LMW®

**LAKSHMI MACHINE WORKS LIMITED** Our Ref : Sec/270/2019
Date : 20.06.2019

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

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

Dear Sirs,

Sub : Annual Report for the year 2018-19.

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we attach herewith soft copy of the Annual Report of the Company for the year 2018-19 for your records.

Thanking you,

Yours faithfully,
For LAKSHMI MACHINE WORKS LIMITED

C R SHIVKUMARAN
Company Secretary

cc: BSE Limited
Corporate Relationship Department
1st Floor, New Trading Ring
Rotunda Building, PJ Towers
Dalal Street, Fort, Mumbai – 400 001.




# LAKSHMI MACHINE WORKS LIMITED

ANNUAL REPORT **2018-19**



# CONTENTS


## CORPORATE OVERVIEW

Journey towards Excellence 1
About the Company 16
The Chairman's Communique 20

## STATUTORY DOCUMENTS

Management Discussion and Analysis 22
Notice to the Shareholders 38
Board of Directors' Report to Shareholders 56
Report on Corporate Governance 102

## FINANCIAL STATEMENTS

Standalone Financial Statements 118
Consolidated Financial Statements 179

Corporate Information 240



# EXCELLENCE IS A CHOICE

It is not easy, for it requires change which includes unlearning of processes that operated seamlessly up till now and embracing the unchartered new. For it requires one to voluntarily move out of their comfort zone and never settle for complacency.

For it demands one to make up their mind today, for the sake of a greater tomorrow.



# EXCELLENCE IS AN EXPRESSION OF PASSION

It's never the lukewarm idealism that inspires one to step towards the new & unknown – it's the passion to define a mission, 'walk the talk' and keep striving despite the challenges that come with change.

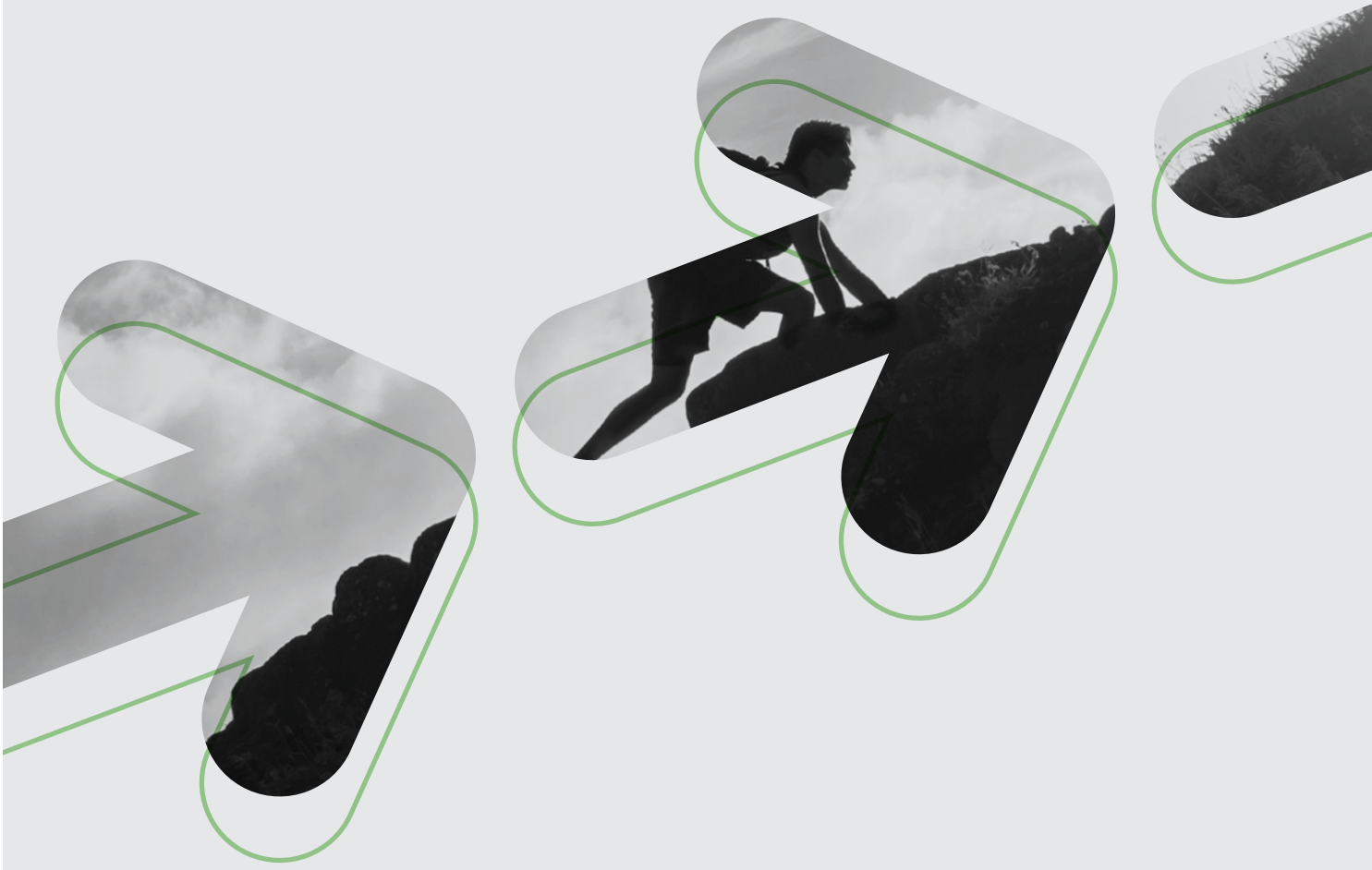
The kind of passion that burns bright, with belief & enthusiasm, every single day.

# EXCELLENCE IS TEAM EFFORT

The person is not important, the team is. If everyone is not improving as one, then they are all declining together. The key is to realize how closely integrated the process really is.

And then, to keep to the "all for one and one for all" motto, consistently.

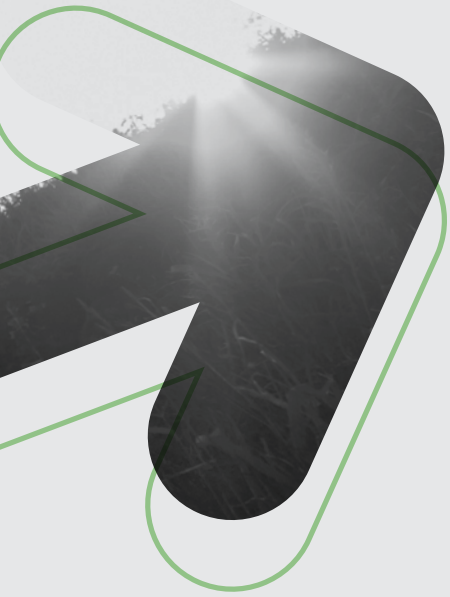




# EXCELLENCE IS A JOURNEY

It is never a one-time thing. For new ideas arise, from within the walls and beyond them. Practices evolve, to keep pace with the changing times and necessities. Relationships are built, with consistent delivery of excellence, over months, years & decades.

And in the process, success is sustained, by transforming every transaction into a pleasant and memorable experience.



# AT LMW, WE HAVE SET FOOT ON SUCH A JOURNEY TOWARDS EXCELLENCE

WE HAVE ADOPTED THE TOTAL QUALITY MANAGEMENT (TQM) PHILOSOPHY, A GLOBALLY ACCEPTED APPROACH TO LONG-TERM SUCCESS THROUGH CUSTOMER SATISFACTION.

IT IS AN EFFORT, WHERE ALL MEMBERS OF THE ORGANIZATION PARTICIPATE IN IMPROVING PROCESSES, PRODUCTS, SERVICES, AND THE CULTURE IN WHICH THEY WORK.

# IN THIS EXCITING YET CHALLENGING JOURNEY, THE VOYAGE HAS JUST BEGUN ...

... and this is what we have done!

# WE UP-SKILLED OUR PEOPLE

Because in today's era of openness, where technology difference between competitors is fast diminishing, it's only intellectual capital that provides a lasting competitive advantage.

### We trained our people on discipline housekeeping.

We aggressively trained our team on 5S concept as a part of implementation of TQM.

### We transformed them into subject experts in their area of operation.

We introduced the 'Certified Operator' training program under which, each operator was certified for a particular skill.

### We made people own the machine they operated.

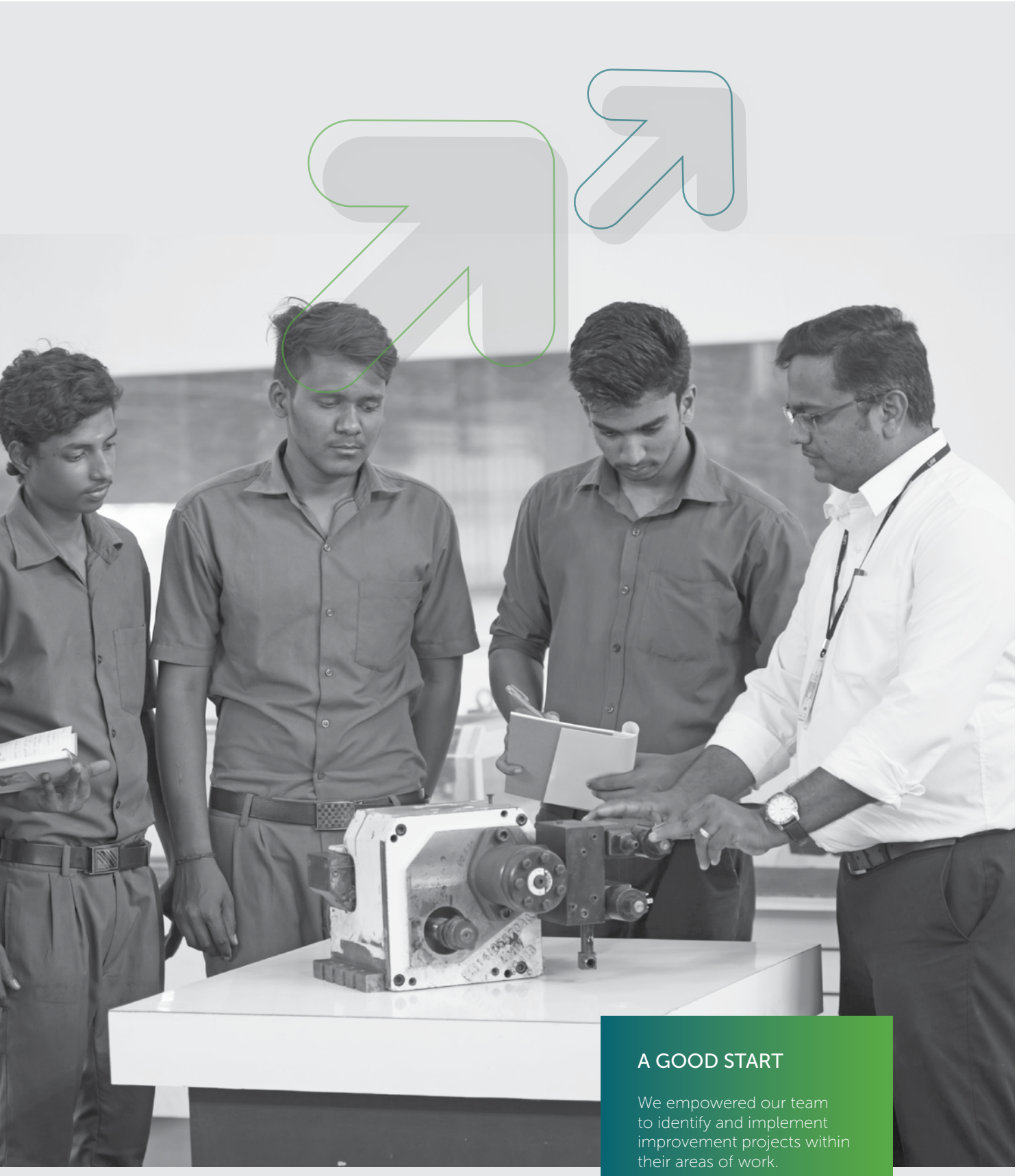
We launched the 'MyMachine' concept where we placed the responsibility (for quality output, productivity and availability) of the machine with its operator.

### We empowered them to make changes for the better.

We empowered our shop floor team, through an improved Suggestion Scheme initiative, to provide and implement changes in their areas of work and on their machines for better performance and productivity.

In doing so, we infused confidence into every member of our team that they are key drivers of this organisational transformation.





## A GOOD START

We empowered our team to identify and implement improvement projects within their areas of work.

# WE BONDED OUR PEOPLE

Because we believe that individual talent can take you only some distance, but teamwork and intelligence can take you all the way.

### We divided the large organisation into smaller teams.

We divided our operating units into zones, each zone being managed by a team of shop floor members with a defined structure.

### We institutionalised the culture of daily team meetings.

We ensured daily team meetings for discussing issues relating to quality, productivity and performance within the zone.

### We graduated team bonding to the next level.

Our Quality Management cell created Quality Circles – cross functional teams – to address chronic customer complaints.

Having made it this far, we will institutionalise the Quality Circle culture across the organisation in 2019-20.





## WHAT ONE CAN DO; A TEAM CAN DO BETTER!

Our team refurbished, upgraded and automated existing machinery with contemporary technology at a fraction of the cost of a new machine.

# WE UPGRADED OUR SUPPORT SERVICES

Because we are convinced that for sustaining the high performance of a charged shop floor team, we needed superior support systems.

### We improved our supply-chain commitment.

We altered the way in which components were sent to the assembly line; we changed the storage system for critical components (based on the 3C concept – countable, contact-free, clean) which eliminated working on components at the assembly shop; we unveiled a new portal for component issues which facilitated considerably faster vendor solution.

### We cleaned and upgraded our IT systems.

We combined all our applications; we unified and cleaned all data from all applications – for accurate reporting. We upgraded our data platform for faster data retrieval. We deployed software development lifecycle tools, which checked the accuracy of our software development, facilitated simultaneous and accurate rollout across the organisation, seamlessly integrated new launches with existing software and facilitated in-performance monitoring and management of our IT hardware across locations.

### We transformed our finance function completely.

We altered the way our finance team works – from being a paper guzzler to being nearly paperless. More importantly, the finance processes got streamlined and facilitated in faster approvals.

We also developed a system which facilitated in helping customers book the Company's authentic spares for their machines faster.

The resultant peace of mind, ignited the passion of every team member to go the extra mile.






## THIS IS CHANGE

The finance team created a hassle-free travel experience for our team – the process of accounting for travel was digitalised ensuring elimination of lengthy post travel formalities.

# WE ADDED OUR PARTNERS IN OUR JOURNEY

Because we realised that our success is critically dependent on theirs. Hence, making them part of the climb came to us almost naturally.

### We improved our vendor connect.

We created a dedicated team to work closely with our vendors for detailing LMW's requirement in terms of product quality and process design. We created a comprehensive supplier performance scorecard which clearly provided insights on each vendor's performance – high performers got a larger share of the Company's business.

### We enhanced our vendor skill and capability.

We initiated a supplier cluster program. In this, we handpicked few critical LMW partners to undergo a year-long training. During this exercise, their team was to be mentored by experts on upgrading their systems and processes; their teams were trained on contemporary technical skills, their facilities were periodically audited. All this, for improving their product quality and plant productivity.

### We improved our vendor's organisational liquidity.

In addition to providing business solidity, we endeavoured to strengthen their organisational liquidity. We worked closely with our banking partners to launch a vendor payment solution through which our vendors' invoices would be liquidated immediately.

Through these initiatives, we ensured that it's not the journey of LMW and its employees' alone, but the journey of our extended family too. For when they succeed, we do too.






## UPLIFTING OUR EXTENDED FAMILY

We created a comprehensive supplier performance scorecard which clearly provides insights on each vendor's performance.



# 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, manufacturing excellence and dynamic responsiveness to market needs.




# VALUES

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

ABOUT LMW

# LAKSHMI MACHINE WORKS LIMITED STRENGTHENING INDIA'S INDUSTRIAL BACKBONE

Headquartered in Coimbatore (Tamil Nadu, India), the Company has business interests in textile machinery, machine tools, castings and aerospace components. The Company's equity shares are listed on BSE Limited and National Stock Exchange of India Limited.

**Textile machinery:** LMW offers the entire range of spinning technology to textile players in India and across the globe. It is one among the major manufacturers in the world to produce the entire range of Textile Spinning Machinery.

**Machine tools:** LMW offers a range of CNC lathes and machining centers to 'Industrial India'. While it is a name to reckon with in the CNC lathe segment, its recognition in machining centers is growing by the day.

**Castings:** Set up as a backward integration to its textile machinery division, this vertical currently develops precision castings for large and respected corporates in India and across the globe.

**Advanced Technology Centre:** The Company leveraged its engineering expertise to develop components for the highly-complex aerospace sector.

# WHERE WE STAND TODAY

**2,741.98**
Revenue, 2018-19 (₹ crore)

**336.34**
EBIDTA,2018-19 (₹ crore)

**189.28**
Profit after Tax, 2018-19 (₹ crore)

**174.15**
Earnings per share, 2018-19 (₹)

**124.80**
Net cash from Operations, 2018-19 (₹ crore)

**1,690.36**
Shareholders Fund, 2018-19 (₹ crore)

**635.72**
Tangible Fixed Assets, 2018-19 (₹ crore)

**12.71**
Net Profit Margin, 2018-19 (in %)

## The Chairman's communique

# "UNWAVERING FOCUS ON QUALITY IS THE BEST BUSINESS PLAN; IT UPLIFTS EVERYTHING ABOUT BUSINESS; IT UPLIFTS THE ENTIRE ORGANISATION."



### Dear shareholders,

LMW has firmly set afoot the TQM journey – a journey that promises to transform the organisational culture into one where quality becomes a 'Non-compromise, Non-negotiable' ethic.

This is a critical business imperative for an important reason. Our customers are global in location and approach. Their needs are increasingly complex and dynamic. We need to consistently instill trust, through our products and services, that we will continue to keep them globally relevant and competitive, today and tomorrow. For it is only when we do this successfully that we will be able to sustain our success this far.

Our transformational journey is being spearheaded by our people – driven by our team at the shop floor, motivated and supported by the entire organisation. Teams at all our locations are working passionately, as our customer's ambassador, in overhauling/ improving internal systems and processes.

Every member has committed to creating a compelling scorecard for himself which pushes him forward every single day – one that enriches him personally and professionally. And we have gone a step further. We are engaging closely with our vendors on improving their business processes and systems. Thereby, uplifting our entire ecosystem.

Having enjoyed the low hanging fruits in 2018-19, the journey forward becomes increasingly challenging. We will have to hold onto the belief in the TQM culture, be more creative and innovative in doing things, which will ultimately uplift the organisation to a higher plane.

Going forward, our focus will be on growing each vertical as an independent business entity. We will work towards increasing market share in every business space of our presence. But most importantly, we will strive untiringly to multiply the community of satisfied LMW customers.

As India prepares to move a fast foot forward to higher efficiency, we continue to be optimistic. Barring unforeseen developments, we should ideally make 2019-20 another important milestone for LMW and all its stakeholders.

I take this opportunity to express my sincere gratitude to my fellow Directors for their commitment and professionalism in paving LMW's long-term path. My deep appreciation to all our loyal and valuable Customers, Shareholders for their continued confidence and support. My thanks to our suppliers and bankers, who continue to be our partners in growth. Lastly, our management team and employees for their valuable and ongoing dedication over the past years in contributing to LMW's growth.

Regards

**Sanjay Jayavarthanavelu**

*Chairman & Managing Director*





# MANAGEMENT DISCUSSION AND ANALYSIS

## Global Economy

After strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies. Trade tensions increasingly took a toll on business confidence resulting in worsening of financial market sentiment which in turn led to slump in global demand.

**Expectations for 2019:** The World Economic Outlook projects a decline in growth in 2019 for 70% of the global economy – they expect the prevailing weakness to persist in the first half of 2019. Global growth, which peaked at close to 4% in 2017, softened to 3.6% in 2018 and is projected to decline further to 3.3% in 2019.

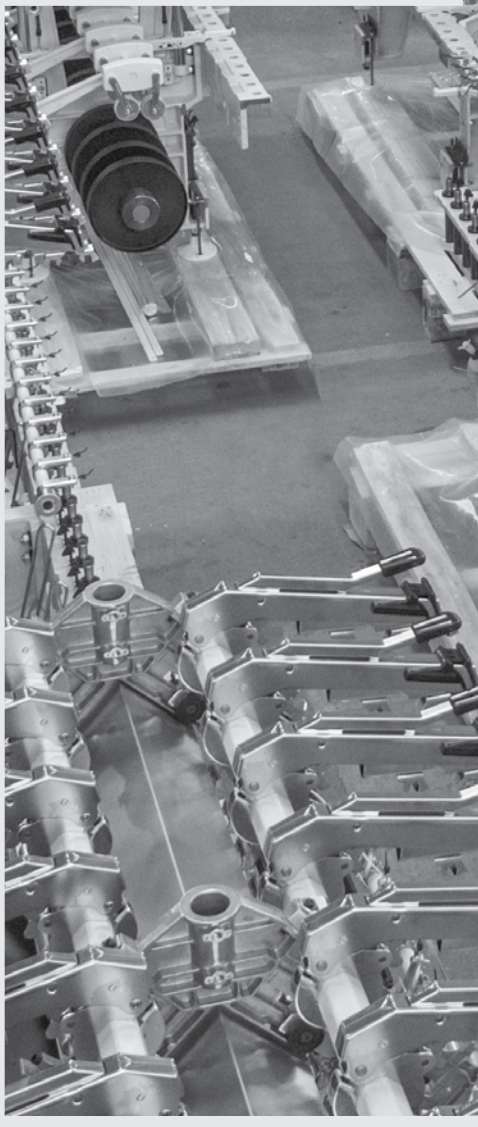
## Indian Economy

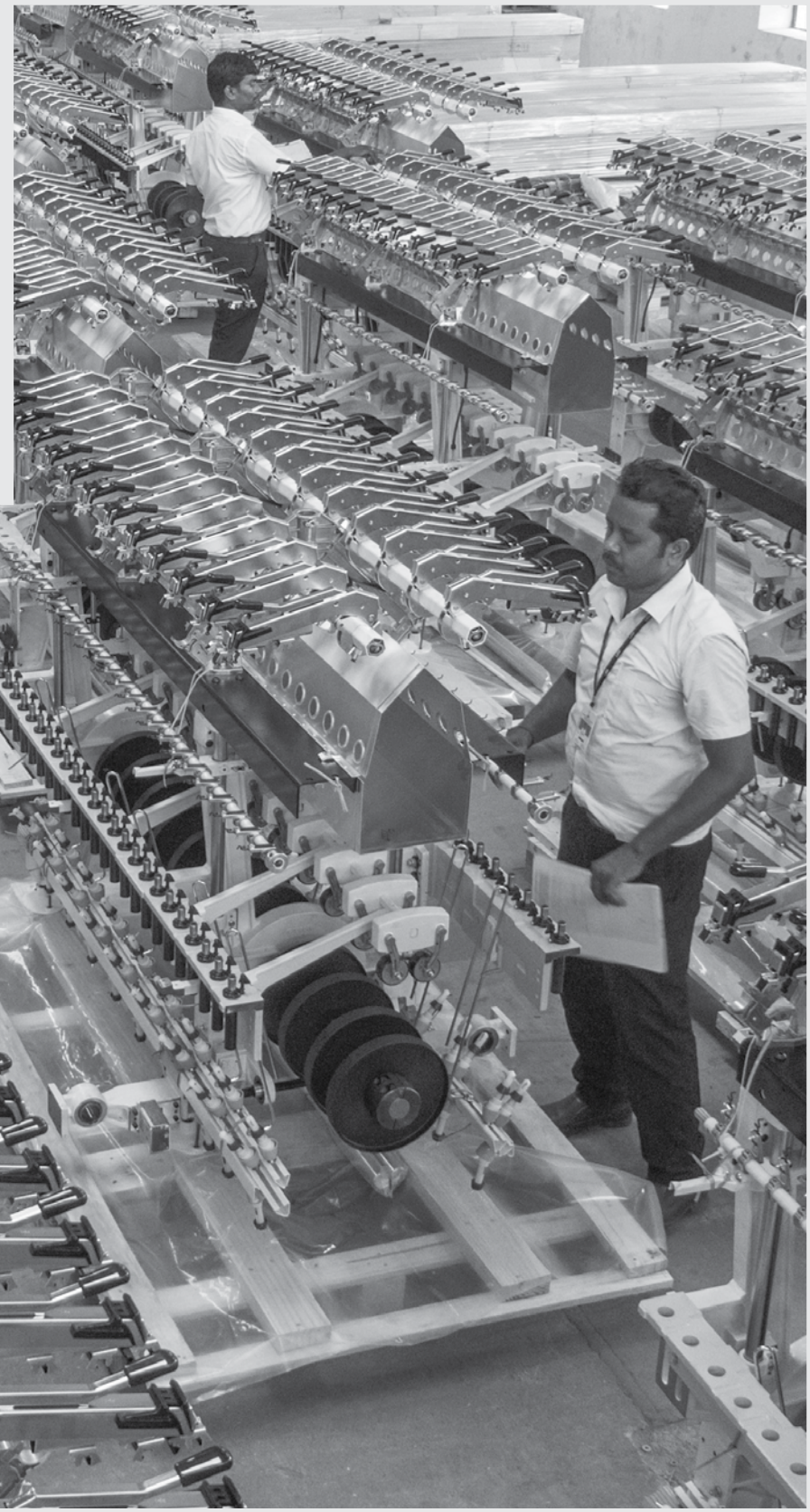
India is estimated to grow at 7% in 2018-19, down from the 7.2% in the previous financial year.

India's industrial production contracted by 0.1% in March, 2019, the lowest in 21 months, mainly due to manufacturing sector slow down. On annual basis, IIP growth slowed to three-year low of 3.6% in the 2018-19 fiscal as against 4.4% in the previous fiscal.

Despite the subdued growth pace of the Indian economy, there were important positives for 2018-19:

- Improvement in the investment rate has been the most positive development in 2018-19, increasing by 0.3 percentage points to 28.9%.
- Continued improvement in fiscal discipline. Consequently, despite government consumption increasing in relation to GDP, combined fiscal deficit of central and state governments is projected to reduce by 0.6 percentage points to 5.8% of GDP in 2018- 19.
- India moved up by 23 places in the World Bank's Ease of Doing Business Index 2018 to the 77th rank.



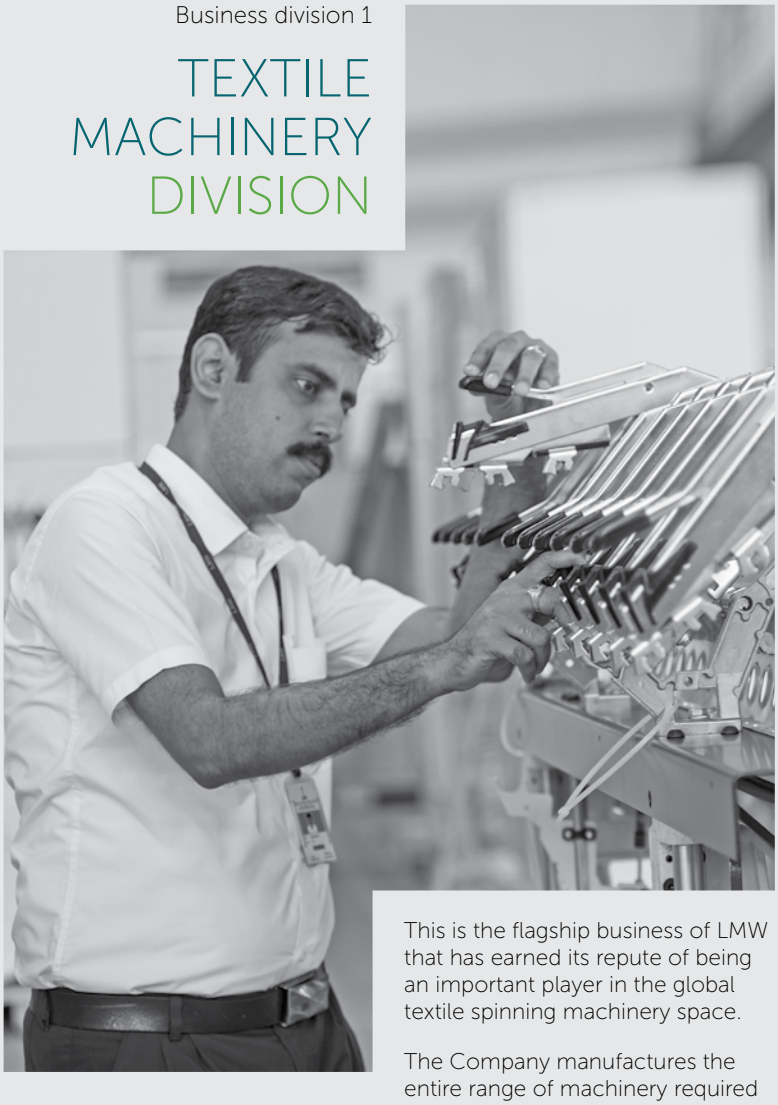


**Going forward:** The International Monetary Fund (IMF), cut India's GDP growth forecast for 2019-20. They project growth to pick up to 7.3% in 2019, (2019-20) and 7.5% in 2020, supported by the continued recovery of investment and robust consumption, amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy.

In addition, Asian Development Bank (ADB) and Reserve Bank of India (RBI) have cut their 2019-20 growth projection for India to 7.2% from 7.4% earlier, citing rising risks on global economic growth, as well as weakening domestic investment activity.

Business division 1

# TEXTILE MACHINERY DIVISION



This is the flagship business of LMW that has earned its repute of being an important player in the global textile spinning machinery space.

The Company manufactures the entire range of machinery required by spinning mills. Its ability to stay at the cutting-edge of technology ensures that its sophisticated equipment generates quality output consistently over decades.

LMW enjoys mutually enriching relations with all leading textile players in India and has a global footprint. The international customers are serviced by the Company's inclusive service network enhancing customer confidence in the LMW brand.

The Company's customer-centric DNA is reflected in its ability to offer a comprehensive basket of value-added services (which continues to expand) that ensures optimum utilisation of the machine throughout its useful life.

## 2018-19 in retrospect

The performance of this division remained subdued primarily owing to the prevailing lackluster environment in the domestic textile sector. The slow domestic demand for textiles and apparel for the major part of the fiscal forced textile companies to postpone capacity creation and expansion plans. This impacted offtake of machines from domestic players. Exports, on the other hand, registered robust growth as the Company made considerable efforts to make deeper in-roads into existing markets and establish a foothold in emerging markets.

## Key initiatives in 2018-19

Considering the significant headwinds prevailing in the textile market, the Company utilised this time effectively to strengthen its foundation to emerge a faster and fitter organisation for capitalising on the uptick when it unfolds.

## Operations

- Rolled out the TQM principles in operating units
- Provided intensive training (classroom and shop floor) to the team on the 5S philosophy
- Created a team dedicated to work with key suppliers on aligning their processes and products to LMW's requirement
- Streamlined the supply of components to assembly lines for faster and accurate assembly operations; updated and provided in-detail Standard Operating Procedures (SOP) to the assembly operators for error-free mechanics
- Introduced the concept of

'Certified Operators' – the select operator was provided intensive training on the selected skill and certified for the same

- Refurbished certain important mother equipment with the latest technology and automation solutions for improving product quality and productivity
- Automated the part screening process to check components on parameters critical to quality and customer requirement; data captured provides traceability of each component to its batch and operator

## R&D

- Developed and delivered a new draw frame which improves productivity and reliability and brings the Company at par with competing products
- Improved the 'Spin Connect' solution with additional features like 'bale management solution' which provides for an accurate bale selection and placement to ensure the desired output
- Upgraded the bobbin transport system for superior performance which was well received by customers
- Upgraded motors in machines with energy efficient variants for minimising power consumption
- Extended the Accelerating Competency for Design Excellence (ACDE) philosophy to the mechatronics and mechanical sections
- Organised numerous training sessions (theory and workshop) to engrain the ACDE culture across the entire team

## Marketing

- The domestic market remained largely subdued owing to the continuing depressed environment in the textile sector; investment in additional/new capacities were largely put on hold
- Increased awareness and market share in the recently launched compacting system for manufacturing compact yarns
- Pro-active Customer Relationship Management
- Registered significant growth in exports in key global textile hubs owing to an increase in the customer base and a wider acceptance of products
- Received a turnkey project from an East African nation for setting up a composite spinning mill – from layout to commissioning
- Established a presence in CIS nations which are fast emerging as textile destinations globally
- Collapsed the delivery schedule of spare parts which enhanced customer confidence in the Company and increased sales

## Customer service

Intensified the provision of audit service to existing clients to facilitate maximising of machine uptime; kept a close watch on timely preventive maintenance through a dedicated team

## The textile industry

Globally, the textile and apparel sector is an important sector making a sizeable contribution to economic progress. Being a basic product, its output has grown consistently over the years.

The Indian textile industry is one among the most important industries for the Indian economy considering its contribution to employment generation, industrial output, and foreign exchange earnings.

The sector is dominated by cotton, which claims a major share of the total mill fiber consumption in the country. India incidentally is one among the largest exporter of textiles and clothing in the world.

## Performance

The textile and clothing industry ended 2018 (calendar year) on a mixed note in both exports and the domestic markets, while expecting a revival in 2019.

International demand was largely muted because of the threat of the U.S.-China trade war and the related uncertainties. The domestic market remained largely subdued – demand picked up in the first six months of 2018 but decelerated considerably towards the close of the year.

Increasing imports have been a significant cause of concern for the domestic textile industry. The import of synthetic yarn, fabric, and made-ups continued to move northwards. Imports are mainly in the man-made fiber segment from China, Indonesia, and Korea.

India has doubled the import tax on a number of textile products in October 2018 in an effort to curb rising imports. This was the second tax hike in 2018 after an increase on other products including fiber and apparel. The moves are expected to provide relief to the domestic textile industry.

## Government support

Investment was made to promote modernisation and up-gradation of the textile industry by providing credit at reduced rates. Under the Union Budget 2019-20, ₹700 Crores (US$ 97.02 million) has been allocated for this scheme.

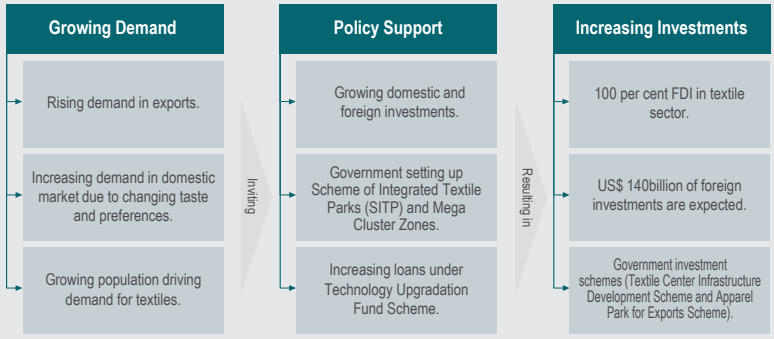
The Cabinet Committee on Economic Affairs (CCEA) has approved a new skill development scheme named 'Scheme for Capacity Building in Textile Sector (SCBTS)' with an outlay of ₹1,300 Crores (US$ 202.9 million) from 2017-18 to 2019-20. The scheme is aimed at providing demand driven and placement-oriented skilling programme to create jobs in the organised textile

sector and to promote skilling and skill up-gradation in traditional sectors.

The Government of India announced a Special Package to boost exports by US$ 31 billion, create one crore job opportunities and attract investments worth ₹800 billion (US$ 11.93 billion) during 2018-2020. As of August 2018, it generated additional investments worth ₹253.45 billion (US$ 3.78 billion) and exports worth ₹57.28 billion (US$ 854.42 million).

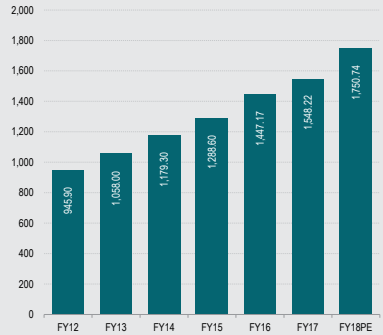
## The positives in a nutshell

**Strong fundamentals and policy support aiding growth**



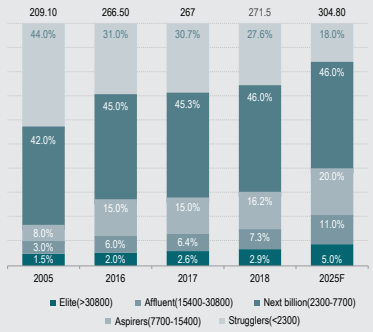



**Trends in per-capita income in India (US$)**




Source: IBEF

**Indian residents shifting from low to high income groups (%)**
**Million Household, 100%**




Source: IBEF

## Going forward

The future for the Indian textile industry looks promising, buoyed by strong domestic consumption and growing export demand. With consumerism and disposable income on the rise, the retail sector has experienced rapid growth in the past decade with the entry of several international players into the Indian market. The domestic textile industry in India is projected to reach US$ 223 billion by 2021F (Forecasted) from US$ 150 billion in November 2017. (Source IBEF)

## The spinning segment

Being the largest cotton producer globally and the second most populous nation in the world has enabled India to emerge as one of the largest cotton yarn manufacturer and exporter globally.

The prospects of the spinning industry are closely dovetailed to prospects of the global textile industry as India exports close to a third of its yarn output to global destinations – China being a key importer of Indian yarn.

**Performance:** Fiscal 2019 started on a healthy note with a considerable surge in exports of cotton yarn to China which more than made up for subdued cotton yarn offtake in the domestic market. An uptick in Chinese exports was primarily owing to US-China trade disruption.

**Looking ahead:** Credible reports suggest that cotton crop yields will hit a three-year low in the October 2018-September 2019 season.

Estimates from the Cotton Advisory

Board point to the production of 36 million bales (one bale = 170kg) during the 2018-19 cotton season compared to 37 million bales in the previous year. Drought and uneven rainfall in Gujarat and Maharashtra are likely to pull down the average yield.

A low yield implies lower output and higher cost of production. This could raise cotton prices and put spinning mills in distress.

However, spinning mills do not appear distraught as yet. This is primarily owing to the higher than normal cotton stock position at the end of the last season which would act as a buffer for the current season. The lower cotton output could elevate prices at the end of the current cotton season. But, stable demand for yarn will help minimise the impact on mills' profitability.

### Modernisation facilitation:

Tamil Nadu, in South India, holds the No. 1 position in the spinning sector accounting for almost 48% of the sector's capacity. The State recently announced the Tamil Nadu New Integrated Textile Policy 2019. The policy provides a 2% interest subvention for investment in technology upgradation and modernisation in existing spinning mills with a vintage period of minimum 15 years on installed machinery.

### Blueprint for 2019-20

The continuing subdued environment in the textile industry does not hold significant promise for robust growth during the current year. Despite the prevailing headwinds, the Company hopes to grow business through a multi-pronged strategy that will help in growing the top line and strengthening business profitability

- Increase connect with all customers to capitalise on opportunities arising from their modernisation projects
- Strengthen presence in international markets (new and existing) by gaining a larger share of the customer's wallet.
- Focus on growing the awareness of its new products in the preparatory segment.



- Increase sales of spares and grow knowledge-based revenue through its customer-centric initiatives.
- Adopt Total Quality Management (TQM) principles to ensure better processes and practices.

## TMD PERFORMANCE

| | 2018-19 | | 2017-18 | |
|---|---|---|---|---|
| | Nos. | Amount (₹ in Lakhs) | Nos. | Amount (₹ in Lakhs) |
| Spinning preparatory machines[1] | 1,500 | 51,093.67 | 1,932 | 65,993.57 |
| Yarn making machine[1] | 1,025 | 75,619.29 | 1,335 | 88,595.73 |
| Accessories and Spares[1] | | 52,052.22 | | 37,318.60 |

[1] Includes supplies to Turnkey projects

Business division 2

# MACHINE TOOL DIVISION






LMW enjoys a strong presence in the machine tools industry; Its key Unique Selling Proposition (USP) being that it provides machines that continue to remain accurate, and relevant. The Company's product portfolio includes CNC Turning, Milling and Turnmill Centres that cater to the multiple user sectors of Automobile, Auto-ancillaries, General Engineering among others. While the Company, has a significant presence in the Turning Center segment, its presence in the machining centers is growing fast. In the last decade, the division has taken rapid strides to emerge as an important player in the machine tool sector within India.

## 2018-19 in retrospect

The division recorded a stellar performance for the second consecutive fiscal, significantly raising its performance benchmark over the previous year.

This division registered a turnover of ₹60,282.30 Lakhs, from the sale of 3,232 machines, as against ₹43,995.30 Lakhs from the sale of 2,320 machines in 2017-18.

The robust demand was primarily owing to continuing uptick in the automotive sector through the first three quarters of the year. Moreover, the team's reach-out endeavours across important market spaces and user sectors resulted in robust order inflow.

Key initiatives in 2018-19

This year was a defining year for the division as the team successfully embarked on a two-pronged strategy

- Widen its product range and market coverage
- Align business processes and ingrain within every employee the TQM principles

## Operations

- Continued to transform manual operations into automated processes – this facilitated in reducing assembly time and minimised operator fatigue.
- Implemented technology-upgrades of legacy mother machines for improving their accuracy and output.
- Continued internalising the Accelerating Competency for Manufacturing Excellence (ACME) philosophy into a team culture; it further improved the manufacturing process, increased machine utilisation and optimised assembly time
- Invited global experts to train the team on critical quality measurement and management issues

- Collapsed the gestation period between order placement and machine despatch from the facility – this helped in strengthening customer trust

### R&D

- Developed and displayed a high precision 5-axis machine at the IMTEX show in January 2019; this machine is capable of seamlessly managing critical components required for non-auto sectors namely power generation, oil & gas, Aerospace, dies and moulds
- Developed and displayed machines, majority of which comprised machining centers that aim to redress developing customer wants
- Continued to align with the Accelerating Competency for Design Excellence (ACDE) philosophy which optimised the cost and time for new product development
- Engaged in the modification of standard machines to suit customer requirements
- Invited global experts to impart training to the team on new technology and processes that could be leveraged by the team

### Marketing

- Leveraged the exhibition platform to shore business volumes – participated in numerous exhibitions in smaller industrial towns
- Continued to leverage social media platforms for creating awareness and generating business volumes
- Focused on widening the opportunity canvass by strengthening the marketing team for wider geographic coverage of the Indian market
- Focused on enhancing the connection with customers for providing value-added knowledge and support

### Customer service

- Improved the team's service performance through a revamped Customer Satisfaction Index barometer
- Launched a mobile app for customer to log in complaints and issues – it facilitated in accurately allocating the right resource for the job
- Provided diagnostic tools and upgraded tool kits of service engineers for addressing complaints faster and accurately
- Worked with external consultants on utilising novel ways of analysing complaints
- Leveraged data analytic tools for understanding the kind and frequency of issues occurring in fast-moving machines – proactively addressed these issues for future deliveries – a preventive initiative for reducing complaints

### The machine tools sector

Machine tools are a strategic piece of the manufacturing sector for its ability to make 'mother machines' that are used by Original Equipment Manufacturers. As a result, this sector is key to the government's flagship 'Make in India' and 'Skill India' initiatives.

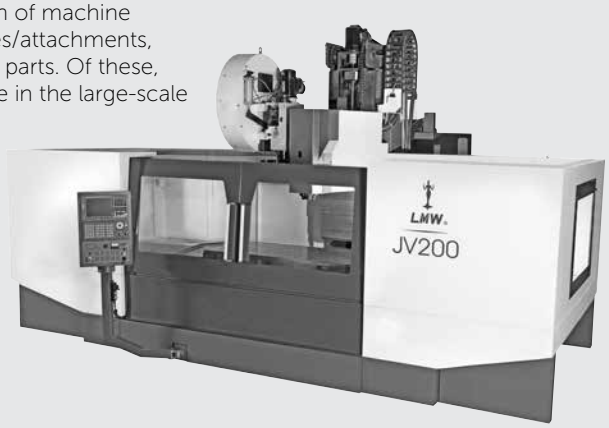
India stands 17th in production and 12th in the consumption of machine tools in the world. It has around 1,500 units across the country, mainly involved in the production of machine tools, accessories/attachments, subsystems, and parts. Of these, around 25-30 are in the large-scale sector, which accounts for about 70% of the industry's turnover.

The automobile industry is the primary user of machine tools. Other important user sectors include defence, railways, plastic machinery, medical electronics, infrastructure, general engineering, and white goods.

### Blueprint for 2019-20

Having made it this far, the team has set its sights on taking this division into a new orbit. For this, the team has crafted a multi-pronged blueprint that will enable it to accelerate business growth even as it makes the business more profitable. The roadmap encompasses:

- Widen the product range not only to plug the gaps in the existing range but also to expand the base of the sector
- Grow awareness of the product range among sectoral players through the digital medium and increased presence in exhibitions
- Take the TQM journey to the next level to make business operations lean and seamless
- Continue to streamline business processes through the ACDE and ACME processes for optimising the cost of machine developing and manufacturing respectively
- Plans to launch the Data capturing and Analysis tool and Machine Condition Monitoring tool for customers to enable them to derive more value from their machines



Business division 3

# FOUNDRY DIVISION



From simply supplying castings to the machine assembly verticals, the foundry unit has come a long way to developing and delivering world-class castings to global Original Equipment Manufacturers (OEMs) for critical applications.

While the textile machinery and machine tool divisions are its largest customers, this division's products are exported across the globe.

Continuous investments in contemporary technology and sophisticated equipment, globally-benchmarked operational processes and a keen focus on environment management have made this business vertical not just profitable, but also sustainable over the long-term.

