

## **S. KRISHNAMOORTHY & CO.**

Chartered Accountants

### **PARTNERS**

**K.N. SREEDHARAN** F.C.A.

**G. KARTHIKEYAN** F.C.A.

**B. KRISHNAMOORTHY** F.C.A.

**V. INDIRA** F.C.A.

### **INDEPENDENT AUDITOR'S REPORT**

#### **TO THE MEMBERS OF LMW AEROSPACE INDUSTRIES LIMITED**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the Financial Statements of LMW AEROSPACE INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2025, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies, Notes to the Financial Statements and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2025, its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

##### **Other Matter**

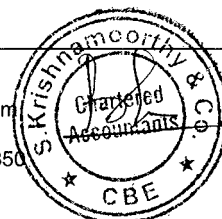
During the year, the Company was made dormant as defined in Section 455 of the Companies Act, 2013, and there are no significant accounting transaction.

##### **Basis for Opinion**

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the 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 Financial Statements.

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

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



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

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

### **Management's Responsibilities for the Financial Statements**

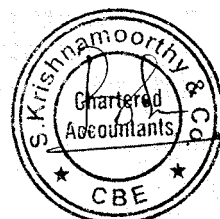
The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the 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 Financial Statements.



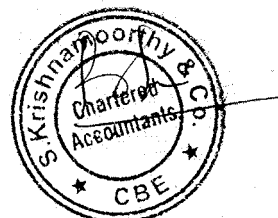
As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

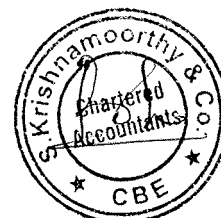
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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, the Statement of Cash Flow and Notes to the Financial Statements dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid 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, 2025 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 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, no remuneration was 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 does not have any pending litigations on its financial position in its Financial Statements.
    - ii. The Company has no requirement to create any provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
    - iii. There were no amounts which 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. The company has neither paid nor declared any dividend during the financial year.
- vi. Based on our examination, which included test checks, the Company has used accounting software systems for maintaining its books of account for the financial year ended March 31, 2025 which have the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software systems. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

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



*[Handwritten Signature]*

**B.Krishnamoorthi**

Partner, Auditor

Membership No.020439

UDIN: 25020439BMJNYP8403

Place: Coimbatore

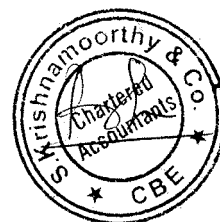
Date: 15.04.2025

## 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 LMW AEROSPACE INDUSTRIES LIMITED on the Financial Statements for the year ended March 31,2024)

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 does not own or possess any Property, Plant and Equipment during the year and thus has no requirement to maintain records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
  - (B) The company does not own any Intangible Assets during the year and thus has no requirement to maintain records showing full particulars of Intangible assets.
  - (b) As the company has not own or possess any Property, Plant and Equipment till March 31,2025, physical verification under clause 3(i)(b) of the order is not applicable.
  - (c) As the company has not own or possess any immovable properties till March 31,2024, verification Title deeds under clause 3(i)(c) of the order is not applicable.
  - (d) As the company has not own or possess any Property, Plant and Equipment and Intangible assets revaluation of the same under clause 3(i)(d) of the order is not applicable.
  - (e) No proceedings have been initiated during the year or pending against the company as at March 31, 2025 for holding any benami property under the Benami Transactions (prohibition) Act, 1998 (as amended in 2016) and rules made thereunder.
- (ii) (a) The company did not have any inventory as at the close of the year or during the year.
- (b) During the year, the company has not borrowed any working capital loans from banks or financial institutions. Thus, no quarterly returns or statements has been filed by the company with such banks or financial institutions.
- (iii) During the year the company has not made any investments, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability partnerships or any other parties.
- (iv) The company has not granted any loan or made any investments or provided guarantees and securities during the year.



