

2<sup>nd</sup> June, 2023

To

The Manager - Listing,  
BSE Limited,  
Rotunda Building,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001  
Scrip Code: 543276

The Manager - Listing,  
National Stock Exchange of India Limited,  
Exchange Plaza,  
Bandra Kurla Complex ,  
Bandra (East),  
Mumbai - 400 051  
Stock Code: CRAFTSMAN

Dear Sir/Madam,

**Sub: Submission of 37<sup>th</sup> Annual Report of the Company**

Pursuant to Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the 37<sup>th</sup> Annual Report of the Company for the financial year 2022-23 which is being sent through electronic mode to the Members.

The Annual Report and the Notice of the 37<sup>th</sup> Annual General Meeting are also uploaded on the Company's website.

Kindly take the same into your records.

Thanking you.

Yours faithfully,  
**for CRAFTSMAN AUTOMATION LIMITED**

Shainshad Aduvanni  
**Company Secretary & Compliance Officer**

Encl: As above

# Annual Report - 2023



# Contents

- Highlights, FY23 **1**
- Building Diversity **3**
- Building Diversity Organically **4**
- Building Diversity Inorganically **6**
- Statement from the Chairman's desk **9**
- A storehouse of engineering expertise **11**
- Our Journey **14**
- An Edge above the rest **16**
- Over the years **18**
- Automotive-Powertrain Segment **20**
- Aluminium division **26**
- Industrial & Engineering **32**
- Risk Management **38**
- Board of Directors **40**
- Corporate Information **42**
- Directors' Report **44**
- Management Discussion Analysis **56**
- Corporate Governance Report **62**
- Business Responsibility & Sustainability Report **93**
- Standalone Financial Statements **122**
- Consolidated Financial Statements **191**

## Highlights, FY23

**2,980**

**REVENUE** (₹ crore)  
35% y-o-y growth

**566**

**NET CASH FLOW FROM OPERATIONS** (₹ crore)  
75% y-o-y growth

**671**

**EBITDA** (₹ crore)  
25% y-o-y growth

**1,371**

**NETWORTH** (₹ crore)  
20% y-o-y growth

**238**

**PROFIT AFTER TAX** (₹ crore)  
48% y-o-y growth

**2,027**

**AVERAGE CAPITAL EMPLOYED** (₹ crore)  
24% y-o-y growth

**113**

**EARNINGS PER SHARE** (₹)  
48% y-o-y growth

**6,878**

**MARKET CAPITALISATION** (₹ crore)  
38% y-o-y growth

**In today's world, diversity is paramount for the success of any organisation, for it is critical to addressing evolving needs and fulfilling customer aspirations in today's transformational world. If leaders are committed to stepping up their game and accelerating change, they will need to build in diversity. And when that happens, it will unlock innovation that drives business growth.**

# Building Diversity

At Craftsman, diversity has continued to evolve as a key organisational priority. Our commitment to building diversity in our organisation is stronger than ever. As a part of our mission, we are working tirelessly to ignite opportunities for widening our sectoral footprint. And are retooling our operations and processes that embed diversity within each of our businesses.

Building Diversity

# Organically

In today's increasingly dynamic world change is the real constant. Prospects and potential change faster than they did ever before. Hence, hinging business success and sustenance on a single user sector, or a unique segment or worse still limited customers is a perfect recipe for doom.

Cognizant of the accelerated dynamism of our times, our diversity efforts have become a fundamental part of the business strategy. We have embedded diversity as a goal within business verticals and team objectives and performance reviews, with meaningful accountability for driving change.

Recognising that our powertrain business has partial overdependence on the CV vertical, we focused on widening our spread with considerable success. We strengthened our presence in the farm and off highway equipment and the passenger vehicle segment by bagging interesting business engagement. Also, we made heartening inroads into the electric CV segment, a nascent but high potential space.

In our aluminium division where growth is largely dovetailed to the performance of 2-wheeler segment, we have patiently persevered to expand our footprint in other user spaces. We have been successful in getting a toehold in the passenger vehicle segment and significantly strengthen our presence in the industrial segment.

In our industrial engineering space, we prudently balanced our presence between contract manufacturing and material handling and positioned them as key growth drivers of this space.

In our storage solutions vertical, we de-risked our strong presence in the -ecommerce space by expanding into new sectors such as cold storage, multi-commodity storage, record management and the private sector.

Our 'don't put all eggs in one basket' strategy is working well for Company. Our expanding sectoral presence has been delivering an encouraging performance and widened our opportunity horizon. This strengthens our business sustainability in an otherwise unpredictable external ecosystem.

**1,810**  
Revenue, FY19  
(₹ crore)

**13%**  
CAGR

**2,980**  
Revenue, FY23  
(₹ crore)

**427**  
EBITDA, FY19  
(₹ crore)

**12%**  
CAGR

**671**  
EBITDA, FY23  
(₹ crore)

**94**  
Net Profit, FY19  
(₹ crore)

**26%**  
CAGR

**238**  
Net Profit, FY23  
(₹ crore)

Building Diversity

# Inorganically

Diversity has cemented its position on the boardroom agenda in recent years. Because in the longer term, fully embracing diversity means building diverse talent pipelines, fueling innovative, creating equitable development and superior returns, something endorsed by McKinsey and Harvard Business Review.

At Craftsman, to accelerate our diversity agenda, we leveraged the inorganic route. We acquired controlling stake in DR Axion Ind Pvt. Ltd. (DRAIPL).

This acquisition is a perfect fit for us as it adds to our capabilities and customers and opens new exciting vistas in our aluminium business vertical.

- DRAIPL brings in technology synergies – it's strength in Low-pressure die casting and Gravity die casting complements our prowess in High-pressure die casting

- DRAIPL brings in sectoral diversification – it's established reputation in servicing the passenger vehicle segment supplements our entrenched presence with two-wheeler OEMs in our aluminium vertical.
- DRAIPL opens exciting opportunities – it allows us to participate more meaningfully in the lightweight trend in passenger vehicles (electric variants) which is at the cusp of a take-off in India (electric vehicles will open large opportunities for our aluminium vertical)
- DRAIPL creates interesting possibilities – it opens up the opportunity to add two major Korean OEMs to our client base.

Most importantly, the strategic initiative balances our revenue mix between verticals in a manner that makes our business model stronger and our business increasingly relevant for the future.





Statement from the Chairman's desk

Craftsman is firmly poised to accelerate its growth. I am optimistic that as our business drivers take deeper root within, the quality of our business will evolve, translating into even better financial outcomes and stakeholder value.

*Dear Shareholder*

I take pleasure in sharing my thoughts after yet another eventful year. We, as a team, are proud to have continued our progress through a year that was relentless with unprecedented inflationary pressures, ongoing war and supply chain constraints.

**The year that was.**

To say the world was in uncharted waters would be an understatement.

The adverse impact of a mix of the lingering indirect effect of the pandemic and other health-related issues, armed conflict and climate change has exposed the fragility of the global system that we had primarily considered as having competently learned how to manage itself. This capacity to rebound became harder to model or predict as the crises drivers became harder to anticipate and increasingly intermingled.

But the overarching takeaway is that despite global instability, India fared better than almost any other major nation. We take great pride in having made a meaningful

contribution to India's economic progress by continuing to scale our performance a few notches higher.

Continuous upheavals notwithstanding, we recorded strong growth across all our business segments. Our consolidated revenue from operations increased by 44% over the previous year, while the EBITDA and Net Profit scaled by 29% and 54% over the previous year.

**The highlight for FY23.**

We acquired a controlling stake in DR Axion India Private Limited for Rs 3.75 billion in February 2023. Its state-of-the-art facility in the automotive manufacturing hub with the latest equipment and complementing technologies is a perfect fit for Craftsman. It will strengthen the Company's presence in the passenger vehicle segment. Moreover, it also opens up the possibility of entering the E-mobility solutions to the passenger vehicle segment, which is only beginning to take off in India.

### India – poised to be a global manufacturing hub

The world is looking at India as a manufacturing destination. The word India is reverberating in most Board Rooms of global conglomerates. This is happening owing to two important factors 1) growing geopolitical stresses have mandated global players to diversify their sourcing bases, and 2) the aging population in China and increasing costs will dent their competitive advantage over the next 5-7 years.

India, on the other hand, continues to allure with a promising talent pool, strong domestic economy, resilient supply chains and the spirit of Make in India and an Atmanirbhar Bharat while spreading its wings to achieve the global dream of being an ideal manufacturing destination.

Many first movers have already established their manufacturing footprint in India. This trend has gained considerable momentum in the recent past. For me, this, in essence, is the China-plus policy playing out on the ground.

Currently, India's Achilles heel is the scale of operation which is minuscule compared to China. And is mirrored in India's share of the global manufacturing GDP at only about 5%. The Government along with the private sector is working hard to correct this anomaly with considerable success. India's contribution to global manufacturing is on the rise, a trend which should sustain over the medium term. Craftsman is poised to gain from this change.

The future is exhilarating. In India, I see a burning desire in the nation to finally reclaim its position as a pivotal force in the global manufacturing space. This will open up incredible opportunities for the manufacturing companies like ours.

#### Our plan

Diversity. This single word encapsulates our business strategy in all our business verticals.

In the powertrain vertical, while we continue to get a larger number of business engagements from the MHCV segment, we have successfully expanded our footprint into other automotive sectors.

In the aluminium vertical, we have taken significant strides to establish a presence in the sunrise Electric Vehicle trend transpiring in the automotive segment. Also, we have taken defining initiatives in growing our industrial aluminium vertical.

We will focus on leveraging the synergies from our recent acquisition, which will appreciably strengthen our presence in the Passenger vehicle segment for our aluminium business which is primarily dovetailed to the 2-wheeler segment. I am confident that this strategic inorganic organic initiative will emerge as a strong growth lever over the coming years.

#### Our pledge

Today we stand at the edge of massive change, with the world around us rapidly evolving to embrace the next normal. Paradigmatic shifts have redefined every layer of our existence, and the manufacturing industry is no stranger to these changing tides.

Respect for the Earth is not an add-on for us now. It is embedded in the way we think, in our value system and culture. Yes, the focus is now sharper and more integrated, with consumers and other stakeholders beginning to value their association with organisations and brands that are responsible.

As the global market aligns with changing consumer preferences and demands, we continue to thrive with our visionary approach and agile technologies. Our investments in new facilities will house green technologies that will significantly reduce our carbon footprint and enable us to help our customers meet their sustainability commitments.

#### Our key takeaway

The central message I wish to send to shareholders is that Craftsman is firmly poised to accelerate its growth. It indicates a sense of preparedness. It indicates the proactive aggregation of competencies required to address future markets. I am optimistic that as our business drivers take deeper root within, the quality of our business will evolve, translating into even better financial outcomes and stakeholder value.

Before signing off, I sincerely thank all our stakeholders for their trust and support. I am confident that we will script an exciting growth journey ahead.

Warm regards,

**Srinivasan Ravi**  
Chairman & Managing Director

### Craftsman Automation

# A storehouse of engineering expertise

Craftsman Automation Limited is a Coimbatore-based diversified engineering company with vertically integrated manufacturing capabilities.

Its strong engineering capabilities are reflected in its ability to design its products and process and design and manufacture its tooling and machines (special as well as general purpose) in-house.

Founded in 1986 by first-generation entrepreneur S Ravi, Chairman and Managing Director, the Company's operations are based in India, with 13 plants nationwide.

The Company currently manufactures several components and sub-assemblies for diverse industrial sectors, namely automotive, industrial, engineering segments, pharma, e-commerce, etc.

#### Mission

We are a leading engineering organisation engaged in the manufacturing of precision components, where Quality is at the heart of every aspect of each component that we make at the benchmark of reliability.

We are engineers and inventors. We design, develop and manufacture engineering products using state-of-the-art engineering technology and efficient manpower to meet the requirements of our customers. Our manufacturing facilities include state-of-the-art equipment, engineered layout with process controls and necessary automation for quality and productivity.

#### Business verticals

The Company has segregated its business operations into 3 segments: a) Automotive Powertrain, b) Aluminium products, c) Industrial and Engineering.



**Automotive powertrain:** With one of the largest machine shops in the country and three decades of experience in machining precision products, Craftsman Automation is the leading go-to manufacturer of automotive powertrain parts- Engine crankcases, cylinder heads, camshafts, transmission housing, differential carrier, axle housing.

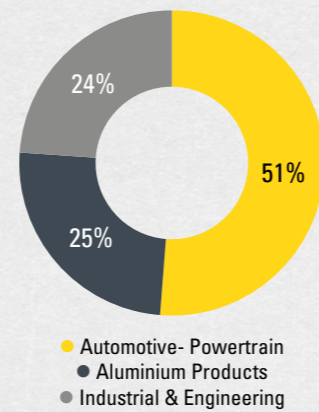
**Aluminium products:** With skill and experience across all casting technologies, Craftsman has established a strong reputation as a dependable partner for aluminium die-casting to leading automotive OEMs and other industrial

manufacturers from diverse sectors. The Company's essential products include crankcase and cylinder blocks for two-wheelers, engine and structural parts for passenger vehicles and gearbox housings for 2W & MHCVs.

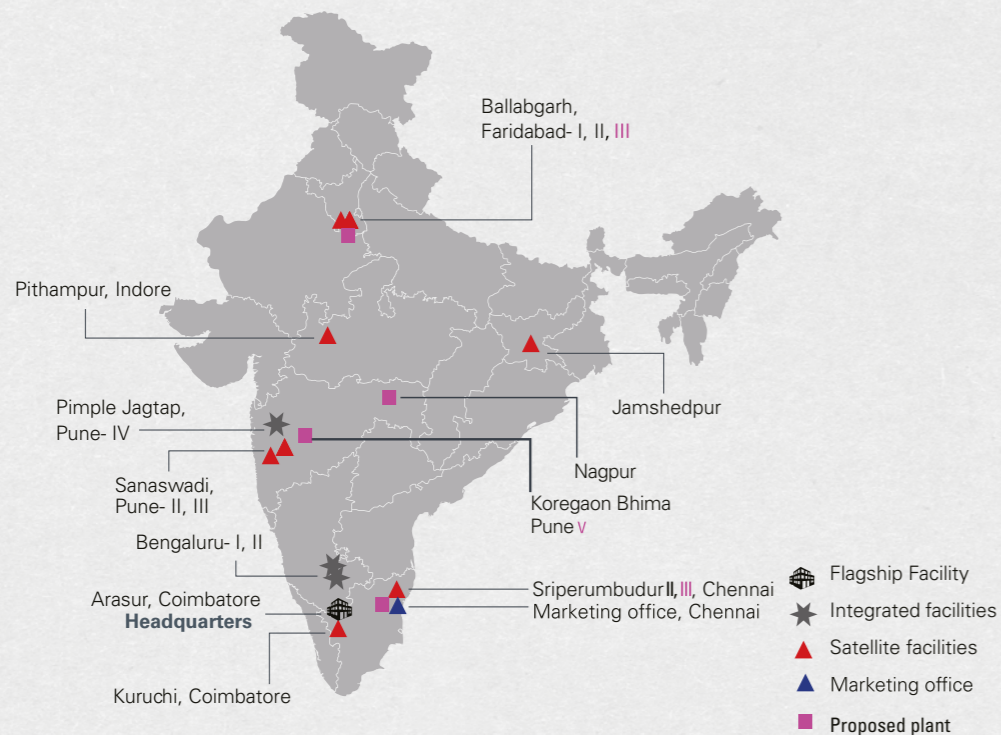
**Industrial & Engineering:** The Industrial and Engineering vertical is essentially a non-automotive business vertical which caters to diverse user sectors. This segment can be divided into two sub-segments: (i) Storage Solutions, (ii) High-End Sub-Assembly and Contract Manufacturing & Others.

**Storage solutions:** Our key products include stationary racking for industries, warehouses and Automated Storage and Retrieval Systems ("ASRS"), which cater to warehousing and industrial sectors.

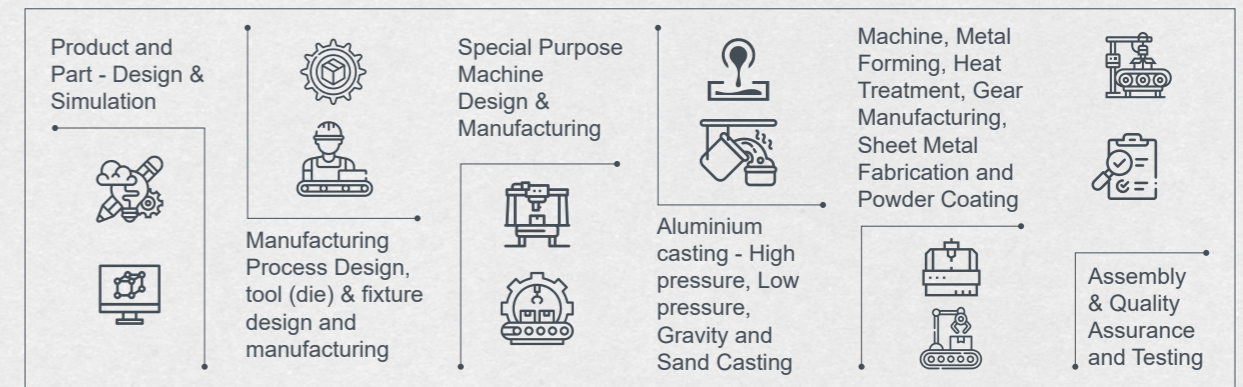
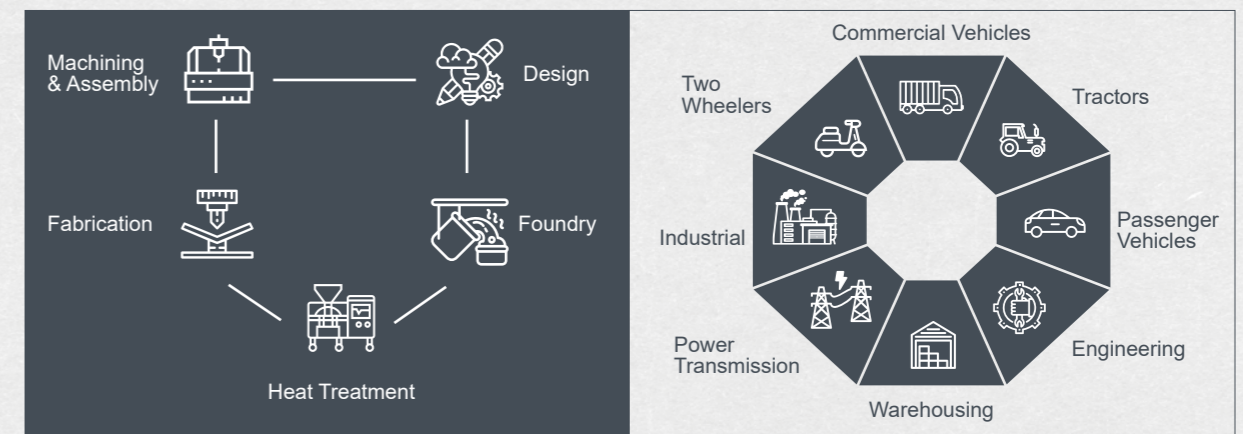
Revenue mix across business verticals (FY23)



## Our pan-India presence



## Our capability matrix



...coupled with significant flexibility in manufacturing equipment

Presence across value chain	Flexible plant configuration	Interchangeable usage of machinery	Dedicated production lines
Product design, prototyping, tool development, manufacturing, assembly and production of integrated components	Machinery is equipped for both individual and diversified processes	Enables the Company to optimise machine tool productivity, operational efficiency and time management	Based on the size and frequency of the orders of their customers

# Our Journey

From a humble beginning in the southern city of Coimbatore, India, Craftsman Automation has become a name to reckon with in the Indian precision engineering space. Today, we manufacture several components and sub-assemblies for diverse industrial applications like automotive, industrial, engineering segments, pharma, e-commerce, etc.

## 1986

Established 'Craftsman Automation Pvt Ltd'

## 2001-2006

- Aluminium foundry unit at Kurichi, satellite unit at Pithampu
- ISO 9001:2000 & ISO/TS 16949:2002 registration certification

## 2007-2011

- Joint Ventures with Carl Stahl & Mitsubishi. 'Star Export House' registration certification. Subsidiary Craftsman Europe B.V., Netherlands
- Satellite units at Sriperumpudur, Jamshedpur, Pune & Faridabad

## 2012-2016

- Storage Solutions in Arasur, Coimbatore
- Second satellite unit at Pune Technology Division & HPDC Foundry at Bengaluru
- Aluminium Sand Foundry HPDC & LPDC in Arasur, Coimbatore

## 2017-2020

- Machining Services at Bengaluru
- Converted into the public limited company, "Craftsman Automation Limited."
- Storage product manufacturing plant at Pune

## 2021-2023

- IPO launched in March
- Equity Shares listed on BSE & NSE
- Acquisition of the Indian arm of Korean auto ancillary firm DR Axion

Craftsman Automation

# An Edge above the rest

## STRONG ENGINEERING CAPABILITIES

Our strong engineering capabilities are reflected in our ability to design products and process, design and manufacture tooling and machines (special as well as general purpose) in-house. This helps with a flexible plant configuration, fungibility of machines, reduced lead time, and enhanced productivity. As a result, the Company has grown from being an industrial-engineering company focused on exporting precision products to a well-diversified company with a presence across multiple segments and markets.

## DOMINANT IN BUSINESS SPACES OF PRESENCE

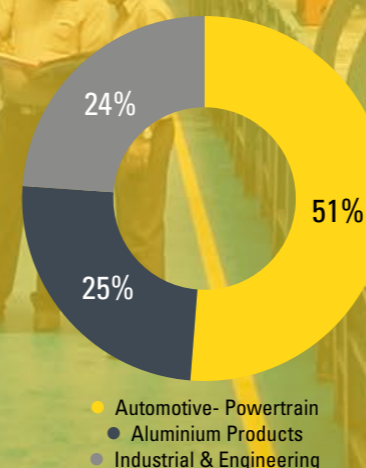
The Company's strong engineering DNA has enabled it to evolve to scale organically. Over the last two decades, its powertrain business has attained market leadership in the CVs segment and is now among the top five players in the tractors and off-highway segment. Similarly, despite being a late entrant in the storage solution business,

it is among the top three players in the conventional storage segment and the leading companies in the automated storage segment. Also, we have substantially scaled up high-end sub-assemblies & contract manufacturing business and aluminium die-casting business.

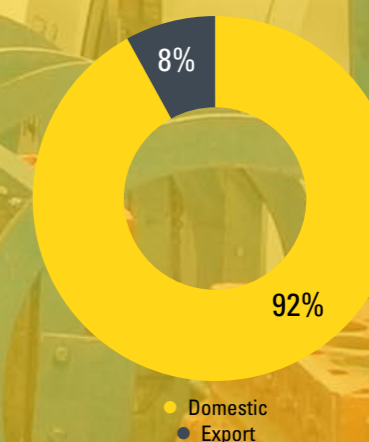
## DIVERSIFIED GEOGRAPHIC AND SECTORAL PRESENCE

The Company has evolved from being a predominantly export-oriented company (over 80% revenues from exports in FY04) focused on precision products for varied end industries to gaining market leadership in the domestic (92% of revenues in FY23) auto and industrial segments. Despite this diversification, its exports have increased sequentially over the last decade. Also, from being a predominantly non-auto player (over 80% revenues in FY04), it has a balanced exposure between autos and non-autos. More importantly, its revenue is balanced, with no single end-user sector contributing more than 30% of revenues.

Revenue mix across sectors (FY23)



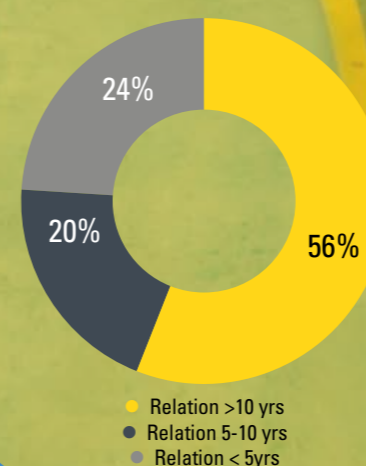
Revenue mix across geographies (FY23)



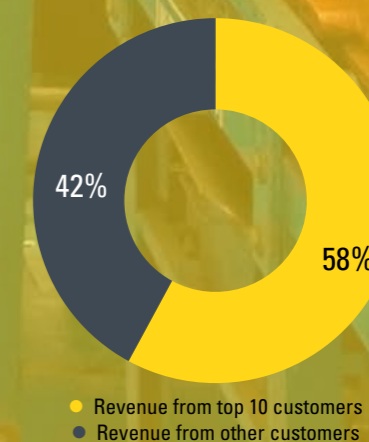
## LONG-STANDING CLIENT RELATIONSHIPS

The Company enjoys long-term relationships with several major customers across domestic and global OEMs and tier-1 suppliers. Moreover, it has nurtured relations positively, which has allowed it to increase wallet share with key customers. As a result, its revenue from top-10 clients has increased over a period of time. This is despite adding new customers, who are at various stages of scale-up and execution.

Revenue mix based on customer relations (FY23)



Revenue from top customers (FY23)



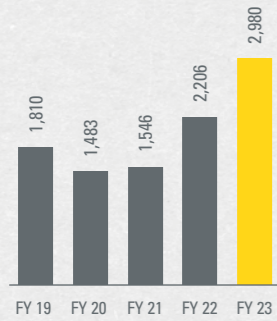


Our financial performance

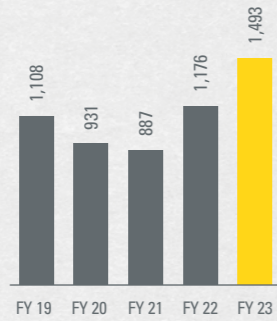
# Over the years

## Performance

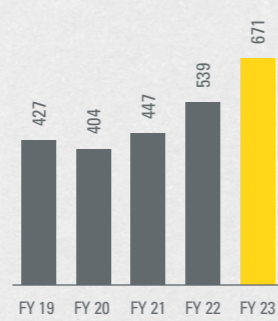
**Net Revenue**  
(₹ crore)



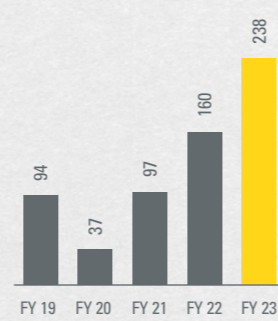
**Gross Margin**  
(₹ crore)



**EBITDA**  
(₹ crore)

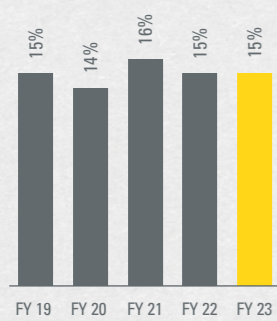


**Net Profit**  
(₹ crore)

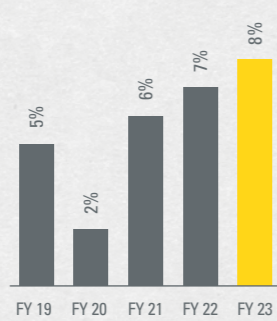


## Profitability

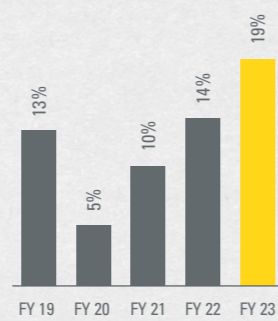
**EBIT**  
(%)



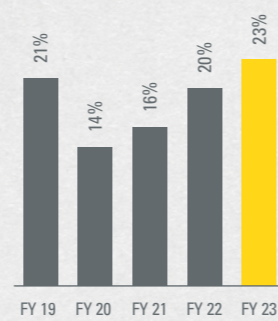
**Net Profit Margin**  
(%)



**Return on Equity**  
(%)

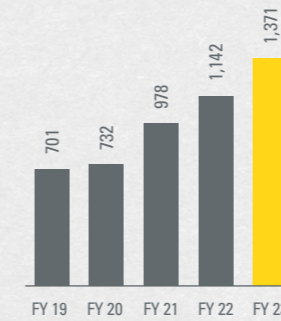


**Return on Capital Employed**  
(%)

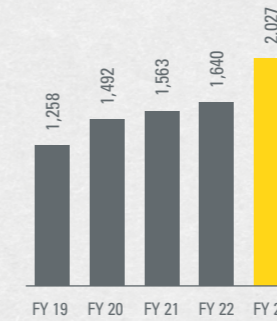


## Position

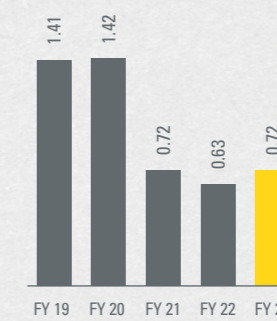
**Networth**  
(₹ crore)



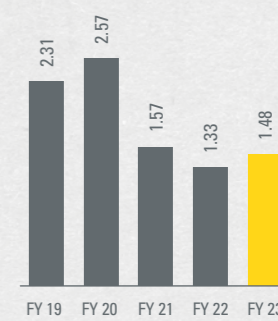
**Average Capital Employed**  
(₹ crore)



**Debt-equity Ratio**  
(X)



**Debt-EBITDA Ratio**  
(X)



Business segment 1

# Automotive- Powertrain Segment

Craftsman is a leading player involved in machining critical engine and transmission components for M&HCV and tractors (among the top five).



11

Manufacturing facilities

1,527

Revenue (₹ crore)

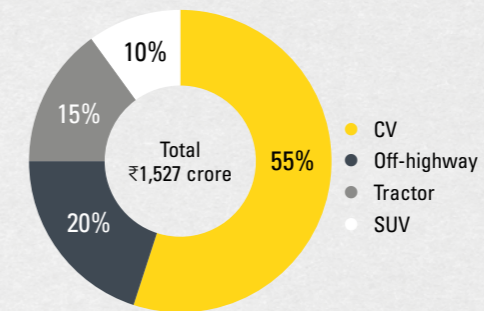
32%

Growth in revenue (y-o-y)

51%

Contribution to total revenue

Revenue mix by user segment (FY23)



This is a critical segment for the automotive industry as the powertrain system in an automobile generates power and transmits it to the wheels. It generally comprises engine and engine parts, gearbox, driveshaft and rear axle. Critical components of an engine are the cylinder block, cylinder head, camshaft.

The Company also does machining of other parts of the engine and all power transmission parts like transmission housing, axle housing, differential carrier and much more.

It derives its competitive advantage from its ability to identify the machines needed, build machines & fixtures in-house, optimise the process, and execute this at scale.

Craftsman is the largest player in machining cylinder blocks and cylinder heads in MHCV markets. To reduce its dependence on the CV sector, the Company is actively engaging with players in other automotive segments, namely

tractors, construction equipment, and passenger vehicles. It has been successful in securing order wins from all three segments.

**Key business achievements in FY23**

Emission norms become even more stringent for all vehicles operating on Indian roads. Consistent with government regulations, On-Board Diagnostics (OBD) II upgradation as per BS6 standards became mandatory from April 2023. Hence, it became mission critical for all automotive OEMs to align with the new norms – mandating suitable modification to their engines and other related assemblies.

Craftsman completed the OBD II upgradation of all the engines for all its existing customers in the CV segment. Under the Engine Upgradation Programme, the Company also upgraded the engines for its tractor customers from Tier3 to Tier4.

**New engagements in the CV segment**

- For a large domestic OEM, the Company re-imagined one of its engines for its commercial vehicle (pick-up truck). This program was successfully completed and approved. Bulk production commenced towards the close of FY23.
- For a large and reputed CV player, the Company scaled down a particular engine and scaled up a more powerful engine – for the engine; it secured 100% of the client’s business. The Company also developed castings for the gearbox of the new engine.
- Craftsman, through its foundry partner, received multiple machining programs for machining automotive parts – the parts were developed and approved. Batch production of the same also commenced towards the close of the year.

- Key among new orders were 4-cylinder and 6-cylinder heads for a German auto major. Craftsman earned the trust of a Japanese player by successfully machined two variants of Cylinder Block & Head in earlier years. In FY23, the customer released the order to Craftsman to machine four variants for Block and Head. This is work-in-progress currently.
- The Company has setup a Cylinder block machining line for the BSVI program for a Japanese OEM. Subsequently the BSIII and BSIV programs were also awarded wherein the engines are made by the Customer in India and exported to African continent.
- Through its strategic foundry tie-up with a leading player, the Company received orders for machining the bogie suspension bracket for multiple domestic OEMs.

- Craftsman received an order from a global OEM to machine an engine block for a 6-cylinder engine to be used for the next emission norms.

**New engagements in the Electric CV segment**

The Company widened its footprint in the electric CV segment with two engagement wins in FY23 (through its strategic tie-up with a foundry player).

- For a global OEM, it received an order to machine a bracket housing for a pick-up truck.
- For a another global brand, it received an order to machine an e-axle housing for an electric vehicle.

**New engagements in the Tractor segment**

- Pursuant to more stringent norms announced by the Government, Craftsman, under its engine upgradation program, developed

(casting and machining) the engine head, block, and bed plate for a leading domestic tractor OEM. The validation of the products is in progress.

- The Company received an engagement for three engine programs from a Tier-1 supplier of a global OEM. Post validation, batch production of the parts commenced towards the close of the year.

**New engagements in the Off-Highway segment**

The Company secured a sizeable order from a leading global player for machining the cylinder block and head for an industrial engine that was being imported into India earlier. The machining trials of the same were in progress until the close of FY23. The Company expects to commence commercial production of these parts in the current year. The same customer also placed an order for machining fully-finished crankcases. The

Company successfully developed the component and should commence commercial production in FY24.

#### New engagements in the Passenger Vehicle segment

- For a reputed player, the Company ramped up production by about 60% for machining their cylinder blocks and heads.
- For a global player operating in India, the Company successfully machined the engine block (previously imported) and installed a dedicated manufacturing line. Commercial production will start in the current year (FY24).

#### Other new engagements

Craftsman received an order for machining and delivering the cylinder block for an air-cooled engine for a prominent Indian player. This engine will be used in diverse industrial applications.

#### Outlook

The Company draws most of its revenue in this segment from the CV business and tractors. It also serves off-highway OEMs. However, being a dominant domestic player in this segment, the Company will benefit from increased outsourcing by foreign players from India as well.

#### Commercial vehicle segment:

Craftsman would be the key beneficiary of anticipated growth in the domestic M&HCV market. With India transitioning towards an industrialised economy in the coming years, the Indian CV market could experience a healthy uptick over the medium term. Also, with Indians returning to work as before and schools functioning normally, the demand for buses will accelerate.

Fitch Ratings mentions that the sales of commercial vehicles will reach the previous peak of close to 1 million units a year by FY24, aided by a rapid recovery in India's economic activity levels and a resurgence in replacement demand after multiple muted years. The rating agency expects CV sales to grow by 14-19% over the coming years.

Apart from growth in the domestic market, the Company will benefit from recent order wins from global OEMs operating in India for machining engine components for both medium and heavy-duty trucks for export to Brazil, Japan, and Germany. This trend of increased sourcing from India is expected to continue. Craftsman is ideally positioned to capitalise on these opportunities as it works with several Tier-1 companies supplying casting components to global CV OEMs.

**Tractors:** Considering good agri-economic indicators, the tractor industry volumes are expected to increase at a healthy uptick over the medium term. Further, the upcoming TREM-4 norms for tractors with engines bigger than 50 HP and TREM-5 norms (likely from 2025) will lead to a change in the underlying technology of engines and will most likely drive an increase in content for the Company.

**Passenger vehicle:** Craftsman caters to one of the largest SUV OEMs and is the single source vendor for machining 2L & 2.2L cylinder blocks. Considering its order book from this OEM customer, volume visibility for the next two years appears strong. Also, with the Company winning a few important orders for the supply of i) fully machined cylinder blocks for a domestic OEM for its SUV model and ii) machined engine components for a European PV OEM in India, the share of business from this user segment will improve over the coming years.



Business segment 2

# Aluminium division

Craftsman is known in the industry for its automotive Aluminium die-casting & machining business and its expertise in Industrial parts.





3

Manufacturing facilities

741

Revenue (₹ crore)

34%

Growth in revenue (y-o-y)

25%

Contribution to total revenue

**Key business Achievements in FY23**

**Automotive segment:** The Company reported an overall topline growth of 30% plus over the previous year. This growth was owing to the team's efforts in increasing wallet share with existing clients and growing the proportion of value-added products in the sales mix.

The Company received large orders, especially from Commercial vehicle players, to be developed using the Gravity Casting and Sand Casting routes. The team worked passionately to improve the productivity of these operations, which facilitated delivering on its commitment. The Company registered exciting new business engagements in FY23.

It won business engagements with two leading EV-2W manufacturers in India. The parts have been developed and approved. The bulk production is scheduled to commence in FY24.

In the Passenger vehicle segment, the Company received an order to ramp up production of an engine part for a global multi-branded auto giant. The Company is also developing newer parts for this customer, which are currently under validation. It has also installed a dedicated line for the new parts, the bulk production of which is expected to start in FY24.

In the Commercial vehicle segment, the Company experienced a sizeable scaling of production volumes. This highlights the growing trust of customers in the Company's capabilities.

The Company developed a niche product for the farm segment. This is particularly heartening as it marks a shift from iron casting to Aluminium die casting. With the part successfully validated, the Company is gearing up to commence commercial production in FY24.

In FY23, the Company forayed into the 3W segment as well. It supplies parts to one of the top 3W manufacturers in the world.

**Industrial segment:** The Company also registered a healthy double-digit growth in this segment. The uptick in volumes was owing to 1) the trend of the global OEM strategy of de-risking from China, 2) supply-chain reliability from India, 3) good growth in international markets like the USA and 4) process simplification. The Company registered interesting engagements in FY23, which include the following.

- The Company received an order to supply components to a domestic power transmission customer with a product basket where more than 75% of the products are qualified for export. The impact of this new engagement will reflect in the current year's (FY24) performance.

Aluminium die casting is a metal-forming process used to manufacture complex Aluminium parts, while machining is cutting material to a desired shape by a controlled process.

The Company's Aluminium business started operations in 2016. Its capacity utilisation was adversely impacted by weakness in the 2W industry. This, coupled with sharp inflation in Aluminium pricing, has put pressure on the EBITDA margin for this business.

The Industrial Aluminium vertical, until FY22, was a part of the Industrial and Engineering segment. In FY23, the Company combined that segment with Automotive Aluminium to form a comprehensive Aluminium vertical.

**Automotive Aluminium:** Aluminium die casting has applications in several automotive components such as cylinder blocks and heads, transmission housing, pistons, crank covers, clutch parts, axles, chassis parts, gearboxes and wheel parts. Moreover, the increasing demand for alloy wheels in PV & two-wheelers and the trend in light-weighting vehicles due to emission norms have expanded the market size for Aluminium casting in recent times.

Craftsman is one of the most reputed players in the automotive Aluminium space. The Company undertakes the casting and machining of auto parts, like crankcases, cylinder blocks, other engine & structural parts and gearbox housing for 2W and MHCVs.

**Industrial Aluminium:** Aluminium casting for the Industrial segment is largely driven by machined castings for GIS power transmission. Aluminium cast housing and bus bars in switchgear are preferred in GIS due to Aluminium's non-corrosive and lightweight properties. The Company enjoys a strong presence in this space. To de-risk its over-dependence on the Power Transmission segment, it established a foothold in the Marine Transmission and Compressor components business.



- The Company has developed three parts of marine transmission housing for a reputed US customer.
- Exports for parts for locomotive applications more than doubled as the team worked towards simplifying the manufacturing process.
- The generator business remained steady during FY23 as the Company sustained supplies to one of the leading global generator and construction equipment manufacturers. It also received a number of inquiries from other prominent players in the industry, which are work-in-progress. The Company is also developing parts for diverse sectors, namely furniture, elevator, escalator and white goods, which were exported to global customers.

### Outlook

**Aluminium – Auto:** The Auto industry is going through a structural trend of lightweighting due to i) stringent emission norms and ii) an increasing EV mix, which has led to the high usage of Aluminium in the ICE and EV segments.

However, being way behind the global benchmark regarding Aluminium usage in the Auto sector, with an average usage in PVs/ CVs at 50-60kg (v/s 140-210/120-130kg in developed markets), India has considerable catching up to do.

Also, the narrowing of the time lag for adopting emission norms and technology between developed markets and India will result in a substantial increase in the usage of Aluminium in the Indian Auto industry. This augurs well for the Company, given its capabilities across die-casting technologies (high pressure, low pressure,

gravity and sand) and in-house facilities (tool room and die manufacturing).

Also, the domestic 2W demand has also started seeing green shoots, led by healthy demand in rural and urban India. This, coupled with increasing premiumisation, rising EV penetration and Craftsman's presence with two fast-growing OEMs, will drive business growth.

**Inorganic growth driver:** DR Axion manufactures aluminium cylinder heads and blocks for PVs through gravity and low-pressure die castings. The acquisition will benefit Craftsman in terms of i) process synergies as Craftsman is into high-pressure die castings as compared to DR Axion, which uses gravity/low-pressure castings, ii) strengthening its presence in PVs, iii) new customer additions (Key customer of DR Axion is world #3 in PVs and #2 in EVs in the US).

### Aluminium – Industrial:

Demand for Aluminium castings in the Power Transmission segment will be driven by the increasing share of GIS switchgear, which is expected to rise to 30% by FY24-25 from its current 20-25%. This will further benefit from increasing the salience of renewable power.

The use of gas-insulated switchgear (GIS) instead of an air-insulated switchgear (AIS), majorly in urban areas, is one of the key growth drivers for the Company as it is compact, occupies lesser space, and requires lower maintenance v/s AIS. Demand for GIS-based castings is expected to clock an 8-10% CAGR over the next three years.

In the Industrial vertical, while the Power Transmission segment is expected to grow,

driven by the increasing share of GIS switchgear, the recent order wins in Marine Transmission and the Compressor business will reduce its dependence on the former.

Overall the Industrial segment is experiencing favourable headwinds owing to the China-plus-one strategy gaining momentum and the significant increase in the cost of operations in developed economies, namely North America and Europe. The Company has received interesting RFQs from these geographies, which could translate into growth opportunities in the medium term.

**The global Aluminium die-casting market size was estimated at US\$ 82.67 billion in 2022 and is projected to reach over US\$ 144.74 billion by 2030, poised to grow at a CAGR of 7.2% from 2022 to 2030.**

Business segment 3

# Industrial & Engineering

Craftsman's Industrial and Engineering (IE) segment is a play on the capex recovery (high-end sub-assembly and contract manufacturing).



3

Manufacturing facilities

713

Revenue (₹ crore)

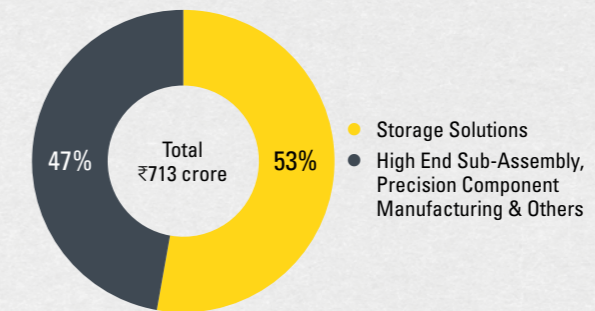
42%

Growth in revenue (y-o-y)

24%

Contribution to total revenue

Revenue mix by user segment (FY23)



Apart from benefitting from a capex recovery, the high-end sub-assembly business is eyeing emerging opportunities in the form of

- localisation and import substitution opportunities (especially in gears and gearboxes, wherein imports constitute 35% of demand),
- increasing machining opportunities in renewables and capital goods, and
- supply chain reorganisation globally and consolidation in India, for which it has already bagged new orders.
- establishing a Precision Heavy Parts manufacturing facility and ongoing production for wind mill components, machine beds, machine columns and other heavy machine components.

The high-end sub-assembly and contract manufacturing of products sub-segment includes multiples categories such as 1) Assembly & Sub Assembly of Engineering Components 2) gears and gearboxes; 3) material handling equipment; 4) tool room, mould base, and sheet metal, Marine Engine Parts; and 5) special purpose machines 6) Contract Manufacturing of Precision Heavy Parts

Contract Manufacturing is the largest revenue spinner for this segment, followed by the material handling and gear sections. The special and general-purpose machine manufacturing is primarily a backward integration for its powertrain and aluminium verticals where the Company designs and develops machines that are used for manufacturing customer components.

### Key Business Achievements in FY23

Craftsman made considerable headway in widening its sectoral presence by leaving a footprint in the precision wind mill components manufacturing space and precision heavy machine parts manufacturing segment. The engineering advantage and competency in precision machining has also led to the increased business volumes.

**Contract Manufacturing:** The Company focused on improving process efficiency and product quality in this customer-driven segment. It received a larger number of orders than the previous year from existing customers, which shored business growth.

During the year, the Company manufactured a giant industrial washing machine for the world's largest construction equipment manufacturer. It also developed BS-VI-compliance large-sized

washing machines for three Indian automobile majors for their commercial vehicle division. The Company also customised and delivered a large-sized pre-feeder machine to a famous Japanese engineering company.

**Gears & Gearboxes:** The Company took a strategic decision to focus on important customers while disengaging with the customers providing small orders for standard products – the objective being to maximise the returns from the resources deployed. The Company utilised the vacant capacity to manufacture value-added gearboxes, which were earlier outsourced. During the year, the Company manufactured mid size windmill precision gearbox assembly.

**Material Handling Equipment:** The Company expanded its product offering in both categories-Rope Hoists and Chain Hoists. The Rope Hoist range was expanded from 10-12 ton lifting capacity to 10-15 ton, 20-25 ton and 50-ton rope hoists. In the Chain Hoist, we provided products that can lift up to 3,000 kgs (earlier, the lifting capacity of our Chain Hoists was up to 1,000 kgs). This product widening expanded our opportunity canvas. The Company also expanded our manufacturing capability in both these product segments. It maintained a reasonable inventory of fast-moving products, which helped in servicing customers faster. Craftsman's niche in this vertical is that it manufactures its standard Hoists in a way that affords speedy customisation when required – thereby collapsing the delivery cycle even for most customised orders.

**Tool Room & Mould Base:** The Company successfully completed a challenging task of manufacturing the biggest die ever done by

Craftsman which goes into 3,200 ton high pressure die casting machines. These large dies were manufactured to cater to the requirements of one of the largest commercial vehicle manufacturer in the world and one of the largest farm equipment manufacturers in India. This achievement has marked a new beginning in manufacturing of 3,200 tonnage machine dies in-house.

### Outlook

In terms of high-end assembly business, the Company can capitalise on localisation or import substitution (especially gear and gearboxes) opportunities where imports meet a large part of the domestic demand. Other than that, machining opportunities in renewables and capital goods, reorganising the supply chain globally, and consolidation in India can augur well for this segment. Furthermore, enormous growth in this segment is expected due to a probable increase in capital expenditure.

Sub segment of Industrial &amp; Engineering

# Storage solutions

Despite being the latest entrant in the storage solutions business, Craftsman is one of the top three players in conventional storage segment and the fastest emerging indigenous end-to-end solutions provider in the advanced automated storage solution business experiencing exponential growth owing to the Make in India program.

The Storage Solutions business is a play on the increasing consumption economy in India and is driven by e-commerce, organised retailing, Consumer Durables, Auto, Pharmaceutical, cold storage, 3PL, FMCG and F&B segments.

The Company's VStore is a vertical automated storage and retrieval system (ASRS) developed in-house. It is a niche fully automated storage solution that effectively uses the vertical height of a warehouse or production area; its small footprint and high density make maximum use of the floor and vertical space. These factors position the VStore as an ideal cost-effective and efficient inventory management solution. The

Company is continuously increasing VStore Installation yoy. across India.

In the conventional storage segment, the Company is primarily involved in providing racking & shelving solutions. It also supplies metal pallets to its customers. The Company's USP is designing modular and flexible solutions that can be dismantled and moved quickly on very short notice.

### Sectoral trends in FY23

After a meteoric rise in e-commerce in the last 2-3 years, primarily owing to the pandemic, FY23 saw consolidation in the E-commerce sector.

E-commerce players were forced to reconfigure their business model due to volatile commodity prices, which increased the cost of warehousing and other global headwinds. The sector opted for smaller storage spaces that were closer to customers. As a result, Third-party logistics witnessed a surge, resulting in a significant increase in small warehouses.

The manufacturing sector also increased its investments in creating warehouses; prominent among them were the automotive and auto-component sectors and the retail sector.

2

Manufacturing facilities

376

Revenue (₹ crore)

49%

Growth in revenue (y-o-y)

13%

Contribution to total revenue

Most large retail companies operating in India initiated the concept of the 'micro fulfillment center'. This is typically a backend store, a multi-product warehouse closer to the customer base, which facilitates faster deliveries to customers and reduces the logistics cost for retailers.

Also, multi-commodity warehousing is a trend that is gaining steam in India, for it allows enterprises to save on storage and logistics.

### Key business achievements in FY23

The Company registered a healthy business growth of 49%. It was particularly satisfying as it came from a significantly higher base than the previous year.

Realising the changing trends in the warehousing and storage sector, the Company reconfigured its marketing strategy to widen its territory and sectoral presence. In addition to strengthening its presence in the e-commerce segment, it has secured business from sectors such as Pharma, Auto, 3PL logistics and cold storage, thereby expanding its addressable market. About 50% of business growth accrued from new customer accounts in new sectors.

While the Company continued introducing improved variants

in its static storage solutions, it launched multiple new products in its automated storage solutions segment aligned to customer requirements. The Company also introduced multi-production storage solutions, which are modular and hence increased flexibility. This new introduction resulted in a change in the solution design methodology being practiced by the Company.

Understanding that speed of delivery emerged as an essential parameter for garnering new business, the team remodeled our design processes.

The Company introduced software for its sales executives. This software helped them ideate and customise storage solution based on the client's requirements while accelerating the process.

### Outlook

It is one of our fastest-growing business segments. But in the future, India's increasing consumption story, massive growth in E-commerce, organised retail, and consumer durables will drive the market growth. Also, the rise of the auto segment, pharma, cold storage, 3PL logistics, multi-commodity warehouses, and record management sectors will boost the storage solution business.

**E-commerce:** E-commerce players are getting into perishable goods and medicines. These realities are expected to increase the demand for storage spaces and solutions.

**3PL Logistics:** Expanding contract period between 3PL companies and their clients is creating opportunities for automatic storage solution business. Earlier, these companies were not interested in investing in these technologies because of very short agreed-upon timeframe.

**Multi-commodity cold storage:** These cold storage variants are gaining credence across India, which ensures the availability of seasonal fruits and vegetables throughout the year – an essential requirement for the package food and beverages sector.

**Record Management:** In this age of widespread and rapid digitisation, government regulation dictates that a physical copy of a record is still needed for authenticity or identification. Reproducing them digitally is encouraged, but a physical copy is essential for valid documentation and safekeeping purposes. It is a nascent sector expected to drive the demand for warehousing over the medium term significantly.



# Risk Management

**Organisations are operating in a rapidly changing environment and must identify risks and measure the impact of such rapid changes on their business operations.**

At Craftsman, risk management is not just a regulatory requirement fulfilled by the top management. It is a continuous process embedded in all the Company's operations covering the Enterprise, Functions, and manufacturing plants.

To identify and mitigate risks, we have laid down an ERM policy and Enterprise Risk Management

framework, which provides guidelines to define, measure, control and mitigate them.

## Growth risk

Growing the business year-on-year could be challenging.

**Mitigation measures:** Understanding this issue, the Company is proactively working on the following strategies.

- Increasing wallet share with existing customers.
- Increasing the customer base in sectors of presence
- Widening the sectoral presence to widen available growth opportunities.

## Margin risk

Job work is generally low-margin operations. The need of the hour is to increase business margins.

**Mitigation measures:** They are embedded in the business model of the Company.

- Develops complex parts for its customers; hence the value add by the Company is significant.
- Engages with some customers from the design stage, sharing its knowledge and expertise in part development – this improves the margin profile.
- Continuing efforts in all business verticals to increase the sales mix towards high-value parts.
- Continuing focus on shopfloor efficiency for driving productivity and optimising costs.

## Overdependence risk

Being overdependent on any one user sector could be detrimental to sustainable business growth.

**Mitigation measures:** Sectoral de-risking is an ongoing effort by the Company.

- Continues to strengthen its presence in all verticals of the automotive sector and develop a meaningful presence in emerging opportunities (Electric vehicle variants)
- Enhances efforts in building a robust non-automotive presence across large and high-growth sectors to increase their proportion in the revenue mix.

## Variant risk

OEMs calling Automotive variants off the market could impact business performance and prospects.

**Mitigation measures:** This reality is built into the Company's operating model.

- Part scale-down is generally covered by new business from the same client or new business from a different client.
- Enjoys long and growing relations with all automotive OEMs operating in India to secure new business engagements quickly.

## Liquidity risk

The inability to repay debt could severely restrict business growth.

**Mitigation measures:** Reducing leverage is a continuous effort.

- The Company's revenue and EBITDA grew at a CAGR of 13% & 12% respectively over FY19.
- Continuing efforts of the company brings current ratio to 1.15 from 0.81 of FY20 and quick ratio to 0.48 from 0.39 of FY20.
- Debt-equity stands at a comfortable 0.72 as on March 31, 2023.
- Focus on increasing cash flow in the coming years to reduce the leveraged position further.
- The credit rating has been improving continuously from BBB+ to A+ with positive outlook.

## Talent risk

It is crucial to increase the intellectual capital in the Company to sustain business growth.

**Mitigation measures:** Talent retention, growth and acquisition is a relentless effort by the Company.

- Continue to strengthen the knowledge capital of the team through theoretical and on-job training.
- Enhance the energy and motivation of the team by engaging them in challenging and critical projects.
- Onboard young talent from campuses and put them through intensive training as part of the induction process.

## Environment risk

Focus on environment management to reduce the carbon footprint has emerged as critical for business sustainability.

**Mitigation measures:** Aware of the rising environmental concerns, the Company has undertaken the following to reduce its carbon footprint.

- Sourcing sustainable energy through wind power
- Upgradation of the lighting systems by switching to LED lights
- Installation of roof top solar to reduce the carbon footprint.

# Board of Directors

**Mr. Tamraparni Srinivasan Venkata Rajagopal**  
*Independent Director*

(DIN: 07148250)

He is a Practicing Chartered Accountant by qualification and profession and possesses more than 30 years of experience. He is the Senior Partner of Subbuchar & Srinivasan, Chartered Accountants Firm, Coimbatore. He is a graduate and fellow member of The Institute of Chartered Accountants of India (ICAI). He is also an All India Rank Holder in both CA Inter & Final examinations. He was awarded several academic awards at School and College levels. He has presented several papers on corporate audit and taxation at the ICAI, Coimbatore.

**Mr. Sundararaman Kalyanaraman**  
*Independent Director*

(DIN: 01252878)

He holds a bachelor's degree in mechanical engineering from the University of Madras. He has attended an advanced management program at the Indian Institute of Management. He has been on our Board since June 30, 2017. He has rich experience in the automotive industry. He was previously associated with TG Kirloskar Automotive Private Limited, Kirloskar Systems Limited, BPL Limited and Widia (India) Limited.

Further, he is a trustee in Caring with Colours – A Manasi Kirloskar Initiative. He has completed a training course for preparation as an award assessor for the "Confederation of Indian Industry Award for Business Excellence" by the European Foundation for Quality Management ("EFQM"). He is a member of the Indian Society for Advancement of Materials and Process Engineering and a member of the Project Management Institute (a global membership association dedicated to advancing the practice, science and profession of project management).

**Mrs. Vijaya Sampath**  
*Independent Director*

(DIN: 0064110)

She holds a bachelor's degree in arts from the University of Madras and a bachelor's degree in law from the University of Mysore. She is a fellow member of the Institute of Company Secretaries of India. She has attended the advanced management program of Harvard Business School, USA and a program on managing strategic alliances conducted by the Wharton School, University of Pennsylvania, USA. She has been on our Board since April 30, 2018. She has experience in corporate laws and advisory and chairs the FICCI committee on corporate laws. She was associated with Lakshmikumar & Sridharan Attorneys as a senior partner and with Bharti Airtel Limited as group general counsel and company secretary in the past.

**Mr. Srinivasan Ravi**  
*Chairman and Managing Director*

(DIN: 01257716)

He is the Promoter of our Company and has been associated with our Company since its incorporation. He holds a bachelor's degree in mechanical engineering from PSG College of Technology, Coimbatore.

He has experience of more than 35 years in the automotive industry. He received various awards, including "Outstanding Citizen of Coimbatore Award" by the Rotary Club of Coimbatore in 2018, "Entrepreneur of the Year 2015 Award" by the Entrepreneurs' Organisation, Coimbatore, "Outstanding Entrepreneur Achiever Award 2012" by Bharathiar School of Management and Entrepreneur Development, Bharathiar University, Coimbatore and "Best Entrepreneur Award" by Coimbatore Management Association in 2010.

**Mrs. Rajeswari Karthigeyan**  
*Independent Director*

(DIN: 10051618)

Mrs. Rajeswari Karthigeyan has an overall 30 years of experience in CRISIL Ltd., which is an Indian analytical company providing ratings, research, and risk & policy advisory services. It is the largest rating agency in India. It is also a subsidiary of S&P Global, which in turn is the largest global company in financial information, ratings and analytics. She also has 18 years of experience in Credit rating of Indian corporates and around 12 years of research experience encompassing various industries, Indian economy as well as customized research. She has functional expertise in Credit appraisal of large manufacturing entities, surveillance of ratings, interacting with investors and media, and providing thought leadership in the form of opinion pieces and webinars on various industries. She also served as a rating committee member for several years. During her tenor, she had insightful interactions with several Promoters, MDs, CFOs, CEOs and various functional Directors. She has meaningfully contributed to sustainability and risk management of numerous large corporates.

**Mr. Chandrashekar Madhukar Bhide**  
*Independent Director*

(DIN: 00027967)

He holds a bachelor's degree in technology in mechanical engineering from the Indian Institute of Technology, Bombay and a post-graduate diploma in business administration from the Indian Institute of Management, Ahmedabad. He has been on our Board since January 31, 2011. He has rich experience in the automotive industry. He was associated with Mahindra & Mahindra Limited in the past.

**Mr. Ravi Gauthamram**  
*Whole Time Director*

(DIN: 06789004)

He holds a bachelor's degree in mechanical engineering from PSG College of Technology, Coimbatore and a master's degree in mechanical engineering from RWTH Aachen University, Germany. He has experience in the automotive industry. He has been on our Board since February 20, 2014. He is engaged in building the product strategy in the industrial and engineering segment of our Company. Prior to joining our Company, he was associated with Caterpillar India Private Limited.