## 2018-19 in retrospect

The team further improved upon its performance of the previous year. The division sold 7,421.19 MT of ductile iron and grey iron castings valued at ₹13,279.98 Lakhs in 2018-19 against 6,097.76 MT of ductile iron and grey iron castings valued at ₹9,566.56 Lakhs in 2017-18. Out of the total castings sold, about 28%, valued at ₹3,746.80 Lakhs was exported. Moreover, the foundry unit received the GREENCO certification, making it one of the very few foundries in India with this certification.

## Key initiatives in 2018-19

Patient and passionate efforts by the entire team have transformed the LMW foundry units into one



of India's cleanest and most contemporary foundry facilities. Moreover, continuous investment in new-age technology and sophisticated equipment has upped production capacity and man-machine productivity. This has considerably improved business growth and profitability.

### Modernisation

- Invested in installing an improved moulding line which facilitated in obtaining a consistent quality of output and improved productivity
- Added a sand dryer and sand cooler which improved sand reclamation – this has increased the sand plant capacity to meet higher production capacity
- Invested to facilitate manufacturing of heavy castings and to minimise dust creation during the shake-out process with Gamma shakeouts and Acoustic enclosures
- Expansion in Foundry capacity to meet with the demand

### Operations

- Optimised energy consumption replacing conventional motors with energy efficient variants, using LED lighting across all facilities, installing energy monitoring systems across the facilities
- Reduced the consumption of fresh sand by increasing reclamation of sand through multiple processes; optimised the consumption of input raw material
- Worked on process improvements to reduce the proportion of in-plant rejects

### Quality management

- Institutionalised a practice of discussion platforms to deliberate on process and product issues and brainstorm possible solutions
- Updated SOPs for every process and monitored the adherence by operators and workers
- Created checklists at key areas of every process to ensure that product quality matches with the required specifications

### Marketing

- Added new international clients across varied geography. This has helped in growing export volumes
- Established a healthy presence in certain Scandinavian countries – these nations are highly stringent in their tolerance limits which restricts the entry of foundry players to these markets

### The Castings Sector

The Indian foundry industry is the second largest producer of castings in the world after China in volume terms. In terms of value, it continues to remain behind the US which focuses on high-value castings.

The Indian foundry industry manufactures metal cast components for diverse applications for the engineering sector – the automobiles sector is the largest consumer of castings. The industry is extremely fragmented, with the majority of the casting output coming from the Micro, Small and Medium Enterprises (MSME) players.

In India, the southern states contribute more than 50% of the nation's production. Coimbatore is an important hub for the foundry industry.

According to the Institute of Indian Foundrymen, the auto sector is the largest consumer of the foundry industry. Currently, about 4 million tonnes, or approximately 30% of the production of foundries valued at USD 4 billion, is consumed by the auto industry

### Blueprint for 2019-20

The Company is looking to enhance the capacity of its units further by adding some critical equipment. Further, automation will remain a key focus area for the team, which should facilitate in improving machine productivity and product quality. From an outreach perspective, the Company aims to establish a stronger presence in the quality-stringent European markets.

Business division 4

# ADVANCED TECHNOLOGY CENTRE



As the name suggests, the division takes engineering expertise, skill and passion for quality to a new orbit. The sprawling facility houses cutting-edge technology, best-in-class equipment, and specialised capabilities and processes aligned to stringent international certifications.

Established in 2009, the team today makes structural, sheet metal, and engine components and sub-assemblies for leading Original Equipment Manufacturers (OEMs) in the aerospace business in India and across the globe.

## 2018-19 in retrospect

The ATC division registered a turnover of ₹2,292.85 Lakhs in 2018-19 as against the previous year's turnover of ₹3,390.35 Lakhs during the same period last year. Job Work income earned during the year amounted to ₹1,163.70 Lakhs as against ₹871.42 Lakhs during the same period last year.

## Key initiatives in 2018-19

Manufacturing components for the aerospace sector is a long gestation business. The highly complex components and extremely stringent quality standards make development time and approval cycles highly elongated. Hence, it requires patient efforts and sustained investments in cutting edge technology and sophisticated equipment to strengthen internal capability and expertise.




- Graduated from manufacturing components to sub-assemblies which should value-add to the business operations
- Invested in jigs, fixtures and tooling for strengthening the team's capability in developing sub-assemblies
- Invested in sophisticated machining centers to create the capability to develop critical components using special alloy metals
- Invested in a composite facility – this enables the division to manufacture a wider range of products
- Added a number of global customers - developing and delivering critical components to them; increased wallet share with existing customers

## The Aviation Sector

The aerospace sector in India is opening significant opportunities for the private sector, especially with the 'Make in India' and 'Skill India' initiatives gaining momentum.

Moreover, the Indian defence is focused on strengthening not just the fleet numbers but also the operational capability of aircrafts. The government is taking effective steps to shore up the defence aviation assets in the country. There has also been an expression of interest by North American and European Aircraft manufacturers to set up their manufacturing base in India. Furthermore, the public sector driven defence industry in India has made significant progress in the development of indigenous defence/aerospace products. In addition, the Defence Ministry is actively promoting the concept of having the private sector as strategic partners for its upcoming defence manufacturing projects.

All these intents and policy-driven initiatives augur well for the aerospace component and assembly manufacturers in India.

## Blueprint for 2019-20

For the metal-based components and sub-assemblies, the team will focus on raising the internal bar by extending its presence to complex and critical components and sub-assemblies. In addition, the team will work on building a product portfolio in the composites - designing and developing components for approval – which will open an expanded revenue vertical for this division over the medium term.



## Human Resource

Your Company enjoys the support of a committed and well satisfied human capital. Compensation packages offered by the Company, best-of-class methods in recruitment, training, motivation, and performance appraisal, attract and retain the best talent. These practices enable the Company to keep the attrition rate well below the industry average. The Company had 3,248 permanent employees as on 31st March 2019.

## Internal Control System and Adequacy

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

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

The Company also has an internal audit system commensurate to the size and volume of the business. The internal audit programme covers all the functions and activities of the Company. A Statutory Compliance Audit Team is constituted to check compliance in all areas and report to the management. This facilitates corrective measures to be taken effectively 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.

## LMW PERFORMANCE

(₹ in Lakhs)

| Particulars | 2018-19 | 2017-18 |
|---|---|---|
| Gross Profit before Interest, Depreciation, Tax | 33,633.77 | 36,991.66 |
| Interest | - | - |
| Depreciation | 4,983.47 | 7,079.53 |
| Provision for Taxation | 9,722.32 | 8,769.84 |
| Profit after Tax | 18,927.98 | 21,142.29 |
| Earnings per Share (Amt in ₹) | 174.15 | 192.98 |



## 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 of Directors' periodically for review and improvement.

## Movement in Key Ratios

Debtors Turnover Ratio has increased to 12.50% in 2018-19 as against 9.23% in 2017-18, registering an increase of 35.42%. This is on account of increase in turnover by ₹11,959 Lakhs and decrease in Debtors by ₹5,918 Lakhs.

Return on Networth for the Financial Year 2018-19 has reduced from 12.28% to 11.20% mainly due to Voluntary Retirement Scheme compensation payments, which amounted to ₹3,716.75 Lakhs. Without this outgo, the return on Networth would have had an increase of 7%.

## Cautionary Statement

*This document contains statements about expected events and financial and operational results of the Compan 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.*

# BUSINESS BEYOND BUSINESS



LMW has incorporated values of trust and responsibility towards the society where it operates. As a responsible Corporate entity, LMW contributes towards inclusive growth by supporting & empowering communities and accelerating their development. Under its Corporate Social Responsibility (CSR) LMW has taken up various social initiatives aimed at welfare of the economically weak and also in the development of infrastructure in the rural areas.

LMW's CSR approach with its strong focus on holistic sustainable development principle believes that for a positive change to become sustainable the active participation and ownership by the community is a vital factor.

As a result, the Company's CSR initiatives focus on an inclusive model of development programs positioning the community as change agents in the path to progress rather than being just a recipient.

The following are the core focus areas of LMW's CSR initiatives - Healthcare, Education, Infrastructure and Livelihood enhancement. During 2018-19, the Company invested ₹598.99 Lakhs on various CSR activities.



*Support for Mushroom cultivation under Village Adoption Project in the Palamalai Hills.*




*Participation in rural Government Schools renovation projects.*



*Adopting a comprehensive approach in upgrading school infrastructure.*



*Upgrading classrooms infrastructure.*



*Organising Eye Checkup and Cataract Surgery camps.*



*Solar Powered LED Street Lights in villages located in the Palamalai and Anaikatti Hills.*

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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 56th Annual General Meeting ('AGM') of the Shareholders of Lakshmi Machine Works Limited, SRK Vidyalaya Post, Perianaickenpalayam, Coimbatore – 641020 will be held at 3.30 PM on Monday the 22nd day of July, 2019 at "Nani Kalai Arangam", Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore – 641037, 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), the Statement of Cash Flows and the Statement of changes in Equity for the financial year ended 31st March, 2019, the Balance Sheet as at that date, the Report of the Board of Directors and the Auditors thereon.

2. To declare a dividend.

3. To appoint a Director in the place of Sri K Soundhar Rajhan (DIN: 07594186), who retires by rotation and being eligible, offers himself for re-appointment.

## Special Business:

4. Continuation of payment of remuneration to Sri. Sanjay Jayavarthanavelu, (DIN: 00004505) Managing Director (Promoter), in excess of threshold limits prescribed by the amendment to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in this regard to consider, if thought fit, to pass the following resolution as a **Special Resolution**:

   **RESOLVED THAT** pursuant to the Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (as amended) and other applicable provisions if any, of the Companies Act, 2013 ("the Act") and Listing Regulations, and on the recommendation / approval of necessary committees and the Board of Directors of the Company, consent of the Company be and is hereby accorded to continue with payment of remuneration as per existing terms and conditions as approved by the Shareholders at the 53rd Annual General Meeting held on 5th August, 2016 to Sri. Sanjay Jayavarthanavelu (DIN: 00004505) Managing Director, who is an Executive Director and Promoter of the Company, notwithstanding the fact that the annual remuneration payable to Sri. Sanjay Jayavarthanavelu exceeds ₹5 Crores or 2.5 per cent of the net profits of the Company calculated as per Section 198 of the Act, as the case may be, till the expiry of his current term i.e. until 31st March, 2022, subject to the maximum overall ceiling limit as prescribed under the Companies Act, 2013.

5. Re-appointment of Sri Aditya Himatsingka (DIN: 00138970) as an Independent Director and in this regard to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (as amended) and upon the recommendation of the Nomination and Remuneration Committee and Board of Directors, Sri. Aditya Himatsingka (DIN:00138970), Independent Non-Executive Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, Regulation 16(1)(b) of Listing Regulations and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for a second term of five (5) consecutive years with effect from close of business hours on 5th August, 2019, not liable to retire by rotation.

6. Re-appointment of Dr Mukund Govind Rajan (DIN: 00141258) as an Independent Director and in this regard to consider and if thought fit, to pass the following resolution as a **Special Resolution:**

   **RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (as amended) and upon the recommendation of the Nomination and Remuneration Committee and Board of Directors, Dr. Mukund Govind Rajan (DIN:00141258), Independent Non-Executive Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, Regulation 16(1)(b) of Listing Regulations and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for a second term of five (5) consecutive years with effect from close of business hours on 5th August, 2019, not liable to retire by rotation.

7. Re-appointment of Justice Smt Chitra Venkataraman (Retd.,) (DIN:07044099) as an Independent Woman Director and in this regard to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

   **RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the

Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (as amended) and upon the recommendation of the Nomination and Remuneration Committee and Board of Directors, Justice Smt Chitra Venkataraman (Retd.,) (DIN:07044099), Independent Non-Executive Director of the Company who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act, Regulation 16(1)(b) of Listing Regulations and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Woman Non-Executive Director of the Company to hold office for a second term of five (5) consecutive years with effect from close of business hours on 1st February, 2020, not liable to retire by rotation.

8. Ratification of remuneration payable to Cost Auditor and in this regard to consider, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or re-enactment thereof, for the time being in force), Sri A.N. Raman, (Membership No.: 5359) Cost Accountant, Chennai who was appointed as Cost Auditor by the Board of Directors of the Company on the recommendation of the Audit Committee, to conduct the audit of the cost accounting records of the Company for the financial year 2019-20 on a remuneration of ₹6,00,000/- (Rupees Six Lakhs only) per annum exclusive of applicable taxes and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit fixed by the Board of Directors be and is hereby ratified and confirmed.

By order of the Board

Coimbatore
20th May, 2019

C R Shivkumaran
Company Secretary

## NOTE(S):

1. The explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business as set out in the Notice is annexed hereto.

2. A MEMBER ENTILED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ('AGM') IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

3. THE INSTRUMENT APPOINTING THE PROXY, DULY COMPLETED, MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM FOR THE AGM IS ENCLOSED ALONG WITH THIS NOTICE.

4. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER MEMBER.

5. Members may note that M/s. S. Krishnamoorthy & Co., Chartered Accountants, Coimbatore, (FRN: 001496S), the Statutory Auditors of the Company were appointed by the Shareholders at the 53rd Annual General Meeting (AGM) held on 5th August, 2016, to hold office for a period of 5 years till the conclusion of AGM to be held during the year 2021, subject to ratification by the shareholders at every AGM. However, the Ministry of Corporate Affairs vide notification dated 7th May 2018 amended Section 139 of the Companies Act, 2013 by omitting the requirement of seeking ratification of the members for appointment of statutory auditors at every AGM. Accordingly, the original resolution appointing the Statutory Auditors passed by the Shareholders at the 53rd AGM held on 5th August, 2016 was amended vide resolution approved by the Shareholders at their 55th AGM held on 23rd July, 2018 to remove the requirement for ratification of the appointment of auditors by the shareholders at every AGM. Hence, no resolution is being proposed for ratification of appointment of Statutory Auditors at this Annual General Meeting. The Board of Directors at their Meeting held on 20th May, 2019, based on the recommendation of the Audit Committee have fixed an amount of ₹15,00,000/- (exclusive of applicable taxes and reimbursement of out of pocket expenses incurred in connection with the Statutory Audit) as remuneration payable to Statutory Auditors for the Financial Year 2019-20. The remuneration proposed to be paid to the Statutor Auditors during the Financial Year 2019-20 is same as the remuneration paid during the previous Financial Year 2018-19.

6. Members/proxies should bring the duly filled attendance slip enclosed herewith to attend the AGM.

7. Body Corporate members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of Companies Act, 2013 ("the Act") are requested to bring a certified copy of the respective Resolution authorizing their representatives to attend and vote on their behalf at the Meeting. In case of Body Corporate member intending to appoint proxy, a certified copy of respective Resolution(s) authorizing representative(s) to attend and vote at the Meeting shall be annexed to the Proxy Form.

8. The Register of Directors and Key Managerial Personal and their shareholding, maintained under Section 170 of the Companies Act, 2013

and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.

9. The Register of Members and share transfer books of the Company will remain closed from Tuesday, the 16th July, 2019 to Monday, the 22nd July, 2019 (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.

10. 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, 15th July, 2019.

11. Members who are holding shares in identical order of names in more than one folio are requested to send to the Registrar and Share Transfer Agent ('RTA'), the details of such folios together with the share certificates for consolidating their holdings into one folio. The share certificates will be returned to the Members after making requisite changes thereon.

12. a) Members are requested to notify immediately any change of address:

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

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

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

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

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

    or

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

14. Members are advised to utilize the National Electronic Clearing System (ECS) for receiving dividends. Members holding shares in electronic form are requested to contact their respective Depository Participants for availing ECS facility. Members holding shares in physical form are requested to download the ECS form from the website of the Company viz., www.lmwglobal.com and the same, duly filled up and signed along with a photocopy of a canceled cheque leaf may be sent to the Company or to the Registrar and Share Transfer Agent.

15. Members whose shareholding is in the electronic mode are requested to update bank account details (Bank Account No., name of the Bank, Branch, IFSC code, MICR code and place with PIN Code) to their respective Depository Participants and not to the Company. Members whose shareholding is in the physical mode are requested to direct the above details to the Company or to the RTA. Regular updation of bank particulars is intended to prevent fraudulent encashment of dividend warrants.

16. 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 holdings and dealing in the shares of the company in electronic form through NSDL or CDSL. Members are encouraged to convert their holding to electronic mode.

17. Securities and Exchange Board of India has mandated that the transfer of securities held in physical form, except in case of transmission or transposition, shall not be processed by the listed entities / Registrars and Share Transfer Agents with effect from 1st April 2019. Therefore, members holding share(s) in physical form are requested to immediately dematerialize their shareholding in the Company. Necessary prior intimation in this regard was provided to the shareholders.

18. Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to the Company Secretary of the Company or its RTA, namely, M/s S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore-641 006 by quoting the Folio number or the Client ID number with DP ID number.

19. As per the provisions of Section 72 of the Act, facility for making nominations is now available to INDIVIDUALS holding shares in the Company, Members holding shares in physical form may obtain the Nomination Form from the RTA of the Company or can download the form from the Company's website namely www.lmwglobal.com. Members holding shares in electronic form have to approach their Depository Participant(s) for completing the nomination formalities.

20. Members who wish to claim dividends, which remain unclaimed, are requested to correspond with the Company Secretary / RTA of the Company. Members are requested to note that pursuant to Section 124 of the Companies Act, 2013 dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government under Section 125 of the Companies Act, 2013. The details of unpaid dividend can be viewed on the Company's website www.lmwglobal.com. As per the provisions of Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016, the Company will be transferring the share(s) on which the beneficial owner has not enchased any dividend warrant during the last seven years to the IEPF suspense account as identified by the IEPF Authority. Details of shares transferred to IEPF are available at the company website: www.lmwglobal.com. The shareholders whose unclaimed or unpaid amount has been transferred to the 'Investor Education and Protection Fund', may claim the same from IEPF authority by filing Form IEPF-5 along with requisite documents.

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

22. Members holding shares in electronic form may please note that as per the regulations of

National Security Depository Services (NSDL) and Central Depository Services (India) Limited (CDSL), the Company is obliged to print the details on the dividend warrants as furnished by these Depositories to the Company and the Company cannot entertain any request for deletion/change of Bank details already printed on dividend warrants as per the information received from the concerned depositories. In this regard, Members should contact their Depository Participants (DP) and furnish particulars of any changes desired by them.

23. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

24. Brief resume, details of shareholding and Directors' inter-se relationship of Directors seeking election/re-election as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards 2, are provided as Annexure to this Notice.

25. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register/update their e-mail address with the Company/RTA in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in electronic form in order to enable the Company to serve documents in electronic mode.

26. Annual financial statements and related details of the wholly owned subsidiary company viz, LMW Textile Machinery (Suzhou) Co Ltd. China, is posted on the Company's website and is also kept for inspection at the Registered Office of the Company and at the subsidiary Company. A hard / soft copy of the same will be provided to the members on request.

27. A member who needs any clarification on accounts or operations of the Company shall write to the Company Secretary, so as to reach him at last 7 days before the meeting, so that the information required can be provided at the meeting.

28. Electronic copy of the Annual Report and AGM Notice are being sent to all the members whose E-mail ID is registered with the Company / Depository Participants unless any such member has requested for a physical copy of the same. For members who have not registered their E-mail ID, physical copies of the Annual Report and the AGM Notice for the year 2018-19 are sent by Registered Parcel.

29. The Notice of the Annual General Meeting is available on the website of the Company www.lmwglobal.com and of the RTA at www.skdc-consultants.com.

30. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting. The Route map of the venue of the Annual General Meeting is given elsewhere in the Annual Report.

## VOTING THROUGH ELECTRONIC MEANS

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is pleased to provide members facility to exercise their votes for all the Resolutions detailed in the Notice of the 56th Annual General Meeting scheduled to be held at 03.30 PM on Monday, 22nd July, 2019, by electronic means and the business may be transacted through remote e-voting. The Company has engaged the services of Central Depository Services (India) Ltd ('CDSL') as the authorized agency to provide the remote e-voting facilities. The instructions for remote e-voting is provided below.

I. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of AGM Notice and

holding shares as of the cut-off date i.e., Monday, 15th July 2019, may refer to this Notice of the AGM of the Company, posted on Company's website www.lmwglobal.com for detailed procedure with regard to remote e-voting. Any person who ceases to be the member of the Company as on the cut-off date and is in receipt of this Notice shall treat this notice for information purpose only.

II. Members, who have not voted through remote e-voting and present at the AGM in person or proxy, can vote through the ballot to be conducted at the AGM. Kindly note that members can opt for only one mode of voting i.e., either by remote e-voting or by ballot at the AGM. A member present at the AGM and has voted by remote e-voting will not be permitted to vote at the AGM by Ballot.

III. Votes cast by members who hold shares on the cut-off date viz. Monday 15th July, 2019 alone will be counted.

## Instructions for shareholders voting electronically are as under:

(i) The voting period begins at 09.00 A.M (Indian Standard Time) on Friday, 19th July, 2019 and ends on 05.00 P.M (Indian Standard Time) on Sunday, 21st July, 2019. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Monday, 15th July, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders / Members

(iv) Now Enter your User ID
   a. For CDSL: 16 digits beneficiary ID,
   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
   c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily

| | For Members holding shares in Demat Form and Physical Form |
|---|---|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)<br>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.<br>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.<br>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for Lakshmi Machine Works Limited on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under

help section or write an email to helpdesk.evoting@cdslindia.com.

IV. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of Monday, 15th July, 2019.

V. Sri B. Krishnamoorthy, Chartered Accountant, Coimbatore has been appointed as the Scrutinizer to scrutinize the e-voting in a fair and transparent manner.

VI. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" or "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

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

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

## EXPLANATORY STATEMENT IN TERMS OF SECTION 102 OF THE COMPANIES ACT, 2013

### ITEM No. 4

Sri. Sanjay Jayavarthanavelu (DIN:00004505) was re-appointed as the Managing Director of the Company for a period of 5 years with effect from 1st June, 2017 on the terms and conditions as approved by the shareholders at the 53rd Annual General Meeting held on 5th August 2016.

Securities and Exchange Board of India vide its notification dated 9th May 2018 amended Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") by inserting a new clause with effect from 1st April, 2019 stating that the fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by way of a Special Resolution in general meeting, if the annual remuneration payable to such executive director exceeds ₹5 Crores or 2.5% of the net profits of the Company, whichever is higher.

As on the date of this notice, Sri. Sanjay Jayavarthanavelu (DIN:00004505), is the only Executive Director who is a Promoter and occupies the position of Chairman and Managing Director. The remuneration payable to him is in excess of ₹5 Crores and 2.5% of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013 ("the Act") based on the Audited Financial Statements as on 31st March, 2019. Also, a situation may arise during the course of the present term of appointment that expires on 31st March, 2022 wherein remuneration payable (as per the terms and conditions already approved by the Shareholders) to Sri. Sanjay Jayavarthanavelu in a Financial Year may be in excess of the limits specified by Listing Regulations.

Based on the recommendations / approval of necessary Committees and by considering the market conditions, valuable contribution made

by Sri. Sanjay Jayavarthanavelu towards growth of the Company, the Board of Directors had at their meeting held on 20th May, 2019 approved the continuation of payment of remuneration to Sri. Sanjay Jayavarthanavelu on the terms and conditions approved by the shareholders at the 53rd Annual General Meeting held on 5th August, 2016 till the expiry of his current tenure i.e., until 31st March, 2022.

Accordingly, it has been sought to seek the approval of the Shareholders by way of Special Resolution for continuation of payment of remuneration to Sri. Sanjay Jayavarthanavelu as mentioned above.

The Board recommends the Special Resolution as set out in Item no. 4 of this notice for the approval of the Shareholders.

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

### Interest of Directors:

Except Sri. Sanjay Jayavarthanavelu, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Resolution set out as Item No. 4 of the accompanying Notice of the AGM.

## ITEM No. 5 & 6

Sri Aditya Himatsingka (DIN: 00138970) and Dr Mukund Govind Rajan (DIN: 00141258) were appointed as Independent Non-Executive Directors of the Company by the Shareholders at the 51st Annual General Meeting held on 6th August 2014 to hold office for a term of five (5) consecutive years upto close of business hours on 5th August 2019.

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

The Nomination and Remuneration Committee of the Board of Directors, on the basis of report of performance evaluation of Sri Aditya Himatsingka and Dr Mukund Govind Rajan has recommended their re-appointment as Independent Directors for a second term of five (5) consecutive years with effect from close of business hours on 5th August, 2019. Further, the Board of Directors are of the opinion that the continued association of Sri Aditya Himatsingka and Dr Mukund Govind Rajan would be immensely beneficial to the Company.

Sri Aditya Himatsingka and Dr Mukund Govind Rajan are not disqualified from being appointed as Directors in terms of Section 164 of the Act and not debarred from holding the office of Director by virtue of any Securities Exchange Board of India ('SEBI') order or any other such authority. They have given their consent to act as Directors along with the declaration stating that they meet the criteria of independence as prescribed under the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

In the opinion of the Board, Sri Aditya Himatsingka and Dr Mukund Govind Rajan fulfill the conditions specified under the Act read with the rules made thereunder and the Listing Regulations for their re-appointment as Independent Non-Executive Directors of the Company and are independent of the management.

The Company has also received notices in writing from members under Section 160 of the Act proposing the candidature of Sri Aditya Himatsingka and Dr Mukund Govind Rajan for the office of Independent Directors of the Company.

Copy of the draft letter for appointment of Sri Aditya Himatsingka and Dr Mukund Govind Rajan as Independent Non-Executive Directors setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours (8:00 am to 4:00 pm) on any business day.

Accordingly, the Board recommends Special Resolutions in relation to eligibility and re-appointment of Sri Aditya Himatsingka and Dr Mukund Govind Rajan as Independent Directors for another term of five (5) consecutive years, for approval by the Shareholders of the Company.

The disclosures as required under Regulation 36 of Listing Regulations and Secretarial Standards 2 are furnished and forms a part of this Notice

## Interest of Directors:

Except Sri Aditya Himatsingka and Dr Mukund Govind Rajan, being the proposed appointee(s), respectively, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out as Item No. 5 & 6 of the accompanying Notice of the AGM.

## ITEM No. 7

Justice Smt. Chitra Venkataraman (Retd.,) (DIN: 07044099) was appointed as an Independent Non-Executive Director of the Company by the Members at the 52nd Annual General Meeting held on 10th August 2015 to hold office for a term of five (5) consecutive years upto close of business hours on 1st February 2020.

As per Section 149(10) of the Companies Act, 2013 ('the Act'), an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company but shall be eligible for re-appointment on passing a Special Resolution by the Company for another term of upto five consecutive years. Further, pursuant to Regulation 17 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), top 500 listed Companies identified based on the market capitalization are required to have an Independent Woman Director on the Board. The Company upon appointment of Justice Smt. Chitra Venkataraman (Retd.,) as an Independent Director prior to the amendment of relevant Listing Regulations has already complied with the said requirement.

The Nomination and Remuneration Committee of the Board of Directors, on the basis of report of performance evaluation of Justice Smt. Chitra Venkataraman (Retd.,) has recommended her re-appointment as an Independent Woman Non-Executive Director for a second term of five (5) consecutive years to hold office with effect from close of business hours on 1st February, 2020. Further, the Board of Directors are of the opinion that the continued association of Justice Smt. Chitra Venkataraman (Retd.,) would be immensely beneficial to the Company.

Justice Smt. Chitra Venkataraman (Retd.,) is not disqualified from being appointed as a Director in terms of Section 164 of the Act and not debarred from holding the office of Director by virtue of any Securities Exchange Board of India ("SEBI") order or any other such authority. She has given her consent to act as Director along with the declaration stating that she meets the criteria of independence as prescribed under the Act and the Listing Regulations.

In the opinion of the Board, Justice Smt. Chitra Venkataraman (Retd.,) fulfills the conditions specified under the Act read with the rules made thereunder and the Listing Regulations for her re-appointment as Independent Woman Non-Executive Director of the Company and is independent of the management.

The Company has also received a notice in writing from a member under Section 160 of the Act proposing the candidature of Justice Smt. Chitra Venkataraman (Retd.,) for the office of Independent Woman Director of the Company.

Copy of the draft letter for appointment of Justice Smt. Chitra Venkataraman (Retd.,) as an Independent Non-Executive Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours (8:00 am to 4:00 pm) on any business day.

Accordingly, the Board recommends Special Resolution in relation to eligibility and re-appointment of Justice Smt. Chitra Venkataraman (Retd.,) as

an Independent Woman Non Executive Director for another term of five (5) consecutive years, for approval by the shareholders of the Company.

The disclosures as required under Regulation 36 of Listing Regulations and Secretarial Standards 2 are furnished and forms a part of this Notice

### Interest of Directors:

Except Justice Smt. Chitra Venkataraman (Retd.,), being the proposed appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out as Item No. 7 of the accompanying Notice of the AGM.

### ITEM No. 8

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of and remuneration payable to Sri A.N. Raman, Cost Accountant for auditing the cost accounting records of the Company pursuant to the Companies (Cost Records and Audit) Rules 2014, for the Financial Year 2019-20 at a remuneration of ₹6,00,000/- (Rupees Six Lakhs only) excluding the applicable taxes and reimbursement of out of pocket expenses incurred by him in connection with the audit.

As per Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 the remuneration payable to the Cost Auditor as determined by the Board is required to be ratified by the members of the Company. Accordingly, the consent of the Members is sought for passing an Ordinary Resolution as set out in Item No.8 of the notice for ratification of the remuneration payable to the Cost Auditor for the Financial Year 2019-20.

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

### Interest of Directors:

None of the Directors, Key Managerial Personnel of the Company or their relatives are interested or concerned, financially or otherwise, in the resolution set out as Item No. 8 of the accompanying Notice of the AGM.

By order of the Board

Coimbatore
20th May 2019

C R Shivkumaran
*Company Secretary*

Annexure to Notice of AGM

## PROFILE OF DIRECTOR SEEKING RATIFICATION OF REMUNERATION / REAPPOINTMENT

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

### Sri Sanjay Jayavarthanavelu

| Name | Sri Sanjay Jayavarthanavelu |
|---|---|
| Director Identification Number (DIN) | 00004505 |
| Date of Birth/Nationality | 15th June, 1968 / Indian |
| Date of appointment on the Board | 24th February, 1993 |
| Inter-se relationship with other Directors | Sri Sanjay Jayavarthanavelu is not related to any of the Directors or Key Managerial Personnel of the Company. |
| Qualification | Post Graduate in Business Administration from Philadelphia University, USA with specialization in Management and Finance. |
| Expertise in area | He has 26 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. |
| Number of Shares held in the Company | 1,42,291 Equity Shares |
| Board Position Held | Chairman and Managing Director |
| Terms and conditions of appointment / reappointment | Continuation of payment of remuneration / fees as per the approval of the Shareholders at their 53rd AGM held on 5th August, 2016. |
| Remuneration paid for the financial year | Information disclosed in the Corporate Governance Report annexed to the Annual Report. |
| Remuneration proposed to be paid | As per the terms approved by the Shareholders at their 53rd AGM held on 5th August, 2016.[1] |
| 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: The Lakshmi Mills Company Limited<br>Carborundum Universal Limited<br>Lakshmi Electrical Control Systems Limited<br>Super Sales India Limited<br>Unlisted: Chakradhara Aerospace and Cargo Private Limited<br>Lakshmi Life Sciences Limited<br>Lakshmi Ring Travellers (Coimbatore) Limited<br>Lakshmi Technology and Engineering Industries Limited<br>Alampara Hotels And Resorts Private Limited<br>Lakshmi Cargo Company Limited |
| Chairman / Membership in other committees of the Board | Audit Committee:<br>Carborundum Universal Limited - Member<br>Lakshmi Cargo Company Limited - Member<br>Nomination and Remuneration Committee:<br>Carborundum Universal Limited - Member<br>The Lakshmi Mills Company Limited - Member<br>Lakshmi Cargo Company Limited - Chairman<br>Corporate Social Responsibility Committee:<br>Chakradhara Aerospace and Cargo Private Limited – Member<br>Lakshmi Cargo Company Limited - Chairman<br>Lakshmi Machine Works Limited - Chairman<br>Member in Shares and Debentures Committee and Risk Management Committee at Lakshmi Machine Works Limited |

[1]Details of Remuneration paid and payable to Sri. Sanjay Jayavarthanavelu as per the Resolution approved by the Members at the 53rd Annual General Meeting.

| | |
|---|---|
| Salary: | ₹9,00,000/- per month, for the period from 1st June, 2017 to 31st March, 2022. |
| Commission on Net Profit | At the rate of 2% for the period from 1st June, 2017 to 31st March, 2020 and at the rate of 3% for the period from 1st April, 2020 to 31st March, 2022, payable annually. |
| Perquisites | In addition to the salary and commission, the Managing Director shall also be entitled to the following interchangeable perquisites for the period from 1st June, 2017 to 31st March, 2022:<br>• Furnished accommodation, where accommodation is not provided, 50% of the salary as HRA, gas, electricity, water, furnishings, medical reimbursement, 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 above ceiling, perquisites shall be valued as per Income Tax rules wherever applicable.<br>• 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.<br>• Gratuity payable shall not exceed half a month's salary for each completed year of service. The Managing Director is also entitled to encashment of leave at the end of tenure, which shall not be included in the computation of the ceiling on remuneration or perquisites.<br>• Provision of Company car with driver for use on Company's business and telephone facility at his residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purposes shall be billed by the Company to the Managing Director. |

### Sri. Aditya Himatsingka

| Name | Sri Aditya Himatsingka |
|---|---|
| Director Identification Number (DIN) | 00138970 |
| Date of Birth/Nationality | 24th March, 1964 / Indian |
| Date of appointment on the Board | 25th October, 2010 |
| Inter-se relationship with other Directors | None of the Directors, Key Managerial Personnel of the Company and their relatives are related to Sri. Aditya Himatsingka. |
| Qualification | B. Com (Hons) MS (Textiles) |
| Expertise in area | Textiles, Management & Administration. Also refer to the section on skill sets as contained in the Corporate Governance Report. |
| Number of Shares held in the Company | - |
| Board Position Held | Independent Director |
| Terms and conditions of appointment / reappointment | Proposed to be re-appointed for a second term of 5 consecutive years. |
| Remuneration paid for the financial year | Information disclosed in the Corporate Governance Report annexed to the Annual Report. |

| | | |
|---|---|---|
| Remuneration proposed to be paid | As determined by the Board of Directors within the limits specified under Section 198 of the Companies Act, 2013 subject to ₹1,00,00,000/- (Rupees One Crore only) per annum (the amount being the overall limit upto which remuneration can be paid to all Non Executive Directors of the Company) (exclusive of sitting fees payable to the Non-Executive Directors for attending the meetings of the Board of Directors, Committees thereof and meeting of Independent Directors).<br>The proposed remuneration that will be determined by the Board of Directors to be paid to Sri Aditya Himatsingka will not exceed 50% of the total remuneration otherwise payable to all Non-Executive Directors of the Company. | |
| 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 | Others |
| | - | - |
| Chairman / Membership in other committees of the Board | Member in Audit Committee, CSR Committee and Risk Management Committee at Lakshmi Machine Works Limited | |

## Dr Mukund Govind Rajan

| Name | Dr Mukund Govind Rajan |
|---|---|
| Director Identification Number (DIN) | 00141258 |
| Date of Birth/Nationality | 5th April, 1968 / Indian |
| Date of appointment on the Board | 25th October, 2010 |
| Inter-se relationship with other Directors | None of the Directors, Key Managerial Personnel of the Company and their relatives are related to Dr Mukund Govind Rajan |
| Qualification | B.Tech (IIT Delhi), MPhil (Oxford University), Phd (Oxford University) |
| Expertise in area | Corporate Governance, Management & Administration. Also refer to the section on skill sets as contained in the Corporate Governance Report. |
| Number of Shares held in the Company | - |
| Board Position Held | Independent Director |
| Terms and conditions of appointment / reappointment | Proposed to be re-appointed for a second term of 5 consecutive years. |
| Remuneration paid for the financial year | Information disclosed in the Corporate Governance Report annexed to the Annual Report. |
| Remuneration proposed to be paid | As determined by the Board of Directors within the limits specified under Section 198 of the Companies Act, 2013 subject to ₹1,00,00,000/- (Rupees One Crore only) per annum (the amount being the overall limit upto which remuneration can be paid to all Non Executive Directors of the Company) (exclusive of sitting fees payable to the Non-Executive Directors for attending the meetings of the Board of Directors, Committees thereof and meeting of Independent Directors). |

| | | |
|---|---|---|
| Remuneration proposed to be paid | The proposed remuneration that will be determined by the Board of Directors to be paid to Dr Mukund Govind Rajan will not exceed 50% of the total remuneration otherwise payable to all Non-Executive Directors of the Company. | |
| 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 | Others |
| | - | i. The Rajan Family Charitable Foundation (A Not for Profit Company) |
| Chairman / Membership in other committees of the Board | Chairman of Audit Committee at Lakshmi Machine Works Limited | |

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

| Name | Justice. Smt. Chitra Venkataraman (Retd.,) |
|---|---|
| Director Identification Number (DIN) | 07044099 |
| Date of Birth/Nationality | 22nd April, 1952 / Indian |
| Date of appointment on the Board | 2nd February, 2015 |
| Inter-se relationship with other Directors | None of the Directors, Key Managerial Personnel of the Company and their relatives are related to Justice Smt. Chitra Venkataraman (Retd.,). |
| Qualification | BA., BL., |
| Expertise in area | Legal & Administration. Also refer to the section on skill sets as contained in the Corporate Governance Report. |
| Number of Shares held in the Company | - |
| Board Position Held | Independent Director |
| Terms and conditions of appointment / reappointment | Proposed to be re-appointed as Independent Woman Non Executive Director for a second term of 5 consecutive years. |
| Remuneration paid for the financial year | Information disclosed in the Corporate Governance Report annexed to the Annual Report. |
| Remuneration proposed to be paid | As determined by the Board of Directors within the limits specified under Section 198 of the Companies Act, 2013 subject to ₹1,00,00,000/- (Rupees One Crore only) per annum (the amount being the overall limit upto which remuneration can be paid to all Non Executive Directors of the Company) (exclusive of sitting fees payable to the Non-Executive Directors for attending the meetings of the Board of Directors, Committees thereof and meeting of Independent Directors). |

| | | |
|---|---|---|
| Remuneration proposed to be paid | The proposed remuneration that will be determined by the Board of Directors to be paid to Justice Smt Chitra Venkataraman (Retd.) will not exceed 50% of the total remuneration otherwise payable to all Non-Executive Directors of the Company. | |
| 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 | Others |
| | i. The Ramco Cements Limited | - |
| | ii. The Ramco Industries Limited | |
| Chairman / Membership in other committees of the Board | Chairperson of Stakeholders Relationship Committee and Nomination and Remuneration Committee at Lakshmi Machine Works Limited | |

## Sri K Soundhar Rajhan

| | | |
|---|---|---|
| Name | Sri K. Soundhar Rajhan | |
| Director Identification Number (DIN) | 07594186 | |
| Date of Birth/Nationality | 2nd May, 1948 / Indian | |
| Date of appointment on the Board | 1st November, 2017 | |
| Inter-se relationship with other Directors | Sri K. Soundhar Rajhan is not related to any of the Directors or Key Managerial Personnel of the Company | |
| Qualification | B.Sc. | |
| Expertise in area | Management and Administration. Also refer to the section on skill sets as contained in the Corporate Governance Report. | |
| Number of Shares held in the Company | 110 Equity Shares | |
| Board Position Held | Whole- time Director,<br>Designated as Director - Operations | |
| Terms and conditions of appointment / reappointment | Re-appointment of Director retiring by rotation. | |
| Remuneration paid for the financial year | Information disclosed in the Corporate Governance Report annexed to the Annual Report. | |
| Remuneration proposed to be paid | No change to remuneration already being paid. | |
| 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 | Others |
| | - | i. Indian Machine Tool Manufacturers Association (a Guarantee and Association company) |
| Chairman / Membership in other committees of the Board | Nil | |

# Board of Directors' Report to Shareholders

**Dear Shareholders,**

The Board of Directors of your company are pleased to present the Annual Report on the business of the Company along with the Standalone summary of financial statements for the year ended 31st March, 2019.

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

Financial Summary/Highlights and transfer to General Reserve *(₹ in Lakhs)*

| Sl. No. | Particulars | Current Year 2018-19 | Previous Year 2017-18 |
|---|---|---|---|
| 1 | Revenue from Operation | 2,74,198.32 | 2,66,728.50 |
| 2 | Operating Expenses | 2,36,847.80 | 2,29,334.15 |
| 3 | Exceptional items | 3,716.75 | 402.69 |
| 4 | Gross Profit | 33,633.77 | 36,991.66 |
| 5 | Depreciation | 4,983.47 | 7,079.53 |
| 6 | Profit Before Tax | 28,650.30 | 29,912.13 |
| 7 | Provisions for Tax | 9,722.32 | 8,769.84 |
| 8 | Net Profit after Tax | 18,927.98 | 21,142.29 |

THE COMPANY'S GROSS TURNOVER IS AT ₹2,54,620.31 LAKHS DURING THE YEAR; COMPARED TO ₹2,48,860.11 LAKHS IN THE PREVIOUS YEAR

### Transfer to Reserve:

The Company has transferred a sum of ₹ 1,900 Lakhs out of the current year profits to the General Reserve.

### Dividend:

The Board recommends a dividend of ₹35/- per equity share having face value of ₹10/- each (350%) on the equity share capital of ₹10,68,30,000/- for the year ended on 31st March, 2019 aggregating to ₹3,739.05 Lakhs and to pay a dividend tax of ₹768.75 Lakhs. The total dividend payout works out to 23.82% of the standalone net profit after tax. The dividend on equity shares is subject to the approval of the shareholders at the ensuing Annual General Meeting.

The unclaimed Dividend relating to the financial year 2011-12, is due for remittance in September, 2019 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) 2,941 equity shares of ₹10/- each on which dividend had remained unclaimed for a period of 7 years have been transferred to the credit of Demat Account identified by the IEPF Authority. As on date of this report, the Company has transferred 25, 135 Equity shares to the credit of Demat Account of IEPF Authority.

As per the requirements of SEBI notification no. SEBI/LAD-NRO/GN/2016-17/008 dated 8th July, 2016 the Company has formulated a Dividend Distribution Policy which has been duly approved by the Board of Directors. A copy of the Dividend Distribution Policy is available at the company website: www.lmwglobal.com and is also annexed herewith as Annexure 1 forming part of this report.

## STATE OF AFFAIRS:

## OPERATIONS

Fiscal 2018-19 belied expectations as India's economic growth slid for the second consecutive year – Index of Industrial Production (IIP) too declined over the previous year benchmark. Also, while the textile sector remained largely subdued, the automobile and engineering sectors had reported progress for a large part of the year.

This impacted the Company's performance too. While the Textile machinery Division reported a subdued financial performance, the machine tool division and foundry division reported growth over the previous year.

Overall, the Company's gross turnover grew by 2.31% from ₹2,48,860.11 Lakhs in 2017-18 to ₹2,54,620.31 Lakhs in 2018-19; the Profit before exceptional items and Tax stood at ₹32,367.05 Lakhs as against ₹30,314.82 Lakhs in 2017-18 – an increase of 6.77% over the previous year.

The Net Profit after Tax for financial year 2018-19 was ₹18,927.98 Lakhs as against ₹21,142.29 Lakhs for financial year 2017-18. The reduction is on account of exceptional items.

More than the financial performance, fiscal 2018-19 has emerged as an important milestone in the Company's journey as it set foot on the TQM way – a philosophy that promises to transform the organisational culture into one where quality becomes a 'Non-compromise, Non-negotiable' ethic.

## TEXTILE MACHINERY DIVISION

The prevailing slowdown in the domestic textile sector resulted in a pushback by textile companies from creating additional capacities. This impacted the textile machine offtake from domestic players. Exports registered growth owing to the focused efforts of the team on expanding and entrenching their global presence.

Overall, the financial performance of the Textile Machinery division remained muted. The division reported a turnover of ₹1,78,765.18 Lakhs as against ₹1,91,907.90 Lakhs registered in 2017-18, a decrease of 6.85 % over the previous year.

The team leveraged these challenging times to improve its product offering and strengthen its connect with customers. In addition, the team invested its energy on upgrading the equipment for improved productivity and superior product quality.

## MACHINE TOOL DIVISION

The division improved upon its performance of the previous year, registering an increase in volumes and growing acceptance of its value-added products by customers from the automotive and general engineering sectors.

The division reported a turnover of ₹60,282.30 Lakhs in Financial Year 2018-19 as against ₹43,995.30 Lakhs registered in 2017-18, an increase of 37.02 % over the previous year.



Even as demand from the user sectors remained healthy, the team continued internalizing the Accelerating Competency for Manufacturing Excellence (ACME) philosophy into an operational culture. Moreover, it invested its energies in automating processes that would facilitate in improving machine performance and reliability. Further, the team leveraged technology for improving its customer service.

The Company continues with its focus on Innovation and emulation/adoption of best of practices in manufacturing. This would enable this division to respond positively to any emerging opportunity.

## FOUNDRY DIVISION

It was a transformative year for the Foundry division. For the Company's unit emerged as one among the cleanest foundry units in India; it received the GREENCO certification making it one of the very few foundries in India with this certification.

Sustained investment of funds and man-hours in patiently upgrading process and products to global benchmarks yielded heartening returns as the division continued to scale up the performance barometer. The division reported a turnover of ₹13,279.98 Lakhs in 2018-19 against ₹9,566.56 Lakhs in 2017-18, registering an increase of 38.82%. Exports accounted for 28% of the division's turnover.

