

**LMW**®

**LAKSHMI MACHINE WORKS LIMITED**

ANNUAL REPORT 2022-23

# Between The Covers

## Sustainability at the core

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- 02 Overview
- 10 About The Company
- 12 Statement from the  
Chairman's Desk

## Statutory Reports

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- 14 Management Discussion &  
Analysis
- 44 Corporate Information
- 45 Notice to Shareholders
- 62 Board of Directors' Report to  
Shareholders
- 84 Business Responsibility &  
Sustainability Report
- 110 Corporate Governance  
Report

## Financial Statements

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- 129 Standalone Financial  
Statements
- 192 Consolidated Financial  
Statements





Over the last few decades, our business strategies were largely pivoted on sustaining business growth.

But in the recent past, we made a concerted shift in our business focus...

from  
sustaining  
growth to  
sustainable  
growth.

Because this critical transformation holds the key to our long-term success and our ability to deliver superior returns not only to our shareholder family but also to our stakeholder community.



The expanding climate crisis, lightning-speed of growth in clean technologies, and the increased expectation amongst stakeholders for businesses to be ecologically more accountable and responsible were some trends playing out in the recent past with the possibility of becoming dominant someday.

But that someday has become 'today' - and there is no going back.

Because it is only when enterprises reduce their burden on the Earth, will the planet continue to provide for our present needs without compromising the needs of future generations to meet theirs.





At LMW, we continue to re-model our operations, systems and processes to strengthen our ‘Sustainability’ promise which, over time, will emerge as the key driver of our future growth.

This is what we  
have done so far.



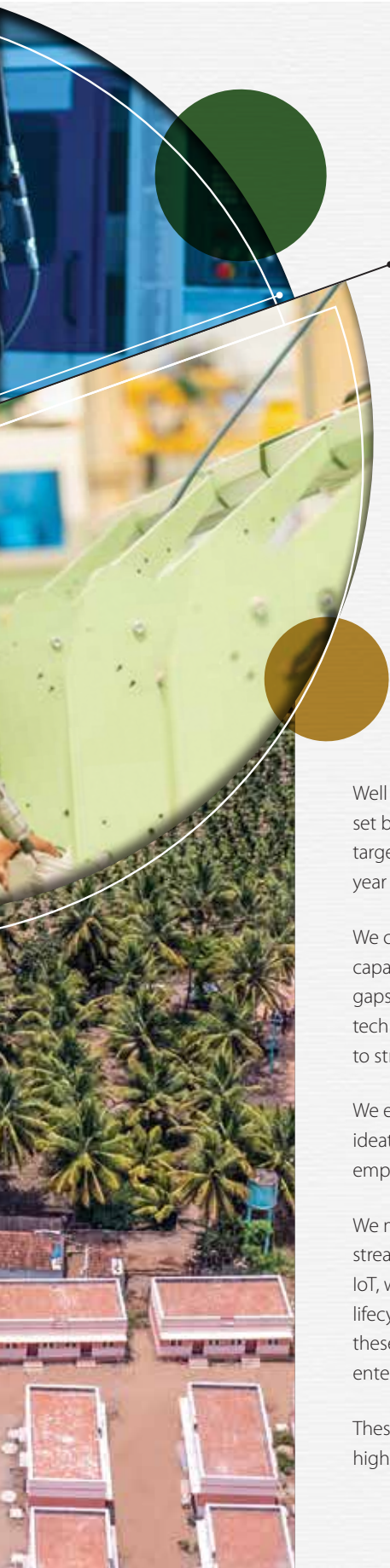
# Making our business sustainable

Achieving success is difficult, but maintaining it is a tall order. It requires passion, patience, hard work, massive action, clarity and a positive mindset because you need to do that much better than what you have done to succeed. You need to improve and progress continuously. And that is easier said than done.

At LMW, having registered a robust performance for two consecutive years, we resolved to strive harder with dedicated discipline to make our success sustainable.







Our products are designed to optimise energy consumption, helping our customers reduce their carbon footprint.

Well laid out business plans define our path for the year ahead based on the goals and targets set by the senior management. This approach helps us to break up the overall goal into granular targets for the departments, functions and individuals. The role clarity at the beginning of the year will facilitate in achieving the set goals.

We consistently look at efforts to strengthen our supply chain function and product design capabilities. A thorough analysis of supply chain function allowed us to identify and plug the gaps in our existing process. For product design, we aligned our products to offer the best in technology. We ideated and implemented ways to optimise the design and manufacturing costs to strengthen our competitive edge in the marketplace.

We encourage and sustain a robust interaction with our employees. This helps us to identify, ideate and implement solutions that further streamline our operations while also boosting employee morale.

We made significant progress in our digitalisation journey. We further strengthened and streamlined our lead generation and tracking systems. We deployed technology tools such as IoT, wherever possible, for shopfloor automation, IT solutions to further strengthen product lifecycle and supply chain management, automation of people dependent processes etc. All these efforts will significantly contribute towards our goal of transforming LMW into a smart enterprise.


These initiatives will help us to design newer and better products and manufacture and deliver high-quality products faster to our customers.



# Making our operations sustainable

Nature is the provider of everything. But Nature's resources, although abundant, are finite. Years of sustained exploitation of the bounties of Nature have brought us to a point where we are now experiencing Nature's adversities. We need to make the change now. Otherwise, we may have little of an Earth left to live upon.





## At LMW, we deeply respect the Earth and its resources. We take ownership of our obligation to preserve the Earth, its resources and the environment for future generations. Over the years, we have worked consistently to minimise our carbon footprint in a phased manner.

We have opted for renewable energy as our primary power source. We have 46.80 MW of renewable power generation capacity, catering to our in-house power requirement.


We have replaced our lighting across all our establishments and factories with power-saving LED variants, and we replaced conventional compressors, pumps and motors with energy-saving variants. We replaced fossil fuel-operated equipment with electric variants. We replaced LPG-run kitchen equipment with electric variants.

To understand our present position, a carbon emission study was undertaken during FY23. The report will become our guiding star in further optimising the load of our operations on Earth. As a subsequent step, we plan to undertake a comprehensive energy study across the organisation, which will articulate where we

are and where we need to be and draw out the contours of the road map to reach our goal.

Our operating units are zero liquid discharge. We utilise the treated water in gardening and other operational processes. We have reduced the usage of natural wood by altering our packaging. Now our machines/products, wherever possible, are packed in high-strength corrugated board or plywood, sharply decreasing our use of natural wood. In addition, we have worked extensively on greening our facilities. About 30% of the area of all our facilities is covered with a green cover, creating an ambient working environment for our people.

These are our steps towards using Nature's resources judiciously and contributing to India's goal of being a Net-Zero Carbon nation by 2070. We plan to intensify our Earth management initiatives as we progress forward.



After two years of sustaining the GreenCo Gold Certification, our Foundry division received the GreenCo Platinum Certification. Today, we are the only foundry in India with this coveted watermark, a heartening vindication of our environment management initiatives.

# Making our presence sustainable

Responsibility is the bedrock of our sustainable growth. It encompasses protecting and nurturing the ecosystem and marginalised communities, which then forms the foundation of our continual progress.

At LMW, we believe that business success in today's corporate society is something more than manufacturing, selling and making profits. It's being socially responsible. The Company remains committed to the welfare of all stakeholders including the society. Towards this end, it has a well-defined approach for identifying and executing social intervention and development projects. The Company's commitment to social responsibility extends beyond its immediate stakeholders to the broader community and the environment.

The Company undertakes various initiatives to ensure the health and safety of the local community, rural infrastructure development, livelihood assurance, environment protection, and more. LMW works closely with local communities to understand their requirements and create sustainable solutions to impact lives positively.











# The Corporate

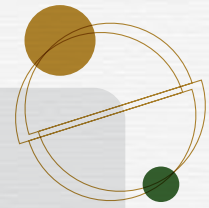
Lakshmi Machine Works Limited (LMW) was founded in 1962 on the underlying philosophy of “Make in India” to provide Indian textile mills with the latest Spinning Technology, with a broader vision of making them globally competitive.

Since then, it has diversified its product portfolio and created synergic business verticals by leveraging its engineering proficiency to provide cutting-edge solutions to clients over the last six decades. Every vertical is aligned with the articulated vision of the organisation.

Today it has clients not only in the domestic market but also globally. Its reputation for being a robust and resilient organisation has helped create substantial wealth for its shareholders.

Since its inception, LMW has focused on the judicious use of all resources and has worked passionately towards reducing its carbon footprint on the planet. As a result, sustainability is deeply rooted in the foundation of the corporate edifice.





## Our business verticals



### Foundry Division (FDY)

makes precision castings for industries worldwide. A sizeable portion of its output goes to marquee international clients.



### Textile Machinery Division (TMD)

is one of the few manufacturers in the world to offer the entire range of textile spinning machinery to the textile industry.



### Machine Tool Division (MTD)

offers one of India's most comprehensive machine tools comprising Turning Centres, Machining Centres and Turnmill Centres.



### Advanced Technology Centre (ATC)

manufactures components and assemblies for the global Aerospace Industry.



## Vision

To enhance customer satisfaction and our image globally, achieve exponential growth, and attain leadership through world-class products and services.



## Mission

To deliver greater value to our customers by providing complete, competitive solutions through technological leadership and manufacturing excellence that is responsive to dynamic marketing needs



## Values

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

# From the Chairman's Desk



We have adopted a multi-dimensional approach to sustainability. We look at sustainability from a business perspective, from an Earth mindset and a community angle – three pillars that allow us to create a sustainable ecosystem.

*Dear Shareholders,*

It gives me great pleasure to share my thoughts after another eventful year of good progress. We continued our growth momentum through a year that was relentless with unprecedented inflation primarily due to geopolitical strife and supply chain constraints resulting in a rising interest rate regime. Yet, continuous upheavals notwithstanding, we recorded good growth across all our business segments.

Our robust performance resulted from the teams' relentless focus on execution. We reinforced our core strengths and further widened and deepened our capabilities. These intangible investments have also facilitated in ending the year with a healthy order book position that enhances the energy levels within the organisation to sustain our progress.

#### **Sustainability, a compelling mandate**

While nature continues to provide everything we need,

if we continue to do things the way we do it today, someday, very shortly, these resources will be completely depleted. Because what nature provides is finite. In this context, sustainability signifies providing for the present needs without compromising the needs of future generations.

Climate change and sustainability have become fundamental to every company's long-term relevance due to rapidly altering perspectives worldwide. Therefore, embracing and integrating sustainability principles into the business edifice has become a compelling business case. When that happens, the natural fallout will be that a new business model will emerge, new societal and environmental performance benchmarks will emerge, and valuation criteria will stand redefined.

For instance, in the textile industry, for as long as I can remember, the textile fraternity talked about the fibre-to-fabric model. Today, conversations veer around the fabric-to-fabric strategy. The growing awareness about problems emerging from dumping of used garments has transformed the dialogue. And recycling fabric has



emerged as the immediate mandate. As stakeholders' expectations focus more on sustainable development, companies must embrace this paradigm shift to create value.

At LMW, embracing sustainability in its completeness has been accorded the highest priority. It is the critical filter that has and continues to guide our business strategies.

We have adopted a multi-dimensional approach to sustainability. We look at sustainability from a business perspective, from an Earth mindset and a community angle – three pillars that allow us to create a sustainable ecosystem holistically.

#### **Sustainability at the Business level**

The Government's thrust on an industrialised nation through investment-inducing policies such as 'Make in India' and 'Atmanirbhar Bharat' has widened the opportunity matrix significantly, resulting in healthy volumes for all business sectors, including ours. The promising outlook has mandated a change in our business operations. Embracing the tenets of Industry 4.0 in earnest, we are working to transform ourselves into a Smart Enterprise.

Additionally, we have sharpened our focus on diversity – in products and markets. We continue to align our product portfolios in every business vertical against the dynamic market environment to expand our sectoral bandwidth. We are also working on expanding our geographic presence across high-growth markets globally. These strategies should serve as essential growth levers over the foreseeable future.

#### **Sustainability of the Earth**

Attaining net zero for India and the planet will be possible only if companies reduce their carbon footprint. At LMW, I am proud to state that we have prioritised and implemented initiatives to start reducing our carbon footprint years ago.

While this showcases our unwavering commitment, we realise we need more. We are going deeper into our product lifecycle to unearth opportunities to design better, manufacture and package our products.

It is very satisfying to mention that our foundries have received the GreenCo Platinum Certification. This watermark is a strong vindication of our efforts in

reducing our carbon footprint.

We believe that we have only scratched the surface. The journey ahead is long and arduous. Nevertheless, we remain steadfast in our commitment to sustain a world that is better than what we received from our peers.

#### **Sustainability of Communities**

It becomes the responsibility of every corporate to make a concerted effort toward uplifting underprivileged communities. In this regard, LMW is also doing its best to not only improve the lives and livelihoods of fellow Indians but also add value to it. We remain determined to increase our outreach programs to ensure that we touch lives positively.

#### **In the future**

At LMW, there is considerable activity.

We will continue to work towards creating a digitally connected organisation wherein the plant and people's operational efficiency will scale to an entirely new level.

We will revisit our existing systems and processes to embed sustainability across the organisation's business system and processes. It will make us leaner, fitter and more robust to respond to the dynamism of our increasingly challenging business ecosystem.

We will intensify our efforts to utilise our digital assets better to reach out more efficiently and effectively to our prospective customers worldwide.

#### **Acknowledgement**

I thank the Board for their continued support and guidance. I sincerely thank our employees, our most precious assets, our customers for their undeterred trust in our brand, our Shareholders for their continued faith and all our stakeholders, namely vendors, government authorities and the local community, for their continued support. This synergy navigates us ahead, motivates us to exceed stakeholder expectations, and remain value driven.

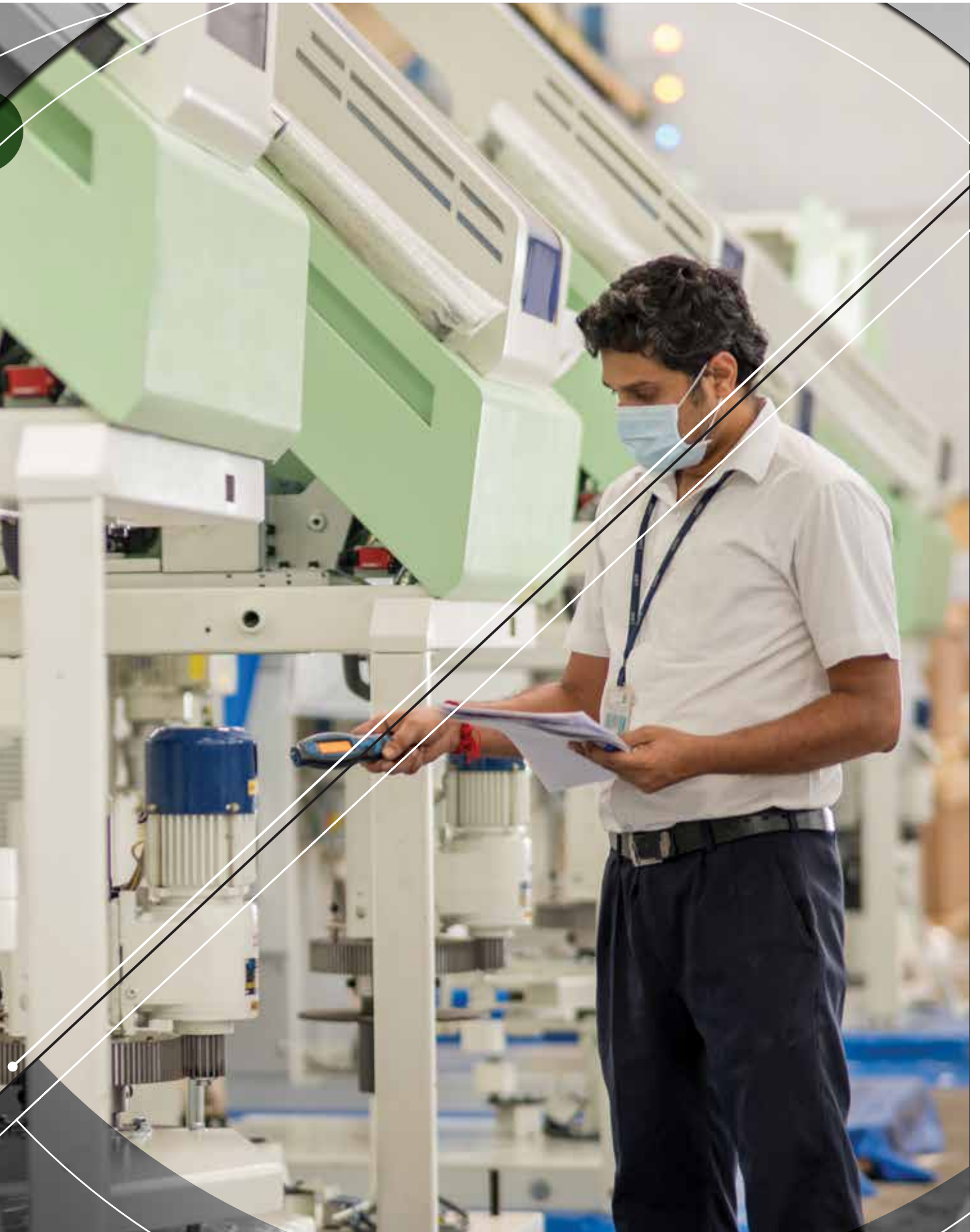
With a strong foundation, we will continue executing our strategic priorities and accelerating our growth momentum.

Regards,  
**Sanjay Jayavarthanelu**  
*Chairman & Managing Director*



# Management Discussion & Analysis





## World Economy

According to the International Monetary Fund (IMF), global economic outlook is uncertain again given the financial sector turmoil, high inflation, geopolitical developments and tensions, and the COVID pandemic.

Geopolitical developments triggered high energy costs in 2022. Also, supply-side disruptions distorted consumer prices. As a result, unreasonable inflation prevailed across the globe - averaging around 9%. Majority of the global central banks tightened the monetary policy to restore price stability.

**Outlook:** The baseline forecast is for growth to fall from 3.4 percent in 2022 to 2.8 percent in 2023, before settling at 3.0 percent in 2024.

Rising interest rates and the developments in Eastern Europe will continue to cast a grim shadow on global economic stability. On the positive side however, the reopening of China's economy, higher global demand and slowing inflation projected across certain countries in the year ahead have seemingly paved the way for a healthy recovery.

According to the World Bank, investment growth in emerging markets and developing economies is likely to remain below its average rate of the past two decades. Unforeseen adverse shocks could further pull down the global GDP. Smaller nations are particularly vulnerable to such shocks because of their reliance on external trade and financing, limited economic diversification, elevated debt, and susceptibility to natural disasters. In order to mitigate the risks of global recession and debt distress in emerging markets & developing economies and to support a major increase in investment, well-concerted global and national level efforts are necessary.







## Indian Economy

India recovered from the pandemic in FY22 and positioned itself to ascend to the pre-pandemic growth path. According to the Economic Survey, the nominal GDP of India was estimated at US\$ 3.5 trillion in March 2023.

During FY23, India faced challenges in reining inflation which was accentuated by the global geopolitical developments. The average retail inflation for FY23 was 6.7 per cent while in March 2023, the retail inflation came down to 5.7 per cent.

India's Current Account Deficit (CAD) widened owing to high global commodity prices, the depreciation of the Indian Rupee and the increased quantum of imports to meet the requirements of a growing economy. India's industrial output, as measured by the Index of Industrial Production (IIP), stood at 5.6 per cent on an annual basis in February 2023, according to recent National Statistical Office (NSO) data. That marked an improvement of 40 basis points sequentially, from growth of 5.2 per cent in factory output in January. The rise in industrial production was mainly driven by the manufacturing sector.

Given these developments, India with a GDP growth estimated at around 7.2% in FY23 retained its position as the fastest-growing major economy.

**Outlook:** India is expected to sustain a 6.5 per cent-plus GDP growth in FY24. The economic progress in FY24 will be supported by robust domestic demand and a healthy pick-up in capital formation.

The significant impetus to infrastructure creation in the Union Budget 2023 is expected to have a significant positive impact cascading on multiple sectors that support infrastructure creation. The visible challenges on the horizon are a global slowdown that could impede exports and persistently high inflation leading to continuing interest rate hikes by the RBI.

## Business Division 1

# Foundry Division

4,399

Castings sold (Tonnes)

9,570.84

Revenue (₹ in Lakhs)

### Overview

Recognised as a leading global player in the textile machinery space, few would know that LMW commenced business operations by manufacturing castings. Over the years, the foundry division has emerged as the backbone of the Company's textile machinery and machine tools verticals, supplying them with high-quality, precision castings.

While one facility primarily caters to in-house requirements, the second facility develops complex castings used by marquee global and Indian OEMs in niche and critical applications across diverse sectors. A sizeable portion of these castings is exported to key markets in North America, Europe, and Asia.

By deploying advanced, sophisticated technologies and equipment and globally bench-marked operational processes, the division maintains a delicate balance between improved productivity and environmental protection, ensuring the business remains profitable and sustainable over the long term.

### Business performance, FY23

The division continued to improve its performance barometer holistically. The operations teams at both units worked tirelessly to meet the growing demands of its internal and external customers. Meanwhile, the marketing team worked to ensure a continuous flow of orders. This combined effort resulted in a healthy order book which should facilitate robust business growth in the current year.

**Improving plant operations:** With growing demand, the team focused on effectively utilising its assets. It improved critical melting and moulding processes, which yielded satisfying results.

The team focused on standardising the metal charged for melting in the melting area, among other initiatives. This reduced the melting time per batch and improved the quality of the final output.

In the moulding area, the team suitably altered the moulding plan and throughput for every moulding line to maximise their utilisation. The division invested in automation solutions at its moulding units to improve efficiency and overall productivity.

These efforts worked effectively in scaling up the output of the foundry division.

**Market place development:** The business development team sharpened its focus on ensuring the continuous flow of orders.

The team adopted a two-pronged approach. One, it strengthened relations with existing customers and nurtured new relations in existing sectors. Two, it made a concerted effort to widen the division's presence in new business spaces.

The team established meaningful relations with new customers in the renewable energy and compressor business spaces. These new opportunities promise to provide adequate business visibility for the current year and beyond.

**Focus on the environment:** FY23 provided a satisfying milestone for the foundry division as its efforts towards environment management earned it national respect.

The division received the GreenCo Platinum Certification, India's highest recognition for environmental management. This certification positions the foundry as the most environment-friendly foundry in India. In





line with its commitment to optimising resources, the division reduced its energy consumption by tweaking its melting process.

## Prospects for our business space

Many people know that manufacturing is essential, but only a few know how vital the foundry industry is. It's responsible for producing base parts that fuel everyday life and the economy.

Metal castings are part of every automobile, every railway car and engine, every building and every piece of heavy equipment used for construction and agriculture, and much more.

Casting is most often used for making complex shapes that would be otherwise difficult or uneconomical to make by other methods. Hence, castings are indispensable components essential for a nation's economic progress.

**Long-Term Prospects:** The global metal casting market was valued at US\$ 139 billion in 2021. This market is projected to reach US\$ 221.3 billion by 2027, showing a CAGR of 7.8% during 2022-2027.

India is the world's third-largest casting producer after China and the United States. The Indian foundry industry manufactures metal cast components for applications in Auto, Tractor, Railways, Machine tools, Sanitary, Pipe Fittings, Defence, Aerospace, Earth Moving, Textile, Cement, Electrical, Power machinery, Pumps / Valves, Wind turbine generators, etc. Foundry Industry has a turnover of approx. US\$ 19 billion with exports of approximately US\$ 3 billion. Generally, grey iron castings have a significant share, i.e., about 68% of total castings produced.

There are approximately 4,500 foundry units in India, out of which 90% can be classified as MSMEs. About 1,500 units have International Quality Accreditation. Several large foundries are modern & globally competitive. Many foundries still use cupolas using low ash metallurgical coke. However, of late, foundries are switching to induction furnaces due to growing environmental awareness.

At LMW, most of the castings produced are used in-house in other business verticals. Besides, the division manufactures complex castings used in niche sectors such as aerospace, renewable energy, railways, construction & mining, power & energy, and automobile. Hence, it would be relevant to delve into the prospects of these sectors to gauge the opportunity horizon for LMW's foundry division.

**Automotive:** According to an India Brand Equity Foundation Report, the Indian passenger car market, which was valued at US\$ 32.70 billion in 2021, is expected to reach US\$ 54.84 billion by 2027, registering a CAGR of over 9% between 2022-27. The electric vehicle market is estimated to reach US\$ 7.09 billion by 2025. Given the immense growth potential for electric vehicles in India and globally, sizeable investments are expected to set up vehicle manufacturing and the related charging infrastructure in India.







**Renewable energy:** India ranked 3<sup>rd</sup> in the renewable energy country attractive index in 2021 and is the 3<sup>rd</sup> largest energy-consuming country in the world. India ranks 4<sup>th</sup> globally in Renewable Energy Installed Capacity (including Large Hydro power generating capacity). It ranks 4<sup>th</sup> in Wind and Solar Power capacity (according to the REN21 Renewables 2022 Global Status Report). The country has set an ambitious target to achieve a total of 500 GW worth of renewable energy by 2030, the world's most extensive expansion plan in renewable energy.

**Petrochemicals:** The petrochemical market in India is forecasted to expand at a CAGR of 6.14% between FY 2021 and FY 2025. This will necessitate considerable investments by Indian oil majors to increase their refining and distribution infrastructure to meet the growing domestic demand for fuels. Therefore, the petrochemical industry will positively impact the industrial landscape.

**Urban public transport:** The Metro-rail revolution is happening in India, with the number of cities having this transport network rising to 20 from five in 2014. The ubiquitous Metro trains running along the landscape of Indian cities are steadily emerging as one of the best solutions for urban transportation. As per a recent study by ICRA, the Indian metro projects are expected to generate ₹80,000 Crore opportunities for construction companies over the next five years, a part of which will also cascade to the casting sector.

**Defence:** The Defence Production and Export Promotion Policy 2020, released by the Ministry of Defence, is a guiding document to facilitate the Government's "Atmanirbhar Bharat" initiative. This policy targets generating revenue worth ₹75,000 Crore, including ₹35,000 Crore in the aerospace/defence products and services space by 2025.

**The Budget impetus:** The Union Budget 2023 announced initiatives and capex for housing, transport and urban infrastructure development. The ministries of housing and urban affairs (MoHUA) and railways combined will see a capex surge of INR 3.2 trillion in FY24.

The Railways has been given its highest-ever capital expenditure allocation, of ₹2.4 trillion in FY24, for 100 transport infrastructure projects.

An ₹10,000 Crore Urban Infrastructure Development Fund (UIDF) will be established to transform urban planning and make cities more sustainable.

## Our blueprint

Having delivered a robust performance in FY23, the division has set ambitious goals for the current year that will enable the division to increase the manufacturing capacity by introducing contemporary technology wherever necessary to optimise energy consumption further and increase productivity. The additional capacity would be primarily used for catering to external customers. The division would also during FY24 be looking at solutions that further optimise its impact on environment.







## Business Division 2

# Textile Machinery Division

4,201

Machines Sold

3,48,698.67

Revenue (₹ in Lakhs)

### Overview

The Textile Machinery Division bears testimony to the Company's dream of an 'Atmanirbhar Bharat' decades before the Government articulated it as its vision.

The division offers an entire range of spinning solutions in multiple variants to fit the requirements of diverse entrepreneurs and organisations. LMW manufactured textile spinning machinery has been pivotal in establishing India on the global textile map. The division also exports its machines to multiple global destinations.

In India, the division has an entrenched network of technical experts who service the clients, ensuring minimum equipment downtime. In addition, the division services its international customers through a network of offices in each location, ensuring that the division is always proximate to its customer's shop floor.

The division deploys cutting-edge technology to make the machines more capable, self-sufficient and relevant to global standards. It also leverages digital technology to increase its proximity to its customers - in India and worldwide. Its digital solutions enable the technical team to deliver solutions to customer issues remotely.

## Business performance, FY23

FY23 was a landmark year for the division as it set a landmark in revenue generated and the topline growth. These milestones were owing to the healthy order book position at the end of the previous financial year. Order flow was satisfying for the first half of FY23 but tapered after that, owing to a slump in the global textile industry. However, the last quarter saw a revival in business prospects with a pick-up in order inflow. As a result, the division expects to sustain business growth in the current year.

**Improving plant operations:** Even as customers continued taking delivery of their ordered machines right through the year, the division experienced significant challenges with sourcing mechatronics that are critical to its machines. The team leveraged its healthy vendor relations to sustain supplies of these components.

The division invested in capex to debottleneck its lines and automation solutions to facilitate optimum utilisation of assets. This investment increased the throughput of components to its assembly lines and allowed the division to deliver a record number of machines during the period under review.

The division intensified the technical training of its shopfloor team to enhance their skill and capabilities, which also helped in improving shopfloor efficiencies. In addition, it continued to aggressively mitigate customer issues and ensure they did not recur. The efforts resulted in a significant drop in quality issues.

**Strengthening the quality commitment:** The division shifted its approach towards quality from the conventional inside-out policy (drawing-accuracy approach) to an outside-in (customer-centric approach) mindset.

In keeping with this change, the division significantly adopted a three-pronged approach 1) Vendor Quality, 2) Assembly Quality 3) Service Quality to strengthen its quality commitment.

**Widening the product basket:** The R&D team made some critical breakthroughs that promise to strengthen the division's standing in the textile sector. Upholding the spirit of 'Atmanirbhar Bharat', the team strives to







develop 100% indigenous solutions that offer the best value for money proposition to the customers. For example, it launched the Card Drafting System, besides other improved product offerings. This solution will shorten the preparatory process for Vortex spinning. It also launched a new variant of the Twin Delivery Draw Frame, reducing the required space and hence the cost of ownership for the customer. Besides improved products, the R&D team also focused on providing more automation solutions to the customer with considerable success.

**Increasing growth opportunities:** Other than the third quarter of FY23, the market dynamics were largely favourable, sustaining the inflow of growth opportunities from domestic and international markets.

The international markets were advantageous as business orders transformed from unitary machines in earlier years to project orders comprising the entire fleet of spinning equipment. This change showcased the global customers' growing trust in the LMW brand. The division strengthened its presence in existing global markets and entered new and exciting markets during the year under review.

The division participated in the India International Textile Machinery Exhibition in December 2022, held after six years owing to the disruption due to Covid-19.

The division continued its aggressive outreach efforts using all the available digital platforms with considerable success. The posts on social media handles showcased new machines and spares, performance enhancement kits and customer success stories.

**Strengthening the service:** As machine deliveries scaled, the division increased the headcount of its services and installation team to facilitate faster installation. Additionally, the division increased its focus on high-quality installation and seamless handover of machines to clients. Specially created teams swiftly responded to all technical issues and offered life cycle support to customers.

The division also strengthened its customer relationship/ outreach exercise through a globally connected digital platform allowing customers to interact directly with the team to put up service requests and communicate all kinds of issues faced. The service team of the division

then addressed these issues. This platform helped the division gain a direct pulse of its customers. This platform will also allow customers to purchase spares and accessories online. This feature should help boost the sale of spares and accessories in the current year. Moreover, the division will also feature all its marketing campaigns on the digital portal to spread awareness.

**Focusing on the environment:** All machines manufactured by the division are energy efficient. The division has also developed and delivered machines that allow customers to utilise yarn from recycled fabric – an emerging operating model in the global and domestic textile universe. Through these realities, the division is helping customers to participate in the global circular economy and move closer to their environment management goals.

Internally, the division has undertaken several initiatives toward reducing its carbon footprint. All its mother machines are fitted with energy monitoring devices, which allows it to monitor energy consumption and reduce it in a phased manner. In addition, the division has replaced its shopfloor lighting with LED variants. Further, the team has modified fixtures to optimise the shop floor's energy consumption wherever possible.

The team has altered its packaging material. It has replaced natural wood with high-strength corrugated board and plywood wherever applicable. Moreover, the team observes one day every month as a Tree Planting day – this effort has resulted in planting about 2,000 trees within its campus in FY23.

### Prospects for our business space

The domestic textile sector is critical to India's progress owing to its contribution to economic growth and foreign currency earnings, and the creation of employment opportunities. As a result, the Government has focused on strengthening the sector by announcing favourable policies and creating opportunities for widening and strengthening the global presence of the Indian textile sector.

**Policy intervention:** The Government has introduced various schemes such as the Scheme for Integrated Textile Parks (SITP), Technology Upgradation Fund Scheme (TUFSS) and Mega Integrated Textile Region and Apparel (MITRA) Park scheme. The Government

allows 100% FDI in textiles. It has also announced the Production-linked Incentive (PLI) Scheme worth ₹10,683 Crores (US\$ 1.44 billion) for five years for man-made fibres and technical textiles. These policy incentives have gone a long way in strengthening the capability matrix of the domestic textile sector to bring it to par with global standards.

The Ministry of Textiles has declared that the Government intends to establish 75 textile hubs in the country.

**Opportunity creation:** In 2022, the Government successfully endorsed Free Trade Agreements (FTA) with significant markets such as the UAE and Australia. Moreover, the Government is at an advanced negotiation stage with the UK and Canada for signing FTAs. These agreements create a level playing field for textile and garment exports from India. Due to its competitive advantages in the textile sector (strong raw material base, abundant labour and product quality), India is expected to edge out the competition in the global arena.

**Union Budget 23-24:** The total allocation for the sector is an impressive 22.6% higher than the previous year's Budget and shows the Government's commitment to aiding the sector's growth. Additionally, funds have been







allocated towards various programs to promote capacity building and investments in this area. This financial support should create a favourable environment for the continued success of India's textile industry.

Large yarn manufacturers are expanding their spinning capacity to address the surge in demand for yarn over the next 3-5 years. Also, due to a positive outlook for the textile sector, fresh investments coming into India should create new spinning units shortly. These realities will augur well for the division's business prospects in future.

## Cotton

India has the distinction of having the largest area under cotton cultivation, with about 38% of the world's area. India is also one of the largest producers of cotton in the world, accounting for about 23% of the world's cotton production. However, the kilograms per hectare yield, presently at 465 kilograms/hectare, is still lower than the world's average yield of about 755 kilograms /hectare.

**Cotton season 2022-23:** The Cotton Association of India (CAI) has estimated the cotton crop output at 330.50 Lakh bales for the 2022-23 season (307.05 Lakh bales for the cotton season 2021-22), a drop of 9.25 Lakh bales from its earlier estimate for the same period due to



Free Trade Agreements (FTA) with significant global markets can create a level playing field for textile and garment exports from India.

decline in output in Maharashtra, Andhra Pradesh and Karnataka. As a result, the cotton supply till the end of the cotton season 2022-23, up to 30<sup>th</sup> September 2023, is estimated at 374.39 Lakh bales.

**Budget support for Cotton:** Extra Long Staple Cotton ('ELS') usually comprises 32 to 36 mm in staple length. However, much of the cotton output in India is between 26 to 30 mm. Of this, almost 80% is 29 mm and is medium-grade. In India, domestic consumption of ELS cotton is about 10 Lakh bales, whereas the nation produces an estimated 3.5-4 Lakh bales. The Union Budget 2023-24 has proposed to enhance the productivity of extra-long staple cotton output by adopting a cluster-based and value-chain approach through Public Private Partnerships. Increased availability of right type of cotton is expected to provide increased impetus to yarn manufacturing activity within the country.

## Our blueprint

The division plans to improve shopfloor efficiency and productivity further to get a more significant number of machines manufactured, shipped and installed in India and key international markets. Also, the team will launch the new machines displayed at the India International Textile Machinery Exhibition in the current year. These efforts are expected to help the division perform robustly during FY24.

## Business Division 3

# Machine Tool Division

3,519

Machines Sold

77,918.64

Revenue (₹ in Lakhs)

### Overview

LMW, a recognised name for CNC machine tools, offers a wide range of CNC lathes and machining centres to respected names in India's manufacturing space.

Established in 1988, the Machine Tool Division (MTD) is the first-of-its-kind manufacturing facility that develops and delivers Turning Centres, Machining Centres and Turnmill Centres. The division also offers an entire range of quality spares that enable the flawless performance of machines across their useful life. Further, the division's after-sales services maximise machine uptime for the customers.

The division takes pride in remaining at the cutting edge of technology, which helps the division design and develop technology-based machines with niche capabilities for demanding applications.

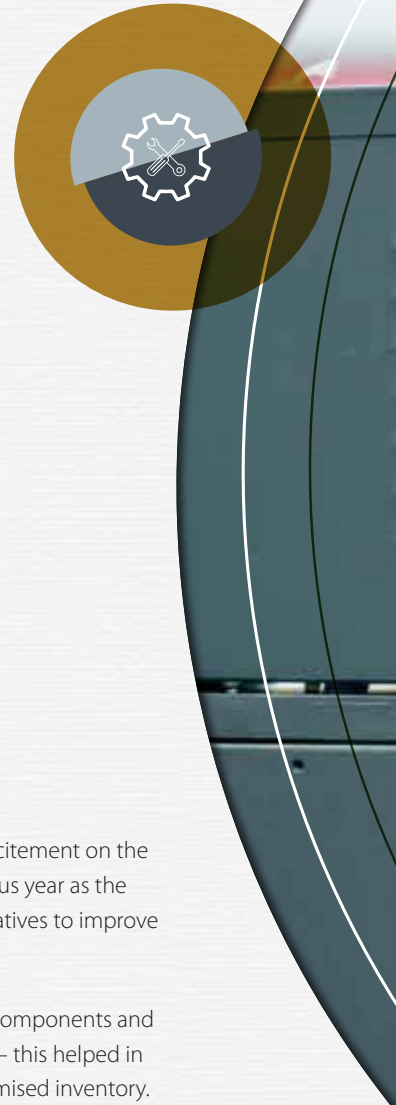
### Business performance, FY23

The division reported a good performance, with the team continuing its hard work in growing the opportunity landscape and capitalising on growth prospects. The number of machines sold continued to scale to new heights. Moreover, the team also successfully increased the proportion of machining centres in its sales mix. The division introduced and aggressively marketed the new launches to secure a healthy order book at the close of FY23. This business visibility for the current year enhanced the zeal and energy of the team to enhance productivity and efficiency.

**Improving plant operations:** The excitement on the shopfloor continued from the previous year as the team ideated and implemented initiatives to improve productivity and product quality.

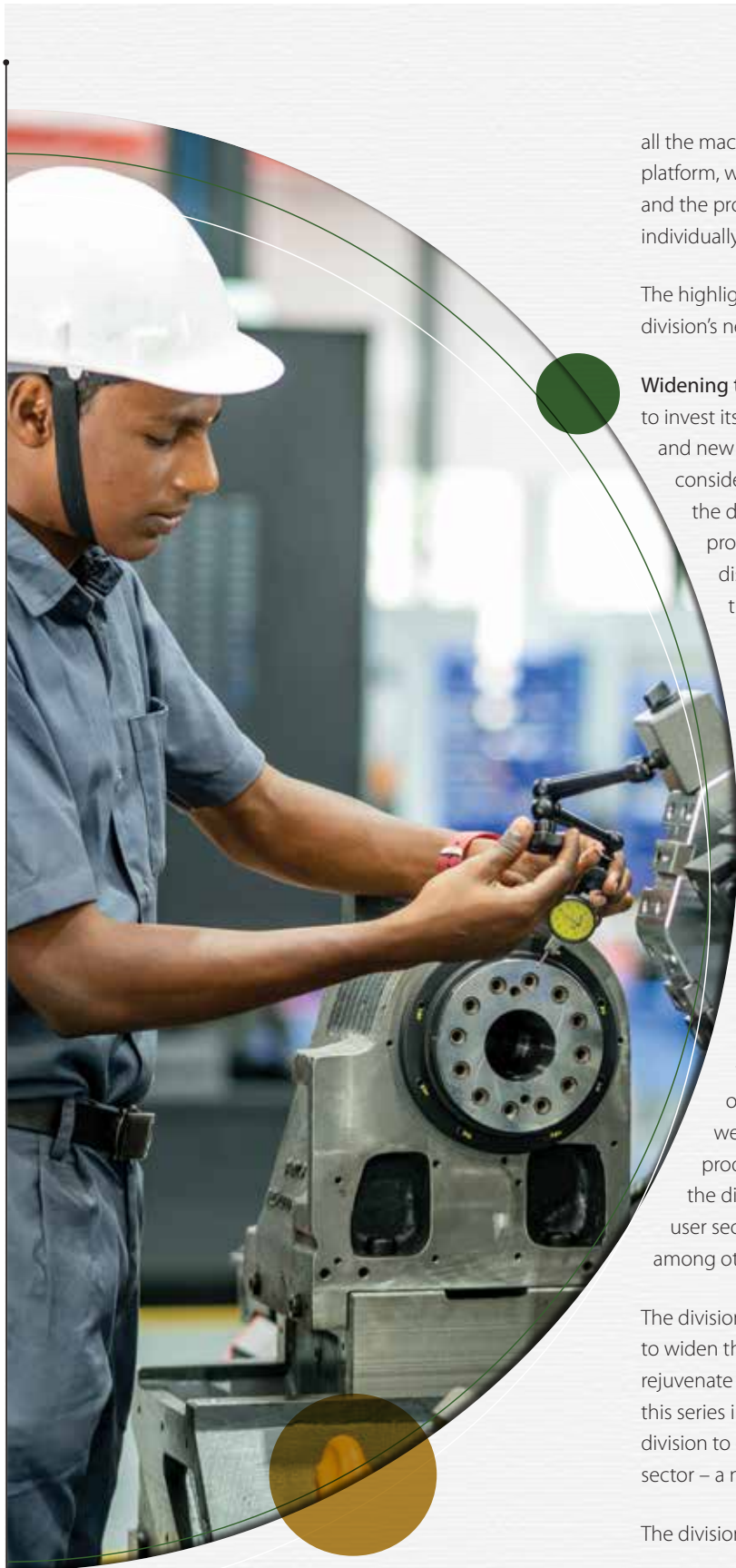
The team focused on standardising components and modules across its machine variants – this helped in faster assembly operations and minimised inventory. In addition, the operations team strengthened its 'auto mode' manufacturing strategy, which helped speedier delivery to customers.

The division made considerable headway in its journey towards graduating to Smart Operations. It connected









all the machines on the shopfloor leveraging the IoT platform, which helped monitor the entire shopfloor and the productivity and efficiency of every machine individually.

The highlight for FY23 was the establishment of the MTD division's new unit in January 2023.

**Widening the product basket:** The R&D team continued to invest its energy in existing product improvement and new product development. The team made considerable headway in both areas, which helped the division to plug in most of the gaps in its product basket - it developed new machines; it displayed some of these new developments at the exhibitions. Further, the division continued to extend the applicability of its widely accepted J-series.

The team successfully developed a new machine in the Horizontal Machining Centre segment. This new product bridges the gap between LMW and other players operating in India in this space and promises to generate considerable interest among users in the current year.

**Increasing growth opportunities:**

The team participated in exhibitions to showcase its product – the most prominent was the IMTEX exhibition, which happens once every two years. Twelve new products were displayed; some were completely new products. Some of the new introductions enabled the division to establish a healthy presence in new user sectors, namely electronics and alloy wheels, among others.

The division launched multiple variants of the J-series to widen the application matrix of this machine and rejuvenate the healthy customer response received for this series in the previous year. The J-series allowed the division to establish a foothold in the die-moulding sector – a new opportunity space.

The division successfully launched the Smart Mini Master



(a compact and highly productive machine) – the team leveraged this new variant to make healthy inroads into the bearings sector.

**Strengthening the service:** In the Machine Tool division, the sale of the machine is just the start of a multi-decadal relationship cemented by prompt and efficient service. Cognizant of this reality, the division continued to strengthen its service platform.

The division implemented a completely digitised platform which facilitated customers to reach the division faster and enabled the team to track and resolve every customer issue quicker and more efficiently.

The division also created new service offices proximate to the user clusters. In addition to faster services, these offices will supply spares to the division's customers.

Additionally, the division more than doubled its service locations in India and its service team to seamlessly manage its growing customer base. The division also strengthened the capability of its customer cell, which reduced the customer waiting time on calls and allowed the team to answer many more customer calls with ease.

**Focusing on the environment:** The division worked on reducing its carbon footprint. It implemented various initiatives to optimise energy consumption at its units. It sharpened the monitoring of energy-use across its facilities to plug wastages.

### Prospects for our business space

Machine tools enable the manufacturing sector to deliver components and products to the highest possible specifications. They provide the basis for precision manufacturing. As a result, almost every segment of the manufacturing sector uses machine tools.

**Macro outlook:** According to the Economic Survey of India, the country has the unique opportunity to emerge as a global manufacturing hub in the next 8-10 years as multinational companies continue to remodel

their manufacturing operations and supply chain to withstand the recent geopolitical developments.

The survey mentions three critical assets that will assist the nation in capitalising on this unique opportunity:

1. The potential for significant domestic demand.
2. Measures by the government to encourage manufacturing.
3. A distinct demographic edge.

To further enhance India's integration in the global value chain, 'Make in India 2.0' now focuses on 27 sectors, including 15 manufacturing and 12 service sectors, including furniture, agri-produce, textile, robotics, televisions and aluminium. In addition, intending to promote the Make-in-India programme, the government has launched the PLI (production-linked incentive) scheme for 14 sectors. These pathbreaking initiatives will scale India's manufacturing capacities and capabilities, which promise significant opportunities for the machine tool sector over the coming years.

The India machine tools market size was US\$ 1.4 Billion in 2022. As we advance, estimates suggest the market size will be US\$ 2.5 Billion by 2028, registering a growth rate (CAGR) of 9.4% from 2023-2028. This growth will come primarily from some key user sectors.

**Automotive and Auto Component sector:** The domestic automotive industry witnessed a healthy revival in 2022, owing to a recovery in economic



India continues to work relentlessly on increasing its manufacturing sector's contribution to the nation's GDP to 25% from the current 15-16%

activities and increased mobility. ICRA expects India's automotive industry to grow at a high single-digit rate in 2023-24. The key demand drivers for achieving this growth will be the growing working population and expanding middle class.

Electric vehicles (EV) open a new vista of growth for the automotive sector. About 4 million EVs should feature on Indian roads by 2025 and 10 million by 2030, expanding the market size to US\$ 206 billion by 2030.

India is emerging as a global hub for auto-component sourcing. As a result, auto component exports will grow and could reach US\$ 30 billion in FY26.

Furthermore, Production Linked Incentive (PLI) schemes on automobile and auto components are estimated to bring a capital expenditure of ₹74,850 Crores. These estimates suggest significant demand from the automotive and auto-component sectors in the coming years.

**Aerospace & defence:** In its unwavering aim to emerge as 'Atmanirbhar Bharat,' India has shifted its strategy in the Aerospace & Defence Sector (A&D) towards 'Make-in-India' and further envisioned itself as a global manufacturing hub with 'Make-in-India for the World.'

**Electricals & electronics:** With per capita disposable income and private consumption doubling in the past few years, India has emerged as one of the world's largest markets for electronic products. India also ranks in the top three global economies in terms of the number of digital consumers. A Ministry of Electronics and Information Technology (MeitY) document mentions that India's electronics manufacturing industry can reach more than US\$300 billion worth of electronics manufacturing and exports by 2025-26 from US\$74.7 billion in 2020-21.

## Our blueprint

The division will focus on sustaining its growth momentum in the current year. The operations team would focus on maximising the output from the new unit that commenced operations. It would also focus on further increasing the standardisation of components between machines, which benefits the customer and the division. The operations team would also work on aligning operations to the digital platform to transform its operations into Smart Operations.


The division will refine its product development strategy in line with its newly coined 4P concept – Precision,





Performance and Productivity of the Company's products leading to Prosperity for the customer's business, the organisation, and all stakeholders, including the environment.

The business development team would work aggressively on creating awareness for its new product launches, focusing on growing the volumes for machining centres. The team would also focus on strengthening its presence in new user sectors that were tapped in FY23. Additionally, the team would work towards widening its service spread and increasing the team to improve service efficiency.



In the global pecking order, India stood at the 11<sup>th</sup> position in production and 8<sup>th</sup> place in the consumption of machine tools globally in 2021, moving up two notches against its position in 2020 - World Machine Tool Survey by Gardner Intelligence 2021.









## Business Division 4

# Advanced Technology Centre

11,074.93

Revenue (₹ in Lakhs)

### Overview

LMW established the Advanced Technology Centre (ATC) by leveraging its engineering expertise and passion for quality to develop components, sub-assemblies and modules for the highly stringent and demanding aerospace sector.

The Company's world-class manufacturing facilities house highly sophisticated equipment sourced from global leaders. Its processes align with the criteria specified for AS 9100D certification and NADCAP certification for special processes like chemical processes, NDT, welding, heat treatment and composites.

The division's composite facility has international-class processing and assembling facility to deliver a wide range of composite and hybrid components and sub-assemblies that adhere to global quality protocols.

ATC has successfully delivered complex components and sub-assemblies made from multiple metals and composites to leading OEMs in the US and Europe. It also works with various government agencies and other aerospace companies based In India.

### Business performance, FY23

FY23 was an important milestone for the division as it turned around – registering a positive bottom line. It was a heartening reward for the efforts of the entire team.

The turnaround in business fortunes transpired as the division received firm orders from its global aerospace customers for components developed in earlier years. This visibility facilitated accurate planning and seamless operations.

The metallics unit witnessed sizeable orders as the aerospace sector experienced favourable tailwinds. Since most of the orders were repeat orders, set parameters and established processes resulted in efficient operations and superior productivity.

The composites unit, which commenced operations in 2019, worked on developing tailor-made components as required by the aerospace industry. The successful development of the same will result in repeat business for the current year and beyond.

### Prospects for our business space

**Global Aerospace Sector:** The global aerospace market increased from US\$261.12 billion in 2022 to US\$278.43 billion in 2023, registering a compounded annual growth rate (CAGR) of 6.6%. The aerospace market is estimated to grow at a CAGR of 6.5% to US\$ 358.44 billion in 2027.

