pre-pandemic peak. Subsequently, the outlook is for a steady expansion through the rest of the decade. Based on Oliver Wyman's report titled Global Fleet & MRO Forecast 2022-2032, the fleet will top the January 2020 apex of close to 28,000 planes in the first half of 2023. Post that, it is projected to scale at a 4.1% CAGR, which should push the fleet to 38,100 by the beginning of 2032.

**Indian aerospace sector:** The Aerospace and Defence (A&D) market in India is estimated to reach around US$ 70 billion by 2030. The momentum is expected to further pick up with improving infrastructure and government thrust. This is giving rise to unprecedented demand for new aeroplanes, with all airlines placing large orders for planes over the next five years to meet the growing needs of domestic and international travel. Significant growth is expected in demand for smaller aircraft, business jets, helicopters etc., that are needed for regional connectivity and faster movement as the demand from business and other travellers increases with economic growth.

This makes a strong case for global OEMs and their suppliers to examine India as a vital point of origin in the worldwide supply chain for aerospace components and parts. There could be several advantages to India's low costs and the technical and engineering expertise/skills available for high-precision and high-quality components.

OEMs are not only eyeing major expansion in India for the manufacture and sourcing of aerospace components but are also planning to set up maintenance and repair organisations in India.

**Defence aerospace sector:** India's defence and aerospace manufacturing sector; from a market size of around ₹85,000 Crores in the current year, is expected to expand and reach a size of ₹5 Lakh Crore by 2047 when the country celebrates 100 years of independence. It is encouraging to note that the private sector's contribution to India's defence and aerospace manufacturing is expected to rise significantly in the coming years.

### Plan for the current year

The team would focus on gaining wallet share from domestic customers which includes capitalising on new opportunities for ground applications. Also, the team will continue to scout for new applications and customers to maximise the utilisation of its composites facility. Additionally, institutionalising TQM principles across the division would be high on the agenda.


## Human resource

The 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 3,143 permanent employees as on 31st March 2022.

## Risk management

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

## Internal control system and adequacy

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

From the annual business plan, detailed budgets for revenue and the capital for each quarter is determined. The actual performance is reviewed in comparison with the budget and deviations, if any, are addressed adequately.

The Company also has an internal audit system 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.

## Movement in Key Ratios

On account of increase in turnover by 84.07% in FY 2021-22, the net profit margin ratio has increased from 2.90 % in FY 2020-21 to 5.96 % in FY 2021-22. The operating profit margin also increased from 1.67% in FY 2020-21 to 6.55 % in FY 2021-22. On the other hand, debtors' turnover has increased from 10.77 in FY 2020-21 to 11.89 in FY 2021-22, the inventory turn ratio has also increased from 5.48 in FY 2020-21 to 7.34 in FY 2021-22. Current ratio reduced from 2.00 in FY 2020-21 to 1.51 times in FY 2021-22 on account of increase in material procurement and advance on orders.

**Financial Performance (₹ in Lakhs)**

| Particulars | 2021-22 | 2020-21 |
|---|---|---|
| Gross profit before interest, depreciation, tax | 29,276.55 | 12,575.46 |
| Interest | - | - |
| Depreciation | 5,581.90 | 5,155.89 |
| Provision for Taxation | 5,727.04 | 2,673.56 |
| Profit after Tax | 17,967.61 | 4,746.01 |
| Earnings per share (Amount in ₹) | 168.19 | 44.43 |

**Cautionary Statement**

*This document contains statements about expected events and financial and operational results of the Company which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant chance that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, and actual results and events to differ materially from those expressed here.*

# Social initiatives

LMW has a well-defined approach to identify social projects that aim to ameliorate the conditions of the underserved strata of the society.

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

### I) Health and Safety

**Spinal injury surgery & rehabilitation:**

LMW collaborates with leading hospitals and rehabilitation centres to help patients from lower economic background to undergo treatment for burn injuries and reconstructive/ spine injury surgery. LMW also facilitates the rehabilitation of such patients through vocational skill development programmes.

**Sickle Cell Anemia Screening & Prevention Project:**

LMW, in partnership with the Nilgiris Adivasi Welfare Association (NAWA), organises the Sickle Anemia Screening and Prevention Project amongst the tribal population of Anaikatti, Palamalai and Karamadai areas of Coimbatore District. The identified patients are provided with the required nutritional supplements and medicines. Also, appropriate counselling & awareness camps were conducted for persons diagnosed with Sickle Cell traits.

**Road Safety Campaign & Awareness Program:**

LMW collaborates with UYIR Trust, Coimbatore, to promote road safety awareness campaigns to prevent road traffic accidents in Coimbatore.

**COVID-19 relief support:**

During the COVID-19 pandemic lockdown period, LMW has supported NGOs and Government bodies in their efforts to provide meals to the needy and to establish COVID-19 care centres in Coimbatore, Tamil Nadu.

### II) Village development program

Solar streetlights:

As a part of efforts to improve basic facilities in the tribal villages of Anaikatti Hills, solar streetlights were installed during the year under review.

Livelihood enhancement program:

Various income generation training programs for villagers in the tribal areas were conducted. Also agroforestry based schemes were undertaken.

LMW has actively assisted the villagers (through their respective Self-Help Groups (SHG)) in their efforts to obtain eligible financial subsidies from the Tamil Nadu government.

Veterinary check-up camps:

Animal husbandry is one of the main livelihood activities of people residing in the villages located in the tribal areas. Veterinary health check-ups and vaccination camps were conducted in collaboration with Tamil Nadu Animal Husbandry Department.

### III) Rural Infrastructure Development:

School Infrastructure Development:

LMW has supported the development of infrastructure facilities in rural government schools. School building repair, painting, laying floor tiles in classrooms & veranda, restroom renovation, provision of computers and equipment for smart classrooms are done through this project.

Support for Housing Project:

LMW has contributed to the construction of individual houses under the Green House Scheme of the Tamil Nadu Government.

### IV) Skill Development

LMW has supported the Hosur Industries Association in establishing Vocational Skill Development Training Centre in Hosur.

# Corporate Information

**Board of Directors**

**Sri Sanjay Jayavarthanavelu**
Chairman and Managing Director
(DIN: 00004505)

**Sri S Pathy**
Director (DIN: 00013899)

**Sri Aditya Himatsingka**
Director (DIN: 00138970)

**Dr Mukund Govind Rajan**
Director (DIN: 00141258)

**Justice (Smt) Chitra Venkataraman (Retd.,)**
Director (DIN: 07044099)

**Sri Arun Alagappan**
Director (DIN: 00291361)

**Sri T C Suseel Kumar**
Nominee Director of LIC
(DIN: 06453310)

**Sri K Soundhar Rajhan**
Director Operations (DIN: 07594186)

**Sri Aroon Raman**
Additional Director (DIN: 00201205)
w.e.f. 11th May 2022

**Sri Jaidev Jayavarthanavelu**
Additional Director (DIN: 07654117)
w.e.f. 11th May 2022

**Chief Financial Officer**

Sri V Senthil

**Company Secretary**

Sri C R Shivkumaran

**Registered Office**

SRK Vidyalaya Post
Perianaickenpalayam
Coimbatore – 641020
Tel: +91 422 7192255
Fax: +91 422 2692541-42
E-mail: secretarial@lmw.co.in
Website: www.lmwglobal.com

**Corporate Office**

34-A, Kamaraj Road
Coimbatore-641018
Tel: +91 422 7198100
Fax: +91 422 2220912

**Statutory Auditors**

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

**Cost Auditor**

Sri A N Raman,
Cost Auditor, Chennai

**Secretarial Auditor**

Sri M D Selvaraj,
M/s MDS & Associates,
Company Secretaries in Practice, Coimbatore

**Bankers**

Indian Bank
Citibank N.A.
HDFC Bank
Standard Chartered Bank

**Registrar and Share Transfer Agents**

S.K.D.C. Consultants Limited
Surya,
35, Mayflower Avenue,
Behind Senthil Nagar,
Sowripalayam Road,
Coimbatore – 641028
Tel: +91 422 4958995, 2539835-36
Fax: +91 422 2539837
E-mail: info@skdc-consultants.com





**LAKSHMI MACHINE WORKS LIMITED**
CIN: L29269TZ1962PLC000463
Registered Office: SRK Vidyalaya Post, Perianaickenpalayam, Coimbatore – 641020
Corporate Office: 34-A, Kamaraj Road, Coimbatore - 641018
Phone: +91 422 7192255, Fax: +91 422 2692541
Email: secretarial@lmw.co.in Website: www.lmwglobal.com

## Notice to Shareholders

**NOTICE** is hereby given that the 59th Annual General Meeting ("AGM") of the Shareholders of Lakshmi Machine Works Limited will be held at 03.30 PM India Standard Time ("IST") on Monday, the 25th day of July 2022, through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") with virtual presence of the Shareholders to transact the following business(es):

### Ordinary Business:

1. To receive, consider and adopt standalone and consolidated Annual Financial Statements including Statement of Profit and Loss (including Other Comprehensive Income), along with the Statement of Cash Flows and the Statement of Changes in Equity for the financial year ended 31st March 2022, 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), who retires by rotation and being eligible, offers himself for re-appointment.

4. Change of signing partner(s) in M/s S. Krishnamoorthy & Co Chartered Accountants, Statutory Auditor of the Company and in this regard, if thought fit, to give assent / dissent to the following Resolution to be passed as an **Ordinary Resolution:**

   **RESOLVED THAT** in partial modification of the Resolution passed by the Members of the Company at the 58th Annual General Meeting held on 21st July 2021 and pursuant to Sections 139 and 142 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment(s), statutory modification(s) or re-enactment(s) thereof, for the time being in force) and on the recommendation of the Audit Committee and the Board of Directors of the Company, consent of the Members of the Company be and is hereby accorded for inclusion of Smt V Indira, Chartered Accountant as one of the signing partners in place of Sri K Raghu and that the revised signing partner(s) in M/s S. Krishnamoorthy & Co Chartered Accountants, Coimbatore (Firm Registration Number: 001496S), Statutory Auditors, be Sri B. Krishnamoorthi and/or Smt V Indira.

   **RESOLVED FURTHER THAT** except for the aforesaid modification, all other terms and conditions related to re-appointment of M/s S. Krishnamoorthy & Co., Chartered Accountants as Statutory Auditors of the Company, as approved by the Members through resolution passed at the 58th Annual General Meeting held on 21st July 2021 shall remain unchanged.

### Special Business:

5. Appointment of Sri Jaidev Jayavarthanavelu (DIN: 07654117) as Non-Executive Non-Independent Director of the Company and in this regard, if thought fit, to give assent/dissent to the following Resolution to be passed as an **Ordinary Resolution**:

   **RESOLVED THAT** in accordance with the provisions of Section 152 read with other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (as amended) and the Articles of Association of the Company, Sri Jaidev Jayavarthanavelu (DIN: 07654117), who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 11th May 2022 in accordance with the provisions of Section 161(1) of the Act and who holds office up to the date of this Meeting and in respect of whom the Company has received a Notice in writing under Section 160 of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to take all such steps as may be necessary and/or give such directions as may be necessary, proper or expedient, to give effect to the above Resolution without being required to seek any further consent or approval of the Members and the Members shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

6. Appointment of Sri. Aroon Raman (DIN: 00201205) as an Independent Director of the Company and in this regard, if thought fit, to give assent / dissent to the following Resolution to be passed as a **Special Resolution**:

   **RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 160, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force) and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (as amended) and upon the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Sri Aroon Raman (DIN: 00201205), who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 11th May 2022 and who had submitted a declaration that he meets the criteria for independence under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and whose name is included in the databank as required under Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and who is eligible for appointment and in respect of whom the Company has received a Notice in writing under section 160 of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years with effect from 11th May 2022 and is not liable to retire by rotation.

   **RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to take all such steps as may be necessary and/or give such directions as may be necessary, proper or expedient, to give effect to the above Resolution without being required to seek any further consent or approval of the Members and the Members shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

7. Ratification of remuneration payable to Cost Auditor and in this regard, if thought fit, to give assent/ dissent to the following Resolution to be passed 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 and Auditors) Rules, 2014 (including any statutory modifications 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 2022-23 on a remuneration of ₹6,50,000/- (Rupees Six Lakhs Fifty Thousand Only) per annum exclusive of applicable taxes and reimbursement of out-of-pocket expenses incurred in connection with the aforesaid audit as fixed by the Board of Directors be and is hereby ratified and confirmed.

By order of the Board
**Place :** Coimbatore C R Shivkumaran
**Date :** 11th May 2022 Company Secretary

**Notes:**

1. The explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 ("Act") with respect to the special business as set out in the Notice is annexed hereto. Also, necessary explanatory statement in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as required for Item No. 4 of the Notice is annexed hereto.
2. The Ministry of Corporate Affairs ("MCA") vide its relevant Circulars issued during the years 2020, 2021 and 2022 permitted the conduct of the Annual General Meeting ("AGM") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. The same has been acknowledged by the Securities and Exchange Board of India vide its relevant Circulars issued during the years 2020, 2021 and 2022. The deemed venue for the AGM shall be the Corporate Office of the Company. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") MCA Circulars and SEBI Circulars the AGM of the Company is being held through VC / OAVM.
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars / SEBI Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. Institutional / Corporate Shareholders (i.e., other than individuals / HUF, NRI, etc.) are required to send a scanned copy (in PDF/JPEG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/ Authorization shall be sent to the Scrutinizer by email through its registered email address to lmwscrutinizer@mdsassociates.in with a copy marked to evoting@nsdl.co.in.
5. The Register of Members and share transfer books of the Company will remain closed from Tuesday, 19th July 2022 to Monday, 25th July 2022 (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.
6. 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, 18th July 2022.
7. Members who have not registered their Bank particulars with the Depository Participant(s) ("DP") / Company are advised to utilize the electronic solutions provided by National Automated Clearing House ("NACH") for receiving dividends. Members holding shares in electronic form are requested to contact their respective Depository Participant(s) for availing this facility. Members holding shares in physical form are requested to download the NACH form from the website of the Company viz., www.lmwglobal.com and the same, duly filled up and signed along with original canceled cheque leaf may be sent to the Company or to the Registrar and Share Transfer Agent ("RTA").
8. Members whose shareholding is in the electronic mode are requested to update bank account details (Bank Account No., Name of the Bank, Branch, IFSC, MICR code and place with PIN Code) to their respective Depository Participant(s) and not with 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 updating of bank particulars is intended to prevent fraudulent encashment of dividend warrants.
9. 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(s) to electronic mode.
10. A. Securities and Exchange Board of India ("SEBI") had earlier mandated that the transfer of securities held in physical form, except in case of transmission or transposition, shall not be processed by the listed entities / Registrar and Share Transfer Agents with effect from 1st April 2019.

    B. Further, SEBI had mandated the listed entities to issue shares only in dematerialized mode, with effect from 25th January 2022 to Shareholder(s)/claimant(s) holding shares in physical mode, as against their service requests including for transmission or transposition of shares.

    As per the said circular, the Company has opened a separate Escrow Demat Account for the purpose of crediting the shares of the Shareholders who fail to submit the letter of confirmation with the respective Depository Participant within the prescribed timeline.

C. Further, SEBI vide its circular dated 3rd November 2021 has also mandated that the Shareholders holding shares in physical form are required to update their PAN, KYC details, bank details and nomination details with the RTA on or before 1st April 2023, failing which the securities held by such Shareholder will be frozen by the RTA. The securities once frozen will revert to normal status only upon receipt of requisite KYC documents or upon dematerialization of the said securities. Shareholders holding shares in physical form may also note that once the securities are frozen, the dividend payments will be processed only upon receipt of requisite KYC details and credited to the bank account of the Shareholder electronically.

D. Further, SEBI vide its circular dated 3rd November 2021 has also mandated that the Shareholders holding shares in physical form are required to compulsorily link their PAN and Aadhaar. Accordingly, the physical folios in which PAN and Aadhaar are not linked have been frozen by the RTA. The securities which have been frozen will revert to normal status only upon receipt of requisite KYC documents or upon dematerialization of the said securities.

Necessary prior intimation(s) in this regard was provided to the Shareholders on 21st January 2022. Therefore, Members holding share(s) in physical form are requested to immediately update their KYC details / dematerialize their shareholding in the Company. A copy of the said circular(s) is available on the Company's website www.lmwglobal.com.

11. a. Members are requested to notify immediately any change in their address:

i. to their Depository Participant(s) ("DPs") in respect of the shares held in electronic form, and

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

b. In case the registered mailing address is without the Postal Identification Number Code ("PIN CODE"), Members are requested to kindly inform their PIN CODE immediately to the Company/ RTA/ DPs.

12. Non-Resident Indian ("NRI") Members are requested to inform the Company or its RTA or to the concerned Depository Participant(s), as the case may be, immediately:

a. the change in their residential status on return to India for permanent settlement.

or

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

13. 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.lmwglobal.com. Members holding shares in electronic form must approach their Depository Participant(s) for completing the nomination formalities.

14. 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 into one folio.

15. 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, 'Surya', 35, Mayflower Avenue, behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028, Tamil Nadu, India, by quoting the Folio number or the Client ID number with DP ID number.

16. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

17. A Member who needs any clarification on accounts or operations of the Company shall send his/her queries addressed to the Company Secretary at investors@lmw.co.in, so as to reach him on or before 22nd July 2022. Such queries will be replied to by the Company suitably, during the AGM or through a separate e-mail.

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 pursuant to Section 124 of the Companies Act, 2013 dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government under Section 125 of the Companies Act, 2013. The details of unpaid dividend can be viewed on the Company's website www.lmwglobal.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 the share(s) on which the beneficial owner has not encashed any dividend during the last seven years to the IEPF demat account as identified by the IEPF Authority. Details of Shareholders whose shares are liable to be transferred to IEPF are available on the Company's website: www.lmwglobal.com. The Shareholders whose unclaimed dividend /share has been transferred to the 'Investor Education and Protection Fund', may claim the same from the IEPF authority by filing Form IEPF-5 along with the requisite documents.

19. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email address is registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2021-22 is also available on the Company's website www.lmwglobal.com, websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL www.evoting.nsdl.com. Further pursuant to SEBI's Circular dated 13th May 2022 the Company will be sending a hard copy of the Annual Report to those Shareholders who request for the same at investors@lmw.co.in.

20. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

21. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of Shareholders w.e.f. 1st April 2020 and the Company is required to deduct tax at source from dividend paid to Shareholders at the prescribed rates. For the prescribed rates for various categories, the Shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The Shareholders are requested to update their Residential Status, Category as per Income Tax Act ("IT Act"), PAN with the Company/RTA (in case of shares being held in physical mode) and depositories (in case of shares being held in demat mode) immediately.

A resident individual Shareholder having PAN and entitled to receive dividend amount exceeding ₹5,000/- and who is not liable to pay Income Tax, can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to lmwgreen@skdc-consultants.com on or before 25th July 2022. Shareholders are requested to note that in case their PAN is not registered with the DP/Company, the tax will be deducted at the applicable higher rate.

Non-resident Shareholders can avail beneficial rates under the relevant tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to lmwgreen@skdc-consultants.com. The aforesaid declarations and documents need to be submitted by a Shareholder on or before 25th July 2022.

Separate intimation in this regard to Shareholders will be given on or before 25th June 2022.

22. Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.

23. The Securities and Exchange Board of India ("SEBI") has mandated for submission of Permanent Account Number ("PAN") by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s) with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the RTA.

24. Members holding shares in electronic form may please note that as per the regulations of Securities and Exchange Board of India ("SEBI"), National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"), the Company is obliged to print the bank details on the dividend warrants as furnished by these depositories to the Company and the Company will not 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 Participant(s) ("DP") and furnish particulars of any changes as desired by them.

25. Brief resume, details of shareholding and Directors' inter-se relationship; of Directors seeking election/ re-election as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015 and Secretarial Standard 2, are provided as Annexure to this Notice.

26. 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.

27. Annual / provisional financial statements and related details of the wholly owned subsidiary Company(ies) viz, LMW Textile Machinery (Suzhou) Co Ltd. China, LMW Aerospace Industries Limited, India and LMW Middle East FZE, United Arab Emirates are posted on the Company's website and are also kept for inspection at the Registered Office of the Company and at the subsidiary Company(ies). A copy of the same will be provided to the Members on request.

28. Soft copies of 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 during the AGM.

## VOTING THROUGH ELECTRONIC MEANS

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 (including any statutory modification(s), clarifications, exemptions or reenactments thereof for the time being in force), Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS - 2), the Company is providing to its Members with the facility to cast their vote electronically from a place other than venue of the Annual General Meeting ("remote e-voting") using an electronic voting system provided by National Securities Depository Limited ("NSDL") as an alternative, for all Members' of the Company to enable them to cast their votes electronically, on all the business items set forth in the Notice of Annual General Meeting and the business may be transacted through such remote e-voting/ e-voting during the AGM. Instructions to Shareholders provided hereinafter for e-voting explains the process and manner for generating/ receiving the password, and for casting of vote(s) in a secure manner.

However, the Members are requested to take note of the following items:

I. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of Annual General Meeting Notice and holding shares as of the cut-off date, i.e., Friday, 24th June 2022, may refer to this Notice of the Annual General Meeting, posted on Company's website www.lmwglobal.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. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

## Instructions for Shareholders voting electronically are as under:

The remote e-voting period begins on Friday, 22nd July 2022 at 09:00 A.M. India Standard Time (IST) and ends on Sunday, 24th July 2022 at 05:00 P.M. IST The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date ("Cut-off date") i.e., Monday, 18th July 2022, may cast their vote electronically. The voting right of Shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Monday, 18th July 2022.

## How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

### Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual Shareholders holding securities in demat mode:

In terms of SEBI circular dated 9th December 2020 on e-Voting facility provided by Listed Companies, Individual Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participant(s). Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual Shareholders holding securities in demat mode is given below:

| Type of Shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL. | 1. Existing **IDeAS** user can visit the e-Services website of NSDL viz., https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-services is launched, click on the **"Beneficial Owner"** icon under **"Login"** which is available under '**IDeAS**' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under value added services. Click on **"Access to e-Voting"** under e-Voting services and you will be able to see e-Voting page. Click on Company name or e-Voting service provider i.e. NSDL and you will be re-directed to **e-Voting website of NSDL** for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.<br>2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS Portal"** or visit the URL https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp.<br>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.<br>4. Shareholders/Members can also download NSDL Mobile App **"NSDL Speed-e"** facility by scanning the QR code mentioned below for seamless voting experience.<br><br>**NSDL Mobile App available on**<br>App Store Google Play |
| Individual Shareholders holding securities in demat mode with CDSL | 1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.<br>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of **e-Voting service provider i.e. NSDL**. Click on **NSDL** to cast your vote.<br>3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration.<br>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress. |

| | |
|---|---|
| Individual Shareholders (holding securities in demat mode) login through their depository participant(s) | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forgot User ID and Forgot Password option available at above mentioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

| Login type | Helpdesk details |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at **evoting@nsdl.co.in** or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at **helpdesk.evoting@cdslindia.com** or contact at 022- 23058738 or 022-23058542-43 |

**B) Login Method for e-Voting and joining virtual meeting for Shareholders other than Individual Shareholders holding securities in demat mode and Shareholders holding securities in physical mode**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below:

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|---|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID<br>For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID<br>For example if your Beneficiary ID is 12************** then your user ID is 12************** |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the Company<br>For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Password details for Shareholders other than Individual Shareholders are given below:
   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will ask you to change your password.
   c) How to retrieve your 'initial password'?
      (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
      (ii) If your email ID is not registered, please follow steps mentioned below in process for those Shareholders whose email ids are not registered.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
   a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b) Click on **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

**Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of Company for which you wish to cast your vote during the remote e-Voting period and for casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for Shareholders**

1. 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to lmwscrutinizer@mdsassociates.in with a copy marked to evoting@nsdl.co.in. Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms Pallavi Mhatre, Manager at evoting@nsdl.co.in.

**Process for those Shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this Notice:**

1. In case shares are held in physical mode please provide Folio No., Name of Shareholder scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investors@lmw.co.in.

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investors@lmw.co.in. If you are an Individual Shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual Shareholders holding securities in demat mode.
3. Alternatively Shareholder/Members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated 9th December, 2020 on e-Voting facility provided by Listed Companies, Individual Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participant(s). Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ Shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join Meeting" menu against Company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the Notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that participants connecting through Mobile Devices or Tablets or through Laptop connected via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at investors@lmw.co.in on or before 05.00 P.M IST on Friday, 22nd July 2022. The same will be replied by the Company suitably.
6. Shareholders who would like to express their views/ask questions during the AGM may register themselves as a speaker by sending their request mentioning their name, demat account number/folio number, email id, mobile number to investors@lmw.co.in on or before 05:00 P.M. IST on Friday, 22nd July 2022.
7. Those Shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions only during the meeting ("AGM").
8. Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 Members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.



III. The voting rights of Shareholders shall be in proportion of their shares to the paid-up equity share capital of the Company reckoned as on the cut-off date, which is, Monday, 18th July 2022.

IV. Once the vote on a Resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote by remote e-voting shall not vote by e-voting conducted during the Meeting.

V. The Company has appointed Sri M D Selvaraj, Company Secretary, as the Scrutinizer to scrutinize the voting and the remote e-voting process, in a fair and transparent manner.

VI. The Chairman shall, at the Annual General Meeting, at the end of discussion on the Resolutions on which voting is to be held, allow e-voting for all those Members who are present at the Annual General Meeting by electronic means but have not cast their votes by availing the remote e-voting facility. The remote e-voting module shall be disabled for voting thereafter.

VII. The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes cast during the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses who are not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

VIII. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.lmwglobal.com and on the website of NSDL immediately after the declaration of the result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges, where the shares of the Company are listed.

**Explanatory statement in terms of Regulation 36(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**ITEM No. 4**

In compliance with the provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s S. Krishnamoorthy & Co Chartered Accountants (Firm Registration No. 001496S) with Sri K Raghu and/or Sri B. Krishnamoorthi as the signing partners had been appointed as the Statutory Auditors of the Company for a period of five consecutive financial years commencing from 2021-22 and to hold office till the conclusion of the Annual General Meeting to be held during the year 2026.

However, due to the sudden demise of Sri K Raghu one of the signing partners of M/s S. Krishnamoorthy & Co Chartered Accountants, the Audit Committee and the Board of Directors at their respective Meetings held on 11th May 2022 have approved the proposal for including Smt V Indira, Partner of M/s S. Krishnamoorthy & Co as one of the signing partners in place of Sri K Raghu.

Smt V Indira is a member of the Institute of Chartered Accountants of India since 1991 and is associated with the firm M/s S. Krishnamoorthy & Co for more than two decades. She has immense experience in the fields of Assurance, Taxation, Corporate Laws and Foreign Exchange Management Act.

The Company has also received a certificate from the Statutory Auditors to the effect that they are eligible to continue as the Statutory Auditors of the Company.

Except for the above modification, all other terms and conditions in relation to re-appointment of M/s S. Krishnamoorthy & Co Chartered Accountants as Statutory Auditors of the Company as per the Resolution approved by the Members of the Company at the 58th Annual General Meeting held on 21st July 2021 shall remain unchanged.

By considering the above facts, the Board recommends the Ordinary Resolution set out in Item No. 4 of the Notice for the approval of the Members.

None of the Directors and/or Key Managerial Personnel of the Company and/or their respective relatives are concerned or interested, financially or otherwise in the Ordinary Resolution set out as Item No. 4 of the Notice.

**Explanatory Statement in terms of Section 102 of the Companies Act, 2013**

**ITEM No. 5**

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act"), the Articles of Association of the Company and based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company had appointed Sri Jaidev Jayavarthanavelu (DIN: 07654117) as an Additional Director of the Company with effect from 11th May 2022.

Pursuant to Section 161(1) of the Act and Regulation 17(1C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Sri Jaidev Jayavarthanavelu holds office up to the date of this Annual General Meeting.

Sri Jaidev Jayavarthanavelu is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. Considering the prior experience of Sri Jaidev Jayavarthanavelu in the fields of textile engineering, machine tools, aerospace, logistics, information technology, Digital - Industry 4.0, marketing and administration, the Board of Directors have recommended his appointment to the Members.

The Company has received a Notice in writing from a Member under Section 160 of the Act, proposing his candidature for the office of Director of the Company. Sri Jaidev Jayavarthanavelu is not disqualified from being appointed as a Director in terms of Section 164 of the Act and is not debarred from holding the office of Director by virtue of any Securities and Exchange Board of India ("SEBI") order or any other such authority.

He shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose as may be decided by the Board, reimbursement of expenses for participating in the Board and other Meetings and profit related Commission within the limits stipulated under Section 197 of the Act and as approved by the Shareholders.

Details of Sri Jaidev Jayavarthanavelu as required pursuant to the provisions of Regulation 36 of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, is provided elsewhere in this Notice.

The Board recommends the Ordinary Resolution as set out in Item No. 5 of the Notice for approval of the Members.

#### Interest of Directors:

Sri Jaidev Jayavarthanavelu, the proposed appointee is the son of Sri Sanjay Jayavarthanavelu, Chairman and Managing Director of the Company. Sri Sanjay Jayavarthanavelu and Sri Jaidev Jayavarthanavelu are interested in the Resolution as set out in Item No.5 of the Notice to the extent of their shareholding. Relatives of Sri Jaidev Jayavarthanavelu may deemed to be interested in the Resolution to the extent of their shareholding, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution as set out in Item No. 5 of the Notice.

#### ITEM No. 6

In terms of Section 161 of the Companies Act, 2013, the Board of Directors of the Company on the recommendation of the Nomination and Remuneration Committee had appointed Sri Aroon Raman (DIN: 00201205), as an Additional Director on the Board of Directors of the Company with effect from 11th May 2022.

Sri Aroon Raman holds office up to the date of this Annual General Meeting pursuant to Section 161 of the Companies Act, 2013 and Regulation 17(1C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The Company has received a Notice in writing from a Member under Section 160 of the Act, proposing his candidature for the office of Independent Director of the Company.

Sri Aroon Raman is not disqualified from being appointed as a Director in terms of Section 164 of the Act and is not debarred from holding the office of Director by virtue of any Securities and Exchange Board of India ("SEBI") order or any other such authority. He has given his consent to act as a Director along with the declaration to the effect that he meets the criteria of independence as prescribed under the Act and the Listing Regulations and that his name is included in the databank of Independent Directors as required under Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

In the opinion of the Board, Sri Aroon Raman fulfills the conditions as specified under the Act read with the Rules made thereunder and the Listing Regulations for his appointment as an Independent Director of the Company and is also independent of the Management.

The Nomination and Remuneration Committee and the Board of Directors have reviewed/ evaluated the balance of skills, knowledge and experience on the Board and have identified the role and capabilities required of an Independent Director and have considered that the appointment of Sri Aroon Raman with his experience and expertise will be of immense value addition to the Company.

A copy of the draft Appointment Letter to be issued to Sri Aroon Raman upon his appointment as an Independent Director, containing the terms and conditions of such appointment, would be available to Members for inspection at the Registered Office of the Company during the normal business hours (9:00 am, India Standard Time ("IST") to 4:00 pm IST) on any business day without payment of fee.

The disclosures as required under Regulation 36 of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India are furnished and form a part of this Notice.

Accordingly, the Board recommends the Special Resolution in relation to eligibility and appointment of Sri Aroon Raman as an Independent Director for a term of five (5) consecutive years, for approval by the Members of the Company.

#### Interest of Directors:

Except Sri Aroon Raman being the proposed appointee, none of the Directors and the Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Resolution as set out in Item No. 6 of the Notice.

#### ITEM No. 7

The Board of Directors, on the recommendation of the Audit Committee, had approved the appointment of and remuneration payable to Sri A N Raman, Cost Accountant for auditing the Cost Accounting records of the Company pursuant to the Companies (Cost Records and Audit) Rules 2014, for the financial year 2022-23 at a remuneration of ₹6,50,000/- (Rupees Six Lakhs Fifty Thousand Only) per annum 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. 7 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year 2022-23.

Accordingly, the Board recommends this Ordinary Resolution for the approval of the Members.

#### Interest of Directors:

None of the Directors, Key Managerial Personnel of the Company or their relatives are interested or concerned, financially or otherwise, in the Resolution as set out in Item No. 7 of the Notice.

## PROFILE OF DIRECTOR(S) SEEKING APPOINTMENT / REAPPOINTMENT

(Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 – Clause 1.2.5 issued by the Institute of Company Secretaries of India)

#### 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 with other Directors/ Key Managerial Personnel | None of the Directors and /or Key Managerial Persons of the Company and their relatives are related to Sri S Pathy. |
| Qualification | B Com |
| Expertise in area / Experience | Sri S Pathy has about four decades of experience in the fields of textile, textile engineering, finance and administration. Also refer to the section on skill sets as contained in the Corporate Governance Report. |
| Number of Shares held in the Company (including shareholding as a beneficial owner) | 1,721 Equity Shares of ₹10 each. Further he does not hold beneficial interest in the equity shares of the Company other than the above. |
| Board Position Held | Director (non-Executive, non-Independent, part of the Promoter group). |
| Terms and conditions of appointment / reappointment | Liable to retire by rotation. The appointment shall be governed by the Resolution passed by the Shareholders at their Meeting(s). |
| Remuneration paid for the financial year | Information disclosed in the Corporate Governance Report annexed to the Annual Report. |
| Remuneration proposed to be paid | He is entitled for payment of sitting fees for attending the meetings of the Board and its Committees. He shall also be paid Commission on net profits of the Company as decided by the Board of Directors within the limits as approved by the Shareholders. |
| Number of Board Meetings attended during the year | Information disclosed in the Corporate Governance Report annexed to the Annual Report. |

*Contd..*

| | | |
|---|---|---|
| Directorship held in other Companies | Listed:<br>1. The Lakshmi Mills Company Limited<br>2. Lakshmi Automatic Loom Works Limited | Others:<br>1. Sans Craintes Livestock Private Limited<br>2. Sans Craintes Stud Farm Private Limited<br>3. The Coimbatore Lakshmi Cotton Press Private Limited<br>4. Lakshmi Card Clothing Mfg. Company Private Limited<br>5. Sans Craintes Power Private Limited<br>6. Rasakondalu Developers Private Limited<br>7. LCC Investments Private Limited<br>8. Sans Craintes Racing & Bloodstock Private Limited |
| Names of the listed entities from which the person has resigned in the past 3 years | Nil | |
| Chairman / Membership in other committees of the Board | Listed:<br>1. The Lakshmi Mills Company Limited<br>Chairman of Corporate Social Responsibility Committee<br>2. Lakshmi Machine Works Limited<br>Member of Nomination and Remuneration Committee, Stakeholders and Relationship Committee & Shares and Debentures Committee | |

### Sri Jaidev Jayavarthanavelu

| | | |
|---|---|---|
| Name | Sri Jaidev Jayavarthanavelu | |
| Director Identification Number (DIN) | 07654117 | |
| Date of Birth/Nationality | 29th August 1998 / Indian | |
| Date of appointment on the Board | 11th May 2022 | |
| Inter-se relationship with other Directors/ Key Managerial Personnel | Sri Jaidev Jayavarthanavelu is the son of Sri Sanjay Jayavarthanavelu, Chairman and Managing Director of the Company. | |
| Qualification | BA (Hons) with specialization in Business and Management from the University of Exeter. | |
| Expertise in area / Experience | He has nearly four years of experience in the fields of textile engineering, machine tools, aerospace, logistics, information technology, Digital - Industry 4.0, marketing and administration | |
| Number of Shares held in the Company (including shareholding as a beneficial owner) | 460 Equity Shares of ₹10 each.<br>Further he holds 17% of beneficial interest in the Company along with others. | |
| Board Position Held | Additional Director (Non-Executive, Non-Independent, part of the promoter group) | |
| Terms and conditions of appointment | As per the Resolution as stated in item no.5 of the Notice. | |
| Remuneration paid for the financial year | Nil | |
| Remuneration proposed to be paid | He is entitled for payment of sitting fees for attending the Meetings of the Board and its Committees. He shall also be paid Commission on net profits of the Company as decided by the Board of Directors within the limits as approved by the Shareholders. | |
| Number of Board Meetings attended during the year | Nil | |
| Directorship held in other companies | Listed: Nil | Others:<br>1. Chakradhara Aerospace and Cargo Private Limited<br>2. Lakshmi Life Sciences Private Limited<br>3. Lakshmi Cargo Company Limited<br>4. Petrus Technologies Private Limited |
| Names of the listed entities from which the person has resigned in the past 3 years | Nil | |
| Chairman / Membership in other committees of the Board | Nil | |

### Sri Aroon Raman

| | | |
|---|---|---|
| Name | Sri Aroon Raman | |
| Director Identification Number (DIN) | 00201205 | |
| Date of Birth/Nationality | 21st March 1960 / Indian | |
| Date of appointment on the Board | 11th May 2022 | |
| Inter-se relationship with other Directors/Key Managerial Personnel | None of the Directors and /or Key Managerial Persons of the Company and their relatives are related to Sri Aroon Raman. | |
| Qualification | M.A. from Jawaharlal Nehru University and<br>M.B.A. from University of Pennsylvania, USA | |
| Expertise in area / Experience | Has over three decades experience in varied fields of technology, operations, general management, research & development. | |
| The skills and capabilities required for the role and the manner in which the proposed person meets such requirements | The Nomination and Remuneration Committee at its meeting held on 11th May 2022 considering Sri Aroon Raman's technical & management expertise, business knowledge and significant contribution made by him to various industries has recommended to the Board his appointment as an Independent Director. | |
| Number of Shares held in the Company (including shareholding as a beneficial owner) | Nil. Further he does not hold any beneficial interest in the equity shares of the Company. | |
| Board Position Held | Additional Director (Non-Executive, Independent) | |
| Terms and conditions of appointment | As per the Resolution as stated in item no.6 of the Notice. | |
| Remuneration paid for the financial year | Nil | |
| Remuneration proposed to be paid | He is entitled for payment of sitting fees for attending the Meetings of the Board and its Committees. He shall also be paid Commission on net profits of the Company as decided by the Board of Directors within the limits as approved by the Shareholders. | |
| Number of Board Meetings attended during the year | Nil | |
| Directorship held in other companies | Listed:<br>1. Carborundum Universal Limited<br>2. Wheels India Limited<br>3. Brigade Enterprises Limited | Others:<br>1. TVS Automobile Solutions Private Limited<br>2. Telos Investments & Technologies Private Limited<br>3. Edutech NTTF India Private Limited<br>4. Nettur Technical Training Foundation<br>5. Trichur Sundaram Santhanam & Family Private Limited |
| Names of the listed entities from which the person has resigned in the past 3 years | Nil | |
| Chairman / Membership in other Committees of the Board | Listed:<br>1. Carborundum Universal Limited:<br>Member – Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Chairman - Corporate Social Responsibility Committee<br>2. Brigade Enterprises Limited:<br>Chairman – Nomination and Remuneration Committee<br>Member – Audit Committee and Corporate Social Responsibility Committee<br>3. Wheels India Limited:<br>Member – Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Audit Committee.<br>Unlisted:<br>1. TVS Automobile Solutions Private Limited:<br>Member – Nomination & Remuneration Committee, Audit Committee. | |

# BOARD OF DIRECTORS'
## REPORT TO SHAREHOLDERS

Dear Shareholders,

The Board of Directors of your Company are pleased to present the Annual Report on the business of the Company along with the standalone summary of Financial Statements for the year ended 31st March 2022.