- (v) The company has not accepted any deposits or amounts which are deemed to be deposits to which the provisions of sec.73 to 76 or any other relevant provisions of the act and the rules apply.
- (vi) Maintenance of cost records under section 148(1) of the Act is not applicable to the company.
- (vii) There is nothing to report under clause 3(vii) of the order, as there is no default by the company in relation to statutory compliance.
- (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.
- (ix) (a) The Company has not taken any loans or other borrowings from any lender.
- (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.
- (d) The Company has not raised any loans during the year.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures
- (f) The company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year.
- (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).
- (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) There is nothing to report under clause 3(xi)(c) of the order, as the company does not have any employees.

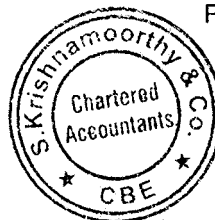


- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) There are no transactions with the related parties during the year. The provisions of Section 177 and 188 of the Act are not applicable to the company.
- (xiv) As per Section 138 of the Companies Act, 2013, the requirement for appointment of internal auditors is not applicable.
- (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.
- (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
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016).
- (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) There were no operations in the company during the year, thus financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements are not applicable.
- (xx) Corporate Social Responsibility (CSR) are not applicable to the company since prescribed criteria u/s 135 of the act is not fulfilled.

For **S. KRISHNAMOORTHY & Co.**

*Chartered Accountants*

Firm's Registration No. 001496S



*[Handwritten Signature]*

**B. Krishnamoorthi**

Partner, Auditor

Membership No. 020439

UDIN: 25020439BMJNYP8403

Place: Coimbatore

Date: 15.04.2025



## **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 LMW AEROSPACE INDUSTRIES LIMITED on the Financial Statements for the year ended March 31, 2025)

### **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 LMW AEROSPACE INDUSTRIES LIMITED ("the Company") as of March 31, 2025 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date to the extent applicable considering there were no operations in the company during the year.

#### **Management's Responsibility for Internal Financial Controls**

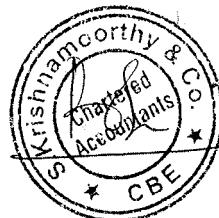
The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.



### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

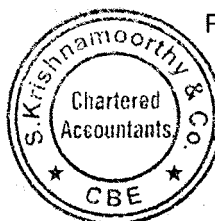
### Opinion

In our opinion, to the best of our information and according to the explanations given to us and keeping in mind that the company is in the preliminary stage of commencement of operations, 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, 2025, 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



*[Handwritten Signature]*

**B. Krishnamoorthi**

Partner, Auditor

Membership No.020439

UDIN: 25020439BMJNYP8403

Place: Coimbatore

Date: 15.04.2025

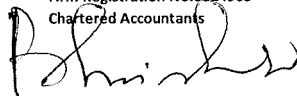
# **LMW AEROSPACE INDUSTRIES LIMITED**

**Balance Sheet as on 31st March 2025**

(All amounts in INR Crores, unless otherwise stated)