The overall economic growth of emerging economies is expected to impact the commercial aircraft manufacturing market positively. Rising disposable incomes from economic growth in emerging markets have increased the demand for air travel manifold. The recent historic India-based airline aircraft orders are testimonies to this trend.

Developed economies are also expected to witness stable growth during the forecast period. Moreover, the European geopolitical crisis has pushed several developing nations to channel financial resources into beefing up their nation's security infrastructure – a significant share of these funds is expected to go into defence aerospace.

**Indian Aerospace sector:** The Indian Air Force (IAF) is in the process of addressing the issue of the depletion of its fighter aircraft squadron strength. Besides the Light Combat Aircraft ('LCA') jets order, the IAF plans for the

procurement of 114 multi-role fighter jets. This would arrest the dwindling fighter strength of the Indian Air Force and enable it to reach the sanctioned strength of forty-two squadrons.

Moreover, the Government's increasing thrust on indigenisation is expected to open many opportunities for the division going forward.

### Our blueprint

The division has successfully established itself as a capable and dependable player in the aerospace sector. Global aerospace players have evinced an interest in working with the division. This is reflected in orders from international marquee brands for its metallics and composite units. As a result, the division remains singularly focused on reaching out across the aerospace sector, in India and worldwide, to secure opportunities with a skew towards high-value addition.

The operations team will singularly focus their energy on developing and delivering components as per committed timelines. Moreover, the zeal and energy to sustain the momentum are palpable, with prospects and outcomes turning positive.

This should see the division making a more significant contribution to the Company's growth and profitability in the coming years. Sustainability will also continue to remain one of our key priorities.









## Human Resource

The Company enjoys the support of a committed and well satisfied human capital. Compensation packages offered by the Company, best-of-class methods in recruitment, training, motivation, and performance appraisal, attract and retain the best talents. These practices enable the Company to keep the attrition rate well below the industry average. The Company had 3,418 permanent employees as on 31<sup>st</sup> March 2023.

### Key initiatives during FY23

**Business Excellence Drive:** The Business Excellence Drive, initiated in FY22, was further improved in FY23 to ensure the sustainability and growth of the organisation. Annual as well as 3-year objectives were set as a part of this transformative drive encompassing Total Employee Involvement (TEI), Kaizen, Statistical Quality Control, Statistical Process Control, Quality Control Circles (QCC) and Quality Improvement Projects. The drive improved the business review system and the PDCA (Plan, Do, Check, Analyse) approach being followed in the Company.

**System automation:** The team automated the HR systems on a contemporary dynamic HRMS platform. This allowed team members to access all HR related information on the portal or through the mobile app. The team also integrated its e-learning module with the new platform.

**Digital skills:** In addition to its intensive knowledge and skill development programs, the HR team tied up with NASSCOM to enhance the digital skill of employees. Training was provided on new age technologies such as AI, Machine Learning, IoT and Block Chain.

Further, as the organisation aspires to transition into a smart enterprise, all employees were educated on digital adoption and transformation.

**Leadership development:** The HR team initiated a theme-based leadership development program for first-time managers and experienced managers. Class-room training was complemented with on-field projects to embed the new knowledge.



**Organisational structure:** The HR team focused on reimagining and realigning the organisation in light of the changes that are transpiring in the organisation.

**Total Employee Involvement:** The Industrial Relations team implemented this initiative to foster employee engagement and instill a culture of continuous improvements in products, services, processes and practices. Multiple programs were created for staff (Kaizen and Cross Functional Teams) and workers (Suggestion Scheme and QCC). The goals set under each scheme were successfully achieved which made an appreciable contribution to improving efficiency and productivity of business operations. The Company also participated in the National QCC competition and received multiple awards.

## Risk Management

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

## Internal Control System and Adequacy

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

From the annual business plan, detailed budgets for revenue and the capital for each quarter is determined.

The actual performance is reviewed in comparison with the budget and deviations, if any, are addressed adequately.

The Company also has an internal audit system commensurate to the size and volume of the business. The internal audit programme covers all the functions and activities of the Company. A statutory compliance audit team is constituted to check compliance in all areas and reports to the management. This facilitates corrective measures to be taken efficiently and wherever required.

The Audit Committee of the Board of Directors meets every quarter to review the reports of the Internal and Statutory Audit and to verify all financial statements, ensuring compliance.

## Movement in Key Ratios

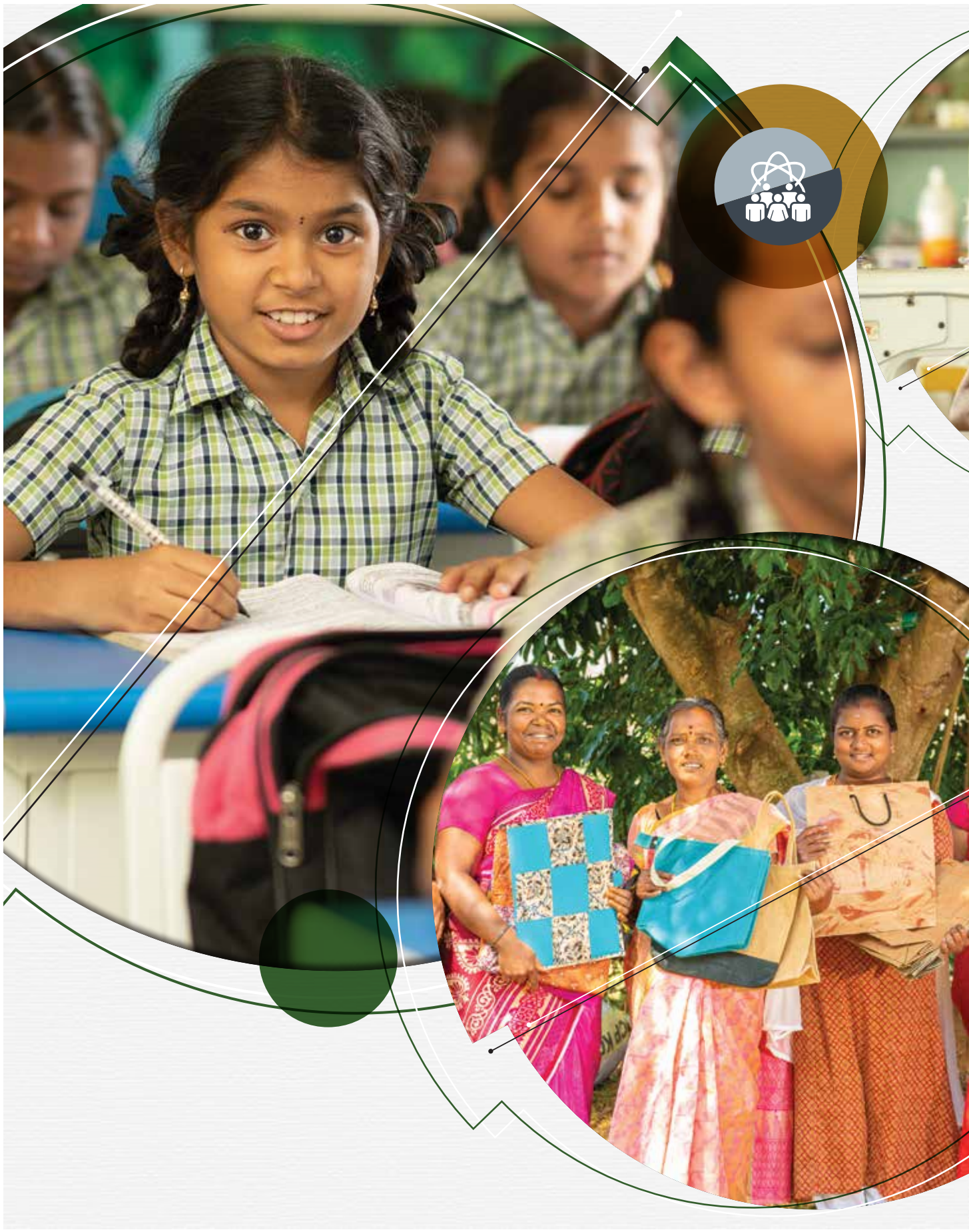
On account of increase in turnover by 48% in FY 2022-23, the net profit margin ratio has been increased from 5.96 % in FY 2021-22 to 7.86% in FY 2022-23. The return on capital employed also increased from 11.80% in FY 2021-22 to 20.67 % in FY 2022-23. Return on equity increased from 9.54% in FY 2021-22 to 16.35% in FY 2022-23, debtors' turnover has been increased from 11.89 in FY 2021-22 to 14.15 in FY 2022-23, the inventory turn ratio has also increased from 7.34 in FY 2021-22 to 7.81 in FY 2022-23. Current ratio increased from 1.50 in FY 2021-22 to 1.58 times in FY 2022-23 on account of increase in operations.

## Financial Performance (₹ Lakhs)

Particulars	2022-23	2021-22
Gross profit before interest depreciation and tax	55,884.19	29,276.55
Interest	-	-
Depreciation	7,343.04	5,581.90
Provision for Tax	13,519.60	5,727.04
Profit after Tax	35,021.55	17,967.61
Earnings per share (Amount in ₹)	327.82	168.19

## 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

At LMW, we are fully aware of the importance of collaborating with our local community and supporting initiatives that enhance the well-being of our fellow citizens. We are determined to make a positive impact by partnering with organisations and projects that prioritise health and safety, village livelihood development, and provision of rural infrastructure. Through our diligent efforts, we aim to interact with the community, comprehend their concerns, and work collectively to create constructive change. We take pride in being part of a helpful and compassionate community and will persistently work alongside them to enhance the lives of people around us.

## I) Health and Safety

**Spine injury surgery & rehabilitation:** LMW collaborates with leading hospitals and rehabilitation centres to help patients from lower economic backgrounds undergo treatment for burn injuries and reconstructive/spine injury surgery. LMW has supported treating twenty-seven patients during the year 2022-23.

**Sickle Cell Anaemia Screening & Prevention Project:** LMW, in partnership with the Nilgiris Adivasi Welfare Association (NAWA), organises the Sickle Anaemia Screening and Prevention Project in the tribal locations of Anaikatti, Palamalai and Karamadai areas of the Coimbatore District. The identified patients are provided with the required nutritional supplements and medicines. Also, appropriate counselling & awareness camps were conducted for persons diagnosed with Sickle Cell traits. LMW has supported forty Sickle Cell Anaemic patients and two hundred and ten persons with Sickle Cell traits through this project during 2022-23.



**Type-1 Diabetes Intervention Project for Children:**

LMW supports initiatives supporting children from economically weaker sections of society diagnosed with Type-1 Diabetes. Children with this medical condition require insulin administration depending on their blood glucose levels. A glucometer, insulin cartridges and consumables for one year were provided to the children through this project. The Company supported thirty children through this project during 2022-23.

**Road Safety Campaign & Awareness Program:** LMW collaborates with UYIR Trust, Coimbatore, to promote road safety awareness campaigns to prevent road traffic accidents in Coimbatore.

**II) Village livelihood development:**

**Livelihood enhancement program:** Fifteen income generation training programs for tribals were conducted in Chinna Jambukandi, Arakadavu, Munukuttai, Manguzhi, Pasumani Pudur, Baralikadu, Puchimarathur, Kuttaikadu, Aanaikatupathi, Nellithurai, Perukaipathi, Padhuvampalli, Thuvaipathi, Gopanari, Pillur and Thaneerpandal villages located in the Coimbatore District.

The Company has actively assisted the villagers in obtaining financial subsidies from the Mahalir Thittam & Tamil Nadu Rural Transformation Projects of the Tamil Nadu government through the Self-Help Group (SHG) model. Through this assistance, fourteen SHGs received total support of Rupees Eleven Lakhs as loans/ grants benefitting eighty-eight individuals.



**Veterinary check-up camps:** Animal husbandry is one of the major livelihood activities of people residing in the tribal villages of Palamalai & Anaikatti in the Coimbatore District. Around one hundred thirty-four veterinary health check-ups and vaccination camps were conducted in association with Tamil Nadu Animal Husbandry Department.

### III) Rural Infrastructure Development

During the year under review, the Company undertook various rural infrastructure development activities in Coimbatore District, namely:

**Solar lights:** To improve basic facilities in the tribal villages of Anaikatti Hills, fifty solar streetlights were installed during the year under review. Besides this, the Company has also provided solar lighting systems for twenty homes.

**School Infrastructure Development:** LMW has supported the development of infrastructure facilities in rural government schools. School building repair, painting, laying floor tiles in classrooms & veranda, restroom renovation, and provision of computers and equipment for smart classrooms are done through this project. During the year under review, the following schools were covered through this initiative:

1. Panchayat Union Primary School, G.Goundampalayam
2. Panchayat Union Primary School, Medur
3. Panchayat Union Middle School, Vellingadu
4. Anganwadi, Moppiripalayam
5. Anganwadi, Kasthuripalayam

**Support for Housing Project:** LMW has contributed towards constructing individual houses for sixty-four beneficiaries in Moongil Madai Kutai Tribal village near Alandurai under the Tamil Nadu Urban Slum Clearance Board project.

**Solar Water Pumping System:** LMW has installed two 15Kw capacity solar power generation systems in Thaneerpandal and Unjampalayam villages in Kaniyur Panchayat for operating the water distribution systems in each of these villages.

**Individual Toilets Construction:** The Company actively supports the ideals of the Swachch Bharat Mission and has during the year under review supported in construction of individual household toilets for forty-one beneficiaries living around Periyanaickenpalayam area in Coimbatore District.

**Medical Equipment supply to Government Hospitals:** A digital radiography machine, X-ray table, chest stand, lead barrier and other accessories were provided to the Government Hospital in Periyanaickenpalayam, Coimbatore District. Also, the existing X-ray room was renovated to meet the required standards.

### Environment

The Company is aware of its role in protecting the environment. It works towards minimising its environmental impact by using sustainable practices and technologies.

**Tree Plantation:** With support from the Mopperipalayam Panchayat, LMW has planted more than two thousand native tree variety saplings in Sollakattupalayam Panchayat during the review period.

**Solid Waste Management:** LMW has supported the Kaniyur Panchayat in its efforts at implementing Solid Waste Management projects to develop a cleaner environment and prevent waste dumping. Under this project, wastes generated in households and commercial establishments were segregated, collected at source, and processed systematically.

# Corporate Information

## Board of Directors

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

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

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

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

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

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

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

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

**Sri Aroon Raman**  
Director (DIN: 00201205)  
w.e.f. 11<sup>th</sup> May 2022

**Sri Jaidev Jayavarthanavelu**  
Director (DIN: 07654117)  
w.e.f. 11<sup>th</sup> May 2022

## Chief Financial Officer

**Sri V Senthil**

**Company Secretary**  
**Sri C R Shivkumaran**

## Registered Office

SRK Vidyalaya Post  
Perianaickenpalayam  
Coimbatore – 641020  
Tel: +91 422 7192255  
Fax: +91 422 2692541-42  
E-mail: [secretarial@lmw.co.in](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 Auditors

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

## Cost Auditor

**Sri A N Raman**  
Cost Auditor,  
Chennai

## Secretarial Auditor

**Sri M D Selvaraj**  
M/s MDS & Associates LLP,  
Company Secretaries,  
Coimbatore

## Bankers

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

## Registrar and Share Transfer Agents

### M/s S.K.D.C. Consultants Limited

Surya,  
35, Mayflower Avenue,  
Behind Senthil Nagar,  
Sowripalayam Road,  
Coimbatore – 641028  
Tel: +91 422 4958995, 2539835-36  
Fax: +91 422 2539837  
E-mail: [info@skdc-consultants.com](mailto:info@skdc-consultants.com)



## Lakshmi Machine Works Limited

CIN: L29269TZ1962PLC000463

Registered Office: SRK Vidyalaya Post, Perianaickenpalayam, Coimbatore – 641020, Tamil Nadu, India

Corporate Office: 34-A, Kamaraj Road, Coimbatore – 641018, Tamil Nadu, India

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 60<sup>th</sup> Annual General Meeting (“AGM”) of the Shareholders of Lakshmi Machine Works Limited will be held at 03.30 P.M. India Standard Time (“IST”) on Monday, the 31<sup>st</sup> day of July 2023, through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) with virtual presence of the Shareholders to transact the following business(es):

### Ordinary Business:

1. To receive, consider and adopt standalone and consolidated Annual Financial Statements including Statement of Profit and Loss (including Other Comprehensive Income), along with the Statement of Cash Flows and the Statement of Changes in Equity for the financial year ended 31<sup>st</sup> March 2023, 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 note the retirement of Sri K Soundhar Rajhan (DIN: 07594186), who retires by rotation, though eligible, does not offer himself for reappointment and the vacancy so caused on the Board not to be filled up at this Annual General Meeting.

### Special Business:

4. To consider and approve the material related party transactions to be entered with Lakshmi Electrical Control Systems Limited 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 Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, (“Listing Regulations”), the applicable provisions of the Companies Act, 2013 (“Act”) read with Rules made thereunder, (including any

statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force), the Company’s Policy on Related Party Transactions, and pursuant to the approval of the Audit Committee and the recommendation of the Board of Directors, the approval of the Members be and is hereby accorded to the Company to enter/continue to enter into transaction(s)/contract(s)/arrangement(s)/agreement(s) with Lakshmi Electrical Control Systems Limited, an entity falling within the definition of ‘Related Party’ under Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for an amount not exceeding ₹600 Crores (Rupees Six Hundred Crores Only) on such terms and conditions as detailed in the explanatory statement to this resolution notwithstanding the fact that such transactions either taken individually or together with previous transactions during the financial year may exceed 10% of the annual consolidated turnover of the Company as per the last audited financial statements or such other materiality threshold as may be specified under applicable laws/ regulations from time to time.

**RESOLVED FURTHER THAT** the Board of Directors (including its Committee(s) thereof) be and are hereby severally authorised to do all such acts, deeds, matters and things, to finalise the terms and conditions of the transactions with the related party and to execute or authorise any person to execute all such documents, instruments and writings as may be necessary, relevant, usual, customary, proper and/or expedient for giving effect to the Resolution.

5. To consider and approve the appointment of Sri Jaidev Jayavarthanelu (DIN: 07654117) as Whole-time Director of the Company and in this regard, if thought fit, to give assent/dissent to the following resolution to be passed as a **Special Resolution**:

**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 17(6)(e) and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification or re-enactment thereof, for the time being in force) and pursuant to the provisions of the Articles of Association of the Company, the consent of the Members be and is hereby accorded for the appointment of Sri Jaidev Jayavarthanelu (DIN: 07654117) as Whole-time Director of the Company for a period of 5 (Five) years commencing from 7<sup>th</sup> August 2023 on the following terms and conditions as recommended by the Nomination and Remuneration Committee and as approved by the Audit Committee and the Board of Directors at their respective meetings held on 24<sup>th</sup> May 2023, notwithstanding the fact that the annual remuneration payable to him in any financial year during his tenure along with the remuneration payable to Sri Sanjay Jayavarthanelu, Chairman and Managing Director (DIN: 00004505) exceeds 5% (pursuant to Regulation 17(6)(e) of Listing Regulations) or 10% (pursuant to Section 197 of the Act) of the net profits of the Company calculated as per Section 198 of the Act or any other limits as specified by the Listing Regulations or the Act for the time being in force.

**Terms of appointment:**

**Term:** The tenure of appointment of Whole-time Director shall be for a period of 5 (Five) years commencing from 7<sup>th</sup> August 2023.

**Remuneration:** The remuneration given below shall be for a period of first 3 (three) years commencing from 7<sup>th</sup> August 2023 and the remuneration for the remaining tenure of his office shall be subject to the approval of the Shareholders.

A. Salary: ₹5,00,000/- per month.

B. Perquisites: In addition to the salary, the Whole-time Director shall also be entitled to the following interchangeable perquisites:

Furnished accommodation, where accommodation is not provided 50% of the salary as House Rent Allowance (HRA), gas, electricity, water, furnishings, medical reimbursement, Leave Travel Allowance

(LTA) for self and family, club fees, medical insurance, etc. in accordance with the rules of the Company. The above perquisites are restricted to an amount equal to the salary drawn per annum. For the purpose of calculating the ceiling, perquisites shall be evaluated as per Income Tax rules wherever applicable.

C. 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.

D. Gratuity payable shall not exceed half a month's salary for each completed year of service. The Whole-time Director is entitled to encashment of leave at the end of tenure which shall not be included in the computation of the ceiling on remuneration or perquisites.

E. 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.

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

G. In the event of loss or inadequacy of profits in any financial year, in compliance with Schedule V of the Act, compensation / perquisites as mentioned above from point (A) to (E) shall be paid as minimum remuneration.

H. The Whole-time Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

**RESOLVED FURTHER THAT** the Board of Directors (including Committees thereof) be and are hereby authorized to alter and vary the terms of appointment and/or remuneration of Sri Jaidev Jayavarthanelu, Whole-time Director, 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 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. To consider the ratification of remuneration payable to Cost Auditor and in this regard, if thought fit, to give assent/ dissent to the following Resolution to be passed as an **Ordinary Resolution**:

**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014

(including any statutory modifications or re-enactment thereof for the time being in force), Sri A N Raman (Membership No: 5359) Cost Accountant, Chennai, who was appointed as Cost Auditor by the Board of Directors of the Company on the recommendation of the Audit Committee, to conduct the audit of the cost accounting records of the Company for the financial year 2023-24 on a remuneration of ₹7,00,000/- (Rupees Seven Lakhs Only) per annum exclusive of applicable taxes and reimbursement of out-of-pocket expenses incurred in connection with the aforesaid audit as fixed by the Board of Directors, be and is hereby ratified and confirmed.

By order of the Board

**Place :** Coimbatore

**Date :** 24<sup>th</sup> May 2023

**C R Shivkumar**

Company Secretary

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**Notes:**

1. The explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 ("Act") with respect to the special business(es) as set out in the Notice is annexed hereto.
2. The Ministry of Corporate Affairs ("MCA") vide its relevant Circulars issued during the years 2020, 2021, 2022 and 2023 permitted the conduct of the Annual General Meeting ("AGM") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. The same has been acknowledged by the Securities and Exchange Board of India vide its relevant Circulars issued during the years 2020, 2021, 2022 and 2023. The deemed venue for the AGM shall be the Corporate Office of the Company. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC / OAVM.
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars / SEBI Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. Institutional / Corporate Shareholders (i.e., other than individuals / HUF, NRI, etc.) are required to send a scanned copy (in PDF/JPEG format) of its Board or governing body Resolution/Authorisation etc., authorising its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/ Authorisation shall be sent to the Scrutiniser by email through its registered email address to [lmw@mdsassociates.in](mailto:lmw@mdsassociates.in) 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 Tuesday, 25<sup>th</sup> July 2023 to Monday, 31<sup>st</sup> July 2023 (both days inclusive) as per Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 91 of the Companies Act, 2013.
6. Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting will be paid within 30 days from the date of declaration, to those Members whose names appear on the Register of Members in respect of shares held in physical form as well as in respect of shares held in electronic form as per the details received from the depositories for this purpose as at the close of the business hours on Monday, 24<sup>th</sup> July 2023.
7. Members who have not registered their Bank particulars with the Depository Participant(s) ("DP")

/ Company are advised to utilise the electronic solutions provided by National Automated Clearing House ("NACH") for receiving dividends. Members holding shares in electronic form are requested to contact their respective Depository Participant(s) for availing this facility. Members holding shares in physical form are requested to download the NACH form from the website of the Company viz., [www.lmwglobal.com](http://www.lmwglobal.com) and the same, duly filled up and signed along with original cancelled cheque leaf may be sent to the Company or to the Registrar and Share Transfer Agent ("RTA").

8. Members whose shareholding is in the electronic mode are requested to update bank account details (Bank Account Number, Name of the Bank, Branch, IFSC, MICR code and place with PIN Code) to their respective Depository Participant(s) and not with the Company. Members whose shareholding is in the physical mode are requested to direct the above details to the Company or to the RTA. Regular updation of bank particulars is intended to prevent fraudulent encashment of dividend warrants.
9. The Company has entered into agreements with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"). The Depository System envisages the elimination of several problems involved in the scrip- based system such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, mutilation of share certificates, etc. Simultaneously, Depository System offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc. Members, therefore, now have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL. Members are encouraged to convert their holding(s) to electronic mode.
10. A. Securities and Exchange Board of India ("SEBI") had earlier mandated that the transfer of securities held in physical form, except in case of transmission or transposition, shall not be processed by the listed entities / Registrar and Share Transfer Agents with effect from 1<sup>st</sup> April 2019.  
B. Further, SEBI had mandated the listed entities to issue shares only in dematerialised mode, with effect from 25<sup>th</sup> January 2022 to Shareholder(s)/ claimant(s) holding shares in physical mode,

as against their service requests including for transmission or transposition of shares.

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

- C. Further, SEBI vide its circular(s) dated 3<sup>rd</sup> November 2021 and 16<sup>th</sup> March 2023 has also mandated that the Shareholders holding shares in physical form are required to update their PAN, KYC details, bank details and nomination details with the RTA on or before 1<sup>st</sup> October 2023, failing which the securities held by such Shareholder will be frozen by the RTA. The securities once frozen will revert to normal status only upon receipt of requisite KYC documents or upon dematerialisation of the said securities. Shareholders holding shares in physical form may also note that once the securities are frozen, the dividend payments will be processed only upon receipt of requisite KYC details and thereafter credited to the bank account of the Shareholder electronically. Therefore, Members holding share(s) in physical form are requested to immediately update their KYC details / dematerialise their shareholding in the Company.
- D. Further, SEBI vide its circular(s) dated 3<sup>rd</sup> November 2021 and 16<sup>th</sup> March 2023 has also mandated that the Shareholders holding shares in physical form are required to compulsorily link their PAN and Aadhaar. Accordingly, the physical folios in which PAN and Aadhaar are not linked have been frozen by the RTA. The securities which have been frozen will revert to normal status only upon receipt of requisite KYC documents or upon dematerialisation of the said securities.

Necessary prior intimation(s) in this regard was provided to the Shareholders. A copy of the said circular dated 16<sup>th</sup> March 2023 is available on the Company's website [www.lmwglobal.com](http://www.lmwglobal.com).

11. a. Members are requested to notify immediately any change in their address:
  - i. to their Depository Participant(s) ("DPs") in respect of the shares held in electronic form, and



- ii. to the Company or its RTA, in respect of the shares held in physical form together with a proof of address viz, Aadhar Card /Electricity Bill/ Telephone Bill/Ration Card/Voter ID Card/ Passport etc.
  - b. In case the registered mailing address is without the Postal Identification Number Code ("PIN CODE"), Members are requested to kindly inform their PIN CODE immediately to the Company / RTA/ DPs.
12. Non-Resident Indian ("NRI") Members are requested to inform the Company or its RTA or to the concerned Depository Participant(s), as the case may be, immediately:
  - a. the change in their residential status on return to India for permanent settlement or
  - b. the particulars of the NRE/NRO Account with a Bank in India, if not furnished earlier.
13. As per the provisions of Section 72 of the Act, the facility for making nominations is now available to individuals holding shares in the Company. Members holding shares in physical form may obtain the Nomination Form from the RTA of the Company or can download the form from the Company's website namely [www.lmwglobal.com](http://www.lmwglobal.com). Members holding shares in electronic form must approach their Depository Participant(s) for completing the nomination formalities.
14. Members who are holding shares in identical order of names in more than one folio are requested to send to the Registrar and Share Transfer Agent ("RTA"), the details of such folios together with the share certificates for consolidating their holdings into one folio.
15. Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to the Company Secretary of the Company or its RTA, namely, M/s S.K.D.C. Consultants Limited, 'Surya', 35, Mayflower Avenue, behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028, Tamil Nadu, India, by quoting the Folio number or the Client ID number with DP ID number.
16. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
17. A Member who needs any clarification on accounts or operations of the Company shall send his/her queries addressed to the Company Secretary at [investors@lmw.co.in](mailto:investors@lmw.co.in), so as to reach him on or before Thursday, 27<sup>th</sup> July 2023. Such queries will be replied by the Company suitably, during the AGM or later.
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 on the Company's website: [www.lmwglobal.com](http://www.lmwglobal.com). The Shareholders whose unclaimed dividend /share has been transferred to the 'Investor Education and Protection Fund', may claim the same from the IEPF authority by filing Form IEPF-5 along with the requisite documents.
19. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode to those Members whose email address is registered with the Company/ RTA/ Depositories. Members may note that the Notice and Annual Report 2022-23 is also available on the Company's website [www.lmwglobal.com](http://www.lmwglobal.com), websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com). Further pursuant to SEBI's Circular dated 5<sup>th</sup> January 2023 the Company will be sending a hard copy of the Annual Report to those Shareholders who request for the same at [investors@lmw.co.in](mailto:investors@lmw.co.in).

20. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
21. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of Shareholders w.e.f. 1<sup>st</sup> April 2020 and the Company is required to deduct tax at source from dividend paid to Shareholders at the prescribed rates. For the prescribed rates for various categories, the Shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The Shareholders are requested to update their Residential Status, Category as per Income Tax Act ("IT Act"), PAN with the Company/RTA (in case of shares being held in physical mode) and depositories (in case of shares being held in demat mode) immediately. A resident individual Shareholder having PAN and entitled to receive dividend amount exceeding ₹5,000/- and who is not liable to pay Income Tax, can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to [lmwgreen@skdc-consultants.com](mailto:lmwgreen@skdc-consultants.com) on or before 31<sup>st</sup> July 2023. Shareholders are requested to note that in case their PAN is not registered with the DP/ Company, the tax will be deducted at the applicable higher rate.
- Non-resident Shareholders can avail beneficial rates under the relevant tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to [lmwgreen@skdc-consultants.com](mailto:lmwgreen@skdc-consultants.com). The aforesaid declarations and documents need to be submitted by a Shareholder on or before 31<sup>st</sup> July 2023.
- Separate intimation in this regard will be given to the Shareholders.
22. Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.
23. The Securities and Exchange Board of India ("SEBI") has mandated for submission of Permanent Account Number ("PAN") by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s) with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the RTA.
24. Members holding shares in electronic form may please note that as per the regulations of Securities and Exchange Board of India ("SEBI"), National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"), the Company is obliged to print the bank details on the dividend warrants as furnished by these depositories to the Company and the Company will not entertain any request for deletion/change of Bank details already printed on dividend warrants as per the information received from the concerned depositories. In this regard, Members should contact their Depository Participant(s) ("DP") and furnish particulars of any changes as desired by them.
25. Brief resume, details of shareholding and Directors' inter-se relationship; of Directors seeking election / re-election as required under Companies Act 2013, Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2, are provided as Annexure to this Notice.
26. The Shareholders are advised to register/update their e-mail address with the Company/RTA in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in electronic form to enable the Company to serve documents in electronic mode.
27. Annual / provisional financial statements and related details of the wholly owned subsidiary Company(ies) viz, LMW Textile Machinery (Suzhou) Co Ltd., China, LMW Aerospace Industries Limited, India and LMW Middle East FZE, United Arab Emirates are posted on the Company's website and are also kept for inspection at the Registered Office of the Company and at the subsidiary Company(ies). A copy of the same will be provided to the Members on request.
28. Soft copies of the Register of Directors' and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the Members during the AGM.

### VOTING THROUGH ELECTRONIC MEANS

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, (including any statutory modification(s), amendments,



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 Limited (“NSDL”) as an alternative, for all Members’ of the Company to enable them to cast their votes electronically, on all the business items set forth in the Notice of Annual General Meeting and the business may be transacted through such remote e-voting/ e-voting during the AGM. Instructions to Shareholders provided hereinafter for e-voting explains the process and manner for generating/ receiving the password, and for casting of vote(s) in a secure manner.

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

- I. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of Annual General Meeting Notice and holding shares as of the cut-off date, i.e., Friday, 30<sup>th</sup> June 2023, 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(s) again.

### Instructions for Shareholders voting electronically are as under:

The remote e-voting period begins on Thursday, 27<sup>th</sup> July 2023 at 09.00 A.M. India Standard Time (“IST”) and ends on Sunday, 30<sup>th</sup> July 2023 at 05.00 P.M. IST. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (“Cut-off date”) i.e., Monday, 24<sup>th</sup> July 2023, may cast their vote electronically. The voting right of Shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Monday, 24<sup>th</sup> July 2023.

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

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













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

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

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

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

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>1. Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the <b>“Beneficial Owner”</b> icon under <b>“Login”</b> which is available under <b>‘IDeAS’</b> section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on <b>“Access to e-Voting”</b> under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2. If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select <b>“Register Online for IDeAS Portal”</b> or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> </ol>

	<p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>4. Shareholders/Members can also download NSDL Mobile App "<b>NSDL Speede</b>" facility by scanning the QR code mentioned below for seamless voting experience.</p> <p><b>NSDL Mobile App available on</b></p> <table border="1" data-bbox="551 623 1082 861"> <tr> <td data-bbox="551 623 823 675">  <b>App Store</b> </td> <td data-bbox="823 623 1082 675">  <b>Google Play</b> </td> </tr> <tr> <td data-bbox="551 675 823 861">  </td> <td data-bbox="823 675 1082 861">  </td> </tr> </table>	 <b>App Store</b>	 <b>Google Play</b>		
 <b>App Store</b>	 <b>Google Play</b>				
					
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> <li>Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon and select My Easi New option and then enter your existing My Easi username and password.</li> <li>After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login and select My Easi New option and then click on registration option.</li> <li>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>				
<p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>				

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



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

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at +91 22 4886 7000 and +91 22 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free number 1800 22 55 33

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

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

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

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services 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. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will require you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number

- for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
- (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
    - a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
    - b) **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
    - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
    - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
  7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
  8. Now, you will have to click on "Login" button.
  9. After you click on the "Login" button, Home page of e-Voting will open.

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

### **How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### **General Guidelines for Shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser by e-mail to [lmw@mdsassociates.in](mailto:lmw@mdsassociates.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call at: +91 22 4886 7000 and +91 422 2499 7000 or send a request to Ms Pallavi Mhatre, Senior Manager at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned



copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investors@lmw.co.in.

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

#### **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 cast 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. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above to access the NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join Meeting" menu against Company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the Notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that participants connecting through Mobile Devices or Tablets or through Laptop connected via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views/ have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at investors@lmw.co.in on or before 05.00 P.M. IST on Thursday, 27<sup>th</sup> July 2023. The same will be replied by the Company suitably.
6. Members who would like to express their views/ask questions during the AGM may register themselves as a speaker by sending their request mentioning their name, demat account number/folio number, email id, mobile number to investors@lmw.co.in on or before 05.00 P.M. IST on Thursday, 27<sup>th</sup> July 2023.
7. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting ("AGM").
8. Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of

the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 Members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding),

Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

- III. The voting rights of Shareholders shall be in proportion of their shares to the paid-up equity share capital of the Company reckoned as on the cut-off date, which is, Monday, 24<sup>th</sup> July 2023.
- IV. Once the vote on a Resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote by remote e-voting shall not vote by e-voting conducted during the Meeting.
- V. The Company has appointed Sri M D Selvaraj of MDS & Associates LLP, Company Secretaries, as the Scrutiniser to scrutinise the remote e-voting process and the vote by e-voting conducted during the Meeting, in a fair and transparent manner.
- VI. The Chairman, at the Annual General Meeting, at the end of discussion on the Resolutions on which voting is to be held, shall allow e-voting for all those Members who are present at the Annual General Meeting by electronic means but have not already cast their votes by availing the remote e-voting facility. The e-voting module shall be disabled for voting thereafter.
- VII. The Scrutiniser shall after the conclusion of voting at the Annual General Meeting, will first count the votes cast by e-voting during the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses who are not in the employment of the Company and shall make, not later than two working days of the conclusion of the AGM, a consolidated Scrutiniser's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised 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 Scrutiniser shall be placed on the website of the Company [www.lmwglobal.com](http://www.lmwglobal.com) and on the website of NSDL immediately after the declaration of the result by the Chairman or a person authorised 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

Pursuant to proviso to Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), a transaction with a related party shall be considered "material", if the transactions entered into individually or taken together with previous transactions during a Financial Year with such related party exceeds ₹1,000 Crores or 10% of the total consolidated turnover of the Company as per the last audited financial statements, whichever is lower ("Materiality Threshold").

Lakshmi Machine Works Limited has a significant global presence in the business verticals of Textile Machinery, Machine Tools, high-precision Foundry Castings and components for the Aerospace industry. During the course of operations, the Company also leverages the capabilities, uniqueness and resources available with the related party entities.

Due to improved overall business scenario and the recent geopolitical developments because of which global demand for products manufactured in India, including that of the Company has increased, it is expected that the demand for the various products of the Company is expected to continue to increase in the forthcoming period. In this scenario, the Company may be in a situation wherein the transactions with a related party namely, Lakshmi Electrical Control Systems Limited in the forthcoming period may be in excess of 10% of the total consolidated turnover of the Company as per the last audited financial statements.

The Audit Committee has also granted their approval for the related party transactions to be entered into by the Company with the above-mentioned related party.

The details of the transactions with above-mentioned related party as required pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22<sup>nd</sup> November 2021 is as follows:



Sl. No	Description	Particulars
1	Name of the related party	Lakshmi Electrical Control Systems Limited.
2	Nature of related party and relationship with the listed entity including nature of its concerns or interest (financial or otherwise)	A Public Limited Company in which Sri Sanjay Jayavarthanelu, Chairman & Managing Director is a Director and holds along with his relatives, more than 2% of its paid-up share capital. The nature of interest is financial.
3	Type of the proposed transaction	Sale / Purchase of goods and Availing / Rendering of Services.
4	Nature of the proposed contract/ arrangement	The transaction is in normal course of business with terms and conditions that are generally prevalent in the industry segment in which the Company operates. The proposed transactions are also at arm's length.
5	Tenure of the proposed transaction	For the period from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.
6	Value of the proposed transaction	₹600 Crores.
7	The percentage of the listed entity's annual consolidated turnover, for the immediately preceding Financial Year, that is represented by the value of the proposed transaction	19.26% based on audited financials for the year ended 31 <sup>st</sup> March 2022.
8	Details of the valuation report or external party report relied upon	The Company has not relied upon the valuation or any external report in relation to the transaction.
9	Justification for why the proposed transaction is in the interest of the listed entity	As given above.

Pursuant to Regulation 23(4) of Listing Regulations, the prior approval of the Shareholders of the Company by way of an ordinary resolution would be required for the transactions entered with related party in excess of 10% of the annual consolidated turnover of the Company as per the last audited financial statements.

Accordingly, the Board of Directors recommends and seeks the approval of the Members for the transactions proposed to be entered into with the above-mentioned related party as per the details given above.

#### Interest of Directors:

Except Sri Sanjay Jayavarthanelu and his relatives, none of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the Resolution(s) as set out in Item No. 4 of this notice.

The Members may please note that in terms of the provisions of the Listing Regulations, no related party(ies) as defined thereunder (whether such related party(ies) is a party to the aforesaid transactions or not), shall vote to approve the resolution(s) under Item No. 4 of this notice.

#### ITEM No. 5

The Board of Directors of the Company ("Board") at their meeting held on 24<sup>th</sup> May 2023 has, subject to the approval of the Members, appointed Sri Jaidev Jayavarthanelu (DIN: 07654117) as Whole-time Director of the Company,

for a period of 5 (five) years and on such remuneration for a period of first 3 (three) years with effect from 7<sup>th</sup> August 2023.

Considering the prior experience of Sri Jaidev Jayavarthanelu in the fields of textile engineering, machine tools, aerospace, logistics, information technology, Digital – Industry 4.0, marketing and administration, the Board of Directors have recommended his appointment as Whole-time Director to the Shareholders.

As per Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee at their meeting held on 24<sup>th</sup> May 2023 had in the best interest and progress of the Company, proposed the appointment of Sri Jaidev Jayavarthanelu as Whole-time Director of the Company for a period of 5 years commencing from 7<sup>th</sup> August 2023 and determined his remuneration as set out in the resolution and recommended the same to the Audit Committee and to the Board.

Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations"), the Audit Committee of the Board of Directors at their meeting held on 24<sup>th</sup> May 2023 have also approved the remuneration payable to Sri Jaidev Jayavarthanelu as Whole-time Director of the Company for a period of first 3 (three) years and have recommended the same to the Board.

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

Further, Regulation 17(6)(e) of Listing Regulations also requires approval of the Shareholders by way of Special Resolution in the General Meeting, if the aggregate annual remuneration payable to all the executive directors who are Promoters or Members of the Promoter Group exceeds 5% of the Net Profits of the Company. As the remuneration payable to Sri Jaidev Jayavarthanavelu along with the remuneration payable to Sri Sanjay Jayavarthanavelu, Chairman and Managing Director may exceed the limit prescribed above, the approval of the Shareholders is also being sought vide a Special Resolution in accordance with the Regulation 17(6)(e) of Listing Regulations. Further, the consent of the Members is also being sought for payment of remuneration to Sri Jaidev Jayavarthanavelu as the remuneration proposed to be paid to him along with the remuneration payable to Sri Sanjay Jayavarthanavelu, Chairman and Managing Director in any financial year may be in excess of 10% of the net profits of the Company as enumerated in Section 197 of the Companies Act, 2013.

Further, pursuant to Section 197 and Schedule V of the Companies Act, 2013, the managerial personnel are eligible to receive minimum remuneration and remuneration in excess of the limits as specified in the Companies Act, 2013 upon receipt of approval of the Shareholders by means of a Special Resolution. In this regard, considering the dynamic economic and business conditions, the Company may be in a situation of having inadequacy or absence of profits for payment of remuneration to the Directors. Thus, to ensure payment of minimum remuneration to Sri Jaidev Jayavarthanavelu, approval of the Shareholders is being sought. Further, as on 31<sup>st</sup> March 2023 the Company has no debts.

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

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

**Interest of Directors:**

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

**ITEM No. 6**

The Board of Directors, on the recommendation of the Audit Committee, had approved the appointment of and remuneration payable to Sri A N Raman, Cost Accountant for auditing the Cost Accounting records of the Company pursuant to the Companies (Cost Records and Audit) Rules 2014, for the financial year 2023-24 at a remuneration of ₹7,00,000/- (Rupees Seven Lakhs Only) per annum excluding the applicable taxes and reimbursement of out-of-pocket expenses incurred by him in connection with the Audit.

As per Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 the remuneration payable to the Cost Auditor as determined by the Board is required to be ratified by the Members of the Company. Accordingly, the consent of the Members is sought for passing an Ordinary Resolution as set out in Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year 2023-24.

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

**Interest of Directors:**

None of the Directors, Key Managerial Personnel of the Company or their relatives are interested or concerned, financially or otherwise, in the Resolution as set out in Item No. 6 of the Notice.



## PROFILE OF DIRECTOR SEEKING APPOINTMENT

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

Name	Sri Jaidev Jayavarthanelu	
Director Identification Number (DIN)	07654117	
Date of Birth/Nationality	29 <sup>th</sup> August 1998 / Indian	
Date of appointment on the Board	11 <sup>th</sup> May 2022	
Inter-se relationship with other Directors/Key Managerial Personnel	Sri Jaidev Jayavarthanelu is the son of Sri Sanjay Jayavarthanelu, Chairman and Managing Director of the Company.	
Qualification	BA (Hons) with specialization in Business and Management from the University of Exeter.	
Expertise in area / Experience	He has nearly five years 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.	
The skills and capabilities required for the role and the manner in which the proposed person meets such requirements	The Nomination and Remuneration Committee at its meeting held on 24 <sup>th</sup> May 2023 considering Sri Jaidev Jayavarthanelu's technical and management expertise, business knowledge and significant contributions made, has recommended to the Board his appointment as a Whole-time Director.	
Number of Shares held in the Company (including shareholding as a beneficial owner)	460 Equity Shares of ₹10 each. Further he holds 17% of beneficial interest in the Company along with others.	
Board Position Held	Director (Non-Executive, Non-Independent, part of the promoter group)	
Terms and conditions of appointment	Liable to retire by rotation. The appointment shall be governed by the terms and conditions of the Resolution as contained in Item No 5 of this Notice.	
Remuneration paid for the financial year	Information disclosed in the Corporate Governance Report annexed to the Annual Report.	
Remuneration proposed to be paid	He is entitled to salary and perks as detailed in the Resolution as contained in Item No. 5 of this 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	Listed: Nil	Others: 1. Chakradhara Aerospace and Cargo Private Limited 2. Lakshmi Life Sciences Private Limited 3. Lakshmi Cargo Company Limited 4. Petrus Technologies Private Limited 5. LMW Middle East FZE
Names of the listed entities from which the person has resigned in the past 3 years	Nil	
Chairman / Membership in other committees of the Board	Nil	

## Annexure to Notice of AGM

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

Relevant to the appointment of Sri Jaidev Jayavarthanelu as Whole-time Director of the Company.

#### I. GENERAL INFORMATION

##### 1. Nature of Industry

Engineering Industry

##### 2. Date or expected date of commencement of commercial production

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

##### 3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not Applicable

##### 4. Financial performance based on given indicators

(₹ in Lakhs, except EPS)

Particulars	2022-23	2021-22
Total Income	4,68,926.14	3,15,260.61
Profit/ (Loss) before tax after exceptional items	48,541.15	23,694.65
Profit/ (Loss) after tax	35,021.55	17,967.61
Paid-up equity capital	1,068.30	1,068.30
Reserves and Surplus*	2,14,015.32	1,83,068.70
Basic Earnings Per Share	327.82	168.19

\*Forms part of Other Equity excluding Reserve for equity instruments through OCI

##### 5. Foreign Investments or collaborations, if any

Refer to Note Number 5 of the Standalone Financial Statements.

#### II. INFORMATION ABOUT THE DIRECTOR

##### a. Sri Jaidev Jayavarthanelu:

Background Details	Sri Jaidev Jayavarthanelu is presently the Non-executive Director of the Company. His tenure as Director commenced with effect from 11 <sup>th</sup> May 2022.
Past Remuneration	Kindly refer to Corporate Governance Report.
Recognition/Awards	-
Job Profile and Suitability	Sri Jaidev Jayavarthanelu as Whole-time Director shall have all the powers and duties as the Board may determine from time to time. He has nearly five years of suitable experience in the fields of textile, textile engineering, machine tools, foundry, aerospace, logistics, finance and administration.
Remuneration Proposed	The details of the remuneration proposed to be paid to Sri Jaidev Jayavarthanelu has been set out in Item No. 5 of the Notice.



Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his/her origin)	Taking into consideration the size of the Company, the responsibility shouldered and the industry standard, the remuneration paid / proposed to be paid is commensurate with the remuneration package paid to Managerial Personnel in a similar role in other companies.
Pecuniary relationship directly or indirectly with the Company, or relationship with the Managerial Personnel, if any	Sri Jaidev Jayavarthanelu is a member of the Promoter Group of the Company. He is related to Sri Sanjay Jayavarthanelu, Chairman and Managing Director 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, loss or inadequacy of profits may arise in future owing to economic and business slowdown caused by various external factors beyond the control of the Company.

#### 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 the Section titled "Remuneration of Directors" as contained in the Corporate Governance Report and the resolution given in Item No. 5 of the AGM Notice.

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

Please refer to the Section titled "Remuneration of Directors" as contained in the Corporate Governance Report and the resolution given in Item No. 5 of the AGM Notice.

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

Please refer to the Section titled "Remuneration of Directors" as contained in the Corporate Governance Report and the resolution given in Item No. 5 of the AGM Notice.

#### (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.



# 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 2023.

## 1. The State of Affairs of the Company, Dividend and Reserve

The Board has prepared its report based on the Standalone Financial Statements of the Company and the Annual Report contains a separate section wherein a report on the Performance and Financial position of its Wholly Owned Subsidiary Companies are presented in Form AOC-1.



## Financial summary/highlights and transfer to General Reserve

(₹ in Lakhs)

Sl. No	Particulars	Current Year 2022-23	Previous Year 2021-22
1	Total Income	4,68,926.14	3,15,260.61
2	Operating Expenses	4,13,041.95	2,84,267.08
3	Exceptional Items	-	1,716.98
4	Gross Profit	55,884.19	29,276.55
5	Depreciation	7,343.04	5,581.90
6	Profit before Tax	48,541.15	23,694.65
7	Provision for Tax	13,519.60	5,727.04
8	Net Profit after Tax	35,021.55	17,967.61

The Company's Gross Turnover is at ₹4,45,669.24 Lakhs during the year compared to ₹3,01,676.48 Lakhs in the previous year.

### Transfer to Reserve:

The Company has transferred a sum of ₹3,500.00 Lakhs out of the current year profits to the General Reserve.

### Dividend:

The Board recommends a dividend of ₹98.50/- per Equity Share having a face value of ₹10/- each (985%) on the Equity Share Capital of ₹10,68,30,000/- for the year ended on 31<sup>st</sup> March 2023 aggregating to ₹10,522.76 Lakhs. As per Finance Act, 2020, the Dividend is taxable in the hands of the Shareholders. Dividend on Equity Shares is subject to the approval of the Shareholders at the ensuing Annual General Meeting.

The Unclaimed Dividend relating to the Financial Year 2015-16, is due for transfer during September 2023 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) 449 Equity Shares of ₹10/- each on which Dividend had remained Unclaimed for a period of 7 years has been transferred to the credit of the Demat Account identified by the IEPF Authority. As on 31<sup>st</sup> March 2023, 55,466 Equity Shares of the Company were in the credit of the Demat Account of the IEPF Authority.

As per the requirements of SEBI notification no. SEBI/LAD-NRO/ GN/2016-17/008 dated 08<sup>th</sup> July 2016 the Company has formulated a Dividend Distribution Policy which has been duly approved by the Board of Directors. A copy of the Dividend Distribution Policy is available on the Company's website: [www.lmwglobal.com](http://www.lmwglobal.com).

## STATE OF AFFAIRS

### OPERATIONS

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

Overall, the Company's gross turnover increased by 47.73% from ₹3,01,676.48 Lakhs in 2021-22 to ₹4,45,669.24 Lakhs in 2022-23; the Profit before exceptional items and Tax stood at ₹48,541.15 Lakhs in FY 2022-23 as against ₹25,411.63 Lakhs in FY 2021-22.