The Company successfully completed the consolidation exercise. Moreover, the team worked on benchmarking its processes to global standards which resulted in product approval from leading global brands – these could result in reasonable business in the current year.

Going forward, the team is looking to enhance capacity at its operating units through line-balancing and de-bottlenecking in keeping with the growing demand from the in-house and external customers.

## RENEWABLE ENERGY DIVISION

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



As on 31st March, 2019 the Company has installed 28 Wind Energy Generators (WEG) with a total capacity of 36.80 MW. Cumulatively wind mills have generated 782 Lakhs units of power during 2018-19.

On 17th March, 2019, the Company has inaugurated a 10 MW of Solar Power Generating facility. As on 31st March, 2019 this facility has generated 9 Lakhs units of power.

About 84% of renewable energy so generated has been captively consumed by all the divisions of the Company and thereby helped to reduce the power cost.

## ADVANCED TECHNOLOGY CENTRE

In less than a decade of being established, the Advanced Technology Centre (ATC) division has come a long way from making standard components to making critical sub-assemblies for leading OEMs in the aerospace sector in India and across the globe.

Advanced Technology Centre clocked a turnover of ₹2,292.85 Lakhs during the current financial year as against ₹3,390.35 Lakhs achieved in 2017-18. Job work income during the period under review was ₹1,163.70 Lakhs as against ₹8,71.42 Lakhs in the previous year.

Moreover, the team developed and delivered critical components to important global customers which could result in healthy volumes over the coming years.

To sustain business growth, the team made two important investments in 2018-19

- Invested in sophisticated machining centers to create the capability to develop critical components using special alloy metals;
- Invested in a composite facility – this enables the division to manufacture a wider range of products.

These initiatives will facilitate in widening the division's opportunity matrix over the coming years.

## REAL ESTATE ACTIVITY

The Elan Project at Parasakthi Nagar, Ganapathy, Coimbatore promoted by the Company in association with M/s. Sobha Limited (developer) is progressing. Spread over 4.76 acres of land this project is for construction of 236 residential apartments consisting of 1 BHK, 2 BHK and 3 BHK. The Company has a revenue share of 30% in the project. As on date about 175 units have been sold resulting in a revenue of ₹3,495.10 Lakhs for the Company.

On account of demand recession in the Realty sector, the sale of apartments has slowed down. However the developer is confident of selling the remaining units in the near future.

## EXPORTS

During the year under review the Company has achieved an export turnover as indicated below:

*(₹ in Lakhs)*

| Division | FY 2018 – 19 | FY 2017 – 18 |
|---|---|---|
| Textile Machinery[1] | 70,675.09 | 47,695.58 |
| CNC Machine Tools | 210.06 | 68.30 |
| Castings | 3,746.80 | 2,782.84 |
| Aerospace Parts | 2,154.00 | 1,057.58 |
| Total Exports | 76,785.95 | 51,604.30 |

[1] Includes supplies to turnkey projects

Export of Textile Machinery as stated above includes exports worth ₹1,971.93 Lakhs made to the wholly owned subsidiary, LMW Textile Machinery (Suzhou) Co. Ltd., China. Amongst other countries, the Company's products are primarily exported to Kenya, Turkey, Bangladesh, Pakistan, Nepal, Indonesia and Vietnam.

## RESEARCH AND DEVELOPMENT

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

1. Developing eco-friendly, sustainable, energy efficient, low carbon foot print technology.
2. Developing technology for production of innovative machinery.
3. Developing end-products at optimal cost.

Separate Research and Development units have been established for the development of Textile Machinery and CNC Machine Tools. Both these facilities have been recognized by the Department of Science and Technology, Government of India as in-house R & D facilities.

During the year under review the Company has filed applications for 10 new patents and LMW Textile Machinery (Suzhou) Company Limited, subsidiary of the Company has filed 3 new utility model patent applications.

## AWARDS

During the year 2018-19 the Company has bagged the following Awards:

1. TMMA Special Export Award 2017-18 - Spinning Machinery Sector
2. EEPC Southern Regional Award 2016-17 Star Performer - Large Enterprise
3. R&D Award from TMMA – for Draw frame LDF 3

## INDUSTRIAL RELATIONS

Relationship with employees was cordial throughout the year.

## SUBSIDIARY COMPANY

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

The turnover of the Company during the year under review was ₹11,150.80 Lakhs as against ₹14,987.35 Lakhs achieved during the previous year. During the year the Company has incurred a Net Loss of ₹448.17 Lakhs as against a Net Profit of ₹304.11 Lakhs during the previous year.

The consolidated financial statements incorporating the financial statements of the wholly owned

subsidiary company is attached to the annual report as required under the Accounting Standard and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The English translated version of the standalone Annual Financial Statements of the wholly owned subsidiary is posted in the Company's website www.lmwglobal.com.

Besides LMWTMSCL the Company does not have any other Joint Venture / Associate Company.

## 2. Extracts of Annual Return

As per the requirements of Section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management & Administration) Rules, 2014 the extract of annual return in the prescribed Form MGT 9 is annexed hereto as Annexure 2 forming part of the report. A copy of the Annual Return of the Company in prescribed format is available at the Company's website www.lmwglobal.com

## 3. Number of Meetings of the Board

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

## 4. Directors' Responsibility Statement

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

a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b. Have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

c. Have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. Have prepared the annual accounts on a going concern basis;

e. Have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

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

## 5. Share Capital and Buy-Back of Shares

In terms of Resolution passed by the Board of Directors at their meeting held on 22nd October, 2018 and after complying with necessary requirements of SEBI (Buy-Back of Securities) Regulations, 2018, the Company had bought back 2,72,504 Equity Shares of ₹10/- each at an average cost of ₹5,852.47/- aggregating to ₹15,948 Lakhs through Stock Exchanges from the existing shareholders / beneficial owners excluding the promoter / promoter group. The Buy-Back commenced on 2nd November, 2018 and closed on 1st January, 2019. During the Buy-Back equity shares were bought on the Stock Exchanges and extinguished in tranches in compliance with the SEBI (Buy-Back of Securities) Regulations, 2018 and SEBI (Depositories and participants) Regulations, 2018.

As on 31st March, 2019, the authorized, issued, subscribed and paid-up share capital is as follows:

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

## 6. Nomination and Remuneration Committee and Policy

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

## 7. Declaration by Independent Directors

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

## 8. Explanation and Comments on Audit Report

The report of Statutory Auditors (appearing elsewhere in this Annual Report) and that of the Secretarial Auditors (annexed hereto as Annexure 3) are self-explanatory having no adverse comments. Further, the Secretarial Compliance Report for the year ended 31st March, 2019 issued by the Practicing Company Secretary pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has been filed with BSE Limited and the National Stock Exchange of India Limited. A copy of the same is available on the Company's website: www.lmwglobal.com. There were no instances of fraud reported by the Auditors to the Central Government or to the Audit Committee of the Company as indicated under the provisions of Section 143 (12) of the Companies Act, 2013.

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

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

The Company has not accepted any Fixed Deposits.

## 10. Particulars of Contracts with Related Parties

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

## 11. Material Changes

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

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

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

## STATEMENT FOR CONSERVATION OF ENERGY

| Sl. No. | Particulars | Related Disclosures |
|---|---|---|
| (A) | Conservation of Energy | |
| (i) | the steps taken or impact on conservation of energy; sources of energy; | Company has invested in energy conservation devices to save power as detailed in point (iii) below. |
| (ii) | the steps taken by the Company for utilizing alternate sources of energy | Company has installed windmills with a capacity of 36.80 MW. The Company on 17th March, 2019 has inaugurated photo-voltaic solar power generating facility with installed capacity of 10 MW. Uses electricity generated from renewable sources for captive power consumption. |
| (iii) | the capital investment on energy conservation equipment | An amount of ₹46.27 Lakhs invested during 2018-19 for replacing 400 watt fluorescent lamps with 132 watt LED lighting. Also ₹232 Lakhs was saved by purchasing third party power through bidding on energy exchanges. New 10 MW Solar power generating plant is installed at a cost of ₹5,271 Lakhs. |
| TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION | | |
| (B1) Technology Absorption – Textile Machinery Division | | |
| (i) | Efforts made towards technology absorption; | 1. Technical guest lectures in various subjects and specializations / skill building exercises<br>2. In-depth IPR analysis and review<br>3. Theoretical simulation |
| (ii) | Benefits derived like product improvement, cost reduction, product development or import substitution; | Development of machinery with innovative features resulting in improved performance, cost effectiveness, localization of content and user-friendliness to the end user. |
| (iii) | In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):<br>(a) the details of technology imported;<br>(b) the year of import;<br>(c) whether the technology has been fully absorbed;<br>(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; | Nil |
| (iv) | Expenditure incurred on Research and Development | Capital Expenditure : ₹104.52 Lakhs<br>Revenue Expenditure : ₹2,201.09 Lakhs<br>Total Expenditure : ₹2,305.61 Lakhs |
| B2 Technology Absorption – Machine Tool Division | | |
| (i) | Efforts made towards technology absorption; | 1. Technical guest lectures in various subjects and specializations / skill building exercises<br>2. In-depth IPR analysis and review<br>3. Theoretical simulation |

| | | |
|---|---|---|
| (ii) | Benefits derived like product improvement, cost reduction, product development or import substitution; | **Product improvement & Cost Reduction**<br>Measures like development / improvement of spindles, improved shell cover design, development of turret was done throughout the year across all the products.<br>**Product development:**<br>4 New products were commercialized during the year, namely LL25TM L7 (F), LTV 30M (F), LL20TM L10 & LL30T L7 (CNC Turning Center)<br>**Other product developments:**<br>CNC Turning Centre – 3 number, Vertical Machining Centre – 4 numbers, Horizontal Machining Centre – 3 numbers, CNC Vertical Machining Centre with 5 Axis – 1 number and CNC Turning Center with in-built automation - 1 number. |
| (iii) | In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):<br>(a) the details of technology imported;<br>(b) the year of import;<br>(c) whether the technology has been fully absorbed;<br>(d) if not fully absorbed, areas where absorption has not taken place, and the reason thereof; | Nil |
| (iv) | Expenditure incurred on Research and Development | Capital Expenditure : Nil<br>Revenue Expenditure : ₹341.30 Lakhs<br>Total Expenditure : ₹341.30 Lakhs |
| B3 Technology Absorption – Foundry Division | | |
| (i) | Efforts made towards technology absorption; | Technical guest lectures in various subjects and specializations / skill building exercises |
| (ii) | Benefits derived like product improvement, cost reduction, product development or import substitution; | Implementation of GREENCO Practices.<br>As a part of the process, initiatives are carried out for better energy efficiency, water conservation, use of renewable energy, reduction of greenhouse gas emission, material conservation, waste management, green supply chain, life cycle assessment for our foundry units. |
| (iii) | In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):<br>(a) the details of technology imported;<br>(b) the year of import;<br>(c) whether the technology has been fully absorbed;<br>(d) if not fully absorbed, areas where absorption has not taken place, and the reason thereof; | Nil |
| (iv) | Expenditure incurred on Research and Development | Nil |

| B4 Technology Absorption – Advanced Technology Centre | | |
|---|---|---|
| (i) | Efforts made towards technology absorption; | Technical guest lectures in various subjects and specializations / skill building exercises |
| (ii) | Benefits derived like product improvement, cost reduction, product development or import substitution; | Manufacture / development of components and sub-assemblies using metal / composite materials. |
| (iii) | In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):<br>(e) the details of technology imported;<br>(f) the year of import;<br>(g) whether the technology has been fully absorbed;<br>(h) 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 | 76,985.54 |
| Foreign Exchange Used | 31,464.53 |

### 13. Risk Management

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

### 14. Corporate Social Responsibility (CSR)

The Company has constituted a CSR Committee of Board of Directors and has adopted a CSR Policy. The same is posted in the Company's website www.lmwglobal.com. A report in prescribed format detailing the CSR expenditure for the year 2018-19 is attached herewith as Annexure 4 and forms part of this report.

### 15. Evaluation of Board's Performance

On the advice of the Board of Directors, the Nomination and Remuneration Committee of the Board of Directors of the Company have formulated the criteria for the evaluation of the performance of each individual Director, Board as a whole, Committees of the Board, Independent Directors, Non-Independent Directors and the Chairman of the Board based on the Criteria of evaluation as specified by SEBI Circular SEBI/HO/CFD/CMD/CIR/P/2017/004 dated 5th January, 2017. Based on these revised criteria the performance evaluation process has been undertaken. The Independent Directors of the Company had also convened a separate meeting for this purpose on 4th February, 2019. All the results of evaluation has been communicated to the Chairman of the Board of Directors.

## 16. Additional Information

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

| | | |
|---|---|---|
| (i) | The financial summary or highlights | The financial highlights including State of Affairs of the Company, Dividend and Reserve have been provided elsewhere in this report |
| (ii) | The change in the nature of business, if any | There is no change in the business line of the Company. |
| (iii) | The details of Directors or Key Managerial Personnel who were appointed or have resigned during the year | None |
| (iv) | The names of companies which have become or ceased to be its Subsidiaries, Joint Ventures or Associate Companies during the year | None |
| (v) | The details relating to deposits, covered under Chapter V of the Act | The Company has not accepted any amount which falls under the purview of Chapter V of the Act. |
| (vi) | The details of deposits which are not in compliance with the requirements of Chapter V of the Act. | Not Applicable |
| (vii) | The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future | Nil |
| (viii) | The details in respect of adequacy of internal controls with reference to the Financial Statements | Procedures are set to detect and prevent frauds and to protect the organization's resources, both physical (eg., machinery and property) and intangible (e.g., reputation or Intellectual property such as trademarks). The financial statements are prepared in accordance with the Indian Accounting Standards issued by the Ministry of Corporate Affairs. |
| (ix) | Maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 | Pursuant to the provisions of Section 148 (1) of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, the Company was required to maintain cost records. Accordingly, the Company has duly made and maintained the Cost Records as mandated by the Central Government. |

## 17. Directors:

Sri K Soundhar Rajhan (DIN:07594186), Wholetime Director (designated as Director Operations) who retires by rotation at the ensuing Annual General Meeting, being eligible offers himself for reappointment. The Board recommends his re-appointment in the forthcoming Annual General Meeting.

The tenure of Sri Aditya Himatsingka (DIN: 00138970), Dr Mukund Govind Rajan (DIN: 00141258) and Sri Basavaraju (DIN: 01252772) Independent Directors of the Company expires at close of business hours on 5th August 2019. Except for Sri Basavaraju, Independent Director, who has been associated as a Director on the Board of the Company since 2006, initially as a Nominee of Life Insurance Corporation of India and later as an Independent Director since the commencement of Companies Act, 2013, the Board of Directors at their meeting held on 20th May 2019 have recommended the reappointment of Sri Aditya Himatsingka and Dr Mukund Govind Rajan, as Independent Directors for a second term of five consecutive years commencing from close of business hours of 5th August, 2019.

Further, the tenure of Justice Smt. Chitra Venkataraman (Retd.,) (DIN: 07044099) as an Independent Director of the Company expires at close of business hours on 1st February 2020. The Board of Directors at their meeting held on 20th May 2019 have recommended the reappointment of Justice Smt. Chitra Venkataraman (Retd.,) as an Independent Woman Director for a second term of five consecutive years commencing from close of business hours of 1st February, 2020.

Your Directors recommend the re-appointment of Sri Aditya Himatsingka (DIN: 00138970), Dr Mukund Govind Rajan (DIN: 00141258) and Justice Smt. Chitra Venkataraman (Retd.,) (DIN: 07044099), in the forthcoming Annual General Meeting.

## 18. Audit Committee / Whistle Blower Policy

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

1. Dr. Mukund Govind Rajan, Chairman (Non-Executive – Independent)
2. Sri Aditya Himatsingka, Member (Non-Executive – Independent)
3. Sri Basavaraju, Member (Non-Executive – Independent)

The Board has accepted the recommendations of the 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 During the year under review, there were no complaints received under this mechanism.

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

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

## 20. Listing of Shares

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

## 21. Overall Maximum Remuneration

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

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

| Director | Category | Ratio |
|---|---|---|
| Sri Sanjay Jayavarthanavelu | Executive – Chairman and Managing Director | 130.30 |
| Sri S Pathy | Non-Executive – Non-Independent | 1.14 |
| Sri Basavaraju | Non-Executive – Independent | 1.14 |
| Sri Aditya Himatsingka | Non-Executive – Independent | 1.14 |
| Dr. Mukund Govind Rajan | Non-Executive – Independent | 1.14 |
| Sri V Sathyakumar[1] | Non-Executive – Non-Independent, Nominee of LIC | 1.14 |
| Justice (Smt) Chitra Venkataraman (Retd) | Non-Executive – Independent | 1.14 |
| Sri Arun Alagappan | Non-Executive – Independent | 1.14 |
| Sri K Soundhar Rajhan | Executive – Non-Independent | 22.35 |

Note: Sitting fees paid to the Directors has not been considered as remuneration
[1]Amount paid to Life Insurance Corporation of India.

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

| Director | Category | % Increase |
|---|---|---|
| Sri Sanjay Jayavarthanavelu | Executive – Chairman and Managing Director | -0.06 |
| Sri S Pathy | Non-Executive – Non-Independent | 50.00 |
| Sri Basavaraju | Non-Executive – Independent | 50.00 |
| Sri Aditya Himatsingka | Non-Executive – Independent | 50.00 |
| Dr. Mukund Govind Rajan | Non-Executive – Independent | 50.00 |
| Sri V Sathyakumar[1] | Non-Executive – Non-Independent, Nominee of LIC | 50.00 |
| Justice (Smt) Chitra Venkataraman (Retd) | Non-Executive – Independent | 50.00 |
| Sri Arun Alagappan | Non-Executive –Independent | 50.00 |
| Sri K Soundhar Rajhan[2] | Executive – Non-Independent | Not comparable |
| **Key Managerial Personnel** | **Category** | |
| Sri C B Chandrasekar | Chief Financial Officer | 19.46 |
| Sri C R Shivkumaran | Company Secretary | 19.36 |

Note: For this purpose, Sitting fees paid to the Directors has not been considered as remuneration. The remuneration details are for the year 2018-19 (Previous Year; 2017-18).

[1]Amount paid to Life Insurance Corporation of India.
[2] Sri. K Soundhar Rajhan was appointed as Director - Operations on 01st November, 2017.

c) The Percentage increase in the median remuneration of employees in the financial year 1.86%

d) The number of permanent employees on the rolls of company: 3,248

e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial Remuneration: 2.13%

f) Affirmation that the remuneration is as per the remuneration policy of the Company: Yes

g) Particulars of Employees as per [Rule 5(2) and Rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel Rules), 2014]:

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

### Table 1[1, 2]

| Name (Age in Years) | Designation | Gross Remuneration Paid (in ₹) | Qualification | Date of commencement of employment (experience in years) | Previous Employment |
|---|---|---|---|---|---|
| Sri Sanjay Jayavarthanavelu (50 years) | Chairman and Managing Director | 8,54,77,344 | MBA., | 3rd June, 1994 (24 Years) | - |
| Sri K Soundhar Rajhan (70 years) | Director Operations | 1,46,58,764 | B.Sc., | 9th July, 1973 (45 Years) | The Kovilpatti Lakshmi Roller Flour Mills Limited |

[1] Employment is contractual. The remuneration includes Company's contribution to provident fund, gratuity and perquisites.

[2]The remuneration details are for the financial year 2018-19 and all other particulars are as on 31st March, 2019. Besides the above there are no other employees in receipt of Remuneration/Salary for any part of the year, at a rate which, in the aggregate, was not less than ₹8,50,000/- per month.



## Particulars of Top Ten employees in terms of remuneration drawn:

### Table 2: Employed for full year[1, 2, 3 & 4]

| Name (Age in Years) | Designation | Gross Remuneration Paid (in ₹) | Qualification | Date of commencement of employment (experience in years) | Previous Employment |
|---|---|---|---|---|---|
| Sri N Krishna Kumar (61 years) | Senior Vice President, TQM | 77,24,770 | BE., ME., | 1st July, 1983 (35 Years) | - |
| Sri V Venugopal (61 years) | Senior Vice President, Foundry | 68,79,553 | BE., ME., MBA., MS., | 5th August, 1981 (37 Years) | - |
| Sri C B Chandrasekar (59 Years) | Chief Financial Officer | 61,94,417 | B Com., ACS., ACMA., | 3rd April, 1992 (26 Years) | Elgi Equipments Limited |
| Sri A V Subramanian (65 Years) | President, ATC | 56,89,624 | B. Tech, M. Tech, MMS., | 17th August, 2018 | Indian Army |
| Sri. M Sankar[5] (61 Years) | President, TMD Operations | 55,73,871 | B. Tech., | 21st August, 1985 (33 Years) | Star Marketing Services Limited |
| Sri T Sundaram (58 Years) | Vice President, SCM | 46,82,860 | DME., BE., PGDC., MS., | 18th July, 1980 (38 Years) | - |
| Sri C Arunachalam (54 Years) | Vice President, TMD Global Sales | 46,82,860 | B. Tech., MBA., | 3rd February, 1992 (27 Years) | J K Synthetics Limited |
| Sri Indraneel Bhattacharya (54 Years) | Vice President, MTD Marketing & Sales | 46,82,860 | DME., | 8th February, 1993 (26 Years) | Batliboi & Company Limited |
| Sri P Ananthan (50 Years) | Senior General Manager, SCM | 41,06,235 | BE., | 17th August, 1989 (29 Years) | - |
| Sri V Senthil[2] (40 Years) | Senior General Manager, Finance | 39,44,028 | B Com., ACA., | 23rd January, 2015 (4 Years) | LMW Textile Machinery (Suzhou) Company Limited |
| Sri K R Ananthakrishnan (53 Years) | Senior General Manager, ATC | 35,94,627 | BE., | 27th October, 2017 (1 Year) | Maini Precision Products P Ltd |
| Sri S Rajasekaran (51 Years) | Senior General Manager, TMD R&D | 35,60,352 | DTT., AMIE., M. Tech., DBM., | 2nd May, 1986 (32 Years) | VR Textiles |

Notes for Table 2:

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

[2] Except Sri V Senthil, Senior General Manager, Finance who is the relative (daughter's husband) of Sri K Soundhar Rajhan, Director Operations, no other employee is a relative (in terms of the Companies Act, 2013) of any other Director of the Company.

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

[4] The remuneration details are for the financial year 2018-19 and all other particulars are as on 31st March, 2019.

[5] Sri M Sankar was deputed to LMW Textile Machinery (Suzhou) Company Limited and rejoined Company with effect from 12th September, 2018.

## 22. Corporate Governance:

As per Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on Corporate Governance practices followed by the Company is provided elsewhere in this Report. A report of the Statutory Auditors of the Company confirming the compliance of conditions of Corporate Governance as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to this report as Annexure 5 and forms a part of the report

## 23. Auditors

### Statutory Auditors

M/s. S. Krishnamoorthy & Co. Chartered Accountants, with Sri K. Raghu as signing Partner were appointed as Auditors of the Company from the financial year 2016-17 at the AGM held during 2016 for a term of five financial years commencing from 2016-17 to 2020-21. M/s. Krishnamoorthy & Co., Chartered Accountants, Coimbatore, with Sri. K. Raghu as signing partner have consented and confirmed their eligibility and desire to continue as Statutory Auditors of the Company for the Financial Year 2019-20.

### Cost Auditor

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 (as amended), the Directors, on the recommendation of the Audit Committee have appointed Sri A. N. Raman, Practicing Cost and Management Accountant, Chennai, as the Cost Auditor of the Company for the Financial Year 2019-20. The remuneration payable to the Cost Auditor is subject to ratification of Shareholders at the ensuing Annual General Meeting.

### Secretarial Auditor

Pursuant to Provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors have appointed M/s. MDS & Associates, Coimbatore, Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2019-20.

## 24. Business Responsibility Report

The SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 mandates inclusion of the Business Responsibility Report (BRR) as part of the Annual Report for the top 500 listed entities based on market capitalization. In compliance with the regulation the BRR is enclosed as Annexure 6 and forms part of the Annual Report.

## 25. Compliance with Secretarial Standards

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

## 26. Acknowledgements

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

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

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

By order of the Board

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

Coimbatore
20th May 2019

# ANNEXURE 1

## DIVIDEND DISTRIBUTION POLICY

### 1. INTRODUCTION

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

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

### 2. STATUTORY REQUIREMENT

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

### 3. OBJECTIVE

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

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

### 4. POLICY

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

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

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

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

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

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

## I. External Factors

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

Whenever the Company operates in a recessionary economic/market conditions, where future business opportunities are uncertain, the Board may prefer to conserve cash so as to retain profits to build up reserves.

**b. Government/Statutory Regulations:**

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

## II. Internal Factors and Financial Parameters

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

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

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

Reserves are being built by the Company to plough back profits in to the business, to maintain uninterrupted distribution of dividend in the years where there is no profit or inadequate profit and to meet the fund requirements in the lean periods.

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

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

## 6. AMENDMENTS:

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

## 7. BOARD'S APPROVAL:

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

# ANNEXURE 2

FORM NO. MGT.9

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2019

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

### I. REGISTRATION AND OTHER DETAILS:

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

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sl. No | Name and Description of main products/services | NIC Code of the Product/service | % to total turnover of the company |
|---|---|---|---|
| 1 | Spinning Preparatory and Yarn Making Machinery | 28261 | 70.20% |
| 2 | Machine Tools | 28221 | 23.68% |

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

| Sl. No | Name And Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | LMW Textile Machinery (Suzhou) Co. Ltd, Wujiang Economic & Technological Development Zone, Jiangsu Province, China | Not Applicable | Wholly Owned Subsidiary | 100% | 2(87)(ii) |

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

### (i) Category-wise Share Holding

| Category of Shareholder | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares* | Demat | Physical | Total | % of Total Shares** | |
| **A. Promoters** | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 3,02,329 | - | 3,02,329 | 2.76 | 3,02,426 | - | 3,02,426 | 2.83 | 0.07 |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt (s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 29,91,628 | - | 29,91,628 | 27.30 | 29,91,628 | - | 29,91,628 | 28.00 | 0.70 |
| e) Banks/FI | - | - | - | - | - | - | - | - | - |
| f) Any Other.. | - | - | - | - | - | - | - | - | - |
| **Sub-total (A) (1):-** | **32,93,957** | **-** | **32,93,957** | **30.06** | **32,94,054** | **-** | **32,94,054** | **30.83** | **0.77** |
| (2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | - | - | - | - | - | - | - | - | - |
| b) Other - Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any Other.... | - | - | - | - | - | - | - | - | - |
| **Sub-total (A) (2):-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total shareholding of Promoter (A) = (A) (1)+(A)( 2)** | **32,93,957** | **-** | **32,93,957** | **30.06** | **32,94,054** | **-** | **32,94,054** | **30.83** | **0.77** |
| **B. Public Shareholding** | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 6,63,085 | - | 6,63,085 | 6.05 | 3,71,981 | - | 3,71,981 | 3.48 | -2.57 |
| b) Banks/FI | 74,535 | 550 | 75,085 | 0.69 | 71,753 | 350 | 72,103 | 0.68 | -0.01 |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | 12,06,788 | - | 12,06,788 | 11.01 | 12,06,577 | - | 12,06,577 | 11.29 | 0.28 |
| g) FIIs | 200 | 100 | 300 | 0.00 | 200 | 100 | 300 | 0.00 | 0.00 |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Foreign Portfolio Investment | 5,87,936 | - | 5,87,936 | 5.37 | 5,70,289 | - | 5,70,289 | 5.34 | -0.03 |
| **Sub-total (B)(1):-** | **25,32,544** | **650** | **25,33,194** | **23.12** | **22,20,800** | **450** | **22,21,250** | **20.79** | **-2.33** |

| Category of Shareholder | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares* | Demat | Physical | Total | % of Total Shares** | |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 17,78,276 | 1,940 | 17,80,216 | 16.25 | 16,95,810 | 980 | 16,96,790 | 15.88 | -0.37 |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 14,21,335 | 87,315 | 15,08,650 | 13.77 | 15,38,438 | 64,060 | 16,02,498 | 15.00 | 1.23 |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 11,22,722 | - | 11,22,722 | 10.25 | 11,35,361 | - | 11,35,361 | 10.63 | 0.38 |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| Trusts | 7,200 | - | 7,200 | 0.07 | 8,075 | - | 8,075 | 0.08 | 0.01 |
| Directors and their relatives | - | - | - | - | - | - | - | - | - |
| Foreign nationals | - | 240 | 240 | 0.00 | - | - | - | - | -0.00 |
| Non Resident Indians | 1,20,123 | 100 | 1,20,223 | 1.10 | 1,39,649 | 1,060 | 1,40,709 | 1.32 | 0.22 |
| Clearing Members | 30,494 | - | 30,494 | 0.28 | 18,605 | - | 18,605 | 0.17 | -0.10 |
| Hindu Undivided Families | 4,96,504 | - | 4,96,504 | 4.53 | 5,07,893 | - | 5,07,893 | 4.75 | 0.22 |
| Investor Education and Protection Fund | 22,194 | - | 22,194 | 0.20 | 25,135 | - | 25,135 | 0.24 | 0.03 |
| Unclaimed Share Suspense Account | 39,910 | - | 39,910 | 0.37 | 32,630 | - | 32,630 | 0.31 | -0.06 |
| **Sub-total (B)(2):-** | **50,38,758** | **89,595** | **51,28,353** | **46.82** | **51,01,596** | **66,100** | **51,67,696** | **48.38** | **1.56** |
| **Total Public Shareholding (B) = (B)(1) + (B)(2)** | **75,71,302** | **90,245** | **76,61,547** | **69.94** | **73,22,396** | **66,550** | **73,88,946** | **69.17** | **-0.77** |
| **C. Shares held by Custodian for GDRs & ADRs** | | | **-** | **-** | | | **-** | **-** | **-** |
| **Grand Total (A+B+C)** | **1,08,65,259** | **90,245** | **1,09,55,504** | **100.00** | **1,06,16,450** | **66,550** | **1,06,83,000** | **100.00** | **-** |

Note: Consequent to Buy Back of 2,72,504 Equity Shares, the number of Equity Shares issued, subscribed and fully paid up stands reduced from 1,09,55,504 to 1,06,83,000. Details of the Buy Back are provided in the Directors' Report. Decimals have been rounded off.

* Percentage calculated on Pre-Buy Back outstanding quantity of fully paid up equity shares of 1,09,55,504 (in numbers).

** Percentage calculated on Post-Buy Back outstanding quantity of fully paid up equity shares of 1,06,83,000 (in numbers).

(ii) Share Holding of Promoters

| Sl No. | Shareholder Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company* | % of Shares Pledged/encumbered to total shares | No. of Shares | % of total Shares of the company** | % of Shares Pledged/encumbered to total shares | |
| 1 | D.Thayarammal | 7,920 | 0.07 | Nil | - | - | Nil | -0.07 |
| 2 | J.Rajyalakshmi | 97,980 | 0.89 | Nil | 97,980 | 0.92 | Nil | 0.03 |
| 3 | Sanjay Jayavarthanavelu | 1,42,291 | 1.30 | Nil | 1,42,291 | 1.33 | Nil | 0.03 |
| 4 | Ravi Sam | 5,866 | 0.05 | Nil | 5,866 | 0.06 | Nil | 0.01 |
| 5 | D.Senthil Kumar | 160 | 0.00 | Nil | 160 | 0.00 | Nil | 0.00 |
| 6 | Uttara R | 44,290 | 0.40 | Nil | 44,290 | 0.42 | Nil | 0.02 |
| 7 | Nethra J.S.Kumar | 720 | 0.01 | Nil | 720 | 0.01 | Nil | 0.00 |
| 8 | K.Sundaram | 1,220 | 0.01 | Nil | 1,220 | 0.01 | Nil | 0.00 |
| 9 | S.Pathy | 1,420 | 0.01 | Nil | 1,420 | 0.01 | Nil | 0.00 |
| 10 | Shivali Jayavarthanavelu | 2 | 0.00 | Nil | 7,970 | 0.07 | Nil | 0.07 |
| 11 | Jaidev Jayavarthanavelu | 460 | 0.00 | Nil | 460 | 0.00 | Nil | 0.00 |
| 12 | Lalitha Devi Sanjay Jayavarthanavelu | - | - | Nil | 49 | 0.00 | Nil | 0.00 |
| 13 | Lakshmi Electrical Drives Ltd. | 17,500 | 0.16 | Nil | 17,500 | 0.16 | Nil | 0.00 |
| 14 | Lakshmi Cargo Co.Ltd. | 10,74,468 | 9.81 | Nil | 10,74,468 | 10.06 | Nil | 0.25 |
| 15 | Lakshmi Technology & Engg.Ind.Ltd | 6,67,090 | 6.09 | Nil | 6,67,090 | 6.24 | Nil | 0.15 |
| 16 | Lakshmi Electrical Control Systems Ltd | 88,800 | 0.81 | Nil | 88,800 | 0.83 | Nil | 0.02 |
| 17 | Eshaan Enterprises Ltd. | 1,27,110 | 1.16 | Nil | 1,27,110 | 1.19 | Nil | 0.03 |
| 18 | The Lakshmi Mills Co.Ltd. | 5,20,000 | 4.75 | Nil | 5,20,000 | 4.87 | Nil | 0.12 |
| 19 | Lakshmi Ring Travellers(Cbe)Ltd. | 2,52,180 | 2.30 | Nil | 2,52,180 | 2.36 | Nil | 0.06 |

| Sl No. | Shareholder Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company* | % of Shares Pledged/encumbered to total shares | No. of Shares | % of total Shares of the company** | % of Shares Pledged/encumbered to total shares | |
| 20 | Lakshmi Precision Tools Ltd. | 15,000 | 0.14 | NIL | 15,000 | 0.14 | NIL | 0.00 |
| 21 | Super Sales India Ltd. | 2,29,480 | 2.10 | NIL | 2,29,480 | 2.15 | NIL | 0.05 |
| | **Total** | **32,93,957** | **30.06** | **NIL** | **32,94,054** | **30.83** | **NIL** | **0.77** |

Note: Consequent to Buy Back of 2,72,504 Equity Shares, the number of Equity Shares issued, subscribed and fully paid up stands reduced from 1,09,55,504 to 1,06,83,000. Promoter/Promoter Group did not participate in the Buy Back. Details of the Buy Back are provided in the Directors' Report. Decimals have been rounded off.

* Percentage calculated on Pre-Buy Back outstanding quantity of fully paid up equity shares of 1,09,55,504 (in numbers).
** Percentage calculated on Post-Buy Back outstanding quantity of paid up equity shares of 1,06,83,000 (in numbers).

**(iii) Change in Promoters' Shareholding**

| Date | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| D.Thayarammal | | | | | |
| 01/04/18 | At the Beginning of the year* | 7,920 | 0.07 | 7,920 | 0.07 |
| 08/03/19 | Off Market Sale** | -7,920 | -0.07 | - | - |
| 31/03/19 | At the End of the year** | | | - | - |
| Shivali Jayavarthanavelu | | | | | |
| 01/04/18 | At the Beginning of the year* | 2 | 0.00 | 2 | 0.00 |
| 06/04/18 | Purchases through open market* | 48 | 0.00 | 50 | 0.00 |
| 08/03/19 | Off Market Purchase** | 7,920 | 0.07 | 7,970 | 0.07 |
| 31/03/19 | At the End of the year** | | | 7,970 | 0.07 |
| Lalitha Devi Sanjay Jayavarthanavelu | | | | | |
| 01/04/18 | At the Beginning of the year* | - | - | - | |
| 06/04/18 | Purchases through open market* | 49 | 0.00 | 49 | 0.00 |
| 31/03/19 | At the End of the year** | | | 49 | 0.00 |

Note:Consequent to Buy Back of 2,72,504 Equity Shares the number of Equity Shares issued, subscribed and fully paid up stands reduced from 1,09,55,504 to 1,06,83,000. Promoter/Promoter Group did not participate in the Buy Back. Details of the Buy Back are provided in the Directors' Report. Decimals have been rounded off.

* Percentage calculated on Pre-Buy Back outstanding quantity of fully paid up equity shares of 1,09,55,504 (in numbers).
** Percentage calculated on Post-Buy Back outstanding quantity of fully paid up equity shares of 1,06,83,000 (in numbers).

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

| BENPOS Date | For each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| LIFE INSURANCE CORPORATION OF INDIA LIMITED | | | | | |
| 01/04/18 | At the beginning of the year* | 8,47,820 | 7.74 | | |
| 31/03/19 | At the end of the year** | | | 8,47,820 | 7.94 |
| VOLTAS LIMITED | | | | | |
| 01/04/18 | At the beginning of the year* | 5,79,672 | 5.29 | | |
| 31/03/19 | At the end of the year** | | | 5,79,672 | 5.43 |
| NEMISH S SHAH | | | | | |
| 01/04/18 | At the beginning of the year* | 5,34,673 | 4.88 | | |
| 31/03/19 | At the end of the year** | | | 5,34,673 | 5.00 |
| L AND T MUTUAL FUND TRUSTEE LIMITED | | | | | |
| 01/04/18 | At the beginning of the year* | 4,62,919 | 4.23 | | |
| 06/04/18 | Purchase* | 1,959 | 0.02 | 4,64,878 | 4.24 |
| 13/04/18 | Purchase* | 2,522 | 0.02 | 4,67,400 | 4.27 |
| 20/04/18 | Purchase* | 521 | 0.00 | 4,67,921 | 4.27 |
| 27/04/18 | Purchase* | 110 | 0.00 | 4,68,031 | 4.27 |
| 04/05/18 | Purchase* | 6,479 | 0.06 | 4,74,510 | 4.33 |
| 11/05/18 | Purchase* | 2,245 | 0.02 | 4,76,755 | 4.35 |
| 18/05/18 | Purchase* | 3,755 | 0.03 | 4,80,510 | 4.39 |
| 08/06/18 | Purchase* | 1,000 | 0.01 | 4,81,510 | 4.40 |
| 12/10/18 | Sale* | -18,850 | -0.17 | 4,62,660 | 4.22 |
| 22/10/18 | Purchase* | 2,000 | 0.02 | 4,64,660 | 4.24 |
| 23/10/18 | Purchase* | 2,000 | 0.02 | 4,66,660 | 4.26 |
| 26/10/18 | Purchase* | 2,000 | 0.02 | 4,68,660 | 4.28 |
| 16/11/18 | Sale# | -80,000 | -0.73 | 3,88,660 | 3.55 |
| 23/11/18 | Sale# | -30,000 | -0.28 | 3,58,660 | 3.31 |
| 21/12/18 | Sale# | -59,885 | -0.55 | 2,98,775 | 2.76 |
| 28/12/18 | Sale# | -71,207 | -0.66 | 2,27,568 | 2.10 |
| 15/02/19 | Sale** | -4,126 | -0.04 | 2,23,442 | 2.09 |
| 08/03/19 | Sale** | -18,000 | -0.17 | 2,05,442 | 1.92 |
| 31/03/19 | At the end of the year** | | | 2,05,442 | 1.92 |

| BENPOS Date | For each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| PINEBRIDGE INVESTMENTS GF MAURITIUS LIMITED | | | | | |
| 01/04/18 | At the beginning of the year* | 4,47,639 | 4.09 | | |
| 11/05/18 | Sale* | -174 | -0.00 | 4,47,465 | 4.08 |
| 18/05/18 | Sale* | -404 | -0.00 | 4,47,061 | 4.08 |
| 01/06/18 | Sale* | -2,934 | -0.03 | 4,44,127 | 4.05 |
| 15/06/18 | Sale* | -1,232 | -0.01 | 4,42,895 | 4.04 |
| 22/06/18 | Sale* | -349 | -0.00 | 4,42,546 | 4.04 |
| 06/07/18 | Sale* | -124 | -0.00 | 4,42,422 | 4.04 |
| 07/09/18 | Sale* | -14,500 | -0.13 | 4,27,922 | 3.91 |
| 31/03/19 | At the end of the year** | | | 4,27,922 | 4.01 |
| THE NEW INDIA ASSURANCE COMPANY LIMITED | | | | | |
| 01/04/18 | At the beginning of the year* | 3,67,146 | 3.35 | | |
| 15/06/18 | Sale* | -191 | -0.00 | 3,66,955 | 3.35 |
| 22/06/18 | Sale* | -20 | -0.00 | 3,66,935 | 3.35 |
| 31/03/19 | At the end of the year** | | | 3,66,935 | 3.43 |
| NEMISH S SHAH | | | | | |
| 01/04/18 | At the beginning of the year* | 3,54,200 | 3.23 | | |
| 31/03/19 | At the end of the year** | | | 3,54,200 | 3.32 |
| ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED | | | | | |
| 01/04/18 | At the beginning of the year* | 2,68,116 | 2.45 | | |
| 06/04/18 | Purchase* | 8,485 | 0.08 | 2,76,601 | 2.52 |
| 13/04/18 | Sale* | -8,390 | -0.08 | 2,68,211 | 2.45 |
| 20/04/18 | Sale* | -1,863 | -0.02 | 2,66,348 | 2.43 |
| 27/04/18 | Sale* | -3,485 | -0.03 | 2,62,863 | 2.40 |
| 03/08/18 | Sale* | -1,927 | -0.02 | 2,60,936 | 2.38 |
| 10/08/18 | Sale* | -2,887 | -0.03 | 2,58,049 | 2.36 |
| 17/08/18 | Sale* | -1,397 | -0.01 | 2,56,652 | 2.34 |
| 24/08/18 | Sale* | -3,560 | -0.03 | 2,53,092 | 2.31 |
| 31/08/18 | Sale* | -2,787 | -0.03 | 2,50,305 | 2.28 |
| 07/09/18 | Sale* | -3,380 | -0.03 | 2,46,925 | 2.25 |
| 14/09/18 | Sale* | -1,598 | -0.01 | 2,45,327 | 2.24 |
| 21/09/18 | Sale* | -1,468 | -0.01 | 2,43,859 | 2.23 |
| 28/09/18 | Sale* | -3,883 | -0.04 | 2,39,976 | 2.19 |
| 05/10/18 | Sale* | -1,990 | -0.02 | 2,37,986 | 2.17 |
| 12/10/18 | Sale* | -6,973 | -0.06 | 2,31,013 | 2.11 |

| BENPOS Date | For each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 19/10/18 | Sale* | -8,255 | -0.08 | 2,22,758 | 2.03 |
| 22/10/18 | Sale* | -8,383 | -0.08 | 2,14,375 | 1.96 |
| 26/10/18 | Sale* | -1,840 | -0.02 | 2,12,535 | 1.94 |
| 02/11/18 | Sale* | -2,260 | -0.02 | 2,10,275 | 1.92 |
| 09/11/18 | Sale* | -352 | -0.00 | 2,09,923 | 1.92 |
| 16/11/18 | Sale# | -19,405 | -0.18 | 1,90,518 | 1.74 |
| 15/03/19 | Sale** | -215 | -0.00 | 1,90,303 | 1.78 |
| 22/03/19 | Sale** | -155 | -0.00 | 1,90,148 | 1.78 |
| 29/03/19 | Sale** | -169 | -0.00 | 1,89,979 | 1.78 |
| 31/03/19 | At the end of the year** | | | 1,89,979 | 1.78 |
| SHAMYAK INVESTMENT PRIVATE LIMITED | | | | | |
| 01/04/18 | At the beginning of the year* | 2,31,000 | 2.11 | | |
| 31/03/19 | At the end of the year** | | | 2,31,000 | 2.16 |
| GAGANDEEP CREDIT CAPITAL PRIVATE LIMITED | | | | | |
| 01/04/18 | At the beginning of the year* | 1,57,800 | 1.44 | | |
| 31/03/19 | At the end of the year** | | | 1,57,800 | 1.48 |

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

Consequent to Buy Back of 2,72,504 Equity Shares the number of Equity Shares issued, subscribed and fully paid up stands reduced from 1,09,55,504 to 1,06,83,000. Promoter/Promoter Group did not participate in the Buy Back. Details of the Buy Back are provided in the Directors' Report. Decimals have been rounded off.

* Percentages calculated on Pre-Buy Back outstanding quantity of fully paid up equity shares of 1,09,55,504 (in numbers).
** Percentages calculated on Post-Buy Back outstanding qunatity of fully paid up equity shares of 1,06,83,000 (in numbers).

# Percentage calculated based on number of shares outstanding as on date immediately preceding the date of transaction (refer table below)

| Date | No of Shares Extingusihed | Balance outstanding shares |
|---|---|---|
| 02/11/18 | - | 1,09,55,504 |
| 15/11/18 | 2,300 | 1,09,53,204 |
| 22/11/18 | 1,02,935 | 1,08,50,269 |
| 29/11/18 | 31,024 | 1,08,19,245 |
| 07/12/18 | 85 | 1,08,19,160 |
| 14/12/18 | 547 | 1,08,18,613 |
| 19/12/18 | 2,318 | 1,08,16,295 |
| 28/12/18 | 60,729 | 1,07,55,566 |
| 31/12/18 | 72,566 | 1,06,83,000 |

(v) Shareholding of Directors and Key Managerial Personnel:

| Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| SRI SANJAY JAYAVARTHANVELU, Chairman and Managing Director | | | | |
| At the beginning of the Year* | 1,42,291 | 1.30 | | |
| Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease | - | - | - | - |
| At the end of the year** | | | 1,42,291 | 1.33 |
| SRI S PATHY, Director | | | | |
| At the beginning of the Year* | 1,420 | 0.01 | | |
| Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease | - | - | - | - |
| At the end of the year** | | | 1,420 | 0.01 |
| SRI K SOUNDHAR RAJHAN, Director Operations | | | | |
| At the beginning of the Year* | 110 | 0.00 | | |
| Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease | - | - | - | - |
| At the end of the year** | | | 110 | 0.00 |
| SRI C R SHIVKUMARAN, Company Secretary | | | | |
| At the beginning of the Year* | 1 | 0.00 | | |
| Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease | - | - | - | - |
| At the end of the year** | | | 1 | 0.00 |

Note: None of the Directors/Key Managerial Personnel other than the above hold any shares in the company.