### 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 the Annual Report contains a separate section wherein a report on the performance and financial position of its wholly owned subsidiary companies is presented in Form AOC-1.

### Financial summary/highlights and transfer to General Reserve

(₹ in Lakhs)

| Sl. No | Particulars | Current Year 2021-22 | Previous Year 2020-21 |
|---|---|---|---|
| 1 | Revenue from Operations | 3,15,260.61 | 1,76,885.14 |
| 2 | Operating Expenses | 2,84,267.08 | 1,62,098.14 |
| 3 | Exceptional Items | 1,716.98 | 2,211.54 |
| 4 | Gross Profit | 29,276.55 | 12,575.46 |
| 5 | Depreciation | 5,581.90 | 5,155.89 |
| 6 | Profit before Tax | 23,694.65 | 7,419.57 |
| 7 | Provision for Tax | 5,727.04 | 2,673.56 |
| 8 | Net Profit after Tax | 17,967.61 | 4,746.01 |

**The Company's Gross Turnover is at ₹3,01,676.48 Lakhs during the year compared to ₹1,63,888.58 Lakhs in the previous year**

### Transfer to Reserve:

The Company has transferred a sum of ₹1,800.00 Lakhs out of the current year profits to the General Reserve.

### Dividend:

The Board recommends a dividend of ₹40/- per equity share having a face value of ₹10/- each (400%) on the equity share capital of ₹10,68,30,000/- for the year ended on 31st March 2022 aggregating to ₹4,273.20 Lakhs. As per Finance Act, 2020, the Dividend is taxable in the hands of the Shareholders. 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 2014-15, is due for transfer during September 2022 to the Investor Education and Protection Fund (IEPF) established by the Central Government.

During the year under review, as per the requirements of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (IEPF Rules) 249 equity shares of ₹10/- each on which dividend had remained unclaimed for a period of 7 years has been transferred to the credit of the demat account identified by the IEPF Authority. As on the date of this report, the Company has transferred 55,019 equity shares to the credit of the demat account of 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 on the Company's website: www.lmwglobal.com.

## STATE OF AFFAIRS

### OPERATIONS

A detailed overview of the global and Indian economy has been provided in the Management, Discussion and Analysis Report. Also, the state of affairs of each division during the year under review has been provided in detail within the same report.

Overall, the Company's gross turnover increased by 84.07% from ₹1,63,888.58 Lakhs in 2020-21 to ₹3,01,676.48 Lakhs in 2021-22; the Profit before exceptional items and Tax stood at ₹25,411.63 Lakhs in FY 2021-22 as against ₹9,631.11 Lakhs in 2020-21.

The Net Profit after Tax for financial year 2021 - 22 was ₹17,967.61 Lakhs as against ₹4,746.01 Lakhs for the financial year 2020-21.

### FOUNDRY DIVISION (FDY)

The Foundry Division reported a turnover of ₹7,769.05 Lakhs in 2021-22 as against ₹5,148.68 Lakhs registered in 2020-21, an increase of 50.89%. Exports accounted for 16.92% of the division's turnover.

### TEXTILE MACHINERY DIVISION (TMD)

During the year under review, the Textile Machinery Division had a turnover of ₹2,20,898.96 Lakhs as against ₹1,12,759.20 Lakhs registered in 2020-21, an increase of 95.90% over the previous year.

### MACHINE TOOL DIVISION (MTD)

The Machine Tool Division reported a turnover of ₹69,092.17 Lakhs in Financial Year 2021-22 as against ₹44,434.06 Lakhs registered in 2020-21, an increase of 55.49 % over the previous year.

### ADVANCED TECHNOLOGY CENTRE (ATC)

Advanced Technology Centre had a turnover of ₹3,916.30 Lakhs during the current financial year as against ₹1,546.64 Lakhs achieved in 2020-21. Other income during the period under review was ₹913.08 Lakhs as against ₹1,341.41 Lakhs in the previous year.

### RENEWABLE ENERGY DIVISION

The Company has a policy of tapping renewable resources for power generation. The Company has the necessary infrastructure in place to generate wind and solar power. This helps the Company to meet its energy requirements mainly from sustainable sources.

As on 31st March 2022 the Company had 28 Wind Energy Generators (WEG) with a total power generation capacity of 36.80 MW. Cumulatively, windmills have generated 708 Lakhs units of power during 2021-22.

The Company also has a 10 MW of Solar Power Generating facility. As on 31st March 2022 this facility has generated 209 Lakhs units of power.

About 86% of energy demand of the Company has been met through renewable energy and thereby has helped the Company to reduce its power cost.

### EXPORTS

The export turnover of the Company during the year under review is as follows: (₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|---|---|---|
| Textile Machinery | 57,731.25 | 28,483.91 |
| CNC Machine Tools | 843.36 | 28.48 |
| Castings | 1,314.34 | 1,459.49 |
| Aerospace Parts | 3,525.19 | 837.70 |
| **Total Exports** | **63,414.14** | **30,809.58** |

Export of Textile Machinery as stated above includes exports worth ₹11,949.23 Lakhs made to its wholly owned subsidiary company, LMW Textile Machinery (Suzhou) Co. Ltd., China. Amongst other countries, the Company's products are primarily exported to countries like Bangladesh, Turkey, 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 footprint 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 in India. Further 44 patent applications were filed in overseas countries for which applications were already filed by the Company in India.

### AWARDS

During the year 2021-22 the Company has bagged the following Awards:

- TMMA - Segment Export Award under the category Textile Machinery Sector during 2020-21
- Best Metal Cutting Brand Award 2021 from The Economic Times

## INDUSTRIAL RELATIONS

Relationship with employees was cordial throughout the year.

## SUBSIDIARY COMPANIES

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

The turnover of the Company during the year under review was ₹22,176.20 Lakhs as against ₹8,142.76 Lakhs achieved during the previous year. During the year the Company has achieved a net profit of ₹196.90 Lakhs as against a Net Loss of ₹309.45 Lakhs during the previous year.

### II. LMW AEROSPACE INDUSTRIES LIMITED

The Company was incorporated on 16th March 2021 and the equity share capital of ₹2,50,00,000 divided into 25,00,000 equity shares of ₹10 each was subscribed during April 2021. As on date the Company is yet to commence operations.

### III. LMW MIDDLE EAST FZE

LMW Middle East FZE was incorporated as a Free Zone Establishment type of organisation on 4th February 2022, with a share capital of AED 24,70,500 divided into 24,705 shares of AED 100 each, out of which as on 31st March 2022, the Company has subscribed to 24,307 shares of AED 100 each, amounting to AED 24,30,700 and is located in the Jebel Ali Free Zone (JAFZA), Dubai, United Arab Emirates. As on date this Company is yet to commence manufacturing operations.

The consolidated Financial Statements incorporating the Financial Statements of the wholly owned subsidiary companies are attached to the Annual Report as required under the applicable Accounting Standard(s) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The English translated version of the standalone Annual Financial Statements of LMW Textile Machinery (Suzhou) Co. Ltd, wholly owned subsidiary company is posted on the Company's website www.lmwglobal.com along with the Annual Financial Statements of other wholly owned subsidiary Companies, namely, LMW Aerospace Industries Limited and LMW Middle East FZE. Besides LMWTMSCL, LMW Aerospace Industries Limited and LMW Middle East FZE, the Company does not have any other Joint Venture / Associate Company.

## 2. Annual Return

As per the requirement of Section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management & Administration) Rules, 2014 the Annual Return in the prescribed Form is available on the Company's website www.lmwglobal.com.

## 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 at 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 have 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 the period;

c. Have taken proper and sufficient care for 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;

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; and

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

## 5. Share Capital

As on 31st March 2022, the authorized, issued, subscribed and paid-up share capital is as follows:

| | |
|---|---|
| Authorized Share Capital | 5,00,00,000 Equity Shares of ₹10/- each |
| Issued, Subscribed and Paid-up Share Capital | 1,06,83,000 Equity Shares of ₹10/- each |

During the year under review, there were no changes in the Capital Structure of the Company.

## 6. 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 the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (both as amended from time to time). The Company has a policy on Directors' / Senior Management appointment and remuneration which specifies criteria for determining the qualification, positive attributes for Senior Management and Directors. The policy also specifies the criteria for determination of independence of a Director and other matters provided under sub-section (3) of Section 178 of the Companies Act, 2013. The Nomination and Remuneration Policy is available at the Company's website www.lmwglobal.com.

## 7. Declaration by Independent Directors

The Independent Directors have submitted their disclosures to the Board indicating that they comply with all the requirements that are stipulated in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 so as to qualify themselves to act as Independent Directors in the Company. Further, they have also declared that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

The Independent Directors of the Company have complied with the requirements of the provisions in relation to the Independent Directors Databank as stated in the Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019 and the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended from time to time.

## 8. Explanation and Comments on Audit Report

The report of the Statutory Auditor (appearing elsewhere in this Annual Report) and that of the Secretarial Auditor (annexed hereto as **Annexure 1**) are self-explanatory having no adverse comments. There were no instances of fraud reported by the Auditor 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.

Secretarial Auditor in his report had observed that the transactions of the Company with one of its related parties had exceeded the material related party transaction threshold during the period under review. The total consolidated turnover of the Company for the immediately preceding Financial Year 2020-21 was ₹1,727.38 Crores. The turnover for the year ended 31st March 2021 was hit by COVID-19, which led to closure of business activities during the first quarter of that financial year.

It is also to be noted that the transactions with the related party have exceeded the threshold limit during the quarter ended 31st March 2022 when the Company saw an increase in business, due to robust demand from end users of products especially in the textiles and machine tool verticals. Also, sanctions based on geopolitical developments contributed to increased demand for products from India, including that of the Company. Further global shortage of commodities meant that during Financial Year 2021-22 there was an overall increase in prices of inputs like iron and steel etc., which also increased the transaction values. Added to this, the logistics cost for the Company had also increased significantly during the period cited above.

Therefore, in a nutshell, due to the changing economic position, in the last two years,

(a) the benchmark figure to determine material related party transactions (for the year ended 31st March 2022) dipped to ₹172.74 Crores: and

(b) the value of transactions with one of the related parties increased tremendously due to robust demand and increase in cost(s).

As a result of which, the aggregate value of transaction with one of the related parties exceeded the threshold limit of 10% of consolidated turnover of the Company during the quarter ended 31st March 2022. For all the years prior to 31st March 2022, the said transactions with the said party have never crossed the materiality threshold.

Accordingly, the Company is now proposing to seek approval of the Shareholders through a postal ballot. More details about the same is available in the Postal Ballot Notice which is uploaded on the Company's website i.e., www.lmwglobal.com.

## 9. 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.

## 10. Particulars of Contracts with Related Parties

All the transactions of the Company with its related parties are at arms' length and have taken place in the ordinary course of business. Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transaction with one of its related parties has become material in nature during the last quarter of the Financial Year 2021-22.

The particulars of material related party transactions which are at arms' length basis is provided in Form AOC-2 and is annexed to the Boards' Report as **Annexure –2.**

A copy of the Related Party Transaction Policy of the Company is available on the Company's website www.lmwglobal.com

## 11. Material Changes

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

## 12. Scheme of Arrangement

The Board of Directors of the Company had approved the Scheme of Arrangement between the Company and LMW Aerospace Industries Limited. The Scheme inter-alia provides for transfer of Advanced Technology Centre business undertaking of the Company into LMW Aerospace Industries Limited, a wholly owned subsidiary company, on a going concern basis through slump sale on terms and conditions as detailed in the Scheme. A copy of the Scheme and other related documents are available on the Company's website www.lmwglobal.com

The Company had received Observation Letters from the Stock Exchanges in which the Company's equity shares are listed and subsequently the Company based on the letter from Stock Exchanges has filed an application with the Honourable National Company Law Tribunal, Chennai Bench, seeking their directions. The matter is now pending before the Honourable National Company Law Tribunal, Chennai Bench.

## 13. 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; sources of energy; | Company has invested in energy conservation devices to save power as detailed in point (iii) below. |
| (ii) | the steps taken by the Company for utilizing alternate sources of energy | Company has installed windmills with a capacity of 36.80 MW. The Company also has a photo-voltaic solar power generating facility with an installed capacity of 10 MW. The Company uses electricity generated from renewable sources for captive power consumption. |
| (iii) | the capital investment on energy conservation equipment | An amount of ₹55 Lakhs has been invested during 2021-22 for replacing mercury vapour/fluorescent lamps with 120/100 watt LED lighting and ₹ 30 Lakhs has been invested in replacing the Foundry furnace transformer with a view to improve the power quality.<br>Further, street lights were replaced with LED type and Fossil fuels were eliminated with Electrical energy in the processes. |

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

(B1) Technology Absorption – Foundry Division

| | | |
|---|---|---|
| (i) | Efforts made towards technology absorption; | Technical guest lectures in various subjects and, specializations/skill building exercises, in-depth IPR analysis and review, theoretical simulation. |
| (ii) | Benefits derived like product improvement, cost reduction, product development or import substitution; | 1. Dip / Flood coating for cores instead of manual spray coating to reduce cycle time.<br>2. Pre drying of molds to reduce lead time.<br>3. IRIS (Intelligent Radiofrequency Identification System) controlled Sand Filling in FLL molding to deskill the operation.<br>4. Sponge iron used in place of sorel pig iron to reduce cost<br>5. Plasma cutting technology introduced for de-gating for controlling of Oxygen. |
| (iii) | In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):<br>a. the details of technology imported;<br>b. the year of import;<br>c. whether the technology has been fully absorbed;<br>d. if not fully absorbed, areas where absorption has not taken place, and the reason thereof; | Nil |
| (iv) | Expenditure incurred on Research and Development | Nil |





(B2) Technology Absorption – Textile Machinery Division

| | | |
|---|---|---|
| (i) | Efforts made towards technology absorption; | Technical guest lectures in various subjects and, specializations / 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 resulting in improved performance, cost effectiveness, localization of content and user friendliness to the end user. |
| (iii) | In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):<br>a. the details of technology imported;<br>b. the year of import;<br>c. whether the technology has been fully absorbed;<br>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: Nil<br>Revenue Expenditure: ₹1,805.97 Lakhs<br>Total: ₹1,805.97 Lakhs |

(B3) Technology Absorption – Machine Tool Division

| | | |
|---|---|---|
| (i) | Efforts made towards technology absorption; | Technical guest lectures in various subjects and, specializations/skill building exercises, in-depth IPR analysis and review, theoretical simulation. |
| ii) | Benefits derived like product improvement, cost reduction, product development or import substitution; | **Product improvement:**<br>Rigidity improvement in Turning Centre. Development / upgrade in product range to bridge product gap and to address customer requirements.<br>**New Products under development:**<br>New products are being developed in the product verticals/ variants such as CNC Turning Centre, Horizontal Machining Centre and Vertical Machining Centre. |
| (iii) | In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):<br>a. the details of technology imported;<br>b. the year of import;<br>c. whether the technology has been fully absorbed;<br>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<br>Revenue Expenditure: ₹398.83 Lakhs<br>Total: ₹398.83 Lakhs |

(B4) Technology Absorption – Advanced Technology Centre

| | | |
|---|---|---|
| (i) | Efforts made towards technology absorption; | 1. Technical guest lectures on various subjects and specializations / skill building exercises.<br>2. Engaging with new start-ups for the development of Drones, launch vehicles and electric vertical take-off and landing ("eVTOL") has enabled understanding of emerging technologies. |

*Contd..*

| | | |
|---|---|---|
| (ii) | Benefits derived like product improvement, cost reduction, product development or import substitution; | 1. Manufacture/development of components and sub-assemblies using metal/composite materials.<br>2. Identifying and developing the critical & high-value addition outsourcing processes in-house. |
| (iii) | In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):<br>a. the details of technology imported;<br>b. the year of import;<br>c. whether the technology has been fully absorbed;<br>d. if not fully absorbed, areas where absorption has not taken place, and the reason thereof; | Nil |
| (iv) | Expenditure incurred on Research and Development | Nil |

FOREIGN EXCHANGE OUTGO AND EARNINGS:

| | (₹ in Lakhs) |
|---|---|
| Foreign Exchange Earned | 63,915.71 |
| Foreign Exchange Used | 25,696.23 |

## 14. Risk Management

The Company follows a comprehensive and integrated risk appraisal, mitigation and management as stated in its Risk Management Policy. The identified elements of Risk and Risk Mitigation measures are periodically reviewed and revised by the Board of Directors. The Board of Directors have also constituted a Risk Management Committee to oversee the Risk Management process.

## 15. Corporate Social Responsibility (CSR)

The Company has constituted a CSR Committee of the Board of Directors and has adopted a CSR Policy. The same is posted in the Company's website www.lmwglobal.com. A report in the prescribed format detailing the CSR expenditure for the year 2021-22 is attached herewith as **Annexure 3** and forms a part of this report.

## 16. 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 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 these criteria the performance evaluation process has been undertaken. The Independent Directors of the Company had also convened a separate meeting for this purpose on 04th February 2022. The results from this evaluation process have been communicated to the Chairman of the Board of Directors.

## 17. 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. However, the Board of Directors have approved the proposal to de-merge the Advanced Technology Centre business undertaking pursuant to a Scheme of Arrangement. The Company has filed an application with the Honourable National Company Law Tribunal, Chennai Bench, seeking their directions. The matter is now pending before the Honourable National Company Law Tribunal, Chennai Bench. |
| (iii) | The details of Directors or Key Managerial Personnel who were appointed or have resigned during the year | Details regarding the changes in Directors who were appointed or have resigned during the year have been provided elsewhere in this report. |
| (iv) | The names of companies which have become or ceased to be its Subsidiaries, Joint Ventures or Associate Companies during the year | During the year under review, LMW Middle East FZE was incorporated as a wholly owned subsidiary Company. This Company is located in the Jebel Ali Free Zone (JAFZA), Dubai, United Arab Emirates. The capital of this Company in United Arab Emirates Dirham (AED) is AED 24,70,500 divided into 24,705 shares of AED 100 each out of which as on 31st March 2022, the Company has subscribed to 24,307 shares of AED 100 each amounting to AED 24,30,700. |
| (v) | The details relating to deposits, covered under Chapter V of the Companies Act, 2013. | The Company has not accepted any amount which falls under the purview of Chapter V of the Companies Act, 2013. |
| (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 Ministry of Corporate Affairs. |
| (ix) | Maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 | Pursuant to the provisions of Section 148 (1) of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, the Company was required to maintain cost records. Accordingly, the Company has duly made and maintained the Cost Records as mandated by the Central Government. |

*Contd..*

## 18. Directors

The Board of Directors at their Meeting held on 11th May 2022 have appointed:

a. Sri Jaidev Jayavarthanavelu (DIN: 07654117) as an Additional Non-Executive and Non-Independent Director.

b. Sri Aroon Raman (DIN: 00201205) as an Additional Non-Executive and Independent Director to hold office for a period of 5 years.

The Board of Directors on recommendation of the Nomination and Remuneration Committee recommends their appointment to the Shareholders, at the ensuing Annual General Meeting.

Sri S Pathy (DIN: 00013899), 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.

Notice of candidature under Section 160 of the Companies Act, 2013 for appointment of Sri Jaidev Jayavarthanavelu (DIN: 07654117) and Sri Aroon Raman (DIN: 00201205) has been received by the Company from Shareholder(s).

## 19. Audit Committee / Whistle Blower Policy

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. Justice Smt Chitra Venkataraman (Retd.,) (Non-Executive - Independent)

The Board has accepted the recommendations of the Committee and there was no incidence 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.lmwglobal.com. During the year under review, there were no complaints received under this mechanism.

## 20. Prevention of Sexual Harassment of Women at the Workplace

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Information regarding the same is also provided in the Corporate Governance Report forming part of Directors' Report.

## 21. Listing of Shares

The shares of the Company are listed on BSE Limited and on the National Stock Exchange of India Limited. 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.

## 22. Overall Maximum Remuneration

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

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

| Director | Category of Directorship | Ratio |
|---|---|---|
| Sri Sanjay Jayavarthanavelu | Executive - Chairman and Managing Director | 124.94 |
| Sri S Pathy | Non-Executive - Non-Independent | 1.29 |
| Sri Aditya Himatsingka | Non-Executive – Independent | 1.29 |
| Dr Mukund Govind Rajan | Non-Executive – Independent | 1.29 |
| Sri T C Suseel Kumar[1] | Non-Executive - Non-Independent, Nominee of LIC | 1.29 |
| Justice (Smt) Chitra Venkataraman (Retd) | Non-Executive – Woman - Independent | 1.29 |
| Sri Arun Alagappan | Non-Executive – Independent | 1.29 |
| Sri K Soundhar Rajhan | Executive- Non-Independent | 23.54 |

Note: Sitting fees paid to the Directors is not considered as remuneration.

[1] Sitting fees amount is paid to Sri T C Suseel Kumar and the Commission amount is paid to Life Insurance Corporation of India (LIC) based on communication received from LIC.

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

| Director[2] | Category of Directorship | % increase |
|---|---|---|
| Sri Sanjay Jayavarthanavelu | Executive - Chairman and Managing Director | 93.04 |
| Sri S Pathy | Non-Executive - Non-Independent | 33.33 |
| Sri Aditya Himatsingka | Non-Executive – Independent | 33.33 |
| Dr Mukund Govind Rajan | Non-Executive – Independent | 33.33 |
| Sri T C Suseel Kumar[1] | Non-Executive - Non-Independent, Nominee of LIC | 33.33 |
| Justice (Smt) Chitra Venkataraman (Retd) | Non-Executive - Women Independent | 33.33 |
| Sri Arun Alagappan | Non-Executive – Independent | 33.33 |
| Sri K Soundhar Rajhan | Executive Non-Independent | 42.71 |
| **Key Managerial Personnel[2]** | **Designation** | |
| Sri V Senthil | Chief Financial Officer | 74.13 |
| Sri C R Shivkumaran | Company Secretary | 91.98 |

[1] Sitting fees amount is paid to Sri T C Suseel Kumar and the Commission amount is paid to Life Insurance Corporation of India (LIC) based on communication received from LIC.

[2] Except for Non-Executive Directors remuneration, remuneration paid to key managerial personnel for FY 20-21 was subject to pandemic related adjustment in pay and hence may not be compareable with FY 21-22 figures.

Note: For this purpose, Sitting Fees paid to the Directors is not considered as remuneration. The remuneration details are for the year 2021-22 (Previous Year: 2020-21).

c. The Percentage increase in the median remuneration of employees in the financial year: 21.37%

d. The number of permanent employees on the rolls of Company: 3,143

e. Average percentile increase in the salaries of employees other than the managerial personnel in the last financial year is 31%. Average percentile increase in the managerial remuneration is 83% on account of increase in profit linked remuneration.

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 & 3]

| Name (Age in Years) | Designation | Gross Remuneration paid (in ₹) | Qualification | Date of Commencement of employment (experience in years) | Previous Employment |
|---|---|---|---|---|---|
| Sri Sanjay Jayavarthanavelu (53 Years) | Chairman and Managing Director | 9,68,30,823 | MBA., | 3rd June 1994 (27 Years) | - |
| Sri Soundhar Rajhan K (73 Years) | Director – Operations | 1,82,44,847 | B.Sc., | 9th July 1973 (48 Years) | The Kovilpatti Lakshmi Roller Flour Mills Limited |
| Sri Sankar M (64 Years) | President – TMD | 1,14,63,190 | B. Tech., | 21st August 1985 (36 Years) | Star Marketing Services Limited |

[1] Except Sri Sankar M, employment of others is contractual. The remuneration includes Company's contribution to provident fund, gratuity and perquisites.

[2] The remuneration details are for the financial year 2021-22 and all other particulars are as on 31st March 2022.

[3] Also refer to note 2, 3 & 5 under Table 2.

Besides the above there are no other employees in receipt of Remuneration/Salary for any part of the year, at a rate which, in the aggregate, was not less than ₹8,50,000/- per month.

Particulars of Top Ten employees in terms of remuneration drawn:

Table 2 [1, 2, 3, 4 & 5]

| Name (Age in Years) | Designation | Gross Remuneration paid (in ₹) | Qualification | Date of Commencement of employment (experience in years) | Previous Employment |
|---|---|---|---|---|---|
| Sri Sreeramachandra Murthy Kaza (55 Years) | President – MTD | 99,73,274 | B Tech., M Tech., PG Diploma., | 14th February 2019 (3 Years) | Elgi Equipments Limited |
| Sri Krishna Kumar N (64 Years) | Senior Vice President – ATC | 80,58,914 | B.E., M.E., | 1st July 1983 (38 Years) | - |
| Sri Senthil V[2] (43 Years) | Chief Financial Officer | 58,28,582 | B.Com., ACA., | 23rd January 2015 (7 Years) | LMW Textile Machinery (Suzhou) Company Limited |
| Sri Hari Krishna R (52 Years) | Vice President -IT | 55,67,830 | BE., | 19th August 2019 (2 Years) | Tata Projects Limited |
| Sri Arunachalam C (57 Years) | Vice President – TMD Global Sales | 51,45,362 | B. Tech., MBA. | 3rd February 1992 (30 Years) | J K Synthetics Limited |
| Sri Indraneel Bhattacharya (57 Years) | Vice President – MTD – Marketing & Sales | 50,17,381 | DME., | 8th February 1993 (29 Years) | Batliboi & Company Limited |
| Sri Ananthan P (53 Years) | Vice President – SCM | 46,55,036 | BE., | 17th August 1989 (32 Years) | - |
| Sri Shaiva Prakash Ramesh (53 Years) | Foundry - Divisional Head | 45,74,669 | B.Tech., | 14th February 2021 (1 Year) | Magotteaux Co. Ltd |
| Sri Ramanadane C (51 Years) | Vice President - TMD | 43,76,084 | B.Tech., M Tech., MBA., | 01st March 1995 (27 Years) | - |
| Sri Sanjay Ahuja (42 Years) | Head - Human Resources | 41,73,030 | BE., MBA., | 3rd May 2021 (11 Months) | TVS Motor Company Limited |

Notes for Table 2:

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

2 Except Sri Senthil V, Chief Financial Officer who is a relative (daughter's husband) of Sri Soundhar Rajhan K, 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 2021-22 and all other particulars are as on 31st March 2022.

5 Employee cost for FY 20-21 was subject to pandemic related adjustment in pay and hence may not be on comparative basis to FY 21-22.

## 23. Corporate Governance

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

## 24. Auditors

### Statutory Auditors

M/s S. Krishnamoorthy & Co, Chartered Accountants, (FRN:001496S) with Sri K Raghu and / or Sri B. Krishnamoorthi as signing partner(s) were appointed as Statutory Auditors of the Company from the financial year 2021-22 at the Annual General Meeting ("AGM") held during 2021 for a second term of five financial years commencing from 2021-22.

Further, considering the demise of Sri K Raghu one of the signing partners in M/s S. Krishnamoorthy & Co the Board of Directors on the recommendation of the Audit Committee have now approved the proposal for inclusion of Smt V Indira, a Partner in M/s S. Krishnamoorthy & Co as a signing partner of M/s. S. Krishnamoorthy & Co in place of Sri K Raghu. The said change is subject to approval of the Shareholders at the ensuing Annual General Meeting.

### Cost Auditor

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 (as amended), the Directors, on the recommendation of the Audit Committee have appointed Sri A N Raman, Practicing Cost and Management Accountant, Chennai, as the Cost Auditor of the Company for the Financial Year 2022-23. The remuneration payable to the Cost Auditor is subject to ratification of Shareholders at the ensuing Annual General Meeting.

### Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors have appointed Sri M D Selvaraj of M/s MDS & Associates, Coimbatore, Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2022-23.

## 25. Business Responsibility Report

The SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and amendments made thereto mandates inclusion of the Business Responsibility Report (BRR) as a part of the Annual Report for the top 1,000 listed entities based on market capitalization. In compliance with the Regulation the BRR is enclosed as **Annexure 5** and forms a part of the Annual Report.

## 26. Compliance with Secretarial Standards

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and is operating effectively.

## 27. Details of application made or any proceeding pending under the Insolvency and Bankruptcy Code

No applications have been made and no proceedings are pending against the Company under the Insolvency and Bankruptcy Code.

## 28. Details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof

Not applicable.

## 29. 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.

By order of the Board
Sanjay Jayavarthanavelu
Chairman and Managing Director
(DIN: 00004505)

**Place :** Coimbatore
**Date :** 11th May 2022

Annexure 1

### FORM NO. MR-3

# Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31st March 2022

[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 and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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

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

Based on my verification of **M/s. LAKSHMI MACHINE WORKS LIMITED**'s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and 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 2022** 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 2022 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 and Overseas Direct Investment;

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; and

   e. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

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 year under review the Company has complied with the provisions of the Act, Rules, Regulations and Standards etc., mentioned above except to the extent given below.

During the year under review, the Company has entered into material related party transactions with one of its related parties for which the approval of the shareholders as required under Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is proposed to be obtained through Postal Ballot in May-June 2022.

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, 2018;

b. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

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, 2021;

e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and

f. The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021.

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.

I further report that during the period under review, the Board of Directors of the Company at their meeting held on 24th May 2021, on the recommendation of the Audit Committee has, inter alia, approved the Scheme of Arrangement between the Company and LMW Aerospace Industries Limited (the wholly owned subsidiary) and their respective shareholders with effect from 1st April 2022 ('Appointed Date') pursuant to Sections 230 to 232 of the Companies Act, 2013 subject to the necessary approval of the National Company Law Tribunal (NCLT), Chennai Bench and such other authorities as may be required. Further, BSE Limited & the National Stock Exchange of India Limited vide their respective observation letters dated 28th October 2021 had stated that they do not have any adverse observation to the Scheme of Arrangement.

I further report that during the period under review, the Company has filed an application with BSE Limited and National Stock Exchange of India Limited seeking their approval for the re-classification of Sri. Arjun Karivardhan & Sri. Nithin Karivardhan from the "Promoter Group" category to "Public" category pursuant to Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the approval granted by the Board of Directors at their meeting held on 4th February 2022. The said application is pending with the stock exchange(s) for their approval.

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 pursuant to Section 180 of the Companies Act, 2013
- Foreign technical collaborations

**M D SELVARAJ**
MDS & Associates
Company Secretaries
FCS No.: 960; C P No.: 411
UDIN: F000960D000285750
Peer Review No. 985/2020

**Place :** Coimbatore
**Date :** 11th May 2022

*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'

## Annexure to Secretarial Audit Report Issued By Company Secretary In Practice

To
The Members,
**LAKSHMI MACHINE WORKS LIMITED**
(CIN: L29269TZ1962PLC000463)
SRK Vidyalaya Post,
Perianaickenpalayam,
Coimbatore-641 020

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

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

**M D SELVARAJ**
MDS & Associates
Company Secretaries
FCS No.: 960; C P No.: 411
UDIN: F000960D000285750
Peer Review No. 985/2020

**Place :** Coimbatore
**Date :** 11th May 2022

Annexure 2

## Form AOC-2

**[Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]**

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

   Nil

2. Details of material contracts or arrangement or transactions at arm's length basis:

| | |
|---|---|
| (a) Name(s) of the related party and nature of relationship: | Lakshmi Electrical Control Systems Limited<br>A public Company in which Sri Sanjay Jayavarthanavelu, Chairman & Managing Director is a Director and holds along with his relatives, more than 2% of its paid-up share capital. |
| (b) Nature of contracts/arrangements/transactions: | Sale / purchase of goods and availing/ rendering of services. |
| (c) Duration of the contracts / arrangements/ transactions: | For the period from 1st January 2022 to 31st March 2022. |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any: | The related party transactions (RPTs) entered during the period were in the ordinary course of business and at arm's length basis.<br>Value of transaction: ₹ 225 Crores. |
| (e) Date(s) of approval by the Board, if any: | 11th May 2022 |
| (f) Amount paid as advances, if any: | Nil |

The above-mentioned transaction was entered into by the Company in its ordinary course of business. The materiality threshold is as prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

By order of the Board
Sanjay Jayavarthanavelu
Chairman and Managing Director
(DIN: 00004505)

**Place :** Coimbatore
**Date :** 11th May 2022

Annexure 3

# Annual Report on Corporate Social Responsibility ("CSR") Activities

for the Financial Year ended 31st March 2022

1. **Brief outline on CSR Policy of the Company:**

   The Company has adopted the CSR Policy as approved by the Board of Directors at their meeting held on 12th June 2014. The CSR Policy of Lakshmi Machine Works Limited (LMW) is reflective of its long held beliefs and commitment towards community development. The CSR Policy of LMW contains principles that guide future CSR projects / programmes / activities, such as prescribing the budgetary limits, scope for CSR activities, the geography within which such activities are to be carried out, procedure for sanction of funds, procedure for obtaining Board approval, monitoring mechanism for projects, programmes and activities etc.

2. **Composition of the CSR Committee:**

| Sl. No. | Committee Members | Designation in Committee - Directorship Type | Number of CSR Committee meetings held during the year | Number of CSR Committee meetings attended during the year |
|---|---|---|---|---|
| 1 | Sri Sanjay Jayavarthanavelu | Chairman of CSR Committee - Executive Director | 2 | 2 |
| 2 | Sri Arun Alagappan | Member - Independent Director | 2 | 2 |
| 3 | Sri Aditya Himatsingka | Member - Independent Director | 2 | 2 |

3. **Web-link where composition of CSR committee, CSR Policy and CSR projects approved by the Board is disclosed on the website of the Company:**

   www.lmwglobal.com

4. **Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):**

   Not Applicable

5. **Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:**

   Nil

6. **Average Net Profit of the Company as per Section 135(5):**

   ₹15,059 Lakhs

7. **a) Two percent of average Net Profit of the Company as per Section 135(5):**

   ₹301.18 Lakhs

   **b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years:**

   Nil

   **c) Amount required to be set off for the financial year, if any:**

   Nil

   **d) Total CSR obligation for the financial year (7a+7b- 7c):**

   ₹301.18 Lakhs

8. **a) CSR amount spent or unspent for the financial year:**

Amount Unspent (in ₹)

| Total Amount Spent for the Financial Year (in ₹) | Total Amount transferred to Unspent CSR Account as per section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
|---|---|---|---|---|---|
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 3,08,62,958 | NIL | | | | |

**b) Details of CSR amount spent against ongoing projects for the financial year:**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes/No) | Location of the project | Project duration | Amount allocated for the project (in ₹) | Amount spent in the current financial Year (in ₹) | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹) | Mode of implementation | Mode of implementation - Through Implementing Agency | |
| | | | | | | | | | Direct (Yes/No) | Name | CSR Registration Number |
| NIL | | | | | | | | | | | |

**c) Details of CSR amount spent against other than ongoing projects for the financial year:**

| 1 | 2 | 3 | 4 | 5 | | 6 | 7 | 8 | |
|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes/No) | Location of the project | | Amount spent for the project (in ₹) | Mode of implementation | Mode of Implementation - Through Implementing Agency | |
| | | | | State | District | | Direct (Yes/No) | Name | CSR Registration Number |
| 1 | Education, Environment, Health & Poverty Alleviation | i, ii, iv | Yes | Tamil Nadu | Coimbatore | 1,23,00,000 | No | GKD Charity Trust | CSR00000271 |
| 2 | Health Promotion & Disease Prevention Control-COVID-19 Support | i | Yes | Tamil Nadu | Coimbatore | 29,73,632 | Yes | NA | |
| 3 | Medical Treatment-Sickle Cell Anemia Project (NAWA Trust) | i | Yes | Tamil Nadu | Coimbatore | 21,00,000 | No | GKD Charity Trust | CSR00000271 |
| 4 | Medical Treatment-Spinal injury surgery & rehabilitation | i | Yes | Tamil Nadu | Coimbatore | 10,00,000 | No | GKD Charity Trust | CSR00000271 |
| 5 | Integrated Village Development Project | i, ii, iii, iv, x | Yes | Tamil Nadu | Coimbatore | 55,00,000 | No | GKD Charity Trust | CSR00000271 |
| 6 | Road Safety & Awareness Project | ii | Yes | Tamil Nadu | Coimbatore | 4,95,600 | No | Uyir Trust | CSR00003783 |
| 7 | Public Welfare | i | Yes | Tamil Nadu | Coimbatore | 3,14,426 | Yes | NA | |
| 8 | Housing Project for Tribals in Palamalai | x | Yes | Tamil Nadu | Coimbatore | 12,00,000 | Yes | NA | |
| 9 | Skill Development | ii | No | Tamil Nadu | Hosur | 49,79,300 | Yes | NA | |
| | **Total** | | | | | **3,08,62,958** | | | |

**d) Amount spent in Administrative Overheads:**

Nil

**e) Amount spent on Impact Assessment, if applicable:**

Not Applicable

**f) Total amount spent for the Financial Year (8b+8c+8d+8e):**

₹308.63 Lakhs

**g) Excess amount for set off, if any:**

| Sl. No. | Particulars | Amount (₹ in Lakhs) |
|---|---|---|
| (i) | Two percent of average net profit of the company as per section 135(5) | 301.18 |
| (ii) | Total amount spent for the financial year | 308.63 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | 7.45 |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | Nil |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | Nil |

**9. a) Details of Unspent CSR amount for the preceding three financial years:**

| Sl. No. | Preceding financial year | Amount transferred to Unspent CSR Account under section 135 (6) (in ₹) | Amount spent in the reporting financial year (in ₹) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any | | | Amount remaining to be spent in succeeding financial years (in ₹) |
|---|---|---|---|---|---|---|---|
| | | | | Name of the Fund | Amount (in ₹) | Date of transfer | |
| NIL | | | | | | | |

**b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|
| Sl.No. | Project ID | Name of the Project | Financial year in which the project was commenced | Project duration | Total amount allocated for the project (in ₹) | Amount spent on the project in the reporting financial year (in ₹) | Cumulative amount spent at the end of reporting financial year (in ₹) | Status of the project - Completed / Ongoing |
| Not Applicable | | | | | | | | |

**10. In case of creation or acquisition of capital asset, the details relating to the asset so created or acquired through CSR amount spent in the financial year:**

| Sl. No. | a) Date of creation or acquisition of the capital asset(s) | b) Amount of CSR spent for creation or acquisition of capital asset | c)Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. | d)Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) |
|---|---|---|---|---|
| Nil | | | | |

**11. Specify the reason(s), if the Company has failed to spend two per cent of the average Net Profit as per Section 135(5):**

Not Applicable

By order of the Board
Sanjay Jayavarthanavelu
Chairman and Managing Director
Chairman - CSR Committee
(DIN: 00004505)

**Place :** Coimbatore
**Date :** 11th May 2022



Annexure 4

## 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 2022, as specified in the relevant provisions of the SEBI (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 Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

**B. Krishnamoorthi**
Partner
Membership No. 020439
UDIN: 22020439AITKNR1176

**Place :** Coimbatore
**Date :** 11th May 2022

Annexure 5

# Business Responsibility Report 2021-22

## Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company: L29269TZ1962PLC000463
2. Name of the Company: Lakshmi Machine Works Limited
3. Registered address: SRK Vidyalaya Post, Perianaickenpalayam, Coimbatore 641 020
4. Website: www.lmwglobal.com
5. E-mail id: secretarial@lmw.co.in
6. Financial Year reported: 2021-22
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

   Windmill Division: Udumalpet (TK), Tirupur District

   Solar Power Project: Kondampatti, Coimbatore District
10. Markets served by the Company -Local/State/National/International:

    Lakshmi Machine Works Limited serves national as well as international markets.