The Net Profit after Tax for Financial Year 2022-23 was ₹35,021.55 Lakhs as against ₹17,967.61 Lakhs for the FY 2021-22.

### FOUNDRY DIVISION (FDY)

The Foundry Division reported a turnover of ₹9,570.84 Lakhs in 2022-23 as against ₹7,769.05 Lakhs registered in 2021-22, an increase of 23%. Exports accounted for 23% of the division's turnover.

### TEXTILE MACHINERY DIVISION (TMD)

During the year under review, the Textile Machinery Division had a turnover of ₹3,48,698.67 Lakhs in 2022-23 as against ₹2,20,898.96 Lakhs registered in 2021-22, an increase of 58% over the previous year.

### MACHINE TOOL DIVISION (MTD)

The Machine Tool Division reported a turnover of ₹77,918.64 Lakhs in 2022-23 as against ₹69,092.17 Lakhs registered in 2021-22, an increase of 13% over the previous year.

During the year under review, the second unit of Machine Tool Division commenced operations.

## ADVANCED TECHNOLOGY CENTRE (ATC)

Advanced Technology Centre had a turnover of ₹9,481.09 Lakhs in 2022-23 as against ₹3,916.30 Lakhs achieved in 2021-22. Other income during the period under review was ₹1,593.84 Lakhs as against ₹913.08 Lakhs in the previous year.

## RENEWABLE ENERGY DIVISION

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

As on 31<sup>st</sup> March 2023 the Company had 28 Wind Energy Generators (WEG) with a total power generation capacity

of 36.80 MW. Cumulatively, windmills have generated 734.64 Lakh units of power during 2022-23.

The Company also has a 10 MW of Solar Power Generating facility. As on 31<sup>st</sup> March 2023 this facility has generated 206.44 Lakh units of power.

About 76.14% of energy demand of the Company has been met through renewable energy and thereby has helped the Company to reduce its power cost and its carbon footprint.

## OTHER DEVELOPMENTS

The Company has entered into a Joint Development Agreement with M/s Sobha Limited to develop residential villas on Company's land measuring 5.09 acres located at Ganapathy, Coimbatore. The Company will have a revenue share of 40% in the proposed project.

## EXPORTS

The export turnover of the Company during the year under review is as follows:

(₹in Lakhs)

Particulars	FY 2022-23	FY 2021-22
Textile Machinery	85,948.42	57,731.25
CNC Machine Tools	673.33	843.36
Castings	2,205.24	1,314.34
Aerospace Parts	8,707.65	3,525.19
Total Exports	97,534.64	63,414.14

Export of Textile Machinery as stated above includes exports worth ₹20,720.66 Lakhs made to its Wholly Owned Subsidiary Companies, LMW Textile Machinery (Suzhou) Co. Ltd., China and LMW Middle East FZE, United Arab Emirates. Amongst other countries, the Company's products are primarily exported to countries in Asia and Africa.

## 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 recognised by the Department of Science and Technology, Government of India as in-house R & D facilities.

During the year under review, the Company has filed applications for 10 new patents in India. Further 34 patent applications were filed in overseas countries for which applications were already filed by the Company in India. Also, during the period under review, the Company has filed an application for an Industrial Design.

## AWARDS

Some of the important awards bagged by the Company during the Financial Year 2022-23:

- Textile Machinery Manufacturers' Association (TMMA) - Research and Development award 2021-22 in Textile Machinery sector for innovation in Speed frame LF4280 SX
- TMMA - Research and Development award 2021-22 in Textile Machinery sector for innovation in Comber LK69 S
- Par Excellence award for Foundry Division from Quality Circle Forum of India
- GreenCo Platinum certification for Foundry Division from Confederation of Indian Industry
- Star performer award from EEPC India Southern Region
- Apex Export Award for the year 2021-22 from TMMA



## INDUSTRIAL RELATIONS

Relationship with employees was cordial throughout the year.

## SUBSIDIARY COMPANIES

### I. LMW TEXTILE MACHINERY (SUZHOU) CO. LTD., CHINA

The turnover of the Company during the year under review was ₹27,221.88 Lakhs as against ₹22,176.20 Lakhs achieved during the previous year. During the year, the Company has achieved a net profit of ₹2,376.29 Lakhs as against a net profit of ₹196.90 Lakhs during the previous year.

### II. LMW AEROSPACE INDUSTRIES LIMITED, INDIA

As on date of this report, the Company is yet to commence operations.

### III. LMW MIDDLE EAST FZE, UNITED ARAB EMIRATES

The turnover of the Company during the year under review was ₹12,049.11 Lakhs. During the year, the Company has achieved a net profit of ₹812.47 Lakhs.

The Consolidated Financial Statements incorporating the Financial Statements of the Wholly Owned Subsidiary Companies are attached to the Annual Report as required under the applicable Indian Accounting Standard(s) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The English translated version of the Standalone Annual Financial Statements of LMW Textile Machinery (Suzhou) Co. Ltd, Wholly Owned Subsidiary Company is posted on the Company's website [www.lmwglobal.com](http://www.lmwglobal.com) along with the Annual Financial Statements of other Wholly Owned Subsidiary Companies, namely, LMW Aerospace Industries Limited and LMW Middle East FZE. Besides LMW Textile Machinery (Suzhou) Co. Ltd., LMW Aerospace Industries Limited and LMW Middle East FZE, the Company does not have any other Joint Venture / Associate Company.

## 2. Annual Return

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

## 3. Number of Meetings of the Board

During the year under review four (4) Meetings of the Board of Directors were held. Further details regarding number of Meetings of Board of Directors and Committees thereof and the attendance of the Directors at such Meetings are provided under the Corporate Governance Report.

## 4. Directors' Responsibility Statement

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

- In preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- Have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit and Loss of the Company for the 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 2023, the authorised, issued, subscribed and paid-up Share Capital is as follows :

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

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

## 6. Nomination and Remuneration Committee and Policy

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

## 7. Declaration by Independent Directors

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

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

## 8. Explanation and Comments on Audit Report

The report of the Statutory Auditor (appearing elsewhere in this Annual Report) and that of the Secretarial Auditor (annexed hereto as Annexure 1) are self-explanatory having no adverse comments. Further, the Secretarial Compliance Report for the financial year ended on 31<sup>st</sup> March 2023 will be filed with the Stock Exchanges in which the

Company's equity shares are listed. There were no instances of fraud reported by the Auditor to the Central Government or to the Audit Committee of the Company as indicated under the provisions of Section 143 (12) of the Companies Act, 2013.

## 9. Particulars of Loans / Guarantee / Investments / Deposits

The Company has no Inter-Corporate Loans / Guarantees. Investments of the Company in the Shares of other Companies is provided under notes to Balance Sheet appearing elsewhere in this Annual Report. The amount of investment made by the Company does not exceed the limits as specified in Section 186 of the Companies Act, 2013. The Company has not accepted any Fixed Deposits.

## 10. Particulars of Contracts with Related Parties

All the transactions of the Company with its Related Parties are at arms' length and have taken place in the ordinary course of Business. Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had obtained the approval of the Shareholders to enter into material related party transactions with two of its related parties.

The particulars of Material Related Party Transactions which are at arms' length basis is provided in Form AOC-2 and the same is annexed to the Boards' Report as Annexure -2.

For the Financial Year 2023-24, approval of Shareholders is being sought to enter into material related party transactions with Lakshmi Electrical Control Systems Limited.

A copy of the Related Party Transaction Policy of the Company is available on 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. Scheme of Arrangement

The Board of Directors of the Company had approved the Scheme of Arrangement between the Company and LMW Aerospace Industries Limited. The Scheme inter-alia had provided for transfer of Advanced Technology Centre Business undertaking of the Company into LMW Aerospace



Industries Limited, a Wholly Owned Subsidiary Company, on a going concern basis through slump sale on terms and conditions as detailed in the Scheme. A copy of the Scheme and other related

documents are available on the Company's website [www.lmwglobal.com](http://www.lmwglobal.com).

The matter is now pending before the Honourable National Company Law Tribunal, Chennai Bench.

### 13. Conservation of Energy, Technology Absorption and 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
<b>(A)</b>	<b>Conservation of Energy</b>	
(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 utilising alternate sources of energy.	Company has installed windmills with a capacity of 36.80 MW. The Company also has a photo-voltaic solar power generating facility with an installed capacity of 10 MW. The Company uses electricity generated from renewable sources for captive power consumption.
(iii)	the capital investment on energy conservation equipment.	An amount of ₹40 Lakhs has been invested during 2022-23 for replacing reciprocation compressor, energy efficient pump motor, installing the VFD drives for motors and replacement of mercury vapour/fluorescent lamps with 120/100 watt LED lighting and thereby 3.15 Lakh units of energy was saved.  Further, streetlights were replaced with LED type and fossil fuels were eliminated with electrical energy in the processes.

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

##### (B1) Technology Absorption - Foundry Division

(i)	Efforts made towards technology absorption;	Technical lectures in multiple subjects and, specialisations/skill building exercises, visit to benchmark foundries & participation in Indian Institute of Foundrymen seminars and exhibition to absorb the best practices and new technology.
(ii)	Benefits derived like product improvement, cost reduction, product development or import substitution;	<ol style="list-style-type: none"> <li>1. Auto leveller provided for mould in Fast Loop Line to automate the mould levelling activity.</li> <li>2. Auto blending was established for Hand Moulding Section to reduce manual intervention and also optimise catalyst consumption.</li> <li>3. Jumbo display made for chemistry in melting platform to assist quick decision on chemistry.</li> <li>4. Tapping and pouring temperature readings are captured into the system through IoT.</li> <li>5. New paint booth with contemporary technology established for painting of castings.</li> <li>6. Thermal reclamation plant efficiency improved continually and the LPG consumption per ton of sand is reduced.</li> </ol>

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION (Contd.)

### (B1) Technology Absorption - Foundry Division

		<p>7. Radio remote control pendant established for melting crane to reduce risk associated on tapping of metal into ladle.</p> <p>8. Smart sensor installed for motors to condition monitoring and to avoid failure of motor.</p>
(iii)	<p>In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year):</p> <p>a. the details of technology imported;</p> <p>b. the year of import;</p> <p>c. whether the technology has been fully absorbed;</p> <p>d. if not fully absorbed, areas where absorption has not taken place, and the reason thereof</p>	Nil
(iv)	Expenditure incurred on Research and Development	Nil

### (B2) Technology Absorption - Textile Machinery Division

(i)	Efforts made towards technology absorption;	<p>1. Technical guest lectures in various subjects and specialisations / skill building exercises, in-depth IPR analysis and review, theoretical simulation.</p> <p>2. Adoption of IoT technology for Industry 4.0 readiness.</p>						
(ii)	Benefits derived like product improvement, cost reduction, product development or import substitution;	Development of smart machines with innovative features with cost effective automation solutions results in market share improvement. Also, enabled the Company to identify & adopt IoT technologies / initiatives that could lead to Company's machines being Industry 4.0 ready.						
(iii)	<p>In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year):</p> <p>a. the details of technology imported;</p> <p>b. the year of import;</p> <p>c. whether the technology has been fully absorbed;</p> <p>d. if not fully absorbed, areas where absorption has not taken place, and the reason thereof;</p>	Nil						
(iv)	Expenditure incurred on Research and Development	<table> <tr> <td>Capital Expenditure:</td> <td>₹431.15 Lakhs</td> </tr> <tr> <td>Revenue Expenditure:</td> <td>₹3,594.52 Lakhs</td> </tr> <tr> <td>Total:</td> <td>₹4,025.67 Lakhs</td> </tr> </table>	Capital Expenditure:	₹431.15 Lakhs	Revenue Expenditure:	₹3,594.52 Lakhs	Total:	₹4,025.67 Lakhs
Capital Expenditure:	₹431.15 Lakhs							
Revenue Expenditure:	₹3,594.52 Lakhs							
Total:	₹4,025.67 Lakhs							



**(B3) Technology Absorption - Machine Tool Division**

(i)	Efforts made towards technology absorption;	Technical guest lectures in various subjects and specialisations / skill building exercises, in-depth IPR analysis and review, theoretical simulation.
(ii)	Benefits derived like product improvement, cost reduction, product development or import substitution;	<p><b>Product Improvement:</b> Rigidity improvement in Turning Center / Machining Center, development / upgrade in product range to bridge product gap and to address customer requirements.</p> <p><b>New Products under development:</b> New products are being developed in the product verticals / variants such as CNC Turning Centre, Horizontal Machining Centre and Vertical Machining Centre.</p>
(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	<p>Capital Expenditure: Nil</p> <p>Revenue Expenditure: ₹1,589.64 Lakhs</p> <p>Total: ₹1,589.64 Lakhs</p>

**(B4) Technology Absorption - Advanced Technology Centre**

(i)	Efforts made towards technology absorption;	<ol style="list-style-type: none"> <li>1. Technical guest lectures on various subjects and specialisations / skill building exercises.</li> <li>2. Engaging with start-ups that are developing novel products leads to understanding of emerging technologies.</li> </ol>
(ii)	Benefits derived like product improvement, cost reduction, product development or import substitution;	<ol style="list-style-type: none"> <li>1. Manufacture/development of components and sub-assemblies using metal / composite materials.</li> <li>2. Identifying and developing the critical &amp; high-value adding processes in-house.</li> </ol>
(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	98,135.19
Foreign Exchange Used	49,551.07

**14. Risk Management**

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

**15. Corporate Social Responsibility (CSR)**

The Company has constituted a CSR Committee of the Board of Directors and has adopted a CSR Policy. The same is posted in the Company's website [www.lmwglobal.com](http://www.lmwglobal.com). A report in the prescribed format detailing the CSR expenditure for the year

2022-23 is attached herewith as Annexure 3 and forms a part of this report.

**16. Evaluation of Board's Performance**

On the advice of the Board of Directors, the Nomination and Remuneration Committee of the Board of Directors of the Company have formulated the criteria for evaluation of the performance of each individual Director, Board as a whole, Committees of the Board, Independent Directors, Non-Independent Directors and the Chairman of the Board based on the criteria of evaluation as specified by SEBI Circular SEBI/HO/CFD/ CMD/CIR/P/2017/004 dated 05<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 01<sup>st</sup> February 2023. The results from this evaluation process have been communicated to the Chairman of the Board of Directors.

**17. Additional Information**

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

(i)	The financial summary or highlights	The financial highlights including state of affairs of the Company, dividend and reserve have been provided elsewhere in this report.
(ii)	The change in the nature of business, if any	There is no change in the business line of the Company.
(iii)	The details of Directors or Key Managerial Personnel who were appointed or have resigned during the year.	Details regarding the Directors who were appointed during the year have been provided elsewhere in this report. There were no changes in Key Managerial Personnel of the Company.
(iv)	The names of Companies which have become or ceased to be its Subsidiaries, Joint Ventures or Associate Companies during the year.	No changes.
(v)	The details relating to deposits, covered under Chapter V of the Companies Act, 2013.	The Company has not accepted any amount which falls under the purview of Chapter V of the Companies Act, 2013.
(vi)	The details of deposits which are not in compliance with the requirements of Chapter V of the Act.	Not Applicable
(vii)	The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.	Nil



## 17. Additional Information (Contd.)

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

(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 organisation's resources, both physical (e.g., machinery and property) and intangible (e.g., reputation or Intellectual property such as trademarks, patents, etc.,). 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 prepared and maintained the Cost Records as mandated by the Central Government.

## 18. Directors

The Board of Directors at their Meeting held on 11<sup>th</sup> May 2022 had appointed:

- a. Sri Jaidev Jayavarthanelu (DIN: 07654117) as an additional Non-Executive and Non-Independent Director.
- b. Sri Aroon Raman (DIN: 00201205) as an additional Non-Executive and Independent Director to hold office for a period of 5 Years.

Subsequently, the appointments were approved by the Shareholders at their Meeting held on 25<sup>th</sup> July 2022.

Sri K Soundhar Rajhan (DIN: 07594186), who retires by rotation at the ensuing Annual General Meeting, being eligible does not offer himself for re-appointment. The Board of Directors have resolved not to fill the vacancy so caused. Also, the Board of Directors at their meeting held on 24<sup>th</sup> May 2023 have recommended to the Shareholders for the appointment of Sri Jaidev Jayavarthanelu (DIN: 07654117) as Whole-time Director of the Company for a period of five years commencing from 7<sup>th</sup> August 2023.

## 19. Audit Committee / Whistle Blower Policy

The Audit Committee was formed by the Board of Directors and it consists of:

1. Dr Mukund Govind Rajan,  
Chairman (Non- Executive - Independent)
2. Sri Aditya Himatsingka,  
Member (Non-Executive - Independent)
3. Justice (Smt) Chitra Venkataraman (Retd.),  
Member (Non-Executive - Independent)

The Board has accepted the recommendations of the Audit Committee and there were 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.

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

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

## 21. Listing of Shares

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

## 22. Overall Maximum Remuneration

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

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

Director	Category of Directorship	Ratio
Sri Sanjay Jayavarthanavelu	Executive - Chairman and Managing Director	275.42
Sri S Pathy	Non-Executive - Non-Independent	1.22
Sri Aditya Himatsingka	Non-Executive - Independent	1.22
Dr Mukund Govind Rajan	Non-Executive - Independent	1.22
Sri T C Suseel Kumar <sup>1</sup>	Non-Executive - Non-Independent, Nominee of Life Insurance Corporation of India (LIC)	1.22
Justice (Smt) Chitra Venkataraman (Retd.)	Non-Executive - Woman - Independent	1.22
Sri Arun Alagappan	Non-Executive - Independent	1.22
Sri K Soundhar Rajhan	Executive - Non-Independent	19.01
Sri Aroon Raman (w.e.f. 11 <sup>th</sup> May 2022)	Non-Executive - Independent	1.09
Sri Jaidev Jayavarthanavelu (w.e.f. 11 <sup>th</sup> May 2022)	Non-Executive - Non-Independent	1.09

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

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

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

Director	Category of Directorship	% increase
Sri Sanjay Jayavarthanavelu	Executive - Chairman and Managing Director	132.67
Sri S Pathy	Non-Executive - Non-Independent	0
Sri Aditya Himatsingka	Non-Executive - Independent	0
Dr Mukund Govind Rajan	Non-Executive - Independent	0
Sri T C Suseel Kumar <sup>1</sup>	Non-Executive - Non-Independent, Nominee of Life Insurance Corporation of India (LIC)	0
Justice (Smt) Chitra Venkataraman (Retd.)	Non-Executive - Woman - Independent	0
Sri Arun Alagappan	Non-Executive - Independent	0
Sri K Soundhar Rajhan*	Executive - Non-Independent	0
Sri Aroon Raman (w.e.f. 11 <sup>th</sup> May 2022)	Non-Executive - Independent	NA
Sri Jaidev Jayavarthanavelu (w.e.f. 11 <sup>th</sup> May 2022)	Non-Executive - Non-Independent	NA
Key Managerial Personnel	Designation	% increase
Sri V Senthil	Chief Financial Officer	13.89
Sri C R Shivkumaran	Company Secretary	8.43

\*% increase in remuneration after considering the leave encashment availed during the previous financial year is (14.77).

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

Note : For this purpose, Sitting fees paid to the Directors is not considered as remuneration. The remuneration details are for the year 2022-23 (Previous Year: 2021-22).



- c. The Percentage increase in the median remuneration of employees in the Financial Year : 5.55%
- d. The number of permanent employees on the rolls of Company : 3,418
- e. Average percentile increase in the salaries of employees other than the managerial personnel in the last Financial Year is 17%. Average percentile increase in the managerial remuneration is 110% on account of increase in profit linked remuneration.
- f. Affirmation that the remuneration is as per the remuneration policy of the Company: Yes
- g. Particulars of Employees as per [Rule 5(2) and Rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel Rules), 2014]:

Particulars of Employees whose salary is not less than Rupees One Crore and Two Lakhs:

Table 1 <sup>1,2&3</sup>

Name (Age in Years)	Designation	Remuneration (in ₹)	Qualification	Date of Commencement of employment (experience in years)	Previous Employment
Sri Sanjay Jayavarthanavelu (54 years)	Chairman and Managing Director	22,52,95,149	MBA	03 <sup>rd</sup> June 1994 (28 years)	-
Sri Soundhar Rajhan K (74 years)	Director - Operations	1,55,51,278	B.Sc	09 <sup>th</sup> July 1973 (49 years)	The Kovilpatti Lakshmi Roller Flour Mills Limited
Sri Sankar M (65 years)	President - TMD	1,32,33,464	B.Tech	21 <sup>st</sup> August 1985 (37 years)	Star Marketing Services Limited

<sup>1</sup> Except Sri M Sankar, employment of others 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 2022-23 and all other particulars are as on 31<sup>st</sup> March 2023.

<sup>3</sup> Also refer to note 2 & 3 under Table 3.

Details of 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:

Table 2 <sup>1,2&3</sup>

Name (Age in Years)	Designation	Remuneration (in ₹)	Qualification	Date of Commencement of employment (experience in years)	Previous Employment
Sri Sreeramachandra Murthy Kaza (56 years)	President - MTD	1,14,78,790	B.Tech., M.Tech., PG Diploma	14 <sup>th</sup> February 2019 (4 years)	Elgi Equipments Limited

<sup>1</sup> The remuneration includes Company's contribution to provident fund, gratuity and perquisites. Sri Sreeramachandra Murthy Kaza was in employment with the Company till 28<sup>th</sup> February 2023.

<sup>2</sup> The remuneration details are for the Financial Year 2022-23 and all other particulars are as on 31<sup>st</sup> March 2023.

<sup>3</sup> Also refer to note 2 & 3 under Table 3.

Particulars of Top Ten employees in terms of remuneration drawn:

Table 3 <sup>1,2,3 & 4</sup>

Name (Age in Years)	Designation	Remuneration (in ₹)	Qualification	Date of Commencement of employment (experience in years)	Previous Employment
Sri Krishna Kumar N (65 years)	Senior Vice President - ATC	98,05,261	B.E., M.E.	01 <sup>st</sup> July 1983 (39 years)	-
Sri Senthil V <sup>2</sup> (44 years)	Chief Financial Officer	75,42,758	B.Com., ACA.	23 <sup>rd</sup> January 2015 (8 years)	LMW Textile Machinery (Suzhou) Company Limited
Sri Hari Krishna R (53 years)	Vice President - IT	69,00,953	BE.	19 <sup>th</sup> August 2019 (3 years)	Tata Projects Limited
Sri Indraneel Bhattacharya (58 years)	Vice President - MTD - Marketing & Sales	67,09,523	DME.	08 <sup>th</sup> February 1993 (30 years)	Batliboi & Company Limited
Sri Murali R (54 Years)	Head - TMD Spares & Services	61,92,964	DME., B Tech.	01 <sup>st</sup> February 2022 (1 Year)	Ashok Leyland Ltd
Sri Sanjay Ahuja (43 Years)	Head - Human Resources	61,88,772	BE., MBA.	03 <sup>rd</sup> May 2021 (2 years)	TVS Motor Company Limited
Sri Ananthan P (54 Years)	Vice President - SCM	61,79,584	BE.	17 <sup>th</sup> August 1989 (33 years)	-
Sri Arunachalam C (58 years)	Vice President - TMD Global Sales	61,05,269	B. Tech., MBA.	03 <sup>rd</sup> February 1992 (31 years)	J K Synthetics Limited
Sri Rajasekaran S (56 Years)	Vice President - TMD, R & D	59,08,273	DTT., AMIE., M. Tech., DBM.	2 <sup>nd</sup> May 1986 (37 Years)	VR Textiles
Sri Elangovan P (49 Years)	Head - Business Excellence	51,34,113	DME., B Tech., MS., PG Diploma.	07 <sup>th</sup> May 2018 (5 Years)	Wabco India Limited

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

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

<sup>3</sup> No employee of the Company is covered by the Rule 5(2) (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, that is employee, holding by himself or with his family, shares of 2% or more in the Company and drawing remuneration in excess of the remuneration paid to Chairman and Managing Director.

<sup>4</sup> The remuneration details are for the Financial Year 2022-23 and all other particulars are as on 31<sup>st</sup> March 2023.

## 23. Corporate Governance

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

## 24. Auditors

### Statutory Auditor

Consequent to the approval of the Shareholders at their Annual General Meetings held during 2021 & 2022 respectively, M/s S Krishnamoorthy & Co., Chartered Accountants, with Sri B Krishnamoorthi / or Smt V Indira as signing partners were appointed as Statutory Auditors of the Company for a second term of five Financial Years commencing from 2021-22 and to hold office until conclusion of the Annual General Meeting to be held during 2026.



M/s S Krishnamoorthy & Co., Chartered Accountants, Coimbatore, with Sri B Krishnamoorthi or Smt V Indira as signing partner have consented and confirmed their eligibility and desire to continue as Statutory Auditors of the Company for the Financial Year 2023-24.

#### **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 Accountant, Chennai, as the Cost Auditor of the Company for the Financial Year 2023-24. The remuneration payable to the Cost Auditor is subject to ratification of Shareholders at the ensuing Annual General Meeting.

#### **Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors have appointed Sri M D Selvaraj of M/s MDS & Associates LLP, Coimbatore, Company Secretaries to undertake the Secretarial Audit of the Company for the Financial Year 2023-24.

### **25. Business Responsibility and Sustainability Report**

In terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with relevant SEBI Circulars, a new reporting requirement on ESG Parameters were prescribed under "Business Responsibility and Sustainability Reporting" ("BRSR"). The BRSR seeks disclosure on the performance of the Company against the nine principles of the "National Guidelines on Responsible Business Conduct" ("NGRBCs").

As per the SEBI Circulars, effective from the financial year 2022-23, filing of BRSR is mandatory for the top

1,000 listed companies by market capitalisation. The BRSR of the Company is annexed as Annexure 5 and forms an integral part of the Annual Report

### **26. Compliance with Secretarial Standards**

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

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

National Company Law Tribunal (NCLT) has intimated the Company that an Application under Section 9 of Insolvency and Bankruptcy Code, 2016 has been filed on 5<sup>th</sup> May 2023 before the NCLT- Chennai Bench against the Company and the matter shall be listed before the bench subject to scrutiny. Company has taken necessary legal steps in this regard.

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

Not applicable

### **29. Acknowledgements**

Your Directors thank all customers for their continued support and patronage.

The Directors also thank the Company's Bankers, Selling Agents, Vendors, Central and State Governments for their valuable assistance.

The Directors wish to place on record their appreciation for the cooperation and contribution made by the employees at all levels towards the progress of the Company.

By order of the Board

**Sanjay Jayavarthanelu**

Chairman and Managing Director

DIN : 00004505

**Place :** Coimbatore

**Date :** 24<sup>th</sup> May 2023

## FORM NO. MR-3

**SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2023

[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 – 641020

We 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 us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our 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 authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31<sup>st</sup> March 2023, 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.

We 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 2023 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

We 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.

We further report that, during the year under review, there were no actions/ events in pursuance of the following Rules/Regulations requiring compliance thereof by the Company:

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018

- b. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
- c. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021
- d. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 and
- e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.

We further report that based on the information provided by the Company, its officers and authorised representatives, there are no laws specifically applicable to the Company.

We 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.

We 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 auditors and other designated professionals.

#### **We 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.

We 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.

We further report that during the year under review, the Company has obtained the approval of BSE Limited and National Stock Exchange of India Limited on 25<sup>th</sup> August 2022 for re- classification of Sri Arjun Karivardhan and Sri Nithin Karivardhan from "Promoter Group" category to "Public" category pursuant to Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that during the period under review, the Company has obtained the approval of the equity shareholders and unsecured creditors of the Company for the Scheme of Arrangement between the Company and LMW Aerospace Industries Limited (the wholly owned subsidiary) and their respective shareholders pursuant to Sections 230 to 232 of the Companies Act, 2013 on 2<sup>nd</sup> September 2022 at the respective meetings convened by the National Company Law Tribunal, Chennai Bench. The Company has subsequently filed the petition with the National Company Law Tribunal, Chennai Bench seeking sanction of the said Scheme.

We further report that during the period under review, the Company has obtained the approval of the Securities and Exchange Board of India on 29<sup>th</sup> July 2022 exempting the Company from the compliance with the provisions of Regulation 24(ii) of Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 which prohibits a Company from making any public announcement of buy-back during the pendency of any Scheme of Arrangement.

Other than the above, there were no instances of

- Public / Rights / Preferential issue of shares / debentures / sweat equity.
- Redemption / buy-back of securities.
- Major decision taken by the members pursuant to Section 180 of the Companies Act, 2013.
- Foreign technical collaborations.

For **MDS & Associates LLP**  
Company Secretaries

**M D Selvaraj**  
Managing Partner

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

Peer Review No. 3030/2023

UDIN: F000960E000354104

**Place :** Coimbatore

**Date :** 24<sup>th</sup> May 2023

*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 TO SECRETARIAL AUDIT REPORT ISSUED BY COMPANY SECRETARY IN PRACTICE

To  
The Members,  
**LAKSHMI MACHINE WORKS LIMITED**  
(CIN: L29269TZ1962PLC000463)  
SRK Vidyalaya Post, Perianaickenpalayam, Coimbatore – 641020

Our 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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We 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. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we 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. Our 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.

For **MDS & Associates LLP**  
Company Secretaries

**M D Selvaraj**  
Managing Partner  
FCS No.: 960; C P No.: 411  
Peer Review No. 3030/2023  
UDIN: F000960E000354104

**Place :** Coimbatore  
**Date :** 24<sup>th</sup> May 2023

## Form AOC-2

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

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

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

a)	Name(s) of the Related Party and nature of relationship:	Lakshmi Electrical Control Systems Limited  A Public Limited Company in which Sri Sanjay Jayavarthanavelu, Chairman & Managing Director is a Director and holds along with his relatives, more than 2% of its paid-up Share Capital	Chakradhara Aerospace and Cargo Private Limited  A Private Limited Company in which Sri Sanjay Jayavarthanavelu, Chairman & Managing Director is a Director and Sri Jaidev Jayavarthanavelu, Director is the Managing Director and holds along with their relatives, more than 2% of its paid-up Share Capital
b)	Nature of contracts / arrangements / transactions:	Sale/purchase of goods and availing / rendering of services.	
c)	Duration of the Contracts / arrangements / transactions:	For the period from 20 <sup>th</sup> June 2022 to 31 <sup>st</sup> March 2023	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	The Related Party Transactions (RPTs) entered during the period were in the ordinary course of business and at arm's length basis.	
		Value of transaction approved: ₹450 Crores	Value of transaction approved: ₹320 Crores
e)	Date(s) of approval by the Board, if any:	11 <sup>th</sup> May 2022	
f)	Amount paid as advances, if any:	Nil	Rupees One Crore

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

By order of the Board

**Place :** Coimbatore  
**Date :** 24<sup>th</sup> May 2023

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

## Annual Report on Corporate Social Responsibility ["CSR"] Activities for the Financial Year ended 31<sup>st</sup> March 2023

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

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

### 2. Composition of the CSR Committee:

Sl. No	Name of the Director	Designation / Nature of Directorship	Number of CSR Committee Meetings held during the year	Number of CSR Committee Meetings attended during the year
1	Sri Sanjay Jayavarthanelu	Chairman of CSR Committee - Executive Director	2	2
2	Sri Aditya Himatsingka	Member - Independent Director		2
3	Sri Arun Alagappan	Member - Independent Director		2

### 3. Web-link where composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the Website of the Company.

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

### 4. Executive Summary along with web-link(s) of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 if applicable:

Not Applicable

### 5. a) Average Net Profit of the Company as per sub-section 5 of Section 135:

₹12,943.84 Lakhs

### b) Two percent of average Net Profit of the Company as per sub-section 5 of Section 135:

₹258.88 Lakhs

### c) Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years:

Nil

### d) Amount required to be set-off for the Financial Year, if any:

Nil

### e) Total CSR obligation for the Financial Year (5b+5c-5d):

₹258.88 Lakhs

### 6. a) Amount spent on CSR Projects: ₹260 Lakhs



b) Amount spent in Administrative Overheads: Nil

c) Amount spent on Impact Assessment, if applicable: Not Applicable

d) Total amount spent for the Financial Year (6a+6b+6c): ₹260 Lakhs

e) CSR amount spent or unspent for the Financial Year:

[in ₹]

Total Amount Spent for the Financial Year (in ₹)	Total Amount transferred to Unspent CSR Account as per sub-section 6 of Section 135		Amount transferred to any fund specified under Schedule VII as per second provision to sub-section 5 of Section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of Transfer
2,60,00,000	NIL				

f) Excess amount for set-off if any:

Sl. No	Particulars	Amount [₹ in Lakhs]
(i)	Two percent of average net profit of the Company as per sub-section (5) of Section 135	258.88
(ii)	Total amount spent for the Financial Year	260.00
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	1.12
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years [(iii) - (iv)]	Nil

7. Details of Unspent CSR amount for the preceding three Financial Years:

Sl. No	Preceding Financial Year	Amount transferred to Unspent CSR Account under sub-section 6 of Section 135 [in ₹]	Balance Amount in Unspent CSR Account under subsection (6) of Section 135 [in ₹]	Amount Spent in the Financial Year [in ₹]	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of Section 135, if any		Amount remaining to be spent in succeeding Financial Years [in ₹]	Deficiency, if Any
					[in ₹]	Date of Transfer		
1	FY 2019-20	Nil						
2	FY 2020-21							
3	FY 2021-22							

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

No

**The details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year**

Sl. No	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of Creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered Address
Not Applicable							

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

Not Applicable

By order of the Board

**Sanjay Jayavarthanelu**  
 Chairman and Managing Director  
 Chairman - CSR Committee  
 DIN : 00004505

**Place :** Coimbatore  
**Date :** 24<sup>th</sup> May 2023

## 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 2023, as specified in the relevant provisions of the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015.

On the basis of representation received from the Registrar and Share Transfer Agent (RTA) 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.0014965

**B Krishnamoorthi**  
Partner  
Membership No.020439  
UDIN : 23020439BGUGTK9090

**Place :** Coimbatore  
**Date :** 24<sup>th</sup> May 2023



## Business Responsibility and Sustainability Report

### SECTION A: GENERAL DISCLOSURES

#### I. Details of the listed entity

Sl. No	Particulars	Details
1.	Corporate Identity Number (CIN) of the Listed Entity	L29269TZ1962PLC000463
2.	Name of the Listed Entity	Lakshmi Machine Works Limited
3.	Year of incorporation	14 <sup>th</sup> September 1962
4.	Registered office address	SRK Vidyalaya Post, Perianaickenpalayam, Coimbatore - 641020, Tamil Nadu, India
5.	Corporate office address	34A, Kamaraj Road, Coimbatore - 641018, Tamil Nadu, India
6.	Email	secretarial@lmw.co.in
7.	Telephone	+91 422 7192255
8.	Website	www.lmwglobal.com
9.	Financial year reported	2022-23
10.	Name of the Stock Exchange(s) where shares are listed	1. BSE Limited 2. National Stock Exchange of India Limited
11.	Paid-up capital	₹10,68,30,000/-
12.	Name and contact details (telephone, e-mail address) of the person who may be contacted in case of any queries on the BRSR report	Sri C R Shivkumaran, Company Secretary E-mail: secretarial@lmw.co.in Phone: +91 422 7198100
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together).	The disclosure made under this report are on a standalone basis.

#### II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

Sl. No	Description of Main Activity	Description of Business activity	% of Turnover of the entity
1	Textile Machinery	Manufacturing	78%
2	CNC Machine Tools		18%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

Sl. No	Product/Service	NIC Code	% of total Turnover contributed
1	Textile Machinery	28261	78%
2	CNC Machine Tools	28221	18%

### III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	9	2	11
International	Nil	6	6

17. Markets served by the entity:

a) Number of locations

Locations	Number
National (No. of States)	21 States and 6 Union Territories
International (No. of Countries)	34

b) What is the contribution of exports as a percentage of the total turnover of the entity? Contribution of exports during the Financial Year ended 31<sup>st</sup> March 2023 is 21.88%

c) A brief on types of customers

Lakshmi Machine Works Limited caters to both public and private sector customers in discrete and process industries like Textile, Aerospace & Defence, Iron & Steel, Automotive, Ports, Power, Railways, Renewables and Transportation.

### IV. Employees

18. Details as at the end of Financial Year (as on 31<sup>st</sup> March 2023):

a) Employees and workers (including differently abled):

Sl. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
	<b>EMPLOYEES</b>					
1	Permanent (D)	2,132	2,043	95.82%	89	4.18%
2	Other than Permanent (E)	Nil	Nil	Nil	Nil	Nil
3	Total employees (D + E)	2,132	2,043	95.82%	89	4.18%
	<b>WORKERS</b>					
4	Permanent (F)	1,286	1,286	100%	NIL	
5	Other than Permanent (G)	326	323	99.07%	3	0.93%
6	Total workers (F + G)	1,612	1,609	99.81%	3	0.19%

b) Differently abled employees and workers:

Sl. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
	<b>EMPLOYEES</b>					
1	Permanent (D)	1	Nil		1	100%
2	Other than Permanent (E)	Nil	Nil		Nil	
3	Total employees (D + E)	1	Nil		1	100%
	<b>WORKERS</b>					
4	Permanent (F)	9	9	100%	Nil	
5	Other than Permanent (G)	Nil	Nil		Nil	
6	Total workers (F + G)	9	9	100%	Nil	

19. Participation/ Inclusion/ Representation of women:

Particulars	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	10	1	10%
Key Management Personnel*	2	Nil	-

\* Key Management Personnel other than Board of Directors

20. Turnover rate for permanent employees and workers:

Particulars	Turnover rate in current FY (2022-23)			Turnover rate in previous FY (2021-22)			Turnover rate in the year prior to the previous FY (2020-21)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	16.05%	20.51%	16.23%	13.94%	25.69%	14.32%	15.90%	33.66%	16.46%
Permanent Workers	2.00%	Nil	2.00%	1.74%	Nil	1.74%	14.87%	Nil	14.87%

## V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding/ subsidiary/ associate companies/ joint ventures

Sl. No	Name of the Holding/ Subsidiary/ Associate Companies/ Joint Ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	Percentage of shares held by listed entity	Does the entity indicated at column A, participate in the Business responsibility initiatives of the listed entity? (Yes/No)
1	LMW Textile Machinery (Suzhou) Co. Ltd, China	Wholly Owned Subsidiary	100%	No
2	LMW Aerospace Industries Limited, India	Wholly Owned Subsidiary	100%	No
3	LMW Middle East FZE, United Arab Emirates	Wholly Owned Subsidiary	100%	No

## VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No): Yes

(ii) Turnover: ₹4,45,669.24 Lakhs

(iii) Networth: ₹2,29,999.43 Lakhs



## VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/ No) (If Yes, then provide weblink for grievance redress policy)	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)			
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	
Communities	Yes*	Nil	Nil	Nil	Nil	Nil		
Investors (Other than shareholders)								
Shareholders							4	1
Employees and workers							Nil	Nil
Customers								
Value Chain Partners								
Others (Please specify)	Not Applicable							

\* Please refer to the Whistle Blower Policy and Business Responsibility Policies available at: [www.lmwglobal.com/investors/Policies.html](http://www.lmwglobal.com/investors/Policies.html)

24. Overview of the entity's material responsible business conduct issues:

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

Sl. No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Emissions	Risk	Increased carbon footprint contributes to climate risk. Climate change-induced instability will have a direct consequence for vital company infrastructure, as well as secondary repercussions on economic capabilities.  Failure to adopt appropriate countermeasures to reduce the carbon intensity of the business can impact brand reputation & stakeholder confidence.	Emission reduction initiatives for identified areas of higher emissions.  Exploring options to move to low-carbon fuels which have lesser emissions.	Impact on company's reputation and brand value.

Sl. No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
2.	Energy	Risk, Opportunity	<p>LMW's business activities involve manufacturing of various tools and equipment. This is an energy intensive process, which could lead to lack of optimisation of direct as well as indirect energy consumption and continue reliance on fossil fuel-based energy sources.</p> <p>With having identified the trend of energy consumption, it could be in the best interest of the Company's business to curb the reliance on conventional fuels and shift towards utilisation of renewable energy to a significant extent.</p>	<p>The Company has set an internal target to offset 100% energy consumption with renewable energy.</p> <p>The Company also has a 10 MW Solar Power Generation Plant at Kondampatti, Coimbatore and has installed 28 windmills with a total capacity of 36.80 MW. This has helped offset the emissions generated by energy consumption.</p> <p>As a measure of energy efficiency across divisions, sodium vapour lights are being replaced with LED.</p>	<p>Reduction in energy and environmental costs.</p> <p>Increased operational efficiency.</p> <p>Improved equipment lifespan.</p>
3.	Waste Management	Risk	<p>Manufacturing of equipment leads to generation of significant amount of waste across all divisions. The waste generated is both hazardous (metal scraps, paints, etc.) as well as non-hazardous (paper, wood, etc.).</p> <p>Lack of waste management and waste re-utilisation could lead to operational inefficiency and hinder product manufacturing.</p>	<p>Waste in the form of metal chips is used as raw material for the Foundry division. Hazardous waste generated during operations is disposed through authorised vendors.</p>	<p>Penalties and Loss of Reputation.</p>
4.	Efficient Resource Utilisation	Opportunity	<p>The Company's focus on minimising the negative impact of operations on the environment and utilising the natural resources in an efficient and sustainable manner can improve operational efficiency and attract environmentally conscious customers.</p>	-	<p>Lower operational costs</p> <p>Increase in revenue share from conscious customers.</p> <p>Scope to increase reliability on renewable energy</p>

Sl. No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
5.	Occupational Health & Safety	Opportunity	Company's ability to provide a work environment free of injuries, fatalities, and illness, and promoting better health and wellbeing of employees results in better productivity and boosts employee morale	-	Reduced cost of talent acquisition
6.	Training & Education	Opportunity	Providing training to employees and workers leads to skill enhancement as well as reduced margin for errors/accidents, thus increasing productivity of the workforce.	-	Increased productivity
7.	Product Quality	Opportunity	Efficient resource utilisation and waste management will lead to the manufacture of quality and safe products. This could in-turn lead to customer satisfaction.	-	Improved customer satisfaction, Increased product demand
8.	Customer Satisfaction	Opportunity	The Company provides superior products and quality services that enhance value and customer satisfaction by means of continual improvement in People, Systems, Processes, Technology and Practices.	-	Higher net profit
9.	Business Ethics	Risk & Opportunity	<p>Non-adherence to ethical standards can expose the organisation to legal fines, penalties, and damaged reputation.</p> <p>Compliance with ethical standards can result in improved company reputation and relations with other business entities.</p>	<p>Building awareness and trainings to internal stakeholders on ethical business practices.</p> <p>Effective mechanisms and management system for ensuring that the Company and its employees are compliant with the laws, regulations, standards, and ethical practices that apply to the organisation and industry.</p>	Risk of penalty and loss of reputation



Sl. No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
10.	Innovation	Opportunity	Development of sustainable products and solutions could provide long-term social and environmental benefits while creating economic benefits for the company.	-	Scope to enhance our product portfolio and increase our reach to the customers

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Information on structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Sl No.	Disclosure Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and management processes</b>										
1 a.	Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs.	Business Ethics Policy	Supplier Code of Conduct	Human Rights Policy & Business Ethics Policy	Stakeholder Policy	Human Rights Policy & Business Ethics Policy	EOHS Policy	Business Responsibility Policy	CSR Policy	Customer Centricity Policy
b.	Has the policy been approved by the Board? (Yes/No)	Yes								
c.	Web Link of the Policies, if available	<a href="https://www.lmwglobal.com/investors/Policies.html">https://www.lmwglobal.com/investors/Policies.html</a>								
2.	Whether the entity has translated the policy into procedures. (Yes / No)	Yes								
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4.	Name of the national and international codes/certifications/ labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle	LMW's manufacturing facilities and office premises have well defined Environment, Health, Safety and Quality Management systems in place with stringent internal standards and are also certified with international standards like ISO 45001: 2018: Occupational Health and safety Management system; ISO 14001: 2015: Environmental Management system, ISO 9001: 2015: Quality Management system. Additionally, wherever necessary/applicable the respective manufacturing facilities are certified with ISO/IEC 17025: 2017, Pressure Equipment Directive 2014/68/EU, AS9100D (Aerospace Quality Management System), NADCAP. Besides, the Company's foundry units have received the GreenCo Platinum level certification from CII – Sohrabji Godrej Green Business Centre.								

SI No.	Disclosure Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
5.	Specific commitments, goals and targets set by the entity with defined timelines, if any					Nil				
6.	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.					NA				

### Governance, leadership, and oversight

- Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements.

**Response:** Lakshmi Machine Works Limited (LMW) views sustainability as the essential discipline of balancing economic growth with social inclusiveness and environmental conservation. The goal of integrating sustainability into the business structure mirrors LMW's values and ethos as the Company aligns itself to universally recognised sustainable development goals and puts utmost focus on measurable outcomes.

The three strategic pillars—Sustainability at the Business level, Sustainability of the Earth, and Sustainability of Communities—help in achieving operational superiority as well as accomplishing integrated solutions. For instance, as part of sustainability initiatives, LMW aims to reduce its Scope 1 and Scope 2 GHG emissions by switching to renewable energy sources. The Company has also undertaken various projects for development of the community, such as installing solar streetlights in remote and tribal areas, collaborating with local government agencies and NGOs to support the development of medical infrastructure facilities and in the distribution of food supplies to the needy. By deploying tools such as sustainable packaging, Zero Liquid Discharge, circular economy, etc., LMW promotes integration of ESG in its business model. All these projects can be thought of as future inputs and outcomes that help to facilitate sustainability in business.

- Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).

**Response:** At the highest level, Executive Directors along with the other Board of Directors of the Company are responsible for implementation and oversight of the Business Responsibility Policy(ies). The Corporate Social Responsibility Committee oversees the social factors affecting the environment in which the Company operates and provides necessary insights to the Board of Directors. Whereas, the Risk Management Committee of the Company oversees all the other factors related to the Environment, Social and Governance aspects of the organisation and provides adequate inputs to the Board of Directors.

- Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.

**Response:** As stated above, the Risk Management Committee and the Corporate Social Responsibility Committee provide inputs to the Board for decision making on sustainability related factors. Details regarding composition of the Risk Management Committee and the Corporate Social Responsibility Committee are available in the Corporate Governance Report found elsewhere in the Annual Report.

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Board of Directors									Yearly								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Statutory Compliance Certificate on applicable laws is provided by the Company Secretary (based on the confirmation received from the respective business heads) to the Board of Directors.									Quarterly								

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.

P1	P2	P3	P4	P5	P6	P7	P8	P9
No								

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated: Not Applicable

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

### PRINCIPLE 1

Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent, and accountable.

#### Essential Indicators

- Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	Percentage of persons in respective category covered by the awareness programmes
Board of Directors	5	All 9 principles	100%
Key Managerial Personnel	6		100%
Employees other than BoD and KMPs	30		29%
Workers	18	Safety & skill up-gradation training, Vocational training focused on achieving employable skills	19%



2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
Particulars	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been referred? (Yes/No)
Penalty/ Fine					No
Settlement			Nil		
Compounding Fee					
Non-monetary					
Particulars	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been referred? (Yes/No)
Imprisonment			Nil		No
Punishment					

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed:

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
	NA

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Response: Yes, the Company has an anti-corruption/anti-bribery policy as a part of Business Ethics Policy. This policy is in line with applicable anti-corruption/anti-bribery regulations. LMW conducts its operations and activities in compliance with the Business Ethics Policy and expects everyone associated with it to conduct their business with integrity. The Company's policy strictly prohibits any form of improper / unethical payments. Any payment or benefit conveyed, and is ethical, must be fully transparent, adequately documented, and duly accounted. This policy is communicated to all employees through induction programmes, policy manuals and intranet portals.

LMW's Business Ethics Policy can be found on the website of the Company [www.lmwglobal.com](http://www.lmwglobal.com).

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

Particulars	FY 2022-23	FY 2021-22
Directors	Nil	Nil
KMPs		
Employees		
Workers		

6. Details of complaints with regard to conflict of interest:

Particulars	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil		Nil	
Number of complaints received in relation to issues of Conflict of interest of the KMPs				

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Response: There was no instance of corrective action or issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

## PRINCIPLE 2

Businesses should provide goods and services in a manner that is sustainable and safe.

### Essential Indicators

- Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

Particulars	FY 2022-23	FY 2021-22	Details of improvements in environmental and social impacts
R&D	See Note <sup>1</sup>		See Note <sup>2</sup>
Capex			

Note: 1. The Company's overall capex programme is designed towards investment in assets that continually improve the quality of manufacturing processes. This helps the Company to not only reduce environmental and social impacts resulting from its operations but also to offer products and services that have optimal impact on the environment.

2. R&D for improving environmental and social impacts of the product is done by the Company considering the customers' requirements.

- a. Does the entity have procedures in place for sustainable sourcing? (Yes/No):

**Response:** Yes, the Company has incorporated sustainability principles into its supply chain practices. The Company's sustainability measures also extend to its suppliers. LMW expects its suppliers to comply with all governmental norms (both local and international) such as - Environment, Minimum Wages, Child Labour, Anti-Bribery/Corruption, Health, and Safety etc., and follow all environment, health, safety and other operational policies of the Company.

The Company's manufacturing process is monitored and enhanced annually to ensure lower energy and resource consumption. To reduce the impact on the environment, LMW prioritises the purchase of high-quality materials and products that are easily accessible locally. The Company promotes and uses sustainable packaging whenever it is practical.

The Code of Conduct for Suppliers & Vendors can be found on the website of the Company [www.lmwglobal.com](http://www.lmwglobal.com).

b. If yes, what percentage of inputs were sourced sustainably?

**Response:** Before onboarding a supplier, LMW's vendor capability assessment system evaluates and ensures that the supplier's process and products are sustainable. Hence, 100% sourcing is done sustainably.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

**Response:** LMW is an Original Equipment Manufacturer (OEM). The Company's products have a resale value and can be recycled and/or retrofitted.

