

**LMW**®

**LAKSHMI MACHINE WORKS LIMITED**

ANNUAL REPORT 2019-20



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It takes years to be seasoned to weather the extremes.  
It needs a robust foundation to hold on to the positives.

It calls for a  
strong poise to  
keep moving.

We move on  
in an endless  
journey towards  
excellence,  
scaling new  
highs and staying  
relevant.



At LMW,  
it's our  
strength  
to stay the  
course,  
always.



# Engaging with the Group

At LMW, having made a heartening start during the first year of our Total Quality Management (TQM) journey, we decided to stay the course. No matter what.

We moved on to the next level. It was all about policy implementation and employee engagement.

We broke down the organisation's goal into smaller squares of divisional objectives. These objectives were simplified into actionable targets for all functions under each division.

We strategised our policy deployment in such a way that it fostered healthy competition among divisional teams and motivated the individual member to step out of his/her comfort zone to contribute to divisional and organisational goals.

We supplemented this policy deployment with a rigorous and structured meeting framework and calendar to review the progress and ease bottlenecks at the strategic, divisional and functional levels.

We neatly integrated the relevant checks and balances leveraging the TQM principle in our Daily Work Management process. This helped in significantly enhancing product reliability and strengthening customer confidence.

All this helped us transform the TQM process into an organisational culture. Everyone in the organisation talk the same language.

**Clarity counts.**





# Engaging with our Divisions

At LMW business divisions, we worked to align every wing with the articulated objectives. We sharpened our focus on strengthening our core.

**Our 'make to order' divisions integrated Accelerating Competency for Design Excellence (ACDE) and Accelerating Competency for Manufacturing Excellence (ACME) under the TQM umbrella.**

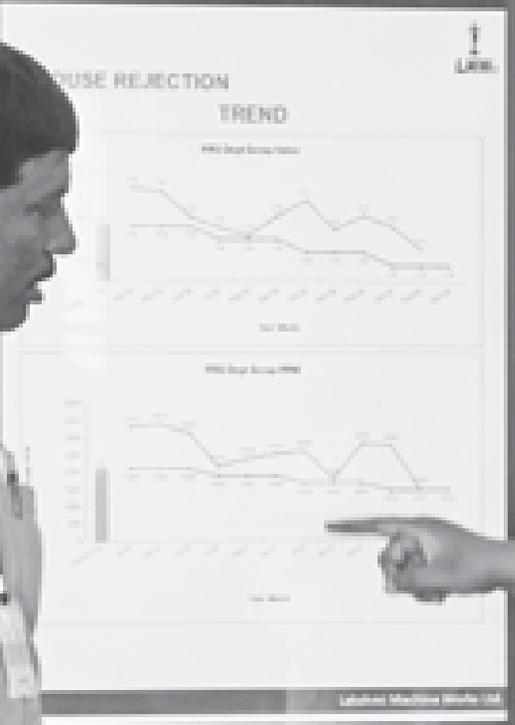
- Through ACDE, we institutionalised a multi-gate design philosophy, which reduced product development time and ensured that our products were flawless.
- Through ACME, we streamlined and strengthened our shopfloor operations to minimise operator fatigue, improve product quality and shore up man-machine productivity.

**Our 'build to print' divisions worked on making operations sustainable.**

- We commissioned capabilities and unlocked production strength.
- We strengthened the product basket even as we added value to our existing offerings.
- We firmed up bonds with our existing clients; we forged relations with new customers.

In doing all this, we tried to ensure a brighter tomorrow for the business, and kept ourselves ready to ride the waves when the tide turns.

**Fitness factors.**



# Engaging with our People

At LMW, we believe that our people are the most potent driving force in our journey towards an organisational transformation.

We implemented three initiatives based on this philosophy.

## **We made the role of every member clearer.**

- Undertook a comprehensive competency-mapping exercise for every individual in the organisation.
- Set up goals for every individual in keeping with their capabilities and aligned it to the respective divisional and then organisational objectives.
- Communicated individual role and goal very clearly and accurately.

## **We rolled out an engagement programme to include every member**

- Encouraged the workforce to intensify their participation in our Suggestion Scheme and in Quality Circle projects – as part of a cross-functional team – with considerable success.
- Inspired supervisors to undertake Kaizen projects

(on an individual basis) and enroll their participation in teams for solving complex issues that necessitated an intellectually-enriched solution.

- Motivated subject experts to form Cross-Functional Teams for cross-pollination of ideas and expertise to resolve complex issues.

## **We aligned our Performance Management System with the TQM principles**

- Attached Key Responsibility Areas (KRA) with Key Performance Indicators (KPI) and introduced the Managing Point/Checking Point concept into the system.
- Analysed year-end performance of every member on the basis of individual achievement and engagement.

We confirmed that every team member realises his contribution to his division and the organisation. We also ensured that his every effort is recognised and appreciated.

**Motivation drives.**



## TEI - Quality Control Circle (QCC)

### 5) QCC - Summary

#### What is a QCC?

QCC is a group of 5-6 people from the same zone who solve work related problem

#### Benefits

Problem solving capability  
Learn something new  
Job satisfaction  
Rewards & recognition



#### Who can use it?

Every employee in the organization to better the quality of their work life

#### How does a QCC work?

- ▶ Weekly meetings
- ▶ Monthly meetings
- ▶ Use of 7 QC tools
- ▶ Use of QC story

# Engaging with our Suppliers

At LMW, we understand that our key products are a culmination of several processes. To sustain our quality and delivery commitments, we needed to integrate the back-end better.

We enhanced our supplier engagement programme in sync with this objective.

## **We strengthened our commitment to upgrade our vendors.**

- Included more supply partners in the vendor business process and operation improvement programme.
- Initiated an advanced learning programme for some critical vendors to enhance their niche capabilities.
- Initiated a value-stream mapping project to enhance value-addition from our suppliers.

## **We improved component availability to our assembly lines.**

- Adopted the Theory of Constraints to recalibrate our inventory levels.

- Enriched our supplier portal with detailed information which enhanced its usage.

We re-confirmed our commitment to uplift the operations of our business partners and earned their unwavering commitment to our aspiration to grow.

## **Relations matter.**

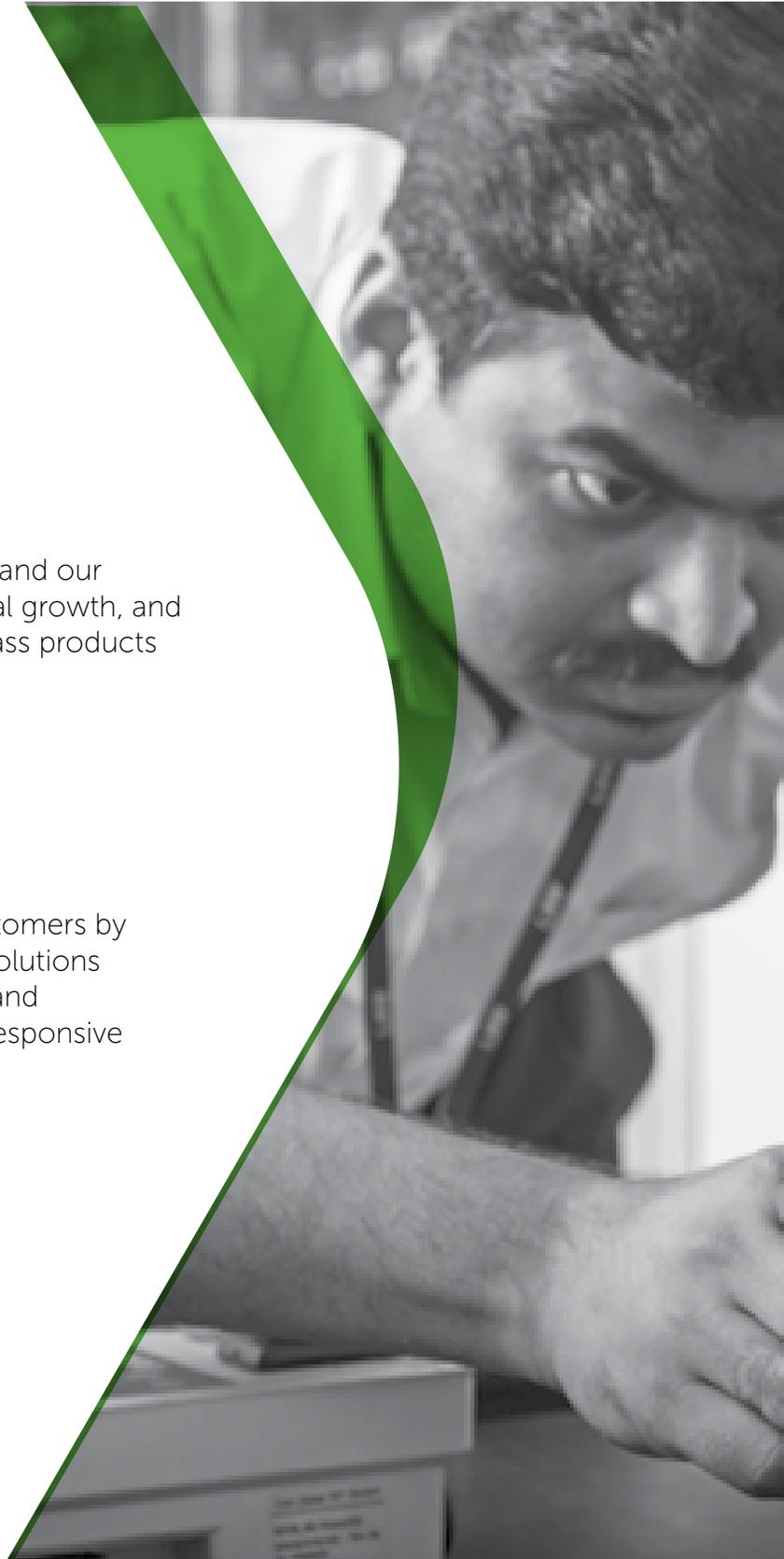


# Vision

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

About the Company

# LMW: Strengthening India's Industrial Backbone

Starting its journey way back in the sixties, LMW stayed the course undeterred to emerge as one of the only few manufacturers of the entire range of textile spinning machinery globally. Along the way, the Company expanded beyond the textile machinery and began making machine tools, castings and aerospace components.

LMW's spinning technology solutions find a vibrant market with the textile sector making big strides both within and

outside India. In the CNC Machine Tools sector, LMW has positioned itself as a brand leader in manufacturing customised products. While it dominates the CNC lathe segment, its recognition in machining centres is rising by the day.

The LMW Foundry business makes precision castings for industries world over, while the Advanced Technology Centre manufactures aerospace components.

Listed on the BSE Limited and The National Stock Exchange of India Limited, Lakshmi Machine Works Limited (LMW) is known for its strong foundation and firm poise to face challenges head on.

# Where we stand today\*



1,664

Revenue, 2019-20  
(₹ crores)

115

EBIDTA, 2019-20  
(₹ crores)

45

Profit after Tax, 2019-20  
(₹ crores)

42

Earnings per share, 2019-20  
(₹)

86

Net cash from Operations,  
2019-20 (₹ crores)

*\*Above figures have been rounded off.*

From the Chairman's desk

# "What started as a process has silently got woven into the organisational fabric."

*Dear Shareholders*

Your organisation is becoming more robust and resilient to overcome seemingly unsurmountable vagaries and stay the charted course.

This philosophy has transpired through the rank and file because the Total Quality Management (TQM) journey, which we set afoot in the previous fiscal, has, during the period under review, been institutionalised across the organisation.

TQM has from the shop-floor to the top floor has facilitated in cascading the organisational goals into divisional objectives and then further flowing it down to departmental targets. It's been quite a tall ask indeed, considering the intricate complexities of our diverse businesses.

What is extremely satisfying is that, not only the management, but every department can accurately access their contribution to the

organisational goal. Moreover, our rigorous monitoring discipline of mapping the aspiration with reality helps realign our approach with the prevailing situations.

The energy and enthusiasm among the teams are palpable. Their unwavering focus and dedicated effort in absorbing this contemporary philosophy has enabled the Company to secure its turf despite the highly challenging and demanding business environment of 2019-20.

TQM helped us in better identifying and plugging the gaps in our processes, products and services. This, I believe, will strengthen our opportunity matrix when demand revives.

After the first full year under the TQM umbrella, we are now highly charged to take this ethos to the next level – where the TQM philosophy gets ingrained into the organisational DNA. For this, we will need to, individually and collectively, continue to push the envelope so much that

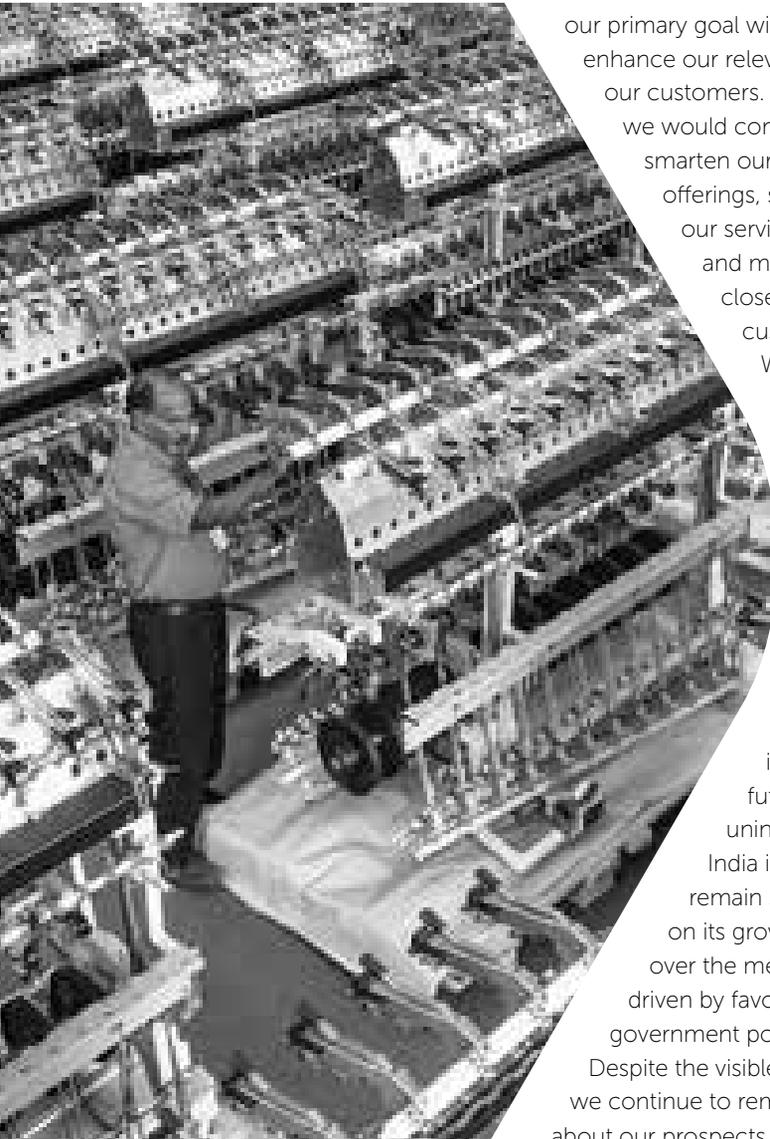
it would propel the organisation to a higher orbit.

The year ended with the menace of the new novel Corona virus pandemic, setting the global economy on a tailspin. As the virus runs riot across the globe, a global economic recession looks imminent, drowning consumption to its nadir. India is not exception to this global trend. The lockdown announced by the Central Government to curb the spread of this contagion has brought business activity to a grinding halt.

It is natural that the global economy will take time to come out of this crisis that have swept through the world. The Indian growth story, too, will need time to regain the momentum after stepping out of the rough patch.

Under such circumstances,





our primary goal will be to enhance our relevance to our customers. For this, we would continue to smarten our product offerings, strengthen our services quotient and move closer to our customers.

We will keep ourselves ready to capitalise on the first green shoots of recovery.

While the immediate future appears uninspiring, India is poised to remain steadfast on its growth path over the medium term, driven by favourable government policies. Despite the visible depression, we continue to remain positive about our prospects.

As we move on in our journey to be better every day, I would like to thank the Board for guiding me to execute my responsibilities in the best possible manner. I would like to extend my gratitude to each and every member of our team for their relentless efforts in making LMW a globally respected organisation.

My deep appreciation to all our loyal and valuable shareholders for their continued confidence and support. I also place on record my gratitude to all our other stakeholders – vendors, customers, bankers and government authorities – for the unstinted support and assistance throughout our journey. I solicit your continued co-operation in enabling LMW stay its chartered course.

Regards

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

# Management Discussion & Analysis

## Global Economy

Global growth decelerated markedly in 2019, with continued weakness in global trade and investment. This weakness was widespread, affecting both advanced economies—particularly the Euro Area—and developing economies. Various key indicators of economic activity declined in parallel, approaching their lowest levels since the global financial crisis.

In particular, global trade in goods was in contraction for a significant part of 2019, and manufacturing activity slowed markedly over the course of the year. Bilateral negotiations between the United States and China since mid-October resulted in a Phase One agreement—including a planned partial rollback of tariffs—that has de-escalated trade tensions.



Financial markets were fragile for most of 2019. Concerns about growth prospects triggered widespread monetary policy easing by major central banks last year, as well as flight to safety flows into advanced-economy bond markets. But the sentiment improved appreciably toward the end of the year along with the alleviation of trade tensions.

Against this international context, global growth weakened to an estimated 2.9% last year— the lowest rate of expansion since the global financial crisis.

**2020: A Year of Mayhem**

This has been a year of mayhem not for businesses alone, but for the entire human race. The COVID-19 pandemic has ravaged the world drawing the civilisation to its knees.

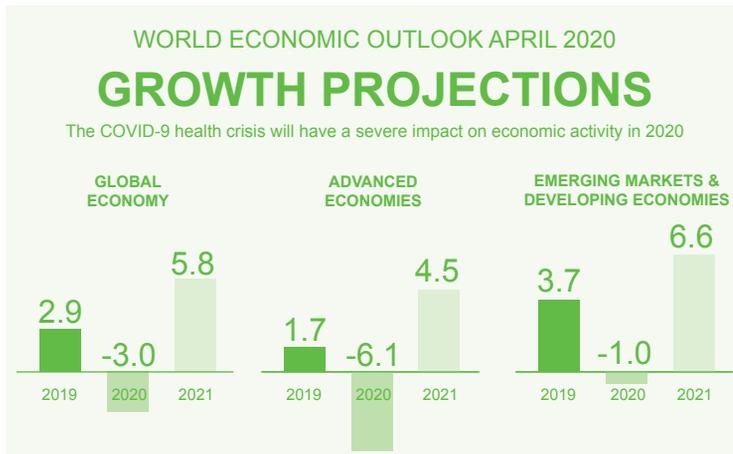
After coming to terms with the first bout of shock, we now face a grim reality – the exponential growth of contagion is multiplying the number of infected individuals every day.

The loss in businesses associated with this health emergency and containment measures possibly dwarf the losses that the two global financial crises had caused. Moreover, the shock isn't over yet. The pandemic has driven the world into a state of severe uncertainty of unknown duration.

Under such circumstances, economic policies play a very different role. With a blanket shutdown thrown globally to contain the spread of the disease, life has come to a sudden halt, bringing all economic activities to a

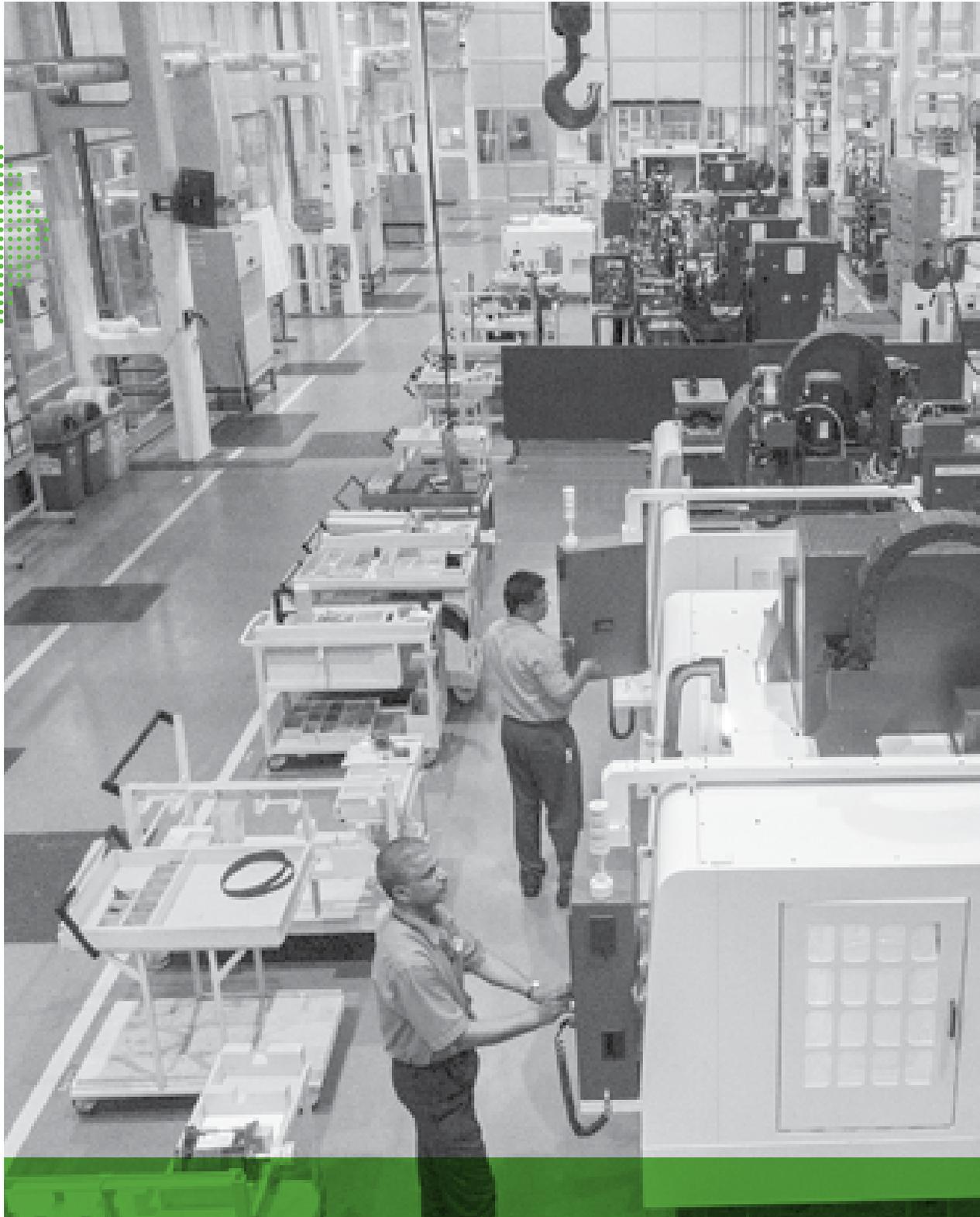
standstill. This makes reviving activities more challenging. Many countries face a multi-layered crisis, comprising a health shock, domestic economic disruptions, plummeting external demand, capital flow reversals, and a collapse in commodity prices.

As most developed economies strive hard to fight this unprecedented threat with measures like stringent lockdowns, isolations and containments, the wheels of the economy have come to a teetering halt. The IMF estimates the global GDP to contract in 2020.



Source: International Monetary Fund

Owing to the global pandemic, IMF estimates a loss of USD9 trillion to the global economy. This amount is greater than the economies of Japan and Germany combined.





## Indian Economy

India's GDP growth is seen dipping to an 11-year low of 5% in 2019-20, as estimated by the National Statistical Office (NSO). This decline was driven primarily by a poor showing of manufacturing and construction sectors, increasing fragility of the financial ecosystem, and weak rural income growth.

Deceleration was also recorded in sectors like agriculture, electricity, gas and water supply, trade, hotel and transport, real estate, and professional services. The National Council of Applied Economic Research (NCAER) pegged the economic growth for 2019-20 at 4.9%, down from 5% (Source: Business Line, February 21, 2020)

Despite the slide, Gross Fixed Capital Formation (GFCF) at current prices improved marginally – it is estimated at ₹57.42 Lakh Crore in 2019-20 as against ₹55.70 Lakh Crore in 2018-19. Also, the per capita income at current prices is estimated at ₹1,35,050, showing a rise of 6.8%, as against ₹1,26,406 during 2018-19 with a growth rate of 10%. (Source: Business Standard, January 7, 2020)

### Outlook for FY21

The coronavirus pandemic broke out at a time when the Indian economy was slowing down because of persistent financial sector weaknesses. The severe disruption of economic activities caused by COVID-19,

both through demand and supply shocks, has overtaken incipient recovery in the economy in the second half of 2019-20. Despite this drop, economy experts continue to remain optimistic about India's resurgence. They believe that while the economic damage of the pandemic has so far been deep and far-reaching in India, there is hope that economic activity will spike once the lockdown is lifted in phases.



Business Division 1

# Textile Machinery Division

A journey that began with the manufacturing of textile machinery for the Indian market, has taken LMW to a level of dominance in the international textile machinery business space. The Company has evolved into one of the very few manufacturers of the entire range of spinning solutions for textile companies globally.

The Company has never ceased to upgrade its technology to

ensure optimum use of a machine and to keep its products relevant to the changing customer needs. The customer-centric business model is reflected in the ever-expanding basket of value-added services from LMW.

### Performance in 2019-20

The world economy went through one of its toughest phases in 2019-20. A tepid textile market deterred garment manufacturers across the world from capacity creation. In the domestic market, too, sales slowed down as the textile companies slashed their capex budgets and shelved plans of fresh investments.

### Key Initiatives of 2019-20

LMW looked at the positive side of the slowdown and utilised this time to strengthen its foundation to make itself more agile and adept at grabbing the first green shoots of revival in business.

### Manufacturing & Assembly

The team took the Total Quality Management (TQM) principles deeper into its plant, people and processes to make it the divisional culture. As part of the TQM philosophy, it reorganised the inventory management system, which ensured that the assembly line had adequate component supply at all times with an optimal inventory cost. The team continued to improve its processes, replaced manual operations with automated solutions that minimised operator fatigue and improved shopfloor productivity. It restructured its production planning system, making standard machines available for despatch almost immediately on the customer order being accepted. This helped improve customer satisfaction.

In keeping with the dynamic customer requirement with respect to quality and reliability, the team strengthened its quality



commitment through various quality improvement initiatives at its shopfloor (component manufacturing and assembly units). It also worked closely with its vendors to ensure that they upped and maintained their quality standards. This facilitated in matching customer aspirations of having a plug-and play machine which operated seamlessly with minimal human intervention.

The Company continued to enrich its shopfloor with enhanced technology – incorporated in its mother machines, superior people capability, intensive classroom and on-job training – that optimised the cost of manufacture. It also intensified its 'Keep the House in Order' efforts which improved man-machine productivity.

Along with the R&D team, the division developed new machines which were showcased at international exhibitions.

### **Research & Development (R&D)**

LMW designed its R&D unit as a centre where customer expectations are transformed into product realities. A dedicated team of innovators work towards translating the customer's voice into developing new machines and upgrading the existing range with enhanced capabilities to ensure that they remain relevant to the customer across their lifecycle and beyond.

The team absorbed contemporary techniques which promise to improve their design capabilities.

- Deployed innovative Engineering concepts to reduce the cost of design of machines.
- Institutionalised the Accelerating Competency for Design Excellence (ACDE) culture, which inculcated a design discipline and ensured new product development with 'right from start' products.

During the year, the team developed and exhibited its creations like the sophisticated Ring Frame (Auto-piecing), Card drafting system (Drawframe integrated with the Card), the Smart Series Combing System (controlled by servo motors,) the high-speed Lap Former and the Speed Frame with auto doffer. The team also introduced a world-class Smart Series Ring Frame (servo motor controlled) with a significantly upgraded compact system.

As part of the Internet of Things (IoT) initiative, the Company launched SpinConnect, a solution that allows the customer and LMW to check, control and alter multiple operational parameters to improve machine efficiency from anywhere in the world. This should change the service equation in this industry and arm it with a significant competitive edge over its peers in this business space.

### **Marketing**

Despite the prevailing volatility, the domestic team reported considerable achievements. It secured orders for important projects which helped arrest a sharp downslide in volumes. It made significant progress in marketing key products (technologically improved variants) like the Compact Spinning system, the Draw Frame, the Carding Machine and the Smart Series Ring Frame machines. This helped the team attract new customers.

On the export front, LMW sustained its efforts to make deeper inroads into the existing markets and enter new markets. As a first step, it made significant technological and engineering enhancements across its product range to improve their performance and reliability. The team showcased the technologically improved product range to its clients to leverage on cross-selling opportunities.

The Company invited prospective customers to the shopfloor of existing clients to demonstrate the performance of operational machines.

The Company consolidated its foothold further in global markets that is expected to throw up interesting growth opportunities over the medium term. For building strong relations, the Company recruited local talent to manage sales/service in key global markets.

On the project front (both domestic and export), the Company created a dedicated project cell which will provide comprehensive solutions to prospective customers.

### **Spares & Service**

To minimise the machine downtime, the Company maintained inventory of critical and fast-moving spares. This reduced the time to ship spares to customers. Also, getting resident experts on board at international offices helped to increase the offtake of spares.

From a service standpoint, SpinConnect is expected to revolutionise service in the textile machinery space. The team streamlined the communication of field issues, reported on the online portal, to the service team to ensure that each issue was independently analysed and appropriately addressed to the satisfaction of the customer.

### **The Textile Industry**

Textiles is one of the oldest industries in the Indian economy. It not only provides livelihood to millions of households but is a storehouse and carrier of traditional skills, heritage and culture. According to India Brand and Equity Foundation (IBEF), India is one of the world's largest producers of textiles and garments.

The textile and apparel industry can be broadly divided into two segments – yarn and fibre, and processed fabrics and apparel.

The domestic Indian apparel market can be classified into men’s wear, women’s wear and kids wear. Men’s wear holds the largest share in the apparel market, accounting for 41% of the pie. Women’s wear claims around 38%, while kids wear takes the rest 21% of the market.

While India has the advantage of the entire value chain in the industry, the value chain is uncompetitive.

The organised textile industry is characterised by the use of capital-intensive technology for mass production of textile products and includes spinning, weaving, processing and manufacturing.

**Performance:** The domestic textiles and apparel industry stood at USD140 billion in 2018-19 (including handicrafts) of which USD100 billion was domestically consumed while the remaining USD40 billion was exported to the world market. The domestic

consumption of USD100 billion was split into apparel at USD74 billion, technical textiles at USD19 billion and home furnishings at USD7 billion.

Exports of textile stood at USD20.5 billion, apparels at USD16.1 billion and handlooms at USD3.4 billion. The share of textile and clothing in India’s total exports stood at 12% in 2018-19. FDI in the textiles and apparel industry stood at USD3.1 billion in 2018-19.

**Government Support:** The Government intends to actively encourage leading textile companies to help them achieve sufficient size and scale to cater to the rising global demand. The aim is to create companies of global size to boost exports.

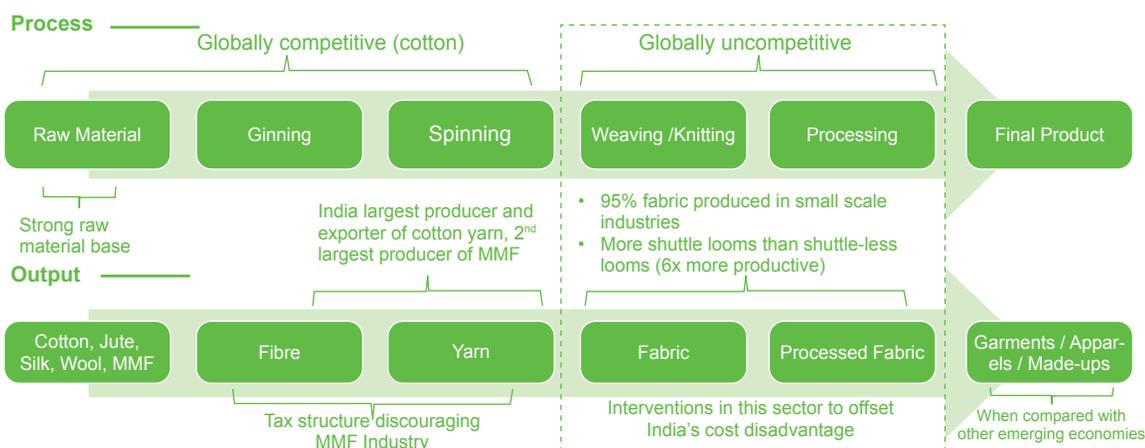
The government has also indicated its willingness to address the lacunae under existing textile-related schemes through a policy statement. This document is expected to come up with parameters that will help identify states to set up textile parks with all forward and backward linkages available in the same place to make India most cost-competitive. The government plans to set up

1,000-acre mega textile parks as it revamps the scheme for Integrated Textile Park as part of the New Textile Policy. Top policy measures on the drawing board include raising the cap on investment under the existing scheme that will prompt companies to set up mega manufacturing units in one place and undertake technology upgradation. (Source: The Economic Times, February 23, 2020)

**Outlook:** The short-term outlook for the textile and apparel sector appears bleak owing to the COVID-19 pandemic which has pushed the global economy into a deep recession which will significantly erode demand for textile and apparel across the world.

Over the medium-term though, the prospects of the domestic textile and apparel sector appear promising. India’s textile and apparel exports are expected to touch USD300 billion by 2024-25, resulting in tripling of the country’s market share globally from 5% to 15%, according to Invest India, the national investment promotion and facilitation agency.

## Uncompetitive Global Value Chain



Source: NITI Aayog

### The Spinning Industry

Being the largest cotton producer globally and the second most populous nation in the world have enabled India to emerge as one of the largest cotton yarn manufacturers and exporters. The prospects of the spinning industry are closely dovetailed to the global textile industry as India exports close to a third of its yarn output to global destinations – China being a key importer of Indian yarn.

**Challenges:** The cotton and blends spinning industry in India is passing through a big crisis owing to high interest rates, high cost of raw materials and rise in low-priced imports of yarn and garments from countries like Bangladesh, Sri Lanka and Indonesia. The addition of central and state level taxes and levies to the beleaguered sector is making Indian yarn non-competitive in global markets.

**Performance:** In 2019-20, the Indian cotton spinning industry's performance has been severely constrained by the demand slowdown, unfavourable raw

material prices and rising funding requirements. Spinning exports declined significantly as COVID-19 choked the Chinese market in the last quarter of fiscal 2019-20.

**Cotton Season 2019-20:** As per the Cotton Association of India (CAI), the cotton crop estimates for the 2019-20 season beginning October 1 at 354.50 lakh bales of 170 kg each. The yearly balance sheet projected by the CAI estimated total cotton supply till end of the cotton season i.e. up to September 30, 2020 at 411.50 lakh bales. Domestic consumption is estimated by the CAI for the entire crop year i.e. up to September 30, 2020 at 331 lakh bales.

**Outlook:** Spinners are likely to report a subdued performance going forward, with volumes and realisations expected to come under severe pressure in the current year. Key reason for the same is the COVID-19 pandemic which has severely impacted developed and developing economies across the globe. This mayhem is expected to result in sluggish consumption levels in key international markets and in India.

### Priorities for 2020-21

The Company will seek to sustain its market share and position in the domestic market even as the textile industry readies to deal with the challenges posed by the pandemic – the textile and apparel sector in India and across the globe are likely to put capex budgets (for expansion and modernisation) at the bottom of their priority list, until demand stabilises.

The team will strengthen its focus on leveraging the Total Quality Management (TQM) principles. It plans to deploy specialised teams that will concentrate their energy on further streamlining the order generation and conversion processes.

The international market will continue to be an area of increased focus. The improved product range, a more agile and relevant presence in key markets and superior service could help LMW grow its market share in the markets of its presence. An increased focus on turnkey projects would help LMW strengthen its brand awareness.

TMD PERFORMANCE				
	2019-20		2018-19	
	Nos.	Amount (₹ in Lakhs)	Nos.	Amount (₹ in Lakhs)
Spinning Preparatory Machines <sup>1</sup>	965	30,690.88	1,500	51,093.67
Yarn making machines <sup>1</sup>	638	47,473.60	1,025	75,619.29
Accessories and Spares		32,632.32		52,052.22

<sup>1</sup> Includes supplies to Turnkey projects (2018-19)

Customers  
have started  
installing the  
SpinConnect  
package

Business Division 2

# Machine Tool Division

In its more than three-decade journey, LMW has earned the reputation as a developer of high-precision machinery that remain relevant to the customer across its lifecycle. Along the way, the Company has created a formidable product portfolio to cater to diverse sectors like automobile, auto-ancillaries and general engineering.

Its commitment to accuracy has driven the Company to consult with some leading global machine tool experts. These learnings help LMW to absorb and inculcate advanced technology into its products. LMW has been able to further consolidate its position in the machine tools space by developing technology-intensive equipment that enhance the value proposition for the user.



The Company's highly skilled service team ensures that the customer enjoys maximum machine uptime through on-site and remote solutions.

### Performance in 2019-20

A slowdown in the automotive sector, continuing for more than a year, weighed on the Company's machine tools business in 2019-20. LMW identified and capitalised on opportunities in various non-automotive business spaces to tide itself over the demand slump from the key user industry.

The division registered a turnover of ₹28,931.93 Lakhs from the sale of 1,344 machines as against ₹60,282.30 Lakhs from sale of 3,232 machines in 2018-19.

### Key Initiatives of 2019-20

The major highlight of the year was adoption of Total Quality Management (TQM) principles – a journey which the team initiated towards the close of 2018-19. The division could clearly identify its goals, cascade these goals into departmental targets and articulate them to the team. This structured approach has aligned the entire team towards the set target and enabled divisional heads to monitor the performance on a real-time basis and course-correct business strategy to align with market realities.

### Operations

The team customised existing machines for the non-automotive sector applications. This enabled the Company de-risk its dependence on the automotive sector.

The Company set up a dedicated unit for assembling turning centres so that the existing unit could focus only on developing the value-added machining centres. This would facilitate undivided attention to the two segments and increase manufacturing capacity.

The Company continued to carry the Accelerating Competency for Manufacturing Excellence (ACME) philosophy from the top to the shop-floor operations which helped making superior quality zero-error machines in lesser time. The team sustained its efforts in transforming manual operations into automated processes. This helped cutting down on assembly time, minimising operator fatigue and improving shop-floor productivity. The team institutionalised the Theory of Constraints (ToC) across its supply chain, which ensured seamless availability of components while optimising inventory.

The Company increased its people flexibility by providing rigorous training to team members in managing multiple machines and multiple operations. This helped the division in upskilling and right sizing its team. The team also optimised energy consumption by implementing numerous initiatives across the manufacturing and assembly plants.

LMW entered a contract manufacturing arrangement with a Japanese company for manufacturing machines for them under their stringent supervision. This is expected to increase business volumes and revenue for the Company.