# Corporate Information

## CRAFTSMAN AUTOMATION LIMITED

CIN: L28991TZ1986PLC001816

Website: www.craftsmanautomation.com

### BOARD OF DIRECTORS

#### Mr. Srinivasan Ravi

Chairman and Managing Director (DIN: 01257716)

#### Mr. Ravi Gauthamram

Whole Time Director (DIN: 06789004)

#### Mr. Chandrashekhkar Madhukar Bhide#

Independent Director (DIN: 00027967)

#(Tenure Completed on 23<sup>rd</sup> May, 2023)

#### Mr. Sundararaman Kalyanaraman

Independent Director (DIN: 01252878)

#### Mrs. Vijaya Sampath

Independent Director (DIN: 00641110)

#### Mr. Tamraparni Srinivasan Venkata Rajagopal

Independent Director (DIN: 07148250)

#### Mrs. Rajeswari Karthigeyan

Independent Director (DIN:10051618)\*

\*(Appointed on 6<sup>th</sup> March, 2023)

**Chief Financial Officer:** Mr. C.B.Chandrasekar

**Company Secretary and Compliance Officer:** Mr. Shainshad Aduvanni

**Statutory Auditors:** Sharp & Tannan, Chartered Accountants, Chennai

**Internal Auditors:** MC Ranganathan & Co., Chartered Accountants, Chennai

**Cost Auditors:** S.Mahadevan & Co, Cost Accountants, Coimbatore

**Secretarial Auditors:** KSR & Co Company Secretaries LLP, Company Secretaries, Coimbatore

### COMMITTEES OF DIRECTORS

#### Audit Committee

- Mr. Tamraparni Srinivasan Venkata Rajagopal, Chairman\*
- Mr. Chandrashekhkar Madhukar Bhide, Chairman\*\*
- Mr. Sundararaman Kalyanaraman, Member
- Mrs. Vijaya Sampath, Member
- Mrs. Rajeswari Karthigeyan, Member#

\* Re-designated as Chairman w.e.f 8<sup>th</sup> May, 2023

\*\* Ceased to be Chairman w.e.f 8<sup>th</sup> May, 2023

# Inducted as member w.e.f 8<sup>th</sup> May, 2023

#### Nomination and Remuneration Committee

- Mrs. Vijaya Sampath, Chairperson
- Mr. Chandrashekhkar Madhukar Bhide, Member\*
- Mr. Sundararaman Kalyanaraman, Member
- Mr. Tamraparni Srinivasan Venkata Rajagopal, Member\*\*

\* Ceased to be Member w.e.f 8<sup>th</sup> May, 2023

\*\*Inducted as member w.e.f 8<sup>th</sup> May, 2023

#### Stakeholders Relationship Committee

- Mr. Sundararaman Kalyanaraman, Chairman\*
- Mr. Chandrashekhkar Madhukar Bhide, Chairman\*\*
- Mr. Srinivasan Ravi, Member
- Mrs. Rajeswari Karthigeyan, Member#

\* Re-designated as Chairman w.e.f 8<sup>th</sup> May, 2023

\*\* Ceased to be Chairman w.e.f 8<sup>th</sup> May, 2023

# Inducted as member w.e.f 8<sup>th</sup> May, 2023

#### Risk Management Committee

- Mr. Srinivasan Ravi, Chairman
- Mr.Ravi Gauthamram, Member
- Mr. Sundararaman Kalyanaraman, Member
- Mr.C.B.Chandrasekar, Member

#### Corporate Social Responsibility Committee

- Mr. Srinivasan Ravi, Chairman
- Mr. Chandrashekhkar Madhukar Bhide, Member\*
- Mr. Tamraparni Srinivasan Venkata Rajagopal, Member
- Mrs. Vijaya Sampath, Member\*\*

\* Ceased to be Member w.e.f 8<sup>th</sup> May, 2023

\*\*Inducted as member w.e.f 8<sup>th</sup> May, 2023

### BANKERS AND LENDERS

- Aditya Birla Finance Limited
- Axis Bank Limited
- Bajaj Finance Limited
- Citibank N.A
- Export-Import Bank of India
- HDFC Bank Limited
- IDFC First Bank Limited
- Indian Bank
- IndusInd Bank Limited
- International Finance Corporation
- Kotak Mahindra Bank Limited
- RBL Bank Limited
- Standard Chartered Bank
- State Bank of India
- Tata Capital Financial Services Limited
- YES Bank Limited

### REGISTERED OFFICE

123/4, Sangothipalayam Road, Arasur Post, Coimbatore – 641 407

### CORPORATE OFFICE

Krishna Towers, 4<sup>th</sup> & 5<sup>th</sup> Floor, 1087, Avinashi Road, Coimbatore - 641 037

### REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited  
Surya 35, Mayflower Avenue,  
Behind Senthil Nagar, Sowripalayam Road,  
Coimbatore - 641028.



# Directors' Report

To  
The Members,

The Directors are pleased to present the Thirty Seventh (37<sup>th</sup>) Annual Report of the Company together with the audited financial statements (consolidated and standalone) for the year ended 31<sup>st</sup> March 2023.

In compliance with the applicable provisions of Companies Act, 2013, (including any statutory modification(s) or re-enactment(s) thereof, for time being in force) ("Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), this report covers the financial results and other developments during the financial year ended 31<sup>st</sup> March 2023, in respect of Craftsman Automation Limited.

## 1. FINANCIAL HIGHLIGHTS & STATE OF AFFAIRS:

### 1.1 The financial performance of the Company for the financial year ended 31<sup>st</sup> March 2023 is summarised below:

(₹ in Crores)

Particulars	Year ended		Year ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Standalone		Consolidated	
Operating revenue	2,980.24	2,206.43	3,182.60	2217.02
Other income	12.09	9.27	12.54	7.40
EBITDA	671.33	538.58	696.63	541.94
Less: Finance Cost	116.91	84.20	120.23	84.22
Less: Depreciation and Amortization	214.97	205.98	221.61	205.99
Less: Exceptional items	-	-	-	-
Profit before Tax (PBT)	339.45	248.40	354.79	251.73
Less: Provision for Tax (Net)	101.69	87.95	103.83	88.64
Profit after Tax for the year (PAT)	237.46	160.45	250.96	163.09
Other Equity opening balance	1,131.64	967.89	1,125.18	958.87
Add: Profit for the year	237.76	160.45	250.96	163.09
Add: Securities premium (net) on IPO	-	(1.85)	-	(1.85)
Add/(Less) Other Comprehensive Income /(Loss)	(0.65)	5.15	0.70	5.07
Dividend paid on equity shares	(7.93)	-	(7.93)	-
Other Equity closing balance	1,360.82	1131.64	1,427.34	1125.18

#### Standalone Financial Results:

During the Financial Year (FY) 2022-23, the Company has achieved highest ever operating income of ₹2980.24 Crores as compared to ₹2206.43 Crores in FY 2021-22. The profit before tax for FY 2022-23 stood at ₹339.45 Crores compared to ₹248.40 Crores achieved in FY 2021-22. The profit after tax stood at ₹237.76 Crores for FY 2022-23 as compared to ₹160.45 Crores for the previous year.

#### Consolidated Financial Results:

The Company's consolidated revenue for FY 2022-23 was ₹3182.60 Crores as compared to ₹2217.02 for the previous year. During the year under review, the consolidated profit after tax stood at ₹250.96 Crores as compared to ₹163.09 Crores for the previous year.

The Consolidated Financial Statement includes Audited Financial Statements of Craftsman Europe B.V., Wholly Owned Subsidiary, DR Axion India

Private Limited, Subsidiary (w.e.f 1<sup>st</sup> February, 2023. Accordingly, 2 months Financial has been consolidated) and Carl Stahl Craftsman Enterprises Private Limited, Joint Venture.

#### Material Changes affecting the Financial Position of the Company during the year

The Company at its Board meeting held on 29<sup>th</sup> December, 2022 had approved the acquisition of 8,57,65,631 equity shares representing 76% of the total paid-up equity share capital (fully diluted basis) of DR Axion India Private Limited subject to closing conditions. Accordingly, (i) a Share Purchase Agreement ("SPA") by and amongst, the Company, DR Axion India Private Limited ("Target"), Daerim International Co Ltd ("Seller") and DR Axion Co. Ltd. ("Parent Seller") and (ii) Shareholders Agreement ("SHA") by and amongst the Company, Target, Seller and Parent Seller was executed on 29<sup>th</sup> December, 2022.

Pursuant to SPA dated 29<sup>th</sup> December 2022, Seller had transferred 8,57,65,631 (Eight Crores Fifty-Seven Lakhs Sixty-Five Thousand Six Hundred Thirty One) equity shares amounting to 76% (seventy six per cent) of the outstanding share capital of DR Axion Private Limited with a face value of ₹10 for consideration of ₹375 Crores to the Company. Thus w.e.f 1<sup>st</sup> February 2023, DR Axion India Private Limited has become a Subsidiary of Craftsman Automation Limited.

## 2. DIVIDEND:

For the FY 2021-22, the Company has declared a Final Dividend of ₹3.75 on the equity shares of ₹5 each with total outlay of ₹793 Lakhs.

The Board of Directors at their meeting held on 8<sup>th</sup> May, 2023 has recommended payment of ₹11.25 (Eleven Rupees and Twenty Five Paise) per equity share being 225% on the face value of ₹5 each as final dividend for the FY ended 31<sup>st</sup> March, 2023. The payment of dividend is subject to approval of the shareholders at the 37<sup>th</sup> Annual General Meeting ("AGM") of the Company.

The dividend if approved by the members would involve a cash outflow of ₹2376 Lakhs. The dividend payout is in accordance with the company's dividend distribution policy.

In view of the changes made under the Income Tax Act, 1961, by the Finance Act, 2020, dividend paid

or distributed by the Company shall be taxable in the hands of the shareholders. Your Company shall, accordingly, make the payment of the dividend after deduction of tax at source.

Pursuant to provisions of Regulation 43A of the Listing Regulations as amended from time to time, the Company has formulated Dividend Distribution Policy. The policy is available on the Company's website at <https://www.craftsmanautomation.com/investors/wp-content/uploads/2022/08/14.CAL-Dividend-Distribution-Policy.pdf>

## 3. TRANSFER OF UNCLAIMED DIVIDEND TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF):

In accordance with the provisions of Sections 124 and 125 of the Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividend of a Company which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund ("IEPF").

In terms of the foregoing provisions of the Act, there is no dividend which remains outstanding or remains to be paid and required to be transferred to the IEPF by the Company during the year ended 31<sup>st</sup> March, 2023.

## 4. SHARE CAPITAL:

During the year under review, the Company has not altered/modified its authorised share capital and has not issued any shares including equity shares with differential rights as to dividend, voting or otherwise. The Company has not issued any sweat equity shares to its directors or employees.

The Paid-up Share Capital of the Company as on 31<sup>st</sup> March, 2023 is ₹10,56,41,555 divided into 2,11,28,311 Equity Shares of ₹5 each fully paid up.

## 5. CHANGE IN REGISTERED OFFICE OF THE COMPANY

During the year, the Company had shifted its registered office from "Senthel Towers", IV<sup>th</sup> Floor, 1078, Avanashi Road, Coimbatore – 641 018, Tamil Nadu, India to 123/4, Sangothipalayam Road, Arasar Post, Coimbatore – 641 407, Tamil Nadu, India with effect from 8<sup>th</sup> December, 2022 which is outside

the local limits of the City i.e., Coimbatore in the State of Tamil Nadu but within the jurisdiction of Registrar of Companies (RoC), Coimbatore with the approval of the shareholders through Postal Ballot on 8<sup>th</sup> December, 2022.

#### 6. RESERVES AND SURPLUS:

The Company has not transferred any amount to the Reserves for the FY ended 31<sup>st</sup> March, 2023.

#### 7. MANAGEMENT DISCUSSION & ANALYSIS REPORT:

Pursuant to Regulation 34(2)(e) of the Listing Regulations, Management Discussion and Analysis Report forms part of this report as **Annexure - 1**.

#### 8. CORPORATE GOVERNANCE:

Pursuant to Regulation 34(3) of the Listing Regulations, a report on Corporate Governance along with a Certificate from the Company Secretary in Practice towards compliance of the provisions of Corporate Governance, forms an integral part of this Annual Report and are given in **Annexure - 2** and **Annexure - 3** respectively.

#### 9. CORPORATE SOCIAL RESPONSIBILITY (CSR):

In accordance with the requirements of Section 135 of the Act, the Company has constituted a Corporate Social Responsibility (CSR) Committee and also formulated a Corporate Social Responsibility Policy (CSR Policy) which is available on the website of the Company at <https://www.craftsmanautomation.com/investors/wp-content/uploads/2022/08/1.-CAL-Policy-on-Corporate-Social-Responsibility-1.pdf>

An Annual Report on CSR activities of the Company during the FY 2022-23 as required to be given under Section 135 of the Act read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been provided as an **Annexure - 4** to this Report.

#### 10. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the FY ended

31<sup>st</sup> March, 2023 to which the Financial Statements relates and the date of signing of this report.

#### 11. RISK MANAGEMENT POLICY:

Pursuant to Section 134(3)(n) of the Act and Regulation 17(9) of the Listing Regulations, the Company has formulated and adopted a Risk Management Policy. The Company has been consciously following a policy of risk mitigation by diversifying its products, services, markets and customers. The key risk of exposure to the cyclical nature of automobile business is being mitigated by increasing the share of the Industrial & Engineering segment. Further, within the Industrial & Engineering segment, the risk of excessive reliance on contract manufacturing is being addressed by strengthening and growing the Company's own product portfolio and creating brand equity.

##### Following are the major risk concerns:

##### Competition:

Some of the Company's business segments operates in a competitive environment and some of the Company's customers pursue a policy of maintaining more than one source for a product/service. The Company's senior management team closely monitors the market and devises the various strategies to stay ahead of the competition.

##### Economy:

The economy is still susceptible to the challenging global economic environment of increased trade tensions, protectionism and slowdown. It is also constrained by fiscal profligacy and implementation delays, weak financial sector.

##### Automobile Industry:

The fortunes of the automobile industry are cyclical and the demand for vehicles are vulnerable to the interest rates and liquidity.

##### Risk Mitigation Measures:

As already mentioned the Company adopts the policy of risk diversification by broadening its products, services, market and customer base. The Company over the years built a good design, engineering and product development team. This has enabled the Company to come out with new products and services and in the contract manufacturing space, the company is able to position itself as a one-stop solution provider to its customers. In addition, the

Company has steadily invested over the years to build up world class manufacturing and testing facilities at Coimbatore and other plants. The state-of-the-art machines, continuous improvement in the production processes, constant upgradation of employee skill levels, backward integration to tool, die and fixture making and JIT deliveries have created a strong competitive advantage for the Company.

The Board has constituted Risk Management Committee under the Chairmanship of Mr. Srinivasan Ravi, which reviews the various risks faced by the Company and advises the Board on risk mitigation plans. Risk Management policy may be accessed on the Company's website at the link: <https://www.craftsmanautomation.com/investors/wp-content/uploads/2022/08/4.-CAL-Risk-Management-Policy.pdf>

#### 12. VIGIL MECHANISM / WHISTLE BLOWER POLICY FOR DIRECTORS AND EMPLOYEES:

The Company has formulated a comprehensive Whistle Blower Policy in line with the provisions of Section 177(9) and 177(10) of the Act and Regulation 22 of the Listing Regulations with a will to enable the stakeholders, including directors, individual employees to freely communicate their concerns about illegal or unethical practices and to report genuine concerns to the Audit Committee of the Company.

The mechanism provides adequate safeguards against victimization of directors or employees who avail of the mechanism. The Whistle Blower Policy has been placed in the website of the Company at <https://www.craftsmanautomation.com/investors/wp-content/uploads/2022/08/2.-CAL-WhistleBlowerPolicy.pdf>

#### 13. INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:

The Company has in place a policy on prevention, prohibition and redressal of Sexual Harassment at workplace in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Committee has been setup to redress the complaints

received on the sexual harassment. All employees of the Company are covered under this policy.

The details of complaints received and disposed off during the FY 2022-23 is as follows:

S.No.	Particulars	Remarks
(a)	Number of complaints of sexual harassment received in the year	Nil
(b)	Number of complaints disposed off during the year	Nil
(c)	Number of cases pending for more than ninety days	Nil
(d)	Number of workshops or awareness programme against sexual harassment carried out	2
(e)	Nature of action taken by the employer or District Officer	Nil

#### 14. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

During FY 2022-23, all contracts/ arrangements/ transactions entered into by the Company with related parties were in the ordinary course of business and on an arm's length basis. All the Related Party Transactions are placed before the Audit Committee for prior approval, as required under the Act and Listing regulations. A statement of all Related Party Transactions is placed before the Audit Committee for its review on a quarterly basis.

The Company has not entered into material contracts or arrangements or transactions with related parties in accordance with Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014. There were no materially significant Related Party Transactions made by the Company during the year that would have required shareholders' approval under the Listing Regulations.

Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013, in Form AOC-2 is not applicable. Members may refer to Note no. 3.5 to the Standalone Financial Statements which sets out related party disclosures pursuant to IND AS-24.

The Company has adopted policy on Related Party Transactions and can be accessed on the Company's website at <https://www.craftsmanautomation.com/investors/wp-content/uploads/2022/08/11.-CAL-RPT-Policy.pdf>

**15. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE ACT:**

Pursuant to Section 186 of the Act, disclosure on particulars relating to loans, advances, guarantees and investments are provided as part of the financial statements in notes the Standalone Financial Statements.

**16. DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE FINANCIAL YEAR:**

No application was made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the FY 2022-23.

**17. DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF DURING THE FINANCIAL YEAR:**

Not applicable during the financial year.

**18. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

There were no significant / material orders passed by the regulators or courts or tribunals during the FY 2022-23, impacting the going concern status and Company's operations in future.

**19. ANNUAL RETURN:**

Pursuant to Section 92(3) and 134(3)(a) of the Act the Annual Return of the Company prepared in accordance with Section 92(1) of the Act read with Rule 11 of the Companies (Management and Administration) Rules, 2014 (as amended), is placed on the website of the Company and is accessible at the web-link <https://www.craftsmanautomation.com/investors/annual-reports/>

**20. CREDIT RATING:**

During the year under review, CRISIL Limited, a credit rating agency registered with the Securities and Exchange Board of India has upgraded the credit rating assigned to the long term loan facilities from A/Stable to A+/Stable and reaffirmed the short term loan facilities - A1 vide letter dated 6<sup>th</sup> July,

2022. Further, CRISIL Limited revised the outlook for long term loan facilities from Stable to Positive while reaffirming the ratings A+ and also reaffirmed the short term loan facilities A1 vide letter dated 9<sup>th</sup> January, 2023.

**21. PUBLIC DEPOSITS:**

The Company has not accepted any deposits falling within the meaning of Section 73 or 74 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014 during the financial year and as such, no amount on account of principal or interest on deposits from public was outstanding as on 31<sup>st</sup> March, 2023.

**22. AWARDS AND RECOGNITIONS:**

The Company has always been singled out by its customers as a supplier partners known for its reliability and quality.

During the year, the Company has received Significant Contribution Award - Warehouse Completion - FY2023 from NDR Vanshil, Best Quality Performance Award - Farm Division - FY2023, Annual Commodity Award - Casting - Farm Division - FY2023, Special Appreciation Award- XUV 700 - FY2023 and Special Appreciation Award- YUVO TECH+ - FY2023 from Mahindra & Mahindra.

**23. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE:****23.1 Details of Foreign wholly owned subsidiary: CRAFTSMAN EUROPE B.V., THE NETHERLANDS**

During the year under review, Craftsman Europe B.V., Wholly Owned Subsidiary has posted a turnover of ₹2159 Lakhs (€ 25.46 Lakhs) as against ₹1890 Lakhs (€ 21.73 Lakhs) in the previous year. The profit for the FY2022-23 amounted to ₹238 Lakhs as compared to ₹226 Lakhs for the previous year.

**23.2 Details of Subsidiary:****DR AXION INDIA PRIVATE LIMITED:**

During the year under review, your Company has acquired 76% of the equity share capital of DR Axion India Private Limited. Thus, w.e.f 1<sup>st</sup> February 2023, DR Axion India Private Limited has become a Subsidiary of Craftsman Automation Limited. The turnover of DR Axion India Private Limited was ₹1084.09 Crores for the FY 2022-23 as compared to ₹715.94 Crores for the FY 2021-22. Profit for the year was ₹58.36

Crores as compared to loss of ₹6.79 Crores during the previous year.

**23.3 Details of Joint Venture Company:****CARL STAHL CRAFTSMAN ENTERPRISES PRIVATE LIMITED:**

Carl Stahl Craftsman Enterprises Private Limited which is an associate Company in which your Company is holding 30% of equity shares notched a turnover of ₹48.97 Crores in FY 2022-23 as against the ₹34.15 Crores of FY 2021-22. The Profit for the year was ₹1.60 Crores as against profit of ₹1.27 Crores in FY 2021-22.

Pursuant to Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of the Company's Subsidiaries and Associate Company in Form No. AOC-1 is attached to this report as **Annexure – 5**.

**24. CHANGE IN NATURE OF BUSINESS:**

During the year under review, there has been no change in the Company's nature of business.

**25. DIRECTORS:**

The Board of the Company is duly constituted. None of the directors of the Company is disqualified under the provisions of the Act or the Listing Regulations.

During the FY 2022-23 the shareholders of the Company at the 36<sup>th</sup> AGM held on 17<sup>th</sup> June, 2022 had approved the appointment of Mr. Tamraparni Srinivasan Venkata Rajagopal (DIN: 07148250) as an Independent Director of the Company w.e.f 19<sup>th</sup> March, 2023.

The Board at its meeting held on 6<sup>th</sup> March, 2023 had appointed Mrs. Rajeswari Karthigeyan (DIN: 07148250) as an Additional Director in the category of Independent Director of the Company with effect from 6<sup>th</sup> March, 2023 upon recommendation of the Nomination and Remuneration Committee. Further, the shareholders of the Company had approved the appointment of Mrs. Rajeswari Karthigeyan (DIN: 07148250) as an Independent Director with effect from 6<sup>th</sup> March, 2023 through Postal Ballot on 13<sup>th</sup> April, 2023 with requisite majority.

The Shareholders of the Company had approved the reappointment of Mrs. Vijaya Sampath (DIN:00641110) as an Independent Director for the second term w.e.f 30<sup>th</sup> April, 2023 and reappointment of Mr. Sundararaman Kalyanaraman (DIN:01252878) as an Independent Director for the second term w.e.f 24<sup>th</sup> May, 2023 and also approved the continuation of Directorship of Mr. Sundararaman Kalyanaraman (DIN: 01252878) as an Independent Director from the day he attains the age of 75 years till the expiry of his second term through Postal Ballot on 13<sup>th</sup> April, 2023 with requisite majority.

In accordance with the provisions of the Act and Articles of Association of the Company, Mr. Ravi Gauthamram (DIN: 06789004), Whole Time Director, retires by rotation and being eligible, offers himself for reappointment at the ensuing AGM. His appointment is placed for approval of the members and forms part of the notice of the 37<sup>th</sup> AGM. The information about the Director seeking his reappointment as per Para 1.2.5 of Secretarial Standards on General Meetings and Regulation 36(3) of the Listing Regulations has been given in the notice convening the 37<sup>th</sup> AGM.

**26. KEY MANAGERIAL PERSONNEL:**

Pursuant to Section 2(51) and 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following are the Key Managerial Personnel of the Company:

- i. Mr. Srinivasan Ravi, Chairman and Managing Director;
- ii. Mr. Ravi Gauthamram, Whole Time Director;
- iii. Mr. C.B.Chandrasekar, Chief Financial Officer;
- iv. Mr. Thiyagaraj Damodharaswamy, Chief Operating Officer – Automotive Powertrain;
- v. Mr. Shainshad Aduvanni, Company Secretary.

The remuneration and other details of these Key Managerial Personnel for FY 2022-23 are provided in the Annual Return which is available on the website of the Company.

**27. COMMITTEES:**

As per the requirements of the Act and Listing Regulations, the following committees were constituted and the composition and meeting of committees held during the year are as follows.

**i. Audit Committee:**

The Composition of the Audit Committee:-

1. Mr. Chandrashekar Madhukar Bhide, Independent Director (Chairman);
2. Mr. Sundararaman Kalyanaraman, Independent Director (Member);
3. Mrs. Vijaya Sampath, Independent Director (Member);
4. Mr. Tamraparni Srinivasan Venkata Rajagopal, Independent Director (Member).

During the FY 2022-23, the Audit Committee met four times on 9<sup>th</sup> May, 2022, 25<sup>th</sup> July, 2022, 17<sup>th</sup> October, 2022 and 23<sup>rd</sup> January, 2023.

**ii. Nomination and Remuneration Committee:**

The Composition of the Nomination and Remuneration Committee:-

1. Mrs. Vijaya Sampath, Independent Director (Chairperson);
2. Mr. Chandrashekar Madhukar Bhide, Independent Director (Member);
3. Mr. Sundararaman Kalyanaraman, Independent Director (Member).

During the FY 2022-23, Nomination and Remuneration Committee met three times on 9<sup>th</sup> May, 2022, 23<sup>rd</sup> January, 2023 and 6<sup>th</sup> March, 2023.

**iii. Stakeholders Relationship Committee:**

The Composition of the Stakeholders Relationship Committee:-

1. Mr. Chandrashekar Madhukar Bhide, Independent Director (Chairman);
2. Mr. Srinivasan Ravi, Chairman and Managing Director (Member);
3. Mr. Sundararaman Kalyanaraman, Independent Director (Member).

During the FY 2022-23, Stakeholders Relationship Committee met once on 6<sup>th</sup> March, 2023.

**iv. CSR Committee:**

The composition of CSR Committee:-

1. Mr. Srinivasan Ravi, Chairman and Managing Director (Chairman);
2. Mr. Chandrashekar Madhukar Bhide, Independent Director (Member);
3. Mr. Tamraparni Srinivasan Venkata Rajagopal, Independent Director (Member).

During the FY 2022-23, the CSR Committee met two times on 9<sup>th</sup> May, 2022 and 6<sup>th</sup> March, 2023.

**v. Risk Management Committee:**

The composition of Risk Management Committee:-

1. Mr. Srinivasan Ravi, Chairman and Managing Director (Chairman);
2. Mr. Ravi Gauthamram, Whole Time Director (Member);
3. Mr. Sundararaman Kalyanaraman, Independent Director (Member);
4. Mr.C.B.Chandrasekar, Chief Financial Officer (Member).

During the FY 2022-23, the Risk Management Committee met two times on 10<sup>th</sup> September, 2022 and 6<sup>th</sup> March, 2023.

**vi. Management Committee:**

The Composition of the Management Committee:-

1. Mr. Srinivasan Ravi, Chairman and Managing Director (Chairman);
2. Mr. Ravi Gauthamram, Whole Time Director (Member).

During the FY 2022-23, the Management Committee met four times during the year on 15<sup>th</sup> June, 2022, 10<sup>th</sup> September, 2022, 4<sup>th</sup> November, 2022, 16<sup>th</sup> March, 2023.

**28. INTERNAL FINANCIAL CONTROLS:****A. Internal Financial Controls and their Adequacy**

In terms of Section 134(5)(e) of the Act, the term Internal Financial Control means the policies and procedures adopted by a Company for ensuring orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information.

Internal Control Over Financial Reporting (ICFR) remains an important component to foster confidence in a company's financial reporting, and ultimately, streamlining the process to adopt best practices. Your Company through Internal Audit Program is regularly conducting test of effectiveness of various controls. The ineffective and unsatisfactory controls are reviewed and remedial actions are taken immediately. The internal audit plan is also aligned to the business objectives of the Company which is reviewed and approved by the Audit Committee. Further, the Audit Committee monitors the adequacy and effectiveness of your Company's internal control framework.

Adequate internal financial controls are in place which ensures the reliability of financial and operational information. The regulatory and statutory compliances are also ensured. The Oracle enterprise wide resource platform deployed in the Company enables the business processes and also ensures financial discipline and fosters accountability.

**29. AUDITORS & AUDITORS REPORT:****A. Statutory Auditors**

The Shareholders at their meeting held on 20<sup>th</sup> May, 2020 had appointed Sharp & Tannan, Chartered Accountants, A-Wing, 602, Anna Salai, Chennai – 600 006 (Firm Registration No:003792S), as the Statutory Auditors of the Company for a period of 5 years from the conclusion of the 34<sup>th</sup> AGM (2020) till the conclusion of 39<sup>th</sup> AGM (2025).

**B. Statutory Audit Report**

There are no qualifications, reservations or adverse remarks made by Sharp & Tannan, Statutory Auditors in their report for the financial year ended 31<sup>st</sup> March, 2023.

**C. Internal Auditor**

MC Ranganathan & Co., Chartered Accountants, Chennai, who are the Internal Auditors have carried out internal audit for the FY 2022-23. Their reports were reviewed by the Audit Committee.

**D. Cost Auditor**

During the FY 2022-23, the Company is required to maintain cost records under Companies (Cost Records and Audit) Rules, 2014. Accordingly, cost records have been maintained by the Company, which are being audited by S.Mahadevan & Co, Cost Accountants, Coimbatore (Registration No. 000007).

In accordance with Section 148 of the Act, the Board of Directors of the Company, on recommendation of the Audit Committee, has re-appointed S.Mahadevan & Co, Cost Accountants, Coimbatore, (Registration No. 000007) as the Cost Auditors to conduct the Audit of the Cost Accounting Records maintained by the Company for the FY 2023-24. S.Mahadevan & Co have confirmed that their appointment is within the limits of Section 141(3)(g) of the Act and have also certified that they are free from any disqualifications specified under Section 141(3) read with Section 148(5) of the Act.

As per the provisions of the Act, a resolution seeking members' ratification for the remuneration payable to S. Mahadevan & Co, Cost Auditors is included at item no.5 of the Notice convening the 37<sup>th</sup> AGM.

**E. Secretarial Auditor and Secretarial Audit:**

Pursuant to the Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed KSR & Co Company Secretaries LLP, Coimbatore as the Secretarial Auditors of the Company to undertake the Secretarial Audit of the Company for the FY 2022-23.

The Secretarial Audit Report in form MR-3 forms part of the Directors' Report as **Annexure - 6.1**. The report does not contain any qualification, reservation, adverse remark or disclaimer.

The Secretarial Audit Report of DR Axion India Private Limited, Subsidiary in form MR-3 is attached to this report as **Annexure-6.2**. The Secretarial Audit Report of DR Axion India Private Limited does not contain any qualification, reservation, adverse remark or disclaimer.

## F. Annual Secretarial Compliance Report

The Company has undertaken an audit for the Financial Year ended 31<sup>st</sup> March, 2023 for all applicable compliances as per the Regulation 24A of the Listing Regulations and Circulars/ Guidelines issued thereunder. The Annual Secretarial Compliance Report to be issued by KSR & Co Company Secretaries LLP will be submitted to the Stock Exchanges as per the Listing regulations.

## G. Reporting of Frauds by Auditors:

During the year under review, the Statutory Auditors, Internal Auditors, Cost Auditors and Secretarial Auditors have not reported any instance of fraud committed in the Company by its Officers or Employees to the Audit Committee under Section 143(12) of the Act and the rules made thereunder.

## 30. MEETINGS OF THE BOARD AND COMMITTEES:

During the FY 2022-23, the Board of Directors met six (6) times and the details of the meetings of the Board and its Committees are given in the Corporate Governance Report (**Annexure 2**). The gap intervening between two meetings was within the time prescribed under the Act and Listing Regulations.

Details of attendance of meetings of the Board, its Committees and the Annual General Meeting/ Postal Ballot are included in the Report on Corporate Governance, which forms part of this Annual Report.

## 31. MEETING OF INDEPENDENT DIRECTORS:

In terms of requirements under Schedule IV of the Act and Regulation 25(3) of Listing Regulations, a separate meeting of the Independent Directors was held on 7<sup>th</sup> March, 2023.

The Independent Directors at the meeting, inter alia, reviewed the following: -

- Performance of Non-Independent Directors and Board as a whole.
- Performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors.
- Assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for

the Board to effectively and reasonably perform their duties.

## 32. DECLARATION BY INDEPENDENT DIRECTORS:

The Company has received declarations from each Independent Director of the Company under Section 149(7) of the Act and Regulation 25(8) of the Listing Regulations confirming compliance with the criteria of independence as stipulated under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and there has been no change in the circumstances which may affect their status as Independent Directors during the FY 2022-23.

All Independent Directors of the Company have affirmed compliance with the Schedule IV of the Act and Company's Code of Conduct for Directors and Employees for the FY 2022-23.

All the Independent Directors of the Company have registered themselves with the Indian Institute of Corporate Affairs ('IICA') towards the inclusion of their names in the data bank and they meet the requirements of proficiency self-assessment test.

## 33. NON-EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURES:

None of the Independent / Non- Executive Directors have any pecuniary relationship or transactions with the Company which in the judgement of the Board may affect the independence of the Directors.

## 34. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS:

The Company has adopted a familiarisation programme for Independent Directors with an objective of making the Independent Directors of the Company accustomed with the business and operations of the Company through various structured orientation programme. The familiarization programme also intends to update the Directors on a regular basis on any significant changes therein so as to be in a position to take well informed and timely decision.

The details of the familiarization programme undertaken have been uploaded on the Company's website and the same is accessible at the web-link <https://www.craftsmanautomation.com/investors/corporate-governance/#2>.

## 35. PERFORMANCE EVALUATION OF BOARD AND ITS COMMITTEES:

Pursuant to the provisions of the Act and Listing Regulations and as per Guidance Note on Board Evaluation issued by SEBI on 5<sup>th</sup> January, 2017, the Board has carried out annual performance evaluation of its own performance, the Directors individually as well as evaluation of the working of its Committees at its meeting held on 6<sup>th</sup> March, 2023.

The Nomination and Remuneration Committee has defined the evaluation criteria for the performance evaluation of individual Directors, the Board and its Committees. The performance of the Board, its committees and individual Directors was evaluated by the Board after seeking inputs from all the respective Committee members and Directors.

## 36. DIRECTORS' APPOINTMENT AND REMUNERATION POLICY:

The Company has on the recommendation of the Nomination and Remuneration Committee framed and adopted a Nomination and Remuneration Policy in terms of the Section 178 of the Act with effect from 02<sup>nd</sup> July, 2018. The policy, inter alia lays down the principles relating to appointment, cessation, remuneration and evaluation of directors, key managerial personnel and senior management personnel of the Company.

The Nomination & Remuneration Policy of the Company is available on the website of the Company at web-link <https://www.craftsmanautomation.com/investors/wp-content/uploads/2022/08/3.-CAL-Nomination-Remuneration-and-Board-Evaluation-Policy.pdf>.

## 37. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

The details as required under Section 197(12) of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure – 7** of this Report.

In terms of provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing names of the employees drawing remuneration and other particulars, as prescribed in the said Rules forms part of this report. However, in terms of first proviso to Section 136(1) of the Act, the Annual Report,

excluding the aforesaid information, is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any member who is interested in obtaining these particulars may write to the Company Secretary of the Company.

During the year, the Company had no employee who was employed throughout the FY or part thereof and was in receipt of remuneration, which in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole-Time Director or Manager and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company.

## 38. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT:

Pursuant to Regulation 34(2)(f) of the Listing Regulations, the initiatives taken by the Company from an environmental, social and governance perspective for the FY 2022-23 has been given in the Business Responsibility and Sustainability Report (BRSR) as per the format specified by SEBI Circular no. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated 10<sup>th</sup> May, 2021 which forms part of this report as **Annexure – 8**. The Company's ESG profile can be accessed through <https://www.craftsmanautomation.com/esg-profile.html>.

## 39. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information pertaining to details of conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3) (m) of the Act read with Rule 8 of the Companies Accounts Rules, 2014 are as follows:

### A) Conservation of energy:

#### I Steps taken or impact on conservation of energy

- a. Old Compressor motors were replaced with New High Efficient Motors in Screw Compressor.
- b. The Company is replacing low Efficient Screw Air Compressor with new High Capacity and Efficient Air Compressors, which results in energy saving and reducing no of compressors.

- c. The Existing LED lamps with High Coverage and High Efficient LED lamps has be replaced, due to which no of Fittings are reduced.
- d. 3 different capacity STP converted into one single capacity STP
- e. 90% of stabilizers were removed from the system by installing standby capacity UPS system.
- f. Screw Compressors were shifted to new high ventilated rooms as a result, Efficiency has improved.
- g. The Company is under process of using LNG instead of LPG for Melting Furnaces and PNG DG sets instead of Diesel Generator Set

### II Steps taken by the Company for utilizing alternate source of energy

- a. The Company is planning to purchase more volume of power from Third Party Wind and solar Energy.
- b. In Company's unit 3 plant located at Arasur, the Company has converted the incoming Government EB Power from 33KV HT Supply to 110Kv EHT Supply for uninterrupted quality power due to which the direct and indirect energy savings are more.
- c. The Company has installed Solar Roof top plant

### III Capital investment on energy conservation equipment's

- a. Solar Roof Top Plant
- b. HT to EHT Conversion Power Project
- c. PNG Generator sets (Piped Natural Gas)

### B) Technology Absorption:

The Company has effectively integrated and absorbed general technology in the area of UPS Cooling System, Generator by ordering PNG Generator sets instead of Diesel Generator sets and power consumption from 800Kw Roof Top Solar Power Plant.

### The expenditure incurred on Research and Development

The Company has not incurred any expenditure on Research and Development.

### C) Foreign Exchange earnings and Outgo:

Details of earnings accrued and expenditure incurred in foreign currency are as given below.

Foreign Exchange Earnings — ₹218.32 Crores

Foreign Exchange Outgo — ₹272.60 Crores

### 40. DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors' Responsibility Statement referred to in Section 134 (3) (c) of the Act shall state 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) the directors had 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 profit of the Company for that period;
- (c) the directors had taken proper and sufficient care for the 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) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 41. SECRETARIAL STANDARDS:

The Company is in compliance with the Secretarial Standards on Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

### 42. PROHIBITION OF INSIDER TRADING:

In terms of the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended (PIT Regulations), the Company has adopted the revised "Code of Conduct to Regulate, Monitor and Report Trading by Insiders" ("the Code"). The Code is applicable to all Directors, Designated persons and connected Persons and their immediate relatives, who have access to unpublished price sensitive information relating to the Company.

The Company has also formulated a 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with the PIT Regulations.

The aforesaid Codes are posted on the Company's website and can be accessed by using web link at <https://www.craftsmanautomation.com/investors/wp-content/uploads/2022/08/6.-CAL-Code-of-Conduct-under-SEBI-PIT.pdf> and <https://www.craftsmanautomation.com/investors/wp-content/uploads/2022/08/7.-CAL-Code-of-Fair-Disclosure-of-UPSI.pdf>

### 43. STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR:

In the opinion of Board of Directors of the Company, Independent Directors on the Board of Company hold highest standards of integrity and are highly qualified, recognized and respected individuals in their respective fields. It's an optimum mix of expertise (including financial expertise), leadership and professionalism.

### 44. CEO/CFO CERTIFICATION

As required under Regulation 17(8) of the Listing Regulations, the Managing Director and CFO of the Company have certified the accuracy of the Financial Statements and adequacy of Internal Control Systems for financial reporting for the year ended 31<sup>st</sup> March, 2023. The certificate is given in **Annexure - 9**.

### 45. DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT:

The Code of Conduct of the Company aims at ensuring consistent standards of conduct and ethical business practices across the Company. This Code is available on the website of the Company at weblink <https://www.craftsmanautomation.com/investors/wp-content/uploads/2022/08/10.-CAL-Code-of-Conduct-for-Directors-and-SM.pdf>. Pursuant to the Listing Regulations, a confirmation from the Managing Director regarding compliance with the Code by all the Directors and senior management of the Company is given in **Annexure - 10**.

### 46. CAUTIONARY STATEMENT:

The Annual Report including those which relate to the Directors' Report, Management Discussion and Analysis Report may contain certain statements on the Company's intent expectations or forecasts that appear to be forward-looking within the meaning of applicable securities laws and regulations while actual outcomes may differ materially from what is expressed herein. The Company bears no obligations to update any such forward looking statement. Some of the factors that could affect the Company's performance could be the demand and supply for Company's product and services, changes in Government regulations, tax laws, forex volatility etc.

### 47. ACKNOWLEDGEMENTS:

The Directors take this opportunity to thank the shareholders, bankers and the financial institutions for their cooperation and support to the operations and look forward for their continued support in future. The Directors also thank all the customers, vendor partners, and other business associates for their continued support during the year. The Directors place on record their appreciation for the hard work put in by all employees of the Company.

**For and on behalf of the Board of Directors**

Srinivasan Ravi

Place: Coimbatore

Date: 8<sup>th</sup> May, 2023

**Chairman and Managing Director**

DIN:01257716

## ANNEXURE - 1

# Management Discussion and Analysis

Pursuant to Schedule V to the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Management Discussion and Analysis Report covering business performance and outlook (within limits set by Company's competitive position) is given below:

## A. INDUSTRY STRUCTURE AND DEVELOPMENT

### Global Economy

According to IMF World economic Outlook (Apr-2023), The global economy is yet again at a highly uncertain moment, with the cumulative effects of the past three years of adverse shocks—most notably, the COVID-19 pandemic and Russia's invasion of Ukraine—manifesting in unforeseen ways. Spurred by pent-up demand, lingering supply disruptions, and commodity price spikes, inflation reached multidecade highs last year in many economies, leading central banks to tighten aggressively to bring it back toward their targets and keep inflation expectations anchored.

A return of the world economy to the pace of economic growth that prevailed before the bevy of shocks in 2022 and the recent financial sector turmoil is increasingly elusive. More than a year after Russia's invasion of Ukraine and the outbreak of more contagious COVID-19 variants, many economies are still absorbing the shocks. The recent tightening in global financial conditions is also hampering the recovery. As a result, many economies are likely to experience slower growth in incomes in 2023, amid rising joblessness. Moreover, even with central banks having driven up interest rates to reduce inflation, the road back to price stability could be long. Over the medium term, the prospects for growth now seem dimmer than in decades.

The baseline forecast is for global output growth, estimated at 3.4 percent in 2022, to fall to 2.8 percent in 2023, before rising to 3.0 percent in 2024. This forecast for the coming years is well below what was expected before the onset of the adverse shocks since early 2022. Compared with the January 2022 WEO Update forecast, global growth in 2023 is 1.0 percentage point.

Monetary policy projections are consistent with achieving the Reserve Bank of India's inflation target over the medium term, despite a recent uptick in inflation that exceeded the upper target band.

### Indian Economy

According to ADB (Asian Development Bank), Despite the global slowdown, India's economic growth rate is stronger than in many peer economies and reflects relatively robust domestic consumption and lesser dependence on global demand. The Government of India's strong infrastructure push under the Prime Minister's Gati Shakti (National Master Plan for Multimodal Connectivity) initiative, logistics development, and industrial corridor development will contribute significantly to raising industrial competitiveness and boosting future growth.

Improving labor market conditions and consumer confidence will drive growth in private consumption. The central government's commitment to significantly increase capital expenditure in FY2023, despite targeting a lower fiscal deficit of 5.9% of GDP, will also spur demand. Helped by recovery in tourism and other contact services, the services sector will grow strongly in FY2023 and FY2024 as the impact of COVID-19 wanes. However, manufacturing growth in FY2023 is expected to be tamped down by a weak global demand, but it will likely improve in FY2024.

### Automobile Industry in India

The automotive industry is a highly competitive market which is witnessing growth owing to factors such as increasing disposable income, the availability of the financing options, rising urban population, close substitutes for each segment which are equipped with best technological advancements such as active and passive safety systems, comfort features, and high performing powertrains. The market also enjoys growth due to the dynamic Indian public transportation network and the growing logistic landscape.

According to Society of Indian Automobile Manufacturers (SIAM), The industry produced a total of 2,59,31,867 vehicles including Passenger Vehicles,

Commercial Vehicles, Three Wheelers, Two Wheelers, and Quadricycles in April 2022 to March 2023, as against 2,30,40,066 units in April 2021 to March 2022. The overall Commercial Vehicles domestic sales increased from 7,16,566 to 9,62,468 unit in FY-2022-23, compared to the previous year. The automobile domestic sales trend indicates that the two-wheeler segment has the highest sales volume of 1,58,62,087 units in the year 2022-23. This demand growth is attributed to the inclination towards two wheelers among the middle-income group and the youth of the nation.

Furthermore, the government is also pushing for the development of electric vehicle ecosystem by providing incentives such as FAME schemes (Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India). Manufacturers are also investing heavily and announcing partnerships to create EV infrastructure across the country.

### Automobile Industry Outlook

Key factors that are driving the automobile market include a growing population, increasing investments in the road infrastructure, growing logistics industry, and increasing popularity of SUVs. India's annual production of automobiles in FY23 was 25.93 million vehicles.

#### a. Commercial Vehicle (CV)/ Medium & Heavy Commercial Vehicles (MHCV)

MHCV industry volumes are increased by 34% when compared to 62% decline seen during the previous cycles. India enjoys a strong position in the global heavy vehicles market as it is the largest tractor producer, second-largest bus manufacturer, and third-largest heavy truck manufacturer in the world.

#### b. Two-Wheeler (2W)

The two-wheelers segment dominates the market in terms of increase in volume by 17%, owing to a growing middle class and a huge percentage of India's young population.

#### c. Passenger Vehicle (PV)

The Indian passenger car market shown 27% volume increase (3.1 Million to 3.9 Million) in FY23 in comparison with Last year. The electric vehicle (EV) market is estimated to reach ₹50,000 Crores in India by 2025.

### Import substitution and higher outsourcing by OEMs in India:

Significant demand for automobiles also led to the emergence of more original equipment and auto

components manufacturers. As a result, India developed expertise in automobiles and auto components, which helped boost international demand for Indian automobiles and auto components. Hence, the Indian automobile industry has a considerable impact on the auto component industry. Hence, there is a huge scope for automobile component exports and also increasing substitution of imports in India.

India's auto component industry is broadly classified into organised and unorganised sectors. While the unorganised sector consists of low-valued items and mostly serves the aftermarket category, the organised sector serves OEMs and includes high-value precision instruments.

As per the Automobile Component Manufacturers Association (ACMA) forecast, auto component exports from India is expected to reach US\$ 30 billion by 2026. The auto component industry is projected to record US\$ 200 billion in revenue by 2026 (US\$ 56.60 billion in FY22). Strong international demand and resurgence in the local original equipment and aftermarket segments are predicted to help the auto component industry grow 20-23%.

### Aluminium Market

Demand for aluminium castings, which are used as part of alloy wheels, has picked up due to an increase in penetration of alloy wheels in two-wheelers and passenger vehicles.

Two-wheelers account for ~70% of the aluminium die casting market, followed by passenger vehicles with 25% share and commercial vehicles with a 4-5% share in value terms. Original equipment manufacturers account for 75 - 80% of the offtake. Exports account for 15-20%, with the aftermarket comprising the remainder.

Aluminium content in PVs in India is well below global levels. Average aluminium content in a passenger vehicle in India is currently only 50-60 kg vs. 140-210 kg in other regions such as China, Europe and North America. India's average content is also lower than the content in A/B segment cars in these regions - 80-110 kg in Europe and 120-140 kg in North America. Thus, there is significant scope for aluminium content to increase in Indian PVs going ahead especially in products such as transmissions, chassis and suspension, steering parts, closures and trim & interiors.

Scope for increased aluminium usage is even higher in CVs. Average aluminium content in trucks in China is estimated to be 120-130 kg per vehicle with major usage in transmission housings, fuel tanks, gas tanks

and heat exchangers. Going forward, usage will increase materially in body parts, structural parts and trailers.

Aluminium content to increase significantly in Electric Vehicle (EV): Rising EV penetration will provide a further fillip to aluminium as aluminium content in EVs is significantly higher than Internal Combustion Engine (ICE) vehicles – 300-320 kg vs. 140-210 kg in regions like Europe and North America.

#### Finance Budget FY 23-24:

The recently launched National Green Hydrogen Mission, with an outlay of ₹19,700 crores, will facilitate transition of the economy to low carbon intensity, reduce dependence on fossil fuel imports with the vision to make energy-independent nation and to de-carbonise critical sectors. The target is to reach an annual production of 5 MMT per annum of Green Hydrogen by 2030.

Replacing old polluting vehicles is an important part of greening our economy. In furtherance of the vehicle scrapping policy mentioned in Budget 2021-22, Central Government had allocated adequate funds to scrap old vehicles of the Central Government. States will also be supported in replacing old vehicles and ambulances.

#### Industrial & Engineering Market

India's engineering sector has witnessed a remarkable growth over the last few years driven by increased investment in infrastructure and industrial production. The engineering sector, being closely associated with the manufacturing and infrastructure sectors, is of strategic importance to India's economy. India, on its quest to become a global superpower, has made significant stride towards developing its engineering sector.

The engineering sector in India attracts immense interest from foreign players as it enjoys a comparative advantage in terms of manufacturing cost, technology, and innovation. The above, coupled with favourable regulatory policies and growth in the manufacturing sector, has enabled several foreign players to invest in India.

#### Finance Budget 2023-24:

- Capital investment outlay is being increased steeply for the third year in a row by 33 per cent to ₹10 Lakhs crore, which would be 3.3 per cent of GDP. This will be almost three times the outlay in 2019-20.
- This substantial increase in recent years is central to the government's efforts to enhance growth potential

and job creation, crowd-in private investments, and provide a cushion against global headwinds.

- The direct capital investment by the Centre is complemented by the provision made for creation of capital assets through Grants-in-Aid to States. The 'Effective Capital Expenditure' of the Centre is budgeted at ₹13.7 Lakhs crores, which will be 4.5 per cent of GDP.
- One hundred critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertilizer, and food grains sectors have been identified. They will be taken up on priority with investment of ₹75,000 crore, including ₹15,000 crore from private sources.
- With growth in the capital investment cycle, the contract manufacturing will see quantum leap in the next 3-4 years. Hoist and Material handling products will have good growth due to improved market situation.

#### Storage Solutions Market

The storage solutions industry broadly comprises pallets, racking solutions and shelving solutions. Shelving solutions are ideal for storage of assorted materials that are handpicked. Palletised racking solutions are ideal wherein huge volumes of standard-type products are produced, stored, retrieved and distributed in and out of manufacturing units or warehouses. Pallet Racks provide for manual as well as automated Storage & Retrieval. On the other hand, slotted angle racking, multi-tier racking systems, etc, are suitable for manual retrieval of assorted materials.

Pallet racking is an essential component of modern warehousing, manufacturing, retailing and other storage systems. Pallet racks enable storage of materials on pallets, which are easier to use vis-à-vis manual operations.

Usage of pallets also makes loading and unloading convenient through the use of forklifts, and other material handling equipment, which reduces time and improves efficiency.

The Automated Storage and Retrieval System (ASRS) market is estimated to grow annually at a CAGR of around 6.80% over the forecast period (2022-2028).

In Terms of Revenue, The Automated Storage and Retrieval System (ASRS) market size was valued at around US\$ 7,294.50 Million in 2021 and is projected to reach US\$ 10,824.87 Million by 2028. Due to a variety

of driving factors, the market is predicted to rise at a significant rate.

The unavailability of adequate manpower and its fast-rising costs are driving the growth of automated storage and retrieval systems across the world. Because ASRS including Vertical Lift Modules (VLM) offers critical advantages; Occupies smaller floor space optimizing capital commitment, reduces manpower requirement thereby reducing operating costs and Automation results in faster and more accurate storage and retrieval.

#### B. OPPORTUNITIES AND THREATS

##### Opportunities

- Increasing outsourcing opportunities due to realignment of global supply chains.
- Growing use of aluminium for light weighting, driven by EVs and stringent emission norms.
- Storage solution industry, where the company is fast emerging as a leader, offers strong growth potential.
- Initiatives by Government for promotion of automobile industry – Automotive Mission Plan 2026, Vehicle scrappage policy, CAFÉ norms, BS-VI norms, etc.

##### Threats

- Faster adoption of EVs in CV/tractors can impact the overall business growth in the powertrain segment.
- Lower value-add in aluminium segment in EVs.
- Economic uncertainty: Based on the current and future market environment estimates, the base cost of material is expected to be volatile.

#### C. OUTLOOK

A relentless focus on cost management, fiscal prudence, value engineering and customer partnering has enabled the Company to record a creditable performance demonstrating its 'Engineering Advantage'.

The Company is confident that it can utilise future opportunities and face future challenges with agility in order to meet the shareholders' expectation of sustainable growth and profitability. The key focus areas are:

- Debt reduction and thereby savings in interest cost
- Increasing the Value Addition per product
- To Sustain the EBITDA margins

- Retaining the existing Customer base and wallet share
- New Products/ Services from Existing Customer
- Enhance profitability in Aluminium and Storage Business
- Enhance the share of non-automotive business

#### D. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Highlights of the Company's performance is provided below:

- Turnover grown by 35% and stands at ₹2980 Crores. We have registered highest ever Turnover.
- PBT grown by 37% from ₹248 Crores to ₹339 Crores
- PAT grown by 48% from ₹160 Crores to ₹238 Crores
- EBITDA has grown by 25% from ₹539 Crores to ₹671 Crores. We have registered highest ever EBITDA in Value
- Capex for the year was at ₹309 Crores to enhance technological upgradation wherever it was required and for addressing the emerging opportunities apart from regular maintenance capex

#### E. THE DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

Particulars	Unit	FY 2022-23	FY 2021-22	% Change
Debtors Turnover	Times	8.99	8.33	7.9%
Inventory Turnover	Times	4.65	4.33	7.4%
Interest Coverage Ratio*	Times	5.74	6.40	(10.31)
Current Ratio	Times	1.15	1.03	11.65%
Debt Equity Ratio	Times	0.72	0.63	14.29%
Operating Profit Margin (%)	%	15%	15%	0%
Net Profit Margin (%)	%	8%	7%	1%
Return on Net Worth*	%	17%	14%	3%

Ratios	Reason for changes
Interest Coverage Ratio	Increase in interest cost (from ₹84 Crores to ₹117 Crores)
Return on Net Worth	Higher profits



## F. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

Segment	FY 22-23		FY 21-22	
	Sales ₹Crores	EBIT %	Sales ₹Crores	EBIT %
Automotive Powertrain	1,527	25%	1,154	26%
Aluminium Products	741	9%	552	7%
Industrial & Engineering	713	9%	500	7%

### Automotive Powertrain segment

- Craftsman is a leading player involved in the machining of critical engine and transmission components for M&HCV (No.1 player) and tractors (among the top five). The company also serves off-highway & PV OEMs.
- Our Company has grown in Powertrain segment by 32% and registered highest ever turnover of ₹1,527 Crores

### Aluminium Products segment

- Aluminum usage is expected to increase, driven by the structural trend of light weighting due to i) stringent emission norms and ii) increasing EV mix. While India is lagging developed markets, faster adoption of emission norms and technology will drive increasing usage of aluminum in the Indian auto industry.
- It would benefit substantially from recovery in 2W demand (66% of segment revenue) with the company growing faster than the industry due to its presence in two fast growing OEMs (RE and TVSL).
- Craftsman acquired 76% stake in DR Axion India Pvt Ltd. for INR 375 Crores. The acquisition will benefit Craftsman in terms of
  - Process synergies as Craftsman is into high-pressure die castings compared to DR Axion, which uses gravity/low pressure castings,
  - Strengthening its presence in PVs,
- New customer additions (Key customers of DR Axion are world renowned OEM)

### Industrial & Engineering segment

- The industrial & engineering segment is a well-diversified business segment. The major portion of revenue comes from high end products

and subassemblies for contract manufacturing and Storage solution business.

- Despite being a late entrant in the storage solution business, the company is now among the top three players in conventional storage and a prominent player in the nascent automated storage. In addition to strengthening its presence in e-commerce segment, we have secured business from other sectors such as pharma, auto, and cold storage, thereby helping to expand our addressable market.
- V-Store is an ASRS Vertical Lift Module that was developed in-house and manufactured in Coimbatore. V-Store has emerged as an ideal solution for cost-effective and efficient inventory management.
- The storage solution division has registered an impressive growth of 49% (from ₹253 Crores to ₹376 Crores) during the year.

## G. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company maintains adequate and effective internal control systems commensurate with its size and complexity. It also ensures that they are recorded in all material respects to permit preparation of financial statements in conformity with established accounting principles, along with the assets of the Company being adequately safeguarded against significant misuse or loss.

In the opinion of the Management, the Company has adequate internal audit and control systems to ensure that all transactions are authorized, recorded and reported correctly. An independent internal audit function is an important element of the Company's internal control systems. This is supplemented through an extensive internal audit programme and periodic review by the management and the Audit Committee. The internal control systems comprise extensive internal and statutory audits. The Corporate Governance practices instituted by the Company are discussed in detail in the chapter on Corporate Governance which forms part of the Annual Report.

## H. RISKS AND CONCERNS

The Risk Committee maintains an active oversight of the risk and the effectiveness of the risk mitigation strategies and plans put in place by the Company.

Identified key risks of the Company includes Strategic Risk, Operational Risk, Environment, Safety and Governance (ESG) Risk and Information & Cyber Security Risk.

The Company has a robust risk mitigation plan to minimize identified risks through continuous monitoring and mitigating actions as may be required.

### Other Key risks are as follows:

- **Faster EV adoption in CVs and Tractors:** Around 51% of the company's revenue is contributed by the Powertrain division, where a large part of the revenue accrues from segments like CV, Tractors, and Construction Equipment. While the industry expects EV adoption to be more back ended vis-à-vis 2Ws/3Ws/PVs, traction in the electrification trend in the Commercial segment may impact its powertrain business.
- **Lower-than-anticipated growth in underlying industries:** The demand up cycle in M&HCVs has already started. As per industry expectation, healthy industry growth to follow, with a ~15% volume CAGR over FY23E-25E. With 2W demand sentiment improving, the Industry expects 2W demand to clock

~8% CAGR over FY23E-25E. However, lower-than-expected growth in any of these underlying segments, coupled with subdued demand off-take in the Industrial segment (including Storage Solutions), will impact the company's overall performance.

## I. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

- Human Resource development continues to be our Top Focused area which will ensure intentions are converted to realities. The emphasis was on reskilling and upskilling to enable the teams in navigating change and remaining compliant with evolving processes. Industrial Relations with employees remained cordial throughout the year under review.
- During the year ended March 2023, the Company has employed 2154 permanent workmen and staff.