The Company also has a well-established waste recycling system which helps it to reuse more than 10% of production waste generated. The Company has various initiatives enlisted below:

- E-Waste: LMW disposes outdated servers, monitors, computers, and other e-waste generated in its operations through e-waste management vendors approved by the government.
- Other waste: The cast iron and mild steel waste generated from the manufacturing process is recycled entirely in in-house foundry. This is achieved by initially briquetting and shredding of waste before melting. The Company's sand reclamation facility recycles waste sand from foundry processes. Other waste such as plastic, office waste, packaging, and paper is given to vendors for recycling. Food waste from cafeterias is given to vendors to use as animal feed and manure in nearby farmlands. The Company has disposed old batteries through authorised vendors for recycling.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

**Response:** Not applicable

### PRINCIPLE 3

Businesses should respect and promote the well-being of all employees, including those in their value chains.

#### Essential Indicators:

1. a. Details of measures for the well-being of employees:

Category	Percentage of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day-care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent Employees</b>											
Male	2,043	2,043	100%	Nil	Nil		Nil	Nil		Nil	
Female	89	89	100%		89	100%					
Total	2,132	2,132	100%		89	4.17%					
<b>Other than Permanent Employees</b>											
Male	Nil	NA									
Female											
Total											



b. Details of measures for the well-being of workers:

Category	Percentage of workers covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day-care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Workers											
Male	1,286	1,286	100%	1,286	100%	NA					
Female	Nil	Nil	NA	Nil	NA	NA					
Total	1,286	1,286	100%	1,286	100%	NA					
Other than Permanent Workers											
Male	323	Nil	NA	Nil	NA	NA					
Female	3										
Total	326										

2. Details of retirement benefits, for Current Financial Year and Previous Financial Year

Particulars	FY 2022-23			FY 2021-22		
	No. of employees covered as a percentage of total employees	No. of Workers covered as a percentage of total workers	Deducted and deposited with the authority (Y/N/NA)	No. of employees covered as a percentage of total employees	No. of workers covered as a percentage of total workers	Deducted and deposited with the authority (Y/N/NA)
PF	100% of applicable employees as per act	100% of applicable workers as per act	Yes	100% of applicable employees as per act	100% of applicable workers as per act	Yes
Gratuity	100% of applicable employees as per act	100% of applicable workers as per act	Yes	100% of applicable employees as per act	100% of applicable workers as per act	Yes
ESI	100% of applicable employees as per act	100% of applicable workers as per act	Yes	100% of applicable employees as per act	100% of applicable workers as per act	Yes
Others: Nil	NA	NA	NA	NA	NA	NA

3. Accessibility of workplaces:

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

**Response:** LMW engages with differently abled stakeholders frequently. The Company's efforts focus on making its premises more accessible to differently abled stakeholders. The Company seeks to ensure that its physical infrastructure (buildings, furniture, facilities, and services in the building/campus) adhere to the accessibility standards as given/cited in the Rights of Persons with Disabilities (RPWD) Act and other applicable rules. The Company continuously aims to revamp its existing buildings to ensure strict compliance with the standards. Any new facility that is built / renovated / leased / rented will be evaluated for compliance with accessibility standards at different stages of the building construction. Any employee facing accessibility issues can report to the facilities team at their location or write to the Liaison Officer.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

**Response:** Yes, the Company has an equal opportunity policy in accordance with the Rights of Persons with Disabilities Act, 2016. The policy states that recruitment decisions will be based solely on merit, and there will be no discrimination on the basis of race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnicity, disability or any other category protected by applicable law. The Company follows an inclusive evaluation process by ensuring that a person with disability is provided with any suitable flexibility and accommodation that may be required so that she/he may be evaluated fairly. The Company is committed to eliminating all forms of unlawful discrimination, and strives to provide clear terms of employment, training, development, and performance management.

Equal Opportunity Policy of the Company can be found on the Company's website [www.lmwglobal.com](http://www.lmwglobal.com).

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	NA	NA	NA	NA
Female	100%	100%	NA	NA
Total	100%	100%	NA	NA

Note: The Company provides maternity leave only.

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If yes, then give details of the mechanism in brief)
Permanent Workers	Yes, the Company has internal procedures in place for grievance redressal of employees and workers. The structured grievance redressal forum monitors and reviews complaints received, if any. Along with this forum, the Company also has a Safety committee which carries out interaction with all departments periodically.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

7. Membership of employees and worker in Association(s) or Unions recognised by the listed entity:

Category	FY 2022-23			FY 2021-22		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	2,132	Nil	NA	1,828	Nil	NA
Male	2,043	Nil	NA	1,769	Nil	NA
Female	89	Nil	NA	59	Nil	NA
Total Permanent Workers	1,286	1,286	100%	1,315	1,315	100%
Male	1,286	1,286	100%	1,315	1,315	100%

Category	FY 2022-23			FY 2021-22		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Female	Nil	Nil	NA	Nil	Nil	NA

8. Details of training given to employees and workers:

Category	FY 2022-23					FY 2021-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No.(B)	% (B/A)	No.(C)	% (C/A)		No.(E)	% (E/D)	No.(F)	% (F/D)
<b>Employees</b>										
Male	2,043	1,532	74.98%	1,583	77.48%	1,769	1,296	73.26%	1,022	57.77%
Female	89	72	80.89%	29	32.58%	59	40	67.79%	35	59.32%
Total	2,132	1,604	75.23%	1,612	75.60%	1,828	1,336	73.08%	1,057	57.82%
<b>Workers</b>										
Male	1,286	Nil	Nil	484	37.63%	1,315	120	9.12%	Nil	Nil
Female	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total	1,286	Nil	Nil	484	37.63%	1,315	120	9.12%	Nil	Nil

9. Details of performance and career development reviews of employees and workers:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No.(B)	% (B/A)	Total (C)	No.(D)	% (D/C)
<b>Employees</b>						
Male	2,043	2,029	99.31%	1,769	1,744	98.58%
Female	89	88	98.87%	59	58	98.30%
Total	2,132	2,117	99.29%	1,828	1,802	98.57%
<b>Workers</b>						
Male	1,286	242	18.81%	1,315	271	20.60%
Female	Nil	Nil	Nil	Nil	Nil	Nil
Total	1,286	242	18.81%	1,315	271	20.60%

10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

**Response:** To enable and ensure a healthy, safe workplace, the Company has a comprehensive Environment, Occupational Health, and Safety Management System (EOHS) in place. LMW ensures that its EOHS system is implemented across all sites. All manufacturing locations are certified for requirements under ISO 45001 (Occupational Health and Safety System). Adoption of various precautionary safety measures are integrated in the system.



- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

**Response:** LMW has implemented Hazard Identification and Risk Assessment (HIRA) program in its operations. The Company is also providing guidance on proper equipment handling and has appropriate protective wear (e.g., helmets, eye masks) in place according to the statutory requirements. The Company's plant managers monitor the entire manufacturing process to avoid any instance of safety related accident. Near miss incidents are recorded and reviewed by the managers to identify work related hazards and ensure workplace safety.

- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Yes/No)

**Response:** Yes, the Company encourages its workers to report near-miss and promote strong safety culture in the organisation.

- d. Do the employees/workers of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

**Response:** Yes, LMW collaborates with local hospitals to provide its workers and employees with non-occupational medical and healthcare services.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Nil	Nil
	Workers	0.08	0.15
Total recordable work-related injuries	Employees	2	6
	Workers	135	47
No. of fatalities	Employees	Nil	Nil
	Workers	Nil	1
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Workers	Nil	1

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Response: The Company ensures that its operations are compliant with all safety related statutory norms. LMW also ensures that safety trainings are provided to employees and workers right after joining. The Company has department-wise Standard Operating Procedures (SOP) in place. All the manufacturing locations are certified for requirements under ISO 45001 (Occupational Health and Safety System). The comprehensive Environment, Occupational Health and Safety Management System (EOHS) ensures the workplace safety of the workforce.

13. Number of Complaints on the following made by employees and workers:

Particulars	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil			Nil		
Health & Safety						

14. Assessments for the year:

	Percentage of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

**Response:** There are no such instances of safety-related incidents / risks / concerns arising from assessments of health & safety practices and working conditions.

## PRINCIPLE 4

Businesses should respect the interests of and be responsive to all its stakeholders.

### Essential Indicators:

1. Describe the processes for identifying key stakeholder groups of the entity.

The process of identifying key stakeholder groups involves gathering and analysing information to understand the interests, needs, and concerns of the stakeholders, categorising them based on their level of importance, and developing a plan to engage with them effectively.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder group	Whether identified as Vulnerable & Marginalised Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	Visits, Meetings, Survey, Newsletters, Brochures, social media, and e-mail	Need basis	Information on business offering and to understand customer requirements
Employees	No	Bulletin Boards, Intranet, Mailers, and internal Committees	Need basis	Career management and growth, learning opportunities, new initiatives and gathering of information feedback
Investors	No	Meetings, Press Release and Stock Exchanges	Quarterly and Need basis	Investor related communication
Suppliers	No	Supplier Meetings, Social Media, and Mailers	Need basis	To educate about the recent developments in the industry
Government / Regulatory Bodies	No	Policy advocacy, Partnership with industry bodies and Meetings	Need basis	Ensure compliance
Local Community / Society	Yes	Site visits, Press Release, Social Media, NGOs, Case Studies, and Mailers	Quarterly/periodic review meetings based on the characteristics of each CSR projects	To develop the CSR project along with the community, according to the need of the community

## PRINCIPLE 5

Businesses should respect and promote human rights.

### Essential Indicators:

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of Employees / Workers covered (B)	% (B/A)	Total (C)	No. of Employees / Workers covered (D)	% (D/C)
<b>Employees</b>						
Permanent	2,132	2,025	94.98%	1,828	1,773	96.99%
Other than Permanent	Nil	Nil	Nil	Nil	Nil	Nil
Total	2,132	2,025	94.98%	1,828	1,773	96.99%
<b>Workers</b>						
Permanent	1,286	1,286	100%	1,315	1,315	100%
Other than Permanent	326	326	100%	516	516	100%
Total	1,612	1,612	100%	1,831	1,831	100%

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No.(B)	% (B/A)	No.(C)	% (C/A)		No.(E)	% (E/D)	No.(F)	% (F/D)
<b>Employees</b>										
<b>Permanent</b>										
Male	2,043	Nil	Nil	2,043	100%	1,769	Nil	Nil	1,769	100%
Female	89	Nil	Nil	89	100%	59	Nil	Nil	59	100%
<b>Other than Permanent</b>										
Male	Nil				Nil					
Female	Nil				Nil					
<b>Workers</b>										
<b>Permanent</b>										
Male	1,286	Nil	Nil	1,286	100%	1,315	Nil	Nil	1,315	100%
Female	Nil				Nil					
<b>Other than Permanent</b>										
Male	323	Nil	Nil	323	100%	501	Nil	Nil	516	100%
Female	3	Nil	Nil	3	100%	15	Nil	Nil	15	100%



3. Details of remuneration/salary/wages, in the following format:

Particulars	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (Amount in ₹)	Number	Median remuneration/ salary/ wages of respective category (Amount in ₹)
Board of Directors (BoD) (Executive)	2	12,04,23,214	Nil	NA
Board of Directors (BoD) (Non Executive)	7	10,00,000	1	10,00,000
Key Managerial Personnel	2	61,84,286	Nil	NA
Employees other than BoD and KMP	2,043	6,02,849	89	4,38,108
Workers	1,286	8,41,174	Nil	NA

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Response: Yes, the Head HR oversees redressing human rights impacts or issues caused or contributed to by the business that may be raised by internal employees or contractors.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

**Response:** The Company has a 'Whistle Blower Mechanism' in place through which employees can suitably represent any perceived misconduct or complaints related to human rights issues. The Company also has Anti-Sexual Harassment Policy and Committees in place to ensure safety and dignity of employees. All employees are educated on Human Rights Policy through induction programmes, policy manuals and intranet portals. Any grievances falling under the purview of this policy can be addressed to the HR department. For the unionised employees, a robust grievance handling procedure is in existence.

Human Rights Policy of the Company can be found on the Company's website [www.lmwglobal.com](http://www.lmwglobal.com).

6. Number of Complaints on the following made by employees and workers:

Particulars	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	Nil	Nil		Nil	Nil	
Discrimination at workplace						
Forced Labour / Involuntary Labour						
Wages						
Other human rights related issues						

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

**Response:** The Company has adopted a robust whistle blower mechanism to ensure transparent and fair action in case of any misconduct or unethical practice. The Whistle blower policy states that identity of the complainant will

be kept confidential to the extent possible given the legitimate needs of law and the investigation. Additionally, the policy protects the complainant from discrimination, victimisation, retaliation, threat, discrimination, or any other unfair employment practice being adopted against a Whistle Blower.

Whistle Blower Policy of the Company can be found on the Company's website [www.lmwglobal.com](http://www.lmwglobal.com).

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

**Response:** Yes, the Company follows internationally accepted human rights norms and standards which also extend to business agreements and contracts.

9. Assessments for the year:

Particulars	Percentage of your plants and offices that were assessed (By entity or statutory authorities or third parties)
Child Labour	100 % of our plants and offices are inspected regularly by respective statutory authorities.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

**Response:** There are no such instances of significant risks or concerns arising from the assessment.

## PRINCIPLE 6

Businesses should respect and make efforts to protect and restore the environment.

### Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2022-23	FY 2021-22
Total electricity consumption (A)	79,81,71,11,932 kJ	39,03,35,95,224 kJ
Total fuel consumption (B)	19,92,70,74,340 kJ	6,03,63,94,023 kJ
Energy consumption through other sources (C)	Nil	Nil
Total energy consumption (A+B+C)	99,74,41,86,272 kJ	45,06,99,89,247 kJ
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	2.238 kJ per Rupee	1.493 kJ per Rupee
Energy intensity (optional) – the relevant metric may be selected by the entity	Nil	Nil

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? No

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

**Response:** Not applicable. The Company does not come under any sector which comes under PAT scheme.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-23	FY 2021-22
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	2,56,725.90	2,12,859.00
(ii) Groundwater	90,558.06	86,357.19
(iii) Third party water	1,732.00	24,821.35
(iv) Seawater / desalinated water	Nil	Nil
(v) Others	Nil	Nil
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	3,49,015.96	3,24,037.54
Total volume of water consumption (in kilolitres)	Nil	Nil
Water intensity per rupee of turnover (Water consumed / turnover)	0.076 Litres per Rupee	0.010 Litres per Rupee

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) No.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

**Response:** Yes, the Company has implemented Zero Liquid Discharge (ZLD) mechanism at its plants. The recycled water is used for toilet flushing and other process in the Company premises. The Company has also installed Sewage Treatment Plant (STP) along with Reverse Osmosis (RO) plant for water treatment along with agitated thin film drier at TMD-Unit 2 to increase the output quality of the treated water and thereby reduce hazardous waste generation.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-23	FY 2021-22
NOx	Micro gram / Meter cube	25	32
SOx	Micro gram / Meter cube	16	16
Particulate Matter (PM)	Micro gram / Meter cube	93	87
Persistent organic pollutants (POP)		Nil	Nil
Volatile organic compounds (VOC)		Nil	Nil
Hazardous air pollutants (HAP)		Nil	Nil
Others – Foundry Dust*	Tons	584	Nil

\*Data collection for Foundry Dust was initiated from FY2022-23.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

**Response:** As part of the Company's sustainability objective, LMW undertakes calculation of scope 1 & scope 2 emissions across all its businesses.

Parameter	Unit	FY2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, FCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	42,661.73	41,956.03
Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	19,424.37	8,836.77
Total Scope 1 and Scope 2 emissions per Rupee of Turnover	Metric tonnes of CO <sub>2</sub> equivalent	0.00000013 tCo <sub>2</sub> e per Rupee	0.000000058 tCo <sub>2</sub> e per Rupee

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No



7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

**Response:** The Company's focus lies in reducing net emissions by tracking overall energy consumption and it has internally set a target to 100% offset the energy consumption with renewable energy. The scope 1 emissions account for around 69% of overall emissions. Diesel and LPG account for majority of scope 1 emissions (67% and 23% respectively). Therefore, the Company is exploring options to move to low-carbon fuels which have lesser emissions. These include use of biodiesel, compressed natural gas (CNG), instead of diesel in generators, switching to electric heaters from LPG in canteens etc. As CNG is cost-effective and a better alternative for Acetylene used in the foundry division. The Company is also studying the feasibility of using CNG for metal cutting operation which could potentially offset 72% of Acetylene emissions from foundry division-II.

The Company's scope 2 emission accounts to 31% of overall emissions, most of which were offset by the wind and solar power generating facilities installed by the Company. The Company also has a 10 MW Solar Power Generation Plant at Kondampatti, Coimbatore and has installed 28 windmills with a total capacity of 36.80 MW. This has helped offset the emissions generated by energy consumption.

The Company is continuously developing and modifying processes to minimise use of energy and fossil fuels. To reduce the emissions from non-renewable sources, the Company is replacing sodium vapour lights with LED. The Company has also reduced emissions caused by refrigerant through better refrigerant management leading to lower emissions. Along with this, the Company is switching to energy efficiency compressors.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23	FY 2021-22
Total Waste generated (in metric tonnes)		
Plastic waste (A)	199.22	94.93
E-waste (B)	1.55	Nil
Bio-medical waste (C)	Nil	Nil
Construction and demolition waste (D)	Nil	Nil
Battery waste (E)	Nil	Nil
Radioactive waste (F)	Nil	Nil
Other Hazardous waste. Please specify, if any. (G)*	11,795.53	7,272.20
Other Non-hazardous waste generated (H).** Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	1,851.15	926.55
Total (A + B + C + D + E + F + G + H)	13,847.45	8,293.68
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of Waste		
(i) Recycled	0.08	Nil
(ii) Re-used	2,858.90	2,496.50
(iii) Other recovery operations***	9,406.70	4.20
Total	12,265.68	2,500.70
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of Waste		
(i) Incineration	10.64	1.30
(ii) Landfilling	17.00	11.07
(iii) Other disposal operations****	10,714.05	5,715.90
Total	10,741.69	5,728.27

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) No.

\*Other hazardous waste includes metal scraps.

\*\*Other Non-hazardous waste includes scraps of paper, wood, rubber, and other non-metallic waste.

\*\*\*Other recovery operations include waste that was co-processed.

\*\*\*\*Other disposal operations include waste that was disposed.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

**Response:** The Company has installed Sewage Treatment Plant (STP) along with RO plants and Zero Liquid Discharge mechanism at its plants. The Company's Machine Tool division produces waste in the form of metal chips which is then used as raw material for the Foundry division. Hazardous waste generated during operations is disposed through authorised vendors.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format:

**Response:** Not applicable, as the Company does not have any operations/offices in/around ecologically sensitive areas.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

**Response:** No environmental impact assessment of projects was undertaken by the Company during the current financial year.

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and Rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Sl. No	Specify the law/ regulation/ guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties/ action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken if any
Yes, the Company is compliant with all applicable laws and regulations				

## PRINCIPLE 7

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

### Essential Indicators:

1. a. Number of affiliations with trade and industry chambers/ associations:

**Response:** The Company is associated with about 30 trade and industry chambers/associations.

- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to:

Sl. No	Name of the trade and industry chambers/associations	Reach of trade and industry chambers / associations (State/National)
1	Confederation of Indian Industry	National
2	Federation of Indian Chamber of Commerce	National
3	Federation of Indian Export Organisation	National
4	Indian Chamber of Commerce and Industry	National

Sl. No	Name of the trade and industry chambers/associations	Reach of trade and industry chambers / associations (State/National)
5	Textile Machinery Manufacturers' Association of India	National
6	Indian Machine Tool Manufacturers' Association	National
7	Society of Indian Aerospace Technologies and Industries	National
8	Indian Wind Power Association	National
9	International Textile Manufacturers' Federation	International
10	The Institute of Indian Foundrymen	National

- Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

**Response:** There were no cases of anti-competitive conduct during the reporting period.

Name of authority	Brief of the case	Corrective action taken
Nil		

## PRINCIPLE 8

Businesses should promote inclusive growth and equitable development.

### Essential Indicators:

- Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

**Response:** Not applicable

- Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

**Response:** Not applicable

- Describe the mechanisms to receive and redress grievances of the community.

**Response:** Scope of our Whistle blower policy covers external stakeholders, through which community members can raise their concerns. Along with this, we also implement a public grievance redressal mechanism, where any complaints or grievances of our stakeholders, including the community, can be addressed directly to our Administration through email address and phone number provided on the website.

Head – Administration  
34 A, Kamaraj Road,  
Coimbatore – 641018  
Tami Nadu, India  
Phone: +91 422 7198100  
E-Mail: info@lmw.co.in

- Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Particulars	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	17.54%	16.25%
Sourced directly from within the district and neighbouring districts	57.77%	57.34%



## PRINCIPLE 9

Businesses should engage with and provide value to their consumers in a responsible manner.

### Essential Indicators:

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

**Response:** Customer feedback and opinions are collected on a real time basis at frequent intervals. The Company has undertaken a customer centric methodology and aims to resolve issues of the consumers on a timely basis. Scope of the Whistle Blower policy allows all stakeholders to raise their concerns. Along with this, the Company also has a public grievance redressal mechanism, where any complaints or grievances can be addressed directly to the Administration department through email address and phone number provided on the website.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about environmental and social parameters relevant to the product, safe and responsible usage, recycling and/or safe disposal:

**Response:** The Company is compliant with disclosure requirements as per applicable laws.

3. Number of consumer complaints in respect of the following:

Particulars	FY 2022-23			FY 2021-22		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	Nil	NA	NA	Nil	NA	NA
Advertising						
Cyber-security						
Delivery of essential services						
Restrictive Trade Practices						
Unfair Trade Practices						
Other						

4. Details of instances of product recalls on account of safety issues:

Particulars	Number	Reasons for recall
Voluntary recalls	Nil	
Forced recalls		

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

**Response:** Yes, the Company has a comprehensive Information Security policy and an Information Technology policy in place that outline data security procedures for all business operations. These policies on information security have been structured with the aim of protecting data and information systems from unauthorised access, use, disclosure, disruption, modification, or destruction, to ensure integrity, confidentiality, and availability of the information. Standard procedures and policies regarding Removable Devices, Antivirus Software, Vulnerability Management etc. are detailed to minimise the risk of loss or exposure of sensitive information of the Company and to reduce the risk of acquiring malware infections on computers. The policy is formulated by the Information Technology committee under the overall directions of the Management. Overall responsibility to administer the policy rests with the Head-IT. However, it is the responsibility of the Process Owners and other functional heads to

ensure implementation of the Policy in their respective areas. Effective implementation and monitoring are done as per the policy guidelines by Process Owners and Functional Heads on a regular basis. Both policies are available on the Company intranet.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products/services.

**Response:** Nil. No corrective action was taken by any regulatory authority on issues relating to advertising, cyber security, and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products/services.

By order of the Board

**Place :** Coimbatore  
**Date :** 24<sup>th</sup> May 2023

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

# Corporate Governance Report

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

## 1. PHILOSOPHY ON CODE OF GOVERNANCE:

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

## 2. BOARD OF DIRECTORS:

The Board provides leadership, strategic guidance, and objective judgment in the conduct of affairs of the Company. The Board upholds the vision, purpose, and values of the Company. The Board consists of experienced specialists who are experts in their respective business / profession and have decades of experience to their credit. As a Board, the Directors are committed to ethical and lawful conduct of business and possess the ability to steer the affairs of the Company in the right direction. The Board places emphasis on highest standards of governance practice which allows the Company to carry on its business in the long- term interest of all stakeholders.

To ensure effective participation of all Directors, as a matter of practice, an annual calendar for Board, Committees of the Board and General Meeting(s) of the Company are determined and intimated to the

Directors well in advance. The Company ensures that timely and relevant information is made available to all Directors in advance, to facilitate their effective participation and contribution during Meetings and deliberations.

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

### a) **Details of composition of the Board, category of Directorship, attendance at the Meetings of the Company along with information on other Directorship details of the Directors on the Board of the Company as on 31<sup>st</sup> March 2023:**

Board of Directors is constituted in such a way that it strictly conforms with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition of the Board ensures a judicious mix of Executive and Non-Executive Directors as well as the combination of Independent and Non-Independent Directors.

As on 31<sup>st</sup> March 2023, the Board consists of ten Directors, of whom one is the Chairman and Managing Director, one is Executive - Non-Independent Director and eight are Non-Executive Directors. Out of the eight Non-Executive Directors, one is a Nominee Director representing Life Insurance Corporation of India ("LIC"), two Directors are Non-Executive Non-Independent and remaining five are Non-Executive Independent Directors. The Board also meets with the requirement of having an Independent Woman Director.



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

Name, DIN & Designation of the Director	Category of Directorship at Lakshmi Machine Works Limited	Attendance Particulars <sup>1</sup>		Directorship in other Indian Companies (Public + Private + Section 8)	Membership in Committees <sup>2</sup>		Names of other Listed Companies in which Directors hold Directorship	Designation in such other Listed Companies
		Board Meeting	AGM		Chairperson	Member		
Sri Sanjay Jayavarthanavelu DIN : 00004505 Chairman and Managing Director	Promoter - Executive and Non-Independent	4	Yes	11	1	1	The Lakshmi Mills Company Limited Carborundum Universal Limited Lakshmi Electrical Control Systems Limited Super Sales India Limited	Promoter Group Member, Non-Executive and Non - Independent Director Non-Executive and Independent Director Non-Executive and Non - Independent Director Promoter, Chairman, Non - Executive and Non - Independent Director
Sri S Pathy DIN : 0001 3899 Director	Promoter Group Member - Non-Executive and Non-Independent	3	Yes	9	0	1	The Lakshmi Mills Company Limited Lakshmi Automatic Loom Works Limited	Promoter, Chairman and Managing Director (Executive) Promoter, Chairman, Non - Executive and Non - Independent Director
Sri Aditya Himatsingka DIN : 00138970 Director	Non-Executive and Independent	4	Yes	0	1	2	Nil	Nil
Dr Mukund Govind Rajan DIN : 00141258 Director	Non-Executive and Independent	4	Yes	5	1	1	Nil	Nil
Justice (Smt) Chitra Venkataraman (Retd.) DIN : 07044099 Director	Non-Executive and Independent (Woman)	4	Yes	3	0	5	The Ramco Cements Limited Ramco Industries Limited Super Sales India Limited	Non - Executive and Independent Director Non - Executive and Independent Director Non - Executive and Independent Director

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

Name, DIN & Designation of the Director	Category of Directorship at Lakshmi Machine Works Limited	Attendance Particulars <sup>1</sup>		Directorship in other Indian Companies (Public + Private + Section 8)	Membership in Committees <sup>2</sup>		Names of other Listed Companies in which Directors hold Directorship	Designation in such other Listed Companies
		Board Meeting	AGM		Chairperson	Member		
Sri T C Suseel Kumar DIN : 06453310 Nominee Director of LIC	Non-Executive and Non-Independent	3	No	3	1	4	BSE Limited Axis Bank Limited PCBL Limited	Shareholder Director Nominee Director Non-Executive and Independent Director
Sri Arun Alagappan DIN : 00291361 Director	Non-Executive and Independent	4	Yes	8	0	2	Coromandel International Limited Thirumalai Chemicals Limited	Promoter / Promoter Group Member, Vice Chairman and Whole-time Director (Executive) Non - Executive and Independent Director
Sri K Soundhar Rajhan DIN : 07594186 Director-Operations	Executive and Non-Independent	4	Yes	2	0	0	Nil	Nil
Sri Aroon Raman DIN : 00201205 Director (with effect from 11 <sup>th</sup> May 2022)	Non-Executive and Independent	3	Yes	7	0	4	Carborundum Universal Limited Wheels India Limited Brigade Enterprises Limited	Non-Executive and Independent Director Non - Executive and Independent Director Non-Executive and Independent Director
Sri Jaidev Jayavarthanavelu DIN : 07654117 Director (with effect from 11 <sup>th</sup> May 2022)	Promoter Group Member - Non-Executive and Non-Independent	4	Yes	4	0	0	Nil	Nil

<sup>1</sup> The Board Meetings were held on 11<sup>th</sup> May 2022, 25<sup>th</sup> July 2022, 20<sup>th</sup> October 2022 and 01<sup>st</sup> February 2023. Annual General Meeting was held on 25<sup>th</sup> July 2022.

<sup>2</sup> Number of Chairmanship / Membership in Committees (Audit Committee and Stakeholders Relationship Committee) of all the Directors are within the limits specified in Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The numbers contained in the column titled “Membership in Committees” denotes only the Chairmanship / Membership of the Directors in Audit Committee and Stakeholders Relationship Committees across all Public Limited Companies including Lakshmi Machine Works Limited, in which they hold a Board position. A Director who is a Chairperson of a Committee is also additionally counted as a Member in the said Committee.

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

Four Meetings of the Board of Directors were held during the Financial Year 2022-23 and the Meetings were held on 11<sup>th</sup> May 2022, 25<sup>th</sup> July 2022, 20<sup>th</sup> October 2022 and 01<sup>st</sup> February 2023.

Independent Directors had met separately on 01<sup>st</sup> February 2023 during which all the Independent Directors were present.

**c) Directors inter-se relationship**

As on 31<sup>st</sup> March 2023, except Sri Jaidev Jayavarthanavelu none of the Directors are related to each other. Sri Jaidev Jayavarthanavelu is the son of Sri Sanjay Jayavarthanavelu, Chairman and Managing Director.

**d) Number of Shares and convertible instruments held by the Non-Executive Directors**

Sl. No	Name of the Director	Number of Equity Shares held as on 31 <sup>st</sup> March 2023
1	Sri S Pathy	1,721
2	Sri Aditya Himatsingka	-
3	Dr Mukund Govind Rajan	-
4	Justice (Smt) Chitra Venkataraman (Retd.)	-
5	Sri Arun Alagappan	-
6	Sri T C Suseel Kumar	-
7	Sri Aroon Raman	-
8	Sri Jaidev Jayavarthanavelu	460

Note: The Company has not issued any convertible instruments.

**e) Familiarisation Program for Independent Directors**

To familiarise all aspects of the Business of the Company, suitable presentations / familiarisation programs were conducted for the Directors. The details of Familiarisation Program so conducted for the Directors is available on the Company's website [www.lmwglobal.com](http://www.lmwglobal.com)





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

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

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

<b>Leadership</b>		Leadership / Directorship experience resulting in effective participation in or spearheading various initiatives taken up by the Company. Ability to envision, develop talent, long-term planning and to champion & drive necessary changes.
<b>Board Service, Legal and Governance</b>		Has experience in managing Board Services and Governance resulting in better understanding of the governance process undertaken by the organisation and helps to protect the Stakeholders' interest at large. Has experience in Legal processes and is adept at interpreting laws / regulations applicable to the Company to enhance the Governance and protect its interest.
<b>Business Strategy</b>		Experience at developing business strategies that result in identifying divestiture and acquisition or alliance opportunities to strengthen the Company's portfolio and capabilities, analyze viability of a project with the business strategy and contribute towards growth of the organisation (organic / inorganic).



<b>Technology &amp; Innovation</b>		Ability to develop long term plans to sustain and support the Business, anticipating future business models / changes in an innovative way. Experience in understanding technology, its purpose and its suitability for the Company.
<b>Financial</b>		Experience in supervising the principal financial officer or person having similar nature of function. Having the ability to read and understand the Financial Statements. Management of financial function of the organisation resulting in proficiency in financial management / reporting / processes.
<b>Sales and Marketing</b>		Experience in driving / heading sales and marketing, resulting in better management of sales, increase of organisation reputation and building of brand reputation.
<b>Human Resources</b>		Experience in people management including but not limited to talent management, dispute resolution, inter-personnel relations, liaison with external stakeholders.

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

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

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

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

- h) During the year under review, none of the Independent Directors have resigned before the expiry of the tenure.

### 3. AUDIT COMMITTEE:

The Audit Committee was constituted along with the terms of reference in line with the provisions of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference include

amongst other things review of financial statements, annual budgets, internal control systems, accounting policies and practices, internal audit and administration.

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

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

The Committee met four times during the financial year under review on 11<sup>th</sup> May 2022, 25<sup>th</sup> July 2022, 20<sup>th</sup> October 2022 and 01<sup>st</sup> February 2023.

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

Name of the Member	Date of the Meeting and attendance details			
	11 <sup>th</sup> May 2022	25 <sup>th</sup> July 2022	20 <sup>th</sup> October 2022	01 <sup>st</sup> February 2023
Dr Mukund Govind Rajan (Chairman)	Yes	Yes	Yes	Yes
Sri Aditya Himatsingka (Member)	Yes	Yes	Yes	Yes
Justice (Smt) Chitra Venkataraman (Retd.) (Member)	Yes	Yes	Yes	Yes

The Chairman of the Audit Committee was present during the Annual General Meeting held on 25<sup>th</sup> July 2022.

### 4. NOMINATION AND REMUNERATION COMMITTEE:

In compliance with Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this Committee was formed for identifying persons to be appointed

as Directors and in Senior Management positions, to recommend to the Board for appointment and removal of Directors, carryout evaluation of Directors, formulate criteria for determining qualification, positive attributes and independence of Directors, recommend policy relating to remuneration of Directors / Senior Management.

The Committee met four times during the financial year under review on 11<sup>th</sup> May 2022, 25<sup>th</sup> July 2022, 20<sup>th</sup> October 2022 and 01<sup>st</sup> February 2023. The composition of the Nomination and Remuneration

Committee and the attendance details of Members is as follows:

Name of the Member	Date of the Meeting and attendance details			
	11 <sup>th</sup> May 2022	25 <sup>th</sup> July 2022	20 <sup>th</sup> October 2022	01 <sup>st</sup> February 2023
Dr Mukund Govind Rajan (Chairman)	Yes	Yes	Yes	Yes
Sri S Pathy (Member)	Yes	Yes	Yes	Yes
Justice (Smt) Chitra Venkataraman (Retd.) (Member)	Yes	Yes	No	Yes

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

The Chairman of the Nomination and Remuneration Committee was present during the Annual General Meeting held on 25<sup>th</sup> July 2022.

#### Board Performance Evaluation:

The Securities and Exchange Board of India (SEBI) vide Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated 05<sup>th</sup> January 2017 had issued a guidance note on Board Evaluation specifying the criteria for evaluation of performance of (i) Board as a whole (ii) individual Directors (including Independent Directors & Chairperson) and (iii) various Committees of the Board.

Based on the parameters suggested, the Nomination and Remuneration Committee has adopted suitable criteria to evaluate the Independent Directors, Committees of the Board and the Board of Directors as required under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Performance Evaluation of the Board, the Individual Directors and the Committees has been carried out in accordance with the aforesaid circular.

Independent Directors' performance is evaluated based on their qualification, experience, knowledge and competency, ability to fulfill allotted functions / roles, ability to function as a team, pro-activeness, participation and attendance, commitment, contribution, integrity, independence from the Company and the ability to articulate independent views and judgement. Accordingly, performance evaluation of Independent Directors has been conducted and the results have been communicated to the Chairman of the Board.

#### 5. DIRECTORS REMUNERATION:

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

In addition to the sitting fees, commission, as approved by the Shareholders at the Annual General Meeting held on 21<sup>st</sup> July 2021, is paid in the aggregate for all Non-Executive Directors up to 1% of the Net Profits of the Company computed in the manner as specified under Section 198 of the Companies Act, 2013 subject to an overall limit of ₹1,00,00,000/- (Rupees One Crore only) per annum. The amount of commission payable to each Non-Executive Director is determined by the Board based on the recommendation of the Nomination and Remuneration Committee.

Remuneration payable to Executive Director(s) consists of fixed as well as variable components.

The fixed pay consists of salary and perquisites and the variable pay is in the form of commission on Net Profit at a fixed percentage. Remuneration to Executive Director(s) is determined by the Nomination and Remuneration Committee of the 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 2023 is as follows:

(Amount in ₹)

Name	Salary <sup>1</sup>	Perquisites <sup>1</sup>	Sitting Fee	Commission <sup>1</sup>	Others	Total
Sri Sanjay Jayavarthanavelu	1,94,40,000	32,40,000	-	19,95,59,949	30,55,200	22,52,95,149
Sri S Pathy	-	-	6,50,000	10,00,000	-	16,50,000
Sri Aditya Himatsingka	-	-	8,00,000	10,00,000	-	18,00,000
Dr Mukund Govind Rajan	-	-	7,50,000	10,00,000	-	17,50,000
Justice (Smt) Chitra Venkataraman (Retd.)	-	-	7,50,000	10,00,000	-	17,50,000
Sri Arun Alagappan	-	-	3,50,000	10,00,000	-	13,50,000
Sri T C Suseel Kumar (Nominee Director of LIC) <sup>2</sup>	-	-	1,50,000	10,00,000	-	11,50,000
Sri Aroon Raman	-	-	2,00,000	8,87,671	-	10,87,671
Sri K Soundhar Rajhan	1,17,80,004	12,43,474	-	-	25,27,800	1,55,51,278
Sri Jaidev Jayavarthanavelu	-	-	2,00,000	8,87,671	-	10,87,671

<sup>1</sup> Commission paid to Sri Sanjay Jayavarthanavelu is variable while salary and perquisites paid to Sri Sanjay Jayavarthanavelu and Sri K Soundhar Rajhan are fixed. For other Non-Executive Directors Commission is variable.

<sup>2</sup> Sitting fees amount is paid to Sri T C Suseel Kumar while the Commission amount is paid to Life Insurance Corporation of India (LIC) as per the communication received from LIC. Sri Aroon Raman and Sri Jaidev Jayavarthanavelu were appointed as Directors with effect from 11<sup>th</sup> May 2022.

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

## 6. STAKEHOLDERS RELATIONSHIP COMMITTEE:

In compliance with Section 178(5) of the Companies Act, 2013 and Regulation 20 read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this Committee has been formed to evaluate the efficacy with which services as mandated statutorily are extended to the Shareholders / Investors of the Company. The

Committee periodically reviews the services as rendered to the Shareholders particularly with the redressal of complaints / grievances of Shareholders like delay in transfer of Shares, non-receipt of Annual Report, non-receipt of declared Dividends, etc., and on the action taken by the Company on the above matters.

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

During the year under review, four complaints were received from the Shareholders and the same were resolved. Hence, no complaint / query is remaining unresolved & pending as on 31<sup>st</sup> March 2023.

The Committee met twice during the year under review on 25<sup>th</sup> July 2022 and 01<sup>st</sup> February 2023. The composition of the Stakeholders Relationship Committee and the details of attendance of Members is as follows:

Name of the Member	Date of the Meeting and attendance details	
	25 <sup>th</sup> July 2022	01 <sup>st</sup> February 2023
Sri Aditya Himatsingka (Chairman)	Yes	Yes
Sri S Pathy (Member)	Yes	Yes
Justice (Smt) Chitra Venkataraman (Retd.) (Member)	Yes	Yes

The Chairman of the Stakeholders Relationship Committee was present during the Annual General Meeting held on 25<sup>th</sup> July 2022.

## 7. SHARES AND DEBENTURES COMMITTEE:

The Shares and Debentures Committee consists of the Members of the Board, Company Secretary and nominees of the Registrar and Share Transfer Agents. As on date of this report, there are 6 Members in the Committee. The Committee reviews and approves transfer, 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 has met four times on 24<sup>th</sup> June 2022, 21<sup>st</sup> September 2022, 19<sup>th</sup> October 2022 and 13<sup>th</sup> February 2023 during the year under review.

## 8. RISK MANAGEMENT COMMITTEE:

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

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

The Committee met three times during the year under review on 11<sup>th</sup> May 2022, 20<sup>th</sup> October 2022 and 01<sup>st</sup> February 2023. The composition of the Risk Management Committee and the details of attendance of Members is as follows:

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

Name of the Member	Date of the meeting and attendance details		
	11 <sup>th</sup> May 2022	20 <sup>th</sup> October 2022	01 <sup>st</sup> February 2023
Sri Sanjay Jayavarthanavelu (Chairman)	Yes	NA	NA
Sri Aditya Himatsingka (Member)	Yes	Yes	Yes
Sri K Soundhar Rajhan (Member)	Yes	NA	NA
Dr Mukund Govind Rajan (Chairman)	NA	Yes	Yes
Justice (Smt) Chitra Venkataraman (Retd.) (Member)	NA	No	Yes

Table B - Attendance details of Members (Executives of the Company):

Name of the Member	Date of the meeting and attendance details		
	11 <sup>th</sup> May 2022	20 <sup>th</sup> October 2022	01 <sup>st</sup> February 2023
Sri S Rajasekaran (Member)	Yes	NA	NA
Sri V Senthil (Member)	Yes	NA	NA
Sri M Sankar (Member)	NA	Yes	Yes
Sri Sreeramachandra Murthy Kaza (Member)	NA	Yes	Yes

Sri Sanjay Jayavarthanavelu, Sri K Soundhar Rajhan, Sri S Rajasekaran and Sri V Senthil were holding office till 11<sup>th</sup> May 2022 and they were replaced by Dr Mukund Govind Rajan, Justice (Smt) Chitra Venkataraman (Retd.), Sri M Sankar and Sri Sreeramachandra Murthy Kaza with effect from 11<sup>th</sup> May 2022.

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

## 9. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

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

The Committee met twice during the year under review on 11<sup>th</sup> May 2022 and 20<sup>th</sup> October 2022. The composition of the Corporate Social Responsibility Committee and the details of attendance of Members is as follows:

Name of the Member	Date of the meeting and attendance details	
	11 <sup>th</sup> May 2022	20 <sup>th</sup> October 2022
Sri Sanjay Jayavarthanavelu (Chairman)	Yes	Yes
Sri Aditya Himatsingka (Member)	Yes	Yes
Sri Arun Alagappan (Member)	Yes	Yes

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

## 10. GENERAL BODY MEETINGS:

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

Type	Venue	Day	Date	Time (IST)
AGM	via Video Conference from "Lakshmi", No.34-A, Kamaraj Road, Coimbatore - 641018, India.	Friday	24 <sup>th</sup> July 2020	02.45 P.M.
AGM	-do-	Wednesday	21 <sup>st</sup> July 2021	03.30 P.M.
AGM	-do-	Monday	25 <sup>th</sup> July 2022	03.30 P.M.

Details of special resolution passed in the AGM

AGM Date	Particulars of Resolution
24 <sup>th</sup> July 2020	<p>Re-appointment of Sri K Soundhar Rajhan (DIN: 07594186) as Whole-time Director (Designated as Director - Operations) of the Company.</p> <p>Approval for payment of minimum remuneration to Sri Sanjay Jayavarthanavelu, Chairman and Managing Director, (DIN: 00004505) in case of inadequacy or absence of profits arising due to the COVID-19 pandemic induced economic / business slow down and also approval to authorise Board of Directors for modification of remuneration payable to Sri Sanjay Jayavarthanavelu, Chairman and Managing Director (DIN: 00004505) to be in tandem with the performance of the Company which has been impacted due to the ongoing COVID-19 pandemic, within the limits as already approved by the Shareholders.</p> <p>Approval to authorise 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.</p>



Details of special resolution passed in the AGM (Contd.)

AGM Date	Particulars of Resolution
21 <sup>st</sup> July 2021	Re-appointment of Sri Sanjay Jayavarthanelu (DIN: 00004505) as Managing Director of the Company. Re-appointment of Sri Arun Alagappan (DIN: 00291361) as an Independent Director.
25 <sup>th</sup> July 2022	Appointment of Sri Aroon Raman (DIN: 00201205) as an Independent Director of the Company.

## 11. POSTAL BALLOT:

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

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

Date of Postal Ballot Notice: 11 <sup>th</sup> May 2022							
Cut-off date: 13 <sup>th</sup> May 2022				Voting period for Postal Ballot (E-Voting): From 21 <sup>st</sup> May 2022 to 19 <sup>th</sup> June 2022			
Date of approval: 19 <sup>th</sup> June 2022				Date of declaration of results: 20 <sup>th</sup> June 2022			
Resolution Particulars	Type of Resolution	No of Votes polled	Votes cast in favour		Votes cast against		Invalid votes cast
			No of votes	%	No of votes	%	No of votes
Approval for the material related party transactions entered into with Lakshmi Electrical Control Systems Limited	Ordinary	49,81,222	44,59,453	99.96	1,768	0.04	5,20,001
Approval for material related party transactions to be entered into with Lakshmi Electrical Control Systems Limited	Ordinary	49,81,120	44,59,253	99.96	1,866	0.04	5,20,001
Approval for material related party transactions to be entered into with Chakradhara Aerospace and Cargo Private Limited	Ordinary	49,81,235	44,29,294	99.28	31,940	0.72	5,20,001

Procedure for Postal Ballot:

In accordance with the MCA Circulars, the Postal Ballot Notice dated 11<sup>th</sup> May 2022, was sent only by electronic mode to those members whose names appeared in the Register of Members / List of Beneficial Owners as on 13<sup>th</sup> May 2022 ("Cut-Off Date") received from the Depositories and whose e-mail addresses were registered with the Company / Depositories.

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

Pursuant to the provisions of Sections 108 & 110 of the Companies Act, 2013 read with Rule 22 of the

Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Resolutions as specified in the Notice of the Postal Ballot dated 11<sup>th</sup> May 2022 (as specified above) were transacted through Postal Ballot only by way of remote e-Voting.

The Company had engaged the services of National Securities Depository Limited ("NSDL") for providing e-Voting facility to the Members. The Members were provided with the option of exercising their right to vote on the said resolution through e-Voting during the period from Saturday, 21<sup>st</sup> May 2022 to Sunday, 19<sup>th</sup> June 2022. Upon completion of the voting period, the Scrutiniser completed the scrutiny of votes cast and submitted his report to the

Chairman and Managing Director. The results of the voting were declared on Monday, 20<sup>th</sup> June 2022 on the website of the Stock Exchanges, the Company and the NSDL.

## 12. TRIBUNAL CONVENED MEETINGS:

In accordance with the order dated 13<sup>th</sup> July 2022 passed by the Honourable National Company Law Tribunal (NCLT), Chennai Bench, the Company convened meetings of its Equity Shareholders and Unsecured Creditors on 02<sup>nd</sup> September 2022, through video conferencing / other audio visual means, in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations, to consider and approve, the Scheme of Arrangement between Lakshmi Machine Works Limited and LMW Aerospace Industries Limited and their respective Shareholders.

Members and Unsecured Creditors exercised their vote(s) by remote e-voting during the period from 09.00 A.M. India Standard Time ('IST') on Tuesday, 30<sup>th</sup> August 2022 till 05.00 P.M. IST on Thursday, 1<sup>st</sup> September 2022. Further, the facility for voting through electronic voting system was also available at the meeting.

The Scrutiniser submitted his report on 2<sup>nd</sup> September 2022, after completion of scrutiny and results of

the e-voting were announced on 3<sup>rd</sup> September 2022. The resolution approving the said Scheme of Arrangement was passed with requisite majority.

Voting results of the aforesaid meetings are available on the website of the Stock Exchanges in which the Company's Equity shares are listed and on the website of the Company at [www.lmwglobal.com](http://www.lmwglobal.com).

## 13. MEANS OF COMMUNICATION:

The Company is conscious of the importance of timely dissemination of adequate information to the Stakeholders. The dates of General Body Meetings, Book Closure and Quarterly results are being published in The Hindu Business Line / Financial Express, English daily Newspaper(s) and Dinamalar / Malai Murasu, Tamil daily Newspaper(s) and is also being informed to the Stock Exchanges regularly.

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

## 14. GENERAL SHAREHOLDER INFORMATION:

### Annual General Meeting:

<b>Day and Date</b>	Monday, 31 <sup>st</sup> July 2023
<b>Time</b>	03.30 P.M. (IST)
<b>Venue</b>	via Video Conferencing / Other Audio Visual means; from the deemed venue: "Lakshmi", No.34-A, Kamaraj Road, Coimbatore - 641018, Tamil Nadu, India.

### Financial Calendar:

<b>Financial Year</b>	01 <sup>st</sup> April 2022 to 31 <sup>st</sup> March 2023
<b>Date of Book Closure</b>	25 <sup>th</sup> July 2023 to 31 <sup>st</sup> July 2023
<b>Dividend Payment date</b>	14 <sup>th</sup> August 2023

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

The equity shares of the Company are listed in:

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

National Stock Exchange of India Limited (Address: Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra East, Mumbai- 400051).

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

**Stock / Scrip Code & ISIN:**

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

**Market Price data of Shares:**

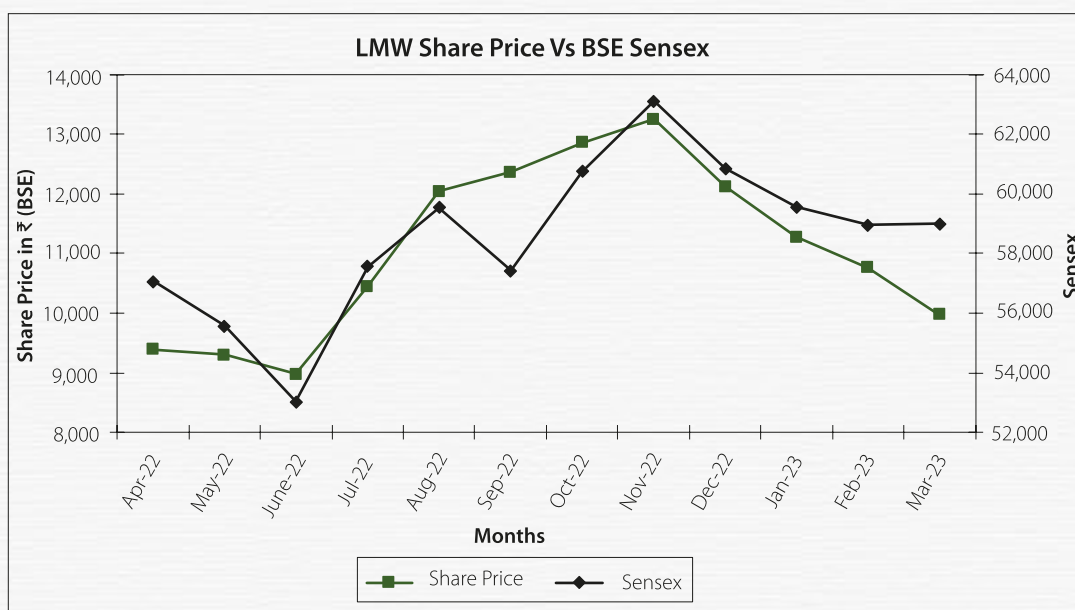
The monthly high & low of Company's Share Price quoted in BSE / NSE during the Financial Year 2022-23 is given below: (Amount in ₹)

Month & Year	BSE		NSE	
	High Price	Low Price	High Price	Low Price
April 2022	10,366	9,351	10,370	9,350
May 2022	9,456	8,115	9,469	8,200
June 2022	9,495	8,201	9,448	8,227
July 2022	10,513	8,878	10,503	8,876
August 2022	12,075	10,010	12,082	10,000
September 2022	13,345	11,772	13,354	11,697
October 2022	12,966	11,800	12,975	11,830
November 2022	13,628	12,780	13,630	12,776
December 2022	14,144	11,188	14,200	11,250
January 2023	12,338	10,800	12,350	10,822
February 2023	11,970	10,321	11,900	10,300
March 2023	11,084	9,910	11,095	9,807

Note: Prices are rounded off

**Company's Share Price performance in comparison with BSE Sensex:**

The Shares of the Company are regularly traded and in no point of time the Shares were suspended for trading in any of the Stock Exchanges wherein the Company's Shares are listed.





