

**LMW**®

**LAKSHMI MACHINE WORKS LIMITED**

ANNUAL REPORT 2020-21

# Contents

The Corporate	Management Discussion & Analysis	Corporate Information	Board's Report	Corporate Governance Report	Consolidated Financial Statements						
1	14	16	18	39	40	41	72	95	106	125	182
The Rebound	From the Chairman's Desk	Social Initiatives	Notice	Business Responsibility Report	Standalone Financial Statements						

No one can possibly overstate the impact of the Covid-19 pandemic upon business in 2020-21. The impact on individual and collective behaviours was far-reaching.

Despite this global disorder and consequent uncertainty, some businesses were relatively faster on the rebound.

# Rebound

Rather than being consumed with the prevailing negativity, they reposed their faith in a resurgent tomorrow.

At  
LMW,  
we took  
**time**  
to pro  
**cess** what  
we've been  
through,



... gauged not only the unfolding opportunities with every passing day but also put in determined efforts to strengthen our relationship with our stakeholders.

This  
**conscious effort**  
allowed us to make good of the trying times that impacted most part of 2020-21.

# The challenge

The Pandemic induced lockdown in India was absolutely sudden.

The country and its people had minimal time to prepare for the unknown.

It was a first time for most present day business leaders and managers.





# The response

Our lockdown management measures adopted the best from evolving practices. Firmly in line with regulatory guidelines yet tailor-made to suit the exigencies.

And the outcome was positively satisfying.



1,768.85  
Revenue  
(₹ crore)

125.75  
EBITDA  
(after exceptions)  
(₹ crore)

47.46  
Profit after Tax  
(₹ crore)

1,780.26  
Networth  
(₹ crore)

This is  
what we  
did!

We  
took care  
of our  
**peo  
ple**







**F**or the first time in close to a century, fear of the unknown lurked in the mind – fear of what if...?

This fear was real, only enhanced by growing negativity prevailing across the globe.

At LMW, we stood alongside the team. We bonded stronger despite the physical distance.

Even as the infection curve moved northward, we kick-started operations. Our work force strength was determined judiciously based on immediate needs and prevailing laws. We arranged for their safe and sanitised transit.

We created detailed SOPs – for their entry at the gate, for distancing during work, for frequent health monitoring during the day, for their isolation and care in case of symptoms or health deterioration and for contact tracing – and trained our people to adhere to them in letter and spirit.

We sanitised our facilities, offices, equipment and practically all human-interfacing surfaces multiple times a day. We altered our processes in our offices, facilities and cafeterias to adhere to distancing norms.

**Even today,  
our team  
follows most  
of the then  
instituted  
procedures,  
because we  
chose not to  
take chances.  
Our People are  
Priceless.**

We  
took care  
of our  
**equip  
ment**





The abrupt lockdown had the potential to affect the operating efficiency of our machinery.

Anything when left unattended, the untouched machines could lose their cutting edge.

We focused on this probability. We created multiple teams (leadership, divisional and cross functional) almost immediately to operate our equipment at periodic intervals. We interacted with government officials and secured approval for the logistics of our people. We intensified our preventive maintenance schedule. We raised our safety practices a few notches higher.

Despite a closure that extended more than a month, all our equipment operated seamlessly from Day - 1 of re-commencement of our operations.



We  
took care  
of  
**business  
conti  
nuity**





**I**n the Indian context, work always meant stepping out of the house.

Suddenly, that changed. Everyone was confined indoors. But business had to continue. There were business commitments and scheduled deliveries.

To add to that, the financial year end was less than a week away. This meant annual book closure, analysing business and people performance for the fiscal just ended and readying for executing the blueprint for the new fiscal. Unfortunately, time waits for nothing or no one.

Like most others, this dilemma stared at us too.

We worked on building the bridge between work and home. We launched Team Collaboration Tools and provided intensive training to the leadership and middle management teams to utilise these solutions.

We strengthened connectivity, accessibility and security to enable our team to access business applications and data – for business continuity.

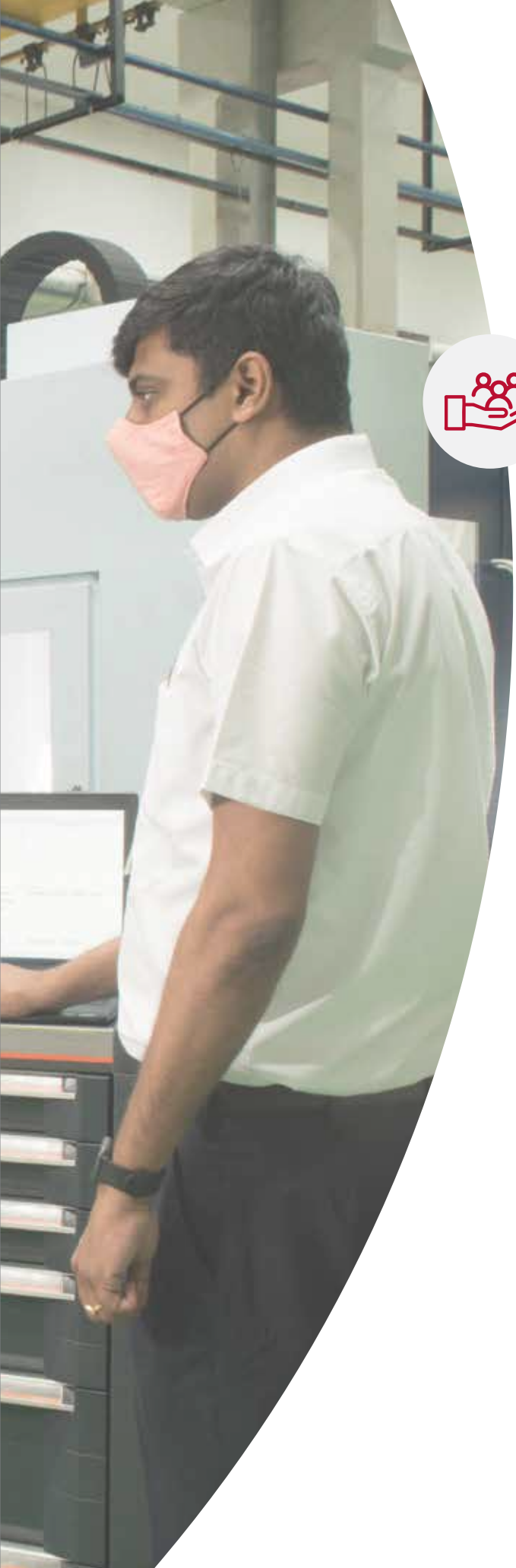
Soon our team became adept in the New Work Way. This, unknowingly, has further strengthened our efforts at building a Digital LMW, to happen over the short-term, where digital tools and solutions will become the order of day.

**Adversity... is unquestionably the father of re-invention.**





We  
took care  
of our  
**customers**



At LMW, we are in the business of nurturing relations; selling machines is just the start.

For building relations, you need to be there, especially so in times of a crisis.

The lockdown was a prudent call at the time it was instituted. But with staggering side effects. Shut factories were a bother; entrepreneurs, big and small, across sectors, regions and geographies were hassled with mounting costs and idling equipment.

Our customers included. In India and beyond.

We realised their stress was no different than ours. Possibly multi-fold more.

We almost immediately connected with our clients virtually. We created and provided detailed check lists for analysing their machines and SOPs to restart them. To utilise the lockdown period effectively, we created knowledge enhancement webinars showcasing technical advancements and new age technology, among other things.

When our customers' facilities re-opened, we diagnosed their machines remotely and provided solutions. We sent our engineers to help resolve complex issues. We supported them with spares despite the tremendous logistical restrictions. We made sure that their machines were up and running with minimum delay.

**It is often said  
that when  
you extend a  
helping hand,  
you also help  
yourself.**

# The corporate

Lakshmi Machine Works Limited (LMW) is known for its strong foundation and firm poise to face challenges. Since inception nearly six decades ago, the Company has imbibed the 'Make in India' philosophy by developing and manufacturing capital goods that were hitherto imported.

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

## 4

### Business divisions

**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 solution.

**Foundry Division (FDY):** Making precision castings for global brands world over.

**Advanced Technology Center (ATC):** Manufactures aerospace components and assemblies for global players in the sector.

## 6

### Manufacturing units

**TMD** – 2 units, **MTD** – 1 unit, **Foundry** – 2 units, **ATC** – 1 unit

## 19%

### Exports (as % of revenue)

LMW enjoys healthy business relations with global clients for all its business divisions.



## 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



From the Chairman's desk

**“The greatest opportunity for a business to create a sustainable competitive advantage is during a tough economy.”**

*Dear Shareholders .*

**I** am addressing you at a time when India which had registered a remarkable recovery from the economic and social abyss caused by the untamed spread of COVID-19 virus last year, is now faced with the onset of the second wave of the pandemic.

While the situation is alarming, the development of multiple vaccines and a nation-wide vaccination drive has reinstated confidence in our minds. This has happened owing to the resilient fellow Indians across the country who have toiled relentlessly to fight such a formidable battle. I express my deepest respect for these gallant heroes.

LMW's journey in 2020-21 was equally noteworthy.

Covid-19 and the resultant lockdown was not like any other crisis. It was an unknown space. The lack of any precedence to such an occurrence made it practically impossible to fathom the extent of the damage that could have been caused.

A period that started with such uncertainty, steadily reformed into a fiscal with considerable enthusiasm as volumes started moving northward.

This change was orchestrated by our team. Their response to this perplexing phase was truly inspiring. What stands out for me is the speed with which, we as a Company, were able to respond to and resolve the challenges that arose due to the sudden and unprecedented nationwide lockdown.

I take this opportunity to express my sincere gratitude to the entire team who, I am most certain, have gone beyond the call of duty to facilitate LMW sail through these uncharted times.



#### **Business in 2020-21**

**O**ur initial estimates were very conservative. For plausible reasons. We are into the Capital Goods space. This sector, as a rule of thumb, is the first to dip in an economic slowdown and among the last to recover with an economic resurgence.

The first half of the year was dismal, but we used this time well. As opposed to waiting for business to trickle in, we were pro-active in reaching out to our customers both existing and new, looked at new user sectors and new geographies. This unrelenting pursuit resulted in a steady pick-up in volumes month-on-month in the second half of the year. We end the year with a good order book that promises a healthy start to the current year.

#### **Looking forward**

**E**vents like this pandemic bring in their wake, crises of unprecedented proportions as also opportunities like never before. An opportunity to reimagine the future and rewire thought, strategy and action to build a path to a safer and secure tomorrow. Such disruptive events unleash forces of innovation and creativity to shape a more sustainable and inclusive future.





For us this disruption has brought to the fore the criticality of adopting faster the new-age technologies. In keeping with this learning, we are firmly set on a road-map of transforming LMW into a digitally-driven organisation – an initiative which will be a high priority goal for the organisation. This, I firmly believe, will create a more agile, a more visible and an increasingly connected organisation. An organisation that will capitalise on opportunities for growth and improvement with speed.

This optimism is however subject to the second wave of Covid-19 which, even as I ink this statement, has spread across India with an even greater intensity. Though the Government and India Inc. have taken measures to contain its impact, an event of such

proportion has the ability to disrupt normalcy. As a result, we believe that businesses are likely to be impacted during FY22 as well.

#### **Acknowledgement**

**A**s we align to the New Way of doing business which will be a prudent confluence of the physical and digital, I thank the Board for their continued guidance to steer the Company in its journey ahead. I once again extend my gratitude to the entire team for their passion and perseverance in making LMW a globally-respected organisation; I feel honoured to be part of this team.

My deep appreciation to all our valuable shareholders for their

continued support. I also place on record my gratitude to all our other stakeholders – vendors, customers, bankers and government authorities – for the steadfast support and assistance throughout.

I have no doubt that we will continue to work diligently towards achieving sustainable growth in the years to come.

Regards

**Sanjay Jayavarthanelu**  
*Chairman & Managing Director*



Management  
**discussion** and  
**analysis**

# Economic overview

## Global economy:

From an economic perspective, in 2020, world output shrank by 3.30%.

The pandemic hit the developed economies the hardest, with an estimated output decline of 4.70% in 2020, due to the strict and prolonged lockdown measures that were imposed in many European countries and some parts of the United States during the outbreak. The contraction was comparatively milder in the developing countries, with output shrinking by 2.20% in 2020. The aggregate figure masks, however, significant regional variations.

Going forward, the International Monetary Fund (IMF) projects a stronger recovery in 2021 and 2022 for the global economy, with growth projected to be 6.00% in 2021 and 4.40% in 2022. A high degree of uncertainty surrounds these projections, with many possible downside and upside risks. Much still depends on the race between the virus and vaccines. Nonetheless, the outlook presents daunting challenges related to divergences in the speed of recovery both across and within countries and the potential for persistent economic damage from the crisis.

## Indian economy:

FY21 was one of the most unprecedented years in living history for most. The pandemic and the lockdown across India for about a month pushed the Indian economy into a recession for the first time in decades.

According to Government sources, growth in India's real GDP during 2020-21 is estimated at (8.00)% as compared to the growth rate of 4.00%


in 2019-20 (as part of its second advance estimates of the economic growth). Likewise, manufacturing sector is estimated to contract 8.40% during FY21. Among services sectors, trade, hotel, transport are projected to contract 18.00%.

A more incisive analysis of the year under review reveals interesting facts. While the first quarter was a complete washout owing to the lockdown and staggered unlocking, the resilient Indian economy registered a sharp rebound with the economy reporting a positive resurgence in Q3 and Q4. Also, GST collections for the last five months of FY21 were in excess of ₹1 lakh crore – showcasing healthy business activity.

Going forward, India's economy is expected to sustain its growth momentum into FY22. The International Monetary Fund (IMF) has raised its growth forecast for Indian economy by 100 basis points to 12.50% for fiscal year 2021-22. The World Bank estimates India's GDP growth to be in range of 7.50% to 12.50% in FY 22. However the fallout on the economy due to the ongoing second wave of the pandemic is yet to be understood.





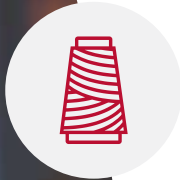


Business division 1

# textile machinery Division

**1,605**  
Machines sold

**1,12,759.20**  
Revenue  
(₹ Lakhs)



A lockdown – unheard in decades – brought lives, businesses and economies to a grinding halt. It was something the world was expecting but ill-prepared for. The penchant for success suddenly transformed into a unanimous call for survival. This was true for the Textile Machinery sector worldwide. LMW's textile machinery division was faced with the same impasse.

But as the clouds of uncertainty slowly give way to an improved horizon, the division's operations have gathered momentum.

When our customers' facilities re-opened, we diagnosed their machines remotely and provided solutions. We sent our engineers to help resolve complex issues. We supported them with spares despite the tremendous logistical restrictions. We made sure that their machines were up and running with minimum delay.

As the economy kickstarted, volumes upped. Even before we realised, we were back in business. We were not just selling machines, we were delivering Smarter solutions.

### During the lockdown

**C**ustomer support: Our first task was to connect with every customer, in India and across the globe, with a single intent – to provide confidence that LMW was standing with them in this hour of crisis. The Company's cross-functional team created a detailed checklist for customers to achieve an optimum machine-stop condition and act as a guide for preventive maintenance of equipment – to ensure that they are able to commence operations seamlessly. The team provided customers with a systematic to-do-list and complemented it with online support to resume operations.

**People protection:** The People Management teams along with the senior management of the division made SOPs detailing the Do's and Don'ts for employees' to be observed during the lockdown at home and at the workplace when it re-opened to remain protected from the pandemic.



**Asset management:** Teams were formed to visit the facilities periodically for undertaking preventive maintenance and rectifying abnormalities wherever required. Special permits were secured from the Government after complying with the required norms, to enable the maintenance team to travel to the facilities. In addition to machinery protection, the team also worked on protecting the components and assemblies which were work-in-progress on the day the lockdown was announced.

**Knowledge enhancement:** Organised knowledge sharing webinars on technological advancements in the textile machinery space with a special emphasis on spinning equipment resulted in cross pollination of ideas on how to derive maximum benefits from such developments. Moreover, it cemented an intellectual bond between the customer and the LMW brand.

**Improving the house:** The quality team worked diligently on customer feedback; solutions were developed, tested (when the lockdown was lifted) and incorporated in the overall manufacturing and assembly process.

#### After the lockdown

We prepared for the unlocking. The People Management teams patiently worked on allaying fear and apprehension in the mind of people. Special logistic arrangements were made for the employees to travel to and from our facilities. For entry, operations and exit, detailed processes were made.

Having resumed business operations in early May 2020, our immediate concern areas were :

- Our machinery had reached international destinations. But the service engineers could not reach customer sites for installation owing to the sudden lock down. Management relied on service teams resident in those destinations for machinery installation. In certain geographies, service & installation teams were created and trained (virtually) for equipment installation and service.
- The other challenge was to meet commitments of on-hand confirmed orders from global and domestic customers. The team worked diligently in getting the machines ready and delivered to customers despite the prevailing operational and logistics challenges.
- Helping customers restart their operations in India and across the world was on high-priority. A Task Force Team was created with the responsibility of assisting customers (virtually and on-premises) to restart their machines, components were sourced through diverse sources (in-house and other sources) and sent to customer locations.

This support proved invaluable in cementing a lasting recall in the minds of our customers.

Even as business operations resumed gradually, we continued with complete adherence to all Government stipulated norms with regard to travel, social distancing, sanitization and personal protection – at our facilities .

The business development team connected with customer to update them of prevalent business

conditions; kept them informed of LMW's innovative solutions/new products and their benefits.

As operations ramped up, supply chain had its own challenges on account of pandemic induced closure of vendor facilities.

The supply chain team extended support to its vendors and sub-vendors to help restart facilities which helped in increasing component availability. Also, the team worked relentlessly in identifying new logistics routes to ensure in-house inventory levels remained comfortable.

The team also focused on developing and deploying automation solutions for manufacturing technology-components to enhance quality and increase productivity.

The lean inventory management exercise continued during this time. It helped in optimizing inventory volumes.

Through the continuing lean journey, the team continued to streamline assembly operations.

LMW received the Best Innovative Company Award from CII for its systematic and disciplined design and development process.

The lockdown phase instilled an important reality in the customer's mind - automation was the way forward. In keeping with this reality, we intensified the awareness of our Smart Series among customers. We launched a new Speed Frame (with an auto-doffing feature) in the Smart Series which was well received by customers.

Further, the R&D team widened its Smart Series range (comprising the Ring Frame and Speed Frame) to include the Draw Frame, Lap Former and Comber. These smart machines possess features that ensure quality output consistently with minimal human intervention.

In addition, the team worked on customising machines to specific segment requirements through modular fitments. This approach enabled the Company to widen its acceptance among spinners.

The services team added newer features to the SpinConnect solution which allows the service team to diagnose machine issues remotely and provide solutions.

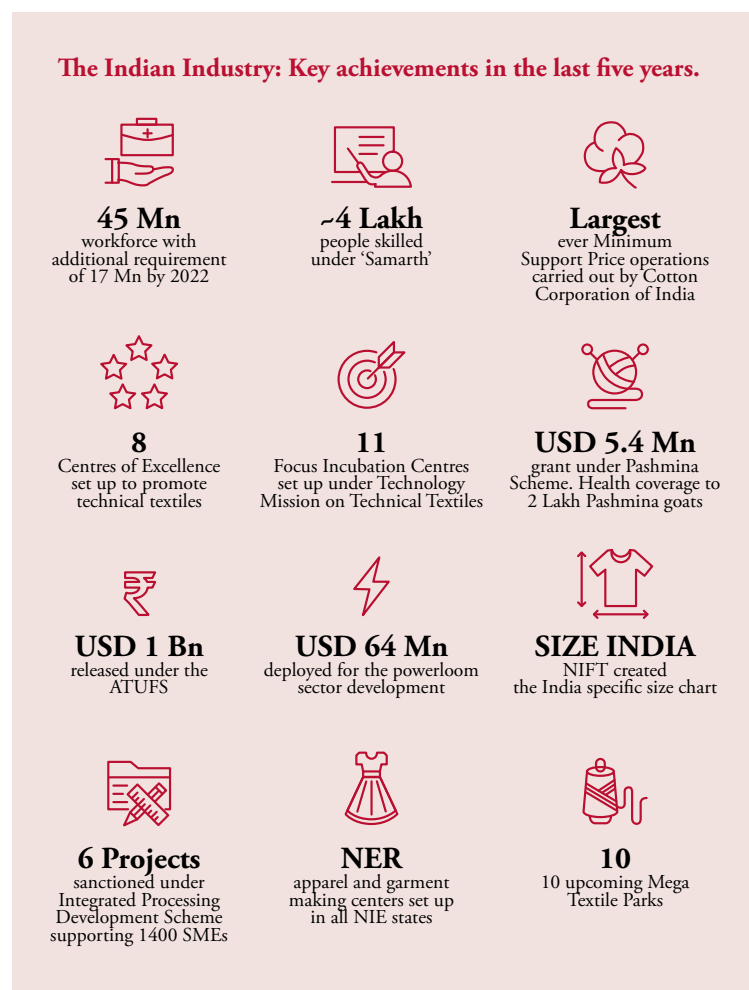
The Division focused on ensuring that every opportunity is worked upon. This has helped in improving the conversion ratio in FY21, an achievement which is expected to gain traction in the current year.

#### What appears on the horizon

From exquisite and invaluable handiwork to personal protective equipment, the Indian textile industry is critical to the country's growth story and also directly/indirectly impacts the lives of nearly 45 million workers.

India is a world leader in textiles and possesses the entire manufacturing value chain, from fibre to apparel, and provides the distinct advantage of backward integration.

India's textile and apparel industry is marked by radical innovation, shifting markets, evolving supply chains and distribution channels and is gradually drifting towards responsible and sustainable manufacturing. Being the second largest in the world, this industry holds immense potential.





### **The Spinning sector – a perfect V-curve**

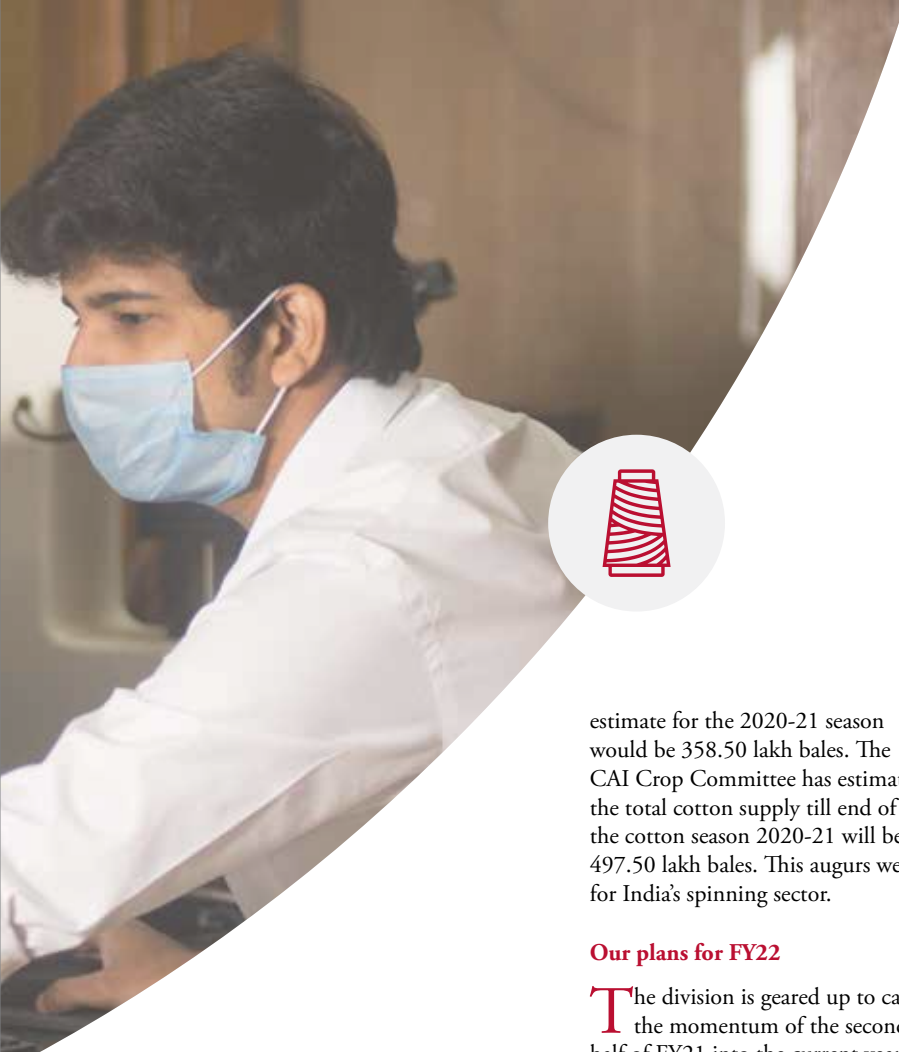
**W**hat was expected to be a downturn year for the textile industry, especially so for the spinning sector turned out to be from despair to dismay to rebound all within 12 months.

**The estimates:** As per estimates by ICRA at the start of FY21, the Indian cotton spinning sector would have logged a 25-30% y-o-y decline in revenue and a 300-400 bps contraction in operating margins in FY21 amid COVID-19-led disruptions in manufacturing

activities, and an all-encompassing weakness in demand from the downstream segments.

**The reality:** As expected, with the onset of the lockdown, downstream segments such as fabrics, apparels and home textiles witnessed severe demand-side pressures. Yarn, being an intermediate product, also faced a ripple effect of the contraction in demand in the downstream segments. A number of spinning units had to close operations leading to shrinking supplies.

**The rebound:** Economic activity picked pace after the lockdown restrictions were lifted, due to which robust demand for garments – casuals and knit wear – was registered from rural India. As a consequence, cotton yarn price also increased considerably. Following the geo-political action — India's cotton exports had also gained traction. As such, India received sizeable orders from Cambodia, Bangladesh and Vietnam among other nations. Hence, while the first quarter of FY21 was a clear washout, the third and fourth quarter ensured that the spinning sector more than made up for the initial losses.



estimate for the 2020-21 season would be 358.50 lakh bales. The CAI Crop Committee has estimated the total cotton supply till end of the cotton season 2020-21 will be at 497.50 lakh bales. This augurs well for India's spinning sector.

#### Our plans for FY22

The division is geared up to carry the momentum of the second half of FY21 into the current year.

Disciplined efforts of the business development team promises to widen the Company's global presence in key markets. In the domestic market too, opportunities and order bookings were encouraging which augurs well for a healthy performance in FY22. Government support through duty cuts and financial impetus is also encouraging entrepreneurs to invest in modernisation.

The R&D team has worked towards launching machinery with automation features. This is expected to increase business prospects for the Division during FY22. However, the likely economic impact from the ongoing second wave of the pandemic is yet to be fully understood.

The demand for cotton yarn during the current year is subject to the impact that the second wave of Covid-19 would have on businesses.

According to the data released by the Confederation of Indian Textile Industry (CITI), the recovery for the domestic market is expected to be quite steep post pandemic with domestic market estimated to reach USD 120 billion (INR 9,074 billion) by 2024.

#### The cotton year 2020-21

With good monsoon this year, cotton production in the season between October 2020 to September 2021 is expected to be higher. Cotton Association of India (CAI) has mentioned that the crop

The anti-dumping duty on PTA (purified terephthalic acid) was removed as a means to open up the MMF (man-made fibre) sector of textiles, which is still in its infancy in India. To reverse the trend of India importing significant quantities of technical textiles—worth USD 16 billion every year—and to position India as a global leader for this product category, a National Technical Textiles Mission was announced with a four-year implementation period from 2020-21 to 2023-24 at an estimated outlay of ₹1,480 crore. These initiatives will put Indian firms on a level playing field with international players in the man-made fibre and technical textiles sectors.

#### TMD Performance

(₹ in Lakhs)

Particulars	2020-21		2019-20	
	Nos.	Amount	Nos.	Amount
Spinning preparatory machines	1,099	38,213.89	965	30,690.88
Yarn making machine	506	35,205.76	638	47,473.60
Accessories and Spares		39,339.55		32,632.32

Business division 2

# machine tool Division

2,311  
Machines sold

44,434.06  
Revenue  
(₹ Lakhs)







In an unpredictable fiscal that pushed the world and India into an economic recession, reporting a de-growth would have been the norm. This is particularly relevant for an enterprise operating in the capital goods business space because, the general rule of thumb is that the capital goods sector features among the last to rise in an economic uptick.

Contrary to common belief, the Machine Tool division reported a healthy growth in turnover of 53.58% over the previous fiscal, a transformation that unfolded primarily owing to the disciplined and determined efforts of the team to increase confidence in the LMW brand among machine tool users.

#### During the lockdown

While the lockdown halted operations at the manufacturing units, the team worked relentlessly during this period to solidify relations with stakeholders even as it ideated on ways to improve internal efficiencies.

**Customers:** During the lockdown, the senior management team and service engineers connected with all customers – existing and prospective – informing them on machine maintenance procedure during the lockdown and providing solutions to their machine-related problems remotely.

**People:** The primary task was to take care of all employees. The teams made SOPs detailing the Do's and Don'ts for members to be observed during the lockdown at the workplace when it re-opened and at home to remain protected from the deadly virus.

**Plant:** The next priority was to secure the assets. Small teams, created immediately, visited the facilities periodically to take care of all the equipment. This ensured that the factories and equipment remained safe during the lockdown and restarted operations effortlessly when the team got back to work.

**Knowledge sharing:** Experts within the team organised knowledge-sharing webinars on technical aspects for customers, vendors and with other team members. This was particularly fruitful in cementing a stronger bond with the external stakeholders.

**Service manuals:** Service engineers leveraged this time to document their on-job experiences and learnings, creating a ready reference for service engineers.



### After the lockdown

As the team returned to their workstations, the focus remained on customer service - to handhold them in restarting their operations. In critical cases, service engineers visited customer facilities, with proper safety precautions, to resolve issues and restart customer operations. The confidence-building effort in such a crisis cemented a lasting recall in the minds of customers and soon translated into healthy business volumes.

Order booking increased month-on-month. But with a difference. Order booking from the non-auto segment has also gained traction.

The supply chain team persevered painstakingly to build the disrupted supply chain owing to the closure of vendor establishments. Innovative strategies were deployed to source and transport components and assemblies from domestic and international destinations.

During the lockdown period, the Quality team leveraged globally-accepted tools to up its quality commitment and improve in-plant efficiencies.

In addition to feature enhancements in the existing product range, the R&D team is continuing its work of designing and developing newer products that would offer enhanced performance levels thereby ensuring value for money for the customer.

The standout feature for the period under review was the change in the marketing strategy. The business development team made a determined effort to reach out to users. This strategy increased order bookings considerably; more importantly the dependence on a specific user-segment reduced. Also, the Company's market share in every category of the machine tools vertical increased appreciably.

To sustain business growth, the Company opened a second assembly unit (utilising some space at its existing TMD Unit 2) aligning it with international standards. The design layout, operational flow and climate-controlled atmosphere in the unit will facilitate greater productivity and superior machinery accuracy. Also, this facility provides for considerable flexibilities which assist in faster machine assembly.

### What appears on the horizon

The machine tool industry produces mother machines that manufacture components used in diverse applications across economy-driving sectors; therefore machine tools form the backbone of the manufacturing sector. As such, economic resurgence is the critical growth driver for the machine tools sector.



India is one of the few nations to have displayed commendable economic resurgence. Going forward, India is expected to register a double digit GDP growth in FY22 as per credible government estimates.

**The automotive sector:** As economic activity gathered steam in the second half of 2020-21, the Passenger vehicle sale continued to grow year-on-year for eight straight months (from July 2020 to February 2021). This was largely owing to people choosing personal mobility over public transportation. Commercial vehicles too have recorded a healthy uptick in demand. This trend is expected to continue during the current year as the average Indian gains confidence in India's economic resilience.

**Policy driven growth:** The government had, in 2014, launched the Make in India initiative to make the country a global design and manufacturing hub. Make in India aims to raise the contribution of manufacturing in GDP from 16-17% in 2014 to 25% by 2025. In this context, the recently launched Production Linked Incentive ("PLI") scheme aims to up the game by giving companies incentives on incremental sales from products manufactured in domestic units. The PLI scheme aims to be a magnet for the forces that would build factories at scale.

**Atmanirbhar Bharat:** The Government's call for an 'Atmanirbhar' Bharat or self-reliant India aims at reducing India's import bill and consuming more domestically manufactured products. This is most visible in the defence sector. The Defence Ministry has decided to earmark around 64% of its modernisation funds under the capital acquisition budget for 2021-22 – a sum of over ₹70,000 crore – for purchases from the domestic sector.

**Railways:** The Indian Railways has upped its target of manufacturing locomotives, coaches and wagons in FY22. This is expected to open significant opportunities for the manufacturing sector.

#### Our plans for FY22

The team will focus on sustaining its momentum in the current year. The rejuvenated marketing division will continue to diversify its sectoral presence to de-risk business growth from an over dependence on any one sector. The operations team will concentrate its energies on leveraging the Lean tools to improve processes, enhance productivity and machine accuracies. Besides, the recently launched Customer Relationship Management (CRM) solution should emerge as a key differentiator in an otherwise competitive market and should facilitate in increased business volumes in the current year.





Business division 3

# foundry

## Division

**2,963**  
Castings sold  
(MT)

**5,148.68**  
Revenue  
(₹ Lakhs)





**C**astings, the output from a foundry unit is possibly the first keystone in heavy machinery/equipment creation. As the pandemic spread rapidly across the globe, the industrial sector was the worst hit – significantly impacting the fortunes of foundry units the world over.

In line with this reality, the performance of LMW's foundry division, which comprises of two global-standard facilities, was also dampened. But what could have been a significant slide in performance, was only a marginal dip owing to the astute business management which opened new opportunity windows as existing doors to growth shut owing to the pandemic related protectionist measures adopted by some advanced economies.

#### **During the lockdown**

**T**he pandemic and the lockdown period was well utilised by the team to ponder and course-correct for the immediate future and the medium term. We not only implemented precautionary measures to protect our invaluable assets – people, equipment and facilities; we also strived at new possibilities in the post lockdown period.

**Customers:** During the lockdown period we connected with customers to understand their current position. This communication helped in getting an on-ground understanding of the lockdown condition in key geographies of our presence and provided us with an insight on the possibility of business recommencement.

**People:** Our business operations mandate a higher proportion of unskilled labour in our team, many of whom are migrant. Hence, people-related safety measures were institutionalised across the organisation to ensure the health and well-being of the entire team.

**Plant:** Our team made plans to maintain machinery periodically. This strategy helped in keeping them in a ready state.



### After the lockdown

As our factories re-commenced operations, we recalled only the minimal work force as recommended by the Government - on rotational basis. The safety measures adopted at the workplace dispelled fears of the contagion among team members.

The workflow in the initial months was low as our customers – internal and external – focused on exhausting inventories at their establishments. Expecting this scenario, the team worked untiringly to develop products for new clients with considerable success. We leveraged technology to get the products inspected virtually and secured approvals for the same.

The new orders partially compensated for lack of business from regular global brands.

To further strengthen the business, the team successfully developed casting for customers in the agriculture and pumps & valves sectors. Also, increased demand from the internal customer (Textile Machinery and Machine Tool Divisions) helped to improve the capacity utilisation at the operating units.

Alongside the business development drive, the supply chain team worked on restoring the supply channel as many existing vendors faced considerable challenges in meeting our requirement. The resultant supply scarcity spiked the prices of raw material.

The quality team focused on process control as the team which came in after the opening was new with new labour force.

In addition, we aligned our systems and processes to global standards – we received renewed quality certification from reputed global agencies. This success creates an important platform for adding new global customers in the coming years.

### What appears on the horizon

Metal castings can be developed in complex shapes; in many sizes using a wide variety of materials with unique properties that serve many different purposes. That's why metal castings are vital to many key industries such as agriculture, automobiles, public mobility, heavy engineering, wind energy, defense, construction and mining, among many others.

2020 was a pause for the world at large. The sharp economic nosedive nullified all pre-pandemic estimates for the castings industry.

But 2021 brings hope for the world as the vaccination drive across nations has gained considerable momentum. This confidence infusing measure has assisted business and industrial activity gain some sense of normalcy (although not to the pre-pandemic levels). This augurs well for the castings industry.



Despite this gloom, one sector appears to hold considerable promise in the current year and over the medium-term – electric mobility, public and personal.

As the world, in one voice, has promised to cut down its carbon emissions within a specified time frame, electric mobility has gained the global spotlight. Automotive and public mobility majors are developing electric mobility solutions with speed. This sunrise space promises to provide significant momentum to the castings sector. Renewable energy thrust and commitments from Europe offers added opportunities.

#### **Our plans for FY22**

**I**n keeping with the global trend, we are developing castings that find application in electric mobility solutions. Having secured some business in this space in the current year, we are focused on gaining a strong foothold in this niche and growing market.

While this new product line gains traction, we are also communicating with our incumbent global brands for kickstarting their supplies which remained throttled for the year owing to the fast-spreading pandemic. We are hopeful that supplies should commence during the current year.

## **A virtual inspection**

**We successfully concluded our ‘first article inspection’, vide virtual inspection, with a global customer for the first time in our business journey.**



Business division 4

Advanced  
**technology**  
Centre

**2,888.05**

Revenue  
(₹ Lakhs)





2020 was an extremely challenging year for the aviation sector. And expectedly so. In a period where lockdowns across the world forced individuals to remain confined within their houses, air travel did not feature on any priority list. According to leading aviation analytics company Cirium, the Coronavirus pushed back global air traffic by over two decades to the last millennium. Global passenger traffic was down by about 67% in pandemic hit 2020 compared to 2019 and was reduced to 1999 level.