## Section B: Financial Details of the Company (2021-22)

| Sl No | Particulars | Unit of Measure | Details |
|---|---|---|---|
| 1 | Paid up capital | (₹ Lakhs) | 1,068.30 |
| 2 | Total Turnover | (₹ Lakhs) | 3,01,676.48 |
| 3 | Total Profit after Taxes | (₹ Lakhs) | 17,967.61 |
| 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 the Financial Year 2021-22 has spent an amount of ₹308.63 Lakhs on CSR which is 1.72% of Profit after Tax. |
| 5 | List of activities in which expenditure as per point 4 above has been incurred | | Refer **Annexure 3** to Directors' Report |

## Section C: Other Details

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

   Yes, Lakshmi Machine Works Limited has the following wholly owned subsidiary companies:

   a. LMW Textile Machinery (Suzhou) Company Limited (LMWTMSCL), located at Yegang Road, Tongjin Avenue, Wujiang Economic Development Zone, Jiangsu Province, China.

   b. LMW Aerospace Industries Limited (LMWASIL), located at SRK Vidyalaya Post, Perianaickenpalayam, Coimbatore 641020, Tamil Nadu, India.

   c. LMW Middle East FZE, located at RA08EC06, Jebel Ali Freezone, Dubai, United Arab Emirates.
2. Do the Subsidiary Companies participate in the Business Responsibility (BR) Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(ies)

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

   b. LMWASIL has been incorporated on 16th March 2021 and is yet to commence operations.

   c. LMW Middle East FZE was incorporated on 4th February 2022 as per the applicable laws of United Arab Emirates. This Company 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 Number: 00004505
   2. Name: Sri Sanjay Jayavarthanavelu
   3. Designation: Chairman and Managing Director

   (b) Details of the BR head:

   1. DIN Number: Not Applicable
   2. Name: Sri V. Senthil
   3. Designation: Chief Financial Officer
   4. Telephone No: +91 422 719 2205
   5. Email ID: senthil@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 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 well-being 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, a copy of which is available at the Company's website www.lmwglobal.com. This Policy 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 (Yes (Y)/No(N))

| Sr. No. | Questions | P1: Ethics and Trans-parency | P2: Sustain-able Products | P3: Well-being of employ-ees | P4: Respon-siveness to Stake-holders | P5: Respect Human Rights | P6: Environ-mental Respon-sibility | P7: Public policy advocacy | P8: Support inclusive growth | P9: Engage-ment with Custom-ers |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Do you have a policy / policies for: | Y | Y | Y | Y | Y | Y | N Note 1 | Y Note 2 | Y |
| 2. | Has the policy been formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Not Applicable | 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 the Company's policies are in conformity with national/international standards wherever applicable. | | | | | | | | |
| 4. | Has the policy been approved by the Board? If yes, has it been signed by MD/owner/ CEO/ appropriate Board Director? | Y Note 4 | Y Note 4 | Y Note 4 | Y Note 4 | Y Note 4 | Y Note 4 | Not Applicable | 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 | Not Applicable | 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 | Not Applicable | 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 | Not Applicable | Y | Y |
| 8. | Does the Company have in-house structure to implement the policy/ policies. | Y | Y | Y | Y | Y | Y | Not Applicable | 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 | Not Applicable | 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 | Not Applicable | Y | Y |

Notes:

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.
2. There is no separate policy but is included in the Company's CSR and Sustainability policy.
3. While there is no formal consultation with all stakeholders, the relevant policies have evolved over a period by taking inputs from concerned stakeholders.
4. Policies are as approved by the Board of Directors.
5. All Business Responsibility Report related policies are available on the Company's website www.lmwglobal.com

3. **Governance related to BR:**

   a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO 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?

   The Company does not publish a separate BR or Sustainability Report.

## 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 and vendor that provide the 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?

   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 1,770 complaints of which 1,490 have been resolved and the balance of 280 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. | Card Drafting System | Reduces raw material consumption resulting in lesser carbon footprint |
| 2. | Draw Frame | Reduction in Raw Material Wastage |
| 3. | CNC Vertical Machining Centre and Turning Centre | Optimal power utilisation |

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

   - Enhancement of machinery efficiency results in reduction of Raw Material usage/wastage and also reduces consumption of electricity while being operational.
   - Product design with lesser use of parts and fewer castings.
   - Avoidance of paints and surface coating that adds to pollution.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

   Sourcing of input material for the product and of indirect material required for manufacturing has been continuously evolved with the concept of using only such material which can be recycled. This starts with design and selection of raw material/ manufacturing process. The learnings are then shared with suppliers to ensure effectiveness of the process.

   The manufacturing processes are selected and improved year on year to consume lesser energy and resources. The Company encourages and implements wherever possible environmentally sustainable packing. The Company has also reduced transport instances 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. Each of the Company's operational facility sources goods and services from suppliers who are competitive as well as close to its premises.

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 used by 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%).

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

   The Company has a waste recycling system for processing production waste. About >10% production waste is recycled annually.

**Water:**

Sewage Treatment Plants are set up at facilities to recycle and treat wastewater 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. The Company has installed Filter Press, RO plant for water treatment and agitated thin film drier at TMD-Unit 2 to increase the output quality of the treated water and thereby reduce hazardous waste generation. Nearly 210 neem tree saplings have been planted inside the factory premises to improve the green belt area inside the Company. The Company has installed 95 numbers of water saving taps to reduce the water consumption.

**E-waste:**

The E-waste generated includes obsolete computers, monitors, servers and other electronic/electrical items. The same are stored at separate facilities before disposal and are being disposed for recycling 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. 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 manure or is being used to manufacture animal feed. Around 1,015 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: 3,143
2. Please indicate the total number of employees hired on temporary/contractual/casual basis: 4,874
3. Please indicate the number of permanent women employees: 67
4. Please indicate the number of permanent employees with disabilities: 4
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? 42%.
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year

| Sl 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 the Company is not engaging persons below 18 years of age. Also the Company has a Human Rights Policy which prohibits use of Forced Labour/ Involuntary Labour. |
| 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 | |
|---|---|---|---|
| | | Safety | Skill |
| A. | Permanent Employees | | |
| | Workmen | 19% | 65% |
| | Staff | 52% | 71% |
| B. | Permanent Women Employees | 42% | 53% |
| C. | Casual/Temporary/ Contractual Employees | 82% | 91% |
| D. | Employees with Disabilities | 100% | 100% |

**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 engages for employment/work wherever possible physically disabled persons.

**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 Business Responsibility Policy covers all aspects on Human Rights for the Company and also extends to all stakeholders of the Company.

2. How many stakeholder complaints have been received in the past Financial Year and what percent was satisfactorily resolved by the Management? Nil

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

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

   LMW Environment Policy covers all manufacturing sites, employees and contractors of the Company.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? If yes, please give hyperlink for webpage etc.

   The Company has been successfully awarded with the GREENCO gold rating and has planned for platinum rating for its foundry units. Company's foundry units have received a Pressure Equipment Directive (PED) certification from TUV NORD as well.

   The Company has planned to implement best practices like achievement of carbon neutrality, sustainable water management/use, minimal waste generation etc at all its units. As a part of the process, initiatives are being planned for better energy efficiency, water conservation, maximizing use of renewable energy, reduction in greenhouse gas emission, material conservation, waste management, green supply chain, life cycle assessment at all its units.

3. Does the Company identify and assess potential environmental risks?

   Yes, the Company has a mechanism to identify and assess potential environmental risks at its units and related facilities.

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 ISO 45001(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 of Directors on a quarterly basis, while a yearly form is submitted to the Tamil Nadu Pollution Control Board.

5. Has the Company undertaken any other initiative on — clean technology, energy efficiency, renewable energy, etc. If yes, please give hyperlink of the web page etc.

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, energy and fossil fuels. The energy saved in the year 2021-22 is around 11.47 Lakh energy units.

The Company has a policy of tapping non-conventional and renewable resources of energy namely wind power and solar power to meet with its energy requirements. The Company has a 10 MW Solar Power Generation Plant at Kondampatti, Coimbatore. The Company has also 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.lmwglobal.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 the 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 or chamber or association? If Yes, name only those major ones that your business deals with:

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

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

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? 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 business segments that it operates by contributing ideas, best practices and sharing details of issues faced to enable its speedy resolution thereby benefiting the industry at large.

**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 the recommendation of the Corporate Social Responsibility (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 for 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 achieving 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 and Safety:**

1) Spinal injury surgery & rehabilitation:

   LMW collaborates with leading hospitals and rehabilitation centres to support the treatment of burn injuries, reconstructive surgery for road traffic accident patients, spine injury surgery, rehabilitation, and the socio-economic development through vocational skill development of the spinal cord injured patients from lower economic background. LMW has supported for the treatment of 31 patients during year 2021-22.

2) Sickle Cell Anemia Screening & Prevention Project:

   LMW in partnership with Nilgiris Adivasi Welfare Association (NAWA) implements the Sickle Anemia Screening and Prevention Project in the tribal areas of Anaikatti, Palamalai and Karamadai areas of Coimbatore District. People are screened for the prevalence of Sickle Cell Anemia which is a genetic disorder and is also hereditary. The identified patients are provided with the required nutritional supplements and medicines. Also, suitable counselling & awareness camps were conducted for persons diagnosed with Sickle Cell traits.

   37 Sickle Cell Anemic patients and 205 persons with Sickle Cell traits were supported through this project during the year 2021-22.

3) Road Safety Campaign & Awareness Program:

   LMW collaborates with UYIR Trust, Coimbatore in promoting road safety awareness campaigns for preventing road traffic accidents in the city of Coimbatore. Under this program LMW supports maintenance of traffic signals & cameras in the Athipalayam Pirivu junction located in Coimbatore.

4) COVID-19 relief support:

   During the COVID-19 pandemic lockdown period, LMW has supported to the tune of ₹28.45 Lakhs NGOs namely Utkarsh, Annai Karangal Nala Sangam and Government bodies such as District Revenue Office, Kaniyur Panchayat in their efforts to provide meals to the needy. Further, cots and mattress worth ₹1.29 Lakhs were handed over as the Company's contribution towards the Government's efforts at establishing COVID-19 Care Centres in Coimbatore.

**II) Village development program:**

1) Solar streetlights:

   To improve basic facilities in tribal villages of Anaikatti Hills and to promote usage of green energy, 45 solar streetlights were installed during the year under review.

2) Livelihood enhancement program:

   For improving the income generation capacity of the tribals in Palamalai & Anaikatti Hills, twelve income generation training programs were conducted in Gopanari, Sorandi, Manguli, Pasumani, Arakadavu, Munukuttai, Kondanur Pudhur, Kuttaikadu, Govanur, Irrularpathi, Alangandi villages. Agroforestry based tree plantation was promoted in 65 farmlands located in Kuliyur, Arakadavu, Sorandi, Mannar, Govanur, Kuttaikadu, Alangandi and Gopanari villages through which 3,030 tree saplings were planted. 15 vermicompost production bags were distributed to the people trained by LMW.

   LMW has actively assisted the villagers in their efforts to obtain financial subsidies from the Mahalir Thittam & Tamil Nadu Rural Transformation Projects of TN government through the Self-Help Group (SHG) model. Through this assistance, 8 SHGs received a total support of ₹7.55 Lakhs as loan/grant benefitting 88 individuals.

3) Veterinary checkup camps:

   Animal husbandry is one of the major livelihood activities of people residing in the tribal villages of Palamalai & Anaikatti. Veterinary health check-up and vaccination camps were conducted in collaboration with Tamil Nadu Animal Husbandry Department. In total 74 such camps have been conducted through which 5,563 cattle, 1,739 goats, 594 poultry were treated.

**III) Rural Infrastructure Development:**

1) School Infrastructure Development:

   LMW has supported development of infrastructure facilities in rural area based government schools. School building repair, painting, laying floor tiles in classrooms & veranda, restroom renovation, provision of computers and equipment for smart classrooms are done through this project. Through this initiative the following schools were covered during the year 2021-22.

   a) Panchayat Union Primary School, Melpavi
   b) Panchayat Union Primary School, Kasthuripalayam
   c) Government High School, Idikarai
   d) Corporation Middle School, Papanaickenpalayam

2) Support for Housing Project:

   LMW has contributed towards the construction of individual houses to 15 beneficiaries in Palamalai under the Green House Scheme of the Tamil Nadu Government.

IV) **Skill Development:**

LMW has supported Hosur Industries Association in establishing Vocational Skill Development Training Centre in Hosur. Two advanced CNC machines were installed in the centre by LMW for CNC machine operator training course for the students enrolling in the centre.

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

   The Company's Corporate Social Responsibility projects are implemented through an internal team as well as in partnership with Non-Governmental Organizations (NGOs) and Government Institutions, wherever applicable/necessary.

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

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

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

   Please refer to **Annexure 3** of the Board of Directors' Report to Shareholders.

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

   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.

By order of the Board
Sanjay Jayavarthanavelu
Chairman and Managing Director
(DIN: 00004505)

**Place :** Coimbatore
**Date :** 11th May 2022





# 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:

Lakshmi Machine Works Limited ("LMW"/ "Company") corporate vision is to ensure a sustainable business that delights the customer, thrives to maintain the market leadership and at the same time enhances value for every stakeholder. To achieve this, systematic and planned efforts are undertaken by the Company considering 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 laws. 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 upgradation of a strong corporate governance policy and practice that will define and drive the organization's performance as per its cherished values and commitment to each stakeholder.

## 2. BOARD OF DIRECTORS:

The Board provides leadership, strategic guidance, and objective judgment in the conduct of 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 practice which allows the Company to carry on its business in the long-term interest of all stakeholders.

To ensure effective participation of all Directors, as a matter of practice, an annual calendar for Board, Committees of the Board and General Meeting(s) of the Company 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 advance, 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 atleast once in a year.

a) **Details of composition of the Board, category of Directorship, attendance at the Meetings of the Company along with information on other Directorship details of the Directors on the Board of the Company as on 31st March 2022:**

   Board of Directors is constituted in such a way that it strictly conforms with the provisions of the Companies Act, 2013 and 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 31st March 2022, the Board consists of eight Directors, of whom one is the Chairman and Managing Director, one is Executive -Non-Independent Director and six are non-Executive Directors. Out of the six non-Executive Directors, one is a Nominee Director representing Life Insurance Corporation of India ("LIC"), one Director is non-Executive non-Independent and rest of the remaining four are non-Executive Independent Directors. The Board also meets with the requirement of having an Independent Woman Director.

The details of the attendance of each Director at Board Meetings, last Annual General Meeting ("AGM") and their directorship in other Indian Companies and membership in the Committees thereof, details of Listed Company(ies) in which the Director holds Directorship, are as under:

| Name, DIN, & Designation of the Director | Category of Directorship at Lakshmi Machine Works Limited | Attendance Particulars[1] | | Directorship in other Indian Companies (Public+Private +Section 8) | Membership in Committees[2] | | Names of other Listed Companies in which Directors hold Directorship | Designation in such other Listed Companies |
|---|---|---|---|---|---|---|---|---|
| | | Board Meeting | AGM | | Chairperson | Member | | |
| Sri Sanjay Jayavarthanavelu, 00004505, Chairman and Managing Director | Promoter - Executive and non - Independent | 4 | Yes | 11 | 1 | 1 | The Lakshmi Mills Company Limited | Promoter Group Member, non-Executive and non-Independent Director |
| | | | | | | | Carborundum Universal Limited | Non-Executive and Independent Director |
| | | | | | | | Lakshmi Electrical Control Systems Limited | Non-Executive and non-Independent Director |
| | | | | | | | Super Sales India Limited | Promoter, Chairman, non-Executive and non-Independent Director |
| Sri S Pathy, 00013899, Director | Promoter Group Member - non-Executive and non - Independent | 4 | Yes | 9 | 0 | 1 | The Lakshmi Mills Company Limited | Promoter, Chairman and Managing Director (Executive) |
| | | | | | | | Lakshmi Automatic Loom Works Limited | Promoter, Chairman, non-Executive and non-Independent Director |
| Sri Aditya Himatsingka, 00138970, Director | Non-Executive and Independent | 3 | No | 0 | 1 | 2 | Nil | Nil |
| Dr Mukund Govind Rajan, 00141258, Director | Non-Executive and Independent | 4 | Yes | 4 | 1 | 1 | Nil | Nil |
| Justice Smt Chitra Venkataraman (Retd.), 07044099, Director | Non-Executive, Independent (Woman) | 4 | Yes | 2 | 0 | 5 | The Ramco Cements Limited | Non-Executive and Independent Director |
| | | | | | | | Ramco Industries Limited | Non-Executive and Independent Director |
| Sri T C Suseel Kumar, 06453310, Nominee Director of LIC | Non-Executive and non-Independent | 4 | Yes | 3 | 1 | 4 | BSE Limited | Shareholder Director |
| | | | | | | | Axis Bank Limited | Nominee Director |
| | | | | | | | PCBL Limited | Independent Director |
| Sri Arun Alagappan, 00291361, Director | Non-Executive and Independent | 4 | Yes | 7 | 0 | 1 | Coromandel International Limited | Promoter / Promoter Group Member, Vice Chairman and Whole-time Director (Executive) |
| Sri K Soundhar Rajhan, 07594186, Director Operations | Executive and Non-Independent | 4 | Yes | 2 | 0 | 0 | Nil | Nil |

1 Board Meetings were held on 24th May 2021, 21st July 2021, 27th October 2021 and 04th February 2022. Annual General Meeting was held on 21st July 2021.

2. 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. The numbers contained in the column titled 'Membership in Committees' denotes only the Chairmanship/ Membership of the Directors in Audit Committee and Stakeholders Relationship Committees across all public limited companies including Lakshmi Machine Works Limited, in which they hold Board position. A Director who is a Chairperson of a Committee is also additionally counted as a Member in the said Committee.

**b. Number and dates of Board Meetings**

Four Meetings of the Board of Directors were held during the Financial Year 2021-22 and the meetings were held on 24th May 2021, 21st July 2021, 27th October 2021 and 04th February 2022.

Independent Directors had met separately on 24th May 2021 and on 04th February 2022 in which all the Independent Directors were present.

**c. Directors' inter-se relationship**

As on 31st March 2022, none of the Directors are related to each other.

**d. Number of shares and convertible instruments held by the non-Executive Directors**

| Sl No | Name of the Director | Number of equity shares held as on 31st March 2022 |
|---|---|---|
| 1. | Sri S Pathy | 1,721 |
| 2. | Dr Mukund Govind Rajan | - |
| 3. | Sri Aditya Himatsingka | - |
| 4. | Sri T C Suseel Kumar | - |
| 5. | Justice Smt Chitra Venkataraman (Retd.) | - |
| 6. | Sri Arun Alagappan | - |

The Company has not issued any convertible instruments.

**e. Familiarization Program for Independent Directors**

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

**f. Key Board qualifications, expertise, and attributes**

The Board of Directors comprise of qualified members who bring with them the required skills, competence and expertise that allows them to effectively participate and assist the Management in the strategic decision-making process.

The list of core skills / expertise / competency as identified by the Board of Directors as required in the context of the Company's business(es) and from that list, the skills that are available with the Board are as follows:

| | |
|---|---|
| **Leadership** | Leadership / Directorship experience resulting in effective participation in or spearheading various initiatives taken up by the Company. Ability to envision, develop talent, long-term planning and to champion & drive necessary changes. |
| **Board Service, Legal and Governance** | Has experience in managing Board Services and Governance resulting in better understanding of the governance process undertaken by the organization and helps to protect the stakeholders' interest at large. Has experience in Legal processes and is adept at interpreting laws / regulations applicable to the Company to enhance the Governance and protect its interest. |
| **Business Strategy** | Experience at developing business strategies that result in identifying divestiture and acquisition or alliance opportunities to strengthen the Company's portfolio and capabilities, analyze viability of a project with the business strategy and contribute towards growth of the organization (organic and inorganic). |
| **Technology & Innovation** | Ability to develop long term plans to sustain and support the business, anticipating future business models / changes in an innovative way. Experience in understanding technology, its purpose and its suitability for the Company. |

| | | |
|---|---|---|
| Financial | | Experience in supervising the principal financial officer or person having similar nature of function. Having the ability to read and understand the financial statements. Management of financial function of the organization resulting in proficiency in financial management / reporting / processes. |
| Sales and Marketing | | Experience in driving / heading sales and marketing, resulting in better management of sales, increase of organization reputation and building of brand reputation. |
| Human Resources | | Experience in people management including but not limited to talent management, dispute resolution, inter-personnel relations, liaison with external stakeholders. |

In the table below, the specific areas of focus or expertise of individual Board members have been highlighted. However, absence of a mark against a Director's name may not mean that the Director does not possess the said qualification or skill.

| Name of the Director | Board Qualifications - Area of Expertise | | | | | | |
|---|---|---|---|---|---|---|---|
| | Leadership | Board Service, Legal and Governance | Business Strategy | Technology & Innovation | Financial | Sales and Marketing | Human Resources |
| Sri Sanjay Jayavarthanavelu | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Sri S Pathy | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Sri Aditya Himatsingka | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Dr Mukund Govind Rajan | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Justice Smt Chitra Venkataraman (Retd.) | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Sri T C Suseel Kumar | ✓ | | ✓ | | ✓ | ✓ | ✓ |
| Sri Arun Alagappan | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Sri K Soundhar Rajhan | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ |

g. Based on declarations received from the Independent Directors, the Board of Directors are of the opinion that the Independent Directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 and are independent of the management.

As per the requirements of the Companies Act, 2013, all the Independent Directors of the Company have registered themselves in the Independent Directors Data Bank and are exempted from undertaking online self-assessment test.

h. During the year under review, none of the Independent Directors have resigned before the expiry of the tenure and there was no change in Directors of the Company.

## 3. AUDIT COMMITTEE:

The Audit Committee was constituted along with the terms of reference in line with the provisions of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference include amongst other things review of financial statements, annual budgets, internal control systems, accounting policies and practices, internal audit and administration.

Sri C R Shivkumaran, Company Secretary serves as the Secretary of the Committee.

Chief Financial Officer, Statutory Auditors, Internal Auditor, and the Company Secretary were always present at the Audit Committee meetings. The Audit Committee assures to the Board among other things adequacy of internal control system, compliance with applicable Accounting Standards, adequacy and correctness of financial disclosures, compliance with the requirements as specified in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee meets once in every quarter to carry out its business.

The Committee met four times during the financial year under review on 24th May 2021, 21st July 2021, 27th October 2021 and 04th February 2022.

The composition of the Audit Committee and the attendance details of Members is as follows:

| Name of the Member | Date and attendance at meetings | | | |
|---|---|---|---|---|
| | 24th May 2021 | 21st July 2021 | 27th October 2021 | 04th February 2022 |
| Dr Mukund Govind Rajan (Chairman) | ✓ | ✓ | ✓ | ✓ |
| Sri Aditya Himatsingka (Member) | ✓ | ✓ | ✓ | ✓ |
| Justice Smt Chitra Venkataraman (Retd.) (Member) | ✓ | ✓ | ✓ | ✓ |

The Chairman of the Audit Committee was present during the Annual General Meeting held on 21st July 2021.

## 4. NOMINATION AND REMUNERATION COMMITTEE:

In compliance with Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this Committee was formed for identifying persons to be appointed as Directors and in Senior Management positions, to recommend to the Board for 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/Senior Management.

The Committee met four times during the financial year under review on 24th May 2021, 21st July 2021, 27th October 2021 and 04th February 2022. The composition of the Nomination and Remuneration Committee and the attendance details of Members is as follows:

| Name of the Member | Date and attendance at meetings | | | |
|---|---|---|---|---|
| | 24th May 2021 | 21st July 2021 | 27th October 2021 | 04th February 2022 |
| Dr Mukund Govind Rajan (Chairman) | ✓ | ✓ | ✓ | ✓ |
| Sri S Pathy (Member) | ✓ | ✓ | ✓ | ✓ |
| Justice Smt Chitra Venkataraman (Retd.) (Member) | ✓ | ✓ | ✓ | ✓ |

Sri C R Shivkumaran, Company Secretary serves as the Secretary of the Committee.

The Chairman of the Nomination and Remuneration Committee was present during the Annual General Meeting held on 21st July 2021.

**Board Performance evaluation:**

The Securities and Exchange Board of India (SEBI) vide Circular No. SEBI / HO / CFD / CMD / CIR / P / 2017 / 004 dated 5th January 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, Committees of the Board and the Board of Directors as required under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 fulfill allotted functions / roles, ability to function as a team, pro-activeness, participation and attendance, commitment, contribution, integrity, independence from the Company and the 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.

## 5. DIRECTORS REMUNERATION:

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 21st July 2021, is paid in the aggregate for all non-Executive Directors up to 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. The amount of commission payable to each Non-Executive Director is determined by the Board based on the recommendation of the Nomination and Remuneration Committee.

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 Profit 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 on the Company's website www.lmwglobal.com.

**Remuneration of Directors for the year ended 31st March 2022 is as follows:** (Amount in ₹)

| Name | Salary[1] | Perquisites[1] | Sitting fee | Commission[1] | Others | Total |
|---|---|---|---|---|---|---|
| Sri Sanjay Jayavarthanavelu | 1,62,00,000 | 24,00,000 | - | 7,61,24,823 | 21,06,000 | 9,68,30,823 |
| Sri S Pathy | - | - | 6,00,000 | 10,00,000 | - | 16,00,000 |
| Sri Aditya Himatsingka | - | - | 7,50,000 | 10,00,000 | - | 17,50,000 |
| Dr Mukund Govind Rajan | - | - | 7,00,000 | 10,00,000 | - | 17,00,000 |
| Justice Smt Chitra Venkataraman (Retd.) | - | - | 8,00,000 | 10,00,000 | - | 18,00,000 |
| Sri T C Suseel Kumar (Nominee Director of LIC)[2] | - | - | 2,00,000 | 10,00,000 | - | 12,00,000 |
| Sri Arun Alagappan | - | - | 4,00,000 | 10,00,000 | - | 14,00,000 |
| Sri K Soundhar Rajhan | 1,11,60,000 | 18,21,000 | - | - | 52,63,847 | 1,82,44,847 |

[1] Commission paid to Sri Sanjay Jayavarthanavelu is variable while salary and perquisites are fixed. For other Non-Executive Directors Commission is variable.

[2] Sitting fees amount is paid to Sri T C Suseel Kumar while the Commission amount is paid to Life Insurance Corporation of India (LIC) as per the communication received from LIC.

No benefits, other than the above are given to the Directors. No performance linked incentive, severance fee, bonus, pension and/or stock option is given to the Directors. All non-Executive Directors of the Company during the year were paid an equal amount of commission. No service contracts were entered into with the Directors, their appointment is governed by the respective resolutions passed at the General Meeting of the Company in line with the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Except as stated above, none of the Directors have any pecuniary relationship with the Company.

## 6. STAKEHOLDERS RELATIONSHIP COMMITTEE:

In compliance with Section 178(5) of the Companies Act, 2013 and Regulation 20 read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this Committee has been formed to evaluate the efficacy with which services as mandated statutorily are extended to the shareholders/ investors of the Company. The Committee periodically reviews the services as rendered to the Shareholders particularly with the redressal of complaints/grievances of Shareholders like delay in transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends, etc., and on the action taken by the Company on the above matters.

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

During the year under review, one complaint was received from a Shareholder and the same was resolved. Hence, no complaint /query is remaining unresolved & pending as on 31st March 2022.

The Committee met twice during the year under review on 21st July 2021, and 04th February 2022. The composition of the Stakeholders Relationship Committee and the details of attendance of Members is as follows:

| Name of the Member | Date and attendance at meetings | |
|---|---|---|
| | 21st July 2021 | 04th February 2022 |
| Sri Aditya Himatsingka (Chairman) | | |
| Sri S Pathy (Member) | | |
| Justice Smt Chitra Venkataraman(Retd.) (Member) | | |

In the absence of the Chairman of the Stakeholders Relationship Committee, other Members of the Committee were present during the Annual General Meeting held on 21st July 2021.

## 7. SHARES AND DEBENTURES COMMITTEE:

The Shares and Debentures Committee consists of the Members of the Board, Company Secretary and nominees of the Registrar and Share Transfer Agents. As on date of this Report there are 6 members in the Committee. This Committee reviews and approves transfers, transmission, split, consolidation, issue of duplicate share certificate, recording change of name, transposition of names, etc., in equity shares of the Company. Shareholder requests on the above matters are being processed and certificates returned to them within the prescribed time. The Committee had met two times on 30th June 2021 and on 31st March 2022 during the year under review.

## 8. RISK MANAGEMENT COMMITTEE:

As required under Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Risk Management Committee has been constituted with a majority consisting of Board of Directors as its Members.

The Risk Management Committee monitors, reviews the risk management plan of the Company and performs such other functions as mandated by the Board of Directors.

The Committee met three times during the year under review, on 21st July 2021, 27th October 2021 and 04th February 2022. The composition of the Risk Management Committee and the details of attendance of Members is as follows:

Table A - Attendance details of Members (Board Members):

| Name of the Member | 21st July 2021 | 27th October 2021 | 04th February 2022 |
|---|---|---|---|
| Sri Sanjay Jayavarthanavelu (Chairman) | | | |
| Sri Aditya Himatsingka (Member) | | | |
| Sri K Soundhar Rajhan (Member) | | | |

Table B – Attendance details of Members (Executives)

| Name of the Member | 21st July 2021 | 27th October 2021 | 04th February 2022 |
|---|---|---|---|
| Sri S Rajasekaran (Member) | | | |
| Sri V Senthil (Member) | | | |

Sri C R Shivkumaran, Company Secretary serves as the Secretary of the Committee.

## 9. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Corporate Social Responsibility Committee was constituted in compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, to formulate policies, indicate the activities/ projects and the amount of expenditure to be incurred in relation to the CSR activities of the Company.

The Committee met twice during the year under review on 24th May 2021 and 27th October 2021. The composition of the Corporate Social Responsibility Committee and the details of attendance of Members is as follows:

| Name of the Member | 24th May 2021 | 27th October 2021 |
|---|---|---|
| Sri Sanjay Jayavarthanavelu (Chairman) | | |
| Sri Aditya Himatsingka (Member) | | |
| Sri Arun Alagappan (Member) | | |

Sri C R Shivkumaran, Company Secretary serves as the Secretary of the Committee.

## 10. GENERAL BODY MEETINGS:

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

| Type | Venue | Day | Date | Time (IST) |
|---|---|---|---|---|
| AGM | Mani Higher Secondary School (Nani Kalai Arangam) Pappanaickenpalayam Coimbatore-641037 | Monday | 22nd July 2019 | 03.30 P.M. |
| AGM | via Video Conference from "Lakshmi", No. 34A, Kamaraj Road, Coimbatore - 641018 | Friday | 24th July 2020 | 02:45 P.M. |
| AGM | -do- | Wednesday | 21st July 2021 | 03.30 P.M. |

Details of special resolutions passed in the AGM

| AGM Date | Particulars of Resolution |
|---|---|
| 22nd July 2019 | Continuation of payment of remuneration to Sri Sanjay Jayavarthanavelu, (DIN: 00004505) Managing Director (Promoter), in excess of threshold limits prescribed by the amendment to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.<br>Re-appointment of Sri Aditya Himatsingka (DIN: 00138970) as an Independent Director.<br>Re-appointment of Dr Mukund Govind Rajan (DIN: 00141258) as an Independent Director.<br>Re-appointment of Justice Smt Chitra Venkataraman (Retd.,) (DIN:07044099) as an Independent Woman Director. |
| 24th July 2020 | Re-appointment of Sri K Soundhar Rajhan (DIN: 07594186) as Whole-time Director (Designated as Director – Operations) of the Company.<br>Approval for payment of minimum remuneration to Sri Sanjay Jayavarthanavelu, Chairman and Managing Director, (DIN: 00004505) in case of inadequacy or absence of profits arising due to the COVID-19 pandemic induced economic / business slow down and also approval to authorise Board of Directors for modification of remuneration payable to Sri Sanjay Jayavarthanavelu, Chairman and Managing Director (DIN: 00004505) to be in tandem with the performance of the Company which has been impacted due to the ongoing COVID-19 pandemic, within the limits as already approved by the Shareholders.<br>Approval to authorize the Board of Directors for modification of remuneration payable to Sri K Soundhar Rajhan (DIN: 07594186), Whole-time Director (Designated as Director-Operations) to be in tandem with performance of the Company which has been impacted due to the ongoing COVID – 19 pandemic induced economic / business slowdown, within the limits as already approved by the Shareholders. |
| 21st July 2021 | Re-appointment of Sri Sanjay Jayavarthanavelu (DIN:00004505) as Managing Director of the Company.<br>Re-appointment of Sri Arun Alagappan (DIN: 00291361) as an Independent Director. |

## 11. POSTAL BALLOT:

No Postal Ballot was conducted during the year.

It may also be noted that the Company proposes to seek approval of the Shareholders in relation to the material related party transactions vide Postal Ballot during May-June 2022.

During the year under review no Extra Ordinary General Meeting was held.

## 12. MEANS OF COMMUNICATION:

The Company is conscious of the importance of timely dissemination of adequate information to the stakeholders. The dates of General Body meetings, Book Closure and Quarterly results are being published in The Hindu Business Line, an English daily Newspaper and Dinamalar, a Tamil daily Newspaper and is also being informed to the 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, if any and presentations, if any, made to institutional investors are posted and updated on the Company's website www.lmwglobal.com.

## 12. GENERAL SHAREHOLDER INFORMATION:

**Annual General Meeting:**

| | |
|---|---|
| Day and Date | Monday, 25th July 2022 |
| Time | 03.30 PM (IST) |
| Venue | Via Video Conferencing / Other Audio Visual means; from the deemed venue: "Lakshmi", No. 34A, Kamaraj Road, Coimbatore - 641018 |

**Financial Calendar**

| Particulars | Dates |
|---|---|
| Financial Year | 1st April 2021 to 31st March 2022 |
| Date of Book Closure | 19th July 2022 to 25th July 2022 |
| Dividend payment date | 10th August 2022 |

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

The equity shares of the Company are listed in:

BSE Limited (Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001).

National Stock Exchange of India Limited (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/Scrip code & ISIN:**

| BSE Limited ("BSE") Scrip Code | National Stock Exchange of India Limited ("NSE") Scrip Code | ISIN |
|---|---|---|
| 500252 | LAXMIMACH | INE269B01029 |

**Market Price data of Shares:**

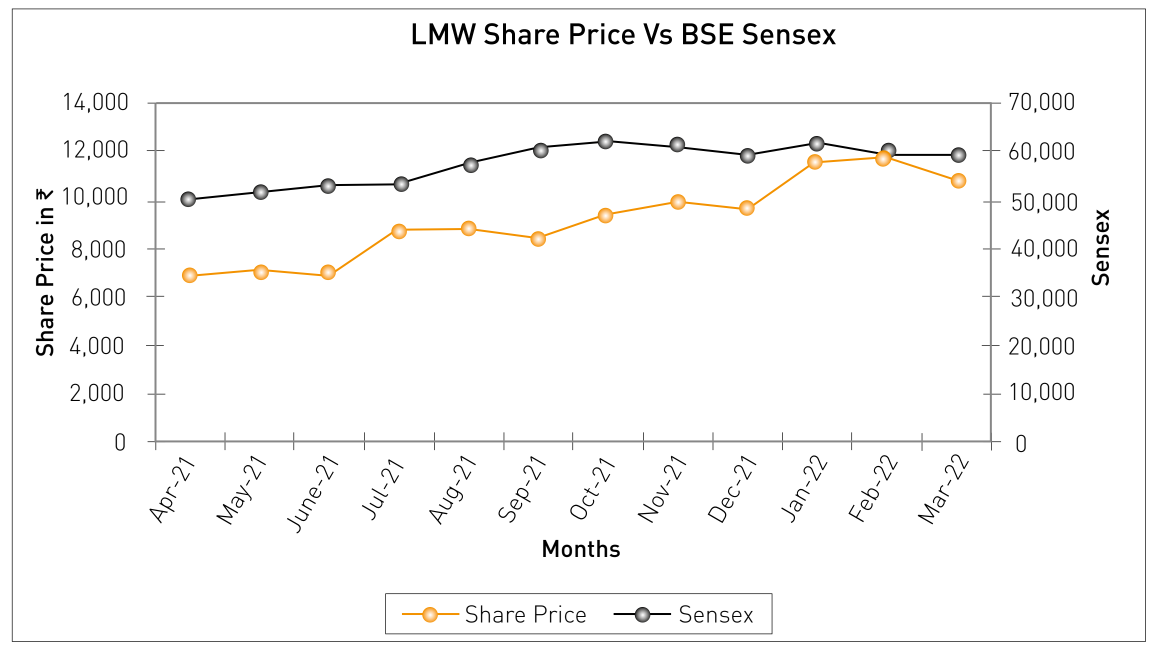
The monthly High & Low of Company's share price quoted in NSE / BSE during the financial year 2021-22 are given below: (Amount in ₹)

| Month & Year | BSE | | NSE | |
|---|---|---|---|---|
| | High Price | Low Price | High Price | Low Price |
| Apr 21 | 6,921 | 5,894 | 6,970 | 5,889 |
| May 21 | 7,123 | 6,022 | 7,753 | 5,910 |
| Jun 21 | 6,932 | 6,050 | 6,949 | 6,050 |
| Jul 21 | 8,734 | 6,505 | 8,750 | 6,501 |
| Aug 21 | 8,870 | 7,608 | 8,880 | 7,364 |
| Sep 21 | 8,380 | 7,720 | 8,390 | 7,713 |
| Oct 21 | 9,450 | 8,070 | 9,470 | 8,065 |
| Nov 21 | 9,950 | 8,108 | 9,955 | 8,151 |
| Dec 21 | 9,575 | 8,484 | 9,586 | 8,480 |
| Jan 22 | 11,586 | 8,596 | 11,570 | 8,598 |
| Feb 22 | 11,750 | 9,401 | 11,790 | 9,410 |
| Mar 22 | 10,791 | 9,516 | 10,790 | 9,515 |

Note: Prices are rounded off

**Company's 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 wherein the Company's shares are listed.



**Registrar & Share 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, Surya, 35 Mayflower Avenue, behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028. They are the connectivity providers for Demat Segment.