Consequent to Buy Back of 2,72,504 Equity Shares the number of Equity Shares issued, subscribed and fully paid up stands reduced from 1,09,55,504 to 1,06,83,000. Promoter/Promoter Group did not participate in the Buy Back. Details of the Buy Back are provided in the Directors' Report. Decimals have been rounded off.

* Percentages calculated on Pre-Buy Back outstanding quantity of fully paid up equity shares of 1,09,55,504 (in numbers).

** Percentages calculated on Post-Buy Back outstanding quantity of fully paid up equity shares of 1,06,83,000 (in numbers).

## V. INDEBTEDNESS (₹ in Lakhs)

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

The company has no debts.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakhs)

| Sl. no. | Particulars of Remuneration | Name of MD/WTD/ Manager | | Total Amount |
|---|---|---|---|---|
| | | Sri Sanjay Jayavarthanavelu, Chairman & Managing Director | Sri K Soundhar Rajhan, Director Operations | |
| 1 | GROSS SALARY | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 162.00 | 116.25 | 278.25 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 35.35 | 15.60 | 50.95 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | 636.36 | - | 636.36 |
| | - as % of profit | 2.00 | - | 2.00 |
| | - others, specify... | - | - | - |
| 5 | Others, please specify | | | |
| | Gratuity fund contribution | 8.10 | 5.81 | 13.91 |
| | Provident fund contribution | 12.96 | 8.93 | 21.89 |
| | **Total (A)** | **854.77** | **146.59** | **1,001.36** |
| | Ceiling as per the Act (10%) | | | 3,181.82 |

### B. Remuneration to other Directors:

(₹ in Lakhs)

| Sl. no. | Particulars of Remuneration | Name of Directors | | | | | Total Amount |
|---|---|---|---|---|---|---|---|
| 1 | Independent Directors | Sri Basavaraju | Sri Aditya Himatsingka | Dr Mukund Govind Rajan | Smt Chitra Venkataraman | Sri Arun Alagappan | |
| | Fee for attending board /committee meetings | 8.00 | 5.50 | 4.50 | 5.00 | 2.50 | 25.50 |
| | Commission | 7.50 | 7.50 | 7.50 | 7.50 | 7.50 | 37.50 |
| | Others, please specify | | | | | | |
| | **Total (1)** | **15.50** | **13.00** | **12.00** | **12.50** | **10.00** | **63.00** |

| Sl. no. | Particulars of Remuneration | Name of Directors | | | | | Total Amount |
|---|---|---|---|---|---|---|---|
| 2 | Other Non-Executive Directors | Sri S Pathy | Sri V Sathyakumar* (Nominee of LIC) | | | | |
| | Fee for attending board /committee meetings | 11.00 | 2.00 | | | | 13.00 |
| | Commission | 7.50 | 7.50 | | | | 15.00 |
| | Others, please specify | | | | | | |
| | **Total (2)** | **18.50** | **9.50** | | | | **28.00** |
| | **Total (B) = (1 + 2)** | | | | | | **91.00** |
| | Total Managerial Remuneration | | | | | | 1,092.36 |
| | Overall Ceiling as per the Act (11%) | | | | | | 3,500.01 |

* Paid to Life Insurance Corporation of India

Remuneration paid during the year to any Single Non Executive Director did not exceed 50% of the total remuneration paid to all Non-Executive Directors of the Company.

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

(₹ in Lakhs)

| Sl. no. | Particulars of Remuneration | | | |
|---|---|---|---|---|
| | GROSS SALARY | Sri C B Chandrasekar, Chief Financial Officer | Sri C R Shivkumaran, Company Secretary | Total |
| 1 | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 53.68 | 28.19 | 81.87 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 8.26 | 4.61 | 12.87 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | |
| 2 | Stock Option | - | - | |
| 3 | Sweat Equity | | | |
| 4 | Commission | - | - | |
| | - as % of profit | - | - | |
| | - others, specify... | - | - | |
| 5 | Others, please specify | | | - |
| | **Total** | **61.94** | **32.80** | **94.74** |

## VII. Penalties/Punishment/Compounding of Offences: Nil

# ANNEXURE 3

FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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

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

Based on my verification of M/s. LAKSHMI MACHINE WORKS LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2019 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;
e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

I have also examined compliance with the applicable clauses of the following:

a. Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI);
b. The Listing Agreement entered into by the Company with BSE Limited and the National Stock Exchange of India Limited;

During the year under review the Company has complied with the provisions of the Act, Rules, Regulations, and Standards etc., mentioned above.

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

a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
b. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

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

I further report that having regard to the compliance system prevailing in the Company and on the review of quarterly compliance reports taken on record by the Board of Directors and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the labour and environmental laws as applicable.

I further report that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same has been subject to review by statutory financial auditor and other designated professionals.

## I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. There were no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

I further report that during the audit period under review, the Company has bought back 2,72,504 (Two Lakhs Seventy Two Thousand Five Hundred and Four) fully paid Equity Shares of face value of ₹10/- (Rupees Ten only) each, representing 2.49% of the total number of Equity Shares in the issued, subscribed and paid-up share capital of the Company, from open market through stock exchanges and complied with the provisions of Section 68, 69, 70 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Share Capital and Debenture) Rules, 2014 (as amended) and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (as amended) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).

**Other than the above, there were no instances of**

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

Place : Coimbatore
Date : 20th May, 2019

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

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

## 'ANNEXURE A'

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

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

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

Place : Coimbatore
Date : 20th May, 2019

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

# ANNEXURE 4

Annual Report on Corporate Social Responsibility (CSR) Activities

1. The Company has adopted the CSR Policy approved by the Board of Directors at their meeting on 12th June, 2014. The CSR Policy of the Company is placed on the website www.lmwglobal.com

2. Composition of the CSR Committee:
   The CSR Committee of the Company consists of the following members:

| | |
|---|---|
| Sri Sanjay Jayavarthanavelu | Chairman |
| Sri Basavaraju | Member |
| Sri Aditya Himatsingka | Member |

3. Average Net Profit of the Company for the last three years is ₹ 29,510 Lakhs

4. The prescribed CSR Expenditure for the company taken at 2% of the average net profit for the last three financial years is ₹ 590.00 Lakhs

5. Details of CSR spend for the financial year:
   a. Total Amount Spent for the Financial Year: ₹598.99 Lakhs
   b. Amount unspent if any: Nil

6. Report on CSR Expenditure for the period from 1st April, 2018 to 31st March, 2019

| Sl No | CSR Project/ Activity | Sector in which the project/ activity was covered under Schedule 7 | Location of the project/programs undertaken (District and State) | Amount outlay (Budget)per project or per program (Amt in ₹) | Amount spent on the project or program (Amt in ₹) 1st April, 2018 to 31st March, 2019 | Cumulative expenditure upto the reporting period (Amt in ₹) 1st April, 2018 to 31st March, 2019 | Amount spent direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 1 | Eye Camp | Clause i | Perianaickenpalayam, Coimbatore District, Tamil Nadu | 1,34,680 | 1,34,680 | 1,34,680 | Direct |
| 2 | Support for Spine Surgery & Rehabilitation Programme (Ganga Hospital) | Clause i | Coimbatore District,Tamil Nadu | 25,00,000 | 25,00,000 | 25,00,000 | Through GKD Charity Trust, Coimbatore |
| 3 | Village adoption (Infrastructure development) | Clause x | Palamalai and Anaikatti, Coimbatore District,Tamil Nadu | 60,00,000 | 60,00,000 | 60,00,000 | Through GKD Charity Trust, Coimbatore |
| 4 | Support for Bone Marrow Transplant Surgery (Narayana Hrudayalaya Hospital) | Clause i | Bangalore, Karnataka | 1,00,00,000 | 1,00,00,000 | 1,00,00,000 | Through GKD Charity Trust, Coimbatore |

| Sl No | CSR Project/ Activity | Sector in which the project/ activity was covered under Schedule 7 | Location of the project/ programs undertaken (District and State) | Amount outlay (Budget)per project or per program (Amt in ₹) | Amount spent on the project or program (Amt in ₹) 1st April, 2018 to 31st March, 2019 | Cumulative expenditure upto the reporting period (Amt in ₹) 1st April, 2018 to 31st March, 2019 | Amount spent direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 5 | Health care infrastructure development | Clause i | Coimbatore, Coimbatore District, Tamil Nadu | 4,00,00,000 | 4,00,00,000 | 4,00,00,000 | Through GKD Charity Trust, Coimbatore |
| 6 | Nutrition Programme for Children | Clause i | Coimbatore District, Tamil Nadu | 1,00,000 | 1,00,000 | 1,00,000 | Through GKD Charity Trust, Coimbatore |
| 7 | Education Infrastructure Development | Clause ii | Anaikatti, Coimbatore District, Tamil Nadu | 10,00,000 | 10,00,000 | 10,00,000 | Through GKD Charity Trust, Coimbatore |
| 8 | Education Infrastructure Development - Differently abled children | Clause ii | Coimbatore District, Tamil Nadu | 1,64,000 | 1,64,000 | 1,64,000 | Through GKD Charity Trust, Coimbatore |
| | **Total amount spent during 1st April, 2018 to 31st March, 2019** | | | **5,98,98,680** | **5,98,98,680** | **5,98,98,680** | |

Place : Coimbatore
Date : 20th May, 2019

Sanjay Jayavarthanavelu
*Chairman and Managing Director*
*(DIN 00004505)*
*Chairman - CSR Committee*

# ANNEXURE 5

## Auditors' Certificate on Compliance of Conditions of Corporate Governance as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO THE MEMBERS OF LAKSHMI MACHINE WORKS LIMITED

We have examined the compliance of conditions of Corporate Governance by Lakshmi Machine Works Limited, for the year ended on 31st March, 2019, as specified in relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

On the basis of representation received from the Registrar and Share Transfer Agents of the company and on the basis of the records maintained by the Stakeholders Relationship Committee of the company, we state that no investor grievance is pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

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

K. Raghu
Partner
Membership No.11178

Place: Coimbatore
Date: 20th May, 2019

# ANNEXURE 6

BUSINESS RESPONSIBILITY REPORT 2018-19

## Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company: L29269TZ1962PLC000463
2. Name of the Company: Lakshmi Machine Works Limited
3. Registered address: SRK Vidyalaya Post, Perianaickenpalayam, Coimbatore 641 020
4. Website: www.lmwglobal.com
5. E-mail id: secretarial@lmw.co.in
6. Financial Year reported: 2018-19
7. Sectors that the Company is engaged in: Textile Spinning machinery, CNC Machine Tools, Foundry Castings and Aerospace products.
8. List three key products/services that the Company manufactures: Textile Spinning Machinery, CNC Machine Tools, Castings and Aerospace Components
9. Total number of locations where business activity is undertaken by the Company:

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

International Locations: Nil

National Locations:

**Textile Machinery Division:**

Unit – I: Perianaickenpalayam, Coimbatore – 641 020

Unit – II: Kaniyur, Coimbatore - 641 659

**Other Divisions:**

Machine Tool Division: Arasur, Coimbatore - 641 407
Foundry Division: Arasur, Coimbatore - 641 407
Foundry and Machine Shop: Arasur, Coimbatore - 641 407
Advanced Technology Centre: Ganapathy, Coimbatore – 641 006
Windmill Power Generation Facility: Udumalpet (TK), Tirupur District
Solar Power Generation Facility: Kondampatti, Coimbatore District

10. Markets served by the Company -Local/State/National/International :

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

## Section B: Financial Details of the Company (2018-19)

| Sl No | Particulars | Unit of Measure | Details |
|---|---|---|---|
| 1 | Paid up capital | (₹ Lakhs) | 1,068.30 |
| 2 | Total Turnover | (₹ Lakhs) | 2,54,620.31 |
| 3 | Total Profit after Taxes | (₹ Lakhs) | 18,927.98 |
| 4 | Total Spending on Corporate Social Responsibility (CSR) as a percentage of Profit after Tax | (in %) | LMW's spending in Corporate Social Responsibility is as per the amount mandated under Companies Act, 2013. LMW during 2018-19 has spent an amount of ₹ 5.99 Crores on CSR which is 3.16% of Profit after Tax. |
| 5 | List of activities in which expenditure as per point 4 above has been incurred | | Refer Annexure 4 to Directors' Report |

## Section C: Other Details

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

   Yes, Lakshmi Machine Works Limited (LMW) has a wholly owned subsidiary Company located at Suzhou, Jiangsu Province, China, namely LMW Textile Machinery (Suzhou) Company Limited (LMWTMSCL).

2. Does the Subsidiary Company/Companies participate in the Business Responsibility (BR) Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

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

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

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

## Section D: BR Information

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

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

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

**(b) Details of the BR head:**

1. DIN: Not Applicable
2. Name: Sri C B Chandrasekar
3. Designation: Chief Financial Officer
4. Telephone No: +91 422 719 2217
5. Email ID: chandrasekar.c.b@lmw.co.in

**2. Principle-wise (as per NVGs) BR Policy/policies**

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

These briefly are as under:

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

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

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

| Sr. No. | Questions | P1: Ethics and Transparency | P2: Sustainable Products | P3: Well-being of employees | P4: Responsiveness to Stakeholders | P5: Respect Human Rights | P6: Environmental Responsibility | P7: Public policy advocacy | P8: Support inclusive growth | P9: Engagement with Customers |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Do you have a policy / policies for.... | Y | Y | Y | Y | Y | Y | N Note 1 | Y Note 2 | Y |
| 2. | Has the policy been formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | - | N Note 3 | Y |
| 3. | Does the policy conform to any national/ international standards? If yes, specify? (50 words) | The spirit and intent of the Policies adopted by the Company capture the essence of all the applicable national and international laws. Hence the Company's policies are in conformity with national/international standards wherever applicable | | | | | | | | |
| 4. | Has the policy being approved by the Board? If yes, has it been signed by MD/owner/ CEO/ appropriate Board Director? | Y Note 4 | Y Note 4 | Y Note 4 | Y Note 4 | Y Note 4 | Y Note 4 | - | Y Note 4 | Y Note 4 |
| 5. | Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 6. | Indicate the link for the policy to be viewed online? | Y Note 5 | Y Note 5 | Y Note 5 | Y Note 5 | Y Note 5 | Y Note 5 | - | Y Note 5 | Y Note 5 |
| 7. | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 8. | Does the Company have in-house structure to implement the policy/ policies. | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 9. | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies? | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 10. | Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | Y | Y | Y | Y | Y | Y | Y | - | Y |

Notes:

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

**Note 2:** There is no separate policy but is included in the Company's Corporate Social Responsibility (CSR) and Sustainability policy.

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

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

**Note 5:** All Business Responsibility Report policies are uploaded on the Company's website, www.lmwglobal.com

3. **Governance related to BR:**

   a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

   There is no defined frequency. Assessment is an ongoing exercise and is an inherent part of corporate functions.

   b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

   No

## Section E: Principle-wise performance

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

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NG0s/Others?

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

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

The Company has a well-established mechanism for receipt and resolution of stakeholder complaints. During the year under review the Company received a total of 5,136 complaints of which 4,667 have been resolved and the balance of 469 will be resolved during the course of time.

### Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.

| Sr. No | Product | Social/Environmental Benefits |
|---|---|---|
| 1 | CNC Turning Center | Lesser Power Consumption and reduction in emission. |
| 2 | Ringframe with spinpact LRJ9 SX | Lesser utilization of natural resources and reduced air pollution |
| 3 | Gravitas LA 1 (Heavy Particle Separator) | Lesser utilization of natural resources. |

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

   **Energy conservation**

   - Enhancement of machinery efficiency resulting in savings in Raw Material usage and consumption of power.
   - Usage of Variable Frequency Drives (VFD) helps in saving considerable amount of energy.

   **Pollution control**

   Initiatives aimed at reduction of carbon foot-print are:

   - Product design with lesser use of castings, change pulleys and belts.
   - Avoidance of Polluting Paints/ Surface coating.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

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

The manufacturing processes are selected and improved year on year to consume less energy and resources. The Company encourages and implements wherever possible environmentally sustainable/non-degrading packing. The Company has also reduced the transportation cost over the years by consolidating shipments thereby reducing consumption of fossil fuel.

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

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

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

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

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

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

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

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

   **Other waste:** 100% of MS scrap and cast-iron Scrap from manufacturing process is recycled through briquetting and shredding and is being sent to foundry for melting. Around 500 tons per month of waste sand from foundry process is recycled through the sand reclamation plant. Waste comprising of plastic, office waste, packaging and paper is given to vendors for recycling. Food waste generated in cafeterias is either given to the vendors to generate fertilizers or is being used to manufacture animal feed. Around 880 number of batteries have been disposed to Authorised Dealers for recycling.

## Principle 3: Businesses should promote the wellbeing of all Employees

1. Please indicate the total number of employees: 3,248
2. Please indicate the total number of employees hired on temporary/contractual/casual basis: 2,931
3. Please indicate the number of permanent women employees: 58
4. Please indicate the number of permanent employees with disabilities: 6
5. Do you have an employee association that is recognized by management? YES
6. What percentage of your permanent employees are members of this recognized employee association? 100 %.
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year

| Sl. No. | Category | No. of complaints filed during the financial year | No. of Complaints pending as on end of the Financial Year |
|---|---|---|---|
| 1 | Child Labour/Forced Labour/Involuntary Labour | NIL | As a policy the Company is not engaging persons below 18 years of age |
| 2 | Sexual Harassment* | NIL | NIL |
| 3 | Discriminatory Employment | NIL | NIL |

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

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

| Sl. No. | Category | Percentage | |
|---|---|---|---|
| | | Safety | Skill |
| A | Permanent Employees | 22.93% | 81.15% |
| B | Permanent Women Employees | 80.00% | 80.00% |
| C | Casual/Temporary/Contractual Employees | 56.10% | 29.83% |
| D | Employees with Disabilities | 60.00% | 60.00% |

## Principle 4: Businesses should respect the interests of, and be responsive towards all Stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the Company mapped its internal and external stakeholders? Yes

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders? Yes

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

   The Company has always engaged itself in special initiatives with the disadvantaged, vulnerable and marginalized stakeholders. The Company has engaged around 6 physically disabled persons who are working in various departments of the Company.

## Principle 5: Businesses should respect and promote human rights

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/ Others?

   Policies on Human Rights including the Code of Ethical Business Conduct, Anti-Sexual Harassment and the Whistleblower policies along with the group Business Responsibility policy cover all aspects on Human Rights for the Company and also extend to all stakeholders of the Company.

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

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

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

   LMW Environment Policy covers all manufacturing sites and own employees and contractors of the Company. The Policy document is available at the url: www.lmwglobal.com

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

   The Company has successfully implemented the GREENCO Practices and the Confederation of Indian Industry (CII) audit has been completed. The award presentation is expected to be conducted in the month of June 2019. As a part of the process, initiatives were implemented for better energy efficiency, water conservation, use of renewable energy, reduction of greenhouse gas emission, material conservation, waste management, green supply chain, life cycle assessment for the Company's foundry units.

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

   Yes, the Company has a mechanism to identify and assess potential environmental risks in its plants and projects.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

   All manufacturing locations are certified for requirements under ISO 14001 (Environmental Management System) and OHSAS 18001(Occupational Health and Safety System). The system requirements are broad based by incorporating internal standards. Layered audits are carried out to check the level of compliance. Effective Deviation Management System ensures that the corrective actions are close looped and issues are addressed within a reasonable time frame.

   The Environment, Health & Safety performance assessment is carried out annually at locations to establish the maturity levels. It is carried out by cross functional team assessing the performance over the past year. Based on the outcome, areas for improvement are identified and objectives are derived for the next year. Also, periodical Statutory Compliance Report is being submitted to the Board of Directors once in 3 months and a yearly form is submitted to Tamil Nadu Pollution Control Board.

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

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

   The Company has a policy of tapping non-conventional and renewable resources of energy namely wind power and solar power to meet with its energy requirements. During the year the Company has inaugurated a 10 MW Solar Power Generation Plant at Kondampatti, Coimbatore. The Company has already installed 28 windmills with a total capacity of 36.80 MW. Such details form a part of the Annual Report, a copy of which is available at www.lmwglobal.com.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

   Yes, the emissions / waste generated by the Company are within the permissible limits given by State Pollution Control Board.

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

   Nil.

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

1. Is your company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:

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

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

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

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

## Principle 8: Businesses should support inclusive growth and equitable development

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

   In line with the provisions of the Companies Act, 2013 and based on recommendation of the Corporate Social Responsibility (CSR) Committee, the Board of Directors have adopted a CSR Policy. The CSR policy, inter-alia, deals with the objectives of the Company's CSR initiatives, the guiding principles, the thrust areas of CSR, responsibilities of the CSR Committee, implementation plan and the reporting framework.

   The thrust areas of the Company's CSR activities are:

   a) Health, hygiene and education;
   b) Vocational training focused on employable skills;
   c) Rural Infrastructure Development
   d) Village Development Programs
   e) Neighbourhood projects as per the local needs identified.

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

**I) Health:**

1) Bone Marrow Transplant Surgery:

   LMW in association with Narayana Hrudayalaya Hospital, Bengaluru is financially supporting the Bone Marrow Transplant surgery for economically backward cancer patients. LMW sponsors to the tune of ₹4 Lakhs per patient for the BMT surgery. During 2018-19 LMW has supported 25 patients for cancer treatment.

2) Spinal injury surgery & rehabilitation:

   LMW collaborates with Ganga Medical Centre & Ganga Spine Injury & Rehabilitation Center,

Coimbatore to support for the treatment of burn injuries, reconstructive surgery for road traffic accident patients, spine injury surgery, rehabilitation and the socio-economic development through vocational skill development of the spinal cord injured patients from low economic background. LMW has supported for the treatment of 27 patients during year 2018-19.

3) Cataract screening & surgery camp:

LMW conducts Eye camp on a yearly basis for screening and subsequent surgery for cataract patients in the rural areas of Perianaickenpalayam & Kaniyur. This program is conducted in collaboration with Aravind Eye Hospital, Coimbatore covering villages in and around Perianaickenpalayam for the current year. 1,283 people were screened, of which cataract surgery was conducted for 200 patients.

4) Nutrient Supplement Drink to school children:

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

**II) RURAL Infrastructure Development:**

1) Perianaickenpalayam Railway Station Maintenance:

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

**III) Education**

Infrastructure renovation work was taken up and completed in 3 schools located in the villages of Anaikatti, Perianaickenpalayam & Chengalpattu. Following schools were supported under this program.

1) Panchayat Union Middle School, Gopanari (Anaikatti Hills)
2) Panchayat Union Middle School, Govanur
3) Panchayat Union Middle School, Sathanenchery (Chengalpattu)

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

**IV) VILLAGE DEVELOPMENT PROGRAM:**

1) Solar Street Lights:

To improve the basic facilities in the tribal villages in Anaikatti Hills and also to promote green energy, solar street lights were installed. 30 solar street lights were installed in 5 tribal villages in the hill areas.

2) Livelihood Enhancement Program:

For improving the income generation capacity of the tribals in Palamalai & Anaikatti Hills, seven Mushroom Cultivation training Programs were conducted in Perumpathi, Perukaipathi, Kuzhiyur, Senguttai, Alangandi, Neelampathi, Mottiyur villages.

3) Veterinary Checkup Camps:

Animal Husbandry being one of the major livelihood activities among the Tribals in Palamalai & Anaikatti villages Veterinary health check-up and vaccination camps were conducted in collaboration with Tamil Nadu Government Animal Husbandry Department. In total 35 such camps have been conducted.

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

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

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

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

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

   The Company has incurred an amount of ₹5.99 Crores towards community development projects during the Financial Year 2018-19.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the Community?

   The Company ensures its presence is established right from the commencement of the initiatives. It collaborates with the communities right from need identification to project implementation phase. The Company has extensive engagement with various stakeholders. The feedback from the stakeholders are analysed and various actions are prioritized.

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

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

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

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

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

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

   Nil.

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

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

# CORPORATE GOVERNANCE REPORT

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

## 1. PHILOSOPHY ON CODE OF GOVERNANCE:

LMW's corporate vision is to ensure a sustainable business that delights the customer, thrives to maintain the market leadership and at the same time enhances every stakeholder's value. To achieve this, systematic and planned efforts are undertaken by the Company keeping in view the organization's core values and business ethics. LMW consistently partners with its customers to deliver quality products /services on time and at reasonable prices. LMW believes in ethical conduct of business and maintains transparency and accountability in its activities as well as ensures compliance with all applicable laws. LMW is also aware of the fact that its ability to meet significant corporate goals is influenced by the extent to which prudent corporate governance policies are devised and adhered to within the organization. LMW consistently emphasizes its commitment towards creation, monitoring and continuous updation of a strong corporate governance policy and practice that will define and drive the organization's performance as per its cherished values and commitments to every stakeholder.

## 2. BOARD OF DIRECTORS:

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

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

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

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

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

As on date of this Report, the Board consists of nine Directors, of whom one is the Chairman and Managing Director, one is Executive Director-Non-Independent and seven are Non-Executive Directors. Out of the seven Non-Executive Directors, one is a Nominee Director representing LIC as an equity investor, one Director is Non-Executive Non-Independent, five are Non-Executive Independent Directors. The Board also

meets with the requirement of having an Independent Woman Director.

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

| Director | Director Identification Number | Category of Directorship | Particulars of Attendance | | Other Directorships (Public + Private +Section 8) | Membership in Committees | |
|---|---|---|---|---|---|---|---|
| | | | Board meeting # | AGM | | Chairman | Member |
| Sri Sanjay Jayavarthanavelu | 00004505 | Promoter – Executive – Chairman and Managing Director | 4 | ✓ | 10 | -- | 2 |
| Sri S Pathy | 00013899 | Promoter Group - Non-Executive - Non-Independent | 4 | ✓ | 9 | -- | 1 |
| Sri Basavaraju | 01252772 | Non-Executive - Independent | 4 | ✓ | 2 | -- | 2 |
| Sri Aditya Himatsingka | 00138970 | Non-Executive - Independent | 4 | ✓ | -- | -- | 1 |
| Dr Mukund Govind Rajan | 00141258 | Non-Executive - Independent | 4 | ✓ | 1 | 1 | -- |
| Justice Smt Chitra Venkataraman (Retd.) | 07044099 | Non-Executive - Independent | 4 | ✓ | 2 | 1 | -- |
| Sri V Sathyakumar | 06477636 | Non-Executive - Non-Independent - Nominee of LIC as an equity investor | 4 | ✓ | -- | -- | -- |
| Sri Arun Alagappan | 00291361 | Non-Executive - Independent | 4 | ✓ | 7 | -- | -- |
| Sri K Soundhar Rajhan | 07594186 | Executive - Non-Independent (Whole-time Director designated as Director Operations) | 4 | ✓ | 1 | -- | -- |

Note: Number of Chairmanship / Membership in Committees (Audit Committee and Stakeholders Relationship Committee) of all the Directors are within the limits specified in Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The numbers contained in the column titled 'Membership in Committees' denote Chairmanship/ Membership of the Directors in Committees across all Companies including Lakshmi Machine Works Limited, in which they hold Board position.

# Board Meetings were held on 25th May, 2018, 23rd July, 2018, 22nd October, 2018 and 4th February, 2019. All the Directors were present in all the four Board Meetings.

b. Other Directorship

| Directors | Details of the other listed entities where the Directors hold directorship | |
|---|---|---|
| | Name of the listed entity | Designation |
| Sri Sanjay Jayavarthanavelu | The Lakshmi Mills Company Limited | Promoter Group, Non-Executive, Non-Independent Director |
| | Carborundum Universal Limited | Independent Director |
| | Lakshmi Electrical Control Systems Limited | Non-Executive, Non-Independent Director |
| | Super Sales India Limited | Promoter, Chairman, Non-Executive, Non-Independent Director |
| Sri S Pathy | The Lakshmi Mills Company Limited | Promoter, Chairman, Executive Director |
| | Lakshmi Automatic Loom Works Limited | Promoter, Chairman, Non-Executive, Non-Independent Director |
| Sri Basavaraju | The India Cements Limited | Independent Director |
| Sri Aditya Himatsingka | Nil | Nil |
| Dr Mukund Govind Rajan | Nil | Nil |
| Sri V Sathyakumar | Nil | Nil |
| Justice Smt Chitra Venkataraman (Retd) | The Ramco Cements Limited | Independent Director |
| | The Ramco Industries Limited | Independent Director |
| Sri Arun Alagappan | Cholamandalam Investment and Finance Company Limited | Promoter/Promoter Group, Executive Director |
| Sri K Soundhar Rajhan | Nil | Nil |

c. Number and dates of Board Meetings

Four Meetings of the Board of Directors were held during the Financial Year 2018-19 and the meetings were held on 25th May, 2018, 23rd July, 2018, 22nd October, 2018 and 4th February, 2019.

In addition to the above, a separate meeting of Independent Directors of the Company was held on 4th February 2019 in which all the Independent Directors of the Company: Sri Basavaraju, Sri. Aditya Himatsingka, Dr. Mukund Govind Rajan, Justice Smt. Chitra Venkataraman (Retd.) and Sri. Arun Alagappan had attended.

d. Directors inter-se relationship:

None of the Directors are related to each other.

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

| Sl No | Name of the Director | Number of equity shares held as on 31.03.2019 |
|---|---|---|
| 1 | Sri. S Pathy | 1,420 |
| 2 | Sri. Basavaraju | - |
| 3 | Sri. Aditya Himatsingka | - |
| 4 | Dr. Mukund Govind Rajan | - |
| 5 | Sri. V. Sathyakumar | - |
| 6 | Justice Smt Chitra Venkataraman (Retd.) | - |
| 7 | Sri. Arun Alagappan | - |

The company has not issued any convertible instruments.

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

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

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

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

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

| | |
|---|---|
| Leadership | Leadership / Directorship experience resulting in effective participation in or spearheading various initiatives taken up by the Company. Ability to envision, develop talent, long -term planning and drive changes. |
| Board Service, Legal and Governance | Has experience in managing Board Services and Governance resulting in the better understanding of the governance process undertaken by the organization and helps to protect the stakeholders interest at large. Has experience in Legal processes and is adept at interpreting laws / regulations applicable to the Company so as to enhance the Governance and protect its interest. |
| Business Strategy | Experience in developing business strategies which will result in identifying divestiture and acquisition or alliance opportunities to strengthen the Company's portfolio and capabilities, analyze viability of a project with the business strategy and contribute to growth of the organization (organic and inorganic). |
| Technology & Innovation | Ability to develop long term plans to sustain and support the business, anticipating future business models / changes in a innovative way. Experience in understanding technology its purposes and its suitability for the Company. |
| Financial | Experience in supervising the principal financial officer or person having similar nature of function. Having the ability to read and understand financial statements. Management of financial function of the organization resulting in proficiency in Financial management / reporting / processes. |
| Sales and Marketing | Experience in driving / heading sales and marketing, resulting in better management of sales, increase organization reputation and build brand reputation. |
| Human Resources | Experience in people management including but not limited to talent management, dispute resolution, inter-personnel relations, liaison with external stakeholders. |

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

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

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

**i.** 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.

Sri. C.B. Chandrasekar, Chief Financial Officer, Statutory Auditors, Internal Auditor and the Company Secretary are always present at the Audit Committee meetings. The Audit Committee would assure to the Board compliance of adequate internal control system, compliance of Accounting Standards, financial disclosure and would also comply to the requirements specified in Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The committee meets once in every quarter to carry out its business.

The Committee met four times during the financial year under review on 25th May, 2018, 23rd July, 2018, 22nd October, 2018 and 4th February, 2019.

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

| Name of the Member | Date and attendance at meetings | | | |
|---|---|---|---|---|
| | 25.05.18 | 23.07.18 | 22.10.18 | 04.02.19 |
| Dr. Mukund Govind Rajan (Chairman) | ✓ | ✓ | ✓ | ✓ |
| Sri. Aditya Himatsingka (Member) | ✓ | ✓ | ✓ | ✓ |
| Sri. Basavaraju (Member) | ✓ | ✓ | ✓ | ✓ |

The Chairman of the Audit Committee was present during the Annual General Meeting held on 23rd July, 2018 along with other members of the Audit Committee.

## 4. NOMINATION AND REMUNERATION COMMITTEE:

In compliance with Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Committee was formed for identifying persons to be appointed as Directors and senior management positions, recommend to the Board the appointment and removal of Directors, carryout evaluation of Directors, formulate criteria for determining qualification, positive attributes and independence of Directors, recommend policy relating to remuneration of Directors.

The Committee met three times during the financial year under review on 25th May, 2018, 22nd October, 2018 and 4th February, 2019. The composition of the Nomination and Remuneration Committee and the details of attendance of members are as follows:

| Name of the Member | Date and attendance at meetings | | |
|---|---|---|---|
| | 25.05.18 | 22.10.18 | 04.02.19 |
| Justice Smt Chitra Venkataraman (Retd.) - Chairperson | ✓ | ✓ | ✓ |
| Sri Basavaraju - Member | ✓ | ✓ | ✓ |
| Sri S Pathy - Member | ✓ | ✓ | ✓ |

The Chairperson of the Nomination and Remuneration Committee was present during the Annual General Meeting held on 23rd July, 2018 along with other members of the Committee

**Board Performance evaluation:**

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

Based on the parameters suggested, the Nomination and Remuneration Committee has adopted suitable criteria to evaluate the Independent Directors, Committees of the Board and the Board of Directors as required under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Performance Evaluation of the Board, Individual Directors and Committees has been carried out in accordance with the aforesaid circular.

Independent Directors' performance is evaluated based on their qualification, experience, knowledge and competency, ability to fulfill allotted functions / roles, ability to function as a team, pro-activeness, participation and attendance, commitment, contribution, integrity, independence from the company and ability to articulate independent views and judgement. Accordingly, performance evaluation of Independent Directors has been conducted and the results have been communicated to the Chairman of the Board.

## 5. REMUNERATION OF DIRECTORS:

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

In addition to the sitting fees, Commission, as approved by the shareholders at the Annual General Meeting held on 23rd July 2018, is paid in the aggregate for all Non-Executive Directors upto 1% of the Net Profits of the Company computed in the manner as specified under section 198 of the Companies Act, 2013 subject to an overall limit of ₹1,00,00,000/- (Rupees One Crore only) per annum. The amount of commission payable to each Non-Executive Director is determined by the Board based on the recommendation of Nomination and Remuneration Committee.

Remuneration payable to Executive Director(s) consists of fixed as well as variable components. The fixed pay consists of salary and perquisites and the variable pay is in the form of commission on net profits at a fixed percentage. Remuneration to Executive Director(s) is determined by the Nomination and Remuneration Committee of Board of Directors and is approved by the shareholders at the General Meeting. No sitting fee is being paid to the Executive Director(s).

The details on the criteria for making payments to the Non-Executive Director(s) is available on the company's website www.lmwglobal.com.

**Remuneration of Directors for the year ended 31st March, 2019 is as follows:**

(Amt in ₹)

| Name | Salary | Perquisites | Sitting fee | Commission | Total |
|---|---|---|---|---|---|
| Sri. Sanjay Jayavarthanavelu | 1,62,00,000 | 56,40,958 | --- | 6,36,36,386 | 8,54,77,344 |
| Sri. S. Pathy | --- | --- | 11,00,000 | 7,50,000 | 18,50,000 |
| Sri. Basavaraju | --- | --- | 8,00,000 | 7,50,000 | 15,50,000 |
| Sri. Aditya Himatsingka | --- | --- | 5,50,000 | 7,50,000 | 13,00,000 |
| Dr. Mukund Govind Rajan | --- | --- | 4,50,000 | 7,50,000 | 12,00,000 |
| Justice Smt. Chitra Venkataraman (Retd.) | --- | --- | 5,00,000 | 7,50,000 | 12,50,000 |
| Sri. V. Sathyakumar[1] (Nominee of LIC) | --- | --- | 2,00,000 | 7,50,000 | 9,50,000 |
| Sri. Arun Alagappan | --- | --- | 2,50,000 | 7,50,000 | 10,00,000 |
| Sri. K. Soundhar Rajhan | 1,16,25,003 | 30,33,761 | --- | --- | 1,46,58,764 |

[1]Paid to Life Insurance Corporation of India

No benefits, other than the above are given to the Directors. No Stock Option, Performance linked incentives and severance fees are given to Directors. All Non-Executive Directors of the Company during the year were paid an equal amount of commission. No service contracts were entered into with Directors, their appointment is governed by the resolutions passed at the General Meeting of the Company in line with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Except the above, none of the Directors have any pecuniary relationship with the Company.

## 6. STAKEHOLDERS RELATIONSHIP COMMITTEE:

In compliance with the Section 178(5) of the Companies Act, 2013 and Regulation 20 read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the committee has been formed to specifically focus on the services to shareholders/ investors.

The committee periodically reviews the services rendered to the shareholders particularly redressal of complaints of the shareholders like delay in transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends, etc., and also the action taken by the Company on the above matters.

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

During the year under review 4 letters / complaints were received from the investors which were adequately addressed to the satisfaction of the investors. No complaint /query is remaining unresolved as on 31st March, 2019.

The Committee met two times during the year under review on 23rd July, 2018 and 4th February, 2019. The composition of the Stakeholders Relationship Committee and the details of attendance of members are as follows:

| Name of the Member | Date and attendance at meetings | |
|---|---|---|
| | 23.07.18 | 04.02.19 |
| Justice Smt Chitra Venkataraman (Retd.) – Chairperson | ✓ | ✓ |
| Sri. Basavaraju – Member | ✓ | ✓ |
| Sri. S Pathy – Member | ✓ | ✓ |

The Chairperson of the Stakeholders Relationship Committee was present during the Annual General Meeting held on 23rd July, 2018 along with other members of the Committee

## 7. SHARES AND DEBENTURES COMMITTEE:

The Shares and Debentures Committee consists of the members of the Board, Company Secretary and nominees of Share Transfer Agents. At present there are 7 members in the Committee. This committee reviews and approves transfers, transmission, split, consolidation, issue of duplicate share certificate, recording change of name, transposition of names, etc., in equity shares of the Company. Shareholder requests on the above matters are being processed and certificates returned to them within the prescribed time. The committee had met 13 times during the year under review.

## 8. BUY BACK COMMITTEE:

The Buy Back Committee consisting of Sri. Sanjay Jayavarthanavelu, Chairman and Managing Director, Sri. C B Chandrasekar, Chief Financial Officer and Sri. C R Shivkumaran, Company Secretary of the Company was constituted for the purpose of the Buy-back and to do all such acts, deeds, matters and things, in the best interest of the Company and its shareholders in connection with the Buy-back. The Buy Back Committee met 10 times as and when required.

## 9. RISK MANAGEMENT COMMITTEE:

As required under Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments made thereto, the Company has re-constituted the Risk Management Committee with majority of Board of Directors as its members with effect from 4th February, 2019.

The Risk Management Committee shall monitor, review the risk management plan of the Company and perform such other functions as mandated by the Board of Directors. The Committee consists of the following members:

1. Sri. Sanjay Jayavarthanavelu, Chairman and Managing Director
2. Sri. Aditya Himatsingka, Independent Director
3. Sri. K Soundhar Rajhan, Director - Operations
4. Sri. C.B.Chandrasekar - Chief Financial Officer
5. Sri. S.Rajasekaran - Senior General Manager - TMD R&D

## 10. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee was constituted in compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, to formulate policies, indicate the

activities/ projects and the amount of expenditure to be incurred in relation to the CSR activities of the Company.

The Committee met two times during the year under review on 25th May, 2018 and 22nd October, 2018. The composition of the Corporate Social Responsibility Committee and the details of attendance of members are as follows:

| Name of the Member | Date and attendance at meetings | |
|---|---|---|
| | 25.05.18 | 22.10.19 |
| Sri Sanjay Jayavarthanavelu - Chairman | ✓ | ✓ |
| Sri Basavaraju - Member | ✓ | ✓ |
| Sri Aditya Himatsingka - Member | ✓ | ✓ |

## 11. GENERAL BODY MEETINGS:

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

| AGM | Venue | Day | Date | Time | Details of special resolutions passed in the AGM |
|---|---|---|---|---|---|
| AGM | Mani Higher Secondary School (Nani Kalai Arangam) Pappanaickenpalayam Coimbatore-641037 | Friday | 05.08.2016 | 02.45 P.M. | Nil |
| AGM | -do- | Monday | 07.08.2017 | 03.30 P.M. | Nil |
| AGM | -do- | Monday | 23.07.2018 | 03.30 P.M. | Nil |

**Postal Ballot**

No postal ballot was conducted during the year.

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

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

## 12. MEANS OF COMMUNICATION:

The Company is conscious of the importance of timely dissemination of adequate information to the stakeholders. The dates of Board Meetings, General Body meetings, Book Closures and Quarterly results are being published in The Hindu Business Line, an English daily and Dinamalar, a Tamil daily Newspaper and are also informed to Stock Exchanges regularly.

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

## 13. GENERAL SHAREHOLDER INFORMATION:

**Annual General Meeting:**

| Day and Date | Monday the 22nd July, 2019 |
|---|---|
| Time | 3.30 PM |
| Venue | Mani Higher Secondary School (Nani Kalai Arangam) Pappanaickenpalayam, Coimbatore-641037 |

### Financial Calendar

| Particulars | Dates |
|---|---|
| Financial Year | 1st April, 2018 to 31st March, 2019 |
| Date of Book Closure | Tuesday, 16th July, 2019 to Monday, 22nd July, 2019 |
| Dividend payment date | On or before Wednesday, 21st August, 2019 |

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

The equity shares of the Company are listed in:

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

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

### Stock codes & ISIN:

| Stock Exchanges | Code No. | ISIN |
|---|---|---|
| BSE Limited | 500252 | INE269 B 01029 |
| National Stock Exchange of India Limited | LAXMIMACH | |

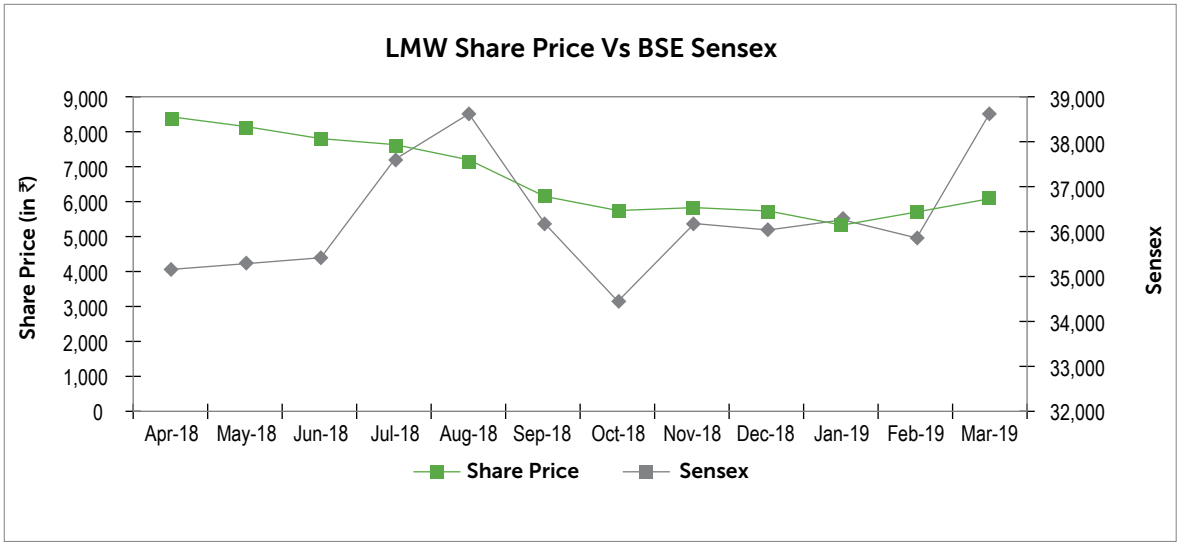
### Market Price data of Shares:

The monthly High & Low of Company's share price quoted in NSE / BSE during the financial year 2018-19 are given below:

(Amount in ₹)

| Month | NSE | | BSE | |
|---|---|---|---|---|
| | High Price | Low Price | High Price | Low Price |
| Apr-18 | 8,500 | 6,900 | 8,500 | 6,870 |
| May-18 | 9,384 | 7,955 | 9,380 | 7,995 |
| Jun-18 | 8,427 | 7,550 | 8,434 | 7,565 |
| Jul-18 | 8,449 | 7,511 | 8,460 | 7,535 |
| Aug-18 | 7,735 | 6,950 | 7,727 | 7,010 |
| Sep-18 | 7,250 | 6,110 | 7,243 | 6,132 |
| Oct-18 | 6,370 | 5,567 | 6,370 | 5,580 |
| Nov-18 | 6,220 | 5,710 | 6,225 | 5,744 |
| Dec-18 | 5,895 | 5,575 | 5,911 | 5,575 |
| Jan-19 | 5,820 | 5,250 | 5,799 | 5,251 |
| Feb-19 | 5,800 | 5,299 | 5,800 | 5,285 |
| Mar-19 | 6,450 | 5,752 | 6,431 | 5,756 |

Share Price Performance in Comparison with BSE Sensex:



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

**Registrar & Share Transfer Agents:**

Transfer, transmission, transposition of name, split, consolidation, recording change of name of shareholders, issue of duplicate certificate, dematerialization, rematerialization and such other matters relating to the shares of the Company are entrusted to the Registrar and Share Transfer Agent M/s. S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/1-A, Sathy Road, Ganapathy, Coimbatore–641006. They are the connectivity providers for Demat Segment.