# Corporate Governance REPORT

## ANNEXURE – 2

[Pursuant to Part C of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015].

The Directors present the Company's Report on Corporate Governance for the financial year 2022-23. This report elucidates the systems and processes followed by the Company to ensure compliance of corporate governance requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") and the Companies Act, 2013 ("Act").

## I. COMPANY'S PHILOSOPHY:

The Company's Philosophy on Corporate Governance aims at the attainment of the highest levels of transparency, accountability and responsibility in all operations and all interactions with its Shareholders, Investors, Lenders, Employees, Government and other Stakeholders. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, consistently over a sustained period of time.

## II. BOARD OF DIRECTORS:

### Composition of the Board

The Company has formulated Board Diversity policy to have a competent and highly professional team of Board members. There are seven Directors on the Board of the Company having diverse experience and expertise in their respective areas. The composition of the Board meets the criteria as prescribed in Listing Regulations and the Act.

As on 31<sup>st</sup> March, 2023, the Board members consist of One Executive Chairman and Managing Director who is Promoter of the Company, One Whole Time Director and Five Independent Directors including Two Non-Executive Women Independent Directors.

In terms of the provisions of the Act, and the Listing Regulations, the Directors of the Company submit necessary disclosures regarding the positions held by them on the Board and/ or the Committees of other companies with changes therein, if any, on a periodical basis. On the basis of such disclosures, it is confirmed that as on 31<sup>st</sup> March, 2023, none of the Directors on the Board holds Directorship position in more than 20 (twenty) companies [including 10 (ten) public limited companies and 7 (seven) listed companies]; holds Executive Director position and serves as an Independent Director in more than 3 (three) listed companies; and is a member of more than 10 (ten) Committees (Audit Committee and the Stakeholders Relationship Committee) and/or Chairperson of more than 5 (five) Committees (Audit Committee and the Stakeholders Relationship Committee) across all the Indian Public Limited Companies in which he/ she is a Director pursuant to Regulation 26 of the Listing Regulations.

None of the Directors have attained the age of Seventy-five (75) years.

The Board is of the opinion that Independent Directors fulfil conditions specified under the Listing Regulations and are independent of the management of the Company.

### Meetings and attendance

During the financial year 2022-23, Six Board Meetings were held on 9<sup>th</sup> May, 2022, 25<sup>th</sup> July, 2022, 17<sup>th</sup> October, 2022, 29<sup>th</sup> December, 2022, 23<sup>rd</sup> January, 2023 and 6<sup>th</sup> March, 2023. The composition of the Board, attendance

at the Board Meetings during the year ended on 31<sup>st</sup> March, 2023 and the last Annual General Meeting and also the number of other directorships and Committee memberships are given below:

S. No	Name of Directors and Designation	Category of Directorship	Date of Appointment	Number of shares held in the Company	No. of Board Meetings attended (From 01.04.2022 to 31.03.2023 -Total Meetings held - 6)	Attendance at Last AGM	No. of other Directorships* held in Listed Companies		
							Member	Chairman	No. of Membership (M)/ Chairmanship (C) in other Board Committee(s)**
1.	Mr. Srinivasan Ravi, Chairman and Managing Director	Promoter, Executive Director	18/07/1986	1,05,00,000	6	Yes	1	2	0
2.	Mr. Ravi Gauthamram, Whole Time Director	Promoter Group, Executive Director	20/02/2014	200	6	Yes	1	0	0
3.	Mr. Chandrashekhar Madhukar Bhide, Independent Director	Non-Executive Independent Director	31/01/2011	-	6	Yes	1	2	2
4.	Mr. Sundararaman Kalyanaraman Independent Director	Non-Executive Independent Director	30/06/2017	-	6	Yes	1	2	0
5.	Mrs. Vijaya Sampath Independent Director	Non-Executive Independent Director	30/04/2018	-	6	Yes	6	7	1
6.	Mr. Tamraparni Srinivasan Venkata Rajagopal Independent Director	Non-Executive Independent Director	19/03/2022	-	6	Yes	1	2	1
7.	Mrs. Rajeswari Karthigeyan Additional Director in the category of Independent Director #	Additional Director in the category of Independent Director	06/03/2023	-	1	Not Applicable	-	-	-

\*In accordance with the Regulation 17A of Listing Regulations, directorship in listed entities including Craftsman Automation Limited are shown.

\*\*In accordance with the Regulation 26(1) of Listing Regulations, 2015, memberships/ chairpersonships of only Audit Committee and Stakeholders' Relationship Committee in all public limited companies including Craftsman Automation Limited have been considered.

#Appointed as an Additional Director in the category of Independent Director w.e.f.6<sup>th</sup> March, 2023.

The names of the listed entities other than Craftsman Automation Limited in which Directors of the Company hold directorship and category thereof, as at 31<sup>st</sup> March, 2023, are furnished below:

Sl.	Name of the Director	Name of the listed entity in which Directorship held	Category of Directorship
1	Mrs. Vijaya Sampath	Safari Industries (India) Limited	Non-Executive Independent Director
		Varroc Engineering Limited	Non-Executive Independent Director
		Va Tech Wabag Limited	Non-Executive Independent Director
		Intellect Design Arena Limited	Non-Executive Independent Director
		Ingersoll Rand India Limited	Non-Executive Independent Director

**Disclosure of relationship between directors inter-se:**

Mr. Srinivasan Ravi, Chairman and Managing Director and Mr. Ravi Gauthamram, Whole Time Director are related to each other. No other Directors are related.

**Shareholding of Non-Executive Directors:**

Details of shares held by the Non-executive directors of the Company are as under:

Sr. No.	Name of the Non-Executive Director	No. of equity shares held in the Company	No. of convertible instruments held in the Company
1.	Mr. Chandrashekar Madhukar Bhide		
2.	Mr. Sundararaman Kalyanaraman		
3.	Mrs. Vijaya Sampath	NIL	There is no convertible instruments issued by the Company.
4.	Mr. Tamraparni Srinivasan Venkata Rajagopal		
5.	Mrs. Rajeswari Karthigeyan <sup>^</sup>		

<sup>^</sup>Appointed as an Additional Director in the category of Independent Director w.e.f.6<sup>th</sup> March, 2023.

**Familiarisation programmes:**

The Company familiarises its Independent Directors with regard to their role, rights, responsibilities in the Company, nature of the Industry, the business models of the Company etc. and the details of the familiarisation programme are available on the website of the Company at <https://www.craftsmanautomation.com/investors/corporate-governance/#2>.

**Certificate of Non Disqualification of Directors from Practicing Company Secretary:**

In terms of the Listing Regulations, 2015, KSR & Co Company Secretaries LLP, Practising Company Secretaries, has issued a certificate that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Companies by SEBI / Ministry of Corporate Affairs or any other statutory authority. The certificate forms part of Corporate Governance Report and is given in **Annexure – 2A**.

**Declaration of Independence**

All the Independent Directors have submitted a declaration of independence, stating that they meet the criteria of independence provided under section 149(6) of the Act, as amended, and regulation 16(1)(b) and 25 of the Listing Regulations. The Independent Directors have also confirmed compliance with the provisions of Rule 6 of Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, relating to inclusion of their name in the databank of independent directors maintained by Indian Institute of Corporate Affairs.

**Chart/Matrix Setting Out the Skills/Expertise/Competence of The Board of Directors:**

A chart/ matrix setting out the core skills/ expertise/ competencies identified by the Board of Directors in the context of the Company's businesses and sectors as required for it to function effectively and those actually available with the Board along with skills / expertise / competence, possessed by the Board members, are given as below:

Mapping of the skills / expertise / competence actually available with the Board along with the names of Directors, is given below:

Skills/Expertise/Competence	Mr. Srinivasan Ravi	Mr. Ravi Gauthamram	Mr. Chandrashekar Madhukar Bhide	Mr. Sundararaman Kalyanaraman	Mrs. Vijaya Sampath	Mr. Tamraparni Srinivasan Venkata Rajagopal	Mrs. Rajeswari Karthigeyan
<b>Industry Knowledge/experience</b>							
Industry experience	Yes	Yes	Yes	Yes	No	No	Yes
Knowledge of sector	Yes	Yes	Yes	Yes	No	Yes	Yes
Knowledge of broad public policy direction	Yes	Yes	No	Yes	Yes	Yes	Yes
Understanding of government legislation/legislative process	Yes	Yes	No	Yes	Yes	Yes	Yes
<b>Technical Skills/experience</b>							
Accounting	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Finance	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Law	Yes	Yes	No	No	Yes	Yes	No
Marketing experience	Yes	Yes	Yes	Yes	No	No	No
Information Technology	Yes	Yes	Yes	Yes	No	No	Yes
Public relations	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Experience in developing and implementing risk management systems	Yes	Yes	No	Yes	No	No	Yes
Human resources management	Yes	Yes	No	Yes	No	No	Yes
CEO/Senior management experience	Yes	Yes	Yes	Yes	Yes	No	Yes
Strategy development and implementation	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Governance competencies</b>							
Director	Yes	Yes	Yes	Yes	Yes	Yes	No
Financial Literacy	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strategic thinking/planning from a governance perspective	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Executive performance management - management of the CEO	Yes	Yes	Yes	Yes	Yes	No	Yes
Governance related risk management experience	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Compliance focus	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Profile/reputation	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Behavioural competencies</b>							
Team Player/collaborative	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ability and willingness to challenge and probe	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Common sense and sound judgement	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Integrity and high ethical standards	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mentoring abilities	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Interpersonal relations	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Listening skills	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Verbal communication skills	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Understanding of effective decision-making processes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Willingness and ability to devote time and energy to the role	Yes	Yes	Yes	Yes	Yes	Yes	Yes

**Independent Directors:**

Independent Directors play a pivotal role in maintaining a transparent working environment in the Company. They provide valuable outside perspective to the deliberations of the Board and contribute significantly to the decision-making process. They help the Company in improving corporate credibility and governance standards. They bring an element of objectivity to the board processes and deliberations.

As per clause 7 of the schedule IV of the Act (Code for Independent Directors) read with Regulation 25(3) of the Listing Regulations, 2015, a separate meeting of Independent Directors of the Company without the attendance of Non-Independent Directors for the financial year 2022-23, was held on 7<sup>th</sup> March, 2023.

The Composition and attendance of Independent Directors meeting are given below:

Sl. No.	Name of the Member	No. of Meetings held	No. of Meetings attended
1.	Mr. Chandrashekhar Madhukar Bhide	1	1
2.	Mr. Sundararaman Kalyanaraman	1	1
3.	Mrs. Vijaya Sampath	1	1
4.	Mr. Tamraparni Srinivasan Venkata Rajagopal	1	1
5.	Mrs. Rajeswari Karthigeyan	1	1

**III. AUDIT COMMITTEE:**

The role and terms of reference of the Audit Committee cover the areas mentioned under Regulation 18 (3) of the Listing Regulations and Section 177 of the Act, besides other terms as may be referred to by the Board of Directors from time to time.

During the financial year 2022-23, the Audit Committee met four times on 9<sup>th</sup> May, 2022, 25<sup>th</sup> July, 2022, 17<sup>th</sup> October, 2022 and 23<sup>rd</sup> January, 2023.

The composition and attendance of Audit Committee meetings are given below:

Sl. No.	Name of the Member	Category	No. of Meetings held	No. of Meetings attended
1	Mr. Chandrashekhar Madhukar Bhide Non-Executive Independent Director	Chairman	4	4
2	Mr. Sundararaman Kalyanaraman Non-Executive Independent Director	Member	4	4
3	Mrs. Vijaya Sampath Non-Executive Independent Director	Member	4	4
4	Mr. Tamraparni Srinivasan Venkata Rajagopal Non-Executive Independent Director	Member	4	3

The Company Secretary is the Secretary to the Audit Committee.

There has been no instance, where the Board has not accepted any recommendation of Audit Committee.

**IV. NOMINATION AND REMUNERATION COMMITTEE:**

The role and terms of reference of the Nomination and Remuneration Committee cover the areas mentioned under Regulation 19(4) of the Listing Regulations, 2015 and Section 178 of the Companies Act, 2013 read with rules framed thereunder.

During the financial year 2022-23, Nomination and Remuneration Committee met three times on 9<sup>th</sup> May, 2022, 23<sup>rd</sup> January, 2023 and 6<sup>th</sup> March, 2023.

The composition and attendance of Nomination and Remuneration Committee meetings are given below:

Sl. No.	Name of the Member	Category	No. of Meetings held	No. of Meetings attended
1	Mrs. Vijaya Sampath Non-Executive Independent Director	Chairperson	3	3
2	Mr. Chandrashekhar Madhukar Bhide Non-Executive Independent Director	Member	3	3
3	Mr. Sundararaman Kalyanaraman Non-Executive Independent Director	Member	3	3

The Company Secretary is also Secretary to the Nomination and Remuneration Committee.

**Performance evaluation criteria for Independent Directors:**

In terms of Section 178 of the Act and Regulation 19 read with Schedule II to the Listing Regulations, the Nomination and Remuneration Committee has laid down the criteria for performance evaluation of the Board as a whole, its Committees and individual Directors. Based thereon, the evaluation was carried out by the Board.

The criteria for performance evaluation forms part of the Nomination and Remuneration Policy of the Company, which is placed on the Company's website at [www.craftsmanautomation.com](http://www.craftsmanautomation.com).

**V. REMUNERATION OF DIRECTORS:****Pecuniary Relationship of Non-Executive Directors**

The Company has no pecuniary relationship or transaction with its Non-Executive and Independent Directors other than payment of sitting fees to them for attending Board and committee meetings and commission as approved by members and Board for their invaluable services to the Company.

**i. Non-Executive 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/- and ₹35,000/- respectively per meeting.

In addition to the sitting fees, Commission, as approved by the Shareholders at the Annual General Meeting held on 17<sup>th</sup> June, 2022 amounting to ₹9,00,000 per Non-Executive Director for the FY 2022-23 and maximum of ₹20,00,000 per annum per Non-Executive Director from the FY 2023-24 subject to the total annual commission exclusive of applicable GST thereon, if any, to all the Non- Executive Directors shall not exceed 1% of the net profit of the Company during any financial year calculated in accordance with provisions of the Act.

**Criteria of making payments to Non-Executive Directors:**

Criteria of making payments to Non-Executive Directors are as per the nomination and remuneration policy of the Company and the same is available at web link: <https://www.craftsmanautomation.com/investors/wp-content/uploads/2022/08/3.-CAL-Nomination-Remuneration-and-Board-Evaluation-Policy.pdf>

**ii. Executive Directors:**

The two Executive Directors (Chairman and Managing Director and Whole-time Director) are paid remuneration as decided by the Board of Directors on the recommendation of the Nomination and Remuneration Committee of the Board, with the approval of the Shareholders and other necessary approvals.

**iii. Details of remuneration paid to the Directors for the year ended 31<sup>st</sup> March, 2023.**

(₹ In Lakhs)

S. No	Name of Directors and Designation	Category of Directorship	Salary	Commission	Sitting Fees	Others	Total
1.	Mr. Srinivasan Ravi, Chairman and Managing Director	Promoter, Executive Director	399.32	947.03	-	-	1346.35
2.	Mr. Ravi Gauthamram, Whole Time Director	Executive Director	67.20	381.58	-	1.49	450.27
3.	Mr. Chandrashekhar Madhukar Bhide Independent Director	Non-Executive Independent Director	-	9.00	6.50	-	15.50
4.	Mr. Sundararaman Kalyanaraman Independent Director	Non-Executive Independent Director	-	9.00	6.50	-	15.50
5.	Mrs. Vijaya Sampath Independent Director	Non-Executive Independent Director	-	9.00	5.45	-	14.45
6.	Mr. Tamraparni Srinivasan Venkata Rajagopal Independent Director	Non-Executive Independent Director	-	9.00	5.10	-	14.10
7.	Mrs. Rajeswari Karthigeyan <sup>^</sup>	Additional Director in the category of Independent Director	-	0.64	0.50	-	1.14

<sup>^</sup> Appointed as an Additional Director in the category of Independent Director w.e.f 6<sup>th</sup> March, 2023.

➤ There are no stock options available/ issued to any non-executive Directors of the Company.

➤ The Company has not granted any stock options to the directors and hence, it does not form part of the remuneration package payable to any Director. During the year, the Company did not advance any loan to any director.

**iv. Details of Service contracts, notice period, severance fees etc**

Name	Service Contracts	Notice period and severance fees	Stock Option details
Mr. Srinivasan Ravi	NIL	NIL	NIL
Mr. Ravi Gauthamram	NIL	NIL	NIL

**VI. STAKEHOLDERS RELATIONSHIP COMMITTEE:**

In compliance with Section 178(5) of the Act and Regulation 20 read with Part D of Schedule II of the Listing Regulations, the Committee has been formed to specifically focus on the services to shareholders/ investors.

During the financial year 2022-23, Stakeholders Relationship Committee met once on 6<sup>th</sup> March, 2023.

The composition of and attendance at Stakeholders Relationship Committee meetings are given below:

Sl. No.	Name of the Member	Category	No. of Meetings held	No. of Meetings attended
1	Mr.Chandrashekhar Madhukar Bhide Non-Executive Independent Director	Chairman	1	1
2	Mr.Srinivasan Ravi Chairman and Managing Director	Member	1	1
3	Mr.Sundararaman Kalyanaraman Non-Executive Independent Director	Member	1	1

Mr. Shainshad Aduvanni is the Company Secretary and Compliance Officer of the Company, the Company Secretary is also Secretary to the Stakeholders Relationship Committee.

The number of complaints received, disposed of and pending during the year are as under:

Sr.No.	Particulars	No. of Complaints
1.	Pending at the beginning of the year	NIL
2.	Compliant Received during the year	2
3.	Disposed of during the year	2
4.	Remaining unresolved at the end of the year	NIL

All the complaints have been resolved to the satisfaction of the complainants.

**VII. RISK MANAGEMENT COMMITTEE:**

As required under Regulation 21 of the Listing Regulations, the Risk Management Committee has been constituted with majority of Board of Directors, one Independent Director and one Senior Management Personnel as its members. The Committee was constituted on 5<sup>th</sup> May, 2021.

The role and terms of reference of the Risk Management Committee cover the areas mentioned under Regulation 21 of the Listing Regulations, 2015 and provisions of the Act read with rules framed thereunder.

The Risk Management Committee monitors, reviews the risk management plan of the Company and performs such other functions as mandated by the Board of Directors.

During the financial year 2022-23, the Risk Management Committee met twice on 10<sup>th</sup> September, 2022 and 6<sup>th</sup> March, 2023.

The composition and attendance at the Risk Management Committee meetings are given below:

Sl. No.	Name of the Member	Category	No. of Meetings held	No. of Meetings attended
1	Mr.Srinivasan Ravi Executive Director	Chairman	2	2
2	Mr. Ravi Gauthamram Executive Director	Member	2	2
3	Mr.Sundararaman Kalyanaraman Non-Executive Independent Director	Member	2	2
4	Mr.C.B.Chandrasekar Chief Financial Officer	Member	2	2

**VIII. GENERAL BODY MEETINGS:**

Details of the Annual General Meeting(s) (AGM) of the Company held during the preceding three years are tabulated below:

Year	Type	Location	Date	Time	Special Resolutions passed in the AGM by the Shareholders
2020	AGM	No.1078, IVth Floor, Senthel Towers, Avanashi Road, Coimbatore – 641 018.	20.05.2020	03.00 PM	No Special Resolutions were passed
2021	AGM	Through Video Conference/ other audio visual means	21.06.2021	04.00 PM	1. Re-appointment of Mr.Srinivasan Ravi, (DIN: 01257716) as Chairman and Managing Director of the Company for a period of 5 years with effect from 1 <sup>st</sup> October, 2021. 2. Re-appointment of Mr.Ravi Gauthamram, (DIN: 06789004) as Whole Time Director of the Company for a period of five (5) years with effect from 1 <sup>st</sup> October, 2021. 3. Appointment of Mr.Udai Dhawan, (DIN: 03048040) as Non-Executive Director of the Company

Year	Type	Location	Date	Time	Special Resolutions passed in the AGM by the Shareholders
2022	AGM	Through Video Conference / other audio visual means.	17.06.2022	04.00 PM	1. To consider the appointment of Mr. Tamraparni Srinivasan Venkata Rajagopal, (DIN: 07148250) as an Independent Director of the Company.

The Extra Ordinary General Meetings held during the year 2022-23 is: NIL

#### Postal Ballot:

a) During the year, the details of special resolution passed through postal ballot and voting pattern are as under:

S. No	Particulars	Date of passing resolution	% of votes in favour	% of votes against	Result
1.	Shifting of Registered Office of the Company outside the local limits of the City i.e., Coimbatore in the State of Tamilnadu but within the jurisdiction of Registrar of Companies (RoC), Coimbatore;	8 <sup>th</sup> December, 2022	99.9995	0.0005	Passed with requisite majority

b) Details of special resolution proposed to be conducted through postal ballot;

The details of Postal Ballot notice sent to shareholders during the year on 6<sup>th</sup> March, 2023 and resolutions passed by the shareholders after the end of the financial year before the date of this report i.e., on 13<sup>th</sup> April, 2023 are as follows:

S. No	Particulars	Date of passing resolution	% of votes in favour	% of votes against	Result
1.	Re-appointment of Mrs. Vijaya Sampath (DIN:00641110) as an Independent Director of the Company;	13 <sup>th</sup> April, 2023	98.05	1.95	Passed with Requisite Majority
2.	Re-appointment of Mr. Sundararaman Kalyanaraman (DIN: 01252878) as an Independent Director of the Company;	13 <sup>th</sup> April, 2023	98.19	1.81	Passed with Requisite Majority
3.	Appointment of Mrs. Rajeswari Karthigeyan (DIN: 10051618) as an Independent Director of the Company.	13 <sup>th</sup> April, 2023	100	0	Passed with Requisite Majority

c) Person who conducted the postal ballot exercise:

The Board of Directors of the Company, in compliance with Rule 22(5) of the Companies (Management and Administration) Rules, 2014, had appointed Dr.C.V.Madhusudhanan (FCS No: 5367), Partner failing him Mr.V.R.Sankaranarayanan (ACS No:19450), Partner of KSR & Co Company Secretaries LLP, Coimbatore, Practicing Company Secretaries as the Scrutinizer to scrutinize for conducting the aforesaid Postal Ballots through Remote E-Voting process in a fair and transparent manner.

d) Procedure for Postal Ballot:

Pursuant to the provisions of Section 110 of the Act read with Rule 22 of Companies (Management and Administration) Rules, 2014 (Management Rules), as amended, the Company had issued Postal Ballot Notice to members through email seeking their consent for the resolution mentioned above. In compliance with provisions of Section 108 and Section 110 and other applicable provisions, of the Act read with the Management Rules, the Company had provided remote e-voting facility to all the Members of the Company. The Company engaged the services of Central Depository Services (India) Limited ("CDSL") for facilitating e-voting to enable the Members to cast their votes electronically. Cut-off date for determining the eligibility of members to cast the votes and Remote E-Voting period had been fixed. The scrutinizer had carried out the scrutiny of votes cast

by Postal Ballot which was carried out by electronic means through the remote e-voting facility only ("Postal Ballot"), on the items of business set out in the Notice of Postal Ballot and had submitted his Report. The result was announced by the Company Secretary and Compliance Officer. The result was also displayed on the website of the Company besides being communicated to the Stock Exchanges.

Date of Postal Ballot notice	3 <sup>rd</sup> November, 2022	6 <sup>th</sup> March, 2023
Cut-off Date for determining Shareholders to whom Postal Ballot Notice will be sent and Shareholders eligible to vote	4 <sup>th</sup> November, 2022	10 <sup>th</sup> March, 2023
Date of Dispatch of notice by electronic means	8 <sup>th</sup> November, 2022	14 <sup>th</sup> March, 2023
Voting period	9 <sup>th</sup> November, 2022 to 8 <sup>th</sup> December, 2022	15 <sup>th</sup> March, 2023 to 13 <sup>th</sup> April, 2023
Date of Declaration of results	9 <sup>th</sup> December, 2022	17 <sup>th</sup> April, 2023

#### Means of Communication:

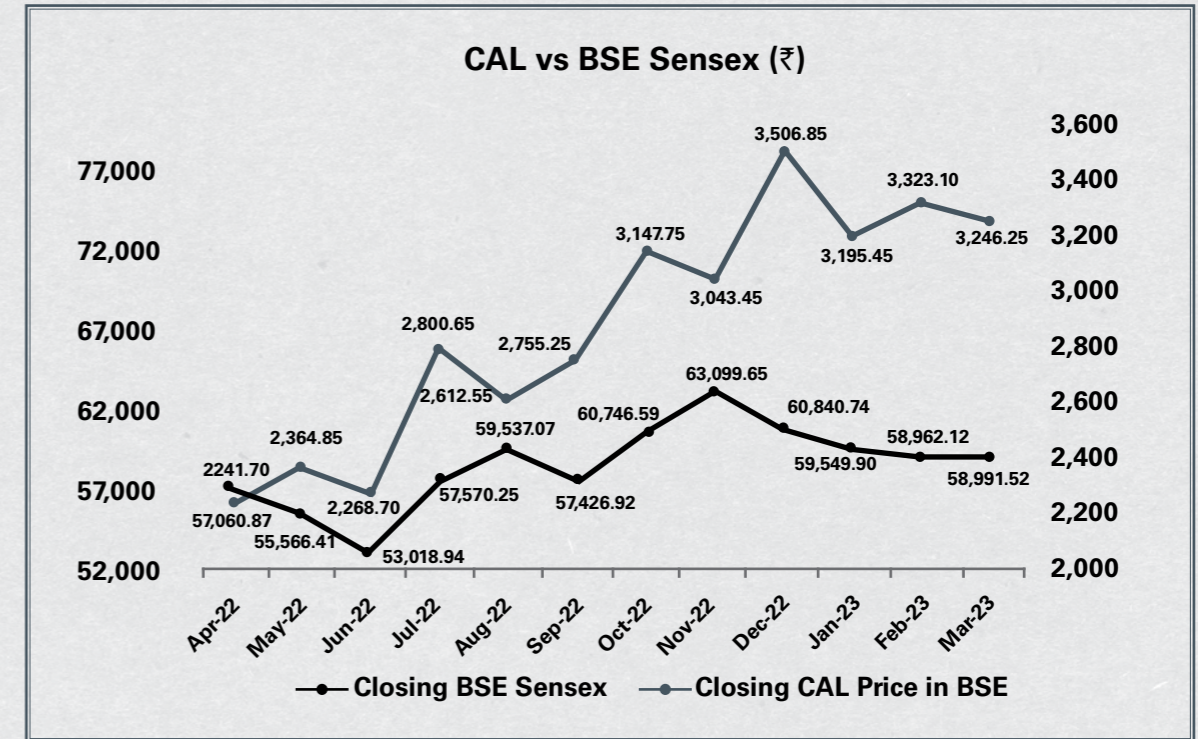
The quarterly and annual financial results was published in the leading English newspaper "The Hindu Business Line" and Tamil newspaper "Dinamani". The said results are promptly furnished to the Stock Exchanges for display on their respective websites and also displayed on the Company's website.

#### IX. General Shareholder Information:

a	Date, Time and Venue of the Annual General Meeting	26 <sup>th</sup> June, 2023, 4.00 PM. IST & through Video Conferencing (VC) / Other Audio-Visual Means (OAVM)
b	<b>Financial year 1<sup>st</sup> April, 2023 to 31<sup>st</sup> March, 2024</b>	<b>Will be published on or before (tentative and subject to change):</b>
	Result for Quarter ending 30 <sup>th</sup> June, 2023	On or before 14 <sup>th</sup> August, 2023
	Result for Quarter ending 30 <sup>th</sup> September, 2023	On or before 14 <sup>th</sup> November, 2023
	Result for Quarter ending 31 <sup>st</sup> December, 2023	On or before 14 <sup>th</sup> February, 2024
	Result for Quarter ending 31 <sup>st</sup> March, 2024	On or before 30 <sup>th</sup> May, 2024
c	Dividend Record Date	Monday, 19 <sup>th</sup> June, 2023
	Book Closure Date	Tuesday, 20 <sup>th</sup> June, 2023 to Monday, 26 <sup>th</sup> June, 2023
	Dividend payment date	Will be paid within 30 days from the date of approval at the 37 <sup>th</sup> AGM.
d	The name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange:	
	a) The Company's Equity Shares are listed on the following Stock Exchanges:	
	i) BSE Limited, P.J. Towers, Dalal Street, Fort, Mumbai - 400 001.	
	ii) National Stock Exchange of India Limited, Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.	
	b) Company's Equity Shares are traded in Group "A" category in BSE Limited.	
	c) The Company has paid the requisite Listing Fees to BSE Limited and National Stock Exchange of India Limited where the Company's equity shares are listed.	
e	Stock Code	BSE: 543276 NSE: CRAFTSMAN ISIN: INE00LO01017

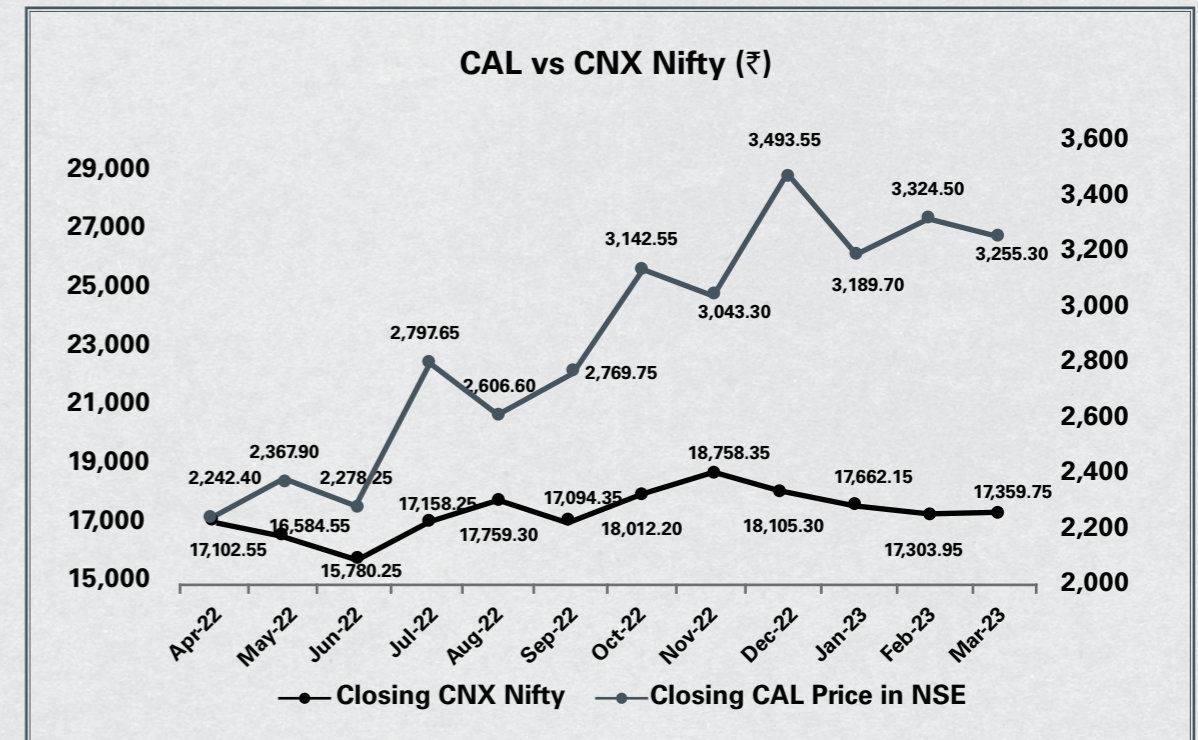
**f Stock market price data- high, low during each month in last financial year:**

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2022	2,495.95	2,119.90	2,498.75	2,124.25
May 2022	2,425.00	2,092.60	2,444.00	2,100.00
June 2022	2,473.45	2,024.00	2,477.20	2,026.60
July 2022	2,851.00	2,258.05	2,853.90	2,250.00
August 2022	2,899.40	2,464.00	2,894.90	2,502.30
September 2022	3,005.10	2,580.00	2,994.85	2,585.00
October 2022	3,194.20	2,717.35	3,199.00	2,730.00
November 2022	3,462.95	3,462.95	3,466.80	2,992.75
December 2022	3,709.95	3,038.00	3,710.95	3,032.30
January 2023	3,701.50	3,110.00	3,707.80	3,107.70
February 2023	3,611.00	3,080.95	3,613.90	3,085.55
March 2023	3,385.70	2,699.40	3,386.60	2,735.00



**g Share Performance v/s BSE Sensex and CNX Nifty**

Month	BSE Closing Price (in ₹)	NSE Closing Price (in ₹)	Closing BSE Sensex	Closing CNX Nifty
April 2022	2241.70	2,242.40	57,060.87	17,102.55
May 2022	2364.85	2,367.90	55,566.41	16,584.55
June 2022	2268.70	2,278.25	53,018.94	15,780.25
July 2022	2800.65	2,797.65	57,570.25	17,158.25
August 2022	2612.55	2,606.60	59,537.07	17,759.30
Sept 2022	2755.25	2,769.75	57,426.92	17,094.35
October 2022	3147.75	3,142.55	60,746.59	18,012.20
November 2022	3043.45	3,043.30	63,099.65	18,758.35
December 2022	3506.85	3,493.55	60,840.74	18,105.30
January 2023	3195.45	3,189.70	59,549.90	17,662.15
February 2023	3323.10	3,324.50	58,962.12	17,303.95
March 2023	3246.25	3,255.30	58,991.52	17,359.75



**h** There was no suspension from trading in equity shares of the Company during the year 2022-23.

**i Registrar to an issue and share transfer agents**

The Company has appointed Link Intime India Private Limited as Registrar and Share Transfer Agent (RTA). Shareholders / Investors / Depository Participants are requested to send all their documents and communications pertaining to both physical and demat shares to the RTA at the following address:

**Link Intime India Private Limited**

Surya 35, Mayflower Avenue,  
Behind Senthil Nagar,  
Sowripalayam Road,  
Coimbatore – 641 28.  
Tel: 0422- 2314792  
Email id: coimbatore@linkintime.co.in

**j Share transfer system**

In terms of the Listing Regulations, securities of listed companies can only be transferred in dematerialized form with effect from 1<sup>st</sup> April, 2019. In view of the same, the entire share capital of the Company is in dematerialised form. The shares can be transferred by shareholders through their Depository Participants.

**k Distribution of shareholding as on 31<sup>st</sup> March, 2023:**

S.No	No. of Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1.	Up to 500	76567	99.3461	1208402	5.72
2.	501 to 1000	218	0.2829	159959	0.76
3.	1001 to 2000	106	0.1375	153122	0.72
4.	2001 to 3000	43	0.0558	109284	0.52
5.	3001 to 4000	15	0.0195	55481	0.26
6.	4001 to 5000	14	0.0182	64939	0.31
7.	5001 to 10000	29	0.0376	213190	1.01
8.	10001 and above	79	0.1025	19163934	90.70
	TOTAL	77071	100.00	21128311	100

**l Dematerialization of shares and liquidity**

As on 31<sup>st</sup> March, 2023, 100.00% of the Company's Equity Shares have been dematerialized.

**m Outstanding global depository receipts (GDR) or American depository receipts (ADR) or warrants or any convertible instruments, conversion date and likely impact on equity shares as on 31<sup>st</sup> March, 2023: The Company has no outstanding GDR / ADR / Warrants or any Convertible Instruments.****n Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:**

- i. Risk management policy of the listed entity with respect to commodities including through hedging: The Company does not have any significant exposure to commodity price risk.
- ii. Exposure of the Company to commodity and commodity risks faced by the entity throughout the year:
  - a) Total exposure of the listed entity to commodities in INR: Nil.
  - b) Exposure of the listed entity to various commodities:

Commodity Name	Exposure in INR towards the particular commodity	Exposure in Quantity terms towards the particular commodity	% of such exposure hedged through commodity derivatives				Total
			Domestic market		International market		
			OTC	Exchange	OTC	Exchange	
NA	NA	NA	NA	NA	NA	NA	NA

**o Plant locations:**

1. Unit 2 Kurichi, Coimbatore, Tamil Nadu
2. Unit 3 Headquarter, Arasur, Coimbatore, Tamil Nadu
3. Unit 2 Sanaswadi, Pune, Maharashtra
4. Unit 3 Sanaswadi, Pune, Maharashtra
5. Unit 4 Pimple Jagtap, Pune, Maharashtra
6. Pithampur Unit, Madhya Pradesh
7. Jamshedpur Unit, Jharkhand
8. Unit 1 Ballabgarh, Faridabad, Haryana
9. Unit 2 Ballabgarh, Faridabad, Haryana
10. Unit 1 Bengaluru, Karnataka.
11. Unit 2 Bengaluru, Karnataka
12. Sriperumbudur – Unit 1, Chennai, Tamil Nadu
13. Pune Unit -5 , Koregoen Bhima, Pune, Maharashtra

**Upcoming Units : 3**

14. Nagpur, Maharashtra
15. Faridabad - Unit 3 Ballabgarh, Faridabad, Haryana
16. Sriperumbudur Unit 2, Chennai, Tamil Nadu

**p Address for correspondence**

Corporate Office:  
Mr. Shainshad Aduvanni  
Company Secretary & Compliance Officer  
Krishna Towers, 4<sup>th</sup> & 5<sup>th</sup> Floor, 1087,  
Avinashi Road, Coimbatore – 641 037  
CIN: L28991TZ1986PLC001816  
Website: <https://www.craftsmanautomation.com/>  
Email id: investor@craftsmanautomation.com

**q Credit Ratings:**

CRISIL Ratings Limited has upgraded the credit rating assigned to the long term loan facilities from A/Stable to A+/Stable and short term loan facilities from A1 to A1(Reaffirmed) vide letter dated 6<sup>th</sup> July, 2022. Further, CRISIL Limited has revised the outlook for long term loan facilities from A+/Stable to A+/Positive and reaffirmed the ratings and reaffirmed the short term loan facilities A1 (Reaffirmed) vide letter dated 9<sup>th</sup> January, 2023.

**X. 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 in note number 3.5 of the standalone financial statements of the Annual Report.
- During the year, BSE and NSE have issued notice dated 21<sup>st</sup> November, 2022 levying fine for Non-compliance with respect to composition of Risk Management Committee based on the Corporate Governance Report under Regulation 21(2) for the quarter ended September 2022. The Company has filed its reply and made Waiver application on 30<sup>th</sup> November 2022 stating that the company has not violated such regulation. Accepting the submission made by the company, the NSE have reversed the fines levied on 5<sup>th</sup> April, 2023. Waiver order is awaited from BSE. Other than the above, no penalty or strictures have been imposed on the Company by any Stock Exchange or Securities and Exchange Board of India or any Statutory Authority on any matter related to capital markets during the last three years.
- A Whistle Blower Policy is adopted by the Company, the whistle blower mechanism is in vogue and no personnel has been denied access to the Audit Committee.



- All the mandatory requirements have been duly complied with and certain discretionary disclosure requirements were undertaken.
- The Company's Policy relating to determination of Material Subsidiaries is available at the Company website at web link: <https://www.craftsmanautomation.com/investors/wp-content/uploads/2022/08/8.-CAL-Policy-for-determining-Material-Subsidiaries.pdf>
- The policy of the Company relating to Related Party Transaction is available at the Company's website at web link <https://www.craftsmanautomation.com/investors/wp-content/uploads/2022/08/11.-CAL-RPT-Policy.pdf>
- The Company does not have any significant exposure to commodity price risk. Hence, the Company is not undertaking any commodity hedging activities.
- The Company has not raised any funds through preferential allotment or qualified institutional placement as specified under Regulation 32(7A) of the Listing Regulations.
- A certificate from a Company Secretary in Practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority has been obtained and is annexed to this report.
- During the year under review, the recommendations made by the different Committees have been accepted by the Board 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 ₹74 Lakhs as fees on consolidated basis to the Statutory auditors and all entities in the network firm / entity of which the Statutory auditors 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,
  - a) number of complaints filed during the financial year - Nil
  - b) number of complaints disposed of during the financial year - Nil
  - c) number of complaints pending as on end of the financial year – Nil
- Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/ companies in which Directors are interested by name and amount: None

**XI.** All the requirements of corporate governance report of sub paragraphs (2) to (10) Para C of Schedule V of the Listing Regulations has been duly complied with.

**XII.** Adoption of discretionary requirements specified in Part E of Schedule II of the Listing Regulations:

Sr. No	Requirements specified in Part E of Schedule II	Adoption by the Company
1.	<b>The Board:</b> A non-executive chairperson may be entitled to maintain a Chairperson's office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his duties.	The Company does not have a non-executive Chairman.
2.	<b>Shareholder Rights:</b> A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders	As the quarterly and half yearly financial performance along with significant events are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.

3.	<b>Modified opinion(s) in audit report:</b> The listed entity may move towards a regime of financial statements with unmodified audit opinion	The Statutory Auditors of the Company have issued Audit Report on Audited Financial Results for year ended 31 <sup>st</sup> March, 2023 with unmodified opinion. A declaration has submitted to the stock exchanges as per Regulation 33(3) (d) of the Listing regulations.
4.	<b>Separate posts of Chairperson and the Managing Director or the Chief Executive Officer</b> The listed entity may appoint separate persons to the post of the Chairperson and the Managing Director or the Chief Executive Officer, such that the Chairperson shall – (a) be a non-executive director; and (b) not be related to the Managing Director or the Chief Executive Officer as per the definition of the term "relative" defined under the Companies Act, 2013.	Separation of Chairperson and Managing Director is not mandatory as per SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2022.
5.	<b>Reporting of Internal Auditor:</b> The Internal auditor may report directly to the Audit Committee	The Internal Auditors of the Company report directly to the Audit Committee

**XIII.** The Disclosures of the Compliance with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of the Listing Regulations are as follows:

Regulation	Particulars of Regulation	Compliance Status (Yes/No)
17	Board of Directors	Yes
17A	Maximum Number of Directorships	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of listed entity	Yes
24A	Secretarial Audit and Secretarial Compliance Report	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligation with respect to Directors and senior management	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to (i)	Website	Yes

**For and on behalf of the Board of Directors**

Place: Coimbatore  
Date: 8<sup>th</sup> May, 2023

Srinivasan Ravi  
**Chairman and Managing Director**  
DIN:01257716

## ANNEXURE - 2A

**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,  
Craftsman Automation Limited,  
123/4, Sangothipalayam Road,  
Arasur Post, Coimbatore – 641 407

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Craftsman Automation Limited having CIN L28991TZ1986PLC001816 and having its registered office at 123/4, Sangothipalayam Road, Arasur Post, Coimbatore – 641 407 (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 and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our 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 us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31<sup>st</sup> March 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs:

S No	Name of the director	DIN	Date of appointment/ reappointment in the Company
1	Mr.Srinivasan Ravi	01257716	18.07.1986/01.10.2021
2	Mr.Ravi Gauthamram	06789004	20.02.2014/01.10.2021
3	Mr.Chandrashekar Madhukar Bhide	00027967	31.01.2011/24.05.2018
4	Mrs.Vijaya Sampath	00641110	03.04.2018/30.04.2018
5	Mr.Sundararaman Kalyanaraman	01252878	30.06.2017/24.05.2018
6	Mr.Tamraparni Srinivasan Venkata Rajagopal	07148250	19.03.2022/19.03.2022
7	Mrs.Rajeswari Karthigeyan#	10051618	06.03.2023

# Appointed as Additional Director w.e.f 06<sup>th</sup> March, 2023.

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

**For KSR & Co Company Secretaries LLP**  
**Dr. C. V. Madhusudhanan**  
**Partner**

Place : Coimbatore  
Date : 9<sup>th</sup> May, 2023

FCS: 5367; CP: 4408  
**UDIN:** F005367E000278354

## ANNEXURE - 3

**CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To  
The Members,  
Craftsman Automation Limited,  
123/4, Sangothipalayam Road,  
Arasur Post, Coimbatore – 641 407

We have examined documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and all the relevant records for certifying the compliance of conditions of Corporate Governance by Craftsman Automation Limited (CIN L28991TZ1986PLC001816) (the Company) for the year ended 31<sup>st</sup> March, 2023, as stipulated in Regulation 34 (3) read with Para E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Management's Responsibility**

The compliance of conditions of Corporate Governance is the responsibility of the management. The management along with the Board of Directors are responsible in implementation and maintenance of internal control and procedures to ensure compliance with conditions of corporate governance as stated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015.

**Our Responsibility**

Our examination was limited to implementation of the conditions thereof and adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the Company.

**Our Opinion**

In our opinion and on the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with the conditions of Corporate Governance as specified in regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For KSR & Co Company Secretaries LLP**  
**Dr. C. V. Madhusudhanan**  
**Partner**

Place : Coimbatore  
Date : 9<sup>th</sup> May, 2023

FCS: 5367; CP: 4408  
**UDIN:** F005367E000278354

## ANNEXURE - 4

# Annual Report On

## Corporate Social Responsibility (CSR) Activities

(as per annexure attached to the Companies (Corporate Social Responsibility Policy) Rules, 2014)

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

Craftsman Automation Limited (CAL) as a corporate citizen and enterprise believes that businesses are built around strong social background and inclusive growth and it is bounden duty of the business to support the society, though voluntarily, in helping to improve the quality of living. CAL aims to do its business in a responsible manner and develop a sustainable business model. As a matter of minimum requirement, CAL would do its business in accordance with the laws that apply from time to time and adhere to applicable rules, regulations, policies and procedures.

CAL believes that creation of large societal capital is as important as wealth creation for its stakeholders. In order to achieve the same, every business entity must carry on its business in a responsible manner.

CAL may undertake CSR activities of the following nature and may undertake any other CSR activities as may be approved by the CSR Committee from time to time as are falling under Schedule VII of the Companies Act, 2013.

- i. Promotion of Health care:** CAL may undertake projects or programs or activities aimed at improving the health and hygiene of the socially or economically weaker sections, families Below Poverty Line (BPL) by providing free or subsidized medicine, clinical laboratory facilities, free or concessional treatments at hospitals, providing medical equipments, setting up of medical and diagnostic camps, free medical insurance for a group of people or families in the BPL category, projects or programs aimed at eradicating poverty or malnutrition of women and children, pain and palliative care etc.
- ii. Old Age homes /Day Care facilities for senior Citizens:** CAL may undertake projects or programs or activities for the protection of elderly citizens by establishing, funding or otherwise supporting old age homes and day care facilities including medical aid, food and accommodation.
- iii. Promotion of Education:** CAL may undertake projects or programs or activities aimed at the promotion of elementary to professional education and to support the students belonging to weaker sections of the society including SC/ST/OBCs by way of setting up schools, colleges, coaching centres, providing libraries, text books and other study materials, vocational training centres and centres for physically challenged students, providing endowments or other forms of recognitions to successful candidates pursuing recognized examinations, scholarships or other forms of merit cum means assistance etc.
- iv. Sanitation:** CAL may undertake construction of public toilets, toilets in government run schools and other places and promote sanitation in public places, rural areas including garbage clearing and disposal.

Apart from the above thrust areas, CAL may undertake the following CSR Activities too depending upon needs:

- i. Improving the livelihood, employability and income generation of the communities around units of CAL
- ii. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
- iii. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- iv. Measures for the benefit of armed forces veterans, war widows and their dependents;
- v. Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sport;

- vi. Contribution to Prime Minister's National Relief Fund or any other fund set up by the Central Government for Socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.
- vii. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- viii. Rural development projects
- ix. Slum area development.
- x. Contribution to disaster management, including relief, rehabilitation and reconstruction activities.
- xi. Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and Contribution to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defence Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

### 2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation in the Committee	Designation / Nature of Directorship	Number of meetings of CSR Committee held during 2022-23	Number of meetings of CSR Committee attended during 2022-23
1	Srinivasan Ravi	Chairman	Chairman and Managing Director	2	2
2	Chandrashekhar Madhukar Bhide	Member	Independent Director	2	2
3	Tamraparni Srinivasan Venkata Rajagopal	Member	Independent Director	2	2

3.	Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.	CSR Composition: <a href="https://www.craftsmanautomation.com/investors/board-of-directors/#5">https://www.craftsmanautomation.com/investors/board-of-directors/#5</a> CSR Policy: <a href="https://www.craftsmanautomation.com/investors/wp-content/uploads/2022/08/1.-CAL-Policy-on-Corporate-Social-Responsibility-1.pdf">https://www.craftsmanautomation.com/investors/wp-content/uploads/2022/08/1.-CAL-Policy-on-Corporate-Social-Responsibility-1.pdf</a> CSR Projects : <a href="https://www.craftsmanautomation.com/investors/wp-content/uploads/2022/08/CSR-Projects-approved-by-the-Board-for-the-FY-2022-23.pdf">https://www.craftsmanautomation.com/investors/wp-content/uploads/2022/08/CSR-Projects-approved-by-the-Board-for-the-FY-2022-23.pdf</a>
4.	Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.	Not Applicable
5.	(a) Average net profit of the company as per section 135(5)	₹14,802.94 Lakhs
	(b) Two percent of average net profit of the company as per section 135(5)	₹296.06 Lakhs
	(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years	NIL
	(d) Amount required to be set off for the financial year, if any	NIL
	(e) Total CSR obligation for the financial year (b + c - d).	₹296.06 Lakhs
6.	(a) Amount spent on CSR Projects:	₹310.44 Lakhs
	(i) Ongoing Project	NIL
	(ii) Other than on going Project	As below

(a) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/No)	(5) Location of the project.		(6) Amount spent for the project (₹ in Lakhs)	(7) Mode of implementation - Direct (Yes/No)	(8) Mode of implementation - Through implementing agency.	
				State	District			Name	CSR registration number
1.	Revival and Restoration of Agrahasamakulam Lake at Vaiyampalayam, Coimbatore	Environment	Yes	Tamil Nadu	Coimbatore	15	Yes		Nil
2.	Donating to the Girls Football team towards purchase of boots, socks, football nets, footballs etc	Promotion of Sports	Yes	Tamil Nadu	Coimbatore	0.45	Yes		Nil
3.	Supply of groceries, medicines for old age women, abandoned women, mentally retarded and physically & visually challenged persons of Universal Peace Foundation at Nallagoundanpalayam, Coimbatore	Eradicating hunger / Health care	Yes	Tamil Nadu	Coimbatore	7.5	Yes		Nil
4.	Promoting Road safety education / awareness and promoting preventive health care to Govt. and Corporation schools	Rural development projects	Yes	Tamil Nadu	Coimbatore	0.5	Yes		Nil
5.	Productivity week / conclave programs to be conducted by The Coimbatore Productivity Council	Promotion of Education	Yes	Tamil Nadu	Coimbatore	0.5	Yes		Nil
6.	Fixing up of hand wash basin facilities at Government Schools, Coimbatore.	Rural development projects	Yes	Tamil Nadu	Coimbatore	4.94	Yes		Nil
7.	Construction of retaining wall for Electric Crematorium at Annur, Coimbatore	Rural Development Projects	Yes	Tamil Nadu	Coimbatore	25	Yes		Nil
8.	Solid Waste Management Systems in Sangothipalayam and nearby villages	Environment	Yes	Tamil Nadu	Coimbatore	14.66	Yes		Nil
9.	50 Nos of desk and bench to schools to Uttkramit Middle School, Dugdha	Promotion of Education	Yes	Jharkhand	East Singhbhum	3.36	Yes		Nil
10.	50 Nos of desk and bench to schools to Uttkramit Middle School, Hariharpur	Promotion of Education	Yes	Jharkhand	East Singhbhum	3.36	Yes		Nil
11.	Construction of 15x20 feet one library room for the students at Uttkramit Middle School, Rapcha	Promotion of Education	Yes	Jharkhand	Saraikela Kharsawan	5.34	Yes		Nil

(a) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/No)	(5) Location of the project.		(6) Amount spent for the project (₹ in Lakhs)	(7) Mode of implementation - Direct (Yes/No)	(8) Mode of implementation - Through implementing agency.	
				State	District			Name	CSR registration number
12.	Construction of 3 toilets and 3 urinals for the students at Uttkramit Middle School Kuchidih	Health care	Yes	Jharkhand	Saraikela Kharsawan	5.48	Yes		Nil
13.	Eye Camp / Medical Treatment for Eye check-up / eye surgery / spectacles for needy people, preventive medical assistance	Health	Yes	Jharkhand	Saraikela Kharsawan	7.17	Yes		Nil
14.	Development of new research laboratory at National Institute of Technology, Surathkal, Karnataka	Promotion of Education	Yes	Karnataka	Bangalore	11.12	Yes		Nil
15.	Plantation of trees in and around Arasur village	Environment	Yes	Tamil Nadu	Coimbatore	0.6	Yes		Nil
16.	Setting up of Blood Bank	Health care	Yes	Tamil Nadu	Coimbatore	2	Yes		Nil
17.	Setting up of Government Tribal residential primary school, Mannar	Promotion of Education	Yes	Tamil Nadu	Coimbatore	203.45	Yes		Nil
<b>Total</b>						<b>310.44</b>			

(b) Amount spent in Administrative Overheads: NIL

(c) Amount spent on Impact Assessment, if applicable: NIL

(d) Total amount spent for the Financial Year [(a)+(b)+(c)] : ₹310.44 Lakhs

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

Total Amount Spent for the Financial Year (in Lakhs)	Amount Unspent (₹ in Lakhs.)			
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per proviso to section 135(5).	
	Amount	Date of transfer	Name of the Fund	Amount
₹310.44			NIL	

**(f) Excess amount for set off, if any**

S. No.	Particular	Amount (₹ in Lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	296.06
(ii)	Total amount spent for the Financial Year	310.44
(iii)	Excess amount spent for the financial year ((ii)-(i))	14.38
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years ((iii)-(iv))	14.38

**7. Details of Unspent CSR amount for the preceding three financial years:**

S. No	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in Lakhs)	Balance amount in unspent CSR amount under section 135(6) (in Lakhs)	Amount spent in the Financial Year (in Lakhs)	Amount transferred to a fund as specified under Schedule VII as per section 135(5), if any		Amount remaining to be spent in succeeding financial years (₹ in Lakhs)	Deficiency, if any
					Amount (₹ in Lakhs)	Date of transfer		
1	2019-20						NIL	
2	2020-21	101.96	-	-	-	-	-	-
3	2021-22						NIL	
<b>TOTAL</b>		<b>101.96</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Asset-wise details

Sl. No	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹ in Lakhs)	Details of entity/ Authority/ beneficiary of the registered owner	
					CSR Registration Number, if applicable	Name and Registered address
1	2	3	4	5	6	
1.	Construction of retaining wall for Electric Crematorium at Annur, Coimbatore	641653	31/03/23	25	-	Annur Town Panchayat (Special Grade), Annur, Coimbatore, Tamil Nadu- 641653
2.	Construction of 15x20 feet one library room for the students at Uttkramit Middle School, Rapcha	832108	28/02/23	5.34	-	Uttkramit Middle School, Rapcha, Badmari, Gamharia, Seriakela - Kharsawan, Jamshedpur - 832108
3.	Construction of 3 toilets and 3 urinals for the students at Uttkramit Middle School Kuchidih	832108	24/03/23	5.48	-	Uttkramit Middle School, Kuchidih, Dugdha, Gamharia, Seriakela - Kharsawan, Jamshedpur - 832108
4.	Construction of Government Tribal residential primary school, Mannar	641104	31/03/23	203.45	-	Government Tribal residential primary school, Mannar, Mulli-Karamadai Road, Keel Mannar, Tamil Nadu - 641104

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

The CSR Committee of the Board of Directors acknowledges the responsibility for the implementation and monitoring the CSR Policy and accordingly state that the same is in compliance with CSR objectives and Policy of the Company and the Company has complied with all the requirements in this regard.

Place: Coimbatore  
Date: 8<sup>th</sup> May, 2023

Srinivasan Ravi  
**Chairman of CSR Committee**  
DIN:01257716

**ANNEXURE - 5****FORM AOC-1**

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries or associate companies or joint ventures

**Part - A Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in ₹ Lakhs)

Sl.No	Particulars	1	2
1	Name of the subsidiary	DR Axion India Private Limited	Craftsman Europe B.V
2	The date since when subsidiary was acquired/ incorporated	Incorporated on 27.12.2006 Acquired on 01.02.2023	03.06.2008
3	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	NA	01.04.2022 to 31.03.2023
4	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	EURO (Exchange Rate as on 31.03.23 ₹89.6076 per EUR)
5	Share Capital	11,285	2,264
6	Reserves and Surplus	14,028	80
7	Total Assets	66,805	2,513
8	Total Liabilities	41,492	169
9	Investments	51	Nil
10	Turnover	19,642	2,159
11	Profit before taxation	1,234	288
12	Provision for taxation	162	50
13	Profit after taxation	1,072	238
14	Proposed Dividend	-	-
15	Extent of shareholding (in percentage)	76%	100%

Note : Figure for the period 01.02.2023 to 31.03.2023 are given for DR Axion India Private Limited.

**For and on behalf of the Board of Directors**

Srinivasan Ravi

Place: Coimbatore  
Date: 8<sup>th</sup> May, 2023

**Chairman & Managing Director**

DIN:01257716

**Statement Pursuant to Section 129(3) of the Companies Act, 2013 related to  
Associate Companies and Joint Ventures**

**Part "B" Associates and Joint Ventures**

Sl. No	Name of Associates/Joint Ventures	Carl Stahl Craftsman Enterprises Private Limited
1	Latest audited Balance Sheet Date	31.03.2023
2	Date on which the Associate/ Joint Venture was associated or acquired	22.06.2007
3	Shares of Associate / Joint Ventures held by the Company on the year end	
4	i. No. of shares	6,00,000
	ii. Amount of Investment in Associates / Joint Venture	₹60 Lakhs
	iii. Extend of Holding (in %)	30%
5	Description of how there is significant influence	Joint Venture - Associate Company
6	Reason why the Associate/ Joint Venture is not consolidated	Not Applicable
7	Net worth attributable to shareholding as per latest audited Balance Sheet	₹282 Lakhs
8	Profit /Loss for the year	
	i. Considered in Consolidation	₹48 Lakhs
	ii. Not Considered in Consolidation	₹112 Lakhs

**For and on behalf of the Board of Directors**

Srinivasan Ravi  
**Chairman and Managing Director**  
DIN:01257716

Place: Coimbatore  
Date: 8<sup>th</sup> May, 2023

# *Secretarial* Audit Report

**[Pursuant to Section 204(1) of the Companies Act, 2013 read with  
Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]  
For the Financial Year ended 31<sup>st</sup> March, 2023**

To,  
The Members,  
Craftsman Automation Limited  
123/4, Sangothipalayam Road,  
Arasur Post, Coimbatore – 641 407

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Craftsman Automation Limited (CIN L28991TZ1986PLC001816) (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31<sup>st</sup> March, 2023 in a manner that provided us reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit. We hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31<sup>st</sup> March, 2023 according to the provisions of:

- The Companies Act, 2013 and the Rules made there under.
- The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.
- The Foreign Exchange Management Act, 1999 and Rules and Regulations framed thereunder.
- The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:

- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
- The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993

(vi) Considering the nature of business of the Company, we are of the opinion that no specific law, regulations, directions or orders are applicable specifically to the Company.