Owing to the abysmally low utilisation of existing aircraft fleets, global airline companies deferred purchase of new aircrafts. As such, the aerospace building sector came to a halt. This dealt a blow, down the line to the component manufacturing sector worldwide.

LMW's ATC division that develops and delivers structural, sheet metal and engine components and sub-assemblies to leading global OEMs in the aerospace business also faced the brunt of this challenge.

#### **During the lockdown**

The world halted. Machines stayed shut. Roads were deserted. But minds worked overtime. Individuals bonded stronger. Teams came together. And work kickstarted. Not from the workplace but from living areas of residences.

**Business continuity:** The team successfully implemented the Work from Home methodology. This involved arranging for equipment transfer, securing connectivity, making important changes in the IT systems and processes to allow data and system accessibility with security.

**Equipment management:** Small teams were entrusted the task of operating machinery aligning with the thoughtfully crafted SOPs for the purpose. It ensured that machinery remained in perfect condition all through the lockdown.

**Customer management:** The team focused on connecting with customers to comfort them from the prevailing uncertainty and assure them of committed deliveries which were in the pipeline.



### After the lockdown

People safety assumed top priority as work resumed at the facility. The Company strictly adhered to Government protocols on Thermal screening and other health checks at periodic intervals everyday. Social distancing norms were strictly maintained in offices, the shopfloor, canteens and all people gathering areas.

The team engaged with existing customers to allay fears by re-working on mutually- acceptable delivery schedules. It also co-ordinated with its vendors to align with the forecast and demand.

The team adopted a multi-pronged approach to garner business opportunities in an otherwise dismal environment.

- 1) It engaged with existing global business partners to graduate from static components into moving parts (more complex) and sub-assemblies.
- 2) It successfully identified global customers who evinced interest to outsource from India and worked on opportunities to develop complex parts and sub-assemblies for them.
- 3) It re-engineered its focus from the commercial segment in the aerospace industry to the defence space (opportunities in this space remained buoyant despite the pandemic). The team engaged with leading global

aerospace players in this space to create awareness of the division's capabilities which helped in building relations.

Knowledge building continued unabated. The team upskilled the competency of its members, through virtual training sessions.

The team strengthened its quality assurance commitment. Team members also engaged with strategic customers virtually.

These successes helped in boosting the morale of the team in addition to strengthening business prospects over the coming years.



### What appears on the horizon

In India, the aerospace industry is growing significantly with the rising activities of both the defence and civil aviation sector. With increasing demand for large aircraft from Indian carriers and focus on Powered by Hour Contracts (PBH), many of India's aerospace services and manufacturing activities are expected to be carried out domestically.

Similarly, as India's defence capital expenditure spending is continuously growing, there are growing opportunities in defence aerospace. This offers significant growth headroom for existing players.

Aerospace leaders see clearing skies with regard to commercial travel. They expect that despite a tepid start in 2021, things will get better for the global aerospace industry. This optimism is based on the two realities – aggressive vaccination drives across the globe and pent-up demand for air travel.

### Our plans for FY22

The team would focus on building business momentum with existing and new customers. It will concentrate on strengthening its presence in Indian defense aerospace segment. Also, the team will work on graduating its presence up the value chain – into moving parts and sub-assemblies. This would help in solidifying its presence in the aerospace sector and sustaining profitable business growth.

The Indian aerospace & defence (A&D) market is projected to reach ~USD 70 billion by 2030, driven by the burgeoning demand for advanced infrastructure and government thrust.

## Human resource

Your Company enjoys the support of a committed and well satisfied human capital. Compensation packages offered by the Company, best-of-class methods in recruitment, training, motivation, and performance appraisal, attract and retain the best talents. These practices enable the Company to keep the attrition rate well below the industry average. The Company had 2,888 permanent employees as on 31<sup>st</sup> March, 2021.

## Internal control system and adequacy

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

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

The Company also has an internal audit 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.

## 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.

## Movement in Key Ratios

On account of increase in turnover by 8.63% in FY 2020-21, the net profit margin ratio has been increased from 4.27 % in FY 2019-20 to 4.53% in FY 2020-21. The operating profit margin also increased from 1.38 % in FY 2019-20 to 1.67% in FY 2020-21. On other hand, debtors' turnover has been reduced from 12.64 times in FY 2019-20 to 8.86 times in FY 2020-21, the inventory turn is also reduced from 5.50 times in FY 2019-20 to 5.05 times in FY 2020-21.

## Financial Performance

(₹ in Lakhs)

Particulars	2020-21	2019-20
Gross profit before interest, depreciation, tax (after exceptions)	12,575.46	11,466.56
Interest	-	-
Depreciation	5,155.89	5,025.90
Provision for Taxation	2,673.56	1,940.40
Profit after Tax	4,746.01	4,499.76
Earnings per share (Amt in ₹)	44.43	42.12

### 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

Serving social responsibilities is innate in the genes of LMW. Over the years, the Company has created a systematic approach to ameliorate the conditions of the underserved strata of the society. LMW enhances sustainable CSR impacts with major focus on healthcare, education, infrastructure and economic development.

## 1. Health

### A) Spinal Injury Surgery & Rehabilitation

LMW collaborates with Ganga Medical Centre, Coimbatore, to financially support the cost of procedure for treatment of burn injury, reconstructive surgery done for road traffic accident patients, and for surgery done in case of spine injury. These patients are also assisted through rehabilitation programmes where they are given vocational skill development training. LMW supported 11 such patients in 2020-21.

### B) Sickle Cell Anemia Screening & Prevention

LMW in partnership with Nilgiris Adivasi Welfare Association (NAWA) implemented the Sickle Anemia Screening and Prevention Project in the tribal locations of Anaikatti, Palamalai and Karamadai areas of Coimbatore District. 37 Sickle Cell Anemic patients and 258 persons with Sickle Cell traits were identified and supported through this project during the year 2020-21.

### C) COVID - 19 Support

During the COVID-19 pandemic lockdown period, LMW has supported the Seva Bharathi Trust and District Government authorities in its efforts to provide food, and develop healthcare infrastructure facilities.

## 2. Education

LMW has contributed ₹10 Lakhs towards the construction of an Anganwadi building at Salangapalayam village located in Bhavani taluk of Erode district, Tamil Nadu.

## 3. Infrastructure Development

### a) Solar Street Lights in rural areas

LMW strives to improve the basic facilities available in the tribal villages of Anaikatti Hills & Mavuthampathi Panchayat and promotes use of green energy. LMW in 2020- 21 installed about 55 solar streetlights.

### b) Road safety infrastructure

LMW in association with UYIR Trust, Coimbatore supports maintenance of traffic signals & cameras in Coimbatore city. Also road safety awareness campaigns for prevention of accidents in the city of Coimbatore is being conducted.

## 4. Economic Development Programme

### a) Livelihood Enhancement

Seven income-generation training programmes were conducted in the areas of mushroom cultivation, value addition of agricultural products and animal husbandry. Agroforestry and tree plantation were promoted in the farmlands located in villages of Anaikatti & Tholampalayam panchayats.

### b) Veterinary Check-up Camps

LMW conducted 29 veterinary health check-up and vaccination camps in collaboration with Tamil Nadu Animal Husbandry Department in Anaikatti and Palamalai tribal villages in 2020-21.

### c) Tree plantation

The Company supports afforestation initiatives aimed at sustaining and enriching the environment. About 250 shade & timber tree saplings have been planted as part of this initiative.

# Corporate Information

## Board of Directors

### **Sri Sanjay Jayavarthanelu**

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 Anil Gupta**

Nominee Director of LIC, upto 27<sup>th</sup> January, 2021  
(DIN:08446779)

### **Sri T C Suseel Kumar**

Nominee Director of LIC, from 27<sup>th</sup> January, 2021  
(DIN: 06453310)

### **Sri K Soundhar Rajhan**

Director Operations (DIN: 07594186)

## 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

## Share Transfer Agents

### **S.K.D.C. Consultants Limited**

Kanapathy Towers, 3rd Floor  
1391/A-1, Sathy Road, Ganapathy,  
Coimbatore – 641 006.  
Tel : +91 422 4958995, 2539835-36  
Fax : +91 422 2539837  
E-mail : info@skdc-consultants.com

## LAKSHMI MACHINE WORKS LIMITED

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 58<sup>th</sup> Annual General Meeting (“AGM”) of the Shareholders of Lakshmi Machine Works Limited will be held at 03.30 PM India Standard Time (“IST”) on Wednesday, the 21<sup>st</sup> day of July, 2021, 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 31<sup>st</sup> March, 2021, 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 K Soundhar Rajhan (DIN: 07594186), who retires by rotation and being eligible, offers himself for re-appointment.
4. Re-appointment of M/s S Krishnamoorthy & Co., Chartered Accountants as Statutory Auditors for another term of five financial years 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 Sections 139 & 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, M/s S Krishnamoorthy & Co, Chartered Accountants, Coimbatore (Firm Registration Number: 001496S) be and are hereby re-appointed as the Statutory Auditors of the Company with Sri K Raghu and/or Sri B Krishnamoorthi as signing partner(s) for another term of 5 (Five) consecutive financial years commencing from the financial year 2021-22 and shall hold office from the conclusion of this Annual General Meeting till conclusion of the Annual General Meeting to be held during the year 2026 at a remuneration of ₹15,00,000/- (Rupees Fifteen Lakhs Only) per annum excluding taxes and other out of pocket expenses incurred in connection with the audit.

### Special Business:

5. Re-appointment of Sri Sanjay Jayavarthanelu (DIN: 00004505) as Managing 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 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 17(6)(e) and other applicable provisions of SEBI (Listing Obligations

and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (including any statutory modification or re-enactment thereof, for the time being in force) and pursuant to the provisions of the Articles of Association of the Company, consent of the Members be and is hereby accorded for the re-appointment of Sri Sanjay Jayavarthanelu (DIN: 00004505) as Managing Director of the Company for a period of 5 (Five) years commencing from 1<sup>st</sup> April, 2022 on the following terms and conditions as recommended by the Nomination and Remuneration Committee and as approved by the Audit Committee and the Board of Directors at their respective meetings held on 24<sup>th</sup> May, 2021 notwithstanding the fact that the annual remuneration payable to him in any financial year during his tenure exceeds ₹5,00,00,000/- (Rupees Five Crores only) or 2.5% (pursuant to Regulation 17(6)(e) of Listing Regulations) or 5% (pursuant to Section 197 of the Act); of the Net Profit of the Company calculated as per Section 198 of the Act or any other limits as specified by the Listing Regulations or the Companies Act, 2013 for the time being in force.

### Terms of appointment:

**Term:** The tenure of re-appointment of Managing Director shall be for a period of 5 (Five) years commencing from 1<sup>st</sup> April, 2022.

**Remuneration:** The remuneration given below shall be for a period of first 3 (three) years commencing from 1<sup>st</sup> April, 2022 and the remuneration for the remaining tenure of his office shall be subject to the approval of the Members.

- A. Salary: ₹10,80,000/- per month
- B. Commission: At the rate of 4% on the Net Profits of the Company, payable annually.
- C. Perquisites: In addition to the salary & commission, the Managing Director shall also be entitled to the following interchangeable perquisites:

Furnished accommodation, where accommodation is not provided 50% of the salary as House Rent Allowance (HRA), gas, electricity, water, furnishings, medical reimbursement, Leave Travel Allowance (LTA) for self and family, club fees, medical insurance, etc. in accordance

with the rules of the Company. The above perquisites are restricted to an amount equal to the salary drawn per annum. For the purpose of calculating the ceiling, perquisites shall be evaluated as per Income Tax rules wherever applicable.

- D. Company’s contribution to Provident Fund as per rules of the Company, to the extent it is not taxable under the Income Tax Act, 1961 shall not be included in the computation of the ceiling on remuneration or perquisites.
- E. Gratuity payable shall not exceed half a month’s salary for each completed year of service. The Managing Director is entitled to encashment of leave at the end of tenure which shall not be included in the computation of the ceiling on remuneration or perquisites.
- F. Provision of Company car with driver for use on Company’s business and telephone facility at his residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purposes shall be billed by the Company to the Managing Director.
- G. During his tenure as Managing Director, he shall not be liable to retire by rotation.
- H. In the event of loss or inadequacy of profits in any financial year, in compliance with Schedule V of the Companies Act, 2013, compensation / perquisites as mentioned above from point (A) to (F) shall be paid as minimum remuneration.
- I. The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

**RESOLVED FURTHER THAT** the Board of Directors (including Committees thereof) be and are hereby authorized to alter and vary the terms of re-appointment and/or remuneration of Sri Sanjay Jayavarthanelu, Managing Director, as it may deem fit, subject to the same not exceeding the limits as approved by the Members.

**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. Re-appointment of Sri Arun Alagappan (DIN:00291361) as an Independent Director 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (as amended) and upon the recommendation of the Nomination and Remuneration Committee and Board of Directors at their respective meetings held on 24<sup>th</sup> May, 2021, Sri Arun Alagappan (DIN: 00291361), Independent Non-Executive Director of the Company 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 re-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 re-appointed as an Independent non-Executive Director of the Company to hold office for a second term of five (5) consecutive years with effect from close of business hours on 25<sup>th</sup> October, 2021, and is not liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors (including committees thereof) 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. Payment of commission to non-Executive Directors 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** in supersession of the earlier Resolution(s) passed by the Members of the Company at their 55<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> July 2018 in this regard and pursuant to Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modification or re-enactment thereof, for the time being in force), and as recommended by the Nomination and Remuneration Committee and approved by the Audit Committee and Board of Directors at their respective meetings held on 24<sup>th</sup> May, 2021, the consent of the Members be and is hereby accorded for payment of commission of a sum not exceeding 1% of the Net Profits of the Company computed in the manner as specified under Section 198 of the Companies Act, 2013 subject to a maximum limit of ₹1,00,00,000/- (Rupees One Crore Only) per annum, to be paid and distributed amongst the non-Executive Directors of the Company or some or any of them in such amounts or proportions and in such manner and in all respects as may be decided by the Board of Directors (including any Committees thereof) of the Company, for a term of three (3) financial years commencing from 1<sup>st</sup> April, 2021.

**RESOLVED FURTHER THAT** the commission payable to the non-Executive Directors of the Company as mentioned above shall be in addition to the sitting fees payable for attending the meetings of the Board of Directors, Committees thereof and meeting of Independent Directors.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year during the three financial years commencing from 1<sup>st</sup> April, 2021, the non-Executive Directors shall be entitled for payment of minimum commission of a sum not exceeding ₹1,00,00,000/- (Rupees One Crore Only) per annum to be paid and distributed amongst the non-Executive Directors of the Company or some or any of them in such amounts or proportions and in such manner and in all respects as may be decided by the Board of Directors (including any Committees thereof) of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committees thereof) be and are hereby authorized to alter and vary the aforesaid remuneration, as it may deem fit, subject to the same not exceeding the limits as approved by the Members.

**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.

8. 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 2021-22 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

Date: 24<sup>th</sup> May 2021

**C R Shivkumaran**  
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 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. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated 5<sup>th</sup> May, 2020 read with circulars dated 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020, 15<sup>th</sup> June, 2020, 28<sup>th</sup> September, 2020, 31<sup>st</sup> December, 2020 and 13<sup>th</sup> January, 2021 (collectively referred to as “MCA Circulars”) 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 their circulars dated 12<sup>th</sup> May, 2020 and 15<sup>th</sup> January, 2021 (collectively referred to as “SEBI Circulars”). 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 [indira@skmco.com](mailto:indira@skmco.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
5. The Register of Members and Share Transfer books of the Company will remain closed from Thursday, 15<sup>th</sup> July, 2021 to Wednesday, 21<sup>st</sup> July, 2021 (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 Wednesday, 14<sup>th</sup> July, 2021.
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](http://www.lmwglobal.com) and the same, duly filled up and signed along with original cancelled 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) with 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 updation 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. Securities and Exchange Board of India has 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 1<sup>st</sup> April, 2019. Therefore, Members holding share(s) in physical form are requested to immediately dematerialize their shareholding in the Company. Necessary prior intimation in this regard was provided to the Shareholders.
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](http://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. The share certificates will be returned to the Members after making requisite changes thereon.
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, Kanapathy Towers, 3<sup>rd</sup> Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore-641 006 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, so as to reach him on or before 05:00 P.M. IST on Friday, 16<sup>th</sup> July, 2021. Such queries will be replied to by the Company suitably, during the course of 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](http://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 at the Company website: [www.lmwglobal.com](http://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 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2020-21 is also available on the Company's website [www.lmwglobal.com](http://www.lmwglobal.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
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. 1<sup>st</sup> 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, 1961 ("IT Act"), Permanent Account Number ("PAN") with the Company/RTA (in case of shares held in physical mode) and depositories (in case of shares 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](mailto:lmwgreen@skdc-consultants.com) on or before 21<sup>st</sup> July, 2021. Shareholders are requested to note that in case their PAN is not registered with the DP/Company, the tax will be deducted at a higher rate of 20%.

Non-resident Shareholders can avail beneficial rates under the relevant tax treaty between India and their country of residence, subject to providing necessary documents such as 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](mailto:lmwgreen@skdc-consultants.com). The aforesaid declarations and documents need to be submitted by the Shareholders on or before 21<sup>st</sup> July, 2021. Separate intimation in this regard to Shareholders will be given on or before 21<sup>st</sup> June, 2021.

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 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 Company or 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/changes in terms 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. As per the green initiative undertaken by the Ministry of Corporate Affairs, the Shareholders are advised to register/update their e-mail address with the Company/RTA in respect of shares held in physical form and with the concerned Depository Participant(s) 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 namely, LMW Textile Machinery (Suzhou) Co Ltd., China is posted on the Company's website and is also kept for inspection at the Registered Office of the Company and at the subsidiary Company. A copy of the same will be provided to the Members on request. LMW Aerospace Industries Limited was incorporated as a wholly owned subsidiary company on 16<sup>th</sup> March, 2021, however, subscription to the Company's capital was done during the month of April 2021. As on date, this Company is yet to commence its operations.
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 as 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, 18<sup>th</sup> June, 2021, may refer to this Notice of the Annual General Meeting, posted on Company's website [www.lmwglobal.com](http://www.lmwglobal.com) for detailed procedure with regard to remote voting. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is sent through e-mail and holding shares as of the cut-off date i.e. Friday, 18<sup>th</sup> June, 2021, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing

user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” or “Physical User Reset Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no. 1800 1020 990 or 1800 22 44 30 . In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e., Friday, 18<sup>th</sup> June, 2021 may follow steps mentioned in the Notice of the AGM under “Access to NSDL e-Voting system. Any person who ceases to be a 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 MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:**

The remote e-voting period begins on Sunday, 18<sup>th</sup> July, 2021 at 09:00 A.M. (“India Standard Time”/ “IST”) and ends on Tuesday, 20<sup>th</sup> July, 2021 at 05:00 P.M. (“IST”).

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

<b>Type of Shareholders</b>	<b>Login Method</b>
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>1. If you are already registered for <b>NSDL IDeAS facility</b>, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “<b>Beneficial Owner</b>” icon under “Login” which is available under “<b>IDeAS</b>” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “<b>Register Online for IDeAS</b>” Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> </ol>

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. Wednesday, 14<sup>th</sup> July, 2021, 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 Wednesday, 14<sup>th</sup> July, 2021.

### **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 9<sup>th</sup> 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 account(s) in order to access e-Voting facility.

Type of Shareholders	Login Method
	<p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> 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 options available against company name or <b>e-Voting service provider - NSDL</b> 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 &amp; voting during the meeting.</p>
Individual Shareholders holding securities in demat mode with CDSL	<p>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 <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</p> <p>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 <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</p>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you 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 options available against company name or <b>e-Voting service provider-NSDL</b> 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 &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget 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 <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 or 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 <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43



**B) Login Method 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.
4. Your User ID details are given below :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID 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 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 For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***.

5. Your password details 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

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.

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](http://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](http://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](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.

- 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.**

#### **How to 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 casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General 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 (in PDF/JPEG 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 [indira@skmcoca.com](mailto:indira@skmcoca.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
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](http://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](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 or 1800 22 44 30 or send a request to Ms Sarita Mote, Assistant Manager at [evoting@nsdl.co.in](mailto: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 cases 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), AADHAAR (self attested scanned copy of Aadhaar Card) by email to [investors@lmw.co.in](mailto: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), AADHAAR (self attested scanned copy of Aadhaar Card) to [investors@lmw.co.in](mailto: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/Member may send a request to [evoting@nsdl.co.in](mailto: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 9<sup>th</sup> 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.

#### **THE 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 General 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 from Mobile Devices or Tablets or through Laptop connecting 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](mailto:investors@lmw.co.in) on or before 05:00 P.M. IST on Friday, 16<sup>th</sup> July, 2021. 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](mailto:investors@lmw.co.in) on or before 05:00 P.M. IST on Friday, 16<sup>th</sup> July, 2021
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, Wednesday, 14<sup>th</sup> July, 2021.
- 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 Smt V Indira, Chartered Accountant, 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](http://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) had been appointed as the Statutory Auditors of the Company for a term of five years commencing from the financial year 2016-17 to 2020-21 and to hold office from the conclusion of the 53<sup>rd</sup> Annual General Meeting and until the conclusion of the Annual General Meeting to be held in the year 2021. The present Statutory Auditors of the Company who have completed a period of 5 years are eligible for re-appointment as Statutory Auditors for a further term of 5 years from the financial year 2021-22 onwards.

The Company has also received a certificate from the Statutory Auditors to the effect that their re-appointment, if made, would be within the limits prescribed under Section 139 of the Companies Act, 2013 and that they are eligible to be re-appointed as the Statutory Auditors of the Company.

Accordingly, based on the recommendation of the Audit Committee, the Board of Directors of the Company have recommended the re-appointment of M/s S Krishnamoorthy & Co., Chartered Accountants (Firm Registration No. 001496S), Coimbatore as Statutory Auditors of the Company for a period of 5 consecutive years from the conclusion of the ensuing Annual General Meeting till the conclusion of Annual General Meeting which ought to be held in the year 2026.

The Board of Directors propose to pay a fee of ₹15,00,000/- (Rupees Fifteen Lakhs only) per annum, exclusive of taxes and other out of pocket expenses incurred in connection with the audit, to the Statutory Auditors during the tenure of their appointment. The terms of appointment of the Statutory Auditors will be as specified by the Audit Committee & the Board of Directors of the Company.



The Audit Committee and the Board of Directors of the Company have considered the following credentials of M/s S Krishnamoorthy & Co., Chartered Accountants while considering their re-appointment:

- Client base of the firm and availability of well trained and experienced professionals in the industry.
- Availability of expertise in Accounting procedures/processes, Audit, Direct/Indirect Taxation and Corporate Laws.
- Professional integrity, ethics and independence.

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 Shareholders.

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**

Sri Sanjay Jayavarthanavelu (DIN: 00004505) was re-appointed as the Managing Director of the Company for a period commencing from 1<sup>st</sup> June, 2017 and until 31<sup>st</sup> March 2022 on the terms and conditions as approved by the Shareholders at the 53<sup>rd</sup> Annual General Meeting held on 5<sup>th</sup> August 2016. Accordingly, the present tenure of his office is valid up to 31<sup>st</sup> March, 2022.

The Board of Directors of the Company ("Board") at their meeting held on 24<sup>th</sup> May, 2021 has, subject to the approval of the Members, re-appointed Sri Sanjay Jayavarthanavelu (DIN: 00004505) as Managing Director, for a further period of 5 (five) years and on such remuneration as set out in the Resolution for a period of first 3 (three) years with effect from 1<sup>st</sup> April, 2022. Further, Sri Sanjay Jayavarthanavelu is presently the Chairman of the Company.

Sri Sanjay Jayavarthanavelu has been a Director in the Company since 1993. He has a rich and varied experience profile and has led the Company with his leadership and

vision. Considering his professional commitment to the Company, the results which have been achieved by him as a Managing Director and based on the inputs received from the performance evaluation exercise as carried out by the Independent Directors of the Company, the Board of Directors have re-appointed him as the Managing Director of the Company for a further period of 5 years on the terms and conditions as set out in the Resolution given under Item No. 5 of the Notice. His re-appointment is expected to be greatly beneficial to the future growth plans of the Company.

As per Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee at their meeting held on 24<sup>th</sup> May, 2021 had in the best interest and progress of the Company, proposed the re-appointment of Sri Sanjay Jayavarthanavelu as Managing Director of the Company for a further period of 5 years commencing from 1<sup>st</sup> April, 2022 and determined his remuneration as set out in the Resolution and recommended the same to the Board.

Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") the Audit Committee of the Board of Directors at their meeting held on 24<sup>th</sup> May, 2021 have also approved the remuneration payable to Sri Sanjay Jayavarthanavelu as Managing Director of the Company for a period of first 3 (three) years and have recommended the same to the Board.

Pursuant to the provisions of the Sections 196, 197, 203, Schedule V and other applicable provisions of the Companies Act, 2013, the re-appointment of Managing Director shall be subject to the approval of the Shareholders of the Company in the General Meeting. Hence, the necessary Resolution has been set out as Item No. 5 of the Notice for the approval of the Members.

Further, Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") also requires approval of the Shareholders by way of Special Resolution in the General Meeting, if the fees or compensation per annum payable to Executive Directors who are Promoters or Members of the Promoter Group exceeds ₹5,00,00,000/- (Rupees Five Crores only) or 2.5% of the Net Profit of the Company, whichever is higher. As the remuneration payable to Sri Sanjay Jayavarthanavelu

during his tenure as Managing Director may exceed the limits prescribed above, the approval of the Shareholders is also being sought vide a Special Resolution in accordance with the Regulation 17(6)(e) of Listing Regulations. Further, the consent of the Members is also being sought for payment of remuneration to Sri Sanjay Jayavarthanelu, though the same may be in excess of the 5% of Net Profits of the Company as enumerated in Section 197 of the Companies Act, 2013.

Further, pursuant to Section 197 and Schedule V of the Companies Act, 2013, the managerial personnel are eligible to receive minimum remuneration and remuneration in excess of the limits as specified in Companies Act, 2013 upon receipt of approval of the Shareholders by means of a Special Resolution. In this regard, considering the prevailing economic and business conditions, greatly impacted by the outbreak of COVID - 19 pandemic, the Company may be in a situation of having inadequacy or absence of profits for payment of remuneration to the Directors. Thus, to ensure payment of minimum remuneration to Sri Sanjay Jayavarthanelu, approval of the Shareholders is being sought. Further, as on 31<sup>st</sup> March, 2021 the Company has no debts.

Based on the above points, the Board of Directors have recommended the Resolution as set out in Item No. 5 of the Notice for approval of the Members as a Special Resolution.

The disclosures as required under Schedule V of the Companies Act, 2013, Regulation 36 of Listing Regulations and Secretarial Standard 2 are furnished and form a part of this Notice.

### **Interest of Directors:**

Except Sri Sanjay Jayavarthanelu, being the appointee Director, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Resolution as set out as Item No. 5 of the accompanying Notice of the AGM.

### **ITEM No. 6**

Sri Arun Alagappan was appointed as an Independent Non-Executive Director of the Company by the Shareholders at the 54<sup>th</sup> Annual General Meeting held on 7<sup>th</sup> August, 2017 to hold office for a term of five (5) consecutive years upto close of business hours on 25<sup>th</sup> October, 2021.

As per Section 149 (10) of the Companies Act, 2013 (“the Act”), an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company but shall be eligible for re-appointment upon passing of a Special Resolution by the Company for another term of upto five consecutive years.

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the performance evaluation report of Sri Arun Alagappan, have recommended his re-appointment as an Independent Director for a second term of five (5) consecutive years with effect from the close of business hours on 25<sup>th</sup> October, 2021. Further, the Board of Directors are of the opinion that the continued association of Sri Arun Alagappan would be immensely beneficial to the Company.

Sri Arun Alagappan is not disqualified from being appointed as Director in terms of Section 164 of the Act and is not debarred from holding the office of Director by virtue of any Securities Exchange Board of India (“SEBI”) order or any other such authority. He has given his consent to act as Director along with the declaration to the effect that he meets the criteria of independence as prescribed under the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“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 Arun Alagappan fulfills the conditions as specified under the Act read with the Rules made thereunder and the Listing Regulations for his re-appointment as an Independent non-Executive Director of the Company and is also independent of the Management.

The Company has also received a notice in writing from a Member as specified under Section 160 of the Act proposing the candidature of Sri Arun Alagappan for the office of Independent Director of the Company.

A copy of the draft Appointment Letter to be issued to Sri Arun Alagappan upon his re-appointment as an Independent non-Executive Director, containing the terms and conditions of such re-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.

Accordingly, the Board recommends the Special Resolution in relation to eligibility and re-appointment of Sri Arun Alagappan as an Independent Director for another term of five (5) consecutive years, for approval by the Shareholders of the Company.

The disclosures as required under Regulation 36 of Listing Regulations and Secretarial Standard 2 are furnished and form a part of this Notice.

#### **Interest of Directors:**

Except Sri Arun Alagappan 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 as Item No. 6 of the accompanying Notice of the AGM.

#### **ITEM No. 7**

The Shareholders at their 55<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> July, 2018 had approved the payment of commission to the non-Executive Directors up to a sum not exceeding 1% of the Net Profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013, subject to an overall limit of ₹1,00,00,000/- (Rupees One Crore only) per annum (exclusive of sitting fees payable for attending the meetings of the Board of Directors, Committees thereof and meeting of Independent Directors).

Now, the Nomination and Remuneration Committee, Audit Committee and the Board of Directors at their respective meetings held on 24<sup>th</sup> May, 2021 have inter alia recommended the proposal for payment of commission to the Non-Executive Directors up to a sum not exceeding 1% of the Net Profits of the Company computed in the manner as specified under Section 198 of the Companies Act, 2013 subject to a maximum sum of ₹1,00,00,000/- (Rupees One Crore Only) per annum, to be paid and distributed amongst the Non-Executive Directors of the Company or some or any of them in such amounts or proportions and in such manner and in all respects as may be decided by the Board of Directors (including any Committees thereof) of the Company, for a

term of three (3) Financial Years commencing from 1<sup>st</sup> April, 2021. The commission payable to the non-Executive Directors of the Company as mentioned above shall be in addition to the sitting fees payable for attending the meetings of the Board of Directors, Committees thereof and meeting of Independent Directors.

Pursuant to Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013, the consent of the Members is required to be obtained for payment of commission to the non-Executive Directors of the Company. Further, pursuant to the provisions of the Section 197(3) of the Companies Act, 2013, read with the amended Schedule V thereto, if in any financial year, the Company has no profits or its profits are inadequate, the Company can pay remuneration to the non-Executive Directors not exceeding the limits as specified under Item A of Section II of Part II of the Schedule V of the Companies Act, 2013. However, remuneration in excess of the limits as given in the Schedule V of the Companies Act, 2013 may be paid provided a Special Resolution is passed by the Members.

With the complexity of managing business increasing by the day, the non-Executive Directors are nowadays required to devote considerable time and effort towards the business activities of the Company. In this regard, considering the prevailing economic and business conditions, greatly impacted by the COVID -19 pandemic, the Company may be in a situation of having inadequacy or absence of profits for payment of remuneration to the non-Executive Directors. In such a situation, Members consent is also being sought for payment of minimum commission of a sum not exceeding ₹1,00,00,000/- (Rupees One Crore Only) per annum to be paid and distributed amongst the non-Executive Directors of the Company or some or any of them in such amounts or proportions and in such manner and in all respects as may be decided by the Board of Directors (including any Committees thereof) of the Company. Further, as on 31<sup>st</sup> March, 2021 the Company has no debts.

The disclosures as required under Schedule V of the Companies Act, 2013, Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 are furnished and form a part of this Notice.

The Board recommends the Resolution as set out in Item No. 7 of the Notice of the AGM for the approval of the Members.

**Interest of Directors:**

Except all the non-Executive Directors being the recipient(s) of the Commission and their relatives, none of the other 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. 7 of the accompanying Notice of the AGM.

**ITEM No. 8**

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 2021-22 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. 8 of the Notice for ratification of the remuneration payable to the Cost Auditor for the Financial Year 2021-22.

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

**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 as Item No. 8 of the accompanying Notice of the AGM.

By order of the Board

Place: Coimbatore  
Date: 24<sup>th</sup> May, 2021

**C R Shivkumaran**  
Company Secretary



## Annexure to Notice of AGM

### Statement of information as per Schedule V of the Companies Act, 2013

Relevant to re-appointment of Sri Sanjay Jayavarthanavelu as Managing Director and payment of remuneration to non-Executive Directors of the Company.

#### I. GENERAL INFORMATION

1. Nature of Industry

Engineering Industry

2. Date or expected date of commencement of commercial production

The Company was incorporated on 14<sup>th</sup> September, 1962 and commenced commercial production subsequently in the same year.

3. In case of new companies, expected date of commencement

of activities as per project approved by financial institutions appearing in the prospectus

Not Applicable

4. Financial performance based on given indicators

(₹ in Lakhs, except EPS)

Particulars	2020-21	2019-20
Sales & other income	1,76,885.14	1,66,373.16
Profit/ (Loss) before tax	7,419.57	6,440.66
Profit/ (Loss) after tax	4,746.01	4,499.76
Paid-up equity capital	1,068.30	1,068.30
Reserves and Surplus	1,76,957.50	1,64,563.14
Basic Earnings Per Share	44.43	42.12

5. Foreign Investments or collaborations, if any.

Company has invested USD 12.50 Million in the equity shares of its wholly owned subsidiary company LMW Textile Machinery Co. (Suzhou) Limited, China.

#### II. INFORMATION ABOUT THE DIRECTORS

##### a. Sri Sanjay Jayavarthanavelu, Chairman and Managing Director:

Background Details	Sri Sanjay Jayavarthanavelu is the Chairman and Managing Director of the Company. His present tenure as Managing Director commenced from 1 <sup>st</sup> June, 2017 and is until 31 <sup>st</sup> March, 2022. Currently he is responsible for overall operations of the entire organization.
Past Remuneration	Kindly refer to the Corporate Governance Report.
Recognition/Awards	For nearly three decades Sri Sanjay Jayavarthanavelu has been both a member and/ or Chairman of various prestigious industrial bodies / association. He has also been suitably recognized by various forums/ industrial bodies/ association(s) for his contribution to the cause of industrial growth and development.
Job Profile and Suitability	Sri Sanjay Jayavarthanavelu as Managing Director shall have all the powers and duties as the Board may determine from time to time. He has nearly three decades of suitable experience in the fields of textile, textile engineering, machine tools, foundry, aerospace, logistics, finance and administration.
Remuneration Proposed	The details of the remuneration proposed to be paid to Sri Sanjay Jayavarthanavelu has been set out in Item No. 5 of the Notice.
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his/her origin)	Taking into consideration the size of the Company, the responsibility shouldered and the industry standard, the remuneration paid / proposed to be paid is commensurate with the remuneration package paid to Managerial Personnel in a similar role in other companies.
Pecuniary relationship directly or indirectly with the Company, or relationship with the Managerial Personnel, if any	Sri Sanjay Jayavarthanavelu is the Promoter of the Company. He is not directly/indirectly related to any other Director and/or Key Managerial Personnel of the Company.

**b. Sri S Pathy, non-Executive and non-Independent Director:**

Background Details	Has about four decades of experience in the fields of textile, textile engineering, finance and administration.
Past Remuneration	Kindly refer to the Corporate Governance Report.
Recognition/Awards	Has been recognized by suitable forums/ industrial bodies/ association(s) for his contribution towards industrial growth and development.
Job Profile and Suitability	As the non-Executive – non Independent Director on the Board, he has all the powers and duties as the Board may determine from time to time. He possesses skill sets as detailed in the Corporate Governance Report which are commensurate with the Board position held in the Company.
Remuneration Proposed	The details of the remuneration proposed to be paid has been set out in Item No. 7 of the Notice.
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his/her origin)	Taking into consideration the size of the Company, the responsibility shouldered and the industry standard, the remuneration paid / proposed to be paid is commensurate with the remuneration package paid to Board Members in a similar role in other companies.
Pecuniary relationship directly or indirectly with the Company, or relationship with the Managerial Personnel, if any	He is a part of the Promoter Group. No pecuniary relationship with any other Director and/or Key Managerial Personnel of the Company.

**c. Sri Aditya Himatsingka, Independent Director:**

Background Details	Has suitable experience in the fields of textile, textile engineering, finance and administration.
Past Remuneration	Kindly refer to the Corporate Governance Report.
Recognition/Awards	Has been recognized by suitable forums/ industrial bodies/ association(s) for his contribution towards industrial growth and development.
Job Profile and Suitability	As an Independent Director on the Board, he has all the powers and duties as the Board may determine from time to time. He possesses skill sets as detailed in the Corporate Governance Report which are commensurate with the Board position held in the Company.
Remuneration Proposed	The details of the remuneration proposed to be paid has been set out in Item No. 7 of the Notice.
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his/her origin)	Taking into consideration the size of the Company, the responsibility shouldered and the industry standard, the remuneration paid / proposed to be paid is commensurate with the remuneration package paid to Board Members in a similar role in other companies.
Pecuniary relationship directly or indirectly with the Company, or relationship with the Managerial Personnel, if any	He is not directly/indirectly related to any other Director and/or Key Managerial Personnel of the Company.