**Share Transfer System:**

Share transfers, if any, 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 the Shares and Debentures Committee.

Distribution of shareholding as on 31st March 2022:

| Range (Number of shares) | Number of shares | % to total number of shares | Number of share-holders | % to total number of share-holders |
|---|---|---|---|---|
| 0001 – 0500 | 9,59,491 | 8.98 | 35,467 | 98.10 |
| 0501 – 1,000 | 2,42,947 | 2.27 | 326 | 0.90 |
| 1,001 – 2,000 | 2,19,806 | 2.06 | 148 | 0.41 |
| 2,001 – 3,000 | 1,42,075 | 1.33 | 57 | 0.16 |
| 3,001 – 4,000 | 1,16,755 | 1.09 | 34 | 0.09 |
| 4,001 – 5,000 | 82,162 | 0.77 | 18 | 0.05 |
| 5,001 – 10,000 | 2,21,589 | 2.08 | 30 | 0.08 |
| 10,001 and above | 86,98,175 | 81.42 | 75 | 0.21 |
| Total | **1,06,83,000** | **100.00** | **36,155** | **100.00** |

**Dematerialization of Shares and Liquidity:**

As on 31st March 2022, 1,06,35,787 equity shares constituting 99.56% 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.

**Foreign Exchange hedging and Monitoring of Commodity Prices:**

The Company does not have foreign exchange exposure and has not undertaken any hedging activity in foreign exchange and commodity markets. The Company has a mechanism in place to continuously monitor commodity price movement and take appropriate action, if necessary, to ensure better cost control.

**Plant Locations:**

The Company's plants are situated at the following locations in Tamil Nadu, India:

Textile Machinery Division:

| | |
|---|---|
| Unit - I | SRK Vidyalaya Post, 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 |
| Windmill Power Generating Facility | Udumalpet (TK), Tirupur District |
| Solar Power Generating Facility | Kondampatti, Coimbatore District |

**Address for correspondence:**

**All Shareholder 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
Phone: +91 422-7198100

**Credit Rating:**

The Company does not have any debt instrument or a fixed deposit program or any scheme or proposal involving mobilization of funds either in India or abroad that requires Credit Rating.

## 14. 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 Securities and Exchange Board of India or any statutory authority on any matter related to capital markets during the last three years.
- Whistle Blower Policy has been adopted by the Company, the whistle blower mechanism is in vogue and no person has been denied access to the Audit Committee.
- All the mandatory requirements have been duly complied with.
- The Company's Policy relating to determination of Material Subsidiaries is available at the Company's website www.lmwglobal.com.
- The policy of the Company relating to Related Party Transaction is available at the Company's website: www.lmwglobal.com.
- The Company is not undertaking any commodity hedging activities, hence there is no risk of commodity hedging to the Company.
- The Company has not raised any funds through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- A certificate from a Company Secretary in Practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or in continuing as Directors of Companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority has been obtained and is annexed to the Annual Report.
- During the year under review, the recommendations made by the different Committees have been accepted and there were no instances where the Board of Directors have not accepted any recommendation of the Committees.
- The Company has paid a sum of ₹19,60,000 /- as fees on consolidated basis to the Statutory Auditor and all entities in the network firm / entity of which the Statutory Auditor is a part for the services rendered by them.
- 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 2021-22, no complaint was received by the Committee. As such, there are no complaints pending as at the end of the financial year.

15. All the requirements of Corporate Governance Report of sub paragraphs (2) to (10) Para C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been duly complied with.

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

17. 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.

18. 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, had been transferred to a separate Demat Account opened in the name Lakshmi Machine Works Limited-Unclaimed Suspense Account with the Stock Holding Corporation of India, Coimbatore, Tamil Nadu, India.

    As on 1st April 2021, Lakshmi Machine Works Limited-Unclaimed Suspense Account had a nil balance of shares. This is on account of shares being either claimed by the Shareholders or because of transfers to the Investor Education and Protection Fund ("IEPF) during the previous years.

19. In Compliance with SEBI circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January 2022, the Company has opened a Suspense Escrow Demat Account.

By order of the Board
Sanjay Jayavarthanavelu
Chairman and Managing Director
(DIN: 00004505)

**Place :** Coimbatore
**Date :** 11th May 2022

## Certificate of Non-Disqualification of Directors

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members of
**Lakshmi Machine Works Limited**
(CIN: L29269TZ1962PLC000463)
SRK Vidyalaya Post,
Perianaickenpalayam,
Coimbatore – 641020

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **LAKSHMI MACHINE WORKS LIMITED** having CIN L29269TZ1962PLC000463 and having registered office at SRK Vidyalaya Post, Perianaickenpalayam, Coimbatore – 641020 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on **31st March 2022** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Date of appointment in Company |
|---|---|---|---|
| 1 | Sri Sanjay Jayavarthanavelu (Chairman and Managing Director) | 00004505 | 24/02/1993 |
| 2 | Sri S Pathy | 00013899 | 21/03/1973 |
| 3 | Sri Aditya Himatsingka | 00138970 | 25/10/2010 |
| 4 | Dr Mukund Govind Rajan | 00141258 | 25/10/2010 |
| 5 | Sri Arun Alagappan | 00291361 | 26/10/2016 |
| 6 | Justice (Smt) Chitra Venkataraman (Retd.,) | 07044099 | 02/02/2015 |
| 7 | Sri K Soundhar Rajhan (Whole-time Director designated as Director – Operations) | 07594186 | 01/11/2017 |
| 8 | Sri T C Suseel Kumar (Nominee Director of LIC) | 06453310 | 27/01/2021 |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**M D SELVARAJ**
MDS & Associates
Company Secretaries
FCS No.: 960; C P No.: 411
UDIN: F000960D000285937
Peer Review No. 985/2020

**Place:** Coimbatore
**Date:** 11th May 2022

## CEO & CFO Certificate

The Board of Directors
**Lakshmi Machine Works Limited**
Coimbatore

11th May 2022

**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 31st March 2022 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 of:

  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

  ii) 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.

**V Senthil**
Chief Financial Officer (CFO)

**Sanjay Jayavarthanavelu**
Chairman and Managing Director (CEO)
(DIN: 00004505)

## 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 compliance with the said Code of Conduct during the year 2021-22.

**Sanjay Jayavarthanavelu**
Chairman and Managing Director (CEO)
(DIN: 00004505)

**Place :** Coimbatore
**Date :** 11th May 2022

# INDEPENDENT AUDITOR'S REPORT

TO **THE MEMBERS OF LAKSHMI MACHINE WORKS LIMITED**

Report on the Audit of the Standalone Financial Statements

## Opinion

We have audited the Standalone Financial Statements of LAKSHMI MACHINE WORKS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies, Notes to the Financial Statements and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| KEY AUDIT MATTER | RESPONSE TO KEY AUDIT MATTER |
|---|---|
| **Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (Revenue Accounting Standard)**<br><br>The application of the revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date. | We assessed the Company's process to identify the impact of adoption of the revenue accounting standard.<br><br>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:<br>• Evaluated the design of internal controls relating to implementation of the revenue accounting standard.<br>• It is observed that transaction price charged is ex-works price and revenue is booked at the time of dispatch of the goods.<br>• The above method followed by the company is in line the provisions of Ind AS 115 - 'Revenue from contracts with customers'<br>**Conclusion:**<br>We agree with the management's evaluation. |
| **Accuracy of revenues and onerous obligations in respect of fixed price contracts.** | In the process of verifying the accuracy of recognition of revenues of fixed price contracts, we have undertaken the following audit approach<br>• Understood, evaluated and tested the key controls over the recognition of revenue from fixed price contracts. We selected a sample of transactions and<br>• Agreed the applied tariff to the respective terms in the contract.<br>• Tested revenue calculations and agreed the revenue recognized to the underlying accounting records.<br>**Conclusion:**<br>We agree with the management's evaluation. |
| **Assessment of carrying value of investments**<br>The company has invested in listed equity instruments and debt instruments. We consider this a key audit matter given the relative significance of the value of investments. | Our procedures in relation to assessing the carrying value of investments include the following observations.<br>• The equity investments are carried at fair value as on March 31, 2022.<br>• During the year the company has made new investments in Non-convertible debentures. All the investments in debentures are measured at cost.<br>• The company has also invested in debt oriented mutual funds, and the same has also been recognized at fair market value as on March 31, 2022.<br>**Conclusion:**<br>We agree with the management's evaluation. |

## Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Management's Responsibilities for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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.

   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 Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS 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 as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B".** Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) 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 on its financial position in its Standalone Financial Statements – Refer Note 31.1 to Standalone Financial Statements.

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 19 to Standalone Financial Statements.

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

      iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule

11(e), as provided under (a) and (b) above, contain any material misstatement.

(v) (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

(b) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

**B. Krishnamoorthi**
Partner
Membership No.020439
UDIN:22020439AITJYK3456

**Place :** Coimbatore
**Date :** 11th May, 2022





# ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' of the Independent Auditors' section of our report to the Members of LAKSHMI MACHINE WORKS LIMITED on the Standalone Financial Statements for the year ended March 31,2022)

To the best of our information and according to the explanations provided to us by the company and the books of accounts and records examined by us in the normal course of audit we state that:

(i) In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The company has maintained proper records showing full particulars of Intangible assets.

(b) The company has a program of physical verification of Property, Plant and Equipment so to cover all assets once every three years which, in our opinion, is reasonable having regard to the size of the company and the nature if its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) Based on our examination of the property tax receipts and lease agreement for land on which the building is constructed, registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title in respect of self-constructed buildings and title deeds of all other immovable properties (other than properties where the company is lessee and the lease agreements are duly executed in favour of the lessee),disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the company as at the balance sheet date.

(d) The company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.

(e) No proceedings have been initiated during the year or pending against the company as at March 31, 2022 for holding any benami property under the Benami Transactions (prohibition) Act, 1998 (as amended in 2016) and rules made thereunder.

(ii) (a) 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.

(b) During the year, the company has not borrowed any working capital loans from banks or financial institutions. Thus no quarterly returns or statements have been filed by the company with such banks or financial institutions. Hence the same is not applicable to the company.

(iii) During the year the company has made investments in subsidiaries.

(a) During the year the company has not provided any loans or advances in the nature of loans, or stood guarantee, or provided security to any other entity.

(b) In our opinion, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.

The Company has not provided any guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties.

(iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.

(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 primafacie, 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) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2022 on account of dispute are given below:

| Name of the Statue | Nature of the dues | Forum where dispute is pending (₹ in Lakhs) | | | Amount (₹ in Lakhs) | Amount paid/ adjusted (₹ in Lakhs) |
|---|---|---|---|---|---|---|
| Central Excise Act,1944 | Excise Duty, Service Tax and Customs Duty | Appellate authorities Up to | | | ₹2,271.05 | ₹192.36 |
| | | Commissioner's Level | - | ₹22.50 | | |
| | | CESTAT | - | ₹2,248.55 | | |

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961)

(ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) The Company has not raised any loans during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi) (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) We have taken into consideration the whistle blower complaints, if any, received by the Company during the year (and upto the date of this report), while determining the nature, timing and extent of our audit procedures.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports till the Quarter ending December 31, 2021 under audit, issued to the Company during the year, in determining the nature, timing and extent of our audit procedures.

(xv) In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.

(b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

(xvii). The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii). There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

(b) The Company does not have any ongoing projects as at the end of the previous financial year.

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

**B. Krishnamoorthi**
Partner
Membership No.020439
UDIN:22020439AITJYK3456

**Place :** Coimbatore
**Date :** 11th May, 2022

# ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of the Independent Auditors' section of our report to the Members of LAKSHMI MACHINE WORKS LIMITED on the Standalone Financial Statements for the year ended March 31, 2022)

## Report on the Internal Financial Controls Over Financial Reporting 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 March 31, 2022 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company 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. 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 respective 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 Act.

## Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 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 internal financial controls system over financial reporting of the Company.

## 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, to the best of our information and according to the explanations 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 March 31, 2022, 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**
Chartered Accountants
Firm' s Registration No.001496S

**B. Krishnamoorthi**
Partner
Membership No.020439
UDIN:22020439AITJYK3456

**Place :** Coimbatore
**Date :** 11th May, 2022

# Balance Sheet

**As at March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | Note No. | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| ASSETS | | | |
| **Non-Current Assets** | | | |
| Property, Plant and Equipment | 4 | 66,806.86 | 64,484.21 |
| Capital work-in-progress | 4 | 536.51 | 1,051.70 |
| Other Intangible assets | 5 | 1,315.34 | 1,381.82 |
| Financial Assets | | | |
| (i) Investments | 6 | | |
| a) Investments in subsidiaries | | 7,266.98 | 6,513.67 |
| b) Other investments | | 18,261.94 | 13,504.23 |
| (ii) Other financial assets | 10 | 89,180.35 | 26,843.15 |
| **Total Non - Current Assets** | | **1,83,367.98** | **1,13,778.78** |
| **Current assets** | | | |
| Inventories | 7 | 49,745.66 | 32,428.43 |
| Financial Assets | | | |
| (i) Investments | 6 | 26,579.63 | 15,072.34 |
| (ii) Trade receivables | 8 | 32,250.77 | 18,494.40 |
| (iii) Cash and cash equivalents | 9(a) | 5,412.71 | 3,274.26 |
| (iv) Bank balances other than (iii) above | 9(b) | 40,724.34 | 72,989.10 |
| (v) Other financial assets | 10 | 4,018.13 | 3,219.22 |
| Current Tax Assets (Net) | 11 | 7,786.43 | 7,611.25 |
| Other current assets | 12 | 12,296.12 | 7,356.28 |
| **Total Current Assets** | | **1,78,813.79** | **1,60,445.28** |
| **Total Assets** | | **3,62,181.77** | **2,74,224.06** |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share capital | 13 | 1,068.30 | 1,068.30 |
| Other Equity | 14 | 1,97,454.04 | 1,76,957.50 |
| **Equity attributable to owners of the Company** | | **1,98,522.34** | **1,78,025.80** |
| **Total equity** | | **1,98,522.34** | **1,78,025.80** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Deferred tax liabilities (Net) | 15 | 2,323.78 | 2,419.17 |
| Other non-current liabilities | 16 | 42,664.22 | 13,479.66 |
| **Total Non - Current Liabilities** | | **44,988.00** | **15,898.83** |
| **Current liabilities** | | | |
| **Financial Liabilities** | | | |
| (i) Trade payables | 17 | | |
| Due to Micro and Small Enterprises | | 5,267.45 | 1,087.82 |
| Due to Others | | 51,594.61 | 42,269.73 |
| (ii) Other financial liabilities | 18 | 8,976.47 | 7,895.39 |
| Provisions | 19 | 1,206.71 | 1,239.36 |
| Other current liabilities | 20 | 51,626.19 | 27,807.13 |
| **Total Current Liabilities** | | **1,18,671.43** | **80,299.43** |
| **Total Liabilities** | | **1,63,659.43** | **96,198.26** |
| **Total Equity and Liabilities** | | **3,62,181.77** | **2,74,224.06** |
| **See accompanying notes to financial statements** | 31 | | |

In terms of our report attached

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

**B. Krishnamoorthi**
Partner
Membership No. 020439

**Place :** Coimbatore
**Date :** 11th May, 2022

For and on behalf of the Board of Directors

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

K. Soundhar Rajhan
Director Operations
DIN: 07594186

V. Senthil
Chief Financial Officer

C R Shivkumaran
Company Secretary

# Statement of Profit & Loss

**For the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | Note No. | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|---|
| INCOME | | | |
| Revenue from operations | 21 | 3,07,159.36 | 1,68,965.03 |
| Other income | 22 | 8,101.25 | 7,920.11 |
| **Total income** | | **3,15,260.61** | **1,76,885.14** |
| EXPENSES | | | |
| Cost of materials consumed | 23 | 2,01,441.86 | 1,04,120.85 |
| Purchase of stock-in-trade | | - | - |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 24 | (5,097.93) | (477.14) |
| Employee benefit expense | 25 | 30,333.37 | 22,983.65 |
| Depreciation and amortisation expense | 26 | 5,581.90 | 5,155.89 |
| Impairment loss on financial assets | 27 | 78.26 | (339.99) |
| Other expenses | 28 | 57,502.98 | 35,802.67 |
| Finance costs | 29 | 8.54 | 8.10 |
| **Total Expenses** | | **2,89,848.98** | **1,67,254.03** |
| **Profit before exceptional items and tax** | | **25,411.63** | **9,631.11** |
| **Exceptional items** | | | |
| Voluntary retirement scheme payments | 31.5 | 1,716.98 | 2,211.54 |
| **Profit before tax after exceptional items** | | **23,694.65** | **7,419.57** |
| Tax expense | 30 | | |
| Current tax | 30.1 | 5,822.43 | 1,650.23 |
| Deferred tax | 30.1 | (95.39) | 933.60 |
| Prior year taxes | 30.1 | - | 89.73 |
| **Total Tax Expense** | | **5,727.04** | **2,673.56** |
| **Profit after tax from continuing operations for the year** | | **17,967.61** | **4,746.01** |
| 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) | | 4,243.49 | 8,467.19 |
| Remeasurement of post-employment defined benefit plans | | (861.68) | 306.08 |
| Income-tax relating to these items | | 215.42 | (56.62) |
| **Items that will be reclassified to Profit and loss** | | - | - |
| **Total Other Comprehensive income** | | **3,597.23** | **8,716.65** |
| **Total Comprehensive income for the year** | | **21,564.84** | **13,462.66** |
| Basic Earnings per share (In ₹.)(Face value ₹10/- per share) | | 168.19 | 44.43 |
| Diluted Earnings per share (In ₹.)(Face value ₹10/- per share) | | 168.19 | 44.43 |
| **See accompanying notes to financial statements** | 31 | | |

In terms of our report attached

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

**B. Krishnamoorthi**
Partner
Membership No. 020439

**Place :** Coimbatore
**Date :** 11th May, 2022

For and on behalf of the Board of Directors

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

K. Soundhar Rajhan
Director Operations
DIN: 07594186

V. Senthil
Chief Financial Officer

C R Shivkumaran
Company Secretary

# Statement of Changes in Equity
for the year ended March 31, 2022

(All amount in ₹ Lakhs, unless otherwise stated)

## Equity Share Capital

| Particulars | Amount |
|---|---|
| **Balance as at March 31, 2021** | **1,068.30** |
| Changes in equity share capital during the year | - |
| **Balance as at March 31, 2022** | **1,068.30** |

## Other Equity

| Particulars | Share application money pending allotment | Equity component of compound financial instruments | Reserves and Surplus: Capital Reserve | Reserves and Surplus: Securities Premium | Reserves and Surplus: Capital Redemption Reserve | Reserves and Surplus: General Reserve | Reserves and Surplus: Retained Earnings | Other Comprehensive Income: Debt instruments through Other Comprehensive Income | Other Comprehensive Income: Equity Instruments through Other Comprehensive Income | Other Comprehensive Income: Effective portion of Cash Flow Hedges | Other Comprehensive Income: Revaluation Surplus | Other Comprehensive Income: Exchange differences on translating the financial statements of a foreign operation | Other Comprehensive Income: Other items of Other Comprehensive Income (specify nature) | Money received against share warrants | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as on March 31, 2021** | - | - | 701.40 | - | 168.62 | 15,482.90 | 1,50,462.73 | - | 10,141.85 | - | - | - | - | - | 1,76,957.50 |
| Changes in accounting policy or prior period errors | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Restated balance at the beginning of the current reporting period | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Comprehensive Income for the current year | - | - | - | - | - | - | (646.26) | - | 4,243.49 | - | - | - | - | - | 3,597.23 |
| Dividends | - | - | - | - | - | - | (1,068.30) | - | - | - | - | - | - | - | (1,068.30) |
| Transfer to retained earnings | - | - | - | - | - | - | 17,967.61 | - | - | - | - | - | - | - | 17,967.61 |
| Transfer to General Reserve | - | - | - | - | - | 1,800.00 | (1,800.00) | - | - | - | - | - | - | - | - |
| **Balance as on March 31, 2022** | - | - | **701.40** | - | **168.62** | **17,282.90** | **1,64,915.78** | - | **14,385.34** | - | - | - | - | - | **1,97,454.04** |
| **Balance as on March 31, 2020** | - | - | 701.40 | - | 168.62 | 14,982.90 | 1,47,035.56 | - | 1,674.66 | - | - | - | - | - | 1,64,563.14 |
| Changes in accounting policy or prior period errors | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Restated balance at the beginning of the current reporting period | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Comprehensive Income for the current year | - | - | - | - | - | - | 249.46 | - | 8,467.19 | - | - | - | - | - | 8,716.65 |
| Dividends | - | - | - | - | - | - | (1,068.30) | - | - | - | - | - | - | - | (1,068.30) |
| Transfer to retained earnings | - | - | - | - | - | - | 4,746.01 | - | - | - | - | - | - | - | 4,746.01 |
| Transfer to General Reserve | - | - | - | - | - | 500.00 | (500.00) | - | - | - | - | - | - | - | - |
| **Balance as on March 31, 2021** | **-** | **-** | **701.40** | **-** | **168.62** | **15,482.90** | **1,50,462.73** | **-** | **10,141.85** | **-** | **-** | **-** | **-** | **-** | **1,76,957.50** |

In terms of our report attached

For **S. Krishnamoorthy & Co**
Firm Registration No. 001496S; *Chartered Accountants*
**B. Krishnamoorthi**, Partner; Membership No. 020439
**Place** : Coimbatore **Date** : 11th May, 2022

For and on behalf of the Board of Directors

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

K. Soundhar Rajhan
Director Operations
DIN: 07594186

V. Senthil
Chief Financial Officer

C R Shivkumaran
Company Secretary





# Cash Flow Statement
for the Year ended March 31, 2022

(All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | | Year Ended March 31, 2022 | | Year Ended March 31, 2021 |
|---|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| Profit after exceptional items but before tax | | 23,694.65 | | 7,419.57 |
| (VRS Expenses of ₹1,716.98 Lakhs (P.Y. ₹2,211.54 Lakhs) | | | | |
| **Adjustments for :** | | | | |
| Depreciation and amortisation expense | 5,581.90 | | 5,155.89 | |
| Finance costs | 8.54 | | 8.10 | |
| Profit on sale of assets | (99.37) | | (608.57) | |
| Loss on sale of assets | 7.43 | | 15.19 | |
| Interest income | (5,015.46) | | (6,004.49) | |
| Dividend income | (12.04) | | (50.50) | |
| Income from Mutual funds | (876.20) | | (689.44) | |
| Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents | 0.33 | (404.87) | (0.19) | (2,174.01) |
| **Operating Profit before working capital changes** | | **23,289.78** | | **5,245.56** |
| **Adjustments for (increase) / decrease in operating assets** | | | | |
| Trade receivables | (13,756.37) | | (6,562.11) | |
| Inventories | (17,317.23) | | (5,012.17) | |
| Other financial assets-Non Current | (404.13) | | 349.07 | |
| Other financial assets- Current | (61.07) | | 382.58 | |
| Other Current assets | (4,940.15) | | (1,692.54) | |
| **Adjustments for increase / (decrease) in operating liabilities** | | | | |
| Trade payables | 13,504.51 | | 9,287.84 | |
| Other non current liabilities | 29,184.56 | | 6,673.33 | |
| Current provisions | (32.65) | | 77.01 | |
| Other financial liabilities | 1,099.85 | | 2,446.10 | |
| Other current liabilities | 23,819.06 | 31,096.38 | 8,222.92 | 14,172.03 |
| Cash used in/ generated from operations | | 54,386.16 | | 19,417.59 |
| Taxes paid | | (6,643.57) | | (3,790.69) |
| **Net Cash used in/generated from operations** | [A] | **47,742.59** | | **15,626.90** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Purchase of Fixed assets/Capital Work In Progress | | (7,442.07) | | (2,874.51) |
| Proceeds from sale of fixed assets | | 211.13 | | 796.71 |
| Interest received | | 4,277.62 | | 7,671.77 |
| Dividend received | | 12.04 | | 50.50 |
| Investment in Wholly Owned Subsidiarie(s) | | (753.31) | | - |
| Investment in Mutual funds / Debentures (net) | | (11,145.31) | | (5,824.11) |
| (Increase) / Decrease in Bank balances not considered as cash and cash equivalent | | (29,668.31) | | (14,234.92) |
| **Net cash used in investing activities** | [B] | **(44,508.21)** | | **(14,414.56)** |

# Cash Flow Statement (Contd..)

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|---|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Dividends paid | | (1,068.30) | (1,068.30) |
| Transfer of Unpaid Dividends to IEPF | | (18.76) | (9.27) |
| Finance cost | | (8.54) | (8.10) |
| **Net cash used in financing activities** | **[C]** | **(1,095.60)** | **(1,085.67)** |
| Net increase in cash and cash equivalents (A+B+C) | | 2,138.78 | 126.67 |
| Cash and cash equivalents at beginning of the period - D | | 3,274.26 | 3,147.40 |
| Cash and cash equivalents at end of the period - E | | 5,413.04 | 3,274.07 |
| **Net increase / (decrease) in cash and cash equivalents (E-D)** | | **2,138.78** | **126.67** |
| **Cash & Cash equivalents as per Balance Sheet** | | **5,412.71** | **3,274.26** |
| Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents | | **0.33** | **(0.19)** |
| **Cash and Cash equivalents as per Cash flow Statement** | | **5,413.04** | **3,274.07** |

See accompanying notes to financial statements

In terms of our report attached

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

**B. Krishnamoorthi**
Partner
Membership No. 020439

**Place :** Coimbatore
**Date :** 11th May, 2022

For and on behalf of the Board of Directors

**Sanjay Jayavarthanavelu**
Chairman and Managing Director
DIN: 00004505

**K. Soundhar Rajhan**
Director Operations
DIN: 07594186

**V. Senthil**
Chief Financial Officer

**C R Shivkumaran**
Company Secretary



# Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022**

## 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 Limited (NSE) and the BSE Limited (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 May 11, 2022.

### 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 categorized 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 recognized 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 recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized 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.

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

# Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022**

as anticipation of future events, which may impact their life, such as changes in technology.

Depreciation is recognized 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:

| Asset Type | Estimated Useful life |
|---|---|
| Buildings | 20-60 years |
| Plant and Equipment | |
| a. Main Machines | 8-20 years |
| b. Ancillary Machines | 3-7 years |
| Windmills | 22 years |
| Solar Project | 10 Years |
| Furniture & fixtures | 8-10 years |
| Vehicles | 6-8 years |
| Office Equipment | 7-15 years |

An item of property, plant and equipment is derecognized 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 recognized 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 recognized as of April 1, 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 derecognized 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 derecognized.

### 2.5 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. amortization is recognized on a straight line basis over their estimated useful lives. The estimated useful life and amortization 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:

| Asset Type | Useful life |
|---|---|
| Technical Know how | 6 years |
| Software | 6 years |

There are no intangible assets having indefinite useful life.

An intangible asset is derecognized 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 recognized in profit or loss when the asset is derecognized.

For transition to IND AS, the company has elected to continue with the carrying value of all of its intangible assets recognized as of April 1, 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



# Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022**

to the excess of the carrying amount over its recoverable value is recognized as an impairment loss. The impairment loss, if any, recognized in prior accounting period is reversed if there is a change in estimate of recoverable amount.

### 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 recognized immediately in profit or loss.

### 2.8 Financial assets

All recognized financial assets are subsequently measured in their entirety at either amortized 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 amortized 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 recognized in profit or loss for FVTOCI debt instruments. For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized 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 amortized 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 recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized 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

# Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022**

are measured at fair value with gains and losses arising from changes in fair value recognized 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 recognized 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 recognized 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 recognized in profit or loss are included in the 'Other income' line item.

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

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

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

A financial asset that meets the amortized 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 recognizing the gains and losses on them on different bases.

The Company has Mutual fund investments which are debt instruments being designated 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 recognized in profit or loss. The net gain or loss recognized 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 recognized 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 amortized 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



Notes to the Standalone Financial Statements

for the Year ended March 31, 2022

the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

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

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses.

To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

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

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

This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19.

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 recognized in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

### De-recognition of financial assets

The Company derecognizes 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 recognizes 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 recognize the financial asset and also recognizes 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 recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized 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 recognize under continuing involvement, and the part it no longer recognizes 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 recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive

# Notes to the Standalone Financial Statements

for the Year ended March 31, 2022

income is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized 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 amortized cost and FVTPL, the exchange differences are recognized 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 recognized in other comprehensive income.
- For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized 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 recognized at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized 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 amortized 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 recognized 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 recognized 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



# Notes to the Standalone Financial Statements

for the Year ended March 31, 2022

recognized in profit or loss. The net gain or loss recognized 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 recognized 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 recognized in profit or loss. The remaining amount of change in the fair value of liability is always recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the company as at fair value through profit or loss are recognized in profit or loss.

### Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized 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 amortized 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 recognized less, when appropriate, the cumulative amount of income recognized 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 amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized 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 recognized in profit or loss.

### Derecognition of financial liabilities

The Company derecognizes 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

## Notes to the Standalone Financial Statements

for the Year ended March 31, 2022

derecognized and the consideration paid and payable is recognized in profit or loss.

### 2.10 Valuation of Inventories

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

Cost is determined on weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### 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 recognized 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 recognized 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 net of sales returns, trade allowances and rebates.

The company recognizes 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 recognized 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 recognized by reference to the underlying arrangement.

Dividend income from investments is recognized 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 recognized 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 recognized 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 recognized on delivery thereof or sale of rights therein, as the case may be, in terms of the contract with the respective buyer.

### 2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

### 2.14 Dividends

Final dividend on shares are recorded as a liability on the date of approval by the shareholders at the annual general meeting and interim dividend are recorded as a liability on the date of declaration by the Company's Board of Directors.

### 2.15 Earnings per Share

Basic Earning per share is calculated by dividing



Notes to the Standalone Financial Statements

for the Year ended March 31, 2022

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 recognized 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 recognized 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 recognized 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 recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not re classified to profit or loss. Past services cost is recognized 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 categorized 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 recognized 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 recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes 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 capitalized 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 recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize 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 recognized 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 recognized for all taxable temporary differences. Deferred tax assets are generally recognized 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 utilized. Such deferred tax assets and liabilities are not recognized if the temporary

## Notes to the Standalone Financial Statements

### for the Year ended March 31, 2022

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 recognized 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 realized, 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 recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized 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 recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities / assets are not recognized 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 recognized 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 recognized 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 recognized at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the company's obligation.

#### 2.20 Cash Flow Statement and Cash and Cash equivalents

Cash Flows are reported using Indirect method, whereby profit before tax is adjusted for the effects of transactions of 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



## Notes to the Standalone Financial Statements

### for the Year ended March 31, 2022

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 recognized on straight line basis over the lease term. Depreciation on such leased assets is charged as per the normal depreciation policy of the company for similar assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

## 3. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in note. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about such estimates and judgments are included in the relevant notes together with the basis of calculation for relevant line item in the financial statements. Estimates and judgments are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

# Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

## 4 Property, plant and equipment and capital work-in-progress

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Carrying amounts of:** | | |
| Freehold land | 8,360.79 | 8,360.79 |
| Buildings | 16,334.85 | 16,240.92 |
| Plant and Equipment | 39,479.25 | 37,502.22 |
| Furniture and fixtures | 1,312.70 | 1,196.47 |
| Vehicles | 535.48 | 520.95 |
| Office Equipment | 783.79 | 662.86 |
| **Total** | **66,806.86** | **64,484.21** |
| Capital Work-in-progress | 536.51 | 1,051.70 |
| **Total** | **536.51** | **1,051.70** |
| **Total** | **67,343.37** | **65,535.91** |

| Particulars | Freehold land | Buildings | Plant & Equipment | Furniture & fixtures | Vehicles | Office Equipments | Total | Capital Work in progress |
|---|---|---|---|---|---|---|---|---|
| Gross carrying amount | | | | | | | | |
| **Balance at March 31, 2021** | 8,360.79 | 18,591.14 | 53,975.02 | 2,124.34 | 1,376.85 | 882.60 | 85,310.74 | 1,051.70 |
| Additions | - | 538.04 | 6,422.99 | 284.78 | 142.71 | 240.10 | 7,628.62 | 536.51 |
| Disposals | - | - | (1,348.05) | (37.96) | - | - | (1,386.01) | (1,051.70) |
| **Balance at March 31, 2022** | 8,360.79 | 19,129.18 | 59,049.96 | 2,371.16 | 1,519.56 | 1,122.70 | 91,553.35 | 536.51 |
| Accumulated depreciation and impairment | | | | | | | | |
| **Balance at March 31, 2021** | - | 2,350.22 | 16,472.80 | 927.87 | 855.90 | 219.74 | 20,826.53 | - |
| Disposals | - | - | (1,234.74) | (32.08) | - | - | (1,266.82) | - |
| Depreciation Expense | - | 444.11 | 4,332.65 | 162.67 | 128.18 | 119.17 | 5,186.78 | - |
| **Balance at March 31, 2022** | - | 2,794.33 | 19,570.71 | 1,058.46 | 984.08 | 338.91 | 24,746.49 | - |
| Net carrying amount | | | | | | | | |
| **Balance at March 31, 2021** | 8,360.79 | 16,240.92 | 37,502.22 | 1,196.47 | 520.95 | 662.86 | 64,484.21 | 1,051.70 |
| Additions | - | 538.04 | 6,422.99 | 284.78 | 142.71 | 240.10 | 7,628.62 | 536.51 |
| Disposals | - | - | (113.31) | (5.88) | - | - | (119.19) | (1,051.70) |
| Depreciation expense | - | (444.11) | (4,332.65) | (162.67) | (128.18) | (119.17) | (5,186.78) | - |
| **Balance at March 31, 2022** | 8,360.79 | 16,334.85 | 39,479.25 | 1,312.70 | 535.48 | 783.79 | 66,806.86 | 536.51 |



# Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

## Property, Plant and Equipment include

| Particulars | Gross Block | Additions | Depreciation for the year | Accumulated Depreciation | Net Block |
|---|---|---|---|---|---|
| Assets leased out as on 31.03.2022 | | | | | |
| Buildings | 131.37 | 117.60 | 2.11 | 187.34 | 61.63 |
| Machinery | 1,300.00 | - | 16.24 | 1,162.96 | 137.04 |
| **Total** | **1,431.37** | **117.60** | **18.35** | **1,350.30** | **198.67** |
| Assets leased out as on 31.03.2021 | | | | | |
| Buildings | 131.37 | - | 1.39 | 91.96 | 39.41 |
| Machinery | 1,300.00 | - | 16.25 | 1,146.72 | 153.28 |
| **Total** | **1,431.37** | **-** | **17.64** | **1,238.68** | **192.69** |

Income from above leased assets ₹ 30 Lakhs is grouped in rent receipts (Previous Year ₹24 Lakhs)

Title deeds of Immovable Property not held in the name of the Company - ₹ Nil

**Capital-Work-in Progress (CWIP) as on 31.03.2022 and 31.03.2021 :**

| CWIP | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 536.51 | - | - | - | 536.51 |
| *Previous Year* | *1,051.70* | - | - | - | *1,051.70* |
| Projects temporarily suspended | - | - | - | - | - |
| *Previous Year* | - | - | - | - | - |

## 5 Other intangible assets

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Carrying amounts of:** | | |
| Technical Knowhow | 243.91 | 278.45 |
| Software | 1,071.43 | 1,103.37 |
| **Total** | **1,315.34** | **1,381.82** |

| Particulars | Technical Knowhow | Software | Total |
|---|---|---|---|
| Gross carrying amount | | | |
| **Balance at March 31, 2021** | 1,018.39 | 2,051.39 | 3,069.78 |
| Additions | - | 328.64 | 328.64 |
| **Balance at March 31, 2022** | 1,018.39 | 2,380.03 | 3,398.42 |
| Accumulated depreciation and impairment | | | |
| **Balance at March 31, 2021** | 739.94 | 948.02 | 1,687.96 |
| Amortisation Expense | 34.54 | 360.58 | 395.12 |
| **Balance at March 31, 2022** | 774.48 | 1,308.60 | 2,083.08 |

# Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | Technical Knowhow | Software | Total |
|---|---|---|---|
| Net Carrying Amount | | | |
| **Balance at March 31, 2021** | 278.45 | 1,103.37 | 1,381.82 |
| Additions | - | 328.64 | 328.64 |
| Amortisation Expense | (34.54) | (360.58) | (395.12) |
| **Balance at March 31, 2022** | 243.91 | 1,071.43 | 1,315.34 |

## 6 Investments

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Quantity | Amount | Quantity | Amount |
| Non-current | | | | |
| Investment In Equity Instruments | | | | |
| **Investment in unquoted equity instrument of wholly owned subsidiary [fully paid up] [At Cost]** | | | | |
| LMW Textile Machinery (Suzhou) Company Ltd | | 6,513.67 | | 6,513.67 |
| LMW Aerospace Industries Limited | 25,00,000 | 250.00 | - | - |
| LMW Middle East FZE | 24,307 | 503.31 | - | - |
| | | 7,266.98 | | 6,513.67 |
| **a) Investment in Quoted equity instruments (fully paid up) [At fair values]** | | | | |
| Cholamandalam Investment & Finance Co. Ltd [Face Value ₹2 per share] | 17,12,810 | 12,303.12 | 17,12,810 | 9,571.18 |
| Indian Bank [Face Value ₹10 per share] | 69,562 | 106.99 | 69,562 | 80.87 |
| Lakshmi Automatic Loom Works Ltd [Face Value ₹100 per share]* | 44,111 | 291.15 | 4,41,110 | 211.29 |
| Pricol Ltd [Face Value ₹1 per share] | 24,975 | 32.45 | 24,975 | 17.49 |
| Rajshree Sugars & Chemicals Ltd [Face Value ₹10 per share] | 1,00,000 | 32.90 | 1,00,000 | 17.05 |
| Super Sales India Ltd [Face Value ₹10 per share] | 3,00,000 | 2,620.95 | 3,00,000 | 1,682.70 |
| The Lakshmi Mills Company Ltd [Face Value ₹100 per share] | 26,916 | 1,059.36 | 26,916 | 622.85 |
| **b) Investment in unquoted equity instruments (fully paid up) [At Cost]** | | | | |
| 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 (a+b)** | | 16,447.06 | | 12,203.57 |

* Face value per share has been increased from ₹10 to ₹100 through shares consolidation during FY 21-22.



# Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

### Investment In Debentures (At Amortised Cost)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Quantity | Amount | Quantity | Amount |
| Muthoot Finance Limited (NCD) | - | - | 30 | 301.27 |
| Piramal Enterprises Limited (NCD) | 50 | 500.21 | - | - |
| Shriram Transport Finance MLD - NCD | 30 | 315.28 | - | - |
| Tata Cleantech Capital Limited (NCD) | 937 | 999.39 | 937 | 999.39 |
| **Total - Debentures** | | 1,814.88 | | 1,300.66 |
| **Total Non-current investments** | | 25,528.92 | | 20,017.90 |

## Current Investments

**Investments in Mutual Funds [At Fair value]**

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Quantity | Amount | Quantity | Amount |
| ABSL Mutual Fund | 2,32,48,482 | 2,365.84 | 95,00,000 | 1,129.05 |
| Axis Mutual Fund | 76,10,628 | 2,030.74 | 32,20,137 | 817.98 |
| Bharat Bond | 2,54,08,299 | 2,749.94 | 1,60,33,926 | 1,640.90 |
| DSP Mutual Fund | 28,42,023 | 567.60 | 28,42,023 | 545.21 |
| Edelweiss Mutual Fund | 3,94,42,850 | 4,183.51 | - | - |
| ICICI Prudential Mutual Fund | 32,18,764 | 1,643.02 | 56,19,708 | 915.67 |
| IDFC Mutual Fund | 3,06,08,506 | 3,761.67 | 76,87,144 | 1,173.65 |
| Kotak Mutual Fund | 85,61,053 | 4,093.63 | 72,50,434 | 3,217.44 |
| Nippon India (Reliance) Mutual Fund | 64,85,717 | 1,119.08 | 1,07,48,867 | 1,600.10 |
| SBI Mutual Fund | 3,09,05,798 | 4,064.60 | 1,76,77,167 | 3,107.90 |
| TATA Mutual Fund | - | - | 15,00,000 | 188.28 |
| UTI Mutual Fund | - | - | 60,00,000 | 736.16 |
| **TOTAL** | | 26,579.63 | | 15,072.34 |
| Non Current Investment | | | | |
| Aggregate book value of quoted investments | | 2,061.57 | | 2,061.57 |
| Aggregate market value of quoted investments | | 16,446.92 | | 12,203.43 |
| Aggregate book value of unquoted investments | | 9,082.00 | | 7,814.47 |
| Current Investment | | | | |
| Aggregate book value of quoted investments | | 25,531.51 | | 13,704.05 |
| Aggregate market value of quoted investments | | 26,579.63 | | 15,072.34 |
| Category-wise investments - as per IND AS 109 classification | | | | |
| Financial assets carried at fair value through profit or loss (FVTPL) | | 26,579.63 | | 15,072.34 |
| Financial assets carried at amortised cost | | 9,082.00 | | 7,814.47 |
| Financial assets carried at fair value through Other Comprehensive Income (FVTOCI) | | 16,446.92 | | 12,203.43 |
| **Total** | | 52,108.55 | | 35,090.24 |

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

# Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

## 7 Inventories

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Inventories (lower of cost and net realisable value)** | | |
| Raw materials | 29,328.21 | 19,487.90 |
| Work in progress | 12,772.65 | 9,986.08 |
| Finished goods | 3,167.27 | 855.91 |
| Stores and spares | 4,477.53 | 2,098.54 |
| **Total** | **49,745.66** | **32,428.43** |

The cost of inventories recognised as an expense during the year is ₹2,01,441.86 Lakhs. [Previous year ₹1,04,120.85 Lakhs]

## 8 Trade Receivables

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Current** | | |
| **Unsecured, considered good** | | |
| From related parties | 8,435.41 | 3,160.80 |
| From others | 24,639.54 | 16,006.09 |
| **Total** | **33,074.95** | **19,166.89** |
| Allowance for doubtful debts (Expected credit loss allowance) | 824.18 | 672.49 |
| **Total** | **32,250.77** | **18,494.40** |

### Concentration of Risk

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counter party or any group of counter parties 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 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 | 0.22 |
| Less than one year | 1.82 |
| More than one year | 34.95 |



# Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

### Trade Receivables ageing schedule for the year ended as on 31.03.2022 and 31.03.2021

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables – considered good | 8,000.54 | 23,430.42 | 586.86 | 435.36 | 163.39 | 458.38 | 33,074.95 |
| *Previous Year* | *6,087.65* | *11,091.97* | *603.33* | *435.78* | *359.88* | *588.28* | *19,166.89* |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables– considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | - | - |
| **Total Trade Receivable** | **8,000.54** | **23,430.42** | **586.86** | **435.36** | **163.39** | **458.38** | **33,074.95** |
| *Previous Year* | *6,087.65* | *11,091.97* | *603.33* | *435.78* | *359.88* | *588.28* | *19,166.89* |
| **Less : Allowance for doubtful debts (Expected credit loss allowance)** | | | | | | | 824.18 |
| *Previous Year* | | | | | | | *672.49* |
| **Total Trade Receivable net of credit loss allowance** | | | | | | | **32,250.77** |
| *Previous Year* | | | | | | | *18,494.40* |

### Movement in the expected credit loss allowance

| Age of receivables | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | 672.49 | 1,235.71 |
| Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses net of bad debts written off | 151.69 | (563.22) |
| **Balance at the end of the year** | **824.18** | **672.49** |

## 9 (a) Cash and cash equivalents

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Balances with Banks** | | |
| Current account | 5,400.97 | 1,257.73 |
| Deposits with original maturity of less than 3 months | - | 2,000.00 |
| Cash on hand | 11.74 | 16.53 |
| **Total** | **5,412.71** | **3,274.26** |

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

# Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

## 9 (b) Other Bank balances

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Deposits held as Margin money | 9.50 | 9.79 |
| Unpaid dividend account | 90.13 | 93.66 |
| Deposits with original maturity of more than 3 months but less than 12 months | 40,624.71 | 72,885.65 |
| **Total** | **40,724.34** | **72,989.10** |

## 10 Other financial assets

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Non-current** | | |
| i) Capital advances | 692.10 | 367.66 |
| ii) Advances other than capital advances | | |
| Security Deposit | 516.10 | 471.92 |
| Other advances | 215.09 | 179.58 |
| iii) Bank deposits with original maturity of more than 12 months | 87,757.06 | 25,823.99 |
| **Total** | **89,180.35** | **26,843.15** |
| **Current** | | |
| Interest accrued on bank deposits | 3,495.08 | 2,757.24 |
| Income receivable | 523.05 | 369.72 |
| Compensation receivable for shares vested | - | 92.26 |
| **Total** | **4,018.13** | **3,219.22** |

## 11 Current Tax Assets (Net)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Current tax assets** | | |
| Income tax advances | 32,634.97 | 26,604.95 |
| **Current tax liabilities** | | |
| Income tax provisions | 24,848.54 | 18,993.70 |
| **Total** | **7,786.43** | **7,611.25** |

## 12 Other current assets

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Advance to suppliers and others | 7,625.89 | 5,844.67 |
| Prepaid Expenses | 1,215.08 | 562.96 |
| Balances on account of indirect taxes | 3,455.15 | 948.65 |
| **Total** | **12,296.12** | **7,356.28** |



# Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

## 13 Equity Share Capital

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **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:** | | |
| 1,06,83,000 fully paid equity shares of ₹10 each | 1,068.30 | 1,068.30 |
| 3,11,000 equity shares of ₹10 each were bought back during the financial year 2016-17 | | |
| 2,72,504 equity shares of ₹10 each were bought back during the financial year 2018-19 | | |

| Fully paid up equity shares | Number of shares | Share Capital |
|---|---|---|
| Balance as on March 31, 2021 | 1,06,83,000 | 1,068.30 |
| Balance as on March 31, 2022 | 1,06,83,000 | 1,068.30 |

| Balance at the beginning of the current reporting period | Changes in Equity share capital due to prior period error | Restated balance at the beginning of the current reporting period | Changes in Equity share capital during the current year | Balance at the end of the current reporting period |
|---|---|---|---|---|
| 1,068.30 | - | - | - | 1,068.30 |

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.

**Details of Shares held by the Promoters and Promoters Group as at 31.03.2022**

| Sl. No. | Name of Promoters and Promoters Group | No. of Shares | % of total shares | % change during the year |
|---|---|---|---|---|
| 1 | Lakshmi Cargo Company Limited | 10,76,368 | 10.076 | 0.02 |
| 2 | Lakshmi Technology and Engineering Industries Limited | 6,96,862 | 6.523 | - |
| 3 | The Lakshmi Mills Company Limited | 5,20,000 | 4.868 | - |
| 4 | Lakshmi Ring Travellers (CBE) Limited | 2,52,180 | 2.361 | - |
| 5 | Super Sales India Limited | 2,29,480 | 2.148 | - |
| 6 | Sanjay Jayavarthanavelu | 1,42,291 | 1.332 | - |
| 7 | Eshaan Enterprises Limited | 1,27,110 | 1.190 | - |
| 8 | J Rajyalakshmi | 97,980 | 0.917 | - |
| 9 | Lakshmi Electrical Control Systems Limited | 88,800 | 0.831 | - |
| 10 | Uttara R | 44,290 | 0.415 | - |
| 11 | Lakshmi Electrical Drives Private Limited | 17,500 | 0.164 | - |
| 12 | Lakshmi Precision Tools Limited | 15,000 | 0.140 | - |
| 13 | Shivali Jayavarthanavelu | 7,970 | 0.075 | - |
| 14 | Ravi Sam | 5,866 | 0.055 | - |
| 15 | S Pathy | 1,721 | 0.016 | - |
| 16 | Nethra J S Kumar | 720 | 0.007 | - |
| 17 | Jaidev Jayavarthanavelu | 460 | 0.004 | - |
| 18 | K Arjun | 313 | 0.003 | - |
| 19 | K Nithin | 305 | 0.003 | - |

# Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

| Sl. No. | Name of Promoters and Promoters Group | No. of Shares | % of total shares | % change during the year |
|---|---|---|---|---|
| 20 | S Sunitha | 301 | 0.003 | - |
| 21 | D Senthilkumar | 160 | 0.001 | - |
| 22 | Lalithadevi Sanjay Jayavarthanavelu | 49 | 0.000 | - |
| | **Total** | **33,25,726** | **31.132** | **0.02** |

## Shareholders holding more than 5% Equity shares

| Sl. No. | Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|---|
| | | Number | Percentage | Number | Percentage |
| 1 | Lakshmi Cargo Company Limited | 10,76,368 | 10.08 | 10,74,468 | 10.06 |
| 2 | Lakshmi Technology and Engineering Industries Limited | 6,96,862 | 6.52 | 6,96,862 | 6.52 |
| 3 | Voltas Limited | 5,79,672 | 5.43 | 5,79,672 | 5.43 |
| 4 | Life Insurance Corporation of India | 5,50,436 | 5.15 | 6,29,640 | 5.89 |
| 5 | Nemish S Shah | 5,34,673 | 5.00 | 6,40,673 | 6.00 |

## 14 Other Equity

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Capital Reserve | 701.40 | 701.40 |
| Capital Redemption Reserve | 168.62 | 168.62 |
| General Reserve | 17,282.90 | 15,482.90 |
| Reserve for equity instruments and others through other comprehensive income | 14,385.34 | 10,141.85 |
| Retained Earnings | 1,64,915.78 | 1,50,462.73 |
| **Total** | **1,97,454.04** | **1,76,957.50** |

## 14.1 Capital Reserve

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **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.

## 14.2 Capital Redemption Reserve

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **168.62** | **168.62** |
| Add: Transfer from General Reserve | - | - |
| **Balance at the end of the year** | **168.62** | **168.62** |

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.



# Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

## 14.3 General Reserve

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **15,482.90** | **14,982.90** |
| Add: Transfer from retained earnings | 1,800.00 | 500.00 |
| **Balance at the end of the year** | **17,282.90** | **15,482.90** |

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.

## 14.4 Reserve for equity instruments and others through other comprehensive income

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **10,141.85** | **1,674.66** |
| Net fair value gain on investments in equity instruments at FVTOCI | 4,243.49 | 8,467.19 |
| **Balance at the end of the year** | **14,385.34** | **10,141.85** |

The company has elected to recognise changes in fair value of investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI reserve which represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **1,50,462.73** | **1,47,035.56** |
| Add: Profit after tax attributable to the owners of the company | 17,967.61 | 4,746.01 |
| (Less): Payment of dividends on equity shares | (1,068.30) | (1,068.30) |
| (Less)/Add: Remeasurement of post-employment benefit obligations (Net of tax) | (646.26) | 249.46 |
| (Less): Transfer to General Reserve | (1,800.00) | (500.00) |
| **Balance at the end of the year** | **1,64,915.78** | **1,50,462.73** |

In financial year 2021-22, on 09.08.2021, a dividend of ₹10 per share (Total dividend ₹1,068.30 Lakhs) was paid to the holders of fully paid equity shares.

In respect of the year ended March 31, 2022, 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 payable is ₹4,273.20 Lakhs.

## 15 Deferred Tax liability (Net)

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

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Deferred Tax assets | - | - |
| Deferred Tax liabilities | (2,323.78) | (2,419.17) |
| **Total** | **2,323.78** | **2,419.17** |

# Notes to the Standalone Financial Statements

for the Year ended March 31, 2022 (All amount in ₹ Lakhs, unless otherwise stated)

2021-22

| Particulars | Opening balance | Recognised in profit or loss | Closing balance |
|---|---|---|---|
| On account of VRS | 1,209.87 | (523.91) | 685.96 |
| On account of Property, Plant and Equipment | (4,283.29) | 432.82 | (3,850.47) |
| On account of Expected credit loss on receivables | 234.99 | (28.94) | 206.05 |
| On account of actuarial loss | 419.26 | 215.42 | 634.68 |
| **Total** | **(2,419.17)** | **95.39** | **(2,323.78)** |

2020-21

| Particulars | Opening balance | Recognised in profit or loss | Closing balance |
|---|---|---|---|
| On account of VRS | 926.94 | 282.93 | 1,209.87 |
| On account of Property, Plant and Equipment | (3,429.22) | (854.07) | (4,283.29) |
| On account of Expected credit loss on receivables | 427.76 | (192.77) | 234.99 |
| On account of actuarial loss | 399.46 | 19.80 | 419.26 |
| On account of carried forward losses | 189.49 | (189.49) | - |
| **Total** | **(1,485.57)** | **(933.60)** | **(2,419.17)** |

## 16 Other Non-current liabilities

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Security deposits received against supply of machinery | 42,664.22 | 13,479.66 |
| **Total** | **42,664.22** | **13,479.66** |

## 17 Trade Payables

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Current** | | |
| Due to Micro and Small Enterprises [Refer Note 31.3] | 5,267.45 | 1,087.82 |
| Due to related parties | 9,721.84 | 6,529.24 |
| Others | 41,872.77 | 35,740.49 |
| **Total** | **56,862.06** | **43,357.55** |

**Trade Payable Aging schedule as at March 31, 2022 and March 31, 2021**

| Particulars | Outstanding for following periods | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | 5,267.45 | - | - | - | 5,267.45 |
| *Previous Year* | *1,087.82* | | | | *1,087.82* |
| (ii) Others | 50,971.93 | 622.68 | - | - | 51,594.61 |
| *Previous Year* | *42,269.73* | | | | *42,269.73* |
| (iii) Disputed dues – MSME | - | - | - | - | - |
| *Previous Year* | - | - | - | - | - |
| (iv) Disputed dues- Others | - | - | - | - | - |
| *Previous Year* | - | - | - | - | - |
| **Total** | **56,239.38** | **622.68** | **-** | **-** | **56,862.06** |
| *Previous Year* | *43,357.55* | - | - | - | *43,357.55* |





# Notes to the Standalone Financial Statements

for the Year ended March 31, 2022 (All amount in ₹ Lakhs, unless otherwise stated)

## 18 Other Financial liabilities

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Current** | | |
| Unpaid dividends | 90.13 | 93.66 |
| Other liabilities | 8,886.34 | 7,801.73 |
| **Total** | **8,976.47** | **7,895.39** |

## 19 Provisions

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Current** | | |
| **Provision for employee benefits** | | |
| Provision for gratuity | - | 583.81 |
| **Other provisions** | | |
| Provision for warranty | 1,206.71 | 655.55 |
| **Total** | **1,206.71** | **1,239.36** |

The provision for employee benefits include provision for gratuity. 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 affecting product quality. The timing of the outflows is expected to be within a period of one year.

| Particulars | Provision for Warranty | |
|---|---|---|
| | As at March 31, 2022 | As at March 31, 2021 |
| **Carrying amount at the beginning of the year** | 655.55 | 301.73 |
| Additional provision made during the year | 1,206.71 | 655.55 |
| Amount used during the year | 655.55 | 301.73 |
| Unused amount reversed | - | - |
| **Carrying amount at the end of the year** | **1,206.71** | **655.55** |

## 20 Other Current liabilities

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Security deposit received against supply of machinery | 20,134.26 | 5,830.11 |
| Other advances | 31,491.93 | 21,977.02 |
| **Total** | **51,626.19** | **27,807.13** |

# Notes to the Standalone Financial Statements

for the Year ended March 31, 2022 (All amount in ₹ Lakhs, unless otherwise stated)

## 21 Revenue From Operations

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| **Gross sale of products** | 3,01,676.48 | 1,63,888.58 |
| Other operating revenues | | |
| Repairs & Service charges & miscellaneous income | 2,877.39 | 3,539.90 |
| Sale of scrap | 1,057.86 | 641.17 |
| Export incentives | 1,547.63 | 895.38 |
| **Total revenue from operations** | **3,07,159.36** | **1,68,965.03** |

## 22 Other Income

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| Interest income from financial assets at amortised cost | 5,015.46 | 6,004.49 |
| Dividend income from equity investments designated at FVTOCI | 12.04 | 50.50 |
| Income from Mutual funds designated at FVTPL | 876.20 | 689.44 |
| Rental income | 52.73 | 38.60 |
| Net Gain on foreign currency transactions | 1,507.64 | 360.22 |
| Net Gain on sale of assets | 99.37 | 608.57 |
| Sale of Wind energy / REC | 36.23 | - |
| Royalty income | 501.58 | 168.29 |
| **Total other income** | **8,101.25** | **7,920.11** |

## 23 Cost of materials consumed

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| Raw materials at the beginning of the year | 19,487.90 | 14,956.12 |
| Add: Purchases | 2,16,789.90 | 1,09,699.00 |
| Less: Sales | 5,507.73 | 1,046.37 |
| Less: Raw materials at the end of the year | 29,328.21 | 19,487.90 |
| **Total cost of materials consumed** | **2,01,441.86** | **1,04,120.85** |

## 24 Changes in inventories of work-in-progress and finished goods

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| **Opening Stock** | | |
| Work-in-progress | 9,986.08 | 8,100.88 |
| Finished goods | 855.91 | 2,263.97 |
| **Total** | **10,841.99** | **10,364.85** |
| **Closing Stock** | | |
| Work-in-progress | 12,772.65 | 9,986.08 |
| Finished goods | 3,167.27 | 855.91 |
| **Total** | **15,939.92** | **10,841.99** |
| **Total changes in inventories of work-in-progress and finished goods** | **(5,097.93)** | **(477.14)** |





# Notes to the Standalone Financial Statements

for the Year ended March 31, 2022 (All amount in ₹ Lakhs, unless otherwise stated)

## 25 Employees Benefits Expenses

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| Salaries and wages | 26,131.81 | 19,946.49 |
| Contribution to Provident and other funds | 1,621.96 | 1,233.39 |
| Staff welfare expenses | 2,579.60 | 1,803.77 |
| **Total employee benefits expenses** | **30,333.37** | **22,983.65** |

## 26 Depreciation and amortisation expense

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| Depreciation of property, plant and equipment | 5,186.78 | 4,659.05 |
| Amortisation of intangible assets | 395.12 | 496.84 |
| **Total depreciation and amortisation expense** | **5,581.90** | **5,155.89** |

## 27 Impairment losses on financial assets and reversal of impairment on financial assets

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| Impairment loss (Expected credit loss) allowance on trade receivables | 78.26 | (339.99) |
| **Total** | **78.26** | **(339.99)** |

## 28 Other expenses

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| Sales commission to agents | 5,828.88 | 2,590.92 |
| Consumption of stores and spare parts | 10,840.19 | 6,485.71 |
| Consumption of packing material | 6,302.38 | 2,916.28 |
| Power and fuel net of Green Energy (Green Energy adjusted CY ₹5,425.27 Lakhs; PY ₹4,176.07 Lakhs) | 3,027.54 | 1,994.70 |
| Rent expense | 84.94 | 95.34 |
| **Repairs and maintenance** | | |
| Repairs to buildings | 1,198.25 | 477.10 |
| Repairs to machinery and others | 6,271.48 | 4,002.06 |
| Insurance | 448.81 | 431.35 |
| Rates and taxes, excluding taxes on income | 248.65 | 832.16 |
| **Auditors' remuneration** | | |
| For Audit | 15.00 | 15.00 |
| For Certification | 0.10 | 0.10 |
| Loss on sale of assets | 7.43 | 15.19 |
| Donation* | 441.08 | 878.28 |
| Directors sitting fees | 34.50 | 28.00 |
| Non-executive directors' commission | 60.00 | 45.00 |
| Corporate Social Responsibility expenses (Note 31.6) | 308.63 | 450.16 |
| Export expenses | 6,945.89 | 3,625.46 |
| Travelling Exps & Maintenance of Vehicles | 2,797.59 | 1,570.36 |
| Research and development expenses | 2,204.80 | 2,219.62 |
| Service Outsourcing expenses | 3,320.82 | 2,143.37 |

## Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| Sales Expenses | 3,358.22 | 2,617.74 |
| Miscellaneous expenses | 3,757.80 | 2,368.77 |
| **Total other expenses** | **57,502.98** | **35,802.67** |

* Donation include contribution to political parties is ₹ Nil during the year (Previous year ₹600 Lakhs)

## 29 Finance Costs

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| Bill collection charges | 8.54 | 8.10 |

## 30 Income tax relating to continuing operations

### 30.1 Income tax recognised in profit or loss

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| **Current tax** | | |
| Current tax on profits for the year | 5,822.43 | 1,650.23 |
| Adjustments for current tax of prior periods | - | 89.73 |
| **Total current tax expense** | **5,822.43** | **1,739.96** |
| **Deferred Tax** | | |
| Decrease / (increase) of deferred tax assets | (95.39) | 933.60 |
| (Decrease) / Increase in deferred tax liabilities | - | - |
| Total deferred tax expense | (95.39) | 933.60 |
| **Total Income tax expense recognised for the year** | **5,727.04** | **2,673.56** |

### 30.2 Reconciliation of income tax expense to the accounting profit for the year

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| **Profit before tax after exceptional items** | **23,694.65** | **7,419.57** |
| Enacted tax rate in India | 25.17% | 34.90% |
| Computed expected tax expense at enacted tax rate | **5,963.94** | **2,589.43** |
| Tax effect on account of tax deductions | (261.08) | (1,319.74) |
| Tax effect of non-deductible expenses | 119.57 | 380.54 |
| **Total income tax expense recognised for the year** | **5,822.43** | **1,650.23** |



## Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

### 30.3 Income tax recognised in other comprehensive income

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| **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 | 215.42 | (56.62) |
| **Total** | **215.42** | **(56.62)** |
| **Bifurcation of income tax recognised in other comprehensive income into:** | | |
| Items that will not be reclassified to profit or loss | 215.42 | (56.62) |
| Items that may be reclassified to profit or loss | - | - |
| **Total** | **215.42** | **(56.62)** |

### 31.1 Contingent Liabilities and Commitments, to the extent not provided for

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Contingent Liabilities | | |
| **Claims against the company not acknowledged as debt** | | |
| Central Excise Demand | 2,078.69 | 2,311.10 |
| Income Tax Demand | - | 193.42 |
| **Other money for which the company is contingently liable** | | |
| Letters of Credit | 5,809.40 | 2,512.04 |
| Bank and other guarantees | 1,691.39 | 3,225.66 |

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.

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Commitments** | | |
| Estimated amount of contracts remaining to be executed on capital account not provided for | 968.71 | 417.09 |

### 31.2 Details of dividend proposed and paid:

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| a) Final dividend paid | 1,068.30 | 1,068.30 |
| b) In respect of the current year, the directors propose that a dividend of ₹40 per share be paid on equity shares on or before 10.08.2022. 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 18.07.2022. The total estimated equity dividend to be paid is ₹4,273.20 Lakhs. | | |

# Notes to the Standalone Financial Statements

for the Year ended March 31, 2022 (All amount in ₹ Lakhs, unless otherwise stated)

### 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 March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | 5,267.45 | 1,087.82 |
| 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 March 31, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised cost | FVTPL | FVTOCI | Amortised cost |
| Financial assets | | | | | | |
| **Measured at amortised cost** | | | | | | |
| a) Cash and bank balances | - | - | 5,412.71 | - | - | 3,274.26 |
| b) Other financial assets -Non current | - | - | 89,180.35 | - | - | 26,843.15 |
| **Current** | | | | | | |
| c) Trade receivables | - | - | 32,250.77 | - | - | 18,494.40 |
| d) Bank balances | - | - | 40,724.34 | - | - | 72,989.10 |
| e) Other financial assets -Current | - | - | 4,018.13 | - | - | 3,219.22 |
| f) Investments in subsidiaries | - | - | 7,266.98 | - | - | 6,513.67 |
| g) Investments in equity | - | 16,446.92 | 0.14 | - | 12,203.43 | 0.14 |
| h) Investment in Mutual funds | 26,579.63 | - | - | 15,072.34 | - | - |
| i) Investment in Debentures | - | - | 1,814.88 | - | - | 1,300.66 |
| **Total** | **26,579.63** | **16,446.92** | **1,80,668.30** | **15,072.34** | **12,203.43** | **1,32,634.60** |



# Notes to the Standalone Financial Statements

for the Year ended March 31, 2022 (All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | As at March 31, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised cost | FVTPL | FVTOCI | Amortised cost |
| Financial liabilities | | | | | | |
| a) Trade Payables | - | - | 56,862.06 | - | - | 43,357.55 |
| b) Other financial liabilities | - | - | 8,976.47 | - | - | 7,895.39 |
| **Total** | **-** | **-** | **65,838.53** | **-** | **-** | **51,252.94** |
| Financial assets | - | - | 2,23,694.85 | - | - | 1,59,910.37 |
| Financial liabilities | - | - | 65,838.53 | - | - | 51,252.94 |

#### ii) Fair Valuation Techniques and Inputs used - recurring items

| Particulars | Fair value as at | | Fair value | Valuation |
|---|---|---|---|---|
| | March 31, 2022 | March 31, 2021 | | |
| Financial assets measured at Fair Value | | | | |
| Financial assets | | | Level 1 | Quoted bid prices |
| Investments | | | | |
| 1. Quoted Equity investments | 16,446.92 | 12,203.43 | | |
| 2. Mutual funds | 26,579.63 | 15,072.34 | | |
| **Total financial assets** | **43,026.55** | **27,275.77** | | |

#### iii) Fair Value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short term and settlement on demand nature.

For all other financial assets and liabilities measured at amortised cost, the Company considers that their carrying amounts approximates their fair values. The fair value of investments in equity shares and mutual funds are marked to an active market.

### 31.5 Exceptional Items

Exceptional items represents compensation towards Voluntary Retirement Scheme opted by Employees ₹1,716.98 Lakhs (Previous year ₹2,211.54 Lakhs)

### 31.6 Corporate Social Responsibility Expenditure

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| Gross Amount required to be spent as per Sec. 135 of the Act | 301.18 | 442.32 |
| **Amount spent during the year on:** | | |
| Construction / acquisition of an asset | - | - |
| On purposes other than above | 308.63 | 450.16 |
| **Total** | **308.63** | **450.16** |
| Amount spent through approved trusts and institutions | 213.96 | 429.26 |
| Amount spent directly | 94.67 | 20.90 |
| **Total** | **308.63** | **450.16** |

CSR Expenditure during the year on construction/acquisition of an asset is ₹Nil. 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.

# Notes to the Standalone Financial Statements

for the Year ended March 31, 2022 (All amount in ₹ Lakhs, unless otherwise stated)

### 31.7 Earnings Per Share

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| Net Profit after Tax before OCI (₹ Lakhs) | 17,967.61 | 4,746.01 |
| Weighted Average Number of Equity Shares used as denominator in calculating basic earnings per share | 1,06,83,000 | 1,06,83,000 |
| Nominal Value per Equity Share (in ₹) | 10.00 | 10.00 |
| Basic & Diluted Earnings Per Share (in ₹) | 168.19 | 44.43 |

### 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. V. Senthil, Chief Financial Officer

Sri. C R Shivkumaran, Company Secretary

**Non Executive Directors**

Sri. S Pathy, Non Executive - Non - Independent Director

Sri. Aditya Himatsingka, Non Executive - Independent Director

Dr. Mukund Govind Rajan, Non Executive - Independent Director

Justice (Smt.) Chitra Venkataraman (Retd.), Non Executive - Independent Director (Women)

Sri. Arun Alagappan , Non Executive - Independent Director

Sri. T C Suseel Kumar, Non Executive - Non - Independent Director (Nominee of LIC)

**Wholly Owned Subsidiary**

LMW Textile Machinery (Suzhou) Co. Ltd, China

LMW Aerospace Industries Limited, India

LMW Middle East FZE, UAE

**Post employment benefit plans**

Lakshmi Machine Works Limited Employees' Gratuity Fund

**OTHER RELATED PARTIES**

Alampara Hotels and Resorts Private Limited, Chakradhara Aerospace and Cargo Private Limited, Chakradhara Agro Farms Private Limited, Dhanajaya Agro Farms Private Limited, Dhanuprabha Agro Private Limited, Eshaan Enterprises Private Limited, Harshni Textiles Private Limited, Hermes Academy of Training Private Limited, Lakshmi Caipo Industries Limited, Lakshmi Card Clothing Mfg Co. Private Ltd, Lakshmi Cargo Company Limited, Lakshmi Electrical Control Systems Limited, Lakshmi Electrical Drives Private Limited, Lakshmi Energy and Environment Designs Private Limited, Lakshmi Life Sciences Private Limited, Lakshmi Precision Technologies Limited, Lakshmi Ring Travellers (CBE) Private Limited, LCC Cargo Holdings Limited, Lakshmi Technology and Engineering Industries Limited, Mahalakshmi Engineering Holdings Private Limited, Petrus Techonologies Private Limited, Quattro Engineering India Private Limited, Rajalakshmi Engineering, Revantha Agro Farms Private Limited, Revantha Services Private Limited, Shri Kara Engineering Private Limited, Sowbarnika Enterprises Private Limited, Sri Dwipa Properties Private Limited, Sri Kamakoti Kamakshi Enterprises Private Limited, Starline Travels Private Limited, Sudhasruthi Agro Private Limited, Super Sales India Limited, Supreme Dairy Products India Private Limited, The Lakshmi Mills Company Limited, Titan Paints & Chemicals Private Limited, Venkatavaradha Agencies Private Limited, Waterfield Financial and Investment Advisors Private Limited.



# Notes to the Standalone Financial Statements

for the Year ended March 31, 2022 (All amount in ₹ Lakhs, unless otherwise stated)

**Key Management personnel compensation**

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| Short term employee benefits | 1,221.17 | 651.03 |
| Post employment benefits | 40.31 | 39.64 |
| **Total compensation** | **1,261.48** | **690.67** |

**Note :** Related party relationships are as identified by the Management

**Related Party Transactions**

| Particulars | Other Related Parties | | Key Management Personnel | | Wholly Owned Subsidiary | |
|---|---|---|---|---|---|---|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| Purchase of goods | 49,820.99 | 23,076.44 | - | - | 108.24 | 454.29 |
| Sale of goods | 4,602.78 | 1,842.79 | - | - | 11,949.23 | 4,189.99 |
| Purchase of Fixed Assets | 260.16 | 8.70 | - | - | - | - |
| Sale of Fixed Assets | 34.60 | 0.25 | - | - | - | - |
| Rendering of Services | 77.08 | 72.67 | - | - | 501.58 | 168.29 |
| Receiving of Services | 17,305.19 | 10,534.72 | - | - | - | - |
| Agency arrangements | 1,414.72 | 650.82 | - | - | - | - |
| Contribution to Gratuity Fund | 2,425.00 | 400.00 | - | - | - | - |
| Managerial remuneration | | - | 1,261.48 | 690.67 | - | - |
| Outstanding Payables | 8,211.98 | 6,342.33 | 761.25 | 318.83 | 295.15 | 186.91 |
| Outstanding Receivables | 15.17 | 8.32 | - | - | 7,290.04 | 3,152.48 |

1 Purchase of Goods includes LMW Textile Machinery (Suzhou) Co. Ltd ₹108.24 Lakhs (Previous Year ₹454.29 Lakhs); Lakshmi Electrical Control Systems Limited ₹21,265.36 Lakhs (Previous Year ₹10,727.41 Lakhs); Lakshmi Electrical Drives Private Limited ₹6,478.21 Lakhs (Previous Year ₹2,634.81 Lakhs); Lakshmi Life Sciences Private Limited ₹9,465.13 Lakhs (Previous Year ₹4,709.25 Lakhs); Lakshmi Precision Technologies Limited ₹5,327.76 Lakhs (Previous Year ₹2,219.98 Lakhs); Other related Parties-Associates ₹7,284.53 Lakhs (Previous Year ₹2,784.99 Lakhs)

2 Sale of Goods includes LMW Textile Machinery (Suzhou) Co. Ltd ₹11,949.23 Lakhs (Previous Year ₹4,189.99 Lakhs); Lakshmi Electrical Control Systems Limited ₹1,084.62 Lakhs (Previous Year ₹723.84 Lakhs); Lakshmi Life Sciences Private Limited ₹599.64 Lakhs (Previous Year ₹224.46 Lakhs); Lakshmi Precision Technologies Limited ₹791.64 Lakhs (Previous year ₹46.70 Lakhs); Super Sales India Limited ₹1,637.61 Lakhs (Previous Year ₹647.91 Lakhs) & Other related Parties - Associates ₹489.27 Lakhs (Previous Year ₹199.88 Lakhs)

3 Purchase of Fixed Assets includes Revantha Services Private Limited ₹260.16 Lakhs (Previous Year ₹8.70 Lakhs)

4 Sale of Fixed Assets includes Lakshmi Life Sciences Private Limited ₹28.60 Lakhs (Previous Year ₹0.25 Lakhs); Super Sales India Ltd ₹6.00 Lakhs (Previous Year ₹Nil)

5 Rendering of Services includes LMW Textile Machinery (Suzhou) Co. Ltd ₹501.58 Lakhs (Previous Year ₹168.29 Lakhs); Super Sales India Limited ₹34.99 Lakhs (Previous Year ₹31.53 Lakhs); Chakradhara Aerospace and Cargo Private Ltd ₹19.87 Lakhs (Previous Year ₹27.11 Lakhs); Lakshmi Life Sciences Private Limited ₹16.18 Lakhs (Previous Year ₹5.26 Lakhs) & Others - Other Related Parties-Associates ₹6.04 Lakhs (Previous Year ₹8.77 Lakhs)

6 Receiving of Services includes Chakradhara Aerospace and Cargo Private Ltd ₹12,419.13 Lakhs (Previous Year ₹6,388.20 Lakhs, Revantha Services Private Ltd ₹1,914.07 Lakhs (Previous Year ₹2,041.48 Lakhs), Other Related Parties-Associates ₹2,971.99 Lakhs (Previous Year ₹2,105.04 Lakhs)

7 Agency arrangement includes Super Sales India Limited ₹1,414.72 Lakhs (Previous Year ₹650.82 Lakhs)

## Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

8 Contribution to gratuity fund includes Lakshmi Machine Works Limited Employees' Gratuity Fund ₹2,425 Lakhs (Previous Year ₹400 Lakhs)

9 Managerial Remuneration includes amount paid to Chairman and Managing Director, Sri. Sanjay Jayavarthanavelu ₹968.31 Lakhs (Previous Year ₹501.61 Lakhs); Sri. K. Soundhar Rajhan,Director Operations ₹182.45 Lakhs (PY ₹127.85 Lakhs); Sri. V.Senthil, Chief Financial Officer ₹66.22 Lakhs (Previous Year ₹38.03 Lakhs); Sri. C R Shivkumaran, Company Secretary ₹44.50 Lakhs (Previous year ₹23.18 Lakhs)

10 Outstanding Payables include LMW Textile Machinery (Suzhou) Co. Ltd ₹295.15 Lakhs (Previous Year ₹186.91 Lakhs); Chakradhara Aerospace and Cargo Private Ltd ₹1,545.60 Lakhs (Previous Year ₹1,056.07 Lakhs); Lakshmi Electrical Control Systems Limited ₹3,067.31 Lakhs (Previous ₹2,245.43 Lakhs); Lakshmi Electrical Drives Private Limited ₹1,034.75 Lakhs (Previous Year ₹644.58 Lakhs); Super Sales India Limited ₹1,285.90 Lakhs (Previous Year ₹1,069.61 Lakhs); Sri.Sanjay Jayavarthanavelu ₹761.25 Lakhs (Previous Year ₹318.83 Lakhs) & Other Related parties-Associates ₹1,278.42 Lakhs (Previous Year ₹1,326.64 Lakhs)