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

- the Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India.
- Listing Agreement for equity entered into with BSE Limited and National Stock Exchange of India Limited with effect from 25<sup>th</sup> March, 2021.

Based on the information and explanation provided, the Company had no transactions during the period covered under the Audit requiring the compliance of the provisions of:

- a) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
- b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
- c) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018.
- d) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.

**We further report that**

The Board of Directors of the Company is duly constituted with the proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes made to the composition of the Board of Directors was duly carried out during the period covered under the Audit.

Adequate notice was given to all Directors at least seven days in advance to schedule the Board Meetings, though detailed notes on Agenda was provided at a

shorter notice and in certain matters tabled at the Board Meeting with the consent of all directors present at the relevant meeting. There exists a system for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting.

Majority decision is carried through and recorded as part of the minutes. We understand that there were no dissenting members' views requiring to be captured in the minutes.

We further report that during the period covered under the Audit, the Company has made the following specific actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above:

- a) The Company completed the acquisition of 76% of equity stake in D R Axion India Private Limited on 01<sup>st</sup> February, 2023.
- b) The Company shifted its registered office outside the local limits of Coimbatore City duly approved by the members.

**For KSR & Co Company Secretaries LLP**  
**Dr.C.V.Madhusudhanan**  
**Partner**  
(FCS: 5367; CP: 4408)  
**UDIN: F005367E0002782999**

Place: Coimbatore  
Date: 9<sup>th</sup> May 2023

KSR/CBE/C67/134/2022-23

To  
The Members,  
Craftsman Automation Limited  
123/4, Sangothipalayam Road,  
Arasur Post, Coimbatore – 641 407

Our Secretarial Audit Report of even date **Craftsman Automation Limited** (CIN L28991TZ1986PLC001816) (hereinafter called "the Company") is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We had conducted our audit by examining various records and documents including minutes, registers, certificates and other records received through electronic mode as enabled by the company. We state that we have not done a physical verification of the original documents and records. The management has confirmed that the records provided to us for audit through electronic mode are final, true and correct.
3. Further, our audit report is limited to the verification and reporting of the statutory compliances on laws / regulations / guidelines listed in our report and the same pertain to the Financial Year ended on 31<sup>st</sup> March, 2023.
4. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
5. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
7. 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: 9<sup>th</sup> May 2023

**For KSR & Co Company Secretaries LLP**  
**Dr.C.V.Madhusudhanan**  
**Partner**  
(FCS: 5367; CP: 4408)  
**UDIN: F005367E0002782999**

## ANNEXURE - 6.2

**FORM NO. MR-3****Secretarial Audit Report****(For the Financial Year: 2022-23)****[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]**

To,  
The Members,  
**DR AXION INDIA PRIVATE LIMITED**  
CIN: U50300TN2006PTC061870  
(Subsidiary of Craftsman Automation Ltd)  
No.7 Othappai Village Uthukkottai Taluk,  
Thiruvallur, Tamil Nadu -602023.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by DR AXION INDIA PRIVATE LIMITED (hereinafter called "the Company"). The Secretarial Audit was conducted for the financial year ended on 31<sup>st</sup> March, 2023 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 the Company'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, during the audit period covering the Financial year ended on 31<sup>st</sup> March, 2023, the company has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2023 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder-Not applicable
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under-Not applicable
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowing;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 -Not applicable
  - b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 -Not applicable
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; -Not applicable
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009-Not applicable
  - e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; -Not applicable

- f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008-Not applicable
- g) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with Client-Not applicable
- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009-Not applicable
- i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998-Not applicable

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

- a. Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India ("ICSI");

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

I further report that, based on the information provided and representations made by the Company, in my opinion, adequate systems and processes exist in the Company to monitor and ensure compliance with the provision of applicable general laws like labour laws and environmental laws.

I further also report that, compliance by the company of the applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

I further also report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Director and Independent Directors

Adequate notice were given to all directors to schedule the Board Meetings, and other committee meetings along with the agenda and detailed notes on agenda were sent at least seven days in advance, though the detailed notes on agenda were provided at a shorter notice and certain matters tabled at the Board Meeting with the consent of all Directors present at the relevant meeting. There exists a system 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 were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case maybe.

I further report that during the period covered under the Audit, pursuant to the acquisition of 76% of equity shares by Craftsman Automation Limited, the Company has become the subsidiary of Craftsman Automation Limited as on 1<sup>st</sup> February, 2023.

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 applicable laws, rules, regulations and guidelines.

Signature

**Name of Company Secretary in practice** : V. Sudarsan Babu**V. Sudarsan Babu & Associates****ACS No** : 55465**C P No** : 20590**UDIN** : A055465E000171471

Place: Chennai

Date: 22<sup>nd</sup> April, 2023



## ANNEXURE - 7

## INFORMATION PURSUANT TO SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

S.No	Particulars		
1.	Ratio of remuneration of each director to the median remuneration of employees:		
	<b>Name of the Directors</b>	<b>Designation</b>	<b>Ratio</b>
	Mr.Srinivasan Ravi #	Chairman and Managing Director	229.24
	Mr.Ravi Gauthamram #	Whole Time Director	76.67
	Mr.Chandrashekhar Madhukar Bhide	Independent Director	1.53
	Mr. Sundararaman Kalyanaraman	Independent Director	1.53
	Mrs. Vijaya Sampath	Independent Director	1.53
	Mr.Tamraparni Srinivasan Venkata Rajagopal	Independent Director	1.53
	Mrs. Rajeswari Karthigeyan*	Additional Director	1.53
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year:		
	<b>Name of the Directors, Chief Financial Officer, Company Secretary</b>	<b>Designation</b>	<b>Ratio</b>
	Mr. Srinivasan Ravi #	Chairman and Managing Director	39%
	Mr. Ravi Gauthamram #	Whole Time Director	120%
	Mr. Chandrashekhar Madhukar Bhide	Independent Director	50%
	Mr. Sundararaman Kalyanaraman	Independent Director	50%
	Mrs. Vijaya Sampath	Independent Director	50%
	Mr.Tamraparni Srinivasan Venkata Rajagopal	Independent Director	50%
	Mrs. Rajeswari Karthigeyan*	Additional Director	NA
	Mr.C.B.Chandrasekar	Chief Financial Officer	-10%
	Mr.Shainshad Aduvanni	Company Secretary	37%
3.	The percentage increase in the median remuneration of employees in the financial year		22%
4.	The number of permanent employees on the rolls of company		2154
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year		18%
6.	Affirmation that the remuneration is as per the remuneration policy of the company		Yes

# Remuneration also includes Commission payable for the FY 2022-23.

\* Mrs. Rajeswari Karthigeyan was appointed as Additional Director with effect from 6<sup>th</sup> March, 2023.

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

## ANNEXURE - 8

## BUSINESS RESPONSIBILITY &amp; SUSTAINABILITY REPORT

(Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

## SECTION A: GENERAL DISCLOSURES

## I. Details of the listed entity

S.No	Particulars	Details
1.	Corporate Identity Number (CIN) of the Listed Entity	L28991TZ1986PLC001816
2.	Name of the Listed Entity	Craftsman Automation Limited
3.	Year of incorporation	1986
4.	Registered office address	123/4, Sangothipalayam Road, Arasur Post, Coimbatore – 641407 Tamil Nadu, India.
5.	Corporate address	Krishna Towers, 4 <sup>th</sup> & 5 <sup>th</sup> Floor, 1087, Avinashi Road, Coimbatore – 641037 Tamil Nadu, India.
6.	E-mail	investor@craftsmanautomation.com
7.	Telephone	0422-7165000
8.	Website	www.craftsmanautomation.com
9.	Financial year for which reporting is being done	2022-2023
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited & National Stock Exchange of India Limited (NSE)
11.	Paid-up Capital	₹10,56,41,555
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. Shainshad Aduvanni, Company Secretary and Compliance Officer Telephone: 0422 7165000 Email:shainshad@craftsmanautomation.com
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together):	Standalone Basis

**II. Products/services**

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

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Automotive - Power Train & Others	Manufacturing engine parts such as cylinder block and cylinder head, camshafts, transmission parts, gear box housings, turbo charges and bearing caps.	51.24%
2	Aluminium Products	Key products in Aluminium Products segment include highly engineered and include crank case and cylinder blocks for two wheelers, engine and structural parts for passenger vehicles and gear box housing for heavy commercial vehicle, Aluminium - Casting for power transmission	
3	Industrial & Engineering	Industrial & Engineering vertical is essentially a non-automotive business vertical which cater to diverse user sectors. The Company has divided it into two sub segments: <b>Storage Solutions:</b> Key products in storage solutions sub-segment include stationary racking for warehouses, V-store, roll form products and Automated Storage and Retrieval Systems ("ASRS"). Our products in this sub-segment cater to warehousing and industrial sectors <b>High-end sub assembly, contract manufacturing and Others:</b> SPM, Material handling, Gear and Gear boxes, Tool room, mould base & sheet metal.	23.91%

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

S. No.	Product/Service	NIC Code	% of Turnover of the entity
1	Metal and Metal Products		9.79%
2	Electricals or electronic machinery, Railway or tramway locomotives, rolling stock, railway or tramway fixtures and fittings, mechanical (including electro mechanical) traffic signaling equipment's of all kind and Other machinery and Mechanical Appliances;	2930	47.28%
3	Other Manufacturing activities including Machining Services		42.93%

**III. Operations**

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

National Location	Number of offices: 2
	1. Corporate Office at Coimbatore, Tamil Nadu
	2. Registered and Headquarters at Coimbatore, Tamil Nadu
National Location	Number of plants :13
	3. Unit 2 Kurichi, Coimbatore, Tamil Nadu
	4. Unit 3 Headquarter, Arasur, Coimbatore, Tamil Nadu
	5. Unit 2 Sanaswadi, Pune, Maharashtra
	6. Unit 3 Sanaswadi, Pune, Maharashtra
	7. Unit 4 Pimple Jagtap, Pune, Maharashtra
	8. Pithampur Unit, Madhya Pradesh
	9. Jamshedpur Unit, Jharkhand
	10. Unit 1 Ballabgarh, Faridabad, Haryana
	11. Unit 2 Ballabgarh, Faridabad, Haryana
	12. Unit 1 Bengaluru, Karnataka.
	13. Unit 2 Bengaluru, Karnataka
	14. Sriperumbudur – Unit 1, Chennai, Tamil Nadu
	15. Pune Unit -5 , Koregoen Bhima, Pune, Maharashtra
National Location	Upcoming Units : 3
	1. Nagpur, Maharashtra
	2. Faridabad - Unit 3 Ballabgarh, Faridabad, Haryana
	3. Sriperumbudur Unit 2, Chennai, Tamil Nadu
International Location	Nil
	The Company has a Wholly Owned Subsidiary named Craftsman Europe B.V. (Formerly known as Craftsman Marine B.V) at The Netherlands

1. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	PAN India
International (No. of Countries)	18 Countries

b. What is the contribution of exports as a percentage of the total turnover of the entity?  
8%

c. A brief on types of customers

**1) Automotive – Powertrain and Others:**

- Commercial Vehicles
- Special Utility Vehicles
- Tractors
- Off-highway Vehicles

**2) End-user sectors for Aluminium Products:**

- Two-Wheelers
- Passenger Vehicles
- Commercial vehicles
- Power transmission & Distribution

**3) Industrial & Engineering:**

- a) High end sub-assembly, contract manufacturing & others:  
Automotive, Foundries, Railways, Textile & Printing Machines manufacturers, Engineering.
- b) Storage Solutions:  
FMCG, E-commerce, Food & beverages, Logistics, Pharmaceuticals and Electronics

**IV. Employees**

1. Details as at the end of Financial Year:31<sup>st</sup> March 2023

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	%(B / A)	No. (C)	%(C / A)
<b>a) Employees</b>						
1.	Permanent (D)	765	742	96.99%	23	3.01%
2.	Other than Permanent (E)	28	27	96.43%	1	3.57%
3.	<b>Total employees (D + E)</b>	793	769	96.97%	24	3.03%
<b>b) Workers</b>						
4.	Permanent (F)	1389	1389	100%	-	
5.	Other than Permanent (G)	459	459	100%		
6.	<b>Total workers (F + G)</b>	1848	1848	100%		

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	%(B / A)	No. (C)	%(C / A)
<b>a) Differently Abled Employees</b>						
1.	Permanent (D)	1	1	100%	-	
2.	Other than Permanent (E)	Nil	Nil	Nil		
3.	<b>Total differently abled employees (D + E)</b>	1	1	100%		
<b>b) Differently Abled Workers: Nil</b>						

2. Participation/Inclusion/Representation of Women

Particulars	Total (A)	No. and Percentage of Females	
		No.(B)	%(B/A)
Board of Directors	7	2	28.57%
Key Management Personnel	5	Nil	Nil

3. Turnover rate for permanent employees and workers

Particulars	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	12.77	13.33	12.79	12.97	17.65	13.09	30.51	44.44	30.79
Permanent Workers	7.78	0	7.78	7.55	0	7.55	20.96	0	20.96

**V. Holding, Subsidiary and Associate companies (including joint ventures)**

4. Names of holding / subsidiary / associate companies / joint ventures

S. No	Name of the Holding/ Subsidiary / associate companies/ joint ventures (A)	Indicate Whether holding/ subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicate at column A, Participate in the Business Responsibility initiatives of the listed entity? (Yes/ No)
1	Craftsman Europe B.V. The Netherlands	Wholly Owned Subsidiary	100%	No
2	Carl Stahl Craftsman Enterprises Private Limited	Associate Company (Joint Venture)	30%	No
3	DR Axion India Private Limited	Subsidiary (With effect from 1 <sup>st</sup> February, 2023)	76%	No

**VI. CSR Details**

5. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover: ₹2,98,024 Lakhs

(iii) Net worth: ₹1,37,138 Lakhs

**VII. Transparency and Disclosures Compliances**

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

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	FY 2022-23		Remarks	FY 2021-22		Remarks
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	
Investors (other than shareholders)	Yes	1	0	Complaints resolved	3	Nil	Complaints resolved
Shareholders	Yes	1	0		Nil	Nil	Nil
Employees and Workers	Yes, Separate Grievance Handling Procedure CAL/IMS/P38 available and Grievance register followed			Nil			
Communities							
Customers							
Value Chain Partners							
Other (please specify)							

Weblink :<https://www.craftsmanautomation.com/investors/#verticalTab2>

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

The Company has structured an internal mechanism for identifying the risks on ESG matters and the same is being reviewed by the Risk Management Committee of the Company. The Company believes that a materiality assessment on sustainability issues will help to analyse and prioritize the issues that have the biggest impact from the Environment, Social and Governance (ESG) perspective. Further, the Company is in the process of enhancing this methodology by conducting this exercise on periodical basis and by engaging external agencies for material assessment.

**SECTION B: MANAGEMENT AND PROCESS DISCLOSURES**

PRINCIPLE 1	Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.
PRINCIPLE 2	Businesses should provide goods and services in a manner that is sustainable and safe
PRINCIPLE 3	Businesses should respect and promote the well-being of all employees, including those in their value chains
PRINCIPLE 4	Businesses should respect the interests of and be responsive to all its stakeholders
PRINCIPLE 5	Businesses should respect and promote human rights
PRINCIPLE 6	Businesses should respect and make efforts to protect and restore the environment
PRINCIPLE 7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
PRINCIPLE 8	Businesses should promote inclusive growth and equitable development
PRINCIPLE 9	Businesses should engage with and provide value to their consumers in a responsible manner

**DISCLOSURE QUESTIONS**

	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>Policy and Management processes</b>									
1. a. Whether your entity’s policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	N*	Y	Y
b. Has the policy been approved by the board? (yes/No)	Y	Y	Y	Y	Y	Y	N*	Y	Y
c. Web link of the policies, if available	https://www.craftsmanautomation.com/investors/								
2. Whether the entity has translated the policy into procedures. (Yes/No)	Y	Y	Y	Y	Y	Y	N*	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes. The Company expects its value chain partners to adhere to the policies.								
4. Name of the National and International codes/ Certifications/ labels/ standards (e.g Forest Stewardship council, fairtrade, Rainforest Alliance, Trustea) Standards(e.g.SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	ISO 9001 : 2015 IATF 16949 : 2016 ISO 14001 : 2015 AEO CERTIFICATE Export House Certificate								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any	Y	Y	Y	Y	Y	Y	Y	Y	Y
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Department wise specific commitments, goals and targets has been derived and working towards accomplishment of the same.								
<b>Governance, leadership and oversight</b>									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure) Please refer ‘Statement from the Chairman’s Desk’ in the Annual Report									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Board of Directors								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes. The Board of Directors and the Risk management Committee of the Company is reviewing the sustainability related issues on regular basis. The CSR committee also reviews the activities undertaken as CSR on regular basis.								

\*The Company through associations/ institutions/ trade and industry chambers strives to advocate and pursue various causes that are in larger interest of the industry, economy, society and public. Therefore, need for a formal policy has not been felt.

10. Details of Review of NGRBCs by the Company:

Subject for review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)									
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9	
Performance against above policies and follow up action	Audit Committee, Risk Management Committee, CSR Committee and Board										Half yearly								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Audit Committee, Risk Management Committee, CSR Committee and Board										Half yearly								

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

	P1	P2	P3	P4	P5	P6	P7	P8	P9
	No. The Company has evaluated the working of its policies internally.								

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

DISCLOSURE QUESTIONS	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)	-	-	-	-	-	-	-	-	-
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	-	-	-	-	-	-	-	-	-
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	-	-	-	-	-	-	-	-	-
It is planned to be done in the next financial year (Yes/No)	-	-	-	-	-	-	-	-	-
Any other reason (please specify)	For Principle 7: The Company through associations/ institutions/ trade and industry chambers strives to advocate and pursue various causes that are in larger interest of the industry, economy, society and public.								

The company is continuously reviewing its policies to align with the BR principles in full spirit. The assessment for adoption/ implementation of specific policies is under process which will be continued in next financial year.

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

**PRINCIPLE 1 - Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.****Essential Indicators**

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total Number of training and awareness programmes held	Topics/ principles covered under the training and its impact	% age of persons in respective category covered by awareness programmes
Board of Directors	2 Sessions	Familiarisation Programme for the Board of Directors of the Company are being organised on regular basis about the business segments, operations of the Company, regulatory requirements and other matters. The details of Familiarisation Programme can be accessed through the weblink: <a href="https://www.craftsmanautomation.com/investors/corporate-governance/#2">https://www.craftsmanautomation.com/investors/corporate-governance/#2</a>	100%
Key Managerial Personnel	8 Sessions 2 Sessions	Winning to Lead Effective Time Management	100% 100%
Employees other than BOD and KMPs	35 Sessions	<ol style="list-style-type: none"> <li>ISO 9001:2015 Lead Auditor Training</li> <li>5'S Implementation &amp; Soft skills training</li> <li>Webinar on Factory Case Study Japan - Low Cost Automation</li> <li>Gauges and Instruments - Handling &amp; Usage</li> <li>Safety Conclave 2022</li> <li>Incident Management System ERP online tool</li> <li>CQI - 9 Understanding Heat Treatment System Assessments</li> <li>VDA PFMEA Training</li> <li>Geometric Dimensioning &amp; Tolerance (GD&amp;T) Training</li> <li>Lean Six Sigma Black Belt Training</li> <li>Internal Auditor Training Program on "ISO 14001:2015 EMS"</li> <li>Lean Manufacturing Training</li> <li>Sexual Harassment of Women at Work Place</li> <li>Pepperl &amp; Fuch Product Training</li> <li>Thermal Management in Diecasting Industry</li> <li>HR Conclave 2022 - Theme of 3.6.9 HR</li> <li>Auto Desk Training</li> <li>Advanced Product Quality Planning</li> <li>Layer Process Audit Training</li> <li>Pneumatics Training</li> <li>Quality Conclave 2022</li> <li>Metallurgy For Non Metallurgists</li> <li>DFMEA</li> <li>IATF 16949 : 2016</li> <li>Core tools</li> <li>CQI – Special processes assessment</li> <li>Time Management</li> <li>MSDS</li> <li>KAIZEN</li> <li>Energy Saving</li> </ol>	100%

Segment	Total Number of training and awareness programmes held	Topics/ principles covered under the training and its impact	% age of persons in respective category covered by awareness programmes
Workers	45 Sessions	<ol style="list-style-type: none"> <li>ISO 9001:2015 Awareness Training</li> <li>HPDC / GDC Machine Maintenance</li> <li>Handling of Abrasives in Product</li> <li>PPE Usage &amp; Work Place Safety Training</li> <li>First Aid Responder Training</li> <li>STP Break Down Mock Drill</li> <li>Introduction to IPR and Invention Disclosure Form</li> <li>ETP Break Down Mock Drill</li> <li>Emergency Fire Mock drill</li> <li>Introduction on IPR and IDF</li> <li>ISO 14001:2015 EMS Awareness, IFMEA, OCP, EMP Training</li> <li>Material Safety Data Sheet</li> <li>Awareness Training program on "Impact of Consuming Narcotics Drugs"</li> <li>Hazardous Waste and Non Hazardous Waste Management</li> <li>LOTO Awareness</li> <li>Hazardous Waste Handling &amp; Storage Methods</li> </ol>	100%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year :

Nil. There are no such fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings by the Company during the financial year which are material as specified in Regulation 30 of the SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015

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

Not Applicable

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

Yes. The Company has an anti-corruption and anti-bribery policy. The Company is committed to conducting all business activities with integrity and the highest possible ethical standards. The company has zero tolerance for bribery and corruption.

Weblink: <https://www.craftsmanautomation.com/investors/>

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

Nil. There are no such disciplinary action taken by any law enforcement agency against the Directors/KMPs/ employees/workers for bribery/ corruption.

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

No complaints were received in relation to issues of Conflict of Interest of the Directors/KMP.

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.
- Not Applicable.

#### Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year
- Nil
2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board?
- Yes. The Company has formulated "Code of Conduct for Board of Directors and Senior Management" which specifies the role and function of the Board and Senior Management and they must act within the authority conferred upon them and in the best interests of the Company.

The Code enumerates that the Directors and Senior Management shall always act in good faith to promote the business and objects of the company for the members as a whole and in the best interests of the Company, its employees, shareholders, the community and shall not engage in any business, relationship or activity, which may be in conflict with the interests of the Company. Further, in case there is likely to be a conflict of interest, he/she should make full disclosure of all the facts and circumstances thereof to the Board of Directors and the prior approval of the Audit Committee and that of the Board is required to be obtained.

#### PRINCIPLE 2 - Businesses should provide goods and services in a manner that is sustainable and safe

##### Essential Indicators

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

Nil

2. a. Does the entity have procedures in place for sustainable sourcing?

Yes. Craftsman Automation Limited having formulated more than 500 supplier with sustainable results, main sourcing of supplies are categories as Ingots, Castings, Fasteners, Electrical and service providers. All supplies comply environmental aspects by communicating the Craftsman Supplier manual to all suppliers in which all the Environmental policy, RoHS & REACH Policy are considered.

Craftsman strives to procure components without compromising on quality. It has been encouraging and supporting its suppliers towards all Regulatory compliances as well as successfully completed with Non-disclosure agreement with suppliers.

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

30%

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

For all our own products, Craftsman maintains Products and Service manuals which are released during the product dispatch and commissioning. Manual consists of product life cycle assessment details along with all applicable disposal methodologies.

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

With respect to ISO 14001 :2015, all the applicable statutory and regulatory compliances are followed. Further, the Company maintain OCP's (Operational control procedure) for all type of wastes handling.

#### Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details
- Yes.

NIC Code	Name of Product /Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
2511	Storage Systems	28 %	Guidelines for life cycle assessment for products followed as per CAL/IMS/Design/F461 Rev 01 (07/07/2018)	No	No
2822	Special Purpose Machines				

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Nil

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2022-23	FY 2021-22
Aluminium ingots	Recycled aluminium return material used as an input material for the production around 30% to 35%.	Recycled aluminium return material used as an input material for the production around 10% to 15%.

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2022-23			FY 2021-22		
	Re-used	Recycled	Safely Disposed	Re-used	Recycled	Safely Disposed
Plastics (including packaging)	Nil	Nil	Nil	Nil	Nil	Nil
E-Waste	Nil	Nil	Nil	Nil	Nil	Nil
Hazardous waste	Nil	Nil	9.27 metric tonnes	Nil	Nil	7.14 metric tonnes
Other waste	Nil	Nil	Nil	Nil	Nil	Nil

Products are not reclaimed at the end of life of products, however, disposal mechanism is available in product manual.

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.
- Nil

**PRINCIPLE 3 - Businesses should respect and promote the well-being of all employees, including those in their value chains**

**Essential Indicators**

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

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent employees</b>											
Male	742			742	100%	-	-				
Female	23	Nil		23	100%	23	100%			Nil	
<b>Total</b>	<b>765</b>			<b>765</b>	<b>100%</b>	23	100%				
<b>Other than Permanent employees</b>											
Male	27			27	100%	-	-				
Female	1	Nil		1	100%	1	100%			Nil	
<b>Total</b>	<b>793</b>			<b>793</b>	<b>100%</b>	1	100%				

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

Category	Total (A)	% of workers covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent workers</b>											
Male	1389			1389	100%						
Female	Nil	Nil		Nil	Nil			Nil			
<b>Total</b>	<b>1389</b>			<b>1389</b>	<b>100%</b>						
<b>Other than Permanent workers</b>											
Male	459			459	100%						
Female	Nil	Nil		Nil	Nil			Nil			
<b>Total</b>	<b>459</b>			<b>459</b>	<b>100%</b>						

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

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	99.21%	99.92%	Y	99.06 %	99.95 %	Y
Gratuity	99.21%	99.92%	Y	99.06 %	99.95 %	Y
ESI	2.26%	18.39%	Y	2.56 %	37.05 %	Y
Others – Please specify				Nil		

**3. Accessibility of workplaces**

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes

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

Yes. The Policy has been published in the intranet.

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

Nil

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

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes. The Company has a grievance module in the internal ERP software, which can be accessed by all the employees and workers using their login credentials.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

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

No Unions existing.

8. Details of training given to employees and workers:

Category	Total (A)	FY 2022-23				FY 2021-22				
		On Health and Safety Measures		On Skill upgradation		Total (D)	On Health and Safety Measures		On Skill upgradation	
		No. (B)	% (B/A)	No (C)	%(C/A)		No. (E)	% (E/D)	No.(F)	% (F/D)
<b>Employees</b>										
Male	769	750	97.52%	650	84.50%	720	705	98%	575	80%
Female	24	24	100%	24	100%	22	22	100%	22	100%
<b>Total</b>	<b>793</b>	<b>774</b>	<b>97.60%</b>	<b>674</b>	<b>85%</b>	<b>742</b>	<b>727</b>	<b>98%</b>	<b>597</b>	<b>80.46%</b>
<b>Workers</b>										
Male	1848	1820	98.48%	1530	82.79%	1984	1950	98%	1570	80%
Female										
<b>Total</b>	<b>1848</b>	<b>1820</b>	<b>98.48%</b>	<b>1530</b>	<b>82.79%</b>	<b>1984</b>	<b>1950</b>	<b>98%</b>	<b>1570</b>	<b>80%</b>

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

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
<b>Employees</b>						
Male	769	484	62.93%	720	352	48.89%
Female	24	10	41.66%	22	13	59.09%
Total	793	494	62.29%	742	365	49.19%
<b>Workers</b>						
Male	1848	1614	87.33%	1984	380	19.05%
Female		Nil			Nil	
<b>Total</b>	<b>1848</b>	<b>1614</b>	<b>87.33%</b>	<b>1984</b>	<b>380</b>	<b>19.05%</b>

## 10. Health and safety management system:

## a. Whether an occupational health and safety management system has been implemented by the entity?

Yes. Occupational Health and Safety Management System has been implemented.

Occupational Health and Safety protection is an integral component of the business. The Company's goal is to treat the environment gently and use the natural resources sparingly without hampering the employees occupational Health and Safety by

- Establishing incident free work environment;
- Minimising wastage to prevent natural resources;
- Encouraging innovation for prevention of pollution, injury and ill health;
- Complying with all applicable legal, statutory & regulatory and other required related to Environmental Occupational Health and Safety;
- Ensuring proper disposal of waste/ pollutant/ to minimise impact on environment and risk to employees;
- Continually improving the environmental Occupational Health and Safety performance.

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

Failure Modes and Effects Analysis (FMEA) model

## c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

Yes

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

Yes (GAINS insurance)

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

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	1.8	1.2
	Workers		
Total recordable work-related injuries	Employees	29	33
	Workers		
No. of fatalities	Employees	1	Nil
	Workers		
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Workers		

## 12. Describe the measures taken by the entity to ensure a safe and healthy work place

**SAFETY MEASURES**

Safety has been a core value and our Management always gives top priority to safety after quality. Craftsman has a structured safety organization that is monitoring and implementing continuously and taking corrective actions for safety improvements. The Company has taken the following safety measures during this financial year.

- All the Legal requirements are complied with the Factories Act 1948 and Rules 1950.

- Machine guarding with an interlock system has been provided. A toe guard and Handrail system has been provided in the machine platforms.
- New Occupational Health Center is being constructed and we have procured a new Ambulance vehicle as per the legal requirements.
- Implementation of QR Code scan system to report Unsafe act/ Unsafe condition, and all Near miss Incidents.
- Introduction of LNG (Liquified Natural Gas) instead of LPG, comparatively LNG is low safety risk and also environmentally friendly. The aspect and Impact of the same is very low, when we compare with LPG, LNG minimizes carbon emission
- CMS (Coolant Management System) plant is installed and through this system usage of coolant and wastage of coolant is drastically reduced and it is cost-effective and Low environmental Aspect and Impact and help to maintain the shop floor neat and clean.
- 823 KW Solar energy power system has been implemented and through this, Company get 4.23 units of power in 1 KW which are produced on our own factory roofs. Solar energy is a renewable energy source and reduces carbon emissions.
- The following safety measures are taken care of to ensure the safety
  - Safety Walk through
  - Safety Inspection
  - Behavioural Observation
  - Incident Investigation and analysis
  - HIRA (Hazard Identification and Risk Assessment)
  - Internal Audit
  - Compliance on Statutory Requirements
  - 5S monitoring
  - Motivating employees to participate in various continual improvement activities, kaizen competition, Quiz competitions, Internal Sports competitions, Safety committee meetings for employee engagement.
- Poka yoke methods to prevent incidents in the machine
- Emergency escape route plan updated and fixed in all the plants
- New Fire hydrant system installation work is under preparation and progress.
- New Admin Building smoke sensor, MCP, Emergency lighting system work completed
- Smoke sensor and FM-200 Fire extinguisher system for all UPS storage rooms Installed and smoke sensor panel fixed in the emergency control centre.
- Periodic mock drills and training are conducted as per the requirement.
- PPE's are provided to all hazardous work and regular monitoring is done to achieve the compliance of zero accident.
- Hygiene monitoring is being conducted monthly/quarterly basis for Noise level, Lux level, Air monitoring - (O<sub>2</sub>, CH<sub>4</sub>, H<sub>2</sub>S, CO) & (CO<sub>2</sub>, Temperature, Humidity) and fire extinguishers are being checked in all units.
- Cold work, Hot work, Elevated work, Excavation work, Confined space entry work permits and LOTO system are introduced to all types of Non-routine activities to ensure ZERO accident.
- All unsafe Act & Conditions monitored and CAPA closed as per the time line.



13. Number of Complaints on the Working Conditions and Health & Safety made by employees and workers:

Nil

14. Assessments for the year:

	<b>% of your plants and offices that were assessed (by entity or Statutory Authorities or third parties)</b>
Health and safety practices	100%
Working Conditions	100%

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

The Company has been making continual improvement activities based on the risk value.

**Leadership Indicators**

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

The Company has provided compensation of 18 months salary, Educational fees for 2 children upto Higher Secondary education, Family Health insurance for 3 years only to the employees family who were passed away due to COVID.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company is making a due diligence check on periodical basis which includes ensuring compliance for various applicable laws of value chain partners and defaults in Statutory dues if any.

3. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	<b>Total no. of affected employees/ workers</b>		<b>No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment</b>	
	<b>2022-23</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2021-22</b>
Employees	1	NIL	NIL	NIL
Workers	NIL	NIL	NIL	NIL

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No

5. Details on assessment of value chain partners:

	<b>% of value chain partners (by value of business done with such partners) that were assessed</b>
Health and safety practices	100% Supplier Evaluation
Working Conditions	100% Supplier Evaluation

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not Applicable.

**PRINCIPLE 4 - Businesses should respect the interests of and be responsive to all its stakeholders**

**Essential Indicator**

- Describe the processes for identifying key stakeholder groups of the entity  
The Company has identified all the individuals, organisations and Institutions who are associated with the Company as its Stakeholders.
- List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group

<b>Stakeholder Group</b>	<b>Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other</b>	<b>Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)</b>	<b>Purpose and scope of engagement including key topics and concerns raised during such engagement</b>
Suppliers, Service Providers	Email, Meetings, Phone calls, Websites	Regularly	Business/Project related
Customers	Email, Meetings, Websites, Phone calls, Social Media	Regularly	Business/Project related
Investors	Quarterly publication of results, Newspaper advertisements, Email, Website, Analysts/Investor Calls, Annual General Meetings, Stock Exchange intimations.	Annually/Half yearly/ Quarterly/ Event basis	Compliance, Governance practices
Creditors	Emails, Phone Calls, Meetings	Annually/Half yearly/ Quarterly/ Event basis	Banking facilities
Employees	Email, Phone calls, SMS, Meetings, Notice Board, ERP system.	Regularly	Day to day activities / Conduct of business
Regulatory Bodies	Emails, Meetings, Submission forms / returns / intimations/ letters etc.	Annually/Half yearly/ Quarterly/ Event basis	In relation to Compliances with applicable laws
Auditors	Emails, Meetings, Phone Calls,	Annually/Half yearly/ Quarterly/ Event basis	Audit purposes
Local Community	Newspaper advertisements/ Physical Meetings / Reviews/Assessments	Event basis	CSR Programmes and other initiatives

**Leadership Indicators**

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

Consultation with the Stakeholders are being submitted by the internal team to the Board of Directors and the Board is made aware of all the initiatives, targets and projects on ESG.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

The Company believes that the consultation from Stakeholders and implementation of the same will be carried out and continuous improvement of the policies will be made accordingly.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

Nil

**PRINCIPLE 5 - Businesses should respect and promote human rights****Essential Indicators**

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

Category	FY 2022-23			FY 2021-22		
	Total (A)	No of employees / workers covered (B)	% (B / A)	Total (C)	No of employees / workers Covered (D)	% (D / C)
<b>Employees</b>						
Permanent	765	765	100%	721	721	100%
Other than permanent	28	28	100%	21	21	100%
Total Employees	796	796	100%	742	742	100%
<b>Workers</b>						
Permanent	1389	1389	100%	1337	1337	100%
Other than permanent	459	459	100%	647	647	100%
Total Workers	1848	1848	100%	1984	1984	100%

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

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
<b>Employees</b>										
<b>Permanent</b>										
Male	742			742	100%	699			699	100%
Female	23			23	100%	22			22	100%
<b>Other than Permanent</b>										
Male	27			27	100%	21			21	100%
Female	1			1	100%	-			-	-
<b>Workers</b>										
<b>Permanent</b>										
Male	1389			1389	100%	1337			1337	100%
Female	-			-		-			-	
<b>Other than Permanent</b>										
Male	459			459	100%	647			647	100%
Female	-			-		-			-	

3. Details of remuneration/salary/wages, in the following format: (₹ in Lakhs)

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Director (BoD)	3	9	2	9
Key Managerial Personnel	5	92	-	NA
Employees other Than BoD and KMP	623	9	20	6
Workers	1247	5	-	NA

Note: Considered only employees who were employed during the entire financial year

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

Yes

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

Complaints Committee is constituted. The Board of Directors will periodically review the grievances received, pending and resolved during the quarter/year and the Employees are conveyed about the internal mechanisms in place to address human rights issues at the time of Induction training program.

6. Number of Complaints made by employees and workers on Sexual Harassment, Discrimination at workplace, Child Labour, Forced Labour/Involuntary Labour, Wages and Other human rights related issues.

Nil

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

An appropriate complaint mechanism in the form of "Complaints Committee" has been created in the Company for time-bound redressal of the complaint made by the victim.

8. Do human rights requirements form part of your business agreements and contracts?

Yes

9. Assessments for the year

	% of your plants and offices that were assessed (by entity or Statutory Authorities or third parties)
Child labour	100 %
Forced/involuntary labour	100 %
Sexual harassment	100 %
Discrimination at workplace	100 %
Wages	100 %
Others – please specify	

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

No significant risks / concerns arose.

**Leadership Indicators**

1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.

No

2. Details of the scope and coverage of any Human rights due-diligence conducted.

Nil

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes

## 4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed	
Sexual Harassment		
Discrimination at workplace		
Child Labour		Nil
Forced Labour/Involuntary Labour		Nil
Wages		
Others – please specify		

## 5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not Applicable

**PRINCIPLE 6 - Businesses should respect and make efforts to protect and restore the environment****Essential Indicators**

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

Parameter	FY 2022-23	FY 2021-22
Total electricity consumption (A)	343,435,834.8 MJ	253,458,558 MJ
Total fuel consumption (B)	12,279,099.6 MJ	9,973,627.2 MJ
Energy consumption through other sources (C)	109,686,776.4 MJ	108,707,371.2 MJ
<b>Total energy consumption (A+B+C)</b>	<b>465,401,710.8 MJ</b>	<b>372,139,556.4 MJ</b>
Energy intensity per rupee of Turnover (Total energy consumption/ turnover in rupees)	15.62 MJ per thousand turnover	16.87 MJ per thousand turnover

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

No

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

Parameter	FY 2022-2023	FY 2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water	Nil	Nil
(ii) Groundwater	84170	5912
(iii) Third party water	128002	62576
(iv) Seawater / desalinated water	Nil	Nil
(v) Others	Nil	Nil
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	212172	68488
Total volume of water consumption (in kilolitres)	212022	68358
Water intensity per rupee of turnover (Water consumed / turnover)	0.71 Kilo Litre per Lakh turnover	0.31 Kilo Litre per Lakh turnover

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

Yes. The Company has Effluent treatment plants (ETP) of 42 KLD Capacity to purify waste water for its reuse.

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

Parameter	Please specify unit	FY 2022-23	FY 2021-22
NOx	µg/m <sup>3</sup>	14.7	14.5
SOx	µg/m <sup>3</sup>	7.6	7.4
Particulate matter (PM)	µg/m <sup>3</sup>	12.6	12.5
Persistent organic pollutants (POP)	µg/m <sup>3</sup>	<0.1	<0.1
Volatile organic compounds (VOC)	µg/m <sup>3</sup>	Not Detected	Not Detected
Hazardous air pollutants (HAP)	Nil	Nil	Nil
Others – please specify		Nil	

## 6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) &amp; its intensity:

No such requirement from Govt bodies

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

No

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

Parameter	FY 2022-2023	FY 2021-2022
Total Waste generated (in metric tonnes)		
Plastic waste (A)	4.978 Kg	-
E-waste (B)	1.63	1.042
Bio-medical waste (C)	NA	NA
Construction and demolition waste (D)	-	-
Battery waste (E)	Recycled	Recycled
Radioactive waste (F)	NA	NA
Other Hazardous waste. Please specify, if any. (G)	Used oil, Oil soaked cotton waste, Paint sludge, Phosphate sludge, Grinding sludge & ETP Sludge	Used oil, Oil soaked cotton waste, Paint sludge, Phosphate sludge, Grinding sludge & ETP Sludge
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	Metal burr ( Cast iron + Aluminium scrap)	Metal burr ( Cast iron + Aluminium scrap)

**For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)**

Category of waste	FY 2022-2023	FY 2021-2022
(i) Recycled	-	-
(ii) Re-used	-	-
(iii) Other recovery operations	ETP & STP	ETP & STP -8400 KD

**For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)**

Category of waste	FY 2022-2023	FY 2021-2022
	Used Cotton, ETP Paint, Phosphate, Oil waste, Waste sludge	Used Cotton, ETP Paint, Phosphate, Oil waste, Waste sludge
(i) Incineration	6.954	2.960
(ii) Landfilling	2.978	2.625
(iii) Other disposal operations	Recycling	Recycling

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

Operational Control Procedures (OCPs) are available for each type of waste categories

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

Not Applicable

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

Not applicable (The Company's units are not located in Eco-logically sensitive areas)

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

The Company has complied with all the applicable environmental law/ regulations/ guidelines in India.

### Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-23	FY 2021-22
<b>From renewable sources</b>		
Total electricity consumption (A)	-	-
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	109,686,776.4 MJ	108,707,371.2 MJ
<b>Total energy consumed from renewable sources (A+B+C)</b>	109,686,776.4 MJ	108,707,371.2 MJ
<b>From non-renewable sources</b>		
Total electricity consumption (D)	343,435,834.8 MJ	253,458,558 MJ
Total fuel consumption (E)	12,279,099.6 MJ	9,973,627.2 MJ
Energy consumption through other sources (F)	-	-
<b>Total energy consumed from non-renewable sources (D+E+F)</b>	355,714,934.4 MJ	263,432,185.2 MJ

2. Provide the following details related to water discharged:

Parameter	FY 2022-23	FY 2021-22
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) To Groundwater	84170	-
- No treatment	63128	-
- With treatment – please specify level of treatment	21042	RO – 18000 KL
(iii) To Seawater		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) in to third-party Water		
- No treatment	-	-
- With treatment – please specify level of treatment	ETP	ETP 23,400 KL
(v) Others		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
<b>Total water discharged (in kilolitres)</b>	<b>84,170</b>	<b>41,400</b>

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area: LPDC, HPDC, Heat Treatment & Induction Hardening

(ii) Nature of operations : Cooling Tower

(iii) Water withdrawal, consumption and discharge in the following table : Please refer table in Essential Indicators

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

No such requirements

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

The Company has taken initiatives like OCP, EMP, Tree Plantation and Water reservoir. Please refer the Company website for further details.

7. Does the entity have a business continuity and disaster management plan?

Emergency Response plan

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

Nil

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Nil

**PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

**Essential Indicators**

1. a. Number of affiliations with trade and industry chambers/ associations.  
18
- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

The following are the list of trade and industry chambers/ associations in which the entity is a member:

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Indo-German Chamber of Commerce	India & German
2	The Institute of Indian Foundrymen	
3	Indian Management Association	
4	Indian Machine Tool Manufacturing Association	
5	Confederation of Indian Industry	
6	National Safety Council of India	
7	Aluminium Caster Association of India	National
8	Tool and Gauge Manufacturers Association (Tagma)	
9	GDC Tech	
10	Indian Machine Tool Manufacturer Association -IMTMA	
11	Material Recycling Association of India	
12	Indian Pharma Machinery Manufacturers' Association	
13	The Southern India Engineering Manufactures Association (SIEMA)	South India
14	The Coimbatore Productivity Council	
15	Industrial Waste management Association	State
16	Tamilnadu Waste Management Association	
17	Co-India	
18	Coimbatore Corporate Connections	Coimbatore

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

Not Applicable. The Company has not received any adverse orders from regulatory authorities.

**Leadership Indicators**

1. Details of public policy positions advocated by the entity:

The Company through the Industry Associations and Chambers of Commerce at National, State and Local levels works to advocate and pursue various causes that are in the larger interests of industry, economy, society and the public.

**Principle 8 - Businesses should promote inclusive growth and equitable development**

**Essential Indicators**

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

The Company has not undertaken Social Impact Assessments. Necessity for Environment impact assessment did not arise.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity.

Not Applicable

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

The Company has internal grievance redressal mechanism in place to address the grievance raised by the stakeholders. The Board reviews the status of the grievance raised, pending, disposed during every quarter.

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

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	3%	7%
Sourced directly from within the district and neighbouring districts	The Company has its plants at various districts. Materials are sourced from within the district and neighbouring districts for the concerned plants to the extent possible.	

**Leadership Indicators**

1. Provide details of actions taken to mitigate any negative social impacts identified in the social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Not Applicable

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies.

The Company has spent an amount of ₹310 Lakhs during FY 2022-23 towards CSR Projects identified at the local areas of the location of Company's plants/units.

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups?

No

(b) From which marginalized /vulnerable groups do you procure?

Not Applicable

(c) What percentage of total procurement (by value) does it constitute?

Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Nil

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Not Applicable

## 6. Details of beneficiaries of CSR Projects

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Revival and Restoration of Agrahasamakulam Lake, Coimbatore at Vaiyampalayam,	Nearly 2 Lakhs people & Agri land about 5000 acres in 25 villages.	
2	Donating to the Girls Football team towards purchase of boots, socks, football nets, footballs etc., to Michael Job Orphanage, Coimbatore	16 Persons	
3	Supply of groceries, medicines for old age women, abandoned women, mentally retarded and physically & visually challenged persons of Universal Peace Foundation at Nallagoundanpalayam, Coimbatore	400 persons	
4	Promoting Road safety education / awareness and promoting preventive health care to Govt. and Corporation schools at Coimbatore	In thousands	
5	Productivity week / conclave programs to be conducted by The Coimbatore Productivity Council	100 Approx	
6	Fixing up of hand wash basin facilities at Govt Schools, Coimbatore.	3740 Students	
7	Construction of retaining wall for Electric Crematorium at Annur, Coimbatore	People in and around Annur	
8	Solid Waste Management Systems at Sangothipalayam and near by village	People in and around Kaniyur	
9	50 Nos of desk and bench to Uttkramit Middle School Dugdha	280 Students	
10	50 Nos of desk and bench to Uttkramit Middle School Hariharpur	175 students	
11	Construction of 15x20 feet one library room for the students to Uttkramit Middle School Rapcha	160 students	
12	Construction of 3 toilets and 3 urinals for the students to Uttkramit Middle School Kuchidih	102 students	
13	Eye check up / eye surgery / spectacles for needy people, preventive medical assistance at Jamshedpur.	150 persons	
14	Development of new research laboratory at National Institute of Technology, Surathkal, Karnataka	NITK College students	
15	Plantation of trees in and around Arasur village	People in and around Arasur village	
16	Setting up of Blood Bank	-	
17	Construction of separate hostels for boys & girls to tribal students / people welfare at Government Tribal residential primary school, Mannar	50 students per year	

Beneficiaries of the CSR projects also includes vulnerable and marginalized groups

**PRINCIPLE 9 - Businesses should engage with and provide value to their consumers in a responsible manner****Essential Indicators**

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

The Company is receiving complaints through mail, phone calls and for some customers through customer portals. Our customer representative person will analyze the complaints and respond to the customer with appropriate corrective actions.

Customer Monitoring Tracking System is available and Customer can make service complaints through the customer monitoring tracking system. The Company is continuously surveiling the complaints and take appropriate action within the target time internally fixed by the Company.

- Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

Packing materials contains information about Environmental and social parameters. Industrial & Engineering products such as SPM, Storage products and material handling products carry information about the Safe and responsible usage. Details on Recycling and safe disposal is mentioned in the product manual and recycling symbols are also displayed in the products.

- Number of consumer complaints in respect of Data privacy, Advertising, Cyber-security, Delivery of essential services, Restrictive Trade Practices, unfair Trade Practices and other.

Nil

- Details of instances of product recalls on account of safety issues.

Nil

- Does the entity have a framework/ policy on cyber security and risks related to data privacy?

Yes. Web-link: <https://www.craftsmanautomation.com/investors/>

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

Not Applicable

**Leadership Indicators**

- Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

<https://www.craftsmanautomation.com/>

- Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Product Manual consists of safety and usage procedures about products.

- Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

"Service complaints are communicated through mail.

- Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.

Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes. After the installation of the every product, customer feedback form and customer satisfactory survey form are received for understanding the customers satisfaction. For low scores, the Company has taken action on priority basis.

The Company's plants are strategically located near the key customers for their satisfaction.

- Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact : Nil

b. Percentage of data breaches involving personally identifiable information of customers: Nil

## ANNEXURE - 9

**CEO AND CFO CERTIFICATION**

[As per Regulation 17(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

- To  
The Board of Directors,  
**Craftsman Automation Limited.**
- In compliance with Regulation 17(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby certify that,
- (a) We have reviewed financial statements and the cash flow statement for the quarter and year ended 31<sup>st</sup> March, 2023 and that to the best of their 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 quarter and year ended 31<sup>st</sup> March, 2023 which are fraudulent, illegal or violative of the company's code of conduct.
  - (c) We accept responsibility for establishing and maintaining internal controls for the financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have not observed any deficiencies in the design or operation of such internal controls.
  - (d) We have indicated to the Auditors and the Audit committee that there are:
    - i. No significant changes in internal control over financial reporting during the quarter and year ended 31<sup>st</sup> March, 2023;
    - ii. No significant changes in accounting policies during the quarter and year ended 31<sup>st</sup> March, 2023; and
    - iii. No instances of significant fraud where the involvement of the management or an employee having a significant role in the company's internal control system over financial reporting have been observed.

Place : Coimbatore  
Date: 8<sup>th</sup> May, 2023

Srinivasan Ravi  
**Chairman and Managing Director**

C B Chandrasekar  
**Chief Financial Officer**

## ANNEXURE - 10

**DECLARATION BY THE MANAGING DIRECTOR / CEO UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING THE COMPLIANCE WITH THE CODE OF CONDUCT**

In accordance with the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that, all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the financial year ended 31<sup>st</sup> March, 2023.

(By Order of the Board)  
for **CRAFTSMAN AUTOMATION LIMITED**

Place : Coimbatore  
Date: 8<sup>th</sup> May, 2023

Srinivasan Ravi  
**Chairman and Managing Director**  
DIN:01257716

# Independent Auditors' Report

To the members of Craftsman Automation Limited

Report on the Audit of the Standalone Financial Statements

## OPINION

We have audited the accompanying standalone financial statements of Craftsman Automation Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and total comprehensive income, its cash flows and changes in equity for the year ended on that date.

## BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing

("Standards" or "SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report.

We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

## KEY AUDIT MATTERS

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

## S. No Key audit matter description and principal audit procedures

1	<p>Accounting for derivative contracts</p> <p>Refer Notes B.7, 1.7, 1.14, 1.20, 1.26, 2.8 and 3.4 in standalone financial statements</p> <p>A significant source of the Company's funds is borrowings, denominated in Indian rupee and foreign currency with a combination of fixed and floating interest rates.</p> <p>The Company's cost of borrowing will be impacted by fluctuations in foreign exchange rates and movements in interest rates. The Company's mitigation plan for risk of foreign currency fluctuation and interest rate fluctuation includes using derivative instruments as per its risk management policy.</p> <p>These hedges taken using derivative instruments are designated as either cashflow or fair value hedge. Estimating future cash flows is a significant factor in determining the mark to market gain or loss, accounting of such forward contracts and in the determination of its fair value. Significant judgement is applied in making these estimates by the management (using expert of the Company).</p> <p>As at 31 March 2023, the carrying value of the Company's derivatives included derivative assets amounting to ₹936 Lakhs and derivative liabilities of ₹375 Lakhs.</p> <p>Accounting for derivative contracts is considered as a key audit matter because of the significant judgement and estimates used in the fair valuation and the complex compliance framework for determining the accounting &amp; disclosure of these transactions in accordance with Ind AS 109 'Financial Instruments' – Accounting (including recognition and derecognition of financial assets or liabilities). These classes of transactions are material with respect to the standalone financial statements.</p> <p>Our procedures related to audit of accounting for derivative contracts include the following:</p> <ul style="list-style-type: none"> <li>• understanding and evaluating the design, implementation and operating effectiveness of internal controls over the completeness, existence and valuation of derivative instruments and management's documentation of the hedge effectiveness, accounting of derivative and hedging transactions;</li> <li>• examining the derivative contracts;</li> <li>• testing qualifying criteria for hedge accounting in accordance with Ind AS 109, including: <ul style="list-style-type: none"> <li>- understanding the risk management objectives and strategies for different types of hedge instruments;</li> <li>- evaluating that the relationship between the underlying liability and the hedge instrument;</li> <li>- using an expert for auditing the valuation and reviewing the hedge effectiveness test carried out by management as per Ind AS 109, including the economic relationship between the hedged item and the hedging instrument;</li> </ul> </li> <li>• evaluating competence and capabilities of the auditor's experts and ensuring independence;</li> <li>• involving the auditor's expert for testing the appropriateness of hedge accounting to qualified hedge relationships i.e., cash flow or fair value hedges;</li> <li>• testing on sample basis the valuation of derivative instruments by management expert;</li> <li>• for selected samples, checking the confirmations from counterparties to the derivative contracts for the valuation as at the year-end;</li> <li>• checking the presentation and disclosures in the financial statements for compliance with Ind AS 109.</li> </ul>
2	<p><b>Accounting for Property, Plant and Equipment</b></p> <p>Refer Notes B.3, B.5, 1.1, 1.2 and 2.6 in standalone financial statements</p> <p>Property, plant and equipment including capital work in progress ('PPE') represents 48% of the Company's total assets.</p>



The capitalisation of PPE includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable costs of bringing the asset to working condition for its intended use (inclusive of non-refundable purchase taxes and duties). Depreciation is generally charged as per Schedule II to Companies Act, 2013. In respect of certain classes of PPE, the useful life has been ascertained based on technical review by a Chartered Engineer and assessment by the management of the Company. The Company carries out physical verification of PPE on an annual basis.

The Company uses estimates and assumptions to determine the useful life of assets, residual value, assess impairment loss (if any). The useful life of property, plant and equipment is determined by the technical team of the Company's management taking into consideration the industry practice, the application and usage factors and past historical trend. The residual value at the end of the useful life of property, plant and equipment is estimated in determining the depreciable value of the asset. Impairment assessment of property, plant and equipment involves identification of Cash Generating Unit ('CGU') and estimating future cash flows arising out of such CGUs.

Due to the material value of PPE to total assets and estimates/judgements involved in their valuation, the audit of accounting of Property, Plant and Equipment has been considered as a Key Audit Matter in the audit of the standalone financial statements

Our procedures relating to audit of accounting for Property, Plant and Equipment includes the following:

- evaluating of design and implementation of controls and testing the operating effectiveness of the internal controls over:
  - measurement of initial recognition costs including costs of self-constructed PPE;
  - valuation of PPE and review of useful lives including depreciation rates applied;
  - periodic physical verification of property, plant and equipment by the management;
- testing on sample basis the value of self-constructed assets with underlying documentation to assess compliance with applicable accounting standards;
- wherever the useful life of a PPE considered is different from the useful life indicated in the Act, obtain confirmation from management's technical team for the useful life for the same;
- reviewing the residual value of PPE considered by the management for consistency and appropriateness;
- understanding the basis behind identification of Cash Generating Units by the management and review the future cash flow projections for the same;
- checking the computation and correctness of the discounting factor applied for arriving at value in use and impairment thereof, if any;
- checking the reasonableness of the assumptions made by the management in identifying CGUs, assessing the future cash flows, discount factor and impairment loss;
- physically inspecting a sample of assets at the main units of the Company during the year to ensure existence of PPE;
- reviewing the physical verification reports of the management and the treatment of discrepancies in the books of accounts / Fixed Asset Register, wherever applicable.

#### Information other than the standalone financial statements and Auditor's Report thereon

The Board of Directors of the Company 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 and Annexures to Board's Report including the report on Corporate Governance, but does not include the standalone financial statements and our report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

The Board of Directors of the Company is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud and error.

In preparing the standalone financial statements, the management of the Company 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.