### Registrar & Share Transfer Agent:

Transfer, transmission, transposition of name, split, consolidation, recording change of name of Shareholders, issue of duplicate certificate, dematerialisation, rematerialisation and such other matters relating to the Equity Shares of the Company are entrusted to the Registrar and Share Transfer Agent M/s S.K.D.C. Consultants Limited, Surya, 35 Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028. M/s S.K.D.C. Consultants Limited are the connectivity providers for Demat Segment.

### Share Transfer System:

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

### Distribution of Shareholding as on 31<sup>st</sup> March 2023:

Range (Number of Shares)	Number of Shares	% to total number of Shares	Number of Shareholders	% to total number of Shareholders
0001 - 0500	9,36,904	8.77	33,283	98.03
0501 - 1,000	2,42,762	2.27	324	0.95
1,001 - 2,000	1,97,042	1.84	134	0.39
2,001 - 3,000	1,36,255	1.28	53	0.16
3,001 - 4,000	1,03,306	0.97	30	0.09
4,001 - 5,000	87,885	0.82	19	0.06
5,001 - 10,000	2,07,707	1.94	28	0.08
10,001 and above	87,71,139	82.10	80	0.24
Total	1,06,83,000	100.00	33,951	100.00

### Dematerialisation of Shares and Liquidity:

As on 31<sup>st</sup> March 2023, 1,06,41,000 Equity Shares constituting 99.61% percent of the paid-up Equity Share Capital of the Company has been dematerialised.

### Depository Receipts and Convertible Instruments:

The Company has not issued any Global Depository Receipts, American Depository Receipts or convertible instruments of any kind.

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

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

### Plant Locations:

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

Textile Machinery Division, Unit 1	SRK Vidyalaya Post, Perianaickenpalayam, Coimbatore - 641020
Textile Machinery Division, Unit 2	Kaniyur, Coimbatore - 641659
Machine Tool Division, Unit 1	Arasur, Coimbatore - 641407
Machine Tool Division, Unit 2	Sulur Railway Feeder Road, Coimbatore - 641406
Foundry Division	Arasur, Coimbatore - 641407
Foundry and Machine Shop	Arasur, Coimbatore - 641407
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 correspondence should be addressed to:

The Company Secretary  
Lakshmi Machine Works Limited  
Corporate Office  
34-A, Kamaraj Road,  
Coimbatore - 641018  
E-mail : secretarial@lmw.co.in  
Phone : +91 422 7198100

**Credit Rating:**

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

**15. OTHER DISCLOSURES:**

- There were no materially significant Related Party Transactions that would have potential conflict with the interests of the Company at large. Details of Related Party Transactions are given elsewhere in the Annual Report.
- No penalty or strictures have been imposed on the Company by any Stock Exchange or Securities and Exchange Board of India or any statutory authority on any matter related to capital markets during the last three years.
- Whistle Blower Policy has been adopted by the Company, the whistle blower mechanism is in vogue and no person has been denied access to the Audit Committee.
- All the mandatory requirements have been duly complied with.
- The Company's Policy relating to determination of Material Subsidiaries is available at the Company's website [www.lmwglobal.com](http://www.lmwglobal.com).
- The policy of the Company relating to Related Party Transaction is available at the Company's website: [www.lmwglobal.com](http://www.lmwglobal.com).
- The Company is not undertaking any commodity hedging activities, hence there is no risk of commodity hedging to the Company.
- The Company has not raised any funds through preferential allotment or qualified institutional

placement as specified under Regulation 32(7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- A Certificate from a Company Secretary in Practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or in continuing as Directors of Companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority has been obtained and is annexed to the Annual Report.
- During the year under review, the recommendations made by the different Committees of Board of Directors have been accepted and there were no instances where the Board of Directors have not accepted any such recommendation.
- 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 2022-23, no complaint was received by the Committee. As such, there are no complaints pending as at the end of the Financial Year. Also the Company has a robust internal system wherein even anonymous information received is thoroughly investigated and further action, if necessary, is taken up.
- The Company does not have any material subsidiaries, accordingly, the disclosure requirements in relation to the date and place of incorporation and the name and date of appointment of statutory auditors of such subsidiaries does not arise.

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

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

18. 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.

**19. 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 the respective Shareholder's last known address, have been transferred to a separate Demat Account opened in the name Lakshmi Machine Works Limited - Unclaimed Suspense Account with the Stock Holding Corporation of India, Coimbatore, Tamil Nadu, India.

As on 01<sup>st</sup> April 2023, Lakshmi Machine Works Limited - Unclaimed Suspense Account had a nil balance of Shares. This is on account of shares being either claimed by the Shareholders or because of transfer to the Investor Education and Protection Fund ("IEPF") during previous years.

20. In Compliance with SEBI circular No.SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated 25<sup>th</sup> January 2022, the Company has opened a Suspense Escrow Demat Account.

By order of the Board

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

**Place :** Coimbatore

**Date :** 24<sup>th</sup> May 2023



## 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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. **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 us 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 our opinion and to the best of our 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 us by the Company & its officers, we 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 2023** 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.

Sl. No	Name of Director	DIN	Date of appointment in Company
1	Sri Sanjay Jayavarthanavelu (Chairman and Managing Director)	00004505	24/02/1993
2	Sri S Pathy	00013899	21/03/1973
3	Sri Aditya Himatsingka	00138970	25/10/2010
4	Sri Mukund Govind Rajan	00141258	25/10/2010
5	Sri Arun Alagappan	00291361	26/10/2016
6	Justice (Smt) Chitra Venkataraman (Retd.)	07044099	02/02/2015
7	Sri K Soundhar Rajhan (Whole-time Director designated as Director-Operations)	07594186	01/11/2017
8	Sri T C Suseel Kumar	06453310	27/01/2021
9	Sri Jaidev Jayavarthanavelu	07654117	11/05/2022
10	Sri Aroon Raman	00201205	11/05/2022

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our 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.

For **MDS & Associates LLP**  
Company Secretaries

**M D Selvaraj**

Managing Partner

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

Peer Review No. 3030/2023

UDIN: F000960E000354137

Place : Coimbatore

Date : 24<sup>th</sup> May 2023

## CEO & CFO CERTIFICATE

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

24<sup>th</sup> May 2023

### **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 2023 and that to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws, and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal, or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal Controls for Financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to Financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee of:
  - i) significant changes if any, in internal control over financial reporting during the year;
  - ii) significant changes if any, in accounting policies during the year and that the same have been disclosed in the notes to the Financial Statements; and
  - 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.

**Sanjay Jayavarthanelu**  
Chairman and Managing Director [CEO]  
DIN : 00004505

**V Senthil**  
Chief Financial Officer [CFO]

## Chief Executive Officer's Declaration on Code of Conduct

I hereby declare that pursuant to Schedule V (Part D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company have adopted a Code of Conduct for the Board Members and Senior Management of the Company and the same has also been posted in the Company's website and that all the Board Members and Senior Management personnel to whom this Code of Conduct is applicable have affirmed compliance with the said Code of Conduct during the year 2022-23.

**Place :** Coimbatore

**Date :** 24<sup>th</sup> May 2023

**Sanjay Jayavarthanelu**

Chairman and Managing Director [CEO]

DIN : 00004505



# Independent Auditor's Report

TO THE MEMBERS OF **LAKSHMI MACHINE WORKS LIMITED**  
Report on the Audit of the Standalone Financial Statements

## Opinion

We have audited the accompanying Standalone Financial Statements of **LAKSHMI MACHINE WORKS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, 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, Notes to the Financial Statements and other explanatory information (hereinafter referred to as the "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of

the Company as at March 31, 2023, its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

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

## Key Audit Matters

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

KEY AUDIT MATTER	RESPONSE TO KEY AUDIT MATTER
<p><b>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in respect of "Revenue from contracts with Customers" under Ind AS 115.</b></p> <p>The application of this revenue accounting standard involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period, and disclosures including presentations of balances in the financial statements.</p>	<p>Our audit approach consisted testing of the design and operating effectiveness of internal controls and procedures as follows:</p> <ul style="list-style-type: none"><li>• Evaluated the effectiveness of controls over the preparation of information that are designed to ensure the completeness and accuracy.</li><li>• Selected a sample of existing continuing contracts and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price.</li></ul>

Estimated efforts is a critical estimate to determine revenue, as it requires consideration of progress of the contract, efforts incurred till date, efforts required to complete the remaining performance obligation.

- Tested the relevant information, accounting systems and change relating to contracts and related information used in recording and disclosing revenue in accordance with Ind AS 115.
- Reviewed a sample of contracts to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations.
- Performed analytical procedures and test of details for reasonableness and other related material items.

#### **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 2023.
- During the year the company has made new investments in Non-convertible debentures. All the investments in debentures are measured at cost.
- The company has also invested in debt oriented mutual funds, and the same has also been recognised at fair market value as on 31<sup>st</sup> March 2023.

#### **Assessment of Contingent Liability**

There are a number of litigations pending before various forums against the Company and the management's judgement is required for estimating the amount to be disclosed as contingent liability. We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of these matters which requires application of judgment in interpretation of law. Accordingly, our audit was focused on analysing the facts of subject matter under consideration and judgments/ interpretation of law involved.

(Refer Note 30.1 to the standalone financial statements)

The audit procedures included but were not limited to:

- Obtaining a detailed understanding of processes and controls of the Management with respect to claims or disputes.
- Performing following procedures on samples selected.
- Understanding the matters by reading the correspondences, communications, minutes of the management meeting.
- Making corroborative inquiries with appropriate level of the management personnel including status update, expectation of outcomes with the basis, and the future course of action contemplated by the Company, and perusing legal opinions, if any, obtained by the Management.
- Obtaining direct confirmation from the legal attorneys of the company and considering their opinions / probability assessment of the outcomes.
- Evaluating the evidence supporting the judgement of the management about possible outcomes and the reasonableness of the estimates.
- Evaluating appropriateness of adequate disclosures in accordance with the applicable accounting standards.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business

Responsibility and Sustainability Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements, Standalone Financial Statements and our auditor's report thereon.

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

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

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

### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as

a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings,

including any significant deficiencies in internal control that we identify during our audit.

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

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

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
 

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 30.1 to Standalone Financial Statements.

- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 18 to Standalone Financial Statements.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv.
    - (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v.
    - (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
    - (b) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
  - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of Accounts using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

**B. Krishnamoorthi**  
Partner  
Membership No.020439  
UDIN: 23020439BGUGTM9749

**Place :** Coimbatore  
**Date :** 24<sup>th</sup> May, 2023

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

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' of the Independent Auditors' section of our report to the Members of **LAKSHMI MACHINE WORKS LIMITED** on the Standalone Financial Statements for the year ended March 31, 2023)

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

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

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

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

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

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

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

(e) No proceedings have been initiated during the year or pending against the company as at March 31, 2023 for holding any benami

property under the Benami Transactions (prohibition) Act, 1998 (as amended in 2016) and rules made thereunder.

(ii) (a) The physical verification of inventory has been conducted by the management at reasonable intervals. The Company has maintained proper records of inventory and no material discrepancies were noticed on the physical verification of inventories as compared to the book records.

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

(iii) The company has made investments in subsidiaries, during the year, in respect of which:

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

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

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

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

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

(vi) The Central Government has prescribed the maintenance of cost records under section 148(1) of the Act. We have broadly reviewed the accounts



and records of the company in this connection and are of the opinion that 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 March 31, 2023 for a period of more than six months from the date they became payable.

(c) Details of dues of GST and Excise Duty which have not been deposited as at March 31, 2023 on account of dispute are given below:

Name of the Statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Amount (₹ in Lakhs)	Amount paid/ adjusted (₹ in Lakhs)
The Central Excise Act, 1944	CENVAT Credit	CESTAT	FY 1996-97	0.32	0.31
	CENVAT Credit & Valuation	CESTAT	FY 1998-2002	26.60	-
	CENVAT Credit	Additional / Deputy Commissioner	FY 2001-02	18.29	18.27
	CENVAT Credit	CESTAT	FY 2002-03	92.26	-
	CENVAT Credit	Additional / Deputy Commissioner	FY 2006-07	4.21	-
	Valuation	CESTAT	FY 2008-13	1,011.20	37.92
	Valuation		FY 2009-13	497.86	18.67
	CENVAT Credit		FY 2009-14	30.83	4.78
	CENVAT Credit		FY 2011-12	57.25	5.75
	Refund Claim		FY 2012-13	1.82	0.91
	Valuation		FY 2013-14	273.70	10.26
	Valuation		FY 2014-15	127.62	9.57
	CENVAT Credit	Additional / Deputy Commissioner	FY 2015-16	129.13	8.81
CENVAT Credit	FY 2017-18		84.82	77.11	
Goods and Service Tax Act, 2017	CENVAT Credit		FY 2022-23	5.01	5.01
	Other Issues				

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

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

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

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

- (d) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (e) The Company has not raised any loans during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable.
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- (xi) (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, and as represented to us by the management, no whistle-blower complaints have been received during the year by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports till the year ended 31<sup>st</sup> March 2023 under audit, issued to the Company during the year, in determining the nature, timing and extent of our audit procedures.
- (xv) In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at

the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling

due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) As at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable.

**Place :** Coimbatore  
**Date :** 24<sup>th</sup> May, 2023

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

**B. Krishnamoorthi**  
Partner  
Membership No.020439  
UDIN : 23020439BGUGTM9749



## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ of the Independent Auditors’ section of our report to the Members of **LAKSHMI MACHINE WORKS LIMITED** on the Standalone Financial Statements for the year ended March 31,2023)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **LAKSHMI MACHINE WORKS LIMITED** (“the Company”) as of March 31, 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their

operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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, to the best of our information and according to the explanations given to us, the Company

has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**B. Krishnamoorthi**  
Partner  
Membership No.020439  
UDIN : 23020439BGUGTM9749

**Place :** Coimbatore  
**Date :** 24<sup>th</sup> May, 2023

## Balance Sheet

As at 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	3	84,744.36	66,806.86
Capital work-in-progress	3	2,277.24	536.51
Other Intangible assets	4	1,539.96	1,315.34
Financial Assets			
(i) Investments	5		
a) Investments in subsidiaries		7,275.54	7,266.98
b) Other investments		18,293.92	18,261.94
(ii) Other financial assets	9	72,754.72	90,332.78
<b>Total Non - Current Assets</b>		<b>1,86,885.74</b>	<b>1,84,520.41</b>
<b>Current Assets</b>			
Inventories	6	64,401.88	49,745.66
Financial Assets			
(i) Investments	5	32,541.80	26,579.63
(ii) Trade receivables	7	30,759.80	32,250.77
(iii) Cash and cash equivalents	8(a)	9,045.03	5,412.71
(iv) Bank balances other than (iii) above	8(b)	60,119.22	40,724.34
(v) Other financial assets	9	4,120.43	2,865.70
Current Tax Assets (Net)	10	2,560.38	7,786.43
Other current assets	11	15,998.65	12,296.12
<b>Total Current Assets</b>		<b>2,19,547.19</b>	<b>1,77,661.36</b>
<b>Total Assets</b>		<b>4,06,432.93</b>	<b>3,62,181.77</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	1,068.30	1,068.30
Other Equity	13	2,28,931.13	1,97,454.04
<b>Equity attributable to owners of the Company</b>		<b>2,29,999.43</b>	<b>1,98,522.34</b>
<b>Total Equity</b>		<b>2,29,999.43</b>	<b>1,98,522.34</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Deferred tax liabilities (Net)	14	4,843.38	2,323.78
Other non-current liabilities	15	33,421.39	42,664.22
<b>Total Non - Current Liabilities</b>		<b>38,264.77</b>	<b>44,988.00</b>
<b>Current Liabilities</b>			
Financial Liabilities			
(i) Trade payables	16		
Due to Micro and Small Enterprises		836.78	5,267.45
Due to Others		71,984.18	51,594.61
(ii) Other financial liabilities	17	14,183.81	8,976.47
Provisions	18	1,811.58	1,206.71
Other current liabilities	19	49,352.38	51,626.19
<b>Total Current Liabilities</b>		<b>1,38,168.73</b>	<b>1,18,671.43</b>
<b>Total Liabilities</b>		<b>1,76,433.50</b>	<b>1,63,659.43</b>
<b>Total Equity and Liabilities</b>		<b>4,06,432.93</b>	<b>3,62,181.77</b>

See accompanying notes to financial statements

30

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

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

**Place :** Coimbatore  
**Date :** 24<sup>th</sup> May, 2023

For and on behalf of the Board of Directors

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

**V. Senthil**  
Chief Financial Officer

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

**C R Shivkumaran**  
Company Secretary



## Statement of Profit & Loss

For the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	Year ended 31 <sup>st</sup> March, 2023	Year ended 31 <sup>st</sup> March, 2022
<b>INCOME</b>			
Revenue from operations	20	4,53,323.16	3,07,159.36
Other income	21	15,602.98	8,101.25
<b>Total Income</b>		<b>4,68,926.14</b>	<b>3,15,260.61</b>
<b>EXPENSES</b>			
Cost of materials consumed	22	2,97,444.62	2,01,441.86
Purchase of stock in trade		-	-
Changes in inventories of finished goods, Work-in-progress and Stock in trade	23	(5,740.58)	(5,097.93)
Employee benefit expense	24	36,593.86	30,333.37
Depreciation and amortisation expense	25	7,343.04	5,581.90
Impairment loss on financial assets	26	346.05	78.26
Other expenses	27	84,398.00	57,502.98
Finance costs	28	-	8.54
<b>Total Expenses</b>		<b>4,20,384.99</b>	<b>2,89,848.98</b>
<b>Profit before exceptional items and tax</b>		<b>48,541.15</b>	<b>25,411.63</b>
<b>Exceptional Items</b>			
Voluntary retirement scheme payments	30.5	-	1,716.98
<b>Profit before tax after exceptional items</b>		<b>48,541.15</b>	<b>23,694.65</b>
Tax Expense	29		
Current tax	29.1	11,000.00	5,822.43
Deferred tax	29.1	2,519.60	(95.39)
<b>Total Tax expense</b>		<b>13,519.60</b>	<b>5,727.04</b>
<b>Profit after tax from continuing operations for the year</b>		<b>35,021.55</b>	<b>17,967.61</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to Profit and loss</b>			
Changes in Fair value of FVTOCI equity instruments (Fair value through Other Comprehensive Income)		530.47	4,243.49
Remeasurement of post-employment defined benefit plans		264.96	(861.68)
Income-tax relating to these items		(66.69)	215.42
<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>728.74</b>	<b>3,597.23</b>
<b>Total Comprehensive Income for the year to owners of equity</b>		<b>35,750.29</b>	<b>21,564.84</b>
Basic Earnings per share [In ₹][Face value ₹10/- per share]		327.82	168.19
Diluted Earnings per share [In ₹][Face value ₹10/- per share]		327.82	168.19

See accompanying notes to financial statements

30

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

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

Place : Coimbatore  
Date : 24<sup>th</sup> May, 2023

For and on behalf of the Board of Directors

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

**V. Senthil**  
Chief Financial Officer

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

**C R Shivkumaran**  
Company Secretary

## Statement of Changes in Equity

For the Year ended 31<sup>st</sup> March, 2023

Equity Share Capital

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Opening Balance</b>	<b>1,068.30</b>	<b>1,068.30</b>
Changes in equity share capital during the year	-	-
<b>Closing Balance</b>	<b>1,068.30</b>	<b>1,068.30</b>

Particulars	Reserves and Surplus						Retained Earnings	Other Comprehensive Income						Total
	Capital Reserve	Securities Premium	Capital Redemption Reserve	General Reserve	Retained Earnings	Debt instruments through Other Comprehensive Income		Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income (specify nature)	Money received against share warrants	
Balance at the beginning of the year	701.40	-	168.62	17,282.90	1,64,915.78	-	14,385.34	-	-	-	-	-	1,97,454.04	
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	
Restated balance at the beginning of the year	-	-	-	-	1,98.27	-	-	-	-	-	-	-	728.74	
Total Comprehensive Income for the year	-	-	-	-	(4,273.20)	-	530.47	-	-	-	-	-	(4,273.20)	
Dividends	-	-	-	-	35,021.55	-	-	-	-	-	-	-	35,021.55	
Transfer to retained earnings	-	-	-	-	(3,500.00)	-	-	-	-	-	-	-	-	
Transfer to General Reserve	-	-	-	3,500.00	-	-	-	-	-	-	-	-	-	
<b>Balance at the end of the year</b>	<b>701.40</b>	<b>-</b>	<b>168.62</b>	<b>20,782.90</b>	<b>1,92,362.40</b>	<b>-</b>	<b>14,915.81</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,28,931.13</b>	
<b>Statement of Changes in Equity</b> for the year ended 31 <sup>st</sup> March 2022														
Balance at the beginning of the year	701.40	-	168.62	15,482.90	1,50,462.73	-	10,141.85	-	-	-	-	-	1,76,957.50	
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	
Restated balance at the beginning of the year	-	-	-	-	(646.26)	-	-	-	-	-	-	-	-	
Total Comprehensive Income for the year	-	-	-	-	(1,068.30)	-	4,243.49	-	-	-	-	-	3,597.23	
Dividends	-	-	-	-	17,967.61	-	-	-	-	-	-	-	(1,068.30)	
Transfer to retained earnings	-	-	-	1,800.00	(1,800.00)	-	-	-	-	-	-	-	17,967.61	
Transfer to General Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Balance at the end of the year</b>	<b>701.40</b>	<b>-</b>	<b>168.62</b>	<b>17,282.90</b>	<b>1,64,915.78</b>	<b>-</b>	<b>14,385.34</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,97,454.04</b>	

See accompanying notes to financial statements

In terms of our report attached

For **S. Krishnamoorthy & Co**

Firm Registration No. 001496S, Chartered Accountants

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

Place : Coimbatore, **Date** : 24<sup>th</sup> May, 2023

For and on behalf of the Board of Directors

**Sanjay Jayavarthanavelu**

Chairman and Managing Director

DIN: 00004505

**K. Soundhar Rajhan**

Director Operations

DIN: 07594186

**V. Senthil**

Chief Financial Officer

**C.R. Shivkumaran**

Company Secretary

## Cash Flow Statement

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31 <sup>st</sup> March, 2023		Year ended 31 <sup>st</sup> March, 2022	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit after exceptional items but before tax		48,541.15		23,694.65
(VRS Expenses of ₹ Nil (P.Y. ₹1,716.98 Lakhs)				
<b>Adjustments for :</b>				
Depreciation and amortisation expense	7,343.04		5,581.90	
Finance costs	-		8.54	
Profit on sale of assets	(2,415.06)		(99.37)	
Loss on sale of assets	89.52		7.43	
Interest income	(6,782.25)		(5,015.46)	
Dividend income	(113.72)		(12.04)	
Income from Mutual funds	(1,468.21)		(876.20)	
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents	0.10	(3,346.58)	0.33	(404.87)
<b>Operating Profit before working capital changes</b>		<b>45,194.57</b>		<b>23,289.78</b>
<b>Adjustments for (increase) / decrease in operating assets</b>				
Trade receivables	1,490.97		(13,756.37)	
Inventories	(14,656.22)		(17,317.23)	
Other financial assets-Non Current	76.98		(404.13)	
Other financial assets- Current	(722.69)		(61.07)	
Other Current assets	(3,702.63)		(4,940.15)	
<b>Adjustments for increase / (decrease) in operating liabilities</b>				
Trade payables	15,958.90		13,504.51	
Other non current liabilities	(9,242.82)		29,184.56	
Current provisions	604.87		(32.65)	
Other financial liabilities	5,230.89		1,099.85	
Other current liabilities	(2,273.81)	(7,235.56)	23,819.06	31,096.38
<b>Cash used in/ generated from operations</b>		<b>37,959.01</b>		<b>54,386.16</b>
Taxes paid		(5,575.60)		(6,643.57)
<b>Net Cash used in/generated from operations</b>	<b>[A]</b>	<b>32,383.41</b>		<b>47,742.59</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Property, Plant and Equipment		(27,422.47)		(7,442.07)
Proceeds from sale of assets		2,502.12		211.13
Interest received		6,319.60		4,277.62
Dividend received		113.72		12.04
Investment in Wholly Owned Subsidiaries		(8.56)		(753.31)
Investment in Mutual funds / Debentures (net)		(3,995.46)		(11,145.31)
(Increase) / Decrease in Bank balances not considered as cash and cash equivalent		(1,963.19)		(29,668.31)
<b>Net cash used in investing activities</b>	<b>[B]</b>	<b>(24,454.24)</b>		<b>(44,508.21)</b>



## Cash Flow Statement (Contd.)

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31 <sup>st</sup> March, 2023	Year ended 31 <sup>st</sup> March, 2022
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	(4,273.20)	(1,068.30)
Transfer of Unpaid Dividends to IEPF	(23.55)	(18.76)
Finance cost	-	(8.54)
<b>Net cash used in financing activities</b>	<b>[C]</b>	<b>(1,095.60)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>[ A + B + C ]</b>	<b>2,138.78</b>
Cash and cash equivalents at beginning of the period	<b>[D]</b>	3,274.26
Cash and cash equivalents at end of the period - E		5,413.04
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(E-D)</b>	2,138.78
<b>Cash &amp; Cash equivalents as per Balance Sheet</b>	<b>9,045.03</b>	<b>5,412.71</b>
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents	0.10	0.33
<b>Cash and Cash equivalents as per Cash flow Statement</b>	<b>9,045.13</b>	<b>5,413.04</b>

See accompanying notes to financial statements

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

**B. Krishnamoorthi**  
Partner  
Membership No. 020439  
**Place :** Coimbatore  
**Date :** 24<sup>th</sup> May, 2023

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, 2023

## 1. Corporate Information

Lakshmi Machine Works Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The address of its registered office and principal place of business are disclosed in the introduction to the Annual report. Its shares are listed on two stock exchanges in India, the National Stock Exchange of India Limited [NSE] and the BSE Limited [BSE]. The company is engaged in the manufacturing and selling of textile spinning machinery, CNC Machine Tools, Heavy castings and parts and components for Aero space industry. The company caters to both domestic and international markets. The financial statements are approved for issue by the Company's Board of Directors on 24<sup>th</sup> May, 2023.

## 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 Rule 3 of 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").

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.

### a) Current and Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

### b) Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). Indian rupee is the functional currency of the Company.

The financial statements are presented in Indian Rupees (₹) which is the Company's presentation currency. All financial information presented in Indian Rupees has been rounded up to the nearest Lakhs except where otherwise indicated.

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

### c) Use of Estimates

The preparation of standalone financial statements in conformity with Ind AS requires the management to make estimates and judgements that affect the reported amounts of assets, liabilities, revenue, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. Changes in estimates are reflected in the standalone financial statements in the year in which the changes are made.

Significant estimates and assumptions are used for, but not limited to,

- i) Estimation of useful life of Property, Plant and Equipment – Refer Note 2.3 & Note 3
- ii) Estimation of useful life of Intangible Assets – Refer Note 2.4 & Note 4
- iii) Provisions and Contingent Liabilities – Refer Note 2.18 & Note 30.1
- iv) Recognition of deferred taxes – Refer Note 2.17 & Note 14
- v) Key actuarial assumptions for measurement of future obligations under employee benefit plans – Refer Note 2.15 & Note 30.9

### d) Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated March 31, 2023, to amend the following Ind AS which are effective from April 1, 2023.

#### i) Definition of Accounting estimates – Amendments to Ind AS 8

The amendments clarify the distinction between the changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after April 1,

2023 and apply changes in accounting policies and changes in accounting estimates that occur on or after the start of the period.

The amendments are not expected to have a material impact on the Company's financial statements.

#### ii) Disclosure of Accounting Policies – Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirements for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to Ind AS 1 are applicable for annual periods beginning on or after April 1, 2023. Consequential amendments have been made in Ind AS 107.

The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

#### iii) Deferred Tax related to Assets and Liabilities arising from single transaction – Amendments to Ind AS 12

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its consolidated financial statement.

### 2.3 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any.

Increase/Decrease in rupee liability in respect of foreign currency liability related to acquisition of Property, Plant and Equipment is added to the cost of the asset.



## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use.

Spare parts, stand-by equipment and servicing equipment are recognised when they meet the definition of Property, Plant and Equipment. Otherwise, such items are classified as inventory.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre-operative expenses and disclosed under Capital Work-in-Progress.

Property, plant and equipment represent a significant proportion of the asset base of the Company. Depreciation on Property, Plant and Equipment is provided using Straight Line Method (SLM) over the estimated useful 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.

The management estimates of the useful lives of the Property, Plant and Equipment are as follows:

Asset Type	Estimated Useful life
Buildings	20-60 years
Plant and Equipment	
a. Main Machines	8-20 years
b. Ancillary Machines	3-7 years
Windmills	22 years
Solar Plant	10 years
Furniture & Fixtures	8-10 years
Vehicles	6-8 years
Office Equipment	7-15 years

The useful lives as given above best represent the period over which the management expects to use these assets,

based on technical assessment. The estimated useful lives for these assets are therefore different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013.

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 sale proceeds and the carrying amount of the asset and is recognised in the Statement of profit and 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 April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

### 2.4 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The useful life 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.

The management estimates of the useful lives of the intangible assets are as follows:

Asset Type	Useful Life
Technical Know how	6 years
Software	6 years

The useful lives as given above best represent the period over which the management expects to use these assets, based on technical assessment. The estimated useful lives for these assets are therefore different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013.

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Statement of profit and 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 April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

### 2.5 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.

Investment properties are depreciated using the straight-line method over their estimated useful lives. The useful life has been determined based on technical evaluation performed by the management's expert.

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 investment property is recognised in the Statement of profit and loss in the period of disposal.

### 2.6 Impairment of assets

Property, Plant and Equipment or Intangible asset is evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment has to be recognised in the Statement of Profit and Loss.

An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation) had no impairment loss been recognised for the asset in prior years.

### 2.7 Financial Instruments

#### Financial Asset:

##### Initial recognition

The Company recognises financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognised at fair value on initial recognition, except for trade receivables which are initially measured at transaction price.

Transaction costs that are directly attributable to the acquisition of financial assets (except for financial assets carried at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of profit and loss.

Regular way purchase and sale of financial assets are accounted for at trade date.

##### Subsequent measurement:

##### (i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### (ii) Financial assets carried at fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. All fair value changes are recognised in the Other Comprehensive Income except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the Statement of profit and loss.

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

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

Financial assets are measured at FVTPL if it does not meet the criteria for classification as measured at amortised cost or at FVTOCI. Movement in fair value changes are recognised in the statement of profit and loss.

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.

#### Effective Interest Rate method:

The effective interest rate method is a method of calculating the amortised cost of financial asset and of allocating interest income over the expected life. The Company while applying EIR method, generally amortises any fees, transaction costs and other premiums or discount that are integral part of the effective interest rate of a financial instrument.

Income is recognised in the Statement of Profit and Loss on an effective interest rate basis for financial assets other than those classified as at FVTPL. EIR is determined at the initial recognition of the financial asset. EIR is subsequently updated at every reset, in accordance with the terms of the respective contract.

Once the terms of financial assets are renegotiated, other than market driven interest rate movement, any gain/loss measured using the previous EIR as calculated before the modification, is recognised in the Statement of Profit and Loss in period during which such renegotiations occur.

#### Investments in Equity Instruments:

All equity investments other than in subsidiaries, joint ventures and associates are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company at initial recognition makes an irrevocable election to classify it as either FVTOCI or FVTPL. The Company chooses to make an irrevocable election and designates it as FVTOCI.

An equity investment classified as FVTOCI is initially measured at fair value plus transaction costs. Subsequently, it is measured at fair value and all fair value changes are

recognised in Other Comprehensive Income (OCI) and accumulated in "Reserve for Equity instruments through OCI". There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment.

#### Impairment of financial assets

Trade receivables, contract assets, lease receivables, investments in debt instruments that are carried at amortised cost, investments in debt instruments that are carried at FVTOCI are tested for impairment based on the expected credit losses for the respective financial asset.

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) throughout the expected life of that financial instrument.

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

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial



## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

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.

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.

In the event of a customer being identified as insolvent or ceasing operations, we conduct an assessment of the recoverability of any outstanding receivables from that customer. If it is determined that there is a high degree of uncertainty regarding the likelihood of recovering the receivable, we recognise it as an expense in the income statement by writing it off. This write-off is recorded when the potential loss is identified, rather than waiting for the legal process to be completed.

### 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 substantially all the risks and rewards of ownership of the financial 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 (Measured at the date of derecognition) and the sum of the consideration received shall be recognised in the statement of profit and loss.

### 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 the Statement of profit and loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

## 2.8 Financial Liabilities & 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.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity.

### Financial Liabilities

#### Initial Recognition:

The Company recognises financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised at fair value on initial recognition, except for trade payables. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

#### Subsequent measurement:

The subsequent measurement of financial liabilities depends on their classification, as described below:

# Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

## Financial liabilities at fair value through profit or loss:

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. Changes in fair value of such liability are recognised in the statement of profit or loss.

## Financial liabilities at amortised cost:

The Company's financial liabilities at amortised cost are initially recognised at net of transaction costs and includes trade payables, borrowings including bank overdrafts and other payables.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate (EIR) method except for deferred consideration recognised in a business combination which is subsequently measured at fair value through profit and loss.

## 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 the Statement of profit and loss.

## Derecognition of financial liabilities

The Company derecognises financial liabilities 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 is accounted as derecognition 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 the Statement of profit and loss.

## 2.9 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.

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost or net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

Costs are assigned to individual items of inventory on the basis of first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## 2.10 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 the Statement of profit and loss in the period in which they arise.

## 2.11 Recognition of Revenue

The Company identifies the contract with customer once the parties have approved the contract in writing and committed to perform the respective performance

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

obligations. Any addition or alteration of contract shall be binding only if agreed to in writing. The Company identifies distinct performance obligations in the contract and recognises revenue as and when the performance obligation is satisfied by transferring a promised good or service to a customer. The process of identifying distinct performance obligations requires exercising judgment to determine the deliverables and ability of the customer to benefit independently from such deliverables. The Company determines the transaction price which is the consideration that the Company expects to be entitled in exchange for good or service. The transaction price is then allocated to each performance obligation and revenue is recognised.

**Sale of Goods:** The Company manufactures and sells a complete range of Textile Machinery, Machine tools parts, Castings and Aero-space components. Revenue is recognised when the risk and control is transferred to the customer upon despatch or delivery of goods, based on the terms of contract.

The Company's obligation to replace faulty products under standard warranty terms is recognised as a provision (refer Note 18)

**Sale of Services:** The Company renders services that include installation, maintenance, and other ancillary services. Revenue from services is recognised over a period of time as and when the services are rendered in accordance with the specific terms of contract with customer.

**Export Incentives and Carbon Credit:** 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.

**Royalty:** 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:** Dividend income from investments is recognised when the shareholder's right to receive payment has been established provided if it is probable that the economic

benefits will flow to the company and the amount of income can be measured reliably.

**Interest income:** Interest income is accrued on a timely 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.

**Rental Income:** Rental Income is recognised on accrual basis in accordance with terms and conditions of respective rental agreements.

**Income from Wind Energy:** Revenue from power supply is recognised in terms of power purchase agreement entered with state distribution companies and is measured at the value of consideration received or receivable, net of discounts if any.

### 2.12 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of respective assets during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

### 2.13 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.

### 2.14 Earnings per Share

Basic earnings per share is computed by dividing the profit or loss after tax by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share.



# Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

## 2.15 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 reclassified to profit or loss. Past services cost is recognised in the Statement of profit and 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.

## 2.16 Research and Development

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs are capitalised as an intangible asset if it can be demonstrated that the project is expected to generate future economic benefits; it is probable that those future economic benefits will flow to the entity and the costs of the asset can be measured reliably, else it is charged to the Statement of Profit and Loss.

## 2.17 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 difference arises from the initial recognition of goodwill.

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

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.

### 2.18 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.

### 2.19 Cash Flow Statement and Cash and Cash equivalents

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

### 2.20 Segment Reporting

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

The company has three reportable segments, viz., Textile Machinery Division, the Machine Tool Division / Foundry and the Advanced Technology 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

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

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.

### 2.21 Leases

#### The company as a Lessee:

The Company's lease asset class primarily consists of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the lessee has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the lessee has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

If lease arrangements include the options to extend or terminate the lease before the end of the lease term, then ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date using written down value method. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

In case of short-term leases or leases for which underlying asset is of low value, the Company recognises the lease payments as an expense on a straight-line basis over the lease term.

#### The Company as a lessor:

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of-use asset arising from the head lease.

For operating leases, rental income is recognised on a straight line basis over the term of the relevant lease.



## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 3. Property, Plant and Equipment and Capital Work-in-Progress

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Carrying amounts of:</b>		
Freehold land	8,360.79	8,360.79
Buildings	17,618.54	16,334.85
Plant and Equipment	44,467.91	39,479.25
Furniture and fixtures	1,793.50	1,312.70
Vehicles	11,721.78	535.48
Office Equipment	781.84	783.79
<b>Sub Total</b>	<b>84,744.36</b>	<b>66,806.86</b>
Capital Work-in-progress	2,277.24	536.51
<b>Sub Total</b>	<b>2,277.24</b>	<b>536.51</b>
<b>Total</b>	<b>87,021.60</b>	<b>67,343.37</b>

Particulars	Freehold land	Buildings	Plant & Equipment	Furniture & fixtures	Vehicles	Office Equipments	Total	Capital Work in progress
<b>Gross carrying amount</b>								
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>8,360.79</b>	<b>19,129.18</b>	<b>59,049.96</b>	<b>2,371.16</b>	<b>1,519.56</b>	<b>1,122.70</b>	<b>91,553.35</b>	<b>536.51</b>
Additions	-	1,809.72	10,196.64	920.58	12,059.07	16.76	25,002.77	2,277.24
Disposals	-	-	(451.82)	(5.55)	(740.76)	-	(1,198.13)	(536.51)
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>8,360.79</b>	<b>20,938.90</b>	<b>68,794.78</b>	<b>3,286.19</b>	<b>12,837.87</b>	<b>1,139.46</b>	<b>1,15,357.99</b>	<b>2,277.24</b>
<b>Accumulated depreciation and impairment</b>								
<b>Balance as at 31<sup>st</sup> March 2022</b>	-	<b>2,794.33</b>	<b>19,570.71</b>	<b>1,058.46</b>	<b>984.08</b>	<b>338.91</b>	<b>24,746.49</b>	-
Disposals	-	-	(301.55)	(3.16)	(689.06)	-	(993.77)	-
Depreciation Expense	-	526.03	5,057.71	437.39	821.07	18.71	6,860.91	-
<b>Balance as at 31<sup>st</sup> March 2023</b>	-	<b>3,320.36</b>	<b>24,326.87</b>	<b>1,492.69</b>	<b>1,116.09</b>	<b>357.62</b>	<b>30,613.63</b>	-
<b>Net carrying amount</b>								
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>8,360.79</b>	<b>16,334.85</b>	<b>39,479.25</b>	<b>1,312.70</b>	<b>535.48</b>	<b>783.79</b>	<b>66,806.86</b>	<b>536.51</b>
Additions	-	1,809.72	10,196.64	920.58	12,059.07	16.76	25,002.77	2,277.24
Disposals	-	-	(150.27)	(2.39)	(51.70)	-	(204.36)	(536.51)
Depreciation expense	-	(526.03)	(5,057.71)	(437.39)	(821.07)	(18.71)	(6,860.91)	-
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>8,360.79</b>	<b>17,618.54</b>	<b>44,467.91</b>	<b>1,793.50</b>	<b>11,721.78</b>	<b>781.84</b>	<b>84,744.36</b>	<b>2,277.24</b>

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### Property, Plant and Equipment include

Particulars	Gross Block	Additions	Depreciation for the year	Accumulated Depreciation	Net Block
<b>Assets leased out as at 31<sup>st</sup> March, 2023</b>					
Buildings	248.97	-	2.22	189.57	59.40
Machinery	1,300.00	-	16.24	1,179.21	120.79
<b>Total</b>	<b>1,548.97</b>	<b>-</b>	<b>18.46</b>	<b>1,368.78</b>	<b>180.19</b>
<b>Assets leased out as at 31<sup>st</sup> March, 2022</b>					
Buildings	131.37	117.60	2.11	187.36	61.63
Machinery	1,300.00	-	16.24	1,162.96	137.04
<b>Total</b>	<b>1,431.37</b>	<b>117.60</b>	<b>18.35</b>	<b>1,350.32</b>	<b>198.67</b>

Income from above leased assets ₹42 Lakhs is grouped in rent receipts (Previous year ₹30 Lakhs)

Title deeds of Immovable Property not held in the name of the Company - ₹ Nil

### Capital-Work-in Progress (CWIP) as on 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022 :

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2,277.24	-	-	-	2,277.24
<i>Previous Year</i>	536.51	-	-	-	536.51
Projects temporarily suspended	-	-	-	-	-
<i>Previous Year</i>	-	-	-	-	-

### 4. Other intangible assets

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Carrying amounts of:</b>		
Technical Knowhow	383.42	243.91
Software	1,156.54	1,071.43
<b>Total</b>	<b>1,539.96</b>	<b>1,315.34</b>

Particulars	Technical Knowhow	Software	Total
<b>Gross carrying amount</b>			
<b>Balance at 31<sup>st</sup> March 2022</b>	<b>1,018.39</b>	<b>2,380.03</b>	<b>3,398.42</b>
Additions	186.98	519.77	706.75
Eliminated on disposals of assets	-	-	-
<b>Balance at 31<sup>st</sup> March 2023</b>	<b>1,205.37</b>	<b>2,899.80</b>	<b>4,105.17</b>

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Technical Knowhow	Software	Total
<b>Accumulated depreciation and impairment</b>			
<b>Balance at 31<sup>st</sup> March 2022</b>	<b>774.48</b>	<b>1,308.60</b>	<b>2,083.08</b>
Eliminated on disposals of assets	-	-	-
Amortisation Expense	47.47	434.66	482.13
<b>Balance at 31<sup>st</sup> March 2023</b>	<b>821.95</b>	<b>1,743.26</b>	<b>2,565.21</b>
<b>Carrying Amount</b>			
<b>Balance at 31<sup>st</sup> March 2022</b>	<b>243.91</b>	<b>1,071.43</b>	<b>1,315.34</b>
Additions	186.98	519.77	706.75
Eliminated on disposals of assets	-	-	-
Amortisation Expense	(47.47)	(434.66)	(482.13)
<b>Balance at 31<sup>st</sup> March 2023</b>	<b>383.42</b>	<b>1,156.54</b>	<b>1,539.96</b>

### 5. Investments

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	Quantity	Amount	Quantity	Amount
<b>NON-CURRENT INVESTMENTS</b>				
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>				
<b>Investment in unquoted equity instrument of wholly owned subsidiary [At Cost]</b>				
LMW Textile Machinery (Suzhou) Co., Ltd, China		6,513.67		6,513.67
LMW Aerospace Industries Limited, India	25,00,000	250.00	25,00,000	250.00
LMW Middle East FZE, UAE	24,705	511.87	24,307	503.31
<b>Total</b>		<b>7,275.54</b>		<b>7,266.98</b>
<b>a) Investment in quoted equity instruments (fully paid up) [At fair values]</b>				
Cholamandalam Investment & Finance Co. Ltd [Face Value ₹2 per share]	17,12,810	13,044.76	17,12,810	12,303.12
Indian Bank [ Face Value ₹10 per share]	69,562	200.41	69,562	106.99
Lakshmi Automatic Loom Works Ltd [ Face Value ₹100 per share]	44,111	340.01	44,111	291.15
Pricol Ltd [ Face Value ₹1 per share]	24,975	51.75	24,975	32.45
Rajshree Sugars & Chemicals Ltd [ Face Value ₹10 per share]	1,00,000	38.53	1,00,000	32.90
Super Sales India Ltd [ Face Value ₹10 per share]	3,00,000	2,304.00	3,00,000	2,620.95
The Lakshmi Mills Company Ltd [Face Value ₹100 per share]	26,916	997.94	26,916	1,059.36



## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 5. Investments (Contd.)

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	Quantity	Amount	Quantity	Amount
<b>b) Investment in unquoted equity instruments (fully paid up) [At 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 (a+b)</b>		<b>16,977.54</b>		<b>16,447.06</b>
<b>INVESTMENT IN DEBENTURES (at amortised cost)</b>				
Fedbank Financial Services Limited [NCD]	1,000	1,001.10	-	-
Shriram Finance Limited [NCD]	30	315.28	30	315.28
Piramal Enterprises Limited [NCD]	-	-	50	500.21
Tata Cleantech Capital Limited [NCD]	-	-	937	999.39
<b>Total - Debentures</b>		<b>1,316.38</b>		<b>1,814.88</b>
<b>Total Non-current investments</b>		<b>25,569.46</b>		<b>25,528.92</b>
<b>CURRENT INVESTMENTS</b>				
<b>INVESTMENTS IN MUTUAL FUNDS [at fair value]</b>				
Aditya Birla Sun Life Mutual Fund	2,32,48,482	2,438.30	2,32,48,482	2,365.84
Axis Mutual Fund	96,50,813	2,704.53	76,10,628	2,030.74
Bharat Bond	2,54,08,299	2,820.85	2,54,08,299	2,749.94
DSP Mutual Fund	28,42,023	591.78	28,42,023	567.60
Edelweiss Mutual Fund	4,94,31,761	5,345.11	3,94,42,850	4,183.51
ICICI Prudential Mutual Fund	32,18,764	1,749.99	32,18,764	1,643.02
Bandhan Bond and Mutual Fund	3,60,64,211	4,486.40	3,06,08,506	3,761.67
Kotak Mutual Fund	70,06,292	4,957.42	85,61,053	4,093.63
Nippon India Mutual Fund	98,90,904	1,780.37	64,85,717	1,119.08
SBI Mutual Fund	3,09,05,798	4,191.74	3,09,05,798	4,064.60
HDFC Mutual Fund	53,41,577	1,475.31	-	-
<b>Total Current Investment</b>		<b>32,541.80</b>		<b>26,579.63</b>
<b>NON CURRENT INVESTMENT</b>				
Aggregate book value of quoted investments		2,061.57		2,061.57
Aggregate market value of quoted investments		16,977.40		16,446.92
Aggregate book value of unquoted investments		8,592.06		9,082.00
Aggregate amount of impairment in the value of investments		-		-

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 5. Investments (Contd.)