### R&D

During the year under review, the R&D wing worked untiringly to streamline two operating practices that were adopted in the previous year – Accelerating Competency for Design Excellence (ACDE) and Theory of Constraints (ToC). The team institutionalised these philosophies to ensure that the product designing processes and priority were aligned with guidelines stated in these theories. This helped improve the quality of the design significantly and reduce lead times in providing

solutions to special executions requested by the customer. It also helped increase the proportion of standard components in new machines.

A combination of these elements helped optimise the cost and time of new product development. As such, the team developed technologically superior products – most of them being machining centres.

### Marketing

The key focus for the team was to generate business as the order flow from the automotive segment slowed. The team was successful in capitalising and converting opportunities from non-automotive segments.

The sales force was liberated from undertaking all back-end work to concentrate only on the sales function with a goal of multiplying enquiry volumes. A separate cell was set up meanwhile to focus on creating awareness about machining centres.

The team continued to leverage social media platforms for creating awareness and generating business volumes. The Company also increased its participation in large exhibitions to showcase its product range and generate enquiries.

To service the customer better, the Company segregated its orders into standard and strategic buckets. This enabled better and focussed delivery to customers. The team also set up delivery timelines for despatching standard and key components and adhered to the same.

### Customer Service

Providing quality service is key to strengthened customer confidence. In keeping with this reality, the service team set stringent timelines and achieved commendable success rate in adhering to deadlines. In another

important initiative, the team installed a software solution in machines which facilitated remote diagnosis of the machine by the service team, enabling faster solutions. Besides, the mobile app launched by the team in the previous year helped resolve customer issues faster and better.

### The Machine Tools Sector

Machine tools refer to power-driven metal-cutting or forming equipment used for metals or other hard materials. They perform a range of operations such as cutting, forming, milling, turning, drilling, grinding, etc, which help enhance product uniformity and reduce human interaction required in different steps of the process.

The machine tools segment produces mother machines and therefore plays a vital role in the technological upgrade, quality control and cost in the engineering and manufacturing sector. The machine tools sector is a basic capital goods industry. It is a sub-sector of the engineering industry included under the category of heavy engineering units.

Over the years, the machine tools industry has evolved significantly. The mode of operation of these tools has evolved from numerical control (NC) to computer numerical control (CNC) and direct numerical control (DNC). Also, the development of hardware technology and software applications has resulted in machines becoming faster, intelligent and versatile.

As a result, machines have now become multifunctional and are capable of performing a broad range of tasks in a single set-up. Further, the advanced Computer Aided Manufacturing (CAM) technology deployed in new-age machines strengthens machine versatility and application, widening the opportunity pie.

### Prospects

The prospect of the machine tool market is closely dovetailed to the fortunes of the industrial sector.

**Make in India:** The government push for 'Make in India' is likely to boost the demand for machine tools. Thanks to various manufacturing initiatives, India is on course to be a key player in the global machine tools industry and is likely to emerge as a maker of high-end machine tools.

**Industry 4.0:** Manufacturing advancement is centred on the concept of Industry 4.0, which has the potential to fundamentally reconfigure the machine tools industry across the globe. In India, the concept, though in nascent stages, is slowly gaining steam, especially among large machine tool players who are innovating in this direction.

**Bharat Stage 6:** As the country adopts the Bharat Stage 6 (BS6) emission norm, the engine technology has changed. This will necessitate considerable re-tooling with concomitant demand for machinery.

**Indian Railways:** The Indian Railways has offered business opportunities in the manufacturing sector worth ₹28,000 crore (around USD4 billion) across various areas such as rolling-stock manufacturing, sub-assembly or component manufacturing, machinery and tool manufacturing, and project execution.

### Blueprint for 2020-21

The team aspires to take this division into a higher orbit. For this, it has crafted a multi-pronged blueprint that will enable it to accelerate business growth even as it makes the business more profitable. The roadmap encompasses:

- Widening the product range, with a focus on value-added

variants, to enable the division to broaden its sectoral presence and thereby increase its opportunity matrix.

- Developing and manufacturing critical machine components in-house which were earlier being outsourced and imported to improve product quality and overall machine reliability.
- Stocking fast-moving and critical machine components at branch offices for faster shipment to customer locations.
- Taking the TQM journey to the next level to make business operations lean and seamless.
- Continuing to streamline business processes through the ACME processes for optimising cost and lead time of development.
- Incorporating the ACDE in design process for improving the quality and standardisation in design.





### Recent trends

- Globally, most of the machines use numerical controlled (CNC controlled functions), with computer-based control and virtual Human Machine Interface (HMI). Indian machine builders need to adapt swiftly to these trends.
- Robotic assisted machine tools are another trend that sees inroads in the manufacturing industry. Use of collaborative robots is a trend being analysed in India.

Business Division 3

## Foundry Division



From being a no-frills supplier of castings, the LMW foundry unit has evolved into a developer of world-class castings for use in critical applications of global OEMs in the emerging segments like electric locomotives, pumps and valves, power and energy, marine, machine tools, compressors and transportation.

The foundry unit finds its biggest takers within the organisation – the textile machinery and the machine tool divisions. But it unfurled itself beyond the organisation and then surpassed the domestic territories to enter the global arena. It has spread its wings across geographies like the US, Germany, Spain, Russia, Canada, UK, Sweden, UAE, France, Norway and Switzerland.

LMW invests continuously in technology, equipment and operational processes that match global standards. It strikes a fine balance with its green commitments of keeping the business not just profitable, but sustainable, over the long term.

### Performance in 2019-20

The global economic slowdown weighed on the foundry business during the year. The division sold 5,700 MT of ductile iron and grey iron castings worth ₹8,822.28 Lakhs in 2019-20 as against 7,421 MT of ductile iron and grey iron castings of ₹13,279.98 Lakhs in 2018-19. Lackluster demand from the TMD and MTD segments – the two internal users of castings – dampened its capacity utilisation. Out of the total castings sold, about 40%, valued at ₹3,490.95 Lakhs, were exported.

### Key Initiatives of 2019-20

The team utilised the tepid external environment to strengthen its core functions to be ready to capitalise on emerging opportunities when the tide turns favourable.

### Manufacturing Operations

At the shopfloor, the team worked on firming up the key operational parameters – productivity, quality and efficiency.

Leveraging the Accelerating Competency for Manufacturing Excellence (ACME) principles, the team implemented multiple initiatives to optimise its processing cycle times with major focus on the core setting area. The team implemented low-cost automation solutions which helped improve productivity and reduce operator fatigue. It also replaced some tools with superior variants to raise the shopfloor efficiency index.

The Company invested in robots for pick-and-place operations in the moulding area to reduce human intervention. While it improved the safety quotient, it also created room for deployment of human capital in knowledge-driven operations. The team redesigned its sand mixers for high-speed operations to improve efficiency. Sand mixing is core to quality castings.

The divisional management has introduced the concept of mapping productivity per person on a monthly basis. This enabled every person with the division to check his/her contribution to the divisional goal.

The team worked towards better environment, safety and health parameters to retain the Greenco Gold Certification it earned in 2018-19 and aim for the Platinum Certification.

### Energy Management

Energy being the key cost element, the team focused on optimising energy consumption. Conventional motors and drives at multiple areas were replaced with their energy-efficient variants, capacitors were installed in high-rate motors to cut down

on power consumption. The team pre-heated pouring ladles leveraging fossil fuel, which optimised energy spend.

### Quality Management

The team adopted an outside-in approach to enhance product quality. It reached out to global brands that demanded stringent tolerance levels. This mandated the team to up its quality parameters across the entire mind-to-market process. The team implemented numerous quality-enhancing initiatives for this.

### Business Development

The team made an all-out effort to create awareness among global marques with considerable success. It secured several multi-year contracts with leading brands to generate sustained volumes for the short to medium term. It will help in better planning and execution, leading to on-time deliveries. As a logical extension, the team rejigged its product mix between the two facilities to release capacity for its new product pipeline. As a result, there has been an increase in requests for a commercial proposal from prospective customers.

The Company strengthened its business development team and this should help grow and widen the business prospects.

### Product Development

In keeping with the focus of securing global business from quality-respecting clients, the team implemented various initiatives to strengthen its product development capability. As a first step, it firmed up the team and created a sub-group for streamlined focus and higher efficiency.

The divisional management followed the First-Time-Right concept which helped reduce the product development cost and

time. It created a simulation team with the objective of reducing the product development time and also upgraded its infrastructure – both hardware and software – for superior analysis and action.

The team upgraded to a system-based process (Oracle platform) from the earlier manual system for determining the cost of development. In addition to time saving, this initiative increased the accuracy and reliability of the process.

### The Castings Sector

Featuring among the top five in the global pecking order, the highly fragmented Indian foundry sector churns out metal cast components for diverse applications for the engineering sector with automobile being its largest consumer. While grey castings form the majority of output, complex and value-added castings are primarily manufactured by the organised players that have technologically superior facilities and are globally recognised for capability and quality.

Foundries in India are largely clustered, proximate to the sector they service. They generally specialise in casting required by those specific end-use markets. The foundry sector is highly labour intensive with more than 2 million people being involved with it directly or indirectly mainly from the socially and economically weaker sections of society.

The USD19-billion Indian foundry business suffered 15-20% slump in production because of slowdown in the automotive segment, which consumes close to 40-45% of its production.

### Prospects

The prospects for the current year are expected to remain muted primarily due to the migration from BS-IV to BS-VI standards and the global pandemic which,

experts believe, may take a significant toll on the economy. India would be no exception to this. The plunge in volumes could be cushioned by the medium-term contracts executed by the Company in 2019-20.

On the medium-term though, the key customer sectors of castings – the electric locomotives, pumps and valves, power and energy, tractors and infrastructure – should be on the growth path. This would create significant opportunities for the Indian foundry sector.

### Blueprint for 2020-21

From an operational perspective, the team has identified few action areas that promise to improve operational efficiency and people productivity. The operative word in the blueprint is 'automation'.

To improve product quality, the team has identified investment option that are likely to refine further inspection of patterns and castings, thereby ensuring enhanced quality of end products.



**Business Division 4**

# Advanced Technology Centre

The Advanced Technology Centre is structured to blend engineering expertise, skill and passion for quality to achieve precision engineering as it serves the aerospace sector where quality and on-time delivery are a no-compromise mandate and, second, the Company deals with global marques who have been in this field for nearly a century.

Set up in 2009, the team makes structural, sheet metal and

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

### **Performance in 2019-20**

Performance of the division was moderate in 2019-20 as



it continued to consolidate its approach of manufacturing complex parts and sub-assemblies. The division registered a turnover of ₹2,312.92 Lakhs during the year as against ₹2,292.85 Lakhs during last year. Other income during the period under review was ₹1,012.73 Lakhs as against ₹1,163.70 Lakhs in the previous year.

### Key Initiatives of 2019-20

The emerging strength of the ATC division rests solely on its growing capability in terms of technology, process and delivery.

In keeping with this reality, the Company commenced operations of its composite unit (composites are a critical material used by the aerospace sector for its strength and light weight). In the first year of operation, the team secured orders from domestic players and an international aerospace major. While initial deliveries commenced towards the close of 2019-20, these are expected to continue in the current year.

In the metallic component segment, the team successfully graduated from standard components to more detailed and complex components and sub-assemblies. This upward movement was led by an improvement in processes and a better quality management.

The Company strategically created separate cells at its shopfloor for key customers with dedicated teams assigned to every cell with an objective to improve its delivery commitment. This has ushered in an increased business volume, which is expected to be delivered in the current year.

The division is also nurturing an intellectual capital pipeline for mastering this niche service. It is expected to drive business opportunities.

ATC is also building specialised capabilities. These are challenging tasks but are critical to the aerospace sector. This will help the Company to integrate more closely with the industry.

The team is also working to

- Strengthen its supply chain with greater diversity and significant agility
- Adopt and institutionalise global processes into its work environment
- Establish a talent pipeline which can shoulder the responsibility of increasing business complexity, diversity and volumes

### The Aerospace Sector

Progressive policies of the government, opening up of the defence sector, and easing of rules for selection of strategic partners in defence manufacturing are expected to be significant growth drivers for the sector.

Global aerospace giants have found that India's academia and entrepreneurial ecosystem hold the potential to rescript the future of global aerospace industry.

The aerospace and defence prospects have made Tamil Nadu the preferred hub for aerospace and defence industries in India in the areas of engineering, design, manufacturing and allied activities.

### Blueprint for 2020-21

LMW is determined to emerge as a reputed and respected brand among global aerospace OEMs. In keeping with this resolve, the Company will continue to invest in new-age technologies, upgrade its processes and streamline deliveries.

The team aims to deliver components and sub-assemblies on time to its clients to make

LMW a part of the Customer's assembly line.

- Foray into hybrid components (metal and composites) which would increase its opportunity canvass.
- Continue to build the talent pipeline with rigorous training and on-boarding the right talent.
- Demonstrate the ability to make systems/modules for critical aviation applications.



## Human resource

Your Company enjoys the support of a committed and well satisfied human capital. Compensation packages offered by the Company, best-of-class methods in recruitment, training, motivation, and performance appraisal, attract and retain the best talents. These practices enable the Company to keep the attrition rate well below the industry average. The Company had 3,185 permanent employees as on 31st March 2020.

## 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 reduction in total income by 39%, Inventory Turnover Ratio has reduced from 8.27 in FY 2018-19 to 5.50 during FY 2019-20. Operating profit reduced from 9.65% in FY 2018-19 to 1.38% in FY 2019-20. Net profit reduced from 12.71% in FY 2018-19 to 4.41% in FY 2019-20. Current ratio has improved from 1.78 to 2.10 on account of better control of Trade Receivables, Inventory, other Current Assets and Current Liabilities.

## Financial Performance

(₹ in Lakhs)

Particulars	2019-20	2018-19
Gross profit before interest, depreciation, tax	11,466.56	33,633.77
Interest	-	-
Depreciation	5,025.90	4,983.47
Provision for Taxation	1,940.90	9,722.32
Profit after Tax	4,499.76	18,927.98
Earnings per share (Amt in ₹)	42.12	174.15

## Cautionary Statement

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

# Social Initiatives



LMW conceptualises and implements programmes for uplifting the economically weaker sections of the society. Our CSR initiatives focus on the following:

1. Health
2. Education
3. Infrastructure Development
4. Economic Development

## 1. Health

### a) Bone Marrow Transplant Surgery

LMW, in association with Narayana Hrudayalaya Hospital, Bengaluru, is financially supporting Bone Marrow Transplantation surgeries in economically backward patients. LMW supported 25 such patients in 2019-20.

### b) 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 25 such patients in 2019-20.

### c) Cataract Screening & Surgery Camp

LMW conducted an eye check-up camp in collaboration with Aravind Eye Hospital, Coimbatore, covering villages in and around Kaniyur Panchayat in Coimbatore district. Around 1,430 people were screened and cataract surgery was done on 343 of them.

### d) Nutrient Supplement Drink to Schoolchildren

LMW supports Sri Sai Service Foundation, Coimbatore, in providing nutritional supplement drink to children studying in government schools. Around 500 children benefit from this programme every year.

## 2. Education

LMW picked up infrastructure renovation work for government schools in Gopnari, Neelampathi, Perianaickenpalayam and Chinnampathi villages, situated around Coimbatore.

## 3. Rural Infrastructure Development

### a) Solar Street Lights

LMW strives to improve the basic facilities available in the tribal villages of Anaikatti Hills and promotes use of green energy. LMW in 2019-20 installed about 40 solar streetlights in nine villages.

## 4. Economic Development Programme

### a) Livelihood Enhancement

Five 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 six farmlands located in Neelampathi and Sundikorai villages.

### b) Veterinary Check-up Camps

LMW conducted 46 veterinary health check-up and vaccination camps in collaboration with Tamil Nadu Animal Husbandry Department in Anaikatti and Palamalai tribal villages in 2019-20.

# Corporate Information

## Board of Directors

### **Sri Sanjay Jayavarthanavelu**

*Chairman and Managing Director (DIN: 00004505)*

### **Sri S Pathy**

*Director (DIN: 00013899)*

### **Sri Basavaraju**

*Director (DIN: 01252772) upto 5th August, 2019*

### **Sri Aditya Himatsingka**

*Director (DIN: 00138970)*

### **Dr Mukund Govind Rajan**

*Director (DIN: 00141258)*

### **Sri V Sathyakumar**

*Nominee Director of LIC, upto 20th May, 2019*

*(DIN: 06477636)*

### **Sri Anil Gupta**

*Nominee Director of LIC, from 20th May, 2019*

*(DIN: 08446779)*

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

*Director (DIN: 07044099)*

### **Sri Arun Alagappan**

*Director (DIN: 00291361)*

### **Sri K Soundhar Rajhan**

*Director Operations (DIN: 07594186)*

## Chief Financial Officer

**Sri C B Chandrasekar**, upto 31<sup>st</sup> July, 2019

**Sri V Senthil**, from 3<sup>rd</sup> August, 2019

## 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](mailto:secretarial@lmw.co.in)

Website: [www.lmwglobal.com](http://www.lmwglobal.com)

## Corporate Office

34-A, Kamaraj Road,  
Coimbatore-641018

Tel : +91 422 7198100

Fax : +91 422 2220912

## Statutory Auditor

**M/s. S. Krishnamoorthy & Co**

Chartered Accountants, Coimbatore

## Cost Auditor

**Sri A. N. Raman**

Cost Auditor, Chennai

## Secretarial Auditor

**Sri M.D. Selvaraj**

M/s. MDS & Associates,

Company Secretaries in Practice, Coimbatore

## Bankers

Indian Bank

Citibank N.A.

HDFC Bank

Standard Chartered Bank

HSBC Bank

## Share Transfer Agents

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

Kanapathy Towers, 3rd Floor  
1391/A-1, Sathy Road, Ganapathy,  
Coimbatore – 641 006.

Tel : +91 422 4958995, 2539835-36

Fax : +91 422 2539837

E-mail : [info@skdc-consultants.com](mailto:info@skdc-consultants.com)

## LAKSHMI MACHINE WORKS LIMITED

CIN L29269TZ1962PLC000463

Regd. Office: SRK Vidyalaya Post, Perianaickenpalayam, Coimbatore - 641020

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 57<sup>th</sup> Annual General Meeting ('AGM') of the Shareholders of Lakshmi Machine Works Limited will be held at 02.45 PM India Standard Time (IST) on Friday the 24<sup>th</sup> day of July, 2020, through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") 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, 2020, the Balance Sheet as at that date, the Report of the Board of Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Sri S Pathy (DIN: 00013899), who retires by rotation and being eligible, offers himself for re-appointment.

### Special Business

4. Re-appointment of Sri K Soundhar Rajhan (DIN: 07594186) as Whole-time Director (Designated as Director – Operations) 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 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification or re-enactment thereof, for the time being in force), consent of the members be and is hereby accorded to the re-appointment of Sri K Soundhar Rajhan (DIN: 07594186) as a Whole-time Director (Designated as Director – Operations) of the Company for a period of 3 years with effect from 1<sup>st</sup> November, 2020 on the following terms and conditions as recommended by the Nomination and Remuneration Committee and approved by the Audit Committee and Board of Directors at their respective meetings held on 25<sup>th</sup> May, 2020.

### Terms of Appointment

**Term:** The tenure of re-appointment of Whole-time Director (designated as Director – Operations) shall be for a period of 3 (three) years commencing from 1<sup>st</sup> November, 2020.

- a. **Salary:** ₹6,67,000/- per month
- b. **Perquisites:** In addition to the salary he is entitled to the following perquisites:  
House rent allowance: ₹3,33,000/- per month

Medical benefits: One month basic salary, per annum

Leave Travel Assistance: Two months' basic salary, per annum

Other perquisites: Gas, electricity, water, club fees at actual.

- c. 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 Director-Operations 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 Whole-time Director (designated as Director-Operations).

g. During his tenure as Whole-time Director (designated as Director-Operations), he shall be liable to retire by rotation and the same shall not be treated as break in his service as Whole-time Director (designated as Director-Operations).

h. In the event of loss or inadequacy of profits in any financial year, in compliance with Schedule V of the Companies Act, 2013, the compensation / perks as mentioned above from point (a) to (f) shall be paid as minimum remuneration.

i. The Whole-time Director (designated as Director-Operations) shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

**RESOLVED FURTHER THAT** pursuant to Section 196(3) and other applicable provisions, if any, of the Companies Act, 2013 read with the relevant rules made thereunder and applicable Regulations, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, consent of the members is also accorded for the continuance of employment of Sri K Soundhar Rajhan, who is above the age of 70 years, as Whole-time Director (designated as Director – Operations) of the Company till the end of his tenure.

**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 payable to Sri K Soundhar Rajhan, Whole-time Director, (designated as Director-Operations), as it may deem fit, subject to the same not exceeding the limits as approved by the shareholders.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby severally 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.

5. Approval for payment of minimum remuneration to Sri Sanjay Jayavarthanelu, 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 Jayavarthanelu, 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 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 partial modification of the resolution passed by the members of the Company at the 53<sup>rd</sup> Annual General Meeting held on 5<sup>th</sup> August, 2016 and pursuant to Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V thereto and the relevant Rules made thereunder and Regulation 17(6)(e) and other applicable regulations 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 Nomination and Remuneration Committee and approval of the Audit Committee and Board of Directors of the Company, consent of the Members of the Company be and is hereby accorded for payment of remuneration on the terms and conditions already approved by the shareholders at the 53<sup>rd</sup> Annual General Meeting held on 5<sup>th</sup> August, 2016 and at the 56<sup>th</sup> Annual General Meeting held on 22<sup>nd</sup> July, 2019 as minimum remuneration to Sri Sanjay Jayavarthanelu, Chairman & Managing Director (DIN: 00004505) of the Company, in case of inadequacy or absence of profits in any financial year with effect from 1<sup>st</sup> April, 2019 until 31<sup>st</sup> March, 2022 being the remaining period of his present tenure as Chairman & Managing Director.

**RESOLVED FURTHER THAT** for the period from 1<sup>st</sup> April, 2020 until 31<sup>st</sup> March, 2022; being a period within the present tenure of Sri Sanjay Jayavarthanelu as Chairman & Managing Director, the Board of Directors of the Company (including Committees thereof) be and are hereby authorised to alter and vary the terms and conditions of his re-appointment and/ or remuneration as it may deem fit, subject to the same not exceeding the upper limits as approved earlier by the shareholders.

**RESOLVED FURTHER THAT** except for the aforesaid modifications, all other terms and conditions of his appointment as Chairman & Managing Director of the Company, as approved by the resolution passed at the 53<sup>rd</sup> Annual General Meeting held on 5<sup>th</sup> August, 2016 and at the 56<sup>th</sup> Annual General Meeting held on 22<sup>nd</sup> July, 2019 shall remain unchanged.

**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. 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 and in this regard, if though fit, to give assent/dissent to the following resolution to be passed as a Special Resolution:

**RESOLVED THAT** in partial modification of the resolution passed by the Members of the Company vide Postal Ballot on 21<sup>st</sup> December, 2017 and pursuant to Sections 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereunder and applicable Regulations, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and on recommendation of the Nomination and Remuneration Committee and on approval of Audit Committee and Board of Directors, consent of the Members be and is hereby accorded to authorize the Board of Directors of the Company to alter and vary the terms and conditions of the appointment and/or remuneration of Sri K Soundhar Rajhan, (DIN: 07594186) Whole-time Director (Designated as Director – Operations) with effect from 1<sup>st</sup> April, 2020 till the remaining period of his present tenure until 31<sup>st</sup> October,

2020, as it may deem fit, subject to the same not exceeding the upper limits as already approved by the shareholders vide Postal Ballot on 21<sup>st</sup> December, 2017.

**RESOLVED FURTHER THAT** except for the aforesaid modification, all other terms and conditions of his appointment as Whole-time Director (Designated as Director – Operations) of the Company, as approved by the Resolution passed by the Members vide Postal Ballot on 21<sup>st</sup> December, 2017 shall remain unchanged.

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

7. Ratification of remuneration payable to Cost Auditor and in this regard if thought fit, to give assent/dissent to the following resolution to be passed as an Ordinary Resolution:

**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or re-enactment thereof, for the time being in force), Sri A. N. Raman, (Membership No.: 5359) Cost Accountant, Chennai, who was appointed as Cost Auditor by the Board of Directors of the Company on the recommendation of the Audit Committee, to conduct the audit of the cost accounting records of the Company for the financial year 2020-21 on a remuneration of ₹6,00,000/- (Rupees Six Lakhs only) per annum exclusive of applicable taxes and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit fixed by the Board of Directors be and is hereby ratified and confirmed.

Place: Coimbatore  
Date: 25<sup>th</sup> May, 2020

By order of the Board  
**C R Shivkumaran**  
Company Secretary

## NOTE(S):

1. The explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business(es) as set out in 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 and 13<sup>th</sup> April, 2020 (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 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") and MCA 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 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 (PDF/JPG 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 [bkcacbe@gmail.com](mailto:bkcacbe@gmail.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 Saturday, 18<sup>th</sup> July, 2020 to Friday, 24<sup>th</sup> July, 2020 (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 Friday, 17<sup>th</sup> July, 2020.
7. Members who have not registered their Bank particulars with the Depository Participants ("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 Participants 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 canceled cheque leaf may be sent to the Company or to the Registrar and Share Transfer Agent.
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 code, MICR code and place with PIN Code) to their respective Depository Participants and not to the Company. Members whose shareholding is in the physical mode are requested to direct the above details to the Company or to the RTA. Regular updation of bank particulars is intended to prevent fraudulent encashment of dividend warrants.

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 holdings 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 / Registrars 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 of address:
  - i. to their Depository Participants ("DPs") in respect of the shares held in electronic form, and
  - ii. to the Company or its RTA, in respect to the shares held in physical form together with a proof of address viz, Aadhar/Electricity Bill/ Telephone Bill/Ration Card/Voter ID Card/ Passport etc.
 b) In case the 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 Participants, as the case may be, immediately:
  - a) the change in the residential status on return to India for permanent settlement, or
  - b) the particulars of the NRE/NRO Account with a Bank in India, if not furnished earlier.
13. As per the provisions of Section 72 of the Act, facility for making nominations is now available to INDIVIDUALS holding shares in the Company, Members holding shares in physical form may obtain the Nomination Form from the RTA of the Company or can download the form from the Company's website namely www.lmwglobal.com. Members holding shares in electronic form must approach their Depository Participant(s) for completing the nomination formalities.
14. Members who are holding shares in identical order of names in more than one folio are requested to send to the Registrar and Share Transfer Agent ("RTA"), the details of such folios together with the share certificates for consolidating their holdings into one folio. 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 write to the Company Secretary, so as to reach him at least 7 days before the meeting. The same will be replied by the Company suitably, during the course of AGM or through 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 IEPF authority by filing Form IEPF-5 along with requisite documents.
19. In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12<sup>th</sup> May, 2020, Notice of the AGM along with the Annual Report for the year 2019-20 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 2019-20 will also be 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.
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. Members may note that M/s. S. Krishnamoorthy & Co., Chartered Accountants, Coimbatore, (FRN: 001496S), the Statutory Auditors of the Company were appointed by the Shareholders at the 53<sup>rd</sup> Annual General Meeting (AGM) held on 5<sup>th</sup> August, 2016, to hold office for a period of 5 years till the conclusion of AGM to be held during the year 2021, subject to ratification by the shareholders at every AGM. However, the Ministry of Corporate Affairs vide notification dated 7<sup>th</sup> May, 2018 amended Section 139 of the Companies Act, 2013 by omitting the requirement of seeking ratification of the members for appointment of statutory auditors at every AGM. Accordingly, the original resolution appointing the Statutory Auditors passed by the Shareholders at the 53<sup>rd</sup> AGM held on 5<sup>th</sup> August, 2016 was amended vide resolution approved by the Shareholders at their 55<sup>th</sup> AGM held on 23<sup>rd</sup> July, 2018 to remove the requirement for ratification of the appointment of auditors by the shareholders at every AGM. Hence, no resolution is being proposed for ratification of appointment of Statutory Auditors at this Annual General Meeting. The Board of Directors at their Meeting held on 25<sup>th</sup> May, 2020, based on the recommendation of the Audit Committee have fixed an amount of ₹15,00,000/- (exclusive of applicable taxes and reimbursement of out of pocket expenses incurred in connection with the Statutory Audit) as remuneration payable to Statutory Auditors for the Financial Year 2020-21. The remuneration proposed to be paid to the Statutory Auditors during the Financial Year 2020-21 is same as the remuneration paid during the previous Financial Year 2019-20.
22. 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 IT Act, 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 20<sup>th</sup> July, 2020. 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 tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to [lmwgreen@skdc-consultants.com](mailto:lmwgreen@skdc-consultants.com). The aforesaid declarations and documents need to be submitted by the shareholders on or before 20<sup>th</sup> July, 2020.

Separate intimation in this regard to Shareholders will be given on or before 23<sup>rd</sup> June, 2020.

23. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
24. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository 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.
25. Members holding shares in electronic form may please note that as per the regulations of Securities and Exchange Board of India (SEBI), National Security Depository Services 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 cannot entertain any request for deletion/change of Bank details already printed on dividend warrants as per the information received from the concerned depositories. In this regard, Members should contact their Depository Participants ("DP") and furnish particulars of any changes desired by them.

26. Brief resume, details of shareholding and Directors'/KMP inter-se relationship with Director(s) seeking election/re-election/ changes in terms as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards 2, are provided as Annexure to this Notice.
27. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register/update their e-mail address with the Company/RTA in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in electronic form in order to enable the Company to serve documents in electronic mode.
28. Annual financial statements and related details of the wholly owned subsidiary company viz, LMW Textile Machinery (Suzhou) Co Ltd. China, is posted on the Company's website and is also kept for inspection at the Registered Office of the Company and at the subsidiary Company. A copy of the same will be provided to the members on request.
29. Soft copies of the Register of Directors and Key Managerial Personal 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 who request for the same, 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 re-enactments 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 Ltd ('NSDL') as an alternative, for all members of the Company to enable them to cast their votes electronically, on all the business items set forth in the Notice of Annual General Meeting and the business may be transacted through such remote e-voting/e-voting during AGM. The instructions provided hereafter for e-voting explain 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, 17<sup>th</sup> July, 2020, 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 e-voting. Any person who ceases to be the member of the Company as on the cut-off date and is in receipt of this Notice, shall treat this Notice for information purpose only.
- II. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

## Instructions for shareholders voting electronically are as under:

The remote e-voting period begins on Tuesday, 21<sup>st</sup> July, 2020 at 09:00 A.M. India Standard Time (IST) and ends on Thursday, 23<sup>rd</sup> July, 2020 at 05:00 P.M. IST. The remote e-voting module shall be disabled by NSDL for voting thereafter.

## 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: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

## Details on Step 1 is mentioned below:

### 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 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

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

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID 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 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.nsd.com.
  - b) Click on "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsd.com.
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - 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 window/page will open.
- Details on Step 2 is given below:**
- How to cast your vote electronically on NSDL e-Voting system?**
1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
  2. After clicking on Active Voting Cycles, you will be able to see all the companies "EVEN" in which

you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. 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.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to bkcacbe@gmail.com with a copy marked to 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 to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to Ms. Sarita Mote at evoting@nsdl.co.in.

#### Process for those shareholders whose email ids are not registered with the Depositories/ Company for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to investors@lmw.co.in.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to evoting@nsdl.co.in.

#### 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 the

same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members 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. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

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/ask questions during the meeting may register themselves as a speaker by sending their request 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 PM IST on Monday, 20th July, 2020.
6. 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 PM IST on Monday, 20th July, 2020. The same will be replied by the Company suitably.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
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 to their shares of the paid-up equity share capital of the Company as on the cut-off date of Friday, 17<sup>th</sup> July, 2020.
- IV. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote by remote e-voting shall not vote by e-voting conducted during the Meeting.
- V. The Company has appointed Sri B. Krishnamoorthi, Chartered Accountant, as the Scrutinizer to scrutinize the voting and 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.
- VII. The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes casted during the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses 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) immediately after the declaration of 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 SECTION 102 OF THE COMPANIES ACT, 2013

### ITEM No. 4

Considering the association and contributions of Sri K Soundhar Rajhan (DIN: 07594186) during his tenure with the Company, the Board of Directors have re-appointed him as Whole-time Director (designated as Director – Operations) of the Company for a period of 3 years on the remuneration and perquisites as set out in the resolution. The Board members consider that his appointment as Whole-time Director (designated as Director – Operations) of the Company would be greatly beneficial for future growth of the Company.

Further, in view of his qualification and experience, members of the Company may accord their consent to the re-appointment & continuance of employment of Sri K Soundhar Rajhan, who is above the age of 70 years, as Whole-time Director (designated as Director - Operations) of the Company for a period of three years commencing from 1<sup>st</sup> November, 2020.

As per Section 178 of the Companies Act, 2013 the Nomination and Remuneration Committee at their meeting held on 25<sup>th</sup> May, 2020 had, in the best interest and progress of the Company, proposed the re-appointment of Sri K. Soundhar Rajhan as Whole-time Director (designated as Director - Operations) for a period of three years commencing from 1<sup>st</sup> November, 2020 and determined his remuneration as set out in the resolution and recommended the same to the Board. The proposed remuneration is well within the limits prescribed in the Companies Act, 2013, the Schedule and Rules made there under.

Pursuant to the provisions of the Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Audit Committee at the meeting held on 25<sup>th</sup> May, 2020 had also approved the remuneration payable to Sri K Soundhar Rajhan as Whole-time Director (designated as Director -Operations) of the Company for a period of three years, commencing from 1<sup>st</sup> November, 2020 and recommended the same to the Board.

The Board recommends the Special Resolution set out in Item No. 4 of the Notice for the approval of the members.

The details as required under Schedule V of the Companies Act, 2013 and brief bio-data of Sri K Soundhar Rajhan and other disclosures as per Secretarial Standard 2 are furnished and forms a part of this notice.

### Interest of Directors

Except Sri K Soundhar Rajhan, being the appointee, and Sri V Senthil, Chief Financial Officer, being his relative, none of the other Directors and/or Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the Resolution set out in Item No. 4 of the accompanying Notice to the AGM.

### ITEM No. 5

Sri Sanjay Jayavarthanelu (DIN: 00004505) was re-appointed as the Managing Director of the Company for a period commencing from 1<sup>st</sup> June, 2017 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. Further, approval of the shareholders was also obtained by way of a Special Resolution for continuation of payment of remuneration exceeding Rupees Five Crores or 2.5% of Net Profits of the Company pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") at the 56<sup>th</sup> Annual General Meeting held on 22<sup>nd</sup> July, 2019.

Pursuant to the provisions of Section 197(3) of the Companies Act, 2013 ("the Act") read with Schedule

V thereto, if in any financial year, the Company has no profits or its profits are inadequate, the Company can pay remuneration to its Managing Director not exceeding the limits specified under item (A) of Section II of Part II of the Schedule V of the Act. However, remuneration in excess of the limits cited earlier may be paid provided a Special Resolution is passed by the Members.

By 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 Chairman & Managing Director.

Therefore, taking into consideration the amendments made to Schedule V of the Companies Act, 2013 subsequent to his appointment and considering the necessity to provide for payment of minimum remuneration in the event of loss or inadequate profits of the Company, and as a matter of abundant caution, it is proposed to obtain approval of Members by way of Special Resolution for payment of remuneration as per the terms and conditions already approved by the shareholders at the 53<sup>rd</sup> Annual General Meeting held on 5<sup>th</sup> August, 2016 as minimum remuneration to Sri Sanjay Jayavarthanelu, Chairman & Managing Director, in case the Company has inadequacy or absence of profits in any financial year(s) during his tenure. Further, it has been proposed to authorize the Board of Directors to alter and vary the terms and conditions of the appointment and / or remuneration of Sri Sanjay Jayavarthanelu, Chairman & Managing Director, to be in tandem with the performance of the Company, as it may deem fit, subject to the same not exceeding the upper limits as already approved by the shareholders, during the remaining period of his present tenure of office.

The Nomination and Remuneration Committee, Audit Committee and the Board of Directors at their respective Meetings held on 25<sup>th</sup> May, 2020 have inter alia recommended the above resolution for approval of the Members by means of Special Resolution. Further, as on 31<sup>st</sup> March, 2020, the Company has no debts.

Except for the modification mentioned in the resolution, all other terms and conditions of his appointment as Chairman & Managing Director of the Company as approved by the members of the Company at the 53<sup>rd</sup> Annual General Meeting held on 5<sup>th</sup> August, 2016 and at the 56<sup>th</sup> Annual General Meeting held on 22<sup>nd</sup> July, 2019 shall remain unchanged.

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

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

#### Interest of Directors

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

#### ITEM No. 6

Sri K Soundhar Rajhan (DIN: 07594186) was appointed as Whole-time Director (Designated as Director-operations) of the Company for a period of three years commencing from 1<sup>st</sup> November, 2017 on the terms and conditions as approved by the shareholders vide Postal Ballot on 21<sup>st</sup> December, 2017.

Pursuant to Section 196, 197, Schedule V of the Companies Act, 2013 and relevant rules made thereunder any change in the terms of appointment should be duly authorized by the shareholders of the Company.

Considering the prevailing economic and business conditions, greatly impacted by the outbreak of the COVID – 19 pandemic, it has been proposed to authorize the Board of Directors to alter and vary the terms and conditions of the appointment and / or remuneration of Sri K Soundhar Rajhan, Whole-time Director (designated as Director – Operations), to be in tandem with the performance of the Company,

with effect from 1<sup>st</sup> April, 2020 till the remaining period of his present tenure that ends on 31<sup>st</sup> October, 2020, subject to the same not exceeding the upper limits as approved by the shareholders.

The Nomination and Remuneration Committee, Audit Committee and the Board of Directors at their respective meetings held on 25<sup>th</sup> May, 2020 have inter alia recommended / approved the above resolution for approval of the Members by means of a Special Resolution. Further, as on 31<sup>st</sup> March, 2020, the Company has no debts.

Except for the modification as mentioned in the Resolution, all other terms and conditions of his appointment as Whole-time Director, (designated as Director-operations) of the Company as approved by the shareholders vide Postal Ballot on 21<sup>st</sup> December, 2017 shall remain unchanged.

The disclosure as required under Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards 2 are furnished and forms part of this notice.

The Board recommends the Resolution as set out in item no. 6 of the Notice for approval of the members.

#### Interest of Directors

Except Sri K Soundhar Rajhan and Sri V Senthil, the Chief Financial Officer of the Company, who being his relative, none of the other Directors and/or Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the Resolution set out in Item No. 6 of the accompanying Notice to the AGM.

#### ITEM No. 7

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment

of and remuneration payable to Sri A N Raman, Cost Accountant for auditing the cost accounting records of the Company pursuant to the Companies (Cost Records and Audit) Rules 2014, for the Financial Year 2020-21 at a remuneration of ₹6,00,000/- (Rupees Six Lakhs Only) excluding the applicable taxes and reimbursement of out of pocket expenses incurred by him in connection with the audit.