Particulars	As at 31st March 2025	As at 31st March 2024
<b>ASSETS</b>		
Non-current assets		
Property, Plant and Equipment	0.0000	0.0000
Capital work-in-progress	0.0000	0.0000
Other Intangible assets	0.0000	0.0000
Financial Assets		
(i) Investments		
a) Investments in subsidiaries	0.0000	0.0000
b) Other investments	0.0000	0.0000
(ii) Trade receivables	0.0000	0.0000
(iii) Loans	0.0000	0.0000
(ii) Other financial assets	0.0000	0.0000
Deferred tax assets (net)	0.0000	0.0000
Other non-current assets	0.0000	0.0000
<b>Total Non - Current Assets</b>	<b>0.0000</b>	<b>0.0000</b>
<b>Current assets</b>		
Inventories		
Financial Assets		
(i) Investments	0.0000	0.0000
(ii) Trade receivables	0.0000	0.0000
(iii) Cash and cash equivalents	2.4464	2.4535
(iii) Bank balances other than (iii) above	0.0000	0.0000
(iv) Loans	0.0000	0.0000
(iv) Other financial assets	0.0000	0.0000
Current Tax Assets (Net)	0.0000	0.0000
Other current assets	0.0000	0.0000
<b>Total Current Assets</b>	<b>2.4464</b>	<b>2.4535</b>
<b>Miscellaneous Expenditure to the extent not written off</b>		
Preliminary and Pre-operating expense	0.0546	0.0475
<b>Total Assets</b>	<b>2.5010</b>	<b>2.5010</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity Share capital	2.5000	2.5000
Other Equity	0.0000	0.0000
<b>Equity attributable to owners of the Company</b>	<b>2.5000</b>	<b>2.5000</b>
<b>Total equity</b>	<b>2.5000</b>	<b>2.5000</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial Liabilities		
(i) Trade payables	-	-
(ii) Other financial liabilities	-	-
Provisions	-	-
Deferred tax liabilities (Net)	-	-
Other non-current liabilities	-	-
<b>Total Non - Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>		
Financial Liabilities		
(i) Trade payables	-	-
Due to Small and Medium Enterprises	-	-
Due to Others	-	-
(ii) Other financial liabilities	-	-
Provisions	-	-
Current Tax Liabilities (Net)	-	-
Other current liabilities	0.0010	0.0010
<b>Total Current Liabilities</b>	<b>0.0010</b>	<b>0.0010</b>
<b>Total Liabilities</b>	<b>0.0010</b>	<b>0.0010</b>
<b>Total Equity and Liabilities</b>	<b>2.5010</b>	<b>2.5010</b>

In terms of our report attached  
For S.Krishnamoorthy & Co  
Firm Registration No.0014965  
Chartered Accountants



B. Krishnamoorthi  
Partner  
Membership No. 020439



B. Dhanalakshmi  
Director  
DIN: 07153652

  
V. Senthil  
Director  
DIN: 09066063

Place : Coimbatore  
Date : 15th April 2025

**LMW AEROSPACE INDUSTRIES LIMITED****Statement of Profit and Loss for the year ended 31st March 2025**

(All amounts in INR Crores, unless otherwise stated)

Particulars	Note No.	Year ended 31st Mar 2025	Year ended 31st Mar 2024
<b>INCOME</b>			
Revenue from operations		-	-
Other income		-	-
<b>Total income</b>		-	-
<b>EXPENSES</b>			
Cost of materials consumed		-	-
Purchase of stock in trade		-	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress		-	-
Employee benefit expense		-	-
Depreciation and amortisation expense		-	-
Impairment loss on financial assets		-	-
Other expenses		-	-
Finance costs		-	-
<b>Total expenses</b>		-	-
<b>Profit before exceptional items and tax</b>		-	-

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 : 15th April 2025

For and on behalf of the Board of Directors



B. Dhanalakshmi  
Director  
DIN: 07153652



V. Senthil  
Director  
DIN: 09066063

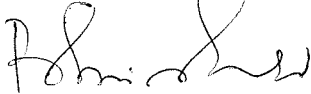
**LMW AEROSPACE INDUSTRIES LIMITED**

Cash Flow Statement for the year ended 31st March 2025

(All amounts in INR Crores, unless otherwise stated)

PARTICULARS	Year ended 31st Mar 2025		Year ended 31st Mar 2024	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit after exceptional items but before tax		-		-
<b>Operating Profit before working capital changes</b>				
Adjustments for (increase) / decrease in operating assets				
Pre Operating Expenses	(0.01)		(0.01)	
Preliminary expenses				
Adjustments for increase / (decrease) in operating liabilities				
Other current liabilities		(0.00)		(0.01)
<b>Net Cash used in/generated from operations</b>	<b>[A]</b>	<b>(0.00)</b>	<b>[A]</b>	<b>(0.01)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Net cash used in investing activities	<b>[B]</b>	-	<b>[B]</b>	-
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of share capital		0.00		0.00
Net cash used in financing activities	<b>[C]</b>	<b>0.00</b>	<b>[C]</b>	<b>0.00</b>
<b>Net Increase/(Decrease) of cash and cash equivalents during the year</b>		<b>(0.00)</b>		<b>(0.01)</b>
<b>D. Cash and cash equivalents at beginning of the Year</b>		2.45		2.46
<b>E. Cash and cash equivalents at end of the Year</b>		2.45		2.45
<b>Net increase / (decrease) in cash and cash equivalents (E-D)</b>		<b>(0.00)</b>		<b>(0.01)</b>
<b>Cash &amp; Cash equivalents as per Balance Sheet</b>		2.45		2.45
<b>Cash and Cash equivalents as per Cash flow Statement</b>		2.45		2.45