**d. Dr Mukund Govind Rajan, Independent Director:**

Background Details	Has suitable experience in the fields of Corporate Governance, Management & Administration.
Past Remuneration	Kindly refer to the Corporate Governance Report.
Recognition/Awards	Has been recognized by suitable forums/ industrial bodies/ association(s) for his contribution towards industrial growth and development.
Job Profile and Suitability	As an Independent Director on the Board, he has all the powers and duties as the Board may determine from time to time. He possesses skill sets as detailed in the Corporate Governance Report which are commensurate with the Board position held in the Company.
Remuneration Proposed	The details of the remuneration proposed to be paid has been set out in Item No. 7 of the Notice.
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his/her origin)	Taking into consideration the size of the Company, the responsibility shouldered and the industry standard, the remuneration paid / proposed to be paid is commensurate with the remuneration package paid to Board Members in a similar role in other companies.
Pecuniary relationship directly or indirectly with the Company, or relationship with the Managerial Personnel, if any	He is not directly/indirectly related to any other Director and/or Key Managerial Personnel of the Company.

**e. Justice Smt Chitra Venkataraman (Retd.), Independent Director (Woman)**

Background Details	Has suitable experience in the fields of Law & Administration. Is a retired Judge of the Madras High Court.
Past Remuneration	Kindly refer to the Corporate Governance Report.
Recognition/Awards	Has been recognized by suitable forums/association(s) for her contribution to the legal profession.
Job Profile and Suitability	As an Independent Director on the Board, she has all the powers and duties as the Board may determine from time to time. She possesses skill sets as detailed in the Corporate Governance Report which are commensurate with the Board position held in the Company.
Remuneration Proposed	The details of the remuneration proposed to be paid has been set out in Item No. 7 of the Notice.
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his/her origin)	Taking into consideration the size of the Company, the responsibility shouldered and the industry standard, the remuneration paid / proposed to be paid is commensurate with the remuneration package paid to Board Members in a similar role in other companies.
Pecuniary relationship directly or indirectly with the Company, or relationship with the Managerial Personnel, if any	She is not directly/indirectly related to any other Director and/or Key Managerial Personnel of the Company.

**f. Sri Arun Alagappan, Independent Director:**

Background Details	He has two and half decades of varied multi-functional experience across a wide spectrum of industries.
Past Remuneration	Kindly refer to the Corporate Governance Report.
Recognition/Awards	Has been recognized by suitable forums/ industrial bodies/ association(s) for his contribution towards industrial growth and development.
Job Profile and Suitability	As an Independent Director on the Board, he has all the powers and duties as the Board may determine from time to time. He possesses skill sets as detailed in the Corporate Governance Report which are commensurate with the Board position held in the Company.
Remuneration Proposed	The details of the remuneration proposed to be paid has been set out in Item No. 7 of the Notice.
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his/her origin)	Taking into consideration the size of the Company, the responsibility shouldered and the industry standard, the remuneration paid / proposed to be paid is commensurate with the remuneration package paid to Board Members in a similar role in other companies.
Pecuniary relationship directly or indirectly with the Company, or relationship with the Managerial Personnel, if any	He is not directly/indirectly related to any other Director and/or Key Managerial Personnel of the Company.

**g. Sri T C Suseel Kumar, Nominee Director of LIC:**

Background Details	Has experience in Management/Administration. Retired from Life Insurance Corporation of India as one of its Managing Directors during February 2021.
Past Remuneration	Kindly refer to the Corporate Governance Report.
Recognition/Awards	Has been recognized by suitable forums/association(s) for his contribution to the profession.
Job Profile and Suitability	As a Nominee Director (non-Executive) of the Life Insurance Corporation of India, he has all the powers and duties as the Board may determine from time to time. He possesses skill sets as detailed in the Corporate Governance Report which are commensurate with the Board position held in the Company.
Remuneration Proposed	The details of the remuneration proposed to be paid has been set out in Item No. 7 of the Notice.
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his/her origin)	Taking into consideration the size of the Company, the responsibility shouldered and the industry standard, the remuneration paid / proposed to be paid is commensurate with the remuneration package paid to Board Members in a similar role in other companies. All remuneration payable to the Nominee Director will be paid to the Life Insurance Corporation of India ("LIC").
Pecuniary relationship directly or indirectly with the Company, or relationship with the Managerial Personnel, if any	He is not directly/indirectly related to any other Director and/or Key Managerial Personnel of the Company.

## II. OTHER INFORMATION

### 1. Reasons for loss or inadequate profits

Not applicable as the Company has earned a profit during the year. However, the Company foresees a situation where it may have absence or inadequacy of profits in the ensuing Financial Years owing to economic and business slowdown caused by the COVID -19 pandemic.

### 2. Steps taken or proposed to be taken for improvement.

Not applicable

### 3. Expected increase in productivity and profits in measurable terms.

Not applicable

## III. DISCLOSURES

- (i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the Directors:

Please refer to the section titled “Remuneration of Directors” as contained in the Corporate Governance Report.

- (ii) Details of fixed component and performance linked incentives along with the performance criteria:

Please refer to the section titled “Remuneration of Directors” as contained in the Corporate Governance Report.

- (iii) Service contracts, notice period, severance fees:

Please refer to the section titled “Remuneration of Directors” as contained in the Corporate Governance Report.

- (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable:

The Company has not issued any Stock Options.



## PROFILE OF DIRECTOR SEEKING APPOINTMENT / REAPPOINTMENT/ CHANGE IN TERMS OF REMUNERATION

(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 Sanjay Jayavarthanavelu

Name	Sri Sanjay Jayavarthanavelu	
Director Identification Number (DIN)	00004505	
Date of Birth/Nationality	15 <sup>th</sup> June, 1968 / Indian	
Date of appointment on the Board	24 <sup>th</sup> February, 1993	
Inter-se relationship with other Directors/Key Managerial Personnel	Sri Sanjay Jayavarthanavelu is not related to any of the Directors and/or Key Managerial Personnel of the Company.	
Qualification	Postgraduate in Business Administration from Philadelphia University, USA with specialization in Management and Finance.	
Expertise in area	He has nearly three decades of experience in the fields of textile, textile engineering, machine tools, foundry, aerospace, logistics, 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	1,42,291 Equity Shares of ₹10 each.	
Board Position Held	Chairman and Managing Director.	
Terms and conditions of appointment / reappointment	As per the Resolution as stated in Item No. 5 of the Notice.	
Remuneration paid for the financial year	Information as disclosed in the Corporate Governance Report annexed to the Annual Report.	
Remuneration proposed to be paid	As per the Resolution as stated in Item No. 5 of the Notice.	
Number of Board Meetings attended during the year	Information as disclosed in the Corporate Governance Report annexed to the Annual Report.	
Directorship held in other companies	Listed:	Others:
	1. The Lakshmi Mills Company Limited	1. Chakradhara Aerospace and Cargo Private Limited
	2. Carborundum Universal Limited	2. Lakshmi Life Sciences Limited
	3. Lakshmi Electrical Control Systems Limited	3. Lakshmi Ring Travellers (Coimbatore) Private Limited
	4. Super Sales India Limited	4. Lakshmi Technology and Engineering Industries Limited
		5. Alampara Hotels and Resorts Private Limited
	6. Lakshmi Cargo Company Limited	

*Contd..*

	Listed:	Others:
Chairman / Membership in other committees of the Board	1. Carborundum Universal Limited Chairman of the Audit Committee & the Nomination and Remuneration Committee.	1. Lakshmi Cargo Company Limited Chairman of the Corporate Social Responsibility Committee.
	2. The Lakshmi Mills Company Limited. Member of Nomination and Remuneration Committee.	2. Chakradhara Aerospace and Cargo Private Limited - Member of the Corporate Social Responsibility Committee.
	3. Lakshmi Machine Works Limited Chairman of the Corporate Social Responsibility Committee, Shares & Debentures Committee and Risk Management Committee.	
	4. Super Sales India Limited Member of Share Transfer Committee.	

### Sri S Pathy

Name	Sri S Pathy
Director Identification Number (DIN)	00013899
Date of Birth/Nationality	17 <sup>th</sup> November, 1949 / Indian
Date of appointment on the Board	21 <sup>st</sup> 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	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	1,420 Equity Shares of ₹10 each. Further he does not hold any beneficial interest in the equity shares of the Company.
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 as 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 as specified in Item No. 7 of the Notice.
Number of Board Meetings attended during the year	Information as disclosed in the Corporate Governance Report annexed to the Annual Report.

*Contd..*

Directorship held in other companies	Listed:	Others:
	1. The Lakshmi Mills Company Limited	1. Sans Craintes Livestock Private Limited
	2. Lakshmi Automatic Loom Works Limited	2. Sans Craintes Stud Farm Private Limited
		3. Coimbatore Lakshmi Cotton Press Private Limited
		4. Lakshmi Card Clothing Mfg. Company Private Limited
		5. Sans Craintes Power Private Limited
		6. Rasakondalu Developers Private Limited
	7. LCC Investments Private Limited	
Chairman / Membership in other committees of the Board	Listed:	
	1. The Lakshmi Mills Company Limited Chairman of Corporate Social Responsibility Committee	
	2. Lakshmi Machine Works Limited Member of Nomination and Remuneration Committee, Stakeholders and Relationship Committee & Shares and Debentures Committee	

### **Sri Aditya Himatsingka**

Name	Sri Aditya Himatsingka
Director Identification Number (DIN)	00138970
Date of Birth/Nationality	24 <sup>th</sup> March, 1964 / Indian
Date of appointment on the Board	25 <sup>th</sup> October, 2010
Inter-se relationship with other Directors	None of the Directors and/or Key Managerial Personnel of the Company and their relatives are related to Sri Aditya Himatsingka.
Qualification	B Com (Hons) MS (Textiles)
Expertise in area	Textiles, Management & Administration. Also refer to the section on skill sets as contained in the Corporate Governance Report.
Number of Shares held in the Company	He does not have any shareholding in the Company. Further he does not hold any beneficial interest in the equity shares of the Company.
Board Position Held	Independent Director
Terms and conditions of appointment / reappointment	The appointment shall be governed by the Resolution passed by the Shareholders at their Meeting held on 22 <sup>nd</sup> July, 2019.
Remuneration paid for the financial year	Information as 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, its Committees and Independent Directors. He shall also be paid Commission as specified in Item No. 7 of the Notice.

*Contd..*

Number of Board Meetings attended during the year	Information as disclosed in the Corporate Governance Report annexed to the Annual Report.	
Directorship held in other companies	Listed	Others
	Nil	Nil
Chairman / Membership in other committees of the Board	Listed:	
	1. Lakshmi Machine Works Limited	
	Chairman of Stakeholders Relationship Committee	
	Member of Audit Committee, Corporate Social Responsibility Committee and Risk Management Committee.	

### Dr Mukund Govind Rajan

Name	Dr Mukund Govind Rajan	
Director Identification Number (DIN)	00141258	
Date of Birth/Nationality	5 <sup>th</sup> April, 1968 / Indian	
Date of appointment on the Board	25 <sup>th</sup> October, 2010	
Inter-se relationship with other Directors	None of the Directors and/or Key Managerial Persons of the Company and their relatives are related to Dr Mukund Govind Rajan	
Qualification	B Tech (IIT Delhi), M Phil (Oxford University), Phd (Oxford University)	
Expertise in area	Corporate Governance, Management & Administration. Also refer to the section on skill sets as contained in the Corporate Governance Report.	
Number of Shares held in the Company	He does not have any shareholding in the Company. Further he does not hold any beneficial interest in the equity shares of the Company.	
Board Position Held	Independent Director	
Terms and conditions of appointment / reappointment	The appointment shall be governed by the Resolution passed by the Shareholders at their Meeting held on 22 <sup>nd</sup> July, 2019.	
Remuneration paid for the financial year	Information as 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, its Committees and Independent Directors. He shall also be paid Commission as specified in Item No. 7 of the Notice.	
Number of Board Meetings attended during the year	Information as disclosed in the Corporate Governance Report annexed to the Annual Report.	
	Listed	Others
Directorship held in other companies	Nil	1. The Rajan Family Charitable Foundation
		2. Waterfield Fund Managers Private Limited
		3. Ecube Investment Advisors Private Limited
	Listed:	
Chairman / Membership in other committees of the Board	1. Lakshmi Machine Works Limited	
	Chairman of Audit Committee & Nomination and Remuneration Committee.	

### Justice Smt Chitra Venkataraman (Retd.,)

Name	Justice Smt Chitra Venkataraman (Retd.,)
Director Identification Number (DIN)	07044099
Date of Birth/Nationality	22 <sup>nd</sup> April, 1952 / Indian
Date of appointment on the Board	2 <sup>nd</sup> February, 2015
Inter-se relationship with other Directors	None of the Directors and/or Key Managerial Persons of the Company and their relatives are related to Justice Smt Chitra Venkataraman (Retd.,).
Qualification	BA., BL.,
Expertise in area	Legal & Administration. Also refer to the section on skill sets as contained in the Corporate Governance report.
Number of Shares held in the Company	She does not have any shareholding in the Company. Further she does not hold any beneficial interest in the equity shares of the Company.
Board Position Held	Independent Director (Woman)
Terms and conditions of appointment / reappointment	The appointment shall be governed by the Resolution passed by the Shareholders at their Meeting held on 22 <sup>nd</sup> July, 2019.
Remuneration paid for the financial year	Information as disclosed in the Corporate Governance Report annexed to the Annual Report.
Remuneration proposed to be paid	She is entitled for payment of sitting fees for attending the meetings of the Board, its Committees and Independent Directors. She shall also be paid Commission as specified in Item No. 7 of the Notice.
Number of Board Meetings attended during the year	Information as disclosed in the Corporate Governance Report annexed to the Annual Report.
Directorship held in other companies	Listed
	Others
Chairman / Membership in other committees of the Board	1. The Ramco Cements Limited
	2. Ramco Industries Limited
	Listed:
	1. Lakshmi Machine Works Limited Member of Audit Committee, Stakeholders Relationship Committee & Nomination and Remuneration Committee
Chairman / Membership in other committees of the Board	2. The Ramco Cements Limited Member of Nomination and Remuneration Committee, Stakeholders Relationship Committee & Risk Management Committee.
	3. Ramco Industries Limited: Member of Audit Committee and Stakeholders Relationship Committee



## Sri Arun Alagappan

Name	Sri Arun Alagappan	
Director Identification Number (DIN)	00291361	
Date of Birth/Nationality	19 <sup>th</sup> July, 1976 / Indian	
Date of appointment on the Board	26 <sup>th</sup> October, 2016	
Inter-se relationship with other Directors/Key Managerial Personnel	None of the Directors and/or Key Managerial Personnel of the Company and their relatives are related to Sri Arun Alagappan.	
Qualification	MBA	
Expertise in area	<p>Sri Arun Alagappan was serving as Managing Director in Cholamandalam Investment and Finance Company Limited till February 2021 and thereafter he has been appointed as Whole-time Director in Coromandel International Limited. He has two and half decades of rich multi-functional experience across a wide spectrum of industries.</p> <p>Also, refer to section on skill sets as contained in the Corporate Governance Report.</p>	
Number of Shares held in the Company	He does not have any shareholding in the Company. Further he does not hold any beneficial interest in the equity shares of the Company.	
Board Position Held	Independent Director	
Terms and conditions of appointment / reappointment	Proposed to be re-appointed for a second term of 5 consecutive years.	
Remuneration paid for the financial year	Information as 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, its Committees and Independent Directors. He shall also be paid Commission as specified in Item No. 7 of the Notice.	
Number of Board Meetings attended during the year	Information as disclosed in the Corporate Governance Report annexed to the Annual Report.	
Directorship held in other Companies	Listed:	Others:
	<p>1. Coromandel International Limited</p>	<p>1. Ambadi Enterprises Limited</p> <p>2. Yanmar Coromandel Agrisolutions Private Limited</p> <p>3. M A Alagappan Holdings Private Limited</p> <p>4. Southern India Chamber of Commerce &amp; Industry</p> <p>5. Madras Race Club</p> <p>6. Roca Bathroom Products Private Limited</p> <p>7. Parry &amp; Murray Company Ltd (UK)</p>
Chairman / Membership in other committees of the Board	<p>Listed:</p> <p>1. Coromandel International Limited</p> <p>Member of Audit Committee, Risk Management Committee &amp; Banking and Borrowing Committee.</p> <p>Chairman of Corporate Social Responsibility Committee</p> <p>2. Lakshmi Machine Works Limited</p> <p>Member of Corporate Social Responsibility Committee</p>	

## Sri T C Suseel Kumar

Name	T C Suseel Kumar						
Director Identification Number (DIN)	06453310						
Date of Birth/Nationality	1 <sup>st</sup> February, 1961 / Indian						
Date of appointment on the Board	27 <sup>th</sup> January, 2021						
Inter-se relationship with other Directors	None of the Directors and/or Key Managerial Persons of the Company and their relatives are related to Sri T C Suseel Kumar.						
Qualification	M.A. Economics						
Expertise in area	Management & Administration. Also refer to the section on skill sets as contained in the Corporate Governance report.						
Number of Shares held in the Company	He does not have any shareholding in the Company. Further he does not hold any beneficial interest in the equity shares of the Company.						
Board Position Held	Nominee Director of Life Insurance Corporation of India (LIC).						
Terms and conditions of appointment / reappointment	Director liable to retire by rotation.						
Remuneration paid for the financial year	Information as disclosed in the Corporate Governance Report annexed to the Annual Report.						
Remuneration proposed to be paid	<p>He is entitled for payment of sitting fees for attending the meetings of the Board and its Committees. He shall also be paid Commission as specified in Item No. 7 of the Notice.</p> <p>All Remuneration payable to the Nominee Director will be paid to the Life Insurance Corporation of India (LIC). Sitting Fees however is payable to Sri T C Suseel Kumar, as per information received from LIC.</p>						
Number of Board Meetings attended during the year	Information as disclosed in the Corporate Governance Report annexed to the Annual Report.						
Directorship held in other companies	<table border="1"> <thead> <tr> <th>Listed</th> <th>Others</th> </tr> </thead> <tbody> <tr> <td>1. Axis Bank Limited</td> <td>Nil</td> </tr> <tr> <td>2. BSE Limited</td> <td></td> </tr> </tbody> </table>	Listed	Others	1. Axis Bank Limited	Nil	2. BSE Limited	
Listed	Others						
1. Axis Bank Limited	Nil						
2. BSE Limited							
Chairman / Membership in other committees of the Board	<p>Listed:</p> <p>1. BSE Limited Chairman of Business Review Committee and Stakeholders Relationship / Share Allotment Committee.</p> <p>Member of Standing Committee on Technology and Cyber Security, Audit Committee, Corporate Social Responsibility Committee, Delisting Committee and New Venture Committee.</p> <p>2. Axis Bank Limited Member of Special Committee for Monitoring of Large Value Frauds, Customer Service Committee and Corporate Social Responsibility Committee.</p>						

## Sri K Soundhar Rajhan

Name	Sri K Soundhar Rajhan		
Director Identification Number (DIN)	07594186		
Date of Birth/Nationality	2 <sup>nd</sup> May, 1948 / Indian		
Date of appointment on the Board	1 <sup>st</sup> November, 2017		
Inter-se relationship with other Directors / Key Managerial Personnel	He is related to Sri V Senthil, Chief Financial Officer of the Company. Besides this relationship, he is not related to any other Director and/or Key Managerial Personnel of the Company.		
Qualification	B Sc		
Expertise in area	Management and Administration. Also refer to the section on skill sets as contained in the Corporate Governance Report.		
Number of Shares held in the Company	110 Equity Shares of ₹10 each. Further he does not hold any beneficial interest in the equity shares of the Company.		
Board Position Held	Whole-time Director, designated as Director Operations		
Terms and conditions of appointment / reappointment	Subject to Shareholders' approval to be re-appointed as Director. He is liable to retire by rotation.		
Remuneration paid for the financial year	Information as disclosed in the Corporate Governance Report annexed to the Annual Report.		
Remuneration proposed to be paid	The appointment shall be governed by the Resolution passed by the Shareholders at their Meeting held on 24 <sup>th</sup> July, 2020.		
Number of Board Meetings attended during the year	Information as disclosed in the Corporate Governance Report annexed to the Annual Report.		
Directorship held in other companies	Listed:	Others:	
	Nil	1. Indian Machine Tool Manufacturers Association	
		2. LMW Aerospace Industries Limited	
Chairman / Membership in other committees of the Board	Listed:		
	1. Lakshmi Machine Works Limited		
	Member of Risk Management 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 31<sup>st</sup> March, 2021.

## 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 company is presented in Form AOC-1.

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

(₹ in Lakhs)

Sl. No	Particulars	Current Year 2020-21	Previous Year 2019-20
1	Revenue from Operation	1,76,885.14	1,66,373.16
2	Operating Expenses	1,62,098.14	1,54,696.84
3	Exceptional Items	2,211.54	209.76
4	Gross Profit	12,575.46	11,466.56
5	Depreciation	5,155.89	5,025.90
6	Profit before Tax	7,419.57	6,440.66
7	Provision for Tax	2,673.56	1,940.90
8	Net Profit after Tax:	4,746.01	4,499.76

The Company's  
Gross Turnover is  
at ₹1,63,888.58  
Lakhs during the  
year; compared to  
₹1,50,863.92 Lakhs  
in the previous year

### Transfer to Reserve

The Company has transferred a sum of ₹500 Lakhs out of the current year profits to the General Reserve.

### Dividend:

The Board recommends a dividend of ₹10/- per equity share having a face value of ₹10/- each (100%) on the equity share capital of ₹10,68,30,000/- for the year ended on 31<sup>st</sup> March, 2021 aggregating to ₹1,068.30 Lakhs. As per Finance Act, 2020, 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 2013-14, is due for remittance during September, 2021 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) 14,661 equity shares of ₹10/- each on which dividend had remained unclaimed for a period of 7 years have 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 55,722 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 8<sup>th</sup> 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](http://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 8.63% from ₹1,50,863.92 Lakhs in 2019-20 to ₹1,63,888.58 Lakhs in 2020-21; the Profit before exceptional items and Tax stood at ₹9,631.11 Lakhs as against ₹6,650.42 Lakhs in 2019-20.

The Net Profit after Tax for financial year 2020 - 21 was ₹4,746.01 Lakhs as against ₹4,499.76 Lakhs for financial year 2019-20.

### TEXTILE MACHINERY DIVISION (TMD)

During the year under review, the Textile Machinery Division had a turnover of ₹1,12,759.20 as against ₹1,10,796.80 Lakhs registered in 2019-20, an increase of 1.77% over the previous year.

### MACHINE TOOL DIVISION (MTD)

The Machine Tool Division reported a turnover of ₹44,434.06 Lakhs in Financial Year 2020-21 as against ₹28,931.92 Lakhs registered in 2019-20, an increase of 53.58 % over the previous year.

### FOUNDRY DIVISION (FDY)

The division reported a turnover of ₹5,148.68 Lakhs in 2020-21 as against ₹8,822.28 Lakhs in 2019-20, registering a decrease of 41.64 %. Exports accounted for 28 % of the division's turnover.

### ADVANCED TECHNOLOGY CENTRE (ATC)

Advanced Technology Centre clocked a turnover of ₹1,546.64 Lakhs during the current financial year as against ₹2,312.92 Lakhs achieved in 2019-20. Other income during the period under review was ₹1,341.41 Lakhs as against ₹1,012.73 Lakhs in the previous year.

### REAL ESTATE ACTIVITY

The Elan Project at Parasakthi Nagar, Ganapathy, Coimbatore has been promoted by the Company in association with M/s. Sobha Limited (Developer). Spread over 4.76 acres of land this project is for construction of 236 residential apartments consisting of 1 BHK, 2 BHK and 3 BHK. The Company has a revenue share of 30% in the project. Entire project is completed with sale of all 236 residential apartments during FY 2020-21. During the year under review, the Company has received a revenue of ₹666.30 Lakhs in this regard.

### RENEWABLE ENERGY DIVISION

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

As on 31<sup>st</sup> March, 2021 the Company has installed 28 Wind Energy Generators (WEG) with a total capacity of 36.80 MW. Cumulatively windmills have generated 652 Lakh units of power during 2020-21.

The Company also has a 10 MW of Solar Power Generating facility. As on 31<sup>st</sup> March, 2021 this facility has generated 212 Lakh units of power.

About 97% of energy demand has been met through renewable energy and thereby helped to reduce the power cost.



## EXPORTS

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

Division	FY 2020-21	FY 2019-20
Textile Machinery	28,483.91	25,827.02
CNC Machine Tools	28.48	161.97
Castings	1,459.49	3,490.95
Aerospace Parts	837.70	1,959.99
Total Exports	30,809.58	31,439.93

Export of Textile Machinery as stated above includes exports worth ₹4,188.59 Lakhs made to the 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 12 new patents and 2 Industrial Designs.

## AWARDS

During the year 2020-21 the Company has received the following Awards:

1. TMMA – Best R&D Award for the product “Draw Frame LDB 3”
2. CII Industrial innovation awards 2020 under the category “Top 25 innovative company”
3. CII Industrial innovation awards 2020 under the category “Most innovative company”

## 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 ₹8,142.76 Lakhs as against ₹1,909.61 Lakhs achieved during the previous year. During the year the Company has incurred a Net Loss of ₹309.45 Lakhs as against a Net Loss of ₹1,618.51 Lakhs during the previous year.

### II. LMW AEROSPACE INDUSTRIES LIMITED

The Company was incorporated on 16<sup>th</sup> March, 2021 and the capital was subscribed during April 2021. As on date the Company is yet to commence operations.

The consolidated Financial Statements incorporating the Financial Statements of the wholly owned subsidiary company LMWTMSCL is 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 the wholly owned subsidiary is posted in the Company's website [www.lmwglobal.com](http://www.lmwglobal.com).

Besides the above, 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](http://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 the 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:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- Have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- 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;
- Have prepared the annual accounts on a going concern basis;
- 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
- 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 31<sup>st</sup> March, 2021, 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 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 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. The Nomination and Remuneration Policy is available at the Company's website [www.lmwglobal.com](http://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 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 Statutory Auditors (appearing elsewhere in this Annual Report) and that of the Secretarial Auditors (annexed hereto as Annexure 1) are self-explanatory having no adverse comments. Further, the Secretarial Compliance Report for the year ended 31<sup>st</sup> March, 2021 issued by the Practising Company Secretary pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has been filed with BSE Limited and the National Stock Exchange of India Limited. A copy of the same is available on the Company's website: www.lmwglobal.com. There were no instances of fraud reported by the Auditors to the Central Government or to the Audit Committee of the Company as indicated under the provisions of Section 143 (12) of the Companies Act, 2013.

## 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.

## 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 ₹40 Lakhs has been invested during 2020-21 for replacing 400/250-watt mercury vapour/fluorescent lamps with 120/100 watt LED lighting.

## 10. Particulars of Contracts with Related Parties

All the transactions of the Company with related parties are at arms' length and have taken place in the ordinary course of business. None of the transaction with related parties are material transactions. Since there are no transactions that are not in arms' length and material in nature, disclosure under AOC 2 does not arise. A copy of the Related Party Transaction Policy is available at the Company's website www.lmwglobal.com.

## 11. Material Changes

Company has subscribed to 25,00,000 equity shares of ₹10 each amounting to ₹2,50,00,000 (Rupees Two Crores Fifty Lakhs only) in its wholly owned subsidiary company, LMW Aerospace Industries Limited during April 2021. Also, the Company's Board at its meeting held on 24<sup>th</sup> May, 2021 has approved a Scheme of Arrangement with LMW Aerospace Industries Limited ("LMWASIL") for demerger of the business undertaking of Advanced Technology Centre ("ATC") into LMWASIL. Besides this, there are no material changes or commitments after closure of the financial year till the date of this report.

## 12. Conservation of Energy, Technology Absorption & Foreign Exchange

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

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

### (B1) Technology Absorption – Textile Machinery Division

(i) Efforts made towards technology absorption;	Technical guest lectures in various subjects and specializations / 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):	
a) the details of technology imported;	Nil
b) the year of import;	
c) whether the technology has been fully absorbed;	
d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	
(iv) Expenditure incurred on Research and Development	Capital Expenditure : ₹92.39 Lakhs Revenue Expenditure : ₹1,944.54 Lakhs Total Expenditure : ₹2,036.93 Lakhs

### (B2) 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: Rigidity improvement in Turning Centre. Development / upgrade in product range to bridge product gap and to redress / address customers requirements.  New Products under development: New products are being developed in the product verticals/ variants such as CNC Turning Centre, Horizontal Machine Centre, Vertical Machine Centre, Drilling Tapping Centre and also in sub-system.
(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):	
a) the details of technology imported;	Nil
b) the year of import;	
c) whether the technology has been fully absorbed;	
d) if not fully absorbed, areas where absorption has not taken place, and the reason thereof;	

Contd..

(iv) Expenditure incurred on Research and Development	Capital Expenditure : Nil Revenue Expenditure : ₹275.07 Lakhs Total Expenditure : ₹275.07 Lakhs
---	---

### **(B3) Technology Absorption – Foundry Division**

(i) Efforts made towards technology absorption;	Technical guest lectures on various subjects and specializations / skill building exercises.
(ii) Benefits derived like product improvement, cost reduction, product development or import substitution;	Implementation of GREENCO Practices. As a part of the process, initiatives are carried out for better energy efficiency, water conservation, use of renewable energy, reduction of greenhouse gas emission, material conservation, waste management, green supply chain, life cycle assessment for our foundry units.
(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):	
a) the details of technology imported;	Nil
b) the year of import;	
c) whether the technology has been fully absorbed;	
d) if not fully absorbed, areas where absorption has not taken place, and the reason thereof;	
(iv) Expenditure incurred on Research and Development	Nil

### **(B4) Technology Absorption – Advanced Technology Centre**

(i) Efforts made towards technology absorption;	Technical guest lectures on various subjects and specializations / skill building exercises.
(ii) Benefits derived like product improvement, cost reduction, product development or import substitution;	Manufacture/development of components and sub-assemblies using metal/composite materials.
(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):	
a) the details of technology imported;	Nil
b) the year of import;	
c) whether the technology has been fully absorbed;	
d) if not fully absorbed, areas where absorption has not taken place, and the reason thereof;	
(iv) Expenditure incurred on Research and Development	Nil

### **FOREIGN EXCHANGE OUTGO AND EARNINGS:**

(₹ in Lakhs)

Foreign Exchange Earned	30,977.88
Foreign Exchange Used	13,777.09



### 13. 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.

### 14. 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](http://www.lmwglobal.com). A report in the prescribed format detailing the CSR expenditure for the year 2020-21 is attached herewith as Annexure 2 and forms a part of this report.

### 16. Additional Information

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

(i)	The Financial summary or highlights	The financial highlights including State of Affairs of the Company, Dividend and Reserve have been provided elsewhere in this report.
(ii)	The change in the nature of business, if any	There is no change in the business line of the Company.
(iii)	The details of Directors or Key Managerial Personnel who were appointed or have resigned during the year	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	LMW Aerospace Industries Limited was incorporated on 16 <sup>th</sup> March, 2021. However the capital was subscribed to during April 2021 and as on date the Company is yet to commence operations.
(v)	The details relating to deposits, covered under Chapter V of the Act	The Company has not accepted any amount which falls under the purview of Chapter V of the Act.
(vi)	The details of deposits which are not in compliance with the requirements of Chapter V of the Act.	Not Applicable
(vii)	The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future	Nil

*Contd..*

### 15. 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 5<sup>th</sup> 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 27<sup>th</sup> January, 2021. The results from this evaluation process has been communicated to the Chairman of the Board of Directors.

(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.

## 17. Directors:

Sri K Soundhar Rajhan (DIN: 07594186), 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.

During the year under review, consequent to issue of fresh nomination by Life Insurance Corporation of India ("LIC"), Sri Anil Gupta (DIN: 08446779), was replaced by Sri T.C Suseel Kumar (DIN: 06453310) as the new Nominee Director of LIC on the Board of the Company with effect from 27<sup>th</sup> January, 2021.

The tenure of Sri Arun Alagappan (DIN:00291361) as an Independent Director of the Company expires on 25<sup>th</sup> October, 2021. On perusal of various factors including the performance evaluation carried out, the Board of Directors at their meeting held on 24<sup>th</sup> May 2021 have recommended the reappointment of Sri Arun Alagappan in the forthcoming Annual General Meeting as an Independent Director for a second term of five consecutive years commencing from close of business hours of 25<sup>th</sup> October, 2021.

Further, the tenure of Sri Sanjay Jayavarthanavelu (DIN: 00004505) as a Managing Director of the Company expires on 31<sup>st</sup> March, 2022. On perusal of various factors including but not limited to the number of years association with the organization, expertise possessed, outcome of the performance evaluation, the Board of Directors at their

meeting held on 24<sup>th</sup> May, 2021 have recommended the re-appointment of Sri Sanjay Jayavarthanavelu as Managing Director for another term of 5 years in the forthcoming Annual General Meeting.

Notice of candidature under Section 160 for the re-appointment of Sri Arun Alagappan (DIN:00291361) has been received by the Company from a Shareholder.

## 18. 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 Venkatraman  
(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](http://www.lmwglobal.com). During the year under review, there were no complaints received under this mechanism.

## 19. 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.

## 20. Listing of Shares

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

Limited, Mumbai. Applicable listing fees have been paid up to date. The shares of the Company have not been suspended from trading at any time during the year by the concerned Stock Exchanges.

## 21. Overall Maximum Remuneration

Particulars pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

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

Director	Category	Ratio
Sri Sanjay Jayavarthanavelu	Executive - Chairman and Managing Director	91.87
Sri S Pathy	Non-Executive - Non-Independent	1.37
Sri Aditya Himatsingka	Non-Executive – Independent	1.37
Dr Mukund Govind Rajan	Non-Executive – Independent	1.37
Sri Anil Gupta/ Sri T C Suseel Kumar <sup>1</sup>	Non-Executive - Non-Independent, Nominee of LIC	1.37
Justice (Smt) Chitra Venkataraman (Retd)	Non-Executive – Independent (Woman)	1.37
Sri Arun Alagappan	Non-Executive – Independent	1.37
Sri K Soundhar Rajhan	Executive- Non-Independent	23.42

**Note:** Sitting fees paid to the Directors has not been considered as remuneration.

<sup>1</sup>Amount paid to Life Insurance Corporation of India (LIC). LIC replaced the nomination of Sri Anil Gupta as the nominee Director of LIC with that of Sri T C Suseel Kumar with effect from 27<sup>th</sup> January, 2021.

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

Director	Category	% increase
Sri Sanjay Jayavarthanavelu	Executive - Chairman and Managing Director	53.71
Sri S Pathy	Non-Executive - Non-Independent	Nil
Sri Aditya Himatsingka	Non-Executive – Independent	Nil
Dr Mukund Govind Rajan	Non-Executive – Independent	Nil
Sri Anil Gupta / Sri T C Suseel Kumar <sup>1</sup>	Non-Executive - Non-Independent, Nominee of LIC	Nil
Justice (Smt) Chitra Venkataraman (Retd)	Non-Executive - Independent (Woman)	Nil
Sri Arun Alagappan	Non-Executive – Independent	Nil
Sri K Soundhar Rajhan	Executive Non-Independent	-7.82

*Contd..*

Director	Category	% increase
<b>Key Managerial Personnel</b>	<b>Category</b>	
Sri V Senthil	Chief Financial Officer	-19.51
Sri C R Shivkumaran	Company Secretary	-32.58

<sup>1</sup>Amount paid to Life Insurance Corporation of India.

**Note:** For this purpose, Sitting Fees paid to the Directors has not been considered as remuneration. The remuneration details are for the year 2020-21 (Previous Year: 2019-20).

- c) The Percentage decrease in the median remuneration of employees in the financial year 13.61% in average percentile of salary of employees other than managerial personnel is 1.08% as against increase in percentile of managerial remuneration of 35.36% on account of commission increase which is based on performance of the Company.
- d) The number of permanent employees on the rolls of company: 2,888
- e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial Remuneration: Decrease
- 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<sup>1,2</sup>

Name (Age in Years)	Designation	Gross Remuneration paid (in ₹)	Qualification	Date of Commencement of employment (experience in years)	Previous Employment
Sri Sanjay Jayavarthanavelu (52 Years)	Chairman and Managing Director	5,01,61,956	MBA.,	3 <sup>rd</sup> June, 1994 (26 Years)	-
Sri K Soundhar Rajhan (72 Years)	Director – Operations	1,27,84,304	B.Sc.,	9 <sup>th</sup> July, 1973 (47 Years)	The Kovilpatti Lakshmi Roller Flour Mills Limited

<sup>1</sup> Employment is contractual. The remuneration includes Company's contribution to provident fund, gratuity and perquisites.