**Share Transfer System:**

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

**Distribution of shareholding as on 31st March, 2019:**

| Range (No. of shares) | No. of shares | % to total number of shares | No. of shareholders | % to total number of shareholders |
|---|---|---|---|---|
| 0001 – 0500 | 10,17,060 | 9.52 | 35,137 | 98.11 |
| 0501 – 1,000 | 2,30,711 | 2.16 | 312 | 0.87 |
| 1,001 – 2,000 | 2,35,134 | 2.20 | 162 | 0.45 |
| 2,001 – 3,000 | 1,62,819 | 1.52 | 65 | 0.18 |
| 3,001 – 4,000 | 72,515 | 0.68 | 21 | 0.06 |
| 4,001 – 5,000 | 70,283 | 0.66 | 15 | 0.04 |
| 5,001 – 10,000 | 2,68,303 | 2.51 | 36 | 0.10 |
| 10,001 and above | 86,26,175 | 80.75 | 67 | 0.19 |
| **Total** | **1,06,83,000** | **100.00** | **35,815** | **100.00** |

**Dematerialization of Shares and Liquidity:**

As on 31st March, 2019, 1,06,16,450 equity shares constituting 99.38% percent of the paid up equity share capital of the Company has been dematerialized.

**Depository Receipts and Convertible Instruments:**

The Company has not issued any Global Depository Receipts, American Depository Receipts or convertible instruments of any kind.

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

The Company is not making any foreign exchange exposures and does not involve in hedging activities in foreign exchange and commodity markets. The Company has a mechanism in place to continuously monitor the movement in commodity prices and take appropriate action to ensure better cost control.

**Plant Locations:**

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

**Textile Machinery Divisions**:

| | |
|---|---|
| Unit - I | Perianaickenpalayam, Coimbatore - 641 020 |
| Unit - II | Kaniyur, Coimbatore - 641 659 |

**Other Divisions:**

| | |
|---|---|
| Machine Tool Division | Arasur, Coimbatore - 641 407 |
| Foundry Division | Arasur, Coimbatore - 641 407 |
| Foundry and Machine shop | Arasur, Coimbatore - 641 407 |
| Advanced Technology Centre | Ganapathy, Coimbatore – 641 006 |
| Windmill Power Generating Facility | Udumalpet (TK), Tirupur District |
| Solar Power Generating Facility | Kondampatti, Coimbatore District |

**Address for correspondence**

**All shareholder(s) correspondence should be addressed to:**

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

**Credit Rating:**

The Company does not have any Debt instruments or fixed deposit programme or any scheme or proposal involving mobilization of funds either in India or abroad that requires Credit Rating.

## 14. OTHER DISCLOSURES:

- There were no materially significant related party transactions that would have potential conflict with the interests of the Company at large. Details of related party transactions are given elsewhere in the Annual Report.

- No penalty or strictures have been imposed on the Company by any Stock Exchange or SEBI or any Statutory Authority on any matter related to capital markets during the last three years.

- A Whistle Blower Policy is adopted by the Company, the whistle blower mechanism is in vogue and no personnel has been denied access to the Audit Committee.

- All the mandatory requirements have been duly complied with and certain discretionary disclosure requirements were undertaken.

- The Company's Policy relating to determination of Material Subsidiaries is available at the Company website www.lmwglobal.com.

- The policy of the Company relating to Related Party Transaction is available at the Company's website: www.lmwglobal.com.

- The Company is not undertaking any commodity hedging activities, hence there is no risk of commodity hedging to the Company.

- The Company has not raised any funds through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- A certificate from a Company Secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Security Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority has been obtained and is annexed to this report.

- During the year under review, the recommendations made by the different Committees have been accepted and there were no instances where the Board of Directors had not accepted any recommendation of the Committees.

- The Company has paid a sum of ₹15.10 Lakhs 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 2018-19, no complaint was received by the committee. As such, there are no complaints pending as at the end of the financial year.

16. All the requirements of corporate governance report of sub paragraphs (2) to (10) Para C of Schedule V of (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been duly complied with.

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

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.

By order of the Board

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

Coimbatore
20th May, 2019

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

I hereby declare that pursuant to Schedule V (Part D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company have adopted a Code of Conduct for the Board members and Senior Management of the Company and the same has also been posted in the Company's website and that all the Board members and Senior Management personnel to whom this Code of Conduct is applicable have affirmed the compliance of the said Code of Conduct during the year 2018-19.

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

Coimbatore
20th May, 2019

# 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,

LAKSHMI MACHINE WORKS LIMITED

(CIN: L29269TZ1962PLC000463)

SRK Vidyalaya Post,

Perianaickenpalayam,

Coimbatore-641 020

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Date of appointment in Company |
|---|---|---|---|
| 1 | Mr. Sanjay Jayavarthanavelu (Chairman and Managing Director) | 00004505 | 24/02/1993 |
| 2 | Mr. S Pathy | 00013899 | 21/03/1973 |
| 3 | Mr. Aditya Himatsingka | 00138970 | 25/10/2010 |
| 4 | Mr. Mukund Govind Rajan | 00141258 | 25/10/2010 |
| 5 | Mr. Arun Alagappan | 00291361 | 26/10/2016 |
| 6 | Mr. Basavaraju | 01252772 | 30/10/2006 |
| 7 | Mr. Sathyakumar V | 06477636 | 25/01/2013 |
| 8 | Mrs. Chitra Venkataraman | 07044099 | 02/02/2015 |
| 9 | Mr. K Soundhar Rajhan (Whole-time Director designated as Director Operations) | 07594186 | 01/11/2017 |

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

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

Coimbatore
20th May, 2019

## DETAILS OF UNCLAIMED SHARES KEPT IN DEMAT SUSPENSE ACCOUNT

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

| Particulars | No. of Shareholders | No. of Shares |
|---|---|---|
| Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year 01.04.2018 | 201 | 39,910 |
| Number of shareholders who approached the Company for transfer of shares from suspense account during the year | 33 | 7,280 |
| Number of shareholders to whom shares were transferred from the suspense account during the year | 33 | 7,280 |
| Aggregate number of shareholders and the shares outstanding at the end of the year 31.03.2019 | 168 | 32,630 |

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

# CEO & CFO CERTIFICATE

The Board of Directors
LAKSHMI MACHINE WORKS LIMITED
Coimbatore

20th May, 2019

**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 March 31, 2019 and that to the best of our knowledge and belief:

   i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

c We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d We have indicated to the auditors and the Audit committee

   i) significant changes if any, in internal control over financial reporting during the year;

   ii) significant changes if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii) that there were no instances of fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

C.B. CHANDRASEKAR
Chief Financial Officer (CFO)

SANJAY JAYAVARTHANAVELU
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 Ind AS Financial Statements**

### Opinion

We have audited the accompanying standalone Ind AS financial statements of Lakshmi Machine Works Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not providea separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| KEY AUDIT MATTER | RESPONSE TO KEY AUDIT MATTER |
|---|---|
| ***Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)***<br><br>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date. | We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.<br>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:<br>• Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.<br>• It is observed that transaction price charged is ex-works price and revenue is booked at the time of dispatch of the goods.<br>• The above method followed by the company is in line with the provisions of Ind AS 115-'Revenue from contracts with customers'<br>**Conclusion:**<br>We agree with the management's evaluation. |
| ***Accuracy of revenues and onerous obligations in respect of fixed price contracts.*** | In the process of verifying the accuracy of recognition of revenues of fixed price contracts, we have undertaken the following audit approach<br>• Understood, evaluated and tested the key controls over the recognition of revenue from fixed price contracts. We selected a sample of transactions and<br>• Agreed the applied tariff to the respective terms in the contract.<br>• Tested revenue calculations and agreed the revenue recognized to the underlying accounting records.<br>**Conclusion:**<br>We agree with the management's evaluation. |
| ***Assessment of carrying value of investments***<br><br>The company has invested in listed equity instruments and debt instruments. We consider this a key audit matter given the relative significance of the value of investments. | Our procedures in relation to assessing the carrying value of investments include the following observations.<br>• The equity investments are carried at fair value as on 31st March 2019.<br>• Due to market fluctuation, there has been significant value reduction in the equity investments.<br>• The company has also invested in debt oriented mutual funds, and the same has also been recognized at fair market value as on 31st March, 2019.<br>**Conclusion:**<br>We agree with the management's evaluation |

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

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

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

### Responsibilities of Management and those charged with governance for the standalone Ind AS financial statements

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

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

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

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

A further description of the auditor's responsibilities for the audit of the standalone Ind AS financial statements is included in Annexure "A". This description forms part of our auditor's report.

### Report on Other Legal and Regulatory Requirements

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

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules,2014.

e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 ofthe Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 31.1 to Standalone Ind AS Financial Statements.

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

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

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure "C" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

Coimbatore,
20th May 2019

# Annexure "A" to the Independent Auditor's report

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

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

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

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

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

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

From the matters communicated

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

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

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

Coimbatore
20th May 2019

# Annexure "B"
# to the Independent Auditor's report

*(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of the Independent Auditors' Report to the members of the company on the Standalone Ind AS Financial Statements for the year ended on 31st March, 2019)*

## 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 31st March, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

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

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

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

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting Principles. A company's internal financial control

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

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

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Coimbatore
20th May 2019

# Annexure "C"
# to the Independent Auditor's report

*(Referred to in paragraph under 'Report on Other Legal and Regulatory Requirements' of the Independent Auditors' Report to the members of the company on the Standalone Ind AS Financial Statements for the year ended on 31st March, 2019).*

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

i. In respect of the Company's fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets of the company have been physically verified in a phased periodical manner, by the management, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties of the company shown under the Fixed Assets as at the balance sheet date, are held in the name of the Company.

ii. The physical verification of inventory has been conducted by the management at reasonable intervals. The Company has maintained proper record of inventory and no material discrepancies were noticed on the physical verification of inventories as compared to the book records.

iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 during the financial year.

iv. The Company has not granted loans or made investments or given guarantees and securities during the year and hence compliance with section 185 and 186 are not applicable.

v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at 31st March, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

vi. The Central Government has prescribed the maintenance of cost records under section 148(1) of the Act. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however carried out a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cass 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 31st March, 2019 for a period of more than six months from the date they became payable.

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

| Name of the Statue | Nature of the dues | Amount (₹ in Lakhs) | Amount paid/ adjusted (₹ in Lakhs) | Forum where dispute is pending (₹ in Lakhs) |
|---|---|---|---|---|
| Central Excise Act,1944 | Excise Duty, Service Tax and Customs Duty | 2,462.81 | 152.42 | Appellate authorities Up to Commissioner's Level - ₹121.15<br>CESTAT - ₹2,325.32<br>High Court - ₹16.33 |
| Income Tax Act, 1961 | Income tax and Interest | 327.22 | 327.22 | CIT(A) - ₹252.53<br>ITAT - ₹74.69 |

viii. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

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

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

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

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

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

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

Coimbatore
20th May 2019

# Balance Sheet as at 31st March, 2019

(All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | Note No. | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|---|
| ASSETS | | | |
| **Non-current assets** | | | |
| Property, Plant and Equipment | 4 | 63,571.51 | 50,233.76 |
| Capital work-in-progress | 4 | 1,218.72 | 2,116.18 |
| Other Intangible assets | 5 | 1,180.88 | 1,265.85 |
| Financial Assets | | | |
| (i) Investments | 6 | | |
| a) Investments in subsidiaries | | 6,513.67 | 6,513.67 |
| b) Other investments | | 7,332.33 | 8,284.75 |
| (ii) Other financial assets | 11 | 40,470.58 | 20,381.72 |
| Deferred tax assets (net) | 7 | 455.33 | 1,027.47 |
| **Total Non - Current Assets** | | **1,20,743.02** | **89,823.40** |
| | | | |
| CURRENT ASSETS | | | |
| Inventories | 8 | 30,792.36 | 30,626.69 |
| Financial Assets | | | |
| (i) Investments | 6 | 5,100.33 | - |
| (ii) Trade receivables | 9 | 20,366.49 | 26,284.09 |
| (iii) Cash and cash equivalents | 10(a) | 6,079.65 | 12,131.01 |
| (iv) Bank balances other than (iii) above | 10(b) | 46,263.88 | 84,890.60 |
| (v) Other financial assets | 11 | 4,428.54 | 3,932.64 |
| Current Tax Assets (Net) | 12 | 2,042.95 | 1,900.55 |
| Other current assets | 13 | 6,840.45 | 5,766.44 |
| **Total Current Assets** | | **1,21,914.65** | **1,65,532.02** |
| **Total Assets** | | **2,42,657.67** | **2,55,355.42** |
| | | | |
| EQUITY AND LIABILITIES | | | |
| **Equity** | | | |
| Equity Share capital | 14 | 1,068.30 | 1,095.55 |
| Other Equity | 15 | 1,67,967.96 | 1,71,069.01 |
| **Equity attributable to owners of the Company** | | **1,69,036.26** | **1,72,164.56** |
| **Total equity** | | **1,69,036.26** | **1,72,164.56** |
| | | | |
| LIABILITIES | | | |
| **Non-current liabilities** | | | |
| Financial Liabilities | | - | - |
| Other non-current liabilities | 16 | 5,048.43 | 9,507.64 |
| **Total Non - Current Liabilities** | | **5,048.43** | **9,507.64** |
| **Current liabilities** | | | |
| Financial Liabilities | | | |
| (i) Trade payables | 17 | | |
| Due to Small and Medium Enterprises | | 43.41 | 137.92 |
| Due to Others | | 38,085.36 | 41,872.38 |
| (ii) Other financial liabilities | 18 | 8,042.17 | 6,722.72 |
| Provisions | 19 | 1,604.15 | 1,630.90 |
| Other current liabilities | 20 | 20,797.89 | 23,319.30 |
| **Total Current Liabilities** | | **68,572.98** | **73,683.22** |
| **Total Liabilities** | | **73,621.41** | **83,190.86** |
| **Total Equity and Liabilities** | | **2,42,657.67** | **2,55,355.42** |
| See accompanying notes to financial statements | 31 | | |

In terms of our report attached

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

K. Raghu
*Partner*
Membership No. 11178

Place : Coimbatore
Date : 20th May 2019

For and on behalf of the Board of Directors

Sanjay Jayavarthanavelu
*Chairman and Managing Director*
DIN: 00004505

K.Soundhar Rajhan
*Director Operations*
DIN: 07594186

C.B. Chandrasekar
*Chief Financial Officer*

C. R. Shivkumaran
*Company Secretary*

# Statement of Profit and Loss for the year ended 31st March, 2019

(All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | Note No. | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|---|
| INCOME | | | |
| Revenue from operations | 21 | 2,63,589.81 | 2,55,890.44 |
| Other income | 22 | 10,608.51 | 10,838.06 |
| **Total income** | | **2,74,198.32** | **2,66,728.50** |
| EXPENSES | | | |
| Cost of materials consumed | 23 | 1,58,425.88 | 1,56,641.94 |
| Purchase of stock in trade | | - | - |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 24 | (1,504.01) | 687.97 |
| Employee benefit expense | 25 | 26,620.76 | 25,980.43 |
| Depreciation and amortisation expense | 26 | 4,983.47 | 7,079.53 |
| Impairment loss on financial assets | 27 | 278.47 | (42.85) |
| Other expenses | 28 | 52,927.21 | 46,000.40 |
| Finance costs | 29 | 99.49 | 66.26 |
| **Total expenses** | | **2,41,831.27** | **2,36,413.68** |
| **Profit before exceptional items and tax** | | **32,367.05** | **30,314.82** |
| **Exceptional items** | | | |
| Voluntary retirement scheme payments | 31.5 | 3,716.75 | 402.69 |
| **Profit before tax after exceptional items** | | **28,650.30** | **29,912.13** |
| Tax expense | 30 | | |
| Current tax | 30.1 | 8,600.00 | 8,500.00 |
| Deferred tax | 30.1 | 572.14 | 269.84 |
| Prior year taxes | 30.1 | 550.18 | - |
| **Total tax expense** | | **9,722.32** | **8,769.84** |
| **Profit after tax from continuing operations for the year** | | **18,927.98** | **21,142.29** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to Profit and loss** | | | |
| | | | |
| Changes in Fair value of FVTOCI equity instruments(Fair value through Other Comprehensive Income) | | (952.42) | 2,174.11 |
| | | | |
| Remeasurement of post-employment defined benefit plans | | 182.22 | (557.94) |
| Income-tax relating to these items | | (54.67) | 178.54 |
| **Items that will be reclassified to Profit and loss** | | - | - |
| **Total Other Comprehensive income** | | **(824.87)** | **1,794.71** |
| **Total Comprehensive income for the year** | | **18,103.11** | **22,937.00** |
| Basic Earnings per share [In ₹][Face value ₹10/- per share] | | 174.15 | 192.98 |
| Diluted Earnings per share [In ₹][Face value ₹10/- per share] | | 174.15 | 192.98 |
| See accompanying notes to financial statements | 31 | | |

In terms of our report attached

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

K. Raghu
*Partner*
Membership No. 11178

Place : Coimbatore
Date : 20th May 2019

For and on behalf of the Board of Directors

Sanjay Jayavarthanavelu
*Chairman and Managing Director*
DIN: 00004505

K.Soundhar Rajhan
*Director Operations*
DIN: 07594186

C.B. Chandrasekar
*Chief Financial Officer*

C.R. Shivkumaran
*Company Secretary*

# Statement of Changes in Equity for the year ended 31st March, 2019

## Equity Share Capital

*(All amount in ₹ Lakhs, unless otherwise stated)*

| Particulars | Amount |
|---|---|
| Balance as at 31st March, 2018 | 1,095.55 |
| Changes in equity share capital during the year | 27.25 |
| | |
| **Balance as at 31st March, 2019** | **1,068.30** |

## Other Equity

| | Reserves and Surplus | | | | Items of Other comprehen-sive Income | Total |
|---|---|---|---|---|---|---|
| | Capital Reserves | Capital Re-demption Reserve | General Reserve | Retained Earnings | Equity Instruments through OCI | |
| **Balance as on 31st March, 2018** | **701.40** | **141.37** | **12,660.15** | **1,49,253.93** | **8312.16** | **1,71,069.01** |
| Add: Profit after tax for the year | - | - | - | 18,927.98 | - | 18,927.98 |
| Add: Changes in fair value of equity instruments through FVTOCI [net of tax] | - | - | - | - | (952.42) | (952.42) |
| Add: Transfer from Other Comprehensive income | - | - | - | 2,089.12 | (2089.12) | - |
| Add: Remeasurement of post-employment benefit obligations [Net of tax] | - | - | - | 127.55 | - | 127.55 |
| | **701.40** | **141.37** | **12,660.15** | **1,70,398.58** | **5270.62** | **1,89,172.12** |
| Less: Payment of dividends | - | - | - | (4,382.20) | - | (4,382.20) |
| Less: Tax on dividends paid | - | - | - | (900.98) | - | (900.98) |
| Less: Buy-back of equity shares | - | - | - | (15,920.98) | - | (15,920.98) |
| Less: Transfer to General Reserve | | | 1,900.00 | (1,900.00) | - | |
| Less : Transfer to Capital Redemption reserve | - | 27.25 | (27.25) | | - | - |
| **Balance as on 31st March, 2019** | **701.40** | **168.62** | **14,532.90** | **1,47,294.42** | **5270.62** | **1,67,967.96** |

In terms of our report attached

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

K. Raghu
*Partner*
Membership No. 11178

Place : Coimbatore
Date : 20th May 2019

For and on behalf of the Board of Directors

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*Chairman and Managing Director*
DIN: 00004505

K.Soundhar Rajhan
*Director Operations*
DIN: 07594186

C.B. Chandrasekar
*Chief Financial Officer*

C.R. Shivkumaran
*Company Secretary*

# Cash Flow Statement for the year ended 31st March, 2019

(All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | | Year ended 31st March, 2019 | | Year ended 31st March, 2018 |
|---|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| Profit after exceptional items but before tax | | 28,650.30 | | 29,912.13 |
| (VRS Expenses of ₹3716.75 Lakhs(P.Y.₹402.6 Lakhs) | | | | |
| Adjustments for : | | | | |
| Depreciation and amortisation expense | 4,983.47 | | 7,079.53 | |
| Finance costs | 99.49 | | 66.26 | |
| Shares buy back costs | 162.27 | | - | |
| Profit on sale of assets | (1,260.78) | | (1,047.00) | |
| Loss on sale of assets | 41.02 | | 18.09 | |
| Interest income | (6,461.41) | | (7,636.22) | |
| Dividend income | (431.96) | | (36.61) | |
| Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents | (0.06) | (2867.96) | (0.11) | (1,556.06) |
| | | | | |
| **Operating Profit before working capital changes** | | **25782.34** | | **28,356.07** |
| **Adjustments for (increase) / decrease in operating assets** | | | | |
| Trade receivables | 5,917.60 | | (6,774.76) | |
| Inventories | (165.67) | | 2,551.31 | |
| Other financial assets-Non Current | 572.34 | | (5,890.11) | |
| Other financial assets- Current | (782.62) | | 339.36 | |
| Other Current assets | (1,074.01) | | 1,233.30 | |
| Adjustments for increase / (decrease) in operating liabilities | | | | |
| Trade payables | (3,881.48) | | 9,301.60 | |
| Other non current liabilities | (4,459.21) | | (513.65) | |
| Current provisions | (26.75) | | 956.90 | |
| Other financial liabilities | 1,319.46 | | (1,261.11) | |
| Other current liabilities | (3,660.86) | (6,241.20) | (3,682.19) | (3,739.35) |
| | | | | |
| **Cash used in/ generated from operations** | | **19,541.14** | | **24,616.72** |
| Taxes paid | | (7,061.56) | | (8,137.18) |
| | | | | |
| **Net Cash used in/generated from operations** | **[A]** | **12,479.58** | | **16,479.54** |
| | | | | |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Purchase of Fixed assets/Capital Work In Progress | | (18,357.21) | | (12,801.26) |
| Proceeds from sale of fixed assets | | 1,288.27 | | 76.61 |
| Interest received | | 6,748.13 | | 7,221.97 |
| Dividend received | | 431.96 | | 36.61 |
| Investment in Mutual funds (net) | | (5,100.33) | | - |
| (Increase)/Decrease in Bank balances not considered as cash and cash equivalent | | 17,965.51 | | 3,459.73 |
| **Net cash used in investing activities** | **[B]** | **2,976.33** | | **(2,006.34)** |
| | | | | |
| **C. CASHFLOW FROM FINANCING ACTIVITIES** | | | | |
| Dividends paid | | (4,382.20) | | (3,834.43) |
| Corporate dividend taxes paid | | (900.98) | | (780.69) |
| Transfer of Unpaid Dividends to IEPF | | (14.11) | | (7.82) |
| Payment for buy back of shares | | (15,948.22) | | - |
| Payment for share buy back costs | | (162.27) | | - |
| Finance cost | | (99.49) | | (66.26) |
| **Net cash used in financing activities** | **[C]** | **(21,507.27)** | | **(4,689.20)** |

## Cash Flow Statement (Cont...) for the year ended 31st March, 2019

*(All amount in ₹ Lakhs, unless otherwise stated)*

| Particulars | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|---|---|---|
| **Net increase in cash and cash equivalents (A+B+C)** | **(6,051.36)** | **9,784.00** |
| Cash and cash equivalents at beginning of the period - D | 12,131.01 | 2,347.01 |
| Cash and cash equivalents at end of the period - E | 6,079.65 | 12,131.01 |
| **Net increase / (decrease) in cash and cash equivalents (E-D)** | **(6,051.36)** | **9,784.00** |
| **Cash & Cash equivalents as per Balance Sheet** | **6,079.71** | **12,131.12** |
| Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents | (0.06) | (0.11) |
| **Cash and Cash equivalents as per Cash flow Statement** | **6,079.65** | **12,131.01** |

See accompanying notes to financial statements

In terms of our report attached

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

K. Raghu
*Partner*
Membership No. 11178

Place : Coimbatore
Date : 20th May 2019

For and on behalf of the Board of Directors

Sanjay Jayavarthanavelu
*Chairman and Managing Director*
DIN: 00004505

K.Soundhar Rajhan
*Director Operations*
DIN: 07594186

C.B. Chandrasekar
*Chief Financial Officer*

C.R. Shivkumaran
*Company Secretary*

## Statement of significant accounting policies

### 1 Corporate Information

Lakshmi Machine Works Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The address of its registered office and principal place of business are disclosed in the introduction to the Annual report. Its shares are listed on two stock exchanges in India, the National Stock Exchange of India [NSE] and the Bombay Stock Exchange [BSE]. The company is engaged in the manufacturing and selling of textile spinning machinery, CNC Machine Tools, Heavy castings and parts and components for Aero space industry. The company caters to both domestic and international markets. The financial statements are approved for issue by the Company's Board of Directors on 20th May 2019.

### 2 SIGNIFICANT ACCOUNTING POLICIES

**2.1 Statement of compliance**

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

**2.2 Basis of preparation and presentation**

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

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

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

**2.3 Property, plant and equipment**

Property, plant and equipment are stated at cost net of historical Indirect Taxes, including appropriate direct and allocated expenses less accumulated depreciation and impairment

losses, if any. Increase/ Decrease in rupee liability in respect of foreign currency liability related to acquisition of fixed assets is recognised as expense or income in the Statement of Profit and Loss. Freehold land is not depreciated.

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

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

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

Estimated useful lives of the tangible assets are as follows:

| | |
|---|---|
| Buildings | 50-60 years |
| Plant and Equipment Main Machines | 8-20 years |
| Ancillary Machines | 3-7 years |
| Wind Mills | 22 years |
| Solar Project | 10 years |
| Furniture & fixture | 8-10 years |
| Vehicles | 6-8 years |
| Office equipment | 7-15 years |

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

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

**2.4 Investment Property**

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

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

### 2.5 Intangible assets

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

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

| | |
|---|---|
| Technical Know how | 6 years |
| Software | 6 years |

There are no intangible assets having indefinite useful life.

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

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

### 2.6 Impairment of assets

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

### 2.7 Financial Instruments

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

or loss are recognised immediately in profit or loss.

### 2.8 Financial assets

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

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

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

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

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

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

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

All other financial assets are subsequently measured at fair value

#### Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest

income is recognised in profit or loss and is included in the "Other income" line item.

**Investments in equity instruments at FVTOCI**

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

A financial asset is held for trading if:

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

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

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

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

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

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

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

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

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

**Impairment of financial assets**

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

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

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

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.

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

**De recognition of financial assets**

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

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

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no

longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

**Foreign exchange gains and losses**

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

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

**2.9 Financial liabilities and equity instruments**

**Equity Instruments**

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

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

**Financial liabilities**

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

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

**Financial liabilities at FVTPL**

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

A financial liability is classified as held for trading if:

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

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

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

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

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

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

**Financial liabilities subsequently measured at amortised cost**

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost

are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

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

**Financial guarantee contracts**

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

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

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

**Foreign exchange gains and losses**

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

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

For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

**Derecognition of financial liabilities**

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

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

**2.10 Valuation of Inventories**

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

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

**2.11 Translation of Foreign Currency Transactions:**

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

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

**2.12 Recognition of Revenue**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of Indirect taxe and net of 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.

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

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Carrying amounts of:** | | |
| Freehold land | 8,266.17 | 8,226.76 |
| Buildings | 13,305.93 | 9,976.91 |
| Plant and Equipment | 39,564.74 | 30,171.85 |
| Furniture and fixtures | 1,231.56 | 924.28 |
| Vehicles | 662.48 | 531.19 |
| Office Equipment | 540.63 | 402.77 |
| **Total** | **63,571.51** | **50,233.76** |
| | | |
| Capital Work-in-progress | 1,218.72 | 2,116.18 |
| **Total** | **1,218.72** | **2,116.18** |
| **Total** | **64,790.23** | **52,349.94** |

| Particulars | Freehold land | Buildings | Plant & Equipment | Furniture & fixtures | Vehicles | Office Equipments | Total | Capital Work in progress |
|---|---|---|---|---|---|---|---|---|
| **Gross Carrying Amount** | | | | | | | | |
| **Balance at 31st March, 2018** | **8,226.76** | **11,332.13** | **40,721.71** | **1,447.92** | **913.23** | **528.81** | **63,170.56** | **2,116.18** |
| Additions | 91.89 | 3,600.58 | 13,323.29 | 418.66 | 480.04 | 192.22 | 18,106.68 | |
| Disposals | (52.48) | (0.73) | (1,740.13) | (13.08) | (43.01) | (28.48) | (1,877.91) | 897.46 |
| **Balance at 31st March, 2019** | **8,266.17** | **14,931.98** | **52,304.87** | **1,853.50** | **1,350.26** | **692.55** | **79,399.33** | **1,218.72** |
| | | | | | | | | |
| Accumulated depreciation and impairment | | | | | | | | |
| **Balance at 31st March, 2018** | **-** | **1,355.22** | **10,549.86** | **523.64** | **382.04** | **126.04** | **12,936.80** | **-** |
| | | | | | | | | |
| Disposals | - | (0.68) | (1,681.75) | (12.24) | (34.51) | (27.77) | (1,756.95) | - |
| Depreciation Expense | | 271.51 | 3,872.02 | 110.54 | 340.25 | 53.65 | 4,647.97 | - |
| **Balance at 31st March, 2019** | **-** | **1,626.05** | **12,740.13** | **621.94** | **687.78** | **151.92** | **15,827.82** | **-** |
| | | | | | | | | |
| Net Carrying Amount | | | | | | | | |
| **Balance at 31st March, 2018** | **8,226.76** | **9,976.91** | **30,171.85** | **924.28** | **531.19** | **402.77** | **50,233.76** | **2,116.18** |
| Additions | 91.89 | 3,600.58 | 13,323.29 | 418.66 | 480.04 | 192.22 | 18,106.68 | |
| Disposals | (52.48) | (0.05) | (58.38) | (0.84) | (8.50) | (0.71) | (120.96) | 897.46 |
| Depreciation expense | - | (271.51) | (3,872.02) | (110.54) | (340.25) | (53.65) | (4,647.97) | |
| **Balance at 31st March, 2019** | **8,266.17** | **13,305.93** | **39,564.74** | **1,231.56** | **662.48** | **540.63** | **63,571.51** | **1,218.72** |

### Property, plant and equipment include:

| Particulars | Gross Block | Depreciation for the year | Accumulated depreciation | Net Block |
|---|---|---|---|---|
| **Assets leased out as on 31st March, 2019** | | | | |
| Buildings | 131.37 | 1.39 | 89.17 | 42.20 |
| Machinery | 1,300.00 | 266.86 | 1,114.18 | 185.82 |
| **TOTAL** | **1,431.37** | **268.25** | **1,203.35** | **228.02** |
| | | | | |
| **Assets leased out as on 31st March, 2018** | | | | |
| Buildings | 328.42 | 14.81 | 230.51 | 97.91 |
| Machinery | 1,300.00 | 241.84 | 847.32 | 452.68 |
| **TOTAL** | **1,628.42** | **256.65** | **1,077.83** | **550.59** |

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

### 5. Other intangible assets

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Carrying amounts of: | | |
| | | |
| Technical Knowhow | 566.34 | 701.77 |
| Software | 614.54 | 564.08 |
| **Total** | **1,180.88** | **1,265.85** |

| Particulars | Technical Knowhow | Software | Total |
|---|---|---|---|
| Balance at 31st March, 2018 | 982.39 | 733.76 | 1,716.15 |
| Additions | 36.00 | 214.53 | 250.53 |
| Disposals | - | - | - |
| **Balance at 31st March, 2019** | **1,018.39** | **948.29** | **1,966.68** |
| | | | |
| **Accumulated depreciation and impairment** | | | |
| | | | |
| **Balance at 31st March, 2018** | **280.62** | **169.68** | **450.30** |
| Disposals | - | - | - |
| Amortisation Expense | 171.43 | 164.07 | 335.50 |
| **Balance at 31st March, 2019** | **452.05** | **333.75** | **785.80** |
| | | | |
| **Carrying Amount** | | | |
| | | | |
| **Balance at 31st March, 2018** | **701.77** | **564.08** | **1,265.85** |
| Additions | 36.00 | 214.53 | 250.53 |
| Disposals | | | - |
| Amortisation Expense | (171.43) | (164.07) | (335.50) |
| **Balance at 31st March, 2019** | **566.34** | **614.54** | **1,180.88** |

## 6. Investments

| Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|
| | Quantity | Amount | Quantity | Amount |
| **Non-current** | | | | |
| **a) Investment in unquoted equity instrument of wholly owned subsidiary** | | | | |
| LMW Textile Machinery (Suzhou) Company Ltd | | 6,513.67 | | 6,513.67 |
| **b) Other investments** | | | | |
| **Investment in quoted equity instruments (fully paid up)[At fair values]** | | | | |
| Cholamandalam Investment & Finance Co. Limited | 3,42,562 | 4,958.58 | 3,42,562 | 4,966.12 |
| Lakshmi Automatic Loom Works Limited | 4,41,110 | 190.56 | 4,41,110 | 273.93 |
| Pricol Ltd | 24,975 | 8.98 | 24,975 | 21.48 |
| Rajshree Sugars & Chemicals Limited | 1,00,000 | 22.00 | 1,00,000 | 30.70 |
| The Lakshmi Mills Company Limited | 26,916 | 722.94 | 26,916 | 872.51 |
| Indian Bank | 69,562 | 193.73 | 69,562 | 208.27 |
| Super Sales India Ltd | 3,00,000 | 1,235.40 | 3,00,000 | 1,911.60 |
| **Investment in unquoted equity instruments (fully paid up)** | | | | |
| Sharada Chambers Premises Co-op Society Ltd | 5 | 0.01 | 5 | 0.01 |
| Lakshmi Machine Works Employees Co-op Stores Ltd | 500 | 0.05 | 500 | 0.05 |
| REPCO Bank | 750 | 0.08 | 750 | 0.08 |
| **Total** | | **7,332.33** | | **8,284.75** |
| **Total Non-current investments** | | **13,846.00** | | **14,798.42** |
| Aggregate book value of quoted investments | | 2,061.71 | | 2,061.71 |
| Aggregate market value of quoted investments | | 7,332.33 | | 8,284.75 |
| Aggregate book value of unquoted investments | | 6,513.81 | | 6,513.81 |
| Aggregate amount of impairment in the value of investments | | - | | - |
| **Current** | | | | |
| Investments in mutual funds | | 5,100.33 | | - |
| **TOTAL** | | **5,100.33** | | **-** |

| Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|
| | Quantity | Amount | Quantity | Amount |
| **Current** | | | | |
| Investments In Quoted Mutual Funds - Debt at FVTPL: | | | | |
| Kotak FMP Series - Direct Growth | 42,10,000 | 447.89 | - | - |
| ABSL FTP-Series - Direct Growth | 95,00,000 | 1,002.32 | - | - |
| SBI Debt Fund Series - Direct Growth | 1,76,41,979 | 1,867.53 | - | - |
| Reliance Fixed Horizon Fund - Direct Growth | 42,63,150 | 454.16 | - | - |
| TATA Fixed Maturity Plan Series -Direct Growth | 15,00,000 | 159.93 | - | - |
| UTI Fixed Term Income Fund Series - Direct Growth | 60,00,000 | 635.81 | - | - |
| ICICI Prudential Fixed Maturity Plan - Direct Plan | 50,00,000 | 532.69 | - | - |
| **TOTAL** | | **5,100.33** | **-** | **-** |

| Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|
| | Quantity | Amount | Quantity | Amount |
| | | | | |
| Aggregate carrying amount of quoted Investment | | 5,100.33 | - | - |
| Aggregate market value of quoted investments | | 5,100.33 | - | - |
| | | | | |
| **Category-wise investments - as per IND AS 109 classification** | | | | |
| | | | | |
| Financial assets carried at fair value through profit or loss (FVTPL) | | 5,100.33 | | - |
| Financial assets carried at amortised cost | | - | | - |
| Financial assets carried at fair value through Other Comprehensive Income (FVTOCI) | | 7,332.33 | | 8,284.75 |
| **Total** | | **12,432.66** | | **8,284.75** |

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

## 7. Deferred Tax assets (Net)

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

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Deferred Tax assets | 455.33 | 1,027.47 |
| Deferred Tax liabilities | - | - |
| **Total** | **455.33** | **1,027.47** |

**2018-19**

| Particulars | Opening balance | Recognised in profit or loss | Closing balance |
|---|---|---|---|
| On account of VRS | 86.81 | 1,109.68 | 1,196.49 |
| On account of Property, Plant and Equipment | 277.43 | (1,753.40) | (1,475.97) |
| On account of Expected credit loss on receivables | 403.80 | 16.92 | 420.72 |
| On account of actuarial loss | 259.43 | 54.66 | 314.09 |
| | | | |
| **Total** | **1,027.47** | **(572.14)** | **455.33** |

**2017-18**

| Particulars | Opening balance | Recognised in profit or loss | Closing balance |
|---|---|---|---|
| On account of VRS | 323.50 | (236.69) | 86.81 |
| On account of Property, Plant and Equipment | 473.90 | (196.47) | 277.43 |
| On account of Expected credit loss on receivables | 419.03 | (15.23) | 403.80 |
| On account of actuarial loss | 80.88 | 178.55 | 259.43 |
| **Total** | **1,297.31** | **(269.84)** | **1,027.47** |

## 8. Inventories

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Inventories( lower of cost or net realisable value)** | | |
| Raw materials | 17,018.36 | 18,016.85 |
| Work in progress | 7,675.40 | 7,923.62 |
| Finished goods | 3,979.60 | 2,227.37 |
| Stores and spares | 2,119.00 | 2,458.85 |
| **Total** | **30,792.36** | **30,626.69** |

The cost of inventories recognised as an expense during the year is ₹158,425.88 Lakhs. [Previous year ₹156,641.94 Lakhs]

## 9. Trade Receivables

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Current** | | |
| **Unsecured, considered good** | | |
| From related parties | 937.60 | 4,275.47 |
| From others | 20,644.44 | 23,176.57 |
| | | |
| | **21,582.04** | **27,452.04** |
| Allowance for doubtful debts (Expected credit loss allowance) | 1,215.55 | 1,167.95 |
| **Total** | **20,366.49** | **26,284.09** |

### Concentration of Risk

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

The company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows.

| Ageing | Expected Credit Loss (%) |
|---|---|
| Within the credit period | 0.33 |
| Less than one year | 3.47 |
| More than one year | 31.62 |

| Age of receivables | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Within the credit period | 5,185.25 | 2,820.62 |
| Less than one year | 14,161.04 | 22,999.92 |
| More than one year | 2,235.75 | 1,631.50 |
| **Total** | **21,582.04** | **27,452.04** |

### Movement in the expected credit loss allowance

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Balance at the beginning of the year | 1,167.95 | 1,210.80 |
| | | |
| Movement in expected credit loss allowance on trade | | |
| receivables calculated at lifetime expected credit losses net of bad debts writen off | 47.60 | (42.85) |
| | | |
| **Balance at the end of the year** | **1,215.55** | **1,167.95** |

## 10 (a). Cash and cash equivalents

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Balances with Banks | | |
| Current account | 4,527.94 | 3,913.75 |
| Deposits with original maturity of less than 3 months | 1,500.00 | 8,200.00 |
| Cash on hand | 51.71 | 17.26 |
| **Total** | **6,079.65** | **12,131.01** |

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

## 10(b). Other Bank balances

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Deposits held as Margin money | 12.47 | 12.05 |
| Unpaid dividend account | 101.35 | 89.98 |
| Deposits with original maturity of more than 3 months but less than 12 months | 46,150.06 | 84,788.57 |
| **Total** | **46,263.88** | **84,890.60** |

## 11. Other financial assets

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Non-current** | | |
| i) Capital advances | 919.15 | 1,634.87 |
| **ii) Advances other than capital advances** | | |
| Security Deposit | 1,338.14 | 1,201.97 |
| Other advances | 173.09 | 165.88 |
| **iii) Bank deposits with original maturity of more than 12 months** | 38,040.20 | 17,379.00 |
| | **40,470.58** | **20,381.72** |
| **Current** | | |
| Interest accrued on bank deposits | 2,728.16 | 3,014.88 |
| Income receivable | 1,608.12 | 825.50 |
| Compensation receivable for shares vested | 92.26 | 92.26 |
| **Total** | **4,428.54** | **3,932.64** |

## 12. Current tax assets (Net)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Current tax assets** | | |
| Income tax advances | 19,280.03 | 38,626.65 |
| **Current tax liabilities** | | |
| Income tax provisions | 17,237.08 | 36,726.10 |
| **Total** | **2,042.95** | **1,900.55** |

## 13. Other current assets

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Advance to suppliers and others | 3,518.75 | 3,939.58 |
| Prepaid Expenses | 226.82 | 243.23 |
| Balances on account of indirect taxes | 3,094.88 | 1,583.63 |
| | | |
| **Total** | **6,840.45** | **5,766.44** |

## 14. Equity Share Capital

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Authorised Share Capital** | | |
| 5,00,00,000 fully paid equity shares of ₹10 each | 5,000.00 | 5,000.00 |
| | | |
| **Issued and subscribed and fully paid up capital comprises:** | | |
| | | |
| 1,06,83,000 fully paid equity shares of ₹10 each as on 31st March, 2019 | 1,068.30 | 1,095.55 |
| 1,09,55,504 fully paid equity shares of ₹10 each as on 31st March, 2018 | | |
| 3,11,000 equity shares of ₹10 each were bought back during the financial year 2016-17 | | |
| 2,72,504 equity shares of ₹10 each were bought back during the financial year 2018-19 | | |

| Fully paid up equity shares | Number of shares | Share Capital |
|---|---|---|
| **Balance as on March, 31, 2018** | **1,09,55,504** | **1,095.55** |
| Less : Buy back of equity shares | 2,72,504 | 27.25 |
| **Balance as on March, 31, 2019** | **1,06,83,000** | **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.

**Shareholders holding more than 5% Equity shares**

| Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|
| | Number | Percentage | Number | Percentage |
| Lakshmi Cargo Company Limited | 10,74,468 | 10.06 | 10,74,768 | 9.81 |
| Life Insurance Corporation Limited | 7,84,414 | 7.34 | 8,47,820 | 7.74 |
| Lakshmi Technology and Engineering Industries Limited | 6,67,090 | 6.24 | 6,67,090 | 6.09 |
| Voltas Limited | 5,79,672 | 5.43 | 5,79,672 | 5.29 |

## 15. Other Equity

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Capital Reserve | 701.40 | 701.40 |
| Capital Redemption Reserve | 168.62 | 141.37 |
| General Reserve | 14,532.90 | 12,660.15 |
| Reserve for equity instruments and others through other comprehensive income | 5,270.62 | 8,312.16 |
| Retained Earnings | 1,47,294.42 | 1,49,253.93 |
| | | |
| **Total** | **1,67,967.96** | **1,71,069.01** |

### 15.1 Capital Reserve

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Balance at the beginning of the year** | **701.40** | **701.40** |
| Movements during the year | - | - |
| **Balance at the end of the year** | **701.40** | **701.40** |

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

### 15.2 Capital Redemption Reserve

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Balance at the beginning of the year** | **141.37** | **141.37** |
| Add: Transfer from General Reserve | 27.25 | - |
| **Balance at the end of the year** | **168.62** | **141.37** |

Capital Redemption Reserve is a statutory reserve created at amounts equal to the face value of the shares bought back as per the provisions of company law.

### 15.3 General Reserve

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Balance at the beginning of the year** | **12,660.15** | **10,560.15** |
| Add: Transfer from retained earnings | 1,900.00 | 2,100.00 |
| Less: Transfer to Capital Redemption Reserve | 27.25 | - |
| **Balance at the end of the year** | **14,532.90** | **12,660.15** |

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

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

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Balance at the beginning of the year** | **8,312.16** | **6,138.05** |
| Net fair value gain on investments in equity instruments at FVTOCI | (952.42) | 2,174.11 |
| Add: Transfer from Other Comprehensive income | (2,089.12) | - |
| | | |
| **Balance at the end of the year** | **5,270.62** | **8,312.16** |

The company has elected to recognise changes in fair value of investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI reserve which represents the the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.

### 15.5 Retained Earnings

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Balance at the beginning of the year** | **1,49,253.93** | **1,35,206.16** |
| Add: Profit after tax attributable to the owners of the company | 18,927.98 | 21,142.29 |
| Add: Remeasurement of post-employment benefit obligations [Net of tax] | 127.55 | (379.40) |
| Add: Transfer from Other Comprehensive income | 2,089.12 | - |
| Less: Payment of dividends on equity shares | 4,382.20 | 3,834.43 |
| Less: Payment of tax on dividends | 900.98 | 780.69 |
| Less: Share buy back | 15,920.98 | - |
| Less: Transfer to General Reserve | 1,900.00 | 2,100.00 |
| **Balance at the end of the year** | **1,47,294.42** | **1,49,253.93** |

In financial year 2018-19, on 3rd August 2018, a dividend of ₹40 per share (Total dividend ₹4382.20 Lakhs) was paid to the holders of fully paid equity shares

In respect of the year ended March, 31, 2019, the directors propose that a dividend of ₹35 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 ₹3,739.05 Lakhs.