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	Quantity	Amount	Quantity	Amount
<b>CURRENT INVESTMENT</b>				
Aggregate book value of quoted investments		30,500.99		25,531.51
Aggregate market value of quoted investments		32,541.80		26,579.63
<b>Category-wise investments - as per IND AS 109 classification</b>				
Financial assets carried at fair value through profit or loss (FVTPL)		32,541.80		26,579.63
Financial assets carried at amortised cost		8,592.06		9,082.00
Financial assets carried at fair value through Other Comprehensive Income (FVTOCI)		16,977.40		16,446.92
<b>Total</b>		<b>58,111.26</b>		<b>52,108.55</b>

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

### 6. Inventories

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Inventories (lower of cost or net realisable value)</b>		
Raw materials	38,012.57	29,328.21
Work in progress	18,478.62	12,772.65
Finished goods	3,201.88	3,167.27
Stores and spares	4,708.81	4,477.53
<b>Total</b>	<b>64,401.88</b>	<b>49,745.66</b>

The cost of inventories recognised as an expense during the year is ₹2,97,444.62 Lakhs. [Previous year ₹2,01,441.86 Lakhs]

### 7. Trade Receivables

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Current</b>		
<b>Unsecured, considered good</b>		
From related parties	11,008.44	8,435.41
From others	20,753.40	24,639.54
<b>Total</b>	<b>31,761.84</b>	<b>33,074.95</b>
<b>Less : Allowance for doubtful debts (Expected credit loss allowance)</b>	1,002.04	824.18
<b>Total</b>	<b>30,759.80</b>	<b>32,250.77</b>

#### Concentration of Risk

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

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

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	0.16
Less than one year	2.16
More than one year	35.65

### Trade Receivables ageing schedule for the year ended as on 31<sup>st</sup> March 2023 and 31<sup>st</sup> March, 2022

Particulars	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	8,294.12	20,586.79	1,442.10	897.10	177.21	364.52	31,761.84
<i>Previous Year</i>	<i>8,000.54</i>	<i>23,430.42</i>	<i>586.86</i>	<i>435.36</i>	<i>163.39</i>	<i>458.38</i>	<i>33,074.95</i>
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
<b>Total Trade Receivable</b>	<b>8,294.12</b>	<b>20,586.79</b>	<b>1,442.10</b>	<b>897.10</b>	<b>177.21</b>	<b>364.52</b>	<b>31,761.84</b>
<i>Previous Year</i>	<i>8,000.54</i>	<i>23,430.42</i>	<i>586.86</i>	<i>435.36</i>	<i>163.39</i>	<i>458.38</i>	<i>33,074.95</i>
<b>Less : Allowance for doubtful debts (Expected credit loss allowance)</b>							1,002.04
<i>Previous Year</i>							824.18
<b>Total Trade Receivable net of credit loss allowance</b>							<b>30,759.80</b>
<i>Previous Year</i>							<i>32,250.77</i>

### Movement in the expected credit loss allowance

Age of receivables	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Balance at the beginning of the year	824.18	672.49
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses net of bad debts written off	177.86	151.69
<b>Balance at the end of the year</b>	<b>1,002.04</b>	<b>824.18</b>



## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 8. (a) Cash and cash equivalents

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Balances with Banks</b>		
Current account	7,843.76	5,400.97
Deposits with original maturity of less than 3 months	1,200.06	-
Cash on hand	1.21	11.74
<b>Total</b>	<b>9,045.03</b>	<b>5,412.71</b>

There are no repatriation restrictions with regard to cash and cash equivalents at the end of the reporting period and prior periods

### 8. (b) Other bank balances

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Deposits held as Margin money	9.50	9.50
Unpaid dividend account	88.40	90.13
Deposits with original maturity of more than 3 months but less than 12 months	60,021.32	40,624.71
<b>Total</b>	<b>60,119.22</b>	<b>40,724.34</b>

### 9. Other financial assets

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Non-current</b>		
i) Capital advances	348.64	692.10
ii) Advances other than capital advances		
Security Deposit	762.35	516.10
Other advances	235.32	215.09
iii) Bank deposits with original maturity of more than 12 months	70,325.37	87,757.06
iv) Interest accrued on bank deposits	1,083.04	1,152.43
<b>Total</b>	<b>72,754.72</b>	<b>90,332.78</b>
<b>Current</b>		
Interest accrued on bank deposits	2,874.69	2,342.65
Income receivable	1,245.74	523.05
<b>Total</b>	<b>4,120.43</b>	<b>2,865.70</b>

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 10. Current Tax Assets (Net)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Current tax assets</b>		
Income tax advances	13,560.38	32,634.97
<b>Current tax liabilities</b>		
Income tax provisions	11,000.00	24,848.54
<b>Total</b>	<b>2,560.38</b>	<b>7,786.43</b>

### 11. Other current assets

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Advance to suppliers and others	11,271.85	7,625.89
Prepaid Expenses	724.23	1,215.08
Balances on account of indirect taxes	4,002.57	3,455.15
<b>Total</b>	<b>15,998.65</b>	<b>12,296.12</b>

### 12. Equity Share Capital

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Authorised Share Capital</b>		
5,00,00,000 fully paid equity shares of ₹10 each	<b>5,000.00</b>	<b>5,000.00</b>
<b>Issued, subscribed and fully paid up capital comprises:</b>		
1,06,83,000 fully paid equity shares of ₹10 each	<b>1,068.30</b>	<b>1,068.30</b>
<i>(2,72,504 equity shares of ₹10 each were bought back during the financial year 2018-19)</i>		

Fully paid up equity shares	Number of shares	Share Capital
Balance as on 31 <sup>st</sup> March, 2022	1,06,83,000	1,068.30
<b>Balance as on 31<sup>st</sup> March, 2023</b>	<b>1,06,83,000</b>	<b>1,068.30</b>

Balance at the beginning of the current reporting period	Changes in Equity share capital due to prior period error	Restated balance at the beginning of the current reporting period	Changes in Equity share capital during the current year	Balance at the end of the current reporting period
1,068.30	-	-	-	1,068.30

The company has issued only one class of Equity share having a par value of ₹10 per share. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### Details of Shares held by the Promoters and Promoters Group as at 31<sup>st</sup> March, 2023

S.No.	Name of the Promoters and Promoters Group Members	No. of Shares	% of total shares	% change during the year
1	Lakshmi Cargo Company Limited	10,76,368	10.076	-
2	Lakshmi Technology and Engineering Industries Limited	6,96,862	6.523	-
3	The Lakshmi Mills Company Limited	5,20,000	4.868	-
4	Lakshmi Ring Travellers (Coimbatore) Private Limited	2,52,180	2.361	-
5	Super Sales India Limited	2,29,480	2.148	-
6	Sanjay Jayavarthanavelu	1,42,291	1.332	-
7	Eshaan Enterprises Private Limited	1,27,110	1.190	-
8	J Rajyalakshmi	97,980	0.917	-
9	Lakshmi Electrical Control Systems Limited	88,800	0.831	-
10	Uttara Ravi	44,290	0.415	-
11	Lakshmi Electrical Drives Private Limited	17,500	0.164	-
12	Lakshmi Precision Technologies Limited	15,000	0.140	-
13	Shivali Jayavarthanavelu	7,970	0.075	-
14	Ravi Sam	5,866	0.055	-
15	S Pathy	1,721	0.016	-
16	Nethra J S Kumar	720	0.007	-
17	Jaidev Jayavarthanavelu	460	0.004	-
18	S Sunitha	301	0.003	-
19	Dinakaran Senthilkumar [HUF]	160	0.001	-
20	Lalithadevi Sanjay Jayavarthanavelu	49	0.000	-
	<b>Total</b>	<b>33,25,108</b>	<b>31.126</b>	-

### Shareholders holding more than 5% Equity shares

Sl. No	Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
		Number	Percentage	Number	Percentage
1	Lakshmi Cargo Company Limited	10,76,368	10.08	10,76,368	10.08
2	Lakshmi Technology and Engineering Industries Limited	6,96,862	6.52	6,96,862	6.52
3	Nemish S Shah	5,99,673	5.61	6,40,673	6.00
4	Voltas Limited	5,79,672	5.43	5,79,672	5.43



## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 13. Other Equity

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Capital Reserve	701.40	701.40
Capital Redemption Reserve	168.62	168.62
General Reserve	20,782.90	17,282.90
Reserve for equity instruments and others through other comprehensive income	14,915.81	14,385.34
Retained Earnings	1,92,362.40	1,64,915.78
<b>Total</b>	<b>2,28,931.13</b>	<b>1,97,454.04</b>

#### 13.1 Capital Reserve

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Balance at the beginning of the year</b>	<b>701.40</b>	<b>701.40</b>
Add: 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.

#### 13.2 Capital Redemption Reserve

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Balance at the beginning of the year</b>	<b>168.62</b>	<b>168.62</b>
Add: Transfer from General Reserve	-	-
<b>Balance at the end of the year</b>	<b>168.62</b>	<b>168.62</b>

Capital Redemption Reserve is a statutory reserve created at amounts equal to the face value of the shares bought back as per the provisions of company law.

#### 13.3 General Reserve

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Balance at the beginning of the year</b>	<b>17,282.90</b>	<b>15,482.90</b>
Add: Transfer from retained earnings	3,500.00	1,800.00
<b>Balance at the end of the year</b>	<b>20,782.90</b>	<b>17,282.90</b>

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

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

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Balance at the beginning of the year	14,385.34	10,141.85
Net fair value gain on investments in equity instruments at FVTOCI	530.47	4,243.49
<b>Balance at the end of the year</b>	<b>14,915.81</b>	<b>14,385.34</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.

### 13.5 Retained Earnings

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Balance at the beginning of the year</b>	<b>1,64,915.78</b>	<b>1,50,462.73</b>
Add: Profit after tax attributable to the owners of the company	35,021.55	17,967.61
(Less): Payment of dividends on equity shares	(4,273.20)	(1,068.30)
(Less)/Add: Remeasurement of post-employment benefit obligations [Net of tax]	198.27	(646.26)
(Less): Transfer to General Reserve	(3,500.00)	(1,800.00)
<b>Balance at the end of the year</b>	<b>1,92,362.40</b>	<b>1,64,915.78</b>

In financial year 2022-23, on 10<sup>th</sup> August 2022 a dividend of ₹40 per share (Total dividend ₹4,273.20 Lakhs) was paid to the holders of fully paid equity shares.

In respect of the year ended 31<sup>st</sup> March 2023 the directors propose that a dividend of ₹98.50 per share be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend payable is ₹10,522.76 Lakhs.

### 14. Deferred Tax liability (Net)

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

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Deferred Tax assets	-	-
Deferred Tax liabilities	(4,843.38)	(2,323.78)
<b>Total</b>	<b>4,843.38</b>	<b>2,323.78</b>

### 2022-23

Particulars	Opening balance	Recognised in profit or loss	Closing balance
On account of VRS	685.96	(289.46)	396.50
On account of Property, Plant and Equipment	(3,850.47)	(2,209.59)	(6,060.06)
On account of Expected credit loss on receivables	206.05	46.14	252.19
On account of actuarial loss	634.68	(66.69)	567.99
<b>Total</b>	<b>(2,323.78)</b>	<b>(2,519.60)</b>	<b>(4,843.38)</b>

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 2021-22

Particulars	Opening balance	Recognised in profit or loss	Closing balance
On account of VRS	1,209.87	(523.91)	685.96
On account of Property, Plant and Equipment	(4,283.29)	432.82	(3,850.47)
On account of Expected credit loss on receivables	234.99	(28.94)	206.05
On account of actuarial loss	419.26	215.42	634.68
<b>Total</b>	<b>(2,419.17)</b>	<b>95.39</b>	<b>(2,323.78)</b>

### 15. Other Non-current liabilities

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Security deposits received against supply of machinery	33,421.39	42,664.22
<b>Total</b>	<b>33,421.39</b>	<b>42,664.22</b>

### 16. Trade Payables

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Current</b>		
Due to Micro and Small Enterprises [Refer Note 30.3]	836.78	5,267.45
Due to related parties	14,107.51	9,721.84
Others	57,876.67	41,872.77
<b>Total</b>	<b>72,820.96</b>	<b>56,862.06</b>

### Trade Payable Ageing schedule as at 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022

Particulars	Outstanding for following periods				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	836.78	-	-	-	836.78
<i>Previous Year</i>	5,267.45	-	-	-	5,267.45
(ii) Others	71,900.72	83.46	-	-	71,984.18
<i>Previous Year</i>	50,971.93	622.68	-	-	51,594.61
(iii) Disputed dues – MSME	-	-	-	-	-
<i>Previous Year</i>	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-
<i>Previous Year</i>	-	-	-	-	-
<b>Total</b>	<b>72,737.50</b>	<b>83.46</b>	<b>-</b>	<b>-</b>	<b>72,820.96</b>
<i>Previous Year</i>	56,239.38	622.68	-	-	56,862.06



## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 17. Other Financial liabilities

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Current</b>		
Unpaid dividends	88.40	90.13
Other liabilities	14,095.41	8,886.34
<b>Total</b>	<b>14,183.81</b>	<b>8,976.47</b>

### 18. Provisions

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Current</b>		
<b>Provision for employee benefits</b>		
Provision for gratuity	33.99	-
<b>Other provisions</b>		
Provision for warranty	1,777.59	1,206.71
<b>Total</b>	<b>1,811.58</b>	<b>1,206.71</b>

The provision for employee benefits include provision for gratuity and leave encashment. For detailed disclosure on the same, please refer note no. 30.9

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, 2023	As at 31 <sup>st</sup> March, 2022
<b>Carrying amount at the beginning of the year</b>	<b>1,206.71</b>	<b>655.55</b>
Additional provision made during the year	1,777.59	1,206.71
Amount used during the year	1,206.71	655.55
Unused amount reversed	-	-
<b>Carrying amount at the end of the year</b>	<b>1,777.59</b>	<b>1,206.71</b>

### 19. Other Current liabilities

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Security deposit received against supply of machinery	20,334.26	20,134.26
Other advances	29,018.12	31,491.93
<b>Total</b>	<b>49,352.38</b>	<b>51,626.19</b>

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 20. Revenue From Operations

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
Gross Sale of Products	4,45,669.24	3,01,676.48
<b>Other operating revenues</b>		
Repairs & Service charges & miscellaneous income	3,694.87	2,877.39
Sale of scrap	1,697.45	1,057.86
Export incentives	2,261.60	1,547.63
<b>Total revenue from operations</b>	<b>4,53,323.16</b>	<b>3,07,159.36</b>

### Disaggregation of Revenue

Revenue from contracts with customers are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company identifies the product lines, amongst others to indicate the factors. The details of revenue from contracts with customers on the basis of various product lines are as under :

Particulars	Year Ended 31 <sup>st</sup> March, 2023		
	India	Outside India	Total
Textile Machinery and Spares	2,62,750.25	85,948.42	3,48,698.67
Machine Tools and Castings	84,610.91	2,878.57	87,489.48
Aerospace Parts and component	773.44	8,707.65	9,481.09
<b>Gross Sale of Products</b>	<b>3,48,134.60</b>	<b>97,534.64</b>	<b>4,45,669.24</b>

Particulars	Year Ended 31 <sup>st</sup> March, 2022		
	India	Outside India	Total
Textile Machinery and Spares	1,63,167.71	57,731.25	2,20,898.96
Machine Tools and Castings	74,703.52	2,157.70	76,861.22
Aerospace Parts and component	391.11	3,525.19	3,916.30
<b>Gross Sale of Products</b>	<b>2,38,262.34</b>	<b>63,414.14</b>	<b>3,01,676.48</b>

### 21. Other Income

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
Interest income from financial assets at amortised cost	6,782.25	5,015.46
Dividend income from equity investments designated at FVTOCI	113.72	12.04
Income from Mutual funds designated at FVTPL	1,468.21	876.20
Rental income	62.32	52.73
Net Gain on foreign currency transactions	4,104.56	1,507.64
Net Gain on sale of assets	2,415.06	99.37
Sale of Wind energy / REC	56.31	36.23
Royalty income	600.55	501.58
<b>Total other income</b>	<b>15,602.98</b>	<b>8,101.25</b>

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 22. Cost of materials consumed

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
Raw materials at the beginning of the year	29,328.21	19,487.90
Add: Purchases	3,15,300.27	2,16,789.90
Less: Sales	9,171.29	5,507.73
Less: Raw materials at the end of the year	38,012.57	29,328.21
<b>Total cost of materials consumed</b>	<b>2,97,444.62</b>	<b>2,01,441.86</b>

### 23. Changes in inventories of finished goods and work-in-progress

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
<b>Opening Stock</b>		
Work-in-progress	12,772.65	9,986.08
Finished goods	3,167.27	855.91
<b>Total</b>	<b>15,939.92</b>	<b>10,841.99</b>
<b>Closing Stock</b>		
Work-in-progress	18,478.62	12,772.65
Finished goods	3,201.88	3,167.27
<b>Total</b>	<b>21,680.50</b>	<b>15,939.92</b>
<b>Total changes in inventories of finished goods and work-in-progress</b>	<b>(5,740.58)</b>	<b>(5,097.93)</b>

### 24. Employee Benefit Expense

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
Salaries and wages	31,477.23	26,131.81
Contribution to Provident and other funds	2,330.74	1,621.96
Staff welfare expenses	2,785.89	2,579.60
<b>Total employee benefit expense</b>	<b>36,593.86</b>	<b>30,333.37</b>

### 25. Depreciation and amortisation expense

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
Depreciation of property, plant and equipment	6,860.91	5,186.78
Amortisation of intangible assets	482.13	395.12
<b>Total depreciation and amortisation expense</b>	<b>7,343.04</b>	<b>5,581.90</b>



## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 26. Impairment losses on financial assets and reversal of impairment on financial assets

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
Impairment loss (Expected credit loss) allowance on trade receivables	346.05	78.26
<b>Total</b>	<b>346.05</b>	<b>78.26</b>

### 27. Other expenses

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
Sales commission to agents	9,626.08	5,828.88
Consumption of stores and spare parts	15,534.44	10,840.19
Consumption of packing material	7,866.91	6,302.38
Power and fuel net of Green Energy (Green Energy adjusted CY ₹5,858.32 Lakhs; PY ₹5,425.27 Lakhs)	5,138.04	3,027.54
Rent expense	105.97	84.94
Repairs and Maintenance		
Repairs to buildings	2,221.03	1,198.25
Repairs to machinery and others	7,420.89	6,271.48
Insurance	402.92	448.81
Rates and taxes, excluding taxes on income	873.90	248.65
Auditors' Remuneration		
For Audit	15.00	15.00
For Certification	-	0.10
Loss on sale of assets	89.52	7.43
Donation	167.17	441.08
Directors sitting fees	38.50	34.50
Non-executive directors' commission	77.75	60.00
Corporate Social Responsibility expenses (Note 30.6)	260.00	308.63
Export expenses	9,716.97	6,945.89
Travelling expenses & Maintenance of vehicles	4,404.02	2,797.59
Research and development expenses	5,184.16	2,204.80
Service Outsourcing expenses	4,180.31	3,320.82
Sales expenses	3,936.78	3,358.22
Miscellaneous expenses	7,137.64	3,757.80
<b>Total other expense</b>	<b>84,398.00</b>	<b>57,502.98</b>

### 28. Finance costs

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
Bill collection charges	-	8.54

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 29. Income tax relating to continuing operations

#### 29.1 Income tax recognised in profit or loss

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
<b>Current tax</b>		
Current tax on profits for the year	11,000.00	5,822.43
Adjustments for current tax of prior periods	-	-
<b>Total current tax expense</b>	<b>11,000.00</b>	<b>5,822.43</b>
<b>Deferred Tax</b>		
Decrease / (increase) of deferred tax assets	2,519.60	(95.39)
(Decrease) / Increase in deferred tax liabilities	-	-
<b>Total deferred tax expense</b>	<b>2,519.60</b>	<b>(95.39)</b>
<b>Total Income tax expense recognised for the year</b>	<b>13,519.60</b>	<b>5,727.04</b>

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

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
<b>Profit before tax after exceptional items</b>	<b>48,541.15</b>	<b>23,694.65</b>
Enacted tax rate in India	25.17%	25.17%
Computed expected tax expense at enacted tax rate	<b>12,217.81</b>	<b>5,963.94</b>
Tax effect on account of tax deductions	(1,434.81)	(261.08)
Tax effect of non-deductible expenses	217.00	119.57
<b>Total Income Tax Expense recognised for the year</b>	<b>11,000.00</b>	<b>5,822.43</b>

#### 29.3 Income tax recognised in other comprehensive income

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
<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	(66.69)	215.42
<b>Total</b>	<b>(66.69)</b>	<b>215.42</b>
<b>Bifurcation of income tax recognised in other comprehensive income into:</b>		
Items that will not be reclassified to profit or loss	(66.69)	215.42
Items that may be reclassified to profit or loss	-	-
<b>Total</b>	<b>(66.69)</b>	<b>215.42</b>

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

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

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Contingent Liabilities</b>		
<b>Claims against the company not acknowledged as debt</b>		
Central Excise Demand	2,163.55	2,078.69
<b>Other money for which the company is contingently liable</b>		
Letters of Credit	3,897.07	5,809.40
Bank and other guarantees	4,533.46	1,691.39

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, 2023	As at 31 <sup>st</sup> March, 2022
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account not provided for	928.94	968.71

### 30.2 Details of dividend proposed and paid:

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
a) Final dividend paid	4,273.20	1,068.30
b) In respect of the current year, the directors propose that a dividend of ₹98.50 per share be paid on equity shares on or before 14 <sup>th</sup> August, 2023. 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 24 <sup>th</sup> July 2023. The total estimated equity dividend to be paid is ₹10,522.76 Lakhs.		

### 30.3 Disclosure as per Schedule III

As defined under Micro, Small and Medium Enterprises Development Act, 2006, the disclosure in respect of the amounts payable to such enterprises as at the end of the year has been made in the financial statements based on information received and available with the Company.

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	836.78	5,267.45
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



## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
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

### 30.4 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, 2023			As at 31 <sup>st</sup> March, 2022		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial Assets</b>						
<b>Measured at amortised cost</b>						
a) Cash and bank balances	-	-	9,045.03	-	-	5,412.71
b) Other financial assets -Non current	-	-	72,754.72	-	-	90,332.78
c) Trade receivables	-	-	30,759.80	-	-	32,250.77
d) Bank balances	-	-	60,119.22	-	-	40,724.34
e) Other financial assets -Current	-	-	4,120.43	-	-	2,865.70
f) Investments in subsidiaries	-	-	7,275.54	-	-	7,266.98
g) Investments in equity	-	16,977.40	0.14	-	16,446.92	0.14
h) Investment in Mutual funds	32,541.80	-	-	26,579.63	-	-
i) Investment in Debentures	-	-	1,316.38	-	-	1,814.88
<b>Total</b>	<b>32,541.80</b>	<b>16,977.40</b>	<b>1,85,391.26</b>	<b>26,579.63</b>	<b>16,446.92</b>	<b>1,80,668.30</b>
<b>Financial Liabilities</b>						
a) Trade Payables	-	-	72,820.96	-	-	56,862.06
b) Other financial liabilities	-	-	14,183.81	-	-	8,976.47
<b>Total</b>	<b>-</b>	<b>-</b>	<b>87,004.77</b>	<b>-</b>	<b>-</b>	<b>65,838.53</b>
<b>Financial Assets</b>	-	-	2,34,910.46	-	-	2,23,694.85
<b>Financial Liabilities</b>	-	-	87,004.77	-	-	65,838.53

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### ii) Fair Value Hierarchy

The fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022 is as follows:

Particulars	Fair value measurement at end of the reporting period using			Fair value measurement at end of the reporting period using		
	As at 31 <sup>st</sup> March, 2023			As at 31 <sup>st</sup> March, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
<b>Financial Investments at FVTOCI</b>						
Quoted Equity Investments	16,977.40	-	-	16,446.92	-	-
<b>Financial Investments at FVTPL</b>						
Mutual funds	32,541.80	-	-	26,579.63	-	-
<b>Total Financial Assets</b>	<b>49,519.20</b>	<b>-</b>	<b>-</b>	<b>43,026.55</b>	<b>-</b>	<b>-</b>

### iii) Fair Value of financial assets and liabilities measured at amortised cost

For trade receivables and trade payables and other assets and payables maturing within one year from the Balance Sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

### 30.5 Exceptional Items

Exceptional items represents compensation towards Voluntary Retirement Scheme opted by Employees ₹Nil (Previous year ₹1,716.98 Lakhs)

### 30.6 Corporate Social Responsibility Expenditure

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
Gross amount required to be spent as per Sec. 135 of the Act	258.88	301.18
<b>Amount spent during the year on:</b>		
Construction / acquisition of an asset	-	-
On purposes other than above	260.00	308.63
<b>Total</b>	<b>260.00</b>	<b>308.63</b>
Amount spent through approved trusts and institutions	255.75	213.96
Amount spent directly	4.25	94.67
<b>Total</b>	<b>260.00</b>	<b>308.63</b>

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

### 30.7 Earnings Per Share

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
Net Profit after Tax before OCI [₹ In Lakhs]	35,021.55	17,967.61
Weighted Average Number of Equity Shares used as denominator in calculating basic earnings per share	1,06,83,000	1,06,83,000
Nominal Value per Equity Share [in ₹]	10.00	10.00
Basic & Diluted Earnings Per Share [in ₹]	327.82	168.19

## Notes to the Standalone Financial Statements for the Year ended 31<sup>st</sup> March, 2023

### 30.8 Related party transactions

#### Related Party Relationships (As identified by the Management)

##### Key Management Personnel

Sri Sanjay Jayavarthanavelu, Chairman and Managing Director

Sri K. Soundhar Rajhan, Director -Operations

Sri V.Senthil, Chief Financial Officer

Sri C R Shivkumaran, Company Secretary

##### Non Executive Directors

Sri Aditya Himatsingka, Non Executive - Independent Director

Dr. Mukund Govind Rajan, Non Executive - Independent Director

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

Sri Arun Alagappan , Non Executive - Independent Director

Sri S Pathy, Non Executive - Non - Independent Director

Sri T. C. Suseel Kumar, Non Executive - Non - Independent Director (Nominee of LIC)

Sri Jaidev Jayavarthanavelu, Non Executive - Non - Independent Director

Sri Aroon Raman, Non Executive - Independent Director

##### Wholly Owned Subsidiary :

LMW Textile Machinery (Suzhou) Co. Ltd , China

LMW Aerospace Industries Limited, India

LMW Middle East FZE, UAE

##### Post Employment benefit plans

Lakshmi Machine Works Limited Employees' Gratuity Fund

##### Other companies/firms in which directors or their relatives are interested

Alampara Hotels and Resorts Private Limited, Chakradhara Aerospace and Cargo Private Limited, Chakradhara Agro Farms Private Limited, Dhanajaya Agro Farms Private Limited, Dhanuprabha Agro Private Limited, Eshaan Enterprises Private Limited, Harshni Textiles Private Limited, Hermes Academy of Training Private Limited, Lakshmi Caipo Industries Limited, Lakshmi Card Clothing Mfg Co. Private Ltd, Lakshmi Cargo Company Limited, Lakshmi Electrical Control Systems Limited, Lakshmi Electrical Drives Private Limited, Lakshmi Energy and Environment Designs Private Limited, Lakshmi Life Sciences Private Limited, Lakshmi Precision Technologies Limited, Lakshmi Ring Travellers (Coimbatore) Private Limited, LCC Cargo Holdings Private Limited, Lakshmi Technology and Engineering Industries Limited, Mahalakshmi Engineering Holdings Private Limited, Petrus Technologies Private Limited, Quattro Engineering India Private Limited, Rajalakshmi Engineering, Revantha Agro Farms Private Limited, Revantha Services Private Limited, Shri Kara Engineering Private Limited, Sowbarnika Enterprises Private Limited, Sri Dwipa Properties Private Limited, Sri Kamakoti Kamakshi Enterprises Private Limited, Starline Travels Private Limited, Sudhasruthi Agro Private Limited, Super Sales India Limited, Supreme Dairy Products India Private Limited, The Lakshmi Mills Company Limited, Titan Paints & Chemicals Private Limited, Venkatavaradhaa Agencies Private Limited, Waterfield Financial and Investment Advisors Private Limited.



## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### Key Management personnel compensation

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
Short term employee benefits	2,481.65	1,221.17
Post employment benefits	50.48	40.31
<b>Total compensation</b>	<b>2,532.13</b>	<b>1,261.48</b>

### Related Party Transactions

Particulars	Other Related Parties		Key Management Personnel		Wholly Owned Subsidiary	
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Purchase of goods	71,457.46	49,820.99	-	-	7,077.63	108.24
Sale of goods	6,443.05	4,602.78	-	-	20,720.66	11,949.23
Purchase of Fixed Assets	2,013.05	260.16	-	-	-	-
Sale of Fixed Assets	62.22	34.60	-	-	21.59	-
Rendering of Services	120.30	77.08	-	-	600.55	501.58
Receiving of Services	22,742.63	17,305.19	-	-	-	-
Contribution to Gratuity Fund	78.87	2,425.00	-	-	-	-
Agency arrangements	2,176.20	1,414.72	-	-	-	-
Managerial remuneration	-	-	2,532.13	1,261.48	-	-
Outstanding Payables	9,494.94	8,211.98	1,995.56	761.25	2,527.73	295.15
Outstanding Receivables	2,216.82	15.17	-	-	9,287.91	7,290.04

- Purchase of Goods includes LMW Textile Machinery (Suzhou) Co. Ltd ₹30.85 Lakhs (Previous Year ₹108.24 Lakhs); LMW Middle East FZE ₹ 7,046.78 Lakhs (Previous Year ₹Nil); Lakshmi Electrical Control Systems Limited ₹29,929.60 Lakhs (Previous Year ₹21,265.36 Lakhs); Lakshmi Electrical Drives Private Ltd ₹9,359.66 Lakhs (Previous Year ₹6,478.21 Lakhs); Lakshmi Life Sciences Private Limited ₹13,953.17 Lakhs (Previous Year ₹9,465.13 Lakhs); Lakshmi Precision Technologies Limited ₹7,557.80 Lakhs (Previous Year ₹5,327.76 Lakhs) & Other related Parties-Associates ₹10,657.23 Lakhs (Previous Year ₹7,284.53 Lakhs)
- Sale of Goods includes LMW Textile Machinery (Suzhou) Co. Ltd ₹10,998.99 Lakhs (Previous Year ₹11,949.23 Lakhs); LMW Middle East FZE ₹9,721.67 Lakhs (Previous Year ₹Nil); Lakshmi Electrical Control Systems Limited ₹1,607.37 Lakhs (Previous Year ₹1,084.62 Lakhs); Lakshmi Life Sciences Private Limited ₹759.97 Lakhs (Previous Year ₹599.64 Lakhs); Lakshmi Precision Technologies Limited ₹1,709.82 Lakhs (Previous year ₹791.64 Lakhs); Super Sales India Limited ₹1,224.66 Lakhs (Previous Year ₹1,637.61 Lakhs); The Lakshmi Mills Company Limited ₹875.24 Lakhs (Previous Year ₹119.17 Lakhs) & Other related Parties - Associates ₹265.99 Lakhs (Previous Year ₹370.10 Lakhs)
- Purchase of Fixed Assets includes Revantha Services Private Limited ₹2,013.05 Lakhs (Previous Year ₹260.16 Lakhs)
- Sale of Fixed Assets includes LMW Middle East FZE ₹21.59 Lakhs (Previous Year ₹Nil); Lakshmi Life Sciences Private Limited ₹45 Lakhs (Previous Year ₹28.60 Lakhs); Super Sales India Ltd ₹10 Lakhs (Previous Year ₹6 Lakhs) & Other related Parties - Associates ₹7.22 Lakhs (Previous Year ₹Nil)
- Rendering of Services includes LMW Textile Machinery (Suzhou) Co. Ltd ₹600.55 Lakhs (Previous Year ₹501.58 Lakhs); Super Sales India Limited ₹40.73 Lakhs (Previous Year ₹34.99 Lakhs); Chakradhara Aerospace and Cargo Private Ltd ₹34.03 Lakhs (Previous Year ₹19.87 Lakhs); Lakshmi Life Sciences Private Limited ₹13.73 Lakhs (Previous Year ₹16.18 Lakhs) & Others - Other Related Parties-Associates ₹31.81 Lakhs (Previous Year ₹6.04 Lakhs)
- Receiving of Services includes Chakradhara Aerospace and Cargo Private Ltd ₹15,376.80 Lakhs (Previous Year ₹12,419.13 Lakhs); Revantha Services Private Ltd ₹2,654.19 Lakhs (Previous Year ₹1,914.07 Lakhs) & Other Related Parties-Associates ₹4,711.64 Lakhs (Previous Year ₹2,971.99 Lakhs)
- Contribution to gratuity fund includes Lakshmi Machine Works Limited Employees' Gratuity Fund ₹78.87 Lakhs (Previous Year ₹2,425 Lakhs)
- Agency arrangement includes Super Sales India Limited ₹2,176.20 Lakhs (Previous Year ₹1,414.72 Lakhs)
- Managerial Remuneration includes amount paid to Chairman and Managing Director, Sri Sanjay Jayavarthanavelu ₹2,252.95 Lakhs (Previous Year ₹968.31 Lakhs); Sri. K.Soundhar Rajhan, Director Operations ₹155.51 Lakhs (Previous Year ₹182.45 Lakhs); Sri. V. Senthil,

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

Chief Financial Officer ₹75.42 Lakhs (Previous Year ₹66.22 Lakhs); Sri. C.R Shiv Kumaran, Company Secretary ₹48.25 Lakhs (Previous Year ₹44.50 Lakhs)

- 10 Outstanding Payables include LMW Textile Machinery (Suzhou) Co. Ltd ₹326 Lakhs (Previous Year ₹295.15 Lakhs); LMW Middle East FZE ₹2,201.73 Lakhs (Previous Year ₹Nil); Lakshmi Electrical Control Systems Limited ₹3,360.27 Lakhs (Previous Year ₹3,067.31 Lakhs); Lakshmi Electrical Drives Private Limited ₹1,000.32 Lakhs (Previous Year ₹1,034.75 Lakhs); Super Sales India Limited ₹2,083.13 Lakhs (Previous Year ₹1,285.90 Lakhs); Sri.Sanjay Jayavarthanavelu ₹1,995.56 Lakhs (Previous Year ₹761.25 Lakhs) & Other Related parties-Associates ₹3,051.22 Lakhs (Previous Year ₹2,824.02 Lakhs)
- 11 Outstanding Receivables include LMW Textile Machinery (Suzhou) Co. Ltd ₹5,437.46 Lakhs (Previous Year ₹7,290.04 Lakhs); LMW Middle East FZE ₹3,850.45 Lakhs (Previous Year ₹Nil); Lakshmi Electrical Control Systems Limited ₹1,003.49 Lakhs (Previous Year ₹Nil); Lakshmi Precision Technologies Limited ₹794.50 Lakhs (Previous year ₹Nil); & Others - Other Related Parties - Associates ₹418.83 Lakhs (Previous Year ₹15.17 Lakhs)

### 30.9 Employee defined benefit and contribution plans

#### I. Defined Benefit Plans

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>A. Expense recognised in Income Statement</b>				
1. Current Service cost	945.53	449.26	199.01	191.76
2. Interest expense on DBO	700.29	557.96	73.66	68.94
3. Interest (Income on plan asset)	(742.91)	(600.95)	(99.92)	(87.85)
4. Net Interest	(42.62)	(42.99)	(26.26)	(18.91)
5. Immediate recognition of (gain) / losses	-	-	75.89	(57.84)
6. Defined Benefits cost included in P & L	<b>902.91</b>	<b>406.27</b>	<b>248.64</b>	<b>115.01</b>
<b>B. Expense recognised in Comprehensive Income</b>				
1. Actuarial (gain)/Losses due to Demographic assumption changes in DBO	-	-	-	-
2. Actuarial (gain)/Losses due to financial assumption changes in DBO	(48.27)	(209.44)	(8.18)	(34.34)
3. Actuarial (gain)/Losses due to experience on DBO	(234.80)	991.51	84.06	(23.50)
4. Return on plan assets (Greater) / Less than Discount rate	18.11	79.61	74.70	-
5. Total actuarial (gain) / loss included in OCI	<b>(264.96)</b>	<b>861.68</b>	<b>150.58</b>	<b>(57.84)</b>
6. Cost recognised in P & L	<b>902.91</b>	<b>406.27</b>	<b>248.64</b>	<b>115.01</b>
7. Remeasurement effect recognised in OCI	(264.96)	861.68	-	-
8. Total defined benefit cost	<b>637.95</b>	<b>1,267.95</b>	<b>248.64</b>	<b>115.01</b>
<b>C. Net asset/Liability recognised in the Balance Sheet</b>				
1. Present value of benefit obligation	10,463.41	9,450.08	1,132.05	1,093.00
2. Fair value of plan assets	10,429.42	9,975.16	1,348.65	1,323.44
3. Funded Status [Surplus / (deficit)]	(33.99)	525.08	216.60	230.44
4. Net Asset / (Liability) recognised in balance sheet	<b>(33.99)</b>	<b>525.08</b>	<b>216.60</b>	<b>230.44</b>

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>D. Change in Present value of the Obligation during the year</b>				
1. Present value of the obligation at beginning of year	9,450.08	8,034.32	1,093.00	1,049.19
2. Current service cost	945.53	449.26	199.01	191.76
3. Interest cost	700.29	557.96	73.66	68.94
4. Benefits paid	(349.42)	(373.53)	(234.80)	(159.05)
5. Actuarial (gain) / loss on obligation	(283.07)	782.07	1.18	(57.84)
6. Present value of obligation at end of the year	<b>10,463.41</b>	<b>9,450.08</b>	<b>1,132.05</b>	<b>1,093.00</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	9,975.16	7,450.51	1,323.44	1,235.59
2. Expected return on plan assets	742.91	600.95	99.92	87.85
3. Contributions made	78.87	2,376.84	-	-
4. Benefits paid	(349.42)	(373.53)	-	-
5. Actuarial gain / (loss) on plan assets	(18.11)	(79.61)	(74.70)	-
6. Fair value of plan assets at the end of the year	<b>10,429.41</b>	<b>9,975.16</b>	<b>1,348.66</b>	<b>1,323.44</b>
7. Actual return on plan assets	724.80	521.34	25.22	87.85
<b>F. Amounts recognised in Other comprehensive Income</b>				
1. Opening unrecognised losses / (Gains)	1,702.25	840.57	-	-
2. Actuarial Loss / (Gains) on DBO	(283.07)	782.07	1.18	(57.84)
3. Actuarial Loss / (Gains) on assets	18.11	79.61	74.71	-
4. Amortisation Actuarial loss / (Gain)	-	-	75.89	(57.84)
5. Total recognised in Other comprehensive income	1,437.29	1,702.25	-	-
<b>G. Major categories of plan assets as a percentage of total plan</b>				
1. Qualifying insurance policies	10,429.41	9,975.16	1,348.66	1,323.44
2. Own plan assets-Bank balances	78.21	41.33	-	-
	<b>10,507.62</b>	<b>10,016.49</b>	<b>1,348.66</b>	<b>1,323.44</b>
<b>H. Actuarial Assumptions</b>				
1. Discount rate	7.55%	7.47%	7.55%	7.47%
2. Salary escalation	8.50%	8.50%	8.50%	8.50%
3. Attrition rate	7.00%	7.00%	7.00%	7.00%
4. Expected rate of return on plan assets	7.47%	7.11%	7.47%	7.11%
5. Mortality rate	Indian Assured Lives Mortality (2006-08) Ultimate			



## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

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 ₹500.00 Lakhs (as at 31<sup>st</sup> March, 2023: ₹78.87 Lakhs) to the defined benefit plans during the next financial year.

### I. Sensitivity Analysis

	Gratuity (Funded)		Leave Encashment (Funded)	
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Impact of +1% change in rate of discounting	(603.32)	(600.63)	(102.04)	(95.35)
Impact of -1% change in rate of discounting	670.37	669.28	121.45	113.05
Impact of +1% change in rate of salary increase	662.25	638.12	116.27	107.24
Impact of -1% change in rate of salary increase	(606.86)	(594.58)	(99.58)	(92.20)
Impact of +1% change in rate of attrition	(75.09)	(74.90)	(16.42)	(13.75)
Impact of -1% change in rate of attrition	82.37	82.43	17.26	16.00

The above sensitivity analysis are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the balance sheet.

### J. Brief description of the plans & risks

These plans typically expose the company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

#### Investment risk

The present value of the defined benefit plan liability is calculated using a discount which is determined by reference to market yields at the end of the reporting period on government bonds. Plan investment is a mix of investments in government securities, other debt instruments and equity shares of listed companies.

#### Interest Rate 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.

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 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, 2023	31 <sup>st</sup> March, 2022
Provident Fund Contribution	1,389.69	1,331.78

### 30.10 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.

OPERATING SEGMENTS	Textile Machinery Division		Machine Tool & Foundry Division		Advance Technology Centre		Total	
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Revenue from external customers	3,48,698.67	2,20,898.96	87,489.48	76,861.22	9,481.09	3,916.30	4,45,669.24	3,01,676.48
Inter Segment Revenue	6,462.72	4,937.90	9,730.63	3,388.94	-	-	16,193.35	8,326.84
Allocable other income	9,598.27	5,836.16	1,343.66	878.46	1,593.84	913.08	12,535.77	7,627.70
<b>Total Segment Revenue</b>	<b>3,64,759.66</b>	<b>2,31,673.02</b>	<b>98,563.77</b>	<b>81,128.62</b>	<b>11,074.93</b>	<b>4,829.38</b>	<b>4,74,398.36</b>	<b>3,17,631.02</b>
Less : Inter Segment Revenue							16,193.35	8,326.84
Add : Unallocable other Income							10,721.13	5,956.43
<b>Enterprise revenue</b>							<b>4,68,926.14</b>	<b>3,15,260.61</b>
<b>Result</b>								
Segment Result	34,386.32	14,274.57	6,118.82	7,338.90	333.47	(1,856.74)	40,838.61	19,756.73
Operating Profit							40,838.61	19,756.73
Add : Unallocable Other Income net of unallocable expenditure							7,702.54	3,946.46
Less : Interest Expenses							-	8.54
Income tax expenses (Current)							11,000.00	5,822.43

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

OPERATING SEGMENTS	Textile Machinery Division		Machine Tool & Foundry Division		Advance Technology Centre		Total	
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Income tax expenses (Deferred)							2,519.60	(95.39)
<b>Net Profit after Tax</b>							<b>35,021.55</b>	<b>17,967.61</b>
<b>Other Information</b>								
Segment assets	2,32,822.35	2,00,612.18	1,07,227.61	98,422.75	5,711.33	3,251.86	3,45,761.29	3,02,286.79
Add : Unallocable corporate assets							60,671.64	59,894.98
<b>Enterprise Assets</b>							<b>4,06,432.93</b>	<b>3,62,181.77</b>
Segment Liabilities	1,46,320.77	1,41,357.31	23,541.15	19,554.22	1,639.80	333.99	1,71,501.72	1,61,245.52
Add : Unallocable corporate liabilities							2,34,931.21	2,00,936.25
<b>Enterprise Liabilities</b>							<b>4,06,432.93</b>	<b>3,62,181.77</b>
Capital Expenditure	17,762.73	5,755.68	4,996.45	1,710.14	2,950.34	491.44	25,709.52	7,957.26
Depreciation	5,928.25	4,424.27	558.62	398.12	856.17	759.51	7,343.04	5,581.90

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.

### Information about major customers

There is no single customer contributing to 10% or more to the company's revenue for both 2022-23 and 2021-22.

### Segment Assets and Liabilities

Operating Segment	Segment Assets		Segment Liabilities	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Textile machinery division	2,32,822.35	2,00,612.18	1,46,320.77	1,41,357.31
Machine tool & foundry division	1,07,227.61	98,422.75	23,541.15	19,554.22
Advanced technology centre	5,711.33	3,251.86	1,639.80	333.99
<b>Total Segment assets &amp; segment liabilities</b>	<b>3,45,761.29</b>	<b>3,02,286.79</b>	<b>1,71,501.72</b>	<b>1,61,245.52</b>
<b>Adjustments of unallocated assets and liabilities</b>				
Share capital	-	-	1,068.30	1,068.30
Reserves and Surplus	-	-	2,28,931.13	1,97,454.04
Investments	58,111.26	52,108.55	-	-
Advance tax	2,560.38	7,786.43	-	-
Deferred tax	-	-	4,843.38	2,323.78
Unpaid Dividends	-	-	88.40	90.13
<b>Total assets &amp; liabilities as per Balance sheet</b>	<b>4,06,432.93</b>	<b>3,62,181.77</b>	<b>4,06,432.93</b>	<b>3,62,181.77</b>



## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### Geographical information

The company operates in two principal geographical area, India (country of domicile) and outside India.

The company's revenue from external customers based on location of customers is as per the table below:

Particulars	Revenue from external customers	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Inside India	3,48,134.60	2,38,262.34
Outside India	97,534.64	63,414.14
	<b>4,45,669.24</b>	<b>3,01,676.48</b>

### 30.11 Approval of financial statements

The financial statements were reviewed and recommended by the Audit Committee and has been approved by the Board of Directors at their meeting held on 24<sup>th</sup> May 2023.

### 30.12 Details of Leasing Arrangements

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>As Lessor</b>		
<b>Operating lease</b>		
The Company has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period upto 10 years and may be renewed for a further period based on mutual agreement of the parties.		
<b>Future minimum lease receipts</b>		
Not later than one year	42.00	42.00
Later than one year and not later than five years	168.00	168.00
More than 5 years	168.00	210.00

### 30.13 Revenue Recognition

The company derives revenue primarily from the sale of Textile Machinery, machine tools, castings and aero space parts.

Revenue is recognised 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 recognised 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 recognised 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 recognised in gross by the company.

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Revenue from operations for the year ended 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022 is as follows:

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
(i) Revenue from sale of products	4,45,669.24	3,01,676.48
(ii) Revenue from rendering of services	7,653.92	5,482.88
<b>Total revenue from operations</b>	<b>4,53,323.16</b>	<b>3,07,159.36</b>

### 30.14 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 Company 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	
		As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Sundry creditors	CHF	2,32,489	2,10,187	209.08	173.19
	EUR	19,08,092	26,66,390	1,703.46	2,241.37
	GBP	35,498	23,785	36.05	23.74
	JPY	21,79,32,616	21,46,67,099	1,347.76	1,342.21
	SEK	85,000	-	6.75	-
	SGD	6,102	36,505	3.77	20.46
Sundry Debtors	USD	53,87,842	18,02,820	4,424.11	1,368.35
	CNY	-	2,22,73,739	-	2,658.93
	EUR	8,97,408	3,94,198	770.93	331.99
	GBP	22,799	52,597	22.63	52.31
	USD	2,16,96,816	2,12,29,431	17,620.46	16,090.32

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Amount in foreign currency		Equivalent INR	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Cash and Bank Balances				
	BDT	13,44,867	5,34,458	10.33
	KES	-	3,91,174	-
	TRY	81,229	65,692	3.48
	USD	45,269	25,845	37.20
	VND	4,83,70,838	1,28,43,670	1.70

The Company is mainly exposed to USD and EUR.

### Foreign currency sensitivity analysis

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 5% against the respective functional currencies.

Particulars	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>Sundry creditors</b>		
USD	4,424.11	1,368.35
Euro	1,703.46	2,241.37
<b>Sundry Debtors</b>		
USD	17,620.46	16,090.32
Euro	770.93	331.99
<b>Net receivable</b>		
USD	13,196.35	14,721.97
Euro	(932.53)	(1,909.38)
<b>Total</b>	<b>12,263.82</b>	<b>12,812.59</b>
Impact on profit : 5 % increase in currency rate	613.19	640.63
Impact on profit : 5 % decrease in currency rate	(613.19)	(640.63)

**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.

### Interest rate sensitivity analysis

The entity prepares sensitivity analysis for interest rate risk associated with fixed deposits by assuming various magnitudes of interest rate changes, which includes a 0.25% increase or decrease in interest rates.

Particulars	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Fixed deposits in Banks	1,31,546.75	1,28,381.77
Impact on profit : increase of 25 basis points	328.87	320.95
Impact on profit : decrease of 25 basis points	(328.87)	(320.95)

**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.



## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### Price sensitivity analysis

The sensitivity analysis for equity price risk is conducted by assuming a range of equity price changes, which involves a 5% increase or decrease in equity prices. Additionally, we take into account other relevant factors such as changes in equity prices for different equity markets and individual equity securities, correlations between these markets and securities, and the holding period.

Particulars	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Fair value of Equity investments	16,977.40	16,446.92
Impact on Other Comprehensive Income :increase by 5%	848.87	822.35
Impact on Other Comprehensive Income :decrease by 5%	(848.87)	(822.35)

**Credit risk** – Credit risk arises from the risk of default on its obligation by the counterparty resulting in financial loss, such as cash and cash equivalents and outstanding receivables.

Credit risk on cash and cash equivalents is considered negligible as the company generally invests in fixed deposits with reputable banks. They are not impaired or past due for each of the reporting dates.

Credit risk on outstanding receivables is the exposure to billed receivable and are normally unsecured and derived from revenue earned from customer mostly from India. Credit risk is managed by the company through credit approvals and continuously monitoring the credit worthiness of the customer to which the company grants credit in the normal course of business. The company applied simplified approach of estimated credit loss for trade receivable, which provide for expected credit loss based on life-time expected losses. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The Company does not have any significant credit risk exposure to any single counterparty.

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

**Liquidity risk** – Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The company's principal source of liquidity is from cash and cash equivalent and the cash flow from operations. The company does not have any external borrowings from banks or any other financial institution. The company believes that the working capital through internal accruals is sufficient to meet its current requirements and hence the Company does not perceive any such risk.

### Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

### Equity Price risk

Equity Price risk is related to the change in market reference price of the investments in equity securities. The fair value of some of the Company's investments measured at fair value through other comprehensive income exposes the Company to equity price risks. These investments are subject to changes in the market price of securities. The fair value of Company's investment in quoted equity securities as of 31<sup>st</sup> March 2023 and 2022 was ₹16,977.40 Lakhs and ₹16,446.92 Lakhs respectively.

A 5% change in equity price as of 31<sup>st</sup> March 2023 and 2022 would result in an impact of ₹848.87 Lakhs and ₹822.35 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.

## Notes to the Standalone Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

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.

**30.15** Revenue Expenditure on Research & Development of Textile Machinery Division amounting to ₹3,594.52 Lakhs (FY 2021-22 ₹1,805.97 Lakhs) and for Machine Tool Division amounting to ₹1,589.64 Lakhs (FY 2021-22 ₹398.83 Lakhs) has been charged to Statement of Profit and Loss and Capital expenditure relating to Research and Development for Textile Machinery Division amounting to ₹431.15 (FY 2021-22 ₹Nil) and for Machine Tool Division amounting to ₹Nil (FY 2021-22 ₹Nil) has been included in Fixed Assets.

### 30.16 Additional regulatory information required by Schedule III

i) Details of benami property held

No proceedings have been initiated on or are pending against the company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

ii) Wilful Defaulter

The company had not been declared a wilful defaulter by any bank or Financial Institution or other lender (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines of the wilful defaulter issued by the Reserve Bank of India.

iii) Relationship with struckoff companies

Name of Struck off Company	Nature of transactions	Transactions during the year ended 31 <sup>st</sup> March 2023	Balance outstanding at the end of the year as at 31 <sup>st</sup> March 2023	Relationship with the Struck off company, if any, to be disclosed
Oswal Denims Limited	Sale of Textile Machinery & Spares	22.08	0.54	Customer
Gotech India Private Limited	Textile Machinery Services Charges	0.07	0.07	Customer

iv) Compliance with number of layers of companies

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

v) Compliance with approved scheme(s) of arrangements

No scheme of arrangement has been approved by the competent authority in terms of Section 230 to 237 of the Companies Act, 2013.

vi) Utilisation of borrowed funds

The Company does not have borrowed funds.

vii) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

viii) Details of crypto currency or virtual currency

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

ix) Valuation of Property, Plant & Equipment, intangible asset and investment property

The Company has not revalued its property, plant and equipment or intangible assets or both during the current or previous year.