<sup>2</sup> The remuneration details are for the financial year 2020-21 and all other particulars are as on 31<sup>st</sup> March, 2021. 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: Employed for full year** <sup>1, 2, 3 & 4</sup>

Name (Age in Years)	Designation	Gross Remuneration paid (in ₹)	Qualification	Date of Commencement of employment (experience in years)	Previous Employment
Sreeramachandra Murthy Kaza (54 Years)	President – MTD	61,73,070	B Tech., M Tech., PG Diploma.,	14 <sup>th</sup> February, 2019 (2 Years)	Elgi Equipments Limited
Sankar M (63 Years)	President – TMD	61,47,624	B. Tech.,	21 <sup>st</sup> August, 1985 (35 Years)	Star Marketing Services Limited
Krishna Kumar N (63 Years)	Senior Vice President – TQM	55,22,037	B.E., M.E.,	1 <sup>st</sup> July, 1983 (37 Years)	-
Venugopal V (63 Years)	Senior Vice President Foundry	53,48,434	BE., ME., MBA., MS.,	5 <sup>th</sup> August, 1981 (39 Years)	-
Senthil V <sup>2</sup> (42 Years)	Chief Financial Officer	38,02,325	B.Com., ACA.,	23 <sup>rd</sup> January, 2015 (6 Years)	LMW Textile Machinery (Suzhou) Company Limited
Indraneel Bhattacharya (56 Years)	Vice President – MTD – Marketing & Sales	34,32,705	DME.,	8 <sup>th</sup> February, 1993 (28 Years)	Batliboi & Company Limited
Harikrishna R (51 Years)	Vice President -IT	33,56,404	BE.,	19 <sup>th</sup> August, 2019 (1 Year)	Tata Projects Limited
Arunachalam C (56 Years)	Vice President – TMD Global Sales	32,98,206	B. Tech., MBA.	3 <sup>rd</sup> February, 1992 (29 Years)	J K Synthetics Limited
Sridhar S (60 Years)	Vice President – ATC	32,88,810	BE.,	2 <sup>nd</sup> December, 2019 (1 Year)	Vikram Sarabhai Space Centre
Ananthan P (52 Years)	Vice President – SCM	32,44,242	BE.,	17 <sup>th</sup> August, 1989 (31 Years)	-

Notes for Table 2:

<sup>1</sup>The remuneration includes Company's contribution to provident fund, gratuity and perquisites.

<sup>2</sup>Except Sri V Senthil, Chief Financial Officer who is a relative (daughter's husband) of Sri K Soundhar Rajhan, Director Operations, no other employee is a relative (in terms of the Companies Act, 2013) of any other Director of the Company.

<sup>3</sup>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.

<sup>4</sup>The remuneration details are for the financial year 2020-21 and all other particulars are as on 31<sup>st</sup> March, 2021.



## 22. Corporate Governance:

As per Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on Corporate Governance practices followed by the Company is provided elsewhere in this Report. A 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 3 and forms a part of the report.

## 23. Auditors

### Statutory Auditors

M/s S Krishnamoorthy & Co. Chartered Accountants, (FRN:001496S) with Sri K Raghu as signing partner were appointed as Statutory Auditors of the Company from the financial year 2016-17 at the Annual General Meeting (“AGM”) held during 2016 for a term of five financial years commencing from 2016-17 and until 2020-21. Considering the performance and experience of M/s S Krishnamoorthy & Co, a resolution for re-appointing M/s. S Krishnamoorthy & Co, Chartered Accountants, as Statutory Auditors, with Sri K Raghu and / or Sri B Krishnamoorthi as signing partner(s) for a second term of five financial years has been proposed by the Board of Directors on the recommendation of the Audit Committee and the said appointment 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 2021-22. 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 M/s MDS & Associates, Coimbatore, Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2021-22.

## 24. 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 4 and forms a part of the Annual Report.

## 25. Compliance with Secretarial Standards

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

## 26. Acknowledgments

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 Jayavarthanelu**

Date : 24<sup>th</sup> May, 2021      Chairman and Managing Director  
Place : Coimbatore      (DIN : 00004505)

# Annexure 1

## FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2021

[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 **31<sup>st</sup> March 2021**, 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 31<sup>st</sup> March 2021 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.

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) Regulations, 2014;
- c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

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 Company has amended Clause III (Objects Clause) of the Memorandum of Association vide Special Resolution passed by the members through Postal Ballot on 4<sup>th</sup> March 2021 in compliance with the provisions of the Act.

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.
- Merger / amalgamation / reconstruction etc.
- Foreign technical collaborations.

**M D SELVARAJ**

MDS & Associates

Company Secretaries

FCS No.: 960; C P No.: 411

UDIN: -F000960C000338979

Peer Review No. 985/2020

Date : 24<sup>th</sup> May, 2021

Place : Coimbatore

*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.

Place : Coimbatore  
Date : 24<sup>th</sup> May, 2021

**M D SELVARAJ**  
MDS & Associates  
Company Secretaries  
FCS No.: 960; C P No.: 411  
UDIN: F000960C000338979  
Peer Review No. 985/2020



## Annexure 2

# Annual Report on Corporate Social Responsibility ("CSR") Activities for the Financial Year ended 31<sup>st</sup> March, 2021

### 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 12<sup>th</sup> 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	1

### 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](http://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.

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)

₹22,115.76 Lakhs

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

₹442.32 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)

₹442.32 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
4,50,15,795			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	
				State	District					Direct (Yes/No)	Name	CSR Registration number

NIL

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

1 Sl. No.	2 Name of the Project	3 Item from the list of activities in Schedule VII to the Act	4 Local area (Yes/No)	5 Location of the project		6 Amount spent for the project (in ₹)	7 Mode of Implementation (Yes/No)	8 Mode of Implementation - Through Implementing Agency
				State	District			
1	Education, environment, health & poverty alleviation projects	i, ii, iv	Yes	Tamil Nadu	Coimbatore	2,95,97,000	No	GKD Charity Trust CSR000000271
2	Inteegrated village development project	x	Yes	Tamil Nadu	Coimbatore	75,00,000	No	GKD Charity Trust CSR000000271
3	Spine surgery & rehabilitation programme in association with Ganga Hospital	i	Yes	Tamil Nadu	Coimbatore	25,00,000	No	GKD Charity Trust CSR000000271
4	Support programmes for COVID-19 pandemic relief	i	Yes	Tamil Nadu	Coimbatore	20,74,780	Yes	NA
5	Medical treatment for sickle cell anemia project (NAWA Trust)	i	Yes	Tamil Nadu	Coimbatore	20,00,000	No	GKD Charity Trust CSR000000271
6	Infrastructure development project at Bhavani (TNPCCB project)	ii	No	Tamil Nadu	Erode	10,00,000	No	GKD Charity Trust CSR000000271
7	Nutrition program for children	i	Yes	Tamil Nadu	Coimbatore	3,00,000	No	GKD Charity Trust CSR000000271
8	UYIR road safety project	ii	Yes	Tamil Nadu	Coimbatore	28,320	No	Uyir Trust CSR Registration Number is yet to be obtained.
9	Perianaickenpalayam railway station maintenance	x	Yes	Tamil Nadu	Coimbatore	15,695	Yes	NA
Total						4,50,15,795		

- 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)  
₹450.16 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)	442.32
(ii)	Total amount spent for the Financial Year	450.16
(iii)	Excess amount spent for the financial year [(ii)-(i)]	7.84
(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	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

Place : Coimbatore

Date : 24<sup>th</sup> May, 2021

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

## Annexure 3

### 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 31<sup>st</sup> March, 2021, as specified in 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 the 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

**K. Raghu**  
Partner,  
Membership No. 11178  
UDIN: 21011178AAAAFK3485

Date: 24<sup>th</sup> May, 2021  
Place: Coimbatore



## Annexure 4

# BUSINESS RESPONSIBILITY REPORT 2020-21

### 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: 2020-21
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 (2020-21)

Sl No	Particulars	Unit of Measure	Details
1	Paid up capital	(₹ Lakhs)	1,068.30
2	Total Turnover	(₹ Lakhs)	1,63,888.58
3	Total Profit after Taxes	(₹ Lakhs)	4,746.01
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 2020-21 has spent an amount of ₹4.50 Crores on CSR which is 9.48% of Profit after Tax.
5	List of activities in which expenditure as per point 4 above has been incurred		Refer Annexure 2 to Directors' Report

## Section C: Other Details

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

Yes. Lakshmi Machine Works Limited ("LMW") has a wholly owned subsidiary company, namely, LMW Textile Machinery (Suzhou) Company Limited ("LMWTMSCL") located at Suzhou, Jiangsu Province, China. Also, during April 2021, LMW has subscribed to the entire equity share capital of LMW Aerospace Industries Limited ("LMWASIL") thereupon LMWASIL has become a wholly owned subsidiary of LMW. LMWASIL is located at Coimbatore, Tamil Nadu, India.

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)

Incorporated and located as per local laws of People's Republic of China, LMWTMSCL does not participate in the BR initiatives of LMW. On the other hand, LMWASIL is yet to commence operations.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

The Company encourages its suppliers, customers and other stakeholders to support various initiatives taken by the Company towards its business responsibility.

## Section D: BR Information

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

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

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

(b) Details of the BR head:

1. DIN : Not Applicable
2. Name : Sri 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](http://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.

Sr. No.	Questions	P1: Ethics and Transparency	P2: Sustainable Products	P3: Well-being of employees	P4: Responsiveness to Stakeholders	P5: Respect Human Rights	P6: Environmental Responsibility	P7: Public policy advocacy	P8: Support inclusive growth	P9: Engagement with Customers
1.	Do you have a policy / policies for.	Y	Y	Y	Y	Y	Y	N Note 1	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.								

Contd..

Sr. No.	Questions	P1: Ethics and Transparency	P2: Sustainable Products	P3: Well-being of employees	P4: Responsiveness to Stakeholders	P5: Respect Human Rights	P6: Environmental Responsibility	P7: Public policy advocacy	P8: Support inclusive growth	P9: Engagement with Customers
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	-	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	-	Y	Y

**Notes:**

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

**Note 2:** There is no separate policy but is included in the Company’s CSR and Sustainability policy.

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

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

**Note 5:** All Business Responsibility Report related policies are available on the Company’s website [www.lmwglobal.com](http://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.

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 1,473 complaints of which 1,335 have been resolved and the balance of 138 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.

Sr. No	Product	Social/Environmental Benefits
1.	Card Drafting System – CDS	Reduces raw material consumption which results in lesser carbon footprint
2.	Lap Former LH 20 S	Lesser floor space which in turn reduces raw material consumption and results in lesser carbon footprint
3.	Draw Frame LDF3 S	Reduction in raw material wastage

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

**Energy conservation**

- Enhancement of machinery efficiency results in reduction of Raw Material usage/wastage and also reduces consumption of electricity while being operational.

**Section E: Principle-wise performance**

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

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

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

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

### **Pollution control**

Initiatives aimed at reduction of carbon foot-print are:

- Product design with lesser use of parts and no castings.
  - Avoidance of polluting paints/surface coating.
3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Sourcing of input material for the product and 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/non-degrading packing. The Company has also reduced the transportation cost over the years by consolidating shipments thereby reducing consumption of fossil fuels.

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

The Company as a policy ensures localization of 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 of the Company.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of

products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

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

The Company has 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 waste water in all the units of LMW. The hazardous process related units at LMW are equipped with ETP facilities to treat effluents. The Company maintains Zero Liquid Discharge (ZLD) status with two stage RO plant to recycle factory effluents. The recycled water is used for process and toilet flushing. 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 300 neem tree saplings have been planted inside factory premises to improve the green belt area inside the Company.

**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 recycle through government authorized certified vendors.

**Other waste:** 100% of MS scrap and cast-iron scrap from manufacturing process is recycled through briquetting and shredding and is being sent to foundry for melting. 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 630 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: 2,888
2. Please indicate the total number of employees hired on temporary/contractual/casual basis: 3,712



3. Please indicate the number of permanent women employees: 53
4. Please indicate the number of permanent employees with disabilities: 3
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? 46%.
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 employing persons below 18 years of age
2	Sexual Harassment*	Nil	Nil
3	Discriminatory Employment	Nil	Nil

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

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

Sl. No	Category	Percentage	
		Safety	Skill
A.	Permanent Employees		
	Workmen	66%	63%
	Staff	12%	64%

Sl. No	Category	Percentage	
		Safety	Skill
B.	Permanent Women Employees	34%	46%
C.	Casual/Temporary/ Contractual Employees	71%	67%
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 cover 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.

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 and energy. The energy saved in the year 2020-21 is around 2.50 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. During the year 2019 the Company had inaugurated a 10 MW Solar Power Generation Plant at Kondampatti, Coimbatore. The Company has already 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](http://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) Neighborhood 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 Ganga Medical Centre & Ganga Spine Injury & Rehabilitation Center, Coimbatore to support for 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 the treatment of 11 patients during year 2020-21.

**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 locations 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 were 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 258 persons with Sickle Cell traits were identified and supported through this project during the year 2020-21.

#### 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 the Seva Bharathi Trust in its efforts to provide meals to the needy. About 13 tons of rice and 4 tons of cooking oil worth ₹10 Lakhs were provided to the said Trust in this regard. Similarly, about 16 tons of rice and about 6 tons of wheat flour worth ₹7.80 Lakhs were handed over to the Coimbatore District Collector and to the local government bodies as a part of the relief work. Further, 60 cots and mattress worth ₹2.95 Lakhs were handed over to the Coimbatore District Collector as the Company's contribution towards the Government's efforts at establishing a COVID-19 Care Centre at Codissia Hall located in Coimbatore.

### II) Rural infrastructure development:

#### 1) Perianaickenpalayam Railway Station Maintenance:

LMW under its CSR initiative maintains the Perianaickenpalayam Railway Station. The station was renovated by LMW during the year 2017 and the station

was dedicated to the nation on 2<sup>nd</sup> July, 2017. This project benefits more than 500 passengers daily.

### III) Village development program:

#### 1) Solar street lights:

To improve basic facilities in tribal villages of Anaikatti Hills & Mavuthampathi Panchayat and to promote usage of green energy, 55 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, seven income generation training programs were conducted in Gopanari, Koravangandi, Tholampalayam, Manguli, Perumpathi, Kudiyur villages. Agroforestry based tree plantation was promoted in 15 farm lands located in Gopanari, Alangandi Pudhur, Kovanur and Palamalai villages through which 580 tree saplings were planted. 18 mushroom cultivation sheds were constructed to enhance the mushroom production capability by the people trained by LMW.

LMW has actively assisted the villagers in their efforts to obtain available benefit/subsidy from the Animal Husbandry Department. Through this assistance, 219 persons residing in the villages of Anaikatti & Tholampalayam panchayats benefited.

#### 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 29 such camps have been conducted.

#### 4) Tree plantation:

250 shade & timber tree saplings were planted in the bunds of the Poongothai Amman percolation pond & Annan Thambi percolation pond located in Kovanur village.

#### IV) Education:

1) Anganwadi construction:

LMW has contributed ₹10 Lakhs towards the construction of an Anganwadi building at Salangapalayam village of Bhavani taluk of Erode district.

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 Institution, wherever applicable/necessary.

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

Yes, the Company has conducted impact assessment of its CSR Initiatives. Dedicated resources are deployed to understand the effectiveness and the impact 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 2 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 is 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 9.37 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. If so, provide details thereof, in about 50 words or so.

Nil.

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

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

By order of the Board

**Sanjay Jayavarthanelu**

Date : 24<sup>th</sup> May, 2021 Chairman and Managing Director

Place : Coimbatore (DIN : 00004505)

# Corporate Governance Report

In compliance with Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

## 1. PHILOSOPHY ON CODE OF GOVERNANCE:

LMW's corporate vision is to ensure a sustainable business that delights the customer, thrives to maintain the market leadership and at the same time enhances 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 allow 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. At Lakshmi Machine Works Limited ("Company"), details on composition of the Board, category of Directorship, attendance at the Meetings of the Company alongwith information on other Directorship details of the Directors on the Board of the Company as on 31<sup>st</sup> March, 2021:

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 the date of this Report, 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 number of other directorship 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 in Lakshmi Machine Works Limited	Attendance Particulars <sup>1</sup>		Directorship in other Indian Companies (Public + Private + Section 8)	Membership in Committees <sup>2</sup>			Names of other Listed Companies in which Directors hold Directorship	Designation in such other Listed Companies
		Board Meeting	AGM		Chairman	Member			
Sri Sanjay Jayavarthanavelu 00004505, Chairman and Managing Director	Promoter - Executive and non - Independent	4	Yes	10	1	1	1	The Lakshmi Mills Company Limited Carborundum Universal Limited Lakshmi Electrical Control Systems Limited	Promoter Group Member, non-Executive and non-Independent Director Non-Executive and Independent Director Non-Executive and non-Independent Director
Sri S Pathy 00013899, Director	Promoter Group Member - non-Executive and non - Independent	4	Yes	9	-	1	1	Super Sales India Limited The Lakshmi Mills Company Limited Lakshmi Automatic Loom Works Limited	Promoter, Chairman, non-Executive and non-Independent Director Promoter, Chairman and Managing Director (Executive) Promoter, Chairman, non-Executive and non-Independent Director
Sri Aditya Himatsingka 00138970, Director	Non-Executive and Independent	3	Yes	-	1	1	1	Nil	Nil
Dr Mukund Govind Rajan 00141258, Director	Non-Executive and Independent	4	Yes	3	1	-	-	Nil	Nil
Justice Smt Chitra Venkataraman (Retd.), 07044099, Director	Non-Executive, Independent (Woman)	4	Yes	2	-	-	5	The Ramco Cements Limited Ramco Industries Limited	Non-Executive and Independent Director Non-Executive and Independent Director
Sri Anil Gupta (upto 27 <sup>th</sup> January, 2021) 08446779, Nominee Director	Non-Executive and non-Independent	3	Yes	-	-	-	-	Nil	Nil
Sri T C Suseel Kumar (from 27 <sup>th</sup> January, 2021) 06453310, Nominee Director	Non-Executive and non-Independent	1	NA	2	1	1	1	BSE Limited Axis Bank Limited	Nominee Director Shareholder Director
Sri Arun Alagappan 00291361, Director	Non-Executive and Independent	3	Yes	7	-	-	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	-	-	-	Nil	Nil

<sup>1</sup> Board Meetings were held on 25<sup>th</sup> May, 2020, 24<sup>th</sup> July, 2020, 26<sup>th</sup> October, 2020 and 27<sup>th</sup> January, 2021. Annual General Meeting was held on 24<sup>th</sup> July, 2020.

<sup>2</sup> 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. Chairman of a Committee is also a Member in the said Committee.

During the year under review, Life Insurance Corporation of India (LIC) nominated Sri T C Suseel Kumar replacing Sri Anil Gupta as its Nominee on the Board of the Company. Sri Anil Gupta did not attend the Board Meeting held on 27<sup>th</sup> January, 2021.

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

Four Meetings of the Board of Directors were held during the Financial Year 2020-21 and the meetings were held on 25<sup>th</sup> May, 2020, 24<sup>th</sup> July, 2020, 26<sup>th</sup> October, 2020 and 27<sup>th</sup> January, 2021.

In addition to the above, a separate meeting of the Independent Directors of the Company was held on 27<sup>th</sup> January, 2021 in which all the Independent Directors of the Company except Sri Aditya Himatsingka had attended.

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

None of the Directors are related to each other.

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

<b>Sl. No</b>	<b>Name of the Director</b>	<b>Number of equity shares held as on 31<sup>st</sup> March, 2021</b>
1.	Sri S Pathy	1,420
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](http://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:

<b>Leadership</b>		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.
<b>Board Service, Legal and Governance</b>		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.
<b>Business Strategy</b>		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).
<b>Technology &amp; Innovation</b>		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 purposes and its suitability for the Company.
<b>Financial</b>		Experience in supervising the principal financial officer or person having similar nature of function. Having the ability to read and understand financial statements. Management of financial function of the organization resulting in proficiency in Financial management / reporting / processes.
<b>Sales and Marketing</b>		Experience in driving / heading sales and marketing, resulting in better management of sales, increase organization reputation and build brand reputation.
<b>Human Resources</b>		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.

Board Qualifications							
Name of the Director	Area of Expertise						
Sri Sanjay Jayavarthanelu							
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. However, following changes were carried out in the composition of the Board.

Upon receipt of request from Life Insurance Corporation of India for change of Nominee Director on the Board of the Company, Sri. T.C Suseel Kumar was appointed as Nominee Director in the place of Sri. Anil Gupta with the approval of the Board on 27<sup>th</sup> January, 2021.

### 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 25<sup>th</sup> May, 2020, 24<sup>th</sup> July, 2020, 26<sup>th</sup> October, 2020 and 27<sup>th</sup> January, 2021.

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

Name of the Member	Date and attendance at meetings			
	25 <sup>th</sup> May, 2020	24 <sup>th</sup> July, 2020	26 <sup>th</sup> October, 2020	27 <sup>th</sup> January, 2021
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 24<sup>th</sup> July, 2020.

### 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 three times during the financial year under review on 25<sup>th</sup> May, 2020, 24<sup>th</sup> July, 2020 and 27<sup>th</sup> January, 2021. 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		
	25 <sup>th</sup> May, 2020	24 <sup>th</sup> July, 2020	27 <sup>th</sup> January, 2021
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 24<sup>th</sup> July, 2020.

#### Board Performance evaluation:

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

Based on the parameters suggested, the Nomination and Remuneration Committee has adopted suitable criteria to evaluate the Independent Directors, 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 23<sup>rd</sup> July, 2018, is paid in the aggregate for all non-Executive Directors upto 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](http://www.lmwglobal.com).

Remuneration of Directors for the year ended 31<sup>st</sup> March, 2021 is as follows:

(Amount in ₹)

Name	Salary <sup>1</sup>	Perquisites <sup>1</sup>	Sitting fee	Commission <sup>1</sup>	Others	Total
Sri Sanjay Jayavarthanelu	1,37,72,653	24,00,000	-	3,18,83,303	21,06,000	5,01,61,956
Sri S Pathy	-	-	6,00,000	7,50,000	-	13,50,000
Sri Aditya Himatsingka	-	-	4,50,000	7,50,000	-	12,00,000
Dr Mukund Govind Rajan	-	-	6,00,000	7,50,000	-	13,50,000
Justice Smt Chitra Venkataraman (Retd.)	-	-	7,00,000	7,50,000	-	14,50,000
Sri Anil Gupta / Sri T C Suseel Kumar (Nominee Director of LIC) <sup>2</sup>	-	-	2,00,000	7,50,000	-	9,50,000
Sri Arun Alagappan	-	-	2,50,000	7,50,000	-	10,00,000
Sri K Soundhar Rajhan	94,87,653	18,22,851	-	-	14,73,800	1,27,84,304

1 Commission paid to Sri Sanjay Jayavarthanelu is variable while salary and perquisites are fixed. For other non-Executive Directors Commission is variable.

2 Paid to Life Insurance Corporation of India (LIC). Sri Anil Gupta was replaced by Sri T C Suseel Kumar with effect from 27<sup>th</sup> January, 2021 as Nominee Director of LIC on the Board.

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, no complaints were received from the Shareholders. Hence, no complaint /query is remaining unresolved & pending as on 31<sup>st</sup> March, 2021.

The Committee met twice during the year under review on 24<sup>th</sup> July, 2020, and 27<sup>th</sup> January, 2021. The composition of the Stakeholders Relationship Committee and the details of attendance of members are as follows:



Name of the Member	Date and attendance at meetings	
	24 <sup>th</sup> July, 2020	27 <sup>th</sup> January, 2021
Sri Aditya Himatsingka (Chairman)		
Sri S Pathy (Member)		
Justice Smt Chitra Venkataraman (Retd.) (Member)		

The Chairman of the Stakeholders Relationship Committee was present during the Annual General Meeting held on 24<sup>th</sup> July, 2020.

#### 7. SHARES AND DEBENTURES COMMITTEE:

The Shares and Debentures Committee consists of the members of the Board, Company Secretary and nominees of Share Transfer Agents. As on date of this Report there are 7 members in the Committee. This Committee reviews and approves transfers, transmission, split, consolidation, issue of duplicate share certificate, recording change of name, transposition of names, etc., in equity shares of the Company. Shareholder requests on the above matters are being processed and certificates returned to them within the prescribed time. The Committee had met 3 times 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 consists of the following members:

1. Sri Sanjay Jayavarthanelu, Chairman and Managing Director
2. Sri Aditya Himatsingka, Independent Director

3. Sri K Soundhar Rajhan, Director - Operations

4. Sri V Senthil - Chief Financial Officer

5. Sri S Rajasekaran - Vice President - TMD R&D






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

The Committee met once during the year under review, on 27<sup>th</sup> January, 2021. Except for Sri Aditya Himatsingka all other members attended the meeting.

#### 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 two times during the year under review on 25<sup>th</sup> May, 2020 and 26<sup>th</sup> October, 2020. The composition of the Corporate Social Responsibility Committee and the details of attendance of members are as follows:

Name of the Member	25 <sup>th</sup> May, 2020	26 <sup>th</sup> October, 2020
Sri Sanjay Jayavarthanelu - (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:

AGM	Venue	Day	Date	Time (IST)
AGM	Mani Higher Secondary School (Nani Kalai Arangam) Pappanaickenpalayam Coimbatore-641037	Monday	23 <sup>rd</sup> July, 2018	03.30 P.M.
AGM	-do-	Monday	22 <sup>nd</sup> July, 2019	03.30 P.M.
AGM	via Video Conference from "Lakshmi", No. 34A, Kamaraj Road, Coimbatore - 641018	Friday	24 <sup>th</sup> July, 2020	02:45 P.M.

### Details of special resolutions passed in the AGM:

AGM Date	Particulars of Resolution
23 <sup>rd</sup> July, 2018	Nil
22 <sup>nd</sup> July, 2019	<ol style="list-style-type: none"><li>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.</li><li>Re-appointment of Sri Aditya Himatsingka (DIN: 00138970) as an Independent Director.</li><li>Re-appointment of Dr Mukund Govind Rajan (DIN: 00141258) as an Independent Director.</li><li>Re-appointment of Justice Smt Chitra Venkataraman (Retd.,) (DIN:07044099) as an Independent Woman Director.</li></ol>
24 <sup>th</sup> July, 2020	<ol style="list-style-type: none"><li>Re-appointment of Sri K Soundhar Rajhan (DIN: 07594186) as Whole-time Director (Designated as Director – Operations) of the Company.</li><li>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.</li><li>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.</li></ol>

## 11. POSTAL BALLOT:

The Company has approached the Shareholders during the year under review through Postal Ballot.

The details of Resolution passed through Postal Ballot last year and the voting pattern for the said Resolution is disclosed as under:

Date of Postal Ballot Notice: 27 <sup>th</sup> January, 2021							
Cut-off date: 29 <sup>th</sup> January, 2021			Voting Period for Postal Ballot (E-Voting) 03 <sup>rd</sup> February, 2021 to 04 <sup>th</sup> March, 2021				
Date of approval: 04 <sup>th</sup> March, 2021			Date of declaration of results: 05 <sup>th</sup> March, 2021				
Resolution Particulars	Type of Resolution	No. Of votes polled	Votes cast in favour		Votes cast against		Invalid Votes cast
			No of Votes	%	No of Votes	%	No of Votes
Approval for amendment to the Objects Clause of the Memorandum of Association of the Company pursuant to Section 13 of the Companies Act, 2013	Special	73,81,226	73,81,130	99.99	96	0.00	Nil

Sri M D Selvaraj, FCS of MDS & Associates, Company Secretary, Coimbatore, was appointed as the Scrutinizer for carrying on the Postal Ballot process in a fair and transparent manner.

#### Procedure for Postal Ballot:

In view of COVID-19 pandemic, the Ministry of Corporate Affairs, Government of India (“MCA”) vide its General Circulars, had allowed Companies to take all decisions of urgent nature requiring members’ approval, through the mechanism of Postal Ballot / e-voting in accordance with the provisions of the Act and Rules made thereunder, without holding a general meeting that requires physical presence of members at a common venue.

Accordingly, pursuant to the provisions of Section 108 & 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Resolution as specified in the Notice of the Postal Ballot dated 27<sup>th</sup> January, 2021 (as specified above) was transacted through Postal Ballot only by way of remote e-Voting.

The Company had engaged the services of National Securities Depository Limited (“NSDL”) for providing e-Voting facility to the Members. The Members were provided with the option of exercising their right to vote on the said resolution through e-Voting during the period from Wednesday, 3<sup>rd</sup> February,

2021 to Thursday, 4<sup>th</sup> March, 2021. Upon completion of the voting period, the Scrutinizer completed the scrutiny of votes cast and submitted his report to the Chairman and Managing Director. The results of the voting were declared on Friday, 5<sup>th</sup> March, 2021 on the website of the Stock Exchanges, the Company and the NSDL.

#### 12. MEANS OF COMMUNICATION:

The Company is conscious of the importance of timely dissemination of adequate information to the stakeholders. The dates of Board Meetings, General Body meetings, Book 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 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.

### 13. GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting:

Day and Date	Wednesday, 21 <sup>st</sup> July, 2021
Time	03.30 PM, India Standard Time (“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	1 <sup>st</sup> April, 2020 to 31 <sup>st</sup> March, 2021
Date of Book Closure	Thursday, 15 <sup>th</sup> July, 2021 to Wednesday, 21 <sup>st</sup> July, 2021
Dividend payment date	on or before Friday, 20 <sup>th</sup> August, 2021

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

The equity shares of the Company are listed in:

1. BSE Limited (Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001).
2. 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

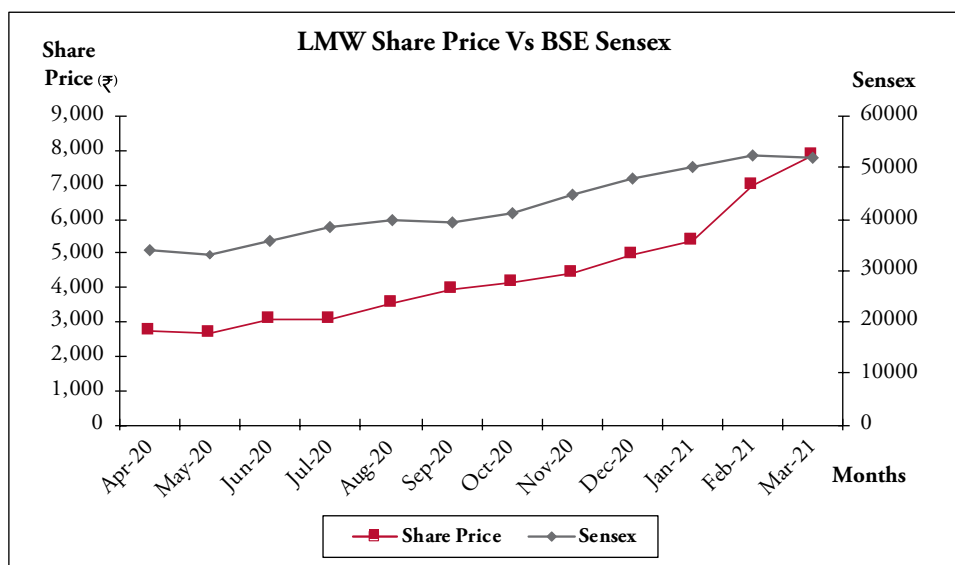
**Market Price data of Shares:**

The monthly High & Low of Company's share price quoted in NSE / BSE during the financial year 2020-21 are given below:

(Amount in ₹)

Month & Year	BSE		NSE	
	High Price	Low Price	High Price	Low Price
Apr 20	2,725	2,281	2,727	2,271
May 20	2,698	2,363	2,699	2,365
Jun 20	3,100	2,555	3,180	2,541
Jul 20	3,050	2,739	3,064	2,740
Aug 20	3,525	2,940	3,512	2,932
Sep 20	3,949	3,250	3,945	3,250
Oct 20	4,146	3,515	4,154	3,505
Nov 20	4,452	3,970	4,454	3,961
Dec 20	4,959	4,101	4,970	4,100
Jan 21	5,346	4,599	5,349	4,590
Feb 21	6,975	5,271	7,000	5,265
Mar 21	7,850	6,173	7,860	6,170

### 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, Kanapathy

Towers, 3<sup>rd</sup> Floor, 1391/1-A, Sathy Road, Ganapathy, Coimbatore-641006. They are the connectivity providers for Demat Segment.

#### Share Transfer System:

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

Distribution of shareholding as on 31<sup>st</sup> March, 2021:

Range of share quantity	No. of shares	% to total number of shares	No. of shareholders	% to total number of shareholders
0001 – 0500	9,99,231	9.35	34,751	98.12
0501 – 1,000	2,26,901	2.12	307	0.87
1,001 – 2,000	2,42,749	2.27	165	0.47
2,001 – 3,000	1,50,319	1.41	60	0.17
3,001 – 4,000	76,622	0.72	22	0.06
4,001 – 5,000	59,627	0.56	13	0.04
5,001 – 10,000	2,14,225	2.01	29	0.08
10,001 and above	87,13,326	81.56	68	0.19
<b>Total</b>	<b>1,06,83,000</b>	<b>100.00</b>	<b>35,415</b>	<b>100.00</b>

**Dematerialization of Shares and Liquidity:**

As on 31<sup>st</sup> March, 2021, 1,06,33,530 equity shares constituting 99.54% 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:

**Textile Machinery Division:**

Unit - I	SRKV 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](mailto: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](http://www.lmwglobal.com).
- The policy of the Company relating to Related Party Transaction is available at the Company's website: [www.lmwglobal.com](http://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 this 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 had not accepted any recommendation of the Committees.
- The Company has paid a sum of ₹15,00,000/- 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 2020-21, 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.

Place: Coimbatore  
Date: 24<sup>th</sup> May, 2021

By order of the Board  
**Sanjay Jayavarthanelu**  
Chairman and Managing Director  
(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 2020-21.

Place: Coimbatore

Date: 24<sup>th</sup> May, 2021

**Sanjay Jayavarthanelu**

**Chairman and Managing Director (CEO)**

(DIN: 00004505)

# 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](http://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 31<sup>st</sup> March, 2021 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 Jayavarthanelu (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	Smt Chitra Venkataraman	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	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: F000960C000339166

Peer Review Number 985/2020

Place: Coimbatore

Date: 24<sup>th</sup> May, 2021

## DETAILS OF UNCLAIMED SHARES KEPT IN DEMAT SUSPENSE ACCOUNT

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

Particulars	No. of Shareholders	No. of shares
Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the beginning of the year 1 <sup>st</sup> April, 2020	31	12,420
Number of shareholders who approached the Company for transfer of shares from suspense account during the year*	31	12,420
Number of shareholders to whom shares were transferred from the suspense account during the year*	31	12,420
Aggregate number of shareholders and the shares outstanding at the end of the year 31 <sup>st</sup> March, 2021	Nil	Nil

\*includes transfer of 10,130 shares to Investor Education and Protection Fund Authority ("IEPFA")

The voting rights of these shares were kept frozen till the rightful owner of such shares had claimed the shares/ shares are transferred to IEPFA.