## 16. Other Non-current liabilities

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Security deposits received against supply of machinery | 5,048.43 | 9,507.64 |
| **Total** | **5,048.43** | **9,507.64** |

## 17. Trade payables

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Current** | | |
| Due to Micro, Small & Medium Enterprises [Refer Note 31.3 ] | 43.41 | 137.92 |
| Due to related parties | 5,234.94 | 7,430.34 |
| Others | 32,850.42 | 34,442.04 |
| **Total** | **38,128.77** | **42,010.30** |

## 18. Other Financial liabilities

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Current** | | |
| Unpaid dividends | 101.35 | 89.98 |
| Other liabilties | 7,940.82 | 6,632.74 |
| **Total** | **8,042.17** | **6,722.72** |

## 19. Provisions

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Current** | | |
| Provision for employee benefits | | |
| Provision for gratuity | 1,094.71 | 1,145.54 |
| Provision for leave encashment | 0.20 | - |
| **Other provisions** | | |
| Provision for warranty | 509.24 | 485.36 |
| **Total** | **1,604.15** | **1,630.90** |

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

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

| Particulars | Provision for Warranty | |
|---|---|---|
| | As at 31st March, 2019 | As at 31st March, 2018 |
| **Carrying amount at the beginning of the year** | **485.36** | **427.21** |
| Additional provision made during the year | 509.24 | 485.36 |
| Amount used during the year | 485.36 | 306.48 |
| Unused amount reversed | - | 120.73 |
| **Carrying amount at the end of the year** | **509.24** | **485.36** |

## 20. Other Current liabilities

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Security deposit received against supply of machinery | | |
| Other advances | 10,887.30 | 7,712.22 |
| | 9,910.59 | 15,607.08 |
| **Total** | **20,797.89** | **23,319.30** |

## 21. Revenue from operations

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| **Gross sale of products (including Excise duty of ₹ Nil Lakhs** | **254620.31** | **248860.11** |
| for the year ended March, 31, 2019; ₹ 6198.86 Lakhs for the year ended March, 31, 2018) | | |
| **Other operating revenues** | | |
| Repairs & Service charges & miscellaneous income | 4,683.06 | 3,676.57 |
| Sale of scrap | 997.62 | 857.80 |
| Export incentives | 3,288.82 | 2,495.96 |
| **Total revenue from operations** | **2,63,589.81** | **2,55,890.44** |

## 22. Other Income

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Dividend income from Mutual fund designated at FVTPL | 110.70 | - |
| Interest income from financial assets at amortised cost | 6,461.41 | 7,636.22 |
| Dividend income from equity investments designated at FVTOCI | 32.44 | 36.61 |
| Income from Mutual funds designated at FVTPL | 288.82 | - |
| Rental income | 60.88 | 53.10 |
| Net Gain on foreign currency transactions | 1,947.89 | 1,068.10 |
| Net Gain on sale of assets | 1,260.78 | 1,047.00 |
| Sale of wind energy/REC | 246.00 | 638.97 |
| Royalty income | 199.59 | 358.06 |
| **Total other income** | **10,608.51** | **10,838.06** |

## 23. Cost of materials consumed

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Raw materials at the beginning of the year | 18,016.85 | 20,074.27 |
| Add: Purchases | 1,58,428.80 | 1,51,407.44 |
| Add: Excise duty on finished goods sold | - | 6,198.86 |
| Less:Sales | 1,001.41 | 3,021.78 |
| Less: Raw materials at the end of the year | 17,018.36 | 18,016.85 |
| **Total cost of materials consumed** | **1,58,425.88** | **1,56,641.94** |

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

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| **Opening Stock** | | |
| Work-in-progress | 7,923.62 | 8,245.26 |
| Finished goods | 2,227.37 | 2,593.70 |
| **Total** | **10,150.99** | **10,838.96** |
| **Closing Stock** | | |
| Work-in-progress | 7,675.40 | 7,923.62 |
| Finished goods | 3,979.60 | 2,227.37 |
| **Total** | **11,655.00** | **10,150.99** |
| **Total changes in inventories of work-in-progress and finished goods** | **(1,504.01)** | **687.97** |

## 25. Employees Benefits Expenses

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Salaries and wages | 22,414.03 | 21,298.69 |
| Contribution to Provident and other funds | 1,720.88 | 1,976.36 |
| Staff welfare expenses | 2,485.85 | 2,705.38 |
| **Total employee benefit expenses** | **26,620.76** | **25,980.43** |

## 26. Depreciation and amortisation expense

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Depreciation of property, plant and equipment | 4,647.97 | 6,976.65 |
| Amortisation of intangible assets | 335.50 | 102.88 |
| **Total depreciation and amortisation expense** | **4,983.47** | **7,079.53** |

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

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Impairment loss [Expected credit loss) allowance on trade receivables] | 278.47 | (42.85) |
| **Total** | **278.47** | **(42.85)** |

## 28. Other expenses

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Sales commission to agents | 3,661.11 | 4,641.32 |
| Consumption of stores and spare parts | 8,481.60 | 8,356.70 |
| Consumption of packing material | 4,605.83 | 4,539.54 |
| Power and fuel (net of wind energy ₹4,536.46 Lakhs; previous year ₹5,102.06 Lakhs) | 3,451.38 | 3,822.77 |
| Rent expense | 93.71 | 64.02 |
| Repairs and maintenance | | |
| Repairs to buildings | 1,068.73 | 1,025.48 |
| Repairs to machinery and others | 5,798.76 | 6,045.37 |
| Insurance | 271.98 | 223.08 |
| Rates and taxes, excluding taxes on income | 218.32 | 200.94 |
| Auditors' remuneration | | |
| For Audit | 15.00 | 15.00 |
| For reimbursement of expenses | 0.10 | 0.14 |
| Loss on sale of assets | 41.02 | 18.09 |
| Donations | 527.79 | 479.40 |
| Directors sitting fees | 38.50 | 35.50 |
| Non-executive directors' commission | 52.50 | 35.00 |
| Corporate Social Responsibility expenses (Note 31.6) | 598.99 | 647.95 |
| Export expenses | 9,956.17 | 4,818.33 |
| Research and development expenses | 2,542.39 | 2,225.69 |
| Miscellaneous expenses | 11,503.33 | 8,806.08 |
| **Total other expenses** | **52,927.21** | **46,000.40** |

## 29. Finance Costs

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Bill collection charges | 99.49 | 66.26 |

## 30. Income tax relating to continuing operations

### 30.1 Income tax recognised in profit or loss

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Current tax on profits for the year | 8,600.00 | 8,500.00 |
| Adjustments for current tax of prior periods | 550.18 | - |
| **Total current tax expense** | **9,150.18** | **8,500.00** |
| | | |
| **Deferred Tax** | | |
| Decrease / (increase) of deferred tax assets | 572.14 | 269.84 |
| (Decrease) / Increase in deferred tax liabilities | - | - |
| **Total deferred tax expense** | **572.14** | **269.84** |
| **Total income tax expense recognised for the year** | **9,722.32** | **8,769.84** |

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

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| **Profit before tax after exceptional items** | **28,650.30** | **29,912.13** |
| Enacted tax rate in India | 34.94% | 34.61% |
| | | |
| Computed expected tax expense at enacted tax rate | 10,010.42 | 10,352.58 |
| Tax effect on account of tax deductions | (1,644.57) | (1,603.09) |
| Tax effect on Income that is exempt from taxation | (451.85) | (384.78) |
| Tax effect of non-deductible expenses | 686.00 | 135.29 |
| | | |
| **Total income tax expense recognised for the year** | **8,600.00** | **8,500.00** |

### 30.3 Income tax recognised in other comprehensive income

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Arising on income and expenses recognised in other comprehensive income: | | |
| Net fair value gain on investments in equity shares at FVTOCI | - | - |
| Remeasurement of defined benefit obligations | (54.67) | 178.54 |
| **Total** | **(54.67)** | **178.54** |
| Bifurcation of income tax recognised in other comprehensive income into: | | |
| Items that will not be reclassified to profit or loss | (54.67) | 178.54 |
| Items that may be reclassified to profit or loss | - | - |
| **Total** | **(54.67)** | **178.54** |

31

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

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| **Contingent liabilities** | | |
| **Claims against the company not acknowledged as debt** | | |
| Central Excise Demand | 2,462.80 | 2,717.19 |
| Income Tax Demand | 327.22 | 519.33 |
| **Other money for which the company is contingently liable** | | |
| Letters of Credit | 3,811.31 | 4,557.12 |
| Bank and other guarantees | 2,123.97 | 4,126.44 |
| 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. | | |
| **Commitments** | | |
| Estimated amount of contracts remaining to be executed on capital account not provided for | 3,055.36 | 2,139.10 |

### 31.2 Details of dividend proposed and paid:

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| a) Final dividend | 4,382.20 | 3,834.43 |
| b) In respect of the current year, the directors propose that a dividend of ₹35 per share be paid on equity shares on or before 21st August, 2019. 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 15th July, 2019. The total estimated equity dividend to be paid is ₹3,739.05 Lakhs. The payment of this dividend is estimated to result in payment of dividend tax of ₹768.65 Lakhs @20.56% on the amount of dividends grossed up for the related dividend distribution tax. | - | - |

### 31.3 Disclosure as per Schedule III

As defined under Micro, Small and Medium Enterprises Development Act, 2006, the disclosure in respect of the amounts payable to such enterprises as at the end of the year has been made in the financial statements based on information received and available with the Company.

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | 43.41 | 137.92 |
| | | |
| The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year | Nil | Nil |
| | | |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act | Nil | Nil |
| | | |
| The amount of interest accrued and remaining unpaid at the end of the year | Nil | Nil |
| | | |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise | Nil | Nil |

### 31.4 Financial Instruments

#### Capital Management

The company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders. The capital structure of the company consists of only total equity and no debts. The company is not subject to any externally imposed capital requirements. Net debt to equity ratio or gearing ratio is not applicable since the company has no external debts.

### (i) Financial instruments by category

| Particulars | As at 31st March, 2019 | | | As at 31st March, 2018 | | |
|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised cost | FVTPL | FVTOCI | Amortised cost |
| **Financial assets** | | | | | | |
| Measured at amortised cost | | | | | | |
| a) Cash and bank balances | | | 6,079.65 | | | 12,131.01 |
| b) Other financial assets -Non current | | | 40,470.58 | | | 20,381.72 |
| Current | | | | | | |
| c) Trade receivables | | | 20,366.49 | | | 26,284.09 |
| d) Bank balances | | | 46,263.88 | | | 84,890.60 |
| e) Other financial assets -Current | | | 4,428.54 | | | 3,932.64 |
| f) Investments in subsidiaries | | | 6,513.67 | | | 6,513.67 |
| g) Investments in equity | | 7,332.33 | | | 8,284.75 | |
| h) Investments in Mutual funds | 5,100.33 | | | - | | |
| **Total** | **5,100.33** | **7,332.33** | **1,24,122.81** | **-** | **8,284.75** | **1,54,133.73** |
| | | | | | | |
| **Financial liabilities** | | | | | | |
| a) Other non-current liabilities | | | 5,048.43 | | | 9,507.64 |
| b) Trade Payables | | | 38,128.77 | | | 42,010.30 |
| c) Other financial liabilities | | | 8,042.17 | | | 6,722.72 |
| **Total** | **-** | **-** | **51,219.37** | **-** | **-** | **58,240.66** |
| **Financial assets** | | | **1,36,555.47** | | | **1,62,418.48** |
| **Financial liabilities** | | | **51,219.37** | | | **58,240.66** |

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

| Particulars | Fair value as at | | Fair value | Valuation |
|---|---|---|---|---|
| | 31 March, 2019 | 31 March, 2018 | Amortised cost | |
| **Financial assets measured at Fair Value** | | | | |
| Financial assets | | | Level 1 | Quoted bid prices |
| Investments | | | | |
| 1. Quoted Equity investments | 7,332.33 | 8,284.75 | | |
| 2. Mutual funds | 5,100.33 | - | | |
| **Total financial assets** | **12,432.66** | **8,284.75** | | |

**iii) Fair Value of financial assets and liabilities measured at amortised cost**

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short term and settlment on demand nature.

For all other financial assets and liabilities measured at amortised cost, the Company considers that their carrying amounts approximates their fair values

### 31.5 Exceptional Items

Exceptional items represents compensation towards Voluntary Retirement Scheme opted by Employees ₹3,716.75 Lakhs (Previous year ₹402.69 Lakhs)

### 31.6 Corporate Social Responsibility expenditure

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Amount spent through approved trusts and institutions | 597.64 | 645.30 |
| Amount spent directly | 1.35 | 2.65 |
| **Total** | **598.99** | **647.95** |
| Amount required to be spent as per Sec. 135 of the Act | 598.99 | 640.95 |
| | | |
| *Amount spent during the year on:* | | |
| Construction / acquisition of an asset | - | - |
| On purposes other than above | 598.99 | 647.95 |
| **Total** | **598.99** | **647.95** |

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

### 31.7 Earnings Per Share

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Net Profit after Tax before OCI [₹In Lakhs] | 18,927.98 | 21,142.29 |
| Weighted Average Number of Equity Shares used as denominator in calculating basic earnings per share | 1,08,68,983 | 1,09,55,504 |
| Nominal Value per Equity Share [in ₹] | 10.00 | 10.00 |
| Basic & Diluted Earnings Per Share [in ₹] | 174.15 | 192.98 |

### 31.8 Related party transactions

**Related Party Relationships**

**Key Management Personnel**

Sri. Sanjay Jayavarthanavelu, Chairman and Managing Director
Sri. K. Soundhar Rajhan, Director -Operations
Sri. C. B. Chandrasekar -Chief Financial Officer
Sri. C. R. Shivkumaran - Company Secretary

**Wholly Owned Subsidiary :**

LMW Textile Machinery (Suzhou) Co. Ltd

**Post employment benefit plans**

Lakshmi Machine Works Limited Employees' Gratuity Fund

### Other related parties

Dhanuprabha Agro P Ltd;; Harshini Textiles Limited; Hermes Academy of Training Limited; Lakshmi Card Clothing Mfg Co. P Ltd; LCC Cargo Holdings Limited;Lakshmi Caipo Industries Ltd; Lakshmi Electrical Drives Limited; Lakshmi Ring Travellers (CBE) Limited; Lakshmi Electrical Control Systems Limited;Lakshmi Precision Tools Limited; Lakshmi Life Sciences Limited; Mahalakshmi Engineering Holdings Limited; Rajalakshmi Engineering; Revantha Holdings Limited; Revantha Services Ltd; Revantha Agro Farms P Ltd; Sowbarnika Enterprises Ltd; Sowbarniha Resorts Private Limited; Sri Kamakoti Kamakshi Enterprises P Ltd; Sudhasruti Agro P Ltd; Super Sales India Limited; Supreme Dairy Products India Ltd; Starline Travels Limited; Titan Paints & Chemicals Limited; The Lakshmi Mills Company Limited; Walzer Hotels P Ltd; Alampara Hotels and Resorts Private ltd;Chakradhara Aerospace & Cargo Private Ltd;Chakradhara Agro farms Private ltd, Dhanajaya Agro Farms Private Ltd

### Key Management personnel compensation

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Short term employee benefits | 1,055.74 | 955.33 |
| Post employment benefits | 40.06 | 32.75 |
| | | |
| **Total compensation** | **1,096.10** | **988.08** |

Note : Related party relationships are as identified by the Management

### Related Party Transactions

| Particulars | Other Related Parties | | Key Management Personnel | | Wholly Owned Subsidiary | |
|---|---|---|---|---|---|---|
| | 31.03.19 | 31.03.18 | 31.03.19 | 31.03.18 | 31.03.19 | 31.03.18 |
| | | | | | | |
| Purchase of goods | 32,570.82 | 34,830.14 | - | - | 1,783.38 | 735.02 |
| Sale of goods | 3,654.41 | 4,650.60 | - | - | 1,972.26 | 5,842.25 |
| Purchase of Fixed Assets | - | 26.98 | - | - | | - |
| Sale of Fixed Assets | 12.67 | 46.20 | - | - | | - |
| Rendering of Services | 117.15 | 99.37 | - | - | 199.59 | 358.06 |
| Receiving of Services | 16,498.73 | 14,598.35 | - | - | 161.43 | - |
| Agency arrangements | 882.28 | 1,135.31 | - | - | | - |
| Investment in Shares | | - | - | - | | - |
| Contribution to Gratuity Fund | 400.00 | 251.57 | - | - | | - |
| Interest receipts | | - | - | - | | - |
| Managerial remuneration | | - | 1,096.10 | 988.08 | | - |
| Outstanding Payables | 3,978.02 | 5,822.16 | 636.36 | 621.94 | 1,253.49 | - |
| Outstanding Receivables | 28.40 | 147.29 | | - | 1,309.28 | 2,710.75 |

| | |
|---|---|
| 1 | Purchase of Goods includes LMW Textile Machinery (Suzhou) Co.Ltd ₹1,783.38lakhs (Previous year ₹735.02 Lakhs); Lakshmi Electrical Control Systems Limited ₹16,186.24 Lakhs (Previous Year ₹16,728.30 Lakhs); Lakshmi Life Sciences Limited* ₹6,783.33 Lakhs (Previous year ₹6,812.50 Lakhs);Lakshmi Electrical Drives Limited ₹3,378.45 Lakhs (Previous year ₹4,154.39 Lakhs); Other Related Parties- Associates ₹6,222.80 Lakhs (Previous Year ₹7,134.95 Lakhs) |
| | |
| 2 | Sale of Goods includes LMW Textile Machinery (Suzhou) Co. Ltd ₹1,972.26 Lakhs (Previous Year ₹5,842.25 Lakhs), Lakshmi Electrical Control Systems Limited ₹829.82 Lakhs (Previous Year ₹2,709.57 Lakhs) Super Sales India Ltd ₹2,152.15 Lakhs (Previous Year ₹1,001.58 Lakhs) and Other related Parties - Associates ₹672.44 Lakhs (Previous Year ₹939.45 Lakhs) |
| | |
| 3 | Purchase of Fixed Assets includes Lakshmi Life Sciences Limited * ₹Nil Lakhs (Previous Year ₹26.98 Lakhs) |
| | |
| 4 | Sale of Fixed Assets includes Super Sales India Limited ₹2.48 Lakhs (Previous Year ₹ 28.10 Lakhs);Star line Travels Limited ₹9.90 Lakhs(Previous Year ₹Nil Lakhs) and Other Related Parties-Associates ₹0.29 Lakhs (Previous Year ₹18.10 Lakhs) |
| | |
| 5 | Rendering of Services includes , LMW Textile Machinery (Suzhou)Co. Ltd ₹199.59 Lakhs (Previous Year ₹ 358.06 Lakhs), Chakradhara Aerospace and Cargo P Ltd **₹83.48 Lakhs (Previous year ₹72.53 Lakhs) ;Super Sales India Limited ₹23.62 Lakhs (Previous Year ₹20.95 Lakhs) Others - Other Related Parties-Associates ₹ 10.05 Lakhs(Previous Year ₹5.89 Lakhs) |
| | |
| 6 | Receiving of Services include LMW Textile Machinery (Suzhou)Co. Ltd ₹161.43 Lakhs (Previous Year ₹Nil Lakhs) Chakradhara Aerospace and Cargo P Ltd **₹10,247.74 Lakhs (Previous year ₹7,829.77 Lakhs) Revantha Services Ltd ₹3,501.89 Lakhs (Previous year ₹4298.53 Lakhs) and Other Related Parties - Associates ₹2,749.10 Lakhs (Previous Year ₹2,470.05 Lakhs) |
| | |
| 7 | Agency arrangement includes Super Sales India Limited ₹882.28 Lakhs (Previous Year ₹1,135.31 Lakhs) |
| | |
| 8 | Contribution to gratuity fund includes Lakshmi Machine Works Limited Employees' Gratuity Fund ₹.400 Lakhs (Previous Year ₹251.57 Lakhs) |
| | |
| 9 | Managerial Remuneration includes amount paid to Sri Sanjay Jayavarthanavelu, Chairman and Managing Director ₹854.77 Lakhs (Previous Year ₹855.33 Lakhs); Sri K.Soundhar Rajhan, Director Operations ₹146.59 Lakhs *(PY ₹.53.42 Lakhs); Sri C. B. Chandrasekar, Chief Financial Officer ₹61.94 Lakhs (Previous year ₹51.85 Lakhs); Sri C. R. Shivkumaran, Company Secretary ₹32.80 Lakhs (Previous year ₹27.48 Lakhs) |
| | |
| 10 | Outstanding Payables include LMW Textile Machinery (Suzhou) Co.Ltd ₹1,253.49 Lakhs (Previous year Nil Lakhs Chakradhara Aerospace and Cargo P Ltd **₹ 616.90 Lakhs (Previous year ₹728.50 Lakhs) Lakshmi Electrical Control Systems Limited ₹1,080.50 Lakhs (Previous Year ₹1,938.89 Lakhs); Super Sales India Limited ₹ 1,234.75 Lakhs (Previous Year ₹887.72 Lakhs) Sri. Sanjay Jayavarthanavelu ₹636.36 Lakhs (Previous year ₹621.94 Lakhs) Lakshmi Life Sciences Limited ₹483.80 Lakhs (Previous Year ₹539.08 Lakhs); and Other Related Parties -Associates ₹562.07 Lakhs (Previous Year ₹1,727.97 Lakhs); |
| | |
| 11 | Outstanding Receivables include LMW Textile Machinery (Suzhou) Co. Ltd ₹1,309.28 Lakhs (Previous Year ₹ 2,710.75 Lakhs), Revantha Services Limited ₹6.08 Lakhs (Previous Year₹ Nil Lakhs) ; The Lakshmi Mills Company Limited ₹19.50 Lakhs (Previous Year ₹1.59 Lakhs) Others - Other Related Parties - Associates ₹2.82 Lakhs (Previous Year ₹145.70 Lakhs)<br>* During the year the operating units of Lakshmi Life Sciences Limited (LLS) has been de-merged to Quattro Engineering India Limited (QEL). Thereafter, the names of LLS and QEL were swapped as per NCLT order.<br>** During the year the operating units of Lakshmi Technology and Engineering Industries Limited (LTE) and Lakshmi Cargo Company Limited (LCC) have been de-merged to Chakradhara Aerospace and Cargo P Ltd. |

### 31.9 Employee defined benefit and contribution plans

#### I. Defined Benefit Plans

| Particulars | Gratuity (Funded) | | Leave Encashment (Funded) | |
|---|---|---|---|---|
| | 31st March, 2019 | 31st March, 2018 | 31st March, 2019 | 31st March, 2018 |
| Particulars | | | | |
| | | | | |
| A. Expense recognised in Income Statement | | | | |
| 1. Current Service cost | 429.49 | 410.60 | 135.66 | 165.03 |
| 2. Interest expense on DBO | 644.74 | 563.03 | 68.33 | 67.08 |
| 3. Interest (Income on plan asset) | (570.40) | (556.61) | (73.91) | (65.82) |
| 4. Net Interest | 74.35 | 6.42 | (5.57) | 1.26 |
| 5. Immediate recognition of (gain) / losses | - | - | 7.63 | (172.60) |
| 6. Defined Benefits cost included in P & L | **503.84** | **417.02** | **137.72** | **(6.31)** |
| | | | | |
| B. Expense recognised in Comprehensive Income | | | | |
| 1. Actuarial (Gain)/Losses due to Demographic Assumption changes in DBO | 249.58 | - | - | - |
| 2. Actuarial (gain)/Losses due to financial assumption changes in DBO | (218.21) | (59.61) | (22.13) | (6.67) |
| 3. Actuarial (gain)/Losses due to experience on DBO | (251.06) | 565.51 | 34.71 | (184.61) |
| 4. Return on plan assets (Greater) / Less than Discount rate | 37.46 | 52.04 | (4.95) | 18.69 |
| 5. Total actuarial (gain) / loss included in OCI | **(182.23)** | **557.94** | **7.63** | **(172.59)** |
| 6. Cost recognised in P & L | 503.84 | 417.02 | 137.72 | (6.31) |
| 7. Remeasurement effect recognised in OCI | (182.23) | 557.94 | - | - |
| 8. Total defined benefit cost | **321.61** | **974.96** | **137.72** | **(6.31)** |
| | | | | |
| C. Net asset/Liability recognised in the Balance Sheet | | | | |
| 1. Present value of benefit obligation | **8,474.05** | **9,019.06** | **1,032.70** | **947.34** |
| 2. Fair value of plan assets | 7,379.33 | 7,873.51 | 1,032.50 | 953.64 |
| 3. Funded Status [Surplus / (deficit)] | (1,094.72) | (1,145.55) | (0.20) | 6.31 |
| 11. Net Asset /(Liability) recognised in balance sheet | **(1,094.71)** | **(1,145.54)** | **(0.20)** | **6.31** |
| | | | | |
| D. Change in Present value of the Obligation during the year | | | | |
| 1. Present value of the obligation at beginning of year | 9,019.06 | 7,887.11 | 947.34 | 906.51 |
| 2. Current service cost | 429.49 | 410.60 | 135.66 | 165.03 |
| 3. Interest cost | 644.74 | 563.03 | 68.33 | 67.08 |
| 4. Benefits paid | (1,399.56) | (557.07) | (131.21) | - |
| 5. Actuarial (gain) loss on obligation | (219.68) | 715.39 | 12.58 | (191.28) |
| 6. Present value of obligation at end of the year | **8,474.05** | **9,019.06** | **1,032.70** | **947.34** |
| | | | | |
| E. Reconciliation of opening & closing values of Plan Assets | | | | |
| 1. Fair value of plan assets at the beginning of the year | 7,873.52 | 7,674.43 | 953.64 | 872.39 |
| 2. Expected return on plan assets | 570.40 | 556.61 | 73.91 | 65.82 |
| 3. Contributions made | 372.46 | 251.57 | 131.21 | 34.12 |
| 4. Benefits paid | (1,399.56) | (557.07) | (131.21) | - |
| 5. Actuarial gain / (loss) on plan assets | (37.46) | (52.04) | 4.95 | (18.69) |
| 6. Fair value of plan assets at the end of the year | **7,379.36** | **7,873.50** | **1,032.50** | **953.64** |

| Particulars | Gratuity (Funded) | | Leave Encashment (Funded) | |
|---|---|---|---|---|
| | 31st March, 2019 | 31st March, 2018 | 31st March, 2019 | 31st March, 2018 |
| 7. Actual return on plan assets | 532.93 | 504.57 | 78.86 | 47.13 |
| F. Amounts recognised in Other comprehensive Income | | | | |
| 1. Opening unrecognised losses / (Gains) | 1,613.42 | 846.00 | - | - |
| 2. Actuarial Loss / (Gains) on DBO | (219.68) | 715.39 | | |
| 3. Actuarial Loss / (Gains) on assets | 37.46 | 52.04 | | |
| 4. Amortisation Actuarial loss / (Gain) | - | - | | |
| 5. Total recognised in Other comprehensive income | 1,431.20 | 1,613.42 | - | - |
| | | | | |
| G. Major categories of plan assets as a percentage of total plan | | | | |
| 1. Qualifying insurance policies | 7,379.33 | 7,687.44 | 1,032.50 | 953.64 |
| 2. Own plan assets-Bank balances | 7.33 | 186.07 | - | - |
| | **7,386.66** | **7,873.51** | **953.64** | **953.64** |
| H. Actuarial Assumptions | | | | |
| 1. Discount rate | 7.75% | 7.40% | 7.75% | 7.40% |
| 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 | 7.75% | 7.40% | 7.75% | 7.40% |
| 5.Mortality rate | Indian Assured Lives Mortality (2006-08) Ultimate | | | |

The salary escalation considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Gratuity is applicable to all permanent and full time employees of the company.

Gratuity payment is based on last drawn basic salary and dearness allowance at the time of termination or retirement. The Scheme takes into account each completed year of service or part thereof in excess of six months. The entire contribution is borne by the company.

Leave encashment benefits are provided as per the rules of the Company. The liabilities on account of defined benefit obligations are expected to be contributed within the next financial year.

The company expects to make a contribution of ₹1000 Lakhs (as at 31st March, 2018: ₹600.00 Lakhs) to the defined benefit plans during the next financial year.

### I. Sensitivity Analysis

| Particulars | Gratuity (Funded) | | Leave Encashment (Funded) | |
|---|---|---|---|---|
| | 31st March, 2019 | 31st March, 2018 | 31st March, 2019 | 31st March, 2018 |
| | | | | |
| Impact of +1% change in rate of discounting | (1,093.43) | (589.28) | 267.61 | 182.25 |
| Impact of -1% change in rate of discounting | 1,093.43 | 528.03 | 146.73 | 61.37 |
| Impact of +1% change in rate of salary increase | 996.95 | (553.64) | 186.55 | 101.19 |
| Impact of -1% change in rate of salary increase | 996.95 | 508.13 | 235.97 | 150.60 |
| Impact of +1% change in rate of attrition | (1,210.58) | 57.78 | 218.10 | 132.73 |
| Impact of -1% change in rate of attrition | 1,210.58 | (63.81) | 204.28 | 118.91 |

The above sensitivity analyses are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the balance sheet.

**Brief description of the Plans & risks**

These plans typically expose the company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

**Investment risk**

The present value of the defined benefit plan liability is calculated using a discount which is determined by reference to market yields at the end of the reporting period on government bonds. Plan investment is amix of investments in government securities, other debt instruments and equity shares of listed companies.

**Interest risk**

A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments, if any.

**Longevity risk**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

| II. DEFINED CONTRIBUTION SCHEMES | 31st March, 2019 | 31st March, 2018 |
|---|---|---|
| Provident Fund Contribution | 1,194.69 | 1,143.63 |

**31.10 Segment information**

Products and services from which reportable segments derive their revenues

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the type of goods or services delivered or provided. The company has chosen to organise the company around differences in products and services. No operating segments have been aggregated in arriving at the reportable segments of the company.

Specifically, the Company is organised into three main reportable segments viz.,(1) Textile Machinery Division (2) Machine Tool Division & Foundry Division and (3) Advanced Technology Centre for Aero Space-Parts & Components

₹ In Lakhs

| Particulars | Textile Machinery Division | | Machine Tool & Foundry Division | | Advance Technology Centre | | Total | |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | 31st March,, 2019 | 31st March,, 2018 | 31st March, 2019 | 31st March, 2018 | 31st March, 2019 | 31st March, 2018 | 31st March, 2019 | 31st March, 2018 |
| | | | | | | | | |
| Revenue from external customers * | 1,78,765.18 | 1,91,907.90 | 73,562.28 | 53,561.86 | 2,292.85 | 3,390.35 | 2,54,620.31 | 2,48,860.11 |
| Inter Segment Revenue | 2,147.02 | 2,548.01 | 2,707.34 | 3,728.71 | - | - | 4,854.36 | 6,276.72 |
| Allocable other income | 10,715.54 | 8,605.07 | 744.54 | 665.97 | 1,163.70 | 871.42 | 12,623.78 | 10,142.46 |
| Total Segment Revenue | **1,91,627.74** | **2,03,060.98** | **77,014.16** | **57,956.54** | **3,456.55** | **4,261.77** | **2,72,098.45** | **2,65,279.29** |
| Less : Inter Segment Revenue | | | | | | | 4,854.36 | 6,276.72 |
| Add : Unallocable other Income | | | | | | | 6,954.23 | 7,725.93 |
| **Enterprise revenue** | | | | | | | **2,74,198.32** | **2,66,728.50** |
| **Result** | | | | | | | | |
| Segment Result | 15,179.83 | 16,689.73 | 10,818.20 | 7,707.61 | (1,428.01 ) | 39.39 | 24,570.02 | 24,436.73 |
| Less :Unallocable Expenses | | | | | | | 2,774.46 | 2,184.27 |
| Operating Profit | | | | | | | 21,795.56 | 22,252.46 |
| Less : Interest Expenses | | | | | | | 99.49 | 66.26 |
| Incometax expenses (Current) | | | | | | | 9,150.18 | 8,500.00 |
| Incometax expenses (Deferred) | | | | | | | 572.14 | 269.84 |
| Add : Unallocable Other Income | | | | | | | 6,954.23 | 7,725.93 |
| **Net Profit after Tax** | | | | | | | **18,927.98** | **21,142.29** |
| | | | | | | | | |
| Other Information | | | | | | | | |
| Segment assets | 1,54,587.22 | 1,86,649.66 | 62,959.66 | 49,356.98 | 3,666.18 | 1,622.35 | 2,21,213.06 | 2,37,628.99 |
| Add : Unallocable corporate assets | | | | | | | 21,444.61 | 17,726.43 |
| **Enterprise Assets** | | | | | | | **2,42,657.67** | **2,55,355.42** |
| Segment Liabilities | 60,262.76 | 67,931.53 | 12,691.84 | 14,687.96 | 565.46 | 481.38 | 73,520.07 | 83,100.87 |
| Add : Unallocable corporate liabilities | | | | | | | 1,69,137.60 | 1,72,254.55 |
| **Enterprise Liabilities** | | | | | | | **2,42,657.67** | **2,55,355.42** |
| | | | | | | | | |
| Capital Expenditure | 11,326.84 | 9,561.16 | 2,041.21 | 2,029.47 | 4,989.16 | 1,210.63 | 18,357.21 | 12,801.26 |
| Depreciation | 4,131.10 | 6,322.08 | 466.29 | 328.03 | 386.08 | 429.42 | 4,983.47 | 7,079.53 |

**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 Unaffliated customers for similar goods.
2) Segment profit represents the profit before tax earned by each segment without allocation of unallocable expenses, finance costs and unallocable income. This is the measure reported to the chief 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 2018-19 and 2017-18.

**Segment assets and liabilities**

| Operating Segment | Segment Assets | | Segment Liabilities | |
|---|---|---|---|---|
| | As at 31st March, 2019 | As at 31st March, 2018 | As at 31st March, 2019 | As at 31st March, 2018 |
| Textile machinery division | 1,54,587.22 | 1,86,649.66 | 60,262.76 | 67,931.53 |
| Machine tool & foundry division | 62,959.66 | 49,356.98 | 12,691.84 | 14,687.96 |
| Advanced technology centre | 3,666.18 | 1,622.35 | 565.46 | 481.39 |
| **Total Segment assets & segment liabilities** | **2,21,213.06** | **2,37,628.99** | **73,520.06** | **83,100.88** |
| Adjustments of unallocated assets and liabilities | | | | |
| Share capital | - | - | 1,068.30 | 1,095.55 |
| Reserves and Surplus | - | - | 1,67,967.96 | 1,71,069.01 |
| Investments | 18,946.33 | 14,798.42 | - | - |
| Advance tax | 2,042.95 | 1,900.54 | - | - |
| Deferred tax | 455.33 | 1,027.47 | - | - |
| Unpaid Dividends | | | 101.35 | 89.98 |
| **Total assets & liabilities as per Balance sheet** | **2,42,657.67** | **2,55,355.42** | **2,42,657.67** | **2,55,355.42** |

**Geographical information**

The company operates in two principal geographical area, India (country of domicile) and outside India.

The company's revenue from external customers based on location of customers is as per the table below:

| | Revenue from external customers | | Non Current Assets | |
|---|---|---|---|---|
| | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 | As at 31st March, 2019 | As at 31st March, 2018 |
| Inside India | 1,77,834.36 | 1,97,255.81 | 1,20,743.02 | 89,823.40 |
| Outside India | 76,785.95 | 51,604.30 | - | - |
| | **2,54,620.31** | **2,48,860.11** | **1,20,743.02** | **89,823.40** |

### 31.11 Approval of financial statements

The financial statements were approved for issue by the Board of directors on 20th May 2019.

### 31.12 DETAILS OF LEASING ARRANGEMENTS

| Particulars | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
|---|---|---|
| As Lessor | | |
| Operating lease | | |
| The Company has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period from 3 to 4 years and may be renewed for a further period based on mutual agreement of the parties. | | |
| Future minimum lease payments | | |
| not later than one year | 30.85 | 30.85 |
| Later than one year and not later than five years | 61.70 | 61.70 |

## 31.13 REVENUE RECOGNITION

The company derives revenue primarily from the sale of Textile Machinery, machine tools, spares and job work charges.

Effective from 1st April 2018 the company has adopted Ind AS 115 "Revenue from Contracts with Customers", using Modified retrospective approach. In accordance with Ind AS 115, the comparatives have not been retrospectively adjusted. The following is the summary of new and / or revised significant accounting policies related to revenue recognition. Refer note No.2.12 "Significant Accounting Policies" in the company's 2018 annual report for the policies in effect for revenue prior to 01.04.2018. The effect of adoption of Ind AS 115 was insignificant

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customer for sale of above-mentioned products or services are on fixed price. Revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration entity expects to be entitle in exchange for those goods or services.

Revenue on fixed price contract are recognized at the time of dispatch of goods. Till then the consideration received is accounted as 'Advance received' shown under financial liabilities. Control over the goods passed to the customer at the time of dispatch of the goods at the company's factory.

The expected cost of warranty issued is accounted as provision. The contract with customer are entered between the company and the end customer. The company is primarily responsible for honouring the contract entered with customer. Since the company acts as a "Principal" for the contracts entered into through selling agent the revenue is to be recognized in gross by the company.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Revenue from operations for the year ended March, 31, 2019 and 31st March, 2018 is as follows:

| | (₹ In Lakhs) Year Ended 31st March | |
|---|---|---|
| **Particulars** | **2019** | **2018** |
| (i)Revenue from sale of products | 2,54,620.31 | 2,48,860.11 |
| (ii) Revenue from rendering of services | 8,969.50 | 7,030.33 |
| **Total revenue from operations** | **2,63,589.81** | **2,55,890.44** |

The Company has adopted Ind AS 115 - Revenue from Contracts with Customers, from 1st April, 2018 which resulted in changes to accounting policies and adjustments to the amount recognized in the financial statements. In accordance with the transition provisions in Ind AS 115, the Company has adopted the new rules with modified retrospective method. As a results of change in accounting policies, adjustments to the transition provision have been made in respective item as at 1st April, 2018 with corresponding Impact to equity net of tax.

*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:-

₹ In Lakhs

| Operating Segment | | Amount in foreign currency | | Equivalent INR | |
|---|---|---|---|---|---|
| | | 31st March, 2019 | 31st March, 2018 | 31st March, 2019 | 31st March, 2018 |
| Sundry creditors | CHF | 29,578.00 | 23,154.00 | 20.59 | 15.81 |
| | EUR | 13,54,439.00 | 21,07,118.00 | 1,052.92 | 1,691.55 |
| | GBP | 98,197.00 | 1,09,394.00 | 88.73 | 99.84 |
| | JPY | 9,09,18,932.00 | 8,02,63,555.00 | 568.19 | 491.86 |
| | SGD | 63,096.00 | 35,589.00 | 32.00 | 17.68 |
| | USD | 30,39,883.00 | 14,22,212.00 | 2,106.07 | 926.38 |
| | SEK | 85,000.00 | 85,000.00 | 6.33 | 6.62 |
| Sundry Debtors | USD | 1,61,69,876.00 | 2,04,63,915.00 | 11,227.67 | 13,310.57 |
| | EUR | 4,92,417.00 | 8,39,545.00 | 384.18 | 676.86 |
| Cash and Bank Balances | | | | | |
| | KES | 9,07,895.00 | 2,21,167.00 | 6.25 | 1.48 |
| | BDT | 2,85,822.00 | 4,66,953.28 | 2.35 | 3.64 |
| | USD | 23,110.00 | 34,169.56 | 16.09 | 22.45 |
| | VND | 37,52,910.00 | 22,754.66 | 0.11 | 0.01 |

The Company is mainly exposed to USD and EUR.

**Foreign currency sensitivity analysis**

| | (₹ In Lakhs) | |
|---|---|---|
| Particulars | 31st March, 2019 | 31st March, 2018 |
| **Sundry creditors** | | |
| USD | 2,106.07 | 926.38 |
| Euro | 1,052.92 | 1,691.55 |
| **Sundry Debtors** | | |
| USD | 11,227.67 | 13,310.57 |
| Euro | 384.18 | 676.86 |
| **Net receivable** | | |
| USD | 9,121.60 | 12,384.19 |
| Euro | (668.74) | (1,014.69) |
| **Total** | **8,452.85** | **11,369.50** |
| Impact on profit : 5 % increase in currency rate | 422.64 | 568.48 |
| Impact on profit : 5 % decrease in currency rate | (422.64) | (568.48) |

Interest rate risk – The Company holds interest bearing assets in the form of fixed deposits with banks. The variation in interest risks is managed by distributing deposits among wide base of banks and financial institutions.

The company do not have any debts and therefore any fluctuation in market interest rates may not affect the cashflow/profitability position of the company in terms of debts servicing.

**Interest rate sensitivity analysis**

| Particulars | 31st March, 2019 | 31st March, 2018 |
|---|---|---|
| Fixed deposits in Banks | 85,690.26 | 1,10,367.57 |
| | | |
| Impact on profit :increase of 25 basis points | 214.23 | 275.92 |
| Impact on profit : decrease of 25 basis points | (214.23) | (275.92) |

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 startegic rather than trading purposes.

**Price sensitivity analysis**

| Particulars | 31st March, 2019 | 31st March, 2018 |
|---|---|---|
| Fair value of Equity investments | 7,332.33 | 8,284.75 |
| Impact on Other Comprehensive Income :increase by 5% | 366.62 | 414.24 |
| Impact on Other Comprehensive Income :Decrease by 5% | (366.62) | (414.24) |

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 receiviables 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 continously 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 pricincipal 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 suffcient to meet its current requirements and hence the Company does not perceive any such risk.

The contractual maturities of company's financial liablities are :

| | 31st March, 2019 | 31st March, 2018 |
|---|---|---|
| Trade payable | 38,128.77 | 42,010.30 |
| Less than one year | 38,128.77 | 42,010.30 |
| Others | - | - |
| Other liabilities | 8,042.17 | 6,722.72 |
| Less than one year | 8,042.17 | 6,722.72 |
| Others | - | - |

Capital management – The company's objective is to safeguard its financial stability, financial independence and its ability to continue as a going concern in order to generate returns for the shareholders and benefits for the other stake holders. The company incentivise the shareholders by paying optimum and regular dividends.

The Company determines the amount of capital required on the basis of annual operating plans and other strategic investment plans. The funding requirements are met through internally generated funds . The Company does not have any borrowings in its capital portfolio.

**31.15**

Revenue Expenditure on Research & Development of Textile Machinery Division amounting to ₹2,201.09 Lakhs (FY 2017-18 ₹1,949.79 Lakhs, FY 16-17 ₹1,933.51 Lakhs) and for Machine Tool Division amounting to ₹341.30 Lakhs (FY 2017-18 ₹275.90 Lakhs, FY 16-17 ₹224.56 Lakhs has been charged to Statement of Profit and Loss (included in other expenses) and Capital expenditure relating to Research and Development for Textile Machinery Division amounting to ₹104.52 Lakhs (FY 17-18 ₹129.73 Lakhs, FY 16-17 ₹3,59.44 Lakhs) and for Machine Tool Division amounting to ₹Nil Lakhs (FY 17-18 ₹ Nil Lakhs, FY 16-17 ₹Nil Lakhs) has been included in Fixed Assets

**31.16**

Further, previous years' figures have been regrouped / reclassified, wherever necessary, to conform with the current period presentation.

In terms of our report attached

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

K. Raghu
*Partner*
Membership No. 11178

Place : Coimbatore
Date : 20th May 2019

For and on behalf of the Board of Directors

Sanjay Jayavarthanavelu
*Chairman and Managing Director*
DIN: 00004505

K.Soundhar Rajhan
*Director Operations*
DIN: 07594186

C.B. Chandrasekar
*Chief Financial Officer*

C.R. Shivkumaran
*Company Secretary*

# FORM AOC I

**(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures**
**(Information containing salient featues of the financial statement of wholly owned subsidiary)**

Part A : Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹

[₹ in Lakhs]

| | |
|---|---|
| 1.Sl. No. | 1 |
| 2. Name of the subsidiary | LMW Textile Machinery (Suzhou) Co.Limited |
| 3. The date since when subsidiary was acquired | 04.09.2008 |
| 4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period | 1st January 2018 to 31st December 2018<br>(1st April 2018 to 31st March, 2019- For consolidation purpose) |
| 5.Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | RMB (Chinese Yuan); Closing Exchange rate as at 31st March, 2019 - 1 RMB = ₹10.323 (Previous year ₹10.384) |

| | 31.3.2019 | 31.3.2018 |
|---|---|---|
| 6.Share capital | 6,513.67 | 6,513.67 |
| 7. Reserves & Surplus | 2,012.54 | 2,426.68 |
| 8. Total assets | 11,686.43 | 17,023.57 |
| 9. Total liabilities | 11,686.43 | 17,023.57 |
| 10. Investments | - | - |
| 11. Turnover | 11,150.80 | 14,987.35 |
| 12. Profit before taxation | (448.17) | 304.11 |
| 13. Provision for taxation | - | - |
| 14. Profit after taxation | (448.17) | 304.11 |
| 15. Proposed Dividend | - | - |
| 16. Extent of shareholding [In %] | 100.00 | 100.00 |
| 17. Names of subsidiaries which are yet to commence operations | Not applicable | |
| 18. Names of subsidiaries which have been liquidated or sold during the year | Not applicable | |

Part B : Associates and Joint ventures

Statement pursuant to section 129(3) of the Companies act, 2013 related to Assoicate Companies and Joint ventures

**Not Applicable**

| | |
|---|---|
| Name of associates/Joint ventures | |
| 1. Latest audited Balance Sheet Date | |
| 2. Date on which the Associate or Joint Venture was associated or acquired | |
| 3.Shares of associate/Joint ventures held by the company on the year end | |
| No. | |
| Amount of investment in associates/joint venture | |
| Extend of holding [In %] | |
| 4.Description of how there is significant influence | |
| 5. Reason why the associate/joint venture is not consolidated | |
| 6.Net worth attributable to shareholding as per latest audited Balance Sheet | |
| 7. Profit/loss for the year | |
| I ) considered in consolidation | |
| ii) not considered in consolidation | |
| 8. Names of associates or joint ventures which are yet to commence operations | |
| 9.Names of associates or joint ventures which have been liquidated or sold during the year | |

In terms of our report attached

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

K. Raghu
*Partner*
Membership No. 11178

Place : Coimbatore
Date : 20th May 2019

For and on behalf of the Board of Directors

Sanjay Jayavarthanavelu
*Chairman and Managing Director*
DIN: 00004505

K.Soundhar Rajhan
*Director Operations*
DIN: 07594186

C.B. Chandrasekar
*Chief Financial Officer*

C.R. Shivkumaran
*Company Secretary*

# Independent Auditor's report

## REPORT ON THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

**Report on the Audit of the Consolidated Ind AS Financial Statements**

### Opinion

We have audited the accompanying consolidated Ind AS financial statements of Lakshmi Machine Works Limited ("the Company") and its subsidiary (the Company and its subsidiary together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31st March, 2019, and the consolidated statement of Profit and Loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ("The Act") in the manner so required and give a true and fair view in conformity with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31st March, 2019, and its consolidated profit and total comprehensive income, its consolidated changes in equity and its consolidated cash flows for the year then ended.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| KEY AUDIT MATTER | RESPONSE TO KEY AUDIT MATTER |
|---|---|
| ***Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)***<br><br>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date. | We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.<br><br>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:<br>• Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.<br>• It is observed that transaction price charged is ex-works price and revenue is booked at the time of dispatch of the goods.<br>• The above method followed by the company is in line with the provisions of Ind AS 115-'Revenue from contracts with customers'<br>**Conclusion:**<br>We agree with the management's evaluation. |
| ***Accuracy of revenues and onerous obligations in respect of fixed price contracts.*** | In the process of verifying the accuracy of recognition of revenues of fixed price contracts, we have undertaken the following audit approach:<br>• Understood, evaluated and tested the key controls over the recognition of revenue from fixed price contracts. We selected a sample of transactions and<br>• Agreed the applied tariff to the respective terms in the contract.<br>• Tested revenue calculations and agreed the revenue recognized to the underlying accounting records.<br>**Conclusion:**<br>We agree with the management's evaluation. |
| ***Assessment of carrying value of investments***<br><br>The company has invested in listed equity instruments and debt instruments. We consider this a key audit matter given the relative significance of the value of investments. | Our procedures in relation to assessing the carrying value of investments include the following observations:<br>• The equity investments are carried at fair value as on 31st March, 2019.<br>• Due to market fluctuation, there has been significant value reduction in the equity investments.<br>• The company has also invested in debt oriented mutual funds, and the same has also been recognized at fair market value as on 31st March, 2019.<br>**Conclusion:**<br>We agree with the management's evaluation |



## Other Matters

We did not audit the financial statements of subsidiary LMW Textile Machinery (Suzhou) Company Ltd., whose Ind AS financial statements reflect total assets of ₹11,686.43 Lakhs-as at 31st March, 2019, total turnover of ₹11,150.80 Lakhs and net cash flows amounting to ₹2,723.98 Lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of loss of ₹448.17 Lakhs for the year ended 31st March, 2019, as considered in the consolidated financial statements, in respect of the subsidiary, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

## Information Other than the Consolidated Ind AS Financial Statements and Auditor's Report Thereon

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

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance, conclusion thereon.