As per Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 the remuneration payable to the Cost Auditor as determined by the Board is required to be ratified by the members of the Company. Accordingly, the consent of the Members is sought for passing an Ordinary Resolution as set out in Item No. 7 of the notice for ratification of the remuneration payable to the Cost Auditor for the Financial Year 2020-21.

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 set out as Item No. 7 of the accompanying Notice of the AGM.

Place: Coimbatore  
Date: 25<sup>th</sup> May, 2020

By order of the Board  
**C R Shivkumaran**  
Company Secretary

## Annexure to Notice of AGM

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

Relevant to Sri K Soundhar Rajhan, Whole-time Director (Designated as 'Director – Operations') pursuant to item number 04, 06 & Sri Sanjay Jayavarthanavelu, Chairman & Managing Director, pursuant to item number 05 of the notice.

### 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	2019-20	2018-19
Sales & other income	1,66,373.16	2,74,198.32
Profit/ (Loss) before tax	6,440.66	28,650.30
Profit/ (Loss) after tax	4,499.76	18,927.98
Paid-up equity capital	1,068.30	1,068.30
Reserves and Surplus	1,64,563.14	1,67,967.96
Basic Earnings per share	42.12	174.15

5. Foreign Investments or collaborations, if any.

Nil

### II. INFORMATION ABOUT THE DIRECTORS

A) Sri K Soundhar Rajhan, Whole-time Director (Director-Operations)

i. Background details

Sri K Soundhar Rajhan, currently is the Whole-time Director (Director-Operations) of the Company. His tenure of appointment is for 3 years from 1<sup>st</sup> November, 2017. Currently he is responsible for operations of Foundry Division, Machine Tools Division & Advance Technology Centre.

ii. Past Remuneration

During the year 2019-20, Sri K Soundhar Rajhan was paid a Gross Remuneration of ₹1,38,70,017/-

iii. Recognition or awards

Nil

iv. Job Profile and his suitability

Sri K Soundhar Rajhan as Whole-time Director of the Company shall have all powers and duties as the Board may determine from time to time. Sri K Soundhar Rajhan has adequate managerial experience in the relevant field, hence is considered suitable for the job.

v. Remuneration proposed

Details of proposed remuneration for item no 4 (re-appointment for a period of 3 years commencing from 1<sup>st</sup> November, 2020) is disclosed in the Resolution.

For item no 6 (modification of terms of appointment), details of present remuneration is as follows:

- Salary: ₹6,20,000/- per month.
- Perquisites: In addition to the salary he is entitled to the following perquisites:
  - House Rent Allowance: ₹3,10,000/- per month.
  - Leave Travel Allowance: Two months basic salary, per annum.

3. Medical benefits: One-month basic salary, per annum.
  4. Other perquisites: Gas, electricity, water, club fees at actual.
- c. 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 Whole-time Director (designated as Director-Operations) 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 Whole-time Director (designated as Director - Operations).
  - g. During his tenure as Whole-time Director (designated as Director-Operations), he shall be liable to retire by rotation and the same shall not be treated as break in his service as Whole-time Director (designated as Director-Operations).
  - h. In the event of loss or inadequacy of profits in any Financial Year, the Whole-time Director (designated as Director-Operations) shall be paid remuneration by way of salary, allowances and perquisites as specified under Section II of Part II of Schedule V of the Companies Act, 2013 or within such other ceilings

as may be prescribed from time to time under Schedule V of the Companies Act, 2013 and as may be amended from time to time as minimum remuneration.

- i. The Whole-time Director (designated as Director-Operations) shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.
- vi. **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 origin)**

Taking into consideration the size of the Company, profile of Sri K Soundhar Rajhan responsibility shouldered by him and the industry standard, the remuneration paid is commensurate with the remuneration packages paid to Managerial Personnel in similar other companies.

- vii. **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any**

Besides the remuneration being received, the Whole-time Director does not have any pecuniary relationship with the Company. He is a relative of Sri V Senthil, Chief Financial Officer. Besides this relationship Sri K Soundhar Rajhan is not related to any other Directors/ Key Managerial Personnel of the Company.

#### B) Sri Sanjay Jayavarthanelu, Chairman & Managing Director

- i. **Background details**

Sri Sanjay Jayavarthanelu, is the Chairman and Managing Director of the Company. His tenure of appointment 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.

**ii. Past Remuneration**

During the year 2019-20, Sri Sanjay Jayavarthanavelu was paid a Gross Remuneration of ₹3,26,34,204/-

**iii. Recognition or awards**

Over the past 2.5 decades of Sri Sanjay Jayavarthanavelu's association with the Company and the industry, he 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 contributions.

**iv. Job Profile and his suitability**

Sri Sanjay Jayavarthanavelu as Managing Director of the Company shall have all powers and duties as the Board may determine from time to time.

**v. Remuneration proposed**

1	Salary	₹9,00,000/- per month till 31 <sup>st</sup> March, 2022
2	Commission on Net Profits	At the rate of 2% for the period from 1 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March, 2020 and at the rate of 3% for the period from 1 <sup>st</sup> April, 2020 to 31 <sup>st</sup> March, 2022.
3	Perquisites	In addition to the Salary and Commission, the Managing Director shall be entitled to the following interchangeable perquisites till 31 <sup>st</sup> March, 2022:  Furnished accommodations, where accommodation is not provided, 50% of the salary as HRA, gas, electricity, water, furnishings, medical reimbursement, Leave Travel Allowance 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 above ceiling, perquisites shall be valued as per Income Tax rules wherever applicable  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.  Gratuity payable shall not exceed half a month's salary for each completed year of service. The Managing Director is also 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.

**vi. 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 origin)**

Taking into consideration the size of the Company, profile of Sri Sanjay Jayavarthanavelu; responsibility shouldered by him and the industry standard, the

remuneration paid is commensurate with the remuneration packages paid to Managerial Personnel in similar other companies.

**vii. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any**

Sri Sanjay Jayavarthanavelu, is promoter

of the Company. He is not related to any other Directors and/or Key Managerial Personnel of the Company.

### III. 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

### IV. DISCLOSURES

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

Please refer to 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 Section titled "Remuneration of Directors" as contained in the Corporate Governance Report.

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

Please refer to 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

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

### 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, Key Managerial Personnel of the Company 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	
Board Position Held	Director (Non -Executive, Non-Independent, Part of Promoter Group)	
Terms and conditions of appointment / reappointment	Subject to shareholders' approval to be re-appointed as Director (Non -Executive, Non-Independent, Part of Promoter Group). He is liable to retire by rotation.	
Remuneration paid for the financial year	Information disclosed in the Corporate Governance Report annexed to the Annual Report.	
Remuneration proposed to be paid	<p>As determined by the Board of Directors within the limits specified under Section 198 of the Companies Act, 2013 subject to an overall limit of ₹1,00,00,000/- (Rupees One Crore only) per annum (exclusive of sitting fees payable to the Non-Executive Directors for attending the meetings of the Board of Directors, Committees thereof and meeting of Independent Directors).</p> <p>The proposed remuneration that will be determined by the Board of Directors to be paid to Sri S Pathy, will not exceed 50% of the total remuneration otherwise payable to all Non-Executive Directors of the Company.</p>	
Number of Board Meetings attended during the year	Information disclosed in the Corporate Governance Report annexed to the Annual Report	
Directorship held in other companies	<p>Listed:</p> <ol style="list-style-type: none"> <li>1. The Lakshmi Mills Company Limited</li> <li>2. Lakshmi Automatic Loom Works Limited</li> </ol>	<p>Others:</p> <ol style="list-style-type: none"> <li>1. Sans Craintes Livestock Private Limited</li> <li>2. Sans Craintes Stud Farm Private Limited</li> <li>3. Coimbatore Lakshmi Cotton Press Private Limited</li> <li>4. Lakshmi Card Clothing Mfg. Company Private Limited</li> <li>5. Sans Craintes Power Private Limited</li> <li>6. Rasakondalu Developers Private Limited</li> <li>7. LCC Investments Private Limited</li> </ol>

Chairman / Membership in other committees of the Board	Listed: 1. Lakshmi Machine Works Limited Member in Nomination and Remuneration Committee and Stakeholders Relationship Committee 2. The Lakshmi Mills Company Limited Chairman of Corporate Social Responsibility Committee
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### 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 a relative of 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
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 Whole-time Director, (designated as Director-Operations) as specified in Item No. 4 of the Notice. He is liable to retire by rotation.
Remuneration paid for the financial year	Information disclosed in the Corporate Governance Report annexed to the Annual Report.
Remuneration proposed to be paid	As set out in the Resolution no. 4 & 6 of the Notice and annexure as set out.
Number of Board Meetings attended during the year	Information disclosed in the Corporate Governance Report annexed to the Annual Report.
Directorship held in other companies	Indian Machine Tool Manufacturers Association
Chairman / Membership in other committees of the Board	Lakshmi Machine Works Limited Member in Risk Management Committee

### 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 more than two and half 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	Sri Sanjay Jayavarthanavelu was re-appointed as the Managing Director of the Company for a period commencing from 1 <sup>st</sup> June, 2017 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. Based on the prevailing economic conditions impacted by the COVID-19 pandemic, it is proposed to obtain approval of Members for payment of remuneration as per the terms and conditions already approved by the shareholders at the time of his re-appointment as minimum remuneration to him in case of inadequacy or absence of profits in any financial year during the remaining period of his re-appointment.														
Remuneration paid for the financial year	Information disclosed in the Corporate Governance Report annexed to the Annual Report.														
Remuneration proposed to be paid	As set out in the explanatory statement to Item No. 5 of the Notice.														
Number of Board Meetings attended during the year	Information disclosed in the Corporate Governance Report annexed to the Annual Report.														
Directorship held in other companies	<table border="0"> <tr> <td>Listed:</td> <td>Others:</td> </tr> <tr> <td>1. The Lakshmi Mills Company Limited</td> <td>1. Chakradhara Aerospace and Cargo Private Limited</td> </tr> <tr> <td>2. Carborundum Universal Limited</td> <td>2. Lakshmi Life Sciences Limited</td> </tr> <tr> <td>3. Lakshmi Electrical Control Systems Limited</td> <td>3. Lakshmi Ring Travellers (Coimbatore) Private Limited</td> </tr> <tr> <td>4. Super Sales India Limited</td> <td>4. Lakshmi Technology and Engineering Industries Limited</td> </tr> <tr> <td></td> <td>5. Alampara Hotels and Resorts Private Limited</td> </tr> <tr> <td></td> <td>6. Lakshmi Cargo Company Limited</td> </tr> </table>	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
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2. The Lakshmi Mills Company Limited Member in Nomination and Remuneration Committee															
3. Lakshmi Machine Works Limited Chairman of Corporate Social Responsibility Committee Chairman of Shares and Debentures Committee Chairman of Risk Management Committee															
4. Super Sales India Limited Member in Share Transfer Committee															
Others:															
1. Lakshmi Cargo Company Limited Chairman of Corporate Social Responsibility Committee															
2. Chakradhara Aerospace and Cargo Private Limited Member in Corporate Social Responsibility 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, 2020.

## 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 2019-20	Previous Year 2018-19
1	Revenue from Operation	1,66,373.16	2,74,198.32
2	Operating Expenses	1,54,696.84	2,36,847.80
3	Exceptional Items	209.76	3,716.75
4	Gross Profit	11,466.56	33,633.77
5	Depreciation	5,025.90	4,983.47
6	Profit Before Tax	6,440.66	28,650.30
7	Provision for Tax	1,940.90	9,722.32
8	Net Profit after Tax	4,499.76	18,927.98

### Transfer to Reserve

The Company has transferred a sum of ₹450 Lakhs out of the current year profits to the General Reserve.

### Dividend

The Board recommends a dividend of ₹10/- per equity share having 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, 2020 aggregating to ₹1,068.30 Lakhs. As per the Finance Act, 2020, members may note that the said Dividend is taxable in the hands of shareholders. The total dividend payout works out to 23.74% of the standalone Net Profit after Tax. The

dividend on equity shares is subject to the approval of the shareholders at the ensuing Annual General Meeting.

The unclaimed Dividend relating to the financial year 2012-13, is due for remittance in September, 2020 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) 17,058 equity shares of ₹10/- each on which dividend had remained unclaimed for

a period of 7 years have been transferred to the credit of Demat Account identified by the IEPF Authority. As on date of this report, the Company has transferred 42,113 Equity shares to the credit of Demat Account of 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 at the Company website: [www.lmwglobal.com](http://www.lmwglobal.com) and is also annexed herewith as Annexure 1 forming part of this report.

## STATE OF AFFAIRS

### OPERATIONS

The economic downturn that began in 2018-19 continued through 2019-20, pulling India's GDP growth to an 11-year low of 5%, mainly because of poor show by the manufacturing and construction sectors. Volatility in the financial market triggered by a spate of defaults worsened the country's economic woes with credit squeeze suppressing business activities and public consumption.

The subdued economic environment affected the key user industries for LMW such as textiles, automobiles and general engineering. Muted growth in the market also hit the demand. All these had an inevitable impact on the Company's performance during the year under review.

Overall, the Company's gross turnover decreased by 40.75% from ₹2,54,620.31 Lakhs in 2018-19 to ₹1,50,863.92 Lakhs in 2019-20; the Profit before exceptional items and Tax stood at ₹6,650.42 Lakhs as against ₹32,367.05 Lakhs in 2018-19, a decrease of 79.45% over the previous year.

The Net Profit after Tax for financial year 2019 -20 was ₹4,499.76 Lakhs as against ₹18,927.98 Lakhs for financial year 2018-19.

The Company, however, made the best use of this lean market. It moved ahead with its TQM journey to transform it into an organisational culture. The

management broke down the organisational objectives into divisional goals which were further cascaded to the respective functions – providing complete clarity of what needs to be done to meet the aspirations of the organisation. This helped identify and plug gaps in the systems, processes, skill sets and products, which have kept LMW ready to take a plunge whenever green shoots of revival show up.

### TEXTILE MACHINERY DIVISION (TMD)

The Indian spinning industry went through a difficult situation throughout 2019-20. Just when the market was showing some indications of a revival, the COVID-19 pandemic broke out in December 2019, ravaging economies across the world through the next several months.

Overall, the financial performance of the Textile Machinery division remained muted at ₹1,10,796.80 Lakhs as against ₹1,78,765.18 Lakhs registered in 2018-19, a decrease of 38% over the previous year.

The team worked through the year to improve its product offering with better features. It also streamlined its systems and processes to enhance man-machine productivity and optimise cost and time for machine manufacture.

### MACHINE TOOL DIVISION (MTD)

Fiscal 2019-20 was one of the worst phases in the history of Indian automotive sector with most OEMs reporting month-on-month decline in sales numbers. This has been extremely damaging for the auto sector clients. The automobile slump forced customers to put big-ticket purchases on hold.

The division reported a turnover of ₹28,931.93 Lakhs in Financial Year 2019-20 as against ₹60,282.30 Lakhs registered in 2018-19, a decrease of 52% over the previous year.

The Company utilised this slump period in reframing its strategy to de-risk the business from an over-dependence on the auto sector. The team shifted

focus on sectors where consumption pattern stayed more uniform than that of automobile.

LMW explored segments like aerospace manufacturing, medical devices, defence, power generation, off-road equipment and electronic hardware. The team customised existing machines and developed machines for the non-automotive sector applications.

The team institutionalised the Theory of Constraints (ToC) across its supply chain, which streamlined inventory availability while optimising inventory costs. It also tweaked its business development strategy to ensure that its sales force remains focused on generating and capitalising on emerging opportunities.

### FOUNDRY DIVISION (FDY)

Lacklustre demand from the TMD and MTD segments – the two internal users of castings – dampened its capacity utilisation. The global economic slowdown too weighed heavily on the performance of the division as exports to global OEMs remained tepid.

The division reported a turnover of ₹8,822.28 Lakhs in 2019-20 against ₹13,279.98 Lakhs in 2018-19, registering a decrease of 34%. Exports accounted for 40% of the division's turnover.

The team utilised the dull external environment to strengthen its core functions. Leveraging the ACME principles, it implemented multiple initiatives to optimise its processing cycle times. It invested in robotics to replace tedious manual work so that it could deploy its human capital in value-added operations. The team made an all-out effort to create awareness among global marques with considerable success.

It also worked towards a better environment, safety and health parameters to retain the GREENCO Gold Certification it received in 2018-19 with an aim to secure the Platinum Certification in the short-term.

### ADVANCED TECHNOLOGY CENTRE (ATC)

The ATC vertical reported a moderate performance

during the year under review as it consolidated its approach of manufacturing complex parts and sub-assemblies.

Advanced Technology Centre clocked a turnover of ₹2,312.92 Lakhs during the current financial year as against ₹2,292.85 Lakhs achieved in 2018-19. Other income during the period under review was ₹1,012.73 Lakhs as against ₹1,163.70 Lakhs in the previous year.

The fiscal 2019-20 was important for ATC as it made considerable headway in establishing itself as a part of the global aerospace supply chain network. The Company commenced operations of its composite unit in 2019. Within the same year the Company was able to secure orders from several domestic players and an international aerospace major. Also, in the metallic component segment, the team graduated from standard components to more detailed and complex components and sub-assemblies.

As a strategic initiative, the Company created separate cells for key customers with an objective to improve its delivery commitment. This has ushered in an increased business volume, which is expected to be delivered over the coming years.

### 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. As on date about 207 units have been sold resulting in a revenue of ₹4,319 Lakhs for the Company.

The Company is confident of selling the remaining apartments in the near future, as the Developer is taking adequate steps to sell them.

### 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, 2020 the Company has installed 28 Wind Energy Generators (WEG) with a total capacity of 36.80 MW. Cumulatively windmills have generated 731 Lakhs units of power during 2019-20.

The Company also has a 10 MW of Solar Power Generating facility. As on 31<sup>st</sup> March, 2020 this facility has generated 220 Lakhs 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 2019-20	FY 2018-19
Textile Machinery	25,827.02	70,675.09
CNC Machine Tools	161.97	210.06
Castings	3,490.95	3,746.80
Aerospace Parts	1,959.99	2,154.00
<b>Total Exports</b>	<b>31,439.93</b>	<b>76,785.95</b>

Export of Textile Machinery as stated above includes exports worth ₹1,013.26 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 Kenya, Turkey, Bangladesh, Pakistan, Nepal, Indonesia and Vietnam.

## RESEARCH AND DEVELOPMENT

The Research and Development efforts of the Company are focused on:

1. Developing eco-friendly, sustainable, energy efficient, low carbon 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 Scientific and Industrial Research, Government of India as in-house R & D facilities.

During the year under review the Company has filed applications for 9 new patents.

## AWARDS

During the year 2019-20 the Company has bagged the following Awards:

1. EEP Regional Award under category "Star Performer-Large Enterprises" for the year 2017-18
2. TMMA "Segment Export Award" under the category Textile Machinery Sector for the year 2018-19
3. Gargi Huttenes-Albertus Green Foundry Award from Indian Institute of Foundrymen, Coimbatore Chapter

## INDUSTRIAL RELATIONS

Relationship with employees was cordial throughout the year.

## SUBSIDIARY COMPANY

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

The turnover of the Company during the year under review was ₹1,909.61 Lakhs as against ₹11,150.80 Lakhs achieved during the previous year. During the year the Company has incurred a Net Loss of ₹1,618.51 Lakhs as against a Net Loss of ₹448.17 Lakhs during the previous year.

The consolidated financial statements incorporating the financial statements of the wholly owned subsidiary company is attached to the Annual Report as required under the 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 LMWTMSCL, the Company does not have any other Joint Venture / Associate Company.

## 2. Extracts of 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 extract of Annual Return in the prescribed Form MGT 9 is annexed hereto as Annexure 2 forming part of the report. A copy of the Annual Return of the Company in prescribed format is available at 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 number of meetings of Board of Directors and Committees thereof and the attendance of the Directors in such meetings are provided under the Corporate Governance Report.

## 4. Directors' Responsibility Statement

The Directors', based on representation received from the Operating Management, confirm that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- Have selected such accounting policies and applied them consistently and made judgement 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, 2020, 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 was no change 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 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 that they fulfill all the requirements as 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. Further, they have also declared that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

Pursuant to Companies (Appointment and Qualification of Directors) Rules, 2014, the Certificate of Registration as received from all the Independent Directors of the Company were taken on note by the Board of Directors.

## 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 3) are self-explanatory having no adverse comments. Further, the Secretarial Compliance Report for the year ended 31<sup>st</sup> March, 2020 issued by the Practicing 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](http://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.

## 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](http://www.lmwglobal.com).

## 11. Material Changes

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

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

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

## STATEMENT FOR CONSERVATION OF ENERGY

Sl. No.	Particulars	Related Disclosures
(A)	Conservation of Energy	
(i)	the steps taken or impact on conservation of energy; sources of energy;	Company has invested in energy conservation devices to save power as detailed in point (iii) below.
(ii)	the steps taken by the Company for utilizing alternate sources of energy	Company has installed windmills with a capacity of 36.80 MW. The Company also has a photo-voltaic solar power generating facility with 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 ₹35 Lakhs was invested during 2019-20 for replacing 400 watt mercury vapour / fluorescent lamps with 132 watt LED lighting.

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

(i)	Efforts made towards technology absorption;	<ol style="list-style-type: none"> <li>1. Technical guest lectures in various subjects and specializations / skill building exercises</li> <li>2. In-depth IPR analysis and review</li> <li>3. Theoretical simulation</li> </ol>
(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): <ol style="list-style-type: none"> <li>a) the details of technology imported;</li> <li>b) the year of import;</li> <li>c) whether the technology has been fully absorbed;</li> <li>d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;</li> </ol>	Nil
(iv)	Expenditure incurred on Research and Development	Capital Expenditure : ₹489.92 Lakhs Revenue Expenditure : ₹2,447.72 Lakhs Total Expenditure : ₹2,937.64 Lakhs

## (B2) Technology Absorption – Machine Tool Division

(i) Efforts made towards technology absorption;	<ol style="list-style-type: none"> <li>1. Technical guest lectures in various subjects and specializations / skill building exercises</li> <li>2. In-depth IPR analysis and review</li> <li>3. Theoretical simulation</li> </ol>
ii) Benefits derived like product improvement, cost reduction, product development or import substitution;	<p><b>Product improvement:</b> Rigidity improvement in Turning Centre and Sub-Spindle machines. Development/upgrade in product range to bridge product gap and to redress/address customer requirements. Improvement in product features</p> <p><b>Cost reduction:</b> Optimisation in design of control panel, transformer, coolant tank and packing cases</p> <p><b>Product development: (Under Progress)</b> Sub-system - 1 No (20,000 rpm spindle) CNC Turning Centre – 1 No (TSTT) Horizontal Machining Centre – 1 No (JH40)</p>
(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): <ol style="list-style-type: none"> <li>a) the details of technology imported;</li> <li>b) the year of import;</li> <li>c) whether the technology has been fully absorbed;</li> <li>d) if not fully absorbed, areas where absorption has not taken place, and the reason thereof;</li> </ol>	Nil
(iv) Expenditure incurred on Research and Development	Capital Expenditure : Nil Revenue Expenditure : ₹323.60 Lakhs Total Expenditure : ₹323.60 Lakhs



### (B3) Technology Absorption – Foundry Division

(i) Efforts made towards technology absorption;	Technical Papers/Lectures in 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; b) the year of import; c) whether the technology has been fully absorbed; d) if not fully absorbed, areas where absorption has not taken place, and the reason thereof;	Nil
(iv) Expenditure incurred on Research and Development	Nil

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

(i) Efforts made towards technology absorption;	Technical guest lectures in 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; b) the year of import; c) whether the technology has been fully absorbed; d) if not fully absorbed, areas where absorption has not taken place, and the reason thereof;	Nil
(iv) Expenditure incurred on Research and Development	Nil

### FOREIGN EXCHANGE OUTGO AND EARNINGS

	(₹ in Lakhs)
Foreign Exchange Earned	31,442.28
Foreign Exchange Used	13,542.87

### 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 Board of Directors and has adopted a CSR Policy. The same is posted in the Company's website www.lmwglobal.com. A report in prescribed format detailing the CSR expenditure for the year 2019-20 is attached herewith as Annexure 4 and forms 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.  During the year under review, consequent upon superannuation of Sri C B Chandrasekar on 31 <sup>st</sup> July, 2019, Sri V Senthil was appointed as Chief Financial Officer on 03 <sup>rd</sup> August, 2019.
(iv)	The names of companies which have become or ceased to be its Subsidiaries, Joint Ventures or Associate Companies during the year	None
(v)	The details relating to deposits, covered under Chapter V of the Act	The Company has not accepted any amount which 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

### 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 the evaluation of the performance of each individual Director, Board as a whole, Committees of the Board, Independent Directors, Non-Independent Directors and the Chairman of the Board based on the Criteria of evaluation as specified by SEBI Circular SEBI/HO/CFD/CMD/CIR/P/2017/004 dated 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, 2020. All the results of evaluation has been communicated to the Chairman of the Board of Directors.

(vii)	The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future	Nil
(viii)	The details in respect of adequacy of internal controls with reference to the Financial Statements	Procedures are set to detect and prevent frauds and to protect the organization's resources, both physical (eg., machinery and property) and intangible (e.g., reputation or Intellectual property such as trademarks). The financial statements are prepared in accordance with the Indian Accounting Standards issued by the Ministry of Corporate Affairs.
(ix)	Maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013	Pursuant to the provisions of Section 148 (1) of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, the Company was required to maintain cost records. Accordingly, the Company has duly made and maintained the Cost Records as mandated by the Central Government.

## 17. Directors

Sri S Pathy, Director (DIN: 00013899), who retires by rotation at the ensuing Annual General Meeting, being eligible offers himself for reappointment. The Board recommends his reappointment in the forthcoming Annual General Meeting.

During the year under review, except Sri Basavaraju (DIN: 01252772), Independent Director, the Shareholders of the Company at their meeting held on 22<sup>nd</sup> July, 2019 have re-appointed Sri Aditya Himatsingka (DIN: 00138970), Dr Mukund Govind Rajan (DIN: 00141258) and Justice Smt Chitra Venkataraman (Retd.) (DIN: 07044099) as Independent Directors of the Company for another term of 5 consecutive years.

Further, consequent upon issue of fresh nomination by Life Insurance Corporation of India ("LIC"), Sri V Sathyakumar (DIN: 06477636), was replaced by Sri Anil Gupta (DIN: 08446779) as the new Nominee Director of LIC on the Board of the Company with effect from 20<sup>th</sup> May, 2019.

Sri K Soundhar Rajhan (DIN: 07594186), Whole-time Director (designated as Director - Operations) was appointed for a period of three years commencing from 01<sup>st</sup> November, 2017. By considering the

performance and other attributes of Sri K Soundhar Rajhan, the Board of Directors at their meeting held on 25<sup>th</sup> May, 2020 have recommended the reappointment of Sri K Soundhar Rajhan, Whole-time Director (designated as Director - Operations) for a period of three consecutive years commencing from 1<sup>st</sup> November, 2020.

Your Directors recommend the re-appointment of Sri K Soundhar Rajhan (DIN: 07594186) in the forthcoming Annual General Meeting.

## 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. Sri Basavaraju, Member (Non-Executive – Independent) upto 22<sup>nd</sup> July, 2019
4. Justice Smt Chitra Venkataraman (Non-Executive - Independent) with effect from 22<sup>nd</sup> July, 2019

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

## 21. Overall Maximum Remuneration

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

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

Director	Category	Ratio
Sri Sanjay Jayavarthanavelu	Executive - Chairman and Managing Director	51.64
Sri S Pathy	Non-Executive - Non-Independent	1.19
Sri Aditya Himatsingka	Non-Executive – Independent	1.19
Dr Mukund Govind Rajan	Non-Executive – Independent	1.19
Sri V Sathyakumar/Anil Gupta <sup>1</sup>	Non-Executive-Non-independent, Nominee of LIC	1.19
Justice (Smt) Chitra Venkataraman (Retd.)	Non-Executive – Women - Independent	1.19
Sri Arun Alagappan	Non-Executive – Independent	1.19
Sri K Soundhar Rajhan	Executive- Non-Independent	21.95
Sri Basavaraju <sup>2</sup>	Non-Executive – Independent	Not Applicable

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 V Sathyakumar as the nominee Director of LIC with that of Sri Anil Gupta with effect from 20<sup>th</sup> May, 2019).

<sup>2</sup>Tenure of Sri Basavaraju, Non-Executive Independent Director ended on 5<sup>th</sup> August, 2019.

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

Director	Category	% Change
Sri Sanjay Jayavarthanavelu	Executive - Chairman and Managing Director	-61.82
Sri S Pathy	Non-Executive - Non-Independent	Nil
Sri Aditya Himatsingka	Non-Executive – Independent	Nil
Dr Mukund Govind Rajan	Non-Executive – Independent	Nil
Sri V Sathyakumar / Sri Anil Gupta <sup>1</sup>	Non-Executive - Non-independent, Nominee of LIC	Nil
Justice (Smt) Chitra Venkataraman (Retd.)	Non-Executive - Women Independent	Nil
Sri Arun Alagappan	Non-Executive – Independent	Nil
Sri K Soundhar Rajhan	Executive - Non-Independent	-5.38
Sri Basavaraju <sup>2</sup>	Non-Executive – Independent	Not applicable

Key Managerial Personnel	Category	% Change
Sri C B Chandrasekar <sup>3</sup>	Chief Financial Officer	Not applicable
Sri V Senthil <sup>3</sup>	Chief Financial Officer	Not applicable
Sri C R Shivkumaran	Company Secretary	4.82

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

<sup>2</sup>Tenure of Sri Basavaraju, Non-Executive Independent Director ended on 5<sup>th</sup> August, 2019.

<sup>3</sup>Sri C B Chandrasekar retired as Chief Financial Officer on 31<sup>st</sup> July, 2019 and Sri V Senthil was appointed as Chief Financial Officer with effect from 03<sup>rd</sup> August, 2019.

Note: For this purpose, Sitting fees paid to the Directors has not been considered as remuneration. The remuneration details are for the year 2019-20 (Previous Year; 2018-19).

c) The Percentage decrease in the median remuneration of employees in the financial year is: 3.69% remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial Remuneration: Nil

d) The number of permanent employees on the rolls of company: 3,185 f) Affirmation that the remuneration is as per the remuneration policy of the Company: Yes

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 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 Jayavarthanelu (51 Years)	Chairman and Managing Director	3,26,34,204	MBA	3 <sup>rd</sup> June, 1994 (25 Years)	-
Sri K Soundhar Rajhan (71 Years)	Director – Operations	1,38,70,017	B.Sc.	9 <sup>th</sup> July, 1973 (46 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 2019-20 and all other particulars are as on 31<sup>st</sup> March, 2020. 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 (53 Years)	President – MTD	86,35,929	B Tech., M Tech., PG Diploma.	14 <sup>th</sup> February, 2019 (1 Year)	Elgi Equipments Limited
Subramanian A V (66 Years)	President – ATC	85,81,698	B. Tech, M. Tech, MMS.	17 <sup>th</sup> August, 2018 (1 Year)	Indian Army
Sankar M (62 Years)	President – TMD	83,13,041	B. Tech.	21 <sup>st</sup> August, 1985 (34 Years)	Star Marketing Services Limited
Krishna Kumar N (62 Years)	Senior Vice President – TQM	76,83,945	B.E., M.E.	1 <sup>st</sup> July, 1983 (36 Years)	-
Venugopal V (62 Years)	Senior Vice President – Foundry	68,52,512	BE., ME., MBA., MS.	5 <sup>th</sup> August, 1981 (38 Years)	-
Senthil V <sup>2</sup> (41 Years)	Chief Financial Officer	47,25,065	B.Com., ACA.	23 <sup>rd</sup> January, 2015 (5 Years)	LMW Textile Machinery (Suzhou) Company Limited
Indraneel Bhattacharya (55 Years)	Vice President – MTD – Marketing & Sales	47,01,778	DME.	8 <sup>th</sup> February, 1993 (27 Years)	Batliboi & Company Limited
Sundaram T (59 Years)	Vice President – SCM	46,91,605	DME., BE., PGDC., MS.	18 <sup>th</sup> July, 1980 (39 Years)	-
Arunachalam C (55 Years)	Vice President – TMD Global Sales	46,76,373	B. Tech., MBA.	3 <sup>rd</sup> February, 1992 (28 Years)	J K Synthetics Limited
Rajasekaran S (52 Years)	Vice President – TMD, R & D	43,14,559	DTT., AMIE., M. Tech., DBM.	2 <sup>nd</sup> May, 1986 (33 Years)	VR Textiles

Notes for Table 2:

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

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

<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 2019-20 and all other particulars are as on 31<sup>st</sup> March, 2020.

## 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 5 and forms a part of the report.

## 23. Auditors

### Statutory Auditors

M/s. S. Krishnamoorthy & Co. Chartered Accountants, with Sri K Raghu as signing Partner were appointed as Statutory Auditors of the Company from the financial year 2016-17 at the AGM held during 2016 for a term of five financial years commencing from 2016-17 to 2020-21. M/s.S.Krishnamoorthy & Co., Chartered Accountants, Coimbatore, with Sri K Raghu as signing partner have consented and confirmed their eligibility and desire to continue as Statutory Auditors of the Company for the Financial Year 2020-21.

### 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 2020-21. The remuneration payable to the Cost Auditor is subject to ratification of Shareholders at the ensuing Annual General Meeting.

### Secretarial Auditor

Pursuant to Provisions of Section 204 of the Companies Act, 2013 and the Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014, the 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 2020-21.

## 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 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 6 and forms part of the Annual Report.

## 25. Compliance with Secretarial Standards

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

## 26. 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**

Chairman and

Managing Director

(DIN : 00004505)

Place: Coimbatore

Date: 25<sup>th</sup> May, 2020

## ANNEXURE 1

# DIVIDEND DISTRIBUTION POLICY

### 1. INTRODUCTION

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

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

### 2. STATUTORY REQUIREMENT

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

### 3. OBJECTIVE

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

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

### 4. POLICY

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

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

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

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

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

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

#### I. External Factors

##### a. Unfavorable economic and market conditions:

Whenever the Company operates in a recessionary economic/market conditions, where future business opportunities are uncertain, the Board may prefer

to conserve cash so as to retain profits to build up reserves.

**b. Government/Statutory Regulations:**

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

## II. Internal Factors and Financial Parameters

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

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

## 5. METHOD IN WHICH COMPANY WILL USE RETAINED EARNINGS

Reserves are being built by the Company to plough back profits in to the business, to maintain

uninterrupted distribution of dividend in the years where there is no profit or inadequate profit and to meet the fund requirements in the lean periods.

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

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

## 6. AMENDMENTS

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

## 7. BOARD'S APPROVAL

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

By order of the Board  
**Sanjay Jayavarthanelu**

Chairman and  
Managing Director  
(DIN : 00004505)

Place: Coimbatore  
Date: 25<sup>th</sup> May, 2020

## ANNEXURE 2

FORM NO. MGT.9

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31<sup>st</sup> March, 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

- i) CIN: L29269TZ1962PLC000463
- ii) Registration Date: 14<sup>TH</sup> SEPTEMBER, 1962
- iii) Name of the Company: LAKSHMI MACHINE WORKS LIMITED
- iv) Category / Sub-Category of the Company: COMPANY LIMITED BY SHARES / PUBLIC NON-GOVERNMENT COMPANY
- v) Address of the Registered office and contact details:  
SRK VIDYALAYA POST,  
PERIANAICKENPALAYAM,  
COIMBATORE – 641 020  
TEL: +91 422 7192255  
EMAIL: secretarial@lmw.co.in
- vi) Whether listed company Yes / No: YES
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:  
S.K.D.C. CONSULTANTS LIMITED,  
KANAPATHY TOWERS, 3RD FLOOR,  
1391/A-1, SATHY ROAD, GANAPATHY,  
COIMBATORE – 641 006  
TEL: +91 422 4958995; 2539835-36  
EMAIL: info@skdc-consultants.com

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company:-

Sl. No	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1	Spinning Preparatory and Yarn Making Machinery	28261	73%
2	Machine Tools	28221	19%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	LMW Textile Machinery (Suzhou) Co. Ltd, Wujiang Economic & Technological Development Zone, Jiangsu Province, China.	Not Applicable	Wholly Owned Subsidiary	100%	2(87)(ii)

### IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	3,02,426	-	3,02,426	2.831	3,02,426	-	3,02,426	2.831	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	29,91,628	-	29,91,628	28.004	30,03,928	-	30,03,928	28.119	0.115
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other..	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	<b>32,94,054</b>	<b>-</b>	<b>32,94,054</b>	<b>30.835</b>	<b>33,06,354</b>	<b>-</b>	<b>33,06,354</b>	<b>30.950</b>	<b>0.115</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>32,94,054</b>	<b>-</b>	<b>32,94,054</b>	<b>30.835</b>	<b>33,06,354</b>	<b>-</b>	<b>33,06,354</b>	<b>30.950</b>	<b>0.115</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	3,71,981	-	3,71,981	3.482	6,91,970	-	6,91,970	6.477	2.995
b) Banks/FI	71,753	350	72,103	0.675	52,785	350	53,135	0.497	-0.178
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	12,06,577	-	12,06,577	11.294	11,64,852	-	11,64,852	10.904	-0.390
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Others (specify)	-	-	-	-	-	-	-	-	-
Foreign Portfolio Investment	5,70,289	-	5,70,289	5.338	1,61,253	-	1,61,253	1.509	-3.829
Alternate Investment Funds	-	-	-	-	7,050	-	7,050	0.066	0.066
Foreign Financial Institutions	200	100	300	0.003	200	100	300	0.003	-
<b>Sub-total (B)(1):-</b>	<b>22,20,800</b>	<b>450</b>	<b>22,21,250</b>	<b>20.792</b>	<b>20,78,110</b>	<b>450</b>	<b>20,78,560</b>	<b>19.456</b>	<b>-1.336</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	16,95,810	980	16,96,790	15.883	17,54,589	980	17,55,569	16.433	0.550
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	15,38,438	64,060	16,02,498	15.000	15,82,837	55,450	16,38,287	15.336	0.336
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	11,35,361	-	11,35,361	10.628	11,03,687	-	11,03,687	10.331	-0.297
c) Others (specify)									
Trusts	8,075	-	8,075	0.076	7,928	-	7,928	0.074	-0.002
Directors and their relatives	-	-	-	-	-	-	-	-	-
Foreign nationals	-	-	-	-	-	-	-	-	-
Non Resident Indians	1,39,649	1,060	1,40,709	1.317	1,49,815	-	1,49,815	1.402	0.085
Clearing Members	18,605	-	18,605	0.174	87,872	-	87,872	0.823	0.649
Hindu Undivided Families	5,07,893	-	5,07,893	4.754	5,00,395	-	5,00,395	4.684	-0.070
Investor Education and Protection Fund	25,135	-	25,135	0.235	42,113	-	42,113	0.394	0.159
Unclaimed Share Suspense Account	32,630	-	32,630	0.305	12,420	-	12,420	0.116	-0.189
<b>Sub-total (B)(2):-</b>	<b>51,01,596</b>	<b>66,100</b>	<b>51,67,696</b>	<b>48.373</b>	<b>52,41,656</b>	<b>56,430</b>	<b>52,98,086</b>	<b>49.594</b>	<b>1.221</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>73,22,396</b>	<b>66,550</b>	<b>73,88,946</b>	<b>69.165</b>	<b>73,19,766</b>	<b>56,880</b>	<b>73,76,646</b>	<b>69.050</b>	<b>-0.115</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>1,06,16,450</b>	<b>66,550</b>	<b>1,06,83,000</b>	<b>100.000</b>	<b>1,06,26,120</b>	<b>56,880</b>	<b>1,06,83,000</b>	<b>100.000</b>	<b>-</b>

Note: Percentage figures have been rounded off to the nearest decimal.