# CEO & CFO CERTIFICATE

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

24<sup>th</sup> May, 2021

## **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 31<sup>st</sup> March, 2021 and that to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee :
  - i) significant changes if any, in internal control over financial reporting during the year;
  - ii) significant changes if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) that there were no instances of fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

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

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

# Financial Statements



# 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 accompanying Standalone Financial Statements of Lakshmi Machine Works Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2021, 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 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 31<sup>st</sup> March, 2021, 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 judgment, 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
<p><b>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).</b></p> <p>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.</p>	<p>We assessed the Company’s process to identify the impact of adoption of the revenue accounting standard.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>• Evaluated the design of internal controls relating to implementation of the revenue accounting standard.</li> <li>• It is observed that transaction price charged is ex-works price and revenue is booked at the time of dispatch of the goods.</li> <li>• The above method followed by the company is in line the provisions of Ind AS 115 - ‘Revenue from contracts with customers’.</li> </ul> <p><b>Conclusion:</b></p> <p>We agree with the management’s evaluation.</p>
<p><b>Accuracy of revenues and onerous obligations in respect of fixed price contracts.</b></p>	<p>In the process of verifying the accuracy of recognition of revenues of fixed price contracts, we have undertaken the following audit approach</p> <ul style="list-style-type: none"> <li>• Understood, evaluated and tested the key controls over the recognition of revenue from fixed price contracts. We selected a sample of transactions and</li> <li>• Agreed the applied tariff to the respective terms in the contract.</li> <li>• Tested revenue calculations and agreed the revenue recognized to the underlying accounting records.</li> </ul> <p><b>Conclusion:</b></p> <p>We agree with the management’s evaluation.</p>
<p><b>Assessment of carrying value of investments</b></p> <p>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.</p>	<p>Our procedures in relation to assessing the carrying value of investments include the following observations.</p> <ul style="list-style-type: none"> <li>• The equity investments are carried at fair value as on 31<sup>st</sup> March, 2021.</li> <li>• The company has also invested in debt oriented mutual funds, and the same has also been recognized at fair market value as on 31<sup>st</sup> March, 2021.</li> </ul> <p><b>Conclusion:</b></p> <p>We agree with the management’s evaluation.</p>

### **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 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 31<sup>st</sup> March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2021 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 A”. 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.
2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For S. KRISHNAMOORTHY & Co.**

Chartered Accountants  
Firm Registration No. 001496S

**K. Raghu**

Partner

Place: Coimbatore  
Date: 24<sup>th</sup> May, 2021

Membership No. 11178  
UDIN: 21011178AAAAFF2188

# ANNEXURE “A”

## 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 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”)**

We have audited the internal financial controls over financial reporting of LAKSHMI MACHINE WORKS LIMITED (“the Company”) as of 31<sup>st</sup> March, 2021 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 31<sup>st</sup> March, 2021, 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 Registration No. 001496S

**K. Raghu**

Partner

Place: Coimbatore

Date: 24<sup>th</sup> May, 2021

Membership No. 11178

UDIN: 21011178AAAAFF2188

# ANNEXURE “B”

## 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 of even date)

- (i) In respect of the Company’s fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets of the company have been physically verified in a phased periodical manner, by the management, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) The title deeds of all the immovable properties of the company shown under the Fixed Assets as at the balance sheet date, are held in the name of the Company.
- (ii) The physical verification of inventory has been conducted by the management at reasonable intervals. The Company has maintained proper record of inventory and no material discrepancies were noticed on the physical verification of inventories as compared to the book records.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 during the financial year.
- (iv) The Company has not granted loans or made investments or given guarantees and securities during the year and hence compliance with section 185 and 186 are not applicable.
- (v) According to the information and explanations given to us the Company has not accepted any deposit during the year and does not have any unclaimed deposits as at 31<sup>st</sup> March, 2021 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- (vi) The Central Government has prescribed the maintenance of cost records under section 148(1) of the Act. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however carried out a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) 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 31<sup>st</sup> March, 2021 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 31<sup>st</sup> March, 2021 on account of dispute are given below:

Name of the Statute	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 Commissioner's Level - CESTAT -	114.76 2,196.34	2,311.10 124.64
Income Tax Act, 1961	Income tax and Interest	CIT(A) - ITAT -	118.73 74.69	193.42 -

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (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) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

**K. Raghu**  
Partner

Place: Coimbatore  
Date: 24<sup>th</sup> May, 2021

Membership No. 11178  
UDIN: 21011178AAAAFF2188

# Balance Sheet

as at 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	4	64,484.21	64,878.06
Capital work-in-progress	4	1,051.70	2,981.43
Other Intangible assets	5	1,381.82	1,542.96
<b>Financial Assets</b>			
(i) Investments	6		
a) Investments in subsidiaries		6,513.67	6,513.67
b) Other investments		13,504.23	4,735.76
(ii) Other financial assets	10	26,843.15	27,192.22
<b>Total Non - Current Assets</b>		<b>1,13,778.78</b>	<b>1,07,844.10</b>
<b>Current assets</b>			
Inventories	7	32,428.43	27,416.26
<b>Financial Assets</b>			
(i) Investments	6	15,072.34	8,860.07
(ii) Trade receivables	8	18,494.40	11,932.29
(iii) Cash and cash equivalents	9(a)	3,274.26	3,147.61
(iv) Bank balances other than (ii) above	9(b)	72,989.10	58,754.18
(v) Other financial assets	10	3,219.22	5,269.08
Current Tax Assets (Net)	11	7,611.25	5,292.10
Other current assets	12	7,356.28	5,663.93
<b>Total Current Assets</b>		<b>1,60,445.28</b>	<b>1,26,335.52</b>
<b>Total Assets</b>		<b>2,74,224.06</b>	<b>2,34,179.62</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	13	1,068.30	1,068.30
Other Equity	14	1,76,957.50	1,64,563.14
Equity attributable to owners of the Company		1,78,025.80	1,65,631.44
<b>Total equity</b>		<b>1,78,025.80</b>	<b>1,65,631.44</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities (Net)	15	2,419.17	1,485.57
Other non-current liabilities	16	13,479.66	6,806.33
<b>Total Non - Current Liabilities</b>		<b>15,898.83</b>	<b>8,291.90</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
(i) Trade payables	17		
Due to Micro and Small Enterprises		1,087.82	136.30
Due to Others		42,269.73	33,933.41
(ii) Other financial liabilities	18	7,895.39	5,440.01
Provisions	19	1,239.36	1,162.35
Other current liabilities	20	27,807.13	19,584.21
<b>Total Current Liabilities</b>		<b>80,299.43</b>	<b>60,256.28</b>
<b>Total Liabilities</b>		<b>96,198.26</b>	<b>68,548.18</b>
<b>Total Equity and Liabilities</b>		<b>2,74,224.06</b>	<b>2,34,179.62</b>
See accompanying notes to financial statements	31		

In terms of our report attached

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

**K. Raghv**

Partner  
Membership No. 11178

Place : Coimbatore  
Date : 24<sup>th</sup> May, 2021

For and on behalf of the Board of Directors

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

**V. Senthil**  
Chief Financial Officer

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

**C R Shivkumaran**  
Company Secretary

# Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
<b>INCOME</b>			
Revenue from operations	21	1,68,965.03	1,57,009.84
Other income	22	7,920.11	9,363.32
<b>Total income</b>		<b>1,76,885.14</b>	<b>1,66,373.16</b>
<b>EXPENSES</b>			
Cost of materials consumed	23	1,04,120.85	92,513.04
Purchase of stock in trade		-	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	(477.14)	1,290.15
Employee benefit expense	25	22,983.65	23,063.92
Depreciation and amortisation expense	26	5,155.89	5,025.90
Impairment loss on financial assets	27	(339.99)	659.86
Other expenses	28	35,802.67	37,128.22
Finance costs	29	8.10	41.65
<b>Total expenses</b>		<b>1,67,254.03</b>	<b>1,59,722.74</b>
<b>Profit before exceptional items and tax</b>		<b>9,631.11</b>	<b>6,650.42</b>
<b>Exceptional items</b>			
Voluntary retirement scheme payments	31.5	2,211.54	209.76
<b>Profit before tax after exceptional items</b>		<b>7,419.57</b>	<b>6,440.66</b>
Tax expense	30		
Current tax	30.1	1,650.23	1,150.00
Less : MAT Credit Entitlement		-	(1,150.00)
<b>Total</b>		<b>1,650.23</b>	<b>-</b>
Deferred tax	30.1	933.60	1,940.90
Prior year taxes	30.1	89.73	-
<b>Total Tax Expense</b>		<b>2,673.56</b>	<b>1,940.90</b>
<b>Profit after tax from continuing operations for the year</b>		<b>4,746.01</b>	<b>4,499.76</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to Profit and loss</b>			
Changes in Fair value of FVTOCI equity instruments(Fair value through Other Comprehensive Income)		8,467.19	(3,595.96)
Remeasurement of post-employment defined benefit plans		306.08	284.55
Income-tax relating to these items		(56.62)	(85.37)
<b>Items that will be reclassified to Profit and loss</b>		<b>-</b>	<b>-</b>
<b>Total Other Comprehensive income</b>		<b>8,716.65</b>	<b>(3,396.78)</b>
<b>Total Comprehensive income for the year</b>		<b>13,462.66</b>	<b>1,102.98</b>
Basic Earnings per share [In ₹.][Face value ₹10/- per share]		44.43	42.12
Diluted Earnings per share [In ₹.][Face value ₹10/- per share]		44.43	42.12
See accompanying notes to financial statements	31		

In terms of our report attached

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

**K. Raghu**

Partner

Membership No. 11178

Place : Coimbatore

Date : 24<sup>th</sup> May, 2021

For and on behalf of the Board of Directors

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

**V. Senthil**

Chief Financial Officer

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

**C R Shivkumaran**  
Company Secretary

# Statement of Changes in Equity

for the year ended 31<sup>st</sup> March, 2021

## Equity Share Capital

(All amount in ₹ Lakhs, unless otherwise stated)

	<b>Amount</b>
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>1068.30</b>
Changes in equity share capital during the year	-
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>1068.30</b>

## Other Equity

	Reserves and Surplus				Items of Other comprehensive Income	Total
	Capital Reserves	Capital Redemption Reserve	General Reserve	Retained Earnings	Equity Instruments through OCI	
<b>Balance as on 31<sup>st</sup> March, 2020</b>	<b>701.40</b>	<b>168.62</b>	<b>14,982.90</b>	<b>1,47,035.56</b>	<b>1,674.66</b>	<b>1,64,563.14</b>
Add: Profit after tax for the year	-	-	-	4,746.01	-	4,746.01
Add: Changes in fair value of equity instruments through FVTOCI [net of tax]	-	-	-	-	8,467.19	8,467.19
Add: Transfer from Other Comprehensive Income	-	-	-	-	-	-
Add: Remeasurement of post-employment benefit obligations [Net of tax]	-	-	-	249.46	-	249.46
<b>Total</b>	<b>701.40</b>	<b>168.62</b>	<b>14,982.90</b>	<b>1,52,031.03</b>	<b>10,141.85</b>	<b>1,78,025.80</b>
Less: Payment of dividends	-	-	-	(1,068.30)	-	(1,068.30)
Less: Transfer to General Reserve	-	-	500.00	(500.00)	-	-
<b>Balance as on 31<sup>st</sup> March, 2021</b>	<b>701.40</b>	<b>168.62</b>	<b>15,482.90</b>	<b>1,50,462.73</b>	<b>10,141.85</b>	<b>1,76,957.50</b>

See accompanying notes to financial statements

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

**K. Raghu**  
 Partner  
 Membership No. 11178

Place : Coimbatore  
 Date : 24<sup>th</sup> May, 2021

For and on behalf of the Board of Directors

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

**V. Senthil**  
 Chief Financial Officer

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

**C R Shivkumaran**  
 Company Secretary



# Cash Flow Statement

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31 <sup>st</sup> March, 2021		Year ended 31 <sup>st</sup> March, 2020		
<b>A. Cash Flow From Operating Activities</b>					
Profit after exceptional items but before tax		7,419.57		6,440.66	
(VRS Expenses of ₹2,211.54 Lakhs (P.Y. ₹209.76 Lakhs)					
<b>Adjustments for :</b>					
Depreciation and amortisation expense		5,155.89		5,025.90	
Finance costs		8.10		41.65	
Profit on sale of assets		(608.57)		(915.28)	
Loss on sale of assets		15.19		1.22	
Interest income		(6,004.49)		(6,533.49)	
Dividend income		(50.50)		(145.74)	
Profit on Sale of Mutual Funds		(20.18)		-	
Income from Mutual funds designated at FVTPL		(669.26)		(409.99)	
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents		(0.19)	(2,174.01)	(0.21)	(2,935.94)
<b>Operating Profit before working capital changes</b>		<b>5,245.56</b>		<b>3,504.72</b>	
<b>Adjustments for (increase) / decrease in operating assets</b>					
Trade receivables		(6,562.11)		8,434.20	
Inventories		(5,012.17)		3,376.10	
Other financial assets-Non Current		349.07		888.16	
Other financial assets- Current		382.58		855.82	
Other Current assets		(1,692.54)		1,176.52	
<b>Adjustments for increase / (decrease) in operating liabilities</b>					
Trade payables		9,287.84		(4,058.84)	
Other non current liabilities		6,673.33		1,757.90	
Current provisions		77.01		(441.80)	
Other financial liabilities		2,446.10		(2,602.16)	
Other current liabilities		8,222.92	14,172.03	(1,213.68)	8,172.22
Cash used in/ generated from operations		19,417.59		11,676.94	
Taxes paid		(3,790.69)		(3,050.21)	
<b>Net Cash used in/generated from operations</b>		<b>[A] 15,626.90</b>		<b>8,626.73</b>	
<b>B. Cash Flow From Investing Activities</b>					
Purchase of Fixed assets/Capital Work In Progress		(2,874.51)		(8,515.00)	
Proceeds from sale of fixed assets		796.71		971.83	
Interest received		7,671.77		4,837.13	
Dividend received		50.50		145.74	
Investment in Mutual funds / Debentures (net)		(5,824.11)		(4,349.13)	

## Cash Flow Statement (contd.)

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
(Increase)/Decrease in Bank balances not considered as cash and cash equivalent	(14,234.92)	(100.10)
<b>Net cash used in investing activities</b>	<b>[B] (14,414.56)</b>	<b>(7,009.53)</b>
<b>C. Cash Flow From Financing Activities</b>		
Dividends paid	(1,068.30)	(3,739.05)
Corporate dividend taxes paid	-	(768.75)
Transfer of Unpaid Dividends to IEPF	(9.27)	-
Finance cost	(8.10)	(41.65)
<b>Net cash used in financing activities</b>	<b>[C] (1,085.67)</b>	<b>(4,549.45)</b>
Net increase in cash and cash equivalents (A+B+C)	126.67	(2,932.25)
Cash and cash equivalents at beginning of the period - D	3,147.40	6,079.65
Cash and cash equivalents at end of the period - E	3,274.07	3,147.40
<b>Net increase / (decrease) in cash and cash equivalents (E-D)</b>	<b>126.67</b>	<b>(2,932.25)</b>
<b>Cash &amp; Cash equivalents as per Balance Sheet</b>	<b>3,274.26</b>	<b>3,147.61</b>
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents	(0.19)	(0.21)
<b>Cash and Cash equivalents as per Cash flow Statement</b>	<b>3,274.07</b>	<b>3,147.40</b>

See accompanying notes to financial statements

In terms of our report attached

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

**K. Raghu**

Partner

Membership No. 11178

Place : Coimbatore

Date : 24<sup>th</sup> May, 2021

For and on behalf of the Board of Directors

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

**V. Senthil**

Chief Financial Officer

**K. Soundhar Rajhan**

Director Operations  
DIN: 07594186

**C R Shivkumaran**

Company Secretary

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### 1 Corporate Information

Lakshmi Machine Works Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The address of its registered office and principal place of business are disclosed in the introduction to the Annual report. Its shares are listed on two stock exchanges in India, the National Stock Exchange of India [NSE] and the Bombay Stock Exchange [BSE]. The company is engaged in the manufacturing and selling of textile spinning machinery, CNC Machine Tools, Heavy castings and parts and components for Aero space industry. The company caters to both domestic and international markets. The financial statements are approved for issue by the Company's Board of Directors on 24<sup>th</sup> May, 2021.

### 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 equipments are stated at cost net of historical Indirect Taxes, including appropriate direct and allocated expenses less accumulated depreciation and impairment losses, if any. Increase/Decrease in rupee liability in respect of foreign currency liability related to acquisition of fixed assets is recognised as expense or income in the Statement of Profit and Loss. Freehold land is not depreciated.

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

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

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

estimate accounted for on a prospective basis. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

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

Estimated useful lives of the tangible assets are as follows:

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's	7-15 years

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

## 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 requirements for cost model.

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

asset) is included in profit or loss in the period in which the property is derecognised.

## 2.5 Intangible assets

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

Estimated useful lives of the intangible assets are as follows:

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

## 2.6 Impairment of assets

A tangible or intangible asset is treated as impaired when the carrying amount of the asset exceeds its estimated recoverable value. Carrying amounts of tangible or intangible assets are reviewed at each balance sheet date to determine indications of impairment, if any, of those assets. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss equal to the excess of the carrying amount over its recoverable value is recognised as an impairment loss. The impairment loss, if any, recognised in prior accounting period is reversed if there is a change in estimate of recoverable amount.

## 2.7 Financial Instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

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

## 2.8 Financial assets

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

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

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

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

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

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

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign

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

All other financial assets are subsequently measured at fair value.

## Effective interest method

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

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

## Investments in equity instruments at FVTOCI

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

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

A financial asset is held for trading if:

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

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

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

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

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

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

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

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

## **Impairment of financial assets**

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

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

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



# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

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 recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

## De recognition of financial assets

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

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

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

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

## Foreign exchange gains and losses

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

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

## 2.9 Financial liabilities and equity instruments

### Equity Instruments

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

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

### Financial liabilities

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

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

### Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

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

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

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

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the company as at fair value through profit or loss are recognised in profit or loss.

## **Financial liabilities subsequently measured at amortised cost**

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or

(where appropriate) a shorter period, to the net carrying amount on initial recognition.

## **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

## **Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income/Expense'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

## **Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## 2.10 Valuation of Inventories

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

Cost is determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## 2.11 Translation of Foreign Currency Transactions

In preparing the financial statements of the company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

## 2.12 Recognition of Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of sales returns, trade allowances and rebates. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The company uses the percentage-of-completion method in accounting for its fixed-price contracts relating to job work charges and delivery of products at work in progress stage. Use of the percentage-of-completion method requires the company to estimate the services performed to date as a proportion of the total services to be performed.

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement provided that it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, reference to principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Export incentives are recognised when the right to receive payment/credit is established and no significant uncertainty as to measurability or collectability exists. Revenue from carbon credits / REC entitlements are recognised on delivery thereof or sale of rights therein, as the case may be, in terms of the contract with the respective buyer.

## 2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

## 2.14 Dividends

Final dividend on shares are recorded as a liability on the date of approval by the shareholders at the annual general meeting and interim dividend are recorded as a liability on the date of declaration by the Company's Board of Directors.

## 2.15 Earnings per Share

Basic Earning per share is calculated by dividing the Net Profit after tax attributable to the equity shareholders by the weighted average number of Equity Shares outstanding during the year.

## 2.16 Employee Benefits

### Short term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

### Defined Contribution Plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

### Defined Benefit Plans

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not re classified to profit or loss. Past services

cost is recognised in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements); net interest expense or income and remeasurement. The company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from plans or reductions in future contributions to the plans. A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

## 2.17 Research and Development

Revenue expenditure incurred on Research and Development activities are expensed. Fixed assets relating to Research and Development are capitalised and depreciation provided thereon.

## 2.18 Taxes on Income

Income tax expense comprises current and deferred income tax.

### Current Tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year.

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

## Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets / liabilities is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## Current and Deferred Tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

## 2.19 Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation

in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities / assets are not recognised but are disclosed in the notes to financial statements when an inflow of economic benefits is probable. Provisions, contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Present obligations, legal or constructive, arising under onerous contracts are recognised and measured as provisions.

An onerous contract is considered to exist where the company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the company's obligation.

## 2.20 Cash Flow Statement and Cash and Cash equivalents

Cash Flows are reported using the Indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. Cash and cash equivalents include cash on hand and balances with banks in current and deposit accounts.

## 2.21 Segment Reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues



# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

and expenses that relate to transactions with any of the company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the company's Chief Executive Officer (CEO), who is the Chief Operating Decision Maker (CODM), to make decisions about resources to be allocated to the segments and assess their performance. Information reported to the CODM for the purpose of resource allocation and assessment of segment performance focuses on the type of goods or services delivered or provided.

The company has three reportable segments, viz., Textile Machinery Division, the Machine Tool Division / Foundry and the Advanced Technology Centre, which are the company's strategic business units. These business units offer different products and services and are managed separately because they require different technology and marketing strategies. For each of these business units, the company's CODM reviews internal management reports. Performance is measured based on segment profit before tax, as included in the internal management reports, that are reviewed by the company's CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on arm's length basis.

## 2.22 Leases

Assets given on leases where substantial risks and rewards incidental to ownership of the asset are not transferred to the lessee are classified as operating leases. Lease income from such operating leases is recognised on straight line basis over the lease term. Depreciation on such leased assets is charged as per the normal depreciation policy of the company for similar assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

## 3. Critical accounting 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 recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about such estimates and judgments are included in the relevant notes together with the basis of calculation for relevant line item in the financial statements. Estimates and judgments are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 4 Property, plant and equipment and capital work-in-progress

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Carrying amounts of:</b>		
Freehold land	8,360.79	8,246.85
Buildings	16,240.92	15,172.93
Plant and Equipment	37,502.22	39,035.72
Furniture and fixtures	1,196.47	1,279.82
Vehicles	520.95	608.11
Office Equipment	662.86	534.63
<b>Total</b>	<b>64,484.21</b>	<b>64,878.06</b>
Capital Work-in-progress	1,051.70	2,981.43
<b>Total</b>	<b>1,051.70</b>	<b>2,981.43</b>
<b>Total</b>	<b>65,535.91</b>	<b>67,859.49</b>

Particulars	Freehold land	Buildings	Plant & Furniture Equipment & fixtures	Vehicles	Office Equipments	Total	Capital Work in progress	
<b>Gross carrying amount</b>								
<b>Balance at 31<sup>st</sup> March, 2020</b>	<b>8,246.85</b>	<b>17,153.52</b>	<b>55,251.06</b>	<b>2,058.08</b>	<b>1,395.73</b>	<b>748.76</b>	<b>84,854.00</b>	<b>2,981.43</b>
Additions	253.13	1,449.57	2,502.38	83.10	40.10	133.84	4,462.12	172.71
Disposals	(139.19)	(11.95)	(3,778.42)	(16.84)	(58.98)	-	(4,005.38)	(2,102.44)
<b>Balance at 31<sup>st</sup> March, 2021</b>	<b>8,360.79</b>	<b>18,591.14</b>	<b>53,975.02</b>	<b>2,124.34</b>	<b>1,376.85</b>	<b>882.60</b>	<b>85,310.74</b>	<b>1,051.70</b>
<b>Accumulated depreciation and impairment</b>								
<b>Balance at 31<sup>st</sup> March, 2020</b>	<b>-</b>	<b>1,980.59</b>	<b>16,215.34</b>	<b>778.26</b>	<b>787.62</b>	<b>214.13</b>	<b>19,975.94</b>	<b>-</b>
Disposals	-	(11.04)	(3,727.71)	(16.51)	(53.20)	-	(3,808.46)	-
Depreciation Expense	-	380.67	3,985.17	166.12	121.48	5.61	4,659.05	-
<b>Balance at 31<sup>st</sup> March, 2021</b>	<b>-</b>	<b>2,350.22</b>	<b>16,472.80</b>	<b>927.87</b>	<b>855.90</b>	<b>219.74</b>	<b>20,826.53</b>	<b>-</b>
<b>Net carrying amount</b>								
<b>Balance at 31<sup>st</sup> March, 2020</b>	<b>8,246.85</b>	<b>15,172.93</b>	<b>39,035.72</b>	<b>1,279.82</b>	<b>608.11</b>	<b>534.63</b>	<b>64,878.06</b>	<b>2,981.43</b>
Additions	253.13	1,449.57	2,502.38	83.10	40.10	133.84	4,462.12	172.71
Disposals	(139.19)	(0.91)	(50.71)	(0.33)	(5.78)	-	(196.92)	(2,102.44)
Depreciation expense	-	(380.67)	(3,985.17)	(166.12)	(121.48)	(5.61)	(4,659.05)	-
<b>Balance at 31<sup>st</sup> March, 2021</b>	<b>8,360.79</b>	<b>16,240.92</b>	<b>37,502.22</b>	<b>1,196.47</b>	<b>520.95</b>	<b>662.86</b>	<b>64,484.21</b>	<b>1,051.70</b>

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## Property, Plant and Equipment include

Particulars	Gross Block	Depreciation for the year	Accumulated Depreciation	Net Block
<b>Assets leased out as on 31<sup>st</sup> March, 2021</b>				
Buildings	131.37	1.39	91.96	39.41
Machinery	1,300.00	16.25	1,146.72	153.28
<b>Total</b>	<b>1,431.37</b>	<b>17.64</b>	<b>1,238.68</b>	<b>192.69</b>
<b>Assets leased out as on 31<sup>st</sup> March, 2020</b>				
Buildings	131.37	1.40	90.57	40.80
Machinery	1,300.00	16.29	1,130.47	169.53
<b>Total</b>	<b>1,431.37</b>	<b>17.69</b>	<b>1,221.04</b>	<b>210.33</b>

Income from above leased assets ₹24 Lakhs is grouped in rent receipts (Previous Year ₹24.90 Lakhs)

## 5 Other intangible assets

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Carrying amounts of:</b>		
Technical Knowhow	278.45	393.77
Software	1,103.37	1,149.19
<b>Total</b>	<b>1,381.82</b>	<b>1,542.96</b>

Particulars	Technical Knowhow	Software	Total
<b>Balance at 31<sup>st</sup> March, 2020</b>	<b>1,018.39</b>	<b>1,715.69</b>	<b>2,734.08</b>
Additions	-	335.70	335.70
Eliminated on disposals of assets	-	-	-
<b>Balance at 31<sup>st</sup> March, 2021</b>	<b>1,018.39</b>	<b>2,051.39</b>	<b>3,069.78</b>

### Accumulated depreciation and impairment

<b>Balance at 31<sup>st</sup> March, 2020</b>	<b>624.62</b>	<b>566.50</b>	<b>1,191.12</b>
Eliminated on disposals of assets	-	-	-
Amortisation Expense	115.32	381.52	496.84
<b>Balance at 31<sup>st</sup> March, 2021</b>	<b>739.94</b>	<b>948.02</b>	<b>1,687.96</b>

### Carrying Amount

<b>Balance at 31<sup>st</sup> March, 2020</b>	<b>393.77</b>	<b>1,149.19</b>	<b>1,542.96</b>
Additions	-	335.70	335.70
Eliminated on disposals of assets	-	-	-
Amortisation Expense	(115.32)	(381.52)	(496.84)
<b>Balance at 31<sup>st</sup> March, 2021</b>	<b>278.45</b>	<b>1,103.37</b>	<b>1,381.82</b>

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 6 Investments

Particulars	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
	Quantity	Amount	Quantity	Amount
<b>Non-current</b>				
<b>a) Investment in unquoted equity instrument of wholly owned subsidiary</b>				
LMW Textile Machinery (Suzhou) Company Limited		6,513.67		6,513.67
<b>b) Other investments</b>				
<b>Investment in quoted equity instruments (fully paid up) [At fair values]</b>				
Cholamandalam Investment & Finance Co. Limited	17,12,810	9,571.18	17,12,810	2,619.74
Lakshmi Automatic Loom Works Limited	44,1110	211.29	44,1110	112.48
Pricol Limited	24,975	17.49	24,975	9.15
Rajshree Sugars & Chemicals Limited	1,00,000	17.05	1,00,000	14.02
The Lakshmi Mills Company Limited	26,916	622.85	2,6916	390.01
Indian Bank	69,562	80.87	69,562	29.98
Super Sales India Limited	3,00,000	1,682.70	3,00,000	560.85
<b>Investment in unquoted equity instruments (fully paid up)</b>				
Sharada Chambers Premises Co-op Society Limited	5	0.01	5	0.01
Lakshmi Machine Works Employees Co-op Stores Limited	500	0.05	500	0.05
REPCO Bank	750	0.08	750	0.08
<b>Total</b>		<b>12,203.57</b>		<b>3,736.37</b>
<b>c) Investment in Debentures (At amortised cost)</b>				
Tata Cleantech Capital Limited (NCD)	937	999.39	937	999.39
Muthoot Finance Limited (NCD)	30	301.27	-	-
<b>Total - Debentures</b>		<b>1,300.66</b>		<b>999.39</b>
<b>Total Non-current investments</b>		<b>20,017.90</b>		<b>11,249.43</b>
<b>Current Investments</b>				
<b>Investments in mutual funds</b>				
ABSL Mutual Fund	95,00,000	1,129.05	102,77,434	1,837.02
UTI Mutual Fund	60,00,000	736.16	60,00,000	663.97
ICICI Prudential Mutual Fund	56,19,708	915.67	50,00,000	574.57
Kotak Mutual Fund	72,50,434	3,217.44	54,92,572	1,388.67
Nippon India ( Reliance ) Mutual Fund	1,07,48,867	1,600.10	75,98,128	997.17
SBI Mutual Fund	1,76,77,167	3,107.90	1,76,41,979	2,045.36
TATA Mutual Fund	15,00,000	188.28	15,00,000	174.85
Bharat Bond	1,60,33,926	1,640.90	-	-
IDFC Mutual Fund	76,87,144	1,173.65	-	-
DSP Mutual Fund	28,42,023	545.21	28,42,023	503.40
Axis Mutual Fund	32,20,137	817.98	67,442	675.06
<b>Total</b>		<b>15,072.34</b>		<b>8,860.07</b>

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 6 Investments (contd.)

Particulars	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
	Quantity	Amount	Quantity	Amount
Aggregate book value of quoted investments		2,061.57		2,061.57
Aggregate market value of quoted investments		12,203.43		3,736.23
Aggregate book value of unquoted investments		7,814.47		7,513.20
Aggregate amount of impairment in the value of investments		-		-
<b>Category-wise investments - as per IND AS 109 classification</b>				
Financial assets carried at fair value through profit or loss (FVTPL)		15,072.34		8,860.07
Financial assets carried at amortised cost		7,814.47		7,513.20
Financial assets carried at fair value through Other Comprehensive Income (FVTOCI)		12,203.43		3,736.23
<b>Total</b>		<b>35,090.24</b>		<b>20,109.50</b>

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

## 7 Inventories

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Inventories (lower of cost and net realisable value)</b>		
Raw materials	19,487.90	14,956.12
Work in progress	9,986.08	8,100.88
Finished goods	855.91	2,263.97
Stores and spares	2,098.54	2,095.29
<b>Total</b>	<b>32,428.43</b>	<b>27,416.26</b>

The cost of inventories recognised as an expense during the year is ₹104,120.85 Lakhs. [Previous year ₹92,513.04 Lakhs]

## 8 Trade Receivables

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Current</b>		
<b>Unsecured, considered good</b>		
From related parties	3,160.80	618.03
From others	16,006.09	12,549.97
<b>Total</b>	<b>19,166.89</b>	<b>13,168.00</b>
Allowance for doubtful debts (Expected credit loss allowance)	672.49	1,235.71
<b>Total</b>	<b>18,494.40</b>	<b>11,932.29</b>

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 8 Trade Receivables (contd.)

### Concentration of Risk

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consists of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management considers the credit quality of trade receivables that are not past due or impaired to be good. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

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	0.27
Less than one year	2.09
More than one year	29.76

### Age of receivables

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Within the credit period	6,087.65	2,030.64
Less than one year	11,695.30	8,931.53
More than one year	1,383.94	2,205.83
<b>Total</b>	<b>19,166.89</b>	<b>13,168.00</b>

### Movement in the expected credit loss allowance

Age of receivables	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Balance at the beginning of the year	1,235.71	1,215.55
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses net of bad debts written off	(563.22)	20.16
<b>Balance at the end of the year</b>	<b>672.49</b>	<b>1,235.71</b>



# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 9 (a) Cash and cash equivalents

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Balances with Banks</b>		
Current account	1,257.73	1,183.74
Deposits with original maturity of less than 3 months	2,000.00	1,950.00
Cash on hand	16.53	13.87
<b>Total</b>	<b>3,274.26</b>	<b>3,147.61</b>

## 9(b) Other Bank balances

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Deposits held as Margin money	9.79	12.47
Unpaid dividend account	93.66	101.36
Deposits with original maturity of more than 3 months but less than 12 months	72,885.65	58,640.35
<b>Total</b>	<b>72,989.10</b>	<b>58,754.18</b>

## 10 Other financial assets

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Non-current</b>		
i) Capital advances	367.66	344.08
ii) Advances other than capital advances		
Security Deposit	471.92	1,028.65
Other advances	179.58	169.49
iii) Bank deposits with original maturity of more than 12 months	25,823.99	25,650.00
<b>Total</b>	<b>26,843.15</b>	<b>27,192.22</b>
<b>Current</b>		
Interest accrued on bank deposits	2,757.24	4,424.52
Income receivable	369.72	752.30
Compensation receivable for shares vested	92.26	92.26
<b>Total</b>	<b>3,219.22</b>	<b>5,269.08</b>

## 11 Current Tax Assets (Net)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Current tax assets</b>		
Income tax advances	26,604.95	22,529.18
<b>Current tax liabilities</b>		
Income tax provisions	18,993.70	17,237.08
<b>Total</b>	<b>7,611.25</b>	<b>5,292.10</b>

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 12 Other current assets

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Advance to suppliers and others	5,844.67	4,864.46
Prepaid Expenses	562.96	402.76
Balances on account of indirect taxes	948.65	396.71
<b>Total</b>	<b>7,356.28</b>	<b>5,663.93</b>

## 13 Equity Share Capital

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Authorised Share Capital</b>		
5,00,00,000 fully paid equity shares of ₹10 each	5,000.00	5,000.00
<b>Issued and subscribed and fully paid up capital comprises</b>		
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		
<b>Fully paid up equity shares</b>		
	<b>Number of shares</b>	<b>Share Capital</b>
Balance as on 31 <sup>st</sup> March, 2020	1,06,83,000	1068.30
Balance as on 31 <sup>st</sup> March, 2021	1,06,83,000	1068.30

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.

### Shareholders holding more than 5% Equity shares

	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
	Number	Percentage	Number	Percentage
Lakshmi Cargo Company Limited	10,74,468	10.06	10,74,468	10.06
Lakshmi Technology and Engineering Industries Limited	6,96,862	6.52	6,79,390	6.36
Nemish S Shah	6,40,673	6.00	5,34,673	5.01
Life Insurance Corporation	6,29,640	5.89	7,03,123	6.58
Voltas Limited	5,79,672	5.43	5,79,672	5.43

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 14 Other Equity

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Capital Reserve	701.40	701.40
Capital Redemption Reserve	168.62	168.62
General Reserve	15,482.90	14,982.90
Reserve for equity instruments and others through other comprehensive income	10,141.85	1,674.66
Retained Earnings	1,50,462.73	1,47,035.56
<b>Total</b>	<b>1,76,957.50</b>	<b>1,64,563.14</b>

### 14.1 Capital Reserve

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Balance at the beginning of the year</b>	<b>701.40</b>	<b>701.40</b>
Movements during the year	-	-
<b>Balance at the end of the year</b>	<b>701.40</b>	<b>701.40</b>

Capital reserve represents the reserves arising out of earlier business combinations.

### 14.2 Capital Redemption Reserve

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Balance at the beginning of the year</b>	<b>168.62</b>	<b>168.62</b>
Add: Transfer from General Reserve	-	-
<b>Balance at the end of the year</b>	<b>168.62</b>	<b>168.62</b>

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 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Balance at the beginning of the year	14,982.90	14,532.90
Add: Transfer from retained earnings	500.00	450.00
Less: Transfer to Capital Redemption Reserve	-	-
<b>Balance at the end of the year</b>	<b>15,482.90</b>	<b>14,982.90</b>

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.

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 14.4 Reserve for equity instruments and others through other comprehensive income

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Balance at the beginning of the year</b>	<b>1,674.66</b>	<b>5,270.62</b>
Net fair value gain on investments in equity instruments at FVTOCI	8,467.19	(3,595.96)
<b>Balance at the end of the year</b>	<b>10,141.85</b>	<b>1,674.66</b>

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.

## 14.5 Retained Earnings

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Balance at the beginning of the year</b>	<b>1,47,035.56</b>	<b>1,47,294.42</b>
Add: Profit after tax attributable to the owners of the company	4,746.01	4,499.76
Less: Payment of dividends on equity shares	1,068.30	3,739.05
Less: Payment of tax on dividends	-	768.75
Add: Remeasurement of post-employment benefit obligations [Net of tax]	249.46	199.18
Less: Transfer to General Reserve	500.00	450.00
<b>Balance at the end of the year</b>	<b>1,50,462.73</b>	<b>1,47,035.56</b>

In financial year 2020-21, on 10<sup>th</sup> August, 2020, 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 31<sup>st</sup> March, 2021, the directors propose that a dividend of ₹10 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 ₹1,068.30 Lakhs.

## 15 Deferred Tax liability (Net)

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

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Deferred Tax assets	-	-
Deferred Tax liabilities	(2,419.17)	(1,485.57)
<b>Total</b>	<b>2,419.17</b>	<b>1,485.57</b>

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 15 Deferred Tax liability (Net) (Contd.)

### 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 carried forward losses	189.49	(189.49)	-
On account of actuarial loss	399.46	19.80	419.26
<b>Total</b>	<b>(1,485.57)</b>	<b>(933.60)</b>	<b>(2,419.17)</b>

### 2019-20

Particulars	Opening balance	Recognised in profit or loss	Closing balance
On account of VRS	1,196.49	(269.55)	926.94
On account of Property, Plant and Equipment	(1,475.97)	(1,953.25)	(3,429.22)
On account of Expected credit loss on receivables	420.72	7.04	427.76
On account of carried forward losses	-	189.49	189.49
On account of actuarial loss	314.09	85.37	399.46
<b>Total</b>	<b>455.33</b>	<b>(1,940.90)</b>	<b>(1,485.57)</b>

## 16 Other Non-current liabilities

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Security deposits received against supply of machinery	13,479.66	6,806.33
<b>Total</b>	<b>13,479.66</b>	<b>6,806.33</b>

## 17 Trade payables

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Current</b>		
Due to Micro and Small Enterprises [Refer Note 31.3]	1,087.82	136.30
Due to related parties	6,529.24	3,537.64
Others	35,740.49	30,395.77
<b>Total</b>	<b>43,357.55</b>	<b>34,069.71</b>

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 18 Other Financial liabilities

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Current</b>		
Unpaid dividends	93.66	101.36
Other liabilities	7,801.73	5,338.65
<b>Total</b>	<b>7,895.39</b>	<b>5,440.01</b>

## 19 Provisions

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Current</b>		
Provision for employee benefits		
Provision for gratuity	583.81	860.42
Provision for leave encashment	-	0.20
Other provisions		
Provision for warranty	655.55	301.73
<b>Total</b>	<b>1,239.36</b>	<b>1,162.35</b>

The provision for employee benefits include provision for gratuity and leave encashment. For detailed disclosure on the same, please refer note no. 31.9

The Company gives warranties for its products undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. The provision for warranty claims represents the present value of the Management's best estimate of the future outflow of economic benefits that will be required under the company's obligations for warranties under sale of goods legislations. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality. The timing of the outflows is expected to be within a period of one year.