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

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

## Responsibilities of Management and those charged with governance for the Consolidated Ind AS financial statements

The Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design; implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records,

relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

### Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

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

A further description of the auditor's responsibilities for the audit of the Consolidated Ind AS financial statements is included in Annexure A. This description forms part of our auditor's report.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated statement of Cash Flows and the Consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2019 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding company incorporated in India is disqualified as on 31st March, 2019 from being appointed as



a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure "B".

(g.) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note No. 31.2 to the consolidated Ind AS financial statements.

(ii) The Group did not have any material foreseable losses on long term contract including deriviative contracts.

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company.

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

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

Coimbatore
20th May 2019

# Annexure "A" to the Independent Auditor's report

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated Ind AS financial statements that, individually or

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

We communicate with those charged with governance of the Holding Company and such other entity included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

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

Coimbatore
20th May 2019

# Annexure "B"
# to the Independent Auditor's report

*(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of the Independent Auditors' Report to the members of the company on the Consolidated Ind AS Financial Statements for the year ended on 31st March, 2019)*

## Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31st March, 2019, we have audited the internal financial controls over financial reporting of **LAKSHMI MACHINE WORKS LIMITED** (hereinafter referred to as "Company"),the holding company incorporated in India as on that date. The Holding company does not have any subsidiary company which is a company incorporated in India.

## Management's Responsibility for Internal Financial Controls

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

## Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

## Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial



statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company and its subsidiary company have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, 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.**
Firm's Registration No 001496S
Chartered Accountants

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

Coimbatore
20th May 2019

# Consolidated Balance Sheet as at 31st March, 2019

(All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | Note No. | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|---|
| ASSETS | | | |
| **Non-current assets** | | | |
| Property, Plant and Equipment | 4 | 68,711.65 | 55,777.94 |
| Capital work-in-progress | 4 | 1,218.72 | 2,116.95 |
| Other Intangible assets | 5 | 1,180.87 | 1,265.85 |
| Financial Assets | | | |
| (i) Investments | 6 | 7,332.33 | 8,284.75 |
| (ii) Other financial assets | 11 | 40,471.22 | 20,383.00 |
| Deferred tax assets (net) | 7 | 455.33 | 1,027.47 |
| **Total Non - Current Assets** | | **1,19,370.12** | **88,855.96** |
| CURRENT ASSETS | | | |
| Inventories | 8 | 32,590.21 | 34,626.97 |
| Financial Assets | | | |
| (i) Investments | | 5,100.33 | - |
| (ii) Trade receivables | 9 | 19,264.90 | 24,671.06 |
| (iii) Cash and cash equivalents | 10(a) | 9,536.23 | 18,311.57 |
| (iv) Bank balances other than (iii) above | 10(b) | 46,263.88 | 84,890.60 |
| (v) Other financial assets | 11 | 4,428.54 | 3,932.64 |
| Current Tax Assets (Net) | 12 | 2,042.95 | 1,900.55 |
| Other current assets | 13 | 7,071.48 | 6,315.61 |
| **Total Current Assets** | | **1,26,298.52** | **1,74,649.00** |
| **Total Assets** | | **2,45,668.64** | **2,63,504.96** |
| EQUITY AND LIABILITIES | | | |
| **Equity** | | | |
| Equity Share capital | 14 | 1,068.30 | 1,095.55 |
| Other Equity | 15 | 1,69,962.30 | 1,73,573.12 |
| **Equity attributable to owners of the Company** | | **1,71,030.60** | **1,74,668.67** |
| **Total equity** | | **1,71,030.60** | **1,74,668.67** |
| LIABILITIES | | | |
| **Non-current liabilities** | | | |
| Financial Liabilities | | | |
| Borrowings | 16 A | 294.21 | 295.94 |
| Other non-current liabilities | 16 B | 5,048.43 | 9,507.64 |
| **Total Non - Current Liabilities** | | **5,342.64** | **9,803.58** |
| **Current liabilities** | | | |
| Financial Liabilities | | | |
| (i) Trade payables | 17 | | |
| Due to Small and Medium Enterprises | | 43.41 | 137.92 |
| Due to Others | | 37,491.05 | 43,031.02 |
| (ii) Other financial liabilities | 18 | 8,769.95 | 8,450.76 |
| Provisions | 19 | 1,604.15 | 1,630.90 |
| Other current liabilities | 20 | 21,386.84 | 25,782.11 |
| **Total Current Liabilities** | | **69,295.40** | **79,032.71** |
| **Total Liabilities** | | **74,638.04** | **88,836.29** |
| **Total Equity and Liabilities** | | **2,45,668.64** | **2,63,504.96** |
| See accompanying notes to financial statements | 31 | | |

In terms of our report attached

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

K. Raghu
*Partner*
Membership No. 11178

Place : Coimbatore
Date : 20th May 2019

For and on behalf of the Board of Directors

Sanjay Jayavarthanavelu
*Chairman and Managing Director*
DIN: 00004505

K.Soundhar Rajhan
*Director Operations*
DIN: 07594186

C.B. Chandrasekar
*Chief Financial Officer*

C.R. Shivkumaran
*Company Secretary*

# Consolidated Statement of Profit and Loss for the year ended 31st March, 2019

(All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | Note No. | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|---|---|---|---|
| INCOME | | | |
| Revenue from operations | 21 | 2,71,176.65 | 2,64,297.11 |
| Other income | 22 | 10,243.19 | 10,746.52 |
| **Total income** | | **2,81,419.84** | **2,75,043.63** |
| EXPENSES | | | |
| Cost of materials consumed | 23 | 1,61,898.08 | 1,62,007.28 |
| Purchase of stock in trade | | - | - |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 24 | (188.14) | 457.41 |
| Employee benefit expense | 25 | 27,837.73 | 27,146.25 |
| Depreciation and amortisation expense | 26 | 5,535.49 | 7,585.16 |
| Impairment loss on financial assets | 27 | 278.47 | (42.85) |
| Other expenses | 28 | 53,965.54 | 47,176.90 |
| Finance costs | 29 | 116.56 | 76.94 |
| **Total expenses** | | **2,49,443.73** | **2,44,407.09** |
| **Profit before exceptional items and tax** | | **31,976.11** | **30,636.54** |
| **Exceptional items** | | | |
| Voluntary retirement scheme payments | 31.6 | 3,716.75 | 402.69 |
| **Profit before tax after exceptional items** | | **28,259.36** | **30,233.85** |
| Tax expense | 30 | | |
| Current tax | 30.1 | 8,598.92 | 8,500.00 |
| Deferred tax | 30.1 | 572.14 | 269.84 |
| Prior year taxes | 30.1 | 550.18 | - |
| **Total tax expense** | | **9,721.24** | **8,769.84** |
| **Profit after tax from continuing operations for the year** | | **18,538.12** | **21,464.01** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to Profit and loss** | | | |
| Changes in Fair value of FVTOCI equity instruments | | (952.42) | 2,174.11 |
| Remeasurement of post-employment defined benefit plans | | 182.22 | (557.94) |
| Income-tax relating to these items | | (54.67) | 178.54 |
| | | | |
| **Items that will be reclassified to Profit and loss** | | - | - |
| **Total Other Comprehensive income to owners of equity** | | **(824.87)** | **1,794.71** |
| **Total Comprehensive income for the year to owners of equity** | | **17,713.25** | **23,258.72** |
| Basic Earnings per share [In ₹][Face value ₹10/- per share] | | 170.56 | 195.92 |
| Diluted Earnings per share [In ₹][Face value ₹10/- per share] | | 170.56 | 195.92 |
| See accompanying notes to financial statements | 31 | | |

In terms of our report attached

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

K. Raghu
*Partner*
Membership No. 11178

Place : Coimbatore
Date : 20th May 2019

For and on behalf of the Board of Directors

Sanjay Jayavarthanavelu
*Chairman and Managing Director*
DIN: 00004505

K.Soundhar Rajhan
*Director Operations*
DIN: 07594186

C.B. Chandrasekar
*Chief Financial Officer*

C.R. Shivkumaran
*Company Secretary*

# Consolidated Statement of Changes in Equity for the year ended 31st March, 2019

## Equity Share Capital

*(All amount in ₹ Lakhs, unless otherwise stated)*

| Particulars | Amount |
|---|---|
| Balance as at 31st March, 2018 | 1,095.55 |
| Changes in equity share capital during the year | 27.25 |
| | |
| **Balance as at 31st March, 2019** | **1,068.30** |

## Other Equity

*(All amount in ₹ Lakhs, unless otherwise stated*

| | Reserves and Surplus | | | | | Items of Other com-prehensive Income | Total |
|---|---|---|---|---|---|---|---|
| | Capital Reserves | Capital Redemption Reserve | General Reserve | FCTR | Retained Earnings | Equity Instruments through OCI | |
| **Balance as on 31st March, 2018** | **701.49** | **141.37** | **12,660.15** | **390.09** | **1,51,367.86** | **8,312.16** | **1,73,573.12** |
| Add: Profit after tax for the year | | | | | 18,538.12 | | **18,538.12** |
| Add: Changes in fair value of equity instruments through FVTOCI [net of tax] | | | | | | (952.42) | **(952.42)** |
| Add: Transfer from Other Comprehensive income | | | | | 2,089.12 | (2,089.12) | - |
| Add: Remeasurement of post-employment benefit obligations [Net of tax] | | | | | 127.55 | | **127.55** |
| | **701.49** | **141.37** | **12,660.15** | **390.09** | **1,72,122.65** | **5,270.62** | **1,91,286.37** |
| Less: Payment of dividends | | | | | (4,382.20) | | **(4,382.20)** |
| Less: Tax on dividends paid | | | | | (900.98) | | **(900.98)** |
| Less: Buy-back of equity shares | | | | | (15,920.98) | | **(15,920.98)** |
| Less: Transfer to Capital Redemption reserve | | 27.25 | (27.25) | | | | - |
| Less: Transfer to General Reserve | | | 1,900.00 | | (1,900.00) | | |
| Add: Increase in FCTR | | | | (119.91) | | | **(119.91)** |
| **Balance as on 31st March, 2019** | **701.49** | **168.62** | **14,532.90** | **270.18** | **1,49,018.49** | **5,270.62** | **1,69,962.30** |

In terms of our report attached

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

K. Raghu
*Partner*
Membership No. 11178

Place : Coimbatore
Date : 20th May 2019

For and on behalf of the Board of Directors

Sanjay Jayavarthanavelu
*Chairman and Managing Director*
DIN: 00004505

K.Soundhar Rajhan
*Director Operations*
DIN: 07594186

C.B. Chandrasekar
*Chief Financial Officer*

C. R. Shivkumaran
*Company Secretary*

# Consolidated Cash Flow Statement for the year ended 31st March, 2019

(All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | | Year ended 31st March, 2019 | | Year ended 31st March, 2018 |
|---|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| Profit after exceptional items but before tax | | 28,259.36 | | 30,233.85 |
| (VRS Expenses of ₹3,716.75 Lakhs(P.Y.₹402.69 Lakhs) | | | | |
| | | | | |
| Adjustments for : | | | | |
| Depreciation and amortisation expense | 5,535.49 | | 7,585.16 | |
| Finance costs | 116.56 | | 76.94 | |
| Shares buy back costs | 162.27 | | - | |
| Profit on sale of assets | (1,260.78) | | (1,047.00) | |
| Loss on sale of assets | 41.02 | | 18.09 | |
| Interest income | (6,491.28) | | (7,670.12) | |
| Dividend income | (431.96) | | (36.61) | |
| Investments written off | - | | | |
| Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents | (0.06) | (2,328.74) | (0.11) | (1,073.65) |
| | | | | |
| Operating Profit before working capital changes | | 25,930.62 | | 29,160.20 |
| Adjustments for (increase) / decrease in operating assets | | | | |
| Trade receivables | 5,406.16 | | (5,664.09) | |
| Inventories | 2,036.76 | | 1,769.07 | |
| Other financial assets-Non Current | 572.98 | | (4,540.11) | |
| Other financial assets- Current | (782.62) | | 339.36 | |
| Other Current assets | (755.87) | | 1,001.92 | |
| Adjustments for increase / (decrease) in operating liabilities | | | | |
| Trade payables | (5,634.48) | | 8,672.03 | |
| Other non current liabilities | (4,459.21) | | (513.65) | |
| Provisions | (26.75) | | 734.43 | |
| Other financial liabilities | 319.19 | | (32.73) | |
| Other current liabilities | (5,130.79) | (8,454.63) | (1,375.17) | 391.06 |
| | | | | |
| **Cash used in/ generated from operations** | | **17,475.99** | | **29,551.26** |
| Taxes paid | | (7,596.56) | | (8,499.23) |
| | | | | |
| **Net Cash used in/generated from operations** | **[A]** | **9,879.43** | | **21,052.03** |
| | | | | |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Purchase of Fixed assets/Capital Work In Progress | | (18,504.58) | | (13,122.12) |
| Proceeds from sale of fixed assets | | 1,288.27 | | 76.61 |
| Interest received | | 6,778.00 | | 7,255.88 |
| Dividend received | | 431.96 | | 36.61 |
| Sale of investments | | - | | - |
| Purchase of Investments | | (5,100.33) | | - |
| | | | | |
| (Increase)/Decrease in Bank balances not considered as cash and cash equivalent | | 17,977.98 | | 3,471.78 |
| | | | | |
| | | | | |
| **Net cash used in investing activities** | **[B]** | **2,871.30** | | **(2,281.24)** |
| | | | | |

## Consolidated Cash Flow Statement (Cont...) for the year ended 31st March, 2019

(All amount in ₹ Lakhs, unless otherwise stated)

| Particulars | | Year ended 31st March, 2019 | | Year ended 31st March, 2018 |
|---|---|---|---|---|
| **C. CASHFLOW FROM FINANCING ACTIVITIES** | | | | |
| Loans taken | | (1.73) | | 295.94 |
| Dividends paid | | (4,382.20) | | (3,834.43) |
| Corporate dividend taxes paid | | (900.98) | | (780.69) |
| Transfer of Unpaid Dividends to IEPF | | (14.11) | | (7.82) |
| Payment for buy back of shares | | (15,948.22) | | - |
| Payment for share buy back costs | | (162.27) | | - |
| Finance cost | | (116.56) | | (76.94) |
| **Net cash used in financing activities** | [C] | **(21,526.07)** | | **(4,403.94)** |
| | | | | |
| **Net increase in cash and cash equivalents (A+B+C)** | | **(8,775.34)** | | **14,366.85** |
| | | | | |
| Cash and cash equivalents at beginning of the period - D | | 18,311.57 | | 3,944.72 |
| | | | | |
| Cash and cash equivalents at end of the period - E | | 9,536.23 | | 18,311.57 |
| | | | | |
| **Net increase / (decrease) in cash and cash equivalents (E-D)** | | **(8,775.34)** | | **14,366.85** |
| | | | | |
| **Cash & Cash equivalents as per Balance Sheet** | | **9,536.29** | | **18,311.68** |
| Unrealised Loss / (Gain) on Foreign Currency Cash and cash equivalents | | (0.06) | | (0.11) |
| | | | | |
| **Cash and Cash equivalents as per Cash flow Statement** | | **9,536.23** | | **18,311.57** |

In terms of our report attached

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

K. Raghu
*Partner*
Membership No. 11178

Place : Coimbatore
Date : 20th May 2019

For and on behalf of the Board of Directors

Sanjay Jayavarthanavelu
*Chairman and Managing Director*
DIN: 00004505

K.Soundhar Rajhan
*Director Operations*
DIN: 07594186

C.B. Chandrasekar
*Chief Financial Officer*

C.R. Shivkumaran
*Company Secretary*

# Notes to the Consolidated financial statements for the year ended 31st March, 2019

## Statement of significant accounting policies

### 1 Corporate Information

**Lakshmi Machine Works Limited** is a public group domiciled in India and incorporated under the provisions of the Companies Act, 1956. The address of its registered office and principal place of business are disclosed in the introduction to the Annual report. Its shares are listed on two stock exchanges in India, the National Stock Exchange of India [NSE] and the Bombay Stock Exchange [BSE]. The group is engaged in the manufacturing and selling of textile spinning machinery, CNC Machine Tools, Heavy castings and parts and components for Aero space industry. The group caters to both domestic and international markets. The financial statements are approved for issue by the group's Board of Directors on 20th May 2019.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Statement of compliance

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

#### 2.2 Basis of preparation and presentation

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

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

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

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the group and entities (including structured entities) controlled by the group and its subsidiaries.Control is achieved with the group :

- Has power over the investee;
- Is exposed ,or has rights ,to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns

The group reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.When the group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The group considers all relevant facts and circumstances in assessing whether or not the group's voting rights in an investee are sufficient to give it power, including:

- The size of the group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the group has or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous sharehoder's meetings.

Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group ceases to control the subsidiary .Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the group gains control until the date when the group cease to control the subsidiary.

Profit or loss each component of other comprehensive income are attributed to the owners of the group and to the non controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the group and to the non controlling interest even if this results in the non controlling interest having a deficit balance.

When necessary , adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities , equity , income , expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**2.3 Property, plant and equipment**

Property, plant and equipment are stated at historical cost net of indirect taxes, including appropriate direct and allocated expenses less accumulated depreciation and impairment losses, if any. Increase/ Decrease in rupee liability in respect of foreign currency liability related to acquisition of fixed assets is recognised as expense or income in the Statement of Profit and Loss. Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees

and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

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

Estimated useful lives of the tangible assets are as follows:

| | |
|---|---|
| Buildings | 50-60 years |
| Plant and Equipment Main Machines | 8-20 years |
| Ancillary Machines | 3-7 years |
| Wind Mills | 22 years |
| Solar Project | 10 years |
| Furniture & fixture | 8-10 years |
| Vehicles | 6-8 years |
| Office equipment | 7-15 years |

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

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

### 2.4 Investment Property

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

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

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

### 2.5 Intangible assets

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

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

| | |
|---|---|
| Technical Know how | 6 years |
| Software | 6 years |

There are no intangible assets having indefinite useful life.

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

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

### 2.6 Impairment of assets

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

### 2.7 Financial Instruments

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

### 2.8 Financial assets

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

The classification depends on the entity's business model for managing the

financial assets and the contractual terms of the cash flows.

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

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

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

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

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

**Effective interest method**

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

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

**Investments in equity instruments at FVTOCI**

On initial recognition, the group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment

is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments .

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together

and has a recent actual pattern of short-term profit-taking; or

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

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

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

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

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

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

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

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the group's right to receive the dividends is established, it is

probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

**Impairment of financial assets**

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

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

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

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

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

For trade receivables or any contractual right to receive

cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the group always measures the loss allowance at an amount equal to lifetime expected credit losses.

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

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

**Derecognition of financial assets**

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

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

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

**Foreign exchange gains and losses**

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

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

**2.9 Financial liabilities and equity instruments**

**Equity Instruments**

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

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

**Financial liabilities**

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

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

**Financial liabilities at FVTPL**

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

A financial liability is classified as held for trading if:

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

recognised by the group as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

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

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

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

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

**Financial liabilities subsequently measured at amortised cost**

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

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

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

**Financial guarantee contracts**

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

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

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

**Foreign exchange gains and losses**

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

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

**Derecognition of financial liabilities**

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or have expired. An exchange between a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**2.10 Valuation of Inventories**

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

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

**2.11 Translation of Foreign Currency Transactions:**

In preparing the financial

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

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

### 2.12 Recognition of Revenue

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

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

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

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

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

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

in terms of the contract with the respective buyer.

### 2.13 Borrowing costs

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

### 2.14 Dividends

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

### 2.15 Earnings per Share:

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

### 2.16 Employee Benefits:

#### Short term employee benefits

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

#### Defined Contribution Plans

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

#### Defined Benefit Plans

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not re classified to profit or loss. Past services cost is recognised in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements); net interest expense or income and remeasurement. The group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated balance sheet represents the actual deficit or surplus in the group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from plans or reductions in future contributions to the plans. A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

### 2.17 Research and Development

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

### 2.18 Taxes on Income

Income tax expense comprises current and deferred income tax.

#### Current Tax

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

#### Deferred Tax

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

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

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

The measurement of deferred tax liabilities and

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

**Current and Deferred Tax for the year**

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

**Deffered tax on Undistributed Earnings**

When only a portion of undistributed earning is remitted to the parent entity by its subsidiary, the parent recognise a deffered tax liability only for the portion of the undistributed earnings expected to be remitted in the foreseeable future. No deferred tax has been provided for the undistributed earnings of the wholly owned subsidiary group as these are considered permanently employed in the business of the group.

**Deferred tax on unrealised Profits**

The intragroup elimination is made as a consolidation adjustment and not in the financial statements of any individual reporting entity. Therefore, the elimination will result in creation of a temporary difference, as far as the group is concerned , between the carrying amount of the inventories in the consolidated financial statements and the tax base(assumed to be the carrying amount in the purchaser's individual financial statements). The deferred tax effects arising in respect of the temporary difference is recognised. The tax rate used while recognising the deferred tax balance arising from the elimination of unrealised profits on intragroup transactions is determined by reference to the tax rate in the purchaser's jurisdiction where the temporary difference will reverse.

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

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

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

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

An onerous contract is considered to exist where the

group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

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

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

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

### 2.21 Segment Reporting

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

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

### 2.22 Leases

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

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

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

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

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

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

| Carrying amounts of: | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Freehold land | 8,751.28 | 8,723.75 |
| Buildings | 17,328.71 | 14,219.46 |
| Plant and Equipment | 40,154.24 | 30,880.44 |
| Furniture and fixtures | 1,253.76 | 991.26 |
| Vehicles | 679.84 | 554.11 |
| Office Equipment | 543.82 | 408.92 |
| **Total** | **68,711.65** | **55,777.94** |
| | | |
| Capital Work-in-progress | 1,218.72 | 2,116.95 |
| **Total** | **1,218.72** | **2,116.95** |
| **Total** | **69,930.37** | **57,894.89** |

| Particulars | Freehold land | Buildings | Plant & Equipment | Furniture & fixtures | Vehicles | Office Equipments | Total | Capital Work in progress |
|---|---|---|---|---|---|---|---|---|
| **Gross Carrying Amount** | | | | | | | | |
| **Balance at 31st March, 2018** | **8,754.96** | **16,354.13** | **41,991.94** | **1,649.67** | **961.07** | **544.51** | **70,256.28** | **2,116.95** |
| Additions | 91.89 | 3,600.58 | 13,470.65 | 418.66 | 480.04 | 192.22 | 18,254.04 | |
| Disposals | (52.48) | (0.73) | (1,740.13) | (13.08) | (43.01) | (28.48) | (1,877.91) | |
| **Balance at 31st March, 2019** | **8,794.37** | **19,953.98** | **53,722.46** | **2,055.25** | **1,398.10** | **708.25** | **86,632.41** | **1,218.72** |
| | | | | | | | | |
| **Accumulated depreciation and impairment** | | | | | | | | |
| **Balance at 31st March, 2018** | **31.21** | **2,134.67** | **11,111.50** | **658.41** | **406.96** | **135.59** | **14,478.34** | |
| | | | | | | | | |
| Disposals | - | 0.67 | 1,681.75 | 12.24 | 34.51 | 27.77 | 1,756.94 | |
| Depreciation Expense | 11.88 | 491.27 | 4,138.47 | 155.32 | 345.81 | 56.61 | 5,199.36 | |
| **Balance at 31st March, 2019** | **43.09** | **2,625.27** | **13,568.22** | **801.49** | **718.26** | **164.43** | **17,920.76** | **-** |
| | | | | | | | | |
| Net Carrying Amount | | | | | | | | |
| **Balance at 31st March, 2018** | **8,723.75** | **14,219.46** | **30,880.44** | **991.26** | **554.11** | **408.92** | **55,777.94** | **2,116.95** |
| Additions | 91.89 | 3,600.58 | 13,470.65 | 418.66 | 480.04 | 192.22 | 18,254.04 | |
| Disposals | (52.48) | (0.06) | (58.38) | (0.84) | (8.50) | (0.71) | (120.97) | |
| Depreciation expense | (11.88) | (491.27) | (4,138.47) | (155.32) | (345.81) | (56.61) | (5,199.36) | - |
| **Balance at 31st March, 2019** | **8,751.28** | **17,328.71** | **40,154.24** | **1,253.76** | **679.84** | **543.82** | **68,711.65** | **1,218.72** |

## 5. Other intangible assets

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Carrying amounts of:** | | |
| | | |
| Technical Knowhow | 566.33 | 701.77 |
| Software | 614.54 | 564.08 |
| **Total** | **1,180.87** | **1,265.85** |

| Particulars | Technical Knowhow | Software | Total |
|---|---|---|---|
| **Gross Carrying Amount** | | | |
| **Balance at 31st March, 2018** | **982.39** | **733.76** | **1,716.15** |
| Additions | 36.00 | 214.53 | 250.53 |
| Disposal | - | - | - |
| **Balance at 31st March, 2019** | **1,018.39** | **948.29** | **1,966.68** |
| Accumuated depreciation and impairment | | | |
| | | | |
| **Balance at 31st March, 2018** | **280.62** | **169.68** | **450.30** |
| Disposal | - | - | - |
| Amortisation Expense | 171.44 | 164.07 | 335.51 |
| **Balance at 31st March, 2019** | **452.06** | **333.75** | **785.81** |
| | | | |
| **Net Carrying Amount** | | | |
| **Balance at 31st March, 2018** | **701.77** | **564.08** | **1,265.85** |
| Additions | 36.00 | 214.53 | 250.53 |
| Disposal | - | - | - |
| Amortisation Expense | (171.44 ) | (164.07 ) | (335.51 ) |
| **Balance at 31st March, 2019** | **566.33** | **614.54** | **1,180.87** |

## 6. Investments

| Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|
| | Quantity | Amount | Quantity | Amount |
| **Non-current** | | | | |
| **a) Investment in quoted equity instruments (fully paid up)** | | | | |
| | | | | |
| Cholamandalam Investment & Finance Co. Limited | 3,42,562 | 4,958.58 | 342562 | 4,966.12 |
| Lakshmi Automatic Loom Works Limited | 4,41,110 | 190.56 | 441110 | 273.93 |
| Pricol Ltd | 24,975 | 8.98 | 24975 | 21.48 |
| Rajshree Sugars & Chemicals Limited | 1,00,000 | 22.00 | 100000 | 30.70 |
| The Lakshmi Mills Company Limited | 26,916 | 722.94 | 26916 | 872.51 |
| | | | | |
| Indian Bank | 69,562 | 193.73 | 69562 | 208.27 |
| Super Sales India Ltd | 3,00,000 | 1,235.40 | 300000 | 1,911.60 |
| | | | | |
| Investment in unquoted equity instruments (fully paid up)[At fair values] | | | | |
| | | | | |

## Investments (Cont...)

| Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|
| | Quantity | Amount | Quantity | Amount |
| Sharada Chambers Premises Co-op Society Ltd | 5 | 0.01 | 5 | 0.01 |
| Lakshmi Machine Works Employees Co-op Stores Ltd | 500 | 0.05 | 500 | 0.05 |
| REPCO Bank | 750 | 0.08 | 750 | 0.08 |
| **Total** | | **7,332.33** | | **8,284.75** |
| | | | | |
| **Total Non-current investments** | | **7,332.33** | | **8,284.75** |
| Aggregate book value of quoted investments | | 2,061.71 | | 2,061.71 |
| Aggregate market value of quoted investments | | 7,332.33 | | 8,284.75 |
| Aggregate book value of unquoted investments | | 0.14 | | 0.14 |
| | | | | |
| **Current** | | | | |
| Investments in mutual funds | | 5,100.33 | | - |
| **TOTAL** | | **5,100.33** | | **-** |

| Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|
| | Quantity | Amount | Quantity | Amount |
| **Current** | | | | |
| **Investments In Quoted Mutual Funds - Debt at FVTPL:** | | | | |
| Kotak FMP Series - Direct Growth | 42,10,000.00 | 447.89 | - | - |
| ABSL FTP-Series - Direct Growth | 95,00,000.00 | 1,002.32 | - | - |
| SBI Debt Fund Series - Direct Growth | 1,76,41,979.00 | 1,867.53 | - | - |
| Reliance Fixed Horizon Fund - Direct Growth | 42,63,150.00 | 454.16 | - | - |
| TATA Fixed Maturity Plan Series -Direct Growth | 15,00,000.00 | 159.93 | - | - |
| UTI Fixed Term Income Fund Series - Direct Growth | 60,00,000.00 | 635.81 | - | - |
| ICICI Prudential Fixed Maturity Plan - Direct Plan | 50,00,000.00 | 532.69 | - | - |
| | | | | |
| **TOTAL** | | **5,100.33** | **-** | |
| | | | | |
| Aggregate carrying amount of quoted Investment | | 5,100.33 | - | |
| Aggregate market value of quoted investments | | 5,100.33 | - | |
| Aggregate amount of unquoted Investments | | - | - | |
| Category-wise investments - as per IND AS 109 classification | | | | |
| | | | | |
| Financial assets carried at fair value through profit or loss (FVTPL) | | 5,100.33 | | - |
| Financial assets carried at amortised cost | | - | | - |
| Financial assets carried at fair value through Other Comprehensive Income (FVTOCI) | | 7,332.33 | | 8,284.75 |
| **Total** | | **12,432.66** | | **8,284.75** |

## 7. Deferred Tax assets (Net)

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

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Deferred Tax assets | 455.33 | 1,027.47 |
| Deferred Tax liabilities | - | - |
| **Total** | **455.33** | **1,027.47** |

**2018-19**

| Particulars | Opening balance | Recognised in profit or loss | Closing balance |
|---|---|---|---|
| On account of VRS | 86.81 | 1,109.68 | 1,196.49 |
| On account of Property, Plant and Equipment | 277.43 | (1,753.40) | (1,475.97) |
| On account of Expected credit loss on receivables | 403.80 | 16.92 | 420.72 |
| On account of actuarial loss | 259.43 | 54.66 | 314.09 |
| | | | |
| **Total** | **1,027.47** | **(572.14)** | **455.33** |

**2017-18**

| Particulars | Opening balance | Recognised in profit or loss | Closing balance |
|---|---|---|---|
| On account of VRS | 323.50 | (236.69) | 86.81 |
| On account of Property, Plant and Equipment | 473.90 | (196.47) | 277.43 |
| On account of Expected credit loss on receivables | 419.03 | (15.23) | 403.80 |
| On account of actuarial loss | 80.88 | 178.55 | 259.43 |
| **Total** | **1,297.31** | **(269.84)** | **1,027.47** |

## 8. Inventories

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Inventories( lower of cost or net realisable value)** | | |
| Raw materials | 18,264.24 | 20,149.29 |
| Work in progress | 7,881.88 | 8,961.02 |
| Finished goods | 4,325.09 | 3,057.81 |
| Stores and spares | 2,119.00 | 2,458.85 |
| **Total** | **32,590.21** | **34,626.97** |

The cost of inventories recognised as an expense during the year is ₹1,61,898.08 Lakhs. [Previous year ₹1,62,007.28 Lakhs]

## 9. Trade Receivables

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Current** | | |
| **Unsecured, considered good** | | |
| From related parties | 937.60 | 4,275.47 |
| From others | 19,542.85 | 21,212.72 |
| | **20,480.45** | **25,488.19** |
| Allowance for doubtful debts (Expected credit loss allowance) | 1,215.55 | 817.13 |
| **Total** | **19,264.90** | **24,671.06** |

### Concentration of Risk

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

The company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows.

| Ageing | Expected Credit loss % |
|---|---|
| Within the credit period | 0.33 |
| Less than one year | 3.47 |
| More than one year | 31.62 |

| Age of receivables | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Within the credit period | 2,924.27 | 2,820.62 |
| Less than one year | 15,320.43 | 21,036.07 |
| More than one year | 2,235.75 | 1,631.50 |
| **Total** | **20,480.45** | **25,488.19** |

### Movement in the expected credit loss allowance

| | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Balance at the beginning of the year** | 817.13 | 859.98 |
| | | |
| Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses | 398.42 | (42.85) |
| **Balance at the end of the year** | **1,215.55** | **817.13** |

## 10 (a). Cash and cash equivalents

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Balances with Banks** | | |
| Current account | 6,662.73 | 9,015.73 |
| Deposits with original maturity of less than 3 months | 2,818.56 | 9,276.58 |
| Cash on hand | 54.94 | 19.26 |
| **Total** | **9,536.23** | **18,311.57** |

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

## 10(b). Other Bank balances

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Deposits held as Margin money | 12.47 | 12.05 |
| Unpaid dividend account | 101.35 | 89.98 |
| Deposits with original maturity of more than 3 months but less than 12 months | 46,150.06 | 84,788.57 |
| **Total** | **46,263.88** | **84,890.60** |

## 11. Other financial assets

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Non-current** | | |
| i) Capital advances | 919.15 | 1,634.87 |
| ii) Advances other than capital advances | | |
| Security Deposit | 1,338.14 | 1,201.97 |
| Other advances | 173.73 | 167.16 |
| iii) Bank deposits with original maturity of more than 12 months | 38,040.20 | 17,379.00 |
| | **40,471.22** | **20,383.00** |
| **Current** | | |
| Interest accrued on bank deposits | 2,728.16 | 3,014.88 |
| Income receivable | 1,608.12 | 825.50 |
| Compensation receivable for shares vested | 92.26 | 92.26 |
| **Total** | **4,428.54** | **3,932.64** |

## 12. Current tax assets (Net)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Current tax assets** | | |
| Income tax advances | 19,280.03 | 38,626.65 |
| **Current tax liabilities** | | |
| Income tax provisions | 17,237.08 | 36,726.10 |
| **Total** | **2,042.95** | **1,900.55** |

## 13. Other current assets

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Advance to suppliers and others | 3,687.65 | 4,308.83 |
| Prepaid Expenses | 236.90 | 253.34 |
| Balances with Central Excise, VAT, Customs etc. | 3,146.93 | 1,753.44 |
| | | |
| **Total** | **7,071.48** | **6,315.61** |

## 14. Equity Share Capital

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Authorised Share Capital** | | |
| 5,00,00,000 fully paid equity shares of ₹10 each | 5,000.00 | 5,000.00 |
| | | |
| **Issued and subscribed and fully paid up capital comprises:** | | |
| | | |
| 1,06,83,000 fully paid equity shares of ₹10 each as on 31st March, 2019<br>1,09,55,504 fully paid equity shares of ₹10 each as on 31st March, 2018 | 1,068.30 | 1,095.55 |
| | | |
| 3,11,000 equity shares of ₹10 each were bought back during the financial year 2016-17 | | |
| 2,72,504 equity shares of ₹10 each were bought back during the financial year 2018-19 | | |

| Fully paid up equity shares | Number of shares | Share Capital |
|---|---|---|
| **Balance as on 31st March, 2018** | 1,09,55,504 | 1,095.55 |
| Less : Buy back of equity shares | 2,72,504 | 27.25 |
| **Balance as on 31st March, 2019** | **1,06,83,000** | **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..

### Shareholders holding more than 5% Equity shares

| Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|
| | Number | Percentage | Number | Percentage |
| Lakshmi Cargo Company Limited | 10,74,468 | 10.06 | 10,74,768 | 9.81 |
| Life Insurance Corporation Limited | 7,84,414 | 7.34 | 8,47,820 | 7.74 |
| Lakshmi Technology and Engineering Industries Limited | 6,67,090 | 6.24 | 6,67,090 | 6.09 |
| Voltas Limited | 5,79,672 | 5.43 | 5,79,672 | 5.29 |

## 15. Other Equity

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Capital Reserve | 701.49 | 701.49 |
| Capital Redemption Reserve | 168.62 | 141.37 |
| General Reserve | 14,532.90 | 12,660.15 |
| Reserve for equity instruments and others through other comprehensive income | 5,270.62 | 8,312.16 |
| Retained Earnings | 149,018.49 | 151,367.86 |
| Foreign Currency Translation reserve | 270.18 | 390.09 |
| | | |
| **Total** | **169,962.30** | **173,573.12** |

### 15.1 Capital Reserve

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Balance at the beginning of the year** | **701.49** | **701.49** |
| Movements during the year | - | - |
| **Balance at the end of the year** | **701.49** | **701.49** |

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

### 15.2 Capital Redemption Reserve

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Balance at the beginning of the year** | **141.37** | **141.37** |
| Add: Transfer from General Reserve | 27.25 | - |
| **Balance at the end of the year** | **168.62** | **141.37** |

Capital Redemption Reserve is a statutory reserve created at amounts equal to the face value of the shares bought back as per the provisions of company law.

### 15.3 General Reserve

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Balance at the beginning of the year** | **12,660.15** | **10,560.15** |
| Add: Transfer from retained earnings | 1,900.00 | 2,100.00 |
| Less: Transfer to Capital Redemption Reserve | 27.25 | - |
| **Balance at the end of the year** | **14,532.90** | **12,660.15** |

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

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

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Balance at the beginning of the year** | **8,312.16** | **6,138.05** |
| Net fair value gain on investments in equity instruments at FVTOCI | (952.42) | 2,174.11 |
| Remeasurement of post-employment defined benefit plans [net of taxes] | (2,089.12) | - |
| **Balance at the end of the year** | **5,270.62** | **8,312.16** |

The company has elected to recognise changes in fair value of investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI reserve which represents the the cumulative gains and losses arising on the revaluation of equity instruments measured at fair valuethrough 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

### 15.5 Retained Earnings

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Balance at the beginning of the year** | **1,51,367.86** | **1,36,998.37** |
| Add: Profit attributable to the owners of the company | 18,538.12 | 21,464.01 |
| Add: OCI on post employee benefits | 127.55 | (379.40) |
| Add: Transfer from Other Comprehensive income | 2,089.12 | - |
| Less: Payment of dividends on equity shares | 4,382.20 | 3,834.43 |
| Less: Payment of tax on dividends | 900.98 | 780.69 |
| Less: Share buy back | 15,920.98 | - |
| Less: Transfer to General Reserve | 1,900.00 | 2,100.00 |
| **Balance at the end of the year** | **1,49,018.49** | **1,51,367.86** |

In financial year 2018-19, on 3rd August 2018, a dividend of ₹40 per share (Total dividend ₹4,382.20 Lakhs) was paid to the holders of fully paid equity shares

In respect of the year ended 31st March, 2019, the directors propose that a dividend of ₹35 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 ₹3,739.05 Lakhs.

### 15.6 Foreign Currency Translation Reserve

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Balance at the beginning of the year** | **390.09** | 205.85 |
| Exchange differences arising on translating the foreign operations | (119.91) | 184.24 |
| **Balance at the end of the year** | **270.18** | **390.09** |

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.