## Notes to the Standalone Financial Statements for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, except ratio)

### 30.17 Disclosure of Ratios

Sl. No.	Ratio	Numerator	Denominator	FY 22-23			FY 21-22			Remarks
				Numerator	Denominator	Ratio	Numerator	Denominator	Ratio	
1	Current Ratio	Current Assets	Current Liabilities	2,19,547	1,38,169	1.59	1,77,661	1,18,671	1.50	6.14%
2	Debt-Equity Ratio	Long Term Debts	Shareholder's Equity							
3	Debt Service Coverage Ratio	Earnings Available For Debt Service	Debt Service							
4	Return On Equity Ratio	Net Profits After Taxes – Preference Dividend	Average Shareholder's Equity	35,022	2,14,261	16.35%	17,968	1,88,274	9.54%	Increase due to higher profitability
5	Inventory Turnover Ratio	Turnover	Average Inventory	4,45,669	57,074	7.81	3,01,676	41,087	7.34	6.35%
6	Trade Receivables Turnover Ratio	Turnover	Average Trade Debtors	4,45,669	31,505	14.15	3,01,676	25,373	11.89	18.98%
7	Trade Payables Turnover Ratio	Total Purchases	Average Trade Creditors	3,15,300	64,842	4.86	2,16,790	50,110	4.33	12.40%
8	Net Capital Turnover Ratio	Turnover	Working Capital	4,45,669	81,378	5.48	3,01,676	58,990	5.11	7.09%
9	Net Profit Ratio	Net Profit After Taxes	Turnover	35,022	4,45,669	7.86%	17,968	3,01,676	5.96%	31.94%
10	Return On Capital Employed	Net Profit Before Interest And Taxes	Capital Employed	48,541	2,34,843	20.67%	23,695	2,00,846	11.80%	75.20%
11	Return On Investment	Income generated from Investments	Time weighted average investments	1,582	28,032	5.64%	888	17,594	5.05%	11.78%

**30.18** Further, previous years' figures have been regrouped / reclassified, wherever necessary, to conform with the current period presentation.

In terms of our report attached

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

**B. Krishnamoorthi**, Partner, Membership No. 020439  
Place : Coimbatore, Date : 24<sup>th</sup> May, 2023

For and on behalf of the Board of Directors

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

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

**V. Senthil**  
Chief Financial Officer

**C R Shivkumaran**  
Company Secretary



## FORM AOC 1

(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.	::	3
2. Name of the subsidiary	::	LMW Textile Machinery (Suzhou) Co. Ltd., China
		LMW Aerospace Industries Limited, India
		LMW Middle East FZE, UAE
3. The date since when subsidiary was acquired	::	
LMW Textile Machinery (Suzhou) Co. Ltd., China		04.09.2008
LMW Aerospace Industries Limited, India		16.03.2021
LMW Middle East FZE, UAE		04.02.2022
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period	::	
LMW Textile Machinery (Suzhou) Co. Ltd., China		1 <sup>st</sup> January 2022 to 31 <sup>st</sup> December 2022; (1 <sup>st</sup> April 2022 to 31 <sup>st</sup> March 2023- For consolidation purpose)
LMW Aerospace Industries Limited, India		1 <sup>st</sup> April 2022 to 31 <sup>st</sup> March 2023
LMW Middle East FZE, UAE		1 <sup>st</sup> April 2022 to 31 <sup>st</sup> March 2023
5. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	::	
LMW Textile Machinery (Suzhou) Co. Ltd., China		RMB (Chinese Yuan); Closing Exchange rate as at 31 <sup>st</sup> March 2023 - 1 RMB = ₹11.95 (Previous year ₹11.97)
LMW Middle East FZE, UAE		AED; Closing Exchange rate as at 31 <sup>st</sup> March 2023 - 1 AED = ₹22.28 (Previous year ₹20.67)

	LMW Textile Machinery (Suzhou) Co.Limited, China		LMW Aerospace Industries Limited, India		LMW Middle East FZE, UAE	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
6. Share capital	6,513.67	6,513.67	250.00	250.00	511.87	503.30
7. Reserves & Surplus	3,888.29	1,303.75	-	-	805.49	(27.38)
8. Total assets	18,237.39	17,197.56	250.10	250.10	7,246.86	713.58
9. Total liabilities	18,237.39	17,197.56	250.10	250.10	7,246.86	713.58
10. Investments	-	-	-	-	-	-
11. Turnover	27,221.88	22,176.20	-	-	12,049.11	-
12. Profit before taxation	2,376.29	196.90	-	-	812.47	(34.57)
13. Provision for taxation	-	-	-	-	-	-
14. Profit after taxation	2,376.29	196.90	-	-	812.47	(34.57)
15. Proposed Dividend	-	-	-	-	-	-
16. Extent of shareholding [In %]	100.00	100.00	100.00	100.00	100.00	100.00
17. Names of subsidiaries which are yet to commence operations	LMW Aerospace Industries Limited, India					
18. Names of subsidiaries which have been liquidated or sold during the year	Not applicable					

## Part B : Associates and Joint ventures

Statement pursuant to section 129(3) of the Companies act, 2013 related to Associate Companies and Joint ventures

### Not Applicable

Name of associates/Joint ventures	
1. Latest audited Balance Sheet Date	
2. Date on which the Associate or Joint Venture was associated or acquired	
3. Shares of associate/Joint ventures held by the company on the year end	
No.	
Amount of investment in associates/joint venture	
Extent of holding [In %]	
4. Description of how there is significant influence	
5. Reason why the associate/joint venture is not consolidated	

6. Net worth attributable to shareholding as per latest audited Balance Sheet	
7. Profit/loss for the year	
i) considered in consolidation	
ii) not considered in consolidation	
8. Names of associates or joint ventures which are yet to commence operations	
9. Names of associates or joint ventures which have been liquidated or sold during the year	

See accompanying notes to financial statements

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

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

**Place :** Coimbatore  
**Date :** 24<sup>th</sup> May, 2023

For and on behalf of the Board of Directors

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

**V. Senthil**  
Chief Financial Officer

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

**C R Shivkumaran**  
Company Secretary



# Independent Auditor's Report

TO THE MEMBERS OF **LAKSHMI MACHINE WORKS LIMITED**  
Report on the Audit of the Consolidated Financial Statements

## Opinion

We have audited the consolidated financial statements of **LAKSHMI MACHINE WORKS LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2023, and the consolidated statement of Profit and Loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, Notes to the Financial Statements and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles

## Key Audit Matters

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

KEY AUDIT MATTER	RESPONSE TO KEY AUDIT MATTER
<p><b>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in respect of "Revenue from contracts with Customers" under Ind AS 115.</b></p> <p>The application of this revenue accounting standard involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period, and disclosures including</p>	<p>Our audit approach consisted testing of the design and operating effectiveness of internal controls and procedures as follows:</p> <ul style="list-style-type: none"> <li>Evaluated the effectiveness of controls over the preparation of information that are designed to ensure the completeness and accuracy.</li> <li>Selected a sample of existing continuing contracts and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations</li> </ul>

generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2023, consolidated profit, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

## Basis for Opinion

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

<p>presentations of balances in the financial statements. Estimated efforts is a critical estimate to determine revenue, as it requires consideration of progress of the contract, efforts incurred till date, efforts required to complete the remaining performance obligation.</p>	<p>and determination of transaction price.</p> <ul style="list-style-type: none"> <li>• Tested the relevant information, accounting systems and change relating to contracts and related information used in recording and disclosing revenue in accordance with Ind AS 115.</li> <li>• Reviewed a sample of contracts to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations.</li> <li>• Performed analytical procedures and test of details for reasonableness and other related material items.</li> </ul>
<p><b>Assessment of carrying value of investments</b></p> <p>The Group has invested in listed equity instruments and debt instruments. We consider this a key audit matter given the relative significance of the value of investments.</p>	<p>Our procedures in relation to assessing the carrying value of investments include the following observations.</p> <ul style="list-style-type: none"> <li>• The equity investments are carried at fair value as on 31<sup>st</sup> March 2023.</li> <li>• During the year the Group has made new investments in Non-convertible debentures. All the investments in debentures are measured at cost.</li> <li>• The Group has also invested in debt oriented mutual funds, and the same has also been recognised at fair market value as on 31<sup>st</sup> March 2023.</li> </ul>
<p><b>Assessment of Contingent Liability</b></p> <p>There are a number of litigations pending before various forums against the Group and the management's judgement is required for estimating the amount to be disclosed as contingent liability. We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of these matters which requires application of judgment in interpretation of law. Accordingly, our audit was focused on analyzing the facts of subject matter under consideration and judgments/ interpretation of law involved.</p> <p>(Refer Note 30.2 to the consolidated financial statements)</p>	<p>The audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining a detailed understanding of the processes and controls of the Management with respect to claims or disputes.</li> <li>• Performing following procedures on samples selected:</li> <li>• Understanding the matters by reading the correspondences, communications, minutes of the management meeting.</li> <li>• Making corroborative inquiries with appropriate level of the management personnel including status update, expectation of outcomes with the basis, and the future course of action contemplated by the Group, and perusing legal opinions, if any, obtained by the Management.</li> <li>• Obtaining direct confirmation from the legal attorneys of the Group and considering their opinions / probability assessment of the outcomes.</li> <li>• Evaluating the evidence supporting the judgement of the management about possible outcomes and the reasonableness of the estimates.</li> <li>• Evaluating appropriateness of adequate disclosures in accordance with the applicable accounting standards.</li> </ul>

## Other Matters

We did not audit the financial statements of two subsidiaries LMW Textile Machinery (Suzhou) Co. Ltd., and LMW Middle East FZE whose Ind AS financial statements reflect total assets of ₹24,417.08 Lakhs as at 31<sup>st</sup> March 2023 and total turnover of ₹39,270.99 Lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the Group's share of profit of ₹3,188.76 Lakhs for the year ended 31<sup>st</sup> March 2023 as considered in the consolidated financial statements, in respect of the subsidiary, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports

have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

During Financial Year 2022-23, there were no transactions in LMW Aerospace Industries Ltd.

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

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

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

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

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

### **Responsibilities of Management and those charged with governance for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles

generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group and of its associates.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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



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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements.
- We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Holding Company and such other entity included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated statement of Cash Flows and the Consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
  - d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Holding Company and the subsidiary (LMW Aerospace Industries Limited) as on 31<sup>st</sup> March, 2023 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding company and the above mentioned subsidiary incorporated in India is disqualified as on 31<sup>st</sup> March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our Report express an Unmodified opinion on the adequacy and operating effectiveness of internal financial controls over the financial reporting of those companies.
  - g) With respect to other matters to be included in the Auditor's Report in accordance with requirements of section 197(16) of the Act, as amended:

In our opinion and 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 in accordance with the provisions of section 197 of the Act.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note No. 30.2 to the Consolidated Financial Statements.
    - ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note No.18 to the Consolidated Financial Statements.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company.
    - iv. (a) The respective Management of the company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or the subsidiary (LMW Aerospace Industries Ltd) to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or the subsidiary (LMW Aerospace Industries Ltd) ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (b) The respective Management of the company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or the subsidiary (LMW Aerospace Industries Ltd) from any other person or entity, including foreign entity ("Funding parties"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries..
  - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, performed by us on the Holding company and its subsidiary (LMW Aerospace Industries Ltd) which are companies incorporated in India whose Financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
- (b) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 , to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the company included in the Consolidated Financial Statements to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

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

**B. Krishnamoorthi**  
Partner  
Membership No.020439  
UDIN: 23020439BGUGTN4476

**Place :** Coimbatore  
**Date :** 24<sup>th</sup> May, 2023



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

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Lakshmi Machine Works Limited** of even date)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls over financial reporting of **LAKSHMI MACHINE WORKS LIMITED** (hereinafter referred to as "the Company"), the holding company and its subsidiary (LMW Aerospace Industries Limited) which are companies incorporated in India as on that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary (LMW Aerospace Industries Limited) which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding company and its subsidiary (LMW Aerospace Industries Limited) which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and

the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control 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 control system over financial reporting of the Holding company and its subsidiary (LMW Aerospace Industries Limited) which are companies incorporated in India.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made

only in accordance with 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 Holding company and its subsidiary (LMW Aerospace Industries Limited) which are companies incorporated in India, have, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**B. Krishnamoorthi**  
Partner  
Membership No.020439  
UDIN : 23020439BGUGTN4476

**Place :** Coimbatore  
**Date :** 24<sup>th</sup> May, 2023

## Consolidated Balance Sheet

As at 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	3	88,743.94	70,786.20
Capital work-in-progress	3	2,438.44	592.94
Other Intangible assets	4	1,539.96	1,315.34
Financial Assets			
(i) Investments	5	18,293.92	18,261.94
(ii) Other financial assets	9	72,784.20	90,743.57
<b>Total Non - Current Assets</b>		<b>1,83,800.46</b>	<b>1,81,699.99</b>
<b>Current Assets</b>			
Inventories	6	70,179.75	51,514.25
Financial Assets			
(i) Investments	5	32,541.80	26,579.63
(ii) Trade receivables	7	23,256.11	32,238.40
(iii) Cash and cash equivalents	8(a)	15,744.01	7,851.08
(iv) Bank balances other than (iii) above	8(b)	60,394.01	41,599.17
(v) Other financial assets	9	4,120.43	2,865.70
Current Tax Assets (Net)	10	2,560.38	7,786.43
Other current assets	11	16,408.98	12,471.85
<b>Total Current Assets</b>		<b>2,25,205.47</b>	<b>1,82,906.51</b>
<b>Total Assets</b>		<b>4,09,005.93</b>	<b>3,64,606.50</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	12	1,068.30	1,068.30
Other Equity	13	2,32,786.59	1,97,949.61
<b>Equity attributable to owners of the Company</b>		<b>2,33,854.89</b>	<b>1,99,017.91</b>
<b>Total Equity</b>		<b>2,33,854.89</b>	<b>1,99,017.91</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Deferred tax liabilities (Net)	14	4,843.38	2,323.78
Other non-current liabilities	15	33,421.39	42,664.22
<b>Total Non - Current Liabilities</b>		<b>38,264.77</b>	<b>44,988.00</b>
<b>Current Liabilities</b>			
Financial Liabilities			
(i) Trade payables	16		
Due to Micro and Small Enterprises		836.78	5,267.45
Due to Others		65,955.82	49,735.24
(ii) Other financial liabilities	17	17,021.77	11,129.68
Provisions	18	1,811.58	1,206.71
Other current liabilities	19	51,260.32	53,261.51
<b>Total Current Liabilities</b>		<b>1,36,886.27</b>	<b>1,20,600.59</b>
<b>Total Liabilities</b>		<b>1,75,151.04</b>	<b>1,65,588.59</b>
<b>Total Equity and Liabilities</b>		<b>4,09,005.93</b>	<b>3,64,606.50</b>

See accompanying notes to financial statements

30

In terms of our report attached  
For **S. Krishnamoorthy & Co**  
Firm Registration No. 0014965  
Chartered Accountants

**B. Krishnamoorthi**  
Partner  
Membership No. 020439  
**Place** : Coimbatore  
**Date** : 24<sup>th</sup> May, 2023

For and on behalf of the Board of Directors

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

**V. Senthil**  
Chief Financial Officer

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

**C R Shivkumaran**  
Company Secretary



## Consolidated Statement of Profit & Loss

For the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	Year ended 31 <sup>st</sup> March, 2023	Year ended 31 <sup>st</sup> March, 2022
<b>INCOME</b>			
Revenue from operations	20	4,71,914.94	3,17,095.41
Other income	21	14,782.02	6,833.75
<b>Total income</b>		<b>4,86,696.96</b>	<b>3,23,929.16</b>
<b>EXPENSES</b>			
Cost of materials consumed	22	3,08,378.85	2,05,793.84
Purchase of stock in trade		-	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(7,696.89)	(5,065.87)
Employee benefit expense	24	37,989.84	31,428.06
Depreciation and amortisation expense	25	7,773.54	5,972.45
Impairment loss on financial assets	26	346.05	78.26
Other expense	27	87,984.07	60,164.87
Finance costs	28	-	8.54
<b>Total Expenses</b>		<b>4,34,775.46</b>	<b>2,98,380.15</b>
<b>Profit before exceptional items and tax</b>		<b>51,921.50</b>	<b>25,549.01</b>
<b>Exceptional items</b>			
Voluntary retirement scheme payments	30.6	-	1,716.98
<b>Profit before tax after exceptional items</b>		<b>51,921.50</b>	<b>23,832.03</b>
Tax Expense	29		
Current tax	29.1	11,000.00	5,822.43
Deferred tax	29.1	2,519.60	(95.39)
<b>Total Tax expense</b>		<b>13,519.60</b>	<b>5,727.04</b>
<b>Profit after tax from continuing operations for the year</b>		<b>38,401.90</b>	<b>18,104.99</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		530.47	4,243.49
Remeasurement of post-employment defined benefit plans		264.96	(861.68)
Income-tax relating to these items		(66.69)	215.42
<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>728.74</b>	<b>3,597.23</b>
<b>Total Comprehensive Income for the year to owners of equity</b>		<b>39,130.64</b>	<b>21,702.22</b>
Basic Earnings per share [In ₹][Face value ₹10/- per share]		359.47	169.47
Diluted Earnings per share [In ₹][Face value ₹10/- per share]		359.47	169.47

See accompanying notes to financial statements

30

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

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

Place : Coimbatore  
Date : 24<sup>th</sup> May, 2023

For and on behalf of the Board of Directors

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

**V. Senthil**  
Chief Financial Officer

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

**C R Shivkumaran**  
Company Secretary

## Consolidated Statement of Changes in Equity

for the year ended 31<sup>st</sup> March, 2023

Equity Share Capital

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2023
<b>Opening Balance</b>	<b>1,068.30</b>	<b>1,068.30</b>
Changes in equity share capital during the year	-	-
<b>Closing Balance</b>	<b>1,068.30</b>	<b>1,068.30</b>

Particulars	Reserves and Surplus						Other Comprehensive Income						Total
	Capital Reserve	Securities Premium	Capital Redemption Reserve	General Reserve	Retained Earnings	FCTR	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income (specify nature)	
Balance at the beginning of the year	701.49	-	168.62	17,282.90	1,64,768.65	642.61	-	14,385.34	-	-	-	-	1,97,949.61
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the year	-	-	-	-	198.27	-	-	530.47	-	-	-	-	728.74
Total Comprehensive Income for the year	-	-	-	-	(4,273.20)	-	-	-	-	-	-	-	(4,273.20)
Dividends	-	-	-	-	38,401.90	-	-	-	-	-	-	-	38,401.90
Transfer to retained earnings	-	-	-	-	(3,500.00)	(20.46)	-	-	-	-	-	-	(20.46)
Transfer to General Reserve	-	-	3,500.00	-	-	-	-	-	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>701.49</b>	<b>-</b>	<b>168.62</b>	<b>20,782.90</b>	<b>1,95,595.62</b>	<b>622.15</b>	<b>-</b>	<b>14,915.81</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,32,786.59</b>
<b>Consolidated Statement of Changes in Equity for the year ended 31<sup>st</sup> March 2022</b>													
Balance at the beginning of the year	701.49	-	168.62	15,482.90	1,50,178.22	287.84	-	10,141.85	-	-	-	-	1,76,960.92
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the year	-	-	-	-	(646.26)	-	-	4,243.49	-	-	-	-	3,597.23
Total Comprehensive Income for the year	-	-	-	-	(1,068.30)	-	-	-	-	-	-	-	(1,068.30)
Dividends	-	-	-	-	18,104.99	-	-	-	-	-	-	-	18,104.99
Transfer to retained earnings	-	-	-	1,800.00	(1,800.00)	354.77	-	-	-	-	-	-	354.77
Transfer to General Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>701.49</b>	<b>-</b>	<b>168.62</b>	<b>17,282.90</b>	<b>1,64,768.65</b>	<b>642.61</b>	<b>-</b>	<b>14,385.34</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,97,949.61</b>

See accompanying notes to financial statements

In terms of our report attached

For **S. Krishnamoorthy & Co**

Firm Registration No.0014965, Chartered Accountants

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

Place : Coimbatore, **Date** : 24<sup>th</sup> May, 2023

For and on behalf of the Board of Directors

**Sanjay Jayavarthanavelu**

Chairman and Managing Director

DIN: 00004505

**K. Soundhar Rajhan**

Director Operations

DIN: 07594186

**V. Senthil**

Chief Financial Officer

**CR Shivkumar**

Company Secretary

## Consolidated Cash Flow Statement

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31 <sup>st</sup> March, 2023		Year ended 31 <sup>st</sup> March, 2022	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit after exceptional items but before tax		51,921.50		23,832.03
(VRS Expenses of ₹ Nil (P.Y. ₹1,716.98 Lakhs)				
<b>Adjustments for :</b>				
Depreciation and amortisation expense	7,773.54		5,972.45	
Finance costs	-		8.54	
Profit on sale of assets	(2,415.06)		(99.37)	
Loss on sale of assets	92.43		7.57	
Interest income	(6,791.26)		(5,025.37)	
Dividend income	(113.72)		(12.04)	
Income from Mutual funds	(1,468.21)		(876.20)	
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents	0.10	(2,922.18)	0.33	(24.09)
<b>Operating Profit before working capital changes</b>		<b>48,999.32</b>		<b>23,807.94</b>
<b>Adjustments for (increase) / decrease in operating assets</b>				
Trade receivables	8,982.29		(14,422.99)	
Inventories	(18,665.50)		(17,021.26)	
Other financial assets-Non Current	458.29		(814.92)	
Other financial assets- Current	(722.69)		(61.07)	
Other Current assets	(3,937.03)		(4,676.07)	
<b>Adjustments for increase / (decrease) in operating liabilities</b>				
Trade payables	11,789.91		11,817.33	
Other non current liabilities	(9,242.83)		29,184.56	
Provisions	604.87		(32.65)	
Other financial liabilities	5,915.64		3,253.06	
Other current liabilities	(2,001.19)	(6,818.24)	23,734.42	30,960.41
<b>Cash used in/ generated from operations</b>		<b>42,181.08</b>		<b>54,768.35</b>
Taxes paid		(5,766.73)		(6,291.60)
<b>Net Cash used in/generated from operations</b>	<b>[A]</b>	<b>36,414.35</b>		<b>48,476.75</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Property, Plant and Equipments		(27,810.74)		(7,606.41)
Proceeds from sale of assets		2,502.12		213.56
Interest received		6,328.61		4,287.53
Dividend received		113.72		12.04
Investment in Mutual funds / Debentures (net)		(3,995.46)		(11,145.31)
(Increase) / Decrease in Bank balances not considered as cash and cash equivalent		(1,363.15)		(30,543.14)
<b>Net cash used in investing activities</b>	<b>[B]</b>	<b>(24,224.90)</b>		<b>(44,781.73)</b>



## Consolidated Cash Flow Statement (Contd.)

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars		Year ended 31 <sup>st</sup> March, 2023	Year ended 31 <sup>st</sup> March, 2022
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>			
Dividends paid		(4,273.20)	(1,068.30)
Transfer of Unpaid Dividends to IEPF		(23.55)	(18.76)
Finance cost		-	(8.54)
<b>Net cash used in financing activities</b>	<b>[C]</b>	<b>(4,296.75)</b>	<b>(1,095.60)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>[A+B+C]</b>	<b>7,892.70</b>	<b>2,599.42</b>
Cash and cash equivalents at beginning of the period	<b>[D]</b>	7,851.41	5,251.99
Cash and cash equivalents at end of the period	<b>[E]</b>	15,744.11	7,851.41
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(E-D)</b>	<b>7,892.70</b>	<b>2,599.42</b>
<b>Cash &amp; Cash equivalents as per Balance Sheet</b>		<b>15,744.01</b>	<b>7,851.08</b>
Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents		0.10	0.33
<b>Cash and Cash equivalents as per Cash flow Statement</b>		<b>15,744.11</b>	<b>7,851.41</b>

See accompanying notes to financial statements

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

**B. Krishnamoorthi**  
Partner  
Membership No. 020439  
Place : Coimbatore  
Date : 24<sup>th</sup> May, 2023

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, 2023

## 1. Corporate Information

Lakshmi Machine Works Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The address of its registered office and principal place of business are disclosed in the introduction to the Annual report. Its shares are listed on two stock exchanges in India, the National Stock Exchange of India Limited [NSE] and the BSE Limited [BSE]. The company is engaged in the manufacturing and selling of textile spinning machinery, CNC Machine Tools, Heavy castings and parts and components for Aero space industry. The company caters to both domestic and international markets. The financial statements are approved for issue by the Company's Board of Directors on 24<sup>th</sup> May, 2023.

## 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 Rule 3 of 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").

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.

### a) Current and Non-Current Classification

The group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The group classifies all other liabilities as non-current.

### b) Functional and Presentation Currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). Indian rupee is the presentation currency of the Group.

The financial statements are presented in Indian Rupees (₹) which is the Group's presentation currency. All financial information presented in Indian Rupees has been rounded up to the nearest Lakhs except where otherwise indicated.

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

### c) Use of Estimates

The preparation of consolidated financial statements in conformity with Ind AS requires the management to make estimates and judgements that affect the reported amounts of assets, liabilities, revenue, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Group may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. Changes in estimates are reflected in the consolidated financial statements in the year in which the changes are made.

Significant estimates and assumptions are used for, but not limited to,

- i) Estimation of useful life of Property, Plant and Equipment – Refer Note 2.3 & Note 3
- ii) Estimation of useful life of Intangible Assets – Refer – Note 2.4 & Note 4
- iii) Provisions and Contingent Liabilities – Refer Note 2.18 and Note 30.2
- iv) Recognition of deferred taxes – Refer Note 2.17 and Note 14
- v) Key actuarial assumptions for measurement of future obligations under employee benefit plans – Refer Note 2.15 and Note 30.10

### d) Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting standards) Amendment Rules, 2023 dated March 31, 2023, to amend the following Ind AS Which are effective from April 1, 2023.

#### i) Definition of Accounting estimates – Amendments to Ind AS 8 :

The amendments clarify the distinction between the changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after April 1, 2023 and apply changes in accounting policies and changes in accounting estimates that occur on or after the start of the period.

The amendments are not expected to have a material impact on the Group's financial statements.

### ii) Disclosure of Accounting Policies – Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirements for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to Ind AS 1 are applicable for annual periods beginning on or after April 1, 2023. Consequential amendments have been made in Ind AS 107.

The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

### iii) Deferred Tax related to Assets and Liabilities arising from single transaction – Amendments to Ind AS 12

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its consolidated financial statement.

### e) Basis of consolidation

- (i) Lakshmi Machine Works Limited consolidates entities which it owns or controls. The Consolidated financial statements comprise the financial statements of the Company and



# Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

its subsidiaries. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

- (ii) The financial statements of the Holding Company and its subsidiaries are combined on a line-by-line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.
- (iii) Profits or losses resulting from intra-group transactions that are recognised in assets, such as Inventory and Property, Plant and Equipment, are eliminated in full.
- (iv) In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve (FCTR).
- (v) The audited / unaudited financial statements of foreign subsidiaries have been prepared in accordance with the Generally Accepted Accounting Principle of its Country of Incorporation or Ind AS.
- (vi) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.
- (vii) The carrying amount of the parent's investment in each subsidiary is offset (eliminated) against the parent's portion of equity in each subsidiary.
- (viii) The difference between the proceeds from disposal of investment in subsidiaries and the

carrying amount of its assets less liabilities as on the date of disposal is recognised in the Consolidated Statement of Profit and Loss being the profit or loss on disposal of investment in subsidiary.

## 2.3 Property, Plant and Equipment

Property, plant and equipment are stated at historical cost net off indirect taxes, including appropriate direct and allocated expenses less accumulated depreciation and impairment losses, if any.

Increase/Decrease in rupee liability in respect of foreign currency liability related to acquisition of Property, Plant and Equipment is added to the cost of the asset.

Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use.

Spare parts, stand-by equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre-operative expenses and disclosed under Capital Work-in-Progress.

Property, plant and equipment represent a significant proportion of the asset base of the Group. Depreciation on Property, Plant and Equipment is provided using Straight Line Method (SLM) over the estimated useful 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.

The management estimates of the useful lives of the Property, Plant and Equipment are as follows:

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

Asset Type	Estimated Useful life
Buildings	20-60 years
Leasehold Land	99 years
Plant and Equipment	
a. Main Machines	8-20 years
b. Ancillary Machines	3-7 years
Windmills	22 years
Solar Plant	10 years
Furniture & fixtures	8-10 years
Vehicles	6-8 years
Office Equipment's	7-15 years

The useful lives as given above best represent the period over which the management expects to use these assets, based on technical assessment. The estimated useful lives for these assets are therefore different from the useful lives prescribed under Part C of Schedule II of the Companies Act 2013.

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 April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

### 2.4 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The useful life 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.

The management estimates of the useful lives of the intangible assets are as follows:

Asset Type	Useful Life
Technical Know how	6 years
Software	6 years

The useful lives as given above best represent the period over which the management expects to use these assets, based on technical assessment. The estimated useful lives for these assets are therefore different from the useful lives prescribed under Part C of Schedule II of the Companies Act 2013.

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 April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

### 2.5 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.

Investment properties are depreciated using the straight-line method over their estimated useful lives. The useful life has been determined based on technical evaluation performed by the management's expert.

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 investment property is recognised in profit or loss in the period of disposal.

### 2.6 Impairment of assets

Property, Plant and Equipment or Intangible asset is evaluated for recoverability whenever events or changes

# Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment has to be recognised in the Statement of Profit and Loss.

An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation) had no impairment loss been recognised for the asset in prior years.

## 2.7 Financial Instruments

### Financial Asset:

#### Initial recognition

The Group recognises financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognised at fair value on initial recognition, except for trade receivables which are initially measured at transaction price.

Transaction costs that are directly attributable to the acquisition of financial assets (except for financial assets carried at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Regular way purchase and sale of financial assets are accounted for at trade date.

#### Subsequent measurement:

##### (i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### (ii) Financial assets carried at fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. All fair value changes are recognised in the Other Comprehensive Income except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss.

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

Financial assets are measured at FVTPL if it does not meet the criteria for classification as measured at amortised cost or at FVTOCI. Movement in Fair value changes are recognised in the statement of profit and loss.

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.

#### Effective interest rate method:

The effective interest rate method is a method of calculating the amortised cost of financial asset and of allocating interest income over the expected life. The Group while applying EIR method, generally amortises any fees, transaction costs and other premiums or discount that are integral part of the effective interest rate of a financial instrument.

Income is recognised in the Statement of Profit and Loss on an effective interest rate basis for financial assets other than those classified as at FVTPL. EIR (Effective Interest Rate) is determined at the initial recognition of the financial asset. EIR is subsequently updated at every reset, in accordance with the terms of the respective contract.

Once the terms of financial assets are renegotiated, other than market driven interest rate movement, any gain/loss measured using the previous EIR as calculated before the modification, is recognised in the Statement of Profit and Loss in period during which such renegotiations occur



## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

### Investments in Equity Instruments:

All equity investments other than in subsidiaries, joint ventures and associates are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group at initial recognition makes an irrevocable election to classify it as either FVTOCI or FVTPL. The Group chooses to make an irrevocable election and designates it as FVTOCI.

An equity investment classified as FVTOCI is initially measured at fair value plus transaction costs. Subsequently, it is measured at fair value and, all fair value changes are recognised in Other Comprehensive Income (OCI) and accumulated in "Reserve for Equity instruments through OCI". There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment.

### Impairment of financial assets

Trade receivables, contract assets, lease receivables, investments in debt instruments that are carried at amortised cost, investments in debt instruments that are carried at FVTOCI are tested for impairment based on the expected credit losses for the respective financial asset.

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

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

If the Group measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses.

To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

In the event of a customer being identified as insolvent or ceasing operations, we conduct an assessment of the recoverability of any outstanding receivables from that customer. If it is determined that there is a high degree of uncertainty regarding the likelihood of recovering the receivable, we recognise it as an expense in the income statement by writing it off. This write-off is recorded when the potential loss is identified, rather than waiting for the legal process to be completed.

### 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 substantially all the risks and rewards of ownership of the financial 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

# Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

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 (Measured at the date of derecognition) and the sum of the consideration received shall be recognised in the statement of profit and loss.

## 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.

## 2.8 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.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity.

### Financial liabilities

#### Initial Recognition:

The Group recognises financial liabilities when it becomes a party to the contractual provisions of the instrument.

All financial liabilities are recognised at fair value on initial recognition, except for trade payables. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

#### Subsequent measurement:

The subsequent measurement of financial liabilities depends on their classification, as described below:

#### Financial liabilities at fair value through profit or loss:

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. Changes in fair value of such liability are recognised in the statement of profit or loss.

#### Financial liabilities at amortised cost:

The Group's financial liabilities at amortised cost are initially recognised at net of transaction costs and includes trade payables, borrowings including bank overdrafts and other payables.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate (EIR) method except for deferred consideration recognised in a business combination which is subsequently measured at fair value through profit and loss.

#### 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 Group derecognises financial liabilities 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.

# Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

Similarly, a substantial modification of the terms of an existing financial liability is accounted as derecognition 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.

## 2.9 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.

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

Costs are assigned to individual items of inventory on of first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## 2.10 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.

## 2.11 Recognition of Revenue

The Group identifies the contract with customer once the parties have approved the contract in writing and committed to perform the respective performance obligations. Any addition or alteration of contract shall be binding only if agreed to in writing. The Group identifies distinct performance obligations in the contract and recognises revenue as and when the performance obligation is satisfied by transferring a promised good or service to a customer. The process of identifying distinct performance obligations requires exercising judgment to determine the deliverables and ability of the customer to benefit independently from such deliverables. The Group determines the transaction price which is the consideration that the Group expects to be entitled in exchange for good or service. The transaction price is then allocated to each performance obligation and revenue is recognised.

**Sale of Goods:** The Group manufactures and sells a complete range of Textile Machinery, Machine tools parts, Castings and Aero-space components. Revenue is recognised when control is transferred to the customer upon despatch or delivery of goods, based on the terms of contract.

The Group's obligation to replace faulty products under standard warranty terms is recognised as a provision (Refer Note 18)

**Sale of Services:** The Group renders services that include installation, maintenance, and other ancillary services. Revenue from services is recognised over a period of time as and when the services are rendered in accordance with the specific terms of contract with customer.

**Export Incentives and Carbon Credit:** 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.

**Royalty:** 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



# Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

can be measured reliably. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

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

**Interest income:** Interest income is accrued on a timely 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.

**Rental Income:** Rental Income is recognised on accrual basis in accordance with terms and conditions of respective rental agreements.

**Income from Wind Energy:** Revenue from power supply is recognised in terms of power purchase agreement entered with state distribution companies and is measured at the value of consideration received or receivable, net of discounts if any.

## 2.12 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of respective assets during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

## 2.13 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.

## 2.14 Earnings per Share

Basic earnings per share is computed by dividing the profit or loss after tax by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest

and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share.

## 2.15 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 reclassified to profit or loss. Past service 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 benefit expense'. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the consolidated balance sheet represents the actual deficit

# Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

## 2.16 Research and Development

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs are capitalised as an intangible asset if it can be demonstrated that the project is expected to generate future economic benefits; it is probable that those future economic benefits will flow to the entity and the costs of the asset can be measured reliably, else it is charged to the Statement of Profit and Loss.

## 2.17 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 / 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 reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### Current and Deferred Tax for the year

Current and deferred tax are 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 income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

## 2.18 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.

# Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

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 relevant products, at the management's best estimate of the expenditure required to settle the group's obligation.

## 2.19 Cash Flow Statement and Cash and Cash equivalents

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

## 2.20 Segment Reporting

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

The group has three reportable segments, viz., Textile Machinery Division, the Machine Tool Division / Foundry

and the Advanced Technology Centre, which are the group's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of these business units, the group's CODM reviews internal management reports. Performance is measured based on segment profit before tax, as included in the internal management reports, that are reviewed by the group's CODM. Segment 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. Intersegment pricing is determined on arm's length basis..

## 2.21 Leases

### The Group as a Lessee:

The Group's lease asset class primarily consists of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the lessee has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the lessee has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

If lease arrangements include the options to extend or terminate the lease before the end of the lease term, then ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct



## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date using written down value method. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

In case of short-term leases or leases for which underlying asset is of low value, the Group recognises the lease payments as an expense on a straight-line basis over the lease term.

### **The Group as a lessor:**

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of-use asset arising from the head lease.

For operating leases, rental income is recognised on a straight line basis over the term of the relevant lease.

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 3. Property, Plant and Equipment and Capital Work-in-Progress

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Carrying amounts of:</b>		
Land *	8,794.14	8,807.53
Buildings	20,705.92	19,527.49
Plant and Equipment	44,859.92	39,786.91
Furniture and fixtures	1,831.71	1,316.95
Vehicles	11,754.69	547.16
Office Equipment	797.56	800.16
<b>Sub Total</b>	<b>88,743.94</b>	<b>70,786.20</b>
Capital Work-in-progress	2,438.44	592.94
<b>Sub Total</b>	<b>2,438.44</b>	<b>592.94</b>
<b>Total</b>	<b>91,182.38</b>	<b>71,379.14</b>

Particulars	Land*	Buildings	Plant & Equipment	Furniture & fixtures	Vehicles	Office Equipments	Total	Capital Work in progress
<b>Gross carrying amount</b>								
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>8,888.99</b>	<b>24,151.18</b>	<b>60,579.96</b>	<b>2,572.36</b>	<b>1,567.40</b>	<b>1,159.83</b>	<b>98,919.72</b>	<b>592.94</b>
Additions	-	2,018.83	10,370.02	960.68	12,085.56	21.34	25,456.43	2,438.44
Disposals	-	(27.56)	(452.62)	(5.55)	(740.76)	(0.80)	(1,227.29)	(592.94)
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>8,888.99</b>	<b>26,142.45</b>	<b>70,497.36</b>	<b>3,527.49</b>	<b>12,912.20</b>	<b>1,180.37</b>	<b>1,23,148.86</b>	<b>2,438.44</b>
<b>Accumulated depreciation and impairment</b>								
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>81.46</b>	<b>4,623.69</b>	<b>20,793.05</b>	<b>1,255.41</b>	<b>1,020.24</b>	<b>359.67</b>	<b>28,133.52</b>	<b>-</b>
Disposals	-	(24.80)	(302.27)	(3.16)	(689.06)	(0.72)	(1,020.01)	-
Depreciation Expense	13.39	837.64	5,146.66	443.53	826.33	23.86	7,291.41	-
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>94.85</b>	<b>5,436.53</b>	<b>25,637.44</b>	<b>1,695.78</b>	<b>1,157.51</b>	<b>382.81</b>	<b>34,404.92</b>	<b>-</b>
<b>Net carrying amount</b>								
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>8,807.53</b>	<b>19,527.49</b>	<b>39,786.91</b>	<b>1,316.95</b>	<b>547.16</b>	<b>800.16</b>	<b>70,786.20</b>	<b>592.94</b>
Additions	-	2,018.83	10,370.02	960.68	12,085.56	21.34	25,456.43	2,438.44
Disposals	-	(2.76)	(150.35)	(2.39)	(51.70)	(0.08)	(207.28)	(592.94)
Depreciation expense	(13.39)	(837.64)	(5,146.66)	(443.53)	(826.33)	(23.86)	(7,291.41)	-
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>8,794.14</b>	<b>20,705.92</b>	<b>44,859.92</b>	<b>1,831.71</b>	<b>11,754.69</b>	<b>797.56</b>	<b>88,743.94</b>	<b>2,438.44</b>

\* Includes Lease hold land of ₹552.77 Lakhs in respect of LMW Textile Machinery (Suzhou) Co. Ltd.

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 4. Other Intangible assets

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Carrying amounts of:</b>		
Technical Knowhow	383.42	243.91
Software	1,156.54	1,071.43
<b>Total</b>	<b>1,539.96</b>	<b>1,315.34</b>

Particulars	Technical Knowhow	Software	Total
<b>Gross carrying amount</b>			
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>1,018.39</b>	<b>2,380.03</b>	<b>3,398.42</b>
Additions	186.98	519.77	706.75
Eliminated on disposals of assets	-	-	-
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>1,205.37</b>	<b>2,899.80</b>	<b>4,105.17</b>
<b>Accumulated depreciation and impairment</b>			
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>774.48</b>	<b>1,308.60</b>	<b>2,083.08</b>
Eliminated on disposals of assets	-	-	-
Amortisation Expense	47.47	434.66	482.13
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>821.95</b>	<b>1,743.26</b>	<b>2,565.21</b>
<b>Net carrying amount</b>			
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>243.91</b>	<b>1,071.43</b>	<b>1,315.34</b>
Additions	186.98	519.77	706.75
Eliminated on disposals of assets	-	-	-
Amortisation Expense	(47.47)	(434.66)	(482.13)
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>383.42</b>	<b>1,156.54</b>	<b>1,539.96</b>

### 5. Investments

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	Quantity	Amount	Quantity	Amount
<b>NON-CURRENT INVESTMENTS</b>				
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>				
<b>a) Investment in quoted equity instruments (fully paid up) [At fair values]</b>				
Cholamandalam Investment & Finance Co. Ltd [Face Value ₹2 per share]	17,12,810	13,044.76	17,12,810	12,303.12
Indian Bank [ Face Value ₹10 per share]	69,562	200.41	69,562	106.99
Lakshmi Automatic Loom Works Ltd [Face Value ₹100 per share]	44,111	340.01	44,111	291.15
Pricol Ltd [ Face Value ₹1 per share]	24,975	51.75	24,975	32.45
Rajshree Sugars & Chemicals Ltd [Face Value ₹10 per share]	1,00,000	38.53	1,00,000	32.90



## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 5. Investments (Contd.)

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	Quantity	Amount	Quantity	Amount
Super Sales India Ltd [ Face Value ₹10 per share]	3,00,000	2,304.00	3,00,000	2,620.95
The Lakshmi Mills Company Ltd [Face Value ₹100 per share]	26,916	997.94	26,916	1,059.36
<b>b) Investment in unquoted equity instruments (fully paid up) [At fair values]</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>16,977.54</b>		<b>16,447.06</b>
<b>c) Investment in Debentures (At amortised cost)</b>				
Fedbank Financial Services Limited - NCD	1,000	1,001.10	-	-
Shriram Finance Limited - NCD	30	315.28	30	315.28
Piramal Enterprises Limited [NCD]	-	-	50	500.21
Tata Cleantech Capital Limited [NCD]	-	-	937	999.39
<b>Total - Debentures</b>		<b>1,316.38</b>		<b>1,814.88</b>
<b>Total Non-current investments</b>		<b>18,293.92</b>		<b>18,261.94</b>
<b>CURRENT INVESTMENTS</b>				
<b>INVESTMENTS IN MUTUAL FUNDS [at fair value]</b>				
Aditya Birla Sun Life Mutual Fund	2,32,48,482	2,438.30	2,32,48,482	2,365.84
Axis Mutual Fund	96,50,813	2,704.53	76,10,628	2,030.74
Bharat Bond	2,54,08,299	2,820.85	2,54,08,299	2,749.94
DSP Mutual Fund	28,42,023	591.78	28,42,023	567.60
Edelweiss Mutual Fund	4,94,31,761	5,345.11	3,94,42,850	4,183.51
ICICI Prudential Mutual Fund	32,18,764	1,749.99	32,18,764	1,643.02
Bandhan Bond and Mutual Fund	3,60,64,211	4,486.40	3,06,08,506	3,761.67
Kotak Mutual Fund	70,06,292	4,957.42	85,61,053	4,093.63
Nippon India Mutual Fund	98,90,904	1,780.37	64,85,717	1,119.08
SBI Mutual Fund	3,09,05,798	4,191.74	3,09,05,798	4,064.60
HDFC Mutual Fund	53,41,577	1,475.31	-	-
<b>Total Current Investments</b>		<b>32,541.80</b>		<b>26,579.63</b>

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 5. Investments (Contd.)

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	Quantity	Amount	Quantity	Amount
<b>NON CURRENT INVESTMENT</b>				
Aggregate book value of quoted investments		2,061.57		2,061.57
Aggregate market value of quoted investments		16,977.40		16,446.92
Aggregate book value of unquoted investments		1,316.52		1,815.02
Aggregate amount of impairment in the value of investments		-		-
<b>CURRENT INVESTMENT</b>				
Aggregate book value of quoted investments		30,500.99		25,531.51
Aggregate market value of quoted investments		32,541.80		26,579.63
<b>Category-wise investments - as per IND AS 109 classification</b>				
Financial assets carried at fair value through profit or loss (FVTPL)		32,541.80		26,579.63
Financial assets carried at amortised cost		1,316.52		1,815.02
Financial assets carried at fair value through Other Comprehensive Income (FVTOCI)		16,977.40		16,446.92
<b>Total</b>		<b>50,835.72</b>		<b>44,841.57</b>

### 6. Inventories

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Inventories ( lower of cost or net realisable value)</b>		
Raw materials	41,434.65	30,697.32
Work in progress	20,578.38	13,055.51
Finished goods	3,457.91	3,283.89
Stores and spares	4,708.81	4,477.53
<b>Total</b>	<b>70,179.75</b>	<b>51,514.25</b>

The cost of inventories recognised as an expense during the year is ₹3,08,378.85 Lakhs. [Previous year ₹2,05,793.84 Lakhs]

### 7. Trade Receivables

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Current</b>		
<b>Unsecured, considered good</b>		
From related parties	5,642.78	1,145.37
From others	18,615.37	31,917.21
<b>Total</b>	<b>24,258.15</b>	<b>33,062.58</b>
Less: Allowance for doubtful debts (Expected credit loss allowance)	1,002.04	824.18
<b>Total</b>	<b>23,256.11</b>	<b>32,238.40</b>

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(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 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	0.16
Less than one year	2.16
More than one year	35.65

### 8. (a) Cash and cash equivalents

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Balances with Banks</b>		
Current account	14,515.20	7,825.32
Deposits with original maturity of less than 3 months	1,200.06	-
Cash on hand	28.75	25.76
<b>Total</b>	<b>15,744.01</b>	<b>7,851.08</b>

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

### 8. (b) Other bank balances

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Deposits held as Margin Money	9.50	9.50
Unpaid dividend account	88.40	90.13
Deposits with original maturity of more than 3 months but less than 12 months	60,296.11	41,499.54
<b>Total</b>	<b>60,394.01</b>	<b>41,599.17</b>



## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 9. Other financial assets

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Non-current</b>		
i) Capital advances	348.64	692.10
ii) Advances other than capital advances		
Security Deposit	762.29	516.10
Other advances	264.86	625.88
iii) Bank deposits with original maturity of more than 12 months	70,325.37	87,757.06
iv) Interest accrued on bank deposits	1,083.04	1,152.43
<b>Total</b>	<b>72,784.20</b>	<b>90,743.57</b>
<b>Current</b>		
Interest accrued on bank deposits	2,874.69	2,342.65
Income receivable	1,245.74	523.05
<b>Total</b>	<b>4,120.43</b>	<b>2,865.70</b>

### 10. Current Tax Assets (Net)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Current tax assets</b>		
Income tax advances	13,560.38	32,634.97
<b>Current tax liabilities</b>		
Income tax provisions	11,000.00	24,848.54
<b>Total</b>	<b>2,560.38</b>	<b>7,786.43</b>

### 11. Other current assets

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Advance to suppliers and others	11,537.32	7,408.87
Prepaid Expenses	789.79	1,351.48
Balances on account of Indirect taxes	4,077.66	3,707.99
Miscellaneous Expenditure to the extent not written off	4.21	3.51
<b>Total</b>	<b>16,408.98</b>	<b>12,471.85</b>

### 12. Equity Share Capital

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Authorised Share Capital</b>		
5,00,00,000 fully paid equity shares of ₹ 10 each	<b>5,000.00</b>	<b>5,000.00</b>
<b>Issued, subscribed and fully paid up capital comprises:</b>		
1,06,83,000 fully paid equity shares of ₹ 10 each	<b>1,068.30</b>	<b>1,068.30</b>
<i>(2,72,504 equity shares of ₹ 10 each were bought back during the financial year 2018-19)</i>		

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

Fully paid up equity shares	Number of shares	Share Capital
Balance as on 31 <sup>st</sup> March, 2022	1,06,83,000	1,068.30
Balance as on 31 <sup>st</sup> March, 2023	1,06,83,000	1,068.30

Balance at the beginning of the current reporting period	Changes in Equity share capital due to prior period error	Restated balance at the beginning of the current reporting period	Changes in Equity share capital during the current year	Balance at the end of the current reporting period
1,068.30	-	-	-	1,068.30

The Group has issued only one class of Equity share having a par value of ₹10 per share. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Group in proportion to the number of and amounts paid on the shares held. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

### Details of Shares held by the Promoters and Promoters Group as at 31<sup>st</sup> March, 2023

S.No.	Name of the Promoters and Promoters Group Member	No. of Shares	% of total shares	% change during the year
1	Lakshmi Cargo Company Limited	10,76,368	10.076	-
2	Lakshmi Technology and Engineering Industries Limited	6,96,862	6.523	-
3	The Lakshmi Mills Company Limited	5,20,000	4.868	-
4	Lakshmi Ring Travellers (Coimbatore) Private Limited	2,52,180	2.361	-
5	Super Sales India Limited	2,29,480	2.148	-
6	Sanjay Jayavarthanavelu	1,42,291	1.332	-
7	Eshaan Enterprises Private Limited	1,27,110	1.190	-
8	J Rajyalakshmi	97,980	0.917	-
9	Lakshmi Electrical Control Systems Limited	88,800	0.831	-
10	Uttara Ravi	44,290	0.415	-
11	Lakshmi Electrical Drives Private Limited	17,500	0.164	-
12	Lakshmi Precision Technologies Limited	15,000	0.140	-
13	Shivali Jayavarthanavelu	7,970	0.075	-
14	Ravi Sam	5,866	0.055	-
15	S Pathy	1,721	0.016	-
16	Nethra J S Kumar	720	0.007	-
17	Jaidev Jayavarthanavelu	460	0.004	-
18	S Sunitha	301	0.003	-
19	Dinakaran Senthilkumar [HUF]	160	0.001	-
20	Lalithadevi Sanjay Jayavarthanavelu	49	0.000	-
	<b>Total</b>	<b>33,25,108</b>	<b>31.126</b>	-

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### Shareholders holding more than 5% Equity shares

Sl. No	Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
		Number	Percentage	Number	Percentage
1	Lakshmi Cargo Company Limited	10,76,368	10.08	10,76,368	10.08
2	Lakshmi Technology and Engineering Industries Limited	6,96,862	6.52	6,96,862	6.52
3	Nemish S Shah	5,99,673	5.61	6,40,673	6.00
4	Voltas Limited	5,79,672	5.43	5,79,672	5.43

### 13. Other Equity

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Capital Reserve	701.49	701.49
Capital Redemption Reserve	168.62	168.62
General Reserve	20,782.90	17,282.90
Reserve for equity instruments and others through other comprehensive income	14,915.81	14,385.34
Retained Earnings	1,95,595.62	1,64,768.65
Foreign Currency Translation reserve	622.15	642.61
<b>Total</b>	<b>2,32,786.59</b>	<b>1,97,949.61</b>

#### 13.1 Capital Reserve

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Balance at the beginning of the year</b>	<b>701.49</b>	<b>701.49</b>
Add: 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.