## (ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged/ encumbered to total shares	
1	J Rajyalakshmi	97,980	0.917	NIL	97,980	0.917	NIL	-
2	Sanjay Jayavarthanavelu	1,42,291	1.332	NIL	1,42,291	1.332	NIL	-
3	Ravi Sam	5,866	0.055	NIL	5,866	0.055	NIL	-
4	D Senthil Kumar	160	0.001	NIL	160	0.001	NIL	-
5	Uttara R	44,290	0.415	NIL	44,290	0.415	NIL	-
6	Nethra J S Kumar	720	0.007	NIL	720	0.007	NIL	-
7	K Sundaram	1,220	0.011	NIL	1,220	0.011	NIL	-
8	S Pathy	1,420	0.013	NIL	1,420	0.013	NIL	-
9	Shivali Jayavarthanavelu	7,970	0.075	NIL	7,970	0.075	NIL	-
10	Jaidev Jayavarthanavelu	460	0.004	NIL	460	0.004	NIL	-
11	Lalithadevi Sanjay Jayavarthanavelu	49	0.000	NIL	49	0.000	NIL	-
12	Lakshmi Electrical Drives Limited	17,500	0.164	NIL	17,500	0.164	NIL	-
13	Lakshmi Cargo Company Limited	10,74,468	10.058	NIL	10,74,468	10.058	NIL	-
14	Lakshmi Technology & Engineering Industries Limited	6,67,090	6.245	NIL	6,79,390	6.360	NIL	0.115
15	Lakshmi Electrical Control Systems Limited	88,800	0.831	NIL	88,800	0.831	NIL	-
16	Eshaan Enterprises Limited	1,27,110	1.190	NIL	1,27,110	1.190	NIL	-
17	The Lakshmi Mills Company Limited	5,20,000	4.868	NIL	5,20,000	4.868	NIL	-
18	Lakshmi Ring Travellers(Cbe) Limited	2,52,180	2.361	NIL	2,52,180	2.361	NIL	-
19	Lakshmi Precision Tools Limited	15,000	0.140	NIL	15,000	0.140	NIL	-
20	Super Sales India Limited	2,29,480	2.148	NIL	2,29,480	2.148	NIL	-
<b>Total</b>		<b>32,94,054</b>	<b>30.835</b>	<b>NIL</b>	<b>33,06,354</b>	<b>30.950</b>	<b>NIL</b>	<b>0.115</b>

Note: Percentage figures have been rounded off to the nearest decimal.

## (iii) Change in Promoters' Shareholding

Date	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Lakshmi Technology & Engineering Industries Limited					
01/04/19	At the Beginning of the year	6,67,090	6.245		
16/08/19	Purchases through open market	8,300	0.078	6,75,390	6.322
29/11/19	Purchases through open market	4,000	0.037	6,79,390	6.360
31/03/20	At the End of the year			6,79,390	6.360

Note: Percentage figures have been rounded off to the nearest decimal.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

BENPOS Date	Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>LIFE INSURANCE CORPORATION OF INDIA LIMITED</b>					
01/04/19	At the beginning of the year	8,47,820	7.936		
09/08/19	Sale	-737	-0.007	8,47,083	7.929
16/08/19	Sale	-2,694	-0.025	8,44,389	7.904
23/08/19	Sale	-2,136	-0.020	8,42,253	7.884
30/08/19	Sale	-2,023	-0.019	8,40,230	7.865
06/09/19	Sale	-376	-0.004	8,39,854	7.862
13/09/19	Sale	-1,815	-0.017	8,38,039	7.845
20/09/19	Sale	-799	-0.007	8,37,240	7.837
27/09/19	Sale	-200	-0.002	8,37,040	7.835
04/10/19	Sale	-213	-0.002	8,36,827	7.833
25/10/19	Sale	-1,018	-0.010	8,35,809	7.824
01/11/19	Sale	-1,832	-0.017	8,33,977	7.807
08/11/19	Sale	-2,150	-0.020	8,31,827	7.786
15/11/19	Sale	-95	-0.001	8,31,732	7.786
29/11/19	Sale	-2,454	-0.023	8,29,278	7.763
06/12/19	Sale	-4,355	-0.041	8,24,923	7.722
13/12/19	Sale	-22,815	-0.214	8,02,108	7.508
20/12/19	Sale	-32	-0.000	8,02,076	7.508
27/12/19	Sale	-1,305	-0.012	8,00,771	7.496
31/12/19	Sale	-3,367	-0.032	7,97,404	7.464
03/01/20	Sale	-7,563	-0.071	7,89,841	7.393
10/01/20	Sale	-14,666	-0.137	7,75,175	7.256
17/01/20	Sale	-5,138	-0.048	7,70,037	7.208
24/01/20	Sale	-2,301	-0.022	7,67,736	7.187
07/02/20	Sale	-1,672	-0.016	7,66,064	7.171
14/02/20	Sale	-25,092	-0.235	7,40,972	6.936
21/02/20	Sale	-30,000	-0.281	7,10,972	6.655
28/02/20	Sale	-3,236	-0.030	7,07,736	6.625
06/03/20	Sale	-2,220	-0.021	7,05,516	6.604
13/03/20	Sale	-2,393	-0.022	7,03,123	6.582
31/03/20	At the end of the year			7,03,123	6.582
<b>VOLTAS LIMITED</b>					
01/04/19	At the beginning of the year	5,79,672	5.426		
31/03/20	At the end of the year			5,79,672	5.426

BENPOS Date	Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>NEMISH S SHAH</b>					
01/04/19	At the beginning of the year	5,34,673	5.005		
31/03/20	At the end of the year			5,34,673	5.005
<b>GAGANDEEP CREDIT CAPITAL PVT LTD</b>					
01/04/19	At the beginning of the year	1,57,800	1.477		
14/02/20	Purchase	20,350	0.190	1,78,150	1.667
21/02/20	Purchase	46,537	0.436	2,24,687	2.103
28/02/20	Purchase	29,291	0.274	2,53,978	2.377
06/03/20	Purchase	1,03,822	0.972	3,57,800	3.349
20/03/20	Purchase	11,014	0.103	3,68,814	3.452
27/03/20	Purchase	43,986	0.412	4,12,800	3.864
31/03/20	At the end of the year			4,12,800	3.864
<b>THE NEW INDIA ASSURANCE COMPANY LIMITED</b>					
01/04/19	At the beginning of the year	3,66,935	3.435		
31/03/20	At the end of the year			3,66,935	3.435
<b>NEMISH S SHAH</b>					
01/04/19	At the beginning of the year	3,54,200	3.316		
31/03/20	At the end of the year			3,54,200	3.316
<b>HDFC TRUSTEE COMPANY LTD. A/C HDFC</b>					
01/04/19	At the beginning of the year	-	-		
06/03/20	Purchase	3,22,756	3.021	3,22,756	
31/03/20	At the end of the year			3,22,756	3.021
<b>SHAMYAK INVESTMENT PRIVATE LIMITED</b>					
01/04/19	At the beginning of the year	2,31,000	2.162		
20/12/19	Purchase	38,200	0.358	2,69,200	2.520
31/03/20	At the end of the year			2,69,200	2.520
<b>L&amp;T MUTUAL FUND TRUSTEE LIMITED-L&amp;T</b>					
01/04/19	At the beginning of the year	2,05,442	1.923		
19/07/19	Purchase	4,227	0.040	2,09,669	1.963
26/07/19	Purchase	11,111	0.104	2,20,780	2.067
02/08/19	Purchase	10,081	0.094	2,30,861	2.161
09/08/19	Purchase	2,286	0.021	2,33,147	2.182
16/08/19	Purchase	2,133	0.020	2,35,280	2.202
23/08/19	Purchase	2,035	0.019	2,37,315	2.221
30/08/19	Purchase	1,169	0.011	2,38,484	2.232
20/09/19	Purchase	216	0.002	2,38,700	2.234
27/09/19	Purchase	446	0.004	2,39,146	2.239

BENPOS Date	Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
13/12/19	Sale	-38,170	-0.357	2,00,976	1.881
31/03/20	At the end of the year			2,00,976	1.881
<b>REKHA N SHAH</b>					
01/04/19	At the beginning of the year	1,57,014	1.470		
31/03/20	At the end of the year			1,57,014	1.470
<b>ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED</b>					
01/04/19	At the Beginning of the year	1,89,979	1.778		
05/04/19	Sale	-9,148	-0.086	1,80,831	1.693
12/04/19	Sale	-946	-0.009	1,79,885	1.684
19/04/19	Sale	-159	-0.001	1,79,726	1.682
26/04/19	Sale	-5,274	-0.049	1,74,452	1.633
03/05/19	Sale	-28	-0.000	1,74,424	1.633
28/06/19	Sale	-697	-0.007	1,73,727	1.626
12/07/19	Sale	-65	-0.001	1,73,662	1.626
19/07/19	Sale	-19,989	-0.187	1,53,673	1.438
02/08/19	Sale	-10,000	-0.094	1,43,673	1.345
09/08/19	Sale	-418	-0.004	1,43,255	1.341
16/08/19	Sale	-9,906	-0.093	1,33,349	1.248
23/08/19	Sale	-862	-0.008	1,32,487	1.240
30/08/19	Sale	-295	-0.003	1,32,192	1.237
20/09/19	Sale	-945	-0.009	1,31,247	1.229
27/09/19	Sale	-5,985	-0.056	1,25,262	1.173
30/09/19	Sale	-301	-0.003	1,24,961	1.170
04/10/19	Sale	-202	-0.002	1,24,759	1.168
01/11/19	Sale	-4,776	-0.045	1,19,983	1.123
08/11/19	Sale	-7,186	-0.067	1,12,797	1.056
15/11/19	Sale	-9,754	-0.091	1,03,043	0.965
22/11/19	Sale	-12,838	-0.120	90,205	0.844
29/11/19	Sale	-4,546	-0.043	85,659	0.802
28/02/20	Sale	-11,832	-0.111	73,827	0.691
31/03/20	At the end of the year			73,827	0.691
<b>PINEBRIDGE INVESTMENTS GF MAURITIUS LIMITED</b>					
01/04/19	At the beginning of the year	4,27,922	4.006		
29/06/19	Sale	-4,27,922	-4.006	-	-
31/03/20	At the end of the year			-	-

Note: Shareholding clubbed on basis of PAN. The data for the transactions is based on weekly benpos downloaded from the depositories and may not reflect the exact date of transaction(s). The bought and sold figures are net difference between previous and current week balances. Percentage figures have been rounded off to the nearest decimal.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>1</b>	<b>SRI SANJAY JAYAVARTHANVELU, CHAIRMAN AND MANAGING DIRECTOR</b>				
	At the beginning of the Year	1,42,291	1.332		
	Date wise Increase / Decrease in Share holding during the year	-	-	-	-
	At the end of the year			1,42,291	1.332
<b>2</b>	<b>SRI S PATHY, DIRECTOR</b>				
	At the beginning of the Year	1,420	0.013		
	Date wise Increase / Decrease in Share holding during the year	-	-	-	-
	At the end of the year			1,420	0.013
<b>3</b>	<b>SRI K SOUNDHAR RAJHAN, DIRECTOR - OPERATIONS</b>				
	At the beginning of the Year	110	0.001		
	Date wise Increase / Decrease in Share holding during the year	-	-	-	-
	At the end of the year			110	0.001
<b>4</b>	<b>SRI C R SHIVKUMARAN, COMPANY SECRETARY</b>				
	At the beginning of the Year	1	0.000		
	Date wise Increase / Decrease in Share holding during the year	-	-	-	-
	At the end of the year			1	0.000

Note: None of the Directors/Key Managerial Personnel other than the above hold any shares in the Company. Percentage figures have been rounded off to the nearest decimal.

#### V. INDEBTEDNESS (₹ in Crores)

Indebtedness of the Company including interest outstanding/accrued but not due for payment

The Company has no debts.

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in Lakhs)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Sri Sanjay Jayavarthanavelu, Chairman & Managing Director (CMD)	Sri K Soundhar Rajhan, Director - Operations	
1	GROSS SALARY			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	152.13	104.80	256.93
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	24.00	19.16	43.16
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	129.15	-	129.15
	- as % of profit	2.00	-	2.00
	- others, specify...	-	-	-
5	Others, please specify			
	Gratuity fund contribution	8.10	5.81	13.91
	Provident fund contribution	12.96	8.93	21.89
	Total (A)	326.34	138.70	465.04
	Ceiling as per the Act (10%)			640.96



B. Remuneration to other Directors:

(₹ in Lakhs)

Sl. no.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors	Sri Basavaraju	Sri Aditya Himatsingka	Dr Mukund Govind Rajan	Smt Chitra Venkataraman	Sri Arun Alagappan	
	Fee for attending board /committee meetings	4.00	4.50	5.00	3.00	2.00	18.50
	Commission	7.50	7.50	7.50	7.50	7.50	37.50
	Others, please specify						
	<b>Total (1)</b>	<b>11.50</b>	<b>12.00</b>	<b>12.50</b>	<b>10.50</b>	<b>9.50</b>	<b>56.00</b>
2	Other Non-Executive Directors	Sri S Pathy	Sri V Sathyakumar / Sri Anil Gupta *(Nominee of LIC)				
	Fee for attending board / committee meetings	9.00	2.00				11.00
	Commission	7.50	7.50				15.00
	Others, please specify						
	<b>Total (2)</b>	<b>16.50</b>	<b>9.50</b>				<b>26.00</b>
	<b>Total (B) = (1 + 2)</b>						<b>82.00</b>
	Total Managerial Remuneration						547.07
	Overall Ceiling as per the Act (11%)						705.06

\* Paid to Life Insurance Corporation of India. Sri Anil Gupta replaced Sri V Sathyakumar as the Nominee Director of LIC on the Board of the Company with effect from 20<sup>th</sup> May, 2019.

Remuneration paid during the Financial Year 2019-20 to any Single Non Executive Director did not exceed 50% of the total remuneration paid to all Non-Executive Directors of the Company in that year. Sri Basavaraju retired as Independent Director on completion of tenure of 5 years on 5<sup>th</sup> August, 2019.



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

(₹ in Lakhs)

Sl. no.	Particulars of Remuneration				Total
1	GROSS SALARY	Sri C B Chandrasekar, Chief Financial Officer (upto 31 <sup>st</sup> July, 2019)	Sri V Senthil, Chief Financial Officer (w.e.f. 03 <sup>rd</sup> August, 2019)	Sri C R Shivkumaran, Company Secretary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	17.89	40.19	29.74	87.82
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.75	7.06	4.64	14.45
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	20.64	47.25	34.38	102.27

VII. Penalties/Punishment/Compounding of Offences: Nil

Place: Coimbatore  
Date: 25<sup>th</sup> May, 2020

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



## ANNEXURE 3

FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2020

[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 2020, 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 2020 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 thereunder 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.

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

Place: Coimbatore  
Date: 25<sup>th</sup> May, 2020

**M D SELVARAJ**  
MDS & Associates  
*Company Secretaries*  
FCS No.: 960; C P No.: 411  
UDIN: F000960B000275465

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report

## ANNEXURE 'A'

To  
The Members,  
**LAKSHMI MACHINE WORKS LIMITED**  
(CIN: L29269TZ1962PLC000463)  
SRK Vidyalaya Post,  
Perianaickenpalayam,  
Coimbatore-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: 25<sup>th</sup> May, 2020

**M D SELVARAJ**  
MDS & Associates  
*Company Secretaries*  
FCS No.: 960; C P No.: 411  
UDIN: F000960B000275465

## ANNEXURE 4

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

- The Company has adopted the CSR Policy approved by the Board of Directors at their meeting held on 12<sup>th</sup> June, 2014. The CSR Policy of the Company is placed on the website of the Company at [www.lmwglobal.com](http://www.lmwglobal.com).
- Composition of the CSR Committee:  
The CSR Committee of the Company consists of the following members:  

Sri Sanjay Jayavarthanelu	Chairman
Sri Aditya Himatsingka	Member
Sri Basavaraju	Member (upto 22 <sup>nd</sup> July, 2019)
Sri Arun Alagappan	Member (w.e.f 22 <sup>nd</sup> July, 2019)
- Average Net Profit of the Company for the last three years is ₹28,869 Lakhs.
- The prescribed CSR Expenditure for the Company taken at 2% of the average net profit for the last three financial years is ₹577.00 Lakhs.
- Details of CSR spend for the financial year:
  - Total Amount Spent for the Financial Year: ₹580.47 Lakhs
  - Amount unspent if any: Nil
- Report on CSR Expenditure for the period from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020:

Sl. No.	CSR Project/Activity	Sector in which the project/activity was covered under Schedule VII	Location of the project/programs undertaken (District and State)	Amount of Outlay (Budget) per project or program (Amt in ₹)	Amount spent on the project or program (Amt in ₹) 1 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March, 2020	Cumulative expenditure upto the reporting period (Amt in ₹) 1 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March, 2020	Amount spent direct or through implementing agency
1	Eye Camp	Clause i	Kaniyur, Coimbatore District, Tamil Nadu	2,94,348	2,94,348	2,94,348	Direct
2	Support for Spine Surgery & Rehabilitation Programme (Ganga Hospital)	Clause i	Coimbatore, Coimbatore District, Tamil Nadu	25,00,000	25,00,000	25,00,000	Through GKD Charity Trust, Coimbatore

Sl. No.	CSR Project/Activity	Sector in which the project/activity was covered under Schedule VII	Location of the project/programs undertaken (District and State)	Amount of Outlay (Budget) per project or program (Amt in ₹)	Amount spent on the project or program (Amt in ₹) 1st April, 2019 to 31st March, 2020	Cumulative expenditure upto the reporting period (Amt in ₹) 1st April, 2019 to 31st March, 2020	Amount spent direct or through implementing agency
3	Support for Bone Marrow Transplant Surgery (Narayana Hrudayalaya Hospital)	Clause i	Bengaluru, Bengaluru Urban, Karnataka	1,00,00,000	1,00,00,000	1,00,00,000	Through GKD Charity Trust, Coimbatore
4	Healthcare Infrastructure Development	Clause i	Coimbatore, Coimbatore Diristrict, Tamil Nadu	1,00,00,000	1,00,00,000	1,00,00,000	Through GKD Charity Trust, Coimbatore
5	Education Infrastructure Development	Clause ii	Othakalmandapam, Coimbatore Diristrict, Tamil Nadu	2,64,00,000	2,64,00,000	2,64,00,000	Through GKD Charity Trust, Coimbatore
6	Nutrition Program for Children	Clause i	Coimbatore, Coimbatore Diristrict, Tamil Nadu	3,00,000	3,00,000	3,00,000	Through GKD Charity Trust, Coimbatore
7	Village adoption - Infrastructure Development	Clause x	Anaikatti / Palamalai / Mavumthampathy, Coimbatore Diristrict, Tamil Nadu	80,00,000	80,00,000	80,00,000	Through GKD Charity Trust, Coimbatore
8	Perianaickenpalayam Railway Station Maintenance	Clause x	Perianaickenpalayam, Coimbatore Diristrict, Tamil Nadu	3,66,501	3,66,501	3,66,501	Direct
9	Healthcare Infrastructure Development (Somanur Government Hospital)	Clause i	Somanur, Coimbatore Diristrict, Tamil Nadu	1,85,798	1,85,798	1,85,798	Direct
<b>Total amount spent during 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020</b>				<b>5,80,46,647</b>	<b>5,80,46,647</b>	<b>5,80,46,647</b>	

Place: Coimbatore  
Date: 25<sup>th</sup> May, 2020

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

## ANNEXURE 5

### 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, 2020, 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: 20011178AAAACD6058

Place : Coimbatore  
Date : 25<sup>th</sup> May, 2020

## ANNEXURE 6

# BUSINESS RESPONSIBILITY REPORT 2019-20

### 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: 2019-20
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 (2019-20)

Sl No	Particulars	Unit of Measure	Details
1	Paid up capital	(₹ Lakhs)	1,068.30
2	Total Turnover	(₹ Lakhs)	1,50,863.92
3	Total Profit after Taxes	(₹ Lakhs)	4,499.76
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 2019-20 has spent an amount of ₹5.80 Crores on CSR which is 12.90% of Profit after Tax.
5	List of activities in which expenditure as per point 4 above has been incurred		Refer Annexure 4 to Directors' Report

## Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?  
Yes, Lakshmi Machine Works Limited has a wholly owned subsidiary Company located at Suzhou, Jiangsu Province, China, namely LMW Textile Machinery (Suzhou) Company Limited (LMWTMSCL).
2. Does the Subsidiary Company/Companies participate in the 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.
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]  
The Company encourages its suppliers, customers and other stakeholders to support various initiatives taken by the Company towards its business responsibility.

## Section D: BR Information

1. Details of Director / Directors responsible for BR:
  - (a) Details of the Director/ Directors responsible for implementation of the BR policy/ policies
    1. DIN Number: 00004505
    2. Name: Sri Sanjay Jayavarthanelu
    3. Designation: Chairman and Managing Director
  - (b) Details of the BR head:
    1. DIN Number: Not Applicable
    2. Name: Sri V. Senthil
    3. Designation: Chief Financial Officer
    4. Telephone No: +91 422 719 2205
    5. Email ID: senthil@lmw.co.in
2. Principle-wise (as per NVGs) BR Policy/policies  
The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

These briefly are as under:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the well-being of all employees.
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect, protect and make efforts to restore the environment.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

LMW has in place the Business Responsibility Policy ([www.lmwglobal.com](http://www.lmwglobal.com)) which addresses the 9 principles as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business. This Policy is applicable across the Company and ensures that the business practices are governed by these principles.

(a) Details of compliance (Reply in Y/N)

Sr. No.	Questions	P1: Ethics and Transparency	P2: Sustainable Products	P3: 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	-	N Note 3	Y
3.	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	The spirit and intent of the Policies adopted by the Company capture the essence of all the applicable national and international laws. Hence the Company's policies are in conformity with national/international standards wherever applicable								
4.	Has the policy being 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	-	Y Note 4	Y Note 4
5.	Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6.	Indicate the link for the policy to be viewed online?	Y Note 5	Y Note 5	Y Note 5	Y Note 5	Y Note 5	Y Note 5	-	Y Note 5	Y Note 5

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
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8.	Does the Company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	-	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	-	Y	Y

Notes:

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

**Note 2:** There is no separate policy but is included in 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 approved by the Board of Directors.

**Note 5:** All Business Responsibility Report policies are uploaded 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?

No

### Section E: Principle-wise performance

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

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

The Company has a well-defined Code of Conduct in place for Directors as well as for employees of the Company. The Company has no Joint Venture/NGOs. The Company also has a separate Supplier Code of Conduct policy for its

suppliers, vendors and companies that provide it with products and services.

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

The Company has a well-established mechanism for receipt and resolution of stakeholder complaints. During the year under review the Company received a total of 2,430 complaints of which 2,202 have been resolved and the balance of 228 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.**

- 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.	Stationary Condenser LA 2/5	A sustainable green product with lesser parts and does not require power.
2.	Card LC 636 V1	Lesser dust liberation ensuring better Mill environment.
3.	Draw Frame LDB 3	Higher productivity; occupying lesser floor space and having lesser carbon footprint.

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

**Energy conservation**

- Enhancement of machinery efficiency resulting in savings in Raw Material usage and consumption of power.

**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.

- Does the Company have procedures in place for

sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Sourcing of input material for the product and indirect material required for manufacturing has been continuously evolved with the concept of using only such material which can be recycled. This starts with design and selection of raw material/manufacturing process in tandem with suppliers.

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.

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

The Company as a policy ensures localization and outsourcing by each Plant is with suppliers who are competitive as well as close to its Plants.

Localized vendors are preferred if they meet the quality specifications and Environment, Health & Safety (EHS) compliance. The Company focuses on increasing the capacity and capability of its suppliers. The Company provides required inputs to its suppliers on various system and quality tools of the Company.

- Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

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

The Company has waste recycling system for production waste which is > 10%.

**Water:** Sewage Treatment Plants are set up at facilities to recycle and treat waste water in all the units of LMW. The hazardous process related units at LMW are equipped with ETP facilities to treat effluents. The Company maintains Zero Liquid Discharge (ZLD) status with two stage RO plant to recycle factory effluents. The recycled water is used for process and toilet flushing. 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.

**E-waste:** The E-waste generated includes rejected computers, monitors, servers, electronic and electrical items. The same are stored at separate facilities before disposal and are being disposed for recycle through government authorized certified vendors.

**Other waste:** 100% of MS scrap and cast-iron Scrap from manufacturing process is recycled through briquetting and shredding and is being sent to foundry for melting. Around 750 tons per month of waste sand from foundry process is recycled through the sand reclamation plant. Waste comprising of plastic, office waste, packaging

and paper is given to vendors for recycling. Food waste generated in cafeterias is either given to the vendors to generate fertilizers or is being used to manufacture animal feed. Around 650 number of batteries have been disposed to Authorised Dealers for recycling.

### Principle 3: Businesses should promote the well-being of all Employees.

1. Please indicate the total number of employees: 3,185
2. Please indicate the total number of employees hired on temporary/contractual/casual basis: 3,054
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? 49%.
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year

Sl No.	Category	No. of complaints filed during the financial year	No. of Complaints pending as on end of the Financial Year
1	Child Labour/Forced Labour/ Involuntary Labour	NIL	As a policy the Company is not engaging persons below 18 years of age
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 67%, Staff 8%	Workmen 99%, Staff 56%
B	Permanent Women Employees	68%	28%
C	Casual/Temporary/Contractual Employees	84%	58%
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 has engaged around 3 physically disabled persons who are working in various departments of the Company.

**Principle 5: Businesses should respect and promote human rights.**

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/ Others?  
Policies on Human Rights including the Code of Ethical Business Conduct, Anti-Sexual Harassment and the Whistleblower policies along with the Group Business Responsibility policy cover all aspects on Human Rights for the Company and also 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 and own employees and contractors of the Company. The Policy document is available at the url: [www.lmwglobal.com](http://www.lmwglobal.com)

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

The Company has successfully implemented the GREENCO Practices. As a part of the process, initiatives were implemented 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 the foundry units.

3. Does the Company identify and assess potential environmental risks?  
Yes, the Company has a mechanism to identify and assess potential environmental risks in its plants and projects.
4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

All manufacturing locations are certified for requirements under ISO 14001 (Environmental Management System). The Company has migrated from OHSAS 18001 (Occupational Health and Safety System) to ISO 45001 with effect from February 2020 (certified by Bureau Veritas). 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 a cross functional team which assesses the performance over the past year. Based on the outcome, areas for improvement are identified and objectives are derived for the next year. Also, periodical Statutory Compliance Report is being submitted to the Board once in 3 months and an

Annual form is submitted to Tamil Nadu Pollution Control Board.

5. Has the Company undertaken any other initiatives on — clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Technology is used to reduce impact on environment. In the entire chain of manufacturing, the emphasis is on preserving natural resources. Processes are designed to minimize use of raw materials, water and energy.

The Company has a policy of tapping non-conventional and renewable resources of energy namely wind power and solar power to meet with its energy requirements. The Company has installed 28 windmills with a total generation capacity of 36.80 MW. The Company also has a 10 MW Solar Power Generation plant. 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 as indicated by State Pollution Control Board.

7. Number of show cause / legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. Nil.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

1. Is your Company a member of any trade 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

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas like: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The Company participates in public advocacy with the objective of strengthening the industrial base of the country in the business segments that it operates by contributing ideas, best practices and sharing details of issues faced by it for speedy resolution.

**Principle 8: Businesses should support inclusive growth and equitable development.**

1. Does the Company have specified programmes / initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

In line with the provisions of the Companies Act, 2013 and based on recommendation of the 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 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:

##### 1) Bone Marrow Transplant Surgery:

LMW in association with Narayana Hrudayalaya Hospital, Bengaluru is financially supporting the Bone Marrow Transplant surgery for economically backward cancer patients. LMW sponsors to the tune of ₹4 Lakhs per patient for the BMT surgery. During 2019-20 LMW has supported 25 patients for cancer treatment.

##### 2) 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 low economic background. LMW has supported for the treatment of 25 patients during year 2019-20.

##### 3) Cataract screening & surgery camp:

LMW conducts Eye camp on a yearly basis for screening and subsequent surgery for cataract patients in the rural areas of Perianaickenpalayam & Kaniyur. During the year under review, this programme was conducted in collaboration with Aravind Eye Hospital, Coimbatore covering villages in and around Kaniyur 1,430 people were screened, of which cataract surgery was conducted for 343 patients.

##### 4) Nutrient Supplement Drink to school children:

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

#### II) RURAL Infrastructure Development:

##### 1) Perianaickenpalayam Railway Station Maintenance:

LMW under the CSR initiative has taken up maintenance work of the Perianaickenpalayam Railway Station on daily basis to maintain the station in a pristine & hygienic condition. The station was renovated by LMW during the year 2017 and the station was dedicated to the nation on 2nd July, 2017. This project benefits more than 500 passengers daily.

#### III) Education

Infrastructure renovation work was taken up and completed in 4 schools located in the villages in Anaikatti, Perianaickenpalayam & Mavuthampathi. Following schools were supported under this program.

- 1) Panchayat Union Middle School, Gopnari (Anaikatti Hills)
- 2) Panchayat Union Middle School, Neelampathi (Anaikatti Hills)
- 3) Panchayat Union Middle School, Perianaickenpalayam
- 4) Panchayat Union Elementary School, Chinnampathi (Mavuthampathi)

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

#### IV) Village Development Program:

##### 1) Solar Street Lights:

To improve basic facilities in tribal villages of Anaikatti Hills and to promote green energy, 40 solar streetlights were installed.

##### 2) Livelihood Enhancement Program:

For improving the income generation capacity of the tribals in Palamalai & Anaikatti Hills, five income generation training programs were conducted in Sorandi, Pattisalai, Colonyapur, Perukaipur, Alangandi villages. Agroforestry

based tree plantation was promoted in 6 farm lands located in Neelampathi and Sundikorai villages.

### 3) Veterinary Checkup Camps:

Animal Husbandry is one of the major livelihood activities among the Tribals in Palamalai & Anaikatti villages. Veterinary health check-up and vaccination camps were conducted in collaboration with Tamil Nadu Animal Husbandry Department. In total 46 such camps have been conducted.

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

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

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

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

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

The Company has incurred an amount of ₹5.80 Crores towards community development projects during the Financial Year 2019-20.

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 from need identification to project implementation phase. The Company has extensive engagement with

various stakeholders. The feedback from the stakeholders are analysed and various actions are prioritized.

### Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year.

About 9 percent of customer complaints are pending as on the end of the financial year. The Company is undertaking steps to resolve the pending issues on a timely basis.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)

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

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

Nil.

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

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

By order of the Board  
**Sanjay Jayavarthanelu**

Chairman and  
Managing Director  
(DIN : 00004505)

Place: Coimbatore  
Date: 25<sup>th</sup> May, 2020

# Corporate Governance Report



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

## 1. PHILOSOPHY ON CODE OF GOVERNANCE

LMW's corporate vision is to ensure a sustainable business that delights the customer, thrives to maintain the market leadership and at the same time enhances every stakeholder's value. To achieve this, systematic and planned efforts are undertaken by the Company keeping in view 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 commitments to every stakeholder.

## 2. BOARD OF DIRECTORS

The Board provides leadership, strategic guidance and objective judgement in the conduct of the affairs of the Company. The Board upholds the vision, purpose and values of the Company. The Board consists of experienced specialists who are experts in their respective business/profession and have decades of experience to their credit. As a Board, the Directors are committed to ethical and lawful conduct of business and possess the ability to steer

the affairs of the Company in the right direction. The Board places emphasis on highest standards of governance practices which allows the Company to carry on its business in the long-term interest of all the stakeholders.

To ensure the participation of all Directors at the Board Meetings, as a matter of practice, an annual calendar of Board, Committees of the Board and General Meetings are determined and intimated to the Directors well in advance. The Company ensures that timely and relevant information is made available to all Directors in order to facilitate their effective participation and contribution during meetings and deliberations.

The Board determines strategic policies, approves annual plans & budgets, capital expenditure, new projects, investment plans, conducts performance review, ensures statutory compliance, and risk management etc., periodically. A minimum of four meetings of the Board of Directors is held each year, one meeting is held in each quarter and it is ensured that the gap between two meetings does not exceed 120 days. Various Committees of the Board also meet as per the statutory requirements. Also, as per statutory requirement the Independent Directors meet separately once in a year.

### a. Composition of Board, Category of Directors and Attendance at the meetings

Board of Directors is constituted in such a way that it strictly conforms to 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 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 four are Non-Executive Independent Directors. The Board also meets with the requirement of having an Independent Woman Director.

The details of the composition, category of directorship, attendance of Directors at the Board meetings and the Annual General Meeting held during the year are as under:

Director	Director Identification Number	Category of Directorship	Particulars of Attendance#		Other Directorships (Public + Private + Section 8)	Membership in Committee	
			Board meeting	AGM		Chairman	Member
Sri Sanjay Jayavarthanelu	00004505	Promoter –Executive –Chairman and Managing Director	4	Yes	10	1	-
Sri S Pathy	00013899	Promoter Group - Non-Executive - Non-Independent	2	No	9	-	1
Sri Aditya Himatsingka	00138970	Non-Executive - Independent	3	Yes	-	1	1
Dr Mukund Govind Rajan	00141258	Non-Executive - Independent	4	Yes	2	1	-
Justice Smt Chitra Venkataraman (Retd.)	07044099	Non-Executive - Independent Woman	1	No	2	-	5
Sri Anil Gupta (w.e.f. 20 <sup>th</sup> May, 2019)	08446779	Non-Executive - Non-Independent - Nominee of LIC	4	Yes	-	-	-
Sri Arun Alagappan	00291361	Non-Executive - Independent	3	Yes	8	-	2
Sri K Soundhar Rajhan	07594186	Executive – Non-Independent (Whole-time Director designated as Director Operations)	4	Yes	1	-	-

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' denote Chairmanship/ Membership of the Directors in Committees across all Companies including Lakshmi Machine Works Limited, in which they hold Board position.

Sri Basavaraju, Non-Executive - Independent Director (DIN: 01252772) of the Company had retired from the services upon expiry of his tenure on 5<sup>th</sup> August, 2019. During the period of his tenure, he had attended two Board Meetings and the Annual General Meeting. Sri V Sathyakumar was replaced by Sri Anil Gupta as Nominee Director of LIC at the Board Meeting held on 20<sup>th</sup> May, 2019 subsequent to receipt of change in nomination intimation from LIC. Sri V Sathyakumar did not attend the Board Meeting held on 20<sup>th</sup> May, 2019.

#Board Meetings were held on 20<sup>th</sup> May, 2019, 22<sup>nd</sup> July, 2019, 30<sup>th</sup> October, 2019, and 27<sup>th</sup> January 2020. AGM was held on 22<sup>nd</sup> July, 2019.

b. Other Directorship details of Directors on the Board of the Company as on 31<sup>st</sup> March, 2020: Details of the other listed entities where the Directors hold Directorship

Name of the Directors	Name of the listed entity	Designation
Sri Sanjay Jayavarthanelu	The Lakshmi Mills Company Limited	Promoter Group, Non-Executive, Non - Independent Director
	Carborundum Universal Limited	Independent Director
	Lakshmi Electrical Control Systems Limited	Non-Executive, Non-Independent Director
	Super Sales India Limited	Promoter, Chairman, Non-Executive, Non - Independent Director
Sri S Pathy	The Lakshmi Mills Company Limited	Promoter, Chairman, Executive Director
	Lakshmi Automatic Loom Works Limited	Promoter, Chairman, Non-Executive, Non-Independent Director
Sri Aditya Himatsingka	Nil	Nil
Dr Mukund Govind Rajan	Nil	Nil
Sri Anil Gupta	Nil	Nil
Justice Smt Chitra Venkataraman (Retd.)	The Ramco Cements Limited	Independent Director
	Ramco Industries Limited	Independent Director
Sri Arun Alagappan	Cholamandalam Investment and Finance Company Limited	Promoter/Promoter Group, Managing Director
Sri K Soundhar Rajhan	Nil	Nil

c. Number and dates of Board Meetings

Four Meetings of the Board of Directors were held during the Financial Year 2019-20 and the meetings were held on 20<sup>th</sup> May, 2019, 22<sup>nd</sup> July, 2019, 30<sup>th</sup> October, 2019 and 27<sup>th</sup> January, 2020.

In addition to the above, a separate meeting of Independent Directors of the Company was held on 27<sup>th</sup> January, 2020 in which all the Independent Directors of the Company except Sri Aditya Himatsingka, had attended.

d. Directors inter-se relationship

None of the Directors are related to each other.

e. Number of shares and convertible instruments held by Non-Executive Directors

Sl No	Name of the Director	Number of equity shares held as on 31 <sup>st</sup> March, 2020
1.	Sri S Pathy	1,420
2.	Dr Mukund Govind Rajan	-
3.	Sri Aditya Himatsingka	-
4.	Sri Anil Gupta	-
5.	Justice Smt Chitra Venkataraman (Retd.)	-
6.	Sri Arun Alagappan	-

The Company has not issued any convertible instruments.

**f. Familiarization Program for Independent Directors:**

To familiarize all aspects of the business of the Company, suitable presentations were made to the Directors and factory visit was also arranged. The details of Familiarization Program conducted for Directors is available on the Company website [www.lmwglobal.com/investors.html](http://www.lmwglobal.com/investors.html)

**g. Key Board Qualifications, expertise and attributes:**

The Board of Directors comprise of qualified members who bring in the required skills, competence and expertise that allow them to make effective decisions or contributions to the Board, its Committees and the management.

The list of core skills / expertise / competency identified by the Board of Directors as required in the context of its business(es) and sector(s) for functioning effectively and those already available with the Board are as follows:

Leadership	Leadership / Directorship experience resulting in effective participation in or spearheading various initiatives taken up by the Company. Ability to envision, develop talent, long -term planning and drive changes.
Board Service, Legal and Governance	Has experience in managing Board Services and Governance resulting in the 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 so as to enhance the Governance and protect its interest.
Business Strategy	Experience in developing business strategies which will 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 to growth of the organization (organic and inorganic).
Technology & Innovation	Ability to develop long term plans to sustain and support the business, anticipating future business models / changes in an innovative way. Experience in understanding technology its purposes and its suitability for the Company.
Financial	Experience in supervising the principal financial officer or person having similar nature of function. Having the ability to read and understand financial statements. Management of financial function of the organization resulting in proficiency in Financial management / reporting / processes.
Sales and Marketing	Experience in driving / heading sales and marketing, resulting in better management of sales, increase organization reputation and build brand reputation.
Human Resources	Experience in people management including but not limited to talent management, dispute resolution, inter-personnel relations, liaison with external stakeholders.