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

#### AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control 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 over financial reporting 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 standalone 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 Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period

and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in Annexure 'A' to this report, a statement on the matters specified in para 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of accounts 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, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) on the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act;
  - (f) with respect to the adequacy of internal financial controls over financial reporting of the Company and the operative 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 other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company, as detailed in Note 3.6 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;
  - 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;
  - iii. there were no amounts due which were required to be transferred to the Investor Education and Protection Fund by the Company
  - iv. a) the management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) the management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- c) based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. as stated in Note 1.17 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
- vi. proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31 March 2023.

for **SHARP & TANNAN**  
Chartered Accountants  
(Firm's Registration No. 003792S)  
**V. Viswanathan**  
Partner  
Membership No. 215565  
UDIN: 23215565BGYMBI3975

Place: Coimbatore  
Date: 8<sup>th</sup> May 2023

**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

With reference to paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of **Craftsman Automation Limited** ("the Company") of even date, we report the following:

- (i) (a) (A) the Company has maintained proper records showing full particulars, including quantitative details and situation of its property, plant and equipment and relevant details of Right-of-Use Assets;
- (B) the Company has maintained proper records showing full particulars of intangible assets;
- (b) the Company has a regular programme of physical verification of its property, plant and equipment which, in our opinion, is reasonable having regard to the size of the Company and the nature of its property, plant and equipment. In accordance with this programme, certain property, plant and equipment were physically verified by the management during the year and no material discrepancies were noticed on such verification;
- (c) according to the information and explanations given to us and the records examined by us, we report that, the title deeds of all the immovable properties of land and buildings which are freehold and included under the head 'Property, plant and equipment' are held in the name of the Company;
- (d) the Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year;
- (e) no proceedings have been initiated during the year or are pending against the Company as at 31 March 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder;
- (ii) a) in our opinion, the management of the Company has conducted physical verification of inventories at reasonable intervals during the year and the coverage and procedures of such verification by the management is

appropriate. The discrepancies noticed on such verification were not material and these have been properly dealt with in the books of account;

- b) the Company has been sanctioned working capital limits in excess of ₹5 crore, in aggregate, during the year, from banks or financial institutions on the basis of security of current assets and the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company;
- (iii) based on our audit procedures & according to the information and explanation given to us, the Company has not granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties. The Company has made investments in companies during the year. Accordingly, paragraph 3(iii)(a),(c),(d),(e) and (f) of the Order is not applicable to the Company;
- With respect to paragraph 3(iii)(b) of the Order, in our opinion, the investments made during the year are, prima facie, not prejudicial to the Company's interest;
- (iv) according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of investments made;
- (v) according to the information and explanations given to us, the Company has not accepted any deposits from public during the year and does not have any unclaimed deposits as at 31 March 2023 and hence the provisions of the paragraph 3(v) of the Order is not applicable to the Company;
- (vi) the Central Government has specified maintenance of cost records under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained during the year by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete;

- (vii) (a) according to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and other material statutory dues applicable to the Company during the year with appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, duty of

customs, cess or other material statutory dues outstanding as at 31 March 2023 for a period of more than six months from the date they became payable

- (b) according to the information and explanations given to us and the records of the Company examined by us, the particulars of income tax, service tax, goods and services tax and Maharashtra Stamp Act as at 31 March 2023 which have not been deposited with statutory authorities on account of a dispute pending are as under:

Name of the statute	Nature of dues	Amount involved in dispute (₹ in Lakhs)	Unpaid disputed amount (₹ in Lakhs)	Period to which amount relates	Forum where dispute is pending
Finance Act, 1994 (Service Tax)	Service Tax	67.17	60.47	April 2016 to June 2017	Customs Excise and Service Tax Appellate Tribunal
Maharashtra Stamp Act, 1958	Tax	56.17	56.17	April 2009 to March 2016	Deputy Inspector General of Registration, Pune
Goods and Services Tax Act, 2017	Tax	15.96	15.96	July 2017 to July 2018	Commissioner of Central Excise & GST, Appeals, Coimbatore
Income Tax Act, 1961	Tax, Interest & penalty	104.16	8.84	Assessment Year (AY) 2008-09	High Court
Income Tax Act, 1961	Tax, Interest & penalty	313.18	92.52	AY 2010-11	High Court
Income Tax Act 1961	Tax, Interest & penalty	7.67	7.67	AY 2011-12	Income Tax Appellate Tribunal
Income Tax Act 1961	Tax, Interest & penalty	1.23	1.23	AY 2012-13	Income Tax Appellate Tribunal
Income Tax Act 1961	Tax, Interest & penalty	4.39	4.39	AY 2013-14	Commissioner of Income Tax (Appeals)
Income Tax Act 1961	Tax, Interest & penalty	0.38	0.38	AY 2014-15	Commissioner of Income Tax (Appeals)
Income Tax Act 1961	Tax, Interest & penalty	2.35	2.21	AY 2015-16	Commissioner of Income Tax (Appeals)
Income Tax Act 1961	Tax, Interest & penalty	52.78	42.22	AY 2016-17	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Tax, Interest & penalty	226.3	226.3	Assessment Year (AY) 2020-21	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Tax, Interest & penalty	162.43	162.43	Assessment Year (AY) 2021-22	Commissioner of Income Tax (Appeals)

There are no dues in respect of sales tax / value added tax, duty of excise, duty of customs as at

31 March 2023 which have not been deposited with the statutory authorities on account of a dispute;

- (viii) based on our audit procedures and as per the information and explanations given by the management, no amount has been surrendered or disclosed as income during the year in the tax assessments under the Income

- Tax Act, 1961. Accordingly, paragraph 3(viii) of the order is not applicable to the Company;
- (ix) (a) according to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to any financial institution or bank during the year. The Company did not have any loans or borrowing from government or dues to debenture holders during the year;
- (b) the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority;
- (c) according to the information and explanation given to us, term loans were applied for the purpose for which the loans were obtained;
- (d) on an overall examination of the standalone financial statements of the Company, funds raised on short term basis have, prima facie, not been used during the year for long-term purposes by the Company;
- (e) on an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries;
- (f) on an overall examination of the standalone financial statements of the Company, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies
- (x) (a) the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable;
- (b) during the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable;
- (xi) (a) to the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year;
- (b) no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report;
- (c) according to the information and explanation given to us, no whistle blower complaints were received by the Company during the year;
- (xii) the Company is not a Nidhi Company. Accordingly, reporting on paragraph 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 sections 177 and 188 of the Act, where applicable, for all transactions with related parties undertaken during the year and the details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards;
- (xiv) (a) in our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business;
- (b) we have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures;
- (xv) according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with the directors during the year and hence provisions of section 192 of the Act is not applicable to the Company;
- (xvi) (a) in our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable;
- (b) in our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable;
- (xvii) the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year;
- (xviii) there has been no resignation of the statutory auditors of the Company during the year;
- (xix) on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due;
- (xx) (a) there are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable;
- (b) there are no unspent amounts towards Corporate Social Responsibility (CSR) pursuant to any ongoing project, and hence transferring unspent amount to a special account in compliance with provisions of sub-section 6 of Section 135 of the Act is not applicable to Company. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable
- (xxi) there have been no qualifications or adverse remarks by the auditors in the Companies (Auditor's Report) Order (CARO) report of the company included in the consolidated financial statements.

for **SHARP & TANNAN**

Chartered Accountants

(Firm's Registration No. 003792S)

**V. Viswanathan**

Partner

Place: Coimbatore

Date: 8<sup>th</sup> May 2023

Membership No. 215565

UDIN: 23215565BGYMBI3975

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Craftsman Automation Limited of even date)

### INDEPENDENT AUDITORS' 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 Craftsman Automation Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("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 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.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. Our audit is conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, 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 standalone 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 Company's internal financial controls system over financial reporting.

### 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 the standalone 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 standalone 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 standalone 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 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 of 31 March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **SHARP & TANNAN**

Chartered Accountants

(Firm's Registration No. 003792S)

**V. Viswanathan**

Partner

Place: Coimbatore

Date: 8 May 2023

Membership No. 215565

UDIN: 23215565BGYMBI3975

## Standalone Balance Sheet

as at March 31, 2023

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	1.1	1,53,171	1,45,371
Capital Work in progress	1.2	8,164	4,198
Intangible assets	1.3	313	425
Right-of-use Asset	1.4	9,075	8,582
<b>Financial assets</b>			
Investments	1.5	40,297	2,817
Security Deposits	1.6	3,068	2,511
Other Financial assets	1.7	138	43
Other non-current assets	1.8	5,860	3,141
		2,20,086	1,67,088
<b>Current assets</b>			
Inventories	1.9	66,064	62,064
<b>Financial assets</b>			
Trade receivables	1.10	36,871	29,415
Cash and cash equivalents	1.11	1,489	2,266
Other bank balances	1.12	1,997	1,405
Security Deposits	1.13	30	335
Other Financial assets	1.14	846	865
Other Current assets	1.15	5,563	4,954
		1,12,860	1,01,304
<b>Total Assets</b>		<b>3,32,946</b>	<b>2,68,392</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share capital	1.16	1,056	1,056
Other Equity	1.17	1,36,082	1,13,164
		1,37,138	1,14,220
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	1.18	77,810	37,379
Lease Liabilities	1.19	7,435	6,685
Other Non-Current Financial Liabilities	1.20	377	355
Provisions	1.21	16	15
Deferred tax liabilities (Net)	1.22	12,289	11,677
		97,927	56,111
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	1.23	21,404	34,181
Lease Liabilities	1.24	1,201	1,710
Trade payables			
(a) total outstanding dues of micro enterprises & small enterprises	1.25	1,070	554
(b) total outstanding dues of creditors other than micro enterprises & small enterprises		55,501	45,982
Other current Financial Liabilities	1.26	7,205	7,371
Current tax liabilities (Net)	1.27	3,156	690
Other current liabilities	1.28	7,760	7,116
Provisions	1.29	584	457
		97,881	98,061
<b>Total Equity and Liabilities</b>		<b>3,32,946</b>	<b>2,68,392</b>

The accompanying notes form an integral part of the standalone financial statements

This is the Balance Sheet referred to in our report of even date

**For SHARP & TANNAN**Chartered Accountants  
Firm Registration No. 003792S**V. Viswanathan**Partner  
Membership No. 215565Place : Coimbatore  
Date : May 8, 2023**For and on behalf of the Board****R. Gauthamram**Whole Time Director  
DIN : 06789004**Shainshad Aduvanni**

Company Secretary M.No.A27895

Place : Coimbatore  
Date : May 8, 2023**S. Ravi**Chairman and Managing Director  
DIN : 01257716**C. B. Chandrasekar**

Chief Financial Officer

## Standalone Statement of Profit & Loss

For the year ended March 31, 2023

(₹ in Lakhs)

Particulars	Note No.	Year ended March 31, 2023	Year ended March 31, 2022
<b>INCOME</b>			
Revenue From Operations	2.1	2,98,024	2,20,643
Other Income	2.2	1,209	927
<b>Total Income (A)</b>		<b>2,99,233</b>	<b>2,21,570</b>
<b>EXPENSES</b>			
Cost of materials consumed	2.3	1,51,734	1,06,447
Changes in inventories of finished goods and work-in-progress	2.4	(3,029)	(3,367)
Employee benefits expense	2.5	22,698	18,605
Depreciation, amortization and impairment expense	2.6	21,497	20,598
Other expenses	2.7	60,697	46,027
Finance costs	2.8	11,691	8,420
<b>Total expenses (B)</b>		<b>2,65,288</b>	<b>1,96,730</b>
<b>Profit before tax (C = A-B)</b>		<b>33,945</b>	<b>24,840</b>
<b>Tax expense:</b>			
(1) Current tax for the year		11,952	8,849
Current tax pertaining to earlier years	3.1	12	6
Net Current Tax		11,964	8,855
(2) Deferred tax		(1,795)	(60)
<b>Profit for the year (D)</b>		<b>23,776</b>	<b>16,045</b>
<b>Other Comprehensive Income ('OCI')</b>			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		(19)	6
- Equity Instruments through OCI		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		5	(2)
B (i) Items that will be reclassified to profit or loss			
- The effective portion of gains or loss on hedging instruments in a cash flow hedge		2	785
(ii) Income tax relating to items that will be reclassified to profit or loss		(53)	(274)
<b>Other Comprehensive Income for the year, net of tax (E)</b>		<b>(65)</b>	<b>515</b>
<b>Total Comprehensive Income for the year (Comprising Profit for year and Other Comprehensive Income for the year) (D + E)</b>		<b>23,711</b>	<b>16,560</b>
Earnings per equity share Basic & Diluted (Face value of ₹5/-)	3.3	112.53	75.94

The accompanying notes form an integral part of the standalone financial statements

This is the Balance Sheet referred to in our report of even date

**For SHARP & TANNAN**Chartered Accountants  
Firm Registration No. 003792S**V. Viswanathan**Partner  
Membership No. 215565Place : Coimbatore  
Date : May 8, 2023**For and on behalf of the Board****R. Gauthamram**Whole Time Director  
DIN : 06789004**Shainshad Aduvanni**

Company Secretary M.No.A27895

Place : Coimbatore  
Date : 08-May-2023**S. Ravi**Chairman and Managing Director  
DIN : 01257716**C. B. Chandrasekar**

Chief Financial Officer

## Standalone Cash flow Statement

For the year ended March 31, 2023

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Cash flows from operating activities</b>		
<b>Profit before taxation ('PBT')</b>	<b>33,945</b>	<b>24,840</b>
<u>Adjustments to reconcile PBT to net cash flows:</u>		
Depreciation, amortization and impairment expense	21,497	20,598
Gain on sale of assets	(41)	(141)
Exchange difference on transaction/translation (loss/(gain))	998	367
Mark-to-Market (Gain) / Loss - Derivative -( Net)	-	(14)
Provision for :		
Doubtful debts	5	(57)
Warranty & Rejection	73	40
Slow moving inventory	188	485
Interest income (including fair value changes in financial instruments)	(708)	(389)
Government grant income	(1,783)	(2,317)
Assets no longer receivable written off	73	-
Interest expense (including fair value changes in financial instruments)	10,293	7,699
<b>Operating cash flow before changes in working capital</b>	<b>64,540</b>	<b>51,111</b>
<b>Adjustments for:</b>		
Increase/ (Decrease) in provisions	36	61
Increase/ (Decrease) in other financial liabilities	805	(3,098)
Increase/ (Decrease) in other current liabilities	644	2,638
Increase/ (Decrease) in Trade Payables and other Payables	10,034	11,309
(Increase)/ Decrease in other financial assets	(920)	(586)
(Increase)/ Decrease in other current assets	(96)	2,715
(Increase)/ Decrease in trade and other receivables	(7,134)	(5,442)
(Increase)/ Decrease in inventories	(4,188)	(22,785)
<b>Cash generated from operations</b>	<b>63,721</b>	<b>35,923</b>
Income taxes paid	(7,139)	(3,679)
<b>Net cash from operating activities - A</b>	<b>56,582</b>	<b>32,244</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(34,122)	(21,267)
Purchase of Intangible	(57)	(22)
Proceeds from sale of equipment	566	258
(Purchase) / Sale of shares	(37,480)	-
Loans (given)/repaid	-	285
Interest received	628	138
<b>Net cash used in investing activities - B</b>	<b>(70,465)</b>	<b>(20,608)</b>

## Standalone Cash flow Statement (Contd.)

For the year ended March 31, 2023

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	(185)
Proceeds from long-term borrowings	57,631	10,505
Repayment of long term borrowings	(24,802)	(13,911)
Net proceeds from / (repayment of) short-term borrowings	(6,942)	3,508
Principal payments towards lease liability	(2,052)	(4,234)
Interest paid (incl. interest on lease liability)	(9,936)	(7,687)
Dividend Paid	(793)	-
<b>Net cash from / (used in) financing activities- C</b>	<b>13,106</b>	<b>(12,004)</b>
<b>Net increase / (decrease) in cash and cash equivalents - (A+B+C)</b>	<b>(777)</b>	<b>(368)</b>
Cash and cash equivalents at beginning of year	2,266	2,634
Cash and cash equivalents at end of year	<b>1,489</b>	<b>2,266</b>

**Notes:****1. Reconciliation of Cash & Cash equivalents as per Cash Flow Statement**

Cash & cash equivalents consists of:	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents (note : 1.11)	1,489	2,266
<b>Total</b>	<b>1,489</b>	<b>2,266</b>

**2. Refer to note: 1.19 for Net Debt Reconciliation**

The accompanying notes form an integral part of the standalone financial statements

This is the Statement of Cash Flows referred to in our report of even date

**For SHARP & TANNAN**Chartered Accountants  
Firm Registration No. 003792S**V. Viswanathan**Partner  
Membership No. 215565Place : Coimbatore  
Date : May 8, 2023**For and on behalf of the Board****R. Gauthamram**  
Whole Time Director  
DIN : 06789004**Shainshad Aduvanni**  
Company Secretary M.No.A27895Place : Coimbatore  
Date : May 8, 2023**S. Ravi**  
Chairman and Managing Director  
DIN : 01257716**C. B. Chandrasekar**  
Chief Financial Officer

## Standalone Statement of Changes in Equity

For the year ended March 31, 2023

(₹ in Lakhs)

a. Equity Share Capital	Balance as at April 1, 2022		Changes in equity share capital during the year		Balance as at March 31, 2023	
	1,056		-		1,056	
<b>b. Other Equity</b>	<b>Reserves and Surplus</b>			<b>Other Reserves</b>		
	<b>Securities Premium Reserve</b>	<b>General Reserve</b>	<b>Retained Earnings</b>	<b>Equity Instruments through Other Comprehensive Income</b>	<b>Effective portion of Cash Flow Hedges</b>	<b>Total</b>
<b>Balance as at April 1, 2021</b>	<b>28,308</b>	<b>9,662</b>	<b>60,093</b>	<b>(321)</b>	<b>(953)</b>	<b>96,789</b>
Profit for the year	-	-	16,045	-	-	16,045
Other Comprehensive Income	-	-	-	-	511	511
- Defined Benefit Plan	-	-	4	-	-	4
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>16,049</b>	<b>-</b>	<b>511</b>	<b>16,560</b>
Issues of shares	(185)	-	-	-	-	(185)
<b>Balance as at March 31, 2022</b>	<b>28,123</b>	<b>9,662</b>	<b>76,142</b>	<b>(321)</b>	<b>(442)</b>	<b>1,13,164</b>
Profit for the year	-	-	23,776	-	-	23,776
Other Comprehensive Income	-	-	-	-	(51)	(51)
- Defined Benefit Plan	-	-	(14)	-	-	(14)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>23,762</b>	<b>-</b>	<b>(51)</b>	<b>23,711</b>
Dividends	-	-	(793)	-	-	(793)
<b>Balance as at March 31, 2023</b>	<b>28,123</b>	<b>9,662</b>	<b>99,111</b>	<b>(321)</b>	<b>(493)</b>	<b>1,36,082</b>

The accompanying notes form an integral part of the standalone financial statements

This is the Statement of Changes in Equity referred to in our report of even date

**For SHARP & TANNAN**Chartered Accountants  
Firm Registration No. 003792S**V. Viswanathan**Partner  
Membership No. 215565Place : Coimbatore  
Date : May 8, 2023**For and on behalf of the Board****R.Gauthamram**Whole Time Director  
DIN : 06789004**Shainshad Aduvanni**

Company Secretary M.No.A27895

Place : Coimbatore  
Date : May 8, 2023**S.Ravi**Chairman and Managing Director  
DIN : 01257716**C. B. Chandrasekar**

Chief Financial Officer

## Notes annexed to and forming part of Standalone Financial Statements:

**A CORPORATE INFORMATION**

Craftsman Automation Limited (the Company) was incorporated under the Companies Act, 1956 on 18<sup>th</sup> July 1986. The shareholders of the Company approved the conversion into a public limited company at the meeting held on 30<sup>th</sup> April 2018 and the Registrar of Companies, Coimbatore issued a fresh Certificate of Incorporation dated 4<sup>th</sup> May 2018. The Company is engaged in the business of manufacturing engineering components, sub-assemblies, products and rendering of contract manufacturing services to various industries

**B SIGNIFICANT ACCOUNTING POLICIES****Statement of Compliance**

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Section 133 of the Companies Act, 2013 (the Act) read with the Companies (Indian Accounting Standards) Rules 2015. The presentation of the financial statements is based on the requirements of the Companies Act, 2013.

**Recent Accounting Developments:**

The following Indian Accounting Standards have been modified on miscellaneous issues with effect from 1<sup>st</sup> April 2023. Such changes include clarification/guidance on:

- Ind AS 101 – First time adoption of Ind AS – Deferred tax assets and deferred tax liabilities to be recognized for all temporary differences associated with Right-of-Use (ROU) assets, lease liabilities, decommissioning / restoration / similar liabilities.
- Ind AS 107 – Financial Instruments: Disclosures – Information about the measurement basis for financial instruments shall be disclosed as part of material accounting policy information.
- Ind AS 1 – Presentation of Financial Statements & Ind AS 34 – Interim Financial Reporting – Material accounting policy information (including focus on how an entity applied the requirements of Ind AS) shall be

disclosed instead of significant accounting policies as part of financial statements.

- Ind AS 8 – Accounting policies, changes in accounting estimate and errors – Clarification on what constitutes an accounting estimate provided.

The Company is in process of evaluating the impact of the above amendments which is not expected to have any material impact on the financial statements of the Company. It may be noted that we expect there would be a change in Accounting policies section of the financial statements as the standard would require presentation of 'material accounting policies' as against 'significant accounting policies' disclosed so far.

**B.1 BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS**

Functional currency is the currency of the primary economic environment in which the entity operates. Presentation currency is the currency in which the financial statements are presented. The financial statements are presented in Indian Rupees which is the functional currency and presentation currency of the Company and all values are rounded to the nearest lakhs, except where otherwise indicated.

These financial statements have been prepared on a historical cost basis, except for the following material items in the balance sheet:

- Certain financial assets and liability measured at fair value (refer note. 3.4(d))
- Derivative financial instruments
- Employees Defined benefit plans are recognised at the net total of the fair value of plan assets, and the present value of the defined benefit obligation as per actuarial valuation

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 a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Financial Statements have been prepared on accrual and going concern basis. All assets and liabilities are presented as Current or Non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation, the Company has ascertained its operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities.

## **B.2 Critical Accounting judgement and key sources of estimation uncertainty**

The accounting policies which have the most significant effect on the figures disclosed in the financial statements are mentioned below and these should be read in conjunction with the disclosure of the significant Ind AS accounting policies provided below:

### **i. Useful life of Property, Plant and Equipment and Intangible Assets**

The assessment of the useful life of each asset by considering the historical experience and expectations regarding future operations

and expected usage, estimated technical obsolescence, residual value, physical wear and tear and the operating environment in which the asset is located needs significant judgement by the management. In case of intangible assets the useful life is determined based on the period over which future economic benefit will flow to the Company.

### **ii. Tools in use**

The assessment of useful life of tools in use has been done considering the historical experience and estimated refurbishment cycle and operating environment.

### **iii. Income Tax & Deferred Tax**

The calculation of income taxes requires judgement in interpreting tax rules and regulations. Management judgement is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognised.

The Company estimates the possible utilisation of unabsorbed losses while recognising deferred tax asset considering the future business plans and economic environment.

### **iv. Fair Value**

Certain financial instruments, such as investments in equity securities, derivative financial instruments and certain elements of borrowings, are carried in the financial statements at fair value, with changes in fair value reflected in the Statement of Profit and Loss. Fair values are estimated by reference to published price quotations or by using other valuation techniques that may include inputs that are not based on observable market data, such as discounted cash flows analysis.

### **v. Measurement of defined benefit obligations**

Gratuity actuarial valuation considers various assumptions which are based on the past experience and general economic conditions.

### **vi. Measurement and likelihood of occurrence of provisions and contingencies**

The provision for warranty and rejection have been done based on past experiences,

product lifecycle maturity, reprocessing/ repair cost.

### **vii. Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate.

## **B.3 Property Plant and Equipment**

### **Recognition and Measurement**

All Property Plant & Equipment (PPE) are stated at cost of acquisition / installation as adjusted for import duty waivers and foreign exchange losses / gains less accumulated depreciation and impairment losses.

Cost of acquisition / installation includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable costs of bringing the asset to working condition for its intended use (inclusive of non-refundable purchase taxes and duties).

The Company capitalises the import duty waived in respect of capital equipment imported under the Export Promotion Capital Goods Scheme

Foreign exchange gain /loss arising on foreign currency denominated borrowing which are not hedged that were incurred to acquire PPE are recorded as part of the cost of asset as per Ind AS 101 and depreciated over their remaining useful life. In respect of exchange gain or loss arising from foreign currency denominated borrowings which are hedged accounting has been done based on Hedge effectiveness either as derivative or cash flow hedge as per Ind AS 109.

The cost of a self-constructed asset is determined using the same principles as for an acquired asset. If Company makes similar assets for sale in the normal course of business, the cost of the asset is usually the same as the cost of constructing an asset for sale. Any internal profits are eliminated in arriving at such costs. Similarly, the cost of abnormal amounts of wasted material, labour, or other resources incurred in self-constructing an asset is not included in the cost of the asset. Borrowing Costs are recognised as a component of the carrying amount of a self-constructed item of PPE if it meets the recognition criteria under Ind AS.

Subsequent expenditure relating to an item of PPE is capitalised if it meets the recognition criteria.

The import duty waived on capital assets which are purchased under the Export Promotion Capital Goods (EPCG) schemes and which are capitalised are recorded as deferred revenue and recognised in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

### Depreciation on Plant Property and Equipment

The depreciable amount of PPE (being the gross carrying value less the estimated residual value) is depreciated on straight-line basis over its useful life.

In respect of certain classes of PPE, the Company uses different useful life other than those prescribed in Schedule II to the Act. The useful life of such class of PPE has been ascertained based on technical review by a Chartered Engineer and

assessment by the management as detailed in the following table

Classes of PPE	Useful life and basis of depreciation
New Plant and Machinery	20 Years
Used Plant and Machinery	10 Years
Tool holder, jigs, fixtures, patterns, dies, moulds and instruments and gauges	5 Years
Lease hold improvements	Over lease period

#### De-recognition:

An item of PPE is de-recognised at the time of its disposal or when it is assessed that no future economic benefit would accrue from it. The gain/loss arising out of such disposal/retirement is taken to Statement of Profit and Loss.

#### B.4 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An intangible asset with finite useful life that are acquired separately and where the useful life is 2years or more is capitalised and carried at cost less accumulated amortization. Amortization is recognised on a straight line basis over the useful life of the asset. The class of asset and the estimated useful life is as follows

Description of the asset	Useful life and basis of amortization
Software – Acquired	5 Years
Technical Know - Acquired	2.5 years

#### Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it, · the ability to use or sell the intangible asset,

- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in the Statement of Profit and Loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Development Expenditure recognized as intangible assets are amortized over a period of 3 years.

#### De-recognition

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

#### B.5 Impairment of assets

At the end of each reporting period, the company determines whether there is any indication that its assets (PPE, intangible assets and investments in equity instruments in subsidiaries and joint ventures carried at cost) have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. Recoverable amount is higher of the fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of

money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

#### B.6 LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### The Company as a lessee

The Company's lease asset classes primarily consist of leases for Machineries and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through-out the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are amortised from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated

for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates of the company. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

##### The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

#### B.7 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the 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 the Statement of Profit and Loss.

#### Classification of financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

#### **After initial recognition:**

- i) Financial assets (other than investments and derivative instruments) are subsequently measured at amortized cost using the effective interest method.

Effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid 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.

- ii) Financial assets (i.e. derivative instruments and investments in instruments other than equity of subsidiaries and joint ventures) are subsequently measured at fair value.

Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in other comprehensive income.

#### Investments in equity instruments of subsidiaries and joint venture

The Company measures its investments in equity instruments of subsidiaries and joint venture at cost in accordance with Ind AS 27. The Company has elected to value its investments in subsidiaries and Joint venture at cost as per Ind AS and these

are being tested for impairment at each reporting period.

#### Investments in equity instruments other than subsidiaries and joint venture

The Company has valued the investments in equity instruments other than subsidiaries and joint venture at fair value through Other Comprehensive Income. Fair value of unquoted instrument has been valued at book value of that Company based on Level 2 input.

In respect of investment in equity share capital of group captive power companies which are made to comply with the provisions of Electricity Rules 2003, these investments are carried at cost as these investments can be sold back only at par.

#### Cash and cash equivalents:

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, and net off bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

#### Trade receivables

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortized cost net of any expected credit losses. Loss allowance on trade receivables is measured at an amount equal to life time expected losses.

#### Impairment of financial assets:

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognising impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Company expects to receive).

#### 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. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

#### Financial liabilities and equity instruments:

##### Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### 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 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 the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortized cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalised as a part of cost of an asset is included in the "Finance Costs".

##### De-recognition 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 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 the Statement of Profit and Loss.

#### Derivative financial instruments:

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

#### Hedge accounting:

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk either as fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are also accounted for as cash flow hedges.

#### Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in the Statement of Profit and Loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

#### Cash flow hedges

In case of transaction related hedges, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under Equity as 'Cash Flow Hedging Reserve'. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, and is included in the 'Other Income'.

Amounts previously recognised in other comprehensive income and accumulated in equity

(relating to effective portion) are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects profit or loss, in the same financial statement line item as the hedged item. The effective portion of the hedge is determined at the lower of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in the fair value of the hedged item from the inception of the hedge and the remaining gain or loss on the hedging instrument is treated as ineffective portion

The cash flow hedges are allocated to the forecast transactions on gross exposure basis. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit and loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit and loss.

The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the Statement of Profit and Loss from that date.

### B.8 Inventories

The Company determines the cost for items that are not interchangeable or that have been segregated for specific contracts on an individual-item basis as per Ind AS 2, 'Inventories'. The cost of other inventory items used is assigned by using weighted average cost formula.

The Company uses the same cost formula for all inventories of similar nature and use. The cost formula used is applied on a consistent basis from period to period.

Inventories are initially recognised at the lower of cost and net realisable value (NRV). Cost of inventories includes import duties, non-refundable

taxes, transport and handling costs and any other directly attributable costs, less trade discounts, rebates and similar items. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses.

- i) Raw materials, components, stores and spares of inventory are measured at weighted average cost. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Work in progress and finished goods are valued at cost or Net Realisable Value whichever is lower. Cost includes direct materials, labour and a portion of manufacturing overheads. Saleable scrap is valued at lowest of the net realisable value in the last two months.
- ii) Tools are valued at cost till they are issued for usage in production process. In respect of issued tools which can be refurbished, the Company depending upon its useful life amortises on a straight line basis over its useful life. Useful life determined for certain classes of tools is 2- 3 years. Tools which are not refurbish-able are charged off to Statement of Profit and Loss upon issue for usage. The tools in use are carried at Cost less accumulated amortization.

### B.9 Provisions

The Company recognises a provision when there is a present obligation to transfer economic benefits as a result of past events, it is probable (more likely than not) that such a transfer will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

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).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an

asset if it is certain that reimbursements will be received and the amount of the receivable can be measured reliably.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

A contingent liability is

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

#### Provision for Warranty

Provisions for expected cost of warranty obligations are recognised based on management's best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences.

#### Provision for Rejection

Provision for rejection on sales is recognised once the products are sold. Materials are rejected due to various reasons and are either re processed or replaced to the customers depending on the type of rejections. These rejections get fulfilled within a period of 3 months and the provisions as at the reporting date represent the present value of management's best estimate of possible rejections within the next one quarter.

### B.10 Revenue recognition

#### Sale of Goods & Rendering of Services

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the individual delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as goods & services tax or other taxes directly linked to sales.

Revenue from rendering of services is recognised over time as and when the customer receives the benefit of the Company's performance and the Company has an enforceable right to payment for services transferred. Unbilled revenue represents value of services performed in accordance with the contract terms but not billed as at the reporting date.

#### Other Operating revenues

Other operating revenues comprise income from ancillary activities incidental to the operations of the Company and are recognised when the right to receive the income is established as per the terms of the contract.

#### Dividend and Interest Income

Dividend income from investments is recognised when the Company'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 is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

### B.11 Government Grant

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Import duty waivers for capital assets purchased under Export Promotion Capital Goods (EPCG) schemes are recorded as deferred revenue and recognised in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

### B.12 Employee Benefits

#### Defined contribution plans

##### Provident fund (PF)

Contribution towards PF is determined under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and charged to the Statement of Profit and Loss during the period of incurrence when the services are rendered by the employees.

##### Employee State Insurance (ESI)

Payments to defined contribution plans i.e., Company's contribution employee state insurance and other funds are determined under the relevant schemes and / or statute and charged to the Statement of Profit and Loss in the period of incurrence when the services are rendered by the employees.

#### Defined benefit plans

Accounting for defined benefit plans is based on actuarial assumptions and different valuation methods to measure the balance sheet obligation and the expense.

Where defined benefit plans are funded, the plan assets are measured at fair value. At each balance sheet date, the plan assets and the defined benefit obligations are remeasured. The Statement of Profit and Loss reflects the change in the surplus or deficit, except for contributions made to the plan and benefits paid by the plan, along with business combinations and remeasurement gains and losses.

Remeasurement gains and losses comprise actuarial gains and losses, return on plan assets (comprise amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability or asset). Remeasurements are recognised in other comprehensive income.

The defined benefit costs are comprised of the following individual components:

- Service costs (including current and past service costs as well as gains/losses on curtailments and settlements)
- Net interest costs or income
- Re-measurement

The Company presents the first two components of defined benefit costs in the Statement of Profit and Loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprises actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit and loss.

#### Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

#### Compensated leave absences

Compensated leave absences are encashed by employees at year end and no carry forward of leave is permitted as per the leave policy. All leave remaining to be encashed at period end are fully provided.

### B.13 Foreign Currency Transactions:

The Company's foreign operations are an integral part of the Company's activities. In preparing the financial statements, 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 that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise except for:

- Exchange differences on translation or settlement of long term foreign currency monetary items in respect of loans borrowed, which are not hedged, before April 1, 2016 at rates different from those at which they were initially recorded or reported in the previous financial statements, insofar as it relates to acquisition of depreciable assets, are adjusted to the cost of the assets and depreciated over remaining useful life of such assets. Where the borrowal is after April 1, 2016, such exchange difference is recognised in Statement of Profit and loss. In other cases, where it has been hedged the same has been restated and adjusted against cash flow hedge of the respective derivative instruments.
- Exchange difference on translation of derivative instruments designated as cash flow hedge (see Note B.7 for hedging accounting policies).

### B.14 Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in the Statement of Profit and 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.

#### Current Tax

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted.

#### 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.

Deferred tax asset is recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

**B.15 Statement of Cash Flows**

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method, adjusting the profit before tax for the effects of:

- (i) changes during the period in inventories and operating receivables and payables, transactions of a non-cash nature;
- (ii) non-cash items such as depreciation, provisions, unrealised foreign currency gains and losses; and
- (iii) all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as at the date of Balance Sheet.

**B.16 Segment reporting**

The Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators of the reportable segments. The Company's reportable segments have been identified based on end consumption of the products sold or services rendered. The reportable segments are as follows:

**Automotive - Powertrain & Others :**

This segment develops, manufactures, sells its goods and services of power train and other products to the manufacturers of commercial/passenger vehicles, farm equipment, mining and construction equipment.

**Aluminium Products :**

This segment develops, manufactures, sells its goods and services consisting of aluminium products to the manufacturers of two wheelers, passenger vehicles and commercial vehicles and products for power transmission and other industrial usage.

**Industrial & Engineering :**

This segment develops, manufactures, sells its goods and services such as castings, gears, material handling equipment, special purpose machines, other general engineering products (together broadly termed as High End Sub-assembly, Contract Manufacturing & Others) and storage products to various end user industries.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment and as well as those which can be allocated on a reasonable basis. Operating segments are reported in a manner consistent with the internal reporting to the CODM of the Company.

**Notes to Standalone Financial Statements**

for the year ended March 31, 2023

(₹ in Lakhs)

**1.1 PROPERTY, PLANT & EQUIPMENT**

Asset Category	Freehold land	Building *	Plant & Machinery	Office Equipment	Furniture & Fixtures	Vehicles	Property, Plant & Equipment Total
<b>Gross Block</b>							
<b>At April 1, 2021</b>	<b>7,665</b>	<b>19,334</b>	<b>1,92,686</b>	<b>1,753</b>	<b>532</b>	<b>110</b>	<b>2,22,080</b>
Additions	787	3,057	17,316	284	13	86	21,543
Disposals	-	-	681	7	29	41	758
<b>At March 31, 2022</b>	<b>8,452</b>	<b>22,391</b>	<b>2,09,321</b>	<b>2,030</b>	<b>516</b>	<b>155</b>	<b>2,42,865</b>
Additions	407	2,043	24,824	376	25	57	27,732
Disposals	-	-	1,398	463	-	45	1,906
<b>At March 31, 2023</b>	<b>8,859</b>	<b>24,434</b>	<b>2,32,747</b>	<b>1,943</b>	<b>541</b>	<b>167</b>	<b>2,68,691</b>

**Depreciation**

<b>At April 1, 2021</b>	-	<b>4,497</b>	<b>73,827</b>	<b>1,387</b>	<b>241</b>	<b>97</b>	<b>80,049</b>
Additions	-	829	17,043	153	54	7	18,086
Disposals	-	-	564	7	29	41	641
<b>At March 31, 2022</b>	-	<b>5,326</b>	<b>90,306</b>	<b>1,533</b>	<b>266</b>	<b>63</b>	<b>97,494</b>
Additions	-	812	18,330	209	44	12	19,407
Disposals	-	-	875	463	-	43	1,381
<b>At March 31, 2023</b>	-	<b>6,138</b>	<b>1,07,761</b>	<b>1,279</b>	<b>310</b>	<b>32</b>	<b>1,15,520</b>

<b>At April 1, 2021</b>	<b>7,665</b>	<b>14,837</b>	<b>1,18,859</b>	<b>366</b>	<b>291</b>	<b>13</b>	<b>1,42,031</b>
<b>At March 31, 2022</b>	<b>8,452</b>	<b>17,065</b>	<b>1,19,015</b>	<b>497</b>	<b>250</b>	<b>92</b>	<b>1,45,371</b>
<b>At March 31, 2023</b>	<b>8,859</b>	<b>18,296</b>	<b>1,24,986</b>	<b>664</b>	<b>231</b>	<b>135</b>	<b>1,53,171</b>

\*Includes Written Down Value of improvements on leasehold buildings worth ₹499 lakhs as on March 31, 2023 (WDV of ₹438 lakhs as on March 31, 2022)

**1.2 CAPITAL WORK IN PROGRESS**

Asset Category	TANGIBLE - CWIP	INTANGIBLE - CWIP	Total Capital Work in Progress
<b>Gross Block</b>			
<b>At April 1, 2021</b>	<b>3,471</b>	-	<b>3,471</b>
Additions	4,183	-	4,183
Disposals	3,456	-	3,456
<b>At March 31, 2022</b>	<b>4,198</b>	-	<b>4,198</b>
Additions	8,111	-	8,111
Disposals	4,134	-	4,134
<b>At March 31, 2023</b>	<b>8,175</b>	-	<b>8,175</b>

**Depreciation****Impairment of CWIP**

<b>At April 1, 2021</b>	<b>274</b>	-	<b>274</b>
Additions	94	-	94
Disposals	368	-	368
<b>At March 31, 2022</b>	-	-	-
Additions	120	-	120
Disposals	109	-	109
<b>At March 31, 2023</b>	<b>11</b>	-	<b>11</b>

<b>At April 1, 2021</b>	<b>3,197</b>	-	<b>3,197</b>
<b>At March 31, 2022</b>	<b>4,198</b>	-	<b>4,198</b>
<b>At March 31, 2023</b>	<b>8,164</b>	-	<b>8,164</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### (a) CWIP AGEING SCHEDULE

As on 31-Mar-2023

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	8,107	57	-	-	8,164
Projects temporarily suspended	-	-	-	-	-
	8,107	57	-	-	8,164

As on March 31, 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	4,198	-	-	-	4,198
Projects temporarily suspended	-	-	-	-	-
	4,198	-	-	-	4,198

### (b) For CWIP whose completion is overdue or has exceeded its cost compared to its original plan

As on March 31, 2023

Particulars	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Various machines	57	-	-	-	57
	57	-	-	-	57

As on March 31, 2022

NIL

Note: 1. Additions to PPE & CWIP include exchange loss aggregating to ₹39 lakhs for the year 2022-23 (exchange loss of ₹24 lakhs for the year 2021-22) capitalised under Plant & Machinery

2. Refer Note no. 3.7 for details of charge on PPE of the Company

### 1.3 INTANGIBLE ASSETS

Asset Category	Computer Software	Product Development	Technical know-how	Intangible Assets Total
<b>Gross Block</b>				
<b>At April 1, 2021</b>	<b>2,107</b>	<b>636</b>	<b>430</b>	<b>3,173</b>
Additions	22	-	-	22
Disposals	-	-	-	-
<b>At March 31, 2022</b>	<b>2,129</b>	<b>636</b>	<b>430</b>	<b>3,195</b>
Additions	57	-	-	57
Disposals	5	-	-	5
<b>At March 31, 2023</b>	<b>2,181</b>	<b>636</b>	<b>430</b>	<b>3,247</b>
<b>Depreciation</b>				
<b>At April 1, 2021</b>	<b>1,459</b>	<b>636</b>	<b>401</b>	<b>2,496</b>
Additions	245	-	29	274
Disposals	-	-	-	-
<b>At March 31, 2022</b>	<b>1,704</b>	<b>636</b>	<b>430</b>	<b>2,770</b>
Additions	169	-	-	169
Disposals	5	-	-	5
<b>At March 31, 2023</b>	<b>1,868</b>	<b>636</b>	<b>430</b>	<b>2,934</b>
<b>At April 1, 2021</b>	<b>648</b>	<b>-</b>	<b>29</b>	<b>677</b>
<b>At March 31, 2022</b>	<b>425</b>	<b>-</b>	<b>-</b>	<b>425</b>
<b>At March 31, 2023</b>	<b>313</b>	<b>-</b>	<b>-</b>	<b>313</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### NOTE NO. 1.4

#### RIGHT-OF-USE ASSETS

Particulars	As at March 31, 2023	As at March 31, 2022
Opening	8,583	8,342
Additions	2,293	2,476
Amortisation expense	(1,801)	(2,145)
Deletions	-	(91)
<b>Closing</b>	<b>9,075</b>	<b>8,582</b>

Refer note: B.6 &amp; 3.8a for detailed disclosures

### FINANCIAL ASSETS

#### NOTE NO. 1.5

#### NON CURRENT INVESTMENTS

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Investment in Equity shares of Subsidiaries</b>		
Craftsman Automation Singapore Pte. Ltd. (Wholly owned subsidiary of the company)		
Subsidiary liquidated on June 21, 2021. (7,67,000 equity shares of SGD 1 each fully paid up -at cost ₹3,78,81,075)	-	-
<b>Craftsman Europe B.V. Netherlands</b> (Wholly owned subsidiary of the company)		
28,900 equity shares of Euro 100 each fully paid up - at cost ₹22,64,15,848	2,264	2,264
<b>DR Axiom India Private Limited</b> (76% stake holding w.e.f. February 01, 2023)		
8,57,65,631 equity shares of ₹10 each fully paid up - at cost ₹375,00,00,000	37,500	-
<b>Investment in Equity of Joint Venture</b>		
Carlstahl Craftsman Enterprises Private Ltd ( 30% stake )		
600,000 equity shares of ₹10 each fully paid up	60	60
<b>Investment in Equity instruments ( at Fair Value through OCI)</b>		
<b>Unquoted</b>		
MC Machinery Systems India Private Ltd ( 10% stake ) (Formerly known as MC Craftsman Machinery Private Ltd)		
2,10,000 equity shares of ₹100 each fully paid up. Sold on November 30, 2021	-	-
iEnergy Wind Farm (Theni) Private Ltd		
5975 equity shares of ₹10 each fully paid up (4550 equity shares of ₹10 each fully paid up)	1	-
TAGMA Centre of Excellence and Training		
15 equity shares of ₹10 each fully paid up	5	5

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Bhatia Coke & Energy Limited	-	-
34,810 equity shares of ₹10 each fully paid up (cost ₹10,999,960)		
Hurricane Windfarms Pvt Limited (26% stake)*	4	4
39,000 equity shares of ₹10 each fully paid up		
Watsun Infrabuild Private Limited	-	21
209,252 equity shares of ₹10 each fully paid up. Sold entirely.		
<b>Other Investments at fair value</b>		
Deemed Equity (Refer note 3.4b)	463	463
Craftsman Europe B.V Netherlands		
<b>Total</b>	<b>40,297</b>	<b>2,817</b>

\*Note: The Company holds 26% equity stake in Hurricane Windfarms Pvt Ltd. As the shareholders agreement entered into with the promoters of Hurricane Windfarms Pvt Ltd contains restrictive covenants, the company cannot exercise Significant influence in terms of Ind AS 28 and therefore is not classified under Investments in Associates and accordingly is not considered as a component for consolidated financial statements

# amount is below rounding off norms adopted by the Company

Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments including deemed equity	2,797	2,817
Aggregate amount of impairment in value of investments	-	-

### Details of Significant Investments:

Name of the entity	Relationship	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest	
				As at March 31, 2023	As at March 31, 2022
DR Axion India Private Limited (from Feb 01, 2023)	Subsidiary	Manufacturing - Aluminium Products	India	76%	-
Craftsman Europe B. V.	Wholly owned subsidiary	Trading - Marine Engines	Netherlands	100%	100%
Craftsman Automation Singapore Pte Ltd (Liquidated on June 21, 2021)	Wholly owned subsidiary	Sourcing Office	Singapore	-	100%
Carl Stahl Craftsman Enterprise Private Limited	Joint Venture	Trading - Hoists & Cranes	India	30%	30%

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### NOTE NO. 1.6

#### SECURITY DEPOSITS

Particulars	As at March 31, 2023	As at March 31, 2022
Rent Deposit	1,440	1,353
Other Deposits	1,628	1,158
<b>Total</b>	<b>3,068</b>	<b>2,511</b>

### NOTE NO. 1.7

#### OTHER NON-CURRENT FINANCIAL ASSETS

Currency swap & IRS Derivative	138	43
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### NOTE NO. 1.8

#### OTHER NON CURRENT ASSETS

Unsecured, considered good unless otherwise stated

Particulars	As at March 31, 2023	As at March 31, 2022
Capital Advances	5,888	3,169
Less: Provision for doubtful advances	(28)	(28)
<b>Total</b>	<b>5,860</b>	<b>3,141</b>

### NOTE NO. 1.9

#### INVENTORIES

Particulars	As at March 31, 2023	As at March 31, 2022
Raw Materials, Components and Consumables	31,203	33,366
Work-in-progress	14,303	10,758
Finished goods	1,678	2,194
Consumable Stores	4,317	3,919
Tools in use	3,512	2,848
Machinery Spares	9,735	8,185
Packing Materials	596	414
Stock in transit	720	380
<b>Total</b>	<b>66,064</b>	<b>62,064</b>

Inventory valued at Net Realised Value

Amount written down to arrive at Net Realised Value\*

\* These were recognised as an expense during the year and included in changes in value of inventories of WIP in Statement of Profit and Loss

Provision for slow moving inventory made in the current year is ₹188 lakhs (previous year is ₹485 lakhs)



## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### NOTE NO. 1.10

#### TRADE RECEIVABLES

Particulars	As at March 31, 2023	As at March 31, 2022
Considered good - Secured	-	-
Considered good - Unsecured	36,871	29,415
Significant increase in Credit Risk	691	542
Credit impaired	40	184
Less: Expected credit loss allowance	(731)	(726)
<b>Total</b>	<b>36,871</b>	<b>29,415</b>

Receivables from related parties - refer note 3.5

Movement in Expected credit loss allowance is as follows:

	Opening	Allowance made during the year	write off during the year	Closing
<b>2022-23</b>	726	78	(73)	731
<b>2021-22</b>	783	(57)	-	726

Particulars	Ageing as on March 31, 2023					Grand Total
	a. Less than 6 Months	b. 6 months - 1 year	c. 1 - 2 years	d. 2 - 3 years	e. More than 3 years	
<b>Undisputed</b>						
(i) Considered good	35,496	1,156	219	-	-	36,871
(ii) significant increase in credit risk	-	-	443	69	167	679
(ii) Credit impaired	-	-	-	-	-	-
<b>Disputed</b>						
(iv) Considered good	-	-	-	-	-	-
(v) significant increase in credit risk	-	-	8	4	-	12
(vi) Credit impaired	-	-	-	-	40	40
<b>Gross Total</b>						<b>37,602</b>
<b>Less: Provision for doubtful debts</b>						<b>(731)</b>
<b>Total</b>						<b>36,871</b>

Particulars	Ageing as on March 31, 2022					Grand Total
	a. Less than 6 Months	b. 6 months - 1 year	c. 1 - 2 years	d. 2 - 3 years	e. More than 3 years	
<b>Undisputed</b>						
(i) Considered good	28,403	948	65	-	-	29,416
(ii) significant increase in credit risk	-	-	277	152	101	530
(ii) Credit impaired	-	-	-	-	73	73
<b>Disputed</b>						
(iv) Considered good	-	-	-	-	-	-
(v) significant increase in credit risk	-	-	-	-	-	-
(vi) Credit impaired	-	-	8	4	110	122
<b>Gross Total</b>						<b>30,141</b>
<b>Less: Provision for doubtful debts</b>						<b>(726)</b>
<b>Total</b>						<b>29,415</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### NOTE NO. 1.11

#### CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks	1,487	2,260
Cash on hand	2	6
<b>Total</b>	<b>1,489</b>	<b>2,266</b>

### NOTE NO. 1.12

#### OTHER BANK BALANCES

Particulars	As at March 31, 2023	As at March 31, 2022
Margin money deposits against Letter of Credit & Guarantee	1,996	1,377
Earmarked balances with banks	-	27
Other Deposits	1	1
<b>Total</b>	<b>1,997</b>	<b>1,405</b>

### NOTE NO. 1.13

#### SECURITY DEPOSIT-CURRENT

Particulars	As at March 31, 2023	As at March 31, 2022
Security Deposits	30	335

### NOTE NO. 1.14

#### OTHER CURRENT FINANCIAL ASSETS

Particulars	As at March 31, 2023	As at March 31, 2022
Currency swap, Interest Rate Swaps ('IRS') & Forward cover derivative	798	812
Interest receivable	48	53
<b>Total</b>	<b>846</b>	<b>865</b>

### NOTE NO. 1.15

#### OTHER CURRENT ASSETS

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good unless otherwise stated)		
Balances with Government Authorities	597	702
Advance to Suppliers ( Other than Capital Goods )	3,685	2,744
Prepaid Expenses	1,042	1,214
Advance to Employees	66	98
Contract assets - Unbilled Revenue	127	170
Others	46	26
<b>Total</b>	<b>5,563</b>	<b>4,954</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### NOTE NO. 1.16 EQUITY SHARE CAPITAL

Particulars	As at March 31, 2023		As at March 31, 2022	
	Nos.	Amount	Nos.	Amount
<b>Authorised</b>				
Equity Shares of ₹5 each	4,00,00,000	2,000	4,00,00,000	2,000
<b>Issued, called, subscribed &amp; Paid Up</b>				
Equity Shares of ₹5 each	2,11,28,311	1,056	2,11,28,311	1,056
<b>Total</b>	<b>2,11,28,311</b>	<b>1,056</b>	<b>2,11,28,311</b>	<b>1,056</b>

#### a) The movement of equity shares is as below

Particulars	As at March 31, 2023		As at March 31, 2022	
	Nos.	Amount	Nos.	Amount
Shares outstanding at the beginning of the year	2,11,28,311	1,056	2,11,28,311	1,056
Additions due to issue of shares	-	-	-	-
Shares outstanding at the end of the year	2,11,28,311	1,056	2,11,28,311	1,056

#### b) Rights, Preferences and Restrictions to equity shares

The Company has only one class of equity shares having a par value of ₹5 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the shareholders will be entitled to receive the remaining assets of the Company, in proportion to their shareholding.

#### c) Details of equity shareholders holding more than 5% shares in the company

Name of the equity shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
S Ravi	1,05,00,000	49.70%	1,05,00,000	49.70%
S Murali	19,17,413	9.08%	21,26,260	10.06%
Marina III (Singapore) Pte Limited	-	0.00%	11,56,808	5.48%
<b>Total</b>	<b>1,24,17,413</b>	<b>58.76%</b>	<b>1,37,83,068</b>	<b>65.23%</b>

#### d) Details of Promoter's shareholding in the company

Name of the Promoter	As at March 31, 2023			As at March 31, 2022		
	No. of Shares held	% of Holding	% Change	No. of Shares held	% of Holding	% Change
<b>Promoter</b>						
Promoter						
S Ravi	1,05,00,000	50%	0%	1,05,00,000	50%	0%
<b>Promoter Group</b>						
Murali S	19,17,413	9%	(1)%	21,26,260	10%	0%
Chithra Ravi	200	0%	0%	200	0%	0%
Gautham Ram R	200	0%	0%	200	0%	0%
Mirthula R	200	0%	0%	200	0%	0%
<b>Total</b>	<b>1,24,18,013</b>	<b>59%</b>	<b>(1)%</b>	<b>1,26,26,860</b>	<b>60%</b>	<b>0%</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### e) For the period of five years immediately preceding the balance sheet date

#### i) Details of number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash

The Company has not allotted any shares pursuant to contracts without payment being received in cash

#### ii) Details of number and class of shares allotted as fully paid up by way of bonus shares:

Based on the approval by the shareholders in the Extra ordinary General Meeting held on December 11, 2017, the Company had allotted 431,177 number of fully paid Bonus shares on December 21, 2017 in the ratio of three equity shares of ₹100 each fully paid up for every four existing equity shares of ₹100 each fully paid up.

#### iii) Details of number and class of shares bought back:

The Company has not bought back any shares during the period of 5 years immediately preceding the balance sheet date

#### iv) Sub-division of shares:

The shareholders of the Company at the Extra ordinary General Meeting held on April 30, 2018 approved the subdivision of equity shares of ₹100/- each into equity shares having a face value of ₹5/- each. Consequently the total number of equity shareholding has changed to 20,121,600 equity shares of face value ₹5/- each from that date.

#### v) Initial Public Offering of shares:

The equity shares of the Company have been listed on BSE Limited and National Stock Exchange of India Limited on March 25, 2021 upon successful completion of the Initial Public Offer ('IPO' or 'the Public Offer'). The IPO involved (a) Fresh Issue of 10,06,711 equity shares and (b) Offer for Sale of 45,21,450 equity shares of face value of ₹5 each at an offer price of ₹1,490 per share.

### NOTE NO. 1.17

#### OTHER EQUITY

Particulars		As at March 31, 2023	As at March 31, 2022
<b>Reserves &amp; Surplus</b>			
Securities Premium	A	28,123	28,123
General Reserves	B	9,662	9,662
Retained Earnings	C	99,111	76,142
<b>Total Reserves &amp; Surplus</b>		<b>1,36,896</b>	<b>1,13,927</b>
<b>Cash Flow Hedging Reserve</b>	D	(493)	(442)
<b>Equity instruments through Other Comprehensive Income</b>		(321)	(321)
<b>Total</b>		<b>1,36,082</b>	<b>1,13,164</b>

#### Additions and Deductions since the last balance sheet date:

##### (i) Securities Premium Account

Particulars		As at March 31, 2023	As at March 31, 2022
Opening balance		28,123	28,308
Premium on fresh issue of shares		-	-
Issue expenses adjusted		-	(185)
<b>Closing balance</b>		<b>28,123</b>	<b>28,123</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### (ii) Retained Earnings

Particulars	As at	
	March 31, 2023	March 31, 2022
Opening balance	76,142	60,093
Profit for the year	23,776	16,045
Items of other comprehensive income recognised directly in retained earnings:		
- Remeasurements of defined benefit obligation (net of tax)	(14)	4
Dividend (including dividend distribution tax)	(793)	-
<b>Closing balance</b>	<b>99,111</b>	<b>76,142</b>

### (iii) Cash Flow Hedging Reserve

Particulars	As at	
	March 31, 2023	March 31, 2022
Opening balance	(442)	(953)
Changes in fair value of hedging instruments	2	785
Deferred Tax	(53)	(274)
<b>Closing Balance</b>	<b>(493)</b>	<b>(442)</b>

### (iv) Equity instruments through Other Comprehensive Income

Particulars	As at	
	March 31, 2023	March 31, 2022
Opening balance	(321)	(321)
Changes in fair value of FVOCI equity instruments	-	-
<b>Closing Balance</b>	<b>(321)</b>	<b>(321)</b>

### Refer Statement of Changes in Equity for additions/deletions in each of these items

- A. Securities Premium represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act 2013 for specified purposes.
- B. General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend pay-out, bonus issue, etc.
- C. Retained Earnings includes ₹5,542 Lakhs of revaluation reserve created due to Land revaluation on transition to Ind AS (01.04.2015), which will not be available for distribution of profits
- D. Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated in this reserve are reclassified to profit or loss only when the hedged transaction affects the profit or loss.
- E. The amount that can be distributed by the Company as dividends to its equity shareholders is determined considering the requirements of the Companies Act, 2013 and the dividend distribution policy of the Company. Thus, the amount reported in General Reserve is not entirely distributable.

In respect of the year ended March 31, 2023, the Board of Directors has proposed a final dividend of ₹11.25 per share of face value ₹5 each to be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is ₹2,377 lakhs.

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### NOTE NO. 1.18

#### LONG TERM BORROWINGS

Particulars	As at March 31, 2023		As at March 31, 2022	
	Non-Current	Current *	Non-Current	Current *
<b>Secured</b>				
<b>From Banks</b>				
Rupee Term Loans	28,434	3,478	10,969	5,267
Foreign Currency Term Loans	13,194	4,588	17,886	7,384
	41,628	8,066	28,855	12,651
<b>From NBFC</b>				
Rupee Term Loans	36,182	290	8,524	2,208
<b>Total</b>	<b>77,810</b>	<b>8,356</b>	<b>37,379</b>	<b>14,859</b>

#### Notes:

1. The above long term borrowings are carried at amortised cost.

	March 31, 2023	March 31, 2022
Loans at amortised cost as at the end of the year (current + non-current)	86,166	52,238
Add : Unamortised upfront fee paid as at the end of year	183	153
<b>Gross loan outstanding as at the end of the year</b>	<b>86,349</b>	<b>52,391</b>

2. Refer note no 3.7 for security and terms of borrowings.

\* Taken to short term borrowings ( Note 1.23)

#### Not Debt Reconciliations

##### For the Year ended March 31, 2023

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	Non - Current Borrowing plus current maturity of long term debt*	Lease Liability	Total
<b>Balance as at April 01, 2022</b>	<b>2,266</b>	<b>317</b>	<b>(19,339)</b>	<b>(52,700)</b>	<b>(8,395)</b>	<b>(77,851)</b>
Acquisition of RoU asset	-	-	-	-	(2,293)	(2,293)
Pre-closure of leases	-	-	-	-	-	-
Cash Flows	(777)	-	6,942	(32,829)	2,052	(24,612)
Fair Value changes	-	244	-	-	-	244
Foreign exchange adjustments	-	-	(668)	(1,011)	-	(1,679)
Interest expense & other charges	-	-	(3,290)	(5,497)	(849)	(9,636)
Interest & charges paid	-	-	3,258	5,290	849	9,397
<b>Balance as at March 31, 2023</b>	<b>1,489</b>	<b>561</b>	<b>(13,097)</b>	<b>(86,747)</b>	<b>(8,636)</b>	<b>(1,06,430)</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	Non - Current Borrowing plus current maturity of long term debt*	Lease Liability	Total
Balance as at 01 April 21	2,634	(732)	(15,821)	(55,152)	(10,244)	(79,315)
Acquisition of RoU asset	-	-	-	-	(2,476)	(2,476)
Pre-closure of leases	-	-	-	-	91	91
Cash Flows	(368)	-	(3,508)	3,406	4,234	3,764
Fair Value changes	-	1,049	-	-	-	1,049
Foreign exchange adjustments	-	-	-	(1,008)	-	(1,008)
Interest expense & other charges	-	-	(1,918)	(4,322)	(924)	(7,164)
Interest & charges paid	-	-	1,908	4,376	924	7,208
<b>Balance as at 31 March 22</b>	<b>2,266</b>	<b>317</b>	<b>(19,339)</b>	<b>(52,700)</b>	<b>(8,395)</b>	<b>(77,851)</b>

\*Includes the portion of interest accrued but not due pertaining to borrowings.