11 Outstanding Receivables include LMW Textile Machinery (Suzhou) Co. Ltd ₹7,290.04 Lakhs (Previous Year ₹3,152.48 Lakhs); Petrus Technologies Private Limited ₹15.17 Lakhs (Previous Year ₹Nil); Starline Travels Private Limited ₹Nil (Previous Year ₹4.37 Lakhs); Lakshmi Card Clothing Mfg Co P Ltd ₹ Nil (Previous Year ₹3.39 Lakhs) & Others - Other Related Parties - Associates ₹ Nil (Previous Year ₹0.56 Lakhs)

### 31.9 Employee defined benefit and contribution plans

#### I. Defined Benefit Plans

| Particulars | Gratuity (Funded) | | Leave Encashment (Funded) | |
|---|---|---|---|---|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| **A. Expense recognised in Income Statement** | | | | |
| 1. Current Service cost | 449.26 | 382.51 | 191.76 | 181.47 |
| 2. Interest expense on DBO | 557.96 | 601.86 | 68.94 | 68.52 |
| 3. Interest (Income on plan asset) | (600.95) | (554.91) | (87.85) | (82.48) |
| 4. Net Interest | (42.99) | 46.95 | (18.91) | (13.95) |
| 5. Immediate recognition of (gain) / losses | - | - | (57.84) | (48.78) |
| 6. Defined Benefits cost included in P & L | 406.27 | 429.46 | 115.01 | 118.74 |
| **B. Expense recognised in Comprehensive Income** | | | | |
| 1. Actuarial (gain)/Losses due to Demographic assumption changes in DBO | - | - | - | - |
| 2. Actuarial (gain)/Losses due to financial assumption changes in DBO | (209.44) | (168.17) | (34.34) | (25.47) |
| 3. Actuarial (gain)/Losses due to experience on DBO | 991.51 | (572.28) | (23.50) | (30.22) |
| 4. Return on plan assets (Greater) / Less than Discount rate | 79.61 | 434.37 | - | 6.91 |
| 5. Total actuarial (gain) / loss included in OCI | 861.68 | (306.08) | (57.84) | - |
| 6. Cost recognised in P & L | 406.27 | 429.46 | 115.01 | 118.74 |
| 7. Remeasurement effect recognised in OCI | 861.68 | (306.08) | - | - |
| 8. Total defined benefit cost | 1,267.95 | 123.38 | 115.01 | 118.74 |
| **C. Net asset/Liability recognised in the Balance Sheet** | | | | |
| 1. Present value of benefit obligation | 9,450.08 | 8,034.32 | 1,093.00 | 1,049.19 |
| 2. Fair value of plan assets | 9,975.16 | 7,450.51 | 1,323.44 | 1,235.59 |
| 3. Funded Status [Surplus / (deficit)] | 525.08 | (583.81) | 230.44 | 186.40 |
| 4. Net Asset / (Liability) recognised in balance sheet | 525.08 | (583.81) | 230.44 | 186.40 |





## Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | Gratuity (Funded) | | Leave Encashment (Funded) | |
|---|---|---|---|---|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| **D. Change in Present value of the Obligation during the year** | | | | |
| 1. Present value of the obligation at beginning of year | 8,034.32 | 9,139.59 | 1,049.19 | 1,072.69 |
| 2. Current service cost | 449.26 | 382.51 | 191.76 | 181.47 |
| 3. Interest cost | 557.96 | 601.86 | 68.94 | 68.52 |
| 4. Benefits paid | (373.53) | (1,349.19) | (159.05) | (217.81) |
| 5. Actuarial (gain) loss on obligation | 782.07 | (740.45) | (57.84) | (55.69) |
| 6. Present value of obligation at end of the year | 9,450.08 | 8,034.32 | 1,093.00 | 1,049.19 |
| **E. Reconciliation of opening & closing values of Plan Assets** | | | | |
| 1. Fair value of plan assets at the beginning of the year | 7,450.51 | 8,279.17 | 1,235.59 | 1,160.03 |
| 2. Expected return on plan assets | 600.95 | 554.91 | 87.85 | 82.48 |
| 3. Contributions made | 2,376.84 | 400.00 | - | - |
| 4. Benefits paid | (373.53) | (1,349.19) | - | - |
| 5. Actuarial gain / (loss) on plan assets | (79.61) | (434.38) | - | (6.91) |
| 6. Fair value of plan assets at the end of the year | 9,975.16 | 7,450.51 | 1,323.44 | 1,235.59 |
| 7. Actual return on plan assets | 521.33 | 120.53 | 87.85 | 75.56 |
| **F. Amounts recognised in Other comprehensive Income** | | | | |
| 1. Opening unrecognised losses / (Gains) | 840.57 | 1,146.64 | - | - |
| 2. Actuarial Loss / (Gains) on DBO | 782.07 | (740.45) | (57.84) | (55.69) |
| 3. Actuarial Loss / (Gains) on assets | 79.61 | 434.38 | - | 6.91 |
| 4. Amortisation Actuarial loss / (Gain) | - | - | (57.84) | (48.78) |
| 5. Total recognised in Other comprehensive income | 1,702.25 | 840.57 | - | - |
| **G. Major categories of plan assets as a percentage of total plan** | | | | |
| 1. Qualifying insurance policies | 9,975.16 | 7,450.51 | 1,323.44 | 1,235.59 |
| 2. Own plan assets-Bank balances | 41.33 | 2.37 | - | - |
| | 10,016.49 | 7,452.88 | 1,323.44 | 1,235.59 |
| **H. Actuarial Assumptions** | | | | |
| 1. Discount rate | 7.47% | 7.11% | 7.47% | 7.11% |
| 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 | 7.11% | 7.11% | 7.11% | 7.11% |
| 5. Mortality rate | Indian Assured Lives Mortality (2006-08) Ultimate | | | |

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

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

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

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

The company expects to make a contribution of ₹400.00 Lakhs (as at March 31, 2022: ₹2,425 Lakhs) to the defined benefit plans during the next financial year.

# Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

### I. Sensitivity Analysis

| Particulars | Gratuity (Funded) | | Leave Encashment (Funded) | |
|---|---|---|---|---|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| Impact of +1% change in rate of discounting | (600.63) | (563.56) | (95.35) | (101.20) |
| Impact of -1% change in rate of discounting | 669.28 | 632.56 | 113.05 | 120.70 |
| Impact of +1% change in rate of salary increase | 638.12 | 608.69 | 107.24 | 114.12 |
| Impact of -1% change in rate of salary increase | (594.58) | (558.20) | (92.20) | (97.61) |
| Impact of +1% change in rate of attrition | (74.90) | (82.26) | (13.75) | (17.67) |
| Impact of -1% change in rate of attrition | 82.43 | 90.95 | 16.00 | 20.57 |

The above sensitivity analysis are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as 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, longevity risk and salary risk.

#### Investment risk

The present value of the defined benefit plan liability is calculated using a discount which is determined by reference to market yields at the end of the reporting period on government bonds. Plan investment is a mix of investments in government securities, other debt instruments and equity shares of listed companies.

#### Interest risk

A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments, if any.

#### Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

#### Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

### II. DEFINED CONTRIBUTION SCHEMES

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Provident Fund Contribution | 1,331.78 | 1,072.86 |

### 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.





# Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

Specifically, the Company is organised into three main reportable segments viz.,(1) Textile Machinery Division (2) Machine Tool & 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** | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| Revenue from external customers | 2,20,898.96 | 1,12,759.20 | 76,861.22 | 49,582.74 | 3,916.30 | 1,546.64 | 3,01,676.48 | 1,63,888.58 |
| Inter Segment Revenue | 4,937.90 | 1,637.42 | 3,388.94 | 2,495.76 | - | - | 8,326.84 | 4,133.18 |
| Allocable other income | 5,836.16 | 4,258.91 | 878.46 | 613.21 | 913.08 | 1,341.41 | 7,627.70 | 6,213.53 |
| **Total Segment Revenue** | **2,31,673.02** | **1,18,655.53** | **81,128.62** | **52,691.71** | **4,829.38** | **2,888.05** | **3,17,631.02** | **1,74,235.29** |
| Less : Inter Segment Revenue | | | | | | | 8,326.84 | 4,133.18 |
| Add : Unallocable other Income | | | | | | | 5,956.43 | 6,783.03 |
| **Enterprise revenue** | | | | | | | **3,15,260.61** | **1,76,885.14** |
| **Result** | | | | | | | | |
| Segment Result | 14,274.57 | 1,685.17 | 7,338.90 | 3,637.43 | (1,856.74) | (2,586.97) | 19,756.73 | 2,735.63 |
| Operating Profit | | | | | | | 19,756.73 | 2,735.63 |
| Add : Unallocable Other Income net of unallocable expenditure | | | | | | | 3,946.46 | 4,692.04 |
| Less : Interest Expenses | | | | | | | 8.54 | 8.10 |
| Income tax expenses (Current) | | | | | | | 5,822.43 | 1,739.96 |
| Income tax expenses (Deferred) | | | | | | | (95.39) | 933.60 |
| **Net Profit after Tax** | | | | | | | **17,967.61** | **4,746.01** |
| **Other Information** | | | | | | | | |
| Segment assets | 2,00,612.18 | 1,42,993.13 | 98,422.75 | 86,080.27 | 3,251.86 | 2,449.19 | 3,02,286.79 | 2,31,522.59 |
| Add : Unallocable corporate assets | | | | | | | 59,894.98 | 42,701.47 |
| **Enterprise Assets** | | | | | | | **3,62,181.77** | **2,74,224.06** |
| Segment Liabilities | 1,41,357.31 | 73,724.55 | 19,554.22 | 19,218.11 | 333.99 | 742.77 | 1,61,245.52 | 93,685.43 |
| Add : Unallocable corporate liabilities | | | | | | | 2,00,936.25 | 1,80,538.63 |
| **Enterprise Liabilities** | | | | | | | **3,62,181.77** | **2,74,224.06** |
| Capital Expenditure | 5,755.68 | 3,393.38 | 1,710.14 | 494.73 | 491.44 | 909.71 | 7,957.26 | 4,797.82 |
| Depreciation | 4,424.27 | 4,109.60 | 398.12 | 358.14 | 759.51 | 688.15 | 5,581.90 | 5,155.89 |

**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 Unaffiliated 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.

## Notes to the Standalone Financial Statements

for the Year ended March 31, 2022 (All amount in ₹ Lakhs, unless otherwise stated)

### Information about major customers

There is no single customer contributing to 10% or more to the company's revenue for both 2021-22 and 2020-21.

### Segment Assets and Liabilities

| Operating Segment | Segment Assets | | Segment Liabilities | |
|---|---|---|---|---|
| | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 | As at March 31, 2021 |
| Textile machinery division | 2,00,612.18 | 1,42,993.13 | 1,41,357.31 | 73,724.55 |
| Machine tool & foundry division | 98,422.75 | 86,080.27 | 19,554.22 | 19,218.11 |
| Advanced technology centre | 3,251.86 | 2,449.19 | 333.99 | 742.77 |
| **Total Segment assets & segment liabilities** | **3,02,286.79** | **2,31,522.59** | **1,61,245.52** | **93,685.43** |
| **Adjustments of unallocated assets and liabilities** | | | | |
| Share capital | - | - | 1,068.30 | 1,068.30 |
| Reserves and Surplus | - | - | 1,97,454.04 | 1,76,957.50 |
| Investments | 52,108.55 | 35,090.24 | - | - |
| Advance tax | 7,786.43 | 7,611.23 | - | - |
| Deferred tax | - | - | 2,323.78 | 2,419.17 |
| Unpaid Dividends | - | - | 90.13 | 93.66 |
| **Total assets & liabilities as per Balance sheet** | **3,62,181.77** | **2,74,224.06** | **3,62,181.77** | **2,74,224.06** |

### 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 | |
|---|---|---|
| | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
| Inside India | 2,38,262.34 | 1,33,079.00 |
| Outside India | 63,414.14 | 30,809.58 |
| | **3,01,676.48** | **1,63,888.58** |

### 31.11 Approval of financial statements

The financial statements were approved for issue by the Board of directors on May 11, 2022.

### 31.12 DETAILS OF LEASING ARRANGEMENTS

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| **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 5 years and may be renewed for a further period based on mutual agreement of the parties. | | |
| **Future minimum lease receipts** | | |
| Not later than one year | 42.00 | 24.12 |
| Later than one year and not later than five years | 168.00 | 96.46 |
| More than 5 years | 210.00 | - |



## Notes to the Standalone Financial Statements

for the Year ended March 31, 2022 (All amount in ₹ Lakhs, unless otherwise stated)

### 31.13 REVENUE RECOGNITION

The company derives revenue primarily from the sale of Textile Machinery, machine tools, spares and job work charges.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customer for sale of above-mentioned products or services are on fixed price. Revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration entity expects to be entitled in exchange for those goods or services.

Revenue on fixed price contract are recognized at the time of dispatch of goods. Till then the consideration received is accounted as 'Advance received' shown under financial liabilities. Control over the goods passed to the customer at the time of dispatch of the goods at the company's factory.

The expected cost of warranty issued is accounted as provision. The contract with customers are entered between the company and the end customer. The company is primarily responsible for honouring the contract entered with customer. Since the company acts as a "Principal" for the contracts entered into through selling agent the revenue is to be recognized in gross by the company.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Revenue from operations for the year ended March 31, 2022 and March 31, 2021 is as follows:

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| (i) Revenue from sale of products | 3,01,676.48 | 1,63,888.58 |
| (ii) Revenue from rendering of services | 5,482.88 | 5,076.45 |
| Total revenue from operations | 3,07,159.36 | 1,68,965.03 |

### 31.14 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.

# Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

These exchange rate exposures are not hedged by the Company. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:-

| Particulars | | Amount in foreign currency | | Equivalent INR (₹ In Lakhs) | |
|---|---|---|---|---|---|
| | | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 | As at March 31, 2021 |
| Sundry creditors | CHF | 2,10,187 | 94,614 | 173.19 | 73.51 |
| | EUR | 26,66,390 | 25,62,051 | 2,241.37 | 2,201.37 |
| | GBP | 23,785 | 37,070 | 23.74 | 37.43 |
| | JPY | 21,46,67,099 | 8,81,92,203 | 1,342.21 | 583.47 |
| | SEK | - | 85,000 | - | 7.13 |
| | SGD | 36,505 | 16,469 | 20.46 | 8.96 |
| | USD | 18,02,820 | 24,69,688 | 1,368.35 | 1,806.97 |
| Sundry Debtors | CNY | 2,22,73,739 | - | 2,658.93 | - |
| | EUR | 3,94,198 | 7,12,788 | 331.99 | 613.70 |
| | GBP | 52,597 | 9,437 | 52.31 | 9.53 |
| | USD | 2,12,29,431 | 1,23,81,881 | 16,090.32 | 9,101.26 |
| Cash and Bank Balances | | | | | |
| | BDT | 5,34,458 | 5,82,939 | 4.70 | 5.07 |
| | KES | 3,91,174 | 2,28,984 | 2.58 | 1.56 |
| | TRY | 65,692 | 31,197 | 3.40 | 2.79 |
| | USD | 25,845 | 35,143 | 19.62 | 27.52 |
| | VND | 1,28,43,670 | 5,85,76,364 | 0.41 | 1.87 |

The Company is mainly exposed to USD and EUR.

### Foreign currency sensitivity analysis

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Sundry creditors** | | |
| USD | 1,368.35 | 1,806.97 |
| Euro | 2,241.37 | 2,201.37 |
| **Sundry Debtors** | | |
| USD | 16,090.32 | 9,101.26 |
| Euro | 331.99 | 613.70 |
| **Net receivable** | | |
| USD | 14,721.97 | 7,294.29 |
| Euro | (1,909.38) | (1,587.67) |
| **Total** | **12,812.59** | **5,706.62** |
| Impact on profit : 5 % increase in currency rate | 640.63 | 285.33 |
| Impact on profit : 5 % decrease in currency rate | (640.63) | (285.33) |

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.





# Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

### Interest rate sensitivity analysis

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Fixed deposits in Banks | 1,28,381.77 | 1,00,709.64 |
| Impact on profit :increase of 25 basis points | 320.95 | 251.77 |
| Impact on profit : decrease of 25 basis points | (320.95) | (251.77) |

**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. Some of the Company's equity investments are held for strategic rather than trading purposes.

### Price sensitivity analysis

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Fair value of Equity investments | 16,446.92 | 12,203.43 |
| Impact on Other Comprehensive Income :increase by 5% | 822.35 | 610.17 |
| Impact on Other Comprehensive Income :Decrease by 5% | (822.35) | (610.17) |

**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 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 company through credit approvals and continuously monitoring the credit worthiness of the customer to which the company grants credit in the normal course of business. The company applied simplified approach of estimated credit loss for trade receivable, which provide for expected credit loss based on life-time expected losses. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The Company does not have any significant credit risk exposure to any single counterparty.

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 sufficient to meet its current requirements and hence the Company does not perceive any such risk.

### Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

### Equity Price risk

Equity Price Risk is related to the change in market reference price of the investments in equity securities. The fair value of some of the Company's investments measured at fair value through other comprehensive income exposes the Company to equity price risks. These investments are subject to changes in the market price of securities. The fair value of Company's investment in quoted equity securities as of March 31, 2022 and 2021 was ₹16,446.92 Lakhs and ₹12,203.43 Lakhs respectively.

A 5% change in equity price as of March 31, 2022 and 2021 would result in an impact of ₹822.35 Lakhs and ₹610.17 Lakhs respectively.

# Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

(Note: The impact is indicated on equity before consequential tax impact, if any).

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.

**31.15** Revenue Expenditure on Research & Development of Textile Machinery Division amounting to ₹1,805.97 Lakhs (FY 2020-21 ₹1,944.54 Lakhs) and for Machine Tool Division amounting to ₹398.83 Lakhs (FY 2020-21 ₹275.08 Lakhs) has been charged to Statement of Profit and Loss and Capital expenditure relating to Research and Development for Textile Machinery Division amounting to ₹ Nil (FY 2020-21 ₹92.39 Lakhs) and for Machine Tool Division amounting to ₹Nil (FY 2020-21 ₹Nil) has been included in Fixed Assets.

### 31.16 Relationship with struckoff companies

| Name of Struck off Company | Nature of transactions | Transactions during the year March 31, 2022 | Balance outstanding at the end of the year as at March 31, 2022 | Relationship with the Struck off company, if any, to be disclosed |
|---|---|---|---|---|
| Achuk Consultants & Engineers Pvt Ltd | Service Charges | - | 0.10 | Customer |
| Tikona Digital Networks Private Limited | Debit Note for Tax claim | 0.20 | 0.20 | Customer |
| GGN Spinning Mills (P) Ltd.,-B Unit | Material Return | - | 0.01 | Customer |
| Duesberg Bosson Fils Pvt. Ltd | Unpaid Dividend | - | 0.16 | Shareholder |
| Unicon Fincap Private Limited | Unpaid Dividend | 0.00 | 0.004 | Shareholder |



# Notes to the Standalone Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

### 31.17 Disclosure of Ratios

| Sl. No. | Ratio | Numerator | Denominator | FY 2021-22 | | | FY 2020-21 | | | % Variance | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Numerator | Denominator | Ratio | Numerator | Denominator | Ratio | | |
| 1 | Current Ratio | Current Assets | Current Liabilities | 1,78,814 | 1,18,671 | 1.51 | 1,60,445 | 80,299 | 2.00 | (24.59%) | Increase in material procure-ment and advance on orders |
| 2 | Debt-Equity Ratio | Long Term Debts | Shareholder's Equity | ----Not Applicable---- | | | | | | | |
| 3 | Debt Service Coverage Ratio | Earnings Available For Debt Service | Debt Service | ----Not Applicable---- | | | | | | | |
| 4 | Return On Equity Ratio | Net Profits After Taxes – Preference Dividend | Average Shareholder's Equity | 17,968 | 1,88,274 | 9.54% | 4,746 | 1,71,829 | 2.76% | 245.52% | Higher turnover and profits |
| 5 | Inventory Turnover Ratio | Turnover | Average Inventory | 3,01,676 | 41,087 | 7.34 | 1,63,889 | 29,922 | 5.48 | 34.06% | Better turnover and inventory management |
| 6 | Trade Receivables Turnover Ratio | Turnover | Average Trade Debtors | 3,01,676 | 25,373 | 11.89 | 1,63,889 | 15,213 | 10.77 | 10.37% | Better turnover and trade re-ceivable management |
| 7 | Trade Payables Turnover Ratio | Total Purchases | Average Trade Creditors | 2,16,790 | 50,110 | 4.33 | 1,09,699 | 38,714 | 2.83 | 52.68% | Better turnover and trade paya-ble management |
| 8 | Net Capital Turnover Ratio | Turnover | Working Capital | 3,01,676 | 60,143 | 5.02 | 1,63,889 | 80,146 | 2.04 | 145.30% | Better turnover |
| 9 | Net Profit Ratio | Net Profit After Taxes | Turnover | 17,968 | 3,01,676 | 5.96% | 4,746 | 1,63,889 | 2.90% | 105.67% | Better turnover and profits |
| 10 | Return On Capital Employed | Net Profit Before Interest And Taxes | Capital Employed | 23,695 | 2,00,846 | 11.80% | 7,420 | 1,80,445 | 4.11% | 186.91% | Better turnover and profits |
| 11 | Return On Investment | Income generated from Investments | Time weighted average investments | 888 | 17,594 | 5.05% | 740 | 9,227 | 8.02% | (37.05%) | Raising debt yield had MTM impact in FY 2022, Will be normalised closer to maturity |

**31.18** Further, previous years' figures have been regrouped / reclassified, wherever necessary, to conform with the current period presentation.

In terms of our report attached

For **S. Krishnamoorthy & Co**
Firm Registration No. 001496S; *Chartered Accountants*
**B. Krishnamoorthi**, Partner; Membership No. 020439
**Place** : Coimbatore **Date** : 11th May, 2022

For and on behalf of the Board of Directors

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

K. Soundhar Rajhan
Director Operations
DIN: 07594186

V. Senthil
Chief Financial Officer

C R Shivkumaran
Company Secretary

# 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)

| S.No. | Particulars | | |
|---|---|---|---|
| 1. | No. of subsidiaries | :: | 3 |
| 2. | Name of the subsidiary | :: | (1) LMW Textile Machinery (Suzhou) Co. Limited, China (2) LMW Aerospace Industries Limited, India (3) LMW Middle East FZE, UAE |
| 3. | The date since when subsidiary was acquired | :: | LMW Textile Machinery (Suzhou) Co. Limited, China 04.09.2008 LMW Aerospace Industries Limited, India 09.04.2021 (Company incorporated on March 16, 2021), LMW Middle East FZE, UAE 29.03.2022 (Company incorporated on February 4, 2022) |
| 4. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | :: | LMW Textile Machinery (Suzhou) Co.Limited, China January 1, 2021 to December 31, 2021; (April 1, 2021 to March 31, 2022- For consolidation purpose) LMW Aerospace Industries Limited, India March 16, 2021 to March 31, 2022, LMW Middle East FZE, UAE February 4, 2022 to March 31, 2022 |
| 5. | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | :: | LMW Textile Machinery (Suzhou) Co.Limited, China RMB (Chinese Yuan); Closing Exchange rate as at March 31, 2022 - 1 RMB = ₹11.9696 (Previous year ₹11.1656) LMW Middle East FZE, UAE AED; Closing Exchange rate as at March 31, 2022 - 1 AED = ₹20.6673 |

| | | | LMW Textile Machinery (Suzhou) Co. Limited, China | | LMW Aerospace Industries Limited, India | | LMW Middle East FZE UAE | |
|---|---|---|---|---|---|---|---|---|
| | | | 31.3.2022 | 31.3.2021 | 31.3.2022 | 31.3.2021 | 31.3.2022 | 31.3.2021 |
| 6. | Share capital | :: | 6,513.67 | 6,513.67 | 250.00 | - | 503.30 | - |
| 7. | Reserves & Surplus | :: | 1,303.75 | 237.41 | - | - | (27.38) | - |
| 8. | Total assets | :: | 17,197.56 | 11,554.02 | 250.10 | - | 713.58 | - |
| 9. | Total liabilities | :: | 17,197.56 | 11,554.02 | 250.10 | - | 713.58 | - |
| 10. | Investments | :: | - | - | - | - | - | - |
| 11. | Turnover | :: | 22,176.20 | 8,142.76 | - | - | - | - |
| 12. | Profit before taxation | :: | 196.90 | (309.45) | - | - | (34.57) | - |
| 13. | Provision for taxation | :: | - | - | - | - | - | - |
| 14. | Profit after taxation | :: | 196.90 | (309.45) | - | - | (34.57) | |
| 15. | Proposed Dividend | :: | - | - | - | - | - | - |
| 16. | Extent of shareholding (In %) | :: | 100.00 | 100.00 | 100.00 | - | 100.00 | - |
| 17. | Names of subsidiaries which are yet to commence operations | :: | LMW Aerospace Industries Limited, India | | | | | |
| 18. | Names of subsidiaries which have been liquidated or sold during the year | :: | Not applicable | | | | | |

## Part B : Associates and Joint ventures

Statement pursuant to section 129(3) of the Companies act, 2013 related to Assoicate Companies and Joint ventures

**Not Applicable**

| Name of associates/Joint ventures | :: |
|---|---|
| 1. Latest audited Balance Sheet Date | :: |
| 2. Date on which the Associate or Joint Venture was associated or acquired | :: |
| 3. Shares of associate/Joint ventures held by the company on the year end | :: |
| No. | :: |
| Amount of investment in associates/joint venture | :: |
| Extend of holding (In %) | :: |
| 4. Description of how there is significant influence | :: |
| 5. Reason why the associate/joint venture is not consolidated | :: |
| 6. Net worth attributable to shareholding as per latest audited Balance Sheet | :: |
| 7. Profit/loss for the year | :: |
| i) considered in consolidation | :: |
| ii) not considered in consolidation | :: |
| 8. Names of associates or joint ventures which are yet to commence operations | :: |
| 9. Names of associates or joint ventures which have been liquidated or sold during the year | :: |

See accompanying notes to financial statements

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

**B. Krishnamoorthi**
Partner
Membership No. 020439

**Place :** Coimbatore
**Date :** 11th May, 2022

For and on behalf of the Board of Directors

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

K. Soundhar Rajhan
Director Operations
DIN: 07594186

V. Senthil
Chief Financial Officer

C R Shivkumaran
Company Secretary

# INDEPENDENT AUDITOR'S REPORT

TO **THE MEMBERS OF LAKSHMI MACHINE WORKS LIMITED**
Report on the Audit of the Consolidated Financial Statements

## Opinion

We have audited the consolidated financial statements of LAKSHMI MACHINE WORKS LIMITED ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2022, and the consolidated statement of Profit and Loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, Notes to the Financial Statements and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS")and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2022, consolidated profit, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the Independence requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| KEY AUDIT MATTER | RESPONSE TO KEY AUDIT MATTER |
|---|---|
| **Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (revenue accounting standard)**<br><br>The application of the revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, revenue accounting standard contains disclosures which involves collation of information in respect of dis-aggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date. | We assessed the Group's process to identify the impact of adoption of the revenue accounting standard.<br><br>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:<br>• Evaluated the design of internal controls relating to implementation of the revenue accounting standard.<br>• It is observed that transaction price charged is ex-works price and revenue is booked at the time of dispatch of the goods.<br>• The above method followed by the group is in line the provisions of Ind AS 115 - 'Revenue from contracts with customers<br><br>**Conclusion:**<br>We agree with the management's evaluation. |
| **Accuracy of revenues and onerous obligations in respect of fixed price contracts.** | In the process of verifying the accuracy of recognition of revenues of fixed price contracts, we have undertaken the following audit approach<br>• Understood, evaluated and tested the key controls over the recognition of revenue from fixed price contracts. We selected a sample of transactions and<br>• Agreed the applied tariff to the respective terms in the contract.<br>• Tested revenue calculations and agreed the revenue recognized to the underlying accounting records.<br><br>**Conclusion:**<br>We agree with the management's evaluation. |
| **Assessment of carrying value of investments**<br><br>The company has invested in listed equity instruments and debt instruments. We consider this a key audit matter given the relative significance of the value of investments | Our procedures in relation to assessing the carrying value of investments include the following observations.<br>• The equity investments are carried at fair value as on March 31, 2022.<br>• The Group has also invested in debt oriented mutual funds, and the same has also been recognized at fair market value as on March 31, 2022.<br>• During the year the group has invested in Non-Convertible Debentures which has been recognized at amortized cost as on March 31, 2022<br><br>**Conclusion:**<br>We agree with the management's evaluation. |

## Information Other than the Standalone Financial Statements and Auditor's Report Thereon

We did not audit the financial statements of two subsidiaries namely LMW Textile Machinery (Suzhou) Company Ltd., China and LMW Middle East, FZE , UAE whose Ind AS financial statements reflect total assets of ₹17,911.14 Lakhs as at March 31, 2022 total turnover of ₹22,176.20 Lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the Group's share of profit of ₹162.33 Lakhs for the year ended March 31, 2022 as considered in the consolidated financial statements, in respect of the subsidiary, whose financial statements have not been audited by us. These financial statements 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 our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

LMW Aerospace Industries Ltd. is yet to commence operation.

## Management's Responsibilities for the Standalone Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and those charged with governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated 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 the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated 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 Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements.
- We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entity included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(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 Financial Statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated statement of Cash Flows and the Consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

   d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Holding Company and the subsidiary (LMW Aerospace Industries Limited) as on March 31, 2022 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding company and the above mentioned subsidiary incorporated in India is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in **"Annexure A".** Our Report express an Unmodified opinion on the adequacy and operating effectiveness of internal financial controls over the financial reporting of those companies.

g) With respect to other matters to be included in the Auditor's Report in accordance with requirements of section 197(16) of the Act, as amended:

In our opinion and the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year in accordance with the provisions of section 197 of the Act.

h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note No. 31.2 to the Consolidated Financial Statements.

ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note No.19 to the Consolidated Financial Statements.

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 company.

iv. (a) The respective Management of the company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or the subsidiary (LMW Aerospace Industries Ltd) to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or the subsidiary(LMW Aerospace Industries Ltd) ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Management of the company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or the subsidiary (LMW Aerospace Industries Ltd) from any other person or entity, including foreign entity ("Funding parties"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, performed by us on the Holding company and its subsidiary (LMW Aerospace Industries Ltd) which are companies incorporated in India whose Financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(v) (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

(b) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 , to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the company included in the Consolidated Financial Statements to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

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

**B. Krishnamoorthi**
Partner
Membership No.020439
UDIN:22020439AITKBD3450

**Place :** Coimbatore
**Date :** 11th May, 2022

# ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Lakshmi Machine Works Limited of even date)

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

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of LAKSHMI MACHINE WORKS LIMITED (hereinafter referred to as "the Company"), the holding company and its subsidiary (LMW Aerospace Industries Limited) which are companies incorporated in India as on that date.

## Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary (LMW Aerospace Industries Limited) which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 ("the 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 the respective 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 Act.

## Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding company and its subsidiary (LMW Aerospace Industries Limited) which are companies incorporated in India, 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 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 internal financial controls system over financial reporting of the Holding company and its subsidiary (LMW Aerospace Industries Limited) which are companies incorporated in India.

## 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 unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Holding company and its subsidiary (LMW Aerospace Industries Limited) which are companies incorporated in India,have, 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 March 31, 2022, based on the internal control over financial reporting criteria established by the respective companies 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**
Chartered Accountants
Firm' s Registration No.001496S

**B.Krishnamoorthi**
Partner
Membership No.020439
UDIN:22020439AITKBD3450

**Place :** Coimbatore
**Date :** 11th May,2022

# Consolidated Balance Sheet

**As at March 31, 2022**

(All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | Note No. | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| ASSETS | | | |
| **Non-current assets** | | | |
| Property, Plant and Equipment | 4 | 70,786.20 | 68,746.42 |
| Capital work-in-progress | 4 | 592.94 | 1,051.70 |
| Other Intangible assets | 5 | 1,315.34 | 1,381.82 |
| Financial Assets | | | |
| (i) Investments | 6 | 18,261.94 | 13,504.23 |
| (ii) Other financial assets | 10 | 89,591.14 | 26,843.15 |
| **Total Non - Current Assets** | | **1,80,547.56** | **1,11,527.32** |
| Current assets | | | |
| Inventories | 7 | 51,514.25 | 34,492.99 |
| Financial Assets | | | |
| (i) Investments | 6 | 26,579.63 | 15,072.34 |
| (ii) Trade receivables | 8 | 32,238.40 | 17,815.41 |
| (iii) Cash and cash equivalents | 9(a) | 7,851.08 | 5,252.18 |
| (iv) Bank balances other than (iii) above | 9(b) | 41,599.17 | 72,989.10 |
| (v) Other financial assets | 10 | 4,018.13 | 3,219.22 |
| Current Tax Assets (Net) | 11 | 7,786.43 | 7,611.25 |
| Other current assets | 12 | 12,471.85 | 7,795.43 |
| **Total Current Assets** | | **1,84,058.94** | **1,64,247.92** |
| **Total Assets** | | **3,64,606.50** | **2,75,775.24** |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share capital | 13 | 1,068.30 | 1,068.30 |
| Other Equity | 14 | 1,97,949.61 | 1,76,960.92 |
| Equity attributable to owners of the Company | | 1,99,017.91 | 1,78,029.22 |
| **Total equity** | | **1,99,017.91** | **1,78,029.22** |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Deferred tax liabilities (Net) | 15 | 2,323.78 | 2,419.17 |
| Other non-current liabilities | 16 | 42,664.22 | 13,479.66 |
| **Total Non - Current Liabilities** | | **44,988.00** | **15,898.83** |
| Current liabilities | | | |
| Financial Liabilities | | | |
| (i) Trade payables | 17 | | |
| Due to Micro and Small Enterprises | | 5,267.45 | 1,087.82 |
| Due to Others | | 49,735.24 | 42,097.54 |
| (ii) Other financial liabilities | 18 | 11,129.68 | 7,895.39 |
| Provisions | 19 | 1,206.71 | 1,239.36 |
| Other current liabilities | 20 | 53,261.51 | 29,527.08 |
| **Total Current Liabilities** | | **1,20,600.59** | **81,847.19** |
| **Total Liabilities** | | **1,65,588.59** | **97,746.02** |
| **Total Equity and Liabilities** | | **3,64,606.50** | **2,75,775.24** |

In terms of our report attached

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

**B. Krishnamoorthi**
Partner
Membership No. 020439

**Place :** Coimbatore
**Date :** 11th May, 2022

For and on behalf of the Board of Directors

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

K. Soundhar Rajhan
Director Operations
DIN: 07594186

V. Senthil
Chief Financial Officer

C R Shivkumaran
Company Secretary

# Consolidated Statement of Profit & Loss

**For the Year ended March 31, 2022**

(All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | Note No. | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|---|
| INCOME | | | |
| Revenue from operations | 21 | 3,17,095.41 | 1,72,737.69 |
| Other income | 22 | 6,833.75 | 7,872.53 |
| **Total income** | | **3,23,929.16** | **1,80,610.22** |
| EXPENSES | | | |
| Cost of materials consumed | 23 | 2,05,793.84 | 1,05,751.20 |
| Purchase of stock in trade | | - | - |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 24 | (5,065.87) | (631.30) |
| Employee benefit expense | 25 | 31,428.06 | 23,845.47 |
| Depreciation and amortisation expense | 26 | 5,972.45 | 5,562.78 |
| Impairment loss on financial assets | 27 | 78.26 | (339.99) |
| Other expenses | 28 | 60,164.87 | 37,069.09 |
| Finance costs | 29 | 8.54 | 8.10 |
| **Total expenses** | | **2,98,380.15** | **1,71,265.35** |
| **Profit before exceptional items and tax Exceptional items** | | **25,549.01** | **9,344.87** |
| Voluntary retirement scheme payments | 31.6 | 1,716.98 | 2,211.54 |
| **Profit before tax after exceptional items** | | **23,832.03** | **7,133.33** |
| Tax Expense | 30 | | |
| Current tax | 30.1 | 5,822.43 | 1,650.23 |
| Less : MAT Credit Entitlement | | - | - |
| Deferred tax | 30.1 | (95.39) | 933.60 |
| Prior year taxes | 30.1 | - | 89.73 |
| **Total tax expense** | | **5,727.04** | **2,673.56** |
| **Profit after tax from continuing operations for the year** | | **18,104.99** | **4,459.77** |
| **Other comprehensive income** | | | |
| Items that will not be reclassified to Profit and loss | | | |
| Changes in Fair value of FVTOCI equity instruments | | 4,243.49 | 8,467.19 |
| Remeasurement of post-employment defined benefit plans | | (861.68) | 306.08 |
| Income-tax relating to these items | | 215.42 | (56.62) |
| **Items that will be reclassified to Profit and loss** | | - | - |
| **Total Other Comprehensive income to owners of equity** | | **3,597.23** | **8,716.65** |
| **Total Comprehensive income for the year to owners of equity** | | **21,702.22** | **13,176.42** |
| Basic Earnings per share (In ₹.)(Face value ₹10/- per share) | | 169.47 | 41.75 |
| Diluted Earnings per share (In ₹ .)(Face value ₹10/- per share) | | 169.47 | 41.75 |
| See accompanying notes to financial statements | 31 | | |

In terms of our report attached

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

**B. Krishnamoorthi**
Partner
Membership No. 020439

**Place :** Coimbatore
**Date :** 11th May, 2022

For and on behalf of the Board of Directors

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

K. Soundhar Rajhan
Director Operations
DIN: 07594186

V. Senthil
Chief Financial Officer

C R Shivkumaran
Company Secretary

# Consolidated Statement of Changes in Equity

**for the year ended March 31, 2022**

(All amount in ₹ Lakhs, unless otherwise stated)

## Equity Share Capital

| Particulars | Amount |
|---|---|
| Balance as at March 31, 2021 | 1,068.30 |
| Changes in equity share capital during the year | - |
| Balance as at March 31, 2022 | 1,068.30 |