In the table below, the specific areas of focus or expertise of individual Board members have been highlighted ('Y' means 'Yes'). However, in the absence of mark against a Director does not necessarily mean that the member does not possess the said qualification or skill.

Name of the Director	Board Qualifications						
	Area of Expertise						
	Leadership	Board Service, Legal and Governance	Business Strategy	Technology & Innovation	Financial	Sales and Marketing	Human Resources
Sri Sanjay Jayavarthanavelu	Y	Y	Y	Y	Y	Y	Y
Sri S Pathy	Y	Y	Y	Y	Y	Y	Y
Sri Aditya Himatsingka	Y	Y	Y	Y	Y	Y	Y
Dr Mukund Govind Rajan	Y	Y	Y	Y	Y	Y	Y
Justice Smt Chitra Venkataraman (Retd.)	Y	Y	Y		Y	Y	Y
Sri Anil Gupta (w.e.f. 20 <sup>th</sup> May, 2019)	Y	Y	Y	Y	Y	Y	Y
Sri Arun Alagappan	Y	Y	Y		Y	Y	Y
Sri K Soundhar Rajhan	Y		Y	Y	Y	Y	Y

h. Based on the 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, the Independent Directors of the Company have also registered themselves in the Independent Directors Data Bank.

i. 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,

- Sri Basavaraju, Independent Director retired from the Board upon conclusion of his five years term on 5<sup>th</sup> August, 2019;
- Upon receipt of request from Life Insurance Corporation of India for change of Nominee Director on the Board of the Company, Sri V Sathyakumar was replaced by Sri Anil Gupta with the approval of the Board on 20<sup>th</sup> May, 2019.

### 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.

The Committee was reconstituted on 22<sup>nd</sup> July, 2019.

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 would assure to the Board compliance of adequate internal control system, compliance of Accounting Standards, financial disclosure and would also comply to the requirements specified in Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee meets once in every quarter to carry out its business.

The Committee met four times during the financial year under review on 20<sup>th</sup> May, 2019, 22<sup>nd</sup> July, 2019, 30<sup>th</sup> October, 2019 and 27<sup>th</sup> January, 2020.

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

Name of the Member	Date and attendance at meetings			
	20 <sup>th</sup> May, 2019	22 <sup>nd</sup> July, 2019	30 <sup>th</sup> October, 2019	27 <sup>th</sup> January, 2020
Dr Mukund Govind Rajan (Chairman)	Yes	Yes	Yes	Yes
Sri Aditya Himatsingka (Member)	Yes	Yes	Yes	No
Sri Basavaraju (Member) (upto 22nd July, 2019)	Yes	Yes	NA	NA
Justice Smt Chitra Venkataraman (Retd.) (Member) (w.e.f. 22nd July, 2019)	NA	NA	No	Yes

The Chairman of the Audit Committee was present during the Annual General Meeting held on 22<sup>nd</sup> July, 2019.

#### 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, the Committee was formed for identifying persons to be appointed as Directors and Senior Management positions, recommend to the Board the appointment and removal of Directors, carryout evaluation of Directors, formulate criteria for determining qualification,

positive attributes and independence of Directors, recommend policy relating to remuneration of Directors.

The Committee met three times during the financial year under review on 13<sup>th</sup> May, 2019, 22<sup>nd</sup> July, 2019 and 27<sup>th</sup> January, 2020. The Committee was reconstituted as on 22<sup>nd</sup> July, 2019. The composition of the Nomination and Remuneration Committee and the details of attendance of members are as follows:

Name of the Member	Date and attendance at meetings		
	13 <sup>th</sup> May, 2019	22 <sup>nd</sup> July, 2019	27 <sup>th</sup> January, 2020
Dr Mukund Govind Rajan (Chairman) (w.e.f. 22 <sup>nd</sup> July, 2019)	NA	NA	Yes
Sri S Pathy (Member)	Yes	Yes	Yes
Sri Basavaraju(Member) (upto 22 <sup>nd</sup> July, 2019)	Yes	Yes	NA
Justice Smt Chitra Venkataraman (Retd.) (Member)	Yes	No	Yes

The Nomination and Remuneration Committee was reconstituted on 22<sup>nd</sup> July, 2019. Prior to reconstitution Justice Smt Chitra Venkataraman (Retd.) was the Chairperson of the Committee. The Chairman of the Nomination and Remuneration Committee was present during the Annual General Meeting held on 22<sup>nd</sup> July, 2019.

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.

#### Board Performance evaluation

The Securities and Exchange Board of India (SEBI) vide Circular No. SEBI / HO / CFD / CMD / CIR / P / 2017 / 004 dated 5<sup>th</sup> January, 2017 had issued a guidance note on Board Evaluation specifying the

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 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. REMUNERATION OF DIRECTORS

The Non-Executive Director(s) of the Company are remunerated in two ways viz., sitting fees and commission. Sitting fees is paid to the Non-Executive Directors for attending the meetings of Board of Directors, Committees of Board of Directors and other meetings of Directors at the rate of ₹50,000/- per meeting.

In addition to the sitting fees, Commission, as

approved by the shareholders at the Annual General Meeting held on 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 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 profits at a fixed percentage. Remuneration to Executive Director(s) is determined by the Nomination and Remuneration Committee of Board of Directors and is approved by the shareholders at the General Meeting. No sitting fee is being paid to the Executive Director(s).

The details on the criteria for making payments to the Non-Executive Director(s) is available on the Company's website [www.lmwglobal.com](http://www.lmwglobal.com).

Remuneration of Directors for the year ended 31<sup>st</sup> March, 2020 is as follows:

(Amount in ₹)

Name	Salary	Perquisites	Sitting fee	Commission	Others	Total
Sri Sanjay Jayavarthanelu	1,52,12,888	24,00,000	-	1,29,15,316	21,06,000	3,26,34,204
Sri S Pathy	-	-	9,00,000	7,50,000	-	16,50,000
Sri Aditya Himatsingka	-	-	4,50,000	7,50,000	-	12,00,000
Dr Mukund Govind Rajan	-	-	5,00,000	7,50,000	-	12,50,000
Justice Smt Chitra Venkataraman (Retd.)	-	-	3,00,000	7,50,000	-	10,50,000
<sup>1</sup> Sri Sathyakumar / Sri Anil Gupta (Nominee of LIC)	-	-	2,00,000	7,50,000	-	9,50,000
Sri Arun Alagappan	-	-	2,00,000	7,50,000	-	9,50,000
Sri Basavaraju (upto 5 <sup>th</sup> August, 2019)	-	-	4,00,000	7,50,000	-	11,50,000
Sri K Soundhar Rajhan	1,04,79,990	19,16,227	-	-	14,73,800	1,38,70,017

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

No benefits, other than the above are given to the Directors. No Stock Option, Performance linked

incentives and severance fees are given to Directors. All Non-Executive Directors of the Company during

the year were paid an equal amount of commission. No service contracts were entered into with Directors, their appointment is governed by the resolutions passed at the General Meeting of the Company in line with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Except the 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, the Committee has been formed to specifically focus on the services to shareholders/ investors. The Committee periodically reviews the services rendered to the shareholders particularly redressal of complaints of

the shareholders like delay in transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends, etc., and also the action taken by the Company on the above matters.

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

During the year under review 3 (Three) complaints were received from the investors which were adequately addressed to the satisfaction of the investors. No complaint /query is remaining unresolved as on 31<sup>st</sup> March, 2020.

The Committee was reconstituted on 22<sup>nd</sup> July, 2019. The Committee met three times during the year under review on 22<sup>nd</sup> July, 2019, 30<sup>th</sup> October, 2019 and 27<sup>th</sup> January, 2020. 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		
	22 <sup>nd</sup> July, 2019	30 <sup>th</sup> October, 2019	27 <sup>th</sup> January, 2020
Sri Aditya Himatsingka (Chairman) (w.e.f. 22 <sup>nd</sup> July, 2019)	NA	Yes	No
Sri S Pathy (Member)	Yes	Yes	Yes
Sri Basavaraju (Member) (upto 22 <sup>nd</sup> July, 2019)	Yes	NA	NA
Justice Smt Chitra Venkataraman (Retd.) (Member)	No	No	Yes

The Stakeholders Relationship Committee was reconstituted on 22<sup>nd</sup> July, 2019. Prior to reconstitution Justice Smt Chitra Venkataraman (Retd.) was the Chairperson of the Committee. The Chairman of the Stakeholders Relationship Committee was present during the Annual General Meeting held on 22<sup>nd</sup> July, 2019.

## 7. SHARES AND DEBENTURES COMMITTEE

The Shares and Debentures Committee consists of the members of the Board, Company Secretary and nominees of Share Transfer Agents. At present there are 7 members in the Committee. This Committee reviews and approves transfers, transmission, split, consolidation, issue of duplicate share certificate, recording change of name, transposition of names, etc., in equity shares of the Company. Shareholder requests on the above matters are being processed and certificates returned to them within the prescribed time. The Committee had met 10 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 majority of Board of Directors as its members. The Committee was reconstituted on 22<sup>nd</sup> July, 2019.

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 Jayavarthanavelu, Chairman and Managing Director
2. Sri Aditya Himatsingka, Independent Director
3. Sri K Soundhar Rajhan, Director - Operations
4. Sri V Senthil - Chief Financial Officer (w.e.f. 3<sup>rd</sup> August, 2020)  
Sri C B Chandrasekar – Chief Financial Officer (upto 31<sup>st</sup> July, 2019)
5. Sri S Rajasekaran - Vice President - TMD R&D

The committee met once during the year under review, on 27<sup>th</sup> January, 2020.

## 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 was reconstituted on 22<sup>nd</sup> July, 2019. The Committee met two times during the year under review on 20<sup>th</sup> May, 2019 and 30<sup>th</sup> October, 2019. The composition of the Corporate Social Responsibility Committee and the details of attendance of members are as follows:

Name of the Member	20 <sup>th</sup> May, 2019	30 <sup>th</sup> October, 2019
Sri Sanjay Jayavarthanavelu - (Chairman)	Yes	Yes
Sri Aditya Himatsingka – (Member)	Yes	Yes
Sri Basavaraju - (Member) (upto 22 <sup>nd</sup> July, 2019)	Yes	NA
Sri Arun Alagappan - (Member) (w.e.f. 22 <sup>nd</sup> July, 2019)	NA	No

## 10. GENERAL BODY MEETINGS

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

AGM	Venue	Day	Date	Time
AGM	Mani Higher Secondary School (Nani Kalai Arangam) Pappanaickenpalayam Coimbatore-641037	Monday	7 <sup>th</sup> August, 2017	03.30 P.M.
AGM	-do-	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 Date	Details of special resolutions passed in the AGM
7 <sup>th</sup> August, 2017	Nil
23 <sup>rd</sup> July, 2018	Nil
22 <sup>nd</sup> July, 2019	<ol style="list-style-type: none"> <li>1. 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>2. Re-appointment of Sri Aditya Himatsingka (DIN: 00138970) as an Independent Director.</li> <li>3. Re-appointment of Dr Mukund Govind Rajan (DIN: 00141258) as an Independent Director.</li> <li>4. Re-appointment of Justice Smt Chitra Venkataraman (Retd.) (DIN:07044099) as an Independent Woman Director.</li> </ol>

## 11. POSTAL BALLOT

No postal ballot was conducted during the year.

As on date of this report, the Company does not foresee the need for postal ballot to pass any Special Resolution.

During the year under review no Extra Ordinary General Meetings were held.

## 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 Closures and Quarterly results are being published in The Hindu Business Line, an English daily and Dinamalar, a Tamil daily Newspaper and are also informed to Stock Exchanges regularly.

Besides, the Company's Profile, Corporate Information, Quarterly and Annual Financial Statements, Annual Reports, Shareholding Pattern, Corporate Governance Report, Code of Conduct for Directors and Officers, Product Range, official news release and presentations if any to institutional investors are being kept posted and updated in the Company's web-site [www.lmwglobal.com](http://www.lmwglobal.com).

## 13. GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting

Day and Date Friday the 24<sup>th</sup> July, 2020

Date

Time 2.45 PM

Venue Annual General Meeting (AGM) to be conducted through Video Conferencing (VC) / Other Audio Visual Means (OAVM), pursuant to MCA Circular dated 5<sup>th</sup> May, 2020 read with circulars dated 8<sup>th</sup> April, 2020 and 13<sup>th</sup> April, 2020 (collectively referred to as "MCA Circulars"), without the physical presence of Members at a common venue. The deemed venue for the AGM shall be the Corporate Office of the Company.

### Financial Calendar

Particulars	Dates
Financial Year	1 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March, 2020
Date of Book Closure	Saturday, 18 <sup>th</sup> July, 2020 to Friday, 24 <sup>th</sup> July, 2020
Dividend payment date	On or before Sunday, 23 <sup>rd</sup> August, 2020

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

The equity shares of the Company are listed in:

1. BSE Limited, Mumbai (Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001).
2. National Stock Exchange of India Limited, Mumbai (Address: Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra East, Mumbai- 400051).

Annual Listing Fees has been duly paid to both the Stock Exchanges.

### Stock codes & ISIN:

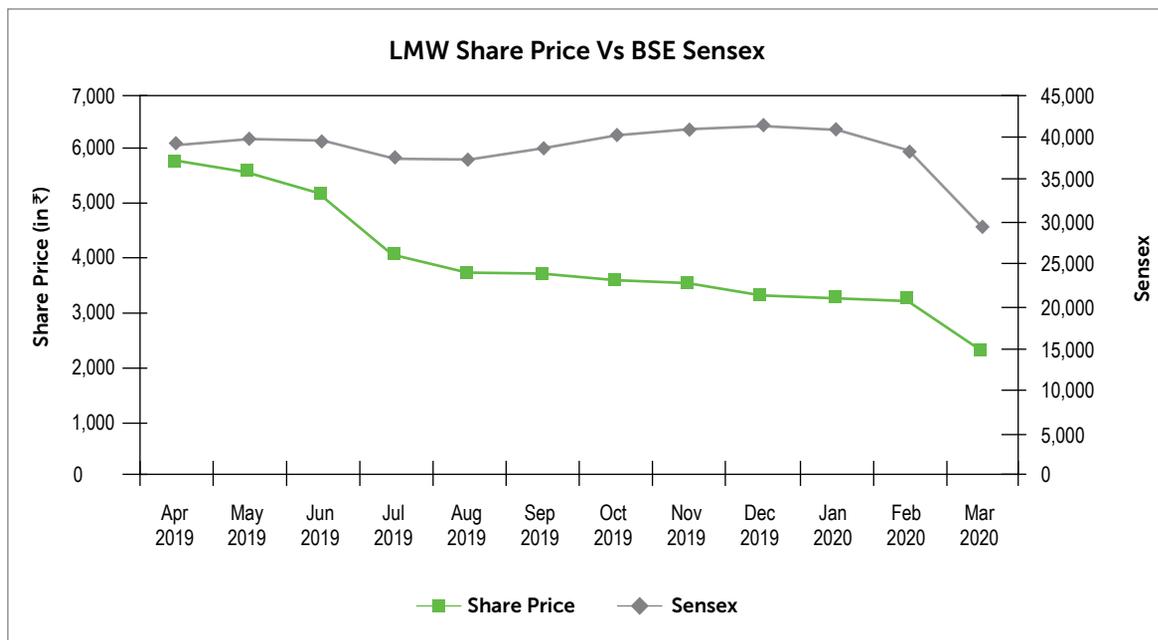
1. BSE Limited ("BSE") - 500252
2. National Stock Exchange of India Limited ("NSE") - LAXMIMACH
3. ISIN - INE269B01029

### Market Price data of Shares:

The monthly High & Low of Company's share price quoted in NSE / BSE during the financial year 2019-20 are given below:

Month	(Amount in ₹)			
	BSE		NSE	
	High Price	Low Price	High Price	Low Price
Apr - 19	6,288	5,625	6,300	5,620
May - 19	5,848	5,229	5,825	5,251
Jun - 19	5,695	5,100	5,639	5,100
Jul - 19	5,315	4,005	5,250	4,001
Aug - 19	4,072	3,555	4,099	3,550
Sep - 19	3,980	3,536	3,981	3,530
Oct - 19	3,974	3,147	3,980	3,254
Nov - 19	3,694	3,159	3,670	3,152
Dec - 19	3,553	3,196	3,555	3,200
Jan - 20	3,820	3,240	3,825	3,236
Feb - 20	3,621	3,133	3,599	3,125
Mar - 20	3,370	2,001	3,369	2,000

#### Share Price Performance in Comparison with BSE Sensex:



The shares of the Company are regularly traded and in no point of time the shares were suspended for trading in any of the stock exchanges.

#### Registrar & 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, 2020:

Range (No. of shares)	No. of shares	% to total number of shares	No. of shareholders	% to total number of shareholders
0001 – 0500	10,75,966	10.07	36,745	98.22
0501 – 1,000	2,26,900	2.12	311	0.83
1,001 – 2,000	2,30,553	2.16	159	0.42
2,001 – 3,000	1,65,485	1.55	67	0.18
3,001 – 4,000	69,837	0.65	20	0.05
4,001 – 5,000	51,865	0.49	11	0.03
5,001 – 10,000	2,46,233	2.31	32	0.09
10,001 and above	86,16,161	80.65	66	0.18
<b>Total</b>	<b>1,06,83,000</b>	<b>100.00</b>	<b>37,411</b>	<b>100.00</b>

#### Dematerialization of Shares and Liquidity:

As on 31<sup>st</sup> March, 2020, 1,06,26,120 equity shares constituting 99.47% 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 is not making any foreign exchange exposures and does not involve in hedging activities in foreign exchange and commodity markets. The Company has a mechanism in place to continuously monitor the movement in commodity prices and take appropriate action to ensure better cost control.

#### Plant Locations:

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

#### Textile Machinery Divisions:

Unit - I	Perianaickenpalayam, Coimbatore-641020
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-641006
Windmill Power Generating Facility	Udumalpet (TK), Tirupur District
Solar Power Generating Facility	Kondampatti, Coimbatore District

#### Address for correspondence

All shareholder(s) correspondence should be addressed to:

The Company Secretary  
Lakshmi Machine Works Limited  
Corporate Office  
34-A, Kamaraj Road  
Coimbatore - 641 018  
E-mail: secretarial@lmw.co.in

#### Credit Rating:

The Company does not have any Debt instruments or fixed deposit programme 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.
- A Whistle Blower Policy is adopted by the Company, the whistle blower mechanism is in vogue and no personnel has been denied access to the Audit Committee.
- All the mandatory requirements have been duly complied with and certain discretionary disclosure requirements were undertaken.
- The Company's Policy relating to determination of Material Subsidiaries is available at the Company 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 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 2019-20, 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 has 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 has 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.

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

Place: Coimbatore  
 Date: 25<sup>th</sup> May, 2020

## CHIEF EXECUTIVE OFFICER'S DECLARATION ON CODE OF CONDUCT

I hereby declare that pursuant to Schedule V (Part D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company have adopted a Code of Conduct for the Board members and Senior Management of the Company and the same has also been posted in the Company's website and that all the Board members and Senior Management personnel to whom this Code of Conduct is applicable have affirmed the compliance of the said Code of Conduct during the year 2019-20.

Place: Coimbatore  
 Date: 25<sup>th</sup> May, 2020

**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, 2020 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	Mr Sanjay Jayavarthanelu (Chairman and Managing Director)	00004505	24/02/1993
2	Mr S Pathy	00013899	21/03/1973
3	Mr Aditya Himatsingka	00138970	25/10/2010
4	Mr Mukund Govind Rajan	00141258	25/10/2010
5	Mr Arun Alagappan	00291361	26/10/2016
6	Mrs Chitra Venkataraman	07044099	02/02/2015
7	Mr K Soundhar Rajhan (Whole-time Director designated as Director – Operations)	07594186	01/11/2017
8	Mr Anil Gupta	08446779	20/05/2019

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.

Place: Coimbatore  
Date: 25<sup>th</sup> May, 2020

**M D SELVARAJ**  
MDS & Associates  
Company Secretaries  
FCS No.: 960; C P No.: 411  
UDIN: F000960B000275542

## 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 01.04.2019	168	32,630
Number of shareholders who approached the Company for transfer of shares from suspense account during the year*	137	20,210
Number of shareholders to whom shares were transferred from the suspense account during the year*	137	20,210
Aggregate number of shareholders and the shares outstanding at the end of the year 31.03.2020	31	12,420

\*includes transfer of 16,180 shares to Investor Education and Protection Fund.

The voting rights of these shares is kept frozen till the rightful owner of such shares claim the shares.

## CEO & CFO CERTIFICATE

The Board of Directors  
Lakshmi Machine Works Limited  
Coimbatore

25<sup>th</sup> May, 2020

### 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, 2020 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 Jayavarthanelu**  
Chairman and Managing Director (CEO)  
(DIN: 00004505)

# Financial Statements



# Independent Auditor's Report

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## TO THE MEMBERS OF LAKSHMI MACHINE WORKS LIMITED

### Report on the Audit of the Standalone Ind AS Financial Statements

#### Opinion

We have audited the accompanying standalone Ind AS financial statements of Lakshmi Machine Works Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2020, 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 ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the 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, 2020, the profit and 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS 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.

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## KEY AUDIT MATTER

### Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)

The application of the new 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, new 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.

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### Accuracy of revenues and onerous obligations in respect of fixed price contracts.

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### Assessment of carrying value of investments

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.

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## RESPONSE TO KEY AUDIT MATTER

We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.

Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:

- Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.
- It is observed that transaction price charged is ex-works price and revenue is booked at the time of dispatch of the goods.
- The above method followed by the Company is in line with the provisions of Ind AS 115-'Revenue from contracts with customers'

#### Conclusion:

We agree with the management's evaluation.

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In the process of verifying the accuracy of recognition of revenues of fixed price contracts, we have undertaken the following audit approach

- Understood, evaluated and tested the key controls over the recognition of revenue from fixed price contracts. We selected a sample of transactions and
- Agreed the applied tariff to the respective terms in the contract.
- Tested revenue calculations and agreed the revenue recognized to the underlying accounting records.

#### Conclusion:

We agree with the management's evaluation.

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Our procedures in relation to assessing the carrying value of investments include the following observations.

- The equity investments are carried at fair value as on 31<sup>st</sup> March, 2020.
- Due to market fluctuation, there has been significant value reduction in the equity investments.
- 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, 2020.
- During the year, the Company has invested in Non-Convertible Debentures which has been recognised at amortised cost as on 31<sup>st</sup> March, 2020.

#### Conclusion:

We agree with the management's evaluation

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### **Information Other than the Standalone Ind AS 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 Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS 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 Ind AS 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 Ind AS 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 standalone Ind AS 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 Ind AS 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS 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 Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 Ind AS financial statements.

A further description of the auditor's responsibilities for the audit of the standalone Ind AS financial

statements is included in Annexure "A". This description forms part of our auditor's report.

#### **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 Ind AS 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us,

the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 31.1 to Standalone Ind AS 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 Ind AS 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 the Annexure "C" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

**K Raghu**  
Partner

Place: Coimbatore                      Membership No. 011178  
Date: 25<sup>th</sup> May, 2020              UDIN: 20011178AAAABV9886

# Annexure "A"

## to the Independent Auditor's Report

### Responsibilities for Audit of Standalone Ind AS Financial Statements

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

- Identify and assess the risks of material misstatement of the standalone Ind AS 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 Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone Ind AS 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 Ind AS 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.

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

**K Raghu**  
Partner

Place: Coimbatore                      Membership No. 011178  
Date: 25<sup>th</sup> May, 2020      UDIN: 20011178AAAABV9886

# Annexure "B"

## to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of the Independent Auditors' Report to the members of the Company on the Standalone Ind AS Financial Statements for the year ended on 31<sup>st</sup> March, 2020).

### 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, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The 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 Companies Act, 2013.

### 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, 2020, 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

Membership No. 011178

Date: 25<sup>th</sup> May, 2020 UDIN: 20011178AAAABV9886

# Annexure "C"

## to the Independent Auditor's Report

(Referred to in paragraph under 'Report on Other Legal and Regulatory Requirements' of the Independent Auditors' Report to the members of the Company on the Standalone Ind AS Financial Statements for the year ended on 31<sup>st</sup> March 2020).

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

- i. 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. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at 31<sup>st</sup> March, 2020 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, 2020 for a period of more than six months from the date they became payable.

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

Name of the Statute	Nature of the dues	Amount (₹ in Lakhs)	Amount paid/ adjusted (₹ in Lakhs)	Forum where dispute is pending (₹ in Lakhs)	
Central Excise Act, 1944	Excise Duty, Service Tax and Customs Duty	2,311.10	124.64	Appellate authorities Up to Commissioner's Level	- ₹114.76
				CESTAT	- ₹2,196.34
Income Tax Act, 1961	Income tax and Interest	207.70	207.70	CIT(A)	- ₹133.01
				ITAT	- ₹74.69

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, 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 Ind AS 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 Membership No. 011178

Date: 25<sup>th</sup> May, 2020 UDIN: 20011178AAAABV9886



# Balance Sheet

as at 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	4	64,878.06	63,571.51
Capital work-in-progress	4	2,981.43	1,218.72
Other Intangible assets	5	1,542.96	1,180.88
<b>Financial Assets</b>			
(i) Investments	6		
a) Investments in subsidiaries		6,513.67	6,513.67
b) Other investments		4,735.76	7,332.33
(ii) Other financial assets	11	27,192.22	40,470.58
Deferred tax assets (net)	7	-	455.33
<b>Total Non - Current Assets</b>		<b>1,07,844.10</b>	<b>1,20,743.02</b>
<b>Current assets</b>			
Inventories	8	27,416.26	30,792.36
<b>Financial Assets</b>			
(i) Investments	6	8,860.07	5,100.33
(ii) Trade receivables	9	11,932.29	20,366.49
(iii) Cash and cash equivalents	10(a)	3,147.61	6,079.65
(iv) Bank balances other than (iii) above	10(b)	58,754.18	46,263.88
(v) Other financial assets	11	5,269.08	4,428.54
Current Tax Assets (Net)	12	5,292.10	2,042.95
Other current assets	13	5,663.93	6,840.45
<b>Total Current Assets</b>		<b>1,26,335.52</b>	<b>1,21,914.65</b>
<b>Total Assets</b>		<b>2,34,179.62</b>	<b>2,42,657.67</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	14	1,068.30	1,068.30
Other Equity	15	1,64,563.14	1,67,967.96
<b>Equity attributable to owners of the Company</b>		<b>1,65,631.44</b>	<b>1,69,036.26</b>
<b>Total equity</b>		<b>1,65,631.44</b>	<b>1,69,036.26</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities (Net)	7	1,485.57	-
Other non-current liabilities	16	6,806.33	5,048.43
<b>Total Non - Current Liabilities</b>		<b>8,291.90</b>	<b>5,048.43</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
(i) Trade payables	17		
Due to Small and Medium Enterprises		136.30	43.41
Due to Others		33,933.41	38,085.36
(ii) Other financial liabilities	18	5,440.01	8,042.17
Provisions	19	1,162.35	1,604.15
Other current liabilities	20	19,584.21	20,797.89
<b>Total Current Liabilities</b>		<b>60,256.28</b>	<b>68,572.98</b>
<b>Total Liabilities</b>		<b>68,548.18</b>	<b>73,621.41</b>
<b>Total Equity and Liabilities</b>		<b>2,34,179.62</b>	<b>2,42,657.67</b>

See accompanying notes to financial statements

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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 : 25<sup>th</sup> May, 2020

# Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019
<b>INCOME</b>			
Revenue from operations	21	1,57,009.84	2,63,589.81
Other income	22	9,363.32	10,608.51
<b>Total income</b>		<b>1,66,373.16</b>	<b>2,74,198.32</b>
<b>EXPENSES</b>			
Cost of materials consumed	23	92,513.04	1,58,425.88
Purchase of stock in trade		-	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	1,290.15	(1,504.01)
Employee benefit expense	25	23,063.92	26,620.76
Depreciation and amortisation expense	26	5,025.90	4,983.47
Impairment loss on financial assets	27	659.86	278.47
Other expenses	28	37,128.22	52,927.21
Finance costs	29	41.65	99.49
<b>Total expenses</b>		<b>1,59,722.74</b>	<b>2,41,831.27</b>
<b>Profit before exceptional items and tax</b>		<b>6,650.42</b>	<b>32,367.05</b>
<b>Exceptional items</b>			
Voluntary retirement scheme payments	31.5	209.76	3,716.75
<b>Profit before tax after exceptional items</b>		<b>6,440.66</b>	<b>28,650.30</b>
Tax expense	30		
Current tax	30.1	1,150.00	8,600.00
Less : MAT Credit entitlement		(1,150.00)	-
		-	8,600.00
Deferred tax	30.1	1,940.90	572.14
Prior year taxes	30.1	-	550.18
<b>Total tax expense</b>		<b>1,940.90</b>	<b>9,722.32</b>
<b>Profit after tax from continuing operations for the year</b>		<b>4,499.76</b>	<b>18,927.98</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to Profit and loss			
Changes in Fair value of FVTOCI equity instruments(Fair value through Other Comprehensive Income)		(3,595.96)	(952.42)
Remeasurement of post-employment defined benefit plans		284.55	182.22
Income-tax relating to these items		(85.37)	(54.67)
<b>Items that will be reclassified to Profit and loss</b>		<b>-</b>	<b>-</b>
<b>Total Other Comprehensive income</b>		<b>(3,396.78)</b>	<b>(824.87)</b>
<b>Total Comprehensive income for the year</b>		<b>1,102.98</b>	<b>18,103.11</b>
Basic Earnings per share [In ₹][Face value ₹10/- per share]		42.12	174.15
Diluted Earnings per share [In ₹][Face value ₹10/- per share]		42.12	174.15

See accompanying notes to financial statements

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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 : 25<sup>th</sup> May, 2020



# Statement of Changes in Equity

for the year ended 31<sup>st</sup> March, 2020

## Equity Share Capital

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Amount
Balance as at 31 <sup>st</sup> March, 2019	1,068.30
Changes in equity share capital during the year	-
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>1,068.30</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, 2019</b>	<b>701.40</b>	<b>168.62</b>	<b>14,532.90</b>	<b>1,47,294.42</b>	<b>5,270.62</b>	<b>1,67,967.96</b>
Add: Profit after tax for the year	-	-	-	4,499.76	-	4,499.76
Add: Changes in fair value of equity instruments through FVTOCI [net of tax]	-	-	-	-	(3,595.96)	(3,595.96)
Add: Transfer from Other Comprehensive income	-	-	-	-	-	-
Add: Remeasurement of post-employment benefit obligations [Net of tax]	-	-	-	199.18	-	199.18
	<b>701.40</b>	<b>168.62</b>	<b>14,532.90</b>	<b>1,51,993.36</b>	<b>1,674.66</b>	<b>1,69,070.94</b>
Less: Payment of dividends	-	-	-	(3,739.05)	-	(3,739.05)
Less: Tax on dividends paid	-	-	-	(768.75)	-	(768.75)
Less: Transfer to General Reserve	-	-	450.00	(450.00)	-	-
<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>

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 : 25<sup>th</sup> May, 2020

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 Shivkumar**  
Company Secretary

# Cash Flow Statement

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

PARTICULARS	Year ended 31 <sup>st</sup> March, 2020		Year ended 31 <sup>st</sup> March, 2019	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit after exceptional items but before tax		6,440.66		28,650.30
(VRS Expenses of ₹209.76 Lakhs (P.Y. ₹3716.75 Lakhs)				
Adjustments for :				
Depreciation and amortisation expense	5,025.90		4,983.47	
Finance costs	41.65		99.49	
Shares buy back costs	-		162.27	
Profit on sale of assets	(915.28)		(1,260.78)	
Loss on sale of assets	1.22		41.02	
Interest income	(6,533.49)		(6,461.41)	
Dividend income	(555.73)		(431.96)	
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents	(0.21)	(2,935.94)	(0.06)	(2,867.96)
<b>Operating Profit before working capital changes</b>		<b>3,504.72</b>		<b>25,782.34</b>
<b>Adjustments for (increase) / decrease in operating assets</b>				
Trade receivables	8,434.20		5,917.60	
Inventories	3,376.10		(165.67)	
Other financial assets-Non Current	888.16		572.34	
Other financial assets- Current	855.82		(782.62)	
Other Current assets	1,176.52		(1,074.01)	
<b>Adjustments for increase / (decrease) in operating liabilities</b>				
Trade payables	(4,058.84)		(3,881.48)	
Other non current liabilities	1,757.90		(4,459.21)	
Current provisions	(441.80)		(26.75)	
Other financial liabilities	(2,602.16)		1,319.46	
Other current liabilities	(1,213.68)	8,172.22	(3,660.86)	(6,241.20)
<b>Cash used in/ generated from operations</b>		<b>11,676.94</b>		<b>19,541.14</b>
Taxes paid		(3,050.21)		(7,061.56)
<b>Net Cash used in/generated from operations</b>		<b>[A] 8,626.73</b>		<b>12,479.58</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed assets/Capital Work In Progress		(8,515.00)		(18,357.21)
Proceeds from sale of fixed assets		971.83		1,288.27

## Cash Flow Statement (Cont...)

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

PARTICULARS	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019
Interest received	4,837.13	6,748.13
Dividend received	555.73	431.96
Investment in Mutual funds & Debentures (net)	(4,759.12)	(5,100.33)
(Increase)/Decrease in Bank balances not considered as cash and cash equivalent	(100.10)	17,965.51
<b>Net cash used in investing activities</b>	<b>[B] (7,009.53)</b>	<b>2,976.33</b>
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	(3,739.05)	(4,382.20)
Corporate dividend taxes paid	(768.75)	(900.98)
Transfer of Unpaid Dividends to IEPF	-	(14.11)
Payment for buy back of shares	-	(15,948.22)
Payment for share buy back costs	-	(162.27)
Finance cost	(41.65)	(99.49)
<b>Net cash used in financing activities</b>	<b>[C] (4,549.45)</b>	<b>(21,507.27)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(2,932.25)</b>	<b>(6,051.36)</b>
Cash and cash equivalents at beginning of the period - D	6,079.65	12,131.01
Cash and cash equivalents at end of the period - E	3,147.40	6,079.65
<b>Net increase / (decrease) in cash and cash equivalents (E-D)</b>	<b>(2,932.25)</b>	<b>(6,051.36)</b>
<b>Cash &amp; Cash equivalents as per Balance Sheet</b>	<b>3,147.61</b>	<b>6,079.71</b>
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents	(0.21)	(0.06)
<b>Cash and Cash equivalents as per Cash flow Statement</b>	<b>3,147.40</b>	<b>6,079.65</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 : 25<sup>th</sup> May, 2020

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

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

## 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 25<sup>th</sup> May, 2020.

### 2. Significant Accounting Policies

#### 2.1 Statement of compliance

The financial statements have been prepared in accordance with IND AS notified under Sec. 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standard) Rules 2015 and other relevant provisions of the Act.

#### 2.2 Basis of preparation and presentation

These financial statements are prepared in accordance with Indian Accounting Standards (IndAS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability at the measurement date. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1 (unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date); Level 2 (inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; Level 3 (unobservable inputs for the asset or liability). Fair value in respect of equity financial instruments are the quoted prices of those instruments in the stock exchanges at the measurement date.

#### 2.3 Property, plant and equipment

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end with the effect of any changes in estimate accounted for on a prospective basis. The lives are based on historical experience with similar assets as well 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
Plant and Equipment	
Main Machines	8-20 years
Ancillary Machines	3-7 years
Wind Mills	22 years
Solar Project	10 Years
Furniture & fixtures	8-10 years
Vehicles	6-8 years
Office Equipments	7-15 years

An item of property ,plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss

arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

For transition to IND AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of 1st April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

## 2.4 Investment Property

Investment properties are properties held to earn rentals and / or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with IND AS 16's requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

## 2.5 Intangible assets

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

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

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.

For transition to IND AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of 1st April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

## 2.6 Impairment of assets

A tangible or intangible asset is treated as impaired when the carrying amount of the asset exceeds its estimated recoverable value. Carrying amounts of tangible or intangible assets are reviewed at each balance sheet date to determine indications of impairment, if any, of those assets. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss equal to the excess of the carrying amount over its recoverable value is 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 standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

- 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.

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.

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

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 (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 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 life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

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

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

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 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

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

- it is a derivative that is not designated and effective as a hedging instrument.

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

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

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

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is

always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

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.

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

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

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

## Foreign exchange gains and losses

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

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

## Derecognition of financial liabilities

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

Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability

derecognised and the consideration paid and payable is recognised in profit or loss.

## 2.10 Valuation of Inventories

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

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,

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

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.