## 16 A. Borrowings

| | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Secured loans | | |
| Term loan from banks | **294.21** | **295.94** |

## 16B. Other Non-current liabilities

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Security deposits received against supply of machinery | 5,048.43 | 9,507.64 |
| **Total** | **5,048.43** | **9,507.64** |

## 17. Trade payables

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Current** | | |
| Due to Micro, Small & Medium Enterprises [Refer Note 31.4] | 43.41 | 137.92 |
| Due to related parties | 5,234.96 | 7,430.34 |
| Others | 32,256.09 | 35,600.68 |
| **Total** | **37,534.46** | **43,168.94** |

## 18. Other Financial liabilities

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Current** | | |
| Unpaid dividends | 101.34 | 89.98 |
| Other liabilties | 8,668.61 | 8,360.78 |
| **Total** | **8,769.95** | **8,450.76** |

## 19. Provisions

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Current** | | |
| **Provision for employee benefits** | | |
| Provision for gratuity | 1,094.71 | 1,145.54 |
| Provision for leave encashment | 0.20 | - |
| **Other provisions** | | |
| Provision for warranty | 509.24 | 485.36 |
| **Total** | **1,604.15** | **1,630.90** |

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

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

| | Provision for Warranty | |
|---|---|---|
| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
| **Carrying amount at the beginning of the year** | **485.36** | **427.21** |
| Additional provision made during the year | 509.24 | 485.36 |
| Amount used during the year | 485.36 | 306.48 |
| Unused amount reversed | - | 120.73 |
| **Carrying amount at the end of the year** | **509.24** | **485.36** |

## 20. Other Current liabilities

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Security deposit received against supply of machinery | 11,476.21 | 10,175.03 |
| Other advances | 9,910.63 | 15,607.08 |
| **Total** | **21,386.84** | **25,782.11** |

## 21. Revenue from operations

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| **Gross sale of products (including Excise duty of ₹Nil Lakhs** | **2,62,141.26** | **2,57,291.29** |
| for the year ended 31st March, 2019; ₹6,198.86 Lakhs for the year ended 31st March, 2018) | | |
| **Other operating revenues** | | |
| Repairs & Service charges & miscellaneous income | 4,738.58 | 3,645.78 |
| Sale of scrap | 1,007.99 | 864.08 |
| Export incentives | 3,288.82 | 2,495.96 |
| **Total revenue from operations** | **2,71,176.65** | **2,64,297.11** |

## 22. Other Income

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Dividend income from Mutual fund designated at FVTPL | 110.70 | - |
| Interest income from financial assets at amortised cost | 6,491.28 | 7,670.12 |
| Dividend income from equity investments designated at FVTOCI | 32.44 | 36.61 |
| Income from Mutual funds designated at FVTPL | 288.82 | - |
| Rental income | 60.88 | 53.10 |
| Net Gain on foreign currency transactions | 1,752.29 | 1,300.72 |
| Net Gain on sale of assets | 1,260.78 | 1,047.00 |
| Sale of wind energy/REC | 246.00 | 638.97 |
| **Total other income** | **10,243.19** | **10,746.52** |

## 23. Cost of materials consumed

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Raw materials at the beginning of the year | 20,149.29 | 21,655.01 |
| Add: Purchases | 1,61,014.44 | 1,57,324.48 |
| Add: Excise duty on finished goods sold | - | 6,198.86 |
| Less:Sales | 1,001.41 | 3,021.78 |
| Less: Raw materials at the end of the year | 18,264.24 | 20,149.29 |
| **Total cost of materials consumed** | **1,61,898.08** | **1,62,007.28** |

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

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| **Opening Stock** | | |
| Work-in-progress | 8,961.02 | 8,931.34 |

| Particulars | | Year ended 31st March, 2019 |
|---|---|---|
| Finished goods | 3,057.81 | 3,544.90 |
| Total | 12,018.83 | 12,476.24 |
| Closing Stock | | |
| Work-in-progress | 7,881.88 | 8,961.02 |
| Finished goods | 4,325.09 | 3,057.81 |
| | 12,206.97 | 12,018.83 |
| Total changes in inventories of work-in-progress and finished goods | (188.14) | 457.41 |

## 25. Employees Benefits Expenses

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Salaries and wages | 23,581.21 | 22,405.64 |
| Contribution to Provident and other funds | 1,720.88 | 1,976.36 |
| Staff welfare expenses | 2,535.64 | 2,764.25 |
| Total employee benefit expenses | 27,837.73 | 27,146.25 |

## 26. Depreciation and amortisation expense

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Depreciation of property, plant and equipment | 5,199.98 | 7,482.28 |
| Amortisation of intangible assets | 335.51 | 102.88 |
| Total depreciation and amortisation expense | 5,535.49 | 7,585.16 |

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

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Impairment loss [Expected credit loss) allowance on trade receivables | 278.47 | (42.85 ) |
| Total | 278.47 | (42.85 ) |

## 28. Other expenses

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Sales commission to agents | 3,747.62 | 4,700.11 |
| Consumption of stores and spare parts | 8,606.26 | 8,483.00 |
| Consumption of packing material | 4,672.80 | 4,648.35 |
| Power and fuel (net of wind energy ₹4,536.46 Lakhs; previous year ₹5,102.06 Lakhs) | 3,545.98 | 3,938.21 |
| Rent expense | 106.42 | 71.52 |
| Repairs and maintenance | | |
| Repairs to buildings | 1,072.61 | 1,030.52 |
| Repairs to machinery and others | 5,888.20 | 6,159.66 |
| Insurance | 274.01 | 223.83 |
| Rates and taxes, excluding taxes on income | 342.51 | 294.42 |
| Auditors' remuneration | | |
| For Audit | 18.48 | 18.71 |

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| For reimbursement of expenses | 0.10 | 0.14 |
| Loss on sale of assets | 41.02 | 18.09 |
| Donations | 527.79 | 479.40 |
| Directors sitting fees | 42.39 | 37.70 |
| Non-executive directors' commission | 52.50 | 35.00 |
| Corporate Social Responsibility expenses (Note 31.7) | 598.99 | 647.95 |
| Export expenses | 10,027.18 | 5,126.68 |
| Research and development expenses | 2,542.46 | 2,225.69 |
| Miscellaneous expenses | 11,858.22 | 9,037.92 |
| **Total other expenses** | **53,965.54** | **47,176.90** |

## 29. Finance Costs

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Bill collection charges | 105.88 | 66.26 |
| Interest on Borrowings | 10.68 | 10.68 |
| **Total** | **116.56** | **76.94** |

## 30. Income tax relating to continuing operations

### 30.1 Income tax recognised in profit or loss

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Current tax | | |
| Current tax on profits for the year | 8,598.92 | 8,500.00 |
| Adjustments for current tax of prior periods | 550.18 | - |
| **Total current tax expense** | **9,149.10** | **8,500.00** |
| | | |
| Deferred Tax | | |
| Decrease / (increase) of deferred tax assets | 572.14 | 269.84 |
| (Decrease) / Increase in deferred tax liabilities | - | - |
| **Total deferred tax expense** | **572.14** | **269.84** |
| **Total income tax expense recognised for the year** | **9,721.24** | **8,769.84** |

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

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| **Profit before tax after exceptional items** | **28,259.36** | **30,233.84** |
| Enacted tax rate in India | 34.94% | 34.961% |
| | | |
| Computed expected tax expense at enacted tax rate | **9,780.57** | **10,463.93** |
| Tax effect on account of tax deductions | (1,922.75) | (1,881.27) |
| Tax effect on Income that is exempt from taxation | (451.85) | (384.78) |
| Tax effect of non-deductible expenses | 1,192.95 | 302.12 |
| | | |
| **Total income tax expense recognised for the year** | **8,598.92** | **8,500.00** |

### 30.3 Income tax recognised in other comprehensive income

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Arising on income and expenses recognised in other comprehensive income: | | |
| Net fair value gain on investments in equity shares at FVTOCI | - | - |
| Remeasurement of defined benefit obligations | (54.67) | 178.54 |
| **Total** | **(54.67)** | **178.54** |
| **Bifurcation of income tax recognised in other comprehensive income into:** | | |
| Items that will not be reclassified to profit or loss | (54.67) | 178.54 |
| Items that may be reclassified to profit or loss | - | - |
| **Total** | **(54.67)** | **178.54** |

## 31.

### 31.1 The Subsidiary Companies considered in the consolidated Financial Statements and their reporting dates are as under :

| Name of the Company | Country of incorporation | % of Ownership Interest | Reporting date |
|---|---|---|---|
| **For 31.3.2019** | | | |
| LMW Textile Machinery (Suzhou) Co. Ltd | China | 100.00 | 31st March, 2019 |
| **For 31.3.2018** | | | |
| LMW Textile Machinery (Suzhou) Co. Ltd | China | 100.00 | 31st March, 2018 |

### Name of the entity in the group

| | Net Assets i.e total assets minus total liabilities | | Share in Profit or loss | |
|---|---|---|---|---|
| Name of the Company | As % of Consolidated Assets | Amount | As % of Consolidated Profit or loss | Amount |
| **Subsidiary- Indian** | **Nil** | **Nil** | **Nil** | **Nil** |
| **Subsidiary- Foreign** | | | | |
| LMW Textile Machinery (Suzhou) Co. Ltd | 4.99% | 8,526.21 | (2.34%) | (448.17) |
| Previous Year | 5.12% | 8,940.35 | 1.42% | 304.11 |
| Non controlling Interests in subsidiary | Nil | Nil | Nil | Nil |

### Name of the entity in the group

| | Share in Other comprehensive income | | Share in Total comprehensive income | |
|---|---|---|---|---|
| Name of the Company | As % of Consolidated OCI | Amount | As % of Comprehensive income | Amount |
| **Subsidiary- Indian** | **Nil** | Nil | Nil | Nil |
| **Subsidiary- Foreign** | | | | |
| LMW Textile Machinery (Suzhou) Co. Ltd | - | - | (2.53) | (448.17) |
| Previous Year | - | - | 1.31% | 304.11 |
| Non controlling Interests in subsidiary | Nil | Nil | Nil | Nil |

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

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Contingent liabilities** | | |
| **Claims against the company not acknowledged as debt** | | |
| Central Excise Demand | 2,462.80 | 2,717.19 |
| Income Tax Demand | 327.22 | 519.33 |
| **Other money for which the company is contingently liable** | | |
| Letters of Credit | 3,811.31 | 4,557.12 |
| Bank and other guarantees | 2,123.97 | 4,126.44 |

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.

| | | |
|---|---|---|
| **Commitments** | | |
| Estimated amount of contracts remaining to be executed on capital account not provided for | 3055.36 | 2139.10 |

### 31.3 Details of dividend proposed and paid:

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| a) Final dividend | 4,382.20 | 3,834.43 |
| b) In respect of the current year, the directors propose that a dividend of ₹35 per share be paid on equity shares on or before 21.08.2019. 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 22.07.2019. The total estimated equity dividend to be paid is ₹3,739.05 Lakhs. The payment of this dividend is estimated to result in payment of dividend tax of ₹768.65 Lakhs @20.56% on the amount of dividends grossed up for the related dividend distribution tax. | | |

### 31.4 Disclosure as per Schedule III

As defined under Micro, Small and Medium Enterprises Development Act, 2006, the disclosure in respect of the amounts payable to such enterprises as at the end of the year has been made in the financial statements based on information received and available with the Company.

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | 43.41 | 137.92 |
| The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year | Nil | Nil |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act | Nil | Nil |
| The amount of interest accrued and remaining unpaid at the end of the year | Nil | Nil |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise | Nil | Nil |

## 31.5 FINANCIAL INSTRUMENTS

### (i) Financial instruments by category

| Particulars | As at 31st March, 2019 | | | As at 31st March, 2018 | | |
|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised cost | FVTPL | FVTOCI | Amortised cost |
| **Financial assets** | | | | | | |
| Measured at amortised cost | | | | | | |
| a) Cash and bank balances | | | 9,536.23 | | | 18,311.57 |
| b) Other financial assets -Non current | | | 40,471.22 | | | 20,383.00 |
| Current | | | | | | |
| c) Trade receivables | | | 19,264.90 | | | 24,671.06 |
| d) Bank balances | | | 46,263.88 | | | 84,890.60 |
| e) Other financial assets -Current | | | 4,428.54 | | | 3,932.64 |
| f) Investments in subsidiaries | | 7,332.33 | | | 8,284.75 | |
| g) Investments in equity | 5,100.33 | | | | | |
| h) Investments in Mutual funds | 5,100.33 | 7,332.33 | 1,19,964.77 | 0.00 | 8,284.75 | 1,52,188.87 |
| **Total** | **5,100.33** | **7,332.33** | **1,24,122.81** | **0.00** | **8,284.75** | **1,54,133.73** |
| | | | | | | |
| **Financial liabilities** | | | | | | |
| a) Other non-current liabilities | | | 5,048.43 | | | 9,507.64 |
| b) Trade Payables | | | 37,534.44 | | | 43,168.94 |
| c) Other financial liabilities | | | 8,769.95 | | | 8,450.75 |
| **Total** | - | - | **51,352.82** | - | - | **61,127.33** |
| **Financial assets** | **5,100.33** | | **1,32,397.43** | - | | **1,60,473.62** |
| **Financial liabilities** | - | - | **51,352.82** | - | - | **61,127.33** |

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

| Particulars | Fair value as at | | Fair value | Valuation |
|---|---|---|---|---|
| | 31st March, 2019 | 31st March, 2018 | Amortised cost | |
| | | | | |
| **Financial assets measured at Fair Value** | | | | |
| Financial assets measured at Fair Value | | | Level 1 | Quoted bid prices |
| Financial assets | | | | |
| Investments | | | | |
| 1. Quoted Equity investments | 7,332.33 | 8,284.75 | | |
| 2. Mutual funds | 5,100.33 | | | |
| **Total financial assets** | **12,432.66** | **8,284.75** | | |

**iii) Fair Value of financial assets and liabilities measured at amortised cost**

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short term and settlment on demand nature.

For all other financial assets and liabilities measured at amortised cost, the Company considers that their carrying amounts approximates their fair values

### 31.6 Exceptional Items

Exceptional items represents compensation towards Voluntary Retirement Scheme opted by Employees ₹3,716.15 Lakhs (Previous year ₹402.69 Lakhs)

### 31.7 Corporate Social Responsibility expenditure

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Amount spent through approved trusts and institutions | 597.64 | 645.30 |
| Amount spent directly | 1.35 | 2.65 |
| **Total** | **598.99** | **647.95** |
| Amount required to be spent as per Sec. 135 of the Act | 598.99 | 640.95 |
| | | |
| *Amount spent during the year on:* | | |
| Construction / acquisition of an asset | - | - |
| On purposes other than above | 598.99 | 647.95 |
| **Total** | **598.99** | **647.95** |

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

### 31.8 Earnings Per Share

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Net Profit after Tax before OCI [₹ In Lakhs] | 18,538.12 | 21,464.00 |
| Weighted Average Number of Equity Shares used as denominator in calculating basic earnings per share | 1,08,68,983 | 1,09,55,504 |
| Nominal Value per Equity Share [in ₹] | 10.00 | 10.00 |
| Basic & Diluted Earnings Per Share [in ₹] | 170.56 | 195.92 |

### 31.8 Related party transactions

#### Related Party Relationships

#### Key Management Personnel

Sri. Sanjay Jayavarthanavelu, Chairman and Managing Director
Sri. K. Soundhar Rajhan, Director -Operations
Sri. C. B. Chandrasekar -Chief Financial Officer
Sri. C. R. Shivkumaran - Company Secretary

#### Post employment benefit plans

Lakshmi Machine Works Limited Employees' Gratuity Fund

### Other related parties

Dhanuprabha Agro P Ltd; Eshaan Enterprises Limited; Harshini Textiles Limited; Hermes Academy of Training Limited; Lakshmi Card Clothing Mfg Co. P Ltd; Lakshmi Cargo Company Limited; LCC Cargo Holdings Limited;Lakshmi Caipo Industries Ltd; Lakshmi Energy & Environmental Designs Ltd; Lakshmi Electrical Drives Limited; Lakshmi Technology & Engg. Industries Ltd; Lakshmi Ring Travellers (CBE) Limited; Lakshmi Electrical Control Systems Limited;Lakshmi Precision Tools Limited; Lakshmi Life Sciences Limited; Mahalakshmi Engineering Holdings Limited; Quattro Engineering India Limited; Rajalakshmi Engineering; Revantha Holdings Limited; Revantha Services Ltd; Revantha Agro FarmsP Ltd; Sowbarnika Enterprises Ltd; Sowbarniha Resorts Private Limited; Sri Kamakoti Kamakshi Enterprises P Ltd; Sudhasruti Agro P Ltd; Super Sales India Limited; Supreme Dairy Products India Ltd; Starline Travels Limited;Titan Paints & Chemicals Limited; The Lakshmi Mills Company Limited; Venkatavaradha Agencies P Limited; Walzer Hotels P Ltd Alampara Hotels and Resorts Private ltd.Chakradhara Aerospace & Cargo Private Ltd,Chakradhara Agro farms Private ltd, Dhanajaya Agro Farms Private Ltd

### Key Management personnel compensation

| Particulars | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| Short term employee benefits | 1,055.74 | 955.33 |
| Post employment benefits | 40.36 | 32.75 |
| | | |
| **Total compensation** | **1,096.10** | **988.08** |

Note : Related party relationships are as identified by the Management

### Related Party Transactions

| Particulars | Other Related Parties | | Key Management Personnel | |
|---|---|---|---|---|
| | 31.03.19 | 31.03.18 | 31.03.19 | 31.03.18 |
| | | | | |
| Purchase of goods | 32,570.82 | 34,830.14 | - | - |
| Sale of goods | 3,654.41 | 4,650.60 | - | - |
| Purchase of Fixed Assets | - | 29.58 | - | - |
| Sale of Fixed Assets | 12.67 | 46.20 | - | - |
| Rendering of Services | 117.15 | 99.37 | - | - |
| Receiving of Services | 16,498.73 | 14,598.35 | - | - |
| Agency arrangements | 882.28 | 1,135.31 | - | - |
| Contribution to Gratuity Fund | 400.00 | 251.57 | - | - |
| Managerial remuneration | - | - | 1,096.10 | 988.08 |
| Outstanding Payables | 3,978.02 | 5,822.16 | 636.36 | 621.94 |
| Outstanding Receivables | 28.40 | 147.29 | - | - |

| | |
|---|---|
| 1 | "Purchase of Goods includes Lakshmi Electrical Control Systems Limited ₹16,186.24 Lakhs (Previous Year ₹16,728.30 Lakhs); Lakshmi Life Sciences Limited * ₹6,783.33 Lakhs (Previous year ₹6,812.50 Lakhs);Lakshmi Electrical Drives Limited ₹ 3,378.45 Lakhs (Previous year ₹4,154.39 Lakhs); Other Related Parties- Associates ₹6,222.80 Lakhs (Previous Year ₹7,134.95 Lakhs) |
| | |
| 2 | Sale of Goods includes Lakshmi Electrical Control Systems Limited ₹829.82 Lakhs (Previous Year ₹2,709.57 Lakhs) Super Sales India Ltd ₹2,152.15 Lakhs (Previous Year ₹1,001.58 Lakhs) and Other related Parties - Associates ₹672.44 Lakhs (Previous Year ₹939.45 Lakhs) |
| | |
| 3 | Purchase of Fixed Assets includes Lakshmi Life Sciences Limited * ₹ Nil Lakhs (Previous Year ₹26.98 Lakhs) |
| | |
| 4 | Sale of Fixed Assets includes Super Sales India Limited ₹2.48 Lakhs (Previous Year ₹28.10 Lakhs);Star line Travels Limited ₹9.90 Lakhs(Previous Year ₹ Nil Lakhs) and Other Related Parties-Associates ₹0.29 Lakhs (Previous Year ₹18.10 Lakhs) |
| | |
| 5 | Rendering of Services includes Chakradhara Aerospace and Cargo P Ltd **₹83.48 Lakhs (Previous year ₹72.53 Lakhs); Super Sales India Limited ₹23.62 Lakhs (Previous Year ₹20.95 Lakhs) Others - Other Related Parties-Associates ₹10.05 Lakhs (Previous Year ₹5.89 Lakhs) |
| | |
| 6 | Receiving of Services include Chakradhara Aerospace and Cargo P Ltd **₹10,247.74 Lakhs (Previous year ₹7,829.77 Lakhs) Revantha Services Ltd ₹3,501.89 Lakhs (Previous year ₹4,298.53 Lakhs) and Other Related Parties - Associates ₹2,749.10 Lakhs (Previous Year ₹2,470.05 Lakhs) |
| | |
| 7 | Agency arrangement includes Super Sales India Limited ₹882.28 Lakhs (Previous Year ₹1,135.31 Lakhs) |
| | |
| 8 | Contribution to gratuity fund includes Lakshmi Machine Works Limited Employees' Gratuity Fund ₹400 Lakhs (Previous Year ₹251.57 Lakhs) |
| | |
| 9 | Managerial Remuneration includes amount paid to Sri Sanjay Jayavarthanavelu, Chairman and Managing Director ₹854.77 Lakhs (Previous Year ₹855.33 Lakhs); Sri K.Soundhar Rajhan,Director Operations ₹146.59 Lakhs (PY ₹53.42 Lakhs); Sri C.B.Chandrasekar, Chief Financial Officer ₹61.94 Lakhs (Previous year ₹51.85 Lakhs); Sri C. R Shiv Kumaran, Company Secretary ₹32.80 Lakhs (Previous year ₹27.48 Lakhs) |
| | |
| 10 | Outstanding Payables include Chakradhara Aerospace and Cargo P Ltd **₹616.90 Lakhs (Previous year ₹728.50 Lakhs) Lakshmi Electrical Control Systems Limited ₹1,080.50 Lakhs (Previous Year ₹1,938.89) Lakhs Super Sales India Limited ₹1,234.75 Lakhs (Previous Year ₹887.72 Lakhs) Sri. Sanjay Jayavarthanavelu ₹636.36 Lakhs (Previous year ₹621.94 Lakhs) Lakshmi Life Sciences Limited ₹483.80 Lakhs (Previous Year ₹539.08 Lakhs); and Other Related Parties -Associates ₹562.07 Lakhs (Previous Year ₹1,727.97 Lakhs); |
| | |
| 11 | Outstanding Receivables include Revantha Services Limited ₹6.08 Lakhs (Previous Year ₹Nil Lakhs); The Lakshmi Mills Company Limited ₹19.50 Lakhs (Previous Year ₹1.59 Lakhs) Others - Other Related Parties - Associates ₹2.82 Lakhs (Previous Year ₹145.70 Lakhs)<br>* During the year the operating units of Lakshmi Life Sciences Limited (LLS) has been de-merged to Quattro Engineering India Limited (QEL). Thereafter, the names of LLS and QEL were swapped as per NCLT order.<br>** During the year the operating units of Lakshmi Technology and Engineering Industries Limited (LTE) and Lakshmi Cargo Company Limited (LCC) have been de-merged to Chakradhara Aerospace and Cargo P Ltd. |

### 31.9 Employee defined benefit and contribution plans

### I. Defined Benefit Plans

| Particulars | Gratuity (Funded) | | Leave Encashment (Funded) | |
|---|---|---|---|---|
| | 31st March, 2019 | 31st March, 2018 | 31st March, 2019 | 31st March, 2018 |
| A. Expense recognised in Income Statement | | | | |
| 1. Current Service cost | 429.49 | 410.60 | 135.66 | 165.03 |
| 2. Interest expense on DBO | 644.74 | 563.03 | 68.33 | 67.08 |
| 3. Interest (Income on plan asset) | (570.40) | (556.61) | (73.91) | (65.82) |
| 4. Net Interest | 74.35 | 6.42 | (5.57) | 1.26 |
| 5. Immediate recognition of (gain) / losses | - | - | 7.63 | (172.60) |
| 6. Defined Benefits cost included in P & L | **503.84** | **417.02** | **137.72** | **(6.31)** |
| B. Expense recognised in Comprehensive Income | | | | |
| 1. Actuarial (Gain)/Losses due to Demographic Assumption changes in DBO | 249.58 | - | - | - |
| 2. Actuarial (gain)/Losses due to financial assumption changes in DBO | (218.21) | (59.61) | (22.13) | (6.67) |
| 3. Actuarial (gain)/Losses due to experience on DBO | (251.06) | 565.51 | 34.71 | (184.61) |
| 4. Return on plan assets (Greater) / Less than Discount rate | 37.46 | 52.04 | (4.95) | 18.69 |
| 5. Total actuarial (gain) / loss included in OCI | **(182.23)** | **557.94** | **7.63** | **(172.59)** |
| 6. Cost recognised in P & L | 503.84 | 417.02 | 137.72 | (6.31) |
| 7. Remeasurement effect recognised in OCI | (182.22) | 557.94 | - | - |
| 8. Total defined benefit cost | **321.61** | **974.96** | **137.72** | **(6.31)** |
| C. Net asset/Liability recognised in the Balance Sheet | | | | |
| 1. Present value of benefit obligation | **8,474.05** | **9,019.06** | **1,032.70** | **947.34** |
| 2. Fair value of plan assets | 7,379.33 | 7,873.51 | 1,032.50 | 953.64 |
| 3. Funded Status [Surplus / (deficit)] | (1,094.71) | (1,145.54) | (0.20) | 6.31 |
| 11. Net Asset /(Liability) recognised in balance sheet | **(1,094.71)** | **(1,145.54)** | **(0.20)** | **6.31** |
| D. Change in Present value of the Obligation during the year | | | | |
| 1. Present value of the obligation at beginning of year | 9,019.06 | 7,887.11 | 947.34 | 906.51 |
| 2. Current service cost | 429.49 | 410.60 | 135.66 | 165.03 |
| 3. Interest cost | 644.74 | 563.03 | 68.33 | 67.08 |
| 4. Benefits paid | (1,399.56) | (557.07) | (131.21) | - |
| 5. Actuarial (gain) loss on obligation | (219.68) | 715.39 | 12.58 | (191.28) |
| 6. Present value of obligation at end of the year | **8,474.05** | **9,019.06** | **1,032.70** | **947.34** |
| E. Reconciliation of opening & closing values of Plan Assets | | | | |
| 1. Fair value of plan assets at the beginning of the year | 7,873.52 | 7,674.43 | 953.64 | 872.39 |
| 2. Expected return on plan assets | 570.40 | 556.61 | 73.91 | 65.82 |
| 3. Contributions made | 372.46 | 251.57 | 131.21 | 34.12 |
| 4. Benefits paid | (1,399.56) | (557.07) | (131.21) | - |
| 5. Actuarial gain / (loss) on plan assets | (37.46) | (52.04) | 4.95 | (18.69) |
| 6. Fair value of plan assets at the end of the year | **7,379.36** | **7,873.50** | **1,032.50** | **953.64** |

### I. Defined Benefit (Cont...)

| Particulars | Gratuity (Funded) | | Leave Encashment (Funded) | |
|---|---|---|---|---|
| | 31st March, 2019 | 31st March, 2018 | 31st March, 2019 | 31st March, 2018 |
| 7. Actual return on plan assets | 532.93 | 504.57 | 78.86 | 47.13 |
| F. Amounts recognised in Other comprehensive Income | | | | |
| 1. Opening unrecognised losses / (Gains) | 1,613.42 | 846.00 | - | - |
| 2. Actuarial Loss / (Gains) on DBO | (219.68) | 715.39 | | |
| 3. Actuarial Loss / (Gains) on assets | 37.46 | 52.04 | | |
| 4. Amortisation Actuarial loss / (Gain) | - | - | | |
| 5. Total recognised in Other comprehensive income | 1,431.20 | 1,613.42 | - | - |
| | | | | |
| G. Major categories of plan assets as a percentage of total plan | | | | |
| 1. Qualifying insurance policies | 7,379.33 | 7,687.44 | 1,032.50 | 953.64 |
| 2. Own plan assets-Bank balances | 7.33 | 186.07 | - | - |
| | **7,386.66** | **7,873.51** | **953.64** | **953.64** |
| H. Actuarial Assumptions | | | | |
| 1. Discount rate | 7.75% | 7.40% | 7.75% | 7.40% |
| 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 | 7.75% | 7.40% | 7.75% | 7.40% |
| 5.Mortality rate | Indian Assured Lives Mortality (2006-08) Ultimate | | | |

The salary escalation considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Gratuity is applicable to all permanent and full time employees of the company.

Gratuity payment is based on last drawn basic salary and dearness allowance at the time of termination or retirement. The Scheme takes into account each completed year of service or part thereof in excess of six months. The entire contribution is borne by the company.

Leave encashment benefits are provided as per the rules of the Company. The liabilities on account of defined benefit obligations are expected to be contributed within the next financial year.

The company expects to make a contribution of ₹1,000 Lakhs (as at 31st March, 2018: ₹.600.00 Lakhs) to the defined benefit plans during the next financial year.

### I. Sensitivity Analysis

| Particulars | Gratuity (Funded) | | Leave Encashment (Funded) | |
|---|---|---|---|---|
| | 31st March, 2019 | 31st March, 2018 | 31st March, 2019 | 31st March, 2018 |
| | | | | |
| Impact of +1% change in rate of discounting | (1,093.43) | (589.28) | 267.61 | 182.25 |
| Impact of -1% change in rate of discounting | 1,093.43 | 528.03 | 146.73 | 61.37 |
| Impact of +1% change in rate of salary increase | 996.95 | (553.64) | 186.55 | 101.19 |
| Impact of -1% change in rate of salary increase | 996.95 | 508.13 | 235.97 | 150.60 |
| Impact of +1% change in rate of attrition | (1,210.58) | 57.78 | 218.10 | 132.73 |
| Impact of -1% change in rate of attrition | 1,210.58 | (63.81) | 204.28 | 118.91 |

The above sensitivity analyses are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the balance sheet.

**Brief description of the Plans & risks**

These plans typically expose the company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

**Investment risk**

The present value of the defined benefit plan liability is calculated using a discount which is determined by reference to market yields at the end of the reporting period on government bonds. Plan investment is amix of investments in government securities, other debt instruments and equity shares of listed companies.

**Interest risk**

A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments, if any.

**Longevity risk**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

| II. DEFINED CONTRIBUTION SCHEMES | 31st March, 2019 | 31st March, 2018 |
|---|---|---|
| Provident Fund Contribution | 1,194.69 | 1,143.63 |

**31.11 Segment information**

**Products and services from which reportable segments derive their revenues**

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the type of goods or services delivered or provided. The group has chosen to organise the group around differences in products and services. No operating segments have been aggregated in arriving at the reportable segments of the group.

Specifically, the group is organised into three main reportable segments viz.,(1) Textile Machinery Division (2) Machine Tool Division & Foundry Division and (3) Advanced Technology Centre for Aero Space-Parts & Components

₹ In Lakhs

| Particulars | Textile Machinery Division | | Machine Tool & Foundry Division | | Advance Technology Centre | | Total | |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | 31st March, 2019 | 31st March, 2018 | 31st March, 2019 | 31st March, 2018 | 31st March, 2019 | 31st March, 2018 | 31st March, 2019 | 31st March, 2018 |
| Revenue from external customers * | 1,86,286.13 | 2,00,339.08 | 73,562.28 | 53,561.86 | 2,292.85 | 3,390.35 | 2,62,141.26 | 2,57,291.29 |
| Inter Segment Revenue | 2,147.02 | 2,548.01 | 2,707.34 | 3,728.71 | - | - | 4,854.36 | 6,276.72 |
| Allocable other income | 10,386.23 | 8,455.13 | 744.54 | 665.97 | 1,163.70 | 871.42 | 12,294.47 | 9,992.52 |
| Total Segment Revenue | **1,98,819.38** | **2,11,342.22** | **77,014.16** | **57,956.54** | **3,456.55** | **4,261.77** | **2,79,290.09** | **273,560.53** |
| Less : Inter Segment Revenue | | | | | | | 4,854.36 | 6,276.72 |
| Add : Unallocable other Income | | | | | | | 6,984.11 | 7,759.82 |
| **Enterprise revenue** | | | | | | | **2,81,419.84** | **2,75,043.63** |
| Result | | | | | | | | |
| Segment Result | 14,783.45 | 16,994.14 | 10,818.20 | 7,707.61 | (1,428.01) | 39.39 | 24,173.64 | 24,741.14 |
| Less :Unallocable Expenses | | | | | | | 2,781.83 | 2,190.17 |
| Operating Profit | | | | | | | 21,391.81 | 22,550.97 |
| Less : Interest Expenses | | | | | | | 116.56 | 76.94 |
| Incometax expenses (Current) | | | | | | | 9,149.10 | 8,500.00 |
| Incometax expenses (Deferred) | | | | | | | 572.14 | 269.84 |
| Add : Unallocable Other Income | | | | | | | 6,984.11 | 7,759.82 |
| **Net Profit after Tax** | | | | | | | **18,538.12** | **21,464.01** |
| | | | | | | | | |
| Other Information | | | | | | | | |
| Segment assets | 1,69,212.22 | 2,01,312.87 | 62,959.66 | 49,356.98 | 3,666.18 | 1,622.35 | 235,838.06 | 252,292.20 |
| Add : Unallocable corporate assets | | | | | | | 9,830.58 | 11,212.76 |
| **Enterprise Assets** | | | | | | | **245,668.64** | **263,504.96** |
| Segment Liabilities | 61,380.74 | 73,598.12 | 12,691.84 | 14,687.96 | 565.46 | 481.38 | 74,638.04 | 88,767.46 |
| Add : Unallocable corporate liabilities | | | | | | | 171,030.60 | 174,737.50 |
| **Enterprise Liabilities** | | | | | | | **2,45,668.64** | **2,63,504.96** |
| | | | | | | | | |
| Capital Expenditure | 11,474.21 | 9,831.57 | 2,041.21 | 2,029.47 | 4,989.16 | 1,210.63 | 18,504.58 | 13,071.67 |
| Depreciation | 4,683.12 | 6,827.71 | 466.29 | 328.03 | 386.08 | 429.42 | 5,535.49 | 7,585.16 |

**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 Unaffliated customers for similar goods.

2) Segment profit represents the profit before tax earned by each segment without allocation of unallocable expenses, finance costs and unallocable income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

3) Segment Revenue,Results,Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis. There is no single customer contributing 10% or more to the company's revenue for both 2018-19 and 2017-18.

Segment assets and liabilities

| Operating Segment | Segment Assets | | Segment Liabilities | |
|---|---|---|---|---|
| | As at 31st March, 2019 | As at 31st March, 2018 | As at 31st March, 2019 | As at 31st March, 2018 |
| Textile machinery division | 1,69,212.22 | 2,01,312.88 | 61,279.40 | 73,576.97 |
| Machine tool & foundry division | 62,959.66 | 49,356.98 | 12,691.84 | 14,687.96 |
| Advanced technology centre | 3,666.18 | 1,622.35 | 565.46 | 481.38 |
| **Total Segment assets & segment liabilities** | **2,35,838.06** | **2,52,292.21** | **74,536.70** | **88,746.31** |
| **Adjustments of unallocated assets and liabilities** | | | | |
| Share capital | - | - | 1,068.30 | 1,095.55 |
| Reserves and Surplus | - | - | 1,69,962.30 | 1,73,573.12 |
| Investments | 7,332.33 | 8,284.75 | - | - |
| Advance tax | 2,042.92 | 1,900.53 | - | - |
| Deferred tax | 455.33 | 1,027.47 | - | - |
| Unpaid Dividends | | | 101.34 | 89.98 |
| **Total assets & liabilities as per Balance sheet** | **2,45,668.64** | **2,63,504.96** | **2,45,668.64** | **2,63,504.96** |

Geographical information

The company operates in two principal geographical area, India (country of domicile) and outside India.

The company's revenue from external customers based on location of customers is as per the table below:

| | Revenue from external customers | | Non Current Assets | |
|---|---|---|---|---|
| | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 | As at 31st March, 2019 | As at 31st March, 2018 |
| Inside India | 1,77,834.36 | 1,97,255.81 | 1,14,229.35 | 83,309.73 |
| Outside India | 84,306.90 | 60,035.48 | 5,140.78 | 5,546.23 |
| | **2,62,141.26** | **2,57,291.29** | **1,19,370.13** | **88,855.96** |

## 31.12 Approval of financial statements

The financial statements were approved for issue by the Board of directors on 20th May 2019.

### 31.13 DETAILS OF LEASING ARRANGEMENTS

| Particulars | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
|---|---|---|
| As Lessor | | |
| Operating lease | | |
| The group has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period from 3 to 4 years and may be renewed for a further period based on mutual agreement of the parties. | | |
| Future minimum lease payments | | |
| not later than one year | 30.85 | 30.85 |
| Later than one year and not later than five years | 61.70 | 61.70 |

## 31.14 FINANCIAL RISK MANAGEMENT OBJECTIVES

The group's activity exposes itself to variety of financial risk which includes market risk, credit risk, liquidity risk, interest rate risk and price risk. The group monitors and manages the above financial risks relating to the operations of the group through internal risk reports which analyses exposures by degree and magnitude of risks. The primary focus is to identify risks and take steps for mitigation of risk or to minimise the potential adverse effects on the financial performance of the group. The group does not enter into any derivative financial instruments to hedge risk exposures.

*Foreign Currency Risk*

The group undertakes transactions denominated in foreign currencies and consequently has exposure to exchange rate fluctuations. The group operates internationally and a major portion of the international sales transaction are in USD and balance in EUR, purchases from overseas suppliers are in various foreign currencies. The exposure at the end of the reporting period does not reflect the transaction during the year and there is a natural hedge in the currency for USD and EUR. The exchange rate between INR and other currency does have an impact on the business. The group is a net exporter and export realisation combined with a depreciating INR has given the group a net foreign exchange gain.

These exhange 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:-

₹In Lakhs

| Operating Segment | | Amount in foreign currency | | Equivalent INR | |
|---|---|---|---|---|---|
| | | 31st March, 2019 | 31st March, 2018 | 31st March, 2019 | 31st March, 2018 |
| Sundry creditors | CHF | 29,578.00 | 23,153.53 | 20.59 | 15.81 |
| | EUR | 13,54,439.00 | 21,24,391.87 | 1,052.92 | 1,705.41 |
| | GBP | 98,197.00 | 1,09,393.69 | 88.73 | 99.84 |
| | JPY | 9,09,18,932.00 | 8,02,61,909.03 | 568.19 | 491.84 |
| | SGD | 63,096.00 | 35,588.88 | 32.00 | 17.68 |
| | USD | 21,32,963.00 | 28,01,784.33 | 1,476.25 | 1,824.98 |
| | SEK | 85,000.00 | 85,000.00 | 6.33 | 6.62 |
| | CNY | 42,76,318.00 | 1,32,29,974.00 | 441.44 | 1,373.80 |
| Sundry Debtors | USD | 1,43,13,107.00 | 1,59,15,067.98 | 9,937.06 | 10,352.00 |
| | EUR | 4,92,417.00 | 8,39,544.78 | 384.18 | 676.86 |
| | CNY | 18,30,667.00 | 71,85,782.50 | 188.98 | 746.17 |
| Cash and Bank Balances | | | | | |
| | CNY | 2,40,72,389.00 | 5,95,00,784.00 | 2,484.99 | 6,178.56 |
| | KES | 9,07,894.53 | 2,21,167.00 | 6.25 | 1.48 |
| | BDT | 2,85,822.00 | 4,66,953.28 | 2.35 | 3.64 |
| | USD | 12,67,119.18 | 34,169.56 | 877.96 | 22.45 |
| | VND | 37,52,910.04 | 22,754.66 | 0.01 | 0.01 |
| | EUR | 1,36,934.04 | 11,46,099.83 | 106.45 | 922.65 |

The Company is mainly exposed to USD and EUR.

### Foreign currency sensitivity analysis

| | (₹ In Lakhs) | |
|---|---|---|
| **Particulars** | 31st March, 2019 | 31st March, 2018 |
| **Sundry creditors** | | |
| USD | 1,476.25 | 1,824.98 |
| Euro | 1,052.92 | 1,705.41 |
| **Sundry Debtors** | | |
| USD | 9,937.06 | 10,352.00 |
| Euro | 384.18 | 676.86 |
| **Net receivable** | | |
| USD | 8,460.81 | 8,527.01 |
| Euro | (668.74) | (1,028.55) |
| **Total** | **7,792.07** | **7,498.46** |
| Impact on profit : 5 % increase in currency rate | 389.60 | 374.92 |
| Impact on profit : 5 % decrease in currency rate | (389.60) | (374.92) |

Interest rate risk – The Company holds interest bearing assets in the form of fixed deposits with banks. The variation in interest risks is managed by distributing deposits among wide base of banks and financial institutions.

The company do not have any debts and therefore any fluctuation in market interest rates may not affect the cashflow/profitability position of the company in terms of debts servicing.

### Interest rate sensitivity analysis

| Particulars | 31st March, 2019 | 31st March, 2018 |
|---|---|---|
| Fixed deposits in Banks | 86,766.85 | 1,11,444.16 |
| | | |
| Impact on profit :increase of 25 basis points | 216.92 | 278.61 |
| Impact on profit : decrease of 25 basis points | (216.92) | (278.61) |

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 startegic rather than trading purposes.

### Price sensitivity analysis

| Particulars | 31st March, 2019 | 31st March, 2018 |
|---|---|---|
| Fair value of Equity investments | 7,332.33 | 8,284.75 |
| Impact on Other Comprehensive Income :increase by 5% | 366.62 | 414.24 |
| Impact on Other Comprehensive Income :Decrease by 5% | (366.62) | (414.24) |

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 receiviables 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 continously 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 suffcient to meet its current requirements and hence the group does not perceive any such risk.

The contractual maturities of group's financial liablities are :

| | 31st March, 2019 | 31st March, 2018 |
|---|---|---|
| Trade payable | 37,534.46 | 43,168.94 |
| Less than one year | 37,534.46 | 43,168.94 |
| Others | - | - |
| Other liabilities | 8,769.95 | 8,450.76 |
| Less than one year | 8,769.95 | 8,450.76 |
| Others | - | - |

Capital management – The group's objective is to safeguard its financial stability, financial independence and its ability to continue as a going concern in order to generate returns for the shareholders and benefits for the other stake holders. The group incentivise the shareholders by paying optimum and regular dividends.

The group determines the amount of capital required on the basis of annual operating plans and other strategic investment plans. The funding requirements are met through internally generated funds . The group does not have any borrowings in its capital portfolio.

### 31.15 REVENUE RECOGNITION

The company derives revenue primarily from the sale of Textile Machinery, machine tools, spares and job work charges.

Effective from 1st April 2018 the company has adopted Ind AS 115 "Revenue from Contracts with Customers", using Modified retrospective approach. In accordance with Ind AS 115, the comparatives have not been retrospectively adjusted. The following is the summary of new and / or revised significant accounting policies related to revenue recognition. Refer note No.2.12 "Significant Accounting Policies" in the company's 2018 annual report for the policies in effect for revenue prior to 01.04.2018. The effect of adoption of Ind AS 115 was insignificant

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customer for sale of above-mentioned products or services are on fixed price. Revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration entity expects to be entitle in exchange for those goods or services.

Revenue on fixed price contract are recognized at the time of dispatch of goods. Till then the consideration received is accounted as 'Advance received' shown under financial liabilities. Control over the goods passed to the customer at the time of dispatch of the goods at the company's factory.

The expected cost of warranty issued is accounted as provision. The contract with customer are entered between the company and the end customer. The company is primarily responsible for honouring the contract entered with customer. Since the company acts as a "Principal" for the contracts entered into through selling agent the revenue is to be recognized in gross by the company.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at 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 31st March, 2019 and 31st March, 2018 is as follows:

**(₹In Lakhs)**

| | Year Ended 31st March, 2019 | Year Ended 31st March, 2018 |
|---|---|---|
| (i)Revenue from sale of products | 2,62,141.26 | 2,57,291.29 |
| (ii) Revenue from rendering of services | 9,035.39 | 7,005.82 |
| **Total revenue from operations** | **2,71,176.65** | **2,64,297.11** |

The Company has adopted Ind AS 115 - Revenue from Contracts with Customers, from 1st April, 2018 which resulted to changes in accounting policies and adjustments to the amount recognized in the financial statements. In accordance with the transition provisions in Ind AS -115, the Company has adopted the new rules with modified retrospective method. As a results of change in accounting policies, adjustments to the transition provision has been made in respective item as at 1st April, 2018 with corresponding Impact to equity net of tax.

**31.16**

The Exchange rate adopted for conversion of subsidiary accounts is as follows The Exchange Rate as at 31st March, 2019 : 1 CNY = 10.323 INR (Previous Year 10.384 INR)Average exchange rate : 2018-19 1 CNY = INR (Previous Year9.7921 INR)

**31.17**

Depreciation/ amortisation includes ₹11.88 Lakhs (Previous Year ₹11.20 Lakhs) towards amortisation of leasehold land as per audited accounts of LMW Textile Machinery (Suzhou) Co. Limited.

**31.18**

Previous years' figures have been restated to comply with IND AS to make them comparable with the current period. Further, previous years' figures have been regrouped / reclassified, wherever necessary, to conform with the current period presentation.

In terms of our report attached

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

K. Raghu
*Partner*
Membership No. 11178

Place : Coimbatore
Date : 20th May 2019

For and on behalf of the Board of Directors

Sanjay Jayavarthanavelu
*Chairman and Managing Director*
DIN: 00004505

K.Soundhar Rajhan
*Director Operations*
DIN: 07594186

C.B. Chandrasekar
*Chief Financial Officer*

C.R. Shivkumaran
*Company Secretary*

# CORPORATE INFORMATION

Based on Standalone financials

₹ in Lakhs

| Particulars | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Profit and Loss Account** | | | | | | | | | | |
| Sales (excluding excise duty) | 1,13,690 | 1,77,331 | 2,07,249 | 1,86,433 | 2,16,518 | 2,31,258 | 2,47,448 | 2,13,686 | 2,42,661 | 2,54,620 |
| Other Income | 8,214 | 11,009 | 12,547 | 13,152 | 19,193 | 17,858 | 15,988 | 16,698 | 17,868 | 19,578 |
| Profit before tax & exceptional items | 15,056 | 23,916 | 22,339 | 17,069 | 26,878 | 29,749 | 32,819 | 26,631 | 30,315 | 32,367 |
| Profit after tax | 10,468 | 16,598 | 13,702 | 11,748 | 18,369 | 20,745 | 22,012 | 19,060 | 21,142 | 18,928 |
| | | | | | | | | | | |
| **Balance Sheet** | | | | | | | | | | |
| Fixed Assets | 44,658 | 43,641 | 50,787 | 44,980 | 38,568 | 37,721 | 40,846 | 46,559 | 53,616 | 65,971 |
| Investments | 12,144 | 10,007 | 15,407 | 10,382 | 12,883 | 12,883 | 15,276 | 12,624 | 14,798 | 13,846 |
| Net Current Assets | 39,085 | 31,808 | 25,944 | 41,956 | 59,257 | 75,443 | 93,709 | 94,660 | 1,03,751 | 89,219 |
| | **95,887** | **85,456** | **92,138** | **97,318** | **1,10,708** | **1,26,047** | **1,49,831** | **1,53,843** | **1,72,165** | **1,69,036** |
| Share Capital | 1,237 | 1,127 | 1,127 | 1,127 | 1,127 | 1,127 | 1,127 | 1,096 | 1,096 | 1,068 |
| Reserves and Surplus | 91,341 | 81,569 | 88,724 | 94,901 | 1,09,317 | 1,24,920 | 1,48,704 | 1,52,747 | 1,71,069 | 1,67,968 |
| Deferred Tax Liability | 3,309 | 2,760 | 2,287 | 1,290 | 264 | - | - | - | - | - |
| | **95,887** | **85,456** | **92,138** | **97,318** | **1,10,708** | **1,26,047** | **1,49,831** | **1,53,843** | **1,72,165** | **1,69,036** |
| | | | | | | | | | | |
| **RATIOS** | | | | | | | | | | |
| Measures of Investment | | | | | | | | | **2017-18** | **2018-19** |
| Dividend per share (₹) | | | | | | | | | 40.00 | 35.00 |
| EPS (₹) | | Net Profit after tax / No. of Shares | | | | | | | 192.98 | 174.15 |
| Return on Equity ( % ) | | Net Profit after tax / Shareholders' funds | | | | | | | 12.28 | 11.20 |
| Dividend Cover (Times) | | Earnings per Share / Dividend per Share | | | | | | | 4.82 | 4.98 |
| | | | | | | | | | | |
| Measures of Performance | | | | | | | | | | |
| Net Profit Margin ( % ) | | Profit before taxes / Sales | | | | | | | 12.49 | 12.71 |
| Assets Turnover (Times) | | Sales / Net Fixed Assets | | | | | | | 4.53 | 3.86 |
| | | | | | | | | | | |
| Measures of Financial status | | | | | | | | | | |
| | | | | | | | | | | |
| Current Ratio (Times) | | Current Assets / Current Liabilities | | | | | | | 2.25 | 1.78 |
| Tax Ratio ( % ) | | Tax Provision / Profit before taxes | | | | | | | 29.32 | 33.93 |

Exceptional items - VRS Payments ₹3,716.75 Lakhs for FY 2018-19 (PY ₹402.69 Lakhs)

# Corporate Information

## Board of Directors

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

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

**Sri Basavaraju,**
*Director* (DIN: 01252772)

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

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

**Sri V Sathyakumar,**
*Nominee Director of LIC, upto 20th May, 2019*
(DIN: 06477636)

**Sri Anil Gupta,**
*Nominee Director of LIC, from 20th May, 2019*
(DIN: 08446779)

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

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

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

## Chief Financial Officer

**Sri C B Chandrasekar**

## Company Secretary

**Sri C R Shivkumaran**

## Registered Office

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

## Corporate Office

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

## Statutory Auditor

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

## Cost Auditor

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

## Secretarial Auditor

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

## Bankers

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

## Share Transfer Agents

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

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