#### 13.2 Capital Redemption Reserve

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Balance at the beginning of the year</b>	<b>168.62</b>	<b>168.62</b>
Add: Transfer from General Reserve	-	-
<b>Balance at the end of the year</b>	<b>168.62</b>	<b>168.62</b>

Capital Redemption Reserve is a statutory reserve created at amounts equal to the face value of the shares bought back as per the provisions of company law.

#### 13.3 General Reserve

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Balance at the beginning of the year</b>	<b>17,282.90</b>	<b>15,482.90</b>
Add: Transfer from retained earnings	3,500.00	1,800.00
<b>Balance at the end of the year</b>	<b>20,782.90</b>	<b>17,282.90</b>



## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

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.

### 13.4 Reserve for equity instruments through other comprehensive income

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Balance at the beginning of the year</b>	<b>14,385.34</b>	<b>10,141.85</b>
Net fair value gain on investments in equity instruments at FVTOCI	530.47	4,243.49
<b>Balance at the end of the year</b>	<b>14,915.81</b>	<b>14,385.34</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 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.

### 13.5 Retained Earnings

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Balance at the beginning of the year</b>	<b>1,64,768.65</b>	<b>1,50,178.22</b>
Add: Profit attributable to the owners of the company	38,401.90	18,104.99
Less: Payment of dividends on equity shares	(4,273.20)	(1,068.30)
Less: Transfer to General Reserve	(3,500.00)	(1,800.00)
(Less)/Add: Remeasurement of post-employment benefit obligations [Net of tax]	198.27	(646.26)
<b>Balance at the end of the year</b>	<b>1,95,595.62</b>	<b>1,64,768.65</b>

In financial year 2022-23, on 10.08.2022 a dividend of ₹40 per share (Total dividend ₹4,273.20 Lakhs) was paid to the holders of fully paid equity shares.

In respect of the year ended 31<sup>st</sup> March 2023 the directors propose that a dividend of ₹98.50 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 ₹10,522.76 Lakhs.

### 13.6 Foreign Currency Translation Reserve

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Balance at the beginning of the year</b>	<b>642.61</b>	<b>287.84</b>
Exchange differences arising on translating the foreign operations	(20.46)	354.77
<b>Balance at the end of the year</b>	<b>622.15</b>	<b>642.61</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.

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 14. Deferred Tax liability (Net)

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

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Deferred Tax assets	-	-
Deferred Tax liabilities	(4,843.38)	(2,323.78)
<b>Total</b>	<b>4,843.38</b>	<b>2,323.78</b>

#### 2022-23

Particulars	Opening balance	Recognised in profit or loss	Closing balance
On account of VRS	685.96	(289.46)	396.50
On account of Property, Plant and Equipment	(3,850.47)	(2,209.59)	(6,060.06)
On account of Expected credit loss on receivables	206.05	46.14	252.19
On account of actuarial loss	634.68	(66.69)	567.99
<b>Total</b>	<b>(2,323.78)</b>	<b>(2,519.60)</b>	<b>(4,843.38)</b>

#### 2021-22

Particulars	Opening balance	Recognised in profit or loss	Closing balance
On account of VRS	1,209.87	(523.91)	685.96
On account of Property, Plant and Equipment	(4,283.29)	432.82	(3,850.47)
On account of Expected credit loss on receivables	234.99	(28.94)	206.05
On account of actuarial loss	419.26	215.42	634.68
<b>Total</b>	<b>(2,419.17)</b>	<b>95.39</b>	<b>(2,323.78)</b>

### 15. Other Non-current liabilities

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Security deposits received against supply of machinery	33,421.39	42,664.22
<b>Total</b>	<b>33,421.39</b>	<b>42,664.22</b>

### 16. Trade Payables

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Current</b>		
Due to Micro and Small Enterprises [Refer Note 30.4]	836.78	5,267.45
Due to related parties	8,079.16	9,426.68
Others	57,876.66	40,308.56
<b>Total</b>	<b>66,792.60</b>	<b>55,002.69</b>

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 17. Other Financial liabilities

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Current</b>		
Unpaid dividends	88.40	90.13
Other liabilities	16,933.37	11,039.55
<b>Total</b>	<b>17,021.77</b>	<b>11,129.68</b>

### 18. Provisions

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Current</b>		
<b>Provision for employee benefits</b>		
Provision for gratuity	33.99	-
<b>Other provisions</b>		
Provision for warranty	1,777.59	1,206.71
<b>Total</b>	<b>1,811.58</b>	<b>1,206.71</b>

The provision for employee benefits include provision for gratuity and leave encashment. For detailed disclosure on the same, please refer note 30.10.

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

Particulars	Provision for Warranty	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Carrying amount at the beginning of the year</b>	<b>1,206.71</b>	<b>655.55</b>
Additional provision made during the year	1,777.59	1,206.71
Amount used during the year	1,206.71	655.55
<b>Carrying amount at the end of the year</b>	<b>1,777.59</b>	<b>1,206.71</b>

### 19. Other Current liabilities

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Security deposit received against supply of machinery	22,242.19	21,769.57
Other advances	29,018.13	31,491.94
<b>Total</b>	<b>51,260.32</b>	<b>53,261.51</b>

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 20. Revenue From Operations

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
<b>Gross Sale of Products</b>	4,63,903.30	3,11,576.18
<b>Other Operating Revenues</b>		
Repairs & Service charges & Miscellaneous income	4,052.59	2,886.77
Sale of scrap	1,697.45	1,084.83
Export incentives	2,261.60	1,547.63
<b>Total revenue from operations</b>	<b>4,71,914.94</b>	<b>3,17,095.41</b>

### Disaggregation of Revenue

Revenue from contracts with customers are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group identifies the product lines, amongst others to indicate the factors. The details of revenue from contracts with customers on the basis of various product lines are as under:

Particulars	Year Ended 31 <sup>st</sup> March, 2023		
	India	Outside India	Total
Textile Machinery and Spares	2,62,750.25	1,04,182.48	3,66,932.73
Machine Tools and Castings	84,610.91	2,878.57	87,489.48
Aerospace Parts and component	773.44	8,707.65	9,481.09
<b>Gross Sale of Products</b>	<b>3,48,134.60</b>	<b>1,15,768.70</b>	<b>4,63,903.30</b>

Particulars	Year Ended 31 <sup>st</sup> March, 2022		
	India	Outside India	Total
Textile Machinery and Spares	1,63,167.71	67,630.95	2,30,798.66
Machine Tools and Castings	74,703.52	2,157.70	76,861.22
Aerospace Parts and component	391.11	3,525.19	3,916.30
<b>Gross Sale of Products</b>	<b>2,38,262.34</b>	<b>73,313.84</b>	<b>3,11,576.18</b>

### 21. Other Income

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
Interest income from financial assets at amortised cost	6,791.26	5,025.37
Dividend income from equity investments designated at FVTOCI	113.72	12.04
Income from Mutual funds designated at FVTPL	1,468.21	876.20
Rental income	62.32	52.73
Net Gain on foreign currency transactions	3,875.14	731.81
Net Gain on sale of assets	2,415.06	99.37
Sale of wind energy/REC	56.31	36.23
<b>Total other income</b>	<b>14,782.02</b>	<b>6,833.75</b>



## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 22. Cost of materials consumed

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
Raw materials at the beginning of the year	30,697.32	21,120.92
Add: Purchases	3,27,196.20	2,20,877.97
Less: Sales	9,171.29	5,507.73
Less: Raw materials at the end of the year	40,343.38	30,697.32
<b>Total cost of materials consumed</b>	<b>3,08,378.85</b>	<b>2,05,793.84</b>

### 23. Changes in inventories of finished goods and work-in-progress

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
<b>Opening Stock</b>		
Work-in-progress	13,055.51	10,291.32
Finished goods	3,283.89	982.21
<b>Total</b>	<b>16,339.40</b>	<b>11,273.53</b>
<b>Closing Stock</b>		
Work-in-progress	20,578.38	13,055.51
Finished goods	3,457.91	3,283.89
<b>Total</b>	<b>24,036.29</b>	<b>16,339.40</b>
<b>Total changes in inventories of finished goods and work-in-progress</b>	<b>(7,696.89)</b>	<b>(5,065.87)</b>

### 24. Employees Benefit Expenses

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
Salaries and wages	32,717.38	27,151.69
Contribution to Provident and other funds	2,330.74	1,621.96
Staff welfare expenses	2,941.72	2,654.41
<b>Total employee benefit expense</b>	<b>37,989.84</b>	<b>31,428.06</b>

### 25. Depreciation and amortisation expense

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
Depreciation of property, plant and equipment	7,291.41	5,577.33
Amortisation of intangible assets	482.13	395.12
<b>Total depreciation and amortisation expense</b>	<b>7,773.54</b>	<b>5,972.45</b>

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 26. Impairment losses on financial assets and reversal of impairment on financial assets

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
Impairment loss [Expected credit loss] allowance on trade receivables	346.05	78.26
<b>Total</b>	<b>346.05</b>	<b>78.26</b>

### 27. Other expenses

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
Sales commission to agents	9,748.27	5,909.98
Consumption of stores and spare parts	15,743.90	11,002.39
Consumption of packing material	8,047.09	6,447.10
Power and fuel net of Green Energy (Green Energy adjusted CY ₹5,858.32 Lakhs; PY ₹5,425.27 Lakhs)	5,274.50	3,161.48
Rent expense	290.09	108.24
Repairs and maintenance		
Repairs to buildings	2,221.03	1,200.62
Repairs to machinery and others	7,510.20	6,362.82
Insurance	419.64	452.83
Rates and taxes, excluding taxes on income	1,005.54	335.69
Auditors' remuneration		
For Audit	19.86	19.50
For reimbursement of expenses	-	0.10
Loss on sale of assets	92.43	7.57
Donations	167.17	441.08
Directors sitting fees	67.42	40.65
Non-executive directors' commission	77.75	60.00
Corporate Social Responsibility expenses (Note 30.7)	260.00	308.63
Export expenses	11,547.40	8,666.05
Travelling Exps. & Maintenance of Vehicles	4,513.92	2,857.95
Research and development expenses	5,184.16	2,204.80
Service Outsourcing expenses	4,205.22	3,344.11
Sales Expenses	4,140.56	3,400.28
Miscellaneous expenses	7,447.92	3,833.00
<b>Total other expenses</b>	<b>87,984.07</b>	<b>60,164.87</b>

### 28. Finance Costs

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
Bill collection charges	-	8.54
<b>Total</b>	<b>-</b>	<b>8.54</b>

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 29. Income tax relating to continuing operations

#### 29.1 Income tax recognised in profit or loss

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
<b>Current tax</b>		
Current tax on profits for the year	11,000.00	5,822.43
Adjustments for current tax of prior periods	-	-
<b>Total current tax expense</b>	<b>11,000.00</b>	<b>5,822.43</b>
<b>Deferred Tax</b>		
Decrease / (increase) of deferred tax assets	2,519.60	(95.39)
(Decrease) / Increase in deferred tax liabilities	-	-
<b>Total deferred tax expense</b>	<b>2,519.60</b>	<b>(95.39)</b>
<b>Total Income tax expense recognised for the year</b>	<b>13,519.60</b>	<b>5,727.04</b>

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

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
<b>Profit before tax after exceptional items</b>	<b>51,921.50</b>	<b>23,832.03</b>
Enacted tax rate in India	25.17%	25.17%
<b>Computed expected tax expense at enacted tax rate</b>	<b>13,068.64</b>	<b>5,998.52</b>
Tax effect on account of tax deductions	(2,285.64)	(295.66)
Tax effect of non-deductible expenses	217.00	119.57
<b>Total Income Tax Expense recognised for the year</b>	<b>11,000.00</b>	<b>5,822.43</b>

#### 29.3 Income tax recognised in other comprehensive income

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
<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	(66.69)	215.42
<b>Total</b>	<b>(66.69)</b>	<b>215.42</b>
<b>Bifurcation of income tax recognised in other comprehensive income into:</b>		
Items that will not be reclassified to profit or loss	(66.69)	215.42
Items that may be reclassified to profit or loss	-	-
<b>Total</b>	<b>(66.69)</b>	<b>215.42</b>

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 30.1 The Subsidiary Companies considered in the consolidated Financial Statements and their reporting dates are as under:

Particulars	Country of incorporation	% of Ownership Interest	Reporting date
<b>For 31<sup>st</sup> March, 2023</b>			
LMW Textile Machinery (Suzhou) Co. Ltd	China	100	31 <sup>st</sup> March, 2023
LMW Aerospace Industries Limited	India	100	31 <sup>st</sup> March, 2023
LMW Middle East FZE	UAE	100	31 <sup>st</sup> March, 2023
<b>For 31<sup>st</sup> March, 2022</b>			
LMW Textile Machinery (Suzhou) Co. Ltd	China	100	31 <sup>st</sup> March, 2022
LMW Aerospace Industries Limited	India	100	31 <sup>st</sup> March, 2022
LMW Middle East FZE	UAE	100	31 <sup>st</sup> March, 2022

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
<b>Parent Company</b>				
Lakshmi Machine Works Limited	95.28%	2,22,839.14	91.70%	35,213.14
<i>Previous Year</i>	96.08%	1,91,232.77	99.10%	17,942.67
<b>Subsidiary- Indian</b>				
LMW Aerospace Industries Limited	0.11%	250.00	-	-
<i>Previous Year</i>	0.13%	250.00	-	-
<b>Subsidiary- Foreign</b>				
LMW Textile Machinery (Suzhou) Co. Ltd	4.04%	9,442.31	6.18%	2,376.29
<i>Previous Year</i>	3.55%	7,059.23	1.09%	196.90
LMW Middle East FZE	0.57%	1,323.44	2.12%	812.47
<i>Previous Year</i>	0.24%	475.92	(0.19%)	(34.57)
Non controlling Interests in subsidiary	-	-	-	-
<b>TOTAL</b>	<b>100%</b>	<b>2,33,854.89</b>	<b>100%</b>	<b>38,401.90</b>
<i>Previous Year</i>	100%	1,99,017.91	100%	18,104.99



## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

Name of the entity in the group	Share in Other comprehensive income		Share in Total comprehensive income	
	As % of Consolidated OCI	Amount	As % of total Comprehensive income	Amount
<b>Parent Company</b>				
Lakshmi Machine Works Limited	100%	728.74	91.85%	35,941.88
<i>Previous Year</i>	<i>100%</i>	<i>3,597.23</i>	<i>99.25%</i>	<i>21,539.89</i>
Subsidiary- Indian				
LMW Aerospace Industries Limited				
<b>Current Year</b>	-	-	-	-
<i>Previous Year</i>	-	-	-	-
Subsidiary- Foreign				
LMW Textile Machinery (Suzhou) Co. Ltd	-	-	-	-
<b>Current Year</b>			6.07%	2,376.29
<i>Previous Year</i>	-	-	0.91%	196.90
LMW Middle East FZE				
<b>Current Year</b>			2.08%	812.47
<i>Previous Year</i>	-	-	-	-
Non controlling Interests in subsidiary	-	-	-	-
<b>TOTAL</b>	<b>100%</b>	<b>728.74</b>	<b>100%</b>	<b>39,130.64</b>
<i>Previous Year</i>	<i>100%</i>	<i>3,597.23</i>	<i>100%</i>	<i>21,702.22</i>

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

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Contingent Liabilities</b>		
<b>Claims against the company not acknowledged as debt</b>		
Central Excise Demand	2,163.55	2,078.69
<b>Other money for which the company is contingently liable</b>		
Letters of Credit	3,897.07	5,809.40
Bank and other guarantees	4,533.46	1,691.39

Disputed tax dues are appealed before concerned appellate authorities. The Company is advised that the cases are likely to be disposed off in favour of the Company and hence no provision is considered necessary therefor.

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account not provided for	928.94	968.71

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 30.3 Details of dividend proposed and paid:

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
a) Final dividend paid	4,273.20	1,068.30
b) In respect of the current year, the directors propose that a dividend of ₹98.50 per share be paid on equity shares on or before 14 <sup>th</sup> August, 2023. 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 24 <sup>th</sup> July, 2023. The total estimated equity dividend to be paid is ₹10,522.76 Lakhs.		

### 30.4 Disclosure as per Schedule III

As defined under Micro, Small and Medium Enterprises Development Act, 2006, the disclosure in respect of the amounts payable to such enterprises as at the end of the year has been made in the financial statements based on information received and available with the Company.

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	836.78	5,267.45
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 30.5 Financial Instruments

#### i) Financial instruments by category

Particulars	As at 31 <sup>st</sup> March, 2023			As at 31 <sup>st</sup> March, 2022		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial Assets</b>						
<b>Measured at amortised cost</b>						
a) Cash and bank balances	-	-	15,744.01	-	-	7,851.08
b) Other financial assets -Non current	-	-	72,784.20	-	-	90,743.57
c) Trade receivables	-	-	23,256.11	-	-	32,238.40
d) Bank balances	-	-	60,394.01	-	-	41,599.17
e) Other financial assets -Current	-	-	4,120.43	-	-	2,865.70
g) Investments in equity	-	16,977.40	0.14	-	16,446.92	0.14
h) Investment in Mutual funds	32,541.80	-	-	26,579.63	-	-
i) Investment in debentures [NCD]	-	-	1,316.38	-	-	1,814.88
<b>Total</b>	<b>32,541.80</b>	<b>16,977.40</b>	<b>1,77,615.28</b>	<b>26,579.63</b>	<b>16,446.92</b>	<b>1,77,112.94</b>
<b>Financial Liabilities</b>						
a) Trade Payables	-	-	66,792.60	-	-	55,002.69
b) Other financial liabilities	-	-	17,021.77	-	-	11,129.68
<b>Total</b>	<b>-</b>	<b>-</b>	<b>83,814.37</b>	<b>-</b>	<b>-</b>	<b>66,132.37</b>
<b>Financial Assets</b>	-	-	2,27,134.48	-	-	2,20,139.49
<b>Financial Liabilities</b>	-	-	83,814.37	-	-	66,132.37

#### ii) Fair Value Hierarchy

The fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022 is as follows:

Particulars	Fair value measurement at end of the reporting period using			Fair value measurement at end of the reporting period using		
	As at 31 <sup>st</sup> March, 2023			As at 31 <sup>st</sup> March, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets</b>						
<b>Financial Investments at FVTOCI</b>						
Quoted Equity Investments	16,977.40	-	-	16,446.92	-	-
<b>Financial Investments at FVTPL</b>						
Mutual funds	32,541.80	-	-	26,579.63	-	-
<b>Total Financial Assets</b>	<b>49,519.20</b>	<b>-</b>	<b>-</b>	<b>43,026.55</b>	<b>-</b>	<b>-</b>

#### iii) Fair Value of financial assets and liabilities measured at amortised cost

For trade receivables and trade payables and other assets and payables maturing within one year from the Balance Sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 30.6 Exceptional Items

Exceptional items represents compensation towards Voluntary Retirement Scheme opted by Employees ₹ Nil (Previous year ₹1,716.98 Lakhs).

### 30.7 Corporate Social Responsibility expenditure

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
Gross amount required to be spent as per Sec. 135 of the Act	258.88	301.18
<b>Amount spent during the year on:</b>		
Construction / acquisition of an asset	-	-
On purposes other than above	260.00	308.63
<b>Total</b>	<b>260.00</b>	<b>308.63</b>
Amount spent through approved trusts and institutions	255.75	213.96
Amount spent directly	4.25	94.67
<b>Total</b>	<b>260.00</b>	<b>308.63</b>

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

### 30.8 Earnings Per Share

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
Net Profit after Tax before OCI [₹ In Lakhs]	38,401.90	18,104.99
Weighted Average Number of Equity Shares used as denominator in calculating basic earnings per share	1,06,83,000	1,06,83,000
Nominal Value per Equity Share [in ₹]	10.00	10.00
Basic & Diluted Earnings Per Share [in ₹]	359.47	169.47



# Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

## 30.9 Related party transactions

### Related Party Relationships (As identified by the Management)

#### Key Management Personnel

Sri Sanjay Jayavarthanavelu, Chairman and Managing Director

Sri K. Soundhar Rajhan, Director -Operations

Sri V.Senthil, Chief Financial Officer

Sri C R Shivkumaran, Company Secretary

#### Non Executive Directors

Sri Aditya Himatsingka, Non Executive - Independent Director

Dr. Mukund Govind Rajan, Non Executive - Independent Director

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

Sri Arun Alagappan , Non Executive - Independent Director

Sri S Pathy, Non Executive - Non - Independent Director

Sri T. C. Suseel Kumar, Non Executive - Non - Independent Director (Nominee of LIC)

Sri Jaidev Jayavarthanavelu, Non Executive - Non - Independent Director

Sri Aroon Raman, Non Executive - Independent Director

#### Post Employment benefit plans

Lakshmi Machine Works Limited Employees' Gratuity Fund

#### Other companies/firms in which directors or their relatives are interested

Alampara Hotels and Resorts Private Limited, Chakradhara Aerospace and Cargo Private Limited, Chakradhara Agro Farms Private Limited, Dhanajaya Agro Farms Private Limited, Dhanuprabha Agro Private Limited, Eshaan Enterprises Private Limited, Harshni Textiles Private Limited, Hermes Academy of Training Private Limited, Lakshmi Caipo Industries Limited, Lakshmi Card Clothing Mfg Co. Private Ltd, Lakshmi Cargo Company Limited, Lakshmi Electrical Control Systems Limited, Lakshmi Electrical Drives Private Limited, Lakshmi Energy and Environment Designs Private Limited, Lakshmi Life Sciences Private Limited, Lakshmi Precision Technologies Limited, Lakshmi Ring Travellers (Coimbatore) Private Limited, LCC Cargo Holdings Private Limited, Lakshmi Technology and Engineering Industries Limited, Mahalakshmi Engineering Holdings Private Limited, Petrus Technologies Private Limited, Quattro Engineering India Private Limited, Rajalakshmi Engineering, Revantha Agro Farms Private Limited, Revantha Services Private Limited, Shri Kara Engineering Private Limited, Sowbarnika Enterprises Private Limited, Sri Dwipa Properties Private Limited, Sri Kamakoti Kamakshi Enterprises Private Limited, Starline Travels Private Limited, Sudhasruthi Agro Private Limited, Super Sales India Limited, Supreme Dairy Products India Private Limited, The Lakshmi Mills Company Limited, Titan Paints & Chemicals Private Limited, Venkatavaradhaa Agencies Private Limited, Waterfield Financial and Investment Advisors Private Limited.

#### Key Management personnel compensation

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
Short term employee benefits	2,481.65	1,221.17
Post employment benefits	50.48	40.31
<b>Total compensation</b>	<b>2,532.13</b>	<b>1,261.48</b>

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### Related Party Transactions

Particulars	Other Related Parties		Key Management Personnel	
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Purchase of goods	74,130.49	49,985.13	-	-
Sale of goods	6,443.45	4,602.97	-	-
Purchase of Fixed Assets	2,013.05	260.16	-	-
Sale of Fixed Assets	62.22	34.60	-	-
Rendering of Services	120.30	77.08	-	-
Receiving of Services	22,742.63	17,315.28	-	-
Agency arrangements	2,176.20	1,414.72	-	-
Contribution to Gratuity Fund	78.87	2,425.00	-	-
Managerial remuneration	-	-	2,532.13	1,261.48
Outstanding Payables	9,868.66	8,231.91	1,995.56	761.25
Outstanding Receivables	2,247.52	18.90	-	-

- Purchase of Goods includes Lakshmi Electrical Control Systems Limited ₹29,929.60 Lakhs (Previous Year ₹ 21,265.36 Lakhs); Lakshmi Electrical Drives Private Ltd ₹9,359.66 Lakhs (Previous Year ₹6,478.21 Lakhs); Lakshmi Life Sciences Private Limited ₹13,994.31 Lakhs (Previous Year ₹9,627.18 Lakhs); Lakshmi Precision Technologies Limited ₹ 7,557.80 Lakhs (Previous Year ₹5,327.76 Lakhs) & Other related Parties-Associates ₹13,289.12 Lakhs (Previous Year ₹7,286.62 Lakhs)
- Sale of Goods includes Lakshmi Electrical Control Systems Limited ₹1,607.37 Lakhs (Previous Year ₹1,084.62 Lakhs); Lakshmi Life Sciences Private Limited ₹760.00 Lakhs (Previous Year ₹ 599.83 Lakhs); Lakshmi Precision Technologies Limited ₹1,709.82 Lakhs (Previous year ₹791.64 Lakhs); Super Sales India Limited ₹1,224.66 Lakhs (Previous Year ₹1,637.61 Lakhs); The Lakshmi Mills Company Limited ₹875.24 Lakhs (Previous Year ₹119.17 Lakhs) & Other related Parties - Associates ₹ 266.36 Lakhs (Previous Year ₹370.10 Lakhs)
- Purchase of Fixed Assets includes Revantha Services Private Limited ₹2,013.05 Lakhs (Previous Year ₹260.16 Lakhs)
- Sale of Fixed Assets includes Lakshmi Life Sciences Private Limited ₹45 Lakhs (Previous Year ₹28.60 Lakhs); Super Sales India Ltd ₹10 Lakhs (Previous Year ₹6 Lakhs) & Other related Parties - Associates ₹7.22 Lakhs (Previous Year ₹ Nil)
- Rendering of Services includes Super Sales India Limited ₹40.73 Lakhs (Previous Year ₹34.99 Lakhs); Chakradhara Aerospace and Cargo Private Ltd ₹34.03 Lakhs (Previous Year ₹19.87 Lakhs); Lakshmi Life Sciences Private Limited ₹13.73 Lakhs (Previous Year ₹16.18 Lakhs) & Others - Other Related Parties-Associates ₹31.81 Lakhs (Previous Year ₹6.04 Lakhs)
- Receiving of Services includes Chakradhara Aerospace and Cargo Private Ltd ₹15,376.80 Lakhs (Previous Year ₹12,419.13 Lakhs); Revantha Services Private Ltd ₹2,654.19 Lakhs (Previous Year ₹1,914.07 Lakhs) & Other Related Parties-Associates ₹4,711.64 Lakhs (Previous Year ₹2,982.08 Lakhs)
- Contribution to gratuity fund includes Lakshmi Machine Works Limited Employees' Gratuity Fund ₹ 78.87 Lakhs (Previous Year ₹2,425 Lakhs)
- Agency arrangement includes Super Sales India Limited ₹2,176.20 Lakhs (Previous Year ₹1,414.72 Lakhs)
- Managerial Remuneration includes amount paid to Chairman and Managing Director, Sri Sanjay Jayavarthanavelu ₹2,252.95 Lakhs (Previous Year ₹968.31 Lakhs); Sri K. Soundhar Rajhan, Director Operations ₹155.51 Lakhs (Previous Year ₹182.45 Lakhs); Sri V. Senthil,

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

Chief Financial Officer ₹75.42 Lakhs (Previous Year ₹66.22 Lakhs); Sri C.R Shiv Kumaran, Company Secretary ₹48.25 Lakhs (Previous year ₹44.50 Lakhs)

- 10 Outstanding Payables include Lakshmi Electrical Control Systems Limited ₹3,360.27 Lakhs (Previous ₹3,067.31 Lakhs); Lakshmi Electrical Drives Private Limited ₹1,000.32 Lakhs (Previous Year ₹1,034.75 Lakhs); Super Sales India Limited ₹2,083.13 Lakhs (Previous Year ₹1,285.90 Lakhs); SriSanjay Jayavarthanavelu ₹1,995.56 Lakhs (Previous Year ₹761.25 Lakhs) & Other Related parties-Associates ₹3,424.94 Lakhs (Previous Year ₹ 2,843.95 Lakhs)
- 11 Outstanding Receivables includes Lakshmi Electrical Control Systems Limited ₹1,003.49 Lakhs (Previous ₹ Nil); Lakshmi Precision Technologies Limited ₹794.50 Lakhs (Previous year ₹ Nil); & Others - Other Related Parties - Associates ₹449.53 Lakhs (Previous Year ₹18.90 Lakhs).

### 30.10 Employee defined benefit and contribution plans

#### I. Defined Benefit Plans

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>A. Expense recognised in Income Statement</b>				
1. Current Service cost	945.53	449.26	199.01	191.76
2. Interest expense on DBO	700.29	557.96	73.66	68.94
3. Interest (Income on plan asset)	(742.91)	(600.95)	(99.92)	(87.85)
4. Net Interest	(42.62)	(42.99)	(26.26)	(18.91)
5. Immediate recognition of (gain) / losses	-	-	75.89	(57.84)
6. Defined Benefits cost included in P & L	<b>902.91</b>	<b>406.27</b>	<b>248.64</b>	<b>115.01</b>
<b>B. Expense recognised in Comprehensive Income</b>				
1. Actuarial (gain)/Losses due to Demographic assumption changes in DBO	-	-	-	-
2. Actuarial (gain)/Losses due to financial assumption changes in DBO	(48.27)	(209.44)	(8.18)	(34.34)
3. Actuarial (gain)/Losses due to experience on DBO	(234.80)	991.51	84.06	(23.50)
4. Return on plan assets (Greater) / Less than Discount rate	18.11	79.61	74.70	-
5. Total actuarial (gain) / loss included in OCI	<b>(264.96)</b>	<b>861.68</b>	<b>150.58</b>	<b>(57.84)</b>
6. Cost recognised in P & L	<b>902.91</b>	<b>406.27</b>	<b>248.64</b>	<b>115.01</b>
7. Remeasurement effect recognised in OCI	(264.96)	861.68	-	-
8. Total defined benefit cost	<b>637.95</b>	<b>1,267.95</b>	<b>248.64</b>	<b>115.01</b>
<b>C. Net asset/Liability recognised in the Balance Sheet</b>				
1. Present value of benefit obligation	10,463.41	9,450.08	1,132.05	1,093.00
2. Fair value of plan assets	10,429.42	9,975.16	1,348.65	1,323.44
3. Funded Status [Surplus / (deficit)]	(33.99)	525.08	216.60	230.44
4. Net Asset / (Liability) recognised in balance sheet	<b>(33.99)</b>	<b>525.08</b>	<b>216.60</b>	<b>230.44</b>

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>D. Change in Present value of the Obligation during the year</b>				
1. Present value of the obligation at beginning of year	9,450.08	8,034.32	1,093.00	1,049.19
2. Current service cost	945.53	449.26	199.01	191.76
3. Interest cost	700.29	557.96	73.66	68.94
4. Benefits paid	(349.42)	(373.53)	(234.80)	(159.05)
5. Actuarial (gain) loss on obligation	(283.07)	782.07	1.18	(57.84)
6. Present value of obligation at end of the year	<b>10,463.41</b>	<b>9,450.08</b>	<b>1,132.05</b>	<b>1,093.00</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	9,975.16	7,450.51	1,323.44	1,235.59
2. Expected return on plan assets	742.91	600.95	99.92	87.85
3. Contributions made	78.87	2,376.84	-	-
4. Benefits paid	(349.42)	(373.53)	-	-
5. Actuarial gain / (loss) on plan assets	(18.11)	(79.61)	(74.70)	-
6. Fair value of plan assets at the end of the year	<b>10,429.41</b>	<b>9,975.16</b>	<b>1,348.66</b>	<b>1,323.44</b>
7. Actual return on plan assets	724.80	521.34	25.22	87.85
<b>F. Amounts recognised in Other comprehensive Income</b>				
1. Opening unrecognised losses / (Gains)	1,702.25	840.57	-	-
2. Actuarial Loss / (Gains) on DBO	(283.07)	782.07	1.18	(57.84)
3. Actuarial Loss / (Gains) on assets	18.11	79.61	74.71	-
4. Amortisation Actuarial loss / (Gain)	-	-	75.89	(57.84)
5. Total recognised in Other comprehensive income	1,437.29	1,702.25	-	-
<b>G. Major categories of plan assets as a percentage of total plan</b>				
1. Qualifying insurance policies	10,429.41	9,975.16	1,348.66	1,323.44
2. Own plan assets-Bank balances	78.21	41.33	-	-
	<b>10,507.62</b>	<b>10,016.49</b>	<b>1,348.66</b>	<b>1,323.44</b>
<b>H. Actuarial Assumptions</b>				
1. Discount rate	7.55%	7.47%	7.55%	7.47%
2. Salary escalation	8.50%	8.50%	8.50%	8.50%
3. Attrition rate	7.00%	7.00%	7.00%	7.00%
4. Expected rate of return on plan assets	7.47%	7.11%	7.47%	7.11%
5. Mortality rate	Indian Assured Lives Mortality (2006-08) Ultimate			

The salary escalation considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Gratuity is applicable to all permanent and full time employees of the company.



## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

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 ₹ 500 Lakhs (as at 31<sup>st</sup> March 2023: ₹ 78.87 Lakhs) to the defined benefit plans during the next financial year.

### I. Sensitivity Analysis

	Gratuity (Funded)		Leave Encashment (Funded)	
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Impact of +1% change in rate of discounting	(603.32)	(600.63)	(102.04)	(95.35)
Impact of -1% change in rate of discounting	670.37	669.28	121.45	113.05
Impact of +1% change in rate of salary increase	662.25	638.12	116.27	107.24
Impact of -1% change in rate of salary increase	(606.86)	(594.58)	(99.58)	(92.20)
Impact of +1% change in rate of attrition	(75.09)	(74.90)	(16.42)	(13.75)
Impact of -1% change in rate of attrition	82.37	82.43	17.26	16.00

The above sensitivity analyses are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the balance sheet.

### J. Brief description of the Plans & risks

These plans typically expose the company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

#### Investment risk

The present value of the defined benefit plan liability is calculated using a discount which is determined by reference to market yields at the end of the reporting period on government bonds. Plan investment is a mix of investments in government securities, other debt instruments and equity shares of listed companies.

#### Interest Rate risk

A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments, if any.

#### Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

#### Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### II. Defined Contribution Schemes

	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Provident Fund Contribution	1,389.69	1,331.78

### 30.11 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.

OPERATING SEGMENTS	Textile Machinery Division		Machine Tool & Foundry Division		Advance Technology Centre		Total	
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Revenue from external customers	3,66,932.73	2,30,798.66	87,489.48	76,861.22	9,481.09	3,916.30	4,63,903.30	3,11,576.18
Inter Segment Revenue	6,462.72	4,937.90	9,730.63	3,388.94	-	-	16,193.35	8,326.84
Allocable other income	9,126.02	4,595.11	1,343.66	878.46	1,593.84	913.08	12,063.52	6,386.65
<b>Total Segment Revenue</b>	<b>3,82,521.47</b>	<b>2,40,331.67</b>	<b>98,563.77</b>	<b>81,128.62</b>	<b>11,074.93</b>	<b>4,829.38</b>	<b>4,92,160.17</b>	<b>3,26,289.67</b>
Less : Inter Segment Revenue	-	-	-	-	-	-	16,193.35	8,326.84
Add : Unallocable other Income	-	-	-	-	-	-	10,730.14	5,966.33
<b>Enterprise revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,86,696.96</b>	<b>3,23,929.16</b>
<b>Result</b>								
Segment Result	37,791.01	14,421.33	6,118.82	7,338.90	333.47	(1,856.74)	44,243.30	19,903.49
Operating Profit	-	-	-	-	-	-	44,243.30	19,903.49
<b>Add : Unallocable Other Income net of unallocable expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,678.20</b>	<b>3,937.08</b>
Less : Interest Expenses	-	-	-	-	-	-	-	8.54
Income tax expenses (Current)	-	-	-	-	-	-	11,000.00	5,822.43
Income tax expenses (Deferred)	-	-	-	-	-	-	2,519.60	(95.39)
<b>Net Profit after Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,401.90</b>	<b>18,104.99</b>
<b>Other Information</b>								
Segment assets	2,42,420.79	2,10,053.79	1,07,227.61	98,422.75	5,961.43	3,501.96	3,55,609.83	3,11,978.50

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

OPERATING SEGMENTS	Textile Machinery Division		Machine Tool & Foundry Division		Advance Technology Centre		Total	
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Add : Unallocable corporate assets	-	-	-	-	-	-	53,396.10	52,628.00
<b>Enterprise Assets</b>	-	-	-	-	-	-	<b>4,09,005.93</b>	<b>3,64,606.50</b>
Segment Liabilities	1,45,038.21	1,43,286.37	23,541.15	19,554.22	1,639.90	334.09	1,70,219.26	1,63,174.68
Add : Unallocable corporate liabilities	-	-	-	-	-	-	2,38,786.67	2,01,431.82
<b>Enterprise Liabilities</b>	-	-	-	-	-	-	<b>4,09,005.93</b>	<b>3,64,606.50</b>
Capital Expenditure	18,216.39	5,863.59	4,996.45	1,710.14	2,950.34	491.44	26,163.18	8,065.17
Depreciation	6,358.75	4,814.82	558.62	398.12	856.17	759.51	7,773.54	5,972.45

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.

### Segment Assets and Liabilities

Operating Segment	Segment Assets		Segment Liabilities	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Textile machinery division	2,42,420.79	2,10,053.79	1,45,038.21	1,43,286.37
Machine tool & foundry division	1,07,227.61	98,422.75	23,541.15	19,554.22
Advanced technology centre	5,961.43	3,501.96	1,639.90	334.09
<b>Total Segment assets &amp; segment liabilities</b>	<b>3,55,609.83</b>	<b>3,11,978.50</b>	<b>1,70,219.26</b>	<b>1,63,174.68</b>
<b>Adjustments of unallocated assets and liabilities</b>				
Share capital	-	-	1,068.30	1,068.30
Reserves and Surplus	-	-	2,32,786.59	1,97,949.61
Investments	50,835.72	44,841.57	-	-
Advance tax	2,560.38	7,786.43	-	-
Deferred tax	-	-	4,843.38	2,323.78
Unpaid Dividends	-	-	88.40	90.13
<b>Total assets &amp; liabilities as per Balance sheet</b>	<b>4,09,005.93</b>	<b>3,64,606.50</b>	<b>4,09,005.93</b>	<b>3,64,606.50</b>

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 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:

Particulars	Revenue from external customers	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Inside India	3,48,134.60	2,38,262.34
Outside India	1,15,768.70	73,313.84
	<b>4,63,903.30</b>	<b>3,11,576.18</b>

### 30.12 Approval of financial statements

The financial statements were reviewed and recommended by the Audit Committee and has been approved by the Board of Directors at their meeting held on 24<sup>th</sup> May 2023.

### 30.13 Details of leasing arrangements

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>As Lessor</b>		
<b>Operating lease</b>		
The Group has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period upto 10 years and may be renewed for a further period based on mutual agreement of the parties.		
<b>Future minimum lease receipts</b>		
Not later than one year	42.00	42.00
Later than one year and not later than five years	168.00	168.00
More than 5 years	168.00	210.00



## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### 30.14 Financial Risk Management Objectives

The group's activity exposes itself to variety of financial risks which includes market risk, credit risk, liquidity risk, interest rate risk and price risk. The group monitors and manages the above financial risks relating to the operations of the group through internal risk reports which analyses exposures by degree and magnitude of risks. The primary focus is to identify risks and take steps for mitigation of 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	
		As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Sundry creditors	AED	25,73,268	-	573.32	-
	CHF	2,32,489	2,10,187	209.08	173.19
	CNY	16,71,422	45,58,622	199.73	545.65
	EUR	19,08,092	26,66,390	1,703.46	2,241.37
	GBP	35,498	23,785	36.05	23.74
	JPY	21,79,34,005	21,46,67,099	1,347.77	1,342.21
	SEK	85,000	-	6.75	-
	SGD	6,102	36,505	3.77	20.46
	USD	59,01,568	13,28,431	4,845.94	1,008.28
	Sundry Debtors	CNY	7,45,676	4,19,11,238	89.11
EUR		8,97,408	3,94,198	770.93	331.99
GBP		22,799	52,597	22.63	52.31
USD		4,29,82,286	1,81,87,619	34,906.86	13,784.40
Cash and Bank Balances	AED	3,24,755	24,29,495.94	72.36	502.11
	BDT	13,44,867	5,34,458	10.33	4.70
	CNY	14,14,690	68,69,402	169.06	822.24
	EUR	63,722	63,818	56.89	52.58
	KES	-	3,91,174	-	2.58
	TRY	81,229	65,692	3.48	3.40
	USD	78,90,553	22,15,874	6,484.54	1,681.85
	VND	4,83,70,838	1,28,43,670	1.70	0.41

The Group is mainly exposed to USD and EUR.

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

### Foreign currency sensitivity analysis

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 5% against the respective functional currencies.

Particulars	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>Sundry creditors</b>		
USD	4,845.94	1,008.28
Euro	1,703.46	2,241.37
<b>Sundry Debtors</b>		
USD	34,906.86	13,784.40
Euro	770.93	331.99
<b>Net receivable</b>		
USD	30,060.92	12,776.12
Euro	(932.54)	(1,909.38)
<b>Total</b>	<b>29,128.38</b>	<b>10,866.74</b>
Impact on profit : 5 % increase in currency rate	1,456.42	543.34
Impact on profit : 5 % decrease in currency rate	(1,456.42)	(543.34)

**Interest rate risk** – The group holds interest bearing assets in the form of fixed deposits with banks. The variation in interest risks is managed by distributing deposits among wide base of banks and financial institutions.

The group do not have any debts and therefore any fluctuation in market interest rates may not affect the cashflow/ profitability position of the group in terms of debts servicing.

### Interest rate sensitivity analysis

The entity prepares sensitivity analysis for interest rate risk associated with fixed deposits by assuming various magnitudes of interest rate changes, which includes a 0.25% increase or decrease in interest rates.

Particulars	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Fixed deposits in Banks	1,31,821.54	1,29,256.60
Impact on profit : increase of 25 basis points	329.55	323.14
Impact on profit : decrease of 25 basis points	(329.55)	(323.14)

**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

The sensitivity analysis for equity price risk is conducted by assuming a range of equity price changes, which involves a 5% increase or decrease in equity prices. Additionally, we take into account other relevant factors such as changes in equity prices for different equity markets and individual equity securities, correlations between these markets and securities, and the holding period.

Particulars	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Fair value of Equity investments	16,977.40	16,446.92
Impact on Other Comprehensive Income : increase by 5%	848.87	822.35
Impact on Other Comprehensive Income : decrease by 5%	(848.87)	(822.35)

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

**Credit risk** – Credit risk arises from the risk of default on its obligation by the counterparty resulting in financial loss, such as cash and cash equivalents, and outstanding receivables.

Credit risk on cash and cash equivalents is considered negligible as the group generally invests in fixed deposits with reputable banks. They are not impaired or past due for each of the reporting dates

Credit risk on outstanding receivables is the exposure to billed receivable and are normally unsecured and derived from revenue earned from customer mostly from India. Credit risk is managed by the group through credit approvals and continuously monitoring the credit worthiness of the customer to which the group grants credit in the normal course of business. The group applied simplified approach of estimated credit loss for trade receivable, which provide for expected credit loss based on life-time expected losses. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The group does not have any significant credit risk exposure to any single counterparty.

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

**Liquidity risk** – Liquidity risk refers to the risk that the group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The group's principal source of liquidity is from cash and cash equivalent and the cash flow from operations. The group does not have any external borrowings from banks or any other financial institution. The group believes that the working capital through internal accruals is sufficient to meet its current requirements and hence the group does not perceive any such risk.

**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.

### 30.15 Revenue Recognition

The Group derives revenue primarily from the sale of Textile Machinery, Machine tools, Parts, Castings and Aero Space parts.

Revenue is recognised 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 recognised 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 recognised 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 recognised in gross by the Group.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

Revenue from operations for the year ended March 31 2023 and March 31 2022 is as follows:

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
(i) Revenue from sale of products	4,63,903.30	3,11,576.18
(ii) Revenue from rendering of services	8,011.64	5,519.23
<b>Total revenue from operations</b>	<b>4,71,914.94</b>	<b>3,17,095.41</b>

### 30.16 The Exchange rate adopted for conversion of subsidiary accounts is as follows :

The Exchange Rate as at 31<sup>st</sup> March 2023 : 1 CNY = ₹11.95 (Previous Year ₹11.97)

: 1 AED = ₹22.28 (Previous Year ₹20.67)

Average exchange rate : 2022-23: 1 CNY = ₹ 11.71 (Previous Year ₹ 11.63) and 1 AED = ₹21.48 (Previous Year ₹ 20.61)

**30.17** Depreciation / amortisation includes ₹13.39 Lakhs (Previous Year ₹13.31 Lakhs) towards amortisation of leasehold land as per audited accounts of LMW Textile Machinery (Suzhou) Co. Ltd., China.

### 30.18 Additional regulatory information required by Schedule III

i) Details of benami property held

No proceedings have been initiated on or are pending against the group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

ii) Wilful Defaulter

The Group had not been declared a wilful defaulter by any bank or Financial Institution or other lender (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guideline of the wilful defaulter issued by the Reserve Bank of India.

iii) Relationship with struckoff companies

Name of Struck off Company	Nature of transactions	Transactions during the year ended 31 <sup>st</sup> March 2023	Balance outstanding at the end of the year as at 31 <sup>st</sup> March 2023	Relationship with the Struck off company, if any, to be disclosed
Oswal Denims Limited	Sale of Textile Machinery & Spares	22.08	0.54	Customer
Gotech India Private Limited	Textile Machinery Services Charges	0.07	0.07	Customer

iv) Compliance with number of layers of companies

The Group has complied with the number of layers prescribed under the Companies Act, 2013.



## Notes to the Consolidated Financial Statements

for the Year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lakhs, unless otherwise stated)

- v) Compliance with approved scheme(s) of arrangements  
No scheme of arrangement has been approved by the competent authority in terms of Section 230 to 237 of the Companies Act, 2013.
- vi) Utilisation of borrowed funds  
The Group does not have borrowed funds.
- vii) Undisclosed income  
There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- viii) Details of crypto currency or virtual currency  
The Group has not traded or invested in crypto currency or virtual currency during the current or previous year.
- ix) Valuation of Property, Plant and Equipment, intangible asset and investment property  
The Group has not revalued its property, plant and equipment or intangible assets or both during the current or previous year.

**30.19** Previous years' figures have been restated to comply with IND AS to make them comparable with the current period. Further, previous years' figures have been regrouped / reclassified, wherever necessary, to conform with the current period presentation.

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

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

**Place :** Coimbatore  
**Date :** 24<sup>th</sup> May, 2023

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

(All amount in ₹ Lakhs, except ratio)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Profit and Loss Account</b>										
Sales (excluding excise duty)	2,16,518	2,31,258	2,47,448	2,13,686	2,42,661	2,54,620	1,50,864	1,63,889	3,01,676	445,669
Other Income	19,193	17,858	15,988	16,698	17,868	19,578	15,509	12,997	13,584	23,257
Profit before tax	26,878	29,749	32,819	26,631	30,315	32,367	6,441	7,420	23,695	48,541
Profit after tax	18,369	20,745	22,012	19,060	21,142	18,928	4,500	4,746	17,968	35,022
<b>Balance Sheet</b>										
Fixed Assets	38,568	37,721	40,846	46,559	53,616	65,971	69,402	66,918	68,659	88,562
Investments	12,883	12,883	15,276	12,624	14,798	13,846	11,250	20,018	25,529	25,569
Net Assets	59,257	75,443	93,709	94,660	1,03,751	89,219	86,465	93,509	1,06,658	1,20,711
	<b>1,10,708</b>	<b>1,26,047</b>	<b>1,49,831</b>	<b>1,53,843</b>	<b>1,72,165</b>	<b>1,69,036</b>	<b>1,67,117</b>	<b>1,80,445</b>	<b>2,00,846</b>	<b>2,34,842</b>
Share Capital	1,127	1,127	1,127	1,096	1,096	1,068	1,068	1,068	1,068	1,068
Reserves and Surplus	1,09,317	1,24,920	1,48,704	1,52,747	1,71,069	1,67,968	1,64,563	1,76,958	1,97,454	2,28,931
Deferred Tax Liability	264	-	-	-	-	-	1,486	2,419	2,324	4,843
	<b>1,10,708</b>	<b>1,26,047</b>	<b>1,49,831</b>	<b>1,53,843</b>	<b>1,72,165</b>	<b>1,69,036</b>	<b>1,67,117</b>	<b>1,80,445</b>	<b>2,00,846</b>	<b>2,34,842</b>
<b>RATIOS</b>										
<b>Measures of Investment</b>										
Dividend per share (₹)									40.00	98.50
EPS (₹)									168.19	327.82
Return on Equity (%)									9.05	15.23
Dividend Cover (Times)									4.20	3.33
Measures of Performance										
Net Profit Margin (%)									5.96	7.86
Assets Turnover (Times)									4.39	5.03
Measures of Financial status										
Current Ratio (Times)									1.50	1.59
Tax Ratio (%)									24.17	27.85











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