## 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.

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

## 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.

### 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

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

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 and expenses that relate to transactions with any of the Company's other components, and for which discrete financial

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

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

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

## 2.22 Leases

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

## 3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed in note. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about such estimates and judgements are included in the relevant notes together with the basis of calculation for relevant line item in the financial statements. Estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the 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, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

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

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Carrying amounts of:</b>		
Freehold land	8,246.85	8,266.17
Buildings	15,172.93	13,305.93
Plant and Equipment	39,035.72	39,564.74
Furniture and fixtures	1,279.82	1,231.56
Vehicles	608.11	662.48
Office Equipment	534.63	540.63
<b>Total</b>	<b>64,878.06</b>	<b>63,571.51</b>
Capital Work-in-progress	2,981.43	1,218.72
<b>Total</b>	<b>2,981.43</b>	<b>1,218.72</b>
<b>Total</b>	<b>67,859.49</b>	<b>64,790.23</b>

Particulars	Freehold land	Buildings	Plant & Equipment	Furniture & fixtures	Vehicles	Office Equip- ments	Total	Capital Work in progress
<b>Gross Carrying Amount</b>								
<b>Balance at 31<sup>st</sup> March, 2019</b>	<b>8,266.17</b>	<b>14,931.98</b>	<b>52,304.87</b>	<b>1853.50</b>	<b>1350.26</b>	<b>692.55</b>	<b>79,399.33</b>	<b>1,218.72</b>
Additions		2,225.33	3,394.68	215.86	92.40	56.62	5,984.89	1,762.71
Disposals	(19.32)	(3.79)	(448.49)	(11.28)	(46.93)	(0.41)	(530.22)	-
<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>1395.73</b>	<b>748.76</b>	<b>84,854.00</b>	<b>2,981.43</b>
<b>Accumulated depreciation and impairment</b>								
<b>Balance at 31<sup>st</sup> March, 2019</b>	-	<b>1,626.05</b>	<b>12,740.13</b>	<b>621.94</b>	<b>687.78</b>	<b>151.92</b>	<b>15,827.82</b>	-
Disposals		(3.59)	(437.41)	(11.14)	(19.99)	(0.33)	(472.46)	-
Depreciation Expense		358.13	3,912.62	167.46	119.83	62.54	4,620.58	-
<b>Balance at 31<sup>st</sup> March, 2020</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>Net Carrying Amount</b>								
<b>Balance at 31<sup>st</sup> March, 2019</b>	<b>8,266.17</b>	<b>13,305.93</b>	<b>39,564.74</b>	<b>1231.56</b>	<b>662.48</b>	<b>540.63</b>	<b>63,571.51</b>	<b>1,218.72</b>
Additions	-	2,225.33	3,394.68	215.86	92.40	56.62	5,984.89	1,762.71
Disposals	(19.32)	(0.20)	(11.08)	(0.14)	(26.94)	(0.08)	(57.76)	-
Depreciation expense	-	(358.13)	(3,912.62)	(167.46)	(119.83)	(62.54)	(4,620.58)	-
<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>

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(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, 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>
<b>Assets leased out as on 31<sup>st</sup> March, 2019</b>				
Buildings	131.37	1.39	89.17	42.20
Machinery	1,300.00	266.86	1,114.18	185.82
<b>Total</b>	<b>1,431.37</b>	<b>268.25</b>	<b>1,203.35</b>	<b>228.02</b>

Income from above leased assets 24.90 Lakhs is grouped in rent receipts (Previous year ₹30.86 Lakhs)

## 5. Other intangible assets

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Carrying amounts of:		
Technical Knowhow	393.77	566.34
Software	1,149.19	614.54
<b>Total</b>	<b>1,542.96</b>	<b>1,180.88</b>

Particulars	Technical Knowhow	Software	Total
<b>Balance at 31<sup>st</sup> March, 2019</b>	<b>1,018.39</b>	<b>948.29</b>	<b>1,966.68</b>
Additions	-	767.40	767.40
Disposals	-	-	-
<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>
<b>Accumulated depreciation and impairment</b>			
<b>Balance at 31<sup>st</sup> March, 2019</b>	<b>452.05</b>	<b>333.75</b>	<b>785.80</b>
Disposals	-	-	-
Amortisation Expense	172.57	232.75	405.32
<b>Balance at 31<sup>st</sup> March, 2020</b>	<b>624.62</b>	<b>566.50</b>	<b>1,191.12</b>
<b>Carrying Amount</b>			
<b>Balance at 31<sup>st</sup> March, 2019</b>	<b>566.34</b>	<b>614.54</b>	<b>1,180.88</b>
Additions	-	767.40	767.40
Disposals	-	-	-
Amortisation Expense	(172.57)	(232.75)	(405.32)
<b>Balance at 31<sup>st</sup> March, 2020</b>	<b>393.77</b>	<b>1,149.19</b>	<b>1,542.96</b>

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 6. Investments

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Quantity	Amount	Quantity	Amount
<b>Non-current</b>				
<b>a) Investment in unquoted equity instrument of wholly owned subsidiary (At amortised cost)</b>				
LMW Textile Machinery (Suzhou) Company Ltd		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	2,619.74	3,42,562	4,958.58
Lakshmi Automatic Loom Works Limited	4,41,110	112.48	4,41,110	190.56
Pricol Ltd	24,975	9.15	24,975	8.98
Rajshree Sugars & Chemicals Limited	1,00,000	14.02	1,00,000	22.00
The Lakhmi Mills Company Limited	26,916	390.01	26,916	722.94
Indian Bank	69,562	29.98	69,562	193.73
Super Sales India Ltd	3,00,000	560.85	3,00,000	1,235.40
<b>Investment in unquoted equity instruments (fully paid up)(At amortised cost)</b>				
Sharada Chambers Premises Co-op Society Ltd	5.00	0.01	5.00	0.01
Lakshmi Machine Works Employees Co-op Stores Ltd	500	0.05	500	0.05
REPCO Bank	750	0.08	750	0.08
<b>Total</b>		<b>3,736.37</b>		<b>7,332.33</b>
<b>c) Investment in Debentures (At amortised cost)</b>				
TATA Cleantech Capital Limited (NCD)		999.39		-
<b>Total Non-current investments</b>		<b>11,249.43</b>		<b>13,846.00</b>
Aggregate book value of quoted investments		2,061.71		2,061.71
Aggregate market value of quoted investments		3,736.23		7,332.19
Aggregate book value of unquoted investments		7,513.20		6,513.81
Aggregate amount of impairment in the value of investments		-		-
<b>Current Investments</b>				
Investments in mutual funds		8,860.07		5,100.33
<b>Total</b>		<b>8,860.07</b>		<b>5,100.33</b>

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Quantity	Amount	Quantity	Amount
<b>Current</b>				
<b>Investments In Quoted Mutual Funds - Debt at FVTPL:</b>				
Kotak Mutual Fund	54,92,572	1,388.67	42,10,000	447.89
ABSL Mutual Fund	1,02,77,434	1,837.02	95,00,000	1002.32
SBI Mutual Fund	1,76,41,979	2,045.36	1,76,41,979	1867.53
Nippon India ( Reliance ) Mutual Fund	75,98,128	997.17	42,63,150	454.16
TATA Mutual Fund	15,00,000	174.85	15,00,000	159.93
UTI Mutual Fund	60,00,000	663.97	60,00,000	635.81
ICICI Prudential Mutual Fund	50,00,000	574.57	50,00,000	532.69
Axis Mutual Fund	67,442	675.06	-	-
DSP Mutual Fund	28,42,023	503.40	-	-
<b>Total</b>		<b>8,860.07</b>		<b>5,100.33</b>
Aggregate carrying amount of quoted Investment		8,860.07		5,100.33
Aggregate market value of quoted investments		8,860.07		5,100.33
Aggregate amount of unquoted Investments		-		-
<b>Category-wise investments - as per IND AS 109 classification</b>				
Financial assets carried at fair value through profit or loss (FVTPL)		8,860.07		5,100.33
Financial assets carried at amortised cost		7,513.20		6,513.81
Financial assets carried at fair value through Other Comprehensive Income (FVTOCI)		3,736.23		7,332.19
<b>Total</b>		<b>20,109.50</b>		<b>18,946.33</b>

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

## 7. Deferred Tax Assets / (Liabilities) (Net)

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

Particulars	As at 31 <sup>st</sup>	As at 31 <sup>st</sup>
	March, 2020	March, 2019
Deferred Tax assets	-	455.33
Deferred Tax liabilities	(1,485.57)	-
<b>Total</b>	<b>(1,485.57)</b>	<b>455.33</b>

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 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 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>

## 2018-19

Particulars	Opening balance	Recognised in profit or loss	Closing balance
On account of VRS	86.81	1,109.68	1,196.49
On account of Property, Plant and Equipment	277.43	(1,753.40)	(1,475.97)
On account of Expected credit loss on receivables	403.80	16.92	420.72
On account of actuarial loss	259.43	54.66	314.09
<b>Total</b>	<b>1,027.47</b>	<b>(572.14)</b>	<b>455.33</b>

## 8. Inventories

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Inventories (lower of cost or net realisable value)		
Raw materials	14,956.12	17,018.36
Work in progress	8,100.88	7,675.40
Finished goods	2,263.97	3,979.60
Stores and spares	2,095.29	2,119.00
<b>Total</b>	<b>27,416.26</b>	<b>30,792.36</b>

The cost of inventories recognised as an expense during the year is ₹92,513.04 Lakhs. [Previous year ₹1,58,425.88 Lakhs]

## 9. Trade Receivables

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Current</b>		
<b>Unsecured, considered good</b>		
From related parties	1,942.95	2,202.40
From others	11,225.05	19,379.64
	<b>13,168.00</b>	<b>21,582.04</b>
Allowance for doubtful debts (Expected credit loss allowance)	1,235.71	1,215.55
<b>Total</b>	<b>11,932.29</b>	<b>20,366.49</b>

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 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	0.39
Less than one year	4.64
More than one year	36.86

Age of receivables	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Within the credit period	2,030.64	5,185.25
Less than one year	8,931.53	14,161.04
More than one year	2,205.83	2,235.75
<b>Total</b>	<b>13,168.00</b>	<b>21,582.04</b>

## Movement in the expected credit loss allowance

Age of receivables	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Balance at the beginning of the year</b>	<b>1,215.55</b>	<b>1,167.95</b>
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses net of bad debts written off	20.16	47.60
<b>Balance at the end of the year</b>	<b>1,235.71</b>	<b>1,215.55</b>

## 10. (a) Cash and cash equivalents

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Balances with Banks</b>		
Current account	1,183.74	4,527.94
Deposits with original maturity of less than 3 months	1,950.00	1,500.00
Cash on hand	13.87	51.71
<b>Total</b>	<b>3,147.61</b>	<b>6,079.65</b>

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

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 10. (b) Other Bank balances

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Deposits held as Margin money	12.47	12.47
Unpaid dividend account	101.36	101.35
Deposits with original maturity of more than 3 months but less than 12 months	58,640.35	46,150.06
<b>Total</b>	<b>58,754.18</b>	<b>46,263.88</b>

## 11. Other financial assets

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Non-current</b>		
i) Capital advances	344.08	919.15
<b>ii) Advances other than capital advances</b>		
Security Deposit	1,028.65	1,338.14
Other advances	169.49	173.09
iii) Bank deposits with original maturity of more than 12 months	25,650.00	38,040.20
	<b>27,192.22</b>	<b>40,470.58</b>
<b>Current</b>		
Interest accrued on bank deposits	4,424.52	2,728.16
Income receivable	752.30	1,608.12
Compensation receivable for shares vested	92.26	92.26
<b>Total</b>	<b>5,269.08</b>	<b>4,428.54</b>

## 12. Current tax assets (Net)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Current tax assets</b>		
Income tax advances	22,529.18	19,280.03
<b>Current tax liabilities</b>		
Income tax provisions	17,237.08	17,237.08
<b>Total</b>	<b>5,292.10</b>	<b>2,042.95</b>

## 13. Other current assets

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Advance to suppliers and others	4,864.46	3,518.75
Prepaid Expenses	402.76	226.82
Balances on account of indirect taxes	396.71	3,094.88
<b>Total</b>	<b>5,663.93</b>	<b>6,840.45</b>

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 14. Equity Share Capital

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<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>
<b>Balance as on 31<sup>st</sup> March, 2019</b>	<b>1,06,83,000</b>	<b>1,068.30</b>
<b>Balance as on 31<sup>st</sup> March, 2020</b>	<b>1,06,83,000</b>	<b>1,068.30</b>

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, 2020		As at 31 <sup>st</sup> March, 2019	
	Number	Percentage	Number	Percentage
Lakshmi Cargo Company Limited	10,74,468	10.06	10,74,468	10.06
Life Insurance Corporation Limited	7,03,123	6.58	8,47,820	7.94
Lakshmi Technology and Engineering Industries Limited	6,79,390	6.36	6,67,090	6.24
Voltas Limited	5,79,672	5.43	5,79,672	5.43
Nemish S Shah	5,34,673	5.01	5,34,673	5.01

## 15. Other Equity

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Capital Reserve	701.40	701.40
Capital Redemption Reserve	168.62	168.62
General Reserve	14,982.90	14,532.90
Reserve for equity instruments and others through other comprehensive income	1,674.66	5,270.62
Retained Earnings	1,47,035.56	1,47,294.42
<b>Total</b>	<b>1,64,563.14</b>	<b>1,67,967.96</b>

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 15.1 Capital Reserve

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<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.

## 15.2 Capital Redemption Reserve

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Balance at the beginning of the year</b>	<b>168.62</b>	<b>141.37</b>
Add: Transfer from General Reserve	-	27.25
<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.

## 15.3 General Reserve

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Balance at the beginning of the year</b>	<b>14,532.90</b>	<b>12,660.15</b>
Add: Transfer from retained earnings	450.00	1,900.00
Less: Transfer to Capital Redemption Reserve	-	27.25
<b>Balance at the end of the year</b>	<b>14,982.90</b>	<b>14,532.90</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.

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

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Balance at the beginning of the year</b>	<b>5,270.62</b>	<b>8,312.16</b>
Net fair value gain on investments in equity instruments at FVTOCI	(3,595.96)	(952.42)
Add: Transfer from Other Comprehensive income	-	(2,089.12)
<b>Balance at the end of the year</b>	<b>1,674.66</b>	<b>5,270.62</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.

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 15.5 Retained Earnings

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Balance at the beginning of the year</b>	<b>1,47,294.42</b>	<b>1,49,253.93</b>
Add: Profit after tax attributable to the owners of the Company	4,499.76	18,927.98
Less: Payment of dividends on equity shares	3,739.05	4,382.20
Less: Payment of tax on dividends	768.75	900.98
Less: Share buy back	-	15,920.98
Add: Remeasurement of post-employment benefit obligations [Net of tax]	199.18	127.55
Add: Transfer from Other Comprehensive income	-	2,089.12
Less: Transfer to General Reserve	450.00	1,900.00
<b>Balance at the end of the year</b>	<b>1,47,035.56</b>	<b>1,47,294.42</b>

In financial year 2019-20, on 22<sup>nd</sup> July, 2019, a dividend of ₹35 per share (Total dividend ₹3,739.05 Lakhs) was paid to the holders of fully paid equity shares

In respect of the year ended 31<sup>st</sup> March, 2020, 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.

## 16. Other Non-current liabilities

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Security deposits received against supply of machinery	6,806.33	5,048.43
<b>Total</b>	<b>6,806.33</b>	<b>5,048.43</b>

## 17. Trade payables

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Current</b>		
Due to Micro, Small & Medium Enterprises [Refer Note 31.3]	136.30	43.41
Due to related parties	4,965.65	6,500.43
Others	28,967.76	31,584.93
	<b>34,069.71</b>	<b>38,128.77</b>

## 18. Other Financial liabilities

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Current</b>		
Unpaid dividends	101.36	101.35
Other liabilities	5,338.65	7,940.82
<b>Total</b>	<b>5,440.01</b>	<b>8,042.17</b>

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 19. Provisions

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Current</b>		
<b>Provision for employee benefits</b>		
Provision for gratuity	860.42	1,094.71
Provision for leave encashment	0.20	0.20
<b>Other provisions</b>		
Provision for warranty	301.73	509.24
<b>Total</b>	<b>1,162.35</b>	<b>1,604.15</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, 2020	As at 31 <sup>st</sup> March, 2019
Carrying amount at the beginning of the year	509.24	485.36
Additional provision made during the year	301.73	509.24
Amount used during the year	509.24	485.36
Unused amount reversed	-	-
Carrying amount at the end of the year	301.73	509.24

## 20. Other Current liabilities

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Security deposit received against supply of machinery	7,597.08	10,887.30
Other advances	11,987.13	9,910.59
<b>Total</b>	<b>19,584.21</b>	<b>20,797.89</b>

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 21. Revenue from operations

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Gross sale of products	1,50,863.92	2,54,620.31
<b>Other operating revenues</b>		
Repairs & Service charges & miscellaneous income	3,440.27	4,683.06
Sale of scrap	789.11	997.62
Export incentives	1,916.54	3,288.82
<b>Total revenue from operations</b>	<b>1,57,009.84</b>	<b>2,63,589.81</b>

## 22. Other Income

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Dividend income from Mutual fund designated at FVTPL	100.93	110.70
Interest income from financial assets at amortised cost	6,533.49	6,461.41
Dividend income from equity investments designated at FVTOCI	44.81	32.44
Income from Mutual funds designated at FVTPL	409.99	288.82
Rental income	53.08	60.88
Net Gain on foreign currency transactions	917.69	1,947.89
Net Gain on sale of assets	915.28	1,260.78
Sale of wind energy/REC	385.70	246.00
Royalty income	2.35	199.59
<b>Total other income</b>	<b>9,363.32</b>	<b>10,608.51</b>

## 23. Cost of materials consumed

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Raw materials at the beginning of the year	17,018.36	18,016.85
Add: Purchases	91,161.98	1,58,428.80
Less: Sales	711.18	1,001.41
Less: Raw materials at the end of the year	14,956.12	17,018.36
<b>Total cost of materials consumed</b>	<b>92,513.04</b>	<b>1,58,425.88</b>

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(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, 2020	Year Ended 31 <sup>st</sup> March, 2019
<b>Opening Stock</b>		
Work-in-progress	7,675.40	7,923.62
Finished goods	3,979.60	2,227.37
<b>Total</b>	<b>11,655.00</b>	<b>10,150.99</b>
<b>Closing 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>Total changes in inventories of work-in-progress and finished goods</b>	<b>1,290.15</b>	<b>(1,504.01)</b>

## 25. Employees Benefits Expenses

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Salaries and wages	19,374.82	22,414.03
Contribution to Provident and other funds	1,681.84	1,720.88
Staff welfare expenses	2,007.26	2,485.85
<b>Total employee benefit expenses</b>	<b>23,063.92</b>	<b>26,620.76</b>

## 26. Depreciation and amortisation expense

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Depreciation of property, plant and equipment	4,620.58	4,647.97
Amortisation of intangible assets	405.32	335.50
<b>Total depreciation and amortisation expense</b>	<b>5,025.90</b>	<b>4,983.47</b>

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

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Impairment loss (Expected credit loss) allowance on trade receivables	659.86	278.47
<b>Total</b>	<b>659.86</b>	<b>278.47</b>

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 28. Other expenses

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Sales commission to agents	2,796.85	3,661.11
Consumption of stores and spare parts	6,079.68	8,481.60
Consumption of packing material	2,778.43	4,605.83
Power and fuel net of Green energy (Green energy adjusted CY - ₹4,344.39 Lakhs; PY - ₹4,536.46 Lakhs)	2,071.99	3,451.38
Rent expense	77.78	93.71
Repairs and maintenance		
Repairs to buildings	721.07	1,068.73
Repairs to machinery and others	4,140.36	5,798.76
Insurance	233.05	271.98
Rates and taxes, excluding taxes on income	460.40	218.32
Auditors' remuneration		
For Audit	15.00	15.00
For reimbursement of expenses	-	0.10
Loss on sale of assets	1.22	41.02
Donation*	895.34	527.79
Directors sitting fees	29.50	38.50
Non-executive directors' commission	52.50	52.50
Corporate Social Responsibility expenses (Note 31.6)	580.47	598.99
Export expenses	3,902.85	9,956.17
Research and development expenses	2,771.32	2,542.39
Travelling Exps & Maintenance of Vehicles	2,185.75	2,836.47
Service Outsourcing expenses	2,425.14	2,761.21
Miscellaneous expenses	4,909.52	5,905.65
<b>Total other expenses</b>	<b>37,128.22</b>	<b>52,927.21</b>

\*Donation includes contribution to Electoral Bonds for ₹475.00 Lakhs

## 29. Finance Costs

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Bill collection charges	41.65	99.49

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 30. Income tax relating to continuing operations

### 30.1 Income tax recognised in profit or loss

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
<b>Current tax</b>		
Current tax on profits for the year (Net of MAT Credit)	-	8,600.00
Adjustments for current tax of prior periods	-	550.18
<b>Total current tax expense</b>	-	<b>9,150.18</b>
<b>Deferred Tax</b>		
Decrease / (increase) of deferred tax assets	1,940.90	572.14
(Decrease) / Increase in deferred tax liabilities	-	-
<b>Total deferred tax expense</b>	<b>1,940.90</b>	<b>572.14</b>
<b>Total income tax expense recognised for the year</b>	<b>1,940.90</b>	<b>9,722.32</b>

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

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Profit before tax after exceptional items	6,440.66	28,650.30
Enacted tax rate in India	17.47%	34.94%
Computed expected tax expense at enacted tax rate	1,125.18	10,010.42
Tax effect on account of tax deductions	-	(1,644.57)
Tax effect on Income that is exempt from taxation	(25.46)	(451.85)
Tax effect of non-deductible expenses	50.28	686.00
<b>Total income tax expense recognised for the year</b>	<b>1,150.00</b>	<b>8,600.00</b>

### 30.3 Income tax recognised in other comprehensive income

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Arising on income and expenses recognised in other comprehensive income:		
Net fair value gain on investments in equity shares at FVTOCI	-	-
Remeasurement of defined benefit obligations	(85.37)	(54.67)
<b>Total</b>	<b>(85.37)</b>	<b>(54.67)</b>
Bifurcation of income tax recognised in other comprehensive income into:		
Items that will not be reclassified to profit or loss	(85.37)	(54.67)
Items that may be reclassified to profit or loss	-	-
<b>Total</b>	<b>(85.37)</b>	<b>(54.67)</b>

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(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, 2020	As at 31 <sup>st</sup> March, 2019
<b>Contingent liabilities</b>		
<b>Claims against the Company not acknowledged as debt</b>		
Central Excise Demand	2,311.10	2,462.80
Income Tax Demand	207.70	327.22
<b>Other money for which the Company is contingently liable</b>		
Letters of Credit	616.44	3,811.31
Bank and other guarantees	2,600.83	2,123.97

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, 2020	As at 31 <sup>st</sup> March, 2019
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account not provided for	1,952.45	3,055.36

## 31.2 Details of dividend proposed and paid

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
a) Final dividend paid	3,739.05	4,382.20
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 23 <sup>rd</sup> August, 2020. 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 17 <sup>th</sup> July, 2020. 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.

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	136.30	43.41
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

## 31.4 Financial Instruments

### Capital Management

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

### (i) Financial instruments by category

Particulars	As at 31 <sup>st</sup> March, 2020			As at 31 <sup>st</sup> March, 2019		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial assets</b>						
<b>Measured at amortised cost</b>						
a) Cash and bank balances			3,147.61			6,079.65
b) Other financial assets -Non current			27,192.22			40,470.58
<b>Current</b>						
c) Trade receivables			11,932.29			20,366.49
d) Bank balances			58,754.18			46,263.88
e) Other financial assets -Current			5,269.08			4,428.54
f) Investments in subsidiaries			6,513.67			6,513.67
g) Investments in equity		3,736.37			7,332.33	

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2020			As at 31 <sup>st</sup> March, 2019		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
h) Investments in Mutual funds	8,860.07			5,100.33		
i) Investments in Debentures	999.39					
	<b>9,859.46</b>	<b>3,736.37</b>	<b>1,12,809.05</b>	<b>5,100.33</b>	<b>7,332.33</b>	<b>1,24,122.81</b>
<b>Financial liabilities</b>						
a) Other non-current liabilities			6,806.33			5,048.43
b) Trade Payables			34,069.71			38,128.77
c) Other financial liabilities			5,440.01			8,042.17
<b>Total</b>	-	-	<b>46,316.05</b>	-	-	<b>51,219.37</b>
<b>Financial assets</b>			<b>1,26,404.88</b>			<b>1,36,555.47</b>
<b>Financial liabilities</b>			<b>46,316.05</b>			<b>51,219.37</b>

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

Particulars	Fair value as at		Fair value	Valuation
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019		
Financial assets measured at Fair Value				
Financial assets			Level 1	Quoted bid prices
<b>Investments</b>				
1. Quoted Equity investments	3,736.23	7,332.19		
2. Mutual funds	8,860.07	5,100.33		
<b>Total financial assets</b>	<b>12,596.30</b>	<b>12,432.52</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 Investments in equity shares and mutual funds are marked to an active market which factors the uncertainties arising out of COVID-19, accordingly, any material volatility is not expected.

## 31.5 Exceptional Items

Exceptional items represents compensation towards Voluntary Retirement Scheme opted by Employees ₹209.76 Lakhs (Previous year ₹3,716.75 Lakhs)

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.6 Corporate Social Responsibility expenditure

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Amount spent through approved trusts and institutions	572.00	597.64
Amount spent directly	8.47	1.35
<b>Total</b>	<b>580.47</b>	<b>598.99</b>
Amount required to be spent as per Sec. 135 of the Act	577.39	590.00
<b>Amount spent during the year on:</b>		
Construction / acquisition of an asset	-	-
On purposes other than above	580.47	598.99
<b>Total</b>	<b>580.47</b>	<b>598.99</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, 2020	Year Ended 31 <sup>st</sup> March, 2019
Net Profit after Tax before OCI [₹ In Lakhs]	4,499.76	18,927.98
Weighted Average Number of Equity Shares used as denominator in calculating basic earnings per share	1,06,83,000	1,08,68,983
Nominal Value per Equity Share [in ₹]	10.00	10.00
Basic & Diluted Earnings Per Share [in ₹]	42.12	174.15

## 31.8 Related party transactions

### Related Party Relationships

#### Key Management Personnel

Sri Sanjay Jayavarthanelu, Chairman and Managing Director

Sri K Soundhar Rajhan, Director -Operations

Sri C B Chandrasekar - Chief Financial Officer (Till 31<sup>st</sup> July, 2019)

Sri V Senthil -Chief Financial Officer (From 3<sup>rd</sup> August, 2019)

Sri C R Shivkumaran - Company Secretary

#### Wholly Owned Subsidiary

LMW Textile Machinery (Suzhou) Co. Ltd

#### Post employment benefit plans

Lakshmi Machine Works Limited Employees' Gratuity Fund

#### Other related parties

Alampara Hotels and Resorts Private Ltd; Chakradhara Aerospace & Cargo Private Ltd; Chakradhara Agro farms

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

Private Ltd; Dhanajaya Agro Farms Private Ltd; Dhanuprabha Agro Private Ltd; Harshini Textiles Private Limited; Hermes Academy of Training Limited; Lakshmi Card Clothing Mfg Co. Private Ltd; LCC Cargo Holdings Limited; Lakshmi Caipo Industries Ltd; 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 Ltd; Mahalakshmi Engineering Holdings Limited; Rajalakshmi Engineering; Revantha Services Ltd; Revantha Agro Farms Private Ltd; Sowbarnika Enterprises Ltd; Sri Kamakoti Kamakshi Enterprises Private Ltd; Sudhasruti Agro Private Ltd; Super Sales India Limited; Supreme Dairy Products India Private Ltd; Shri Kara Engg Private Ltd; Sri Dwipa Properties Private Ltd; 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, 2020	Year Ended 31 <sup>st</sup> March, 2019
Short term employee benefits	525.69	1,055.74
Post employment benefits	41.62	40.36
<b>Total compensation</b>	<b>567.31</b>	<b>1,096.10</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, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Purchase of goods	21,550.37	32,656.86	-	-	96.69	1,783.38
Sale of goods	2,593.24	3,658.18	-	-	1,026.72	1,972.26
Purchase of Fixed Assets	86.50	-	-	-	11.64	-
Sale of Fixed Assets	41.82	12.67	-	-	-	-
Rendering of Services	195.47	117.15	-	-	2.35	199.59
Receiving of Services	11,935.07	16,505.41	-	-	-	161.43
Agency arrangements	651.26	882.28	-	-	-	-
Contribution to Gratuity Fund	400.00	400.00	-	-	-	-
Managerial remuneration	-	-	567.31	1,096.10	-	-
Outstanding Payables	3,254.94	3,995.88	129.15	636.36	282.70	1,253.49
Outstanding Receivables	19.37	28.40	-	-	1,324.92	1,309.28

- Purchase of Goods includes LMW Textile Machinery (Suzhou) Co. Ltd ₹96.69 Lakhs (Previous year ₹1,783.38 Lakhs); Lakshmi Electrical Control Systems Limited ₹9,507.91 Lakhs (Previous Year ₹16,186.24 Lakhs); Lakshmi Life Sciences Limited ₹4,551.32 Lakhs (Previous year ₹6,783.33 Lakhs); Lakshmi Electrical Drives Private Limited ₹2,565.58 Lakhs (Previous year ₹3,378.45 Lakhs); Lakshmi Precision Tools Limited ₹2,356.53 Lakhs (Previous year ₹2,653.31 Lakhs); Other Related Parties- Associates ₹2,569.03 Lakhs (Previous Year ₹3,655.53 Lakhs)

## Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

- 2 Sale of Goods includes LMW Textile Machinery (Suzhou) Co. Ltd ₹1,026.72 Lakhs (Previous Year ₹1,972.26 Lakhs), Lakshmi Electrical Control Systems Limited ₹492.35 Lakhs (Previous Year ₹829.82 Lakhs) Super Sales India Ltd ₹1,665.48 Lakhs (Previous Year ₹2,152.15 Lakhs) and Other related Parties - Associates ₹4,35.41 Lakhs (Previous Year ₹676.21 Lakhs)
- 3 Purchase of Fixed Assets includes LMW Textile Machinery (Suzhou) Co.Ltd ₹11.64 Lakhs (Previous year Nil Lakhs) Lakshmi Life Sciences Limited ₹86.50 Lakhs (Previous Year ₹ Nil Lakhs)
- 4 Sale of Fixed Assets includes Lakshmi Life Sciences Limited ₹30.32 Lakhs (Previous year ₹0.29 Lakhs); Super Sales India Limited ₹11.50 Lakhs (Previous Year ₹2.48 Lakhs); Starline Travels Private Limited ₹ NIL Lakhs (Previous Year ₹9.90 Lakhs) and Other Related Parties-Associates ₹ Nil Lakhs (Previous Year ₹ Nil Lakhs)
- 5 Rendering of Services includes , LMW Textile Machinery (Suzhou) Co. Ltd ₹2.35 Lakhs (Previous Year ₹199.59 Lakhs), Chakradhara Aerospace and Cargo Private Ltd ₹113.09 Lakhs (Previous year ₹83.48 Lakhs); Super Sales India Limited ₹25.63 Lakhs (Previous Year ₹23.62 Lakhs) Others - Other Related Parties-Associates ₹56.75 Lakhs(Previous Year ₹10.05 Lakhs)
- 6 Receiving of Services include LMW Textile Machinery (Suzhou) Co. Ltd ₹ Nil Lakhs (Previous Year ₹161.43 Lakhs); Chakradhara Aerospace and Cargo Private Ltd ₹6,449.99 Lakhs (Previous year ₹10,247.74 Lakhs); Revantha Services Ltd ₹3,351.42 Lakhs (Previous year ₹3,501.89 Lakhs) and Other Related Parties - Associates ₹2,133.66 Lakhs (Previous Year ₹2,755.78 Lakhs)
- 7 Agency arrangement includes Super Sales India Limited ₹651.26 Lakhs (Previous Year ₹882.28 Lakhs)
- 8 Contribution to gratuity fund includes Lakshmi Machine Works Limited Employees' Gratuity Fund ₹400 Lakhs (Previous Year ₹400 Lakhs)
- 9 Managerial Remuneration includes amount paid to Sri Sanjay Jayavarthanavelu, Chairman and Managing Director ₹326.34 Lakhs (Previous Year ₹854.77 Lakhs); Sri K Soundhar Rajhan, Director Operations ₹138.70 Lakhs (PY ₹146.59 Lakhs); Sri C B Chandrasekar, Chief Financial Officer (till 31/07/2019) ₹20.64 Lakhs (Previous year ₹61.94 Lakhs); Sri V Senthil, Chief Financial Officer (From 03/08/2019) ₹47.25 Lakhs (Previous year ₹39.44 Lakhs); Sri C R Shivkumaran, Company Secretary ₹34.38 Lakhs (Previous year ₹32.80 Lakhs)
- 10 Outstanding Payables include LMW Textile Machinery (Suzhou) Co.Ltd ₹282.70 Lakhs (Previous year ₹1,253.49 Lakhs); Chakradhara Aerospace and Cargo Private Ltd ₹440.53 Lakhs (Previous year ₹616.90 Lakhs); Lakshmi Electrical Control Systems Limited ₹592.31 Lakhs (Previous Year ₹1,080.50 Lakhs); Super Sales India Limited ₹1136.13 Lakhs (Previous Year ₹1,234.75 Lakhs); Sri Sanjay Jayavarthanavelu ₹129.15 Lakhs (Previous year ₹636.36 Lakhs); Lakshmi Life Sciences Limited ₹267.07 Lakhs (Previous Year ₹483.80 Lakhs) and Other Related Parties - Associates ₹818.90 Lakhs (Previous Year ₹579.93 Lakhs);
- 11 Outstanding Receivables include LMW Textile Machinery (Suzhou) Co. Ltd ₹1,324.92 Lakhs (Previous Year ₹1,309.28 Lakhs), Revantha Services Limited ₹Nil Lakhs ( Previous Year ₹6.08 Lakhs) ; The Lakshmi Mills Company Limited ₹13.52 Lakhs (Preivous Year ₹19.50 Lakhs); Starline Travels Private Limied - ₹5.85 Lakhs (Previous Year ₹Nil Lakhs) and Other Related Parties -Associates ₹ Nil Lakhs (Previous Year ₹2.82 Lakhs);

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(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, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
<b>A. Expense recognised in Income Statement</b>				
1. Current Service cost	453.76	429.49	178.14	135.66
2. Interest expense on DBO	560.70	644.74	70.64	68.33
3. Interest (Income on plan asset)	(501.64)	(570.40)	(70.62)	(73.91)
4. Net Interest	59.06	74.35	0.01	(5.57)
5. Immediate recognition of (gain) / losses	-	-	(265.70)	7.63
6. Defined Benefits cost included in P & L	<b>512.82</b>	<b>503.84</b>	<b>(87.54)</b>	<b>137.72</b>
<b>B. Expense recognised in Comprehensive Income</b>				
1. Actuarial (Gain)/Losses due to Demographic Assumption changes in DBO	-	249.58	7.89	-
2. Actuarial (gain)/Losses due to financial assumption changes in DBO	590.86	(218.21)	78.84	(22.13)
3. Actuarial (gain)/Losses due to experience on DBO	(386.49)	(251.06)	(295.52)	34.71
4. Return on plan assets (Greater) / Less than Discount rate	(488.92)	37.46	(56.91)	(4.95)
5. Total actuarial (gain) / loss included in OCI	<b>(284.55)</b>	<b>(182.23)</b>	<b>(265.70)</b>	<b>7.63</b>
6. Cost recognised in P & L	512.82	503.84	(87.54)	137.72
7. Remeasurement effect recognised in OCI	(284.55)	(182.23)	-	-
8. Total defined benefit cost	<b>228.27</b>	<b>321.61</b>	<b>(87.54)</b>	<b>137.72</b>
<b>C. Net asset/Liability recognised in the Balance Sheet</b>				
1. Present value of benefit obligation	<b>9,139.59</b>	<b>8,474.05</b>	<b>1,072.69</b>	<b>1,032.70</b>
2. Fair value of plan assets	8,279.17	7,379.33	1,160.03	1,032.50
3. Funded Status [Surplus / (deficit)]	(860.42)	(1,094.71)	87.34	(0.20)
4. Net Asset /(Liability) recognised in balance sheet	<b>(860.42)</b>	<b>(1,094.71)</b>	<b>87.34</b>	<b>(0.20)</b>
<b>D. Change in Present value of the Obligation during the year</b>				
1. Present value of the obligation at beginning of year	8,474.06	9,019.06	1,032.70	947.34

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
2. Current service cost	453.76	429.49	178.14	135.66
3. Interest cost	560.70	644.74	70.64	68.33
4. Benefits paid	(553.30)	(1,399.56)	-	(131.21)
5. Actuarial (gain)/ loss on obligation	204.37	(219.68)	(208.79)	12.58
6. Present value of obligation at end of the year	<b>9,139.59</b>	<b>8,474.05</b>	<b>1,072.69</b>	<b>1,032.70</b>
<b>E. Reconciliation of opening &amp; closing values of Plan Assets</b>				
1. Fair value of plan assets at the beginning of the year	7,379.36	7,873.52	1,032.50	953.64
2. Expected return on plan assets	501.64	570.40	70.62	73.91
3. Contributions made	462.55	372.46	-	131.21
4. Benefits paid	(553.30)	(1,399.56)	-	(131.21)
5. Actuarial gain / (loss) on plan assets	488.92	(37.46)	56.91	4.95
6. Fair value of plan assets at the end of the year	<b>8,279.16</b>	<b>7,379.36</b>	<b>1,160.03</b>	<b>1,032.50</b>
7. Actual return on plan assets	990.56	532.93	127.53	78.86
<b>F. Amounts recognised in Other comprehensive Income</b>				
1. Opening unrecognised losses / (Gains)	1,431.20	1,613.42	-	-
2. Actuarial Loss / (Gains) on DBO	204.37	(219.68)	-	-
3. Actuarial Loss / (Gains) on assets	(488.92)	37.46	-	-
4. Amortisation Actuarial loss / (Gain)	-	-	-	-
5. Total recognised in Other comprehensive income	1,146.65	1,431.20	-	-
<b>G. Major categories of plan assets as a percentage of total plan</b>				
1. Qualifying insurance policies	8,279.16	7,379.36	1,160.03	1,032.50
2. Own plan assets-Bank balances	13.65	7.33	-	-
	<b>8,292.81</b>	<b>7,386.69</b>	<b>1,160.03</b>	<b>1,032.50</b>
<b>H. Actuarial Assumptions</b>				
1. Discount rate	6.84%	7.75%	6.84%	7.75%

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
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	6.84%	7.75%	6.84%	7.75%
5. Mortality rate	Indian Assured Lives Mortality (2006-08) Ultimate			

The salary escalation considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Gratuity is applicable to all permanent and full time employees of the Company.

Gratuity payment is based on last drawn basic salary and dearness allowance at the time of termination or retirement. The Scheme takes into account each completed year of service or part thereof in excess of six months. The entire contribution is borne by the Company.

Leave encashment benefits are provided as per the rules of the Company. The liabilities on account of defined benefit obligations are expected to be contributed within the next financial year.

The Company expects to make a contribution of ₹400 Lakhs (as at 31<sup>st</sup> March, 2019: ₹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, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Impact of +1% change in rate of discounting	(646.00)	(1,093.43)	(104.15)	267.61
Impact of -1% change in rate of discounting	726.99	1,093.43	124.54	146.73
Impact of +1% change in rate of salary increase	696.56	996.95	117.49	186.55
Impact of -1% change in rate of salary increase	(637.40)	996.95	(100.28)	235.97
Impact of +1% change in rate of attrition	(100.13)	(1,210.58)	(20.25)	218.10
Impact of -1% change in rate of attrition	110.77	1,210.58	23.60	204.28

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

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

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 a mix of investments in government securities, other debt instruments and equity shares of listed companies.

### Interest risk

A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments, if any.

### Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

### Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

## II. Defined Contribution Schemes

	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Provident Fund Contribution	1,178.00	1,194.69

### 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

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

OPERATING SEGMENTS	Textile Machinery Division		Machine Tool & Foundry		Advance Technology Centre		Total
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	
Revenue from external customers	1,10,796.80	1,78,765.18	37,754.21	73,562.28	2,312.92	2,292.85	1,50,863.93
Inter Segment Revenue	1,880.12	2,147.02	1,351.01	2,707.34	-	-	3,231.13
Allocable other income	6,303.72	10,715.54	1,050.49	744.54	1,012.73	1,163.70	8,366.94
<b>Total Segment Revenue</b>	<b>1,18,980.64</b>	<b>1,91,627.74</b>	<b>40,155.71</b>	<b>77,014.16</b>	<b>3,325.65</b>	<b>3,456.55</b>	<b>1,62,462.00</b>
Less : Inter Segment Revenue							3,231.13
Add : Unallocable other Income							7,142.29
<b>Enterprise revenue</b>							<b>1,66,373.16</b>
Result							
<b>Segment Result</b>	<b>936.66</b>	<b>15,179.83</b>	<b>2,785.96</b>	<b>10,818.20</b>	<b>(1,643.25)</b>	<b>(1,428.01)</b>	<b>2,079.37</b>
<b>Operating Profit</b>							2,079.37
Add : Unallocable Other Income net of unallocable expenditure							4,402.94
Less : Interest Expenses							41.65
Incometax expenses (Current)							-
Incometax expenses (Deferred)							1,940.90
<b>Net Profit after Tax</b>							<b>4,499.76</b>
Other Information							
Segment assets	1,38,721.88	1,54,587.22	66,824.56	62,959.66	3,146.27	3,666.18	2,08,692.71
Add : Unallocable corporate assets							25,486.91
<b>Enterprise Assets</b>							<b>2,34,179.62</b>
Segment Liabilities	56,816.47	60,262.77	9,368.08	12,691.84	776.70	565.46	66,961.25
Add : Unallocable corporate liabilities							1,67,218.37
<b>Enterprise Liabilities</b>							<b>2,34,179.62</b>
Capital Expenditure	3,408.96	11,326.84	1,979.55	2,041.21	1,363.78	4,989.16	6,752.29
Depreciation	3,912.10	4,131.10	549.47	466.29	564.33	386.08	5,025.90

Notes :

- 1) The accounting policies of the reportable segments are the same as the Company's accounting policies. Inter Segment transfers are accounted on cost plus basis vis-a-vis at competitive market price charged to Unaffiliated customers for similar goods.
- 2) Segment profit represents the profit before tax earned by each segment without allocation of unallocable expenses, finance costs and unallocable income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.
- 3) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## Information about major customers

There is no single customer contributing to 10% or more to the Company's revenue for both 2019-20 and 2018-19.

## Segment assets and liabilities

Operating Segment	Segment Assets		Segment Liabilities	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Textile machinery division	1,38,721.88	1,54,587.22	56,816.47	60,262.77
Machine tool & foundry division	66,824.56	62,959.66	9,368.08	12,691.84
Advanced technology centre	3,146.27	3,666.18	776.70	565.46
<b>Total Segment assets &amp; segment liabilities</b>	<b>2,08,692.71</b>	<b>2,21,213.06</b>	<b>66,961.25</b>	<b>73,520.07</b>
<b>Adjustments of unallocated assets and liabilities</b>				
Share capital	-	-	1,068.30	1,068.30
Reserves and Surplus	-	-	1,64,563.14	1,67,967.96
Investments	20,109.50	1,89,46.33	-	-
Advance tax	5,377.41	2,042.95	-	-
Deferred tax	-	455.33	1,485.57	-
Unpaid Dividends	-	-	101.36	101.35
<b>Total assets &amp; liabilities as per Balance sheet</b>	<b>2,34,179.62</b>	<b>2,42,657.67</b>	<b>2,34,179.62</b>	<b>2,42,657.67</b>

## Geographical information

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

The Company's revenue from external customers based on location of customers is as per the table below:

	Revenue from external customers		Non Current Assets	
	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Inside India	1,19,423.99	1,77,834.36	1,07,844.10	1,20,743.02
Outside India	31,439.93	76,785.95	-	-
	<b>1,50,863.92</b>	<b>2,54,620.31</b>	<b>1,07,844.10</b>	<b>1,20,743.02</b>

## 31.11 Approval of Financial statements

The Financial statements were approved for issue by the Board of Directors on 25<sup>th</sup> May, 2020.

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.12 Details Of Leasing Arrangements

Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
As Lessor		
<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 4 years and may be renewed for a further period based on mutual agreement of the parties.		
Future minimum lease payments not later than one year	18.84	30.85
Later than one year and not later than five years	20.68	61.70

## 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 entitle in exchange for those goods or services.

Revenue on fixed price contract are recognized at the time of dispatch of goods. Till then the consideration received is accounted as 'Advance received' shown under financial liabilities. Control over the goods passed to the customer at the time of dispatch of the goods at the 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.

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

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

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, 2020 and 31<sup>st</sup> March, 2019 is as follows:

Particulars	Year Ended 31 <sup>st</sup> March (₹ In Lakhs)	
	2020	2019
(i) Revenue from sale of products	1,50,863.92	2,54,620.31
(ii) Revenue from rendering of services	6,145.92	8,969.50
<b>Total revenue from operations</b>	<b>1,57,009.84</b>	<b>2,63,589.81</b>

While the Company believes strongly that it has a rich portfolio of products to partner with customers, the impact on future revenue streams could come from

- the inability of our customers to continue their businesses due to financial resource constraints
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility
- customers postponing their discretionary spend due to change in priorities

## 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.

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		
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	
Sundry creditors	CHF	31,255.00	29,578.00	24.48	20.59
	EUR	8,41,363.00	13,54,439.00	699.02	1,052.92
	GBP	23,284.00	98,197.00	21.86	88.73

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Amount in foreign currency		Equivalent INR		
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	
	JPY	4,53,88,186.00	9,09,18,932.00	318.22	568.19
	SGD	12,375.00	63,096.00	6.56	32.00
	USD	14,83,877.00	30,39,883.00	1,118.36	2,106.07
	SEK	85,000.00	85,000.00	6.46	6.33
<b>Sundry Debtors</b>	USD	89,82,411.00	1,61,69,876.00	6,771.47	11,227.67
	EUR	15,75,573.00	4,92,417.00	1,308.51	384.18
<b>Cash and Bank Balances</b>	KES	28,97,183.00	9,07,895.00	20.57	6.25
	BDT	3,74,642.00	2,85,822.00	3.38	2.35
	USD	15,904.00	23,110.00	11.99	16.09
	VND	4,60,86,577.00	37,52,910.00	1.50	0.11
	TRY	20,371.00	-	2.42	-

The Company is mainly exposed to USD and EUR.

## Foreign currency sensitivity analysis

Particulars	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
<b>Sundry creditors</b>		
USD	1,118.36	2,106.07
Euro	699.02	1,052.92
<b>Sundry Debtors</b>		
USD	6,771.47	11,227.67
Euro	1,308.51	384.18
<b>Net receivable</b>		
USD	5,653.11	9,121.60
Euro	609.49	(668.74)
<b>Total</b>	<b>6,262.60</b>	<b>8,452.86</b>
Impact on profit : 5 % increase in currency rate	313.13	422.64
Impact on profit : 5 % decrease in currency rate	(313.13)	(422.64)

**Interest rate risk** – The Company holds interest bearing assets in the form of fixed deposits with banks. The variation in interest risks is managed by distributing deposits among wide base of banks and financial institutions.

The Company do not have any debts and therefore any fluctuation in market interest rates may not affect the cashflow/profitability position of the Company in terms of debts servicing.

## Interest rate sensitivity analysis

	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Fixed deposits in Banks	86,240.35	85,690.26
Impact on profit :increase of 25 basis points	215.60	214.23
Impact on profit : decrease of 25 basis points	(215.60)	(214.23)

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

**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, 2020	31 <sup>st</sup> March, 2019
Fair value of Equity investments	3,736.23	7,332.19
Impact on Other Comprehensive Income :increase by 5%	186.81	366.61
Impact on Other Comprehensive Income :Decrease by 5%	(186.81)	(366.61)

**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, 2020	31 <sup>st</sup> March, 2019
Trade payable	34,069.71	38,128.77
Less than one year	34,069.71	38,128.77
Others	-	-
Other liabilities	5,440.01	8,042.17
Less than one year	5,440.01	8,042.17
Others	-	-

# Notes to the standalone financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 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, 2020 and 2019 was ₹3,736.37 Lakhs and ₹7,332.33 Lakhs, respectively.

A 10% change in equity price as of 31<sup>st</sup> March, 2020 and 2019 would result in an impact of ₹373.63 Lakhs and ₹733.23 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 ₹2447.72 Lakhs (FY 2018-19 ₹2,201.09 Lakhs) and for Machine Tool Division amounting to ₹323.60 Lakhs (FY 2018-19 ₹341.30 Lakhs) has been charged to Statement of Profit and Loss and Capital expenditure relating to Research and Development for Textile Machinery Division amounting to ₹489.92 Lakhs (FY 2018-19 ₹104.52 Lakhs) and for Machine Tool Division amounting to ₹ Nil Lakhs (FY 2018-19 ₹ 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 : 25<sup>th</sup> May, 2020

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

# 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, 2019 to 31 <sup>st</sup> December, 2019 (1 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March, 2020- 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 2020- 1 RMB = ₹10.6453 (Previous year ₹10.323)

		31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
6. Share capital	::	6,513.67	6,513.67
7. Reserves & Surplus	::	440.56	2,012.54
8. Total assets	::	8,832.61	11,686.43
9. Total liabilities	::	8,832.61	11,686.43
10. Investments	::	-	-
11. Turnover	::	1,909.61	11,150.80
12. Profit before taxation	::	(1,618.51)	(448.17)
13. Provision for taxation	::	-	-
14. Profit after taxation	::	(1,618.51)	(448.17)
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	::	Not Applicable
1. Latest audited Balance Sheet Date	::	Not Applicable
2. Date on which the Associate or Joint Venture was associated or acquired	::	Not Applicable
3. Shares of associate/Joint ventures held by the Company on the year end	::	Not Applicable
No.	::	Not Applicable
Amount of investment in associates/joint venture	::	Not Applicable
Extend of holding [In %]	::	Not Applicable
4. Description of how there is significant influence	::	Not Applicable
5. Reason why the associate/joint venture is not consolidated	::	Not Applicable
6. Net worth attributable to shareholding as per latest audited Balance Sheet	::	Not Applicable
7. Profit/loss for the year	::	Not Applicable
i) considered in consolidation	::	Not Applicable
ii) not considered in consolidation	::	Not Applicable
8. Names of associates or joint ventures which are yet to commence operations	::	Not Applicable
9. Names of associates or joint ventures which have been liquidated or sold during the year	::	Not Applicable

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 : 25<sup>th</sup> May, 2020

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

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## TO THE MEMBERS OF LAKSHMI MACHINE WORKS LIMITED

### Report on the Audit of the Consolidated Ind AS Financial Statements

#### Opinion

We have audited the accompanying consolidated Ind AS 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 March 31, 2020, 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 Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ("The Act") in the manner so required and give a true and fair view in conformity with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at

March 31, 2020, and its consolidated profit and total comprehensive income, its consolidated changes in equity and its 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 Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group in accordance with the Code of issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated Ind AS 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 Ind AS financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated Ind AS 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.

## KEY AUDIT MATTER

## RESPONSE TO KEY AUDIT MATTER

### Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)

The application of the new 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, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.

We assessed the Group's process to identify the impact of adoption of the new revenue accounting standard.

Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:

- Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.
- It is observed that transaction price charged is ex-works price and revenue is booked at the time of dispatch of the goods.
- The above method followed by the Group is in line the provisions of Ind AS 115-'Revenue from contracts with customers'

#### Conclusion:

We agree with the management's evaluation.

### Accuracy of revenues and onerous obligations in respect of fixed price contracts.

In the process of verifying the accuracy of recognition of revenues of fixed price contracts, we have undertaken the following audit approach

- Understood, evaluated and tested the key controls over the recognition of revenue from fixed price contracts. We selected a sample of transactions and
- Agreed the applied tariff to the respective terms in the contract.
- Tested revenue calculations and agreed the revenue recognized to the underlying accounting records.

#### Conclusion:

We agree with the management's evaluation.

### Assessment of carrying value of investments

The Company has invested in listed equity instruments and debt instruments. We consider this a key audit matter given the relative significance of the value of investments.

Our procedures in relation to assessing the carrying value of investments include the following observations.

- The equity investments are carried at fair value as on 31<sup>st</sup> March, 2020.
- Due to market fluctuation, there has been significant value reduction in the equity investments.
- 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, 2020.
- During the year the Group has invested in Non-Convertible Debentures which has been recognized at amortised cost as on 31<sup>st</sup> March, 2020.

#### Conclusion:

We agree with the management's evaluation.

## Other Matters

We did not audit the financial statements of subsidiary LMW Textile Machinery (Suzhou) company Ltd., whose Ind AS financial statements reflect total assets of ₹8,832.61 Lakhs-as at 31<sup>st</sup> March, 2020, total turnover of ₹1,909.61 Lakhs and net cash flows amounting to (₹1,528.65) Lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of loss of ₹1,618.51 Lakhs for the year ended 31<sup>st</sup> March, 2020, 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 Ind AS 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 Ind AS 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 Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with 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 judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS 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 Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS 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 Ind AS financial statements.

A further description of the auditor's responsibilities for the audit of the consolidated Ind AS financial statements is included in Annexure A. This description forms part of our auditor's report.

### 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 Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books 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 Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS 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 31st March, 2020 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding company incorporated in India is disqualified as on 31st March, 2020 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 "B".

(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 Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note No. 31.2 to the consolidated Ind AS financial statements.

(ii) Provision has been made in the consolidated Ind AS 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 Ind AS 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. 0014965

**K Raghu**  
Partner

Place: Coimbatore      Membership No. 011178  
Date: 25<sup>th</sup> May, 2020      UDIN: 20011178AAAABY8192

# Annexure "A"

## to the Independent Auditor's Report

### Responsibilities for Audit of Consolidated Ind AS Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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.

For **S. Krishnamoorthy & Co.**

Chartered Accountants  
Firm Registration No. 001496S

**K Raghu**

Partner

Place: Coimbatore                      Membership No. 011178  
Date: 25<sup>th</sup> May, 2020                  UDIN: 20011178AAAABY8192

# Annexure "B"

## to the Independent Auditor's Report

*(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of the Independent Auditors' Report to the members of the Company on the Consolidated Ind AS Financial Statements for the year ended on 31<sup>st</sup> March, 2020)*

### 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 Ind AS financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of LAKSHMI MACHINE WORKS LIMITED (hereinafter referred to as "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, 2020, 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. 0014965

**K Raghu**  
Partner

Place: Coimbatore      Membership No. 011178  
Date: 25<sup>th</sup> May, 2020      UDIN: 20011178AAAABY8192



# Consolidated Balance Sheet

as at 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	4	69,530.17	68,711.65
Capital work-in-progress	4	2,981.43	1,218.72
Other Intangible assets	5	1,542.96	1,180.87
<b>Financial Assets</b>			
(i) Investments	6	4,735.76	7,332.33
(ii) Other financial assets	11	27,192.22	40,471.22
Deferred tax assets (net)	7	-	455.33
<b>Total Non - Current Assets</b>		<b>1,05,982.54</b>	<b>1,19,370.12</b>
<b>Current assets</b>			
Inventories	8	28,849.08	32,590.21
<b>Financial Assets</b>			
(i) Investments		8,860.07	5,100.33
(ii) Trade receivables	9	10,741.78	19,264.90
(iii) Cash and cash equivalents	10(a)	5,075.48	9,536.23
(iv) Bank balances other than (ii) above	10(b)	58,754.18	46,263.88
(v) Other financial assets	11	5,269.08	4,428.54
Current Tax Assets (Net)	12	5,292.10	2,042.95
Other current assets	13	5,788.06	7,071.48
<b>Total Current Assets</b>		<b>1,28,629.83</b>	<b>1,26,298.52</b>
<b>Total Assets</b>		<b>2,34,612.37</b>	<b>2,45,668.64</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	14	1,068.30	1,068.30
Other Equity	15	1,64,967.30	1,69,962.30
<b>Equity attributable to owners of the Company</b>		<b>1,66,035.60</b>	<b>1,71,030.60</b>
<b>Total equity</b>		<b>1,66,035.60</b>	<b>1,71,030.60</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Deferred tax liabilities (Net)	7	1,485.57	-
Borrowings	16A	-	294.21
<b>Other non-current liabilities</b>	<b>16B</b>	<b>6,806.33</b>	<b>5,048.43</b>
<b>Total Non - Current Liabilities</b>		<b>8,291.90</b>	<b>5,342.64</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
(i) Trade payables	17		
Due to Small and Medium Enterprises		136.30	43.41
Due to Others		33,120.95	37,491.05
(ii) Other financial liabilities	18	5,964.29	8,769.95
Provisions	19	1,162.35	1,604.15
Other current liabilities	20	19,900.98	21,386.84
<b>Total Current Liabilities</b>		<b>60,284.87</b>	<b>69,295.40</b>
<b>Total Liabilities</b>		<b>68,576.77</b>	<b>74,638.04</b>
<b>Total Equity and Liabilities</b>		<b>2,34,612.37</b>	<b>2,45,668.64</b>

See accompanying notes to financial statements

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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 : 25<sup>th</sup> May, 2020

# Consolidated Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019
<b>INCOME</b>			
Revenue from operations	21	1,57,449.82	2,71,176.65
Other income	22	9,399.91	10,243.19
<b>Total income</b>		<b>1,66,849.73</b>	<b>2,81,419.84</b>
<b>EXPENSES</b>			
Cost of materials consumed	23	92,462.17	1,61,898.08
Purchase of stock in trade		-	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	1,564.74	(188.14)
Employee benefit expense	25	23,971.36	27,837.73
Depreciation and amortisation expense	26	5,525.84	5,535.49
Impairment loss on financial assets	27	659.86	278.47
Other expenses	28	37,677.15	53,965.54
Finance costs	29	60.53	116.56
<b>Total expenses</b>		<b>1,61,921.65</b>	<b>2,49,443.73</b>
<b>Profit before exceptional items and tax</b>		<b>4,928.08</b>	<b>31,976.11</b>
<b>Exceptional items</b>			
Voluntary retirement scheme payments	31.6	209.76	3,716.75
<b>Profit before tax after exceptional items</b>		<b>4,718.32</b>	<b>28,259.36</b>
<b>Tax expense</b>			
Current tax	30.1	1,150.00	8,598.92
Less : MAT Credit entitlement		(1,150.00)	-
Deferred tax	30.1	1,940.90	572.14
Prior year taxes	30.1	-	550.18
<b>Total tax expense</b>		<b>1,940.90</b>	<b>9,721.24</b>
<b>Profit after tax from continuing operations for the year</b>		<b>2,777.42</b>	<b>18,538.12</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		(3,595.96)	(952.42)
Remeasurement of post-employment defined benefit plans		284.55	182.22
Income-tax relating to these items		(85.37)	(54.67)
<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>(3,396.78)</b>	<b>(824.87)</b>
<b>Total Comprehensive income for the year to owners of equity</b>		<b>(619.36)</b>	<b>17,713.25</b>
Basic Earnings per share [In ₹][Face value ₹10/- per share]		26.00	170.56
Diluted Earnings per share [In ₹][Face value ₹10/- per share]		26.00	170.56

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 : 25<sup>th</sup> May, 2020

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 Shivkumar**  
Company Secretary



# Consolidated Statement of Changes in Equity

for the year ended 31<sup>st</sup> March, 2020

## Equity Share Capital

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Amount
Balance as at 31 <sup>st</sup> March, 2019	1,068.30
Changes in equity share capital during the year	-
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>1,068.30</b>

## Other Equity

	Reserves and Surplus				Retained Earnings	Items of Other comprehensive Income	Total
	Capital Reserves	Capital Redemption Reserve	General Reserve	FCTR			
Balance as on 31 <sup>st</sup> March, 2019	701.49	168.62	14,532.90	270.18	1,49,018.49	5,270.62	1,69,962.30
Add: Profit after tax for the year	-	-	-	-	2,777.42	-	2,777.42
Add: Changes in fair value of equity instruments through FVTOCI [net of tax]	-	-	-	-	-	(3,595.96)	(3,595.96)
Add: Transfer from Other Comprehensive income	-	-	-	-	-	-	-
Add: Remeasurement of post-employment benefit obligations [Net of tax]	-	-	-	-	199.18	-	199.18
	<b>701.49</b>	<b>168.62</b>	<b>14,532.90</b>	<b>270.18</b>	<b>1,51,995.09</b>	<b>1,674.66</b>	<b>1,69,342.94</b>
Less: Payment of dividends	-	-	-	-	(3,739.05)	-	(3,739.05)
Less: Tax on dividends paid	-	-	-	-	(768.75)	-	(768.75)
Less: Transfer to General Reserve	-	-	450.00	-	(450.00)	-	-
Add: Increase in FCTR	-	-	-	132.16	-	-	132.16
<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>

See accompanying notes to financial statements

In terms of our report attached

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

**K Raghunath**  
Partner  
Membership No. 11178

Place : Coimbatore  
Date : 25<sup>th</sup> May, 2020

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 Cash Flow Statement

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31 <sup>st</sup> March, 2020		Year ended 31 <sup>st</sup> March, 2019	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit after exceptional items but before tax		4,718.32		28,259.36
(VRS Expenses of ₹209.76 Lakhs(P.Y.₹3,716.75 Lakhs)				
Adjustments for :				
Depreciation and amortisation expense	5,525.84		5,535.49	
Finance costs	60.53		116.56	
Shares buy back costs	-		162.27	
Profit on sale of assets	(916.67)		(1,260.78)	
Loss on sale of assets	1.22		41.02	
Interest income	(6,543.28)		(6,491.28)	
Dividend income	(555.73)		(431.96)	
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents	(0.21)	(2,428.30)	(0.06)	(2,328.74)
<b>Operating Profit before working capital changes</b>		<b>2,290.02</b>		<b>25,930.62</b>
Adjustments for (increase) / decrease in operating assets				
Trade receivables	8,523.12		5,406.16	
Inventories	3,741.13		2,036.76	
Other financial assets-Non Current	888.80		572.98	
Other financial assets- Current	855.82		(782.62)	
Other Current assets	1,283.42		(755.87)	
Adjustments for increase / (decrease) in operating liabilities				
Trade payables	(4,277.20)		(5,634.48)	
Other non current liabilities	1,757.90		(4,459.21)	
Provisions	(441.80)		(26.75)	
Other financial liabilities	(2,805.66)		319.19	
Other current liabilities	(1,486.01)	8,039.52	(5,130.85)	(8,454.69)
<b>Cash used in/ generated from operations</b>		<b>10,329.54</b>		<b>17,475.93</b>
Taxes paid		(2,930.09)		(7,596.56)
<b>Net Cash used in/generated from operations</b>		<b>[A] 7,399.45</b>		<b>9,879.37</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed assets/Capital Work In Progress		(8,525.54)		(18,504.58)
Proceeds from sale of fixed assets		971.83		1,288.27
Interest received		4,846.92		6,778.00

## Consolidated Cash Flow Statement (Cont...)

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019
Dividend received	555.73	431.96
Purchase of Investments	(4,759.12)	(5,100.33)
(Increase)/Decrease in Bank balances not considered as cash and cash equivalent	(87.63)	17,977.98
<b>Net cash used in investing activities</b>	<b>[B] (6,997.81)</b>	<b>2,871.30</b>
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>		
Loans taken	(294.21)	(1.73)
Dividends paid	(3,739.05)	(4,382.20)
Corporate dividend taxes paid	(768.75)	(900.98)
Transfer of Unpaid Dividends to IEPF	-	(14.11)
Payment for buy back of shares	-	(15,948.22)
Payment for share buy back costs	-	(162.27)
Finance cost	(60.53)	(116.56)
<b>Net cash used in financing activities</b>	<b>[C] (4,862.54)</b>	<b>(21,526.07)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(4,460.90)</b>	<b>(8,775.40)</b>
Cash and cash equivalents at beginning of the period - D	9,536.17	18,311.57
Cash and cash equivalents at end of the period - E	5,075.27	9,536.17
<b>Net increase / (decrease) in cash and cash equivalents (E-D)</b>	<b>(4,460.90)</b>	<b>(8,775.40)</b>
<b>Cash &amp; Cash equivalents as per Balance Sheet</b>	<b>5,075.48</b>	<b>9,536.23</b>
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents	(0.21)	(0.06)
<b>Cash and Cash equivalents as per Cash flow Statement</b>	<b>5,075.27</b>	<b>9,536.17</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 : 25<sup>th</sup> May, 2020

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

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### 1. Corporate Information

Lakshmi Machine Works Limited is a public group domiciled in India and incorporated under the provisions of the Companies Act, 1956. The address of its registered office and principal place of business are disclosed in the introduction to the Annual report. Its shares are listed on two stock exchanges in India, the National Stock Exchange of India [NSE] and the Bombay Stock Exchange [BSE]. The Group is engaged in the manufacturing and selling of textile spinning machinery, CNC Machine Tools, Heavy castings and parts and components for Aero space industry. The Group caters to both domestic and international markets. The financial statements are approved for issue by the Group's Board of Directors on 25<sup>th</sup> May, 2020.

### 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

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group ceases to control the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed 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.

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

Estimated useful lives of the tangible assets are as follows:

Buildings	20-60 years
Plant and Equipment	
Main Machines	8-20 years
Ancillary Machines	3-7 years
Wind Mills	22 years
Solar Project	10 Years
Furniture and Fixture:-	8-10 years
Vehicles-	6-8 years
Office equipment:-	7-15 years

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

For transition to IND AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as of 1st April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

## 2.4 Investment Property

Investment properties are properties held to earn rentals and / or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with IND AS 16's requirements for cost model.

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

between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

## 2.5 Intangible assets

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

Estimated useful lives of the intangible assets are as follows:

Technical Know how	6 years
Software	6 years

There are no intangible assets having indefinite useful life.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise. Gains or losses arising from the 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.

For transition to IND AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as of 1st April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

## 2.6 Impairment of assets

A tangible or intangible asset is treated as impaired

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

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

## 2.7 Financial Instruments

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

## 2.8 Financial assets

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

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

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

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, 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

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

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 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

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

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 life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Group measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

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.

## 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

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

## 2.9 Financial liabilities and equity instruments

### Equity Instruments

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

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

### Financial liabilities

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

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

### Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by 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

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

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

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

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

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

## **Financial guarantee contracts**

A financial guarantee contract is a contract that

requires the issuer to make specified payments to reimburse the holder 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

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

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 net of sales 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 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

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

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

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

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 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.

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

## 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.

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

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

## 2.22 Leases

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

## 3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and

the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed in note. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

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

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Carrying amounts of:</b>		
Freehold land	8,719.68	8,751.28
Buildings	18,935.00	17,328.71
Plant and Equipment	39,428.79	40,154.24
Furniture and Fixtures	1,284.20	1,253.76
Vehicles	622.84	679.84
Office Equipment	539.66	543.82
<b>Total</b>	<b>69,530.17</b>	<b>68,711.65</b>
Capital Work-in-progress	2,981.43	1,218.72
<b>Total</b>	<b>2,981.43</b>	<b>1,218.72</b>
<b>Total</b>	<b>72,511.60</b>	<b>69,930.37</b>

	Freehold land	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equip- ments	Total	Capital Work in progress
<b>Gross Carrying Amount</b>								
<b>Balance at 31<sup>st</sup> March, 2019</b>	<b>8,794.37</b>	<b>19,953.98</b>	<b>53,722.46</b>	<b>2,055.25</b>	<b>1,398.10</b>	<b>708.25</b>	<b>86,632.41</b>	<b>1,218.72</b>
Additions	-	2,225.33	3,412.28	215.86	92.40	61.06	6,006.93	1,762.71
Disposals	(19.32)	(3.79)	(460.74)	(11.28)	(46.93)	(0.41)	(542.47)	-
<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>
<b>Accumulated depreciation and impairment</b>								
<b>Balance at 31<sup>st</sup> March, 2019</b>	<b>43.09</b>	<b>2,625.27</b>	<b>13,568.22</b>	<b>801.49</b>	<b>718.26</b>	<b>164.43</b>	<b>17,920.76</b>	
Disposals	-	(3.59)	(439.52)	(11.14)	(19.99)	(0.33)	(474.57)	-
Depreciation Expense	12.28	618.84	4,116.51	185.28	122.46	65.14	5,120.51	-
<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>
<b>Net Carrying Amount</b>								
<b>Balance at 31<sup>st</sup> March, 2019</b>	<b>8,751.28</b>	<b>17,328.71</b>	<b>40,154.24</b>	<b>1,253.76</b>	<b>679.84</b>	<b>543.82</b>	<b>68,711.65</b>	<b>1,218.72</b>
Additions	-	2,225.33	3,412.28	215.86	92.40	61.06	6,006.93	1,762.71
Disposals	(19.32)	(0.20)	(21.22)	(0.14)	(26.94)	(0.08)	(67.90)	-
Depreciation expense	(12.28)	(618.84)	(4,116.51)	(185.28)	(122.46)	(65.14)	(5,120.51)	-
<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>

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 5. Other intangible assets

	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019
<b>Carrying amounts of</b>			
Technical Knowhow		393.77	566.33
Software		1,149.19	614.54
<b>Total</b>		<b>1,542.96</b>	<b>1,180.87</b>
	<b>Technical Knowhow</b>	<b>Software</b>	<b>Total</b>
<b>Gross Carrying Amount</b>			
<b>Balance at 31<sup>st</sup> March, 2019</b>	<b>1,018.39</b>	<b>948.29</b>	<b>1,966.68</b>
Additions	-	767.40	767.40
Eliminated on disposals of assets	-	-	-
<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>
<b>Accumulated depreciation and impairment</b>			
<b>Balance at 31<sup>st</sup> March 2019</b>	<b>452.05</b>	<b>333.75</b>	<b>785.80</b>
Eliminated on disposals of assets	-	-	-
Amortisation Expense	172.57	232.75	405.32
<b>Balance at 31<sup>st</sup> March, 2020</b>	<b>624.62</b>	<b>566.50</b>	<b>1,191.12</b>
<b>Net Carrying Amount</b>			
<b>Balance at 31<sup>st</sup> March, 2019</b>	<b>566.34</b>	<b>614.54</b>	<b>1,180.88</b>
Additions	-	767.40	767.40
Eliminated on disposals of assets	-	-	-
Amortisation Expense	(172.57)	(232.75)	(405.32)
<b>Balance at 31<sup>st</sup> March, 2020</b>	<b>393.77</b>	<b>1,149.19</b>	<b>1,542.96</b>

## 6. Investments

	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	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	2,619.74	3,42,562	4,958.58
Lakshmi Automatic Loom Works Limited	4,41,110	112.48	4,41,110	190.56
Pricol Ltd	24,975	9.15	24,975	8.98
Rajshree Sugars & Chemicals Limited	1,00,000	14.02	1,00,000	22.00
The Lakhmi Mills Company Limited	26,916	390.01	26,916	722.94
Indian Bank	69,562	29.98	69,562	193.73

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Quantity	Amount	Quantity	Amount
Super Sales India Ltd	3,00,000	560.85	3,00,000	1,235.40
<b>b) Investment in unquoted equity instruments (fully paid up) (At amortised cost)</b>				
Sharada Chambers Premises Co-op Society Ltd	5	0.01	5	0.01
Lakshmi Machine Works Employees Co-op Stores Ltd	500	0.05	500	0.05
REPCO Bank	750	0.08	750	0.08
<b>Total</b>		<b>3,736.37</b>		<b>7,332.33</b>
<b>c) Investment in Debentures(At amortised cost)</b>				
TATA Cleantech Capital Limited (NCD)		999.39		-
<b>Total Non-current investments</b>		<b>4,735.76</b>		<b>7,332.33</b>
Aggregate book value of quoted investments		2,061.71		2,061.71
Aggregate market value of quoted investments		3,736.23		7,332.19
Aggregate book value of unquoted investments		999.53		0.14
Aggregate amount of impairment in the value of investments		-		-
<b>Current Investments</b>				
Investments in mutual funds		8,860.07		5,100.33
<b>Total</b>		<b>8,860.07</b>		<b>5,100.33</b>
<b>Current</b>				
<b>Investments In Quoted Mutual Funds - Debt at FVTPL:</b>				
Kotak Mutual Fund	54,92,572	1,388.67	42,10,000	447.89
ABSL Mutual Fund	1,02,77,434	1,837.02	95,00,000	1,002.32
SBI Mutual Fund	1,76,41,979	2,045.36	1,76,41,979	1,867.53
Nippon India (Reliance) Mutual Fund	75,98,128	997.17	42,63,150	454.16
TATA Mutual Fund	15,00,000	174.85	15,00,000	159.93
UTI Mutual Fund	60,00,000	663.97	60,00,000	635.81
ICICI Prudential Mutual Fund	50,00,000	574.57	50,00,000	532.69
Axis Mutual Fund	67,442	675.06	-	-
DSP Mutual Fund	28,42,023	503.40	-	-
<b>Total</b>		<b>8,860.07</b>		<b>5,100.33</b>
Aggregate carrying amount of quoted Investment		8,860.07		5,100.33
Aggregate market value of quoted investments		8,860.07		5,100.33

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Quantity	Amount	Quantity	Amount
Aggregate amount of unquoted Investments		-		-
<b>Category-wise investments - as per IND AS 109 classification</b>				
Financial assets carried at fair value through profit or loss (FVTPL)		8,860.07		5,100.33
Financial assets carried at amortised cost		999.53		0.14
Financial assets carried at fair value through Other Comprehensive Income (FVTOCI)		3,736.23		7,332.19
<b>Total</b>		<b>13,595.83</b>		<b>12,432.66</b>

## 7. Deferred Tax assets (Net)

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

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Deferred Tax assets	-	455.33
Deferred Tax liabilities	(1,485.57)	-
	<b>(1,485.57)</b>	<b>455.33</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>455.33</b>	<b>(1,940.90)</b>	<b>(1,485.57)</b>

### 2018-19

	Opening balance	Recognised in profit or loss	Closing balance
On account of VRS	86.81	1,109.68	1,196.49
On account of Property, Plant and Equipment	277.43	(1,753.40)	(1,475.97)
On account of Expected credit loss on receivables	403.80	16.92	420.72
On account of actuarial loss	259.43	54.66	314.09
	<b>1,027.47</b>	<b>(572.14)</b>	<b>455.33</b>

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 8. Inventories

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Inventories( lower of cost or net realisable value)</b>		
Raw materials	16,111.56	18,264.24
Work in progress	8,290.15	7,881.88
Finished goods	2,352.08	4,325.09
Stores and spares	2,095.29	2,119.00
	<b>28,849.08</b>	<b>32,590.21</b>

The cost of inventories recognised as an expense during the year is ₹92,462.17 Lakhs. [Previous year ₹1,61,898.08 Lakhs]

## 9. Trade Receivables

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Current</b>		
<b>Unsecured, considered good</b>		
From related parties	618.03	937.60
From others	11,359.46	19,542.85
	<b>11,977.49</b>	<b>20,480.45</b>
Allowance for doubtful debts (Expected credit loss allowance)	1,235.71	1,215.55
	<b>10,741.78</b>	<b>19,264.90</b>

### Concentration of Risk

In respect of trade and other receivables, the Group 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 Group 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	0.39
Less than one year	4.70
More than one year	36.86

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

Age of receivables	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Within the credit period	840.13	2,924.27
Less than one year	8,931.53	15,320.43
More than one year	2,205.83	2,235.75
<b>Total</b>	<b>11,977.49</b>	<b>20,480.45</b>

## Movement in the expected credit loss allowance

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Balance at the beginning of the year</b>	<b>1,215.55</b>	<b>817.13</b>
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	20.16	398.42
<b>Balance at the end of the year</b>	<b>1,235.71</b>	<b>1,215.55</b>

## 10.(a) Cash and cash equivalents

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Balances with Banks</b>		
Current account	2,100.77	6,662.73
Deposits with original maturity of less than 3 months	2,960.67	2,818.56
Cash on hand	14.04	54.94
	<b>5,075.48</b>	<b>9,536.23</b>

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

## 10.(b) Other Bank balances

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Deposits held as Margin money	12.47	12.47
Unpaid dividend account	101.36	101.35
Deposits with original maturity of more than 3 months but less than 12 months	58,640.35	46,150.06
	<b>58,754.18</b>	<b>46,263.88</b>

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 11. Other financial assets

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Non-current</b>		
i) Capital advances	344.08	919.15
<b>ii) Advances other capital advances</b>		
Security Deposit	1,028.65	1,338.14
Other advances	169.49	173.73
<b>iii) Bank deposits with original maturity of more than 12 months</b>	<b>25,650.00</b>	<b>38,040.20</b>
	<b>27,192.22</b>	<b>40,471.22</b>
<b>Current</b>		
Interest accrued on bank deposits	4,424.52	2,728.16
Income receivable	752.30	1,608.12
Compensation receivable for shares vested	92.26	92.26
	<b>5,269.08</b>	<b>4,428.54</b>

## 12. Current tax assets (Net)

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Current tax assets</b>		
Income tax advances	22,529.18	19,280.03
<b>Current tax liabilities</b>		
Income tax provisions	17,237.08	17,237.08
	<b>5,292.10</b>	<b>2,042.95</b>

## 13. Other current assets

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Advance to suppliers and others	4,961.55	3,687.65
Prepaid Expenses	410.05	236.90
Balances with Central Excise, VAT, Customs etc.	416.46	3,146.93
	<b>5,788.06</b>	<b>7,071.48</b>

## 14. Equity Share Capital

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<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		

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

Fully paid up equity shares	Number of shares	Share Capital
<b>Balance as on 31<sup>st</sup> March, 2019</b>	<b>1,06,83,000</b>	<b>1,068.30</b>
<b>Balance as on 31<sup>st</sup> March, 2020</b>	<b>1,06,83,000</b>	<b>1,068.30</b>

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, 2020		As at 31 <sup>st</sup> March, 2019	
	Number	Percentage	Number	Percentage
Lakshmi Cargo Company Limited	10,74,468	10.06	10,74,468	10.06
Life Insurance Corporation Limited	7,03,123	6.58	8,47,820	7.94
Lakshmi Technology and Engineering Industries Limited	6,79,390	6.36	6,67,090	6.24
Voltas Limited	5,79,672	5.43	5,79,672	5.43
Nemish S Shah	5,34,673	5.01	5,34,673	5.01

## 15. Other Equity

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Capital Reserve	701.49	701.49
Capital Redemption Reserve	168.62	168.62
General Reserve	14,982.90	14,532.90
Reserve for equity instruments and others through other comprehensive income	1,674.66	5,270.62
Retained Earnings	1,47,037.29	1,49,018.49
Foreign Currency Translation reserve	402.34	270.18
	<b>1,64,967.30</b>	<b>1,69,962.30</b>

### 15.1 Capital Reserve

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<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.

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 15.2 Capital Redemption Reserve

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Balance at the beginning of the year</b>	<b>168.62</b>	<b>141.37</b>
Add: Transfer from General Reserve	-	27.25
<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.

## 15.3 General Reserve

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Balance at the beginning of the year</b>	<b>14,532.90</b>	<b>12,660.15</b>
Add: Transfer from retained earnings	450.00	1,900.00
Less: Transfer to Capital Redemption Reserve	-	27.25
<b>Balance at the end of the year</b>	<b>14,982.90</b>	<b>14,532.90</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.