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



B.Krishnamoorthi  
Partner  
Membership No. 020439

For and on behalf of the Board of Directors



B. Dhanalakshmi  
Director  
DIN: 07153652



V. Senthil  
Director  
DIN: 09066063

Place : Coimbatore  
Date : 15th April 2025

## Notes to Financial Statement

(All amounts in INR Crores, unless otherwise stated)

LMW AEROSPACE INDUSTRIES LIMITED			
1. Cash and cash equivalents			
Particulars		As at 31st March 2025	As at 31st March 2024
Balances with Banks			
Current account - Indian Bank		2.45	2.45
		2.45	2.45
2. Miscellaneous Expenses to the extent not written off			
Particulars		As at 31st March 2025	As at 31st March 2024
a. Preliminary Expenses			
Filing and other fee		0.0325	0.0325
b. Pre-operating Expenses			
Professional Charges		0.0153	0.0099
Filing and other fee		0.0006	0.0006
License and Taxes		0.0005	0.0005
Audit Fees		0.0055	0.0038
Finance cost - Bank charges		0.0001	0.0001
		0.0221	0.0149
		0.0546	0.0475
3. Equity Share Capital			
Particulars		As at 31st March 2025	As at 31st March 2024
Authorised Share Capital			
25,00,000 fully paid equity shares of Rs. 10 each		2.5000	2.5000
Issued, subscribed and fully paid up capital comprises			
25,00,000 fully paid equity shares of Rs. 10 each		2.5000	2.5000
Fully paid up equity shares		Number of shares	Share Capital
Balance as on 31st March 2024		25,00,000	2,50,00,000
Balance as on 31st March 2025		25,00,000	2,50,00,000
Balance at the beginning of the current reporting period	Changes in Equity share capital due to prior period error	Changes in Equity share capital during the current year	Balance at the end of the current reporting period
2.50	-	-	2.50
Details of Shares held by the Promoters and Promotors Group as at 31.03.2025			
S.No.	Promoter Name	% of total shares	% change during the year
1	Lakshmi Machine Works Limited	100%	-
Total		100%	-
Shareholders holding more than 5% Equity shares			
Sl. No	Particulars	As at 31st March 2025	
		Number	Percentage
1	Lakshmi Machine Works Limited	25,00,000	100%
4.Other Current Liabilities			
Particulars		As at 31st March 2025	As at 31st March 2024
Current			
Audit fees payable		0.0010	0.0010
		0.0010	0.0010
5	Pursuant to the approval granted by the shareholders at the Extra Ordinary General Meeting held on 20th December 2024, the Company had filed an application with the Registrar of Companies, Ministry of Corporate Affairs for obtaining the status of "Dormant Company" under Section 455 of the Companies Act, 2013 as the Company has not carried out any business operations since Incorporation. Accordingly, the Registrar of Companies vide their certificate dated 17th January 2025, accorded their approval for change in status of the Company to "Dormant". Further, the Company has not carried out any significant accounting transactions as defined under Section 455 of the Companies Act, 2013.		
6	Expenditure incurred during the financial year 2024-25		
	Professional charges and filing fee payment		0.0054
	Audit Fee		0.0018
			0.0071

# **Notes to the standalone financial statements for the year ended 31<sup>st</sup> March 2025**

## **Statement of significant accounting policies**

### **1 Corporate Information**

LMW AEROSPACE INDUSTRIES LIMITED is a public company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The address of its registered office is C/o. Lakshmi Machine Works Ltd, SF No.516 516/2, SRKV Post, Periyanaickenpalayam Coimbatore TN 641020 IN. The company is engaged in the Manufacture of machinery and equipment N.E.C. The financial statements are approved for issue by the Company's Board of Directors on 15<sup>th</sup> April 2025.