\*\* does not include foreign currency forward contracts that are used for hedging liabilities that are operating cash flows

### NOTE NO. 1.19

#### LEASE LIABILITIES - NON-CURRENT

Particulars	As at March 31, 2023	As at March 31, 2022
Lease Liabilities - Non-current	7,435	6,685
<b>Total</b>	<b>7,435</b>	<b>6,685</b>

Refer Note No B.6 &amp; 3.8

### NOTE NO. 1.20

#### NON-CURRENT FINANCIAL LIABILITIES- OTHERS

Particulars	As at March 31, 2023	As at March 31, 2022
Currency swap & Interest Rate Swaps Derivative	375	353
Rent Advance	2	2
<b>Total</b>	<b>377</b>	<b>355</b>

#### Notes:

1. Currency swaps are for principal only and are cash flow hedge and hence are carried at fair value through OCI
2. Interest Rate Swap & Interest Rate Collar derivatives that are hedge effective are carried at fair value through OCI & others are carried at fair value through Statement of Profit & Loss
3. Rent advance is carried at amortized cost as it is not material to be fair valued

### NOTE NO. 1.21

#### LONG TERM PROVISIONS

Particulars	As at March 31, 2023	As at March 31, 2022
Other Provisions		
Provision for Warranty Cost	16	15

Note: Movement in Provision for product warranties is as follows :

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

	Opening	Transferred to Short Term	Warranty provided for current year	Closing
<b>2022-23</b>	15	4	5	16
<b>2021-22</b>	36	25	4	15

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future obligations. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which ranges from 2 to 5 years

### NOTE NO. 1.22

#### DEFERRED TAX LIABILITIES (NET)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred Tax Liabilities	13,728	16,171
Deferred Tax Assets	(1,439)	(2,135)
Deferred Tax Liabilities (net)	<b>12,289</b>	<b>14,036</b>
MAT Credit Entitlement- Unused tax credit	-	(2,359)
<b>Total</b>	<b>12,289</b>	<b>11,677</b>

### NOTE NO. 1.23

#### SHORT TERM BORROWINGS

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Secured</b>		
Loans repayable on demand from banks		
Rupee Loans	6,404	4,031
Foreign Currency Loans	1,644	3,791
<b>Sub-total (A)</b>	<b>8,048</b>	<b>7,822</b>
<b>Unsecured</b>		
Rupee Loans	5,000	11,500
<b>Sub-total (B)</b>	<b>5,000</b>	<b>11,500</b>
Current maturities of long-term debt (C)	8,356	14,859
<b>Total (A + B + C)</b>	<b>21,404</b>	<b>34,181</b>

Short Term Borrowings from banks are secured by

- a. first pari passu charge on current assets of the Company.
- b. second pari passu charge on fixed assets of the Company.

### NOTE NO. 1.24

#### LEASE LIABILITIES - CURRENT

Particulars	As at March 31, 2023	As at March 31, 2022
Lease Liabilities - Current	1,201	1,710
<b>Total</b>	<b>1,201</b>	<b>1,710</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### NOTE NO. 1.25

#### TRADE PAYABLES

Particulars	As at March 31, 2023	As at March 31, 2022
Due to Micro and Small Enterprises-(MSE)	1,070	554
<b>Sub-total (A)</b>	<b>1,070</b>	<b>554</b>
Due to Other Suppliers	53,675	43,767
Accrued Expenses	1,826	2,215
<b>Sub-total (B)</b>	<b>55,501</b>	<b>45,982</b>
<b>Total (A + B)</b>	<b>56,571</b>	<b>46,536</b>

Payables to related parties - refer note 3.5

Particulars	Ageing as on March 31, 2023				Grand Total
	a. Less than 1 year	b. 1 - 2 years	c. 2 - 3 years	d. More than 3 years	
(i) MSE	1,070	-	-	-	1,070
(ii) Others	7,294	243	138	104	53,675
(iii) Disputed dues - MSE	-	-	-	-	-
(iv) Disputed dues - others	-	-	-	-	-
<b>Gross Total</b>					<b>54,745</b>
<b>Accrued Expenses</b>					<b>1,826</b>
<b>Total</b>					<b>56,571</b>

Particulars	Ageing as on March 31, 2022				Grand Total
	a. Less than 1 year	b. 1 - 2 years	c. 2 - 3 years	d. More than 3 years	
(i) MSE	554	-	-	-	554
(ii) Others	43,452	154	151	10	43,767
(iii) Disputed dues - MSE	-	-	-	-	-
(iv) Disputed dues - others	-	-	-	-	-
<b>Gross Total</b>					<b>44,321</b>
<b>Accrued Expenses</b>					<b>2,215</b>
<b>Total</b>					<b>46,536</b>

### NOTE NO. 1.26

#### OTHER CURRENT FINANCIAL LIABILITIES

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on borrowings	630	441
Currency swap, Interest Rate Swaps & Forward cover derivative	-	185
Creditors for capital goods and services	3,102	3,996
Employee related liabilities	1,942	1,671
Dues to directors	-	17
Liability towards selling shareholders (from IPO proceeds)	-	16
Others	1,531	1,045
<b>Total</b>	<b>7,205</b>	<b>7,371</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### NOTE NO. 1.27

#### CURRENT TAX LIABILITIES (NET)

Particulars	As at March 31, 2023	As at March 31, 2022
Income tax provisions less advance payment	3,156	690

### NOTE NO. 1.28

#### OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2023	As at March 31, 2022
Advance from customers	5,069	5,327
Statutory Dues	2,691	1,789
<b>Total</b>	<b>7,760</b>	<b>7,116</b>

### NOTE NO. 1.29

#### SHORT TERM PROVISIONS

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Provision for employee benefits</b>		
Gratuity	258	203
<b>Other Provisions</b>		
Provision for Warranty Cost	196	144
Provision for Rejection	130	110
<b>Total</b>	<b>584</b>	<b>457</b>

	Opening	Expired during the year	Warranty provided for current year	Closing
<b>2022-23</b>	144	144	196	196
<b>2021-22</b>	99	99	144	144

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future obligations. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which ranges upto one year.

	Opening	Expired during the year	Rejection provided for current year	Closing
<b>2022-23</b>	110	110	130	130
<b>2021-22</b>	94	94	110	110

This provision is recognised once the products are sold. Materials are rejected due to various reasons and either get re processed or replaced to the customers depending on the type of rejections. These rejections gets fulfilled within a period of 3 months and the provisions represents the present value of management's best estimate of possible rejections within the next one quarter.

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### NOTE NO. 2.1

#### REVENUE FROM OPERATIONS

Particulars	March 31, 2023	March 31, 2022
<b>Sale of products;</b>		
Domestic Sales	1,85,490	1,32,727
Export Sales	22,032	16,331
<b>A.</b>	<b>2,07,522</b>	<b>1,49,058</b>
<b>Sale of services;</b>		
Machining Charges	63,678	50,919
Service Charges	1,166	686
<b>B.</b>	<b>64,844</b>	<b>51,605</b>
<b>Other operating revenues;</b>		
Sale of swarf & others	23,875	17,663
Duty Drawback	350	267
EPCG income on fulfilling obligation	1,270	1,891
Export Incentive under RoDTEP	163	159
<b>C.</b>	<b>25,658</b>	<b>19,980</b>
<b>Revenue from operations ( A+B+C )</b>	<b>2,98,024</b>	<b>2,20,643</b>

Refer Note no: 3.11 Segment Reporting for breakup of revenue from operations.

### NOTE NO. 2.2

#### OTHER INCOME

Particulars	March 31, 2023	March 31, 2022
Interest Income from deposits measured at amortised cost	628	138
Interest Income due to unwinding of fair valued assets		
-Rent Advance	80	95
-Deemed Equity	-	156
Net gain on sale of assets	41	141
Rental income	31	28
Exchange rate Gain/(Loss) on Transaction	400	368
Others	29	1
<b>Total</b>	<b>1,209</b>	<b>927</b>

### NOTE NO. 2.3

#### COST OF MATERIALS CONSUMED

Particulars	March 31, 2023	March 31, 2022
Cost of goods sold	1,49,167	1,03,997
Carriage inward	1,271	1,476
Sub Contract Charges	1,296	974
<b>Total</b>	<b>1,51,734</b>	<b>1,06,447</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### NOTE NO. 2.4

#### CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	March 31, 2023	March 31, 2022
<b>Inventory at the end of the year</b>		
Work in Progress	14,303	10,758
Finished Goods	1,678	2,194
<b>Sub total</b>	<b>15,981</b>	<b>12,952</b>
<b>Inventory at the beginning of the year</b>		
Work in Progress	10,758	7,614
Finished Goods	2,194	1,971
<b>Sub total</b>	<b>12,952</b>	<b>9,585</b>
<b>( Increase ) / decrease in inventory</b>	<b>(3,029)</b>	<b>(3,367)</b>

### NOTE NO. 2.5

#### EMPLOYEE BENEFITS EXPENSE

Particulars	March 31, 2023	March 31, 2022
Salaries and wages	17,529	14,352
Contributions to Provident Fund & Employee State Insurance	523	489
Contribution to Gratuity fund	239	210
Managerial Remuneration	1,819	1,195
Staff welfare expenses	2,588	2,359
<b>Total</b>	<b>22,698</b>	<b>18,605</b>

### NOTE NO. 2.6

#### DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSE

Particulars	March 31, 2023	March 31, 2022
Depreciation on Property, Plant & Equipment	19,407	18,031
Amortization of Intangible Assets	169	274
Amortization- Right-of-use Asset	1,801	2,145
Write off (including current year CWIP-₹109 Lakhs)	109	422
Impairment expense / (reversal) of Capital Work in Progress	11	-274
<b>Total</b>	<b>21,497</b>	<b>20,598</b>

### NOTE NO. 2.7

#### OTHER EXPENSES

Particulars	March 31, 2023	March 31, 2022
<b>Manufacturing Expenses</b>		
Stores, Spares & tool consumed	18,140	14,077
Power & Fuel	15,033	11,254
Repairs & Maintenance		
- Machinery - Repairs & Maintenance	7,370	6,057
- Building - Repairs & Maintenance	694	419
- Others - Repairs & Maintenance	1,851	1,485
Payment to contractors	4,849	3,702
Other manufacturing expenses	674	335
<b>A.</b>	<b>48,611</b>	<b>37,329</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### NOTE NO. 2.7 (Contd.)

#### OTHER EXPENSES

Particulars	March 31, 2023	March 31, 2022
<b>Administrative Expenses</b>		
Professional and Consultancy charges	1,098	619
Insurance Charges	461	406
Rates & Taxes	161	136
Software Licenses	574	484
General Administrative Expenses	728	538
Printing & Stationary	186	177
Postage & Telegrams	61	46
Rent	128	95
Telephone Expenses	159	133
Travelling Expenses	958	607
Directors' Sitting Fees	24	21
Remuneration to auditors	74	64
CSR Expenses	310	225
Amounts written off		
Bad debts	73	-
Doubtful advances - write off	-	382
Provisions for the year		
Doubtful advances	-	(3)
Diminution in value of investment	-	(379)
Warranty	53	23
Rejections	20	17
Doubtful debts	5	(57)
<b>B.</b>	<b>5,073</b>	<b>3,534</b>
<b>Selling expenses</b>		
Packing material consumed	2,626	1,944
Carriage Outward	4,011	2,953
Sales Promotion Expenses	376	267
<b>C.</b>	<b>7,013</b>	<b>5,164</b>
<b>Total ( A+B+C)</b>	<b>60,697</b>	<b>46,027</b>

#### Payment to Auditors

Particulars	March 31, 2023	March 31, 2022
Audit fee	56	53
Taxation Matters	10	10
Company Law Matter	-	-
Other Services- Certification	3	1
Reimbursement of Expenses	5	-
<b>Total</b>	<b>74</b>	<b>64</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### NOTE NO. 2.8

#### FINANCE COSTS

Particulars	March 31, 2023	March 31, 2022
<b>Interest expenses</b>		
On Short Term Borrowings	3,290	1,918
On Long Term Borrowings at Amortised Cost	5,409	4,226
Others	213	110
Other Borrowing costs		
Unwinding of discounted Upfront fee on loans	88	96
Interest unwind - lease liability - Please refer Note 3.8	849	924
Unwinding of Rent Advance	80	95
Bank charges	364	330
MTM (Gain) / Loss - Derivative -( Net) - Finance Cost	-	(14)
Net (gain)/loss on foreign currency transactions and translation - Fin Cost	1,398	735
<b>Total</b>	<b>11,691</b>	<b>8,420</b>

### 3.1 INCOME TAXES

#### Income tax expense for the year reconciled to accounting profit

		Year Ended March 31, 2023	Year Ended March 31, 2022
Profit before tax	a	33,945	24,840
Income tax rate	b	25.168%	34.944%
Income tax expenses	a*b	8,543	8,680
Effect of			
i) EPCG Benefit Capitalisation not considered for Income Tax purpose		-	(8)
ii) Effect of expenses inadmissible for tax		131	123
iii) Effect of MAT Credit written off		2,348	-
iv) Effect of change in tax rate (refer note below)		(853)	-
<b>Income tax expense recognised in Statement of Profit &amp; loss</b>		<b>10,169</b>	<b>8,795</b>

Note: The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961. Accordingly, the Company has recognised income tax expense for the financial year ended March 31, 2023 and remeasured its deferred tax liabilities (net) at the tax rate prescribed in the said section. The impact of the change in the Statement of Profit and Loss for the year ended March 31, 2023 are:

- reduction of tax expense by ₹3,730 lakhs.
- one-time gain of ₹853 lakhs arising from reversal of deferred tax liability as at April 1, 2022
- charging off of MAT credit of ₹2,348 lakhs which is unavailable on adoption of the reduced rate

#### Movement of deferred tax assets/ liabilities

Movement during the year ended March 31, 2023	As at March 31, 2022	Recognised in P&L	Recognised in OCI	MAT utilisation	As at March 31, 2023
Depreciation & Amortization	(15,222)	2,517	-	-	(12,705)
Provision for doubtful debts	254	(70)	-	-	184
Provision for Loans & Advances and Others	-	-	-	-	-
Other Temporary Differences	932	(652)	(48)	-	232
MAT Credit Entitlement- Unused tax credit	2,359	-	-	(2,359)	-
	<b>(11,677)</b>	<b>1,795</b>	<b>(48)</b>	<b>(2,359)</b>	<b>(12,289)</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

Movement during the year ended March 31, 2022	As at March 31, 2021	Recognised in P&L	Recognised in OCI	MAT utilisation	As at March 31, 2022
Depreciation & Amortization	(15,340)	118	-	-	(15,222)
Provision for doubtful debts	274	(20)	-	-	254
Provision for Loans & Advances	133	(133)	-	-	-
Other Temporary Differences	1,114	94	(276)	-	932
MAT Credit Entitlement- Unused tax credit	6,911	-	-	(4,552)	2,359
	<b>(6,908)</b>	<b>60</b>	<b>(276)</b>	<b>(4,552)</b>	<b>(11,677)</b>

### 3.2 EMPLOYEE BENEFITS

The Union Ministry of Labour issued draft rules under section 67 of the Code on Wages Act on July 7, 2020 in the Gazette and the Act is yet to be effective

The three labour codes, the Occupational Health, Safety and Working Conditions Code 2020, the Industrial Relations Code 2020 and the Code on Social Security 2020 have been passed by the parliament and have also received the assent of the President of India on 28 September 2020. However, the date on which these Codes will come into effect has not been notified. The Company will assess the impact of these Codes and will record any related impact in the period these Codes become effective.

#### Defined Contribution Plan

The employee provident fund is in the nature of Defined Contribution Plan. The contribution made to the scheme is considered as expense in the statement of Profit and loss when the employee renders the related service. There is no other obligation other than the contribution payable to employee provident fund.

The total expenses recognised in statement of profit and loss of ₹480 lakhs (2021-22: ₹437 lakhs) represents contribution payable to these plans by the company at rates specified in the rules of the plan.

#### Defined Benefit Plans

a) The company extends Defined Benefit Plan in the form of gratuity to employees. The company makes annual contribution to gratuity fund administered by trustees and managed by SBI Life Insurance Company Ltd. The Company's liability is determined based on actuarial valuation done at the year end as per projected unit credit method. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service subject to the maximum of ₹20 lakhs. Vesting occurs upon completion of five years of service.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

<b>Investment risk</b>	For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
<b>Liquidity Risk</b>	Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cash flows.

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

<b>Market Risk</b>	Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
<b>Legislative Risk</b>	Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognised immediately in the year when any such amendment is effective.

b) The principal assumptions used for the purposes of the actuarial valuations were as follows

	As at Mar 31, 2023	As at March 31, 2022
Discount rate	7.55%	7.48%
Expected rate of salary increase	5.00%	5.00%
Attrition rate	5.00%	5.00%

The estimate of future salary increase, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

c) Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

	2022-23	2021-22
Current Service Cost	231	204
Net interest expense/ (income)	8	5
Component of defined benefit cost recognised in P&L	239	209
<u>Remeasurement on the net defined benefit liability comprising:</u>		
Actuarial (gain)/loss arising from changes in financial assumptions	(12)	(69)
Actuarial (Gain)/ Losses due to Experience on Defined Benefit Obligations	24	57
Actuarial (Gain)/Loss arising from changes in financial assumptions due to demographic assumption changes in Defined Benefit Obligations	0	0
Return on Plan Assets (Greater) / Less than Discount rate	7	5
Components of defined benefit costs recognised in other comprehensive income	19	(6)
<b>Total Defined Benefit Cost</b>	<b>258</b>	<b>203</b>

d) The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows

	As at Mar 31, 2023	As at Mar 31, 2022
Present value of defined benefit obligation	2,031	1,718
Fair value of plan assets	1,774	1,516
Net liability arising from defined benefit obligation (funded)	(257)	(202)



## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

e) Movements in the present value of the defined benefit obligation in the current year were as follows:

	Year ended Mar 31, 2023	Year ended Mar 31, 2022
Opening defined benefit obligation	1,719	1,580
Current Service Cost	231	204
Interest Cost	126	105
Benefits paid	(57)	(158)
Actuarial (gain)/loss	12	(12)
<b>Closing defined benefit obligation</b>	<b>2,031</b>	<b>1,718</b>

f) Movements in fair value of plan assets in the current year were as follows:

	Year ended Mar 31, 2023	Year ended Mar 31, 2022
Opening fair value of plan assets	1,516	1,432
Interest income of the assets	119	100
Employer contribution	203	148
Benefits payout	(57)	(158)
Actuarial gain/(loss)	(7)	(5)
Closing fair value of plan assets	1,774	1,516

g) The Company funds the cost of the gratuity expected to be earned on a yearly basis to SBI Life Insurance Company Limited, which manages the plan assets.

The actual return on plan assets was ₹112 lakhs (2021-22: ₹95 lakhs)

h) Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting year.

	As at Mar 31, 2023	As at Mar 31, 2022
If the discount rate is 100 basis points higher/lower, the defined benefit obligation would		
• Decrease by (Mar 23: (8.63%); Mar 22: (8.75%))	(175)	(150)
• Increase by (Mar 23: 10.03%; Mar 22: 10.19%)	204	175
If the expected salary is 100 basis points higher/lower, the defined benefit obligation would		
• Increase by (Mar 23: 8.64%; Mar 22: 8.75%)	176	150
• Decrease by (Mar 23: (7.88%); Mar 22: (7.90%))	(160)	(136)
If the attrition rate is 100 basis points higher/lower, the defined benefit obligation would		
• Increase by (Mar 23: 1.65%; Mar 21: 1.71%)	34	29
• Decrease by (Mar 23: (1.86%); Mar 21: (1.92%))	(38)	(33)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of each reporting year, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

i) Funding arrangements

The company has been fully funding the liability through a trust administered by an insurance company. Regular assessment of the increase in liability is made by the insurance company and contributions are being made to maintain the fund. Subject to credit risk of the insurance company & the asset liability mismatch risk of the investments, the Company will be able to meet the past service liability on the valuation date that falls due in the future.

The Company expects to make a contribution of ₹266 lakhs (as at March 31, 2022: ₹232 lakhs) to the defined benefit plans for the next financial year.

Information on the maturity profile of the liabilities:

Particulars	March 31, 2023	March 31, 2022
Weighted average duration of the Defined Benefit Obligations	12.13 years	12.18 years
	₹Lakhs	₹Lakhs
Projected Benefit Obligation	2,031	1,719
Accumulated Benefits Obligation	1,388	1,160

j) Maturity Profile (Para 147 C of Ind AS 19):

FUTURE PAYOUTS	Present Value
Year (i)	133
Year (ii)	136
Year (iii)	122
Year (iv)	119
Year (v)	98
Next 5 year pay-outs(6-10yrs)	455
Pay-outs above ten years	969

### 3.3 EARNINGS PER SHARE ('EPS')

	Year Ended March 31, 2023	Year Ended March 31, 2022
<b>Earnings per share</b>		
Basic earnings per share	112.53	75.94
Diluted earnings per share	112.53	75.94
Face value per share	5	5
<b>Basic and diluted earnings per share</b>	<b>₹Lakhs</b>	<b>₹Lakhs</b>
Profit for the year attributable to equity shareholders	23,776	16,045
	Nos.	Nos.
Total number of equity shares outstanding at the end of the year	2,11,28,311	2,11,28,311
Weighted average number of equity shares		
used in the calculation of basic earnings per share	2,11,28,311	2,11,28,311
after adjustment for effect of dilution	2,11,28,311	2,11,28,311

(refer note: 1.17 for movement in equity share capital during year)

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### 3.4 FINANCIAL INSTRUMENTS:

#### 3.4a 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 through the optimisation of the debt and equity balance.

The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions and the strategic objectives of the Company. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, buy back shares and cancel them, or issue new shares. The Company finances its operations by a combination of retained profit, bank borrowings, disposals of property assets and leases.

The Company monitors the capital structure on the basis of total debt to equity and maturity profile of the overall debt portfolio of the Company.

The Debt-to-Equity ratio as at the end of the year is given below:

	As at March 31, 2023	As at March 31, 2022
Debt (long-term and short-term borrowings including current maturities)	99,214	71,560
Equity	1,37,138	1,14,220
<b>Debt Equity Ratio</b>	<b>0.72</b>	<b>0.63</b>

#### 3.4b Financial risk management

In course of its business, the Company is exposed to certain financial risks that could have significant influence on the Company's business and operational / financial performance. These include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and monitors suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides services to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks.

The Company uses derivative financial instruments to hedge risk exposures in accordance with the Company's policies as approved by the board of directors.

#### i. Market Risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realisable fair values or future cash flows to the Company. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy

#### A. Foreign currency risk management:

The Company undertakes transactions denominated in foreign currencies and thus it is exposed to exchange rate fluctuations. The Company actively manages its currency rate exposures, arising from transactions entered and denominated in foreign currencies, through treasury division and uses derivative instruments such as foreign currency forward contracts to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by management. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year are as follows.

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

Assets	Currency	As at March 31, 2023		As at March 31, 2022	
		Amount in Foreign currency (Lakhs)	Amount in ₹ (Lakhs)	Amount in Foreign currency (Lakhs)	Amount in ₹ (Lakhs)
Receivables	USD	43	3,561	49	3,684
	EUR	10	883	12	991
	GBP	0.44	44	0.04	4
Total Receivables (A)			4,488		4,678
Hedged by derivative contracts (B)			-		-
<b>Unhedged receivables (C=A-B)</b>			<b>4,488</b>		<b>4,678</b>

Liabilities	Currency	As at March 31, 2023		As at March 31, 2022	
		Amount in Foreign currency (Lakhs)	Amount in ₹ (Lakhs)	Amount in Foreign currency (Lakhs)	Amount in ₹ (Lakhs)
Payable (trade & other)	USD	54	4,411	65	4,928
	JPY	1,065	659	699	436
	EUR	4	367	14	1,167
	GBP	0.02	2	0.05	5
	CHF	-	-	-	-
	CNY	0.05	1	-	-
Borrowings (ECB and Others)	USD	237	19,485	371	28,131
	EUR	-	-	12	1,026
Total Payables (A)			24,925		35,693
Hedges by derivative contracts (B)	USD	125	10,256	199	15,121
	JPY	559	346		
<b>Unhedged payables (C=A-B)</b>			<b>14,323</b>		<b>20,572</b>

#### Foreign currency sensitivity analysis:

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a parallel foreign exchange rates shift in the foreign exchange rates of each currency by 1%, which represents Management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments. The following table details the Company's sensitivity movement in the unhedged foreign exposure:

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

Currency	1% Strengthening of FC	
	As at March 31, 2023	As at March 31, 2022
USD	(101)	(143)
GBP	0.42	(0.01)
CHF	-	-
EUR	5	(12)
JPY	(3)	(4)
CNY	(0.01)	-
	<b>(99)</b>	<b>(159)</b>

A depreciation of foreign currencies would have the opposite effect to the impact in the table above.

The following table details the forward foreign currency contracts outstanding at the end of the reporting year:

Cash Flow Hedges	Foreign Currency		Equivalent value		Fair value of contracts	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Sell JPY	559	-	352	-	346	-

Note:

The MTM of the above has been included in the balance sheet under 'Other Current Financial Asset' Note:1.14.

### B. Interest rate risk management:

The Company is exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. The risk of floating interest rates in foreign currency loans is managed by the Company by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies.

#### Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting year. For floating rate liabilities which are unhedged, the analysis is prepared assuming that the amount of the liability as at the end of the reporting year was outstanding for the whole year. An increase or decrease of 50 basis point in rupee interest rates and 25 basis points in USD libor rate is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

A decrease in interest rates would have the opposite effect to the impact in the table below.

Base Rate	Increase in Base rate	Effect of Change in interest rates		Outstanding as on	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
USD Libor	25 bps	19	23	7,704	9,014
INR Baserate	50 bps	296	56	59,139	11,260
		<b>315</b>	<b>79</b>	<b>66,843</b>	<b>20,275</b>

Foreign currency and interest rate sensitivity analysis for swap contracts:

The company has taken interest rate swaps ('IRS') to hedge the interest rate risks. The marked-to-market gain as at March 31, 2023 is ₹231 lakhs (March 31, 2022 loss is ₹182 lakhs). The amount of gain recognised in OCI for the year ended March 31, 2023 is ₹413 lakhs (March 31, 2022 – gain ₹640 lakhs) and the amount of gain recognised in Statement of Profit and Loss for the ineffective portion of cash flow hedge for the year ended March 31, 2023 is ₹NIL (March 31, 2022: gain of ₹14 lakhs).

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

In addition to the above, the Company has an Interest Rate Collar ('IRC'), to hedge the interest rate risks. The marked-to-market gain as at March 31, 2023 is ₹139 lakhs (March 31, 2022: Gain ₹37 Lakhs). The amount of gain recognised in OCI for the year ended March 31, 2023 is ₹102 lakhs (March 31, 2022 – Gain ₹122 Lakhs).

In case of currency swaps, the effective portion of cash flow hedges, is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts recognised as OCI are transferred to the Statement of Profit and Loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs when the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability. The mark-to-market gain as at March 31, 2023 is ₹NIL (March 31, 2022: gain of ₹218 lakhs). The amount of loss recognised in OCI for the year ended March 31, 2023 is ₹218 lakhs (March 31, 2022: gain of ₹45 lakhs). Also, the effect given to OCI on account of restatement loss of the underlying foreign currency loans for the year ended March 31, 2023 is ₹242 lakhs (March 31, 2022: loss of ₹249 lakhs).

Further, the Company has call options for principal payments of two of its foreign currency loan which are designated as a cash flow hedge. The marked-to-market gain as at March 31, 2023 is ₹191 lakhs (March 31, 2022: gain of ₹243 lakhs). The amount of loss recognised in OCI for the period year March 31, 2022 is ₹52 lakhs (March 31, 2022 – gain of ₹215 lakhs).

### ii. Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

#### • Trade receivables:

The Company periodically assesses the financial reliability of customers taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. These include customers, which have high credit-ratings assigned by international and domestic credit-rating agencies. Individual risk limits are set accordingly. The Company's trade and other receivables, including loans under customer financing activities, consists of a large number of customers, across geographies.

The company has used a practical expedient by computing the expected credit loss allowance for trade receivable based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

#### Movement in Credit loss allowance

	As at March 31, 2023	As at March 31, 2022
Balance as at beginning of the year	726	783
Allowance for bad and doubtful debts during the year	78	(57)
Trade receivables written off during the year	(73)	-
<b>Balance as at the end of the year</b>	<b>731</b>	<b>726</b>

#### • Other financial assets:

##### a. Craftsman Automation Singapore Pte Limited- wholly owned subsidiary (till January 21, 2021):

Craftsman Automation Singapore Pte Limited was a wholly owned subsidiary and a sourcing office to the Company. The subsidiary was dissolved on June 21, 2021. As the subsidiary company was defunct, there is no impact on the financial statements of the Group for the year ended March 31, 2022.

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### b. Craftsman Europe B.V. Netherlands- wholly owned subsidiary:

The Company had granted interest-free loans to Craftsman Europe B.V. Earlier, the Company fair valued the loan based on an estimated contractual repayment schedule, and the difference between the initial fair value and the amount of cash advanced was considered as an additional capital contribution in the subsidiary (deemed equity) and accounted in the books.

Further, the management based on the information available and considering the future business plan, cash flow projections & forecasts is of the view that the recoverable amount of investment is more than the carrying amount of investments and there has not been any significant increase in the credit risk & loan being credit impaired as the subsidiary is operating on a self-sustaining basis and generating profits.

### c. DR Axion India Private Limited – subsidiary:

The Company has acquired 76% of the equity share capital of DR Axion India Private Limited (DRAIPL) (8,57,65,631 shares of ₹10 each) for a total consideration of ₹37,500 lakhs. By virtue of the voting and other rights as per the share purchase agreement and shareholder agreement, DRAIPL has been assessed as a subsidiary of the Company in compliance with Ind AS 110 – 'Consolidated Financial Statements' with effect from February 1, 2023.

Particulars	As at March 31, 2023	As at March 31, 2022
Carrying amount of Investment in Subsidiaries	39,764	2,264

### d. Bhatia Coke & Energy Limited

Bhatia Coke & Energy Limited is under "Corporate Insolvency resolution process" as per the MCA website. Also, the management of the Company is taken over by an insolvency professional appointed by the National Company Law Tribunal (NCLT)

Given this, the Company has fair valued the investment to NIL in FY 2020-21.

### e. Others

None of the Company's other cash equivalents, including time deposits with banks, are overdue or impaired.

### Movement in Provision for advances:

	As at March 31, 2023	As at March 31, 2022
<b>Balance as at beginning of the year</b>	28	31
Allowance for doubtful advances made during the year	-	379
Advances written off during the year	-	(382)
<b>Balance as at the end of the year</b>	28	28

Refer Note 1.8 of the financial statements.

### iii. 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 has obtained fund and non-fund based working capital limits from various banks. The Company invests its surplus funds in bank fixed deposit, which carry minimal mark to market risks.

The table below summarizes the maturity profile remaining contractual maturity period at the balance sheet date for its non-derivative financial liabilities based on the discounted cash flows.

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

As at March 31, 2023	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total
Bank and other borrowings	21,404	62,586	15,224	99,214
Interest payments on borrowings	7,464	15,277	1,125	23,866
Lease liability	1,201	4,756	2,679	8,636
Trade Payables	56,571	-	-	56,571

As at March 31, 2022	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total
Bank and other borrowings	34,181	36,853	526	71,560
Interest payments on borrowings	3,282	4,169	8	7,459
Lease liability	1,710	3,963	2,722	8,395
Trade Payables	46,536	-	-	46,536

The table below summarizes the maturity profile for its derivative financial assets & liabilities based on the undiscounted contractual net cash inflows and outflows on derivative liabilities that settle on a net basis or gross basis. The table includes both hedge effective & ineffective derivative instruments. Hedge effective instruments are fair valued through Other Comprehensive Income (OCI) & hedge ineffective derivative instruments are fair valued through statement of profit and loss.

As at March 31, 2023	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Carrying Amount
Currency & Interest Rate - Swaps & Options	798	(237)	-	561
Foreign exchange forwards	-	-	-	-
	<b>798</b>	<b>(237)</b>	<b>-</b>	<b>561</b>

As at March 31, 2022	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Carrying Amount
Currency & Interest Rate - Swaps & Options	627	(310)	-	317
Foreign exchange forwards	-	-	-	-
	<b>627</b>	<b>(310)</b>	<b>-</b>	<b>317</b>

Company manages the Capital and debt by closely monitoring the bank covenants.

### 3.4c Categories of Financial assets and liabilities:

	As at March 31, 2023	As at March 31, 2022
<b>Financial Assets</b>		
<b>a. Measured at amortized cost:</b>		
Investments (net)	39,824	2,324
Cash and cash equivalents	1,489	2,266
Other bank balances & Interest receivable	2,045	1,458
Trade Receivables	36,871	29,415
Security Deposit	3,098	2,846
<b>b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)</b>		
Investments	10	30
Currency swaps & options and IRS & IRC	936	855
<b>c. Deemed equity measured at fair value</b>		
Investments	463	463

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

	As at March 31, 2023	As at March 31, 2022
<b>Financial Liabilities</b>		
<b>a. Measured at amortized cost:</b>		
Borrowings	99,214	71,560
Lease Liability	8,636	8,395
Trade Payables	56,571	46,536
Other Financial Liabilities	7,207	7,188
<b>b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)</b>		
Currency Swaps & IRS	375	538

3.4d Fair value measurements:

### i) Financial assets and financial liabilities that are measured at fair value on a recurring basis as at the end of each reporting year:

The fair value of financial instruments as referred to in note above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1 : Quoted Price for identical instruments in an active market
- Level 2 : Directly or indirectly observable market inputs, Other than level 1 inputs and
- Level 3 : Inputs which are not based on observable market data

For assets and liabilities that are measured at fair value as at balance sheet date., the classification of fair value calculation by category is summarized below

As at March 31, 2023	Level 1	Level 2	Level 3	Total
<b>Asset at fair value</b>				
<b>Investments measured at</b>				
i) fair value through OCI	-	-	10	10
ii) fair value through P&L	-	463	-	463
<b>Derivative Instruments measured at</b>				
i) fair value through OCI	-	936	-	936
ii) fair value through P&L	-	-	-	-
<b>Liabilities at fair value</b>				
<b>Derivative Instruments measured at</b>				
i) fair value through OCI	-	375	-	375
ii) fair value through P&L	-	-	-	-

As at March 31, 2022	Level 1	Level 2	Level 3	Total
<b>Asset at fair value</b>				
<b>Investments measured at</b>				
i) fair value through OCI	-	-	30	30
ii) fair value through P&L	-	463	-	463

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

As at March 31, 2022	Level 1	Level 2	Level 3	Total
<b>Derivative Instruments measured at</b>				
i) fair value through OCI	-	855	-	855
ii) fair value through P&L	-	-	-	-
<b>Liabilities at fair value</b>				
<b>Derivative Instruments measured at</b>				
i) fair value through OCI	-	538	-	538
ii) fair value through P&L	-	-	-	-

### Calculation of Fair Values:

The fair values of the financial assets and liabilities are defined as 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. Methods and assumptions used to estimate the fair values are consistent with those used.

### 3.5 Related party disclosure

#### a) List of parties where control exists

##### Subsidiaries

DR Axion India Private Limited (w.e.f February 1, 2023)

Craftsman Europe B.V., Netherlands

Craftsman Automation Singapore Pte Limited (till June, 2021)

#### b) Other related parties

##### Joint Ventures

Carl Stahl Craftsman Enterprises Private Limited

##### Company with common directors

MC Machinery Systems India Private Limited (till November 15, 2021)

### Key Management Personnel

Mr. SRINIVASAN RAVI, Chairman and Managing Director

Mr. RAVI GAUTHAMRAM, Whole Time Director

Mr. CHANDRASHEKAR BHIDE, Independent Director

Mr. SUNDARARAMAN KALYANARAMAN, Independent Director

Mrs. VIJAYA SAMPATH, Independent Director

Mr. T S V RAJAGOPAL, Independent Director

Mr. UDAI DHAWAN, Nominee Director till June 20, 2021 Non-Executive

Non-Independent Director from June 21, 2021 till March 19, 2022

Mrs. RAJESWARI KARTHIGEYAN, Additional Director (from March 06, 2023)

Mr. C.B.CHANDRASEKAR, Chief Financial Officer

Mr. THIYAGARAJ DAMODHARASWAMY, Chief Operating Officer

Mr. SHAINSHAD ADUVANNI, Company Secretary

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### c) Related Party Transactions – Summary:

Transactions during the year ended	Subsidiaries		Joint Ventures		Common director - company		Key Management Personnel	
	22-23	21-22	22-23	21-22	22-23	21-22	22-23	21-22
Purchase of Goods & Services	21	13	224	243	-	37	-	-
Sale of Goods & Services	1,545	818	3,946	3,102	-	-	-	-
Sales Commission expenses	-	-	-	3	-	-	-	-
Reimbursement of Expenditure to	6	-	-	-	-	-	-	-
Reimbursement of Expenditure from	-	-	-	-	-	3	-	-
Unwinding effect of deemed equity	-	156	-	-	-	-	-	-
Remuneration to key management personnel	-	-	-	-	-	-	680	644
Commission	-	-	-	-	-	-	1,353	740
Sitting Fee	-	-	-	-	-	-	24	21
Loans recovered	-	285	-	-	-	-	-	-
Rental Income	-	-	2	2	-	17	-	-

Balances as at the end of	Subsidiaries		Joint Ventures		Common director - company		Key Management Personnel	
	Mar 31, 2023	Mar 31, 2022	Mar 31, 2023	Mar 31, 2022	Mar 31, 2023	Mar 31, 2022	Mar 31, 2023	Mar 31, 2022
Trade Receivables	281	132	754	723	-	-	-	-
Trade Payables	223	218	-	6	-	-	-	-
Remuneration payable	-	-	-	-	-	-	-	17

### d) Significant Related party transactions:

	Year Ended March 31, 2023	Year Ended March 31, 2022
<b>Purchase of Goods &amp; Services</b>		
Carl Stahl Craftsman Enterprises Private Limited	224	243
Craftsman Europe BV - Netherlands	21	13
MC Machinery Systems India Private Limited	-	37
<b>Sale of Goods &amp; Services</b>		
Carl Stahl Craftsman Enterprises Private Limited	3,946	3,102
Craftsman Europe BV - Netherlands	1,307	818
DR Axion India Private Limited	238	-
<b>Sales Commission Paid</b>		
Carl Stahl Craftsman Enterprises Private Limited	-	3
<b>Reimbursement of Expenditure to</b>		
DR Axion India Private Limited	6	-
<b>Reimbursement of Expenditure from</b>		
MC Machinery Systems India Private Limited	-	3
<b>Unwinding effect of deemed equity</b>		
Craftsman Europe BV - Netherlands	-	156
<b>Remuneration to key management personnel</b>		
Executive Directors	468	457

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

	Year Ended March 31, 2023	Year Ended March 31, 2022
Chief Financial Officer	82	91
Chief Operating Officer	95	71
Company Secretary	35	25
<b>Commission</b>		
Executive Directors	1,329	715
Non-Executive Directors	24	25
<b>Sitting Fee</b>		
Non-Executive Directors	24	21
<b>Loans recovered</b>		
Craftsman Europe BV - Netherlands	-	285
<b>Rent Income</b>		
Carl Stahl Craftsman Enterprises Pvt Ltd	2	2
MC Machinery Systems India Private Limited	-	17

Note: remuneration to KMP does not include gratuity contribution which is determined actuarially on an overall Company basis and accordingly has not been considered.

### e) Balances of Related Parties

	As at March 31, 2023	As at March 31, 2022
<b>Trade Receivable</b>		
Carl Stahl Craftsman Enterprises Private Limited	754	723
Craftsman Europe BV - Netherlands	-	132
DR Axion India Private Limited	281	-
<b>Trade Payable</b>		
Carl Stahl Craftsman Enterprises Private Limited	-	6
Craftsman Europe BV - Netherlands	223	218
<b>Remuneration payable</b>		
Chairman and Managing Director	-	17

### f) Details of advances in the nature of loans

Name of the Company	Status	Year Ended March 31, 2023			Status	Year Ended March 31, 2022		
		Out-standing Amount	Maximum Loan out-standing	Investment in shares of the company		Out-standing Amount	Maximum Loan out-standing	Investment in shares of the company
Craftsman Europe B.V	Subsidiary	-	-	2,264	Subsidiary	-	433	2,264

### g) Disclosure as required under section 186(4) of the Companies Act, 2013

	As at March 31, 2023	As at March 31, 2022	Purpose
Loan Outstanding	NIL	NIL	
<b>Investments</b>			
Craftsman Europe B.V., Netherlands	2,264	2,264	
DR Axion India Private Limited	37,500	-	
Deemed Equity- Craftsman Europe B.V., Netherlands	463	463	

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### 3.6 Contingent Liabilities and Commitments

#### a) Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Contingent Liabilities	As at March 31, 2023	As at March 31, 2022
<b>a. Claims against the company not acknowledged as debt</b>		
Excise Duty	7	7
Value Added Tax	18	50
Service tax	67	67
Goods and Services Tax	16	16
Income tax	398	1,821
Stamp duty	56	56
<b>b. Sales Bills discounted</b>	<b>1,908</b>	<b>2,217</b>

#### b) Commitments

Commitment on capital account not provided as on March 31, 2023: ₹17,555 lakhs; March 31, 2022: ₹20,570 lakhs.

### 3.7 Non-Current Borrowings:

	As at March 31, 2023			Particulars of Repayment		As at March 31, 2022		
	Non-Current	Current Maturity	Total	Instalments	Amount/Inst nos.	Non-Current	Current Maturity	Total
ECB-4	-	-	-	Quarterly	USD 0.63/8	237	237	474
ECB-11	-	-	-	Quarterly	USD 4.00/ 20	909	1,212	2,121
ECB-12	-	-	-	Quarterly	INR 0.5/ 2, 1.0/ 4. 2.18/ 15, 2.3/ 1	-	1,030	1,030
ECB-13	11,357	3,760	15,117	Half-yearly	USD 11.54 / 13	13,940	3,464	17,404
ECB-14	1,846	819	2,665	Quarterly	USD 2.50/ 20	2,458	754	3,212
FCTL-1	-	-	-	Quarterly	EUR 0.76 / 16	128	255	383
FCTL-2	-	-	-	Quarterly	EUR 1.28 / 15	214	428	642
TL-1	-	-	-	Quarterly	INR 208.33/ 24	2,207	1,289	3,496
TL-8	-	-	-	Quarterly	INR 160.00/ 20	-	298	298
TL-13	-	-	-	Quarterly	INR 66.87 / 20	990	703	1,693
TL-14	-	-	-	Quarterly	INR 250.00/ 20	1,497	995	2,492
TL-15	-	-	-	Quarterly	INR 250.00/ 16	299	-	299
TL-18	1,092	1,901	2,993	Quarterly	INR 156.25 / 48	3,275	1,874	5,149
TL-19	1,993	-	1,993	Quarterly	INR 250.00/ 16	2,993	745	3,738
TL-20	3,748	-	3,748	Quarterly	INR 175.00 / 20	3,324	174	3,498
TL-21	3,504	-	3,504	Quarterly	INR 350.88 / 20	4,907	1,400	6,308
TL-22	11,860	1,060	12,920	Quarterly	INR 541.67 / 24	-	-	-
TL-23	11,976	520	12,496	Quarterly	INR 520.83 / 24	-	-	-

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

	As at March 31, 2023			Particulars of Repayment	As at March 31, 2022		
	Non-Current	Current Maturity	Total		Non-Current	Current Maturity	Total
TL-24	5,744	-	5,744	Quarterly	INR 479.17 / 12	-	-
TL-25	14,690	296	14,986	Quarterly	INR 150/2, 550/4, 625/20	-	-
TL-26	10,000	-	10,000	Quarterly	INR 416.67 / 24	-	-
<b>Total</b>	<b>77,810</b>	<b>8,356</b>	<b>86,166</b>			<b>37,379</b>	<b>14,859</b>
						<b>52,238</b>	

Note: ECB – External Commercial Borrowings ; FCTL- Foreign Currency Term Loan ; TL – Rupee Term Loans

The balances mentioned above are at amortized cost. Refer note 1.18

All term loans, both Rupee and Foreign Currency are secured by first pari passu charge on fixed assets of the Company. Also, a second pari passu charge on current assets of the Company are created for all term loans except for TL-22 to TL-26 which are secured by first pari passu charge on moveable fixed assets and second pari passu charge on current assets of the Company.

### 3.8 Lease arrangements

#### 3.8a Company as lessee

i) Following are the changes in the carrying value of right of use assets

#### For the year ended March 31, 2023:

Particulars	Machinery	Land & Buildings	Total
<b>Balance as at April 1, 2022</b>	<b>315</b>	<b>8,268</b>	<b>8,583</b>
Additions	-	2,293	2,293
Amortization/ expense	(315)	(1,486)	(1,801)
Deletion	-	-	-
<b>Balance as of March 31, 2023</b>	<b>-</b>	<b>9,075</b>	<b>9,075</b>

#### For the year ended March 31, 2022:

Particulars	Machinery	Land & Buildings	Total
<b>Balance as at 1 April 2021</b>	<b>811</b>	<b>7,532</b>	<b>8,343</b>
Additions	-	2,476	2,476
Amortization/ expense	(496)	(1,649)	(2,145)
Deletion	-	(91)	(91)
<b>Balance as of March 31, 2022</b>	<b>315</b>	<b>8,268</b>	<b>8,582</b>

ii) The aggregate amortization expense on ROU assets is included under 'Depreciation, Amortization and Impairment expense' in the Statement of Profit and Loss.

iii) The following is the break-up of current and non-current lease liabilities:

Particulars	As at March 31, 2023	As at March 31, 2022
Current lease liabilities	1,201	1,710
Non-current lease liabilities	7,435	6,685
<b>Total</b>	<b>8,636</b>	<b>8,395</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

iv) The following is the movement in lease liabilities during the year:

Particulars	2022-23	2021-22
<b>Balance as at the beginning of the year</b>	8,395	10,244
Additions	2,293	2476
Finance cost accrued during the year	849	924
Deletion	-	(91)
Payment of lease liabilities	(2,901)	(5,158)
<b>Balance as at the end of the year</b>	<b>8,636</b>	<b>8,395</b>

v) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	1,981	2,460
One to five years	6,718	5,839
More than five years	3,243	3,154
<b>Total</b>	<b>11,942</b>	<b>11,453</b>

vi) The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

vii) Rental expense recorded for short-term leases was ₹128 lakhs for the year ended March 31, 2023. (March 31, 2022: ₹95 lakhs)

viii) Total cash outflow for leases including short-term was ₹3,028 lakhs for the year ended March 31, 2023. (March 31, 2022: ₹5,253 lakhs).

### 3.8b Company as lessor

Company has provided a portion of its building on operating lease to MC Machinery Systems India Private Ltd &amp; Carlstahl Craftsman Enterprises Private Limited for a period of 3 years.

Non-Cancellable Operating lease commitment	As at March 31, 2023	As at March 31, 2022
Not later than 1 year	18	28
Later than 1 year but not later than 5 years	7	15
Later than 5 years	-	-

### 3.9 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006

	As at March 31, 2023	As at March 31, 2022
The principal amount due to Micro and Small Suppliers under this Act	1,070	554
Interest accrued and due to suppliers on the above amount	15	5
Interest paid to suppliers under this Act (Section 16)	Nil	Nil
Interest due and payable for the delay (for payment during the year beyond due date)	Nil	Nil
Payment made to suppliers (other than interest) beyond the appointed date, during the year	Nil	Nil
Interest accrued and remaining unpaid at the end of year to suppliers under this Act	15	5
Interest due and payable to suppliers under this Act for payment already made	Nil	Nil

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

The information has been given in respect of Vendors to the extent they could be identified as "Micro and Small Enterprises" on the basis of information available with the Company.

### 3.10 Corporate Social Responsibility (CSR) Expenditure:

	Year Ended March 31, 2023	Year Ended March 31, 2022
(a) Gross amount required to be spent by the company during the year as per section 135 of the Companies Act, 2013 read with Schedule VII	296	224
(b) Amount spent during the year	310	225
(c) Amount transferred to CSR on-going projects subsequently	NA	NA

Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction / acquisition of any asset	239	-	239
(ii) On purposes other than (i) above	71	-	71

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
(i) amount required to be spent by the Company during the year	296	224
(ii) amount of expenditure incurred	310	225
(iii) shortfall at the end of the year	Nil	Nil
(iv) total of previous years shortfall	Nil	Nil
(v) reason for shortfall	Not Applicable	Not Applicable
(vi) nature of CSR activities	1. Promotion of Health care/ Eradicating hunger 2. Promotion of education 3. Environment sustainability 4. Safety & Welfare	1. Promotion of Health care/ Eradicating hunger 2. Promotion of education 3. Environment sustainability 4. Safety & Welfare
(vii) details of related party transactions, e.g., contribution to a trust controlled by the Company in relation to CSR expenditure as per relevant Accounting Standard,	Nil	Nil
(viii) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	Nil	Nil

### 3.11 Segment Reporting:

The Company has reported segment information as per Indian Accounting Standard 108 "Operating Segments" (IND AS 108) read with SEBI's circular CIR/CFD/FAC/62/2016 dated 05 July 2016. Accordingly, the Company has identified the reportable segments based on end consumption of the products sold or services rendered and is consistent with performance assessment and resource allocation by the management. Segment revenue comprises sales and operational income allocable specifically to a segment. Un-allocable expenditure mainly includes corporate expenses, finance cost and other administrative expenses. Un-allocable income primarily includes Other Income. During the year, the Chief Operating Decision Maker (CODM) has, based on the benefits of synergy and usage of similar resources, decided to carve out aluminium products from "Industrial & Engineering segment" and include with "Automotive - Aluminium Products segment" segments. Henceforth, the latter segment will be called as "Aluminium Products" segment. Comparable period figures have been reclassified accordingly.



## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### a. Segment disclosure

Segment Revenue	Year Ended March 31, 2023	Year Ended March 31, 2022
Automotive - Powertrain & Others	1,52,709	1,15,435
Aluminium Products	74,057	55,201
Industrial & Engineering	71,258	50,007
<b>Total revenue as per Statement of Profit and Loss</b>	<b>2,98,024</b>	<b>2,20,643</b>

Segment Profit or Loss	Year Ended March 31, 2023	Year Ended March 31, 2022
Automotive - Powertrain & Others	38,204	30,374
Aluminium Products	6,451	4,097
Industrial & Engineering	6,230	3,296
<b>Total Segments</b>	<b>50,885</b>	<b>37,767</b>
Less: Unallocable Expenditure	(6,458)	(5,434)
Add: Other Income	1,209	927
<b>Earnings Before Interest &amp; Tax</b>	<b>45,636</b>	<b>33,260</b>
Less: Finance Costs	(11,691)	(8,420)
<b>Profit before Tax</b>	<b>33,945</b>	<b>24,840</b>

Segment Assets	As at March 31, 2023	As at March 31, 2022
Automotive - Powertrain & Others	1,29,532	1,12,333
Aluminium Products	78,448	79,250
Industrial & Engineering	69,333	59,319
<b>Total Segments</b>	<b>2,77,313</b>	<b>2,50,902</b>
Unallocable Assets	55,633	17,490
<b>Total Assets as per Balance Sheet</b>	<b>3,32,946</b>	<b>2,68,392</b>

Segment Liabilities	As at March 31, 2023	As at March 31, 2022
Automotive - Powertrain & Others	68,211	63,212
Aluminium Products	38,011	37,445
Industrial & Engineering	35,210	32,486
<b>Total Segments</b>	<b>1,41,432</b>	<b>1,33,143</b>
Unallocable Liabilities	54,376	21,029
<b>Total Liabilities as per Balance Sheet</b>	<b>1,95,808</b>	<b>1,54,172</b>

Geographical Information	Year Ended March 31, 2023	Year Ended March 31, 2022
Revenue from operations		
India	2,74,480	2,02,255
Outside India	23,544	18,388
<b>Total Revenue</b>	<b>2,98,024</b>	<b>2,20,643</b>

Note: "Outside India" above does not include sales to SEZ and includes export incentives.

### b. Disclosure about major customers

Revenue from customers individually contributing more than 10% of total revenue of the Company across all the segments, amounts to ₹91,624 lakhs (₹68,098 lakhs for the year ended 31-Mar-22) of the total revenue of the Company across all the segments.

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### Other Disclosures as required under schedule III to the Companies Act, 2013

#### 3.12 Ratio Analysis

Ratios	FY 22-23	FY 21-22	% Variance
(a) Current Ratio	1.15	1.03	12%
(b) Debt-Equity Ratio	0.72	0.63	15%
(c) Debt Service Coverage Ratio	1.48	1.7	-13%
(d) Return on Equity Ratio	19%	15%	25%
(e) Inventory turnover ratio	4.65	4.33	7%
(f) Trade Receivables turnover ratio	8.99	8.33	8%
(g) Trade payables turnover ratio	3.41	3.53	-3%
(h) Net capital turnover ratio **	8	6	41%
(i) Net profit ratio	8.00%	7.30%	10%
(j) Return on Capital employed	23%	20%	11%
(k) Return on investment #	NA	NA	NA

Ratios	Formula (Numerator/Denominator)	Remarks for 25% change
(a) Current Ratio	Current Assets / Current Liabilities	NA
(b) Debt-Equity Ratio	Total Debt/Shareholder's Equity	NA
(c) Debt Service Coverage Ratio	Earnings available for debt service / Debt Service Debt service = Interest & Lease Payments + Principal Repayments	NA
(d) Return on Equity Ratio	Net Profits after taxes/Average Shareholder's Equity	Higher profits
(e) Inventory turnover ratio	Sales/ Average Inventory	NA
(f) Trade Receivables turnover ratio	Sales / Average Accounts Receivable	NA
(g) Trade payables turnover ratio	Purchases / Trade Payables	NA
(h) Net capital turnover ratio **	Net Sales/Working Capital	Increase in Sales
(i) Net profit ratio	Net Profit/ Net Sales	NA
(j) Return on Capital employed	Earning before interest and taxes/Avg. Capital Employed Avg. Capital employed = Avg. Total Assets - Avg Current Liabilities	NA
(k) Return on investment #		

#### Note:

\*\* Net working capital does not include short term borrowings of ₹21,404 Lakhs (March 31, 2022 : ₹34,181 Lakhs)

# Investments are made only for production and product related. Hence ROI is not applicable

**3.13.a)** No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder

**3.13.b)** The Company has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority

**3.13.c)** As per the information available with the Company, there has been no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 during the year. (Previous year - NIL)

**3.13.d)** There has been no charges or satisfaction yet to be registered with ROC beyond the statutory period as at the end of the year.

## Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

- 3.13.e)** During the year, the Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall
- 1) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate beneficiaries)
  - 2) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall
    - i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
    - ii) provided any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (Previous Year - NIL)
- 3.13.f)** The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year ended March 31, 2023 (Previous Year - NIL)
- 3.14** Certain comparative figures have been reclassified to conform to the current year presentation.

For **SHARP & TANNAN**

Chartered Accountants  
Firm Registration No. 003792S

**V. Viswanathan**

Partner  
Membership No. 215565

Place : Coimbatore

Date : 08-May-2023

**For and on behalf of the Board**

**R.Gauthamram**

Whole Time Director  
DIN : 06789004

**Shainshad Aduvanni**

Company Secretary M.No.A27895

Place : Coimbatore

Date : 08-May-2023

**S.Ravi**

Chairman and Managing Director  
DIN : 01257716

**C.B. Chandrasekar**

Chief Financial Officer

# Independent Auditors' Report

Report on the Audit of the Consolidated Financial Statements

## OPINION

We have audited the accompanying consolidated financial statements of Craftsman Automation Limited (hereinafter referred to as the "Company" / "Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and a joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income and Group's share of profit in joint venture), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year ended on that date and notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint venture as at 31 March 2023, the consolidated profit and consolidated total comprehensive income, its consolidated cash flows and consolidated changes in equity for the year ended on that date.

## BASIS FOR OPINION

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("Standards" or "SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report.

We are independent of the Group and its joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## KEY AUDIT MATTERS

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

**S. No Key audit matter description and principal audit procedures**

1	<p>Accounting for derivative contracts</p> <p>Refer Notes B.8, 1.9, 1.17, 1.24, 1.29, 2.8 and 3.6 in consolidated financial statements</p> <p>A significant source of Company's funds is borrowings, denominated in Indian rupee and foreign currency with a combination of fixed and floating interest rates.</p> <p>The Company's cost of borrowing will be impacted by fluctuations in foreign exchange rates and movements in interest rates. The Company's mitigation plan for the risk of foreign currency fluctuation and interest rate fluctuation includes using derivative instruments as per its risk management policy.</p> <p>These hedges taken using derivative instruments are designated as either cashflow or fair value hedge. Estimating future cash flows is a significant factor in determining the mark to market gain or loss, accounting of such forward contracts and in the determination of its fair value. Significant judgement is applied in making these estimates by the management using expert.</p> <p>As at 31 March 2023, the carrying value of the Company's derivatives included derivative assets amounting to ₹935 Lakhs and derivative liabilities of ₹375 Lakhs.</p> <p>Accounting for derivative contracts is considered as a key audit matter because of the significant judgement and estimates used in the fair valuation and the complex compliance framework for determining the accounting &amp; disclosure of these transactions in accordance with Ind AS 109 'Financial Instruments' – Accounting (including recognition and derecognition of financial assets or liabilities). These class of transactions are material with respect to the financial statements.</p> <p>Our procedures related to audit of accounting for derivative contracts include the following</p> <ul style="list-style-type: none"> <li>• understanding and evaluating the design, implementation and operating effectiveness of internal controls over the completeness, existence and valuation of derivative instruments and management's documentation of the hedge effectiveness, accounting of derivative and hedging transactions;</li> <li>• examining the derivative contracts;</li> <li>• testing qualifying criteria for hedge accounting in accordance with Ind AS 109, including: <ul style="list-style-type: none"> <li>- understanding the risk management objectives and strategies for different types of hedge instruments;</li> <li>- evaluating that the relationship between the underlying liability and the hedge instrument;</li> <li>- using an expert for auditing the valuation and reviewing the hedge effectiveness test carried out by management as per Ind AS 109, including the economic relationship between the hedged item and the hedging instrument;</li> </ul> </li> <li>• evaluating competence and capabilities of the auditor's experts and ensuring independence;</li> <li>• involving the auditor's expert for testing the appropriateness of hedge accounting to qualified hedge relationships i.e., cash flow or fair value hedges;</li> <li>• testing on sample basis the valuation of derivative instruments by management expert;</li> <li>• for selected samples, checking the confirmations from counterparties to the derivative contracts for the valuation as at the year-end;</li> <li>• checking the presentation and disclosures in the financial statements for compliance with Ind AS 109.</li> </ul>
2	<p><b>Accounting for Property, Plant and Equipment</b></p> <p>Refer Notes B.4, B.6, 1.1, 1.2 and 2.6 in consolidated financial statements</p> <p>Property, plant and equipment including capital work in progress ('PPE') represents 51% of the Group's total assets.</p>

The capitalisation of PPE includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable costs of bringing the asset to working condition for its intended use (inclusive of non-refundable purchase taxes and duties).