Particulars	Provision for Warranty	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Carrying amount at the beginning of the year</b>	<b>301.73</b>	<b>509.24</b>
Additional provision made during the year	655.55	301.73
Amount used during the year	301.73	509.24
Unused amount reversed	-	-
<b>Carrying amount at the end of the year</b>	<b>655.55</b>	<b>301.73</b>

## 20 Other Current liabilities

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Security deposit received against supply of machinery	5,830.11	7,597.08
Other advances	21,977.02	11,987.13
<b>Total</b>	<b>27,807.13</b>	<b>19,584.21</b>

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 21 Revenue from operations

Particulars	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Gross sale of products	1,63,888.58	1,50,863.92
<b>Other operating revenues</b>		
Repairs & Service charges & miscellaneous income	3,539.90	3,440.27
Sale of scrap	641.17	789.11
Export incentives	895.38	1,916.54
<b>Total revenue from operations</b>	<b>1,68,965.03</b>	<b>1,57,009.84</b>

## 22 Other Income

Particulars	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Dividend income from Mutual fund designated at FVTPL	22.97	100.93
Profit on Sale of Mutual Funds	20.18	-
Interest income from financial assets at amortised cost	6,004.49	6,533.49
Dividend income from equity investments designated at FVTOCI	27.53	44.81
Income from Mutual funds designated at FVTPL	669.26	409.99
Rental income	38.60	53.08
Net Gain on foreign currency transactions	360.22	917.69
Net Gain on sale of assets	608.57	915.28
Sale of wind energy/REC	-	385.70
Royalty income	168.29	2.35
<b>Total other income</b>	<b>7,920.11</b>	<b>9,363.32</b>

## 23 Cost of materials consumed

Particulars	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Raw materials at the beginning of the year	14,956.12	17,018.36
Add: Purchases	1,09,699.00	91,161.98
Less: Sales	1,046.37	711.18
Less: Raw materials at the end of the year	19,487.90	14,956.12
<b>Total cost of materials consumed</b>	<b>1,04,120.85</b>	<b>92,513.04</b>



# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 24 Changes in inventories of work-in-progress and finished goods

Particulars	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
<b>Opening Stock</b>		
Work-in-progress	8,100.88	7,675.40
Finished goods	2,263.97	3,979.60
<b>Total</b>	<b>10,364.85</b>	<b>11,655.00</b>
<b>Closing Stock</b>		
Work-in-progress	9,986.08	8,100.88
Finished goods	855.91	2,263.97
<b>Total</b>	<b>10,841.99</b>	<b>10,364.85</b>
<b>Total changes in inventories of work-in-progress and finished goods</b>	<b>(477.14)</b>	<b>1,290.15</b>

## 25 Employees Benefits Expenses

Particulars	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Salaries and wages	19,946.49	19,374.82
Contribution to Provident and other funds	1,233.39	1,681.84
Staff welfare expenses	1,803.77	2,007.26
<b>Total employee benefit expenses</b>	<b>22,983.65</b>	<b>23,063.92</b>

## 26 Depreciation and amortisation expense

Particulars	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Depreciation of property, plant and equipment	4,659.05	4,620.58
Amortisation of intangible assets	496.84	405.32
<b>Total depreciation and amortisation expense</b>	<b>5,155.89</b>	<b>5,025.90</b>

## 27 Impairment losses on financial assets and reversal of impairment on financial assets

Particulars	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Impairment loss (Expected credit loss) allowance on trade receivables	(339.99)	659.86
<b>Total</b>	<b>(339.99)</b>	<b>659.86</b>

## 28 Other expenses

Particulars	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Sales commission to agents	2,590.92	2,796.85
Consumption of stores and spare parts	6,485.71	6,079.68
Consumption of packing material	2,916.28	2,778.43
Power and fuel net of Green Energy (Green Energy adjusted CY ₹4, 176.07 Lakhs; PY ₹4,344.39 Lakhs)	1,994.70	2,071.99
Rent expense	95.34	77.78

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 28 Other expenses (Contd.)

Particulars	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
<b>Repairs and maintenance</b>		
Repairs to buildings	477.10	721.07
Repairs to machinery and others	4,002.06	4,140.36
Insurance	431.35	233.05
Rates and taxes, excluding taxes on income	832.16	460.40
<b>Auditors' remuneration</b>		
For Audit	15.00	15.00
For reimbursement of expenses	0.10	-
Loss on sale of assets	15.19	1.22
Donation*	878.28	895.34
Directors sitting fees	28.00	29.50
Non-executive directors' commission	45.00	52.50
Corporate Social Responsibility expenses(Note 31.6)	450.16	580.47
Export expenses	3,625.46	3,902.85
Travelling Expenses & Maintenance of Vehicles	1,570.36	2,185.75
Research and development expenses	2,219.62	2,771.32
Service Outsourcing expenses	2,143.37	2,425.14
Sales Expenses	1,743.40	1,532.09
Miscellaneous expenses	3,243.11	3,377.43
<b>Total other expenses</b>	<b>35,802.67</b>	<b>37,128.22</b>

\* Donation include contribution to political parties for ₹600 Lakhs during the year (Previous year ₹475 Lakhs)

## 29 Finance Cost

Particulars	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Bill collection charges	8.10	41.65

## 30 Income tax relating to continuing operations

### 30.1 Income tax recognised in profit or loss

Particulars	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
<b>Current tax</b>		
Current tax on profits for the year	1,650.23	-
Adjustments for current tax of prior periods	89.73	-
<b>Total current tax expense</b>	<b>1,739.96</b>	<b>-</b>

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 30.1 Income tax recognised in profit or loss (Contd.)

Particulars	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
<b>Deferred Tax</b>		
Decrease / (increase) of deferred tax assets	933.60	1,940.90
(Decrease) / Increase in deferred tax liabilities	-	-
<b>Total deferred tax expense</b>	<b>933.60</b>	<b>1,940.90</b>
<b>Total income tax expense recognised for the year</b>	<b>2,673.56</b>	<b>1,940.90</b>

## 30.2 Reconciliation of income tax expense to the accounting profit for the year

Particulars	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Profit before tax after exceptional items	7,419.57	6,440.66
Enacted tax rate in India	34.90%	17.47%
Computed expected tax expense at enacted tax rate	2,589.43	1,125.18
Tax effect on account of tax deductions	(1,319.74)	(25.46)
Tax effect of non-deductible expenses	380.54	50.28
<b>Total income tax expense recognised for the year</b>	<b>1,650.23</b>	<b>1,150.00</b>

## 30.3 Income tax recognised in other comprehensive income

Particulars	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
<b>Arising on income and expenses recognised in other comprehensive income:</b>		
Net fair value gain on investments in equity shares at FVTOCI	-	-
Remeasurement of defined benefit obligations	(56.62)	(85.37)
<b>Total</b>	<b>(56.62)</b>	<b>(85.37)</b>
<b>Bifurcation of income tax recognised in other comprehensive income into:</b>		
Items that will not be reclassified to profit or loss	(56.62)	(85.37)
Items that may be reclassified to profit or loss	-	-
<b>Total</b>	<b>(56.62)</b>	<b>(85.37)</b>

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.1 Contingent Liabilities and Commitments, to the extent not provided for

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Contingent liabilities</b>		
Claims against the company not acknowledged as debt		
Central Excise Demand	2,311.10	2,311.10
Income Tax Demand	193.42	207.70
<b>Other money for which the company is contingently liable</b>		
Letters of Credit	2,512.04	616.44
Bank and other guarantees	3,225.66	2,600.83

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 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account not provided for	417.09	1,952.45

## 31.2 Details of dividend proposed and paid

Particulars	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
a) Final dividend paid	1,068.30	3,739.05
b) In respect of the current year, the directors propose that a dividend of ₹10 per share be paid on equity shares on or before 20 <sup>th</sup> August, 2021. 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 14 <sup>th</sup> July, 2021. The total estimated equity dividend to be paid is ₹1,068.30 Lakhs.		

## 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 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	1,087.82	136.30
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 standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 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 31 <sup>st</sup> March, 2021			As at 31 <sup>st</sup> March, 2020		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial assets</b>						
<b>Measured at amortised cost</b>						
a) Cash and bank balances			3,274.26			3,147.61
b) Other financial assets -Non current			26,843.15			27,192.22
<b>Current</b>						
c) Trade receivables			18,494.40			11,932.29
d) Bank balances			72,989.10			58,754.18
e) Other financial assets -Current			3,219.22			5,269.08
f) Investments in subsidiaries			6,513.67			6,513.67
g) Investments in equity		12,203.57			3,736.37	
h) Investment in Mutual funds	15,072.34			8,860.07		
i) Investment in Debentures			1,300.66			999.39
	<b>15,072.34</b>	<b>12,203.57</b>	<b>1,32,634.46</b>	<b>8,860.07</b>	<b>3,736.37</b>	<b>1,13,808.44</b>
<b>Financial liabilities</b>						
a) Trade Payables			43,357.55			34,069.71
b) Other financial liabilities			7,895.39			5,440.01
<b>Total</b>	<b>-</b>	<b>-</b>	<b>51,252.94</b>	<b>-</b>	<b>-</b>	<b>39,509.72</b>
<b>Financial assets</b>			<b>1,59,910.37</b>			<b>1,26,404.88</b>
<b>Financial liabilities</b>			<b>51,252.94</b>			<b>39,509.72</b>

#### ii) Fair Valuation Techniques and Inputs used - recurring items

Particulars	Fair value as at		Fair value	Valuation
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020		
<b>Financial assets measured at Fair Value</b>				
Financial assets			Level 1	Quoted bid prices
<b>Investments</b>				
1. Quoted Equity investments	12,203.43	3,736.23		
2. Mutual funds	15,072.34	8,860.07		
<b>Total financial assets</b>	<b>27,275.77</b>	<b>12,596.30</b>		

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.4 Financial Instruments (Contd.)

### 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 ₹2,211.54 Lakhs (Previous year ₹209.76 Lakhs).

## 31.6 Corporate Social Responsibility expenditure

Particulars	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Amount spent through approved trusts and institutions	429.26	572.00
Amount spent directly	20.90	8.47
<b>Total</b>	<b>450.16</b>	<b>580.47</b>
Amount required to be spent as per Sec. 135 of the Act	442.32	577.39
<b>Amount spent during the year on:</b>		
Construction / acquisition of an asset	-	-
On purposes other than above	450.16	580.47
<b>Total</b>	<b>450.16</b>	<b>580.47</b>

CSR Expenditure during the year on construction/acquisition of an asset is ₹ Nil Lakhs. CSR Expenses relating to gross amount required to be spent for the year and the actual amount spent by the Company during the year is furnished as Annexure to the Board of Directors' Report.

## 31.7 Earnings Per Share

Particulars	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Net Profit after Tax before OCI [₹ In Lakhs]	4,746.01	4,499.76
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 ₹]	44.43	42.12

## 31.8 Related party transactions

### Related Party Relationships

#### Key Management Personnel

Sri. Sanjay Jayavarthanelu, Chairman and Managing Director

Sri. K. Soundhar Rajhan, Director -Operations

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.8 Related party transactions (Contd.)

Sri. V. Senthil, Chief Financial Officer

Sri. C R Shivkumaran - Company Secretary

### Wholly Owned Subsidiary :

LMW Textile Machinery (Suzhou) Co. Limited

### 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; Eshaan Enterprises Private Limited; Dhanuprabha Agro Private Limited; Harshni Textiles Private Limited; Hermes Academy of Training Limited; Lakshmi Card Clothing MFG Company Private Limited; Lakshmi Cargo Company Limited; LCC Cargo Holdings Limited; Lakshmi Caipo Industries Limited; Lakshmi Electrical Drives Private Limited; Lakshmi Ring Travellers (CBE) Private Limited; Lakshmi Electrical Control Systems Limited; Lakshmi Precision Tools Limited; Lakshmi Life Sciences Limited; Lakshmi Energy and Environment Designs Private Limited; Lakshmi Technology & Engineering Industries Limited; Mahalakshmi Engineering Holdings Private Limited; Quattro Engineering India Limited; Rajalakshmi Engineering; Revantha Services Limited; Revantha Agro Farms Private Limited; Sowbarnika Enterprises Limited; Sri Kamakoti Kamakshi Enterprises Private Limited; Sudhasruthi Agro Private Limited; Super Sales India Limited; Supreme Dairy Products India Private Limited; Shri Kara Engineering Private Limited; Sri Dwipa Properties Private Limited; Starline Travels Private Limited; Titan Paints & Chemicals Private Limited; The Lakshmi Mills Company Limited; Venkatavaradha Agencies Private Limited.

### Key Management personnel compensation

Particulars	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Short term employee benefits	651.03	505.05
Post employment benefits	39.64	41.62
<b>Total compensation</b>	<b>690.67</b>	<b>546.67</b>

Note : Related party relationships are as identified by the Management

### Related Party Transactions

Particulars	Other Related Parties		Key Management Personnel		Wholly Owned Subsidiary	
	31 <sup>st</sup> March, 21	31 <sup>st</sup> March, 20	31 <sup>st</sup> March, 21	31 <sup>st</sup> March, 20	31 <sup>st</sup> March, 21	31 <sup>st</sup> March, 20
Purchase of goods	23,076.44	21,550.37	-	-	454.29	96.69
Sale of goods	1,842.79	2,593.24	-	-	4,189.99	1,026.72
Purchase of Fixed Assets	8.70	86.50	-	-	-	11.64
Sale of Fixed Assets	0.25	41.82	-	-	-	-
Rendering of Services	72.67	195.47	-	-	168.29	2.35
Receiving of Services	10,461.72	11,935.07	-	-	-	-
Agency arrangements	650.82	651.26	-	-	-	-
Contribution to Gratuity Fund	400.00	400.00	-	-	-	-
Managerial remuneration	-	-	690.67	546.67	-	-
Outstanding Payables	6,342.33	3,254.94	318.83	129.15	186.91	282.70
Outstanding Receivables	8.32	19.37	-	-	3,152.48	1,324.92



# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

- 1 Purchase of Goods includes LMW Textile Machinery (Suzhou) Co. Limited ₹454.29 Lakhs (Previous year ₹96.69 Lakhs) Lakshmi Electrical Control Systems Limited ₹10,727.41 Lakhs (Previous Year ₹9,507.91 Lakhs), Lakshmi Electrical Drives Limited ₹2,634.81 Lakhs (Previous Year ₹2,565.58 Lakhs); Lakshmi Life Sciences Limited ₹4,709.25 Lakhs (Previous Year ₹4,551.32 Lakhs), Other related Parties-Associates ₹5,004.97 Lakhs (Previous Year ₹4,925.56 Lakhs)
- 2 Sale of Goods includes LMW Textile Machinery (Suzhou) Co. Limited ₹4,189.99 Lakhs (Previous Year ₹1,026.72 Lakhs), Lakshmi Electrical Control Systems Limited ₹723.84 Lakhs (Previous Year ₹492.35 Lakhs), Super Sales India Limited ₹647.91 Lakhs (Previous Year ₹1,665.48 Lakhs) and Other related Parties - Associates ₹471.04 Lakhs (Previous Year ₹435.41 Lakhs)
- 3 Purchase of Fixed Assets includes Revantha Services Limited ₹8.70 Lakhs (Previous Year ₹ Nil Lakhs); LMW Textile Machinery (Suzhou) Co. Limited Nil Lakhs (Previous Year ₹11.64 Lakhs); Lakshmi Life Sciences Limited ₹ Nil Lakhs (Previous Year ₹86.50 Lakhs)
- 4 Sale of Fixed Assets includes Lakshmi Life Sciences Limited ₹0.25 Lakhs (Previous Year ₹30.32 Lakhs), Super Sales India Limited ₹ Nil Lakhs (Previous Year ₹11.50 Lakhs)
- 5 Rendering of Services includes LMW Textile Machinery (Suzhou) Co. Limited ₹168.29 Lakhs (Previous Year ₹2.35 Lakhs), Super Sales India Limited ₹31.53 Lakhs (Previous Year ₹25.63 Lakhs); Chakradhara Aerospace and Cargo Private Limited ₹27.11 Lakhs (Previous Year ₹113.09 Lakhs), Others - Other Related Parties-Associates ₹14.03 Lakhs (Previous Year ₹56.75 Lakhs)
- 6 Receiving of Services includes Chakradhara Aerospace and Cargo Private Limited ₹6,388.20 Lakhs (Previous Year ₹6,449.99 Lakhs), Revantha Services Limited ₹2,041.48 Lakhs (Previous Year ₹3,351.42 Lakhs) Other Related Parties-Associates ₹2,032.04 Lakhs (Previous Year ₹2,133.66 Lakhs)
- 7 Agency arrangement includes Super Sales India Limited ₹650.82 Lakhs (Previous Year ₹651.26 Lakhs)
- 8 Contribution to gratuity fund includes Lakshmi Machine Works Limited Employees' Gratuity Fund ₹400 Lakhs (Previous Year ₹400.00 Lakhs)
- 9 Managerial Remuneration includes amount paid to Chairman and Managing Director ₹501.61 Lakhs (Previous Year ₹326.34 Lakhs); Mr. K. Soundhar Rajhan, Director Operations ₹127.85 Lakhs (PY ₹138.70 Lakhs); Mr. V. Senthil, Chief Financial Officer ₹38.03 Lakhs (Previous Year ₹47.25 Lakhs); Mr. C. R Shivkumaran, Company Secretary ₹23.18 Lakhs (Previous year ₹34.38 Lakhs)
- 10 Outstanding Payables include LMW Textile Machinery (Suzhou) Co. Limited ₹186.91 Lakhs (Previous Year ₹282.70 Lakhs), Chakradhara Aerospace and Cargo Private Limited ₹1,056.07 Lakhs (Previous Year ₹440.53 Lakhs), Lakshmi Electrical Control Systems Limited ₹2245.43 Lakhs (Previous ₹592.31 Lakhs), Super Sales India Limited ₹1,069.61 Lakhs (Previous Year ₹1,136.13 Lakhs), Sri. Sanjay Jayavarthanavelu ₹318.83 Lakhs (Previous Year ₹129.15 Lakhs), and Other Related parties-Associates ₹1971.22 Lakhs (Previous Year ₹1,085.97 Lakhs)
- 11 Outstanding Receivables include LMW Textile Machinery (Suzhou) Co. Limited ₹3,152.48 Lakhs (Previous Year ₹1,324.92 Lakhs), Starline Travels Private Limited ₹4.37 Lakhs (Previous Year ₹5.85 Lakhs); Lakshmi Card Clothing Manufacturing Company Private Limited ₹3.39 Lakhs (Previous Year ₹ Nil Lakhs) and Others - Other Related Parties - Associates ₹0.56 Lakhs (Previous Year ₹13.52 Lakhs)

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.9 Employee defined benefit and contribution plans

### I. Defined Benefit Plans

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31 <sup>st</sup> March, 21	31 <sup>st</sup> March, 20	31 <sup>st</sup> March, 21	31 <sup>st</sup> March, 20
<b>A. Expense recognised in Income Statement</b>				
1. Current Service cost	382.51	453.76	181.47	178.14
2. Interest expense on DBO	601.86	560.70	68.52	70.64
3. Interest (Income on plan asset)	(554.91)	(501.64)	(82.48)	(70.62)
4. Net Interest	46.95	59.06	(13.95)	0.02
5. Immediate recognition of (gain) / losses	-	-	(48.78)	(265.70)
6. Defined Benefits cost included in P & L	429.46	512.82	118.74	(87.54)
<b>B. Expense recognised in Comprehensive Income</b>				
1. Actuarial (gain)/Losses due to Demographic assumption changes in DBO	-	-	-	7.89
2. Actuarial (gain)/Losses due to financial assumption changes in DBO	(168.17)	590.86	(25.47)	78.84
3. Actuarial (gain)/Losses due to experience on DBO	(572.28)	(386.49)	(30.22)	(295.52)
4. Return on plan assets (Greater) / Less than Discount rate	434.37	(488.92)	6.91	(56.91)
5. Total actuarial (gain) / loss included in OCI	(306.08)	(284.55)	-	-
6. Cost recognised in P & L	429.46	512.82	118.74	(87.54)
7. Remeasurement effect recognised in OCI	(306.08)	(284.55)	-	-
8. Total defined benefit cost	123.38	228.27	118.74	(87.54)
<b>C. Net asset/Liability recognised in the Balance Sheet</b>				
1. Present value of benefit obligation	8,034.32	9,139.59	1,049.19	1,072.69
2. Fair value of plan assets	7,450.51	8,279.17	1,235.59	1,160.03
3. Funded Status [Surplus / (deficit)]	(583.81)	(860.42)	186.40	87.34
4. Net Asset /(Liability) recognised in balance sheet	(583.81)	(860.42)	186.40	87.34
<b>D. Change in Present value of the Obligation during the year</b>				
1. Present value of the obligation at beginning of year	9,139.59	8,474.06	1,072.69	1,032.70
2. Current service cost	382.51	453.76	181.47	178.14
3. Interest cost	601.86	560.70	68.52	70.64
4. Benefits paid	(1,349.19)	(553.30)	(217.81)	-
5. Actuarial (gain) loss on obligation	(740.45)	204.37	(55.69)	(208.79)
6. Present value of obligation at end of the year	8,034.32	9,139.59	1,049.19	1,072.69
<b>E. Reconciliation of opening &amp; closing values of Plan Assets</b>				
1. Fair value of plan assets at the beginning of the year	8,279.17	7,379.36	1,160.03	1,032.50
2. Expected return on plan assets	554.91	501.64	82.48	70.62

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.9 Employee defined benefit and contribution plans (Contd.)

### I. Defined Benefit Plans (Contd.)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31 <sup>st</sup> March, 21	31 <sup>st</sup> March, 20	31 <sup>st</sup> March, 21	31 <sup>st</sup> March, 20
3. Contributions made	400.00	462.55	-	-
4. Benefits paid	(1,349.19)	(553.30)	-	-
5. Actuarial gain / (loss) on plan assets	(434.38)	488.92	(6.91)	56.91
6. Fair value of plan assets at the end of the year	7,450.51	8,279.17	1,235.59	1,160.03
7. Actual return on plan assets	120.53	990.56	75.56	127.53
<b>F. Amounts recognised in Other comprehensive Income</b>				
1. Opening unrecognised losses / (Gains)	1,146.64	1,431.20	-	-
2. Actuarial Loss / (Gains) on DBO	(740.45)	204.37	(55.69)	(208.79)
3. Actuarial Loss / (Gains) on assets	434.38	(488.92)	6.91	(56.90)
4. Amortisation Actuarial loss / (Gain)	-	-	(48.78)	(265.70)
5. Total recognised in Other comprehensive income	840.57	1,146.65	-	-
<b>G. Major categories of plan assets as a percentage of total plan</b>				
1. Qualifying insurance policies	7,450.51	8,279.17	1,235.59	1,160.03
2. Own plan assets-Bank balances	2.37	13.65	-	-
	7,452.88	8,292.82	1,235.59	1,160.03
<b>H. Actuarial Assumptions</b>				
1. Discount rate	7.11%	6.84%	7.11%	6.84%
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%	6.84%	7.11%	6.84%
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 ₹600.00 Lakhs (as at 31<sup>st</sup> March, 2020: ₹400 Lakhs) to the defined benefit plans during the next financial year.

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.9 Employee defined benefit and contribution plans (Contd.)

### I. Defined Benefit Plans (Contd.)

#### I. Sensitivity Analysis

	Gratuity (Funded)		Leave Encashment (Funded)	
	31 <sup>st</sup> March, 21	31 <sup>st</sup> March, 20	31 <sup>st</sup> March, 21	31 <sup>st</sup> March, 20
Impact of +1% change in rate of discounting	(563.56)	(646.00)	(101.20)	(104.15)
Impact of -1% change in rate of discounting	632.56	726.99	120.70	124.54
Impact of +1% change in rate of salary increase	608.69	696.56	114.12	117.49
Impact of -1% change in rate of salary increase	(558.20)	(637.40)	(97.61)	(100.28)
Impact of +1% change in rate of attrition	(82.26)	(100.13)	(17.67)	(20.25)
Impact of -1% change in rate of attrition	90.95	110.77	20.57	23.60

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, 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.

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.9 Employee defined benefit and contribution plans (Contd.)

### II. Defined Contribution Schemes

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Provident Fund Contribution	1,072.86	1,178.00

### 31.10 Segment information

#### Products and services from which reportable segments derive their revenues

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the type of goods or services delivered or provided. The company has chosen to organise the company around differences in products and services. No operating segments have been aggregated in arriving at the reportable segments of the company.

Specifically, the Company is organised into three main reportable segments viz., (1) Textile Machinery Division (2) Machine Tool Division & Foundry Division and (3) Advanced Technology Centre for Aero Space-Parts & Components.

#### Operating Segments

	Textile Machinery Division		Machine Tool & Foundry Division		Advance Technology Centre		Total	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Revenue</b>								
Revenue from external customers	1,12,759.20	1,10,796.80	49,582.74	37,754.21	1,546.64	2,312.92	1,63,888.58	1,50,863.93
Inter Segment Revenue	1,637.42	1,880.12	2,495.76	1,351.01	-	-	4,133.18	3,231.13
Allocable other income	4,258.91	6,303.72	613.21	1,050.49	1,341.41	1,012.73	6,213.53	8,366.94
<b>Total Segment Revenue</b>	<b>1,18,655.53</b>	<b>1,18,980.64</b>	<b>52,691.71</b>	<b>40,155.71</b>	<b>2,888.05</b>	<b>3,325.65</b>	<b>1,74,235.29</b>	<b>1,62,462.00</b>
Less : Inter Segment Revenue							4,133.18	3,231.13
Add: Unallocable other Income							<b>6,783.03</b>	<b>7,142.29</b>
<b>Enterprise revenue</b>							1,76,885.14	1,66,373.16
<b>Result</b>								
Segment Result	1,685.17	936.66	3,637.43	2,785.96	(2,586.97)	(1,643.25)	2,735.63	2,079.37
Operating Profit							2,735.63	2,079.37
Add : Unallocable Other Income net of unallocable expenditure							4,692.04	4,402.94
Less : Interest Expenses							8.10	41.65
Incometax expenses (Current)							1,739.96	-
Incometax expenses (Deferred)							933.60	1,940.90
<b>Net Profit after Tax</b>							<b>4,746.01</b>	<b>4,499.76</b>
<b>Other Information</b>								
Segment assets	1,42,993.13	1,38,721.88	86,080.27	66,824.56	2,449.19	3,146.27	2,31,522.59	2,08,692.71
Add: Unallocable corporate assets							42,701.47	25,486.91
<b>Enterprise Assets</b>							<b>2,74,224.06</b>	<b>2,34,179.62</b>
Segment Liabilities	73,724.55	56,816.47	19,218.11	9,368.08	742.77	776.70	93,685.43	66,961.25
Add : Unallocable corporate liabilities							1,80,538.63	1,67,218.37
<b>Enterprise Liabilities</b>							<b>2,74,224.06</b>	<b>2,34,179.62</b>
Capital Expenditure	3,393.38	3,408.96	494.73	1,979.55	909.71	1,363.78	4,797.82	6,752.29
Depreciation	4,109.60	3,912.10	358.14	549.47	688.15	564.33	5,155.89	5,025.90

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.10 Segment information (Contd.)

### 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.

### Information about major customers

There is no single customer contributing to 10% or more to the company's revenue for both 2020-21 and 2019-20.

### Segment assets and liabilities

Operating Segment	Segment Assets		Segment Liabilities	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Textile machinery division	1,42,993.13	1,38,721.88	73,724.55	56,816.47
Machine tool & foundry division	86,080.27	66,824.56	19,218.11	9,368.08
Advanced technology centre	2,449.19	3,146.27	742.77	776.70
<b>Total Segment assets &amp; segment liabilities</b>	<b>2,31,522.59</b>	<b>2,08,692.71</b>	<b>93,685.43</b>	<b>66,961.25</b>
<b>Adjustments of unallocated assets and liabilities</b>				
Share capital	-	-	1,068.30	1,068.30
Reserves and Surplus	-	-	1,76,957.50	1,64,563.14
Investments	35,090.24	20,109.50	-	-
Advance tax	7,611.23	5,377.41	-	-
Deferred tax	-	-	2,419.17	1,485.57
Unpaid Dividends	-	-	93.66	101.36
<b>Total assets &amp; liabilities as per Balance sheet</b>	<b>2,74,224.06</b>	<b>2,34,179.62</b>	<b>2,74,224.06</b>	<b>2,34,179.62</b>

### Geographical information

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

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.10 Segment information (Contd.)

The company's revenue from external customers based on location of customers is as per the table below:

	Revenue from external customers	
	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Inside India	1,33,079.00	1,19,423.99
Outside India	30,809.58	31,439.93
	<b>1,63,888.58</b>	<b>1,50,863.92</b>

## 31.11 Approval of financial statements

The financial statements were approved for issue by the Board of directors on 24<sup>th</sup> May, 2021.

## 31.12 Details of Leasing Arrangements

Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>As Lessor</b>		
<b>Operating lease</b>		
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.		
<b>Future minimum lease receipts</b>		
Not later than one year	24.12	18.84
Later than one year and not later than five years	96.46	82.72
More than 5 years	-	-

## 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 customer 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.



# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.13 Revenue Recognition (Contd.)

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 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2020 is as follows:

Particulars	Year Ended 31 <sup>st</sup> March (₹ In Lakhs)	
	2021	2020
(i) Revenue from sale of products	1,63,888.58	1,50,863.92
(ii) Revenue from rendering of services	5,076.45	6,145.92
<b>Total revenue from operations</b>	<b>1,68,965.03</b>	<b>1,57,009.84</b>

## 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 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.14 Financial Risk Management Objectives (Contd.)

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)	
		31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Sundry creditors	CHF	94,614.10	31,255.00	73.51	24.48
	EUR	25,62,051.07	8,41,363.00	2,201.37	699.02
	GBP	37,070.47	23,284.00	37.43	21.86
	JPY	8,81,92,202.76	4,53,88,186.00	583.47	318.22
	SGD	16,468.63	12,375.00	8.96	6.56
	USD	24,69,687.70	14,83,877.00	1,806.97	1,118.36
	SEK	85,000.00	85,000.00	7.13	6.46
Sundry Debtors	USD	1,23,81,880.94	89,82,411.00	9,101.26	6,771.47
	EUR	7,12,787.85	15,75,573.00	613.70	1,308.51
	GBP	9,436.80	-	9.53	-
Cash and Bank Balances					
	KES	2,28,983.80	28,97,183.00	1.56	20.57
	BDT	5,82,938.86	3,74,642.00	5.07	3.38
	USD	35,142.83	15,904.00	27.52	11.99
	VND	5,85,76,364.00	4,60,86,577.00	1.87	1.50
	TRY	31,196.90	20,371.00	2.79	2.42

The Company is mainly exposed to USD and EUR.

### Foreign currency sensitivity analysis

Particulars	(₹ In Lakhs)	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Sundry creditors</b>		
USD	1,806.97	1,118.36
Euro	2,201.37	699.02
<b>Sundry Debtors</b>		
USD	9,101.26	6,771.47
Euro	613.70	1,308.51
<b>Net receivable</b>		
USD	7,294.29	5,653.11
Euro	(1,587.66)	609.49
<b>Total</b>	<b>5,706.63</b>	<b>6,262.60</b>
Impact on profit : 5 % increase in currency rate	285.33	313.13
Impact on profit : 5 % decrease in currency rate	(285.33)	(313.13)

**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 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.14 Financial Risk Management Objectives (Contd.)

### Interest rate sensitivity analysis

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Fixed deposits in Banks	1,00,709.64	86,240.35
Impact on profit :increase of 25 basis points	251.77	215.60
Impact on profit : decrease of 25 basis points	(251.77)	(215.60)

**Price risk** – Holding marketable financial assets expose the company to risk of price fluctuation. Price escalations will have insignificant impact on carrying amounts of respective financial assets. However, the Company is exposed to equity price risks from equity investments. Certain of the Company's equity investments are held for strategic rather than trading purposes.

### Price sensitivity analysis

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Fair value of Equity investments	12,203.43	3,736.23
Impact on Other Comprehensive Income :increase by 5%	610.17	186.81
Impact on Other Comprehensive Income :Decrease by 5%	(610.17)	(186.81)

**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.

The contractual maturities of company's financial liabilities are :

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Trade payable	43,357.55	34,069.71
Less than one year	43,357.55	34,069.71
Others	-	-
Other liabilities	7,895.39	5,440.01
Less than one year	7,895.39	5,440.01

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.14 Financial Risk Management Objectives (Contd.)

**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 31<sup>st</sup> March, 2021 and 2020 was ₹12,203.43 Lakhs and ₹3,736.37 Lakhs, respectively.

A 5% change in equity price as of 31<sup>st</sup> March, 2021 and 2020 would result in an impact of ₹610.18 Lakhs and ₹186.81 Lakhs respectively.

(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 ₹1,944.54 Lakhs (FY 2019-20 ₹2,447.72 Lakhs) and for Machine Tool Division amounting to ₹275.07 Lakhs (FY 2019-20 ₹323.60 Lakhs) has been charged to Statement of Profit and Loss and Capital expenditure relating to Research and Development for Textile Machinery Division amounting to ₹92.39 Lakhs (FY 2019-20 ₹489.92 Lakhs) and for Machine Tool Division amounting to ₹ Nil Lakhs (FY 2019-20 ₹ Nil Lakhs) has been included in Fixed Assets.

**31.16** 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

**K. Raghu**  
Partner  
Membership No. 11178

Place : Coimbatore  
Date : 24<sup>th</sup> May, 2021

For and on behalf of the Board of Directors

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

**V. Senthil**  
Chief Financial Officer

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

**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)

1. Sl. No.	::	1	
2. Name of the subsidiary	::	LMW Textile Machinery (Suzhou) Co.Limited	
3. The date since when subsidiary was acquired	::	04.09.2008	
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period	::	1 <sup>st</sup> January, 2020 to 31 <sup>st</sup> December, 2020 (1 <sup>st</sup> April, 2020 to 31 <sup>st</sup> March, 2021- For consolidation purpose)	
5. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	::	RMB (Chinese Yuan); Closing Exchange rate as at 31 <sup>st</sup> March, 2021 - 1 RMB = ₹11.1656 (Previous year ₹10.6453)	
		<b>31<sup>st</sup> March, 2021</b>	<b>31<sup>st</sup> March, 2020</b>
6. Share capital	::	6,513.67	6,513.67
7. Reserves & Surplus	::	237.41	440.56
8. Total assets	::	11,554.02	8,832.61
9. Total liabilities	::	11,554.02	8,832.61
10. Investments	::	-	-
11. Turnover	::	8,142.76	1,909.61
12. Profit before taxation	::	(309.45)	(1,618.51)
13. Provision for taxation	::	-	-
14. Profit after taxation	::	(309.45)	(1,618.51)
15. Proposed Dividend	::	-	-
16. Extent of shareholding [In %]	::	100.00	100.00
17. Names of subsidiaries which are yet to commence operations	::	Not applicable	
18. Names of subsidiaries which have been liquidated or sold during the year	::	Not applicable	

## Part B : Associates and Joint ventures

Statement pursuant to section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint ventures

### Not Applicable

Name of associates/Joint ventures	::
1. Latest audited Balance Sheet Date	::
2. Date on which the Associate or Joint Venture was associated or acquired	::
3. Shares of associate/Joint ventures held by the company on the year end	::
No.	::
Amount of investment in associates/joint venture	::
Extend of holding [In %]	::
4. Description of how there is significant influence	::
5. Reason why the associate/joint venture is not consolidated	::
6. Net worth attributable to shareholding as per latest audited Balance Sheet	::
7. Profit/loss for the year	::
I ) considered in consolidation	::
ii) not considered in consolidation	::
8. Names of associates or joint ventures which are yet to commence operations	::
9. Names of associates or joint ventures which have been liquidated or sold during the year	::

In terms of our report attached

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

**K. Raghu**  
Partner  
Membership No. 11178

Place : Coimbatore  
Date : 24<sup>th</sup> May, 2021

For and on behalf of the Board of Directors

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

**V. Senthil**  
Chief Financial Officer

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

**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 accompanying consolidated financial statements of Lakshmi Machine Works Limited (“the Company”) and its subsidiary (the Company and its subsidiary together referred to as “the Group”), which comprise the consolidated Balance Sheet as at 31<sup>st</sup> March, 2021, 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 (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 31<sup>st</sup> March, 2021, 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 (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those SAs 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 judgment, 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
<p><b>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).</b></p> <p>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.</p>	<p>We assessed the Group’s process to identify the impact of adoption of the revenue accounting standard.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>• Evaluated the design of internal controls relating to implementation of the revenue accounting standard.</li> <li>• It is observed that transaction price charged is ex-works price and revenue is booked at the time of dispatch of the goods.</li> <li>• The above method followed by the group is in line the provisions of Ind AS 115 - ‘Revenue from contracts with customers’</li> </ul> <p><b>Conclusion:</b></p> <p>We agree with the management’s evaluation.</p>
<p><b>Accuracy of revenues and onerous obligations in respect of fixed price contracts.</b></p>	<p>In the process of verifying the accuracy of recognition of revenues of fixed price contracts, we have undertaken the following audit approach:</p> <ul style="list-style-type: none"> <li>• Understood, evaluated and tested the key controls over the recognition of revenue from fixed price contracts. We selected a sample of transactions and</li> <li>• Agreed the applied tariff to the respective terms in the contract.</li> <li>• Tested revenue calculations and agreed the revenue recognized to the underlying accounting records.</li> </ul> <p><b>Conclusion:</b></p> <p>We agree with the management’s evaluation.</p>
<p><b>Assessment of carrying value of investments</b></p> <p>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.</p>	<p>Our procedures in relation to assessing the carrying value of investments include the following observations.</p> <ul style="list-style-type: none"> <li>• The equity investments are carried at fair value as on 31<sup>st</sup> March, 2021.</li> <li>• The Group has also invested in debt oriented mutual funds, and the same has also been recognized at fair market value as on 31<sup>st</sup> March, 2021.</li> <li>• During the year the group has invested in Non-Convertible Debentures which has been recognized at amortized cost as on 31<sup>st</sup> March, 2021.</li> </ul> <p><b>Conclusion:</b></p> <p>We agree with the management’s evaluation</p>

## Other Matters

We did not audit the financial statements of subsidiary LMW Textile Machinery (Suzhou) Company Limited, whose Ind AS financial statements reflect total assets of ₹11,554.02 Lakhs as at 31<sup>st</sup> March, 2021 and total turnover of ₹8,142.76 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 loss of ₹309.45 Lakhs for the year ended 31<sup>st</sup> March, 2021 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.