## **2 SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 Statement of compliance**

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

### **2.2 Basis of preparation and presentation**

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

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

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

## 2.3 Property, plant and equipment

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

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

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end with the effect of any changes in estimate accounted for on a prospective basis. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

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

Estimated useful lives of the tangible assets are as follows:

Asset Type	Estimated Useful life
Buildings	20-60 years
Plant and Equipment	
a. Main Machines	8-20 years
b. Ancillary Machines	3-7 years
Windmills	22 years
Solar Project	10 Years
Furniture & fixtures	8-10 years
Vehicles	6-8 years
Office Equipment's	7-15 years

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



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

## **2.4 Investment Property**

Investment properties are properties held to earn rentals and / or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs.

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

## **2.5 Intangible assets**

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

### **Estimated useful lives of the intangible assets are as follows:**

Asset Type	Useful Life
Technical Know how	6 years
Software	6 years

There are no intangible assets having indefinite useful life.

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

## **2.6 Impairment of assets**

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

carrying amount over its recoverable value is recognized as an impairment loss. The impairment loss, if any, recognized in prior accounting period is reversed if there is a change in estimate of recoverable amount.

## **2.7 Financial Instruments**

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

## **2.8 Financial assets**

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

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

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

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

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

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

Interest income is recognized in profit or loss for FVTOCI debt instruments. For recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated

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

All other financial assets are subsequently measured at fair value.

### **Effective interest method**

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

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

### **Investments in equity instruments at FVTOCI**

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

A financial asset is held for trading if:

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

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

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

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

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

Debt instruments that do not meet the amortized cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortized cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

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

The Company has Mutual fund investments which are debt instruments being designated as at FVTPL.

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

### **Impairment of financial assets**

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

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all

contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

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

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook

of these verticals and the financial strength of the customers in respect of whom amounts are receivable. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognized in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

### **De recognition of financial assets**

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

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

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

## **Foreign exchange gains and losses**

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

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

## **2.9 Financial liabilities and equity instruments**

### **Equity Instruments**

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

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

### **Financial liabilities**

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

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

### **Financial liabilities at FVTPL**

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

A financial liability is classified as held for trading if:

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

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

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

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

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

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



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

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

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

## **Financial guarantee contracts**

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

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

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

## **Foreign exchange gains and losses**

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

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

## **Derecognition of financial liabilities**

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

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

### **2.10 Valuation of Inventories**

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

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

### **2.11 Translation of Foreign Currency Transactions:**

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

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

### **2.12 Recognition of Revenue**

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

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

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

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

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

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

### **2.13 Borrowing costs**

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

### **2.14 Dividends**

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

### **2.15 Earnings per Share:**

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

## **2.16 Employee Benefits:**

### **Short term employee benefits**

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

### **Defined Contribution Plans**

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

### **Defined Benefit Plans**

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not re classified to profit or loss. Past services cost is recognised in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements); net interest expense or income and remeasurement. The company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from plans or reductions in future contributions to the plans. A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

## **2.17 Research and Development**

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

## **2.18 Taxes on Income**

Income tax expense comprises current and deferred income tax.

### **Current Tax**

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

### **Deferred Tax**

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

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

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

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

## **Current and Deferred Tax for the year**

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

### **2.19 Provisions, contingent liabilities and contingent assets**

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

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

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

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

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

### **2.20 Cash Flow Statement and Cash and Cash equivalents**

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

### **2.21 Segment Reporting**

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other

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

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

## **2.22 Leases**

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

## **3. Critical accounting judgments and key sources of estimation uncertainty**

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

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

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