Depreciation is generally charged as per Schedule II to Companies Act, 2013. In respect of certain classes of PPE, the useful life has been ascertained based on technical review by a Chartered Engineer and assessment by the management.

The Company carries out physical verification of PPE on an annual basis.

The Company uses estimates and assumptions to determine the useful life of assets, residual value, assess impairment loss (if any). The useful life of property, plant and equipment is determined by the technical team of the management taking into consideration the industry practice, the application and usage factors and past historical trend. The residual value at the end of the useful life of property, plant and equipment is estimated in determining the depreciable value of the asset. Impairment assessment of property, plant and equipment involves identification of Cash Generating Unit ('CGU') and estimating future cash flows arising out of such CGUs.

Due to the material value of PPE to total assets and estimates/judgements involved in their valuation, the audit of accounting of Property, Plant and Equipment has been considered as a Key Audit Matter in the audit of these financial statements

Our procedures relating to audit of accounting for Property, Plant and Equipment includes the following:

- evaluating of design and implementation of controls and testing the operating effectiveness of the internal controls over:
  - measurement of initial recognition costs including costs of self-constructed PPE;
  - valuation of PPE and review of useful lives including depreciation rates applied;
  - periodic physical verification of property, plant and equipment by the management;
- testing on sample basis the value of self-constructed assets with underlying documentation to assess compliance with applicable accounting standards;
- wherever the useful life of a PPE considered is different from the useful life indicated in the Act, obtain confirmation from management's technical team for the useful life for the same;
- reviewing the residual value of PPE considered by the management for consistency and appropriateness;
- understanding the basis behind identification of Cash Generating Units by the management and review the future cash flow projections for the same;
- checking the computation and correctness of the discounting factor applied for arriving at value in use and impairment thereof, if any;
- checking the reasonableness of the assumptions made by the management in identifying CGUs, assessing the future cash flows, discount factor and impairment loss;
- physically inspecting a sample of assets at one of the main units of the Company during the year to ensure existence of PPE;
- reviewing the physical verification reports of the management and the treatment of discrepancies in the books of accounts / Fixed Asset Register, wherever applicable.

### INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Board of Directors of the Holding Company 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 and Annexures to Board's Report including the report on Corporate Governance, but does not include the consolidated financial statements and our report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors of the Holding Company is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated cash flows and consolidated changes in equity of the Group and the joint venture in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, and its joint venture 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 accuracy and completeness of the accounting records, relevant to the preparation and

presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture 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 and its joint venture is responsible for overseeing the financial reporting process of the Group and its joint venture.

### AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal financial controls over financial reporting 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 Holding Company have adequate internal financial controls over financial reporting system in place with reference to the financial statements 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 the management of the Holding Company;
- 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 joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of the Holding Company included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of

the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated 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 consolidated 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### OTHER MATTERS

The consolidated financial statements include the financial statements of two subsidiaries whose financial information reflect total assets of ₹69,319 lakhs and net assets of ₹27,657 lakhs as at 31 March 2023, total revenues of ₹21,713 lakhs, net profit after tax of ₹1,309 lakhs, total comprehensive income of ₹1,445 lakhs for the year ended 31 March 2023 and net cash outflows amounting to ₹1,943 lakhs for the year ended on that date and the Group's share of profit after tax of ₹48 lakhs and total comprehensive income of ₹47 lakhs for the year ended 31 March 2023 in respect of a joint venture. The financial statements of the two subsidiaries and a

joint venture have not been audited by us. The financial statements of these subsidiaries and joint venture have been audited by other auditors whose reports have been furnished to us by the management of the Holding Company and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture, and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information, in so far as it relates to the aforesaid subsidiaries and joint venture entity, is based solely on the reports of such other auditors

Our opinion above on the consolidated financial statements and our report on other legal and regulatory requirements below, are not modified in respect of the above matter.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, based on our audit we report that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- (b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- (c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) in our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act and read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2023 taken on record by the Board of Directors of the Holding Company and reports of the statutory auditors of subsidiaries and joint venture companies incorporated in India, none of the directors of

the Holding Company and the subsidiaries and joint venture companies incorporated in India is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act;

- (f) with respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on our report of the Holding Company and subsidiaries and joint venture companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting for those Companies;
- (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 Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act;
- (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Group, as detailed in Note 3.8 to the consolidated financial statements, has disclosed the impact of pending litigations on its consolidated financial position of the Group;
  - ii. the Group 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;
  - iii. there were no amounts due which were required to be transferred to the Investor Education and Protection Fund by the Holding Company or subsidiaries and joint venture companies incorporated in India;
  - iv. a) the respective managements of the Holding Company and subsidiaries and joint venture companies incorporated in India, whose financial statements have been audited under the Act, have represented that, to the best of its knowledge and belief, no funds (which are material either

individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or subsidiaries and joint venture companies incorporated in India to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) the respective managements of the Holding Company and subsidiaries and joint venture companies incorporated in India, whose financial statements have been audited under the Act, have represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or subsidiaries and joint venture companies incorporated in India from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- c) based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Holding Company and subsidiaries and joint venture companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that

the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement;

- v. as stated in Note 1.18 to the consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable;
- vi. proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company, its subsidiaries and joint venture which are incorporated in India with effect from 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31 March 2023;
  - (i) As required by paragraph 3(xxi) of the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we report that there are no disqualifications or adverse remarks included by the respective auditors in their CARO 2020 reports issued in respect of the standalone financial statements of the subsidiaries and joint venture companies incorporated in India which are included in these Consolidated Financial Statements.

for **SHARP & TANNAN**  
Chartered Accountants  
(Firm's Registration No. 003792S)

**V. Viswanathan**

Place: Coimbatore  
Date: 08 May 2023

Partner  
Membership No. 215565  
UDIN: 23215565BGYMBJ7891

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Craftsman Automation Limited of even date)

### INDEPENDENT AUDITORS' 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 Craftsman Automation Limited ("the Holding Company") and its subsidiaries and joint venture companies, which are incorporated in India, as of 31 March 2023 in conjunction with our audit of the consolidated financial statements of the Holding Company for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and subsidiaries and joint venture companies, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("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 Holding 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.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and subsidiaries and joint venture companies, which are incorporated in India, based on our audit. Our audit is conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI

and the Standards on Auditing prescribed under Section 143(10) of the Act, 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 consolidated 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 and subsidiaries and joint venture companies, which are incorporated in India.

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated 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 consolidated 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 consolidated 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 subsidiaries and joint venture companies, which are incorporated in India, 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 of 31 March 2023, based on the internal control over financial

reporting criteria established by the Holding 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.

### OTHER MATTERS

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to a subsidiary company and a joint venture, which are companies incorporated in India, is based solely on the corresponding reports furnished to us by the auditors of such companies incorporated in India. Our opinion is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of such other auditors.

for **SHARP & TANNAN**

Chartered Accountants  
(Firm's Registration No. 003792S)

**V. Viswanathan**

Partner

Place: Coimbatore

Date: 08 May 2023

Membership No. 215565

UDIN: 23215565BGYMBJ7891

## Consolidated Balance Sheet

as at March 31, 2023

(₹ in Lakhs)

	Note No.	As at March 31 2023	As at March 31 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	1.1	1,83,878	1,45,372
Capital Work in progress	1.2	9,663	4,198
Intangible assets	1.3	315	424
Right-of-use Asset	1.4	9,196	8,582
Goodwill on Consolidation	1.5	18,999	-
Investments accounted for using equity method	1.6	282	235
<b>Financial assets</b>			
Investments	1.7	61	30
Security Deposits	1.8	3,338	2,514
Other Financial assets	1.9	138	43
Current tax assets (Net)	1.10	21	-
Other non-current assets	1.11	5,991	3,141
		2,31,882	1,64,539
<b>Current assets</b>			
Inventories	1.12	83,601	62,641
<b>Financial assets</b>			
Trade receivables	1.13	53,529	29,621
Cash and cash equivalents	1.14	2,732	2,943
Other bank balances	1.15	2,002	1,405
Security Deposits	1.16	30	335
Other Financial assets	1.17	856	865
Other Current assets	1.18	6,040	5,129
		1,48,790	1,02,939
<b>Total Assets</b>		<b>3,80,672</b>	<b>2,67,478</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share capital	1.19	1,056	1,056
Other Equity	1.20	1,36,634	1,12,518
Equity attributable to owners		1,37,690	1,13,574
Non-controlling interest	1.21	6,100	-
		1,43,790	1,13,574
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	1.22	90,617	37,378
Lease Liabilities	1.23	7,539	6,685
Other Non-Current Financial Liabilities	1.24	377	355
Deferred tax liabilities (Net)	1.25	14,112	11,678
		1,12,645	56,096
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	1.26	24,655	34,182
Lease Liabilities	1.27	1,212	1,710
Trade payables			
(a) total outstanding dues of micro enterprises & small enterprises	1.28	1,167	554
(b) total outstanding dues of creditors other than micro enterprises & small enterprises		69,995	45,702
Other current Financial Liabilities	1.29	12,264	7,374
Current tax liabilities (Net)	1.30	3,156	690
Other current liabilities	1.31	11,111	7,125
Provisions	1.32	677	471
		1,24,237	97,808
<b>Total Equity and Liabilities</b>		<b>3,80,672</b>	<b>2,67,478</b>

The accompanying notes form an integral part of the consolidated financial statements

This is the Balance Sheet referred to in our report of even date

**For SHARP & TANNAN**Chartered Accountants  
Firm Registration No. 003792S**V. Viswanathan**Partner  
Membership No. 215565Place : Coimbatore  
Date : May 8, 2023**For and on behalf of the Board****R. Gauthamram**Whole Time Director  
DIN : 06789004**Shainshad Aduvanni**

Company Secretary M.No.A27895

Place : Coimbatore  
Date : May 8, 2023**S. Ravi**Chairman and Managing Director  
DIN : 01257716**C. B. Chandrasekar**

Chief Financial Officer

## Consolidated Statement of Profit & Loss

For the year ended March 31, 2023

(₹ in Lakhs)

Particulars	Note No.	Year ended March 31, 2023	Year ended March 31, 2022
<b>INCOME</b>			
Revenue From Operations	2.1	3,18,260	2,21,702
Other Income	2.2	1,254	740
<b>Total Income (A)</b>		<b>3,19,514</b>	<b>2,22,442</b>
<b>EXPENSES</b>			
Cost of materials consumed	2.3	1,69,964	1,06,549
Changes in inventories of finished goods and work-in-progress	2.4	(7,021)	(3,144)
Employee benefits expense	2.5	23,350	18,776
Depreciation, amortization and impairment expense	2.6	22,161	20,599
Other expenses	2.7	63,606	46,105
Finance costs	2.8	12,023	8,422
<b>Total expenses (B)</b>		<b>2,84,083</b>	<b>1,97,307</b>
<b>Profit before share of profit from JV (C=A-B)</b>		<b>35,431</b>	<b>25,135</b>
Share of profit from JV (D)		48	38
<b>Profit before tax (E=C+D)</b>		<b>35,479</b>	<b>25,173</b>
<b>Tax expense:</b>			
(1) Current tax for the year		12,247	8,849
Current tax pertaining to earlier years	3.1	12	6
Net Current Tax		12,259	8,855
(2) Deferred tax		(1,876)	9
<b>Profit for the year (F)</b>		<b>25,096</b>	<b>16,309</b>
attributable to owners		24,839	16,309
attributable to non-controlling Interest		257	-
<b>Other Comprehensive Income ('OCI')</b>			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		(13)	6
- Equity Instruments through OCI		-	-
- Share of OCI of Joint Venture accounted for using equity method		(1)	1
(ii) Income tax relating to items that will not be reclassified to profit or loss		3	(2)
B (i) Items that will be reclassified to profit or loss			
- Exchange differences in translating the financial statements of foreign operations		132	(9)
- The effective portion of gains or loss on hedging instruments in a cash flow hedge		2	785
(ii) Income tax relating to items that will be reclassified to profit or loss		(53)	(274)
<b>Other Comprehensive Income for the year, net of tax (G)</b>		<b>70</b>	<b>507</b>
attributable to owners		69	507
attributable to non-controlling Interest		1	-
<b>Total Comprehensive Income for the year (Comprising Profit for the year and Other Comprehensive Income for the year) (H=F+G)</b>		<b>25,166</b>	<b>16,816</b>
attributable to owners		24,908	16,816
attributable to non-controlling Interest		258	-
Earnings per equity share Basic & Diluted (Face value of ₹5/-)	3.3	117.56	77.19

The accompanying notes form an integral part of the consolidated financial statements

This is the Statement of Profit &amp; Loss referred to in our report of even date

**For SHARP & TANNAN**Chartered Accountants  
Firm Registration No. 003792S**V. Viswanathan**Partner  
Membership No. 215565Place : Coimbatore  
Date : May 8, 2023**For and on behalf of the Board****R. Gauthamram**Whole Time Director  
DIN : 06789004**Shainshad Aduvanni**

Company Secretary M.No.A27895

Place : Coimbatore  
Date : May 8, 2023**S. Ravi**Chairman and Managing Director  
DIN : 01257716**C. B. Chandrasekar**

Chief Financial Officer

## Consolidated Cash flow Statement

For the year ended March 31, 2023

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Cash flows from operating activities</b>		
<b>Profit before taxation ('PBT')</b>	35,479	25,173
Adjustments to reconcile PBT to net cash flows:		
Depreciation, amortization and impairment expense	22,161	20,598
Gain on sale of assets	(41)	(141)
Exchange difference on transaction/translation (loss/(gain))	981	367
Share of Profit of Joint Venture	(48)	(38)
Mark-to-Market (Gain) / Loss - Derivative -( Net)	-	(14)
Provision for :		
Doubtful debts	5	(57)
Warranty & Rejection	71	40
Slow moving inventory	188	485
Interest income (including fair value changes in financial instruments)	(733)	(233)
Government grant income	(1,784)	(2,317)
Assets no longer receivable written off	73	-
Interest expense (including fair value changes in financial instruments)	10,623	7,699
<b>Operating cash flow before changes in working capital</b>	<b>66,975</b>	<b>51,562</b>
<b>Adjustments for:</b>		
Increase/ (Decrease) in provisions	33	62
Increase/ (Decrease) in other financial liabilities	889	(3,111)
Increase/ (Decrease) in other current liabilities	259	2,641
Increase/ (Decrease) in Trade Payables and other Payables	14,042	11,048
(Increase)/ Decrease in other financial assets	2,181	(586)
(Increase)/ Decrease in other current assets	195	2,646
(Increase)/ Decrease in trade and other receivables	(8,304)	(5,303)
(Increase)/ Decrease in inventories	(8,242)	(22,562)
<b>Cash generated from operations</b>	<b>68,028</b>	<b>36,397</b>
Income taxes paid	(7,262)	(3,676)
<b>Net cash from operating activities - A</b>	<b>60,766</b>	<b>32,721</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(34,467)	(21,267)
Purchase of Intangible Assets	(58)	(22)
Proceeds from sale of equipment	565	258
Consideration paid towards business combination	(37,500)	-
Purchase/ Sale of shares	16	-
Interest received	653	138
<b>Net cash used in investing activities - B</b>	<b>(70,791)</b>	<b>(20,893)</b>

## Consolidated Cash flow Statement (Contd.)

For the year ended March 31, 2023

(₹ in Lakhs)

Particulars	Year ended March 31 2023	Year ended March 31 2022
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	(185)
Proceeds from long-term borrowings	57,631	10,505
Repayment of long term borrowings	(25,654)	(13,911)
Net proceeds from / (repayment of) short-term borrowings	(11,560)	3,508
Principal payments towards lease liability	(2,053)	(4,234)
Interest paid (incl. interest on lease liability)	(10,267)	(7,687)
Dividend Paid	(793)	-
<b>Net cash from / (used in) financing activities- C</b>	<b>7,304</b>	<b>(12,004)</b>
<b>Net increase / (decrease) in cash and cash equivalents - (A+B+C)</b>	<b>(2,721)</b>	<b>(176)</b>
Cash and cash equivalents at beginning of year	2,943	3,127
Cash and cash equivalents acquired through business combination	2,470	-
Effect of exchange rate changes on cash and cash equivalents	40	(8)
Cash and cash equivalents at end of year	<b>2,732</b>	<b>2,943</b>

### Notes:

#### 1. Reconciliation of Cash & Cash equivalents as per Cash Flow Statement

Cash & cash equivalents consists of:	As at March 31 2023	As at March 31 2022
Cash and cash equivalents (Note : 1.14)	2,732	2,943
<b>Total</b>	<b>2,732</b>	<b>2,943</b>

#### 2. Refer to note: 1.22 for Net Debt Reconciliation

The accompanying notes form an integral part of the consolidated financial statements

This is the Statement of Cash Flows referred to in our report of even date

#### For SHARP & TANNAN

Chartered Accountants  
Firm Registration No. 003792S

#### V. Viswanathan

Partner  
Membership No. 215565

Place : Coimbatore  
Date : May 8, 2023

#### For and on behalf of the Board

#### R.Gauthamram

Whole Time Director  
DIN : 06789004

Shainshad Aduvanni  
Company Secretary M.No.A27895

Place : Coimbatore  
Date : May 8, 2023

#### S.Ravi

Chairman and Managing Director  
DIN : 01257716

C. B. Chandrasekar  
Chief Financial Officer



## Consolidated Statement of Changes in Equity

For the year ended March 31, 2023 (₹ in Lakhs)

a. Equity Share Capital	Balance as at April 1, 2022			Changes in equity share capital during the year			Balance as at March 31, 2023		
	1,056			-			1,056		
	<b>Reserves and Surplus</b>			<b>Other Reserves</b>					
b. Other Equity	<b>Secu- rities Premium Reserve</b>	<b>General Reserve</b>	<b>Retained Earnings</b>	<b>Share in Network of Joint Venture</b>	<b>Equity Instruments through Other Com- prehensive Income</b>	<b>Effective portion of Cash Flow Hedges</b>	<b>Foreign Currency Trans- lation Reserve</b>	<b>Non-con- trolling Interest</b>	<b>Total</b>
<b>Balance as at April 1, 2021</b>	<b>28,308</b>	<b>9,662</b>	<b>58,861</b>	<b>136</b>	<b>(321)</b>	<b>(953)</b>	<b>194</b>	<b>-</b>	<b>95,887</b>
Profit for the year	-	-	16,271	38	-	-	-	-	16,309
Other Comprehensive Income	-	-	-	1	-	511	(9)	-	503
- Defined Benefit Plan	-	-	4	-	-	-	-	-	4
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>16,275</b>	<b>39</b>	<b>-</b>	<b>511</b>	<b>(9)</b>	<b>-</b>	<b>16,816</b>
Issues of shares	(185)	-	-	-	-	-	-	-	(185)
<b>Balance as at March 31, 2022</b>	<b>28,123</b>	<b>9,662</b>	<b>75,136</b>	<b>175</b>	<b>(321)</b>	<b>(442)</b>	<b>185</b>	<b>-</b>	<b>1,12,518</b>
Profit for the year	-	-	24,791	48	-	-	-	257	25,096
Other Comprehensive Income	-	-	-	(1)	-	(51)	132	1	81
- Defined Benefit Plan	-	-	(10)	-	-	-	-	-	(10)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>24,781</b>	<b>47</b>	<b>-</b>	<b>(51)</b>	<b>132</b>	<b>258</b>	<b>25,167</b>
On Business Combination	-	-	-	-	-	-	-	5,842	5,842
Dividends	-	-	(793)	-	-	-	-	-	(793)
<b>Balance as at March 31, 2023</b>	<b>28,123</b>	<b>9,662</b>	<b>99,124</b>	<b>222</b>	<b>(321)</b>	<b>(493)</b>	<b>317</b>	<b>6,100</b>	<b>1,42,734</b>

The accompanying notes form an integral part of the consolidated financial statements

This is the Statement of Changes in Equity referred to in our report of even date

### For SHARP & TANNAN

Chartered Accountants  
Firm Registration No. 003792S

### V. Viswanathan

Partner  
Membership No. 215565

Place : Coimbatore  
Date : May 8, 2023

### For and on behalf of the Board

### R. Gauthamram

Whole Time Director  
DIN : 06789004

### Shainshad Aduvanni

Company Secretary M.No.A27895

Place : Coimbatore  
Date : May 8, 2023

### S. Ravi

Chairman and Managing Director  
DIN : 01257716

### C. B. Chandrasekar

Chief Financial Officer

## Notes annexed to and forming part of Consolidated Financial Statements:

### A CORPORATE INFORMATION

The Consolidated financial statements comprise of Financial Statements of Craftsman Automation Limited (the Company or the holding Company), its subsidiaries (collectively "the Group") and its joint venture for the year ended March 31, 2023. Craftsman Automation Private Limited was incorporated under the Companies Act, 1956 on July 18, 1986. The shareholders of the Company approved the conversion into a public limited company at the meeting held on April 30, 2018 and the Registrar of Companies, Coimbatore issued a fresh Certificate of Incorporation dated May 4, 2018. The Company is engaged in the business of manufacturing engineering components, sub-assemblies, products and rendering of contract manufacturing services to various industries

### SIGNIFICANT ACCOUNTING POLICIES

#### Statement of Compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Section 133 of the Companies Act, 2013 (the Act) read with the Companies (Indian Accounting Standards) Rules 2015. The presentation of the Financial Statements is based on the requirements of the Companies Act, 2013.

### B1. BASIS OF PREPARATION

The items included in Consolidated Financial Statements of each of the entities consolidated are measured using the currency of the primary economic environment ("functional currency") in which each of the entities operate. The consolidated financial statements are presented in Indian Rupees (INR) which is the functional and presentation currency of the Company and all values are rounded to the nearest lakhs, except where otherwise indicated. In the Group's Consolidated Financial Statements, all assets, liabilities and transactions of Group entities with a functional currency other than the INR are translated into INR upon consolidation.

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 a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liability which have been measured at fair value

- Derivative financial instruments
- Certain financial assets and liability measured at fair value (refer note. 3.6)
- Defined Benefit Obligation.

The Consolidated Financial Statements have been prepared on accrual and going concern basis. All assets and liabilities are presented as Current or Non-current as per the Group's normal operating cycle and other criteria set out in the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization, the Group has ascertained its operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities

## B.2 Critical Accounting judgement and key sources of estimation uncertainty

The accounting policies which have the most significant effect on the figures disclosed in the financial statements are mentioned below and these should be read in conjunction with the disclosure of the significant Ind AS accounting policies provided below:

### i. Useful life of Property, Plant and Equipment and Intangible Assets

The assessment of the useful life of each asset by considering the historical experience and expectations regarding future operations and expected usage, estimated technical obsolescence, residual value, physical wear and tear and the operating environment in which the asset is located needs significant judgement by the management. In case of intangible assets the useful life is determined based on the period over which future economic benefit will flow to the Group.

### ii. Tools in use

The assessment of useful life of tools in use has been done considering the historical experience and estimated refurbishment cycle and operating environment.

### iii. Income Tax and Deferred Tax

The calculation of income taxes requires judgement in interpreting tax rules and regulations. Management judgement is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognized.

The Group estimates the possible utilization of unabsorbed losses while recognizing deferred tax asset considering the future business plans and economic environment.

### iv. Fair Value

Certain financial instruments, such as investments in equity securities, derivative financial instruments and certain elements of borrowings, are carried in the financial statements at fair value, with changes in fair value reflected in the Statements of Profit & Loss. Fair values are estimated by reference to published price quotations or by using other valuation techniques that may include inputs

that are not based on observable market data, such as discounted cash flows analysis.

### v. Measurement of defined benefit obligations

Gratuity actuarial valuation considers various assumptions which are based on the past experience and general economic conditions.

### vi. Measurement and likelihood of occurrence of provisions and contingencies

The provision for warranty and rejection have been done based on past experiences, product lifecycle maturity, reprocessing/repair cost.

## B.3 PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements relate to Craftsman Automation Limited, its subsidiaries and joint venture. Subsidiaries are all entities over which the Company exercises control. The Company exercises control if and only if it has the following:

- power over the entity.
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect the amount of its returns.

The Consolidated Financial Statements have been prepared on the following basis:

- The Financial Statements of the Group have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profits, unrealised losses from intra-group transactions are eliminated unless cost cannot be recovered.
- The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests

and any consideration paid or received is recognised within equity.

- An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in associates and joint ventures are accounted for using the equity method.
- Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition.
- The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.
- The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner, as the Company's Standalone Financial Statements.

## B.4 PROPERTY PLANT AND EQUIPMENT

### Recognition and Measurement

All Property Plant & Equipment (PPE) are stated at cost of acquisition / installation as adjusted for import duty waivers and foreign exchange losses / gains less accumulated depreciation and impairment losses.

Cost of acquisition / installation includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable costs of bringing the asset to working condition for its intended use (inclusive of non-refundable purchase taxes and duties).

The Company capitalizes the import duty waived in respect of capital equipment imported under the Export Promotion Capital Goods Scheme

Foreign exchange gain /loss arising on foreign currency denominated borrowing which are not hedged that were incurred to acquire PPE are recorded as part of the cost of asset as per Ind AS 101 and depreciated over their remaining useful life. In respect of exchange gain or loss arising from foreign currency denominated borrowings which are hedged accounting has been done based on Hedge effectiveness either as derivative or cash flow hedge as per Ind AS 109.

The cost of a self-constructed asset is determined using the same principles as for an acquired asset. If Company makes similar assets for sale in the normal course of business, the cost of the asset is usually the same as the cost of constructing an asset for sale. Any internal profits are eliminated in arriving at such costs. Similarly, the cost of abnormal amounts of wasted material, labour, or other resources incurred in self-constructing an asset is not included in the cost of the asset. Borrowing Costs are recognized as a component of the carrying amount of a self-constructed item of PPE if its meets the recognition criteria under Ind AS.

Subsequent expenditure relating to an item of PPE is capitalised if it meets the recognition criteria

The import duty waived on capital assets which are purchased under the Export Promotion Capital Goods (EPCG) schemes and which are capitalized are recorded as deferred revenue and recognized in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

### Depreciation on Plant Property and Equipment

The depreciable amount of PPE (being the gross carrying value less the estimated residual value) is depreciated on a systematic basis over its useful life.

In respect of certain classes of PPE, the Group uses different useful life other than those prescribed in Schedule II to the Act. The useful life of such class of PPE has been ascertained based on technical review by a Chartered Engineer and assessment by the Management as detailed in the following table

Classes of PPE	Useful life and basis of depreciation
New Plant and Machinery	8 to 20 Years
Used Plant and Machinery	8 to 10 Years
Tool holder, jigs, fixtures, patterns, dies, moulds and instruments and gauges	5 Years
Lease hold improvements	Over lease period

#### De-recognition

An item of PPE is de-recognised at the time of its disposal or when it is assessed that no future economic benefit would accrue from it. The gain/loss arising out of such disposal/retirement is taken to Statement of Profit and Loss.

### **B.5 INTANGIBLE ASSETS**

An intangible asset is an identifiable non-monetary asset without physical substance.

An intangible asset with finite useful life that are acquired separately and where the useful life is 2 years or more is capitalized and carried at cost less accumulated amortization. Amortization is recognized on a straight line basis over the useful life of the asset. The class of asset and the estimated useful life is as follows

Description of the asset	Useful life and basis of amortization
Software – Acquired	5 Years
Technical Know - Acquired	2.5 years

#### Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it,
- the ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the

development and to use or sell the intangible asset, and

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in the Statement of Profit and Loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Development Expenditure recognized as intangible assets are amortized over a period of 3 years.

#### De-recognition

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

#### Goodwill

Goodwill on acquisition of business is included in intangible assets. Goodwill is not amortised but is tested for impairment annually, or if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses, if any.

### **B.6 IMPAIRMENT OF ASSETS**

At the end of each reporting period, the Group determines whether there is any indication that its assets (PPE, intangible assets and investments in equity instruments of subsidiaries and joint ventures carried at cost) have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. Recoverable amount is higher of the fair value less costs of disposal and value

in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

### **B.7 LEASES**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### **The Group as a lessee**

The Group's lease asset classes primarily consist of leases for Machineries and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through-out the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are amortised from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates of the entity. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the entity changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### **The Group as a Lessor:**

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

### **B.8 FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the 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 the Statement of Profit and Loss.

#### Classification of financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

After initial recognition:

- i) Financial assets (other than investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method.

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 paid 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.

- ii) Financial assets (i.e. derivative instruments and investments in instruments other than equity of subsidiaries and joint ventures) are subsequently measured at fair value.

Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in other comprehensive income.

#### Investments in equity instruments other than joint venture

The Group has valued the investments in equity instruments other than joint ventures at fair value through Other Comprehensive Income. Fair value

of quoted instrument has been valued at market rate and in case of unquoted instrument it has been valued at book value of that Company based on Level 2 input.

In respect of investment in equity share capital of group captive power companies which are made to comply with the provisions of Electricity Rules 2003, these investments are carried at cost as these investments can be sold back only at par.

#### Cash and cash equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, and net off bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

#### Trade receivables

Trade receivables are initially recognised at transaction value. Subsequently, these assets are held at amortised cost net of any expected credit losses. Loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e., expected cash shortfall.

#### Impairment of financial assets:

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Group applies the expected credit loss model for recognizing impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Group expects to receive).

#### De-recognition 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. On de-recognition

of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of Profit and Loss.

#### Group Financial liabilities and equity instruments:

##### Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### 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 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 the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortised cost using the effective interest method. 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 capitalized as a part of cost of an asset is included in the "Finance Costs".

##### De-recognition of financial liabilities

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

#### Group Derivative financial instruments:

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps. Further details of derivative financial instruments are disclosed in Note 3.6.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

#### Hedge accounting:

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 3.6b sets out details of the fair values of the derivative instruments used for hedging purposes.

#### Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "Other Income".

Amounts previously recognised in Other Comprehensive Income and accumulated in equity (relating to effective portion as described above) are reclassified to Statement of profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Any gain or loss recognised in Other Comprehensive Income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the Statement of Profit and Loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

## B.9 INVENTORIES

The Group determines the cost for items that are not interchangeable or that have been segregated for specific contracts on an individual-item basis as per Ind AS 2, 'Inventories'. The cost of other inventory items used is assigned by using weighted average cost formula.

The Group uses the same cost formula for all inventories of similar nature and use. The cost formula used is applied on a consistent basis from period to period.

Inventories are initially recognized at the lower of cost and net realisable value (NRV). Cost of inventories includes import duties, non-refundable taxes, transport and handling costs and any other directly attributable costs, less trade discounts, rebates and similar items. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses.

- i) Raw materials, components, stores and spares of inventory are measured at weighted average cost. Materials and other items held for use in the production of inventories are

not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Work in progress and finished goods are valued at cost or Net Realizable Value whichever is lower. Cost includes direct materials, labor and a portion of manufacturing overheads. Saleable scrap is valued at the lowest of the net realizable value in the last two months.

- ii) Tools are valued at cost till they are issued for usage in production process. In respect of issued tools which can be refurbished, the group depending upon its useful life amortizes on a straight line basis over its useful life. Useful life determined for certain classes of tools is 2- 3 years. Tools which are not refurbish-able are charged off to Statement of Profit and Loss upon issue for usage. The "tools in use" are carried at Cost less accumulated amortization.

## B.10 PROVISIONS

The Group recognizes a provision when there is a present obligation to transfer economic benefits as a result of past events, it is probable (more likely than not) that such a transfer will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

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).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is certain that reimbursements will be received and the amount of the receivable can be measured reliably.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are disclosed in the Financial

Statements by way of notes to accounts when an inflow of economic benefits is probable.

A contingent liability is

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

### Provision for Warranty

Provisions for expected cost of warranty obligations are recognized based on management's best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences.

### Provision for Rejection

Provision for rejection on sales is recognised once the products are sold. Materials are rejected due to various reasons and are either re processed and replaced to the customers depending on the type of rejections. These rejections get fulfilled within a period of 3 months and the provisions as at reporting date represent the value of management's best estimate of possible rejections within the next one quarter.

## B.11 REVENUE RECOGNITION

### Sale of Goods & Rendering of Services

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining

benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the individual delivery and acceptance terms agreed with the customers. The amount of revenue to be recognized (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as Goods and Services Tax or other taxes directly linked to sales.

Revenue from rendering of services is recognised over time as and when the customer receives the benefit of the Company's performance and the Company has an enforceable right to payment for services transferred. Unbilled revenue represents value of services performed in accordance with the contract terms but not billed as at the reporting date.

### Other Operating revenues

Other operating revenues comprise income from ancillary activities incidental to the operations of the Group and are recognised when the right to receive the income is established as per the terms of the contract.

### Dividend and Interest Income

Dividend income from investments is recognised when the Group'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 is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

## B.12 GOVERNMENT GRANT

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in the Statements of Profit and Loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Import duty waivers for capital assets purchased under Export Promotion Capital Goods (EPCG) schemes are recorded as deferred revenue and recognized in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

### B.13 EMPLOYEE BENEFITS

#### Defined contribution plans

##### Provident fund (PF)

Contribution towards PF is determined under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and charged to the Statement of Profit and Loss during the period of incurrence when the services are rendered by the employees.

#### Defined benefit plans

##### Gratuity

Accounting for defined benefit plans is based on actuarial assumptions and different valuation methods to measure the balance sheet obligation and the expense.

Where defined benefit plans are funded, the plan assets are measured at fair value. At each balance sheet date, the plan assets and the defined benefit obligations are remeasured. The Statement of Profit & Loss reflects the change in the surplus or deficit, except for contributions made to the plan and benefits paid by the plan, along with business combinations and Re-measurement gains and losses.

Re-measurement gains and losses comprise actuarial gains and losses, return on plan assets (comprise amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability or asset). Re-measurements are recognized in other comprehensive income.

The defined benefit costs are comprised of the following individual components:

- Service costs (including current and past service costs as well as gains/losses on curtailments and settlements)
- Net interest costs or income
- Re-measurement

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.

Re-measurement of net defined benefit liability/asset pertaining to gratuity comprises actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in Other Comprehensive Income in the period in which they occur. Re-measurement recognised in Other Comprehensive Income is reflected immediately in retained earnings and is not reclassified to the Statement of Profit and Loss.

#### Short-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

#### Compensated leave absences:

Compensated leave absences are encashed by employees at year end and no carry forward of leave is permitted as per the leave policy. All leave remaining to be encashed at period end are fully provided.

### B.14 FOREIGN CURRENCY TRANSACTIONS

The Group's foreign operations are an integral part of the Company's activities. In preparing the financial statements, 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 that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statements of Profit and Loss in the period in which they arise except for:

- Exchange differences on translation or settlement of long term foreign currency monetary items in respect of loans borrowed, which are not hedged, before April 1, 2016 at rates different from those at which they

were initially recorded or reported in the previous financial statements, insofar as it relates to acquisition of depreciable assets, are adjusted to the cost of the assets and depreciated over remaining useful life of such assets. Where the borrowal is after April 1, 2016, such exchange difference is recognised in Statement of Profit and loss. In other cases, where it has been hedged the same has been restated and adjusted against cash flow hedge of the respective derivative instruments.

- Exchange difference on translation of derivative instruments designated as cash flow hedge (see Note B.8 for hedging accounting policies).

### B.15 FOREIGN OPERATIONS

In the Group's Consolidated Financial Statements, all assets, liabilities and transactions of the Group entities with a functional currency other than the INR are translated into INR upon consolidation. The functional currency of Craftsman Europe BV is EURO and the functional currency of Craftsman Automation Singapore Pte Limited is Singapore Dollar (S\$).

On consolidation, assets and liabilities have been translated into INR at the closing rate at the reporting date. Income and expenses have been translated into INR at the average rate over the reporting period. Exchange differences are charged or credited to Other Comprehensive Income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are re-classified to Statement of Profit and Loss and are recognised as part of the gain or loss on disposal.

### B.16 INCOME TAXES

Income tax expense represents the sum of the tax currently payable and deferred tax. 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.

#### Current Tax

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted.

#### 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.

Deferred tax asset is recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

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.

**B.17 SEGMENT REPORTING**

The Chief Operating Decision Maker (CODM) evaluates the Group's performance and allocates resources based on an analysis of various performance indicators of the reportable segments. The Group's reportable segments have been identified based on end consumption of the products sold or services rendered. The reportable segments are as follows:

- Automotive- Powertrain & Others : This segment develops, manufactures, sells its goods and services of powertrain & other products to manufacturers of commercial / passenger vehicles, farm equipment, construction / mining equipment.
- Aluminium Products : This segment develops, manufactures, sells its goods and services consisting of aluminium products to the manufacturers of two wheelers, passenger vehicles and commercial vehicles and products for power transmission and other industrial usage.

- Industrial & Engineering : This segment develops, manufactures, sells its goods and services such as castings, gears, material handling equipment, special purpose machines, other general engineering products (together broadly termed as "High End Sub-assembly, Contract Manufacturing & Others") and storage products to various end user industries.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment and as well as those which can be allocated on a reasonable basis. Operating segments are reported in a manner consistent with the internal reporting to the CODM of the Group.

**Notes to Consolidated Financial Statements**

for the year ended March 31, 2023

(₹ in Lakhs)

**1.1 PROPERTY, PLANT & EQUIPMENT**

Asset Category	Freehold land	Building*	Plant & Machinery	Office Equipment	Furniture & Fixtures	Vehicles	Property, Plant & Equipment Total
<b>Gross Block</b>							
<b>At April 1, 2021</b>	<b>7,664</b>	<b>19,338</b>	<b>1,92,695</b>	<b>1,788</b>	<b>534</b>	<b>109</b>	<b>2,22,128</b>
Additions	787	3,057	17,319	284	13	86	21,546
Disposals	-	-	681	7	29	41	758
Translation reserve	-	-	-	-	-	-	-
<b>At March 31, 2022</b>	<b>8,451</b>	<b>22,395</b>	<b>2,09,333</b>	<b>2,065</b>	<b>518</b>	<b>154</b>	<b>2,42,916</b>
Acquired in business combination	615	7,018	21,266	108	32	21	29,060
Additions	407	2,043	27,002	505	25	57	30,039
Disposals	-	-	1,398	463	-	45	1,906
Translation reserve	-	-	1	(1)	-	-	-
<b>At March 31, 2023</b>	<b>9,473</b>	<b>31,456</b>	<b>2,56,204</b>	<b>2,214</b>	<b>575</b>	<b>187</b>	<b>3,00,109</b>
<b>Depreciation</b>							
<b>At April 1, 2021</b>	<b>-</b>	<b>4,501</b>	<b>73,836</b>	<b>1,424</b>	<b>242</b>	<b>97</b>	<b>80,100</b>
Additions	-	829	17,042	154	54	7	18,086
Disposals	-	-	565	7	29	41	642
Translation reserve	-	-	-	-	-	-	-
<b>At March 31, 2022</b>	<b>-</b>	<b>5,330</b>	<b>90,313</b>	<b>1,571</b>	<b>267</b>	<b>63</b>	<b>97,544</b>
Additions	-	859	18,935	216	45	13	20,068
Disposals	-	-	875	463	-	43	1,381
Translation reserve	-	-	1	(1)	-	-	-
<b>At March 31, 2023</b>	<b>-</b>	<b>6,189</b>	<b>1,08,374</b>	<b>1,323</b>	<b>312</b>	<b>33</b>	<b>1,16,231</b>
<b>At April 1, 2021</b>	7,664	14,837	1,18,859	364	292	12	1,42,028
<b>At March 31, 2022</b>	8,451	17,065	1,19,020	494	251	91	1,45,372
<b>At March 31, 2023</b>	<b>9,473</b>	<b>25,267</b>	<b>1,47,830</b>	<b>891</b>	<b>263</b>	<b>154</b>	<b>1,83,878</b>

\*Includes WDV of improvements on leasehold buildings worth ₹499 lakhs as on 31.03.2023 (WDV of ₹ 438 lakhs as on 31.03.2022)

**1.2 CAPITAL WORK IN PROGRESS**

Asset Category	TANGIBLE - CWIP	INTANGIBLE - CWIP	Total Capital Work in Progress
<b>Gross Block</b>			
<b>At April 1, 2021</b>	<b>3,472</b>	<b>-</b>	<b>3,472</b>
Additions	4,182	-	4,182
Disposals	3,456	-	3,456
Translation reserve	-	-	-
<b>At March 31, 2022</b>	<b>4,198</b>	<b>-</b>	<b>4,198</b>
Acquired in business combination	1,985	-	1,985
Additions	9,637	-	9,637
Disposals	6,146	-	6,146
Translation reserve	-	-	-
<b>At March 31, 2023</b>	<b>9,674</b>	<b>-</b>	<b>9,674</b>

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

Asset Category	TANGIBLE - CWIP	INTANGIBLE - CWIP	Total Capital Work in Progress
<b>Depreciation</b>	<b>Impairment of CWIP</b>		
<b>At April 1, 2021</b>	<b>274</b>	<b>-</b>	<b>274</b>
Additions	94	-	94
Disposals	368	-	368
Translation reserve	-	-	-
<b>At March 31, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>
Additions	120	-	120
Disposals	109	-	109
Translation reserve	-	-	-
<b>At March 31, 2023</b>	<b>11</b>	<b>-</b>	<b>11</b>
<b>At April 1, 2021</b>	<b>3,198</b>	<b>-</b>	<b>3,198</b>
<b>At March 31, 2022</b>	<b>4,198</b>	<b>-</b>	<b>4,198</b>
<b>At March 31, 2023</b>	<b>9,663</b>	<b>-</b>	<b>9,663</b>

### (A) CWIP AGEING SCHEDULE

As on 31-Mar-2023

Particulars	Amount in CWIP for a period of				Total
	Lessthan 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	9,606	57	-	-	9,663
Projects temporarily suspended	-	-	-	-	-
	9,606	57	-	-	9,663

As on 31-Mar-2022

Particulars	Amount in CWIP for a period of				Total
	Lessthan 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	4,198	-	-	-	4,198
Projects temporarily suspended	-	-	-	-	-
	4,198	-	-	-	4,198

(b) For CWIP whose completion is overdue or has exceeded its cost compared to its original plan

As on 31-Mar-2023

Particulars	To be completed in				Total
	Lessthan 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Various machines	57	-	-	-	57
	57	-	-	-	57

As on 31-Mar-2022

NIL

#### Note:

- Additions to PPE & CWIP include exchange loss aggregating to ₹39 lakhs for the year 2022-23 (exchange loss of ₹24 lakhs for the year 2021-22) capitalised under Plant & Machinery
- Refer Note no. 3.9 for details of charge on Fixed Assets

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### 1.3 OTHER INTANGIBLE ASSETS

Asset Category	Computer Software	Product Development	Technical know-how	Intangible Assets Total
<b>Gross Block</b>				
<b>At April 1, 2021</b>	<b>2,107</b>	<b>636</b>	<b>430</b>	<b>3,173</b>
Additions	22	-	-	22
Disposals	-	-	-	-
Translation reserve	-	-	-	-
<b>At March 31, 2022</b>	<b>2,129</b>	<b>636</b>	<b>430</b>	<b>3,195</b>
Acquired in business combination	2	-	-	2
Additions	58	-	-	58
Disposals	5	-	-	5
Translation reserve	-	-	-	-
<b>At March 31, 2023</b>	<b>2,184</b>	<b>636</b>	<b>430</b>	<b>3,250</b>
<b>Asset Category</b>				
<b>Depreciation</b>				
<b>At April 1, 2021</b>	<b>1,460</b>	<b>636</b>	<b>401</b>	<b>2,497</b>
Additions	245	-	29	274
Disposals	-	-	-	-
Translation reserve	-	-	-	-
<b>At March 31, 2022</b>	<b>1,705</b>	<b>636</b>	<b>430</b>	<b>2,771</b>
Additions	169	-	-	169
Disposals	5	-	-	5
Translation reserve	-	-	-	-
<b>At March 31, 2023</b>	<b>1,869</b>	<b>636</b>	<b>430</b>	<b>2,935</b>
<b>At April 1, 2021</b>	<b>647</b>	<b>-</b>	<b>29</b>	<b>676</b>
<b>At March 31, 2022</b>	<b>424</b>	<b>-</b>	<b>-</b>	<b>424</b>
<b>At March 31, 2023</b>	<b>315</b>	<b>-</b>	<b>-</b>	<b>315</b>

#### NOTE NO. 1.4

##### RIGHT-OF-USE ASSETS

Particulars	As at March 31, 2023	As at March 31, 2022
Opening	8,707	8,342
Additions	2,293	2,476
Amortization expense	(1,804)	(2,145)
Deletions	-	(91)
<b>Closing</b>	<b>9,196</b>	<b>8,582</b>

Refer note: B.7 &amp; 3.10a for detailed disclosures

#### NOTE NO. 1.5

##### GOODWILL ON CONSOLIDATION

Particulars	As at March 31, 2023	As at March 31, 2022
Goodwill	18,999	-
	<b>18,999</b>	<b>-</b>

Refer note : 3.12



## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### NOTE NO. 1.6

#### INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Particulars	As at March 31, 2023	As at March 31, 2022
Investment in Equity of Joint Venture		
Carlstahl Craftsman Enterprises Private Ltd ( 30% stake )		
600,000 equity shares of ₹10 each fully paid up	60	60
Recognition of opening value of investment in Joint venture	175	136
Share of current year profits in Joint Venture	47	39
	<b>282</b>	<b>235</b>

### FINANCIAL ASSETS

#### NOTE NO. 1.7

#### NON CURRENT INVESTMENTS

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Investment in Equity instruments ( at Fair Value through OCI)</b>		
Unquoted		
MC Machinery Systems India Private Ltd ( 10% stake ) (Formerly known as MC Craftsman Machinery Private Ltd)		
2,10,000 equity shares of ₹100 each fully paid up. Sold on 30-Nov-21	-	-
iEnergy Wind Farm (Theni) Private Ltd		
5975 equity shares of ₹10 each fully paid up (4550 equity shares of ₹10 each fully paid up)	1	-
TAGMA Centre of Excellence and Training		
15 equity shares of ₹10 each fully paid up	5	5
Bhatia Coke & Energy Limited		
34,810 equity shares of ₹10 each fully paid up (cost ₹10,999,960)	-	-
Hurricane Windfarms Pvt Limited (26% stake)*	4	4
39,000 equity shares of ₹10 each fully paid up		
Watsun Infrabuild Private Limited		
209,252 equity shares of ₹10 each fully paid up. Sold entirely in FY22-23.	-	21
Kamachi Industries Ltd	30	-
(298800 Equity Shares of ₹10 each fully paid-up)		

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
NSL Wind Power Company(Phoolwadi)Pvt Ltd (1,61,905 Equity Shares of ₹10 each fully paid-up)	21	-
<b>Total</b>	<b>61</b>	<b>30</b>

\***Note:** The company holds 26% equity stake in Hurricane Windfarms Pvt Ltd. As the shareholders agreement entered into with the promoters of Hurricane Windfarms Pvt Ltd contains restrictive covenants, the company cannot exercise "Significant influence" in terms of Ind AS 28 and therefore is not classified under "Investments in Associates" and accordingly is not considered as a component for consolidated financial statements

# amount is below rounding off norms adopted by the Company

Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	61	30
Aggregate amount of impairment in value of investments	-	-

#### NOTE NO. 1.8

#### SECURITY DEPOSITS

Particulars	As at March 31, 2023	As at March 31, 2022
Rent Deposit - Non Current	1,467	1,356
Other Deposits	1,871	1,158
<b>Total</b>	<b>3,338</b>	<b>2,514</b>

#### NOTE NO. 1.9

#### OTHER NON-CURRENT FINANCIAL ASSETS

<b>Currency swap &amp; IRS Derivative - NCA</b>	<b>138</b>	<b>43</b>
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#### NOTE NO. 1.10

#### CURRENT TAX ASSETS (NET)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Advance payment of income tax less provisions</b>	<b>21</b>	<b>-</b>

#### NOTE NO. 1.11

#### OTHER NON CURRENT ASSETS

Unsecured, considered good unless otherwise stated

Particulars	As at March 31, 2023	As at March 31, 2022
Capital Advances	6,019	3,169
Less: Provision for doubtful advances	(28)	(28)
<b>Total</b>	<b>5,991</b>	<b>3,141</b>

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### NOTE NO. 1.12

#### INVENTORIES

Particulars	As at March 31, 2023	As at March 31, 2022
Raw Materials, Components and Consumables	38,613	33,366
Work-in-progress	17,299	10,758
Finished goods	3,251	2,771
Consumable Stores	6,214	3,919
Stock-in-trade	3,146	-
Tools in use	3,512	2,848
Machinery Spares	9,735	8,185
Packing Materials	596	414
Stock in transit	1,235	380
<b>Total</b>	<b>83,601</b>	<b>62,641</b>

Inventory valued at Net Realizable value	302	496
Amount written down to arrive at Net Realizable value*	196	311

\*These were recognised as an expense during the year and included in changes in value of inventories of WIP in Statement of Profit and Loss  
Provision for slow moving inventory made in the current year is ₹188 lakhs (previous year is ₹485 lakhs)

### NOTE NO. 1.13

#### TRADE RECEIVABLES

Particulars	As at March 31, 2023	As at March 31, 2022
Considered good - Secured	-	-
Considered good - Unsecured	53,529	29,621
Significant increase in Credit Risk	700	550
Credit impaired	40	184
Less : Expected Credit Loss Allowance	(740)	(734)
<b>Total</b>	<b>53,529</b>	<b>29,621</b>

Receivables from related parties - refer note 3.7

#### Movement in Expected Credit Loss Allowance:

	Opening	Allowance made during the year	write off during the year	Closing
2022-23	734	79	(73)	740
2021-22	791	(57)	-	734

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

Particulars	Ageing as on March 31, 2023					Grand Total
	a. Less than 6 Months	b. 6 months - 1 year	c. 1 - 2 years	d. 2 - 3 years	e. More than 3 years	
<b>Undisputed</b>						
(i) Considered good	52,163	1,156	210	-	-	53,529
(ii) significant increase in credit risk	-	-	452	69	167	688
(ii) Credit impaired	-	-	-	-	-	-
<b>Disputed</b>						
(iv) Considered good	-	-	-	-	-	-
(v) significant increase in credit risk	-	-	8	4	-	12
(vi) Credit impaired	-	-	-	-	40	40
<b>Gross Total</b>						<b>54,269</b>
<b>Less: Expected Credit Loss Allowance</b>						<b>(740)</b>
<b>Total</b>						<b>53,529</b>

Particulars	Ageing as on March 31, 2022					Grand Total
	a. Less than 6 Months	b. 6 months - 1 year	c. 1 - 2 years	d. 2 - 3 years	e. More than 3 years	
<b>Undisputed</b>						
(i) Considered good	28,617	948	56	-	-	29,621
(ii) significant increase in credit risk	-	-	286	152	101	539
(ii) Credit impaired	-	-	-	-	73	73
<b>Disputed</b>						
(iv) Considered good	-	-	-	-	-	-
(v) significant increase in credit risk	-	-	-	-	-	-
(vi) Credit impaired	-	-	8	4	110	122
<b>Gross Total</b>						<b>30,355</b>
<b>Less: Expected Credit Loss Allowance</b>						<b>(734)</b>
<b>Total</b>						<b>29,621</b>

### NOTE NO. 1.14

#### CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks	2,730	2,936
Cash on hand	2	7
<b>Total</b>	<b>2,732</b>	<b>2,943</b>

### NOTE NO. 1.15

#### OTHER BANK BALANCES

Particulars	As at March 31, 2023	As at March 31, 2022
Margin money deposit against Letter of Credit & Guarantee	2,001	1,377
Earmarked balances with banks	-	27
Other Deposits (Margin)	1	1
<b>Total</b>	<b>2,002</b>	<b>1,405</b>

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### NOTE NO. 1.16

#### SECURITY DEPOSIT-CURRENT

Particulars	As at	
	March 31, 2023	March 31, 2022
Security Deposits	30	335

### NOTE NO. 1.17

#### OTHER CURRENT FINANCIAL ASSETS

Particulars	As at	
	March 31, 2023	March 31, 2022
Currency swap, Interest Rate Swaps ('IRS') & Forward cover derivative	798	812
Interest receivable	58	53
<b>Total</b>	<b>856</b>	<b>865</b>

### NOTE NO. 1.18

#### OTHER CURRENT ASSETS

Particulars	As at	
	March 31, 2023	March 31, 2022
(Unsecured, considered good unless otherwise stated)		
Balances with Government Authorities	1,027	702
Advance to Suppliers ( Other than Capital Goods )	3,698	2,763
Prepaid Expenses	1,078	1,240
Advance to Employees	66	98
Contract assets - Unbilled Revenue	127	170
Others - OTHER CURRENT ASSETS	44	156
<b>Total</b>	<b>6,040</b>	<b>5,129</b>

### NOTE NO. 1.19

#### EQUITY SHARE CAPITAL

Particulars	As at March 31, 2023		As at March 31, 2022	
	Nos.	Amount	Nos.	Amount
<b>Authorised</b>				
Equity Shares of ₹5 each	4,00,00,000	2,000	4,00,00,000	2,000
<b>Issued, called, subscribed &amp; Paid Up</b>				
Equity Shares of ₹5 each	2,11,28,311	1,056	2,11,28,311	1,056
<b>Total</b>	<b>2,11,28,311</b>	<b>1,056</b>	<b>2,11,28,311</b>	<b>1,056</b>

#### (a) The movement of equity shares is as below

Particulars	As at March 31, 2023		As at March 31, 2022	
	Nos.	Amount	Nos.	Amount
Shares outstanding at the beginning of the year	2,11,28,311	1,056	2,11,28,311	1,056
Additions due to issue of shares	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>2,11,28,311</b>	<b>1,056</b>	<b>2,11,28,311</b>	<b>1,056</b>

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### (b) Rights, Preferences and Restrictions to equity shares

The company has only one class of equity shares having a par value of ₹5 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the shareholders will be entitled to receive the remaining assets of the company, in proportion to their shareholding.

### (c) Details of equity shareholders holding more than 5% shares in the company

Name of the equity shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
S Ravi	1,05,00,000	49.70%	1,05,00,000	49.70%
S Murali	19,17,413	9.08%	21,26,260	10.06%
Marina III (Singapore) Pte Limited	-	0.00%	11,56,808	5.48%
<b>Total</b>	<b>1,24,17,413</b>	<b>58.77%</b>	<b>1,37,83,068</b>	<b>65.24%</b>

### (d) Details of Promoter's shareholding in the company

Name of the Promoter	As at March 31, 2023			As at March 31, 2022		
	No. of Shares held	% of Holding	% Change	No. of Shares held	% of Holding	% Change
<b>Promoter</b>						
S Ravi	1,05,00,000	50%	0%	1,05,00,000	50%	0%
<b>Promoter Group</b>						
Murali S	19,17,413	9%	(1)%	21,26,260	10%	0%
Chithra Ravi	200	0%	0%	200	0%	0%
Gautham Ram R	200	0%	0%	200	0%	0%
Mirthula R	200	0%	0%	200	0%	0%
<b>Total</b>	<b>1,24,18,013</b>	<b>59%</b>	<b>(1)%</b>	<b>1,26,26,860</b>	<b>60%</b>	<b>0%</b>

### (e) For the period of five years immediately preceding the balance sheet date

#### i) Details of number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash

- The company has not allotted any shares pursuant to contracts without payment being received in cash

#### ii) Details of number and class of shares allotted as fully paid up by way of bonus shares:

- Based on the approval by the shareholders in the Extra ordinary General Meeting held on December 11, 2017, the Company had allotted 431,177 number of fully paid Bonus shares on December 21, 2017 in the ratio of three equity shares of ₹100 each fully paid up for every four existing equity shares of ₹100 each fully paid up.

#### iii) Details of number and class of shares bought back:

- The company has not bought back any shares during the period of 5 years immediately preceding the balance sheet date

#### iv) Sub-division of shares:

The shareholders of the company at the Extra ordinary General Meeting held on April 30, 2018 approved the subdivision of equity shares of ₹100/- each into equity shares having a face value of ₹5/- each. Consequently the total number of equity shareholding has changed to 20,121,600 equity shares of face value ₹5/- each from that date.

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### v) Initial Public Offering of shares:

The equity shares of the Company have been listed on BSE Limited and National Stock Exchange of India Limited on 25 March 2021 upon successful completion of the Initial Public Offer ('IPO' or 'the Public Offer'). The IPO involved (a) Fresh Issue of 10,06,711 equity shares and (b) Offer for Sale of 45,21,450 equity shares of face value of ₹5 each at an offer price of ₹1,490 per share.