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

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 management 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 as on 31<sup>st</sup> March, 2021 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding company incorporated in India is disqualified as on 31<sup>st</sup> March, 2021 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".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the

Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The 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.

**For S. KRISHNAMOORTHY & Co.**

Chartered Accountants  
Firm Registration No. 001496S

**K. Raghu**

Partner

Place: Coimbatore

Date: 24<sup>th</sup> May, 2021

Membership No. 11178

UDIN: 21011178AAAAFG3639

# ANNEXURE “A”

## 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 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, 2021, we have audited the internal financial controls over financial reporting of LAKSHMI MACHINE WORKS LIMITED (hereinafter referred to as “the Company”), the holding company incorporated in India as on that date. The Holding company does not have any subsidiary company which is a company incorporated in India.

### **Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Company 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 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future

periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Company and its subsidiary company 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, 2021, 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 Registration No. 001496S

**K. Raghu**

Partner

Place: Coimbatore

Date: 24<sup>th</sup> May, 2021

Membership No. 11178

UDIN: 21011178AAAAFG3639



# Consolidated Balance Sheet

as at 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	4	68,746.42	69,530.17
Capital work-in-progress	4	1,051.70	2,981.43
Other Intangible assets	5	1,381.82	1,542.96
<b>Financial Assets</b>			
(i) Investments	6	13,504.23	4,735.76
(ii) Other financial assets	10	26,843.15	27,192.22
<b>Total Non - Current Assets</b>		<b>1,11,527.32</b>	<b>1,05,982.54</b>
<b>Current assets</b>			
Inventories	7	34,492.99	28,849.08
<b>Financial Assets</b>			
(i) Investments	6	15,072.34	8,860.07
(ii) Trade receivables	8	17,815.41	10,741.78
(iii) Cash and cash equivalents	9(a)	5,252.18	5,075.48
(iv) Bank balances other than (ii) above	9(b)	72,989.10	58,754.18
(v) Other financial assets	10	3,219.22	5,269.08
Current Tax Assets (Net)	11	7,611.25	5,292.10
Other current assets	12	7,795.43	5,788.06
<b>Total Current Assets</b>		<b>1,64,247.92</b>	<b>1,28,629.83</b>
<b>Total Assets</b>		<b>2,75,775.24</b>	<b>2,34,612.37</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	13	1,068.30	1,068.30
Other Equity	14	1,76,960.92	1,64,967.30
Equity attributable to owners of the Company		1,78,029.22	1,66,035.60
<b>Total equity</b>		<b>1,78,029.22</b>	<b>1,66,035.60</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
Deferred tax liabilities (Net)	15	2,419.17	1,485.57
Other non-current liabilities	16	13,479.66	6,806.33
<b>Total Non Current Liabilities</b>		<b>15,898.83</b>	<b>8,291.90</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
(i) Trade payables	17		
Due to Micro and Small Enterprises		1,087.82	136.30
Due to Others		42,097.54	33,120.95
(ii) Other financial liabilities	18	7,895.39	5,964.29
Provisions	19	1,239.36	1,162.35
Other current liabilities	20	29,527.08	19,900.98
<b>Total Current Liabilities</b>		<b>81,847.19</b>	<b>60,284.87</b>
<b>Total Liabilities</b>		<b>97,746.02</b>	<b>68,576.77</b>
<b>Total Equity and Liabilities</b>		<b>2,75,775.24</b>	<b>2,34,612.37</b>

See accompanying notes to financial statements

31

In terms of our report attached

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

**K. Raghv**

Partner  
Membership No. 11178

Place : Coimbatore  
Date : 24<sup>th</sup> May, 2021

For and on behalf of the Board of Directors

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

**V. Senthil**  
Chief Financial Officer

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

**C R Shivkumaran**  
Company Secretary

# Consolidated Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
<b>INCOME</b>			
Revenue from operations	21	1,72,737.69	1,57,449.82
Other income	22	7,872.53	9,399.91
<b>Total income</b>		<b>1,80,610.22</b>	<b>1,66,849.73</b>
<b>EXPENSES</b>			
Cost of materials consumed	23	1,05,751.20	92,462.17
Purchase of stock in trade		-	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	(631.30)	1,564.74
Employee benefit expense	25	23,845.47	23,971.36
Depreciation and amortisation expense	26	5,562.78	5,525.84
Impairment loss on financial assets	27	(339.99)	659.86
Other expenses	28	37,069.09	37,677.15
Finance costs	29	8.10	60.53
<b>Total expenses</b>		<b>1,71,265.35</b>	<b>1,61,921.65</b>
<b>Profit before exceptional items and tax</b>		<b>9,344.87</b>	<b>4,928.08</b>
<b>Exceptional items</b>			
Voluntary retirement scheme payments	31.6	2,211.54	209.76
<b>Profit before tax after exceptional items</b>		<b>7,133.33</b>	<b>4,718.32</b>
Tax expense	30		
Current tax	30.1	1,650.23	1,150.00
Less : MAT Credit entitlement			(1,150.00)
Deferred tax	30.1	933.60	1,940.90
Prior year taxes	30.1	89.73	-
<b>Total tax expense</b>		<b>2,673.56</b>	<b>1,940.90</b>
<b>Profit after tax from continuing operations for the year</b>		<b>4,459.77</b>	<b>2,777.42</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to Profit and loss</b>			
Changes in Fair value of FVTOCI equity instruments		8,467.19	(3,595.96)
Remeasurement of post-employment defined benefit plans		306.08	284.55
Income-tax relating to these items		(56.62)	(85.37)
<b>Items that will be reclassified to Profit and loss</b>		<b>-</b>	<b>-</b>
<b>Total Other Comprehensive income to owners of equity</b>		<b>8,716.65</b>	<b>(3,396.78)</b>
<b>Total Comprehensive income for the year to owners of equity</b>		<b>13,176.42</b>	<b>(619.36)</b>
Basic Earnings per share [In ₹] [Face value ₹10/- per share]		41.75	26.00
Diluted Earnings per share [In ₹] [Face value ₹10/- per share]		41.75	26.00
See accompanying notes to financial statements	31		

In terms of our report attached

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

**K. Raghu**

Partner

Membership No. 11178

Place : Coimbatore

Date : 24<sup>th</sup> May, 2021

For and on behalf of the Board of Directors

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

**V. Senthil**  
Chief Financial Officer

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

**C R Shivkumaran**  
Company Secretary

# Consolidated Statement of Changes in Equity

for the year ended 31<sup>st</sup> March, 2021

## Equity Share Capital

(All amount in ₹ Lakhs, unless otherwise stated)

	Amount
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>1,068.30</b>
Changes in equity share capital during the year	-
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>1,068.30</b>

## Other Equity

	Reserves and Surplus					Items of Other comprehensive Income	Total
	Capital Reserves	Capital Redemption Reserve	General Reserve	FCTR	Retained Earnings	Equity Instruments through OCI	
<b>Balance as on 31<sup>st</sup> March, 2020</b>	<b>701.49</b>	<b>168.62</b>	<b>14,982.90</b>	<b>402.34</b>	<b>1,47,037.29</b>	<b>1,674.66</b>	<b>1,64,967.30</b>
Add: Profit after tax for the year	-	-	-	-	4,459.77	-	4,459.77
Add: Changes in fair value of equity instruments through FVTOCI [net of tax]	-	-	-	-	-	8,467.19	8,467.19
Add : Remeasurement of post-employment benefit obligations [Net of tax]	-	-	-	-	249.46	-	249.46
<b>Total</b>	<b>701.49</b>	<b>168.62</b>	<b>14,982.90</b>	<b>402.34</b>	<b>1,51,746.52</b>	<b>10,141.85</b>	<b>1,78,143.72</b>
Less: Payment of dividends	-	-	-	-	(1,068.30)	-	(1,068.30)
Less: Transfer to General Reserve	-	-	500.00	-	(500.00)	-	-
Add: Increase in FCTR	-	-	-	(114.50)	-	-	(114.50)
<b>Balance as on 31<sup>st</sup> March, 2021</b>	<b>701.49</b>	<b>168.62</b>	<b>15,482.90</b>	<b>287.84</b>	<b>1,50,178.22</b>	<b>10,141.85</b>	<b>1,76,960.92</b>

See accompanying notes to financial statements

In terms of our report attached

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

**K. Raghu**

Partner  
Membership No. 11178

Place : Coimbatore  
Date : 24<sup>th</sup> May, 2021

For and on behalf of the Board of Directors

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

**V. Senthil**  
Chief Financial Officer

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

**C R Shivkumaran**  
Company Secretary

# Consolidated Cash Flow Statement

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31 <sup>st</sup> March, 2021		Year ended 31 <sup>st</sup> March, 2020	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit after exceptional items but before tax		7,133.33		4,718.32
(VRS Expenses of ₹2,211.54 Lakhs (P.Y. ₹209.76 Lakhs)				
<b>Adjustments for :</b>				
Depreciation and amortisation expense		5,562.78		5,525.84
Finance costs		8.10		60.53
Profit on sale of Mutual Funds		(20.18)		-
Profit on sale of assets		(608.57)		(916.67)
Loss on sale of assets		15.19		1.22
Interest income		(6,023.42)		(6,543.28)
Dividend income		(50.50)		(145.74)
Income from Mutual funds		(669.26)		(409.99)
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents		(0.19) (1,786.05)		(0.21) (2,428.30)
<b>Operating Profit before working capital changes</b>		<b>5,347.28</b>		<b>2,290.02</b>
<b>Adjustments for (increase) / decrease in operating assets</b>				
Trade receivables		(7,073.63)		8,523.12
Inventories		(5,643.91)		3,741.13
Other financial assets-Non Current		349.07		888.80
Other financial assets- Current		382.58		855.82
Other Current assets		(2,007.56)		1,283.42
<b>Adjustments for increase / (decrease) in operating liabilities</b>				
Trade payables		9,928.11		(4,277.20)
Other non current liabilities		6,673.33		1,757.90
Provisions		77.01		(441.80)
Other financial liabilities		1,931.10		(2,805.66)
Other current liabilities		9,626.10	14,242.20	(1,486.01) 8,039.52
Cash used in/ generated from operations		19,589.48		10,329.54
Taxes paid		(3,914.71)		(2,930.09)
<b>Net Cash used in/generated from operations</b>		<b>[A] 15,674.77</b>		<b>7,399.45</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed assets/Capital Work In Progress		(2,891.26)		(8,525.54)
Proceeds from sale of fixed assets		796.71		971.83
Interest received		7,690.70		4,846.92
Dividend received		50.50		145.74

## Consolidated Cash Flow Statement (Contd.)

for the year ended 31<sup>st</sup> March, 2021

Particulars	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Investment in Mutual funds / Debentures (net)	(5,824.11)	(4,349.13)
(Increase)/Decrease in Bank balances not considered as cash and cash equivalent	(14,234.92)	(87.63)
<b>Net cash used in investing activities</b>	<b>[B] (14,412.38)</b>	<b>(6,997.81)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loans taken	-	(294.21)
Dividends paid	(1,068.30)	(3,739.05)
Corporate dividend taxes paid	-	(768.75)
Transfer of Unpaid Dividends to IEPF	(9.27)	-
Finance cost	(8.10)	(60.53)
<b>Net cash used in financing activities</b>	<b>[C] (1,085.67)</b>	<b>(4,862.54)</b>
Net increase in cash and cash equivalents (A+B+C)	176.72	(4,460.90)
Cash and cash equivalents at beginning of the period - D	5,075.27	9,536.17
Cash and cash equivalents at end of the period - E	5,251.99	5,075.27
<b>Net increase / (decrease) in cash and cash equivalents (E-D)</b>	<b>176.72</b>	<b>(4,460.90)</b>
<b>Cash &amp; Cash equivalents as per Balance Sheet</b>	<b>5,252.18</b>	<b>5,075.48</b>
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents	(0.19)	(0.21)
<b>Cash and Cash equivalents as per Cash flow Statement</b>	<b>5,251.99</b>	<b>5,075.27</b>

See accompanying notes to financial statements

In terms of our report attached

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

**K. Raghu**

Partner  
Membership No. 11178

Place : Coimbatore  
Date : 24<sup>th</sup> May, 2021

For and on behalf of the Board of Directors

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

**V. Senthil**

Chief Financial Officer

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

**C R Shivkumaran**  
Company Secretary

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

## 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 [NSE] and the Bombay Stock Exchange [BSE]. The group is engaged in the manufacturing and selling of textile spinning machinery, CNC Machine Tools, Heavy castings and parts and components for Aero space industry. The group caters to both domestic and international markets. The financial statements are approved for issue by the group's Board of Directors on 24<sup>th</sup> May, 2021.

### 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

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

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 of during the year are included in the consolidated statement of profit and loss from the date the group gains control until the date when the group ceases to control the subsidiary.

Profit or loss each component of other comprehensive income are attributed to the owners of the group and to the non controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the group and to the non controlling interest even if this results in the non controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## 2.3 Property, plant and equipment

Property, plant and equipment are stated at historical cost net of indirect taxes, including appropriate direct and allocated expenses less accumulated depreciation and impairment losses, if any. Increase/Decrease in rupee liability in respect of foreign currency liability related to acquisition of fixed assets is recognised as expense or income in the Statement of Profit and Loss. Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

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

Estimated useful lives of the tangible assets are as follows:

Buildings	20-60 years
<b>Plant and Equipment</b>	
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 derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

## 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 AS16 requirements for cost model.



# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

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

## 2.5 Intangible assets

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

Estimated useful lives of the intangible assets are as follows:

Technical Know how	6 years
Software	6 years

There are no intangible assets having indefinite useful life.

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

## 2.6 Impairment of assets

A tangible or intangible asset is treated as impaired when the carrying amount of the asset exceeds its estimated recoverable value. Carrying amounts of tangible or intangible assets are reviewed at each balance sheet date to determine indications of impairment, if any, of those assets. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss equal to the excess of the carrying amount over its recoverable value is recognised as an impairment loss. The impairment loss, if

any, recognised in prior accounting period is reversed if there is a change in estimate of recoverable amount.

## 2.7 Financial Instruments

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

## 2.8 Financial assets

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

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

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

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

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

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

## Effective interest method

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

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

## Investments in equity instruments at FVTOCI

On initial recognition, the group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in

fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments .

A financial asset is held for trading if:

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

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

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

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

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

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

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

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

## Impairment of financial assets

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

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

The group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the

credit risk on a financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the lifetime 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.

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

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

## **Derecognition of financial assets**

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

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

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

income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

## **Foreign exchange gains and losses**

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

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

## **2.9 Financial liabilities and equity instruments**

### **Equity Instruments**

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

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

### **Financial liabilities**

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

However, financial liabilities that arise when a transfer

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

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

## Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument. A financial liability other than a financial liability held for trading or contingent consideration recognised by the group as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:
  - such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
  - the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
  - it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

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

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the group that are designated by the group as at fair value through profit or loss are recognised in profit or loss.

## Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(where appropriate) a shorter period, to the net carrying amount on initial recognition.

## Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

## Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

## Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or have expired. An exchange between a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the

recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## 2.10 Valuation of Inventories

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

Cost is determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## 2.11 Translation of Foreign Currency Transactions:

In preparing the financial statements of the group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

## 2.12 Recognition of Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of indirect taxes and net of returns, trade allowances and rebates. The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The group uses the percentage-of-completion method in accounting for its fixed-price contracts relating to job



# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

work charges and delivery of products at work in progress stage. Use of the percentage-of-completion method requires the group to estimate the services performed to date as a proportion of the total services to be performed.

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement provided that it is probable that the economic benefits will flow to the group and the amount of revenue can be measured reliably. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably. Interest income is accrued on a time basis, reference to principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Export incentives are recognised when the right to receive payment/credit is established and no significant uncertainty as to measurability or collectability exists. Revenue from carbon credits/REC entitlements are recognised on delivery thereof or sale of rights therein, as the case may be, in terms of the contract with the respective buyer.

## 2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

## 2.14 Dividends

Final dividend on shares are recorded as a liability on the date of approval by the shareholders at the annual general meeting and interim dividend are recorded as a liability on the date of declaration by the group's Board of Directors.

## 2.15 Earnings per Share:

Basic Earning per share is calculated by dividing the Net Profit after tax attributable to the equity shareholders by the weighted average number of Equity Shares outstanding during the year.

## 2.16 Employee Benefits:

### Short term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

### Defined Contribution Plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

### Defined Benefit Plans

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not re classified to profit or loss. Past services cost is recognised in profit or loss in the



# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements); net interest expense or income and remeasurement. The group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the consolidated balance sheet represents the actual deficit or surplus in the group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from plans or reductions in future contributions to the plans. A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

## 2.17 Research and Development

Revenue expenditure incurred on Research and Development activities are expensed. Fixed assets relating to Research and Development are capitalised and depreciation provided thereon.

## 2.18 Taxes on Income

Income tax expense comprises current and deferred income tax.

### Current Tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date. The group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year.

### Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### Current and Deferred Tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### Deferred tax on Undistributed Earnings

When only a portion of undistributed earning is remitted

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

to the parent entity by its subsidiary, the parent recognise a deferred tax liability only for the portion of the undistributed earnings expected to be remitted in the foreseeable future. No deferred tax has been provided for the undistributed earnings of the wholly owned subsidiary group as these are considered permanently employed in the business of the group.

## Deferred tax on unrealised Profits

The intragroup elimination is made as a consolidation adjustment and not in the financial statements of any individual reporting entity. Therefore, the elimination will result in creation of a temporary difference, as far as the group is concerned, between the carrying amount of the inventories in the consolidated financial statements and the tax base (assumed to be the carrying amount in the purchaser's individual financial statements). The deferred tax effects arising in respect of the temporary difference is recognised. The tax rate used while recognising the deferred tax balance arising from the elimination of unrealised profits on intragroup transactions is determined by reference to the tax rate in the purchaser's jurisdiction where the temporary difference will reverse.

## 2.19 Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes to financial statements. Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable. Provisions, contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Present obligations, legal or constructive, arising under onerous contracts are recognised and measured as provisions.

An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the group's obligation.

## 2.20 Cash Flow Statement and Cash and Cash equivalents

Cash Flows are reported using the Indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. Cash and cash equivalents include cash on hand and balances with banks in current and deposit accounts.

## 2.21 Segment Reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the group's Chief Executive Officer (CEO), who is the Chief Operating Decision Maker (CODM), to make decisions about resources to be allocated to the segments and assess their performance. Information reported to the CODM for the purpose of resource allocation and assessment of segment performance focuses on the type of goods or services delivered or provided.

The group has three reportable segments, viz., Textile Machinery Division, the Machine Tool Division / Foundry and the Advanced Technology Centre, which are the group's strategic business units. These business units

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of these business units, the group's CODM reviews internal management reports. Performance is measured based on segment profit before tax, as included in the internal management reports, that are reviewed by the group's CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on arm's length basis.

## 2.22 Leases

Assets given on leases where substantial risks and rewards incidental to ownership of the asset are not transferred to the lessee are classified as operating leases. Lease income from such operating leases is recognised on straight line basis over the lease term. Depreciation on such leased assets is charged as per the normal depreciation policy of the group for similar assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

## 3 Critical accounting 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 recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about such estimates and judgments are included in the relevant notes together with the basis of calculation for relevant line item in the financial statements. Estimates and judgments are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 4 Property, plant and equipment and capital work-in-progress

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Carrying amounts of:</b>		
Freehold land	8,820.84	8,719.68
Buildings	19,725.95	18,935.00
Plant and Equipment	37,781.10	39,428.79
Furniture and fixtures	1,200.85	1,284.20
Vehicles	533.89	622.84
Office Equipment	683.79	539.66
<b>Total</b>	<b>68,746.42</b>	<b>69,530.17</b>
Capital Work-in-progress	1,051.70	2,981.43
<b>Total</b>	<b>1,051.70</b>	<b>2,981.43</b>
<b>Total</b>	<b>69,798.12</b>	<b>72,511.60</b>

	Freehold land	Buildings	Plant & Equipment	Furniture & fixtures	Vehicles	Office Equipments	Total	Capital Work in progress
<b>Gross carrying amount</b>								
<b>Balance at 31<sup>st</sup> March, 2020</b>	<b>8,775.05</b>	<b>22,175.52</b>	<b>56,674.00</b>	<b>2,259.83</b>	<b>1,443.57</b>	<b>768.90</b>	<b>92,096.87</b>	<b>2,981.43</b>
Additions	253.13	1,449.57	2,502.38	83.10	40.10	150.83	4,479.11	172.71
Disposals	(139.19)	(11.95)	(3,778.42)	(16.84)	(58.98)	-	(4,005.38)	(2,102.44)
<b>Balance at 31<sup>st</sup> March, 2021</b>	<b>8,888.99</b>	<b>23,613.14</b>	<b>55,397.96</b>	<b>2,326.09</b>	<b>1,424.69</b>	<b>919.73</b>	<b>92,570.60</b>	<b>1,051.70</b>
<b>Accumulated depreciation and impairment</b>								
<b>Balance at 31<sup>st</sup> March, 2020</b>	<b>55.37</b>	<b>3,240.52</b>	<b>17,245.21</b>	<b>975.63</b>	<b>820.73</b>	<b>229.24</b>	<b>22,566.70</b>	<b>-</b>
Disposals	-	(11.04)	(3,727.71)	(16.51)	(53.20)	-	(3,808.46)	-
Depreciation Expense	12.78	657.71	4,099.36	166.12	123.27	6.70	5,065.94	-
<b>Balance at 31<sup>st</sup> March, 2021</b>	<b>68.15</b>	<b>3,887.19</b>	<b>17,616.86</b>	<b>1,125.24</b>	<b>890.80</b>	<b>235.94</b>	<b>23,824.18</b>	<b>-</b>
<b>Net carrying amount</b>								
<b>Balance at 31<sup>st</sup> March, 2020</b>	<b>8,719.68</b>	<b>18,935.00</b>	<b>39,428.79</b>	<b>1,284.20</b>	<b>622.84</b>	<b>539.66</b>	<b>69,530.17</b>	<b>2,981.43</b>
Additions	253.13	1,449.57	2,502.38	83.10	40.10	150.83	4,479.11	172.71
Disposals	(139.19)	(0.91)	(50.71)	(0.33)	(5.78)	-	(196.92)	(2,102.44)
Depreciation expense	(12.78)	(657.71)	(4,099.36)	(166.12)	(123.27)	(6.70)	(5,065.94)	-
<b>Balance at 31<sup>st</sup> March, 2021</b>	<b>8,820.84</b>	<b>19,725.95</b>	<b>37,781.10</b>	<b>1,200.85</b>	<b>533.89</b>	<b>683.79</b>	<b>68,746.42</b>	<b>1,051.70</b>

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 5 Other intangible assets

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Carrying amounts of:</b>		
Technical Knowhow	278.45	393.77
Software	1,103.37	1,149.19
<b>Total</b>	<b>1,381.82</b>	<b>1,542.96</b>

	Technical Knowhow	Software	Total
<b>Gross Carrying Amount</b>			
<b>Balance at 31<sup>st</sup> March, 2020</b>	<b>1,018.39</b>	<b>1,715.69</b>	<b>2,734.08</b>
Additions	-	335.70	335.70
Eliminated on disposals of assets	-	-	-
<b>Balance at 31<sup>st</sup> March, 2021</b>	<b>1,018.39</b>	<b>2,051.39</b>	<b>3,069.78</b>

<b>Accumulated depreciation and impairment</b>			
<b>Balance at 31<sup>st</sup> March, 2020</b>	<b>624.62</b>	<b>566.50</b>	<b>1,191.12</b>
Eliminated on disposals of assets	-	-	-
Amortisation Expense	115.32	381.52	496.84
<b>Balance at 31<sup>st</sup> March, 2021</b>	<b>739.94</b>	<b>948.02</b>	<b>1,687.96</b>

<b>Net Carrying Amount</b>			
<b>Balance at 31<sup>st</sup> March, 2020</b>	<b>393.77</b>	<b>1,149.19</b>	<b>1,542.96</b>
Additions	-	335.70	335.70
Eliminated on disposals of assets	-	-	-
Amortisation Expense	(115.32)	(381.52)	(496.84)
<b>Balance at 31<sup>st</sup> March, 2021</b>	<b>278.45</b>	<b>1,103.37</b>	<b>1,381.82</b>

## 6 Investments

	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
	Quantity	Amount	Quantity	Amount
<b>Non-current</b>				
<b>a) Investment in quoted equity instruments (fully paid up)</b>				
Cholamandalam Investment & Finance Co. Limited	17,12,810	9,571.18	17,12,810	2,619.74
Lakshmi Automatic Loom Works Limited	4,41,110	211.29	4,41,110	112.48
Pricol Limited	24,975	17.49	24,975	9.15
Rajshree Sugars & Chemicals Limited	1,00,000	17.05	1,00,000	14.02
The Lakshmi Mills Company Limited	26,916	622.85	26,916	390.01
Indian Bank	69,562	80.87	69,562	29.98
Super Sales India Limited	3,00,000	1,682.70	3,00,000	560.85

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 6 Investments (Contd.)

	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
	Quantity	Amount	Quantity	Amount
<b>b) Investment in unquoted equity instruments (fully paid up) [At fair values]</b>				
Sharada Chambers Premises Co-op Society Limited	5	0.01	5	0.01
Lakshmi Machine Works Employees Co-op Stores Limited	500	0.05	500	0.05
REPCO Bank	750	0.08	750	0.08
<b>Total</b>		<b>12,203.57</b>		<b>3,736.37</b>
<b>c) Investment in Debentures (At amortised cost)</b>				
Tata Cleantech Capital Limited (NCD)	937	999.39	937	999.39
Muthoot Finance Limited (NCD)	30	301.27	-	-
<b>Total Non-current investments</b>		<b>13,504.23</b>		<b>4,735.76</b>
<b>Current Investments</b>				
<b>Investments in mutual funds</b>				
<b>Current</b>				
ABSL Mutual Fund	95,00,000	1,129.05	1,02,77,434	1,837.02
UTI Mutual Fund	60,00,000	736.16	60,00,000	663.97
ICICI Prudential Mutual Fund	56,19,708	915.67	50,00,000	574.57
Kotak Mutual Fund	72,50,434	3,217.44	54,92,572	1,388.67
Nippon India ( Reliance ) Mutual Fund	1,07,48,867	1,600.10	75,98,128	997.17
SBI Mutual Fund	1,76,77,167	3,107.90	1,76,41,979	2,045.36
TATA Mutual Fund	15,00,000	188.28	15,00,000	174.85
BHARAT BOND	1,60,33,926	1,640.90	-	-
IDFC Mutual Fund	76,87,144	1,173.65	-	-
DSP Mutual Fund	28,42,023	545.21	28,42,023	503.40
Axis Mutual Fund	32,20,137	817.98	67,442	675.06
<b>Total</b>		<b>15,072.34</b>		<b>8,860.07</b>
Aggregate book value of quoted investments		2,061.71		2,061.71
Aggregate market value of quoted investments		12,203.43		3,736.23
Aggregate book value of unquoted investments		1,300.80		999.53
Aggregate amount of impairment in the value of investments		-		-
<b>Category-wise investments - as per IND AS 109 classification</b>				
Financial assets carried at fair value through profit or loss (FVTPL)		15,072.34		8,860.07
Financial assets carried at amortised cost		1,300.80		999.53
Financial assets carried at fair value through Other Comprehensive Income (FVTOCI)		12,203.43		3,736.23
<b>Total</b>		<b>28,576.57</b>		<b>13,595.83</b>

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 7 Inventories

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Inventories( lower of cost or net realisable value)</b>		
Raw materials	21,120.92	16,111.56
Work in progress	10,291.32	8,290.15
Finished goods	982.21	2,352.08
Stores and spares	2,098.54	2,095.29
<b>Total</b>	<b>34,492.99</b>	<b>28,849.08</b>

The cost of inventories recognised as an expense during the year is ₹1,05,751.20 Lakhs. [Previous year ₹92,462.17 Lakhs]

## 8 Trade Receivables

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Current</b>		
<b>Unsecured, considered good</b>		
From related parties	186.91	618.03
From others	18,300.99	11,359.46
<b>Total</b>	<b>18,487.90</b>	<b>11,977.49</b>
Allowance for doubtful debts (Expected credit loss allowance)	672.49	1,235.71
<b>Total</b>	<b>17,815.41</b>	<b>10,741.78</b>

### 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.

### Ageing

	Expected Credit loss %
Within the credit period	0.27
Less than one year	4.42
More than one year	29.33



# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 8 Trade Receivables (Contd.)

### Age of receivables

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Within the credit period	6,087.65	840.13
Less than one year	11,963.82	8,931.53
More than one year	436.43	2,205.83
<b>Total</b>	<b>18,487.90</b>	<b>11,977.49</b>

### Movement in the expected credit loss allowance

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Balance at the beginning of the year</b>	<b>1,235.71</b>	<b>1,215.55</b>
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	(563.22)	20.16
<b>Balance at the end of the year</b>	<b>672.49</b>	<b>1,235.71</b>

## 9(a) Cash and cash equivalents

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Balances with Banks</b>		
Current account	2,412.97	2,100.77
Deposits with original maturity of less than 3 months	2,815.76	2,960.67
Cash on hand	23.45	14.04
<b>Total</b>	<b>5,252.18</b>	<b>5,075.48</b>

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

## 9(b) Other Bank balances

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Deposits held as Margin money	9.79	12.47
Unpaid dividend account	93.66	101.36
Deposits with original maturity of more than 3 months but less than 12 months	72,885.65	58,640.35
<b>Total</b>	<b>72,989.10</b>	<b>58,754.18</b>

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 10 Other financial assets

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Non-current</b>		
i) Capital advances	367.66	344.08
ii) Advances other than Capital Advances		
Security Deposit	471.92	1,028.65
Other advances	179.58	169.49
iii) Bank deposits with original maturity of more than 12 months	25,823.99	25,650.00
<b>Total</b>	<b>26,843.15</b>	<b>27,192.22</b>
<b>Current</b>		
Interest accrued on bank deposits	2,757.24	4,424.52
Income receivable	369.72	752.30
Compensation receivable for shares vested	92.26	92.26
<b>Total</b>	<b>3,219.22</b>	<b>5,269.08</b>

## 11 Current tax assets (Net)

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Current tax assets</b>		
Income tax advances	26,604.95	22,529.18
<b>Current tax liabilities</b>		
Income tax provisions	18,993.70	17,237.08
<b>Total</b>	<b>7,611.25</b>	<b>5,292.10</b>

## 12 Other current assets

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Advance to suppliers and others	6,086.44	4,961.55
Prepaid Expenses	571.68	410.05
Balance on account of Indirect Taxes	1,137.31	416.46
<b>Total</b>	<b>7,795.43</b>	<b>5,788.06</b>

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 13 Equity Share Capital

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Authorised Share Capital</b>		
5,00,00,000 fully paid equity shares of ₹10 each	5,000.00	5,000.00
<b>Issued and subscribed and fully paid up capital comprises:</b>		
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 31 <sup>st</sup> March, 2020	1,06,83,000	1,068.30
Balance as on 31 <sup>st</sup> March, 2021	1,06,83,000	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

### Shareholders holding more than 5% Equity shares

	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
	Number	Percentage	Number	Percentage
Lakshmi Cargo Company Limited	10,74,468	10.06	10,74,468	10.06
Lakshmi Technology and Engineering Industries Limited	6,96,862	6.52	6,79,390	6.36
Nemish S Shah	6,40,673	6.00	5,34,673	5.01
Life Insurance Corporation	6,29,640	5.89	7,03,123	6.58
Voltas Limited	5,79,672	5.43	5,79,672	5.43

## 14 Other Equity

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Capital Reserve	701.49	701.49
Capital Redemption Reserve	168.62	168.62
General Reserve	15,482.90	14,982.90
Reserve for equity instruments and others through other comprehensive income	10,141.85	1,674.66
Retained Earnings	1,50,178.22	1,47,037.29
Foreign Currency Translation reserve	287.84	402.34
<b>Total</b>	<b>1,76,960.92</b>	<b>1,64,967.30</b>

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 14.1 Capital Reserve

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Balance at the beginning of the year</b>	<b>701.49</b>	<b>701.49</b>
Movements during the year	-	-
<b>Balance at the end of the year</b>	<b>701.49</b>	<b>701.49</b>

Capital reserve represents the reserves arising out of earlier business combinations.

## 14.2 Capital Redemption Reserve

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Balance at the beginning of the year</b>	<b>168.62</b>	<b>168.62</b>
Add: Transfer from General Reserve	-	-
<b>Balance at the end of the year</b>	<b>168.62</b>	<b>168.62</b>

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

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Balance at the beginning of the year</b>	<b>14,982.90</b>	<b>14,532.90</b>
Add: Transfer from retained earnings	500.00	450.00
Less: Transfer to Capital Redemption Reserve	-	-
<b>Balance at the end of the year</b>	<b>15,482.90</b>	<b>14,982.90</b>

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

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Balance at the beginning of the year</b>	<b>1,674.66</b>	<b>5,270.62</b>
Net fair value gain on investments in equity instruments at FVTOCI	8,467.19	(3,595.96)
<b>Balance at the end of the year</b>	<b>10,141.85</b>	<b>1,674.66</b>

The company has elected to recognise changes in fair value of investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI reserve which represents the the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off. Remeasurement of post employment defined benefit plans is included in OCI.

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 14.5 Retained Earnings

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Balance at the beginning of the year</b>	<b>1,47,037.29</b>	<b>1,49,018.49</b>
Add: Profit attributable to the owners of the company	4,459.77	2,777.42
Less: Payment of dividends on equity shares	1,068.30	3,739.05
Less: Payment of tax on dividends	-	768.75
Add: OCI on post employee benefits	-	199.18
Less: Transfer to General Reserve	500.00	450.00
Add: Remeasurement of post-employment benefit obligations [Net of tax]	249.46	-
<b>Balance at the end of the year</b>	<b>1,50,178.22</b>	<b>1,47,037.29</b>

In financial year 2020-21, on 10<sup>th</sup> August, 2020, 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 31<sup>st</sup> March, 2021, the directors propose that a dividend of ₹10 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 ₹1,068.30 Lakhs.

## 14.6 Foreign Currency Translation Reserve

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Balance at the beginning of the year</b>	<b>402.34</b>	<b>270.18</b>
Exchange differences arising on translating the foreign operations	(114.50)	132.16
<b>Balance at the end of the year</b>	<b>287.84</b>	<b>402.34</b>

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:

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Deferred Tax assets</b>	-	-
Deferred Tax liabilities	(2,419.17)	(1,485.57)
<b>Total</b>	<b>2,419.17</b>	<b>1,485.57</b>

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 15 Deferred Tax liabilities (Net) (Contd.)