## 15.4 Reserve for equity instruments through other comprehensive income

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Balance at the beginning of the year</b>	<b>5,270.62</b>	<b>8,312.16</b>
Net fair value gain on investments in equity instruments at FVTOCI	(3,595.96)	(952.42)
Remeasurement of post-employment defined benefit plans [net of taxes]	-	(2,089.12)
<b>Balance at the end of the year</b>	<b>1,674.66</b>	<b>5,270.62</b>

The Group has elected to recognise changes in fair value of investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI reserve which represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off. Remeasurement of post employment defined benefit plans is included in OCI.

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 15.5 Retained Earnings

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Balance at the beginning of the year</b>	<b>1,49,018.49</b>	<b>1,51,367.86</b>
Add: Profit attributable to the owners of the Company	2,777.42	18,538.12
Less: Payment of dividends on equity shares	3,739.05	4,382.20
Less: Payment of tax on dividends	768.75	900.98
Less: Share buy back	-	15,920.98
Add: OCI on post employee benefits	199.18	127.55
Less: Transfer to General Reserve	450.00	1,900.00
Add: Transfer from Other Comprehensive income	-	2,089.12
<b>Balance at the end of the year</b>	<b>1,47,037.29</b>	<b>1,49,018.49</b>

In financial year 2019-20, on 22<sup>nd</sup> July, 2019, a dividend of ₹35 per share (Total dividend ₹3,739.05 Lakhs) was paid to the holders of fully paid equity shares.

In respect of the year ended 31<sup>st</sup> March, 2020, 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.

## 15.6 Foreign Currency Translation Reserve

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Balance at the beginning of the year</b>	<b>270.18</b>	<b>390.09</b>
Exchange differences arising on translating the foreign operations	132.16	(119.91)
<b>Balance at the end of the year</b>	<b>402.34</b>	<b>270.18</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.

## 16A Borrowings

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Secured loans		
Term loan from banks	-	294.21

## 16B Other Non-current liabilities

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Security deposits received against supply of machinery	6,806.33	5,048.43
	<b>6,806.33</b>	<b>5,048.43</b>

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 17. Trade payables

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Current</b>		
Due to Micro, Small & Medium Enterprises [Refer Note 31.4]	136.30	43.41
Due to related parties	4,682.96	5,246.94
Others	28,437.99	32,244.11
	<b>33,257.25</b>	<b>37,534.46</b>

## 18. Other Financial liabilities

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Current</b>		
Unpaid dividends	101.36	101.34
Other liabilities	5,862.93	8,668.61
<b>Total</b>	<b>5,964.29</b>	<b>8,769.95</b>

## 19. Provisions

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Current</b>		
<b>Provision for employee benefits</b>		
Provision for gratuity	860.42	1,094.71
Provision for leave encashment	0.20	0.20
Other provisions		
Provision for warranty	301.73	509.24
	<b>1,162.35</b>	<b>1,604.15</b>

The provision for employee benefits include provision for gratuity and leave encashment. For detailed disclosure on the same, please refer note 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.

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Provision for Warranty	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Carrying amount at the beginning of the year</b>	<b>509.24</b>	<b>485.36</b>
Additional provision made during the year	301.73	509.24
Amount used during the year	509.24	485.36
Unused amount reversed	-	-
<b>Carrying amount at the end of the year</b>	<b>301.73</b>	<b>509.24</b>

## 20. Other Current liabilities

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Security deposit received against supply of machinery	7,913.78	11,476.21
Other advances	11,987.20	9,910.63
	<b>19,900.98</b>	<b>21,386.84</b>

## 21. Revenue from operations

	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Gross sale of products	1,51,309.75	2,62,141.26
<b>Other operating revenues</b>		
Repairs & Service charges & miscellaneous income	3,432.46	4,738.58
Sale of scrap	791.07	1,007.99
Export incentives	1,916.54	3,288.82
<b>Total revenue from operations</b>	<b>1,57,449.82</b>	<b>2,71,176.65</b>

## 22. Other Income

	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Dividend income from Mutual fund designated at FVTPL	100.93	110.70
Interest income from financial assets at amortised cost	6,543.28	6,491.28
Dividend income from equity investments designated at FVTOCI	44.81	32.44
Income from Mutual funds designated at FVTPL	409.99	288.82
Rental income	53.08	60.88
Net Gain on foreign currency transactions	945.45	1,752.29
Net Gain on sale of assets	916.67	1,260.78
Sale of wind energy/REC	385.70	246.00
<b>Total other income</b>	<b>9,399.91</b>	<b>10,243.19</b>

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 23. Cost of materials consumed

	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Raw materials at the beginning of the year	18,264.24	20,149.29
Add: Purchases	91,020.67	1,61,014.44
Less: Sales	711.18	1,001.41
Less: Raw materials at the end of the year	16,111.56	18,264.24
<b>Total cost of materials consumed</b>	<b>92,462.17</b>	<b>1,61,898.08</b>

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

	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
<b>Opening Stock</b>		
Work-in-progress	7,881.88	8,961.02
Finished goods	4,325.09	3,057.81
	<b>12,206.97</b>	<b>12,018.83</b>
<b>Closing Stock</b>		
Work-in-progress	8,290.15	7,881.88
Finished goods	2,352.08	4,325.09
	<b>10,642.23</b>	<b>12,206.97</b>
<b>Total changes in inventories of work-in-progress and finished goods</b>	<b>1,564.74</b>	<b>(188.14)</b>

## 25. Employees Benefits Expenses

	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Salaries and wages	20,256.82	23,581.21
Contribution to Provident and other funds	1,681.84	1,720.88
Staff welfare expenses	2,032.70	2,535.64
<b>Total employee benefit expenses</b>	<b>23,971.36</b>	<b>27,837.73</b>

## 26. Depreciation and amortisation expense

	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Depreciation of property, plant and equipment	5,108.24	5,199.98
Amortisation of intangible assets	417.60	335.51
<b>Total depreciation and amortisation expense</b>	<b>5,525.84</b>	<b>5,535.49</b>

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

	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Impairment loss [Expected credit loss] allowance on trade receivables	659.86	278.47
	<b>659.86</b>	<b>278.47</b>

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 28. Other expenses

	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Sales commission to agents	2,796.20	3,747.62
Consumption of stores and spare parts	6,117.52	8,606.26
Consumption of packing material	2,786.62	4,672.80
Power and fuel net of Green energy (Green energy adjusted CY - ₹4,344.39 Lakhs; PY - ₹4,536.46 Lakhs)	2,128.13	3,545.98
Rent expense	87.42	106.42
Repairs and maintenance		
Repairs to buildings	721.07	1,072.61
Repairs to machinery and others	4,184.69	5,888.20
Insurance	235.26	274.01
Rates and taxes, excluding taxes on income	575.43	342.51
Auditors' remuneration		
For Audit	21.05	18.48
For reimbursement of expenses	-	0.10
Loss on sale of assets	1.22	41.02
Donations*	895.34	527.79
Directors sitting fees	31.03	42.39
Non-executive directors' commission	52.50	52.50
Corporate Social Responsibility expenses (Note 31.7)	580.47	598.99
Export expenses	3,955.99	10,027.18
Research and development expenses	2,771.32	2,542.46
Travelling Exps & Maintenance of Vehicles	2,298.72	2,994.19
Service Outsourcing expenses	2,448.10	2,788.05
Miscellaneous expenses	4,989.07	6,075.98
<b>Total other expenses</b>	<b>37,677.15</b>	<b>53,965.54</b>

\*Donation includes Contribution to Electoral Bonds for ₹475.00 Lakhs.

## 29. Finance Costs

	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Bill collection charges	49.85	105.88
Interest on Borrowings	10.68	10.68
<b>Total</b>	<b>60.53</b>	<b>116.56</b>

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 30. Income tax relating to continuing operations

### 30.1 Income tax recognised in profit or loss

	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
<b>Current tax</b>		
Current tax on profits for the year(Net of MAT Credit)	-	8,598.92
Adjustments for current tax of prior periods	-	550.18
<b>Total current tax expense</b>	<b>-</b>	<b>9,149.10</b>
<b>Deferred Tax</b>		
Decrease / (increase) of deferred tax assets	1,940.90	572.14
(Decrease) / Increase in deferred tax liabilities		
<b>Total deferred tax expense</b>	<b>1,940.90</b>	<b>572.14</b>
<b>Total income tax expense recognised for the year</b>	<b>1,940.90</b>	<b>9,721.24</b>

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

	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
<b>Profit before tax after exceptional items</b>	<b>4,718.32</b>	<b>28,259.36</b>
Enacted tax rate in India	17.47%	34.94%
Computed expected tax expense at enacted tax rate	824.29	9,780.57
Tax effect on account of tax deductions	300.88	(1,922.75)
Tax effect on Income that is exempt from taxation	(25.46)	(451.85)
Tax effect of non-deductible expenses	50.29	1,192.95
<b>Total income tax expense recognised for the year</b>	<b>1,150.00</b>	<b>8,598.92</b>

### 30.3 Income tax recognised in other comprehensive income

	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
<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	(85.37)	(54.67)
	<b>(85.37)</b>	<b>(54.67)</b>
<b>Bifurcation of income tax recognised in other comprehensive income into:</b>		
Items that will not be reclassified to profit or loss	(85.37)	(54.67)
Items that may be reclassified to profit or loss	-	-
	<b>(85.37)</b>	<b>(54.67)</b>

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.1 The Subsidiary Companies considered in the consolidated Financial Statements and their reporting dates are as under

Name of the Company	Country of incorporation	% of Ownership Interest	Reporting date
<b>For 31<sup>st</sup> March, 2020</b>			
LMW Textile Machinery (Suzhou) Co. Ltd	China	100	31 <sup>st</sup> March, 2020
<b>For 31<sup>st</sup> March, 2019</b>			
LMW Textile Machinery (Suzhou) Co. Ltd	China	100	31 <sup>st</sup> March, 2019

Name of the entity in the Group	Net Assets i.e total assets minus total liabilities		Share in Profit or loss	
	As % of Consolidated Assets	Amount	As % of Consolidated Profit or loss	Amount
Subsidiary- Indian	Nil	Nil	Nil	Nil
Subsidiary- Foreign				
LMW Textile Machinery (Suzhou) Co. Ltd	4.19%	6,954.23	(58.27%)	(1,618.51)
Previous Year	4.99%	8,526.21	(2.34%)	(448.17)
Non controlling Interests in subsidiary	Nil	Nil	Nil	Nil

Name of the entity in the Group	Share in Other comprehensive income		Share in Total comprehensive income	
	As % of Consolidated OCI	Amount	As % of total Comprehensive income	Amount
Subsidiary- Indian	Nil	Nil	Nil	Nil
Subsidiary- Foreign				
LMW Textile Machinery (Suzhou) Co. Ltd	-	-	(261.32%)	(1,618.51)
Previous Year	-	-	(2.53%)	(448.17)
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, 2020	As at 31 <sup>st</sup> March, 2019
<b>Contingent liabilities</b>		
<b>Claims against the Company not acknowledged as debt</b>		
Central Excise Demand	2,311.10	2,462.80
Income Tax Demand	207.70	327.22
<b>Other money for which the Company is contingently liable</b>		
Letters of Credit	616.44	3,811.31
Bank Guarantee	2,600.83	2,123.97

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

Disputed tax dues are appealed before concerned appellate authorities. The Group is advised that the cases are likely to be disposed off in favour of the Group and hence no provision is considered necessary therefor.

## Commitments

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Estimated amount of contracts remaining to be executed on capital account not provided for	1,952.45	3,055.36

## 31.3 Details of dividend proposed and paid

	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
a) Final dividend paid	3,739.05	4,382.20

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 23<sup>rd</sup> August, 2020. 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 17<sup>th</sup> July, 2020. The total estimated equity dividend to be paid is ₹1,068.30 Lakhs.

## 31.4 DISCLOSURE AS PER SCHEDULE III

As defined under Micro, Small and Medium Enterprises Development Act, 2006, the disclosure in respect of the amounts payable to such enterprises as at the end of the year has been made in the financial statements based on information received and available with the Group.

	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	136.30	43.41
The amount of interest paid by the Group along with the amounts of the payment made to the supplier beyond the appointed day during the year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.5 Financial Instruments

### i) Financial instruments by category

	As at 31 <sup>st</sup> March, 2020			As at 31 <sup>st</sup> March, 2019		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial assets</b>						
<b>Measured at amortised cost</b>						
a) Cash and bank balances			5,075.48			9,536.23
b) Other financial assets -Non current			27,192.22			40,471.22
<b>Current</b>						
c) Trade receivables			10,741.78			19,264.90
d) Bank balances			58,754.18			46,263.88
e) Other financial assets -Current			5,269.08			4,428.54
g) Investments in equity		3,736.37			7,332.33	
h) Investments in Mutual funds	8,860.07			5,100.33		
i) Investments in debentures	999.39					
<b>Total</b>	<b>9,859.46</b>	<b>3,736.37</b>	<b>1,07,032.74</b>	<b>5,100.33</b>	<b>7,332.33</b>	<b>1,19,964.77</b>
<b>Financial liabilities</b>						
a) Other non-current liabilities	-	-	6,806.33	-	-	5,048.43
b) Trade Payables	-	-	33,257.25	-	-	37,534.44
c) Other financial liabilities	-	-	5,964.29	-	-	8,769.95
<b>Total</b>	<b>-</b>	<b>-</b>	<b>46,027.85</b>	<b>-</b>	<b>-</b>	<b>51,352.82</b>
Financial assets	-	-	1,20,628.57	-	-	1,32,397.44
Financial liabilities	-	-	46,027.85	-	-	51,352.82

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

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

Particulars	Fair value as at		Fair value Amortized Cost	Valuation
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019		
Financial assets measured at Fair Value				
Financial assets			Level 1	Quoted bid prices
<b>Investments</b>				
1. Quoted Equity investments	3,736.23	7,332.19		
2. Mutual funds	8,860.07	5,100.33		
<b>Total financial assets</b>	<b>12,596.30</b>	<b>12,432.52</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 Group 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 which factors the uncertainties arising out of COVID-19, accordingly, any material volatility is not expected.

## 31.6 Exceptional items

Exceptional items represents compensation towards Voluntary Reinvestment Scheme opted by Employees ₹209.76 Lakhs (Previous year ₹3,716.15 Lakhs).

## 31.7 Corporate Social Responsibility expenditure

	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Amount spent through approved trusts and institutions	572.00	597.64
Amount spent directly	8.47	1.35
<b>Total</b>	<b>580.47</b>	<b>598.99</b>
Amount required to be spent as per Sec. 135 of the Act	577.39	590.00
Amount spent during the year on:		
Construction / acquisition of an asset	-	-
On purposes other than above	580.47	598.99
<b>Total</b>	<b>580.47</b>	<b>598.99</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 Group 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, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.8 Earnings Per Share

	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Net Profit after Tax before OCI [₹ In Lakhs]	2,777.42	18,538.12
Weighted Average Number of Equity Shares used as denominator in calculating basic earnings per share	1,06,83,000	1,08,68,983
Nominal Value per Equity Share [in ₹]	10.00	10.00
Basic & Diluted Earnings Per Share [in ₹]	26.00	170.56

## 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 C B Chandrasekar - Chief Financial Officer (Till 31<sup>st</sup> July, 2019)

Sri V Senthil -Chief Financial Officer (From 3<sup>rd</sup> August, 2019)

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 Ltd; Chakradhara Aerospace & Cargo Private Ltd; Chakradhara Agro farms Private Ltd; Dhanajaya Agro Farms Private Ltd; Dhanuprabha Agro Private Ltd; Harshini Textiles Private Limited; Hermes Academy of Training Limited; Lakshmi Card Clothing Mfg Co. Private Ltd; LCC Cargo Holdings Limited; Lakshmi Caipo Industries Ltd; 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 Ltd; Mahalakshmi Engineering Holdings Limited; Rajalakshmi Engineering; Revantha Services Ltd; Revantha Agro Farms Private Ltd; Sowbarnika Enterprises Ltd; Sri Kamakoti Kamakshi Enterprises Private Ltd; Sudhasruti Agro Private Ltd; Super Sales India Limited; Supreme Dairy Products India Private Ltd; Shri Kara Engg Private Ltd; Sri Dwipa Properties Private Ltd; 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, 2020	Year Ended 31 <sup>st</sup> March, 2019
Short term employee benefits	525.69	1,055.74
Post employment benefits	41.62	40.36
<b>Total compensation</b>	<b>567.31</b>	<b>1,096.10</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, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## Related Party Transactions

Particulars	Other Related Parties		Key Management Personnel	
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Purchase of goods	21,550.37	32,656.86	-	-
Sale of goods	2,593.24	3,658.18	-	-
Purchase of Fixed Assets	86.50	-	-	-
Sale of Fixed Assets	41.82	12.67	-	-
Rendering of Services	195.47	117.15	-	-
Receiving of Services	11,935.07	16,505.41	-	-
Agency arrangements	651.26	882.28	-	-
Contribution to Gratuity Fund	400.00	400.00	-	-
Managerial remuneration	-	-	567.31	1,096.10
Outstanding Payables	3,254.94	3,995.88	129.15	636.36
Outstanding Receivables	19.37	28.40	-	-

- Purchase of Goods includes Lakshmi Electrical Control Systems Limited ₹9,507.91 Lakhs (Previous Year ₹16,186.24 Lakhs); Lakshmi Life Sciences Limited ₹4,551.32 Lakhs (Previous year ₹6,783.33 Lakhs); Lakshmi Electrical Drives Private Limited ₹2,565.58 Lakhs (Previous year ₹3,378.45 Lakhs); Lakshmi Precision Tools Limited ₹2,356.53 Lakhs (Previous year ₹2,653.31 Lakhs); Other Related Parties- Associates ₹2,569.03 Lakhs (Previous Year ₹3,655.53 Lakhs)
- Sale of Goods includes Lakshmi Electrical Control Systems Limited ₹492.35 Lakhs (Previous Year ₹829.82 Lakhs) Super Sales India Ltd ₹1,665.48 Lakhs (Previous Year ₹2,152.15 Lakhs) and Other related Parties - Associates ₹435.41 Lakhs (Previous Year ₹676.21 Lakhs)
- Purchase of Fixed Assets includes Lakshmi Life Sciences Limited ₹86.50 Lakhs (Previous Year ₹ Nil Lakhs)
- Sale of Fixed Assets includes Lakshmi Life Sciences Limited ₹30.32 Lakhs (Previous year ₹0.29 Lakhs); Super Sales India Limited ₹11.50 Lakhs (Previous Year ₹2.48 Lakhs); Starline Travels Private Limited ₹ Nil Lakhs (Previous Year ₹9.90 Lakhs) and Other Related Parties-Associates ₹ Nil Lakhs (Previous Year ₹ Nil Lakhs)
- Rendering of Services includes Chakradhara Aerospace and Cargo Private Ltd ₹113.09 Lakhs (Previous year ₹83.48 Lakhs); Super Sales India Limited ₹25.63 Lakhs (Previous Year ₹23.62 Lakhs) Others - Other Related Parties-Associates ₹56.75 Lakhs(Previous Year ₹10.05 Lakhs)
- Receiving of Services include Chakradhara Aerospace and Cargo Private Ltd ₹6,449.99 Lakhs (Previous year ₹10,247.74 Lakhs); Revantha Services Ltd ₹3,351.42 Lakhs (Previous year ₹3,501.89 Lakhs) and Other Related Parties - Associates ₹2,133.66 Lakhs (Previous Year ₹2,755.78 Lakhs)
- Agency arrangement includes Super Sales India Limited ₹651.26 Lakhs (Previous Year ₹882.28 Lakhs)
- Contribution to gratuity fund includes Lakshmi Machine Works Limited Employees' Gratuity Fund ₹400 Lakhs (Previous Year ₹400 Lakhs)
- Managerial Remuneration includes amount paid to Sri Sanjay Jayavarthanelu, Chairman and Managing Director ₹326.34 Lakhs (Previous Year ₹854.77 Lakhs); Sri K Soundhar Rajhan, Director Operations ₹138.70

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

Lakhs (PY ₹146.59 Lakhs); Sri C B Chandrasekar, Chief Financial Officer (till 31<sup>st</sup> July, 2019) ₹20.64 Lakhs (Previous year ₹61.94 Lakhs); Sri V Senthil, Chief Financial Officer (From 3<sup>rd</sup> August, 2019) ₹47.25 Lakhs (Previous year ₹39.44 Lakhs); Sri C R Shivkumaran, Company Secretary ₹34.38 Lakhs (Previous year ₹32.80 Lakhs)

- 10 Outstanding Payables include Chakradhara Aerospace and Cargo Private Ltd ₹440.53 Lakhs (Previous year ₹616.90 Lakhs); Lakshmi Electrical Control Systems Limited 592.31 Lakhs (Previous Year ₹1,080.50 Lakhs); Super Sales India Limited ₹1,136.13 Lakhs (Previous Year ₹1,234.75 Lakhs); Sri Sanjay Jayavarthanavelu ₹129.15 Lakhs (Previous year ₹636.36 Lakhs); Lakshmi Life Sciences Limited ₹267.07 Lakhs (Previous Year ₹483.80 Lakhs); and Other Related Parties -Associates ₹818.90 Lakhs (Previous Year ₹607.88 Lakhs);
- 11 Outstanding Receivables include Revantha Services Limited ₹ Nil Lakhs ( Previous Year ₹6.08 Lakhs) ; The Lakshmi Mills Company Limited ₹13.52 Lakhs (Previous Year ₹19.50 Lakhs); Starline Travels Private Limited ₹5.85 Lakhs (Previous Year ₹ Nil Lakhs), Others - Other Related Parties - Associates ₹ Nil Lakhs (Previous Year ₹2.82 Lakhs)

## 31.10 Employee defined benefit and contribution plans

### I. Defined Benefit Plans

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
<b>A. Expense recognised in Income Statement</b>				
1. Current Service cost	453.76	429.49	178.14	135.66
2. Interest expense on DBO	560.70	644.74	70.64	68.33
3. Interest (Income on plan asset)	(501.64)	(570.40)	(70.62)	(73.91)
4. Net Interest	59.06	74.35	0.01	(5.57)
5. Immediate recognition of (gain) / losses	-	-	(265.70)	7.63
6. Defined Benefits cost included in P&L	<b>512.82</b>	<b>503.84</b>	<b>(87.54)</b>	<b>137.72</b>
<b>B. Expense recognised in Comprehensive Income</b>				
1. Actuarial (Gain)/Losses due to Demographic Assumption changes in DBO	-	249.58	7.89	-
2. Actuarial (gain)/Losses due to financial assumption changes in DBO	590.86	(218.21)	78.84	(22.13)
3. Actuarial (gain)/Losses due to experience on DBO	(386.49)	(251.06)	(295.52)	34.71
4. Return on plan assets (Greater) / Less than Discount rate	(488.92)	37.46	(56.91)	(4.95)
5. Total actuarial (gain) / loss included in OCI	<b>(284.55)</b>	<b>(182.23)</b>	<b>(265.70)</b>	<b>7.63</b>
6. Cost recognised in P & L	512.82	503.84	(87.54)	137.72

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
7. Remeasurement effect recognised in OCI	(284.55)	(182.23)	-	-
8. Total defined benefit cost	<b>228.27</b>	<b>321.61</b>	<b>(87.54)</b>	<b>137.72</b>
<b>C. Net asset/Liability recognised in the Balance Sheet</b>				
1. Present value of benefit obligation	9,139.59	8,474.05	1,072.69	1,032.70
2. Fair value of plan assets	8,279.17	7,379.33	1,160.03	1,032.50
3. Funded Status [Surplus / (deficit)]	(860.42)	(1,094.71)	87.34	(0.20)
4. Net Asset /(Liability) recognised in balance sheet	<b>(860.42)</b>	<b>(1,094.71)</b>	<b>87.34</b>	<b>(0.20)</b>
<b>D. Change in Present value of the Obligation during the year</b>				
1. Present value of the obligation at beginning of year	8,474.06	9,019.06	1,032.70	947.34
2. Current service cost	453.76	429.49	178.14	135.66
3. Interest cost	560.70	644.74	70.64	68.33
4. Benefits paid	(553.30)	(1,399.56)	-	(131.21)
5. Actuarial (gain) loss on obligation	204.37	(219.68)	(208.79)	12.58
6. Present value of obligation at end of the year	<b>9,139.59</b>	<b>8,474.05</b>	<b>1,072.69</b>	<b>1,032.70</b>
<b>E. Reconciliation of opening &amp; closing values of Plan Assets</b>				
1. Fair value of plan assets at the beginning of the year	7,379.36	7,873.52	1,032.50	953.64
2. Expected return on plan assets	501.64	570.40	70.62	73.91
3. Contributions made	462.55	372.46	-	131.21
4. Benefits paid	(553.30)	(1,399.56)	-	(131.21)
5. Actuarial gain / (loss) on plan assets	488.92	(37.46)	56.91	4.95
6. Fair value of plan assets at the end of the year	<b>8,279.16</b>	<b>7,379.36</b>	<b>1,160.03</b>	<b>1,032.50</b>
7. Actual return on plan assets	990.56	532.93	127.53	78.86
<b>F. Amounts recognised in Other comprehensive Income</b>				
1. Opening unrecognised losses / (Gains)	1,431.20	1,613.42	-	-
2. Actuarial Loss / (Gains) on DBO	204.37	(219.68)	-	-
3. Actuarial Loss / (Gains) on assets	(488.92)	37.46	-	-
4. Amortisation Actuarial loss / (Gain)	-	-	-	-
5. Total recognised in Other comprehensive income	1,146.65	1,431.20	-	-

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
<b>G. Major categories of plan assets as a percentage of total plan</b>				
1. Qualifying insurance policies	8,279.16	7,379.36	1,160.03	1,032.50
2. Own plan assets-Bank balances	13.65	7.33	-	-
	<b>8,292.81</b>	<b>7,386.69</b>	<b>1,160.03</b>	<b>1,032.50</b>

## H. Actuarial Assumptions

1. Discount rate	6.84%	7.75%	6.84%	7.75%
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	6.84%	7.75%	6.84%	7.75%
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 Group.

Gratuity payment is based on last drawn basic salary and dearness allowance at the time of termination or retirement. The Scheme takes into account each completed year of service or part thereof in excess of six months. The entire contribution is borne by the Group.

Leave encashment benefits are provided as per the rules of the Group. The liabilities on account of defined benefit obligations are expected to be contributed within the next financial year.

The Group expects to make a contribution of ₹400 Lakhs (as at 31<sup>st</sup> March, 2019: ₹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, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Impact of +1% change in rate of discounting	(646.00)	(1,093.43)	(104.15)	267.61
Impact of -1% change in rate of discounting	726.99	1,093.43	124.54	146.73
Impact of +1% change in rate of salary increase	696.56	996.95	117.49	186.55
Impact of -1% change in rate of salary increase	(637.40)	996.95	(100.28)	235.97
Impact of +1% change in rate of attrition	(100.13)	(1,210.58)	(20.25)	218.10
Impact of -1% change in rate of attrition	110.77	1,210.58	23.60	204.28

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

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 Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

### Investment risk

The present value of the defined benefit plan liability is calculated using a discount which is determined by reference to market yields at the end of the reporting period on government bonds. Plan investment is a mix of investments in government securities, other debt instruments and equity shares of listed companies.

### Interest risk

A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments, if any.

### Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

### Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

## II. Defined Contribution Schemes

	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Provident Fund Contribution	1,178.00	1,194.69

### 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

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

OPERATING SEGMENTS	Textile Machinery Division			Machine Tool & Foundry			Advance Technology Centre			Total	
	31 <sup>st</sup> March,		31 <sup>st</sup> March,	31 <sup>st</sup> March,		31 <sup>st</sup> March,	31 <sup>st</sup> March,		31 <sup>st</sup> March,	31 <sup>st</sup> March,	2019
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
Revenue from external customers	1,11,242.64	1,86,286.13	37,754.21	73,562.28	2,312.92	2,292.85	1,51,309.77	2,62,141.26			
Inter Segment Revenue	1,880.12	2,147.02	1,351.01	2,707.34	-	-	3,231.13	4,854.36			
Allocable other income	6,324.66	10,386.23	1,050.49	744.54	1,012.73	1,163.70	8,387.88	12,294.47			
<b>Total Segment Revenue</b>	<b>1,19,447.42</b>	<b>1,98,819.38</b>	<b>40,155.71</b>	<b>77,014.16</b>	<b>3,325.65</b>	<b>3,456.55</b>	<b>1,62,928.78</b>	<b>2,79,290.09</b>			
Less : Inter Segment Revenue							3,231.13	4,854.36			
Add : Unallocable other Income							7,152.08	6,984.11			
<b>Enterprise revenue</b>							<b>1,66,849.73</b>	<b>2,81,419.84</b>			
Result											
<b>Segment Result</b>	<b>(810.66)</b>	<b>14,783.45</b>	<b>2,785.96</b>	<b>10,818.20</b>	<b>(1,643.25)</b>	<b>(1,428.01)</b>	<b>332.05</b>	<b>24,173.64</b>			
Operating Profit							332.05	24,173.64			
Add : Unallocable Other Income net of unallocable expenses							4,446.80	4,202.28			
							<b>4,778.85</b>	<b>28,375.92</b>			
Less : Interest Expenses							60.53	116.56			
Income tax expenses (Current)							-	9,149.10			
Income tax expenses (Deferred)							1,940.90	572.14			
<b>Net Profit after Tax</b>							<b>2,777.42</b>	<b>18,538.12</b>			
Other Information											
Segment assets	1,45,668.30	1,69,212.22	66,824.56	62,959.66	3,146.27	3,666.18	2,15,639.13	2,35,838.06			
Add : Unallocable corporate assets							18,973.24	9,830.58			
<b>Enterprise Assets</b>							<b>2,34,612.37</b>	<b>2,45,668.64</b>			
Segment Liabilities	56,845.07	61,380.74	9,368.08	12,691.84	776.70	565.46	66,989.85	74,638.04			
Add : Unallocable corporate liabilities							1,67,622.52	1,71,030.60			
<b>Enterprise Liabilities</b>							<b>2,34,612.37</b>	<b>2,45,668.64</b>			
Capital Expenditure	3,431.00	11,474.21	1,979.55	2,041.21	1,363.78	4,989.16	6,774.33	18,504.58			
Depreciation	4,412.04	4,683.12	5,494.7	4,662.9	564.33	386.08	5,525.84	5,535.49			

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. There is no single customer contributing 10% or more to the Group's revenue for both 2019-20 and 2018-19.

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## Segment assets and liabilities

Operating Segment	Segment Assets		Segment Liabilities	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Textile machinery division	1,45,668.30	1,69,212.22	56,845.07	61,279.40
Machine tool & foundry division	66,824.56	62,959.66	9,368.08	12,691.84
Advanced technology centre	3,146.27	3,666.18	776.70	565.46
<b>Total Segment assets &amp; segment liabilities</b>	<b>2,15,639.13</b>	<b>2,35,838.06</b>	<b>66,989.85</b>	<b>74,536.70</b>
<b>Adjustments of unallocated assets and liabilities</b>				
Share capital	-	-	1,068.30	1,068.30
Reserves and Surplus	-	-	1,64,967.29	1,69,962.30
Investments	13,595.83	7,332.33	-	-
Advance tax	5,377.41	2,042.92	-	-
Deferred tax	-	455.33	1,485.57	-
Unpaid Dividends	-	-	101.36	101.34
<b>Total assets &amp; liabilities as per Balance sheet</b>	<b>2,34,612.37</b>	<b>2,45,668.64</b>	<b>2,34,612.37</b>	<b>2,45,668.64</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		Non Current Assets	
	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Inside India	1,19,423.99	1,77,834.36	1,01,330.43	1,14,229.35
Outside India	31,885.76	84,306.90	4,652.11	5,140.77
	<b>1,51,309.75</b>	<b>2,62,141.26</b>	<b>1,05,982.54</b>	<b>1,19,370.12</b>

## 31.12 Approval of financial statements

The financial statements were approved for issue by the Board of directors on 25<sup>th</sup> May, 2020.

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

## 31.13 Details Of Leasing Arrangements

Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
As Lessor		
Operating lease		
The Group has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period from 3 to 4 years and may be renewed for a further period based on mutual agreement of the parties.		
Future minimum lease payments not later than one year	18.84	30.85
Later than one year and not later than five years	20.68	61.70

## 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	
		31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Sundry creditors	CHF	31,255.00	29,578.00	24.48	20.59
	EUR	8,41,363.00	13,54,439.00	699.02	1,052.92
	GBP	23,284.00	98,197.00	21.86	88.73

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Amount in foreign currency		Equivalent INR		
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	
	JPY	4,54,32,423.02	9,09,18,932.00	318.53	568.19
	SGD	12,375.00	63,096.00	6.56	32.00
	USD	15,12,462.38	21,32,963.00	1,132.69	1,476.25
	SEK	85,000.00	85,000.00	6.46	6.33
	CNY	6,69,535.03	42,76,318.00	71.27	441.44
Sundry Debtors	USD	89,82,411.00	1,43,13,107.00	6,771.47	9,937.06
	EUR	15,75,573.00	4,92,417.00	1,308.51	384.18
	CNY	12,62,629.48	18,30,667.00	134.41	188.98
Cash and Bank Balances					
	CNY	1,48,17,347.32	2,40,72,389.00	1,577.35	2,484.99
	KES	28,97,183.00	9,07,894.53	20.57	6.25
	BDT	3,74,642.00	2,85,822.00	3.38	2.35
	USD	3,43,404.01	12,67,119.18	258.81	877.96
	TRY	20,371.00	-	2.42	-
	VND	4,60,86,577.00	37,52,910.04	1.50	0.01
	EUR	1,24,814.20	1,36,934.04	103.70	106.95

The Group is mainly exposed to USD and EUR.

## Foreign currency sensitivity analysis

Particulars	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
<b>Sundry creditors</b>		
USD	1,132.69	1,476.25
Euro	699.02	1,052.92
<b>Sundry Debtors</b>		
USD	6,771.47	9,937.06
Euro	1,308.51	384.18
<b>Net receivable</b>		
USD	5,638.78	8,460.81
Euro	609.49	(668.74)
<b>Total</b>	<b>6,248.27</b>	<b>7,792.07</b>
Impact on profit : 5 % increase in currency rate	312.41	389.60
Impact on profit : 5 % decrease in currency rate	(312.41)	(389.60)

**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.

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

The Group do not have any debts and therefore any fluctuation in market interest rates may not affect the cashflow/profitability position of the Group in terms of debts servicing.

## Interest rate sensitivity analysis

	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Fixed deposits in Banks	87,251.01	86,766.85
Impact on profit :increase of 25 basis points	218.13	216.92
Impact on profit : decrease of 25 basis points	(218.13)	(216.92)

**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, 2020	31 <sup>st</sup> March, 2019
Fair value of Equity investments	3,736.23	7,332.33
Impact on Other Comprehensive Income :increase by 5%	186.81	366.62
Impact on Other Comprehensive Income :Decrease by 5%	(186.81)	(366.62)

**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

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

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.

The contractual maturities of group's financial liabilities are:

	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Trade payable	33,257.25	37,534.46
Less than one year	33,257.25	37,534.46
Others	-	-
Other liabilities	5,964.29	8,769.95
Less than one year	5,964.29	8,769.95
Others	-	-

## 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 Group's investments measured at fair value through other comprehensive income exposes the Group 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, 2020 and 2019 was ₹3,736.37 Lakhs and ₹7,332.33 Lakhs, respectively.

A 10% change in equity price as of 31<sup>st</sup> March, 2020 and 2019 would result in an impact of ₹373.63 Lakhs and ₹733.23 Lakhs respectively.

(Note: The impact is indicated on equity before consequential tax impact, if any).

**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.

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

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.

Revenue from operations for the year ended 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019 is as follows:

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
(i) Revenue from sale of products	1,51,309.75	2,62,141.26
(ii) Revenue from rendering of services	6,140.07	9,035.39
<b>Total revenue from operations</b>	<b>1,57,449.81</b>	<b>2,71,176.65</b>

While the Group believes strongly that it has a rich portfolio of products to partner with customers, the impact on future revenue streams could come from

- the inability of our customers to continue their businesses due to financial resource constraints
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility
- customers postponing their discretionary spend due to change in priorities

## 31.16

The Exchange rate adopted for conversion of subsidiary accounts is as follows:

The Exchange Rate as at 31<sup>st</sup> March, 2020 : 1 CNY = 10.6453 INR (Previous Year 10.323 INR)

Average exchange rate: 2019-20 1 CNY = INR 10.1819 (Previous Year 10.3827 INR)

# Notes to the consolidated financial statements

for the year ended 31<sup>st</sup> March, 2020

(All amount in ₹ Lakhs, unless otherwise stated)

**31.17** Depreciation/ amortisation includes ₹12.28 Lakhs (Previous Year ₹11.88 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 **S. Krishnamoorthy & Co.**

Firm Registration No.001496S

Chartered Accountants

**K Raghu**

Partner

Membership No. 11178

Place : Coimbatore

Date : 25<sup>th</sup> May, 2020

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

# CORPORATE INFORMATION

Based on Standalone financials

(Amount in ₹ Lakhs)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Profit and Loss Account</b>										
Sales (excluding excise duty)	1,77,331	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
Other Income	11,009	12,547	13,152	19,193	17,858	15,988	16,698	17,868	19,578	15,509
Profit before tax	23,916	22,339	17,069	26,878	29,749	32,819	26,631	30,315	32,367	6,441
Profit after tax	16,598	13,702	11,748	18,369	20,745	22,012	19,060	21,142	18,928	4,500

## Balance Sheet

Fixed Assets	43,641	50,787	44,980	38,568	37,721	40,846	46,559	53,616	65,971	69,402
Investments	10,007	15,407	10,382	12,883	12,883	15,276	12,624	14,798	13,846	11,250
Net Current Assets	31,808	25,944	41,956	59,257	75,443	93,709	94,660	1,03,751	89,219	86,465
Share Capital	85,456	92,138	97,318	1,10,708	1,26,047	1,49,831	1,53,843	1,72,165	1,69,036	1,67,117
Reserves and Surplus	1,127	1,127	1,127	1,127	1,127	1,127	1,096	1,096	1,068	1,068
Deferred Tax Liability	81,569	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
	2,760	2,287	1,290	264	-	-	-	-	-	1,486
	85,456	92,138	97,318	1,10,708	1,26,047	1,49,831	1,53,843	1,72,165	1,69,036	1,67,117

## RATIOS

### Measures of Investment

	2018-19	2019-20
Dividend per share (₹)	35.00	10.00
EPS (₹)	174.15	42.12
Return on Equity (%)	11.20	2.72
Dividend Cover (Times)	4.98	4.21

### Measures of Performance

Net Profit Margin (%)	12.71	4.27
Assets Turnover (Times)	3.86	2.17

### Measures of Financial status

Current Ratio (Times)	1.78	2.10
Tax Ratio (%)	33.93	30.14

Exceptional Items - VRS Payments ₹209.76 Lakhs for FY 2019-20 (PY ₹3,716.75 Lakhs)





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