#### NOTE NO. 1.20

##### OTHER EQUITY

Particulars		As at March 31, 2023	As at March 31, 2022
<b>Reserves &amp; Surplus</b>			
Securities Premium	A	28,123	28,123
General Reserves	B	9,662	9,662
Retained Earnings	C	99,124	75,136
<b>Total Reserves &amp; Surplus</b>		<b>1,36,909</b>	<b>1,12,921</b>
<b>Cash Flow Hedging Reserve</b>	D	(493)	(442)
<b>Equity instruments through Other Comprehensive Income</b>		(321)	(321)
<b>Foreign currency translation reserve</b>		317	185
<b>Share of Networth in JV</b>		222	175
<b>Total</b>		<b>1,36,634</b>	<b>1,12,518</b>

##### Additions and Deductions since the last balance sheet date:

###### (i) Securities Premium Account

Particulars		As at March 31, 2023	As at March 31, 2022
Opening balance		28,123	28,308
Premium on fresh issue of shares		-	-
Issue expenses adjusted		-	(185)
<b>Closing balance</b>		<b>28,123</b>	<b>28,123</b>

###### (ii) Retained Earnings

Particulars		As at March 31, 2023	As at March 31, 2022
Opening balance		75,136	58,861
Profit for the year		24,791	16,271
Items of other comprehensive income recognised directly in retained earnings:			
- Remeasurements of defined benefit obligation (net of tax)		(10)	4
Dividend (including dividend distribution tax)		(793)	-
<b>Closing balance</b>		<b>99,124</b>	<b>75,136</b>

###### (iii) Cash Flow Hedging Reserve

Particulars		As at March 31, 2023	As at March 31, 2022
Opening balance		(442)	(953)
Changes in fair value of hedging instruments		2	785
Deferred Tax		(53)	(274)
<b>Closing Balance</b>		<b>(493)</b>	<b>(442)</b>

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### (iv) Equity instruments through Other Comprehensive Income

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	(321)	(321)
Changes in fair value of FVOCI equity instruments	-	-
<b>Closing Balance</b>	<b>(321)</b>	<b>(321)</b>

### (v) Foreign currency translation reserve

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	185	194
Exchange differences in translating the financial statements of foreign operations	132	(9)
<b>Closing Balance</b>	<b>317</b>	<b>185</b>

### (vi) Share of Networth in JV

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	175	136
Share of current year profits in Joint Venture	48	38
Share of other comprehensive income in Joint Venture	(1)	1
<b>Closing Balance</b>	<b>222</b>	<b>175</b>

##### Refer "Statement of Changes in Equity" for additions/deletions in each of these items

- Securities Premium represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act 2013 for specified purposes.
- General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend pay-out, bonus issue, etc.
- Retained Earnings includes ₹5542 lacs of revaluation reserve created due to Land revaluation on transition date to Ind AS (01.04.2015), which will not be available for distribution of profits
- Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated in this reserve are reclassified to profit or loss only when the hedged transaction affects the profit or loss.
- The amount that can be distributed by the Company as dividends to its equity shareholders is determined considering the requirements of the Companies Act, 2013 and the dividend distribution policy of the Company. Thus, the amount reported in General Reserve is not entirely distributable.

In respect of the year ended March 31, 2023, the Board of Directors has proposed a final dividend of ₹11.25 per share of face value ₹5 each to be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the forth coming Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is ₹2,377 lakhs.

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### NOTE NO. 1.21

#### NON-CONTROLLING INTEREST

Particulars	As at March 31, 2023	As at March 31, 2022
Opening	-	-
On business combination	5,842	-
Profit attributable to non-controlling Interest for the year	257	-
Other comprehensive income attributable to non-controlling interest for the year	1	-
	<b>6,100</b>	-

### NOTE NO. 1.22

#### LONG TERM BORROWINGS

Particulars	As at March 31, 2023		As at March 31, 2022	
	Non-Current	Current *	Non-Current	Current *
<b>Secured</b>				
<b>From Banks</b>				
Rupee Term Loans - Banks	38,845	5,978	10,969	5,267
Foreign Currency Term Loans	13,194	4,588	17,885	7,385
	<b>52,039</b>	<b>10,566</b>	<b>28,854</b>	<b>12,652</b>
<b>From NBFC</b>				
Rupee Term Loans - NBFC	36,182	290	8,524	2,208
<b>Unsecured</b>				
From Banks				
Rupee Term Loans - Banks	2,396	750	-	-
<b>Total</b>	<b>90,617</b>	<b>11,606</b>	<b>37,378</b>	<b>14,860</b>

#### Notes:

1. The above long term borrowings are carried at amortised cost.

	31-Mar-23	31-Mar-22
Loans at amortised cost as at the end of the year (current + non-current)	1,02,223	52,238
Add : Unamortised upfront fee paid as at the end of year	207	153
<b>Gross loan outstanding as at the end of the year</b>	<b>1,02,430</b>	<b>52,391</b>

2. Refer note no 3.9 for security and terms of borrowings.

\* Taken to short term borrowings ( Note 1.26)

#### Net Debt Reconciliation: For the year ended 31 March 2023

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	Non - Current Borrowing plus current maturity of long term debt*	Lease Liability	Total
<b>Balance as at 01 April 2022</b>	<b>2,943</b>	<b>317</b>	<b>(19,339)</b>	<b>(52,700)</b>	<b>(8,395)</b>	<b>(77,174)</b>
Acquisition of RoU asset	-	-	-	-	(2,293)	(2,293)
Pre-closure of leases	-	-	-	-	0	0
Cash Flows	(2,721)	-	10,269	(32,674)	2,054	(21,072)
Fair Value changes	-	244	-	-	-	244
Foreign exchange adjustments	40	-	(668)	(1,012)	-	(1,640)
Acquired in business combination	2470	-	(3,327)	(18,202)	(117)	
Interest expense & other charges	-	-	(3,341)	(5,764)	(850)	(9,955)
Interest & charges paid	-	-	3,309	5,423	850	9,582
<b>Balance as at 31 March 2023</b>	<b>2,732</b>	<b>561</b>	<b>(13,097)</b>	<b>1,02,929</b>	<b>(8,751)</b>	<b>(1,06,430)</b>

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	Non - Current Borrowing plus current maturity of long term debt*	Lease Liability	Total
Balance as at 01 April 21	3,127	(732)	(15,821)	(55,152)	(10,244)	(78,822)
Acquisition of RoU asset	-	-	-	-	(2,476)	(2,476)
Pre-closure of leases	-	-	-	-	91	91
Cash Flows	(176)	-	(3,508)	3,406	4,234	3,756
Fair Value changes	-	1,049	-	-	-	1,049
Foreign exchange adjustments	(8)	-	-	(1,008)	-	(1,016)
Interest expense & other charges	-	-	(1,918)	(4,322)	(924)	(7,164)
Interest & charges paid	-	-	1,908	4,376	924	7,208
<b>Balance as at 31 March 2022</b>	<b>2,943</b>	<b>317</b>	<b>(19,339)</b>	<b>(52,700)</b>	<b>(8,395)</b>	<b>(77,174)</b>

\*Includes the portion of "interest accrued but not due" pertaining to borrowings.

\*\* does not include foreign currency forward contracts that are used for hedging liabilities that are operating cash flows

### NOTE NO. 1.23

#### LEASE LIABILITIES - NON-CURRENT

Particulars	As at March 31, 2023	As at March 31, 2022
Lease Liabilities - Non-current	7,539	6,685
<b>Total</b>	<b>7,539</b>	<b>6,685</b>

Refer Note No B.7 & 3.10

### NOTE NO. 1.24

#### NON-CURRENT FINANCIAL LIABILITIES- OTHERS

Particulars	As at March 31, 2023	As at March 31, 2022
Currency swap & Interest Rate Swaps Derivative	375	353
Rent Advance	2	2
<b>Total</b>	<b>377</b>	<b>355</b>

#### Notes:

- Currency swaps are for principal only and are cash flow hedge and hence are carried at fair value through OCI
- Interest Rate Swaps & Interest Rate Collar derivatives that are hedge effective are carried at fair value through OCI & others are carried at fair value through Statement of Profit & Loss
- Rent advance is carried at amortized cost as it is not material to be fair valued

### NOTE NO. 1.25

#### DEFERRED TAX LIABILITIES (NET)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred Tax Liabilities	15,551	16,437
Deferred Tax Assets	(1,439)	(2,400)
Deferred Tax Liabilities (net)	14,112	14,037
MAT Credit Entitlement- Unused tax credit	-	(2,359)
<b>Total</b>	<b>14,112</b>	<b>11,678</b>

Note : Refer Note No 3.3 for detailed deferred tax working and effective tax rate reconciliation

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### NOTE NO. 1.26

#### SHORT TERM BORROWINGS

Particulars	Ageing as on March 31, 2022	
	a. Less than 1 year	b. 1 - 2 years
(i) MSE	554	-
(ii) Others	43,252	113
(iii) Disputed dues - MSE	-	-
(iv) Disputed dues - others	-	-
<b>Gross Total</b>		<b>43,976</b>
<b>Accrued Expenses</b>		<b>2,280</b>
<b>Total</b>		<b>46,256</b>

Particulars	As at	As at
	March 31, 2023	March 31, 2022
<b>Secured</b>		
Loans repayable on demand from banks		
Rupee Loans - Secured	6,404	4,031
Foreign Currency Loans	1,644	3,791
<b>Sub-total (A)</b>	<b>8,048</b>	<b>7,822</b>
<b>Unsecured</b>		
Rupee Loans - Unsecured	5,000	11,500
<b>Sub-total (B)</b>	<b>5,000</b>	<b>11,500</b>
Current maturities of long-term debt (C) (refer note 1.20)	11,607	14,860
<b>Total (A + B + C)</b>	<b>24,655</b>	<b>34,182</b>

Short Term Borrowings from banks are secured by

- first pari passu charge on current assets of the company.
- second pari passu charge on fixed assets of the company.

### NOTE NO. 1.27

#### LEASE LIABILITIES - CURRENT

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Lease Liabilities - Current	1,212	1,710
<b>Total</b>	<b>1,212</b>	<b>1,710</b>

### NOTE NO. 1.28

#### TRADE PAYABLES

Particulars	Ageing as on March 31, 2023	
	a. Less than 1 year	b. 1 - 2 years
Due to Micro and Small Enterprises-(MSE)	1,167	554
<b>Sub-total (A)</b>	<b>1,167</b>	<b>554</b>
Due to Other Suppliers	68,101	43,422
Accrued Expenses	1,894	2,280
<b>Sub-total (B)</b>	<b>69,995</b>	<b>45,702</b>
<b>Total</b>	<b>71,162</b>	<b>46,256</b>

Payables to related parties - refer note 3.7

Particulars	Ageing as on March 31, 2023				Grand Total
	a. Less than 1 year	b. 1 - 2 years	c. 2 - 3 years	d. More than 3 years	
(i) MSE	1,167	-	-	-	1,167
(ii) Others	67,826	178	97	-	68,101
(iii) Disputed dues - MSE	-	-	-	-	-
(iv) Disputed dues - others	-	-	-	-	-
<b>Gross Total</b>					<b>69,268</b>
<b>Accrued Expenses</b>					<b>1,894</b>
<b>Total</b>					<b>71,162</b>

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

Particulars	Ageing as on March 31, 2022				Grand Total
	a. Less than 1 year	b. 1 - 2 years	c. 2 - 3 years	d. More than 3 years	
(i) MSE	554	-	-	-	554
(ii) Others	43,252	113	47	10	43,422
(iii) Disputed dues - MSE	-	-	-	-	-
(iv) Disputed dues - others	-	-	-	-	-
<b>Gross Total</b>					<b>43,976</b>
<b>Accrued Expenses</b>					<b>2,280</b>
<b>Total</b>					<b>46,256</b>

### NOTE NO. 1.29

#### OTHER CURRENT FINANCIAL LIABILITIES

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Interest accrued but not due on borrowings	756	441
Currency swap, Interest Rate Swaps & Forward cover derivative	-	185
Creditors for capital goods and services	6,284	3,996
Employee related liabilities	2,257	1,674
Dues to directors	3	17
Liability towards selling shareholders (from IPO proceeds)	-	16
Others	2,964	1,045
<b>Total</b>	<b>12,264</b>	<b>7,374</b>

### NOTE NO. 1.30

#### CURRENT TAX LIABILITIES (NET)

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Income tax provisions less advance payment	3,156	690

### NOTE NO. 1.31

#### OTHER CURRENT LIABILITIES

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Advance from customers	8,042	5,327
Statutory Dues	3,069	1,798
<b>Total</b>	<b>11,111</b>	<b>7,125</b>

### NOTE NO. 1.32

#### SHORT TERM PROVISIONS

Particulars	As at	As at
	March 31, 2023	March 31, 2022
<b>Provision for employee benefits</b>		
Gratuity	267	203
<b>Other Provisions</b>		
Provision for Warranty Cost	214	158
Provision for Rejection	196	110
<b>Total</b>	<b>677</b>	<b>471</b>

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

Note:

**Movement in Provision for product warranties is as follows :**

	Opening	Expired during the year	Warranty provided for current year	Closing
<b>2022-23</b>	158	158	214	214
<b>2021-22</b>	111	111	158	158

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future obligations. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which ranges upto one year.

**Movement in Provision for rejection is as follows :**

	Opening	Expired during the year	Rejection provided for current year	Closing
<b>2022-23</b>	110	110	196	196
<b>2021-22</b>	60	60	110	110

This provision is recognised once the products are sold. Materials are rejected due to various reasons and either get re processed or replaced to the customers depending on the type of rejections. These rejections gets fulfilled within a period of 3 months and the provisions represents the present value of management's best estimate of possible rejections within the next one quarter.

**NOTE NO. 2.1****REVENUE FROM OPERATIONS**

Particulars	March 31, 2023	March 31, 2022
<b>Sale of products;</b>		
Domestic Sales	2,06,421	1,34,604
Export Sales	20,487	15,513
<b>A.</b>	<b>2,26,908</b>	<b>1,50,117</b>
<b>Sale of services;</b>		
Machining Charges	63,678	50,919
Service Charges	1,166	686
<b>B.</b>	<b>64,844</b>	<b>51,605</b>
<b>Other operating revenues;</b>		
Sale of swarf & others	24,725	17,663
Duty Drawback	350	267
EPCG income on fulfilling obligation	1,270	1,891
Export Incentive under RoDTEP	163	159
<b>C.</b>	<b>26,508</b>	<b>19,980</b>
<b>Revenue from operations ( A+B+C )</b>	<b>3,18,260</b>	<b>2,21,702</b>

Refer Note no: 3.13 "Segment Reporting" for breakup of revenue from operations.

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

**NOTE NO. 2.2****OTHER INCOME**

Particulars	March 31, 2023	March 31, 2022
Interest Income from deposits measured at amortised cost	653	138
Interest Income due to unwinding of fair valued assets		
-Rent Advance	80	95
Net gain on sale of assets	41	141
Rental income	31	28
Exchange rate Gain/(Loss) on Transaction	417	337
Others	32	1
<b>Total</b>	<b>1,254</b>	<b>740</b>

**NOTE NO. 2.3****COST OF MATERIALS CONSUMED**

Particulars	March 31, 2023	March 31, 2022
Cost of goods sold	1,67,235	1,03,033
Carriage inward	1,340	2,542
Sub Contract Charges	1,389	974
<b>Total</b>	<b>1,69,964</b>	<b>1,06,549</b>

**NOTE NO. 2.4****CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS**

Particulars	March 31, 2023	March 31, 2022
<b>Inventory at the end of the year</b>		
Work in Progress	17,299	10,758
Finished Goods	3,251	2,771
<b>Sub total</b>	<b>20,550</b>	<b>13,529</b>
Inventory at the beginning of the year		
Work in Progress	10,758	7,614
Finished Goods	2,771	2,771
<b>Sub total</b>	<b>13,529</b>	<b>10,385</b>
<b>( Increase ) / decrease in inventory</b>	<b>(7,021)</b>	<b>(3,144)</b>

**NOTE NO. 2.5****EMPLOYEE BENEFITS EXPENSE**

Particulars	March 31, 2023	March 31, 2022
Salaries and wages	18,040	14,523
Contributions to Provident Fund & Employees State Insurance	538	489
Contribution to Gratuity fund	241	210
Managerial Remuneration	1,831	1,195
Staff welfare expenses	2,700	2,359
<b>Total</b>	<b>23,350</b>	<b>18,776</b>

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### NOTE NO. 2.6

#### DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSE

Particulars	March 31, 2023	March 31, 2022
Depreciation on Property, Plant & Equipment	20,068	18,086
Amortization of Intangible Assets	169	274
Amortization- Right-of-use Asset	1,804	2,145
Write off (including current CWIP- ₹109 Lakhs)	109	368
Impairment Expenses / (Reversal) of Capital Work in Progress	11	-274
<b>Total</b>	<b>22,161</b>	<b>20,599</b>

### NOTE NO. 2.7

#### OTHER EXPENSES

Particulars	March 31, 2023	March 31, 2022
Manufacturing Expenses		
Stores, Spares & tool consumed	18,144	14,077
Power & Fuel	16,606	11,254
Repairs & Maintenance		
- Machinery - Repairs & Maintenance	7,657	6,057
- Building - Repairs & Maintenance	751	419
- Others - Repairs & Maintenance	1,864	1,485
Payment to contractors	5,287	3,702
Other manufacturing expenses	705	335
<b>A.</b>	<b>51,014</b>	<b>37,329</b>

#### Administrative Expenses

Professional and Consultancy charges	1,108	631
Insurance Charges	467	406
Rates & Taxes	161	136
Software Licenses	574	484
General Administrative Expenses	839	623
Printing & Stationary	188	177
Postage & Telegrams	61	46
Rent	176	140
Telephone Expenses	161	133
Travelling Expenses	1,020	617
Directors' Sitting Fees	25	21
Remuneration to auditors	74	64
Corporate Social Responsibility Expenses	315	225
Amounts written off		
Bad debts	73	-
Provisions for the year		
Warranty	52	24
Rejections	18	17
Doubtful debts	5	(57)
<b>B.</b>	<b>5,317</b>	<b>3,687</b>

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### NOTE NO. 2.7 (Contd.)

#### OTHER EXPENSES

Particulars	March 31, 2023	March 31, 2022
<b>Selling expenses</b>		
Packing material consumed	2,691	1,944
Carriage Outward	4,071	2,953
Sales Promotion Expenses	513	192
<b>C.</b>	<b>7,275</b>	<b>5,089</b>
<b>Total ( A+B+C)</b>	<b>63,606</b>	<b>46,105</b>

#### Payment to Auditors

Particulars	March 31, 2023	March 31, 2022
Audit fee	56	53
Taxation Matters	10	10
Company Law Matter	-	-
Other Services- Certification	3	1
Reimbursement of Expenses	5	-
<b>Total</b>	<b>74</b>	<b>64</b>

### NOTE NO. 2.8

#### FINANCE COSTS

Particulars	March 31, 2023	March 31, 2022
<b>Interest expenses</b>		
On Short Term Borrowings	3,341	1,920
On Long Term Borrowings at Amortised Cost	5,674	4,226
Others	218	110
Other Borrowing costs		
Unwinding of discounted Upfront fee on loans	90	96
Interest unwind - lease liability - Please refer Note 3.10	850	924
Unwinding of Rent Advance	80	95
Bank charges	372	330
MTM (Gain) / Loss - Derivative -( Net) - Finance Cost	-	(14)
Net (gain)/loss on foreign currency transactions and translation - Fin Cost	1,398	735
<b>Total</b>	<b>12,023</b>	<b>8,422</b>

### 3.1 The Subsidiaries and Joint Venture considered in the Consolidated Financial Statements:

Following Subsidiaries are considered in the Consolidated Financial Statements:

S.No	Name of the Subsidiary	Country of Incorporation	% of Ownership Interest	
			March 31, 2023	March 31, 2022
1	DR Axion India Private Limited	India	76%	0%
2	Craftsman Europe B.V	Netherlands	100%	100%
3	Craftsman Automation Singapore Pte Ltd *	Singapore	0%	0%

\*Note: the Company passed Board Resolution at their meeting held on 20<sup>th</sup> August 2019 to wind up the subsidiary in Singapore. The subsidiary was liquidated on 21<sup>st</sup> June 2021.

Following Joint Venture is considered in the Consolidated Financial Statements:



## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

S.No	Name of the Joint Venture	Country of Incorporation	% of Ownership Interest	
			March 31, 2023	March 31, 2022
1	Carl Stahl Craftsman Enterprises Private limited	India	30%	30%

### 3.2 Additional Information – Subsidiaries & Joint Ventures:

Additional Information, as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries & Joint Ventures.

Name of the entity	March 31, 2023		March 31, 2022	
	As a % of consolidated Net Assets	Amount	As a % of consolidated Net Assets	Amount
<b>Parent Company</b>				
Craftsman Automation Limited	95.37%	1,37,138	100.57%	1,14,220
<b>Domestic Subsidiary</b>				
DR Axion India Private Limited	17.60%	25,313	0.00%	-
<b>Foreign Subsidiaries</b>				
Craftsman Automation Singapore Pte Ltd	0.00%	-	0.00%	-
Craftsman Europe B.V	1.63%	2,344	1.74%	1,975
<b>Sub Total</b>	<b>114.61%</b>	<b>1,64,795</b>	<b>102.31%</b>	<b>1,16,195</b>
Add/Less: Intragroup eliminations / adjustments	-14.61%	(21,005)	-2.31%	(2,621)
<b>Total</b>	<b>100.00%</b>	<b>1,43,790</b>	<b>100.00%</b>	<b>1,13,574</b>

Name of the entity	March 31, 2023		March 31, 2022	
	As a % of consolidated Profit or Loss	Amount	As a % of consolidated Profit or Loss	Amount
<b>Parent Company</b>				
Craftsman Automation Limited	94.74%	23,776	98.38%	16,045
<b>Domestic Subsidiary</b>				
DR Axion India Private Limited	4.27%	1,072	0.00%	-
<b>Foreign Subsidiaries</b>				
Craftsman Automation Singapore Pte Ltd	0.00%	-	(0.19)%	(31)
Craftsman Europe B.V	0.95%	238	1.38%	225
<b>Sub Total</b>	<b>99.96%</b>	<b>25,086</b>	<b>99.57%</b>	<b>16,239</b>
Add/Less: Intragroup eliminations / adjustments	0.04%	10	0.43%	70
<b>Total</b>	<b>100.00%</b>	<b>25,096</b>	<b>100.00%</b>	<b>16,309</b>

Name of the entity	March 31, 2023		March 31, 2022	
	As a % of consolidated OCI	Amount	As a % of consolidated OCI	Amount
<b>Parent Company</b>				
Craftsman Automation Limited	(92.86)%	(65)	101.56%	515
<b>Domestic Subsidiary</b>				
DR Axion India Private Limited	5.71%	4	0.00%	-
<b>Foreign Subsidiaries</b>				
Craftsman Automation Singapore Pte Ltd	0.00%	-	6.19%	31
Craftsman Europe B.V	187.14%	131	(7.97)%	(40)
<b>Sub Total</b>	<b>100.00%</b>	<b>70</b>	<b>99.78%</b>	<b>506</b>
Add/Less: Intragroup eliminations / adjustments	0.00%	-	0.22%	1
<b>Total</b>	<b>100.00%</b>	<b>70</b>	<b>100.00%</b>	<b>507</b>

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

Name of the entity	March 31, 2023		March 31, 2022	
	As a % of consolidated Total Comprehensive Income	Amount	As a % of consolidated Total Comprehensive Income	Amount
<b>Parent Company</b>				
Craftsman Automation Limited	94.23%	23,711	98.48%	16,560
<b>Domestic Subsidiary</b>				
DR Axion India Private Limited	4.29%	1,076	0.00%	-
<b>Foreign Subsidiaries</b>				
Craftsman Automation Singapore Pte Ltd	0.00%	-	0.00%	-
Craftsman Europe B.V	1.47%	369	1.10%	185
<b>Sub Total</b>	<b>99.96%</b>	<b>25,156</b>	<b>99.58%</b>	<b>16,745</b>
Add/Less: Intragroup eliminations / adjustments	0.04%	10	0.42%	71
<b>Total</b>	<b>100.00%</b>	<b>25,166</b>	<b>100.00%</b>	<b>16,816</b>

### 3.3 INCOME TAXES

#### Income tax expense for the year reconciled to accounting profit

		Year Ended March 31, 2023	Year Ended March 31, 2022
Profit before tax	a	35,479	25,173
Income tax rate	b	25.168%	34.944%
Income tax expenses	a*b	8,929	8,796
Effect of			
i) EPCG Benefit Capitalisation not considered for Income Tax purpose		-	(8)
ii) Effect of expenses inadmissible for tax		131	123
iii) Effect of lower tax income of subsidiaries		(160)	(35)
iv) Effect of share of profit from JV		(12)	(12)
v) Effect of MAT Credit written off		2,348	-
vi) Effect of change in tax rate		(853)	-
<b>Income tax expense recognised in Statement of Profit &amp; loss</b>		<b>10,383</b>	<b>8,864</b>

**Note:** The holding company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961. Accordingly, the holding Company has recognised income tax expense for the financial year ended 31 March 2023 and remeasured its deferred tax liabilities (net) at the tax rate prescribed in the said section. The impact of the change in the Statement of Profit and Loss for the year ended 31 March 2023 are:

- reduction of tax expense by ₹3,730 lakhs.
- one-time gain of ₹853 lakhs arising from reversal of deferred tax liability as at 1 April 2022
- charging off of MAT credit of ₹2,348 lakhs which is unavailable on adoption of the reduced rate.

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### Movement of deferred tax assets/ liabilities

Movement during the year ended March 31 2023	As at March 31 2022	Acquired In business combination	Recognised in P&L	Recognised in OCI	MAT utilisation	As at March 31 2023
Depreciation & Amortization	(15,222)	(1,903)	2,597	-	-	(14,528)
Provision for doubtful debts	254	-	(70)	-	-	184
Provision for Loans & Advances and Others	-	-	-	-	-	-
Other Temporary Differences	931	-	(649)	(50)	-	232
MAT Credit Entitlement- Unused tax credit	2,359	-	-	-	(2,359)	-
	<b>(11,678)</b>	<b>(1,903)</b>	<b>1,878</b>	<b>(50)</b>	<b>(2,359)</b>	<b>(14,112)</b>

Movement during the year ended March 31 2022	As at March 31 2021	Recognised in P&L	Recognised in OCI	MAT utilisation	As at March 31 2022
Depreciation & Amortization	(15,340)	118	-	-	(15,222)
Provision for doubtful debts	274	(20)	-	-	254
Provision for Loans & Advances	133	(133)	-	-	-
Other Temporary Differences	1,184	23	(276)	-	931
MAT Credit Entitlement- Unused tax credit	6,911	-	-	(4,552)	2,359
	<b>(6,838)</b>	<b>(12)</b>	<b>(276)</b>	<b>(4,552)</b>	<b>(11,678)</b>

### 3.4 EMPLOYEE BENEFITS

The Union Ministry of Labour issued draft rules under section 67 of the Code on Wages Act on 7 July 2020 in the Gazette and the Act is yet to be effective.

The three labour codes, the Occupational Health, Safety and Working Conditions Code 2020, the Industrial Relations Code 2020 and the Code on Social Security 2020 have been passed by the parliament and have also received the assent of the President of India on 28 September 2020. However, the date on which these Codes will come into effect has not been notified. The Group will assess the impact of these Codes and will record any related impact in the period these Codes become effective.

#### 3.4 A) Defined Contribution Plan

The employee provident fund is in the nature of Defined contribution plan. The contribution made to the scheme is considered as expense in the Statement of Profit and Loss when the employee renders the related service. There is no other obligation other than the contribution payable to employee provident fund.

The total expenses recognised in statement of profit or loss of ₹493 lakhs (2021-22: ₹437 lakhs) represents contribution payable to these plans by the Group at rates specified in the rules of the plan.

#### 3.4 B) Defined benefit plans

a) The group extends defined benefit plan in the form of gratuity to employees. The group makes annual contribution to gratuity fund administered by trustees and managed by SBI Life Insurance Company Ltd. The Group's liability is determined based on actuarial valuation done at the year end as per projected unit credit method. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service subject to the maximum of ₹20 lakhs. Vesting occurs upon completion of five years of service.

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

These plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

<b>Investment risk</b>	For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
<b>Liquidity Risk</b>	Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Group there can be strain on the cash flows.
<b>Market Risk</b>	Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
<b>Legislative Risk</b>	Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

b) The principal assumptions used for the purposes of the actuarial valuations were as follows

	As at Mar 31, 2023	As at March 31, 2022
Discount rate	7.55% - 7.59%	7.48%
Expected rate of salary increase	5.00% - 10.00%	5.00%
Attrition rate	5.00%	5.00%

The estimate of future salary increase, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

c) Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

	2022-23	2021-22
Current Service Cost	234	204
Net interest expense/ (income)	8	5
Component of defined benefit cost recognised in P&L	242	209
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gain)/loss arising from changes in financial assumptions	(14)	(69)
Actuarial (Gain)/ Losses due to Experience on DBO	18	57
Actuarial (Gain)/Loss arising from changes in financial assumptions due to demographic assumption changes in DBO	0	
Return on Plan Assets (Greater) / Less than Discount rate	8	5
Components of defined benefit costs recognised in other comprehensive income	13	(6)
<b>Total Defined Benefit Cost</b>	<b>267</b>	<b>203</b>

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

d) The amount included in the balance sheet arising from the Group's obligation in respect of its defined benefit plans is as follows

	As at Mar 31, 2023	As at Mar 31, 2022
Present value of defined benefit obligation	2256	1718
Fair value of plan assets	1988	1516
Net liability arising from defined benefit obligation (funded)	(268)	(202)

e) Movements in the present value of the defined benefit obligation in the current year were as follows:

	Year ended Mar 31, 2023	Year ended Mar 31, 2022
Opening defined benefit obligation	1719	1580
Current Service Cost	234	204
Interest Cost	129	105
Benefits paid	(57)	(158)
Actuarial (gain)/loss	8	(12)
<b>Closing defined benefit obligation</b>	<b>2033</b>	<b>1718</b>

f) Movements in fair value of plan assets in the current year were as follows:

	Year ended Mar 31, 2023	Year ended Mar 31, 2022
Opening fair value of plan assets	1516	1432
Interest income of the assets	121	100
Employer contribution	203	148
Benefits payout	(57)	(158)
Actuarial gain/(loss)	(6)	(5)
<b>Closing fair value of plan assets</b>	<b>1777</b>	<b>1516</b>

g) The Group funds the cost of the gratuity expected to be earned on a yearly basis to SBI Life Insurance Company Limited, which manages the plan assets.

The actual return on plan assets was ₹125 lakhs (2021-22: ₹95 lakhs)

h) Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting year.

	As at Mar 31, 2023	As at Mar 31, 2022
If the discount rate is 100 basis points higher/lower, the defined benefit obligation would		
• Decrease by (Mar 23: (8.63%) to (9.77%); Mar 22: (8.75%))	(197)	(150)
• Increase by (Mar 23: 10.03% to 11.51% ; Mar 22: 10.19%)	230	175
If the expected salary is 100 basis points higher/lower, the defined benefit obligation would		
• Increase by (Mar 23: 8.64% to 11.06% ; Mar 22: 8.75%)	201	150
• Decrease by (Mar 23: (7.88%) to (9.52%) ; Mar 22: (7.90%))	(181)	(136)
If the attrition rate is 100 basis points higher/lower, the defined benefit obligation would		
• Increase by (Mar 23: 1.65% to 2.67%; Mar 22: 1.71%)	40	29
• Decrease by (Mar 23: (1.86%) to (3.09%) ; Mar 22: (1.92%))	(45)	(33)

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of each reporting year, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

i) Funding arrangements

The group has been fully funding the liability through a trust administered by an insurance company. Regular assessment of the increase in liability is made by the insurance company and contributions are being made to maintain the fund. Subject to credit risk of the insurance company & the asset liability mismatch risk of the investments, the group will be able to meet the past service liability on the valuation date that falls due in the future.

The Company expects to make a contribution of ₹283 lakhs (as at March 31, 2022: ₹232 lakhs) to the defined benefit plans for the next financial year.

### Information on the maturity profile of the liabilities:

Particulars	March 31, 2023	March 31, 2022
Weighted average duration of the DBO	12.13 - 12.78 years	12.18 years
	₹Lakhs	₹Lakhs
Projected Benefit Obligation	2,256	1,719
Accumulated Benefits Obligation	1,512	1,160

### j) Maturity Profile:

FUTURE PAYOUTS	Present Value
Year (i)	146
Year (ii)	149
Year (iii)	134
Year (iv)	131
Year (v)	109
Next 5 year pay-outs(6-10yrs)	506
Pay-outs above ten years	1,080

### 3.5 EARNINGS PER SHARE ('EPS')

	Year Ended March 31, 2023	Year Ended March 31, 2022
<b>Earnings per share</b>		
Basic earnings per share	117.56	77.19
Diluted earnings per share	117.56	77.19
Face value per share	5	5
<b>Basic and diluted earnings per share</b>	<b>₹Lakhs</b>	<b>₹Lakhs</b>
Profit for the year attributable to equity shareholders	24,839	16,309

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

	Year Ended March 31, 2023	Year Ended March 31, 2022
	Nos.	Nos.
Total number of equity shares outstanding at the end of the year	2,11,28,311	2,11,28,311
Weighted average number of equity shares used in the calculation of basic earnings per share	2,11,28,311	2,11,28,311
after adjustment for effect of dilution	2,11,28,311	2,11,28,311

### 3.6 FINANCIAL INSTRUMENTS:

#### 3.6a Capital Management:

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group manages its capital structure and makes adjustments to it, in light of changes to economic conditions and the strategic objectives of the Group. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, buy back shares and cancel them, or issue new shares. The Group finances its operations by a combination of retained profit, bank borrowings, disposals of property assets and leases.

The Group monitors the capital structure on the basis of total debt to equity and maturity profile of the overall debt portfolio of the Group.

#### The Debt to equity ratio as at end of the year is given below:

	As at March 31, 2023	As at March 31, 2022
Debt (long-term and short-term borrowings including current maturities)	1,15,272	71,560
Equity	1,43,790	1,13,574
<b>Debt Equity Ratio</b>	<b>0.80</b>	<b>0.63</b>

#### 3.6b Financial risk management

In course of its business, the Group is exposed to certain financial risks that could have significant influence on the Group's business and operational / financial performance. These include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and monitors suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides services to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks.

The Group uses derivative financial instruments to hedge risk exposures in accordance with the Group's policies as approved by the board of directors.

#### i. Market Risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realizable fair values or future cash flows to the Group. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy

##### a. Foreign currency risk management:

The Group undertakes transactions denominated in foreign currencies and thus it is exposed to exchange rate fluctuations. The Group actively manages its currency rate exposures, arising from transactions entered and

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

denominated in foreign currencies, through treasury division and uses derivative instruments such as foreign currency forward contracts to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by Management. 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.

Assets	Currency	As at March 31, 2023		As at March 31, 2022	
		Amount in Foreign currency (Lakhs)	Amount in ₹ (Lakhs)	Amount in Foreign currency (Lakhs)	Amount in ₹ (Lakhs)
Receivables	USD	43	3,561	49	3,684
	EUR	10	883	10	858
	GBP	0.44	44	0.04	4
Total Receivables (A)			4,488		4,546
Hedged by derivative contracts (B)		-	-	-	-
Unhedged receivables (C=A-B)			4,488		4,546

Liabilities	Currency	As at March 31, 2023		As at March 31, 2022	
		Amount in Foreign currency (Lakhs)	Amount in ₹ (Lakhs)	Amount in Foreign currency (Lakhs)	Amount in ₹ (Lakhs)
Payable (trade & other)	USD	114	9,327	65	4,928
	JPY	1,065	659	699	436
	EUR	2	144	11	949
	GBP	0.02	2	0.05	5
	CHF	0	0.01	0	0.01
	CNY	0.05	1	-	-
Borrowings (ECB and Others)	USD	237	19,485	371	28,131
	EUR	-	-	12	1,026
Total Payables (A)			29,618		35,475
Hedges by derivative contracts (B)	USD	125	10,256	199	15,121
	JPY	559	346-		
Unhedged payables (C=A-B)			19,016		20,354

#### b. Foreign currency sensitivity analysis:

Movement in the functional currencies of the various operations of the Group against major foreign currencies may impact the Group's revenues from its operations. Any weakening of the functional currency may impact the Group's cost of imports and cost of borrowings and consequently may increase the cost of financing the Group's capital expenditures.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a parallel foreign exchange rates shift in the foreign exchange rates of each currency by 1%, which represents Management's assessment of the reasonably possible change in foreign exchange rates.

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financials instruments. The following table details the Group's sensitivity movement in the unhedged foreign exposure:

Currency	1% Strengthening of FC	
	As at March 31, 2023	As at March 31, 2022
USD	(150)	(143)
GBP	0.42	(0.01)
CHF	(0)	(0)
EUR	(7)	(11)
JPY	(3)	(4)
CNY	(0.01)	-
	<b>(144)</b>	<b>(158)</b>

A depreciation of foreign currencies would have the opposite effect to the impact in the table above.

The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

Cash Flow Hedges	Foreign Currency		Equivalent value		Fair value of contracts	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Sell USD	559	-	352	-	346	-

Note:

The MTM of the above has been included in the balance sheet under 'Other Current Financial Asset'. [Refer Note 1.17] as on 31-03-2023

### Interest rate risk management:

The Group is exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. The risk of floating interest rates in foreign currency loans is managed by the Group by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies.

### Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities which are unhedged, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. An increase or decrease of 50 basis point in rupee interest rates and 25 basis points in USD libor rate is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

A decrease in interest rates would have the opposite effect to the impact in the table below.

Base Rate	Increase in Base rate	Effect of Change in interest rates		Outstanding as on	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
USD Libor	25 bps	19	23	7,704	9,014
INR Baserate	50 bps	296	56	59,139	11,260
		<b>315</b>	<b>79</b>	<b>66,843</b>	<b>20,275</b>

\*Interest rate on all USD loans are hedged with either IRS or IRC and hence are not exposed to risk due to interest rate fluctuations.

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### Foreign currency and interest rate sensitivity analysis for swap contracts:

The Group has taken interest rate swaps ('IRS') to hedge the interest rate risks. The marked-to-market gain as at March 31, 2023 is ₹231 lakhs (March 31, 2022 loss is ₹182 lakhs). The amount of gain recognised in OCI for the year ended March 31, 2023 is ₹413 lakhs (March 31, 2022 – gain ₹640 lakhs) and the amount of gain recognised in Statement of Profit and Loss for the ineffective portion of cash flow hedge for the year ended March 31, 2023 is ₹ NIL (March 31, 2022: gain of ₹14 lakhs).

In addition to the above, the Group has an Interest Rate Collar ('IRC'), to hedge the interest rate risks. The marked-to-market gain as at March 31, 2023 is ₹139 lakhs (March 31, 2022: Gain ₹ 37 Lakhs). The amount of gain recognised in OCI for the year ended March 31, 2023 is ₹102 lakhs (March 31, 2022 – Gain ₹122 Lakhs).

In case of currency swaps, the effective portion of cash flow hedges, is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statements of Profit and Loss. Amounts recognised as OCI are transferred to the Statement of Profit and Loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs when the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability. The mark-to-market gain as at March 31, 2023 is ₹ NIL (March 31, 2022: gain of ₹218 lakhs). The amount of loss recognised in OCI for the year ended March 31, 2023 is ₹ 218 lakhs (March 31, 2022: gain of ₹45 lakhs). Also, the effect given to OCI on account of restatement loss of the underlying foreign currency loans for the year ended March 31, 2023 is ₹242 lakhs (March 31, 2022: loss of ₹249 lakhs).

Further, the Group has call options for principal payments of two of its foreign currency loan which are designated as a cash flow hedge. The marked-to-market gain as at March 31, 2023 is ₹191 lakhs (March 31, 2022: gain of ₹243 lakhs). The amount of loss recognised in OCI for the period year March 31, 2023 is ₹52 lakhs (March 31, 2022 – gain of ₹215 lakhs).

### ii. Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

#### • Trade receivables:

The Group periodically assesses the financial reliability of customers taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. These include customers, which have high credit-ratings assigned by international and domestic credit-rating agencies. Individual risk limits are set accordingly. The Group's trade and other receivables, including loans under customer financing activities, consists of a large number of customers, across geographies.

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivable based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

### Movement in Credit loss allowance

	As at March 31, 2023	As at March 31, 2022
<b>Balance as at beginning of the year</b>	734	791
Allowance for bad and doubtful debts during the year	79	(57)
Trade receivables written off during the year	(73)	-
<b>Balance as at the end of the year</b>	<b>740</b>	<b>734</b>

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

- Other financial assets:

- a. Bhatia Coke & Energy Limited

Bhatia Coke & Energy Limited is under "Corporate Insolvency resolution process" as per the MCA website. Also, the management of the Company is taken over by an insolvency professional appointed by the National Company Law Tribunal (NCLT)

Given this, the Company has fair valued the investment to NIL in FY 2020-21.

None of the Group's other cash equivalents, including time deposits with banks, are past due or impaired.

### Movement in Provision for advances:

	As at March 31, 2023	As at March 31, 2022
<b>Balance as at beginning of the year</b>	28	28
Allowance for doubtful advances made during the year	-	-
Advances written off during the year	-	-
<b>Balance as at the end of the year</b>	28	28

Refer note: 1.11 of the financial statements.

### iii. 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 has obtained fund and non-fund based working capital limits from various banks. The Group invests its surplus funds in bank fixed deposit, which carry minimal mark to market risks.

The table below summarizes the maturity profile remaining contractual maturity period at the balance sheet date for its non-derivative financial liabilities based on the discounted cash flows.

As at March 31 2023	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total
Bank and other borrowings	24,655	73,576	17,041	1,15,272
Interest payments on borrowings	8,804	17,533	1,230	27,567
Lease liability	1,212	4,820	2,719	8,751
Trade Payables	71,162	-	-	71,162

As at March 31, 2022	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total
Bank and other borrowings	34,182	36,853	525	71,560
Interest payments on borrowings	3,282	4,169	8	7,459
Lease liability	1,710	4,709	1,976	8,395
Trade Payables	46,256	-	-	46,256

The table below summarizes the maturity profile for its derivative financial assets and liabilities based on the undiscounted contractual net cash inflows and outflows on derivative liabilities that settle on a net basis or gross basis.

As at March 31, 2023	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Carrying Amount
Currency & Interest Rate - Swaps & Options	798	(237)	0	561
Foreign exchange forwards	0	-	-	0
	<b>798</b>	<b>(237)</b>	<b>-</b>	<b>561</b>

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

As at March 31, 2022	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Carrying Amount
Currency & Interest Rate - Swaps & Options	627	(310)	-	317
Foreign exchange forwards	-	-	-	-
	<b>627</b>	<b>(310)</b>	<b>-</b>	<b>317</b>

### 3.6c Categories of Financial assets and liabilities:

	As at March 31, 2023	As at March 31, 2022
<b>Financial Assets</b>		
<b>a. Measured at amortized cost:</b>		
Cash and cash equivalents	2,732	2,943
Other bank balances & Interest receivable	2,060	1,458
Trade Receivables	53,529	29,621
Security Deposit	3,368	2,849
<b>b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)</b>		
Investments	61	30
Currency swaps & options and IRS & IRC	936	855

	As at March 31, 2023	As at March 31, 2022
<b>Financial Liabilities</b>		
<b>a. Measured at amortized cost:</b>		
Borrowings	1,15,272	71,560
Lease Liability	8,751	8,395
Trade Payables	71,162	46,256
Other Financial Liabilities	12,266	7,191
<b>b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)</b>		
Currency Swaps & IRS	375	538

### 3.6d Fair value measurements:

#### i) Financial assets and financial liabilities that are measured at fair value on a recurring basis as at the end of each reporting period:

The fair value of financial instruments as referred to in note above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1 : Quoted Price for identical instruments in an active market
- Level 2 : Directly or indirectly observable market inputs, Other than level 1 inputs and
- Level 3 : Inputs which are not based on observable market data



## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

	Year Ended March 31, 2023	Year Ended March 31, 2022
Chief Operating Officer	95	71
Company Secretary	35	25
<b>Commission</b>		
Executive Directors	1,329	715
Non-Executive Directors	24	25
<b>Sitting Fee</b>		
Non-Executive Directors	24	21
<b>Rent Income</b>		
Carl Stahl Craftsman Enterprises Pvt Ltd	2	2
MC Machinery Systems India Private Limited	-	17

Note: Remuneration to KMP does not include gratuity contribution which is determined actuarially on an overall basis for the holding Company and its newly acquired subsidiary and accordingly has not been considered.

### d) Balances of Related Parties as at the end of the year:

	As at March 31, 2023	As at March 31, 2022
<b>Trade Receivable</b>		
Carl Stahl Craftsman Enterprises Private Limited	754	723
<b>Trade Payable</b>		
Carl Stahl Craftsman Enterprises Private Limited	-	6
<b>Remuneration payable</b>		
Chairman and Managing Director	-	17

### 3.8 Contingent Liabilities and Commitments

#### a) Contingent Liabilities

Contingent Liabilities	As at March 31, 2023	As at March 31, 2022
<b>a. Claims against the Group not acknowledged as debt</b>		
Excise Duty	7	7
Value Added Tax	18	50
Service tax	67	67
Goods and Service Tax	16	16
Income tax	485	1,821
Stamp duty	56	56
<b>b. Sales Bills discounted</b>	<b>1,908</b>	<b>2,217</b>

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### b) Commitments

Commitment on Capital Account not provided as on March 31, 2023: ₹17,861 lakhs; March 31, 2022: ₹20,570 lakhs.

### 3.9 Non-Current Borrowings:

	As at March 31 2023			Particulars of Repayment	As at March 31 2022			
	Non-Current	Current Maturity	Total		Non-Current	Current Maturity	Total	
				Instalments	Amount/Inst nos.			
ECB-4	-	-	-	Quarterly	USD 0.63/8 , 0.93/8, 1.57/8	237	237	474
ECB-11	-	-	-	Quarterly	USD 4.00/ 20	909	1,212	2,121
ECB-12	-	-	-	Quarterly	INR 0.5/ 2, 1.0/ 4. 2.18/ 15, 2.3/ 1	-	1,030	1,030
ECB-13	11,357	3,760	15,117	Half-yearly	USD 11.54 / 13	13,940	3,464	17,404
ECB-14	1,846	819	2,665	Quarterly	USD 2.50/ 20	2,458	754	3,212
FCTL-1	-	-	-	Quarterly	EUR 0.76 / 16	128	255	383
FCTL-2	-	-	-	Quarterly	EUR 1.28 / 15	214	428	642
TL-1	-	-	-	Quarterly	INR 208.33/ 24	2,207	1,289	3,496
TL-8	-	-	-	Quarterly	INR 160.00/ 20	-	298	298
TL-13	-	-	-	Quarterly	INR 66.87 / 20	990	703	1,693
TL-14	-	-	-	Quarterly	INR 250.00/ 20	1,497	995	2,492
TL-15	-	-	-	Quarterly	INR 250.00/ 16	299	-	299
TL-18	1,092	1,901	2,993	Quarterly	INR 156.25 / 48	3,275	1,874	5,149
TL-19	1,993	-	1,993	Quarterly	INR 250.00/ 16	2,993	745	3,738
TL-20	3,748	-	3,748	Quarterly	INR 175.00 / 20	3,324	174	3,498
TL-21	3,504	-	3,504	Quarterly	INR 350.88 / 20	4,907	1,400	6,308
TL-22	11,860	1,060	12,920	Quarterly	INR 541.67 / 24	-	-	-
TL-23	11,976	520	12,496	Quarterly	INR 520.83 / 24	-	-	-
TL-24	5,744	-	5,744	Quarterly	INR 479.17 / 12	-	-	-
TL-25	14,690	296	14,986	Quarterly	INR 150/2, 550/4, 625/20	-	-	-
TL-26	10,000	-	10,000	Quarterly	INR 416.67 / 24	-	-	-
TL-27	3,118	1,250	4,368	Quarterly	INR 312.50/24	-	-	-
TL-28	594	833	1,427	Quarterly	INR 208.33/20	-	-	-
TL-29	1,869	-	1,869	Quarterly	INR 116.83/16	-	-	-
TL-30	264	-	264	Quarterly	INR 16.53/16	-	-	-
TL-31	4,566	417	4,983	Quarterly	INR 208.33/24	-	-	-
TL-32	438	250	688	Monthly	INR 20.83/48	-	-	-
TL-33	958	500	1,458	Monthly	INR 41.67/48	-	-	-
TL-34	1,000	-	1,000	Monthly	INR 20.83/48	-	-	-
<b>Total</b>	<b>90,617</b>	<b>11,606</b>	<b>1,02,223</b>			<b>37,379</b>	<b>14,859</b>	<b>52,238</b>

ECB – External Commercial Borrowings ; FCTL - Foreign Currency Term Loan ; TL – Rupee Term Loans

The balances mentioned above are at amortized cost. Refer note 1.22

All term loans, both Rupee and Foreign Currency are secured by first pari passu charge on fixed assets of the company. Also, a second pari passu charge on current assets of the company are created for all term loans except for TL-22 to TL-26 which are secured by first pari passu charge on moveable fixed assets and second pari passu charge on current assets of the company



## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### 3.10 Lease arrangements

#### 3.10a Group as lessee

i) Following are the changes in the carrying value of right of use assets

#### For the year ended March 31, 2023:

Particulars	Machinery	Land & Buildings	Total
Balance as at 1 April 2022	315	8,268	8,583
Additions	-	2,293	2,293
Additions on account of combination	-	124	124
Amortization/ expense	(315)	(1,489)	(1,804)
Deletion	-	-	-
<b>Balance as of 31 March 2023</b>	<b>-</b>	<b>9,196</b>	<b>9,196</b>

#### For the year ended March 31, 2022:

Particulars	Machinery	Land & Buildings	Total
Balance as at 1 April 2021	811	7,532	8,343
Additions	-	2,476	2,476
Amortization/ expense	(496)	(1,649)	(2,145)
Deletion	-	(91)	(91)
<b>Balance as of 31 March 2022</b>	<b>315</b>	<b>8,268</b>	<b>8,582</b>

ii) The aggregate amortization expense on ROU assets is included under Depreciation, Amortization and impairment expense in the statement of Profit and Loss.

iii) The following is the break-up of current and non-current lease liabilities:

Particulars	March 31, 2023	March 31, 2022
Current lease liabilities	1,212	1,710
Non-current lease liabilities	7,539	6,685
<b>Total</b>	<b>8,751</b>	<b>8,395</b>

iv) The following is the movement in lease liabilities during the year:

Particulars	2022-23	2021-22
Balance as at the beginning of the year	8,395	10,244
Additions	2,293	2,476
Additions on account of business combination	124	-
Finance cost accrued during the year	850	924
Deletion	-	(91)
<b>Payment of lease liabilities</b>	<b>(2,910)</b>	<b>(5,158)</b>
<b>Balance as at the end of the year</b>	<b>8,751</b>	<b>8,395</b>

v) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	1,992	2,460
One to five years	6,782	5,839
More than five years	3,283	3,154
<b>Total</b>	<b>12,057</b>	<b>11,453</b>

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

vi) The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

vii) Rental expense recorded for short-term leases was ₹176 lakhs for the year ended March 31, 2023. (March 31, 2022: ₹140 lakhs)

viii) Total cash outflow for leases including short-term was ₹3,086 lakhs for the year ended March 31, 2023. (March 31, 2022: ₹5,298 lakhs).

#### 3.10b Group as lessor

Group has provided a portion of its building on operating lease to MC Machinery Systems India Private Limited (formerly known as MC Craftsman Machinery Private Ltd) &amp; Carlstahl Craftsman Enterprises Private Limited for a period of 3 years

Non-Cancellable Operating lease commitment	As at March 31, 2023	As at March 31, 2022
Not later than 1 year	18	28
Later than 1 year but not later than 5 years	7	15
Later than 5 years		

### 3.11 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006

	As at March 31, 2023	As at March 31, 2022
The principal amount due to Micro and Small Suppliers under this Act	1,167	554
Interest accrued and due to suppliers on the above amount	15	5
Interest paid to suppliers under this Act ( Section 16)	Nil	Nil
Interest due and payable for the delay (for payment during the year beyond due date)	Nil	Nil
Payment made to suppliers (other than interest) beyond the appointed date, during the year	Nil	Nil
Interest accrued and remaining unpaid at the end of year to suppliers under this Act	15	5
Interest due and payable to suppliers under this Act for payment already made	Nil	Nil

The information has been given in respect of Vendors to the extent they could be identified as "Micro and Small Enterprises" on the basis of information available with the Group.

### 3.12 Business Combination:

On February 01, 2023, the Company acquired 8,57,65,631 equity shares representing 76% of equity share capital of DR Axion India Private Limited, at cost ₹ 375,00,00,000/- (Rupees Three Hundred and Seventy Five Crores). This would further strengthen "Aluminium Products" segment of the Group.

Details of the purchase consideration and goodwill are as follows:

Particulars	Amount
Consideration transferred	37,500
Non-controlling interest in the acquired entity	5,842
Less : Net identifiable assets acquired	(24,343)
Goodwill on consolidation	18,999

The goodwill is attributable to the expected synergies on the acquisition

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

### Revenue and profit contribution for year ended March 31, 2023:

a) The acquired business contributed revenues of ₹19,642 lakhs and profit before tax of ₹1,234 lakhs between acquisition date and March 31, 2023.

b) If the acquisition had occurred on April 01, 2022, consolidated pro-forma revenue and profit before tax for the year ended March 31, 2023 would have been ₹4,07,027 Lakhs and ₹42,866 Lakhs, respectively.

### 3.13 Segment Reporting:

The Group has reported segment information as per Indian Accounting Standard 108 "Operating Segments" (IND AS 108) read with SEBI's circular CIR/CFD/FAC/62/2016 dated 05 July 2016. Accordingly, the Group has identified the reportable segments based on end consumption of the products sold or services rendered and is consistent with performance assessment and resource allocation by the management. Segment revenue comprises sales and operational income allocable specifically to a segment. Un-allocable expenditure mainly includes corporate expenses, finance cost and other administrative expenses. Un-allocable income primarily includes Other Income. During the year, the Chief Operating Decision Maker (CODM) of the Holding Company has, based on the benefits of synergy and usage of similar resources, decided to carve out aluminium products from "Industrial & Engineering segment" and include with "Automotive - Aluminium Products segment" segments. Henceforth, the latter segment will be called as "Aluminium Products" segment. Comparable period figures have been reclassified accordingly.

Segment Revenue	Year Ended March 31, 2023	Year Ended March 31, 2022
Automotive - Powertrain & Others	1,52,709	1,15,435
Aluminium Products	93,461	55,201
Industrial & Engineering	72,090	51,066
<b>Total revenue as per Statement of Profit and Loss</b>	<b>3,18,260</b>	<b>2,21,702</b>

Segment Profit or Loss	Year Ended March 31, 2023	Year Ended March 31, 2022
Automotive - Powertrain & Others	38,204	30,374
Aluminium Products	7,732	4,097
Industrial & Engineering	6,722	3,780
<b>Total Segments</b>	<b>52,658</b>	<b>38,251</b>
Less: Unallocable Expenditure	(6,458)	(5,434)
Add: Other Income	1,302	778
<b>Earnings Before Interest &amp; Tax</b>	<b>47,502</b>	<b>33,595</b>
Less: Finance Costs	(12,023)	(8,422)
<b>Profit before Tax</b>	<b>35,479</b>	<b>25,173</b>

Segment Assets	As at March 31, 2023	As at March 31, 2022
Automotive - Powertrain & Others	1,29,532	1,12,333
Aluminium Products	1,44,972	79,250
Industrial & Engineering	71,542	58,408
<b>Total Segments</b>	<b>3,46,046</b>	<b>2,49,991</b>
Unallocable Assets	34,626	17,487
<b>Total Assets as per Balance Sheet</b>	<b>3,80,672</b>	<b>2,67,478</b>

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

Segment Liabilities	As at March 31, 2023	As at March 31, 2022
Automotive - Powertrain & Others	68,211	63,212
Aluminium Products	79,222	37,445
Industrial & Engineering	35,074	32,218
<b>Total Segments</b>	<b>1,82,507</b>	<b>1,32,875</b>
Unallocable Liabilities	54,375	21,029
<b>Total Liabilities as per Balance Sheet</b>	<b>2,36,882</b>	<b>1,53,904</b>

Other Disclosures as required under schedule III to the Companies Act, 2013

### 3.14 Ratio Analysis

Ratios	FY 22-23	FY 21-22	% Variance
(a) Current Ratio	1.2	1.03	16%
(b) Debt-Equity Ratio	0.8	0.63	28%
(c) Debt Service Coverage Ratio	1.19	1.7	-15%
(d) Return on Equity Ratio	20%	15%	28%
(e) Inventory turnover ratio	4.35	4.3	1%
(f) Trade Receivables turnover ratio	7.66	8.28	-8%
(g) Trade payables turnover ratio	3.81	3.53	8%
(h) Net capital turnover ratio **	6	6	15%
(i) Net profit ratio	7.90%	7.30%	8%
(j) Return on Capital employed	22%	20%	14%
(k) Return on investment #	NA	NA	NA

\*\* Net working capital does not include short term borrowings of ₹24,655 lakhs (March 31, 2022: 34,182 Lakhs)

# Investments are made only for production and product related. Hence ROI is not applicable

Ratios	Formula (Numerator/Denominator)	Remarks for 25% change
(a) Current Ratio	Current Assets / Current Liabilities	NA
(b) Debt-Equity Ratio	Total Debt/Shareholder's Equity	Increase in Debt
(c) Debt Service Coverage Ratio	Earnings available for debt service /Debt Service	NA
(d) Return on Equity Ratio	Debt service = Interest & Lease Payments + Principal Repayments	Higher profits
(e) Inventory turnover ratio	Net Profits after taxes/Average Shareholder's Equity	NA
(f) Trade Receivables turnover ratio	Sales/ Average Inventory	NA
(g) Trade payables turnover ratio	Sales / Average Accounts Receivable	NA
(h) Net capital turnover ratio **	Purchases / Trade Payables	NA
(i) Net profit ratio	Net Sales/Working Capital	NA
(j) Return on Capital employed	Net Profit/ Net Sales	NA
(k) Return on investment #	Earning before interest and taxes/Capital Employed	NA
	Capital employed = Total Assets-Current Liabilities	

## Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

- 3.15.a)** No proceedings have been initiated on or are pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder
- 3.15.b)** The Group has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority
- 3.15.c)** As per the information available with the Group, there has been no transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 during the year. (Previous year - NIL).
- 3.15.d)** There has been no charges or satisfaction yet to be registered with Registrars of Companies beyond the statutory period.
- 3.15.e)** During the year, the Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall
- 1) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate beneficiaries)
  - 2) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall
    - i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
    - ii) provided any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- Previous year - NIL
- 3.15.f)** The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year ended March 31, 2023 (previous year - NIL)
- 3.16** Certain comparative figures have been reclassified to conform to the current period presentation. Current year amount include DR Axion India Private Limited, a subsidiary with effect from 01 February 2023 and hence are not comparable to the previous year numbers.

For **SHARP & TANNAN**

Chartered Accountants

Firm Registration No. 003792S

**V. Viswanathan**

Partner

Membership No. 215565

Place : Coimbatore

Date : May 8, 2023

**For and on behalf of the Board**

**R.Gauthamram**

Whole Time Director

DIN : 06789004

**Shainshad Aduvanni**

Company Secretary M.No.A27895

Place : Coimbatore

Date : May 8, 2023

**S.Ravi**

Chairman and Managing Director

DIN : 01257716

**C.B. Chandrasekar**

Chief Financial Officer



**Craftsman Automation Limited**

*Corporate Office*

No. 1087, 4th & 5th Floor  
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