### 2020-21

	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 carried forward losses	189.49	(189.49)	-
On account of actuarial loss	399.46	19.80	419.26
<b>Total</b>	<b>(1,485.57)</b>	<b>(933.60)</b>	<b>(2,419.17)</b>

### 2019-20

	Opening balance	Recognised in profit or loss	Closing balance
On account of VRS	1,196.49	(269.55)	926.94
On account of Property, Plant and Equipment	(1,475.97)	(1,953.25)	(3,429.22)
On account of Expected credit loss on receivables	420.72	7.04	427.76
On account of actuarial loss	314.09	85.37	399.46
On account of carried forward losses	-	189.49	189.49
<b>Total</b>	<b>455.33</b>	<b>(1,940.90)</b>	<b>(1,485.57)</b>

## 16 Other Non-current liabilities

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Security deposits received against supply of machinery	13,479.66	6,806.33
<b>Total</b>	<b>13,479.66</b>	<b>6,806.33</b>

## 17 Trade payables

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Current</b>		
Due to Micro, Small & Medium Enterprises [Refer Note 31.4]	1,087.82	136.30
Due to related parties	3,274.06	4,682.96
Others	38,823.48	28,437.99
<b>Total</b>	<b>43,185.36</b>	<b>33,257.25</b>

## 18 Other Financial liabilities

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Current</b>		
Unpaid dividends	93.66	101.36
Other liabilities	7,801.73	5,862.93
<b>Total</b>	<b>7,895.39</b>	<b>5,964.29</b>

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 19 Provisions

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Current</b>		
<b>Provision for employee benefits</b>		
Provision for gratuity	583.81	860.42
Provision for leave encashment	-	0.20
<b>Other provisions</b>		
Provision for warranty	655.55	301.73
<b>Total</b>	<b>1,239.36</b>	<b>1,162.35</b>

The provision for employee benefits include provision for gratuity and leave encashment. For detailed disclosure on the same, please refer note no. 31.9

The 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	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Carrying amount at the beginning of the year</b>	<b>301.73</b>	<b>509.24</b>
Additional provision made during the year	655.55	301.73
Amount used during the year	301.73	509.24
<b>Carrying amount at the end of the year</b>	<b>655.55</b>	<b>301.73</b>

## 20 Other Current liabilities

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Security deposit received against supply of machinery	6,246.58	7,913.78
Other advances	23,280.50	11,987.20
<b>Total</b>	<b>29,527.08</b>	<b>19,900.98</b>

## 21 Revenue from operations

	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Gross Sale of Products	1,67,624.98	1,51,309.75
<b>Other Operating Revenues</b>		
Repairs & Service charges & miscellaneous income	3,568.57	3,432.46
Sale of scrap	648.76	791.07
Export incentives	895.38	1,916.54
<b>Total revenue from operations</b>	<b>1,72,737.69</b>	<b>1,57,449.82</b>



# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 22 Other Income

	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Dividend income from Mutual fund designated at FVTPL	22.97	100.93
Profit on Sale of Mutual Funds	20.18	-
Interest income from financial assets at amortised cost	6,023.42	6,543.28
Dividend income from equity investments designated at FVTOCI	27.53	44.81
Income from Mutual funds designated at FVTPL	669.26	409.99
Rental income	38.60	53.08
Net Gain on foreign currency transactions	462.00	945.45
Net Gain on sale of assets	608.57	916.67
Sale of wind energy/REC	-	385.70
<b>Total other income</b>	<b>7,872.53</b>	<b>9,399.91</b>

## 23 Cost of materials consumed

	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Raw materials at the beginning of the year	16,111.56	18,264.24
Add: Purchases	1,11,806.93	91,020.67
Less: Sales	1,046.37	711.18
Less: Raw materials at the end of the year	21,120.92	16,111.56
<b>Total cost of materials consumed</b>	<b>1,05,751.20</b>	<b>92,462.17</b>

## 24 Changes in inventories of work-in-progress and finished goods

	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
<b>Opening Stock</b>		
Work-in-progress	8,290.15	7,881.88
Finished goods	2,352.08	4,325.09
<b>Total</b>	<b>10,642.23</b>	<b>12,206.97</b>
<b>Closing Stock</b>		
Work-in-progress	10,291.32	8,290.15
Finished goods	982.21	2,352.08
<b>Total</b>	<b>11,273.53</b>	<b>10,642.23</b>
<b>Total changes in inventories of work-in-progress and finished goods</b>	<b>(631.30)</b>	<b>1,564.74</b>

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 25 Employees Benefits Expenses

	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Salaries and wages	20,773.28	20,256.82
Contribution to Provident and other funds	1,233.39	1,681.84
Staff welfare expenses	1,838.80	2,032.70
<b>Total employee benefit expenses</b>	<b>23,845.47</b>	<b>23,971.36</b>

## 26 Depreciation and amortisation expense

	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Depreciation of property, plant and equipment	5,065.94	5,108.24
Amortisation of intangible assets	496.84	417.60
<b>Total depreciation and amortisation expense</b>	<b>5,562.78</b>	<b>5,525.84</b>

## 27 Impairment losses on financial assets and reversal of impairment on financial assets

	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Impairment loss (Expected credit loss) allowance on trade receivables	(339.99)	659.86
<b>Total</b>	<b>(339.99)</b>	<b>659.86</b>

## 28 Other expenses

	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Sales commission to agents	2,634.50	2,796.20
Consumption of stores and spare parts	6,551.31	6,117.52
Consumption of packing material	2,962.01	2,786.62
Power and fuel net of Green Energy (Green Energy adjusted CY ₹4,176.07 Lakhs; PY ₹4,344.39 Lakhs)	2,060.06	2,128.13
Rent expense	104.82	87.42
<b>Repairs and maintenance</b>		
Repairs to buildings	477.10	721.07
Repairs to machinery and others	4,046.29	4,184.69
Insurance	435.62	235.26
Rates and taxes, excluding taxes on income	898.70	575.43
<b>Auditors' remuneration</b>		
For Audit	18.93	21.05
For Certification services	0.10	-
For reimbursement of expenses	-	-
Loss on sale of assets	15.19	1.22
Donations *	878.28	895.34
Directors sitting fees	28.00	31.03

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 28 Other expenses (Contd.)

	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Non-executive directors' commission	45.00	52.50
Corporate Social Responsibility expenses (Note 31.7)	450.16	580.47
Export expenses	4,355.12	3,955.99
Research and development expenses	2,219.62	2,185.75
Travelling Expenses & Maintenance of Vehicles	1,655.53	2,771.32
Service Outsourcing expenses	2,165.05	2,448.10
Sales Expenses	1,789.86	1,743.40
Miscellaneous expenses	3,277.84	3,358.64
<b>Total other expenses</b>	<b>37,069.09</b>	<b>37,677.15</b>

\* Donation include contribution to political parties for ₹600 Lakhs during the year(P Y ₹475 Lakhs)

## 29 Finance Costs

	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Bill collection charges	8.10	49.85
Interest on Borrowings	-	10.68
<b>Total</b>	<b>8.10</b>	<b>60.53</b>

## 30 Income tax relating to continuing operations

### 30.1 Income tax recognised in profit or loss

	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
<b>Current tax</b>		
Current tax on profits for the year	1,650.23	-
Adjustments for current tax of prior periods	89.73	-
<b>Total current tax expense</b>	<b>1,739.96</b>	<b>-</b>
<b>Deferred Tax</b>		
Decrease / (increase) of deferred tax assets	933.60	1,940.90
(Decrease) / Increase in deferred tax liabilities	-	-
<b>Total deferred tax expense</b>	<b>933.60</b>	<b>1,940.90</b>
<b>Total income tax expense recognised for the year</b>	<b>2,673.56</b>	<b>1,940.90</b>

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 30.2 Reconciliation of income tax expense to the accounting profit for the year

	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Profit before tax after exceptional items	7,133.33	4,718.32
Enacted tax rate in India	34.61%	17.47%
Computed expected tax expense at enacted tax rate	2,468.85	824.29
Tax effect on account of tax deductions	(1,319.74)	275.42
Tax effect of non-deductible expenses	501.12	50.29
<b>Total income tax expense recognised for the year</b>	<b>1,650.23</b>	<b>1,150.00</b>

## 30.3 Income tax recognised in other comprehensive income

	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
<b>Arising on income and expenses recognised in other comprehensive income:</b>		
Net fair value gain on investments in equity shares at FVTOCI	-	-
Remeasurement of defined benefit obligations	(56.62)	(85.37)
<b>Total</b>	<b>(56.62)</b>	<b>(85.37)</b>
<b>Bifurcation of income tax recognised in other comprehensive income into:</b>		
Items that will not be reclassified to profit or loss	(56.62)	(85.37)
Items that may be reclassified to profit or loss	-	-
<b>Total</b>	<b>(56.62)</b>	<b>(85.37)</b>

## 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	
<b>For 31<sup>st</sup> March, 2021</b>				
LMW Textile Machinery (Suzhou) Co. Limited	China	100	31 <sup>st</sup> March, 2021	
<b>For 31<sup>st</sup> March, 2020</b>				
LMW Textile Machinery (Suzhou) Co. Limited	China	100	31 <sup>st</sup> March, 2020	
Name of the entity in the group	Net Assets i.e total assets minus total liabilities		Share in Profit or loss	
	As % of Consolidated Assets	Amount	As % of Consolidated Profit or loss	Amount
Subsidiary- Indian	Nil	Nil	Nil	Nil
Subsidiary- Foreign				
LMW Textile Machinery (Suzhou) Co. Limited	3.79%	6751.08	-6.94%	(309.45)
Previous Year	4.19%	6954.23	-58.27%	(1,618.51)
Non controlling Interests in subsidiary	Nil	Nil	Nil	Nil

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(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 : (Contd.)

Name of the entity in the group	Share in Other comprehensive income		Share in Total comprehensive income	
	As % of Consolidated OCI	Amount	As % of total Comprehensive income	Amount
Subsidiary- Indian	Nil	Nil	Nil	Nil
Subsidiary- Foreign				
LMW Textile Machinery (Suzhou) Co. Limited	-	-	-2.35%	(309.45)
Previous Year	-	-	-261.32%	(1,618.51)
Non controlling Interests in subsidiary	Nil	Nil	Nil	Nil

## 31.2 Contingent Liabilities and Commitments, to the extent not provided for

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Contingent liabilities</b>		
<b>Claims against the company not acknowledged as debt</b>		
Central Excise Demand	2,311.10	2,311.10
Income Tax Demand	193.42	207.70
<b>Other money for which the company is contingently liable</b>		
Letters of Credit	2,512.04	616.44
Bank Guarantee	3,225.66	2,600.83
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.		
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account not provided for	417.09	1,952.45

## 31.3 Details of dividend proposed and paid

	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
a) Final dividend paid	1,068.30	3,739.05
b) In respect of the current year, the directors propose that a dividend of ₹10 per share be paid on equity shares on or before 20 <sup>th</sup> August, 2021. 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 14 <sup>th</sup> July, 2021. The total estimated equity dividend to be paid is ₹1,068.30 Lakhs.		

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 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.

	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	1,087.82	136.30
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

## 31.5 Financial Instruments

### Financial instruments by category

	As at 31 <sup>st</sup> March, 2021			As at 31 <sup>st</sup> March, 2020		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial assets</b>						
<b>Measured at amortised cost</b>						
a) Cash and bank balances	-	-	5,252.18	-	-	5,075.48
b) Other financial assets -Non current	-	-	26,843.15	-	-	27,192.22
c) Trade receivables	-	-	17,815.41	-	-	10,741.78
d) Bank balances	-	-	72,989.10	-	-	58,754.18
e) Other financial assets -Current	-	-	3,219.22	-	-	5,269.08
g) Investments in equity	-	12,203.57	-	-	3,736.37	-
h) Investment in Mutual funds	15,072.34	-	-	8,860.07	-	-
i) Investment in debentures [NCD]	-	-	1,300.66	-	-	999.39
<b>Total</b>	<b>15,072.34</b>	<b>12,203.57</b>	<b>1,27,419.72</b>	<b>8,860.07</b>	<b>3,736.37</b>	<b>1,08,032.13</b>
<b>Financial liabilities</b>						
a) Trade Payables	-	-	43,185.36	-	-	33,257.25
b) Other financial liabilities	-	-	7895.39	-	-	5,964.29
<b>Total</b>	<b>-</b>	<b>-</b>	<b>51,080.75</b>	<b>-</b>	<b>-</b>	<b>39,221.54</b>
Financial assets	-	-	1,54,695.63	-	-	1,20,628.57
Financial liabilities	-	-	51,080.75	-	-	39,221.54

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.5 Financial Instruments (Contd.)

### ii) Fair Valuation Techniques and Inputs used - recurring items

Particulars	Fair value as at		Fair value	Valuation
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020		
<b>Financial assets measured at Fair Value</b>				
<b>Financial assets</b>			Level 1	Quoted bid prices
<b>Investments</b>				
1. Quoted Equity investments	12,203.43	3,736.23		
2. Mutual funds	15,072.34	8,860.07		
<b>Total financial assets</b>	<b>27,275.77</b>	<b>12,596.30</b>		

### 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.

## 31.6 Exceptional Items

Exceptional items represents compensation towards Voluntary Retirement Scheme opted by Employees ₹2,211.54 Lakhs (Previous year ₹209.76 Lakhs)

## 31.7 Corporate Social Responsibility expenditure

	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Amount spent through approved trusts and institutions	429.26	572.00
Amount spent directly	20.90	8.47
<b>Total</b>	<b>450.16</b>	<b>580.47</b>
Amount required to be spent as per Sec. 135 of the Act	442.32	577.39
<b>Amount spent during the year on:</b>		
Construction / acquisition of an asset	-	-
On purposes other than above	450.16	580.47
<b>Total</b>	<b>450.16</b>	<b>580.47</b>

CSR Expenditure during the year on construction/acquisition of an asset is ₹ Nil Lakhs. CSR Expenses relating to gross amount required to be spent for the year and the actual amount spent by the Company during the year is furnished as Annexure to the Board of Directors' Report.



# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.8 Earnings Per Share

	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Net Profit after Tax before OCI [₹ In Lakhs]	4,459.77	2,777.42
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 ₹]	41.75	26.00

## 31.9 Related party transaction

### Related Party Relationships

#### Key Management Personnel

Sri. Sanjay Jayavarthanelu, Chairman and Managing Director

Sri. K. Soundhar Rajhan, Director -Operations

Sri. V.Senthil -Chief Financial Officer

Sri. C.R. Shivkumaran - Company Secretary

#### 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; Eshaan Enterprises Private Limited; Dhanuprabha Agro Private Limited; Harshni Textiles Private Limited; Hermes Academy of Training Limited; Lakshmi Card Clothing MFG Company Private Limited; Lakshmi Cargo Company Limited; LCC Cargo Holdings Limited; Lakshmi Caipo Industries Limited; Lakshmi Electrical Drives Private Limited; Lakshmi Ring Travellers (CBE) Private Limited; Lakshmi Electrical Control Systems Limited; Lakshmi Precision Tools Limited; Lakshmi Life Sciences Limited; Lakshmi Energy and Environment Designs Private Limited : Lakshmi Technology & Engineering Industries Limited; Mahalakshmi Engineering Holdings Private Limited; Quattro Engineering India Limited; Rajalakshmi Engineering; Revantha Services Limited; Revantha Agro Farms Private Limited; Sowbarnika Enterprises Limited; Sri Kamakoti Kamakshi Enterprises Private Limited; Sudhasruthi Agro Private Limited; Super Sales India Limited; Supreme Dairy Products India Private Limited; Shri Kara Engineering Private Limited; Sri Dwipa Properties Private Limited; Starline Travels Private Limited; Titan Paints & Chemicals Private Limited; The Lakshmi Mills Company Limited; Venkatavaradha Agencies Private Limited.

#### Key Management personnel compensation

	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Short term employee benefits	651.03	505.05
Post employment benefits	39.64	41.62
<b>Total compensation</b>	<b>690.67</b>	<b>546.67</b>

Note : Related party relationships are as identified by the Management

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.9 Related party transaction (Contd.)

### Related Party Transactions

Particulars	Other Related Parties		Key Management Personnel	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Purchase of goods	23,076.44	21,550.37	-	-
Sale of goods	1,842.79	2,593.24	-	-
Purchase of Fixed Assets	8.70	86.50	-	-
Sale of Fixed Assets	0.25	41.82	-	-
Rendering of Services	72.67	195.47	-	-
Receiving of Services	10,461.72	11,935.07	-	-
Agency arrangements	650.82	651.26	-	-
Contribution to Gratuity Fund	400.00	400.00	-	-
Managerial remuneration	-	-	690.67	546.67
Outstanding Payables	6,342.33	3,254.94	318.83	129.15
Outstanding Receivables	8.32	19.37	-	-

- Purchase of Goods includes Lakshmi Electrical Control Systems Limited ₹10,727.41 Lakhs (Previous Year ₹9,507.91 Lakhs), Lakshmi Electrical Drives Limited ₹2,634.81 Lakhs (Previous Year ₹2,565.58 Lakhs); Lakshmi Life Sciences Limited ₹4,709.25 Lakhs (Previous Year ₹4,551.32 Lakhs), Other related Parties-Associates ₹5,004.97 Lakhs (Previous Year ₹4,925.56 Lakhs)
- Sale of Goods includes Lakshmi Electrical Control Systems Limited ₹723.84 Lakhs (Previous Year ₹492.35 Lakhs), Super Sales India Limited ₹647.91 Lakhs (Previous Year ₹1,665.48 Lakhs) and Other related Parties - Associates ₹471.04 Lakhs (Previous Year ₹435.41 Lakhs)
- Purchase of Fixed Assets includes Revantha Services Limited ₹8.70 Lakhs (Previous Year Nil Lakhs); Lakshmi Life Sciences Limited ₹ Nil Lakhs (Previous Year ₹86.50 Lakhs)
- Sale of Fixed Assets includes Lakshmi Life Sciences Limited ₹0.25 Lakhs (Previous Year ₹30.32 Lakhs), Super Sales India Limited ₹ Nil Lakhs (Previous Year ₹11.50 Lakhs)
- Rendering of Services includes Super Sales India Limited ₹31.53 Lakhs (Previous Year ₹25.63 Lakhs); Chakradhara Aerospace and Cargo Private Limited ₹27.11 Lakhs (Previous Year ₹113.09 Lakhs), Others - Other Related Parties-Associates ₹14.03 Lakhs (Previous Year ₹56.75 Lakhs)
- Receiving of Services includes Chakradhara Aerospace and Cargo Private Limited ₹6,388.20 Lakhs (Previous Year ₹6,449.99 Lakhs), Revantha Services Limited ₹2,041.48 Lakhs (Previous Year ₹3,351.42 Lakhs) Other Related Parties-Associates ₹2,032.04 Lakhs (Previous Year ₹2,133.66 Lakhs)
- Agency arrangement includes Super Sales India Limited ₹650.82 Lakhs (Previous Year ₹651.26 Lakhs)
- Contribution to gratuity fund includes Lakshmi Machine Works Limited Employees' Gratuity Fund ₹400 Lakhs (Previous Year ₹400.00 Lakhs)
- Managerial Remuneration includes amount paid to Chairman and Managing Director ₹501.61 Lakhs (Previous Year ₹326.34 Lakhs); Mr. K. Soundhar Rajhan, Director Operations ₹127.85 Lakhs (PY ₹138.70 Lakhs); Mr. V. Senthil, Chief Financial Officer ₹38.03 Lakhs (Previous Year ₹47.25 Lakhs); Mr. C. R Shivkumaran, Company Secretary ₹23.18 Lakhs (Previous year ₹34.38 Lakhs)
- Outstanding Payables include Chakradhara Aerospace and Cargo Private Limited ₹1,056.07 Lakhs (Previous Year ₹440.53 Lakhs), Lakshmi Electrical Control Systems Limited ₹2,245.43 Lakhs (Previous Year ₹592.31 Lakhs), Super Sales India Limited

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.9 Related party transaction (Contd.)

₹1,069.61 Lakhs (Previous Year ₹1,136.13 Lakhs), Sri Sanjay Jayavarthanavelu ₹318.83 Lakhs (Previous Year ₹129.15 Lakhs), and Other Related parties-Associates ₹1,971.22 Lakhs (Previous Year ₹1,085.97 Lakhs)

- 11 Outstanding Receivables include Starline Travels Private Limited ₹4.37 Lakhs (Previous Year ₹5.85 Lakhs); Lakshmi Card Clothing Manufacturing Company Private Limited ₹3.39 Lakhs (Previous Year ₹ Nil Lakhs) and Others - Other Related Parties - Associates ₹0.56 Lakhs (Previous Year ₹13.52 Lakhs)

## 31.10 Employee defined benefit and contribution plans

### I. Defined Benefit Plans

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>A. Expense recognised in Income Statement</b>				
1. Current Service cost	382.51	453.76	181.47	178.14
2. Interest expense on DBO	601.86	560.70	68.52	70.64
3. Interest (Income on plan asset)	(554.91)	(501.64)	(82.48)	(70.62)
4. Net Interest	46.95	59.06	(13.95)	0.01
5. Immediate recognition of (gain) / losses	-	-	(48.78)	(265.70)
6. Defined Benefits cost included in P & L	429.46	512.82	118.74	(87.55)
<b>B. Expense recognised in Comprehensive Income</b>				
1. Actuarial (gain)/Losses due to Demographic assumption changes in DBO	-	-	-	7.89
2. Actuarial (gain)/Losses due to financial assumption changes in DBO	(168.17)	590.86	(25.47)	78.84
3. Actuarial (gain)/Losses due to experience on DBO	(572.28)	(386.49)	(30.22)	(295.52)
4. Return on plan assets (Greater) / Less than Discount rate	434.37	(488.92)	6.91	(56.91)
5. Total actuarial (gain) / loss included in OCI	(306.08)	(284.55)	0.00	-
6. Cost recognised in P & L	429.46	512.82	118.74	(87.54)
7. Remeasurement effect recognised in OCI	(306.08)	(284.55)	-	-
8. Total defined benefit cost	123.38	228.27	118.74	(87.54)
<b>C. Net asset/Liability recognised in the Balance Sheet</b>				
1. Present value of benefit obligation	8,034.32	9,139.59	1,049.19	1,072.69
2. Fair value of plan assets	7,450.51	8,279.17	1,235.59	1,160.03
3. Funded Status [Surplus / (deficit)]	(583.81)	(860.42)	186.40	87.34
4. Net Asset /(Liability) recognised in balance sheet	(583.81)	(860.42)	186.40	87.34
<b>D. Change in Present value of the Obligation during the year</b>				
1. Present value of the obligation at beginning of year	9,139.59	8,474.06	1,072.69	1,032.70

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.10 Employee defined benefit and contribution plans (Contd.)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
2. Current service cost	382.51	453.76	181.47	178.14
3. Interest cost	601.86	560.70	68.52	70.64
4. Benefits paid	(1,349.19)	(553.30)	(217.81)	-
5. Actuarial (gain) loss on obligation	(740.45)	204.37	(55.69)	(208.79)
6. Present value of obligation at end of the year	8,034.32	9,139.59	1,049.19	1,072.69
<b>E. Reconciliation of opening &amp; closing values of Plan Assets</b>				
1. Fair value of plan assets at the beginning of the year	8,279.17	7,379.36	1,160.03	1,032.50
2. Expected return on plan assets	554.91	501.64	82.48	70.62
3. Contributions made	400.00	462.55	-	-
4. Benefits paid	(1,349.19)	(553.30)	-	-
5. Actuarial gain / (loss) on plan assets	(434.38)	488.92	(6.91)	56.91
6. Fair value of plan assets at the end of the year	7,450.51	8,279.17	1,235.59	1,160.03
7. Actual return on plan assets	120.53	990.56	75.56	127.53
<b>F. Amounts recognised in Other comprehensive Income</b>				
1. Opening unrecognised losses / (Gains)	1,146.64	1,431.20	-	-
2. Actuarial Loss / (Gains) on DBO	(740.45)	204.37	(55.69)	(208.79)
3. Actuarial Loss / (Gains) on assets	434.38	(488.92)	6.91	(56.90)
4. Amortisation Actuarial loss / (Gain)	-	-	(48.78)	(265.70)
5. Total recognised in Other comprehensive income	840.57	1,146.65	-	-
<b>G. Major categories of plan assets as a percentage of total plan</b>				
1. Qualifying insurance policies	7,450.51	8,279.17	1,235.59	1,160.03
2. Own plan assets-Bank balances	2.37	13.65	-	-
	<b>7,452.88</b>	<b>8,292.82</b>	<b>1,235.59</b>	<b>1,160.03</b>
<b>H. Actuarial Assumptions</b>				
1. Discount rate	7.11%	6.84%	7.11%	6.84%
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%	6.84%	7.11%	6.84%
5. Mortality rate	Indian Assured	Lives	Mortality (2006-08)	Ultimate

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.10 Employee defined benefit and contribution plans (Contd.)

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 ₹600.00 Lakhs (as at 31<sup>st</sup> March, 2020: ₹400 Lakhs) to the defined benefit plans during the next financial year.

### I. Sensitivity Analysis

	Gratuity (Funded)		Leave Encashment (Funded)	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Impact of +1% change in rate of discounting	(563.56)	(646.00)	(101.20)	(104.15)
Impact of -1% change in rate of discounting	632.56	726.99	120.70	124.54
Impact of +1% change in rate of salary increase	608.69	696.56	114.12	117.49
Impact of -1% change in rate of salary increase	(558.20)	(637.40)	(97.61)	(100.28)
Impact of +1% change in rate of attrition	(82.26)	(100.13)	(17.67)	(20.25)
Impact of -1% change in rate of attrition	90.95	110.77	20.57	23.60

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.

### 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 amix 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.

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.10 Employee defined benefit and contribution plans (Contd.)

### 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

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Provident Fund Contribution	1,072.86	1,178.00

## 31.11 Segment information

### Products and services from which reportable segments derive their revenues

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the type of goods or services delivered or provided. The group has chosen to organise the group around differences in products and services. No operating segments have been aggregated in arriving at the reportable segments of the group.

Specifically, the group is organised into three main reportable segments viz., (1) Textile Machinery Division (2) Machine Tool Division & Foundry Division and (3) Advanced Technology Centre for Aero Space-Parts & Components.

### Operating Segments

	Textile Machinery Division		Machine Tool & Foundry Division		Advance Technology Centre		Total	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Revenue</b>								
Revenue from external customers	1,16,495.60	1,11,242.64	49,582.74	37,754.21	1,546.64	2,312.92	1,67,624.98	1,51,309.77
Inter Segment Revenue	1,637.42	1,880.12	2,495.76	1,351.01	-	-	4,133.18	3,231.13
Allocable other income	4,228.68	6,324.66	613.21	1,050.49	1,341.41	1,012.73	6,183.30	8,387.88
Total Segment Revenue	1,22,361.70	1,19,447.42	52,691.71	40,155.71	2,888.05	3,325.65	1,77,941.46	1,62,928.78
Less : Inter Segment Revenue							4,133.18	3,231.13
Add : Unallocable other Income							6,801.94	7,152.08
<b>Enterprise revenue</b>							1,80,610.22	1,66,849.73
<b>Result</b>								
Segment Result	1,398.93	(810.66)	3,637.43	2,785.96	(2,586.97)	(1,643.25)	2,449.39	332.05
Operating Profit							2,449.39	332.05

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.11 Segment information (Contd.)

### Operating Segments (Contd.)

	Textile Machinery Division		Machine Tool & Foundry Division		Advance Technology Centre		Total	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Add : Unallocable Other income net of unallocable expenses							4,692.04	4,446.80
							<b>7,141.43</b>	<b>4,778.85</b>
Less : Interest Expenses							8.10	60.53
Incometax expenses (Current)							1,739.96	-
Incometax expenses (Deferred)							933.60	1,940.90
<b>Net Profit after Tax</b>							<b>4,459.77</b>	<b>2,777.42</b>
<b>Other Information</b>								
Segment assets	1,51,057.96	1,45,668.30	86,080.27	66,824.56	2,449.19	3,146.27	2,39,587.42	2,15,639.13
Add : Unallocable corporate assets							36,187.82	18,973.24
<b>Enterprise Assets</b>							<b>2,75,775.24</b>	<b>2,34,612.37</b>
Segment Liabilities	75,272.31	56,845.07	19,218.11	9,368.08	742.77	776.70	95,233.19	66,989.85
Add : Unallocable corporate liabilities							1,80,542.05	1,67,622.52
<b>Enterprise Liabilities</b>							<b>2,75,775.24</b>	<b>2,34,612.37</b>
Capital Expenditure	3,410.37	3,431.00	494.73	1,979.55	909.71	1,363.78	4,814.81	6,774.33
Depreciation	4,516.49	4,412.04	358.14	549.47	688.15	564.33	5,562.78	5,525.84

#### 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 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 consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.11 Segment information (Contd.)

### Operating Segment

	Segment Assets		Segment Liabilities	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Textile machinery division	1,51,057.96	1,45,668.30	75,272.31	56,845.07
Machine tool & foundry division	86,080.27	66,824.56	19,218.11	9,368.08
Advanced technology centre	2,449.19	3,146.27	742.77	776.70
<b>Total Segment assets &amp; segment liabilities</b>	<b>2,39,587.42</b>	<b>2,15,639.13</b>	<b>95,233.19</b>	<b>66,989.85</b>
<b>Adjustments of unallocated assets and liabilities</b>				
Share capital	-	-	1,068.30	1,068.30
Reserves and Surplus	-	-	1,76,960.92	1,64,967.29
Investments	28,576.57	13,595.83	-	-
Advance tax	7,611.25	5,377.41	-	-
Deferred tax			2,419.17	1,485.57
Unpaid Dividends			93.66	101.36
<b>Total assets &amp; liabilities as per Balance sheet</b>	<b>2,75,775.24</b>	<b>2,34,612.37</b>	<b>2,75,775.24</b>	<b>2,34,612.37</b>

### Geographical information

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

The group's revenue from external customers based on location of customers is as per the table below:

	Revenue from external customers	
	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Inside India	1,33,079.01	1,19,423.98
Outside India	34,545.97	31,885.77
<b>Total</b>	<b>1,67,624.98</b>	<b>1,51,309.75</b>

## 31.12 Approval of financial statements

The financial statements were approved for issue by the Board of directors on 24<sup>th</sup> May, 2021.

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.13 Details Of Leasing Arrangements

Particulars	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
<b>As Lessor</b>		
<b>Operating lease</b>		
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.		
<b>Future minimum lease payments</b>		
not later than one year	24.12	18.84
Later than one year and not later than five years	96.46	82.72
More than 5 years	-	-

## 31.14 Financial Risk Management Objectives

The group's activity exposes itself to variety of financial risk which includes market risk, credit risk, liquidity risk, interest rate risk and price risk. The group monitors and manages the above financial risks relating to the operations of the group through internal risk reports which analyses exposures by degree and magnitude of risks. The primary focus is to identify risks and take steps for mitigation of risk or to minimise the potential adverse effects on the financial performance of the group. The group does not enter into any derivative financial instruments to hedge risk exposures.

### Foreign Currency Risk

The group undertakes transactions denominated in foreign currencies and consequently has exposure to exchange rate fluctuations. The group operates internationally and a major portion of the international sales transaction are in USD and balance in EUR, purchases from overseas suppliers are in various foreign currencies. The exposure at the end of the reporting period does not reflect the transaction during the year and there is a natural hedge in the currency for USD and EUR. The exchange rate between INR and other currency does have an impact on the business. The group is a net exporter and export realisation combined with a depreciating INR has given the group a net foreign exchange gain.

These exchange rate exposures are not hedged by the group. The carrying amounts of the group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:-

Particulars		Amount in foreign currency		Equivalent INR in Lakhs	
		31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Sundry creditors	CHF	94,614.10	31,255.00	73.51	24.48
	EUR	25,62,051.07	8,41,363.00	2,201.37	699.02
	GBP	37,070.47	23,284.00	37.43	21.86
	JPY	8,81,92,202.76	4,54,32,423.02	583.47	318.53
	SGD	16,468.63	12,375.00	8.96	6.56
	USD	24,69,687.70	15,12,462.38	1,806.97	1,132.69
	SEK	85,000.00	85,000.00	7.13	6.46
	CNY	29,65,631.37	6,69,535.03	331.13	71.27

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.14 Financial Risk Management Objectives (Contd.)

### Foreign Currency Risk (Contd.)

Particulars		Amount in foreign currency		Equivalent INR in Lakhs	
		31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Sundry Debtors	USD	1,50,23,507.17	89,82,411.00	11,034.04	6,771.47
	EUR	7,12,787.85	15,75,573.00	613.70	1,308.51
	CNY	5,74,194.37	12,62,629.48	64.11	134.41
	GBP	9,436.80	-	9.53	-
Cash and Bank Balances					
	CNY	73,45,881.80	1,48,17,347.32	820.21	1,577.35
	KES	2,28,983.80	28,97,183.00	1.56	20.57
	BDT	5,82,938.86	3,74,642.00	5.07	3.38
	USD	14,97,194.81	3,43,404.01	1,172.60	258.81
	VND	5,85,76,364.00	4,60,86,577.00	1.87	1.50
	EUR	94,360.30	1,24,814.20	81.08	103.70
	TRY	31,196.90	20,371.00	2.79	2.42

The Company is mainly exposed to USD and EUR.

### Foreign currency sensitivity analysis

Particulars	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Sundry creditors</b>		
USD	1,806.97	1,132.69
Euro	2,201.37	699.02
<b>Sundry Debtors</b>		
USD	11,034.04	6,771.47
Euro	613.70	1,308.51
<b>Net receivable</b>		
USD	9,227.06	5,638.78
Euro	(1,587.66)	609.49
<b>Total</b>	<b>7,639.40</b>	<b>6,248.27</b>
Impact on profit : 5 % increase in currency rate	381.97	312.41
Impact on profit : 5 % decrease in currency rate	(381.97)	(312.41)

**Interest rate risk** – The group holds interest bearing assets in the form of fixed deposits with banks. The variation in interest risks is managed by distributing deposits among wide base of banks and financial institutions.

The group do not have any debts and therefore any fluctuation in market interest rates may not affect the cashflow/profitability position of the group in terms of debts servicing.

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.14 Financial Risk Management Objectives (Contd.)

### Interest rate sensitivity analysis

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Fixed deposits in Banks	1,01,525.40	87,251.01
Impact on profit :increase of 25 basis points	253.81	218.13
Impact on profit : decrease of 25 basis points	(253.81)	(218.13)

**Price risk** – Holding marketable financial assets expose the group to risk of price fluctuation. Price escalations will have insignificant impact on carrying amounts of respective financial assets. However, the group is exposed to equity price risks from equity investments. Certain of the group's equity investments are held for strategic rather than trading purposes.

### Price sensitivity analysis

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Fair value of Equity investments	12,203.43	3,736.23
Impact on Other Comprehensive Income :increase by 5%	610.17	186.81
Impact on Other Comprehensive Income :Decrease by 5%	(610.17)	(186.81)

**Credit risk** – Credit risk arises from the risk of default on its obligation by the counterparty resulting in financial loss, such as cash and cash equivalents, and outstanding receivables.

Credit risk on cash and cash equivalents is considered negligible as the group generally invests in fixed deposits with reputable banks. They are not impaired or past due for each of the reporting dates.

Credit risk on outstanding receivables is the exposure to billed receivable and are normally unsecured and derived from revenue earned from customer mostly from India. Credit risk is managed by the group through credit approvals and 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 counterparty.

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

**Liquidity risk** – Liquidity risk refers to the risk that the group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The group's 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.

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.14 Financial Risk Management Objectives (Contd.)

The contractual maturities of group's financial liabilities are :

	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Trade payable	43,185.36	33,257.25
Less than one year	43,185.36	33,257.25
Others	-	-
Other liabilities	7,895.39	5,964.29
Less than one year	7,895.39	5,964.29
Others	-	-

**Capital management** – The group's objective is to safeguard its financial stability, financial independence and its ability to continue as a going concern in order to generate returns for the shareholders and benefits for the other stake holders. The group incentivise the shareholders by paying optimum and regular dividends.

The group determines the amount of capital required on the basis of annual operating plans and other strategic investment plans. The funding requirements are met through internally generated funds. The group does not have any borrowings in its capital portfolio.

## 31.15 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 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 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.

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.

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.15 Revenue Recognition (Contd.)

Revenue from operations for the year ended 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2020 is as follows:

Particulars	Year Ended 31 <sup>st</sup> March, (₹ In Lakhs)	
	2021	2020
(i) Revenue from sale of products	1,67,624.98	1,51,309.75
(ii) Revenue from rendering of services	5,112.70	6,140.07
<b>Total revenue from operations</b>	<b>1,72,737.69</b>	<b>1,57,449.82</b>

**31.16** The Exchange rate adopted for conversion of subsidiary accounts is as follows :

The Exchange Rate as at 31<sup>st</sup> March, 2021 : 1 CNY = 11.1656 INR (Previous Year 10.6453 INR)

Average exchange rate : 2020-21: 1 CNY = 10.9731 INR (Previous Year 10.1819 INR)

**31.17** Depreciation/ amortisation includes ₹12.78 Lakhs (Previous Year ₹12.28 Lakhs) towards amortisation of leasehold land as per audited accounts of LMW Textile Machinery (Suzhou) Co. Limited.

**31.18** Previous years' figures have been restated to comply with IND AS to make them comparable with the current period. Further, previous years' figures have been regrouped / reclassified, wherever necessary, to conform with the current period presentation.

In terms of our report attached

For and on behalf of the Board of Directors

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

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

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

**K. Raghu**  
Partner  
Membership No. 11178

**V. Senthil**  
Chief Financial Officer

**C R Shivkumaran**  
Company Secretary

Place : Coimbatore  
Date : 24<sup>th</sup> May, 2021

## CORPORATE INFORMATION

Based on Standalone financials

(₹ in Lakhs)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Profit and Loss Account</b>										
Sales (excluding excise duty)	2,07,249	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
Other Income	12,547	13,152	19,193	17,858	15,988	16,698	17,868	19,578	15,509	12,997
Profit before tax	22,339	17,069	26,878	29,749	32,819	26,631	30,315	32,367	6,441	7,420
Profit after tax	13,702	11,748	18,369	20,745	22,012	19,060	21,142	18,928	4,500	4,746
<b>Balance Sheet</b>										
Fixed Assets	50,787	44,980	38,568	37,721	40,846	46,559	53,616	65,971	69,402	66,918
Investments	15,407	10,382	12,883	12,883	15,276	12,624	14,798	13,846	11,250	11,249
Net Current Assets	25,944	41,956	59,257	75,443	93,709	94,660	1,03,751	89,219	86,465	1,02,278
	<b>92,138</b>	<b>97,318</b>	<b>1,10,708</b>	<b>1,26,047</b>	<b>1,49,831</b>	<b>1,53,843</b>	<b>1,72,165</b>	<b>1,69,036</b>	<b>1,67,117</b>	<b>1,80,445</b>
Share Capital	1,127	1,127	1,127	1,127	1,127	1,096	1,096	1,068	1,068	1,068
Reserves and Surplus	88,724	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
Deferred Tax Liability	2,287	1,290	264	-	-	-	-	-	1,486	2,419
	<b>92,138</b>	<b>97,318</b>	<b>1,10,708</b>	<b>1,26,047</b>	<b>1,49,831</b>	<b>1,53,843</b>	<b>1,72,165</b>	<b>1,69,036</b>	<b>1,67,117</b>	<b>1,80,445</b>
<b>RATIOS</b>										
<b>Measures of Investment</b>										
Dividend per share (₹)									10.00	10.00
EPS (₹)									42.12	44.43
Return on Equity (%)									2.72	2.67
Dividend Cover (Times)									4.21	4.44
<b>Measures of Performance</b>										
Net Profit Margin (%)									4.27	4.53
Assets Turnover (Times)									2.17	2.45
<b>Measures of Financial status</b>										
Current Ratio (Times)									2.10	2.00
Tax Ratio (%)									30.14	36.03











**LAKSHMI MACHINE WORKS LIMITED**

SRK Vidyalaya Post, Perianaickenpalayam  
Coimbatore 641020, India

☎ +91 422 7192255

☎ +91 422 2692541-42

✉ [secretarial@lmw.co.in](mailto:secretarial@lmw.co.in) | [www.lmwglobal.com](http://www.lmwglobal.com)