## Other Equity

| Particulars | Share application money pending allotment | Equity component of compound financial instruments | Reserves and Surplus: Capital Reserve | Reserves and Surplus: Securities Premium | Reserves and Surplus: Capital Redemption Reserve | Reserves and Surplus: General Reserve | Reserves and Surplus: Retained Earnings | Other Comprehensive Income: Debt instruments through Other Comprehensive Income | Other Comprehensive Income: Equity Instruments through Other Comprehensive Income | Other Comprehensive Income: Effective portion of Cash Flow Hedges | Other Comprehensive Income: Revaluation Surplus | Other Comprehensive Income: Exchange differences on translating the financial statements of a foreign operation | Other Comprehensive Income: Other items of Other Comprehensive Income (specify nature) | Money received against share warrants | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as on March 31, 2021** | - | - | 701.49 | - | 168.62 | 15,482.90 | 1,50,178.22 | 287.84 | - | 10,141.85 | - | - | - | - | 1,76,960.92 |
| Changes in accounting policy or prior period errors | - | - | - | - | - | - | - | | - | - | - | - | - | - | - |
| Restated balance at the beginning of the current reporting period | - | - | - | - | - | - | - | | - | - | - | - | - | - | - |
| Total Comprehensive Income for the current year | - | - | - | - | - | - | (646.26) | | - | 4,243.49 | - | - | - | - | 3,597.23 |
| Dividends | - | - | - | - | - | - | (1,068.30) | | - | - | - | - | - | - | (1,068.30) |
| Transfer to retained earnings | - | - | - | - | - | - | 18,104.99 | | - | - | - | - | - | - | 18,104.99 |
| Transfer to Reserve | - | - | - | - | - | 1,800.00 | (1,800.00) | 354.77 | - | - | - | - | - | - | 354.77 |
| **Balance as on March 31, 2022** | - | - | 701.49 | - | 168.62 | 17,282.90 | 1,64,768.65 | 642.61 | - | 14,385.34 | - | - | - | - | 1,97,949.61 |
| **Balance as on March 31, 2020** | - | - | 701.49 | | 168.62 | 14,982.90 | 1,47,037.29 | 402.34 | | 1,674.66 | | | | | 1,64,967.30 |
| Changes in accounting policy or prior period errors | - | - | - | - | - | - | - | | - | - | - | - | - | - | - |
| Restated balance at the beginning of the current reporting period | - | - | - | - | - | - | - | | - | - | - | - | - | - | - |
| Total Comprehensive Income for the current year | - | - | - | - | - | - | 249.46 | (114.50) | - | 8,467.19 | - | - | - | - | 8,602.15 |
| Dividends | - | - | - | - | - | - | (1,068.30) | | - | - | - | - | - | - | (1,068.30) |
| Transfer to retained earnings | - | - | - | - | - | - | 4,459.77 | | - | - | - | - | - | - | 4,459.77 |
| Transfer to General Reserve | - | - | - | - | - | 500.00 | (500.00) | | - | - | - | - | - | - | - |
| **Balance as on March 31, 2021** | - | - | 701.49 | - | 168.62 | 15,482.90 | 1,50,178.22 | 287.84 | - | 10,141.85 | - | - | - | - | 1,76,960.92 |

In terms of our report attached

For **S. Krishnamoorthy & Co,**
Firm Registration No. 001496S; *Chartered Accountants*
**B. Krishnamoorthi**, Partner; Membership No. 020439
**Place** : Coimbatore **Date** : 11th May, 2022

For and on behalf of the Board of Directors

**Sanjay Jayavarthanavelu**
Chairman and Managing Director
DIN: 00004505

**K. Soundhar Rajhan**
Director Operations
DIN: 07594186

**V. Senthil**
Chief Financial Officer

**C R Shivkumaran**
Company Secretary



# Consolidated Cash Flow Statement

**For the Year ended March 31, 2022**

(All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|---|---|---|---|---|
| **A. Cash Flow From Operating Activities** | | | | |
| Profit after exceptional items but before tax | | 23,832.03 | | 7,133.33 |
| (VRS Expenses of ₹1,716.98 Lakhs (P.Y.₹2,211.54 Lakhs)) | | | | |
| **Adjustments for :** | | | | |
| Depreciation and amortisation expense | 5,972.45 | | 5,562.78 | |
| Finance costs | 8.54 | | 8.10 | |
| Profit on sale of assets | (99.37) | | (608.57) | |
| Loss on sale of assets | 7.57 | | 15.19 | |
| Interest income | (5,025.37) | | (6,023.42) | |
| Dividend income | (12.04) | | (50.50) | |
| Income from Mutual funds | (876.20) | | (689.44) | |
| Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents | 0.33 | (24.09) | (0.19) | (1,786.05) |
| **Operating Profit before working capital changes** | | 23,807.94 | | 5,347.28 |
| **Adjustments for (increase) / decrease in operating assets** | | | | |
| Trade receivables | (14,422.99) | | (7,073.63) | |
| Inventories | (17,021.26) | | (5,643.91) | |
| Other financial assets-Non Current | (814.92) | | 349.07 | |
| Other financial assets- Current | (61.07) | | 382.58 | |
| Other Current assets | (4,676.07) | | (2,007.56) | |
| **Adjustments for increase / (decrease) in operating liabilities** | | | | |
| Trade payables | 11,817.33 | | 9,928.11 | |
| Other non current liabilities | 29,184.56 | | 6,673.33 | |
| Provisions | (32.65) | | 77.01 | |
| Other financial liabilities | 3,253.06 | | 1,931.10 | |
| Other current liabilities | 23,734.42 | 30,960.41 | 9,626.10 | 14,242.20 |
| **Cash used in/ generated from operations** | | 54,768.35 | | 19,589.48 |
| Taxes paid | | (6,291.60) | | (3,914.71) |
| **Net Cash used in/generated from operations** | [A] | 48,476.75 | | 15,674.77 |
| **B. Cash Flow From Investing Activities** | | | | |
| Purchase of Fixed assets/Capital Work In Progress | | (7,606.41) | | (2,891.26) |
| Proceeds from sale of fixed assets | | 213.56 | | 796.71 |
| Interest received | | 4,287.53 | | 7,690.70 |
| Dividend received | | 12.04 | | 50.50 |
| Investments in Mutual Funds/ Debentures (net) | | (11,145.31) | | (5,824.11) |
| (Increase)/Decrease in Bank balances not considered as cash and cash equivalent | | (30,543.14) | | (14,234.92) |
| **Net cash used in investing activities** | [B] | (44,781.73) | | (14,412.38) |

# Consolidated Cash Flow Statement (Contd..)

**For the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | | Year ended March 31, 2022 | | Year ended March 31, 2021 |
|---|---|---|---|---|
| C. Cash Flow From Financing Activities | | | | |
| Dividends paid | | (1,068.30) | | (1,068.30) |
| Transfer of Unpaid Dividends to IEPF | | (18.76) | | (9.27) |
| Finance cost | | (8.54) | | (8.10) |
| **Net cash used in financing activities** | [C] | **(1,095.60)** | | **(1,085.67)** |
| **Net increase in cash and cash equivalents (A+B+C)** | | **2,599.42** | | **176.72** |
| Cash and cash equivalents at beginning of the period - D | | 5,251.99 | | 5,075.27 |
| Cash and cash equivalents at end of the period - E | | 7,851.41 | | 5,251.99 |
| **Net increase / (decrease) in cash and cash equivalents (E-D)** | | **2,599.42** | | **176.72** |
| Cash & Cash equivalents as per Balance Sheet | | 7,851.08 | | 5,252.18 |
| Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents | | 0.33 | | (0.19) |
| **Cash and Cash equivalents as per Cash flow Statement** | | **7,851.41** | | **5,251.99** |

See accompanying notes to financial statements

In terms of our report attached

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

**B. Krishnamoorthi**
Partner
Membership No. 020439

**Place :** Coimbatore
**Date :** 11th May, 2022

For and on behalf of the Board of Directors

Sanjay Jayavarthanavelu
Chairman and Managing Director
DIN: 00004505

K. Soundhar Rajhan
Director Operations
DIN: 07594186

V. Senthil
Chief Financial Officer

C R Shivkumaran
Company Secretary

# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022**

## 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 Annual report. Its shares are listed on two stock exchanges in India, the National Stock Exchange of India Limited (NSE) and the BSE Limited (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 11th May, 2022

### 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:

- 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 shareholder'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 off 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.

# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022**

Profit or loss of 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 off 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 property, plant and equipment is recognized 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 recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized 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 straight-line method. Estimated useful lives of the tangible assets are as follows:

| | |
|---|---|
| Buildings | 20-60 years |
| Plant and Equipment | |
| Main Machines | 8-20 years |
| Ancillary Machines | 3-7 years |
| Wind Mills | 22 years |
| Solar Project | 10 Years |
| Furniture and Fixture | 8-10 years |
| Vehicles | 6-8 years |
| Office equipment | 7-15 years |

An item of property ,plant and equipment is derecognized 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 recognized 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 recognized 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 derecognized 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 derecognized.

### 2.5 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. amortization is recognized on a straight line basis over their estimated useful lives. The estimated useful life and amortization 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 derecognized 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 recognized in profit or loss when the asset is derecognized.

For transition to IND AS, the group has elected to continue with the carrying value of all of its intangible assets recognized 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 recognized as an impairment loss. The impairment loss, if any, recognized in prior accounting period is reversed if there is a change in estimate of recoverable amount.

### 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 recognized immediately in profit or loss.

### 2.8 Financial assets

All recognized financial assets are subsequently measured in their entirety at either amortized 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 amortized 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 recognized in profit or loss for FVTOCI debt instruments. For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized 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 amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective

## Notes to the Consolidated Financial Statements

### for the Year ended March 31, 2022

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

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

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

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

A financial asset that meets the amortized 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 recognizing the gains and losses on them on different bases.

The group has Mutual fund investments which are debt instruments being designated 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 recognized in profit or loss. The net gain or loss recognized 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 recognized 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 recognizing impairment loss on financial assets measured at amortized 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),



## Notes to the Consolidated Financial Statements

### for the Year ended March 31, 2022

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 recognized in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

**Derecognition of financial assets**

The group derecognizes 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 recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognize the financial asset and also recognizes 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 recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized 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 recognize under continuing involvement, and the part it no longer recognizes 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 recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset. A

# Notes to the Consolidated Financial Statements

## for the Year ended March 31, 2022

cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized 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 amortized cost and FVTPL, the exchange differences are recognized 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 recognized in other comprehensive income.
- For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized 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 recognized at the proceeds received, net off direct issue costs.

Repurchase of the group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized 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 amortized cost using the effective interest method or at FVTPL.

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

### Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument. A financial liability other than a financial liability held for trading or contingent consideration recognised by the group as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized 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



# Notes to the Consolidated Financial Statements

## for the Year ended March 31, 2022

in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized 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 recognized in profit or loss. The remaining amount of change in the fair value of liability is always recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized 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 recognized in profit or loss.

### Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized 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 amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognized less, when appropriate, the cumulative amount of income recognized 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 amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss.

### Derecognition of financial liabilities

The group derecognizes 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 derecognized and the consideration paid and payable is recognized 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 recognized 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

# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022**

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 recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The group uses the percentage-of-completion method in accounting for its fixed-price contracts relating to job work charges and delivery of products at work in progress stage.. Use of the percentage-of-completion method requires the group to estimate the services performed to date as a proportion of the total services to be performed.

Royalty revenue is recognized 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 recognized by reference to the underlying arrangement.

Dividend income from investments is recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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



# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022**

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 recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not re-classified to profit or loss. Past service cost is recognized 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 categorized 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 recognized 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 recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes 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 capitalized 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 recognized 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 recognized amounts and where it intends either to settle on a net basis, or to realize 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 recognized 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 recognized for all taxable temporary differences. Deferred tax assets are generally recognized 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 utilized. Such deferred tax assets and liabilities are not recognized 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 recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, 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 reflect 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 recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also

# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022**

recognized 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 recognize 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 unrealized Profits

The intra-group 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 recognized. The tax rate used while recognizing the deferred tax balance arising from the elimination of unrealized profits on intra-group 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 recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes to financial statements. Contingent assets are not recognized 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 recognized 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 recognized 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 recognized at the date of sale of relevant products, at the management's best estimate of the expenditure required to settle the group's obligation.

### 2.20 Cash Flow Statement and Cash and Cash equivalents

Cash Flows are reported using 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



Notes to the Consolidated Financial Statements

for the Year ended March 31, 2022

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 recognized 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 recognized on a straight-line basis over the lease term.

## 3. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in note. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and,if material, their effects are disclosed in the notes to the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about such estimates and judgments are included in the relevant notes together with the basis of calculation for relevant line item in the financial statements. Estimates and judgments are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

## Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

### 4. Property, plant and equipment and capital work-in-progress

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Carrying amounts of:** | | |
| Freehold land | 8,807.53 | 8,820.84 |
| Buildings | 19,527.49 | 19,725.95 |
| Plant and Equipment | 39,786.91 | 37,781.10 |
| Furniture and fixtures | 1,316.95 | 1,200.85 |
| Vehicles | 547.16 | 533.89 |
| Office Equipment | 800.16 | 683.79 |
| **Total** | **70,786.20** | **68,746.42** |
| Capital Work-in-progress | 592.94 | 1,051.70 |
| **Total** | **592.94** | **1,051.70** |
| **Grand Total** | **71,379.14** | **69,798.12** |

| Particulars | Freehold land | Buildings | Plant & Equipment | Furniture & fixtures | Vehicles | Office Equipments | Total | Capital Work in progress |
|---|---|---|---|---|---|---|---|---|
| Gross carrying amount | | | | | | | | |
| **Balance at March 31, 2021** | 8,888.99 | 23,613.14 | 55,397.96 | 2,326.09 | 1,424.69 | 919.73 | 92,570.60 | 1,051.70 |
| Additions | - | 538.04 | 6,530.90 | 284.78 | 142.71 | 240.10 | 7,736.53 | 592.94 |
| Disposals | - | - | (1,348.90) | (38.51) | - | - | (1,387.41) | (1,051.70) |
| **Balance at March 31, 2022** | **8,888.99** | **24,151.18** | **60,579.96** | **2,572.36** | **1,567.40** | **1,159.83** | **98,919.72** | **592.94** |
| Accumulated depreciation and impairment | | | | | | | | |
| **Balance at March 31, 2021** | 68.15 | 3,887.19 | 17,616.86 | 1,125.24 | 890.80 | 235.94 | 23,824.18 | - |
| Disposals | - | - | (1,235.50) | (32.49) | - | - | (1,267.99) | - |
| Depreciation Expense | 13.31 | 736.50 | 4,411.69 | 162.66 | 129.44 | 123.73 | 5,577.33 | - |
| **Balance at March 31, 2022** | **81.46** | **4,623.69** | **20,793.05** | **1,255.41** | **1,020.24** | **359.67** | **28,133.52** | **-** |
| Net carrying amount | | | | | | | | |
| **Balance at March 31, 2021** | 8,820.84 | 19,725.95 | 37,781.10 | 1,200.85 | 533.89 | 683.79 | 68,746.42 | 1,051.70 |
| Additions | - | 538.04 | 6,530.90 | 284.78 | 142.71 | 240.10 | 7,736.53 | 592.94 |
| Disposals | - | - | (113.40) | (6.02) | - | - | (119.42) | (1,051.70) |
| Depreciation expense | (13.31) | (736.50) | (4,411.69) | (162.66) | (129.44) | (123.73) | (5,577.33) | - |
| **Balance at March 31, 2022** | **8,807.53** | **19,527.49** | **39,786.91** | **1,316.95** | **547.16** | **800.16** | **70,786.20** | **592.94** |





## Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

### 5. Other intangible assets

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Carrying amounts of:** | | |
| Technical Knowhow | 243.91 | 278.45 |
| Software | 1,071.43 | 1,103.37 |
| **Total** | **1,315.34** | **1,381.82** |

| Particulars | Technical Knowhow | Software | Total |
|---|---|---|---|
| Gross carrying amount | | | |
| **Balance at March 31, 2021** | **1,018.39** | **2,051.39** | **3,069.78** |
| Additions | - | 328.64 | 328.64 |
| Eliminated on disposals of assets | - | - | - |
| **Balance at March 31, 2022** | **1,018.39** | **2,380.03** | **3,398.42** |
| Accumulated depreciation and impairment | | | |
| **Balance at March 31, 2021** | **739.94** | **948.02** | **1,687.96** |
| Eliminated on disposals of assets | - | - | - |
| Amortisation Expense | 34.54 | 360.58 | 395.12 |
| **Balance at March 31, 2022** | **774.48** | **1,308.60** | **2,083.08** |
| Net carrying amount | | | |
| **Balance at March 31, 2021** | **278.45** | **1,103.37** | **1,381.82** |
| Additions | - | 328.64 | 328.64 |
| Eliminated on disposals of assets | - | - | - |
| Amortisation Expense | (34.54) | (360.58) | (395.12) |
| **Balance at March 31, 2022** | **243.91** | **1,071.43** | **1,315.34** |

### 6. Investments

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Quantity | Amount | Quantity | Amount |
| Non-current | | | | |
| Investment In Equity Instruments | | | | |
| **a) Investment in quoted equity instruments (fully paid up)** | | | | |
| Cholamandalam Investment & Finance Co. Ltd [Face Value ₹2 per share] | 17,12,810 | 12,303.12 | 17,12,810 | 9,571.18 |
| Indian Bank [ Face Value ₹10 per share] | 69,562 | 106.99 | 69,562 | 80.87 |
| Lakshmi Automatic Loom Works Ltd [Face Value ₹100 per share]* | 44,111 | 291.15 | 4,41,110 | 211.29 |
| Pricol Ltd [ Face Value ₹1 per share] | 24,975 | 32.45 | 24,975 | 17.49 |
| Rajshree Sugars & Chemicals Ltd [Face Value D10 per share] | 1,00,000 | 32.90 | 1,00,000 | 17.05 |
| Super Sales India Ltd [ Face Value ₹10 per share] | 3,00,000 | 2,620.95 | 3,00,000 | 1,682.70 |
| The Lakshmi Mills Company Ltd [Face Value ₹100 per share] | 26,916 | 1,059.36 | 26,916 | 622.85 |

# Notes to the Consolidated Financial Statements

for the Year ended March 31, 2022 (All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Quantity | Amount | Quantity | Amount |
| **b) 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 (a+b)** | | **16,447.06** | | **12,203.57** |
| **Investment in Debentures (At amortised cost)** | | | | |
| Muthoot Finance Limited (NCD) | - | - | 30 | 301.27 |
| Piramal Enterprises Limited (NCD) | 50 | 500.21 | - | - |
| Shriram Transport Finance MLD - NCD | 30 | 315.28 | - | - |
| Tata Cleantech Capital Limited (NCD) | 937 | 999.39 | 937 | 999.39 |
| **Total-Debentures** | | **1,814.88** | | **1,300.66** |
| **Total Non-current investments** | | **18,261.94** | | **13,504.23** |

* Face value per share has been increased from ₹10 to ₹100 through shares consolidation during FY 21-22.

## Current Investments

**Investments in Mutual Funds [At Fair value]**

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Quantity | Amount | Quantity | Amount |
| **Current Investment** | | | | |
| ABSL Mutual Fund | 2,32,48,482 | 2,365.84 | 95,00,000 | 1,129.05 |
| Axis Mutual Fund | 76,10,628 | 2,030.74 | 32,20,137 | 817.98 |
| Bharat Bond | 2,54,08,299 | 2,749.94 | 1,60,33,926 | 1,640.90 |
| DSP Mutual Fund | 28,42,023 | 567.60 | 28,42,023 | 545.21 |
| Edelweiss Mutual Fund | 3,94,42,850 | 4,183.51 | - | - |
| ICICI Prudential Mutual Fund | 32,18,764 | 1,643.02 | 56,19,708 | 915.67 |
| IDFC Mutual Fund | 3,06,08,506 | 3,761.67 | 76,87,144 | 1,173.65 |
| Kotak Mutual Fund | 85,61,053 | 4,093.63 | 72,50,434 | 3,217.44 |
| Nippon India ( Reliance ) Mutual Fund | 64,85,717 | 1,119.08 | 1,07,48,867 | 1,600.10 |
| SBI Mutual Fund | 3,09,05,798 | 4,064.60 | 1,76,77,167 | 3,107.90 |
| TATA Mutual Fund | - | - | 15,00,000 | 188.28 |
| UTI Mutual Fund | - | - | 60,00,000 | 736.16 |
| **Total** | | **26,579.63** | | **15,072.34** |
| **Non Current Investment** | | | | |
| Aggregate book value of quoted investments | | 2,061.57 | | 2,061.71 |
| Aggregate market value of quoted investments | | 16,446.92 | | 12,203.43 |
| Aggregate book value of unquoted investments | | 1,815.02 | | 1,300.80 |
| Aggregate amount of impairment in the value of investments | | - | | - |
| **Current Investment** | | | | |
| Aggregate book value of quoted investments | | 25,531.51 | | 13,704.05 |
| Aggregate market value of quoted investments | | 26,579.63 | | 15,072.34 |



# Notes to the Consolidated Financial Statements

for the Year ended March 31, 2022 (All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Quantity | Amount | Quantity | Amount |
| **Category-wise investments - as per IND AS 109 classification** | | Amount | | Amount |
| Financial assets carried at fair value through profit or loss (FVTPL) | | 26,579.63 | | 15,072.34 |
| Financial assets carried at amortised cost | | 1,815.02 | | 1,300.80 |
| Financial assets carried at fair value through Other Comprehensive Income (FVTOCI) | | 16,446.92 | | 12,203.43 |
| **Total** | | **44,841.57** | | **28,576.57** |

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

## 7. Inventories

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Inventories ( lower of cost or net realisable value)** | | |
| Raw materials | 30,697.32 | 21,120.92 |
| Work in progress | 13,055.51 | 10,291.32 |
| Finished goods | 3,283.89 | 982.21 |
| Stores and spares | 4,477.53 | 2,098.54 |
| **Total** | **51,514.25** | **34,492.99** |

The cost of inventories recognised as an expense during the year is ₹2,05,793.84 Lakhs. [Previous year ₹1,05,751.20 Lakhs]

## 8. Trade Receivables

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Current** | | |
| Unsecured, considered good | | |
| From related parties | 1,145.37 | 186.91 |
| From others | 31,917.21 | 18,300.99 |
| **Total** | **33,062.58** | **18,487.90** |
| Allowance for doubtful debts (Expected credit loss allowance) | 824.18 | 672.49 |
| **Total** | **32,238.40** | **17,815.41** |

### 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 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.

# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

| Ageing | Expected credit loss % |
|---|---|
| Within the credit period | 0.22 |
| Less than one year | 1.82 |
| More than one year | 34.95 |

## 9. (a). Cash and cash equivalents

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Balances with Banks | | |
| Current account | 7,825.32 | 2,412.97 |
| Deposits with original maturity of less than 3 months | - | 2,815.76 |
| Cash on hand | 25.76 | 23.45 |
| **Total** | **7,851.08** | **5,252.18** |

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

## 9. (b). Cash and cash equivalents

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Deposits held as Margin money | 9.50 | 9.79 |
| Unpaid dividend account | 90.13 | 93.66 |
| Deposits with original maturity of more than 3 months but less than 12 months | 41,499.54 | 72,885.65 |
| **Total** | **41,599.17** | **72,989.10** |

## 10. Other financial assets

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Non-current | | |
| i) Capital advances | 692.10 | 367.66 |
| ii) Advances other capital advances | | |
| Security Deposit | 516.10 | 471.92 |
| Other advances | 625.88 | 179.58 |
| iii) Bank deposits with original maturity of more than 12 months | 87,757.06 | 25,823.99 |
| **Total** | **89,591.14** | **26,843.15** |
| Current | | |
| Interest accrued on bank deposits | 3,495.08 | 2,757.24 |
| Income receivable | 523.05 | 369.72 |
| Compensation receivable for shares vested | - | 92.26 |
| **Total** | **4,018.13** | **3,219.22** |



# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

## 11. Current tax assets (Net)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Current tax assets** | | |
| Income tax advances | 32,634.97 | 26,604.95 |
| **Current tax liabilities** | | |
| Income tax provisions | 24,848.54 | 18,993.70 |
| **Total** | **7,786.43** | **7,611.25** |

## 12. Other current assets

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Advance to suppliers and others | 7,408.87 | 6,086.44 |
| Prepaid Expenses | 1,351.48 | 571.68 |
| Balances with Central Excise, VAT, Customs etc. | 3,707.99 | 1,137.31 |
| Miscellaneous Expenditure to the extent not written off | 3.51 | - |
| **Total** | **12,471.85** | **7,795.43** |

## 13. Equity Share Capital

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **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:** | | |
| 1,06,83,000 fully paid equity shares of ₹10 each | **1,068.30** | **1,068.30** |
| 3,11,000 equity shares of ₹10 each were bought back during the financial year 2016-17 | | |
| 2,72,504 equity shares of ₹10 each were bought back during the financial year 2018-19 | | |

| Fully paid up equity shares | Number of shares | Share Capital |
|---|---|---|
| Balance as on March 31, 2021 | **1,06,83,000** | **1,068.30** |
| Balance as on March 31, 2022 | **1,06,83,000** | **1,068.30** |

| Balance at the beginning of the current reporting period | Changes in Equity share capital due to prior period error | Restated balance at the beginning of the current reporting period | Changes in Equity share capital during the current year | Balance at the end of the current reporting period |
|---|---|---|---|---|
| 1,068.30 | - | - | - | 1,068.30 |

The Group 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 Group 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..

## Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

### Details of Shares held by the Promoters and Promoters Group as at 31.03.2022

| Sl. No. | Name of Promoters and Promoters Group | No. of Shares | % of total shares | % change during the year |
|---|---|---|---|---|
| 1 | Lakshmi Cargo Company Limited | 10,76,368 | 10.076 | 0.02 |
| 2 | Lakshmi Technology and Engineering Industries Limited | 6,96,862 | 6.523 | - |
| 3 | The Lakshmi Mills Company Limited | 5,20,000 | 4.868 | - |
| 4 | Lakshmi Ring Travellers (CBE) Limited | 2,52,180 | 2.361 | - |
| 5 | Super Sales India Limited | 2,29,480 | 2.148 | - |
| 6 | Sanjay Jayavarthanavelu | 1,42,291 | 1.332 | - |
| 7 | Eshaan Enterprises Limited | 1,27,110 | 1.190 | - |
| 8 | J Rajyalakshmi | 97,980 | 0.917 | - |
| 9 | Lakshmi Electrical Control Systems Limited | 88,800 | 0.831 | - |
| 10 | Uttara R | 44,290 | 0.415 | - |
| 11 | Lakshmi Electrical Drives Private Limited | 17,500 | 0.164 | - |
| 12 | Lakshmi Precision Tools Limited | 15,000 | 0.140 | - |
| 13 | Shivali Jayavarthanavelu | 7,970 | 0.075 | - |
| 14 | Ravi Sam | 5,866 | 0.055 | - |
| 15 | S Pathy | 1,721 | 0.016 | - |
| 16 | Nethra J S Kumar | 720 | 0.007 | - |
| 17 | Jaidev Jayavarthanavelu | 460 | 0.004 | - |
| 18 | K Arjun | 313 | 0.003 | - |
| 19 | K Nithin | 305 | 0.003 | - |
| 20 | S Sunitha | 301 | 0.003 | - |
| 21 | D Senthilkumar | 160 | 0.001 | - |
| 22 | Lalithadevi Sanjay Jayavarthanavelu | 49 | 0.000 | - |
| | **Total** | **33,25,726** | **31.132** | **0.02** |

### Shareholders holding more than 5% Equity shares

| Sl. No. | Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|---|
| | | Number | Percentage | Number | Percentage |
| 1 | Lakshmi Cargo Company Limited | 10,76,368 | 10.08 | 10,74,468 | 10.06 |
| 2 | Lakshmi Technology and Engineering Industries Limited | 6,96,862 | 6.52 | 6,96,862 | 6.52 |
| 3 | Voltas Limited | 5,79,672 | 5.43 | 5,79,672 | 5.43 |
| 4 | Life Insurance Corporation of India | 5,50,436 | 5.15 | 6,29,640 | 5.89 |
| 5 | Nemish S Shah | 5,34,673 | 5.00 | 6,40,673 | 6.00 |





## Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

### 14. Other Equity

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Capital Reserve | 701.49 | 701.49 |
| Capital Redemption Reserve | 168.62 | 168.62 |
| General Reserve | 17,282.90 | 15,482.90 |
| Reserve for equity instruments and others through other comprehensive income | 14,385.34 | 10,141.85 |
| Retained Earnings | 1,64,768.65 | 1,50,178.22 |
| Foreign Currency Translation reserve | 642.61 | 287.84 |
| **Total** | **1,97,949.61** | **1,76,960.92** |

### 14.1 Capital Reserve

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **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** |

### 14.2 Capital Redemption Reserve

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **168.62** | **168.62** |
| Add: Transfer from General Reserve | - | - |
| **Balance at the end of the year** | **168.62** | **168.62** |

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.

### 14.3 General Reserve

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **15,482.90** | **14,982.90** |
| Add: Transfer from retained earnings | 1,800.00 | 500.00 |
| **Balance at the end of the year** | **17,282.90** | **15,482.90** |

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.

### 14.4 Reserve for equity instruments through other comprehensive income

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **10,141.85** | **1,674.66** |
| Net fair value gain on investments in equity instruments at FVTOCI | 4,243.49 | 8,467.19 |
| **Balance at the end of the year** | **14,385.34** | **10,141.85** |

The company has elected to recognise changes in fair value of investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI reserve which represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off. Remeasurement of post employment defined benefit plans is included in OCI.

# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

### 14.5 Retained Earnings

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **1,50,178.22** | **1,47,037.29** |
| Add: Profit attributable to the owners of the company | 18,104.99 | 4,459.77 |
| Less: Payment of dividends on equity shares | (1,068.30) | (1,068.30) |
| Less: Transfer to General Reserve | (1,800.00) | (500.00) |
| (Less)/Add: Remeasurement of post employment benefit obligations (Net of tax) | (646.26) | 249.46 |
| **Balance at the end of the year** | **1,64,768.65** | **1,50,178.22** |

In financial year 2021-22, on 09.08.2021, a dividend of ₹10 per share (Total dividend ₹1,068.30 Lakhs) was paid to the holders of fully paid equity shares.

In respect of the year ended March 31,2022, 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 ₹4,273.20 Lakhs.

### 14.6 Foreign Currency Translation Reserve

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Balance at the beginning of the year** | **287.84** | **402.34** |
| Exchange differences arising on translating the foreign operations | 354.77 | (114.50) |
| **Balance at the end of the year** | **642.61** | **287.84** |

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.

## 15. Deferred Tax liabilities (Net)

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

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Deferred Tax assets | - | - |
| Deferred Tax liabilities | (2,323.78) | (2,419.17) |
| **Total** | **2,323.78** | **2,419.17** |

### 2021-22

| Particulars | Opening balance | Recognised in profit or loss | Closing balance |
|---|---|---|---|
| On account of VRS | 1,209.87 | (523.91) | 685.96 |
| On account of Property, Plant, Equipment | (4,283.29) | 432.82 | (3,850.47) |
| On account of Expected Credit Loss on receivables | 234.99 | (28.94) | 206.05 |
| On account of Actuarial Loss | 419.26 | 215.42 | 634.68 |
| **Total** | **(2,419.17)** | **95.39** | **(2,323.78)** |



Notes to the Consolidated Financial Statements

for the Year ended March 31, 2022 (All amount in ₹ Lakhs, unless otherwise stated)

### 2020-21

| Particulars | Opening balance | Recognised in profit or loss | Closing balance |
|---|---|---|---|
| On account of VRS | 926.94 | 282.93 | 1,209.87 |
| On account of Property, Plant, Equipment | (3,429.22) | (854.07) | (4,283.29) |
| On account of Expected Credit Loss on receivables | 427.76 | (192.77) | 234.99 |
| On account of Actuarial Loss | 399.46 | 19.80 | 419.26 |
| On account of carried forward losses | 189.49 | (189.49) | - |
| **Total** | **(1,485.57)** | **(933.60)** | **(2,419.17)** |

## 16. Other Non-current liabilities

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Security deposits received against supply of machinery | 42,664.22 | 13,479.66 |
| **Total** | **42,664.22** | **13,479.66** |

## 17. Trade payables

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Current | | |
| Due to Micro, Small & Medium Enterprises [Refer Note 31.4] | 5,267.45 | 1,087.82 |
| Due to related parties | 9,426.68 | 3,274.06 |
| Others | 40,308.56 | 38,823.48 |
| **Total** | **55,002.69** | **43,185.36** |

## 18. Other Financial liabilities

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Current | | |
| Unpaid dividends | 90.13 | 93.66 |
| Other liabilities | 11,039.55 | 7,801.73 |
| **Total** | **11,129.68** | **7,895.39** |

## 19. Provisions

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Current | | |
| **Provision for employee benefits** | | |
| Provision for gratuity | - | 583.81 |
| **Other provisions** | | |
| Provision for warranty | 1,206.71 | 655.55 |
| **Total** | **1,206.71** | **1,239.36** |

The provision for employee benefits include provision for gratuity. For detailed disclosure on the same, please refer note 31.10.

# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

The Group gives warranties for its products undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. The Provisions 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 Group'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 affecting product quality. The timing of the outflows is expected to be within a period of one year.

| Particulars | Provision for Warranty | |
|---|---|---|
| | As at March 31, 2022 | As at March 31, 2021 |
| **Carrying amount at the beginning of the year** | **655.55** | **301.73** |
| Additional provision made during the year | 1,206.71 | 655.55 |
| Amount used during the year | 655.55 | 301.73 |
| **Carrying amount at the end of the year** | **1,206.71** | **655.55** |

## 20. Other Current liabilities

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Security deposit received against supply of machinery | 21,769.57 | 6,246.58 |
| Other advances | 31,491.94 | 23,280.50 |
| **Total** | **53,261.51** | **29,527.08** |

## 21. Revenue from operations

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Gross Sale of Products** | **3,11,576.18** | **1,67,624.98** |
| Other Operating Revenues | | |
| Repairs & Service charges & miscellaneous income | 2,886.77 | 3,568.57 |
| Sale of scrap | 1,084.83 | 648.76 |
| Export incentives | 1,547.63 | 895.38 |
| **Total revenue from operations** | **3,17,095.41** | **1,72,737.69** |

## 22. Other Income

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Interest income from financial assets at amortised cost | 5,025.37 | 6,023.42 |
| Dividend income from equity investments designated at FVTOCI | 12.04 | 50.50 |
| Income from Mutual funds designated at FVTPL | 876.20 | 689.44 |
| Rental income | 52.73 | 38.60 |
| Net Gain on foreign currency transactions | 731.81 | 462.00 |
| Net Gain on sale of assets | 99.37 | 608.57 |
| Sale of wind energy/REC | 36.23 | - |
| **Total other income** | **6,833.75** | **7,872.53** |





# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

## 23. Cost of materials consumed

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Raw materials at the beginning of the year | 21,120.92 | 16,111.56 |
| Add: Purchases | 2,20,877.97 | 1,11,806.93 |
| Less: Sales | 5,507.73 | 1,046.37 |
| Less: Raw materials at the end of the year | 30,697.32 | 21,120.92 |
| **Total cost of materials consumed** | **2,05,793.84** | **1,05,751.20** |

## 24. Changes in inventories of work-in-progress and finished goods

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Opening Stock** | | |
| Work-in-progress | 10,291.32 | 8,290.15 |
| Finished goods | 982.21 | 2,352.08 |
| **Total** | **11,273.53** | **10,642.23** |
| **Closing Stock** | | |
| Work-in-progress | 13,055.51 | 10,291.32 |
| Finished goods | 3,283.89 | 982.21 |
| **Total** | **16,339.40** | **11,273.53** |
| **Total changes in inventories of work-in-progress and finished goods** | **(5,065.87)** | **(631.30)** |

## 25. Employees Benefits Expenses

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Salaries and wages | 27,151.69 | 20,773.28 |
| Contribution to Provident and other funds | 1,621.96 | 1,233.39 |
| Staff welfare expenses | 2,654.41 | 1,838.80 |
| **Total employee benefit expenses** | **31,428.06** | **23,845.47** |

## 26. Depreciation and amortisation expense

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Depreciation of property, plant and equipment | 5,577.33 | 5,065.94 |
| Amortisation of intangible assets | 395.12 | 496.84 |
| **Total depreciation and amortisation expense** | **5,972.45** | **5,562.78** |

## 27. Impairment losses on financial assets and reversal of impairment on financial assets

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Impairment loss [Expected credit loss] allowance on trade receivables | 78.26 | (339.99) |
| **Total** | **78.26** | **(339.99)** |

# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

## 28. Other expenses

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Sales commission to agents | 5,909.98 | 2,634.50 |
| Consumption of stores and spare parts | 11,002.39 | 6,551.31 |
| Consumption of packing material | 6,447.10 | 2,962.01 |
| Power and fuel net of Green Energy (Green Energy adjusted CY ₹5,425.27 Lakhs; PY ₹ 4,176.07 Lakhs) | 3,161.48 | 2,060.06 |
| Rent expense | 108.24 | 104.82 |
| **Repairs and maintenance** | | |
| Repairs to buildings | 1,200.62 | 477.10 |
| Repairs to machinery and others | 6,362.82 | 4,046.29 |
| Insurance | 452.83 | 435.62 |
| Rates and taxes, excluding taxes on income | 335.69 | 898.70 |
| **Auditors' remuneration** | | |
| For Audit | 19.50 | 18.93 |
| For reimbursement of expenses | 0.10 | 0.10 |
| Loss on sale of assets | 7.57 | 15.19 |
| Donations * | 441.08 | 878.28 |
| Directors sitting fees | 40.65 | 28.00 |
| Non-executive directors' commission | 60.00 | 45.00 |
| Corporate Social Responsibility expenses (Note 31.7) | 308.63 | 450.16 |
| Export expenses | 8,666.05 | 4,355.12 |
| Travelling Exps. & Maintenance of Vehicles | 2,857.95 | 1,655.53 |
| Research and development expenses | 2,204.80 | 2,219.62 |
| Service Outsourcing expenses | 3,344.11 | 2,165.05 |
| Sales Expenses | 3,400.28 | 2,664.20 |
| Miscellaneous expenses | 3,833.00 | 2,403.50 |
| **Total other expenses** | **60,164.87** | **37,069.09** |

* Donation include contribution to political parties is ₹ Nil during the year (P Y ₹ 600 Lakhs)

## 29. Finance Costs

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Bill collection charges | 8.54 | 8.10 |
| **Total** | **8.54** | **8.10** |



# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

## 30. Income tax relating to continuing operations

### 30.1 Income tax recognised in profit or loss

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Current tax** | | |
| Current tax on profits for the year | 5,822.43 | 1,650.23 |
| Adjustments for current tax of prior periods | - | 89.73 |
| **Total current tax expense** | **5,822.43** | **1,739.96** |
| | | |
| **Deferred Tax** | | |
| Decrease / (increase) of deferred tax assets | (95.39) | 933.60 |
| **Total deferred tax expense** | **(95.39)** | **933.60** |
| **Total income tax expense recognised for the year** | **5,727.04** | **2,673.56** |

### 30.2 Reconciliation of income tax expense to the accounting profit for the year

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Profit before tax after exceptional items** | **23,832.03** | **7,133.33** |
| Enacted tax rate in India | 25.17% | 34.61% |
| **Computed expected tax expense at enacted tax rate** | **5,998.52** | **2,468.85** |
| Tax effect on account of tax deductions | (295.66) | (1,319.74) |
| Tax effect of non-deductible expenses | 119.57 | 501.12 |
| **Total income tax expense recognised for the year** | **5,822.43** | **1,650.23** |

### 30.3 Income tax recognised in other comprehensive income

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Arising on income and expenses recognised in other comprehensive income: | 215.42 | (56.62) |
| **Remeasurement of defined benefit obligations** | **215.42** | **(56.62)** |
| | | |
| Bifurcation of income tax recognised in other comprehensive income into: | 215.42 | (56.62) |
| **Items that will not be reclassified to profit or loss** | **215.42** | **(56.62)** |

# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

## 31.1 The Subsidiary Companies considered in the consolidated Financial Statements and their reporting dates are as under :

| Name of the Company | Country of incorporation | % of Ownership Interest | Reporting date |
|---|---|---|---|
| **For March 31, 2022** | | | |
| LMW Textile Machinery (Suzhou) Co. Ltd | China | 100 | March 31, 2022 |
| LMW Aerospace Industries Limited | India | 100 | March 31, 2022 |
| LMW Middle East FZE | UAE | 100 | March 31, 2022 |
| **For March 31, 2021** | | | |
| LMW Textile Machinery (Suzhou) Co. Ltd | China | 100 | March 31, 2021 |
| LMW Aerospace Industries Limited | India | NA | NA |
| LMW Middle East FZE | UAE | NA | NA |

| 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 & Loss | Amount |
| Parent Company | | | | |
| Lakshmi Machine Works Limited | 96.08% | 1,91,232.77 | 99.10% | 17,942.67 |
| *Previous Year* | *96.21%* | *1,71,278.14* | *106.94%* | *4,769.22* |
| Subsidiary- Indian | | | | |
| LMW Aerospace Industries Limited | 0.13% | 250.00 | - | - |
| *Previous Year* | *NA* | *NA* | *NA* | *NA* |
| Subsidiary- Foreign | | | | |
| LMW Textile Machinery (Suzhou) Co. Ltd | 3.55% | 7,059.23 | 1.09% | 196.90 |
| *Previous Year* | *3.79%* | *6,751.08* | *(6.94%)* | *(309.45)* |
| LMW Middle East FZE | 0.24% | 475.92 | (0.19%) | (34.57) |
| *Previous Year* | *NA* | *NA* | *NA* | *NA* |
| Non controlling Interests in subsidiary | Nil | Nil | Nil | Nil |
| **TOTAL** | **100%** | **1,99,017.91** | **100%** | **18,104.99** |
| *Previous Year* | *100%* | *1,78,029.22* | *100%* | *4,459.77* |





Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

| 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 |
| Parent Company | | | | |
| Lakshmi Machine Works Limited | 100% | 3,597.23 | 99.25% | 21,539.89 |
| *Previous Year* | *100%* | *8,716.65* | *102.35%* | *13,485.87* |
| Subsidiary- Indian | | | | |
| LMW Aerospace Industries Limited | | | | |
| Current Year | - | - | - | - |
| *Previous Year* | *NA* | *NA* | *NA* | *NA* |
| Subsidiary- Foreign | | | | |
| LMW Textile Machinery (Suzhou) Co. Ltd | - | - | | |
| Current Year | | | 0.91% | 196.90 |
| *Previous Year* | - | - | *(2.35%)* | *(309.45)* |
| LMW Middle East FZE | | | | |
| Current Year | | | (0.16%) | (34.57) |
| *Previous Year* | *NA* | *NA* | *NA* | *NA* |
| Non controlling Interests in subsidiary | Nil | Nil | Nil | Nil |
| **TOTAL** | **100%** | **3,597.23** | **100%** | **21,702.22** |
| *Previous Year* | *100%* | *8,716.65* | *100%* | *13,176.42* |

## 31.2 Contingent Liabilities and Commitments, to the extent not provided for

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Contingent liabilities** | | |
| **Claims against the company not acknowledged as debt** | | |
| Central Excise Demand | 2,078.69 | 2,311.10 |
| Income Tax Demand | - | 193.42 |
| **Other money for which the company is contingently liable** | | |
| Letters of Credit | 5,809.40 | 2,512.04 |
| Bank Guarantee | 1,691.39 | 3,225.66 |

Disputed tax dues are appealed before concerned appellate authorities. The Company is advised that the cases are likely to be disposed off in favour of the Company and hence no provision is considered necessary therefor.

| | | |
|---|---|---|
| **Commitments** | | |
| Estimated amount of contracts remaining to be executed on capital account not provided for | 968.71 | 417.09 |

# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

## 31.3 Details of dividend proposed and paid:

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| a) Final dividend paid | 1,068.30 | 1,068.30 |
| b) In respect of the current year, the directors propose that a dividend of ₹ 40 per share be paid on equity shares on or before 10.08.2022. 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 18.07.2022. The total estimated equity dividend to be paid is ₹ 4,273.20 Lakhs. | | |

## 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 March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | 5,267.45 | 1,087.82 |
| 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 |





# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

## 31.5 FINANCIAL INSTRUMENTS

### i) Financial instruments by category

| Particulars | As at March 31, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised cost | FVTPL | FVTOCI | Amortised cost |
| Financial assets | | | | | | |
| a) Cash and bank balances | | | 7,851.08 | | | 5,252.18 |
| b) Other financial assets -Non current | | | 89,591.14 | | | 26,843.15 |
| c) Trade receivables | | | 32,238.40 | | | 17,815.41 |
| d) Bank balances | | | 41,599.17 | | | 72,989.10 |
| e) Other financial assets -Current | | | 4,018.13 | | | 3,219.22 |
| g) Investments in equity | | 16,446.92 | 0.14 | | 12,203.43 | 0.14 |
| h) Investment in Mutual funds | 26,579.63 | | | 15,072.34 | | |
| i) Investment in debentures (NCD) | | | 1,814.88 | | | 1,300.66 |
| **Total** | **26,579.63** | **16,446.92** | **1,77,112.94** | **15,072.34** | **12,203.43** | **1,27,419.86** |
| Financial liabilities | | | | | | |
| a) Trade Payables | | | 55,002.69 | | | 43,185.36 |
| b) Other financial liabilities | | | 11,129.68 | | | 7,895.39 |
| **Total** | **-** | **-** | **66,132.37** | **-** | **-** | **51,080.75** |
| **Financial assets** | | | **2,20,139.49** | | | **1,54,695.63** |
| **Financial liabilities** | | | **66,132.37** | | | **51,080.75** |

### ii) Fair Valuation Techniques and Inputs used - recurring items

| Particulars | Fair value as at | | Fair value | Valuation |
|---|---|---|---|---|
| | March 31, 2022 | March 31, 2021 | | |
| **Financial assets measured at Fair Value** | | | | |
| **Financial assets** | | | Level 1 | Quoted bid prices |
| **Investments** | | | | |
| 1. Quoted Equity investments | 16,446.92 | 12,203.43 | | |
| 2. Mutual funds | 26,579.63 | 15,072.34 | | |
| **Total financial assets** | **43,026.55** | **27,275.77** | | |

### iii) Fair Value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short term and settlement on demand nature.

For all other financial assets and liabilities measured at amortised cost, the Company considers that their carrying amounts approximates their fair values. The fair value of investment in equity shares and mutual funds are marked to an active market.

# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

## 31.6 Exceptional Items

Exceptional items represents compensation towards Voluntary Retirement Scheme opted by Employees ₹1,716.98 Lakhs (Previous year ₹2,211.54 Lakhs)

## 31.7 Corporate Social Responsibility expenditure

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Gross Amount required to be spent as per Sec. 135 of the Act | 301.18 | 442.32 |
| Amount spent during the year on: | | |
| On purposes other than above | 308.63 | 450.16 |
| **Total** | **308.63** | **450.16** |
| Amount spent through approved trusts and institutions | 213.96 | 429.26 |
| Amount spent directly | 94.67 | 20.90 |
| **Total** | **308.63** | **450.16** |

CSR Expenditure during the year on construction/acquisition of an asset is ₹ Nil. 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 | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Net Profit after Tax before OCI (₹ In Lakhs) | 18,104.99 | 4,459.77 |
| Weighted Average Number of Equity Shares used as denominator in calculating basic earnings per share | 1,06,83,000 | 1,06,83,000 |
| Nominal Value per Equity Share (in ₹) | 10.00 | 10.00 |
| Basic & Diluted Earnings Per Share (in ₹) | 169.47 | 41.75 |

## 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. V. Senthil, Chief Financial Officer

Sri. C R Shivkumaran, Company Secretary

**Non Executive Directors**

Sri. S Pathy, Non Executive - Non - Independent Director

Sri. Aditya Himatsingka, Non Executive - Independent Director

Dr. Mukund Govind Rajan, Non Executive - Independent Director

Justice (Smt.) Chitra Venkataraman (Retd.), Non Executive - Independent Director (Women)

Sri. Arun Alagappan, Non Executive - Independent Director

Sri. T C Suseel Kumar, Non Executive - Non - Independent Director (Nominee of LIC)



Notes to the Consolidated Financial Statements

for the Year ended March 31, 2022 (All amount in ₹ Lakhs, unless otherwise stated)

**Post employment benefit plans**

Lakshmi Machine Works Limited Employees' Gratuity Fund

### OTHER RELATED PARTIES

Alampara Hotels and Resorts Private Limited, Chakradhara Aerospace and Cargo Private Limited, Chakradhara Agro Farms Private Limited, Dhanajaya Agro Farms Private Limited, Dhanuprabha Agro Private Limited, Eshaan Enterprises Private Limited, Harshni Textiles Private Limited, Hermes Academy of Training Private Limited, Lakshmi Caipo Industries Limited, Lakshmi Card Clothing Mfg Co. Private Ltd, Lakshmi Cargo Company Limited, Lakshmi Electrical Control Systems Limited, Lakshmi Electrical Drives Private Limited, Lakshmi Energy and Environment Designs Private Limited, Lakshmi Life Sciences Private Limited, Lakshmi Precision Technologies Limited, Lakshmi Ring Travellers (CBE) Private Limited, LCC Cargo Holdings Limited, Lakshmi Technology and Engineering Industries Limited, Mahalakshmi Engineering Holdings Private Limited, Petrus Techonologies Private Limited, Quattro Engineering India Private Limited, Rajalakshmi Engineering, Revantha Agro Farms Private Limited, Revantha Services Private Limited, Shri Kara Engineering Private Limited, Sowbarnika Enterprises Private Limited, Sri Dwipa Properties Private Limited, Sri Kamakoti Kamakshi Enterprises Private Limited, Starline Travels Private Limited, Sudhasruthi Agro Private Limited, Super Sales India Limited, Supreme Dairy Products India Private Limited, The Lakshmi Mills Company Limited, Titan Paints & Chemicals Private Limited, Venkatavaradha Agencies Private Limited, Waterfield Financial and Investment Advisors Private Limited.

**Key Management personnel compensation**

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Short term employee benefits | 1,221.17 | 651.03 |
| Post employment benefits | 40.31 | 39.64 |
| **Total compensation** | **1,261.48** | **690.67** |

**Note :** Related party relationships are as identified by the Management

**Related Party Transactions**

| Particulars | Other Related Parties | | Key Management Personnel | |
|---|---|---|---|---|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| Purchase of goods | 49,985.13 | 23,076.44 | - | - |
| Sale of goods | 4,602.97 | 1,842.79 | - | - |
| Purchase of Fixed Assets | 260.16 | 8.70 | - | - |
| Sale of Fixed Assets | 34.60 | 0.25 | - | - |
| Rendering of Services | 77.08 | 72.67 | - | - |
| Receiving of Services | 17,315.28 | 10,534.72 | - | - |
| Agency arrangements | 1,414.72 | 650.82 | - | - |
| Contribution to Gratuity Fund | 2,425.00 | 400.00 | - | - |
| Managerial remuneration | - | - | 1,261.48 | 690.67 |
| Outstanding Payables | 8,231.91 | 6,342.33 | 761.25 | 318.83 |
| Outstanding Receivables | 18.90 | 8.32 | - | - |

1. Purchase of Goods includes Lakshmi Electrical Control Systems Limited ₹21,265.36 Lakhs (Previous Year ₹10,727.41 Lakhs); Lakshmi Electrical Drives Private Limited ₹6,478.21 Lakhs (Previous Year ₹2,634.81 Lakhs); Lakshmi Life Sciences Private Limited ₹9,627.18 Lakhs (Previous Year ₹4,709.25 Lakhs); Lakshmi Precision Technologies Limited ₹5,327.76 Lakhs (Previous Year ₹2,219.98 Lakhs); Other related Parties-Associates ₹7,286.62 Lakhs (Previous Year ₹2,784.99 Lakhs)
2. Sale of Goods includes Lakshmi Electrical Control Systems Limited ₹1,084.62 Lakhs (Previous Year ₹723.84 Lakhs); Lakshmi Life Sciences Private Limited ₹599.83 Lakhs (Previous Year ₹224.46 Lakhs); Lakshmi Precision Technologies Limited ₹791.64 Lakhs (Previous year ₹46.70 Lakhs); Super Sales India Limited ₹1,637.61 Lakhs (Previous Year ₹647.91 Lakhs) & Other related Parties - Associates ₹489.27 Lakhs (Previous Year ₹199.88 Lakhs)

# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

3 Purchase of Fixed Assets includes Revantha Services Private Limited ₹260.16 Lakhs (Previous Year ₹8.70 Lakhs)

4 Sale of Fixed Assets includes Lakshmi Life Sciences Private Limited ₹28.60 Lakhs (Previous Year ₹0.25 Lakhs); Super Sales India Ltd ₹6.00 Lakhs (Previous Year ₹Nil)

5 Rendering of Services includes Super Sales India Limited ₹34.99 Lakhs (Previous Year ₹31.53 Lakhs); Chakradhara Aerospace and Cargo Private Ltd ₹19.87 Lakhs (Previous Year ₹27.11 Lakhs); Lakshmi Life Sciences Private Limited ₹16.18 Lakhs (Previous Year ₹5.26 Lakhs) & Others - Other Related Parties-Associates ₹6.04 Lakhs (Previous Year ₹8.77 Lakhs)

6 Receiving of Services includes Chakradhara Aerospace and Cargo Private Ltd ₹12,419.13 Lakhs (Previous Year ₹6,388.20 Lakhs, Revantha Services Private Ltd ₹1,914.07 Lakhs (Previous Year ₹2,041.48 Lakhs), Other Related Parties-Associates ₹2,982.08 Lakhs (Previous Year ₹2,105.04 Lakhs)

7 Agency arrangement includes Super Sales India Limited ₹1,414.72 Lakhs (Previous Year ₹650.82 Lakhs)

8 Contribution to gratuity fund includes Lakshmi Machine Works Limited Employees' Gratuity Fund ₹2,425 Lakhs (Previous Year ₹400 Lakhs)

9 Managerial Remuneration includes amount paid to Chairman and Managing Director, Sri. Sanjay Jayavarthanavelu ₹968.31 Lakhs (Previous Year ₹501.61 Lakhs); Sri. K.Soundhar Rajhan,Director Operations ₹182.45 Lakhs (PY ₹127.85 Lakhs); Sri. V.Senthil, Chief Financial Officer ₹66.22 Lakhs (Previous Year ₹38.03 Lakhs); Sri. C R Shivkumaran, Company Secretary ₹44.50 Lakhs (Previous year ₹23.18 Lakhs)

10 Outstanding Payables includes Chakradhara Aerospace and Cargo Private Ltd ₹1,545.60 Lakhs (Previous Year ₹1,056.07 Lakhs); Lakshmi Electrical Control Systems Limited ₹3,067.31 Lakhs (Previous ₹2,245.43 Lakhs); Lakshmi Electrical Drives Private Limited ₹1,034.75 Lakhs (Previous Year ₹644.58 Lakhs); Super Sales India Limited ₹1,285.90 Lakhs (Previous Year ₹1,069.61 Lakhs); Sri. Sanjay Jayavarthanavelu ₹761.25 Lakhs (Previous Year ₹318.83 Lakhs) & Other Related parties-Associates ₹1,298.35 Lakhs (Previous Year ₹1,326.64 Lakhs)

11 Outstanding Receivables includes Petrus Technologies Private Limited ₹15.17 Lakhs (Previous Year ₹Nil); Starline Travels Private Limited ₹Nil (Previous Year ₹4.37 Lakhs); Lakshmi Card Clothing Mfg Co P Ltd ₹Nil (Previous Year ₹3.39 Lakhs); Lakshmi Life Sciences Private Limited ₹3.73 Lakhs (Previous Year ₹Nil) & Others - Other Related Parties - Associates ₹Nil (Previous Year ₹0.56 Lakhs)





# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

## 31.10 Employee defined benefit and contribution plans

### I. Defined Benefit Plans

| Particulars | Gratuity (Funded) | | Leave Encashment (Funded) | |
|---|---|---|---|---|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| **A. Expense recognised in Income Statement** | | | | |
| 1. Current Service cost | 449.26 | 382.51 | 191.76 | 181.47 |
| 2. Interest expense on DBO | 557.96 | 601.86 | 68.94 | 68.52 |
| 3. Interest (Income on plan asset) | (600.95) | (554.91) | (87.85) | (82.48) |
| 4. Net Interest | (42.99) | 46.95 | (18.91) | (13.95) |
| 5. Immediate recognition of (gain) / losses | - | - | (57.84) | (48.78) |
| 6. Defined Benefits cost included in P & L | 406.27 | 429.46 | 115.01 | 118.74 |
| **B. Expense recognised in Comprehensive Income** | | | | |
| 1. Actuarial (gain)/Losses due to Demographic assumption changes in DBO | - | - | - | - |
| 2. Actuarial (gain)/Losses due to financial assumption changes in DBO | (209.44) | (168.17) | (34.34) | (25.47) |
| 3. Actuarial (gain)/Losses due to experience on DBO | 991.51 | (572.28) | (23.50) | (30.22) |
| 4. Return on plan assets (Greater) / Less than Discount rate | 79.61 | 434.37 | - | 6.91 |
| 5. Total actuarial (gain) / loss included in OCI | 861.68 | (306.08) | (57.84) | - |
| 6. Cost recognised in P & L | 406.27 | 429.46 | 115.01 | 118.74 |
| 7. Remeasurement effect recognised in OCI | 861.68 | (306.08) | - | - |
| 8. Total defined benefit cost | 1,267.95 | 123.38 | 115.01 | 118.74 |
| **C. Net asset/Liability recognised in the Balance Sheet** | - | - | - | - |
| 1. Present value of benefit obligation | 9,450.08 | 8,034.32 | 1,093.00 | 1,049.19 |
| 2. Fair value of plan assets | 9,975.16 | 7,450.51 | 1,323.44 | 1,235.59 |
| 3. Funded Status [Surplus / (deficit)] | 525.08 | (583.81) | 230.44 | 186.40 |
| 4.Net Asset /(Liability) recognised in balance sheet | 525.08 | (583.81) | 230.44 | 186.40 |
| **D. Change in Present value of the Obligation during the year** | | | | |
| 1. Present value of the obligation at beginning of year | 8,034.32 | 9,139.59 | 1,049.19 | 1,072.69 |
| 2. Current service cost | 449.26 | 382.51 | 191.76 | 181.47 |
| 3. Interest cost | 557.96 | 601.86 | 68.94 | 68.52 |
| 4. Benefits paid | (373.53) | (1,349.19) | (159.05) | (217.81) |
| 5. Actuarial (gain) loss on obligation | 782.07 | (740.45) | (57.84) | (55.69) |
| 6. Present value of obligation at end of the year | 9,450.08 | 8,034.32 | 1,093.00 | 1,049.19 |
| **E. Reconciliation of opening & closing values of Plan Assets** | | | | |
| 1. Fair value of plan assets at the beginning of the year | 7,450.51 | 8,279.17 | 1,235.59 | 1,160.03 |
| 2. Expected return on plan assets | 600.95 | 554.91 | 87.85 | 82.48 |
| 3. Contributions made | 2,376.84 | 400.00 | - | - |
| 4. Benefits paid | (373.53) | (1,349.19) | - | - |
| 5. Actuarial gain / (loss) on plan assets | (79.61) | (434.38) | - | (6.91) |
| 6. Fair value of plan assets at the end of the year | 9,975.16 | 7,450.51 | 1,323.44 | 1,235.59 |
| 7. Actual return on plan assets | 521.34 | 120.53 | 87.85 | 75.56 |
| **F. Amounts recognised in Other comprehensive Income** | | | | |
| 1. Opening unrecognised losses / (Gains) | 840.57 | 1,146.64 | - | - |
| 2. Actuarial Loss / (Gains) on DBO | 782.07 | (740.45) | (57.84) | (55.69) |
| 3. Actuarial Loss / (Gains) on assets | 79.61 | 434.38 | - | 6.91 |

# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | Gratuity (Funded) | | Leave Encashment (Funded) | |
|---|---|---|---|---|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| 4. Amortisation Actuarial loss / (Gain) | - | - | (57.84) | (48.78) |
| 5. Total recognised in Other comprehensive income | 1,702.25 | 840.57 | - | - |
| **G. Major categories of plan assets as a percentage of total plan** | | | | |
| 1. Qualifying insurance policies | 9,975.16 | 7,450.51 | 1,323.44 | 1,235.59 |
| 2. Own plan assets-Bank balances | 41.33 | 2.37 | - | - |
| | 10,016.49 | 7,452.88 | 1,323.44 | 1,235.59 |
| **H. Actuarial Assumptions** | | | | |
| 1. Discount rate | 7.47% | 7.11% | 7.47% | 7.11% |
| 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 | 7.11% | 7.11% | 7.11% | 7.11% |
| 5. Mortality rate | Indian Assured Lives Mortality (2006-08) Ultimate | | | |

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

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

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

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

The company expects to make a contribution of ₹400 Lakhs (as at March 31, 2022: ₹2,425 Lakhs) to the defined benefit plans during the next financial year.

### I. Sensitivity Analysis

| Particulars | Gratuity (Funded) | | Leave Encashment (Funded) | |
|---|---|---|---|---|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| Impact of +1% change in rate of discounting | (600.63) | (563.56) | (95.35) | (101.20) |
| Impact of -1% change in rate of discounting | 669.28 | 632.56 | 113.05 | 120.70 |
| Impact of +1% change in rate of salary increase | 638.12 | 608.69 | 107.24 | 114.12 |
| Impact of -1% change in rate of salary increase | (594.58) | (558.20) | (92.20) | (97.61) |
| Impact of +1% change in rate of attrition | (74.90) | (82.26) | (13.75) | (17.67) |
| Impact of -1% change in rate of attrition | 82.43 | 90.95 | 16.00 | 20.57 |

The above sensitivity 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 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.





# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

**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 | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Provident Fund Contribution | 1,331.78 | 1,072.86 |

## 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 & 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** | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| Revenue from external customers | 2,30,798.66 | 1,16,495.60 | 76,861.22 | 49,582.74 | 3,916.30 | 1,546.64 | **3,11,576.18** | **1,67,624.98** |
| Inter Segment Revenue | 4,937.90 | 1,637.42 | 3,388.94 | 2,495.76 | - | - | 8,326.84 | 4,133.18 |
| Allocable other income | 4,595.11 | 4,228.68 | 878.46 | 613.21 | 913.08 | 1,341.41 | 6,386.65 | 6,183.30 |
| **Total Segment Revenue** | **2,40,331.67** | **1,22,361.70** | **81,128.62** | **52,691.71** | **4,829.38** | **2,888.05** | **3,26,289.67** | **1,77,941.46** |
| Less : Inter Segment Revenue | | | | | | | 8,326.84 | 4,133.18 |
| Add : Unallocable other Income | | | | | | | 5,966.33 | 6,801.94 |
| **Enterprise revenue** | | | | | | | **3,23,929.16** | **1,80,610.22** |
| **Result** | | | | | | | | |
| Segment Result | 14,421.33 | 1,398.93 | 7,338.90 | 3,637.43 | (1,856.74) | (2,586.97) | 19,903.49 | 2,449.39 |
| Operating Profit | | | | | | | 19,903.49 | 2,449.39 |
| **Add : Unallocable Other income net of unallocable expenses** | | | | | | | 3,937.08 | 4,692.04 |
| **Less :** Interest Expenses | | | | | | | 8.54 | 8.10 |
| Income tax expenses (Current) | | | | | | | 5,822.43 | 1,739.96 |
| Income tax expenses (Deferred) | | | | | | | (95.39) | 933.60 |

# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Net Profit after Tax | | | | | | | 18,104.99 | 4,459.77 |
| **Other Information** | | | | | | | | |
| Segment assets | 2,10,053.79 | 1,51,057.96 | 98,422.75 | 86,080.27 | 3,501.96 | 2,449.19 | 3,11,978.50 | 2,39,587.42 |
| Add : Unallocable corporate assets | | | | | | | 52,628.00 | 36,187.82 |
| Enterprise Assets | | | | | | | 3,64,606.50 | 2,75,775.24 |
| Segment Liabilities | 1,43,286.37 | 75,272.31 | 19,554.22 | 19,218.11 | 334.09 | 742.77 | 1,63,174.68 | 95,233.19 |
| Add : Unallocable corporate liabilities | | | | | | | 2,01,431.82 | 1,80,542.05 |
| Enterprise Liabilities | | | | | | | 3,64,606.50 | 2,75,775.24 |
| Capital Expenditure | 5,863.59 | 3,410.37 | 1,710.14 | 494.73 | 491.44 | 909.71 | 8,065.17 | 4,814.81 |
| Depreciation | 4,814.82 | 4,516.49 | 398.12 | 358.14 | 759.51 | 688.15 | 5,972.45 | 5,562.78 |

**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.

### Information about major customers

There is no single customer contributing to 10% or more to the company's revenue for both 2021-22 and 2020-21.

### Segment Assets and Liabilities

| Operating Segment | Segment Assets | | Segment Liabilities | |
|---|---|---|---|---|
| | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 | As at March 31, 2021 |
| Textile machinery division | 2,10,053.79 | 1,51,057.96 | 1,43,286.37 | 75,272.31 |
| Machine tool & foundry division | 98,422.75 | 86,080.27 | 19,554.22 | 19,218.11 |
| Advanced technology centre | 3,501.96 | 2,449.19 | 334.09 | 742.77 |
| **Total Segment assets & segment liabilities** | **3,11,978.50** | **2,39,587.42** | **1,63,174.68** | **95,233.19** |
| Adjustments of unallocated assets and liabilities | | | | |
| Share capital | - | - | 1,068.30 | 1,068.30 |
| Reserves and Surplus | - | - | 1,97,949.61 | 1,76,960.92 |
| Investments | 44,841.57 | 28,576.57 | - | - |
| Advance tax | 7,786.43 | 7,611.25 | - | - |
| Deferred tax | - | - | 2,323.78 | 2,419.17 |
| Unpaid Dividends | - | - | 90.13 | 93.66 |
| **Total assets & liabilities as per Balance sheet** | **3,64,606.50** | **2,75,775.24** | **3,64,606.50** | **2,75,775.24** |

### 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 | |
|---|---|---|
| | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
| Inside India | 2,38,262.34 | 1,33,079.01 |
| Outside India | 73,313.84 | 34,545.97 |
| | **3,11,576.18** | **1,67,624.98** |





# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

## 31.12 Approval of financial statements

The financial statements were approved for issue by the Board of directors on May 11, 2022.

## 31.13 Details of Leasing Arrangements

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| **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 5 years and may be renewed for a further period based on mutual agreement of the parties. | | |
| **Future minimum lease receipts** | | |
| Not later than one year | 42.00 | 24.12 |
| Later than one year and not later than five years | 168.00 | 96.46 |
| More than 5 years | 210.00 | - |

## 31.14 Financial Risk Management Objectives

The group's activity exposes itself to variety of financial risks 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 risks 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:-

| Particulars | | Amount in foreign currency | | Equivalent INR (₹ In Lakhs) | |
|---|---|---|---|---|---|
| | | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 | As at March 31, 2021 |
| Sundry creditors | CHF | 2,10,187 | 94,614 | 173.19 | 73.51 |
| | CNY | 45,58,622 | 29,65,631 | 545.65 | 331.13 |
| | EUR | 26,66,390 | 25,62,051 | 2,241.37 | 2,201.37 |
| | GBP | 23,785 | 37,070 | 23.74 | 37.43 |
| | JPY | 21,46,67,099 | 8,81,92,203 | 1,342.21 | 583.47 |
| | SEK | - | 85,000 | - | 7.13 |
| | SGD | 36,505 | 16,469 | 20.46 | 8.96 |
| | USD | 13,28,431 | 24,69,688 | 1,008.28 | 1,806.97 |

# Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | | Amount in foreign currency | | Equivalent INR (₹ In Lakhs) | |
|---|---|---|---|---|---|
| | | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 | As at March 31, 2021 |
| Sundry Debtors | CNY | 4,19,11,238 | 5,74,194 | 5,016.61 | 64.11 |
| | EUR | 3,94,198 | 7,12,788 | 331.99 | 613.70 |
| | GBP | 52,597 | 9,437 | 52.31 | 9.53 |
| | USD | 1,81,87,619 | 1,50,23,507 | 13,784.40 | 11,034.04 |
| | | | | | |
| Cash and Bank Balances | AED | 24,29,496 | - | 502.11 | - |
| | BDT | 5,34,458 | 5,82,939 | 4.70 | 5.07 |
| | CNY | 68,69,402 | 73,45,882 | 822.24 | 820.21 |
| | EUR | 63,818 | 94,360 | 52.58 | 81.08 |
| | KES | 3,91,174 | 2,28,984 | 2.58 | 1.56 |
| | TRY | 65,692 | 31,197 | 3.40 | 2.79 |
| | USD | 22,15,874 | 14,97,195 | 1,681.85 | 1,172.60 |
| | VND | 1,28,43,670 | 5,85,76,364 | 0.41 | 1.87 |

The Company is mainly exposed to USD and EUR.

**Foreign currency sensitivity analysis**

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Sundry creditors** | | |
| USD | 1,008.28 | 1,806.97 |
| Euro | 2,241.37 | 2,201.37 |
| **Sundry Debtors** | | |
| USD | 13,784.40 | 11,034.04 |
| Euro | 331.99 | 613.70 |
| **Net receivable** | | |
| USD | 12,776.12 | 9,227.06 |
| Euro | (1,909.38) | (1,587.66) |
| **Total** | **10,866.74** | **7,639.40** |
| Impact on profit : 5 % increase in currency rate | 543.34 | 381.97 |
| Impact on profit : 5 % decrease in currency rate | (543.34) | (381.97) |

**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 cash flow/ profitability position of the group in terms of debts servicing.Interest rate sensitivity analysis

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Fixed deposits in Banks | **1,29,256.60** | **1,01,525.40** |
| Impact on profit : increase of 25 basis points | 323.14 | 253.81 |
| Impact on profit : decrease of 25 basis points | (323.14) | (253.81) |

**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





Notes to the Consolidated Financial Statements

for the Year ended March 31, 2022 (All amount in ₹ Lakhs, unless otherwise stated)

equity price risks from equity investments. Some of the group's equity investments are held for strategic rather than trading purposes.

**Price sensitivity analysis**

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Fair value of Equity investments | **16,446.92** | **12,203.43** |
| Impact on Other Comprehensive Income :increase by 5% | 822.35 | 610.17 |
| Impact on Other Comprehensive Income :Decrease by 5% | (822.35) | (610.17) |

**Credit risk –** Credit risk arises from the risk of default on its obligation by the counter party 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 continuously 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 counter party.

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 sufficient to meet its current requirements and hence the group does not perceive any such risk."

**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 Revenue Recognition

The Group derives revenue primarily from the sale of Textile Machinery, machine tools, spares and job work charges.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customer for sale of above-mentioned products or services are on fixed price. Revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration entity expects to be entitle in exchange for those goods or services.

Revenue on fixed price contract are recognized at the time of dispatch of goods. Till then the consideration received is accounted as 'Advance received' shown under financial liabilities. Control over the goods passed to the customer at the time of dispatch of the goods at the Group's factory.

The expected cost of warranty issued is accounted as provision. The contract with customer are entered between the Group and the end customer. The Group is primarily responsible for honouring the contract entered with customer. Since the Group acts as a "Principal" for the contracts entered into through selling agent the revenue is to be recognized in gross by the Group.

## Notes to the Consolidated Financial Statements

**for the Year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Revenue from operations for the year ended March 31, 2022 and March 31, 2021 is as follows:

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| (i) Revenue from sale of products | 3,11,576.18 | 1,67,624.98 |
| (ii) Revenue from rendering of services | 5,519.23 | 5112.71 |
| **Total revenue from operations** | **3,17,095.41** | **1,72,737.69** |

### 31.16 The Exchange rate adopted for conversion of subsidiary accounts is as follows :

| | |
|---|---|
| The Exchange Rate as at March 31, 2022 : | 1 CNY = 11.97 NR ( Previous Year 11.17 INR)<br>1 AED = 20.67 INR ( Previous Year - NA ) |
| Average exchange rate : 2021-22: | 1 CNY = 11.63 INR (Previous Year 10.97 INR)<br>1 AED = 20.61 INR (Previous Year - NA ) |

**31.17** Depreciation/ amortisation includes ₹13.31 lakhs (Previous Year ₹12.78 lakhs) towards amortisation of lease-hold land as per audited accounts of LMW Textile Machinery (Suzhou) Co. Limited, China.

**31.18** Previous years' figures have been restated to comply with IND AS to make them comparable with the current period. Further, previous years' figures have been regrouped / reclassified, wherever necessary, to conform with the current period presentation.

In terms of our report attached

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

**B. Krishnamoorthi**
Partner
Membership No. 020439

**Place :** Coimbatore
**Date :** 11th May, 2022

For and on behalf of the Board of Directors

**Sanjay Jayavarthanavelu**
Chairman and Managing Director
DIN: 00004505

**K. Soundhar Rajhan**
Director Operations
DIN: 07594186

**V. Senthil**
Chief Financial Officer

**C R Shivkumaran**
Company Secretary



## Notes to the Standalone Financial Statements

**for the year ended March 31, 2022** (All amount in ₹ Lakhs, unless otherwise stated)

## CORPORATE INFORMATION

Based on Standalone financials

| Particulars | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Profit and Loss Account** | | | | | | | | | | |
| Sales (excluding excise duty) | 1,86,433 | 2,16,518 | 2,31,258 | 2,47,448 | 2,13,686 | 2,42,661 | 2,54,620 | 1,50,864 | 1,63,889 | 3,01,676 |
| Other Income | 13,152 | 19,193 | 17,858 | 15,988 | 16,698 | 17,868 | 19,578 | 15,509 | 12,997 | 13,584 |
| Profit before tax | 17,069 | 26,878 | 29,749 | 32,819 | 26,631 | 30,315 | 32,367 | 6,441 | 7,420 | 23,695 |
| Profit after tax | 11,748 | 18,369 | 20,745 | 22,012 | 19,060 | 21,142 | 18,928 | 4,500 | 4,746 | 17,968 |
| **Balance Sheet** | | | | | | | | | | |
| Fixed Assets | 44,980 | 38,568 | 37,721 | 40,846 | 46,559 | 53,616 | 65,971 | 69,402 | 66,918 | 68,659 |
| Investments | 10,382 | 12,883 | 12,883 | 15,276 | 12,624 | 14,798 | 13,846 | 11,250 | 20,018 | 25,529 |
| Net Current Assets | 41,956 | 59,257 | 75,443 | 93,709 | 94,660 | 1,03,751 | 89,219 | 86,465 | 93,510 | 1,06,658 |
| | **97,318** | **1,10,708** | **1,26,047** | **1,49,831** | **1,53,843** | **1,72,165** | **1,69,036** | **1,67,117** | **1,80,445** | **2,00,846** |
| Share Capital | 1,127 | 1,127 | 1,127 | 1,127 | 1,096 | 1,096 | 1,068 | 1,068 | 1,068 | 1,068 |
| Reserves and Surplus | 94,901 | 1,09,317 | 1,24,920 | 1,48,704 | 1,52,747 | 1,71,069 | 1,67,968 | 1,64,563 | 1,76,958 | 1,97,454 |
| Deferred Tax Liability | 1,290 | 264 | - | - | - | - | - | 1,486 | 2,419 | 2,324 |
| | **97,318** | **1,10,708** | **1,26,047** | **1,49,831** | **1,53,843** | **1,72,165** | **1,69,036** | **1,67,117** | **1,80,445** | **2,00,846** |

## RATIOS

| Measures of Investment | | 2020-21 | 2021-22 |
|---|---|---|---|
| Dividend per share (₹) | | 10.00 | 40.00 |
| EPS (₹) | Net Profit after tax / No. of Shares | 44.43 | 168.19 |
| Return on Equity (%) | Net Profit after tax / Shareholders' funds | 2.67 | 9.05 |
| Dividend Cover (Times) | Earnings per Share / Dividend per Share | 4.44 | 4.20 |
| **Measures of Performance** | | | |
| Net Profit Margin (%) | Profit after taxes / Sales | 2.90 | 5.96 |
| Assets Turnover (Times) | Sales / Net Fixed Assets | 2.45 | 4.39 |
| **Measures of Financial status** | | | |
| Current Ratio (Times) | Current Assets / Current Liabilities | 2.00 | 1.51 |
| Tax Ratio (%) | Tax Provision / Profit before taxes | 36.03 | 24.17 |

Notes:

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